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PUBLIC SECTOR GOVERNANCE, POLICY AND ADMINISTRATION STUDY TEXT

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PUBLIC SECTOR GOVERNANCE, POLICY AND ADMINISTRATION

STUDY TEXT

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PAPER NO. 8:

PUBLIC SECTOR GOVERNANCE, POLICY AND ADMINISTRATION

UNIT DESCRIPTION

This paper is intended to equip the candidate with the requisite knowledge, skills and competencies that will enable them implement governance principles in the public sector, formulate and implement relevant policies and effectively administrate public sector matters.

LEARNING OUTCOMES

A candidate who passes this paper should be able to;

- Evaluate the theoretical perspectives of public policy and administration;
- Analyse the political and economic environment of public policy and administration;
- Manage policy and operational relationships between levels of government;
- Interrogate policies in various sectors and apply them to development;
- Apply appropriate leadership and managerial systems and processes in governance; and
- Uphold ethical, patriotic and accountable culture in governance.

CONTENT

1. Administrative theory

1.1 Historical and theoretical perspectives of public administration;
1.2 Concepts and principles of public administration;
1.3 Administrative processes;
1.4 Overview and the Role of Judicial Review
1.5 Primary features of administrative systems;
1.6 Authority, power and influence;
1.7 Relationship between public administration and politics; and
1.8 Public administration challenges in the public sector.

2. Government organization, functions and practices

2.1 Concepts, principles and levels of government;
2.3 Constitutional and legal framework for devolution;
2.4 Separation of powers/checks and balances through the arms of government;
2.5 Structure and Functions of Government - national and county;
2.6 Interface between the National and county governments;
2.7 Statutory provisions for conflict resolution;
2.8 Role and responsibility of Certified Secretaries and Governance Auditors in management of government; and
2.9 Management of the political environment.

3. Theories and models of public policy

3.1 Historical and theoretical perspective of public policy;
3.2 Concepts and principles of public policy;
3.3 Public policy formulation processes (agenda setting, actors and roles);
3.4 Policy design formulation, implementation, monitoring and evaluation;
3.5 Public participation in the policy process; and
3.6 Benefits of public policy in national development.

4. Public policy and national development

4.1 Classical and neoclassical models of development;
4.2 The role of the State in development;
4.3 The political economy of development;
4.4 Linkage of public administration and public policy;
4.5 Linkage between national and county development plans;
4.6 National and county plans and policies;
4.7 Stakeholder's involvement in development planning;
4.8 Characteristics of effective plans and policies; and
4.9 Challenges of public policy formulation and implementation

5. Public policy analysis

5.1 Concept and rationale for public policy analysis;

5.2 Diagnosing and defining the problem (data collection and analysis)
5.3 Tools of public policy analysis;
5.4 Policy analysis models;
5.6 Policy implementation, monitoring and evaluation;
5.7 Stakeholders analysis (mapping the political and ideological contexts); and
5.8 Research in public policy.

6. Citizen participation and development planning

6.1 The concepts of civic education and public participation;
6.2 Rationale for public participation;
6.3 Legal framework for public participation: Constitution and legislative provisions
6.4 Principles of public participation;
6.5 Establishment of modalities and platforms of citizen participation;
6.6 Strategies for optimizing stakeholder engagement;
6.7 Benefits of public participation in government decision making; and
6.8 Challenges of public participation.

7. Public sector governance

7.1 Leadership, integrity and national values in public service;
7.2 Principles of Corporate Governance;
7.3 Governance Models;
7.4 Approaches to corporate governance;
7.5 Corporate relationships in the government;
7.6 Values based leadership;
7.7 Professional codes and standards of governance;
7.8 Framework for enforcement of ethics and integrity in public sector; and
7.9 Strategies for handling ethical and integrity challenges

8. Resource Stewardship

8.1 Legal and institutional framework in resource management; (Public Finance Management Act)
8.2 Resource mobilisation (revenue and debt);
8.3 Public sector planning and budgeting, budgetary process and budgetary expenditure control;

8.4 Resource utilisation for delivery of goods and services (Public Procurement and Asset Disposal Act)
8.5 Reports and accounts for funds, outputs and results; and
8.6 External audit for oversight/ external accountability (Public Audit Act)

9. Management of public enterprises

9.1 Theoretical foundations of public enterprises;
9.2 State-market debate;
9.3 Typology of public enterprises;
9.4 Organisation and governance structure;
9.5 Regulatory and legal framework of public enterprises;
9.6 Public investment appraisal;
9.7 Relationship between government agencies and private firms in the market place;
9.8 Performance of public enterprises across sectors and countries;
9.9 Reform of public enterprises including privatisation/divestiture;
9.10 Public Private Partnerships

10. Case studies in public sector governance, policy and administration

CONTENT **PAGE NUMBER**

TOPIC 1

ADMINISTRATIVE THEORY

Administrative theory, classical administrative theory

An early form of organization theory, pioneered mainly by Henri Fayol (1841–1925), which was concerned principally with achieving the ‘most rational’ organization for co-ordinating the varioustasks specified within a complex division of labour. Fayol was concerned mainly with business management, although he himself makes it clear that his ideas about management were intended to apply to all formal organizations, including political and religious undertakings. Expressing theFrench ‘administration’ as ‘management’ has also led to the alternative designation of this approach as the ‘classical school of scientific management’. Fayol is acknowledged to be the earliest advocate of a theoretical analysis of managerial activities, identified the key functions of management as being those of forecasting and planning. The most rational and efficient organizations were, in his view, those which implemented a plan that facilitated ‘unity, continuity, flexibility, precision, command and control’. Universal principles of administration were then distilled from these objectives.

HISTORICAL AND THEORETICAL PERSPECTIVES OF PUBLIC ADMINISTRATION;

Public administration has ancient origins. In antiquity the Egyptians and Greeks organized publicaffairs by office, and the principal officeholders were regarded as being principally responsible for administering justice, maintaining law and order, and providing plenty.

The Romans developed a more sophisticated system under their empire, creating distinct administrative hierarchies for justice, military affairs, finance and taxation, foreign affairs, andinternal affairs, each with its own principal officers of state. An elaborate administrative structure, later imitated by the Roman Catholic Church, covered the entire empire, with a hierarchy of officers reporting back through their superiors to the emperor. This sophisticated structure disappeared after the fall of the Western Roman Empire in the 5th century, but many ofits practices continued in the Byzantine Empire in the east, where civil service rule was reflectedin the pejorative use of the word Byzantinism.

Early European administrative structures developed from the royal households of the medieval period. Until the end of the 12th century official duties within the royal households were ill-defined, frequently with multiple holders of the same post.

Exceptions were the better- defined positions of butler (responsible for the provision of wine), steward (responsible for feasting arrangements), chamberlain (often charged with receiving and paying out money kept inthe royal sleeping chamber), and chancellor (usually a priest with responsibilities for writing andapplying the seal in the monarch's name). With the 13th century a separation began between the purely domestic functions of the royal household and the functions connected with governing thestate. The older household posts tended to disappear, become sinecures, or decline in importance.The office of chancellor, which had always been concerned with matters of state, survived to become the most important link between the old court offices and modern ministries, and the development of the modern treasury or finance ministry can be traced back to the chamberlain's office in the royal household.

From the middle of the 13th century three institutions began to emerge as the major bodies for handling affairs of state: the high court (evolving primarily from the chancellery), the exchequer,and the collegial royal council. In England and France, however, it was not until the early 14th century that such bodies emerged. In Brandenburg, which was governed by an elector (a prince with a right to elect the Holy Roman emperor) and which later formed the basis of the Prussian state, they became distinct entities only at the beginning of the 17th century.

Apart from justice and treasury departments, which originated in old court offices, modern ministerial structures in Europe developed out of the royal councils, which were powerful bodiesof nobles appointed by the monarch. From the division of labour within these bodies the monarchs' secretaries, initially given low status within a council, emerged as perhaps the first professional civil servants in Europe in the modern sense. The proximity of the secretaries to themonarch gave them more knowledge of royal intentions, and their relative permanence gave them greater expertise in particular matters of state than could be found among the more transient nobles on the council. They were also assisted by staffs. The secretaries grew inimportance in the 15th and 16th centuries as they became more or less full members of the council.

The distribution of functions among secretaries was initially based upon geography. In Englandthis geographical allocation—with, for example, a secretary of the North and a secretary of the South—persisted until 1782, when the offices of home and foreign secretary were created. In France a more complex allocation of territorial responsibilities among secretaries of state had begun to give way to functional responsibilities by the end of the ancien régime in 1789.

The civil service in China was undoubtedly the longest lasting in history; it was first organized,along with a centralized administration, during the Han dynasty (206 BCE–220 CE) and improved under the Tang (618–907) and Sung (960–1279). The administration was organized sowell that the pattern stood until 1912.

Theories

Public Administration Theory recently has been divided into three branches. The three branchesare, Classical Public Administration Theory, New Public Management Theory and Postmodern Public Administration Theory. Each of these three branches study Public Administration from adifferent perspective. These types of theories are some of the ways which an administrator can understand and exercise their duties as a public administrator.

- **Classical Public Administration Theory**

Classical Public Administration is often associated with Woodrow Wilson and Max Weber. In the United States, Woodrow Wilson is known as *'The Father of Public Administration',* have written "The Study of Administration" in 1887, in which he argued that a bureaucracy should berun like a business. Wilson promoted ideas like merit-based promotions, professionalization, anda non-political system. Sympathy can lead to downfall in an administration, means there should be pragmatism in bureaucracy.

New Public Management Theory

New Public Management a set of administrative practices, a consulting fad, and a body of theorythat interprets recent developments in public administration. Many scholars argue persuasively that scholars should pay more attention to New Public management as a theory than as a fad.

New public management is part and parcel of the massive intrusion of freemarket values into public space, which threatens to drive out political values altogether. In this sense, new public management is the radical opposite of the notion of migrating political values into "private" space in the interest of further democratizing society. However, new public management theoryfails to addresses political questions in a meaningful way. This theory looks at public administration from its roots of capitalism, and goes on through the perspective of global capitalism. Intentional or not, new public management has served the interests of elites, particularly corporate elites, has degraded the ability of governments to address the public interest, and has served as a vehicle for elevating the apolitical governance of free trade and other supranational organizations, which have fully embraced the political philosophy of economic rationalism and new managerialism.

- **Postmodern Public Administration Theory**

Post-modern public administration is referring to the inner workings of nearly every governmententity in existence. Whether it is the congress men and women in Washington D.C. or the Department of Public Safety representatives located at any DPS office handling the paper work of applicants wanted to obtain a drivers license. The idea of public administration is broadenough to encompass all government positions that affect the public. Members of public administration come in different forms and quantities. When understanding the theory of postmodern public administration, it is important to make a differentiation between postmoderntheory and the postmodern era as well as being able to differentiate between post-modernity (period of time) and postmodernism (theory/philosophy).

Public Administration theory is derived from several contemporary theory building tools such as Max Weber's Ideal type method. Theories are also derived from studies of evolving governmentsaround the world, such as China's expanding bureaucracy. Different aspects to take into account are: accountability, state-citizen relations, and services for all in times of fiscal scarcity. When developing theories, the most effective theories are the ones tailored for a particular country taking aspects such as values into account. When empirical evidence is the only aspect taken intoaccount it leads to an ineffective policy because the theory will not reflect the values of the citizens, resulting in bad citizen- state relationships. The Theory-Gap Practice is used to analyze the correlations between Public Administration theory and practice. The three fields of the theorygap-practice that describe the relationship between scholars and practitioners are: Parallel, Transfer, and Collaboration strategy.

- **Max Weber's Ideal- Type Method**

The ideal-type method developed by Max Weber is a useful tool in contemporary public administration theory development because the method takes into account the culture of a societythat is then integrated into a theory. Weber referred to it as cultural science or interpretive sociology, which, is to understand ideas and practices from within their own intellectual and cultural horizon and on the basis of categories that are grounded in a meaningful social and historical context. According to Margaret Stout, Ideal-type methods are used to frame observation and analysis and to evaluate what is found. Weber's method must be developed usingvalue judgments that direct our empirical observations and then guide our interpretation of those observations.

Through this theory building method, Weber insisted that all interpretations of meaning must remain at best "a peculiarly plausible hypothesis", as opposed to a claim of relevance of a theory.Weber's purpose for using this method is to clarify the importance of values in sense making, buthow they are also extremely important for the conduct of meaningful social science. Weber’s interpretive sociology employs a type of functional analysis that begins with the whole, proceedsto the parts, and then goes back from the parts to the whole. His ideal-type method is thereby simultaneously useful in both the study of social structure and social action. Social action is linked to subjective meaning at the individual level of analysis, and structural forms are a consequence or construction of social action. This combination is particularly valuable to public administration because the manner in which administrative action and the social structures of governance interrelate requires an approach that considers both. On the one hand, ideal-types enable consideration of things like alternative meanings of important concepts or alternative motivations held by social actors. On the other hand, they enable analysis of associated or resulting social structures. In this way, an ideal-type can concurrently help interpret the meaningof the administrative role as well as critique the institutions of governance.

Important Figures in Public Administration Theory

Max Weber

Max Weber was a German political economist, social scientist, and renowned Philosopher is an important father to the theory of Public Administration and the bureaucratic side of it. He did extensive research studying ancient and modern states to gather a better perspective of bureaucracies in multiple eras for his Magnum Opus Economy and Society published in 1922. That piece of work has contributed countless insight into the Public Administration Theory. MaxWeber considered bureaucracy to be the most rational form of administration yet devised by man. In his writings he asserts that domination is exerted through administration and that for legal domination to take place bureaucracy is required.

Thomas Woodrow Wilson, another one of the theorists of Public Administration. Woodrow Wilson defined public administration as a detailed and systematic execution of public law, he divided government institutions into two separate sectors, administration and politics. According to him politics is dealt with policy formulation and questions regarding such, whereas administration is equipped with carrying said policies out. In his own words in his early essay, "The Study of Administration" he said "it is getting to be harder to run a constitution than to frame one." Wilson very much so tried to establish a distinction between politics and administration; he saw administration as a field of business which lies outside politics. He thought the theory of public administration existed simply because of technicalities and was around for the behind the scenes business aspect of politics.

Woodrow Wilson

Frederick Winslow Taylor

Frederick Taylor was an engineer by profession who saw much of life from a scientific aspect. He is a popular less conservative contributor to the Theory of Public Administration in that he produced his own, very popular, theory of traditional public administration, The Scientific Management Theory. He was concerned with finding the best and most efficient way to complete a task for a particular job, reducing the overall labor a worker had to exert with the least amount of movements. Frederick Taylors work approached motivation with a very authoritative, cold, scientific motivator which weighed heavy over any sort of humane aspect toscientific management. Overall many intricacies in Public Administration such as management,control and accounting are subject to scientific principles and Taylor draws on these to find his own, efficient theory approach to Public Administration Theory.

CONCEPTS AND PRINCIPLES OF PUBLIC ADMINISTRATION

Today public administration is often regarded as including also some responsibility for determining the policies and programs of governments. Specifically, it is the planning, organizing, directing, coordinating, and controlling of government operations.
Public administration is a feature of all nations, whatever their system of government.

Withinnations public administration is practiced at the central, intermediate, and local levels. Indeed,the relationships between different levels of government within a single nation constitute a growing problem of public administration.

In most of the world the establishment of highly trained administrative, executive, or directive classes has made public administration a distinct profession. The body of public administrators isusually called the civil service. In the United States, the elitist class connotations historically attached to the civil service were consciously abandoned or from the early 20th century, with theresult that civil servants were recognized as professionals and valued for their expertise.

Here are 12 principles of public administration

1. Transparency

Transparency is one principle that aims at keeping public servants in check as far as their operations is concerned. We can only achieve transparency when there is free flow of information that concerns the interests of the people to be served. Such information should alsobe made easily accessible.

2. Equity

Public servants deal with people from diverse backgrounds and all deserve their service. The aspect of equity places paramount importance to striking a balance in giving opportunities to allmen and women regardless of who they are.

3. Economy

When researching the pillars of public administration, economy comes in under the banner ‘efficiency and effectiveness.’ This is the most prominent principle of public administration. Human beings’ primary instincts care about survival and their relationship with public administrators is focused on the distribution and management of resources. The main goal is to deliver the best public service at very low costs. However, the idea is not only to put the existingresources to use, but also ad value or make more out of them for the benefit of the people.

4. Subsidiarity

Due to public administration's concern with efficiency, effectiveness and improvement, focus has been placed on question of formal organization in service delivery. This birthed the principleof subsidiarity, where departments, ministries and agencies are organised on the basis of common or closely related purposes.

5. Pluralism

Pluralism places emphasis on the dispersement of power among different economic and ideological groups. Pluralism accepts diversity as a beneficial element to society and that autonomy should be enjoyed by disparate functional or cultural groups within a society, including religious groups, trade unions, professional organizations, and ethnic minorities for principles of administration. With regards to public administration, pluralism puts servants in aposition where they ought to serve these diverse groups of people with impartiality.

6. Accountability

As societies became more organized and the control of resources went into the hands of elected government structures, the public became dependent on these governments for services and quality is of importance. Providing public good in a cost effective manner is the main goal of public service. As such public administrators are held highly accountable by principles of administration and the constituents they serve. Accountability is a a critical principle that has thepower to make or break governments. It requires ethical decision making, equal representation, legitimacy, efficiency, effectiveness, responsibility.

7. Participation

Public administration accepts that all people are equal irrespective of their backgrounds, ethnicity, gender and/or affiliations. As such, participation of all men and women in matters ofpublic interest is progressive.

8. Access to services

For equity to be achieved, every citizen ought to be afforded equal access to public services suchas health care, education among others. This principle role works hand in glove with that of transparency which then shows how resources are being distributed through free access to information.

9. Representation

The fundamental building block around the principle of representation is the idea of "the people's will!" It becomes a question of, "Who will represent the will of the people?" Are they those who are elected by the people themselves? Representation is not the cornerstone of public administration but it is the cornerstone of the entire government system. So the people chose whois going to be responsible and accountable for the country and them. All democratic power that governments yields comes from the people. So without people, the government has no power.

10. Legitimacy

For legitimacy to be carried out, public administrators should provide a conducive environmentfor adequate public involvement. "There must also be opportunities for empirical research and decision making in order to accomplish legitimacy in the state." Public approval of a state'spower is the determining factor, whether or not it is legitimate.

According to Dr. Beaumaster, "The person who has the authority and power is legitimate . Legitimacy Power is derived from authority; authority is derived from legitimacy; legitimacy is amoral or normative standing. So whenever that person makes an unethical decision, this will reflect in his power and he may lose it."

11. Responsibility

When looking ag the pillar in the form of Responsibility in the realm of Public Administration,you will come across a myriad of scholarly emphasis regarding the importance and reasons for responsible civil servants. Public administrators are held accountable by the public and they cannot act on their own accord because they are held responsible to the officials who have beenelected by the public.

Elected government officials determine the course of action of public servants and this fact ishighly relevant to the dichotomy of politics and public administration. In order for public servants to be responsible, they must adhere to certain values and principles which make them efficient, legitimate, and representative of social equity in charge of principles of administration. "Thehighest duty of public administrators is to embrace a broad set of obligations and responsibilities that promote the public interest, demonstrate character, advance justice, and seek the greatest good."

12. Integrity

Integrity as a principle in public administration has more to do with one's ethical conduct more than anything else. Public authorities must behave appropriately in their dealings with private citizens, businesses and other public authorities. Office holders, elected representatives and public servants mustbehave professionally and ethically.

ADMINISTRATIVE PROCESSES;

Administrative processes substantially contribute to a company's costs. Obviously, it depends onthe company, but estimates commonly attribute 60-80% of expenses to administrative processes.

Administrative processes are the office tasks that are required to keep a company humming along. Administrative processes include human resources, marketing, and accounting. Basically,anything that entails managing the information that supports a business is an administrative process.

The Importance of Administrative Procedures

Administrative procedures are important because they provide an objective set of rules by whichan organization is governed. They also help establish the legitimacy of management action by ensuring the application of management rules and decisions is done in an objective, fair, and consistent manner. Finally, they help ensure that managers are held accountable for decisionsthat deviate from the procedures.

Essentially when a company decides to start with an administrative process cycle, it seeks to obtainimprovements and growth. In addition, it is the best way to manage the order of all areas, but aboveall it is verified that all are aligned with the mission, with the vision and with the objectives in theshort, medium and long term.

When administrative process tasks are carried out correctly, companies gain competitiveness withmore refined and efficient processes in which resources are used to grow, instead of losing them. Inaddition, it is possible to work more easily in a team.

When done right and businesses enter back-office process cycles, businesses can find general organizational weaknesses, but they can also find financial opportunities.

Many businesses do not make the decision to apply for loans to promote growth because they do not find how to use the resources they will obtain, they are not clear about the processes in whichthey can escape and they prefer not to lose that money or how they can focus on growing , when they have to fulfill those commitments.

When a company has already found what to do with these resources, thanks to a good administrative process, it should focus its efforts on finding the best institution that grants it a loanthat allows it to grow.

For this reason, institutions like Grupo FINDEP can offer advice and personalization of loan agreements that can be used in business growth and you can make an application very easily fromthe comfort of your desk.

Stages of the administrative process

The administrative process consists of 4 elementary functions: planning, organization, execution and control as shown in the figure below-:

Benefits of applying the administrative process

1. It is a practical and methodological guide for business administration.
2. It allows to systematize and control continuous operations.
3. It lays the foundation for structuring (organizing) work and dividing it into departments andhierarchies according to the needs and resources of companies.
4. It allows to establish a system of selection of individuals according to the needs of the company.
5. Facilitates the development of skills and job skills.
6. It enables direction, by giving strategy and control to those who drive it.
7. It empowers the analysis of problems for their solution.
8. It gives the bases to apply the scientific method for the improvement of the company or itsrethinking.
9. It is an important instrument of company reorganization.

OVERVIEW AND THE ROLE OF JUDICIAL REVIEW

The Functions of Judicial Review

Judicial review is a kind of court case, in which someone (the "claimant") challenges the lawfulness of a government decision.

This can be the decision of a central government department, another government body such as aregulator, a local authority, or certain other bodies when they are performing a public function.

If the claimant wins, then the government decision can be declared unlawful, or quashed. Thatwill sometimes mean that the decision has to be made again. Alternatively, the court can orderthe government to do or not do something.

The law which applies in cases of this kind is sometimes called "public law" or "administrativelaw". In very important cases which concern fundamental rights or the relationships between democratic institutions, it is sometimes called "constitutional law".

Judicial review has three functions.

- **First**, it allows justice to be served by striking down erroneous decisions by lower courts.
- **Second,** appellate courts monitor the performance of lower courts; lower courts have anincentive to apply the law correctly if the possibility exists that their decisions may be overturned.
- **Third,** important controversies regarding the law are examined and resolved for the futureguidance of courts and individuals. This third function is the primary concern of the highest courts, which in most cases agree to hear appeals only at their discretion.

The right to appeal is created by state constitution or by federal or state statute. How a case may be brought through a state court system on appeal depends on both the court system structure andstatute. In most instances, after a case is first tried there is a right of appeal to the next higher court. Typically, after one appeal further appeal is allowed only at the discretion of the higher court.

Defendants in certain types of cases may have the right of automatic appeal to the state supreme court, however. For example, in some states defendants in death penalty cases have the right of appeal from the trial court directly to the state supreme court.

Appeals are not new trials. No jury is assembled; instead a panel of several judges, usually at least three, review the case for error. The facts of the case as found by the jury (or the judge in anon-jury trial) are accepted by the appellate court, and the appellant may not introduce new factsthat could have been presented at the trial. This is because the credibility of witnesses and other matters of fact are best determined by the jury at the time of the controversy; the appellate court has only a cold record and is not able to directly examine the demeanor of witnesses.

PRIMARY FEATURES OF ADMINISTRATIVE SYSTEMS

Administrative systems refer to systems and processes for filing and record keeping, office correspondence, visitor and phone call management, internal communication, financial management and other administrative duties and need to set up a basic administrative system.

Administrative procedures are a set or system of rules that govern the procedures for managingan organization. These procedures are meant to establish efficiency, consistency, responsibility,and accountability.

Features

- **Device information**. Administrators can use these optional utilities to obtain informationabout installed devices including device names, attributes, and accessibility. Administration can be simplified by creating device allocation pools, a feature not previously found in UNIX systems.
- **File system administration**. These utilities enable administrators to create, copy, mount,debug, repair, and unmount file systems; create and remove hard file links and named pipes; and manage volumes.
- **Interprocess communication**. Two interprocess communication utilities create, remove,and report on the status of the system's interprocess communication facilities (message queues, semaphores, and shared memory IDs). They provide information helpful in tuning the system.
- **Process management**. The process management utilities help you control system scheduling. Using these utilities, you can generate reports on performance, logins,

disk access locations; and seek distances to better tune system performance. In addition, youcan change the system run level, kill active processes, time the execution of commands,and change the default scheduling priorities of kernel, timesharing, and real-time processes.

- **System accounting**. The accounting utilities enable system administrators to track system usage by CPU, user, and process for better resource allocation.
- **System information**. These utilities report system memory and system configuration. The system administrator can use the utilities to change the names of the systems and thenetwork node.
- **User and group management**. With these utilities, a system administrator can create anddelete entries in group and password databases, specify default home directories and environments, maintain user and system logins, and assign group and user IDs. The utilities support both primary and supplementary user groups.

AUTHORITY, POWER AND INFLUENCE;

- **Power** is an entity's or individual's ability to control or direct others, while authority is influence that is predicated on perceived legitimacy. Consequently, power is necessary for authority, but it is possible to have power without authority. In other words, power isnecessary but not sufficient for authority. As you'll learn in this section, Max Weber studied power and authority, differentiating between the two concepts and formulating asystem for classifying types of authority.
- **Authority** refers to accepted power—that is, power that people agree to follow accordingto specific procedures. People listen to authority figures because they feel that these individuals are worthy of respect, or because they are in a position that inherently carries a degree of respect. Generally speaking, people perceive the objectives and demands ofan authority figure as reasonable, legitimate, beneficial, or true.

A citizen's interaction with a police officer is a good example of how people react to and interactwith authority in everyday life. For instance, a person who sees the flashing red and blue lights of a police car in their rearview mirror usually pulls to the side of the road without hesitation.

Such a driver most likely assumes that the police officer behind them serves as a legitimate source of authority and has the right to pull them over. As part of their official duties, the police officer then has the power to issue a speeding ticket if the driver was driving too fast. If the sameofficer, however, were to command the driver to follow them home and mow their lawn, the driver would likely protest that the officer does not have the authority to make such a request. We are generally aware of what authority figures have power to request, and are alsoaware when authority figures overstep their position.

Not all authority figures are police officers, elected officials or government authorities. Besidesformal offices, authority can arise from tradition and personal qualities. Max Weber, one of thekey figures in sociology, realized this when he examined individual action as it relates to authority, as well as large-scale structures of authority and how they relate to a society's economy. Based on this work, Weber developed a classification system for authority. His threetypes of authority are traditional authority, charismatic authority, and legal-rational authority

Many scholars adopt the definition developed by German sociologist Max Weber, who said that power is the ability to exercise one's will over others (Weber 1922). Power affects more than personal relationships; it shapes larger dynamics like social groups, professional organizations, and governments. Similarly, a government's power is not necessarily limited to control of its own citizens. A dominant nation, for instance, will often use its clout to influenceor support other governments or to seize control of other nation states.

- **Leadership influence** simply put is an ability to affect others and change their behavior ina given direction. Effective leaders can use strategies which are designed to impact people's attitudes, values, and beliefs. You can use different approaches depending on theobjectives your people or you set forth.

  Influence should not be mistaken for control or power. This is not about manipulating your peopleto achieve certain goals. It is about becoming aware of what moves your people and gets their commitment. Then, using the knowledge to leverage goals and outcomes with better performance.

RELATIONSHIP BETWEEN PUBLIC ADMINISTRATION AND POLITICS

Relations between those who govern (today the politicians) and the administration have alwaysbeen fraught with tension.

Relations between administration and politics are often described in the context of the politicalprocess. Typically, a distinction is made between the two stages of policymaking and policy implementation, in which the administration may play a more or less active part.

Policy-making includes an analysis of conditions and changes in society that may lead to political activity in certain circumstances. If there are majorities for an activity, then goals will be formulated and a legal basis will be created for this activity. Policy implementation consists ofthose measures which are taken in order to attain the given goals. They end in outputs for the benefit of stakeholders in society, which ultimately are intended to trigger off the desired outcomes.

More recent administration research assumes that the administration has such a wide scope for discretion in the implementation of political goals that it has to make its own decisions as regardsits course of action time and again. Thus the administration makes its own policies within the limits of its possibilities even if it is independent of any political parties.

PUBLIC ADMINISTRATION CHALLENGES IN THE PUBLIC SECTOR

As the world moves quickly from the industrial age into the information age, new challenges have arisen and demands on government have increased. But the public sector has often been ina reactive mode—struggling to adapt to a rapidly evolving international, economic, social, technological, and cultural environment. Over the next decade, all sectors of society must work together to address the critical issues of protecting and advancing democracy, strengthening social and economic development, ensuring environmental sustainability, and managing technological changes. And governments at all levels must improve their operations so that theycan tackle problems in new ways and earn the public’s trust.

The Challenges include:

- Protect electoral integrity and enhance voter participation
- Modernize and reinvigorate the public service
- Develop new approaches to public governance and engagement
- Advance national interests in a changing global context
- Foster social equity
- Connect individuals to meaningful work
- Build resilient communities
- Advance the nation’s long-term fiscal health
- Steward natural resources and address climate change
- Create modern water systems for safe and sustainable use
- Ensure data security and privacy rights of individuals
- Make government already

TOPIC 2

GOVERNMENT ORGANIZATION, FUNCTIONS AND PRACTICES

CONCEPTS, PRINCIPLES AND LEVELS OF GOVERNMENT

Good Governance and Accountability are principles whose application is essential to a countryachieving genuine democracy and development. Good Governance brings along respect of human rights, the rule of law, effective people's participation in development, as well as transparent and accountable processes and institutions.

The national government is composed of **three arms: The Legislature, the Executive and theJudiciary**. Each arm is independent of the other and their individual roles are set by the Constitution of Kenya. The full name of the country is the "Republic of Kenya". Its official Swahili name is 'Jamhuri ya Kenya'.

1. **The Legislative:** The legislative branch includes the National Assembly and the Senate.
2. **The Executive:** The Executive is charged with enforcing the law. The executive branch consists of the President,the Deputy President and the Cabinet. Cabinet meetings are held with the Attorney General present.
3. **The Judiciary:** The Judiciary is charged with applying and upholding the law. This is done through a legalsystem consisting of courts

Democracy is more than just a set of specific government institutions; it rests upon a well understood group of values, attitudes, and practices – all of which may take different forms andexpressions among different cultures and societies around the world.

Below are some core democratic characteristics:

- Democracy is government in which power and civic responsibility are exercised by all adultcitizens directly or indirectly through their freely elected representatives.
- Democracy rests upon the principle of majority rule, which means that decisions

are made bymajority and have to be accepted by all, but minority viewpoints are respected and protected.

- Democracies guard against all-powerful central governments and decentralise government toregional and local levels, understanding that all levels of government must be as accessible and responsive to the people as possible.
- Democracies understand that one of their prime functions is to protect such basic human rightsas freedom of speech and religion; the right to equal protection under the law; and the opportunity to organise and participate fully in the political, economic, and cultural life of society.
- Democracies conduct regular free and fair elections open to all citizens of voting age.
- Citizens in a democracy have not only rights, but also the responsibility to participate inpolitical systems that, in turn, protect their rights and freedoms.

CONSTITUTIONAL AND LEGAL FRAMEWORK FOR DEVOLUTION

The Constitution of Kenya, 2010 creates a decentralized system of government wherein two ofthe three arms of government; namely the Legislature and the Executive are devolved to the 47Political and Administrative Counties as provided for under Article 6 and specified in the FirstSchedule.

The primary objective of decentralization is to devolve power, resources and representation down to the local level. To this end, various laws have been enacted by Parliament to create strategies for the implementation framework and the adoption on which objectives of devolutioncan be achieved.

Constitutional and legal framework for enforcement of county laws

The Kenya's devolution as enshrined in the 2010 Constitution has its provisions spread across and permeating the entire Constitution. Of relevance to this study, are the provisions dealing withthe county governments as relatively autonomous entities from the national government with both legislative and executive powers and functions in the Kenyan devolved system. The county assemblies have the powers to legislate for the counties while the county executive committees implement county legislation. As a result, the enforcement of county laws is arguably a function of county executive committees and they are required to cooperate with the police, judiciary, independent commissions and offices and other organs of the national government.

In order to give effect to Chapter Eleven of the 2010 Constitution: Devolved Government, the Kenyan Parliament enacted the County Governments Act, No- 17 of 2012 to provide for the county governments' powers, functions and responsibilities to deliver services and for connectedpurposes.[9] County legislation enacted by the respective county assemblies as far as the enforcement of county laws and regulations will also be discussed.

County Governments Act 2012

The County Government Act, No- 17 of 2012 is an Act of Parliament to give effect to Chapter Eleven of the 2010 Constitution: Devolved Government; to provide for county governments powers, functions and responsibilities to deliver services and for connected purposes.[13] The Act provides for the powers, functions and responsibilities of the county governments to deliver services and development to the Kenyan people. In line with these purposes, the Act has relevantprovisions which empower county governments with both legislative and executive powers and functions. Section 5 (2) gives the responsibilities of county governments to include: (a) county legislation in accordance with Article 183 of the 2010 Constitution; (b) exercising executive functions in accordance with Article 186; and (c) functions provided for in Article 186 and assigned in the Fourth Schedule to the Constitution. Therefore, every county government as an entity exercising constitutional authority is established as a body corporate with perpetual succession and have all powers necessary for the discharge of its functions. The county assemblyperforms the roles set out under Article 185 of the 2010 Constitution[15] as explained above. The county executive committees perform any other functions conferred on it by the Constitution or national legislation; and carry out any function incidental to any of the assigned functions.The county executive committees are empowered to determine the organization of the county and its various departments, and can establish, continue or vary any department, and determine the objects and purposes of the departments.[17] The county executive committees in establishing departments and organizing the county, should take into account and be guided by the need to ensure that the county departments align their roles and responsibilities with the priorities and objectives set out in the respective county's policies and plans.

County legislation

With regard to the relevant provisions of the Constitution of Kenya, 2010 and the County Governments Act, 2012, the county assemblies of the forty-seven county governments have beenenacting laws for effective performance and exercise of the functions and powers assigned to counties under Part II of the Fourth Schedule to the 2010 Constitution. The county laws which have been enacted by the respective county assemblies have created offences to be committed bythose persons who offend such laws. The acts and/or omissions resulting in criminal offences in reference to county laws are punishable by either imprisonment and/or payment of a fine.

Based on the foregoing, some of the forty-seven counties have enacted county legislation providing for the establishment, organization, powers and functions and the conduct of inspectorate officers within the county governments. The objectives of the county legislation areto provide for a legislative and institutional framework for the enforcement of the county laws and other applicable laws and the regulation of the actions of county inspectorate officers.

Generally, the inspectorate units are responsible for the enforcement of and compliance with county laws and regulations. Some counties have empowered the inspectorate units to collect service fees and land rates. For example, both the Mombasa County Inspectorate Act, 2016 andthe Nakuru County Laws Enforcement Inspectorate Unit Act, 2014 have empowered their respective inspectorate units to collect service fees and land rates. This results in duplication ofroles which is wasteful of resources because county revenue clerks are also responsible for county revenue collection including service fee and land rates. Proposals for addressing thischallenge are discussed in Part III of this study.

In accordance with the spirit of cooperative government as provided in Articles 6(2) and 189 of the 2010 Constitution, the county inspectorates offer secondary support to services that are primarily the preserve of the national government, such as county traffic control and security. Some counties such as Mombasa have their inspectorate departments comprised of well-trained people-friendly security teams inclusive of firefighters who take charge of security operations inthe county by effectively and efficiently responding to emergencies. Mombasa County also has ever present and agile traffic marshals who work hand in hand with the traffic police and this hasresulted to efficient management of traffic which has made several counties to troop to the coastal city to learn how the county has been able to put up an efficient, knowledgeable and disciplined traffic marshals.

It is important to note that some counties such as Kilifi, Tana River, Uasin Gishu, Kakamega,Kwale, Embu, Bomet, Embu and Tharaka Nithi do not have inspectorates' units for ensuring compliance with and enforcement of county laws. Instead, they have security officers and/or security wardens and/or county enforcement officers and/or security enforcement officers popularly known as county *askaris* whose responsibilities include: (a) enforcement of and compliance with county laws and regulations; (b) patrol and guarding of access points; (c) controlling crowds; (d) protection of county government property; and (e) providing market security.

The conclusion is that counties have organized their officers responsible for compliance with andenforcement of the county laws differently. Despite these differences, all these officers are commonly being commonly referred to as county *askaris* who are generally responsible for compliance with and the enforcement of the county laws and regulations.

SEPARATION OF POWERS/CHECKS AND BALANCES THROUGHTHE ARMS OF GOVERNMENT

The separation of powers doctrine is a fundamental principle of law that maintains that all three organs of government remain separate. This requires that the judiciary, the executive and the legislature all remain distinct from each other to ensure that the different arms of government donot encroach upon each other. The rationale of the separation of powers is often elided with the rationale of checks and balances and with the rationale of the dispersal of power generally in a constitutional system. The subject is divided into two substantive parts. The first part analyses the origin, nature, purpose and major modern manifestation of the doctrine of separation of powers. The second part focuses on how the doctrine operated in Kenya under the repealed constitution (pre-2010) and how it has contributed to a solid and sustained constitutional system post 2010. The relationship between the executive and the judiciary forms the crux of the secondpart with judicial independence as a common theme.

The system of separation of powers divides the tasks of the state into three branches: legislative,executive and judicial. These tasks are assigned to different institutions in such a way that each of them can check the others. As a result, no one institution can become so powerful in a democracy as to destroy this system.

The Three Powers: Legislature, Executive, Judiciary

Checks and balances (rights of mutual control and influence) make sure that the three powers interact in an equitable and balanced way. The separation of powers is an essential element of theRule of Law, and is enshrined in the Constitution.

Clear Distinctions

The separation of powers is also reflected in the fact that certain functions must not be exercised by one and the same person. Thus, the Federal President cannot at the same time be a Member ofthe National Council, or a judge who is appointed Minister or elected to be a Member of the National Council must be temporarily suspended from his/her judicial duties.

The Legislative Power

The first of the three powers has the task of passing laws and supervising their implementation. Itis exercised by Parliament – i.e. the National and Federal Councils – and the Provincial Diets.

The implementation of laws is the task of the executive and judicial branches

The Executive Power

The executive branch has the task of implementing laws. It comprises the Federal Government,the Federal President and all federal authorities including the police and the armed forces.

The **Judicial Power (Judiciary)**

Judges administer justice, viz. they decide disputes independently and impartially. It is their taskto ensure that laws are complied with. Judges cannot be deposed and cannot be assigned other positions against their will.

And the Parties?

As in other democratic countries the separation of powers is also in Austria affected by the realities of the Party State. The Members of government are, as a rule, members of those partieswhich have a majority in Parliament.

New Face of Separation of Powers: The Opposition exercising Control

As a result, one important democratic task is more and more often taken over by the opposition parties: controlling the Government. The classical separation of powers is given a new dimension the confrontation of the governing majority and the opposition. While this aspect is notenshrined in the written Constitution, it is a fact of political reality.

The Legislature checks the Executive

Parliament exercises control over the executive, it checks the work of the Federal Government and the administrative institutions. The Government has to justify itself to Parliament in respectof everything it does or causes the administration to do.

The Legislature is also Subject to Control

On the other hand, the Executive – in the person of the Federal President acting on a proposal made by the Federal Government – has the right to dissolve the National Council. Laws passed by the National Council can be checked by the Constitutional Court and declared null and void ifthey are found to be unconstitutional.

The Legislature and the Judiciary

The only influence legislature has on the judiciary is that it passes the laws that the courts have tocomply with.

The Executive

The two components of the Executive – the Administration and the Judiciary – are organised upon strictly separate lines, with one exception: the Administration is checked by the courts ofpublic law (the Administrative Court, the Constitutional Court and the Asylum Court).

The Constitution contains strict rules on how tasks are assigned to the Administration or theJudiciary. To give one example: Fines exceeding a certain amount can only be imposed by courts.

STRUCTURE AND FUNCTIONS OF GOVERNMENT - NATIONAL AND COUNTY

- Kenya – A Sovereign Republic (Art 4 (1)
- A multi-party democratic state (Art 4 (2)
- Two levels of government i.e. National Government and County Government
- The two levels of government are inter-dependent and distinct (Art 6 (2)
- Fourth schedule specifies functions of the National Government and those of the County Governments
- Two tier Government that are distinctive and interdependent National Government and47 County governments
- Separation of powers between the three arms of government and between the two levels
- Kenya – A pure presidential system
- Not stated whether Kenya – Unitary or semi-federal
- Three Arms of Government Executive Legislature Judiciary
- In addition you have independent Constitutional commission
- Functions that are not devolved include National Security Education NationalAssets

Executive

- The arm of government that implements Government Laws and Policies
- The executive exists at both the National Government and County Government levels
- The National Executive shall comprise of the President, the Deputy President, the A.G.,Cabinet Secretaries, Principal Secretaries and the entire National Civil Service
- At the county level, it shall comprise of the Governor, Deputy Governor and the entirePublic Service
- The cabinet size is limited for both National Government and County Government
- Executive distinct from the legislature

- Presidents power as Chief Executive limited and "checked"

Legislature

- The Constitution of Kenya 2010 establishes a legislature that is fundamentally different(in terms of structure, membership and powers)
- The legislature exists at both the national and county level
- At the national level, there is established a two-chamber Parliament consisting of theNational Assembly and the Senate
- Members of the Cabinet are now to be drawn from outside the legislature
- Significant increase in the total number of legislators
- Introduction of special seats for women, persons with disabilities and the youth
- Increased powers to approve key appointments to state offices
- The provision for the impeachment of the President
- New unencumbered role in legislation

Judiciary

- The Judiciary is not devolved i.e. the County Governments do not have a distinct judiciary
- A four tier structure is created at the top of which is the Supreme Court
- A Judicial Service Commission has been created and is key to most judicial appointments
- Serving judicial officers are being vetted

Constitution Commissions and Independent Officers

- The Constitution of Kenya 2010 has established ten Constitutional Commissions and twoindependent offices (Art 248)
- Constitutional Commissions are independent bodies which are subject only to the Constitutionand National Legislation and are independent and not subject to direction or control by any person or authority (Art 249)

INTERFACE BETWEEN THE NATIONAL AND COUNTYGOVERNMENTS

This means that relationship between the two **must be consultative and cooperative**. Neither the County nor the National Government is senior or superior to the other. The two governmentsand institutions established under them are required by the Constitution to ensure participation by citizens in their affairs.

Kenya is a democratic republic with two spheres of government: national and county. There is constitutional provision for county governments who may appoint urban boards, and the respective principal laws are the County Governments Act 2012 and the Urban Areas and CitiesAct 2011. The latest County Assembly elections took place in 2017 where 35.0% (787/2,130) ofmembers were women, of which 3.7% (84) were directly elected and 703 appointed from party lists to ensure the minimum 1/3 quota. The 47 county governments are responsible for collectingtaxes, user fees and charges and, in addition, Article 203(2) of the constitution stipulates that notless that 15% of revenue raised nationally must be allocated to county governments. County governments also receive revenue from central government block grants through the Local Authorities Transfer Fund (LATF). The county governments have been assigned 14 functions under the fourth schedule of the constitution, including agriculture, county health and transport services, trade and tourism development and county planning.

National Government

Kenya is a democratic republic with a bicameral parliament comprising two houses: a nationalassembly (known as the Bunge) and a senate. The head of state is the president, who is directlyelected by universal adult suffrage for a maximum of two five-year terms. The winning candidate must secure a majority of 50% of the vote plus one, and at least 25% of the vote in atleast 24 out of the 47 counties, and may not be a member of parliament.

Of the 350 members of the national assembly, 290 are directly elected from single-member constituencies to serve a five-year term. The remaining members include: 47 women (one electedfrom each of the 47 counties); 12 members nominated according to the strength of political parties to represent special interests (youth, disabilities and workers); and the speaker. The senateis composed of 68 members: one elected member from each of the 47 counties; 16 women nominated by political parties; two members (one man and one woman) representing the youth and people with disabilities respectively; and the speaker. Following the 2017 election, 21.8% (76/349) of MPs and 30.9% (21/68) of senators were women.

County Government

Article 6 of the Constitution of Kenya19.2a adopted in 2010 divides the country into 47 county governments, with Chapter 11 Articles 174-200 providing for devolved government, including Article 184 which provides for appointed urban area and city board units of decentralization under the counties. Whilst there is no constitutional protection for sub-county local government,the constitution does state that ‘Every county government shall decentralize its functions and theprovision of its services to the extent that it is efficient and practicable to do so’.

Principal legislation for local government:

- County Governments Act 201219.2b
- Urban Areas and Cities Act 201119.2cOther relevant legislation19.2d includes:
- Coordination of National Government Act (2013)
- Finance Act (No. 4 of 2012)
- Intergovernmental Relations Act (2012)
- Land Act (2012)
- Land Registration Act (2012)
- Leadership and Integrity Act (2012)
- National Land Commission Act (2012)
- Public Finance Management Act (2012)
- Public Service Commission Act (2012)
- Transition to Devolved Government Act (2012).

A policy on the Devolved System of Government was adopted by the Government of Kenya. InJanuary 201719.2e. The policy launches a new phase of consolidating devolution, clarifying and strengthening roles and responsibilities of both the national and county governments tostrengthen the implementation of devolution as it is envisaged in the constitution.

STATUTORY PROVISIONS FOR CONFLICT RESOLUTION

There are few things managers dread more than litigation. Even petty cases have a way of damaging relationships, tarnishing reputations, and eating up enormous sums of money, time, and talent. Most managers know that lawsuits are steadily increasing. Smart managers know thatthey are also increasingly avoidable. There are now many alternatives to litigation that can nip lawsuits in the bud, resolve long-standing disputes, and even produce win-win solutions to old and bitter fights that would otherwise only leave both sides damaged.

Part I: Alternative Dispute Resolution Mechanisms and Article 159 of the Constitution: This partis a critical examination of Alternative Dispute Resolution mechanisms in Kenya popularly known as ADR in relation to Article 159 of the constitution and the legal framework governing ADR in particular.

Part II: Traditional Dispute Resolution Mechanisms and Article 159 of the Constitution: Thispart discusses traditional dispute resolution mechanisms in view of Article 159 of the constitution.

Part III: Alternative Dispute Resolution Mechanisms and Article 159 of the Constitution: Understanding the Social Context and Cultural Setting: This part of the paper deals with thesocial and cultural dimension of conflict. It sets out to investigate the role, if any, that the cultures of different communities play in resolution of conflicts.

The phrase alternative dispute resolution refers to all those decision-making processes other thanlitigation including but not limited to negotiation, enquiry, mediation, conciliation, expert determination, arbitration and others. To some writers however the term „alternative dispute resolution‟ is a misnomer as it may be understood to imply that these mechanisms are second- best to litigation which is not true.1Article 33 of the Charter of the United Nations outlines theseconflict management mechanisms in no unclear terms and is the legal basis for the application ofalternative dispute resolution mechanisms in disputes between parties be they States or individuals. It outlines the various conflict management mechanisms that parties to a conflict or dispute may resort to. It provides that the parties to any dispute shall, first of all seek a solution by negotiation, enquiry, mediation, conciliation, arbitration, judicial settlement, resort to regionalagencies or arrangements, or other peaceful means of their own choice.2 These conflict management mechanisms are discussed hereunder.

Arbitration

Arbitration is a process subject to statutory controls, whereby formal disputes are determined by a private tribunal of the parties‟ choosing. It arises where a third party neutral is appointed by the parties or an appointing authority to determine the dispute and give a final and binding award. Section 59 of the Civil Procedure Act3 provides that all references to arbitration by an order in a suit, and all proceedings there under, shall be governed in such manner as may be prescribed by rules. Order 46 of the Civil Procedure Rules, inter alia, provides that at any time before judgmentis pronounced, interested parties in a suit who are not under any disability may apply to the courtfor an order of reference wherever there is a difference.

Negotiation

Negotiation is an informal process and one of the most fundamental methods of conflict resolution, offering parties maximum control over the process. It involves the parties meeting toidentify and discuss the issues at hand so as to arrive at a mutually acceptable solution without the help of a third party.

Mediation

Mediation is one of the alternative dispute resolution mechanisms which has been practised sinceantiquity and is thus a restatement of customary jurisprudence. It existed even before the other alternative dispute resolution mechanisms were invented. Both mediation and the other alternative dispute resolution mechanisms focus on the interests and needs of the parties to the conflict as opposed to positions, which is emphasized by common law and statutory measures.

Conciliation

Conciliation is a process in which a third party, called a conciliator, restores damaged relationships between disputing parties by bringing them together, clarifying perceptions, and pointing out misperceptions. The difference between mediation and conciliation is that the conciliator, unlike the mediator who is supposed to be neutral, may or may not be totally neutralto the interests of the parties. Successful conciliation reduces tension, opens channels of communication and facilitates continued negotiations. Frequently, conciliation is used to restorethe parties to a pre-dispute status quo, after which other ADR techniques may be applied.

Conciliation is also used when parties are unwilling, unable, or unprepared to come to the bargaining table.

ROLE AND RESPONSIBILITY OF CERTIFIED SECRETARIES AND GOVERNANCE AUDITORS IN MANAGEMENT OF GOVERNMENT

The role of the audit committee forms the cornerstone for effective corporate governance. Boardsrely on their audit committees to offer effective oversight of the annual auditing process.

Members of the audit committee do their best quality work when the majority of the members are independent and objective. Regardless of their experience, nearly all audit committees haveroom to improve the financial reporting process. Effective audit committee oversight is a vital process for protecting investors and the health of the capital markets.

Audit committees also oversee the system of internal controls and ensure that the company is compliant with laws and regulations. Audit committee oversight extends to IT security and operational matters. Certified public accountants report directly to the audit committee, as opposed to reporting to management. The role of the audit committee includes such responsibilities as appointing and overseeing the work of the auditor and managing the auditor'scompensation.

Audit committees should have at least one individual on the committee who is considered a financial expert. It's not necessary for all members of the committee to be financial experts, butthey should be individuals who are knowledgeable about financial issues and who have a solid understanding of accounting principles and audit and finance terms and definitions.

Senior managers and independent auditors also have distinct roles in the financial reporting process. Managers are responsible for preparing the financial statements and establishing internalcontrols over the financial reporting. Management must also maintain the internal controls and ensure that the financial reporting process is accurate and effective. The independent auditor bears the responsibility for expressing an opinion on the fairness of the financial statements, the company's financial position, operational results and cash flows and helping to ensure that those issues conform with generally accepted accounting principles.

Before the audit committee begins its work, committee members will need to understand how management develops and reports internal financial information. Reviewing internal informationgives audit committees an opportunity to ask questions about the completeness, accuracy and timeliness of audit reports. Having a good understanding of audit reports ensures that audit committee members will know the potential impact of financial statements. All audit committee members must also be up to speed on recent professional and regulatory changes and announcements.

The audit process is an interactive process between the audit committee, auditors and management. Audit committees review the results of the audit with senior managers and externalauditors, including matters that managers generally share with the audit committee under generalauditing standards. One of the primary responsibilities of the audit committee is to review significant accounting and reporting issues.

Roles and Responsibilities of a Corporate Secretary

- The roles and responsibilities of a Corporate Secretary include, but are not limited to thefollowing:
- Manage all board and committee meeting logistics, attend and record minutes of all boardand committee meetings; facilitate board communications;
- Advise the Board on its roles and responsibilities;
- Facilitate the orientation of new Directors and assist in Director training and development;
- Maintain key corporate documents and records;

- Responsible for corporate disclosure and compliance with state corporation laws, stockexchange listing standards and SEC reporting and compliance;
- Oversee Stockholder Relations including stock issuance and transfer operations; stockholder correspondence; prepare and distribute proxy statement;
- Manage process pertaining to the annual shareholder meeting;
- Subsidiary management and governance;
- Monitor corporate governance developments and assist the Board in tailoring governancepractices to meet the Board's needs and investor expectations;
- Serve as a focal point for investor communication and engagement on corporate governance issues

MANAGEMENT OF THE POLITICAL ENVIRONMENT

Political Environment is the state, government and its institutions and legislations and the publicand private stakeholders who operate and interact with or influence the system. The political atmosphere should be good and very stable for a firm to operate successfully.

There are various factors which affect political environment:

1. **Stability**
   This is one of the most important factors. The stability of political environment is very conduciveto the economy and business in general. If a country is not stable and government keeps changing frequently, the country can never be economically stable as well. The GDP, stock exchange index all would go down leading to a vicious circle.

2. **Taxation**
   The taxation regime is very important when it comes to political environment. If a government isbalanced in terms of tax and budge, the companies are motivated to produce more and grow.

3. **Foreign Policies**
   Political Environment should also balance the foreign investments and growth in a particular country. If there is no foreign investment, growth and technical knowledge can be issues but ifthere is too much foreign investment inflow then it can lead to loss of domestic players.

Importance of Political Environment

Political Environment can be of utmost importance for a business. How a government make policies and what kind of economic measures it takes can determine the success or a failure of a business. Promoting a particular kind of business can lead to increased revenues of industries andplayers in that sector but can lead to losses for others.

Government also considers all these risks and effects because the sudden or prolonged changes to the political environment can lead to impact on GDP and overall economy.

The other important aspect is the foreign investment and companies in a country. If political environment is not good for foreign investment then it can lead to loss of internal business andinvestments indirectly affect domestic players.

So overall Political environment should be stable and change as per market demands or forsafeguarding interests which are suitable for overall stabilization and growth of economy.

TOPIC 3

THEORIES AND MODELS OF PUBLIC POLICY

HISTORICAL AND THEORETICAL PERSPECTIVE OF PUBLIC POLICY

The History of Public Policy

There are many major historic public policy documents that helped shape the modern approachto how policy is created. The Magna Carta and the U.S. Constitution, among several, show howthe world changed toward modern ideals.

- **Magna Carta:** Today, the Magna Carta stands as one of the most prominent and longstanding pieces of public policy in history. Proposed by England's King John I and signed in 1215 CE, the Magna Carta first introduced the idea that there should be checks on government power. The primary target for Magna Carta was the king himself, promoting the idea that he could no longer claim to be above the law. The Magna Carta is now more than 800 years old.
- **U.S. Constitutional Ideals:** 550 years later, the U.S. Constitution codified this principle for an enlightened age and a new land. America was founded on the assumption that people deserved toparticipate in the creation of laws that influence public policy and their rights. This was a new form of government, which used the balanced creation of laws instead of aristocratic power to dictate policy. This representational form of government allowed the people to elect the public policy leaders who would define policies.
- **Modern Approach:** At present, the most fundamental distinction between modern American public policy and its ancient predecessors may be the expansion of bureaucracy. The U.S. president still has veto power over legislation, but the creation of policy is a far more negotiatedinstitution than it was in centuries past. At its simplest, the American modern approach includesthe public discussion of how policies will be carried out, debates over accessibility, and existingpolicy revisions.

Public Policy Leaders throughout U.S. History

U.S. public policy of the 20th Century was marked primarily by expansion of government, bureaucracy, and services to the public. These leaders stood at the forefront of significant policychange.

- **Woodrow Wilson:** During World War I president Woodrow Wilson acted as a bellwether for this extensive change in American public policy. The U.S. State Department notes that, prior toWilson, Americans maintained a largely separatist approach to the politics of Western Europe. Wilson brought America and Western Europe together as allies and he was instrumental in creating the League of Nations, the first international policy organization designed to mediate international disputes.
- **Franklin Delano Roosevelt:** Becoming president a few years after the start of the Great Depression, Roosevelt inherited a country in severe economic trouble. Some regions had unemployment as high as 50 percent. Roosevelt significantly expanded the economic reach of the government with his "New Deal." To mention just a couple of achievements, the New Dealprovided financial protection for banks and created work opportunities for the millions unemployed during the Great Depression.
- **Earl Butz:** The secretary of agriculture under Presidents Richard Nixon and Gerald Ford, Butz was famous for his policies that ended many farm subsidies and the control of food supply in the
  U.S. For decades, farmers had received subsidies to leave parts of their land fallow to keep supply down and prices high. His policies stopped these subsidies and encouraged farmers to useall of their land for growing, which dramatically decreased the price of corn. This is an example of an effort on a smaller scale. Earl Butz' push to end subsides has had a long-lasting impact. It is still debated whether that legacy is good or bad.

Modern Public Policy in Action

Today's public policy follows in the 20th Century path of increasing involvement in foreign affairs, as well as the expansion of domestic programs. The country relies heavily on advocacyand discussion from appointed members of the president's cabinet, as well as Congress, to determine the fate of proposed or existing economic, domestic, and foreign policies.

- **Economic Policy example**: The federal minimum wage demonstrated the policy intervention ofthe federal government in business. The minimum wage began to ensure that employees in the

U.S. received wages that allowed them to survive. At present, the federal government has not increased the minimum wage since 2009. Currently, advocates for and against raising the minimum wage debate the merits of forcing businesses to pay their employees higher wages.

- **Domestic Policy example:** At times, public policy is so challenged that the U.S. Supreme Courtmust dictate the survival of the policy. That was the case with the Affordable Care Act signed into law in 2010. The Department of Health and Human Services notes that the Affordable CareAct created significant protections for consumers and small business owners so that they could better afford health insurance. At the same time, the act's policies also restricted the rights of states or private insurance companies to dictate certain requirements or limitations of health insurance offered in their areas.
- **Foreign Policy example:**
  Access to nuclear weapons in the volatile Middle East is a regular source of foreign policy initiatives worldwide. In recent years, several world powers have worried about Iran's intent to make nuclear weapons. This fear led to the creation of the Joint Plan of Action and the Joint Comprehensive Plan of Action, policies designed to ensure that Iran does not have the ability tomake nuclear weapons.

Theoretical Perspectives

1. Institutional Model

Focuses on the traditional organization of government. Describes the duties and arrangementsof bureaus and departments. Considers constitutional provisions, administrative and common law, and judicial decisions. It focuses on formal arrangements such as federalism executive reorganizations, presidential commission, etc. Traditionally political science has studied government institutions--Congress, presidency, courts, political parties, etc.--that authoritativelydetermine, implement, and enforce public policy. Strictly speaking, a policy is not a public policy until it is adopted, implemented and enforced by some governmental institution.

Government lends legitimacy to policies, they are then legal; Government extends policiesuniversally to cover all people in society; Government monopolizes the power to coerce obedience to policy, or to sanction violators.

Traditional studies using the institutional approach focused on institutional structures, organization, duties and function, without investigating their impact on public policy.

2. Elite-Mass Model

A policy-making elite acts in an environment characterized by apathy and information distortion, and governs a largely passive mass. Policy flows downward from the elite to the mass.Society is divided into those who have power and those who do not. Elites share values that differentiate them from the mass. The prevailing public policies reflect elite values, which generally preserve the status quo. Elites have hither income, more education, and higher status than the mass. Public policy may be viewed as the values and preferences of a governing elite.

The elites shape mass opinion more than vice versa. Public officials and administrators merelycarry out policies decided on by the elite, which flows 'down' to the mass. It assumes that

1. Society is divided into the powerful few and the powerless many; only the few allocatevalues (the mass do not decide public policy).
2. The few are not typical of the mass; elites are drawn disproportionately from the upperstrata.
3. There must be slow and continuous movement of non‑elites into elite positions, butonly after they accept elite values, in order to maintain stability and avoid revolution.
4. All elites agree on basic social system and preservation values, i.e., private property,limited government, and individual liberty.
5. Changes in public policy will be incremental rather than revolutionary, reflecting changes in elite values (not mass demands).
6. Active elites are subject to little influence from apathetic masses.

Implications are that the responsibility for the state of things rests with the elites, including the welfare of the mass. The mass is apathetic and ill-informed; mass sentiments are manipulated bythe elite; the mass has only an indirect influence on decisions and policy. As communication flows only downward, democratic popular elections are symbolic in that they tie the mass to thesystem through a political party and occasional voting.

Policies may change incrementally but the elites are conservative and won't change the basic system. Only policy alternatives that fall within the range of elite value consensus will be given serious consideration. Competition centers around a narrow range of issues, and elites agree more than they disagree; there is always agreement on constitutional government, democratic procedures, majority rule, freedom of speech and of the press, freedom to form political parties and run for office, equality of opportunity, private property, individual initiative and reward, andthe legitimacy of free enterprise and capitalism. The masses cannot be relied on to support thesevalues consistently, thus the elite must support them.

3. Group Model

Public policy results from a system of forces and pressures acting on and reacting to one another.Usually focuses on the legislature, but the executive is also pressured by interest groups.

Agencies may be captured by the groups they are meant to regulate, and administrators becomeincreasingly unable to distinguish between policies that will benefit the general public and policies that will benefit the groups being regulated. Interaction among groups is the central factof politics. Individuals with common interests band together to press their demands (formal or informally) on government. Individuals are important in politics only when they act as part ofor on behalf of group interests. The group is the bridge between the individual and the government.

The task of the political system is to

1) Establish the rules of the game
2) Arrange compromises and balance interests
3) Enact compromises in public policy

4) Enforce these compromises

It is also called equilibrium theory, as in physics. Influence is determined by numbers, wealth, and organizational strength, leadership, access to decision makers and internal cohesion. Policy makers respond to group pressure by bargaining, negotiating, and compromising among competing demands. Executives, legislators, and agency heads all put together coalitions from their consistencies to push programs through. Political parties are coalitions of groups. The Democrats have traditionally been central city, labor, ethnics/immigrants, the poor, Catholics, liberals, intellectuals, blacks, and Southern blue collar workers. Republicans have been wealthy,rural, small town, whites, suburbanites, white collar workers, conservatives, and middle class.

The entire system assumes:

1. a 'latent' group supports the rules of the game
2. there is overlapping group membership which keeps groups from moving too far out ofthe political mainstream
3. there are checks and balances on groups competition

4. Systems Model

Relies on information theory concepts such as input, output, and feedback. Sees the policy process as cyclical. Asks, "what are the significant variables and patterns in the public policy- making system?" What goes on within the 'black box' of conversion of demands into public policy? What are the inputs and outputs? Public policy is viewed as the response of the politicalsystem to forces brought to bear on it from the outside environment. The environment surroundsthe political system. In this model, "environment" means physical: natural resources, climate, topography; demographic: population size, age, and distribution, and location; political: ideology, culture, social structure, economy, and technology. Forces enter thepolitical system from the environment either as demands or as support. Demands are brought to it by persons or groups in response to real or perceived environmental conditions, for government action. Support is given wherever citizens obey laws, vote, pay taxes, etc., andconform to public policies.

The political system is a group of interrelated structures and processes that can authoritative allocate resources for a society. The actors are the legislature, the executive, the administrativeagencies, the courts, interest groups, political parties, and citizens.

Outputs are decisions and actions and public policy. The political system is an identifiable system of institutions and processes that transform inputs into outputs for the whole society. Theelements with the system are interrelated and it can respond to forces in the environment, and it seeks to preserve itself in balance with the environment. The system preserves itself by producing reasonably satisfactory outputs (compromises are arranged, enacted and enforced). It relies on deep rooted support for the system itself and its use, or threat of use, of force.

It asks questions such as:

1. What are the significant characteristics of the environment that generate demands?
2. What are the significant characteristics of the political system that enable it to endureover time and turn demands into output?
3. How do environmental inputs affect the political system?
4. How do characteristics of the political system affect public policy?
5. How do environmental characteristics affect public policy?
6. How does public policy through feedback, affect the environment and the political system itself?

5. Streams and Windows Model

This model posits three streams which are always simultaneously ongoing. When the three streams converge, a policy window opens, and a new policy may emerge. The problem streamfocuses the public's and policy-makers' attention on a particular problem, defines the problem,and calls for a new policy approach (or else the problem fades). Attention comes through monitoring data, the occurrence of focusing events, and feedback on existing polices, though oversight studies os program evaluation. Categorization of the problem is important indetermining how the problem is approached and/or resolved: values, comparisons, andcategories.

The political stream is where the government agenda is formed: the list of issues or problems tobe resolved by government. This occurs as the result of the interaction of major forces such as the national mood, organized interests, and dynamics of public administration (jurisdictional disputes among agencies, the makeup of government personnel, etc>). The players are often quite visible, as members of the administration, appointees and staff, Congress, medica, interestgroups, those associated with elections, parties and campaigns, and public opinion. A consensusis achieved among those groups and a bandwagon effect or title effect occurs as everyone wantsto be in on the policy resolution and not excluded.

When these three streams converge, a policy window may open, because of a shift in publicopinion, a change in Congress, or a change in administration, or when a pressing problem emerges. Any one stream may change on its own, but all three must converge for a policy decision to emerge.

What Types Of Policies May Emerge?

1. Incremental Policy Output.

This model relies on the concepts of incremental decision-making such as satisficing, organizational drift, bounded rationality, and limited cognition, among others. Basically can be called "muddling through." It represents a conservative tendency: new policies are only slightly different from old policies. Policy-makers are too short on time, resources and brains to make totally new policies; past policies are accepted as having some legitimacy. Existing policies havesunk costs which discourage innovation, incrementalism is an easier approach than rationalism, and the policies are more politically expedient because they don't necessitate any radical redistribution of values. This model tries to improve the acceptability of public policy.

Deficiencies of Incrementalism – Bargaining is not successful with limited resources. Can downplay useful quantitative information. Obscures real relationship being political shills. Anti-intellectual approach to problems; no imagination. Conservative; biased-against far-reachingsolutions.

2. Rational Model.

This model tries to understand all the alternatives, take into account all their consequences, and select the best. It is concerned with the best way to organize government in order to assure and undistorted flow of information, the accuracy of feedback, and the weighing of values. Related totechniques such as PERT, CPM, OR, and linear programming. This model tries to improve the content of public policy.

Deficiencies of Rationalism--gap between planning and implementation. Ignores role of people,entrepreneurs, leadership, etc. Technical competence along is not enough (ignores the human factor). Too mechanical an approach, organizations are more organic. Models must be multidimensional and complex. Predictions are often wrong; simple solutions may be overlooked. The costs of rational-comprehensive planning may outweigh the cost savings of thepolicy.

3. Public Sector Strategic Planning.

An attempt to combine the incremental and rational approaches to public policy-making. It is anattempt to reconcile the day-to-day demands with long range strategies for the future. It doesn't see the organization as wholly determined by the political environment, neither does it ignore risks. It takes an active stance (versus passive) toward the future with an outward looking, aggressive focus sensitive to the political environment. It tries to place the organization in a distinctive position vis-a-vis the political environment. It concentrates on making decisions (unlike the rational model) but blends rationalanalysis with economic and political analyses (unlike the incremental model). It is highly participatory and tolerant of controversy, it concentrates on the fate of the whole organization; the fate of subunits is secondary.

4. Neo-institutionalist Model.

Attempts to categorize public policies into 4 areas by the probability of government coercion--immediate or remote--and the object of government coercion--individual or systemic. The concern in this type of analysis is to relate these types of policy to the different branches of government and the behaviors associated with each policy area.

CONCEPTS AND PRINCIPLES OF PUBLIC POLICY

In any society, governmental entities enact laws, make policies, and allocate resources. This istrue at all levels. Public policy can be generally defined as a system of laws, regulatory measures, courses of action, and funding priorities concerning a given topic promulgated by agovernmental entity or its representatives.

Individuals and groups often attempt to shape public policy through education, advocacy, or mobilization of interest groups. Shaping public policy is obviously different in Western-style democracies than in other forms of government. But it is reasonable to assume that the processalways involves efforts by competing interest groups to influence policy makers in their favor.

A major aspect of public policy is law. In a general sense, the law includes specific legislation and more broadly defined provisions of constitutional or international law. There are many waysthat the law can influence how survivors of violence against women are treated and the types of services they receive. Likewise, legislation identifies areas in which research grants can be funded and often determines the amount of funding allocated. Thus, it is not surprising that public policy debates occur over proposed legislation and funding.

Ten Principles of Sound Public Policy

1. The government should only do what people (individuals and associations) cannot do forthemselves.
2. A sound public policy would impose the same standards, norms and punishments for non-performance on government as are imposed on the non-state providers.
3. A sound public policy will enhance:
   a. Choice
   b. Competition
   c. Freedom
4. A sound policy would consider long-term consequences over all groups of people, not just thegood intentions behind the policy.
5. Subsidiarity: A sound policy would enable governance (decisions about taxes and expenditure) closest to the people.
6. A sound policy would place incentives according to Friedman's Law of Spending:
   a. Spend your money on yourself.
   b. Spend your money on someone else.
   c. Spend someone else's money on you.
   d. Spend someone else's money on someone else.
7. A sound policy would rely more on participatory instead of representative democracy(referendums, tax allocations by citizens' choice).
8. A sound policy will not sacrifice the rights of an individual for the interests of many.
9. The premise of sound public policy should be that people are responsible, resilient and self-governing given the right set of incentives and framework of law.
10. A sound policy should have an expiry date (sunset clause).

PUBLIC POLICY FORMULATION PROCESSES (AGENDA SETTING,ACTORS AND ROLES)

The policy process is normally conceptualized as sequential parts or stages. These are

1. Problem emergence,
2. Agenda setting,
3. Consideration of policy options,
4. Decision-making,
5. Implementation, and
6. Evaluation

Steps of the Policy Making Cycle

The main idea of creating policy is to improve life for members of the public. Officials design policies that move the public closer to a desired state or public goal. Even if the ideas come fromoutside government, the creation of policy falls to public officials.

Harold Lasswell, an important figure in the development of policy sciences at the University ofChicago and Yale University in the 1950s, created a policy making model still used today. It contains five distinct steps, according to the International Encyclopedia of the Social and Behavioral Sciences.

Agenda Setting

In this first stage, a problem or challenge that impacts the public is initially identified. Solutionsare put forward by interested parties both inside and outside of the government. Agenda setting typically goes through these stages:

- **Systemic agenda**. All issues public officials feel are worth addressing
- **Institutional agenda**. Distilled from the systemic agenda list, these issues are chosen asthe ones policymakers should analyze and consider acting on.
- **Discretionary agenda**. This list comes directly from lawmakers, not from the systemicand institutional agendas.
- **Decision agenda**. The final list of issues that policymakers will consider for action.

Policy Formation

This step involves the development of policy options within the government. This occurs after officials narrow the range of possible policy choices by excluding infeasible options. In thisstep, different interested parties attempt to have their favored policy solution rank high among the remaining options. This step often involves a period of intense debate.

Decision Making

In this step, government leaders decide on a particular course of action. Ideally, it is the coursethat will best address the problem for the most members of the public.

Policy Implementation

In this step of the policy making process, governments put the chosen public policy option into effect. Officials use the tools of public administration that impact the distribution of government goods and services or make changes in how the government taxes the public. The changes shouldreflect the sentiments and values of the affected parties.

Policy Evaluation

Interested parties both within and without the government monitor the impact of the policy anddetermine if it is achieving the intended goal. This can lead to further changes in public policy done in light of the impact of the original policy.

In reality, the policy making process is not typically so linear. However, these five steps providea framework to better understand public policy formation and help students identify the strengthsand weaknesses of the system.

POLICY DESIGN FORMULATION, IMPLEMENTATION,MONITORING AND EVALUATION

POLICY DESIGN FORMULATION

Formulation of policy consists of policymakers discussing and suggesting approaches to correcting problems that have been raised as part of the agenda. Sometimes it is necessary tochoose from among multiple potential paths forward.

The ultimate policy that is chosen to solve the issue at hand is dependent on two factors. First, the policy must be a valid way of solving the issue in the most efficient and feasible way possible. Effective formulation involves analysis and identification of alternatives to solving issues. Secondly, policies must be politically feasible. This is usually accomplished through majority building in a bargaining process. Policy formulation is, therefore, comprised of analysisthat identifies the most effective policies and political authorization.

POLICY IMPLEMENTATION

Enactment alone doesn't ensure that a policy will be successful. Additional steps may be neededto implement the policy in a way that can increase the likelihood the policy will achieve its intended outcomes.

The implementing organization and stakeholders may:

1. Educate the people or organizations affected by the new policy
2. Change pre-existing administrative operations and systems (or create new ones)
3. Monitor and/or enforce the policy as needed

Policy implementation is seen as a tension generating force in society. Tensions are generatedbetween and within four components of the implementing Sprocess: **idealized policy, implementing organization, target group, and environmental factors**.

While planning for implementation, how can you increase the likelihood of achieving the policy's intended outcomes?

1. **Keep the desired outcomes in mind.**
   Before implementation starts, everyone needs to be clear about the goals of the policy.
2. **Identify resources that can help you implement the policy.**
   This can include necessary funding, staffing, and infrastructure.
3. **Define who is involved and who does what during implementation.**
   Plan who will be involved in implementation and what their roles and responsibilitieswill be. Specifically, you want to identify:

- The individual or organization that will lead implementation of the policy
- Roles and responsibilities of partners and stakeholders
- Opportunities and processes for collaboration
- Current policies to ensure they are not in conflict with the new policy

POLICY MONITORING AND EVALUATION (M&E)

Policy monitoring and evaluation (M&E) has a critical role to play in effectively **design, implement and deliver public policies and services**. Ensuring that policy making is informedby sound evidence on what works is essential to achieve key long-term objectives.

While economic, social and environmental challenges are increasingly complex, governments are facing growing pressure to deliver more and better for less. Policy monitoring and evaluation (M&E) has a critical role to play in effectively design, implement and deliver public policies and services. Ensuring that policy making is informed by sound evidence on what works is essential to achieve key long-term objectives.

Therefore, policy monitoring and evaluation and its strategic use throughout the policy cycle can:

- Support strategic planning and policy making by improving the links between policy interventions and their outcomes & impact
- Enhance accountability and provide legitimacy for the use of public funds and resources
- Promote learning and enhance policies' efficiency and effectiveness

PUBLIC PARTICIPATION IN THE POLICY PROCESS

Public participation can be any process that directly engages the public in decision-making andgives full consideration to public input in making that decision.

Public participation is a process, not a single event. It consists of a series of activities and actionsby a sponsor agency over the full lifespan of a project to both inform the public and obtain input from them. Public participation affords stakeholders (those that have an interest or stake in an issue, such as individuals, interest groups, communities) the opportunity to influence decisions that affect their lives.

Agencies should not be concerned that seeking public input means having to do "what the publicwants." Generally speaking, there is no single public. Rather, the public consists of a range of stakeholders holding an array of views and concerns on an issue. When conducting meaningful public participation, an agency will gather input from a wide spectrum of stakeholder interests, resulting in a wide range of views and concerns and providing fair treatment, meaningful involvement and social inclusion for all people regardless of race, color, national origin, sexual orientation or income, with respect to the development, implementation, and decisions made through the public participation process. The job of the sponsor agency then is to balance amongthese views and concerns, and reflect the decisions back so that the public understands how its diverse concerns were considered.

Not all public participation is the same. Conducting meaningful public participation involves seeking public input at the specific points in the decision process and on the specific issues where such input has a real potential to help shape the decision or action. It is rarely appropriateor useful to simply ask the public "what do you want." Such broad questions will only raise expectations and likely direct input to areas where no influence is actually possible. Sometimes the opportunity for influence is quite small, while at other times the public can have a great dealof influence. The amount of this potential influence is the main consideration in designing a successful public participation program.

BENEFITS OF PUBLIC POLICY IN NATIONAL DEVELOPMENT

- Good public policy seeks to define issues and implement strategies that will produce a measurable and positive result for the general public. Effective public policy will supportdemocratic institutions and processes, serve justice, encourage empathetic and active citizenship, and solve problems efficiently and effectively without causing a political rift.Thus, a successful policy is both the execution of a good policy (positive, measurable outcome) and good politics (bipartisanship).
- However, good public policy is more than simply solving problems as they arise. A goodpublic policy will be able to define a problem, gather evidence, identify causes, review any current policies, and strategize solutions that anticipate the social response. Careful consideration of benefits and costs as well as the development of political strategies are all key factors in implementing a policy that will elicit a positive, measurable outcome.
- Public policy is important because policy choices and decisions made by those in poweraffect nearly every aspect of daily life, including education, healthcare and national security.
- The policies set in place by officials at all level of government establish rules, regulationsand procedures that guide the actions of citizens within their jurisdiction. Public policy decisions are primarily made to improve the health, safety and well-being of citizens, andmay set standards for educational institutions, transportation operations and housing facilities.
- It is evident that the public policy is the significant factor in the democratic governmentand it emphasizes on the public and its problems, in fact it is a discipline which is branded as public. The concept of public policy assumes that there is an area of life which is totally individual but said in public. Likewise, public policies have a significant purposes to work in the society where the democracy is prevails. The important role of the public policy is to make the society to lead a better life and to maintain the delivery ofthe goods and services are significant, it is regarded as the mechanism for developing economic-social system, a procedure for determining the future and so on.

TOPIC 4

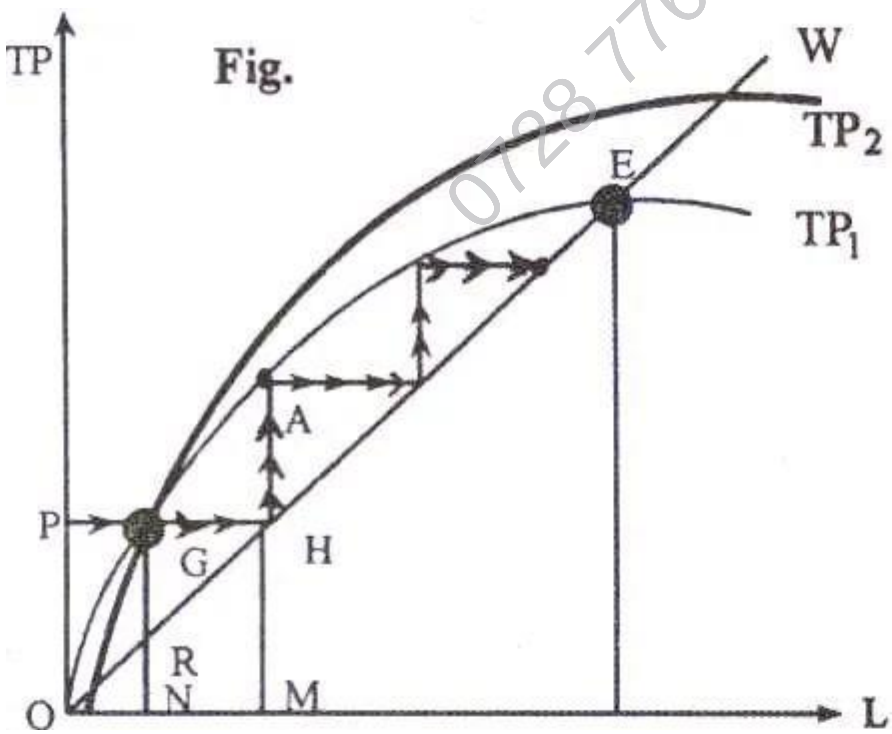
PUBLIC POLICY AND NATIONAL DEVELOPMENT

CLASSICAL AND NEOCLASSICAL MODELS OF DEVELOPMENT

1. Classical Growth Theory

The Classical Growth Theory postulates that a country's economic growth will decrease with an increasing population and limited resources. Such a postulation is an implication of the belief of classical growth theory economists who think that a temporary increase in real GDP per person inevitably leads to a population explosion, which would limit a nation's resources, consequently lowering real GDP. As a result, the country's economic growth will start to slow.

Structural Model



In the chart above, the y-axis represents total production, and the x-axis represents labor.

Curve OW outlines the total subsistence wages. If the level of population (labor) is ON, and the level of output is OP, the per capita wage is represented by NR. Consequently, the surplus or profit is RG.

Because of the surplus, the capital formation process comes into effect. Consequently, the demand for labor increases, leading to a rise in total wages, as the curve moves to GH. If the total population remains constant at ON, and wages exceed subsistence wages, i.e., NG > NR, then total population or total manpower will increase as the curve moves toward OM. Because of the increase in population, surplus can be generated.

In such a manner, the process will continue until the economy reaches point E, as depicted by the arrow. Point E represents a stationary situation wherein wages and total output equalize, and no surplus can be generated. However, according to classical economists, with technological progress the production function will shift upward, as depicted by the curve TP2. Also, according to the Classical Growth Theory, economic stagnation can be postponed, although ultimately not avoided.

Limitations of the Classical Growth Model

- **Ignorance with respect to technology:** The classical model of growth ignores the role efficient technical progress could play for the smooth running of an economy. Advancements in technology can minimize diminishing returns.

- **Inaccurate determination of total wages:** The classical model of growth assumes that total wages do not exceed or fall below the subsistence level. However, this is not entirely true. Changes in the industrial structure and substantial economic development can result in total wages exceeding or falling below the subsistence level. Moreover, the classical theory of growth does not consider the role played by trade unions in the process of wage determination.

2. Neoclassical Growth Model

The Neoclassical Growth Theory is an economic model of growth that outlines how a steady economic growth rate results when three economic forces come into play: labor, capital, and technology. The simplest and most popular version of the Neoclassical

Growth Model is the Solow-Swan Growth Model.

The theory postulates that short-term economic equilibrium is a result of varying amounts of labor and capital that play a vital role in the production process. The theory argues that technological change significantly influences the overall functioning of an economy. Neoclassical growth theory outlines the three factors necessary for a growing economy. However, the theory puts emphasis on its claim that temporary, or short-term equilibrium, is different from long-term equilibrium and does not require any of the three factors.

Production Function in the Neoclassical Growth Model

The Neoclassical Growth Model claims that capital accumulation in an economy, and how people make use of it, is important for determining economic growth.

It further claims that the relationship between capital and labor in an economy determines its total output. Finally, the theory states that technology augments labor productivity, increasing the total output through increased efficiency of labor. Therefore, the production function of the neoclassical growth model is used to measure the economic growth and equilibrium of an economy. The general production function in the neoclassical growth model takes the following form:

$Y = AF(K, L)$

Where

- **Y** – Income, or the economy's Gross Domestic Product (GDP)
- **K** – Capital
- **L** – Amount of unskilled labor in the economy
- **A** – Determinant level of technology

Also, because of the dynamic relationship between labor and technology, an economy's production function is often re-stated as $Y = F(K, AL)$. This states that technology is labor augmenting and that workers' productivity depends on the level of technology.

Assumptions of the Neoclassical Growth Model

- **Capital subject to diminishing returns**: An important assumption of the neoclassical growth model is that capital (K) is subject to diminishing returns provided the economy is a closed economy.
- **Impact on total output**: Provided that labor is fixed or constant, the impact on the total output of the last unit of the capital accumulated will always be less than the one before.
- **Steady state of the economy**: In the short term, the rate of growth slows down as diminishing returns take effect, and the economy converts into a "steady-state" economy, where the economy is steady, or in other words, in a relatively constant state.

Key Conclusions of the Neoclassical Model of Growth

- **Output as a function of growth**: The neoclassical growth model explicates that total output is a function of economic growth in factor inputs, capital, labor, and technological progress.
- **Growth rate of output in a steady-state equilibrium**: The growth rate of total output in a steady-state equilibrium is equal to the growth rate of the population or labor force and is never influenced by the rate of savings.
- **Increased steady-state per capita income level**: While the rate of savings does not influence the steady-state economy growth rate of total output, it does result in an increase in the steady-state level of per capita income and, therefore, total income as well, as it raises the total capital per head.
- **Long-term growth rate**: The long-term growth rate of an economy is solely determined by technological progress or regress.

THE POLITICAL ECONOMY OF DEVELOPMENT

The Political Economy and Development track studies how **the interplay between the economic system, politics, and institutions allocates resources and generates incentives**.Topics include markets, poverty, welfare, inequality, taxation, regimes, transitions, growth, ethnicity, religion, and culture.

Political economy is an interdisciplinary branch of the social sciences that focuses on the interrelationships among individuals, governments, and public policy.

Political economists study how economic theories such as capitalism, socialism, and communismwork in the real world. At its root, any economic theory is a methodology that is adopted as a means of directing the distribution of a finite amount of resources in a way that is beneficial for the greatest number of individuals.

In a wider sense, political economy was once the common term used for the field we now call economics. Adam Smith, John Stuart Mill, and Jean-Jacques Rousseau all used the term todescribe their theories. The briefer term economy was substituted in the early 20th century withthe development of more rigorous statistical methods for analyzing economic factors.

Understanding Political Economy

Political economy is a branch of social science that studies the relationship that forms between anation's population and its government when public policy is enacted. It is, therefore, the result of the interaction between politics and the economy and is the basis of the social science discipline.

As mentioned above, there are several notable types of political economies:

- **Socialism:** This type of political economy promotes the idea that the production and distribution of goods and wealth are maintained and regulated by society, rather than aparticular group of people. The rationale behind this is that whatever is produced by society is done so because of those who participate, regardless of status, wealth, or position. Socialism aims to bridge the gap between rich and power, where one or moreindividuals don't have the majority of power and wealth.
- **Capitalism:** This theory advocates profit as a motive for advancement. Put simply, the idea behind capitalism is that private individuals and other actors are driven by their owninterests—they control production and distribution, set prices, and create supply and demand.
- **Communism:** Individuals often confuse communism with socialism, but there is a distinct difference between these two theories. Communism was a theory developed by Karl Marx, who felt that capitalism was limited and created a big divide between richand poor. He believed in shared resources, including property, and that production and distribution should be overseen by the government.

Those who research the political economy are called political economists. Their study generallyinvolves the examination of how public policy, the political situation, and political institutions impact a country's economic standing and future through a sociological, political, and economiclens.

History and Development of Political Economy

The roots of political economy as we know it today go back to the 18th century. Scholars duringthe period studied how wealth was distributed and administered between people. Some of the earlier works that examined this phenomenon included those by Adam Smith and John Stuart Mill.

But the term is probably best ascribed to the French writer and economist, Antoine de Montchrestien. He wrote a book called "Traité de l'économie politique" in 1615, in which he examined the need for production and wealth to be distributed on an entirely larger scale—not inthe household as Aristotle suggested. The book also analyzed how economics and politics are interrelated.[5]

Smith was a philosopher, economist, and writer who is commonly referred to as the father of economics and of the political economy. He wrote about the function of a self-regulating free market in his first book, which was called "The Theory of Moral Sentiments." His most famouswork, "An Inquiry into the Nature and Causes of the Wealth of Nations" (or "The Wealth of Nations") helped shape classical economic theory. It was also used as the foundation for future economists.

Mill combined economics with philosophy. He believed in utilitarianism—that actions that lead to people's goodwill are right and that those that lead to suffering are wrong. In essence, he believed that economic theory and philosophy were needed, along with social awareness in politics in order to make better decisions for the good of the people. Some of his work, including"Principles of Political Economy," "Utilitarianism," and A System of Logic" led him to become one of the most important figures in politics and economics.

LINKAGE OF PUBLIC ADMINISTRATION AND PUBLIC POLICY

Public policies are the guidelines that government entities use to coordinate their various programs and initiatives. Public administrators are responsible for producing and managing thosepolicies. Individuals who know how to root out societal problems and theorize policy-based solutions to those problems best perform this duty. A Master of Public Administration highlightsthe ways public administrators interact with public policy. The program helps graduate students develop the skills needed to make policy decisions for public organizations, such as governmentsand nonprofits.

What Is Public Policy?

Policies are strategies that organizations adopt to guide certain aspects of their operations. Publicorganizations use public policies to direct programs and services aimed at addressing issues within the communities they serve. Public policies target fields such as national defense, education, health, and agriculture to solve specific societal issues.

Government entities at each major level of government — local, state, federal, and international can implement public policies. International public policies may incorporate the thoughts andopinions of foreign governments or international organizations, such as the United Nations, but domestic civil servants develop public policies that serve intrastate purposes. The needs of the public are constantly changing, so policymaking must be an ongoing process, continually re- evaluating existing public policies to keep them from becoming stale or ineffective.

How Do Public Administrators Use Public Policy?

Public administrators oversee the formulation, development, adoption, implementation, and evaluation of public policies. But the administration of public policy is not limited to governmentleaders. In most cases, the citizens of democratic nations have the ability to influence policy decisions by participating in public votes, lobbying for specific causes, or petitioning their government representatives. If a public policy vs. public administration issue emerges, the administrators should determine whether a more acceptable alternative policy option exists.

Apart from developing public policy, public administrators also supervise the implementation ofpolicies throughout the communities they affect. They typically accomplish this using a top- down methodology. For example, if the federal government enacts a policy, it is responsible for ensuring that state administrators understand the goal of that policy and how they can achieve it.The same flow occurs between state and local governments. However, state governments can institute some policies that deviate from federal policies, while local governments have less autonomy and cannot really diverge from state or federal policy.

The Basic Steps of Creating Strong Public Policy

While no set method will always produce effective policies, public administrators can take somesteps to guide them through the policymaking process. Each step is meant to help policymakers guarantee that a proposed policy cost-effectively solves a real public issue and has a positive (orjustifiable) effect on the population. The steps are as follows:

1. Identify a societal problem.
2. Collect empirical evidence that confirms the problem exists.

3. Investigate the causes of the problem.
4. Determine how the current policy contributes to the problem.
5. Develop solutions based on the findings.
6. Analyze the options and select the best solution.
7. Evaluate if the costs and benefits of implementing that solution are reasonable.

After taking these steps, the public administrator must consider outside political, social, and economic factors that may affect the success of the proposed policy. If the public administratorbelieves the policy can work, he or she should start the process of putting it into practice.

Core Skills Public Administrators Use to Create Successful Public Policy

This is not necessarily a comparison of public policy vs. public administration; they're both partsof the governmental process. Aspiring public servants should ask what professional competencies they can hone to improve their ability to effectively administer public policy. The following skills are essential to a career in public administration, and professionals can sharpen each one through a Master of Public Administration program:

- **Communication.** Public administrators need to leverage several forms of communication to gettheir ideas across to the people with whom they work to make policy, as well as to the membersof the public whom policy decisions will affect. Therefore, public administrators must understand how to clearly articulate their thoughts through speech, different forms of media (e.g., text, video, and recorded audio), and formal presentations.
- **Strategic Thinking.** Guiding policy decisions requires a broad perspective of the society that takes into account the needs of every stakeholder. Public servants who think strategically havethe capacity to steer public policies in a direction that might not perfectly address everyone's concerns but achieves progress toward solving pressing social issues.
- **Leadership.** Public administrators are often government officials to whom the public looks for direction. With polished leadership skills, administrators can maintain the confidence of their constituents and earn the trust of their colleagues. Communities will take the policy decisions of
their public administrators far more seriously if they exhibit the ability to lead.
Strong public policy limits inequity in nations, thereby increasing the quality of life for residents.Although public administration is not the only field that contributes to

the design and implementation of public policy, an advanced public administration degree can help ambitious public servants develop the foundational skills they need to contribute to the process of creating public policy.

LINKAGE BETWEEN NATIONAL AND COUNTY DEVELOPMENTPLANS

Kenya promulgated a new Constitution in 2010 with devolution being among the key gains thatpromised progress for the nation. This heralded a new era of hope with Article 174 of the Constitution outlining the objects of devolution that included giving powers of self-governanceto the people, enhancing their participation in decision making, promoting economic development and ensuring equitable sharing of resources.

Devolution brought billions of annual Exchequer transfers to counties whose utilisation was defined by provisions that required counties to spend a minimum of 30 per cent on development.With these progressive safeguards, it was expected as a matter of fact that Kenya's developmentoutlook would improve considerably.

Benjamin Franklin famously stated that "if you fail to plan, you are planning to fail" and from this powerful statement, Kenya should draw deep lessons. Apart from defining the requirementson Exchequer transfers and county expenditure, the framers of our constitution outlined bare minimums on planning within the devolved units. In the strict sense of the law, no county expenditure can take place if it has not been captured in the planning documents which are the County Integrated Development Plan (CIDP) which cascade to the Annual Development Plan (ADP) then the county budgets.

The legal imperative for county planning emanates from the Public Financial Management Act 2012 which provides that every county shall prepare a CIDP with the County Government Act 2012 further obligating county governments to promote public participation during this process.

This centrality of the citizen is intended to ensure compliance with the national values and the objects of devolution under our constitution. All planning processes therefore involving decisionmaking must be preceded and validated by meaningful public participation.

In interrogating why the first five years of devolution did not yield desired outcomes, part of thereason is the flawed planning processes which were frustrated by the teething challenges that counties faced resulting in poorly drafted documents.

With counties now developing their second CIDPs, planners should use this benefit of retrospectas a learning experience and ensure that the next CIDPs assure the best development outcomes for Kenya in the 2018-2022 period.

Best example

The challenge is now on CIDP drafters and planners to ensure that the contributions of thepeople are incorporated in the final CIDPs while county residents have a responsibility to overcome the challenge of general citizen apathy that has always frustrated progress.

It is clear that counties are the frontiers of the transformation of our nation which is even vindicated by the fact that the Presidency has sought the adoption of the Big Four by counties. Devolved units are at the heart of development and with the CIDP process being vital in countyplanning, the tragedy of plenty without progress that was experienced in the first five years of devolution must be avoided.

Makueni County has recently become an exemplar in transformative development, having launched universal healthcare and a mango and milk processing plant respectively all of whichtremendously altered the local development landscape and transformed livelihoods.

These projects were formulated during the 2013-2017 CIDP period and the reason they won national accolades is because they were conceptualized through meaningful citizen participation.

If all other 46 counties deliver development like Makueni has done for its people and if this is complemented by the success of President Uhuru's Big Four Plan at the national level, then likethe Asian Tigers, which transitioned from Third to First World within a generation, Kenya will also make the giant leap forward into prosperity and attain Vision 2030, making Kenya an industrializing, middle-income country.

NATIONAL AND COUNTY PLANS AND POLICIES

National and County plans in Kenya are essential for the planning and development by the 47 county governments. County plans are especially essential for the budgeting process in the counties. Every county should prepare a development plan to fulfil Article 220(2) of the Constitution of Kenya. Part 11 of the County Governments Act deals extensively with County Planning. This is in Sections 102 to 115 of the Act. Sections 107 to 111 of the Act deal with thetypes and purposes of the county plans.

The purpose of the county plans is to guide, harmonize, and facilitate development within eachcounty.

No county should spend its funds without a planning framework. The County Executive should develop the county plans. Thereafter, the County Assemblies should approve these county plansaccording to the law.

The county planning framework should integrate economic, physical, social, environmental, andspatial planning.

The county government should designate county departments, cities and urban areas, sub-counties and Wards as planning authorities of the county.

The functions of the county governments and relevant national policies should be the basis ofcounty plans. The functions are in the Fourth Schedule of the Constitution.

The county plans should recognize the financial viability of development programmes. Countyplanning should also provide for public participation.

Types and Purposes of County Plans

- The county governments should come up with the following plans:
- county integrated development plan;
- county sectoral plans;
- county spatial plan; and

The five-year county integrated development plan should have:

- clear goals and objectives;
- an implementation plan with clear outcomes;
- provisions for monitoring and evaluation; and
- clear reporting mechanisms.

Each county integrated development plan should identify:

- the institutional framework, which shall include an organization chart, required for—
- the implementation of the integrated development plan; and
- addressing the county's internal transformation needs;
- as informed by the strategies and programmes set out in the plan—
- any investment initiatives in the county;
- any development initiatives in the county, including infrastructure, physical, social, economic and institutional development;
- all known projects, plans and programs to be implemented within the county by any organ of state; and
- The key performance indicators set by the county.The county integrated development plan should:
  - have maps, statistics and other appropriate documents attached to it; or
  - refer to maps, statistics and other appropriate documents that are not attached but held ina GIS-based database system:

Provided that the plans above are open for public inspection at the offices of the county in question.

The county integrated development plan should also reflect a resource mobilization and management framework. The framework should at least:

- include the budget projection required under the law governing county governmentfinancial management (The Public Finance Management Act);
- indicate the financial resources that are available for capital project developments andoperational expenditure (development and recurrent expenditure respectively); and

- include a financial strategy that defines sound financial management and expenditure control: as well as ways and means of increasing revenues and external funding for thecounty and its development priorities and objectives, which strategy may address the following—
- ✓ revenue-raising strategies;
- ✓ asset management strategies;
- ✓ financial management strategies;
- ✓ capital financing strategies;
- ✓ operational financing strategies; and
- ✓ strategies that would enhance cost-effectiveness.

The process of functional assignment is an important one as it offers a guiding framework forfunctions and powers for the two levels of Government.

In terms of policy and legislative analysis, functional assists in:

- The process of developing of policies and laws by the county governments that supportimplementation of their functions (devolved functions);
- Reviewing of the constitutional conformity of existing laws within the national government;
- Assessment of the policies and laws developed by the county government in regard to constitutional conformity and compliance with the devolved system of government;
- and Identification of policy and legislative gaps that exists especially within county governments in the functional areas within their jurisdiction.

Accordingly, functional assignment and the corresponding legislative and executive powers forms a conceptual basis for determining constitutional compliance of policies and laws at the two levels of government. Moreover, this too facilitates to identify areas within the agricultural sector where county government have legislative and executive powers, but theyare yet to engage in the process of policy formulation and enacting of the requisite legislationfor devolved functions. Likewise, the framework supports the review of the exercise of executive powers in administering services as well as implementing laws; county laws or national government laws where there is a requirement of their implementation by the countygovernments.

Ambiguities in Policy Implementation

Due to the incomplete transition, national and county governments continue to perform functions without a clear division of responsibilities as envisaged in the Constitution. The area of concurrent functions (which can be performed by either level) for instance poses a challenge due to the uncertainty of the extent of responsibilities for counties in the shared areas.

Thus, there is confusion in national and county legislation and policy. There is a need for continuation and completion of the unbundling process in order to have clarity, as this willinform law and policy development across board. This can only be achieved through strengthened collaboration between the policy-making organs at the national and county levels.

While courts have stepped in and made pronouncements in cases or through advisories, the nature of court cases is that they do not engage in policy matters or make broad-based policies. Indeed, even where county governments have been vested certain functions throughjudicial determination, there is a need for broad-based policies and laws to facilitate sectorialcoordination. Court cases are neither a comprehensive nor systematic ways of aligning policies and laws as this is best done through a collaborative approach by law and policy- making organs at both levels.

STAKEHOLDER'S INVOLVEMENT IN DEVELOPMENT PLANNING

Participation by project stakeholders means sharing a common understanding and involvement inthe decision-making process of the project. Participation by stakeholders leads to empowerment and to joint ownership of the project. To increase participation the project should start with a consultation process that moves to negotiations and ends with joint decisions. Participation by project stakeholders has many benefits and advantages, among them are:

1. Ensures that the project plans are a reflection of the real needs and priorities
2. Develops an environment of trusts by allowing the voices of the stakeholders be heard andtheir issues be known
3. Makes the project accountable to the stakeholders
4. Enables the voices of the stakeholders to be heard and by doing that the level of

trust in therelationships increases.

5. Promotes transparency in the actions of the project and ensures that the project is heldaccountable for its actions.
6. Increases ownership by stakeholders who feel the project is taking in account their views andmotivates them to sponsor the project, which ultimately leads to sustainability.
7. Is a key strategy to win support to the project, to gain commitment to the project, and ultimately to increase the chances for sustainability after the project has been completed.

Real development requires a people centered approach instead of an output oriented one. Projectmanagers need to break the conventional approach of top-down solutions to incorporate a bottom-up approach that enables a more sustainable solution.

While participation may require more time and resources and may be more difficult to implement;the results is an increase in commitment to the project. Stakeholders who are consulted and madepart of the solution feel more willing to support the project.

Stakeholders also help in:

Sharing Ideas and Solutions

Stakeholders brought into any decision or project development from the get-go are able to help provide ideas and help create potential solutions. Often, stakeholders come from varying backgrounds, and so they look at issues from differing perspectives. This enables opposing viewpoints to get expressed and discussed. Having stakeholders able to play the devil's advocate means that ideas are flushed out beyond the sizzle of the initial idea.

Problem-Solving Resources

Engaged stakeholders stay involved in the process. This increases the overall chance of projectsuccess through final execution. Smart project leaders keep stakeholders informed of project updates, as well as newsletters and any information regarding progress

Stakeholders are informed when significant issues arise. Issues may pertain to funding, budget concerns, legal issues or to regulatory obstacles.

When stakeholders are engaged, positive communication goes both ways. For example, by keeping the city council apprised of a community development, and also by addressing residents concerns, the project manager is able to diffuse a potentially adverse stance. Should a major petition against the development arise, the project is more likely to get information sooner than later, if it has been forthcoming with the council.

Preventing Unforeseen Problems

It is natural to want a project to come together without a hitch; that is seldom the reality, however, especially as projects become grander in scope. Business leaders can mitigate many problems by utilizing stakeholders, thereby preventing potential issues. For example, a pet shop looking to sell pets could garner a lot of benefit from partnering with local animal rescue shelters to advocate for animal adoption and responsible animal ownership. The rescue organization is a stakeholder, because it has great influence on the community of animal lovers, so it is imperative to have an advocate, rather than an adversary.

CHARACTERISTICS OF EFFECTIVE PLANS AND POLICIES

Characteristics of an Effective Policy

The characteristics of a good policy are:

1. Policy should help in achieving the enterprise's objectives.
2. It should provide only a broad outline and leave scope to subordinates for interpretation sothat their initiative is not hampered.
3. Policies should not be mutually contradictory and there should not be inconsistency betweenany two policies which may result in confusion and delay in action.
4. They should be sound, logical, flexible and should provide a guide for thinking in future planning and action. Further, they should provide limits within which decisions have to be made.
5. Policies should reflect the internal and external business environment.
6. Policies should be in writing and the language of the policies should be intelligible to thepersons who are supposed to implement them and to those who are to be affected by them.

Characteristics of Planning

1. **Planning is goal-oriented.**
   a. Planning is made to achieve desired objective of business.
   b. The goals established should general acceptance otherwise individual efforts &energies will go misguided and misdirected.
   c. Planning identifies the action that would lead to desired goals quickly &economically.
   d. It provides sense of direction to various activities. E.g. Maruti Udhyog is trying tocapture once again Indian Car Market by launching diesel models.
2. **Planning is looking ahead.**
   a. Planning is done for future.
   b. It requires peeping in future, analyzing it and predicting it.
   c. Thus planning is based on forecasting.
3. **Planning is an intellectual process.**
   a. Planning is a mental exercise involving creative thinking, sound judgement andimagination.
   b. It is not a mere guesswork but a rotational thinking.
   c. A manager can prepare sound plans only if he has sound judgement, foresight andimagination.
   d. Planning is always based on goals, facts and considered estimates.
4. **Planning involves choice & decision making.**
   a. Planning essentially involves choice among various alternatives.
   b. Therefore, if there is only one possible course of action, there is no need planningbecause there is no choice.
   c. Thus, decision making is an integral part of planning.
   d. A manager is surrounded by no. of alternatives. He has to pick the best dependingupon requirements & resources of the enterprises.
5. **Planning is the primary function of management / Primacy of Planning.**
   a. Planning lays foundation for other functions of management.
   b. It serves as a guide for organizing, staffing, directing and controlling.
   c. All the functions of management are performed within the framework of planslaid out.

   d. Therefore planning is the basic or fundamental function of management.

6. **Planning is a Continuous Process.**
   a. Planning is a never ending function due to the dynamic business environment.
   b. Plans are also prepared for specific period f time and at the end of that period, plans are subjected to revaluation and review in the light of new requirements andchanging conditions.
   c. Planning never comes into end till the enterprise exists issues, problems may keepcropping up and they have to be tackled by planning effectively.
7. **Planning is all Pervasive.**
   a. It is required at all levels of management and in all departments of enterprise.
   b. Of course, the scope of planning may differ from one level to another.
   c. The top level may be more concerned about planning the organization as a wholewhereas the middle level may be more specific in departmental plans and the lower level plans implementation of the same.
8. **Planning is designed for efficiency.**
   a. Planning leads to accomplishment of objectives at the minimum possible cost.
   b. It avoids wastage of resources and ensures adequate and optimum utilization ofresources.
   c. A plan is worthless or useless if it does not value the cost incurred on it.
   d. Therefore planning must lead to saving of time, effort and money.
   e. Planning leads to proper utilization of men, money, materials, methods andmachines.
9. **Planning is Flexible.**
   a. Planning is done for the future.
   b. Since future is unpredictable, planning must provide enough room to cope withthe changes in customer's demand, competition, govt. policies etc.
   c. Under changed circumstances, the original plan of action must be revised andupdated to make it more practical.

CHALLENGES OF PUBLIC POLICY FORMULATION AND IMPLEMENTATION

Public policy formulation and execution are central to any country's rate of development. In Kenya, the problem is essentially of execution and continuity. Developing a policy is just the first step; for policies to contribute to the successful delivery of health services, they must be effectively implemented.

Challenges to implementation are referred to as "implementation barriers."They can be rooted in a variety of causes, including:

- ✓ opposition from key stakeholders
- ✓ inadequate human or financial resources
- ✓ lack of clarity on operational guidelines or roles and responsibilities for implementation
- ✓ conflicts with other existing policieslack of coordination and collaboration between parties responsible for implementation
- ✓ lack of motivation or political will.
- ✓ Successive governments abandon inherited public policies and initiate theirs that theirown successors equally abandon, thus leaving a trail of abandoned policies and their relevant projects.
- ✓ There is a big dis-connect between the policy makers and those for whom the policiesare made, resulting in lack of ownership and acceptance of the policies by the people. The result is a near directionless growth.
- ✓ Some of the factors militating against effective policy making and execution include political rascality, ethnicity, lack of need assessments, corruption, too many points of agenda, inability to properly identify problems, lack of continuity, lack of political will,inadequate resources, white elephant or unrealistic policy goals, among many others.

To address implementation barriers, stakeholders must assess the root cause of the challenge anddevelop targeted strategies to address each barrier in collaboration with other interested and empowered parties. Throughout the policy development, implementation, and monitoring processes, barriers should be continually assessed and addressed. Implementation is an ongoing process of decision making by key actors who work in complex policy and institutional contextsand face pressures from interested as well as opposing parties. As such, the motivation, flow of information, and balance of power and resources among stakeholders influences policy implementation processes.

Ultimately, overcoming policy implementation barriers will require commitment and perseverance by a range of stakeholders, possibly over a prolonged period.

The ability to address policy implementation barriers is a key capability for government, policymakers, and civil society. Addressing policy barriers requires individual and institutionalskills and competencies to understand the policy environment governing the health system, the configuration of the health system in the context of the government structure, and the needs of beneficiaries/ clients and implementers. It requires the ability to critically assess the true root ofpolicy implementation barriers—whether it is sociological, political, structural, institutional, orcultural—and to craft targeted solutions to address them. Finally, it requires engendering stakeholder buy-in and commitment to take action, determining resources required for the proposed solution, implementing a solution to remove the barrier, and enacting accountability mechanisms to ensure that barriers have been addressed.

Addressing the Barriers

- ✓ Multi-directional feedback loops involving beneficiaries, implementers, and policymakers
- ✓ Mechanisms to ensure follow-up and compliance with policy directives (e.g., nationalmonitoring board, national policy unit, incentives for compliance, sanctions for non- compliance)
- ✓ Systemic monitoring and evaluation of the impacts of policy formulation and implementation
- ✓ Provide technical assistance on systems and process analysis for anticipating and mitigating against potential roadblocks during the policy formulation and action planningprocesses
- ✓ Support costing exercises that encourage aligning budget allocations with the actualresources required to implement policies and programs
- ✓ Train local decision makers (e.g., district health officials) on operational policy issuesand tools and techniques to analyze barriers
- ✓ Provide technical assistance to develop monitoring and evaluation plans that track bothoutcome and process indicators, including qualitative and contextual information
- ✓ Assist a multisectoral team of stakeholders to adapt and apply a proven policy monitoring tool or checklist
- ✓ Assist with the establishment of feedback mechanisms to gather information

from as wellas report back to implementers and beneficiaries

- ✓ Incorporate systems to document and share programmatic lessons learned into organizational capacity development plans ƒ Assist government and other stakeholders tocarry out annual or mid-term reviews and integrate findings into subsequent action plans

TOPIC 5

PUBLIC POLICY ANALYSIS

CONCEPT AND RATIONALE FOR PUBLIC POLICY ANALYSIS;

Public policy refers to the rules, regulations, and guidelines formulated by governments for the purpose of solving problems that have an impact on the society and the general public. Public policy analysis involves evaluating issues of public importance with the objective of providing facts and statistics about the extent and impact of the various policies of the government. The basic objective of public policy analysis is to assess the degree to which the policies are meetingtheir goals. Public policy analysis deals with the application of social science theories and methods to analyze matters of public importance.

Role of Public Policy Analysts

Public policy analysts specialize in problem solving. They deal with some of society's most urgent issues involving crimes, education, healthcare, and environmental problems. Public policyanalysts contribute in defining a problem that is understated or not clearly understood by policy makers. They also identify and contribute in making new policy proposals. Public policy analystsare involved in identifying the consequences of new proposed policies.

To analyze a public policy, the analysts begin by collecting evidence highlighting the problem. This might include conducting surveys, gathering expert opinions, and examining specific casesrelated to the problem. Public policy analysts often use the rational policy analysis approach to evaluate a policy. The rational policy analysis approach involves:

- Defining the problem
- Determining the evaluation criteria
- Identifying alternative policies
- Evaluating alternative policies
- Selecting the preferred policy

DIAGNOSING AND DEFINING THE PROBLEM (DATACOLLECTION AND ANALYSIS)

A useful approach to building a *why* map might be to think in terms of processes. Another usefulapproach might to use existing frameworks and maps when possible. If you prefer to stay away from question maps, you may want to use an Ishikawa diagram.

Once you have identified all the possible root causes for your problem, you'll need to summarizethem in a set of hypotheses, prioritize their analysis, conduct the analysis using a hypothesis map, and synthesize your conclusions. The analysis requires you to link evidence both supporting and opposing—to hypotheses and triangulate on answers.

As with framing problems, you can't expect to be excellent at diagnosing problems without practicing it extensively. When you do, it is a good idea
to engage with others to challenge your thinking. This includes using judiciously experts and novices, helping others be successful, and innovating when facing unfamiliar problems. If your problem is overly complex, you may look at simplifying it, forinstance by solving a simpler, related one, using the solution of an isomorphic problem, or converting your problem to a well-defined one.

A research problem is a specific issue, difficulty, contradiction, or gap in knowledge that you will aim to address in your research. You might look for practical problems aimed at contributingto change, or theoretical problems aimed at expanding knowledge.

Bear in mind that some research will do both of these things, but usually the research problemfocuses on one or the other. The type of research problem you choose depends on your broad topic of interest and the type of research you want to do.

In the social sciences, the research problem establishes the means by which you must answer the "So What?" question. The "So What?" question refers to a research problem surviving the relevancy test [the quality of a measurement procedure that provides repeatability and accuracy]. Note that answering the "So What" question requires a commitment on your part to not only showthat you have researched the material, but that you have thought about its significance.

To survive the "So What" question, problem statements should possess the followingattributes:

- Clarity and precision [a well-written statement does not make sweeping generalizationsand irresponsible statements],
- Identification of what would be studied, while avoiding the use of value-laden words andterms,
- Identification of an overarching question and key factors or variables,
- Identification of key concepts and terms,
- Articulation of the study's boundaries or parameters,
- Some generalizability in regards to applicability and bringing results into general use,
- Conveyance of the study's importance, benefits, and justification [regardless of the type ofresearch, it is important to address the “so what” question by demonstrating that the research is not trivial],
- Does not have unnecessary jargon; and,
- Conveyance of more than the mere gathering of descriptive data providing only a snapshotof the issue or phenomenon under investigation.

TOOLS OF PUBLIC POLICY ANALYSIS

Policy is a complex affair. No wonder public policy consultancies and think tanks are among thetop organizations attracting brilliant minds. It takes years to master a field, and in the meantimehard skills play a major role.

In designing research, gathering and analyzing data, and leading teams or tasks broad understanding of various methods and its tools is an asset. Here we present some of tools wewould recommend keeping an eye on and plan on mastering.

R / Python

Two big names of open-source programming languages. Both have vast online communities, thusthere is always where to refer when facing challenges and dead-ends in the coding endeavor.

However, there is one significant difference: R is mainly for statistical analysis; Python is a moregeneral application in data science.

Both programming languages are time-consuming to master. However, regarding data science,both work just perfect in major data science tasks; although R is more focused on statistical research, Python is easier to read and maintain.

Some may argue that mastering both is an ideal solution. In PPMI, we start with Python, because of Big Data and wide application reasons. We use it in all our Big Data projects as it takes to webscraping, data analysis, machine learning and so on: applications are limitless.

NVIVO

NVIVO — a qualitative data analysis tool — is king when it comes to organizing, storing and retrieving data; especially when it is needed for big teams on large scope projects! It is a one-stopshop to analyze, classify, sort and arrange non-numerical, unconstructed data.

Some large-scale efforts are impossible to imagine without this software. For instance, at our office we had to review and structure hundreds of reports and stack various topics under pre- defines nodes. Or when it comes to machine learning, it is really handy to mark texts for softwaredevelopment inputs by teaching the machine to recognize meanings in texts!

Tableau

Maybe the fastest and easiest way to visualise data. Tableau also helps to understand it quicker!No coding needed, just a bit cleaned data frame.

For aesthetically more pleasing designs and complex infographics, check the next piece of software a researcher or an analyst should plan on learning!

Adobe Illustrator

Designing and implementing a brilliant research is exciting and fun. It produces tons of data,insight and text, which often doesn't go well with the end user or broader society.

Adobe Illustrator may come handy in designing neat visuals as informative text illustrations or infographics that help the reader quickly get the gist of your research and follow the ideas.

These also go well in the social media. Thus, any aspiring researcher or think tank should really consider this skill for advanced and contemporary communication of ideas, findings, and insights.

Lucidchart

Lucidchart is a bare minimum in building visually appealing and well-structured flowcharts andorganizational charts in real-time collaboration. Otherwise than Adobe Illustrator, it is intuitive touse and takes no time to learn. However, the results won't match the limitless possibilities of Adobe Illustrator.

Slack/Trello

If there is a chance to avoid emails, take it. In a team setup, Slack works just perfect for this as one can communicate with other individuals, task teams, or the whole project! It makes it easy and quick. Trello, though, helps to keep in track with the assignments and overall project process:just frame it in a smart way. And oh, you can integrate Slack into Trello.

POLICY ANALYSIS MODELS

Process model

Policy creation is a process that typically follows a sequence of steps or stages:

- Identification of a problem (also called "problem definition") and demand for government action. Different stakeholders may define the same issue as different problems. For example,if homeless people are using illegal drugs such as heroin in a city park, some stakeholders may define this as a law enforcement issue (which, in their view, could be best solved if police presence in the park is stepped up and if the individuals using illegal drugs are arrested and punished); on the other hand, other stakeholders may view this as a poverty and public health issue (which, in their view, could be best solved if public health nurses and government medical doctors and substance abuse counsellors were sent to the park to do outreach with the drug-using individuals, and encourage them to voluntarily enter"detoxification" or rehabilitation programs).

- Agenda setting
- Formulation of policy proposals by various parties (e.g., citizen groups, congressional committees, think tanks, interest groups, lobby groups, non-governmental organizations).
- Policy selection/adoption and legal enactment of a selected policy by elected officials and/orhouses of representatives. At this stage, **policy legitimation** is conferred upon the selected policy solution(s).
- Policy implementation, which involves civil servants putting the selected policy option intopractice. Depending on the choice made by the executive or legislative branch, this could involve creating new regulation (or removing existing regulations), creating new laws, creating a new government program or service, creating a new subsidy or grant, etc.
- Policy evaluation. After the policy has been in place for a year or several years, civil servants or an independent consulting firm assesses the policy, to see if the goals wereachieved, if the policy was implemented effectively, etc.

This model, however, has been criticized for being overly linear and simplistic. In reality, stages of the policy process may overlap or never happen. Also, this model fails to take into account themultiple factors attempting to influence the process itself as well as each other, and the complexity this entails.

Rational model

The rational model of decision-making is a process for making sound decisions in policy-makingin the public sector. Rationality is defined as “a style of behavior that is appropriate to the achievement of given goals, within the limits imposed by given conditions and constraints”. It is important to note the model makes a series of assumptions, such as: 'The model must be applied in a system that is stable'; 'The government is a rational and unitary actor and that its actions are perceived as rational choices'; 'The policy problem is unambiguous'; 'There are no limitations of time or cost'.

Furthermore, in the context of the public sector policy models are intended to achieve maximumsocial gain. Here is an outline of a step by step mode of analysis to achieve rational decisions.

Ian Thomas describes Simon's steps as follows:

1. **Intelligence gathering** — A comprehensive organization of data; potential problemsand opportunities are identified, collected and analyzed.
2. **Identifying problems** — Accounting for relevant factors.
3. **Assessing the consequences of all options** — Listing possible consequences and alternatives that could resolve the problem and ranking the probability that each potential factor could materialize in order to give a correct priority to said factor in the analysis.
4. **Relating consequences to values** — With all policies there will be a set of relevant dimensional values (for example, economic feasibility and environmental protection)and a set of criteria for appropriateness, against which performance (or consequences) of each option being responsive can be judged.
5. **Choosing the preferred option** — The policy is brought through from fully understanding the problems, opportunities, all the consequences & the criteria of thetentative options and by selecting an optimal alternative with consensus of involvedactors.

The model of rational decision-making has also proven to be very useful to several decision making processes in industries outside the public sphere. Nonetheless, there are some who criticize the rational model due to the major problems which can be faced & which tend to arisein practice because social and environmental values can be difficult to quantify and forge consensus around. Furthermore, the assumptions stated by Simon are never fully valid in a realworld context.

Further criticism of the rational model include: leaving a gap between planning and implementation, ignoring of the role of people, entrepreneurs, leadership, etc., the insufficiency of technical competence (i.e. ignoring the human factor), reflecting too mechanical an approach (i.e. the organic nature of organizations), requiring of multidimensional and complex models, generation of predictions which are often wrong (i.e. simple solutions may be overlooked), & incurring of cost (i.e. costs of rational-comprehensive planning may outweigh the cost savings ofthe policy).

However, Thomas R. Dye, the president of the Lincoln Center for Public Service, states the rational model provides a good perspective since in modern society rationality plays a centralrole and everything that is rational tends to be prized. Thus, it does not seem strange that “weought to be trying for rational decision-making”.

Group model

This policy is formed as a result of forces and pressures from influential groups. Pressure groupsare informally co-opted into the policy making process. Regulatory agencies are captured by those they are supposed to regulate. No one group is dominant all the time on all issues. The group is the bridge between the individual and the administration. The executive is thus pressured by interest groups.

The task of the system is to:

- Establish the rules of the game
- Arrange compromises and balance interests
- Enact compromises in policy
- Enforce these compromises.

POLICY IMPLEMENTATION, MONITORING AND EVALUATION

Policy monitoring and evaluation (M&E) has a critical role to play in effectively design, implement and deliver public policies and services. Ensuring that policy making is informed by sound evidence on what works is essential to achieve key long-term objectives.

- Support strategic planning and policy making by improving the links between policy interventions and their outcomes & impact
- Enhance accountability and provide legitimacy for the use of public funds and resources
- Promote learning and enhance policies’ efficiency and effectiveness

Therefore, policy monitoring and evaluation and its strategic use throughout the policy cycle can:

Policy implementation evaluation **examines the inputs, activities, and outputs involved in theimplementation of a policy**. It can also provide important information about stakeholder perceptions and awareness, as well as barriers to and facilitators of implementation.

Purposes of Policy Implementation

Evaluation Policy implementation evaluation can have multiple aims or purposes, including:

- Understanding how a policy was implemented
- Identifying critical differences between planned and actual implementation.
- Identifying barriers to and facilitators of implementation. ƒ Documenting and comparingdifferent intensities or variations of policy.
- Collecting information to support interpretation of future evaluations of policy impact. Documenting the relationships between logic model components and external influences.
- Improving the implementation process.
- Informing future policy development. Policy implementation evaluation may focus on anumber of different areas, including
- Components of the logic model, such as inputs, activities and outputs. ƒ Stakeholderattitudes, knowledge, and awareness.
- Facilitators of and barriers to implementation.

Policy Implementation Indicators

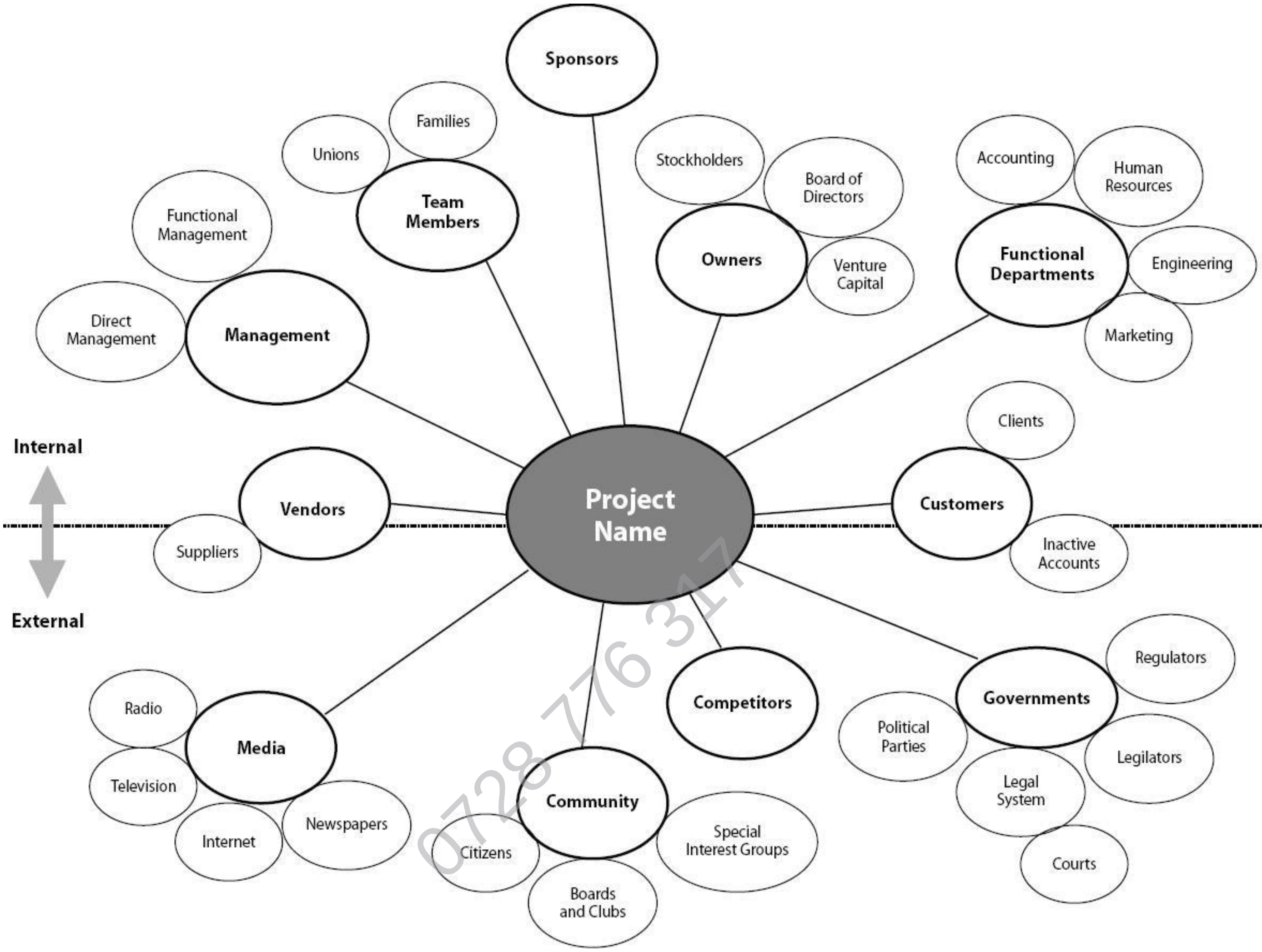
Policy implementation indicators often measure activities or accomplishments that arepart of the policy implementation. Examples could include:

- Number of organizations with written policies.
- Adjudication.
- Number of citations issued.
- Effectiveness of training materials.
- Awareness of policy.
- Survey of compliance with core components.

STAKEHOLDERS ANALYSIS (MAPPING THE POLITICAL AND IDEOLOGICAL CONTEXTS)

When it comes to any organizational project, all of the internal people and teams who the projectwill involve or affect are called its stakeholders. A **stakeholder analysis** is a process of identifying these people before the project begins; grouping them according to their levels of participation, interest, and influence in the project; and determining how best to involve and communicate each of these stakeholder groups throughout.

Fig: **Example of Stakeholder Analysis Context Diagram**



What's the Purpose of a Stakeholder Analysis?

Project managers, program managers, and product managers alike may conduct a stakeholderanalysis for several strategic reasons, including:

1. To enlist the help of key organizational players.

By approaching company influencers, executives, or valuable stakeholders for help early in yourproject, you can leverage the knowledge and wisdom of these key players to help guide the project to a successful outcome. Enlisting these players early on will also increase the chances you will earn their support for your project.

But before you can determine which influencers and other key stakeholders to approach, you'llneed to conduct a stakeholder analysis.

2. To gain early alignment among all stakeholders on goals and plans.

Because your stakeholder analysis will help you determine which people to involve in the project, you will then be able to bring these people together for a kickoff and early-stage meetings to communicate the project's strategic objectives and plans.

3. To help address conflicts or issues early on.

Without a stakeholder analysis, you and your team could be well into a company project beforeyou realize a key person in your organization—perhaps an executive—does not see the value ofyour initiative, or would prefer to redeploy some of your resources to other projects. Such a person might actively work to thwart or derail your project.

If you had conducted a stakeholder analysis before you began, you would have likely identifiedthis executive as potentially important to your project's success. You could have then presentedyour plan to the executive, listened to their objections, and worked to earn their approval to proceed.

Watch this video for an in-depth explanation of stakeholder analysis and to learn how to efficiently conduct a stakeholder analysis.

Why should product managers conduct a stakeholder analysis?

Conducting a stakeholder analysis can be strategically valuable when kicking off any type of complex company undertaking. The more stakeholders you can identify early on and the moreyou can tailor your communication to win approval and support from various stakeholders, themore likely your project is to succeed.

But if you consider how much of an organization is either involved in or affected by the development of a product—engineering, design, procurement, sales, marketing, product, finance,accounting, customer success, etc.—you can understand why stakeholder analysis is an essentialexercise for a product manager.

After all, the way you manage the many stakeholders across your company whose jobs yourproduct could impact—starting with identifying them through a stakeholder analysis—couldmean the difference between these stakeholders enthusiastically helping your product's development or trying to block its progress.

How Do You Conduct a Stakeholder Analysis?

Stakeholder analysis exercises will vary by company, industry, and the teams conducting them (e.g., project management vs. product management). But there are useful steps common to mostof these types of analyses. Here's how many organizations conduct a stakeholder analysis.

Step 1: Determine who your stakeholders are.

Start by brainstorming with your team a list of all possible stakeholders for your project. Ofcourse, youu can reduce this list later, but you don't want to miss a potentially pivotal stakeholder at this early stage.

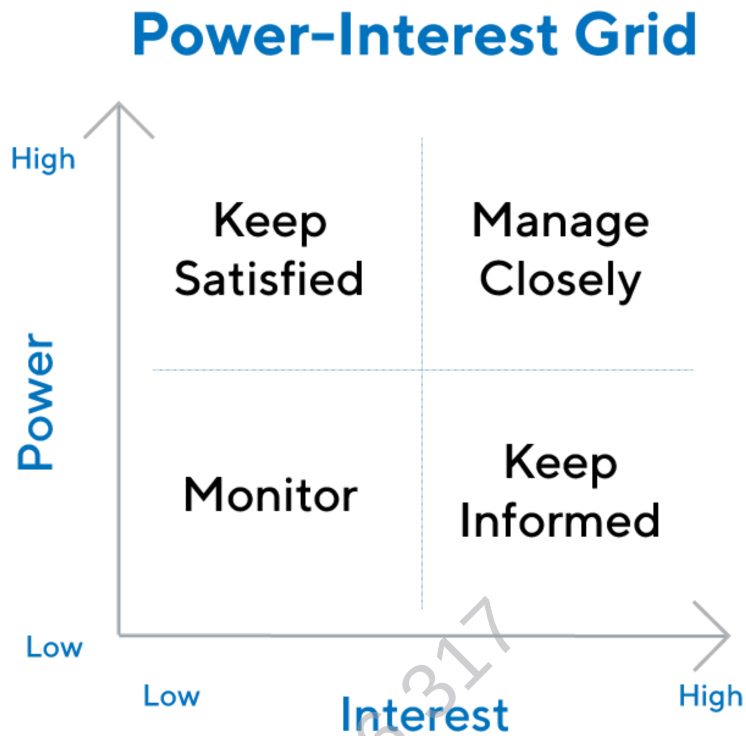
The list of potential stakeholders could include:

- Executive staff
- Marketing
- Sales
- Finance
- Product
- Development/engineering/manufacturing
- Procurement
- The heads of all affected business units
- Consultants
- Operations/IT

Step 2: Group and prioritize these stakeholders.

After you've completed your brainstorming session above and determined which people and teams will indeed be stakeholders, you should start categorizing them in terms of their influence,interest, and levels of participation in your project.

One example of how to do this is by using the power/interest grid.As you can see, you will group stakeholders into four categories:



1. **High power, high interest:** These are your most important stakeholders, and youshould prioritize keeping them happy with your project's progress.
2. **High power, low interest:** Because of their influence in the company, you should workto keep these people satisfied. But because they haven't shown a deep interest in your project, you could turn them off if you over-communicate with them.
3. **Low power, high interest:** You'll want to keep these people informed and check in withthem regularly to make sure they are not experiencing problems on the project.
4. **Low power, low interest:** Just keep these people informed periodically, but don't overdoit.

RESEARCH IN PUBLIC POLICY

What are the most pressing global challenges of our times? What is good governance? What dowe mean by shared public purpose? These are some of the questions for every policy topic, across every region of the world.

Policy Research Areas

Our projects cover a variety of topics and fall broadly into the following research areas:

- **Fiscal & Economics:** These projects focus on topics related to federal and state economicaffairs, such as property tax and development.
- **Institutional**: These projects explore the interplay between political institutions and policy.
- **International**: These projects focus on topics related to international and comparativeresearch.
- **Social**: These projects focus on topics related to issues affecting human welfare such aseducation, health care access, race and inequality, and poverty.
- **Sustainability**: These projects focus on topics related to development policies that affect theresources and evironmental quality available to future generations.
- **Urban**: These projects focus on topics related to metropolitan areas such as crime, governance, transportation, sprawl, and urban economics.
- **Workforce Development**: These projects focus on topics related to the improvement of federal workforce and education data offerings, federal student loan policies, and the nation'slabor market credentialing system.

TOPIC 6

CITIZEN PARTICIPATION AND DEVELOPMENT PLANNING

THE CONCEPTS OF CIVIC EDUCATION AND PUBLIC PARTICIPATION

In its broadest definition, **"civic education"** means all the processes that affect people's beliefs,commitments, capabilities, and actions as members or prospective members of communities.

Civic education need not be intentional or deliberate; institutions and communities transmitvalues and norms without meaning to.

Generally **public participation** seeks and facilitates the involvement of those potentially affected by or interested in a decision. This can be in relation to individuals, governments, institutions, companies or any other entities that affect public interests. The principle of public participation holds that those who are affected by a decision have a right to be involved in the decision-making process. Public participation implies that the public's contribution will influencethe decision.

Public participation may be regarded as a form of empowerment and as vital part of democraticgovernance.

In the context of knowledge management the establishment of ongoing participatory processes isseen by some in the facilitator of collective intelligence and inclusiveness, shaped by the desire for the participation of the whole community or society.

RATIONALE FOR PUBLIC PARTICIPATION

Public participation has many benefits. The main aim of public participation is to encourage thepublic to have meaningful input into the decision-making process.

Public participation thus provides the opportunity for communication between agencies makingdecisions and the public.

These benefits apply when public participation is a two-way process—where both the agencyand the public can learn and gain benefit. Effective public participation allows the public's values to be identified and incorporated into decisions that ultimately affect them.

While there are numerous advantages associated with public participation in planning and decision-making processes, there are also disadvantages. Public participation can be time-consuming and sometimes expensive. To do it effectively, organizations have to build capacityand train staff. If done poorly, public participation processes can result in, for example, loss offaith in the agency.

LEGAL FRAMEWORK FOR PUBLIC PARTICIPATION:CONSTITUTION AND LEGISLATIVE PROVISIONS

Public participation in Kenya is considered a crucial pillar of the Kenyan Constitution. It promotes democracy by providing the public with the opportunity to take part in decision-making processes in government.

Public participation in Kenya is especially important in the budget process and the legislativeprocess. Other areas where public participation in Kenya should take place include the publicprocurement and tendering process.

Other Acts of Parliament extend the Kenyan Constitution. An Act of Parliament is a form of legislation passed by both houses of Parliament (Senate and National Assembly) to create a newlaw or change existing law.

All these laws form the legal framework for public participation in Kenya.

LEGAL FRAMEWORK FOR PUBLIC PARTICIPATION IN KENYA

The Constitution of Kenya, 2010

- Article 1 (2): All sovereign power belongs to the people of Kenya. The people mayexercise their sovereignty directly or through their elected representatives.
- Article 10 (2) a, b and c: The national values and principles of governance include; democracy and participation of the people; inclusiveness; good governance, integrity,transparency and accountability.
- Article 27: The Constitution guarantees equality and non-discrimination. Hence, publicparticipation should ensure equality and non-discrimination.
- Article 33: Public participation should respect the freedom of expression of all participants.
- Article 35: The Constitution guarantees the right to access information by citizens. The Access to Information Act (opens in a new tab) gives effect to Article 35 of theConstitution.
- Article 61: Gives the public, individually or as a group, a say in matters of land includingacquisition, management, transfer, disposal, or ownership of private, public and/or community land.
- Article 69 (1) (d): The State should encourage public participation in the management,protection, and conservation of the environment.
- Article 118: (1) Parliament should— (a) openly conduct its business, and its sittings and those of its committees should be open to the public; and (b) facilitate public participationand involvement in the legislative and other business of Parliament and its committees.
- Article 119 (1): Every person has a right to petition Parliament to consider any matterwithin its authority, including enacting, amending, or repealing any legislation.
- Article 119 (2): Parliament may not exclude the public, or any media, from any sitting, unless in exceptional circumstances the relevant Speaker (National Assembly or Senate)has determined that there are justifiable reasons for the exclusion.
- Article 174 (c): Objects of devolution are: to give powers of self-governance to the people and enhance their participation in the exercise of such powers in decision-making.
- Article 174 (d): Communities have the right to manage their affairs and to further theirdevelopment.

- Article 184 (1): National legislation should provide for the governance and managementof urban areas and cities and should, in particular— (c) provide for participation by residents in the governance of urban areas and cities.
- Article 196 (1): A County Assembly should— (a) openly conduct its business, and hold its sittings and those of its committees, in public; and (b) facilitate public participation and involvement in the legislative and other business of the assembly and its committees.
- Article 196 (2) A County Assembly may not exclude the public, or any media, from anysitting, unless in exceptional circumstances the speaker has determined that there are justifiable reasons for doing so.
- Article 201 (a): there should be openness and accountability, including public participation in financial matters.
- Article 232(1) (d): The values and principles of public service include the involvement ofthe people in the process of policymaking and (f) transparency and provision to the publicof timely and accurate information.
- Fourth Schedule Part 2(14): The functions and powers of the county government are to coordinate and ensure the participation of communities in governance. Counties are alsoto assist communities to develop the administrative capacity to enhance their exercise ofpower and participation in governance at the local level.

The Public Finance Management Act

- This Act contains various provisions on public participation in Kenya that relate toChapter 12 of the Kenyan Constitution on Public Finance.
- Section 10 (2): In carrying out its functions (see Section 10:1); the Parliamentary BudgetOffice should observe the principle of public participation in budgetary matters.
- Section 35(2): The Cabinet Secretary (for Finance) should ensure public participation inthe budget process (provided for under Section 35:1).
- Section 125(2): The County Executive Committee member for finance should ensure thatthere is public participation in the budget process for the county government. (provided for under Section 125:1).

- Section 175(9): The accounting officer of an urban area or city should ensure public participation in preparing the strategic plan (175:1) and the annual budget estimates (175:5) as outlined in the Second Schedule of the Urban Areas and Cities Act, 2011. Forthat purpose, the accounting officer may publish guidelines for public participation.
- Section 207: County Governments are to establish structures, mechanisms, and guidelinesfor citizen participation.

The County Governments Act

The provisions on public participation in Kenya contained in this Act affect the county governments.

- Section 113: Makes public participation in county planning processes compulsory.
- Section 87: Stipulates the principles of public participation. They include timely access toinformation and reasonable access to the planning and policymaking process.
- Section 88: Citizens have a right to petition the county government on any matter underthe responsibility of the county government.
- Section 89: County government authorities, agencies, and agents must respond expeditiously to petitions and challenges from citizens.
- Section 90: A county government may conduct a local referendum on among other localissues— county laws and petitions, or planning and investment decisions affecting the county for which a petition has been raised and duly signed by at least twenty five per cent of the registered voters where the referendum is to take place.
- Section 91: The county government should facilitate the establishment of modalities, andplatforms for citizen participation e.g. town hall meetings, IT-based technologies and establishment of citizen fora at the county and decentralized units.
- Sections 94, 95, 96: Counties should establish mechanisms to facilitate public communication and access to information using the media with the widest public outreach. Every county should designate an office for ensuring access to information.
- Sections 100 and 101: County governments should create an institutional framework forcivic education.

Other Laws on Public Participation In Kenya

Many other laws make public participation in Kenya their central pillar. They include:

Urban Areas and Cities Act Sections 21 and 22: Overarching theme is participation by the residents in the governance of urban areas and cities. The Second Schedule of the Act providesfor the rights of and participation by residents in affairs of their city or urban areas.

Public Procurement and Disposal Act 2015 Section 68(3), 125(5), 138, and 179: Emphasis on transparency of the procurement process including requirements for procuring entities to publicly avail procurement records after the closure of proceedings, publicize notice of intention to enterinto contract on websites and public notice boards, publish, and publicize all contract awards.

PRINCIPLES OF PUBLIC PARTICIPATION

Public participation is not only important for organizations in the public, private and non-profit sectors, it also has the potential to change how individuals and communities live and interact. Taking part in local decision-making or discussing future policy can have a transformative effecton how people think about themselves and their role in society. Citizens have a lot to offer. Theirideas might not always be better, but they are different; they give a different perspective.

Bringing a lot of different people together allows new ideas to develop.

Operating Principles

- **Initiated early and sustained** – The public should be involved early (before major decisions are made) and regularly in the process. This builds trust among participants, gives more time for public participation, improves community analysis, improves screening and scoping of the process, increases opportunities to modify the proposal inregards to the comments and opinions gathered during the public participation process,reduces the risk of rumors, and improves the public image of the proponent. It can alsogive the regulator more confidence in the approval decision they must make.

- **Well planned and focused on negotiable issues** – All stakeholders should know the aims,rules, organization, procedure and expected outcomes of the public participation processundertaken. This will improve the credibility of the process for all involved. Because consensus is not always feasible, public participation should emphasize understanding and respect for the values and interests of participants, and focus on negotiable issues relevant to decision making.
- **Supportive to participants** – The public should be supported in their will to participate through an adequate diffusion of information on the proposal and on the public participation process, and a just and equitable access to funding or financial assistance.Capacity-building, facilitation and assistance should also be provided particularly for groups who don't have the capacity to participate, and in regions where there is no culture of public participation, or where local culture may inhibit public participation.
- **Tiered and optimized** – A public participation programme should occur at the most appropriate level of decision-making (e.g., at the policy, plan, programme or project level) for a proposal. The public should be invited to participate regularly, with emphasison appropriate time for involvement. Because public participation is resource consuming(human, financial, time) for all stakeholders, public participation optimization in time and space will ensure more willing participation.
- **Open and transparent** – People who are affected by a proposal and are interested in participating, whatever their ethnic origin, gender and income, should have access to all relevant information. This information should be accessible to laypersons required for theevaluation of a proposal (e.g., terms of reference, report and summary). Laypersons should be able to participate in relevant workshops, meetings and hearings related to the process. Information and facilitation for such participation should be provided.
- **Context-oriented** – Because many communities have their own formal and informal rulesfor public access to resources, conflict resolution and governance, public participation should be adapted to the social organization of the impacted communities, including the cultural, social, economic and political dimensions. This shows respect for the affected community and may improve public confidence of the process and its outcomes.
- **Credible and rigorous** – Public participation should adhere to established ethics, professional behavior and moral obligations. Facilitation of public participation by a neutral facilitator in its formal or traditional sense improves

impartiality of the process aswell as justice and equity in the right to information. It also increases the confidence of the public to express their opinions and also to reduce tensions, the risk of conflicts among participants, and opportunities for corruption. In a formal context, the adoption ofa code of ethics is encouraged.

ESTABLISHMENT OF MODALITIES AND PLATFORMS OF CITIZEN PARTICIPATION

Engaging citizens in social consultations, proposing city changes and submitting public participatory budgeting projects.

The platform allows civic engagement of residents in proposing solutions and ideas for change inthe cities and in local authority developments. This combines the technology and philosophy of civic engagement in solving local issues. Our projects aim to build a community of active citizens. We use the creativity and knowledge of the local community, attracting residents' ideas for solving local problems, and providing solutions on how to improve the functioning of certainareas within the city and its institutions. The spectrum of activities with civic engagement relies both on the online platform and a range of supporting activities offline. The solution is based on a modular structure, which allows it to be tailored to the needs of the client. We are responsible for the whole process from involving residents in the challenge design, analyzing results, and developing recommendations. The process is designed to reach the specific goals and needs oflocal government

Key benefits:

- enable citizens to engage in dialogue with the administration
- streamline innovation and information flow from local communities to government
- build the image of a government open to the ideas of residents

STRATEGIES FOR OPTIMIZING STAKEHOLDER ENGAGEMENT

Stakeholder engagement and management is critical for customer retention. Here's how to planan effective stakeholder management strategy and track your performance.

How Do You Optimize Stakeholder Engagement?

A well-designed stakeholder engagement and management strategy includes two key components:

- An action plan for promoting stakeholder engagement
- Performance metrics for evaluating and optimizing plan implementation

The first component defines what your plan is designed to achieve. The second enables you to assess whether you're achieving your goals so that you can make effective adjustments to yourplan. Together both elements provide a feedback loop for continuous improvements to stakeholder engagement.

Create a Stakeholder Engagement and Management Plan

You can take a seven-step approach to design a stakeholder engagement and management plan:

1. Identify your stakeholders and their roles
2. Match communication strategies to stakeholder roles
3. Analyze key stakeholder motivation
4. Determine how and when you will engage key stakeholders
5. Identify stakeholder preferred communication channels
6. Personalize automated communication
7. Send automated reports to showcase benefits of utilization

These steps chart a path to communicating the value of your product and brand to your stakeholders, promoting higher engagement and retention. For optimal results, use software thatallows you to automate best practices for these steps. Here are some of the keys to a successful execution of each step.

Track the Right Metrics to Promote Proactive Engagement

In addition to communicating value to customers, KPIs can also be used to make sure your stakeholder engagement strategy is achieving its intended results. Important metrics for trackingstakeholder engagement include:

- Key contacts who engaged over the last 30 days: quantifies how often your most important stakeholders are interacting with you to make sure engagement levels are ontarget
- Key contacts who did not engage over the last 30 days: alerts you when importantstakeholders are becoming disengaged so you can intervene
- Stakeholder engagement by type: lets you zero in on specific categories of stakeholdersfor customized monitoring and actions
- Stakeholder engagement by flow: ties stakeholder engagement tracking into the flow ofyour interactions with customers
- Stakeholder engagement by reason: helps you assess whether stakeholders are engagingwith you for desired reasons
- Stakeholder engagement by role: lets you focus on priority influencers
- Meeting attendance and responsiveness: tells you if stakeholders are showing up formeetings and whether they're engaging in desired behaviors when they do

BENEFITS OF PUBLIC PARTICIPATION IN GOVERNMENTDECISION MAKING

Benefits of public participation

The benefits of participation are often considered to be:

- **Improved governance**, including increased democratic legitimacy for institutions because ofclose links with citizens, improved reputations for public bodies, increased opportunities for active citizenship, and greater accountability of public bodies because of more effective information dissemination and better dialogue.
- **Greater social cohesion** etc, including bringing diverse and sometimes hostile communities together, bringing 'hard to reach' and 'disadvantaged' groups into discussions, building relationships within and between different communities and social groups ('bonding' and 'bridging' social capital), strengthening and creating

new networks that enable different intereststo work together as a result of building more positive relationships based on a better knowledge of each other, and increased equality of access to policy and decision-making processes.

- **Improved quality of services, projects and programmes**, including ensuring public service investment is based more on people's expressed needs, reducing management and maintenancecosts by reducing vandalism and misuse as a result of engendering a sense of ownership, enabling faster and easier decisions (e.g. on new developments or protective designations) by reducing conflict between different parties and increasing trust through better communications,and enabling people to share in the responsibility for improving their own quality of life (e.g. health and well-being, or the local environment).
- **Greater capacity building and learning**, including raising awareness and increasing understanding of public institutions and the way they work, enabling citizens to better access the services they need, and to understand the boundaries and limitations of different public bodies, building confidence and optimism among citizens who then go on to other civic activities or learning, supporting the voluntary and community sectors by recognizing their vital role in building the capacity of community and specific interest groups (especially disadvantaged and excluded groups), and increasing the skills among the staff running participation and those takingpart (especially interpersonal skills).

Costs of public participation

The analysis of the costs and risks of participation is far less detailed, but includes the following:

- **Monetary costs**, including staff time (paid and unpaid), staff expenses, external staff / consultants, fees to participants, participants' expenses, training for staff and participants, administration, venue hire, other event costs (e.g. refreshments, equipment), newsletters, leaflets,monitoring and evaluation fees.
- **Non-monetary costs**, including time contributed by participants, and skills needed for the newapproach (taking time from other work).
- **Risks**, including risks to reputation (from bad participatory practice), stress, uncertainty andconflict.

CHALLENGES OF PUBLIC PARTICIPATION

Implementing the public participation process is vital in a democratic society and fulfil public needs. However, public participation is sometimes constrained by many factors. Exploring thereasons behind the obstruction of the implementation of the public participation process is an important approach to the achievement of effective participation and better results. We analysethe internal and external factors that impede public engagement as follows.

1. Costly

A major internal challenge in public participation is inadequate financial resources and humanresources. Involving the public in decision-making is time-consuming and costly in terms of money and energy. Starting from the planning process, it needs a lot of time to establish a meaning process that can effectively engage people and their thoughts. Administrators alreadyhave a heavy workload, so it is challenging for them to spend more time and energy on publicengagement. In addition, the arrangement of forums, workshops or public meetings requires adequate funds, long preparation time, and enough staff. Comparing with the benefits, the transaction cost may be even higher. Therefore, conducting a participation project with a low cost is challenging.

2. Lack of skilled facilitator

Some administrators who organise the public engagement process are not equipped with engagement skills. They may also have less experience in public participation. Skilled practitioners are critical to the success of participation as they can facilitate the process, maintaina good relationship with citizens, and generate better results. Although some agencies offer external service, courses or workshops to train the administrators about public participation, theyare often expensive and do not take the context into consideration. In fact, a simplified engagement process that the practitioner can easily practice is more practical and beneficial.

3. Low efficiency

Participating in public meetings is usually not a priority for people when competing with work, household or other daily obligations. Less time is available after completing daily chores, whichmakes the engagement more difficult. Furthermore, traditional public engagement approaches generally take a longer time with less satisfying results, leading to an even lower rate of participation. Thus, increasing the efficiency of the participation approaches without compromising the outcomes is an urgent need.

4. Not interested in participation

Another external factor of the low participation level is that the public shows less interest in public matters. How to motivate the citizens, stimulate their interests, and obtain meaningful inputs are the questions that practitioners need to answer. To increase the participation level, wecan provide multiple ways and opportunities to them. For example, encouraging the public to participate in public issues related to their daily life or offering rewards for participation are thepossible solutions.

5. Language barrier

In the context where it has a variety of nationalities, culture or language barrier is always a problem. People who do not master the local language are often excluded from public meetingssimply due to the language barrier. Especially in an international community, language is the main reason for excluding immigrants and foreigners as one of the marginalized groups.

CHALLENGES OF PUBLIC PARTICIPATION

Public Participation is an important aspect of citizen engagement in county processes, but there can be challenges to effective public participation. Below are some of the challenges and suggestions on how to address them.

Challenge	How to Address
Payment for participation—there has been an expectation of compensation for attending public participation events, which undermines the objectives of transparent and meaningful discussions and decision-making.	A county government's duty is to make public participation accessible—in terms of time, location and format, and not to pay people to attend. Allowances should be limited to exceptional cases in which specific individual invitations are made.
Negative attitude or apathy from the public—this can be due to a lack of a common understanding of what constitutes public participation and the methods, processes and content needed to ensure effective engagement. It may also be because of a lack of feedback, from previous consultations, where the public feel that	An increase in the amount and quality of civic education that citizens receive, particularly through civil society mechanisms, can help greatly towards raising awareness and inspiring action within local communities to be more involved in county government processes. Celebrate successes—if communities can see positive change resulting from their actions, they will be more inclined to participate in

nothing ever comes out from their participation.	future processes. By providing feedback, the public feel that their previous participation efforts were worth it.
Difficulties in accessing information—communities often lack adequate information on policy, plans and budgets, programs and services, all of which is needed for effective public participation. Some of the information is difficult to obtain and understand.	Counties need to fulfil their 'proactive disclosure' requirements outlined in the Access to Information Act (2016). Where county governments fail to meet these requirements, citizens need to inform themselves of the processes for applying to access information, including the legislated timeframes, so that key documents needed for public participation can be accessed in good time.
High cost of public participation—has been put forward as a challenge in conducting meaningful public participation.	Counties need to adequately budget for the cost of their public participation activities, including for example, the cost of translating and printing written material for a wide audience, and the cost of hiring a venue and equipment if needed.
Inadequate representation—certain community groups may not be adequately included in decision-making processes, particularly, women, youth, persons with disabilities and other marginalised groups.	County Public Participation Acts should address the importance of including a diverse range of community groups and make specific provisions for how these groups can be adequately represented in public participation processes.
Elite capture—refers to a situation where a public participation process is dominated by local 'elites', who will influence the direction of local decision-making to benefit their own personal agenda, for example, priority areas for service delivery.	Public participation planning needs to ensure a diversity of methods and opportunities for input, that will ensure a wide range of voices can be heard, without one group dominating the process and its outcomes.
Need for public participation standards—a national policy, norms, standards, and regulations for public participation have not been finalised, thereby posing a challenge to the process, through a lack of a coordinated approach across counties.	The finalisation of these documents will contribute greatly to addressing this issue.
Language and literacy—in communities where there are high levels of illiteracy, meaningful public participation is a challenge, especially when there is inadequate civic education in local language on the issues in question.	County governments should make information available in simplified formats, translated into local languages wherever possible.
Restrictions on timelines—the county government may be considering a policy	County governments should facilitate spaces for engagement and plan well in advance their

change or planning document for a long period of time, but the public participation process may be short and may not allow the community adequate time to research and prepare in order to effectively participate.	dates for public participation, which allows adequate time for CSOs and citizens to prepare and participate. This will often mean allowing more time for public participation than what is legally required.
Structural barriers within government — this refers to the bureaucratic procedures and processes involved while approaching issues in government, which slow down the pace that public can pursue certain issues—all of which can also discourage the public to the point of giving up.	Some county governments have successfully set up 'Liaison Offices' or 'Call Centres' for the public, so that citizens have a focal point within the county government where they can go to raise issues and engage with government, and in doing so, bypassing some of the bureaucratic 'hurdles' that can exist.
Relationship between the county government and citizens—this relationship is often strained by the community's perception that the government does not understand their issues and is not open to addressing their concerns.	Approaching engagement between county governments and CSOs and citizens as a 'partnership' rather than taking an adversarial approach can help build trust on both sides, leading to a more open county government, which is better placed to pay close attention to the expressed concerns of the community.
Inadequate decentralisation of public consultations—In some cases, public consultations by the county government (Executive and Assembly) are mainly held at the sub-county level, and do not always reach the ward or even sub-ward level. Community members find the transport costs to the venue of the forum too high, especially where no transport reimbursements are provided.	Ideally, county governments should organise the citizens for purposes of public participation at more decentralized levels, preferably the village level. Making sure that public forums are held at venues closer to the citizens (rather than the county centre) is a critical success factor for effective public participation by county governments.

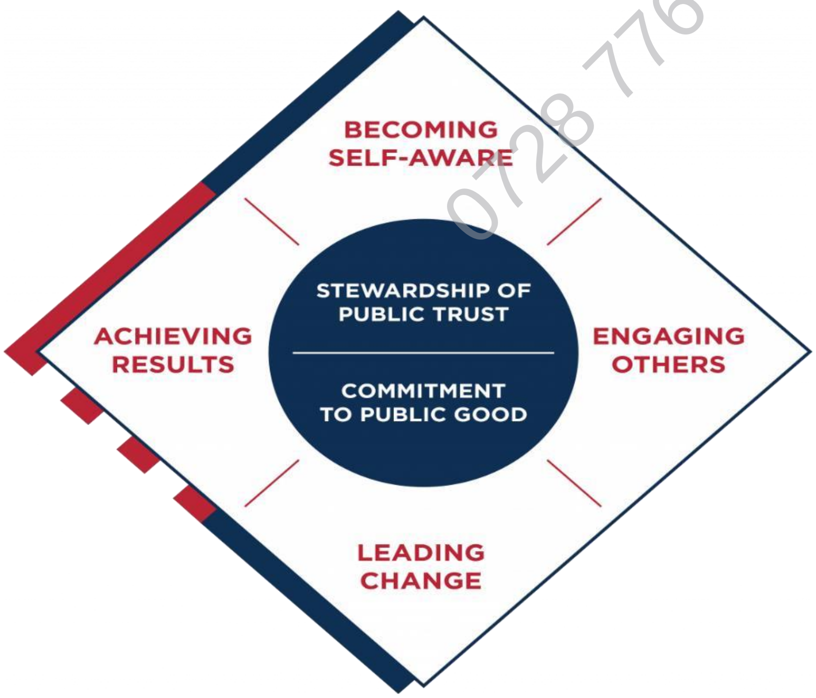
TOPIC 7

PUBLIC SECTOR GOVERNANCE

LEADERSHIP, INTEGRITY AND NATIONAL VALUES IN PUBLIC SERVICE

Public servants aren't driven by the bottom line—they're driven by impact

To help government leaders take advantage of the opportunity they have been given to improve our country, we developed the Public Service Leadership Model. This model is the new standard for effective federal leadership. It identifies the core values leaders must prioritize, and the critical competencies they must master to achieve their agencies' missions and desired impact. By using themodel, leaders can evaluate their performance, assess their leadership progress and chart a course for self-improvement.



Integrity is a crucial determinant of trust. Integrity policies, aimed **at preventing corruption andfostering high standards of behaviour**, help to reinforce the credibility and legitimacy of thoseinvolved in policy decision making, safeguarding the public interest and restoring confidence in the policy making process.

The values and principles of public service include--

(a) high standards of professional ethics;
(b) efficient, effective and economic use of resources; responsive, prompt, effective, impartial and equitable
(c) provision of services;
(d) involvement of the people in the process of policy making;
(e) accountability for administrative acts;
(f) transparency and provision to the public of timely, accurate information;
(g) subject to paragraphs (h) and (i), fair competition and merit as the basis of appointmentsand promotions;
(h) representation of Kenya's diverse communities; and (i) affording adequate and equal opportunities for appointment, training and advancement, at all levels of the public service,of--
  (i) men and women;
  (ii) the members of all ethnic groups; and
  (iii) persons with disabilities.

(2) The values and principles of public service apply to public service in--
  (a) all State organs in both levels of government; and
  (b) all State corporations.

PRINCIPLES OF CORPORATE GOVERNANCE

Corporate governance is carried out in accordance with the Company's Corporate GovernanceCode and is based on the following principles:

- **Accountability.** The Code provides for accountability of the Company's Board of Directors to all shareholdersin accordance with applicable law and provides guidance to the Board of Directors in making decisions and monitoring the activities of the executive bodies.
- **Fairness.** The Company undertakes to protect shareholders' rights and ensure equal treatment of shareholders.The Board of Directors shall give all shareholders the opportunity to obtain effective redress for violations of their rights.
- **Transparency.** The Company shall provide timely, accurate disclosure of information about all material factsrelating to its activities, including its financial situation, social and environmental indicators, performance, ownership structure and governance of the Company, as well as free access to such information for all

stakeholders.

- **Responsibility.** The Company recognizes the rights of all interested parties permitted by applicable law, andseeks to cooperate with such persons or companies for their own development and financial stability.

GOVERNANCE MODELS

Operating a business in today's society is increasingly complex and full of risks. The complexityof the business world, combined with the current unstable economic climate, places elevated demands on boards of directors in the nonprofit and for-profit worlds. **These are just a couple of reasons that boards need to select a board governance model that aligns their work withthe goals of the organization.**

Governance is an amalgamation of policies, systems, and structures, along with a strategic, operational framework that aligns organizational leadership to take action, so that they can makeeffective decisions with accountability. A model for governance refers to how those policies, systems, structures, and framework interface with each other and whether the responsibility for them lies with the board as a whole, or with the individual board members.

Board governance models for nonprofit and for-profit organizations are as different as the organizations that boards serve. Nonprofit organizations generally start up to serve a humanitarian or environmental need. For-profit companies generate income for the company, its employees, and its shareholders. While many board governance models can be used for either nonprofit or for-profit entities, depending upon the needs of the organization, certain types of models may be amenable to nonprofit organizations, while other models are more appropriate forfor-profit organizations. It's common for a board to adopt a combination of board governance models that caters to the feature of the organization and the composition of the board.

Nonprofit Governance Models

Nonprofit boards keep the organization's mission at the forefront when directing the affairs of the organization. Incoming funds are used to support the organization's work. Most board members for nonprofit organizations serve on the board because of their passion and commitment to a cause. While serving on a nonprofit board carries a certain level of honor and prestige, board members need to take an active approach to overseeing the organization to prevent problems and legal issues. Nonprofit boards hold responsibility for fiduciary matters, aswell as matters that have been delegated to others.

There are five common board models for nonprofit boards:

1. Advisory Board Governance Model

A CEO who founds an organization will soon find that he needs help in running the organization.An advisory board serves as the primary resource for the CEO to turn for help and advice.
Members of an advisory board are trusted advisors who offer professional skills and talents at nocost to the organization. Advisory boards may also be formed in addition to an organization's board to help and advise the board, as a whole. Advisory board members typically have established expertise or credentials in the nonprofit's field. An organization that is visibly connected to an advisory board's name, can increase the organization's credibility, fundraising efforts, or public relation efforts.

2. Patron Governance Model

The Patron Model is similar to the Advisory Board Model. The main difference between the twomodels is that the primary purpose of the board members under the Patron Model is to perform duties related to fundraising. Patron Model boards are typically comprised of board members who have personal wealth or influence within the field. The primary role of board members under the Patron Model is to contribute their own funds to the organization and to use their network to gain outside contributions for the organization. Under this model, the board membershave less influence over the CEO or organization's board than in the Advisory Board Model.

3. Cooperative Governance Model

A board that operates without a CEO uses a Cooperative Model. The board makes consensual decisions as a group of peers, making it the most democratic governance model. There is no hierarchy and no one individual has power over another. The board exists only because the lawrequires its formation. This model requires that each member be equally committed to the organization and willing to take responsibility for the actions of the whole board.

4. Management Team Model

The most popular governance model for nonprofit organizations is the Management Team Model. This model is similar to how an organization administers its duties. Rather than hiringpaid employees to be responsible for human resources, fund-raising, finance, planning, and programs, the board forms committees to perform those duties.

5. Policy Board Model

Many nonprofit organizations will adopt one main model, such as Carver's Policy Board Model,and add one or more boards to round out the needs of the organization. For example, a health organization may form an advisory board to advise them and a charity board to work on fundraising. Religious organizations operate under different rules than other non-profits.
Churches, faith missions, and other religious organizations may add a religious board, so thatthey may be better stewards of their organization's assets.

Corporate Governance Models

Adopting an appropriate governance model is only one step in setting the stage for good governance. Organizations need to establish guiding principles and policies for the organization,delegate responsibility and authority to individuals for enacting principles and policies, and to identify a path for accountability.

There are five notable corporate governance models in today's business establishments:

1. Traditional Model

The Traditional Model is the oldest model for corporate governance. It's a bit outdated by today's standards, but it includes a useful template that continues to be used for establishing articles of incorporation. The Traditional Model gives legal responsibility to the collective boardand the board speaks as one voice on all matters. The model identifies the structures, but the board outlines the processes as stated in the bylaws.

2. Carver Board Governance Model

As noted in the section on nonprofit models, the Carver Model works for nonprofit and for-profitorganizations. The Carver Model places its focus on the "ends" of the organization's purpose.
This means the organization actively works towards what it needs to achieve or what it needs todo to put itself out of business. Within defined limits, the board gives the CEO the bulk of the responsibility for using the means to get to the ends.

3. Cortex Board Governance Model

The Cortex Model is a model that focuses on the value that the organization brings to the community. The board defines the standards, expectations, and performance outcomes accordingto the aspiration of the organization. Clarifying and setting outcomes to achieve success becomethe primary duties of the board under this model.

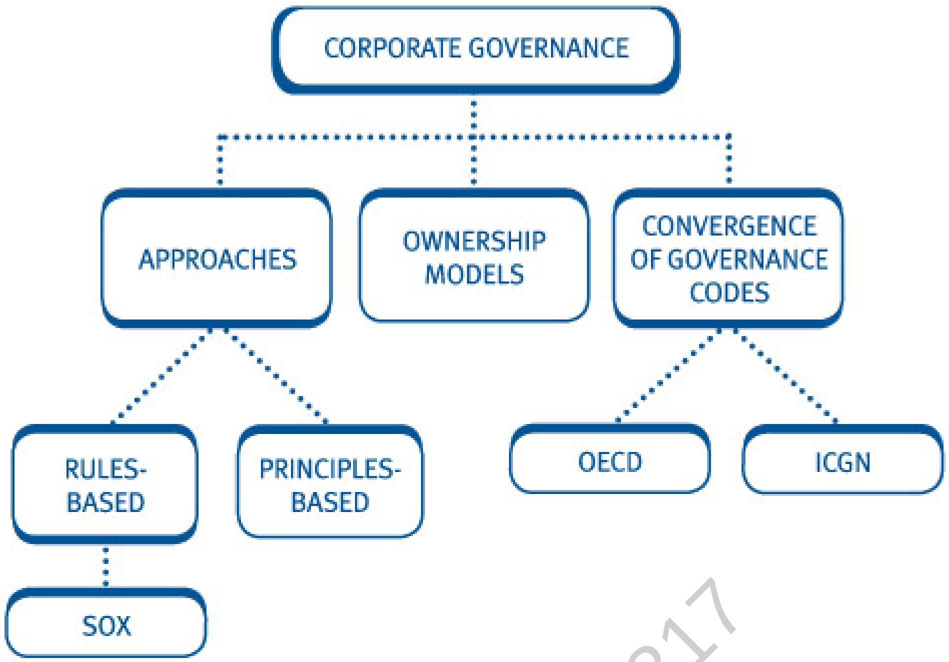
4. Consensus Board Governance Model

The Consensus, or Process Model, is a form of the Cooperative Model that nonprofit organizations use. It gives all board members an equal vote, equal responsibility, and equalliability. The Consensus Model is appropriate for corporations without major shareholders.

5. Competency Board Governance Model

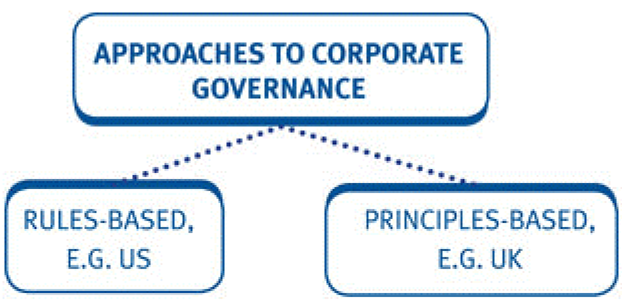
A corporate board that is interested in developing the knowledge and skills of the board memberswill benefit from the Competency Model, a model that focuses on communication, trust, and relationships to improve overall board performance. The organization's bylaws do the work of outlining practices and strategies.

APPROACHES TO CORPORATE GOVERNANCE



Rules and principles based approaches to corporate governance

There are different approaches to the communication, management and monitoring of codes.



- A rules-based approach instils the code into law with appropriate penalties for transgression.
- A principles-based approach requires the company to adhere to the spirit rather than theletter of the code. The company must either comply with the code or explain why it hasnot through reports to the appropriate body and its

shareholders.

Comply or explain

- A principles-based code requires the company to state that it has complied with the requirements of the code or to explain why it could not do so in its annual report. Thiswill leave shareholders to draw their own conclusions regarding the governance of thecompany.
- Arguments in favour of a rules-based approach (and against a principles-based approach)Organisation's perspective:
    - Clarity in terms of what the company must do the rules are a legal requirement, clarityshould exist and hence no interpretation is required.
    - Standardisation for all companies there is no choice as to complying or explaining andthis creates a standardised and possibly fairer approach for all businesses.
    - Binding requirements the criminal nature makes it very clear that the rules must becomplied with.

Wider stakeholder perspective:

- Standardisation across all companies a level playing field is created.
- Sanction the sanction is criminal and therefore a greater deterrent to transgression.
- Greater confidence in regulatory compliance.

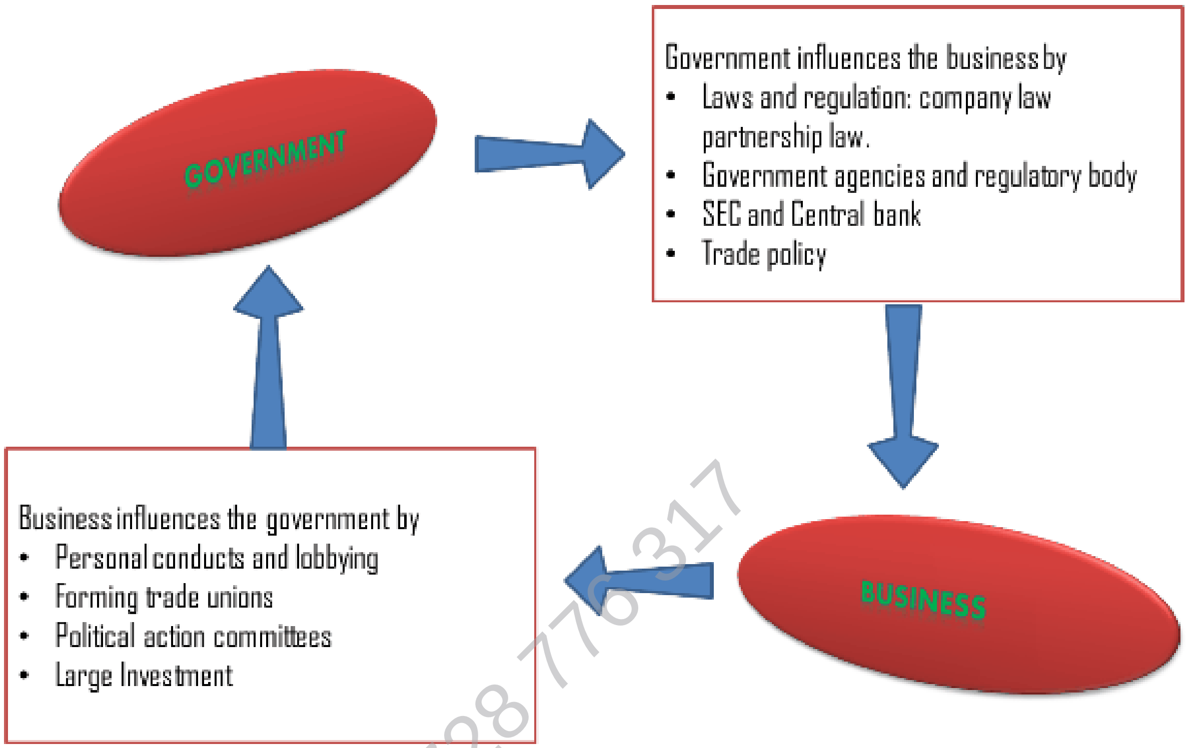
CORPORATE RELATIONSHIPS IN THE GOVERNMENT

- Government and business institutions in a country in many ways are interrelated andinterdependent. In today's global economy, businessmen and entrepreneurs are the driving forces of the economy.

- In a planned economy or even in the market economy government holds control ofshaping the business activates of a country.

- For maintaining a steady and upward economic growth The Government must try tomake the environment for business organizations suitable.

- And the organizations must follow the laws of governments' to run the businessessmoothly and making sure there is a level playing field.



VALUES BASED LEADERSHIP

Values-based leadership is the **idea that leaders should draw upon their own and others' values**—including those established for your organization— for direction and motivation. At itscore, values-based leadership philosophy asserts that people are mostly motivated by values andlive according to these beliefs.

Tips to become a value leader

1. It is critical to understand the difference between leadership and management.

Management is best described as the important technical work of "getting the job done" viacontrol of "things," such as budgeting/finance, IT, equipment, permitting, and data analysis. Leadership is best described as encouraging and supporting "people" toward a new direction or vision. Managers focus on transactions and things, while leaders focus on relationships and people. It is critical that we understand the difference between these two important skill sets and develop their capacity—and that of our organizations—to institutionalizeboth types of work into the work we—and our employees—perform every day.

2. Develop your own leadership philosophy, write it down, and hold yourself accountable to it.

The concept of a personal leadership philosophy can be extended to the organization when youwork with your staff to identify and agree upon your core principles and values. Such an organizational leadership philosophy can help to guide and reinforce behaviors to produce consistency of approach and enhance the values-based culture you desire.

3. Engage and empower your employees to achieve your vision.

To engage staff, managers must get to know their staff members from both a personal and professional standpoint and appreciate and involve employees in decision making processes toimplement a proactive, innovative culture. In doing so, we create a "clear line of sight" for employees to understand how the work they do each day contributes to the achievement of theorganization's vision and coalesces the staff to provide excellent public service and value.

4. Understand your own values and the desired values of your organization.

To create an organization of shared values, you must hire people who either share the values ofthe organization or who are looking for meaning in what they do and want to work in an organization that values them and puts the values it identifies into practice.

And when that inevitably crisis occurs, and employees and the organization share common values, members of the organization will continue exemplifying the organizational values dailyand will:

- Ask what needs to be done.

- Volunteer to work, to step up, and work outside the box.
- Cleave together to share concerns, workload, or to figure out how to produce work in thenew environment.
- Step up to lead when necessary and follow when asked.
- Adjust to the change and support the new normal, so long as it continues to support theshared values.

PROFESSIONAL CODES AND STANDARDS OF GOVERNANCE

A code of **ethics** document may outline the mission and values of the business or organization,how professionals are supposed to approach problems, the ethical principles based on the organization's core values, and the standards to which the professional is held.

What are the five codes of ethics?

- Integrity.
- Objectivity.
- Professional competence.
- Confidentiality.
- Professional behavior.

What is the standard for good governance?

Al-Rodhan's eight minimum criteria are:

1. Participation, equity, and inclusiveness,
2. Rule oflaw,
3. Separation of powers,
4. Free, independent, and responsible media,
5. Government legitimacy,
6. Accountability,
7. Transparency, and
8. Limiting the distorting effect of money inpolitics.

STRATEGIES FOR HANDLING ETHICAL AND INTEGRITYCHALLENGES

So what, exactly, can employers do to mitigate employee misconduct while alleviating fears of retaliation for those who witness it? While there is no simple answer, there are some methods ofaddressing ethical issues in the workplace.

Introduce a Policy

Most large companies enforce codes of ethics that clearly state the definition of, and the punishment for, employee misconduct. These documents provide information about a company'smission statement and philosophy, and they define the standard to which employees must hold themselves

However, companies should revisit these codes of ethics from time to time to accommodate newtrends and changes in national practice. When it is time to update the code, managers should solicit buy-in from their employees to get insight into the issues people "on the ground" face every day. By including everyone in this process, managers and executives demonstrate the value of the entire team.

Provide Resources and Education

When business leaders amend their codes of ethics, they may see pushback from employees whorefuse to change. More often than not, this results from employees not understanding how to implement these changes. However, just because they may have a tough time adjusting to new practices does not mean they are completely incapable of doing so.

Employers must provide educational opportunities for all employees in order to successfully implement policy changes and set goals for senior leaders and managers. This may include literature or multimedia presentations explaining the importance of the changes, "icebreaker"games that demonstrate acceptable behavior or workshops with experts in the ethics field.

Employers and employees alike can become more familiar with advanced business ethics through Texas A&M University-Corpus Christi's online Master of Business Administrationprogram.

The same ECI study showed that this kind of policy education has a dramatic effect on workplace misconduct, reducing misconduct rates to 33%. And the stronger the culture of ethics,the greater the impact.

Employers can effectively implement these programs by explaining the rationale behind them,including what necessitated the changes, how they will improve employee relations and how they will benefit individual workers. When employees actually understand the importance of ethics in business culture rather than simply going through required motions, they are more likely to fully comply.

Employ a Confidential System

Although employees may understand that they will not suffer repercussions for blowing the whistle, they may still be hesitant to do so for fear of alienating their coworkers. Nobody wantsto be known as the office tattletale.

To alleviate this issue, managers should set up a confidential system for reporting ethical violations. Similarly, managers should handle discipline confidentially to protect the privacy ofthose they need to confront. Most importantly, supervisors should never punish an entire team for the actions of one or two workers.

Be Consistent

Once managers implement a system of dealing with ethical issues in the workplace, everyone must adhere to the policy exactly as detailed. When employees sign the new policy, indicating their understanding and pledging their compliance, they agree to hold themselves to a higher standard and to face the consequences of not doing so. Employers must agree to hold themselvesto this same standard. If either side compromises the agreement, the system will fail.

Having a strong code of ethics helps a business prevent the erosion of trust within or outside ofits own walls and contributes to financial success and security, which makes good business sense. Companies will never be completely free of misconduct or disgruntled employees.

However, supervisors can implement policies to minimize the number of ethical issues in theworkplace. By training those who are willing to learn and terminating those who are not, employers can make the workplace safer and more enjoyable for everyone

TOPIC 8

RESOURCE STEWARDSHIP

LEGAL AND INSTITUTIONAL FRAMEWORK IN RESOURCE MANAGEMENT; (PUBLIC FINANCE MANAGEMENT ACT)

The legal framework that underlies the public finance system includes tax laws,budget system laws (BSLs), and local government finance laws, as well as a country's constitution.

In federal countries, legislatures adopt laws that apply to the federation's budget system, whereas subnational governments adopt laws pertaining to theirown budget systems.

In unitary states, national parliaments may adopt a law that applies at all levelsof government, or it may adopt two BSLs, one relating to central government and the other to local governments. Besides laws, there are many regulations relating to the various aspects of public finances.

General Overview of Public Financial Management as Envisaged by the Constitution

Public Finance is covered under chapter twelve of the constitution of Kenya, 2010 which came into effect on the 27th of August 2010 after almost two decades of constant pushes for a new constitutional dispensation and one failed referendum held in 2005. Chapter twelve sets out the general principles that apply to all public money with emphasis on accountability and public participation in decision making on how such money is used. It is divided into seven (7) distinct functional parts as follows: -

Part I — Principles & Framework of Public Finance
Part 2 — Other Public Funds
Part 3 — Revenue-Raising Powers and the Public Debt
Part 4 — Revenue Allocation
Part 5 — Budgets and Spending
Part 6 — Control of Public Money
Part 7 — Financial Officers and Institutions

Part I— Principles & Framework of Public Finance

A. Principles of public finance

Article 201 outlines the principles that guides aspects of public finance as : —

1) Openness & accountability, including public participation in financial matters
2) Equitable Public finance system

   a. Sharing of burden of taxation fairly;
   b. Sharing of revenue raised equitably among national & county governments; and
   c. Equitable development of the country.

3) Equitable sharing between present & future generations the burdens & benefits of use of resources & public borrowing;
4) Prudent & responsible Use of public money; and
5) Responsible financial management & clear fiscal reporting.

B. Equitable sharing of national revenue

Article 203 details the conditions taken into account in determining equitable share of national Revenue from national to county government

i. National interest
ii. Public debt
iii. Needs of the national government
iv. Need to ensure county governments can perform tasks required of them
v. Fiscal capacity of county governments
vi. Developmental needs of the counties
vii. Economic disparities in the counties
viii. Affirmative action in respect of disadvantaged areas and people
ix. Stability and predictability in allocation of revenue
x. Flexibility in responding to emergencies

Every fiscal year the minimum revenue allocated to county governments will be 15% of revenues collected by national government.

C. Equalization Fund.

Article 204 establishes this Fund and 0.5% of all revenues collected in each fiscal year by the National government is paid into the fund.

- This fund is used to provide basic services namely water, roads, health and electricity to marginalized areas raising these services to levels enjoyed by the rest of the country.
- The national government may only use this fund as approved by an appropriation bill in parliament and through grants to counties in which marginalized communities exist.
- Money not used in any fiscal year is carried forward for use in subsequent years.
- NO funds can be withdrawn from the Fund without the Controller of Budget's approval.

Article 204 clause 6 envisages, that this fund will be required for 20 years after which the provisions made lapse. However, parliament may extend the longevity of the article if necessary.

Part 2 — Other Public Funds

Other than the equalization fund under Article 205, the other three (3) funds established by Chapter twelve of the constitution are : —

1. Consolidated fund
2. Revenue fund
3. Contingency fund

1. Consolidated Fund

All monies and revenue raised by the national government other than that which is excluded by an act of parliament is paid into the Consolidated fund. Money from this fund can only be withdrawn

- In accordance with an appropriation act by parliament
- As a charge authorised by the Constitution or act of parliament

Money cannot be withdrawn unless the controller of budget has approved the withdrawal.

2. Revenue Fund

There is a revenue fund for each county government into which all county revenues are paid.

Money may only be withdrawn from the revenue fund as provided for by an act of Vparliament or county assembly legislation.

Money cannot be withdrawn unless the controller of budget has approved the withdrawal.

3. Contingency Fund

The use of this fund is for unforeseen and urgent expenditure and its operation is in accordance with act of parliament.

Part 3 — Revenue-Raising Powers and the Public Debt

A. Power to impose taxes and charges

According to article 209 of the constitution, Only the national government has powers to impose : —

- Income tax;
- Value-added tax (VAT);
- Customs duties and other duties on import and export goods; and
- Excise tax.

An Act of Parliament may authorise the national government to impose any other tax or duty, except those specified above

Article 209 of the constitution further gives County governments authority to impose the following: —

- Property rates;
- Entertainment taxes; and
- any other tax that it is authorized to impose by an Act of Parliament.

National & County governments have powers to impose charges for the services they provide in a manner that doesn’t prejudice national economic policies, economic activities across county boundaries or the national mobility of goods, services, capital or labour.

B. Imposition of Tax

No tax or licensing fee can be imposed, waived or varied without legislation and waived taxes must be have a public record together with reason for waiver and the auditor general must be notified of the waiver.

No law excludes or authorizes the exclusion of a State officer from payment of tax by reason of—

- Office held; or
- Nature of the work.

C. Borrowing by national government

Parliament prescribes terms on which national government borrows and imposes reporting requirements.

The cabinet secretary responsible for finance must report to either house of parliament within 7 days of request with full details of any loan or guarantee.

D. Borrowing by county government

County governments can only borrow if the loan is guaranteed by national government and approved by county assembly.

E. Loan guarantees by national government

Parliament determines the terms under which national government may guarantee loans and at the end of each financial year national government must report on the guarantees provided in that financial year.

F. Public debt

Public debt is any charge on the consolidated fund.

Part 4 — Revenue Allocation

i) Commission on revenue allocation

Article 215 of the Constitution establishes the CRA & its composition. The commission on revenue allocation is appointed by the president and consists of:

- A chairperson approved by parliament
- Two members nominated by political parties represented in the national assembly according to their proportion of members.
- Five members nominated by political parties represented in the senate according to

their proportion of members.
- Principal Secretary in the ministry of finance

Functions of the Commission on revenue allocation

1. Article 216 specifies the principal function of the CRA as to recommend the basis of equitable sharing of revenue between the national and county governments and among the county governments. In formulating those recommendations, the commission MUST seek to promote the conditions under article 203 – see above.
2. CRA also determines, publishes and regularly reviews policies in which it sets out the criteria by which to identify the marginalized areas for purposes of Article 204 (2).
3. Recommendations are submitted to senate, national assembly, national executive, county assembly and county executives.

ii) Division of revenue

The Senate by resolution determines the basis for allocating national revenue amongst the counties and must be endorsed by the national assembly before approval.

Revenue raised nationally will be shared between National and County governments and among county governments as follows;

Total revenue raised = 100%

(a) National Government < 84.5 %
(b) 47 County Governments >15 %
(c) Equalization fund = 0.5 %

The >15% revenue sharable among the 47 county governments will be shared using the formula approved by parliament.

iii) Annual Division and Allocation of Revenue Bills

At least 2 months before the end of each financial year:

(a) A division of revenue bill will be introduced in parliament to divide national revenue between national and county governments
(b) A County Allocation Of revenue bill will be introduced to allocate amongst county governments the monies allocated to county government.

A county's share of revenue will be transferred without undue delay or deduction.

Part 5 — Budgets and Spending

(a) Form, content and timing of budgets

Budgets of national and county governments must contain :

- Estimates of revenue and expenditure – differentiating between recurrent and development expenditure
- Proposals for deficit financing
- Proposals for borrowing and increase in public debt

National legislation must prescribe :

- Structure of development plans
- Timing of budgets
- Form of consultation between governments in the process of preparing the budgets

(b) Budget Estimates and annual Appropriation bill

At least 2 months before the end of each financial year Cabinet Secretary responsible for finance submits to parliament estimates for revenue and expenditure of the national government for the next financial year.

After consideration these estimates are included in an Appropriation bill to authorize the expenditure from the Consolidated Fund.

(c) Expenditure before annual budget is passed

If the appropriation bill is delayed, national assembly may nevertheless authorize withdrawal of money from the consolidated fund if the money is to carry on the services of national government until the delay is resolved and does not exceed 50% of the expenditure estimate for the year.

(d) Supplementary Appropriation

The national government may spend money that has not been appropriated if the money appropriated is insufficient or a need for expenditure for which no money has been appropriated has arisen

Approval for supplementary appropriation will be sought from parliament within two

months after the first withdrawal. An appropriation bill will be tabled to approve the supplementary withdrawal.
The maximum that may be withdrawn under this article 223 is 10% of the sum appropriated by parliament for that financial year.

Part 6 — Control of Public Money

1. Financial Control
Article 225 establishes the National Treasury, laying down its functions & responsibilities with regard to control of public money.

Expenditure control and transparency (not the same as judicious) use of public money is implemented by legislation. Under such legislation the Cabinet secretary may stop transfer of funds to state organs for material breaches of measures provided for in the legislation. Such stoppage has to be approved by parliament.

County funds cannot be stopped in excess of 50%

2. Accounts and Audit of Public Entities
An act of parliament provides for keeping of financial records and the auditing of accounts of government and other public entities and provides for the designation of an accounting officer in every public entity at the national and county level of government.

The auditor-general is responsible for auditing the government and public entity accounts. The auditor-generals own accounts are independently audited by an accountant appointed by national assembly.

3. Procurement of Public Goods and Services
Public entity contracts for goods and services must be fair, equitable, transparent, competitive and cost-efficient.

Act of parliament defines the framework within which policies for procurement and disposal of assets are implemented.

Part 7 — Financial Officers and Institutions

1) Controller of Budget

Article 228 (1) creates The Controller of Budget who is nominated by the President and, with the approval of the National Assembly, appointed by the President.

The office holder must have a minimum of 10 years knowledge of auditing public finance management and holds office for a maximum of 8 years.

Oversees the implementation of national and county government budgets.

2) **Auditor-General**
Article 229 (1) creates The Auditor-General who is nominated by the President and, with the approval of the National Assembly, appointed by the President.

This office holder must have a minimum of 10 years knowledge of auditing public finance management and holds office for a maximum of 8 years.

They audit accounts of: *The national and county governments, Courts, all commissions established by the constitution, National parliament, senate and county assemblies, Political parties funded from public funds, & Public debt.*

3) **Salaries and Remuneration Commission**
Article 230 (1) creates The Salaries and Remuneration Commission and consists of a chairperson appointed by the President :

A person each nominated by : *Parliamentary service commission, Public service commission, Judicial service commission, Teachers service commission, National police service commission, Defence council, The senate on behalf of counties, Umbrella group of trade unions, Umbrella group of employers, Joint forum of professional bodies, A person nominated by Cabinet secretary for finance – No vote, A person nominated by the attorney general – No vote, & A person nominated by Cabinets secretary responsible for public service – no Vote*

This commission:

a) Sets and reviews the remuneration and benefits of *state officers,* and
b) Advices governments on the remuneration and benefits of *public officers*.

The commission must ensure the public compensation bill is sustainable, helps to attract and retain people with appropriate skills and recognises productivity and performance.

4) Central Bank of Kenya

Article 231 (1) creates The Central Bank of Kenya to formulate monetary policy, promote price stability and issue currency.

Notes and coins issued by the CBK must not bear the portrait of any individual.

RESOURCE MOBILISATION (REVENUE AND DEBT)

Resource mobilization refers to all activities involved in securing new and additional resources for your organization. It also involves making better use of, and maximizing, existing resources.Resource mobilization is often referred to as ‘New Business Development’. The figure below shows how New Business Opportunities – which are intended to mobilize resources – form partof an organization’s overall functioning.

Why is resource mobilization so important?

Resource mobilization is critical to any organization for the following reasons:

2. Ensures the continuation of your organization’s service provision to clients
3. Supports organizational sustainability
4. Allows for improvement and scale-up of products and services the organization currently provides
5. Organizations, both in the public and private sector, must be in the business of generating new business to stay in business

PUBLIC SECTOR PLANNING AND BUDGETING, BUDGETARY PROCESS AND BUDGETARY EXPENDITURE CONTROL

Budgeting and Budgetary Control is a rational means of allocating and controlling scarce resources of an organization towards the attainment of set goals and objectives. One of any government’s foremost responsibilities is to be a careful steward of public funds. Putting policies in place that reflect best practices, outline roles and responsibilities, and define overall goals for how the governmental unit’s finances are handled is a good start to staying on good financial footing. Fiscal policies help create consistent processes in an environment where elected official turnover can cause shifts in direction and priorities over time.

Budget Process for Both National, County and Public Entities

National Government Budget Process

The National Budget Process is outlined under Part III of the Public Finance Management Act 2012 (PFM), and it provides in Section 35 (1) of the Act that, the budget process for the national government in any financial year comprises of the following stages: -

1. Integrated development planning process which includes both long term and medium-term planning;
2. Planning and determining financial and economic policies and priorities at the national level over the medium term;
3. Preparing overall estimates in the form of the Budget Policy Statement of national government revenues and expenditures;
4. Adoption of Budget Policy Statement by Parliament as a basis for future deliberations;
5. Preparing budget estimates for the national government;
6. Submitting those estimates to the National Assembly for approval;
7. Enacting the appropriation Bill and any other Bills required to implement the National government's budgetary proposals;
8. Implementing the approved budget;
9. Evaluating and accounting for, the national government's budgeted revenues and expenditures; and
10. Reviewing and reporting on those budgeted revenues and expenditures every three months.

County Government Budget Process

The County Budget Process is outlined under Part IV of the Public Finance Management Act 2012 (PFM), and it provides in Section 125 (1) of the Act that, the budget process for the county governments in any financial year shall comprise the following stages: -

1. Integrated development planning process which shall include both long term and medium term planning;
2. Planning and establishing financial and economic priorities for the county over the medium term;
3. Making an overall estimation of the county government's revenues and expenditures;
4. Adoption of County Fiscal Strategy Paper;

5. Preparing budget estimates for the county government and submitting estimates to the county assembly;
6. Approving of the estimates by the county assembly;
7. Enacting an appropriation law and any other laws required to implement the county government's budget;
8. Implementing the county government's budget; and
9. Accounting for, and evaluating, the county government's budgeted revenues and expenditures;

RESOURCE UTILIZATION FOR DELIVERY OF GOODS AND SERVICES (PUBLIC PROCUREMENT AND ASSET DISPOSAL ACT)

An ACT of Parliament to give effect to Article 227 of The Constitution; to provide procedures for efficient public procurement and for assets disposal by public entities; and for connected purposes ENACTED by Parliament of Kenya.

1. Short title This Act may be cited as the Public Procurement and Asset Disposal Act, 2015.

2. **Interpretation (1)** In this Act, unless the context otherwise requires—
"accounting officer" has the meaning assigned to it under section 2 of the Public Finance Management Act, 2012 (No.18 of 2012);

"appeal" means a request for administrative review or complaint filed with the Appeals ReviewBoard pursuant to section 167 of this Act;

"assets" means movable and immovable property, tangible and intangible, including immovable property, stores, equipment, land, buildings, animals, inventory, stock, naturalresources like wildlife, intellectual rights vested in the state or proprietary rights;

"Authority" means the Public Procurement Regulatory Authority established under section 8 ofthis Act;

"Board" means the Public Procurement Regulatory Board established under section 10 of thisAct;

"Cabinet Secretary" means the Cabinet Secretary for the time being responsible for matters relating to finance; "candidate" means a person who has obtained the tender documents from apublic entity pursuant to an invitation notice by a procuring entity;

"citizen contractor" means a person or a firm wholly owned and controlled by persons who arecitizens of Kenya; "common-user items" means good

"contract administration" means management of terms of procurement or asset disposal contracts made with contractors or suppliers after tender award by a procuring entity, for the purpose of assuring compliance with obligations such as timely delivery, quality and quantity inspection, acceptance, payment, claims, dispute resolution and completion, among other terms;

"contractor" means a person who enters into a procurement contract with a procuring entity,and includes the main contractor;

"corruption" has the meaning assigned to it under section 2 of the AntiCorruption andEconomic Crimes Act 2003 (No. 3 of 2003);

"design competition" means a procurement procedure for obtaining competitive tenders for services which are creative in nature and which require that part of the services be carried as partof the tender to facilitate evaluation of the tenders and such services may include architecture, landscaping, engineering, urban design projects, urban and regional planning

The purpose of the Act is to ***establish procedures for procurement and the disposal of unserviceable, obsolete or surplus stores and equipment by public entities*** to achieve the following objectives: -

a) To maximize economy and efficiency;
b) To promote competition and ensure that competitors are treated fairly;
c) To promote the integrity and fairness of those procedures;
d) To increase transparency and accountability in those procedures; and
e) To increase public confidence in those procedures;
f) To facilitate the promotion of local industry and economic development.

When a State organ or any other public entity contracts for goods or services, it must do so in accordance with a system that is ***fair, equitable, transparent, competitive and cost-effective***. The Act is applied with respect to: -

a) Procurement by a public entity;
b) Contract management;
c) Supply chain management, including inventory and distribution;
d) Disposal by a public entity of stores and equipment that is unserviceable, obsolete or surplus.
e) Renting of premises;
f) Appointing, other than under the authority of an Act, of an individual to a committee, task force or other body if the individual will be paid an amount other than for expenses; and
g) Acquiring of real property.

For greater certainty, ***the following are NOT procurements*** with respect to the Act: -

a) The retaining of the services of an individual for a limited term if;
b) The acquiring of stores or equipment if the stores or equipment are being disposed of by a public entity in accordance with the procedures set.
c) The acquiring of services provided by the Government or a department of the Government.

REPORTS AND ACCOUNTS FOR FUNDS, OUTPUTS AND RESULTS

An annual report is a document that public corporations must provide annually to shareholders that describes their operations and financial conditions. The front part of the report often contains an impressive combination of graphics, photos, and an accompanying narrative, all of which chronicle the company's activities over the past year and may also makeforecasts about the future of the company.

Outputs, outcomes and impact are terms that are used to describe changes at different levels fromthe delivery of goods and services to long-term, sustainable change in people’s lives. Whilst the terminology is in common use, there is great inconsistency in how the terms are interpreted.

Most organizations understand the key difference between the things they do (activities) and theultimate changes they wish to help bring about (impact). But the distinction is not always helpful. In order to achieve desired long-term changes, there may be many steps between an organization's activities and the desired impact.

EXTERNAL AUDIT FOR OVERSIGHT/ EXTERNAL ACCOUNTABILITY (PUBLIC AUDIT ACT)

Audit committees, management and the external auditor need to work together

Increasing complexity, new and lengthy technical rules, and high expectations from shareholders, regulators, the public and other stakeholders make overseeing the integrity of a company's financial reporting a challenging area for audit committees. External auditors play akey role in helping audit committees address this responsibility. Audit committees will want toensure they have a robust oversight process in place to get the most value from the external auditors.

- Investor confidence is fundamental to the successful operation of the world's financialmarkets. That confidence depends on investors having credible and reliable financial information when making decisions about capital allocation.
- The objectives of securities regulation include the protection of investors; ensuring that markets are fair, efficient, and transparent; and the reduction of systemic risk. In pursuit of these objectives, in the area of reporting to investors, there should be full, timely, and accurate disclosure of financial results and other information that is material to investors' decisions. Full and fair disclosure is essential to investor protection, enhances investor confidence, and promotes market liquidity and efficiency.
- Independent auditors play a critical role in enhancing the reliability of financial information by attesting as to whether the financial statements prepared by managementfairly present the financial position and past performance of the public enterprise in compliance with accepted accounting standards.
- Effective oversight of the accounting profession and of independent audits is critical to the reliability and integrity of the financial reporting process. The Technical Committee of the International Organization of Securities Regulators ("IOSCO") has developed a listof general principles for oversight of audit firms and auditors that audit financial statements of companies whose

securities are publicly traded in the capital markets (hereinafter referred to as "auditors").

- Oversight of auditors can occur in several ways, including within audit firms, by professional organizations and public or private sector oversight bodies, and through government oversight. In addition, oversight may be provided by supervisory boards andaudit committees representing investors in matters relating to individual companies. 8.

- Within a jurisdiction, auditors should be subject to oversight by a body that acts and isseen to act in the public interest.

TOPIC 9

MANAGEMENT OF PUBLIC ENTERPRISES

THEORETICAL FOUNDATIONS OF PUBLIC ENTERPRISES

Public enterprise, a business organization wholly or partly owned by the state and controlled through a public authority. Some public enterprises are placed under public ownership because,for social reasons, it is thought the service or product should be provided by a state monopoly. Utilities (gas, electricity, etc.), broadcasting, telecommunications, and certain forms of transportare examples of this kind of public enterprise.

Public enterprises are usually intended to pay their way in the longer term, and yet they may be subject to political constraints in their pricing policy that could be in conflict with that objective. Conversely, for social reasons they may receive hidden subsidies or enjoy additional protection not available to competitors. Such factors tend to distort the normal commercial operations of thecorporation or the company and often lead to managerial disorientation

STATE-MARKET DEBATE

With the evolution of the state and its changing role and functions, the debate "state versus market" has come to the forefront. Essentially it is a **"for-against argument "in supply-sideeconomics and demand-side** economics. As an evolving organism, state, thus assumes newrerforms and functions.

TYPOLOGY OF PUBLIC ENTERPRISES

Departmental undertaking:

It is a traditional form of operating and managing affairs of public enterprise. They are organized, financed and controlled by the certain department of the government. Budget isprepared very year.

Features

1. It is totally financed by treasury and all the revenues are paid into treasury.
2. The budgeting, accounting and audit procedures are controlled and managed by the rulesand regulations of the government
3. The civil servants are the permanent staff.
4. The recruitment, training, promotion, terms and conditions of employment are same forall civil servants.
5. It is managed by the officials of the concerned department of the government.
6. The ministry is directly controlled by administrative staff.
7. The policy and performance are discussed in parliament.
8. It has no separate legal entity.
9. Nothing can be done without the permission of government.

Public corporation

They are the most widely use form of organization under public enterprise. Under public corporation act 1961, statutory companies or public corporation are established. They are governed by the special act of the parliament. It is managed and controlled by board of directorsand boards of directors are appointed by the government. It is established for service motive. Itsmain aim is to maximize the social welfare. The employees are appointed under the terms and conditions of the corporation. They are not civil servants. Some examples are; Nepal oil corporation, Nepal Airlines Corporation.

Features

1. The act defines the objectives, functions, powers, rights and duties, privileges andrelationship with other department of the government
2. It is totally owned by the government
3. In some cases, public my hold the portion of share capital
4. It is a separate legal entity
5. It can purchase and sell securities, can enter into any contract, can sue and can be sued
6. It has independent accounting, auditing and financial system
7. It is established for service motive
8. Employees are not civil servants

9. Employees are appointed under the terms and conditions of the corporation
10. It is managed and controlled by board of directors and boards of directors are appointedby the government
11. They are governed by the special act of the parliament
12. Its main aim is to maximize the social welfare
13. Expenditure and revenues are not shown in the budget of department

Government companies

A public enterprise which is established under the prevailing law of the country is called a government company. In this company, government owns at least 51% of total shares. This typeof company is a popular form of company because it is easy to organize and is considered to be more efficient. It is incorporated under company law of the country. It doesn't need any special act for its incorporation. There are 2 types of Government Company. They are;

1. It is totally owned by government
2. At least 51% of its shares is taken up by government

Features

1. It is incorporated under company law of the country
2. At least 7 promoters are required for incorporation
3. It has separate legal entity
4. It can purchase and sell securities, can enter into any contract, can sue and can be sued
5. It is totally owned by government or at least 51% of its shares is taken up by government
6. It is managed and controlled by board of directors and boards of directors are appointedby the government
7. It is financed by the government
8. Expenditure and revenues are not shown in the budget of department
9. Employees are not civil servants
10. The policies are mentioned in memorandum and articles of association
11. The budgeting, accounting and audit procedures are not controlled and managed by therules and regulations of the government
12. Activities of the company are accountable to the parliament

Department board:

They are established in the form of development board. They are needed to contact different ministry for the incorporation. Its main aim is to operate public welfare development work. It isestablished under development board act 2013. For e.g. trade promotion center, cottage and small industry development board etc.

ORGANIZATION AND GOVERNANCE STRUCTURE

Governance structures can be put into two basic categories—*policy boards and administrative boards*. Policy governing boards develop policy and hire an Executive Director to implement thepolicy whereas administrative governing boards play a more hands-on role in managing the organization with the support of committees and staff.

Within these two broad categories of governance, there are four common types of board models:

1. **Policy Board**: Sometimes referred to as Management-Team Board, this model is commonlyused in non-profit organizations. Several committees help carry out the activities of the organization, and the relationship between the board and staff is one of a partnership.
2. **Policy Governance Board**: Sometimes referred to as a 'Carver Board' after founder John Carver, this model has a more formal structure. The board operates as a whole, using one voice and rarely works with committees. The Executive Director is given a very clear scopeand role as well as limits about what she/he can undertake, and the main emphasis of the board is on policy development.
3. **Working Board:** Directors on this type of board play a more hands-on role with some of theadministrative functions of the organization such as public relations, financial management, program planning and personnel. It's not uncommon for these boards to not have any staff.
4. **Collective Board:** Sometimes known as a cooperative or coalition, a Collective Board also carries out many administrative functions of the organization. These boards are comprised oflike-minded people that support a specific goal. Staff and directors operate together as a single entity. There is not usually an Executive Director, and often there is no voting aseveryone works within a consensus model.

PUBLIC INVESTMENT APPRAISAL

Public investment, investment by the state in particular assets, whether through central or localgovernments or through publicly owned industries or corporations.

Mandate of PIM

- Formulate, review and coordinate policies, laws and regulations to improve publicinvestment management across government;
- Building and strengthening PIM capacity in National and County Governments;
- Designing, developing and maintaining an efficient, effective and reliable PublicInvestment Management Information System (PIMIS);
- Developing standards, methodologies, and tools for appraisal of project conceptnotes, pre-feasibility and feasibility studies;
- Gate keeping Role: Analyze, review and appraise proposed projects before approval;

Objectives of PIM guidelines

- To provide standard approach in project cycle management to facilitate the national and county governments and their entities in project identification andplanning
- Project Pre-Feasibility and Pre-Appraisal
- Project Feasibility and Appraisal
- selection for budgeting,
- implementation, monitoring, evaluation and reporting,
- Project Closure, Sustainability and Ex-Post Evaluation
- To establish and maintain a Public Investment Management Information Systemto inform decision making in Public Investments;
- To clarify roles and responsibilities of various institutions in the processes
- To enhance transparency, accountability, prudent use of public resources, andpublic participation

RELATIONSHIP BETWEEN GOVERNMENT AGENCIES ANDPRIVATE FIRMS IN THE MARKET PLACE

Ideally, all levels of government—local, state, and federal—should work with each other and with private-sector businesses to accomplish a fair and rational balance between their respective roles in maintaining a just society. Rarely does one actor alone solve a problem; more often, it takes either a state-federal or a government-business partnership to make a significant impact on a social or economic challenge. Such partnerships are often quite effective, according to Deloitte,a global consulting and accounting firm.

While private companies may take the initiative in response to public demand, and intergovernmental cooperation can accomplish many good things, sometimes the solution is for aprivate-sector company or industry to work directly with the government, as we saw with the example of Space X. Given the pressure on federal, state, and local agencies to reduce their budgets, many have increasingly turned to public-private partnerships, or P3s, as a means to solve problems.

PERFORMANCE OF PUBLIC ENTERPRISES ACROSS SECTORS AND COUNTRIES

A performance orientation in the public sector means **that achievements matter, as well as probity and economy and that managers or agencies should pursue defined standards**. Performance in public service delivery means that public sector outputs efficiently contribute topolicy objectives.

In budget formulation and program planning, a performance orientation rests on the robust use ofperformance monitoring and evaluation information at key decision points, combined with a budget structure in which the costs and benefits of major programs can be identified.

In budget execution and program implementation, a performance orientation has been associatedwith a range of tools for using performance information in managing money, people and organizations, in employing alternative service delivery mechanisms, and in demand-side reforms - institutional and individual.

Public sector performance is about results and impact:

- A performance orientation in the public sector means that achievements matter, as well asprobity and economy and that managers or agencies should pursue defined standards.
- Performance in public service delivery means that public sector outputs efficiently contribute to policy objectives.
- Performance measurements focus on outcomes and outputs, not merely inputs.

REFORM OF PUBLIC ENTERPRISES INCLUDING PRIVATISATION/ DIVESTITURE

The Government of Kenya (GOK) is implementing a comprehensive Public Enterprise1 Reform Programme with the overall aims of: (a) enhancing the role of private sector in the economy, by shifting more of the responsibility for production and delivery of products and services from the public to the private sector, to create

- a more level playing field by eliminating preferential treatment, including monopoly rights, and to enable the private sector enter the areas of activity of the Public Enterprises(PE's) on an equitable basis;
- reducing the demand of the Public Enterprises on the Exchequer so as to improve the useof Kenya's scarce resources, and to enhance the returns on those resources by achieving greater efficiency in both Private and Public Enterprises through greater responsiveness to market signals and commercial criteria,
- reducing the role and rationalizing the operations of public enterprise sector,
- improving the regulatory environment by selecting more economically rational means ofregulation, thereby reducing conflicts of interest between the regulatory and commercialfunctions of public enterprises, that are consistent with Government policy, and
- broadening the base of ownership and enhancing capital market development.

The two instruments that will be used to achieve these aims are a public enterprise reform programme (PERP), and a privatization programme. This policy paper sets out the objectives, principles, scope and other significant aspects of the Public Enterprise Reform Programme in PART I, and the principals and procedure that will guide the Parastatal Reform Programme Committee (PRPC) and its Executive Secretariat and Technical Unit (ESTU) to facilitate the privatization process in PART II.

PUBLIC PRIVATE PARTNERSHIPS

A Public Private Partnership is defined as being an agreement between a public entity and a private party under which: -

1) The private party undertakes to perform a public function or provide a service on behalf of the public entity;
2) The private party receives a benefit for performing the function, either by way of: -
   - Compensation from a public fund
   - Charges or fees collected by a private party from users or customers of a service provided to them; or Combination of such compensation and such charges or fees.
3) The private party is generally liable for risks arising from the performance depending on the terms of the agreement.

A public entity may enter into a contract with or grant concession to any qualified private party for the financing, construction, operation, equipping or maintenance of any infrastructure or any development facility of the Government. PPP should yield value for money for the Government and its citizens.

The key characteristics of PPP projects include: -

1. Maximizing the benefits of private sector efficiency, expertise, flexibility and innovations;
2. Achieving long-term affordability within the constraints of budgetary sustainability, potential for returns for the private party and affordability by the users;
3. Increasing efficiency and access to quality public services for all members of society and enhancing balanced regional development;
4. Allocating risks to the party best able to control them;

5. Enhancing the health, safety, and wellbeing of the public;
6. Achieving value for money particularly as compared to the conventional procurement;
7. Ensuring social and environmental safeguards;
8. Ascertaining prior to tender the willingness of the private party to participate in the project on account of its financial viability;
9. Managing fiscal risks created under PPP contracts within the Government's overall fiscal management framework;
10. Respecting the employment rights and opportunities of employees;
11. Promoting participation of small- and medium-sized enterprises in PPP projects;
12. Ensuring good governance, transparency and accountability in the whole process of PPP development;

LEGAL FRAMEWORK FOR PPP (PPP ACT, 2013)

In order to strengthen the legal and regulatory framework for PPPs, the Public Private Partnership (PPP) Act, 2013 was enacted into law in December 2012 and became effective on 8th February 2013. Additionally, to remove duplication and overlap, the PPP Act, 2013 amended the Privatization Act, 2005, The Public Roads Toll Act Cap.407 and the Public Procurement and Disposal Act, 2005.

Key Highlights of The PPP Law

1. The object of the PPP Act is to regulate the process of engagement between the private and public parties in order to deliver long term public facilities and services;
2. It provides for the definition of a Public Private Partnership, the scope and type of PPP arrangement;
3. It provides for the establishment of institutions and clearly defines their roles in dealing with PPP projects;
4. It provides a process of PPP projects identification, prioritization, conceptualization, preparation, tendering, negotiations, award, approval, implementation, monitoring and evaluation, and finally how they are handed over to GoK where applicable;
5. Financial security instruments such as political risk guarantees and letters of support;

6. The key elements of project agreement; and
7. Establishment of a Facilitation Fund to cover Viability Gap Fund, Government subsidies, contingent liabilities when they crystallize, project preparation funds. This is aimed at making the projects bankable and attractive to the private sector.

The PPP Act 2013 also establishes a Petition Committee mandated to consider all petitions and complaints submitted by a private party during the process of tendering and entering into a project agreement. While the PPP Act, 2013 provides a broad legal and regulatory framework for PPPs, the regulations aim to provide: -

1. Operational details on how PPP projects will be prepared, tendered, approved and implemented; and
2. Operational details on the roles and responsibilities of the parties involved in the PPP transactions.

Why the Need for A Solid PPP Regulations?

i. Regulations, as subsidiary legislation, elucidate the policy content of the law and legislates the policy delivery framework;
ii. Regulations also provide clarity and detail to the letter and spirit of the law – especially where the parent law lacks in operational detail;
iii. The PPP Regulations will provide clarity in the sequence of steps and approvals required under the Act in the project development and delivery phases;
iv. In that way, the Regulations support Contracting Authorities to properly sequence the studies and reports to be carried out before approval of tendering
v. The PPP Regulations will also provide clarity over the process of the multiple approvals necessary in both the project development and delivery phases under the Act; and
vi. Through developing Regulations that are harmonious with the Act, the Government will ensure that the law does not operate as an investment obstacle for private investors.

Contract/project agreements, guidelines and standards

A contracting authority that intends to finance, operate, equip or maintain an infrastructure facility or provide a service may enter into a project agreement with any qualified private party for the financing, construction, operation, equipping or maintenance of the infrastructure or development facility or provision of the service of the Government in accordance with the provisions of PPP Act.

A contracting authority may, where it considers it appropriate, designate its assets for the use by a private party, in relation to, and for the duration of a project on such terms and conditions as the contracting authority shall consider appropriate.

Public private partnership arrangements subject to the provisions of PPP Act, a contracting authority may enter into a public private partnership with a private party in accordance with the Second Schedule or in accordance with such other arrangement as may be approved by the Cabinet Secretary.

Sector Diagnostic Study and Assessment
A contracting authority MUST prior to entering into public private partnership arrangements, undertake a sector diagnostic study and assessment covering the following:

a) Technical issues
b) Legal, regulatory and technical frameworks;
c) Institutional and capacity status;
d) Commercial, financial and economic issues; and
e) Such other issues as the Cabinet Secretary may stipulate.

Duration of a Public Private Partnership

In determining the duration of a public private partnership, a contracting authority MUST take into account the following factors: -

a) The provisions of any relevant written law;
b) The life span of the technology to be employed;
c) The investment standards that are required to be maintained by each party to the project agreement throughout the duration of the partnership;
d) The economic and financial viability of the project and the economic life of the facilities to be provided;
e) The depreciation of the project assets during the life of the contract; and

f) The period of time that may be required by the parties to the partnership to: -
   i) Meet and maintain throughout the duration of the partnership, the service delivery standards and investment levels; and
   ii) Recoup their investment.

Execution of A Project Agreement

Where a contracting authority intends to enter into a public private partnership, it is only the accounting officer of the authority who is authorized to enter into a project agreement in relation to that project on behalf of the authority.

Submission of Project Lists

Each contracting authority MUST prepare a list of projects that it intends to undertake on a priority basis and submit the list to the unit for assessment. NO contracting authority is allowed to submit a project list of projects, which are not part of the development program of that authority.

Approval of Projects By The Committee And Cabinet

The unit MUST assess the project lists submitted to it by the contracting authorities and submit the lists, together with its recommendations, to the Committee for approval. Upon receipt of the project lists, the Committee shall consider lists and the recommendations of the unit and prepare and submit to the Cabinet for approval, a national priority list.