MEDIA STATEMENT
UNDERSTANDING BUDGET PRIORITIES, 2013/14-2015/16

1. The split of recurrent and development budget has remained consistent for the past two years but the 2015/16 budget tries to shift toward more development spending. In 2013/14 and 2014/15 the split of recurrent and development budget for ministries, departments and agencies (MDAs) in the National Government budget was 58% and 42% respectively. However the 2015/16 budget has seen a shift and the proposed recurrent expenditure would make up 52% of the budget, while development would increase to 48%.

2. Absorption for recurrent costs has long exceeded development absorption, but there could be some improvement in 2014/15. In 2013/14, share of recurrent budget in the actual expenditure was much higher than budgeted at 78% of total, while development expenditure was only 22%. Our projections for 2014/15, based on actual expenditure for the first half of 2014/15, suggest that there could be some improvement in development expenditure this year.

3. Projected shares of actual spending for recurrent and development are 63% and 37% respectively in 2014/15, compared to 78% and 22% in 2013/14.

4. Education, Infrastructure and Energy and Security have consistently received the top three allocations in the national budget. The three sectors have been taking an average of about 65% of the total MDAs budget in the last several years. The share of the budget going to infrastructure and energy sector has risen significantly in the last two years. The sectors share of the budget has risen from 20% in 2013/14 to 27% in 2015/16. Education’s share has decreased in this same period, as well as security.

5. Development expenditure absorption has improved for the first half of 2014/15 compared to a similar period in 2013/14. The national government has improved its development spending to 26% in the first half of 2014/15 compared to 16% in the first half of 2013/14.

6. Our projections show that the overall absorption rate for the budget in 2014/15 will be 83% which is an improvement from an average of 72% in the last three years.

7. MDAs which rely on external funds to fund part of their budget tend to have lower absorption compared to those with more domestic financing. An analysis of expenditure trends show a strong relationship between low absorption and high dependence on foreign funding.

8. This mainly affects the development heavy ministries such as Transport, energy and water and regional development. These include the ministries that are seeing important increases in funding this year, raising questions about whether this money will actually be spent.

9. At programme level, rail transport, cabinet affairs, tourism development and international trade are receiving a significant increase in resources in the 2015/16 budget as a percentage of what they received in 2014/15. In absolute terms, security programmes under defense and police are also receiving a sizeable increase in the coming year.

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