

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.**