

THE RIGHT PRIORITIES REVISITED: UNDERSTANDING WHAT THE KENYAN GOVERNMENT *ACTUALLY* SPENDS MONEY ON

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In February, we released a [two-page brief](#) looking at how the Kenyan government allocated its funds in FY 2012/13. The reason we did this is because the 2012/13 budget still informs the annual division of revenue in Kenya. The allocation to counties is based on the allocation for county functions (such as health and agriculture) in 2012/13. Adjustments have been made for inflation and for additional staffing costs of running county governments, but the costs for service delivery are still based on the sector allocations in the 2012/13 national budget. As we said in the previous brief, the question Parliament should ask itself this year is: should the priorities in 2012/13 still be the priorities in 2014/15?

While allocations are important, it is also important to look at how much is *actually* spent and on what. Often, the initial budget is changed during the year, and some sectors are better implemented than others. Kenya's priorities, when we consider actual spending, may be different from the initial allocations. We look at this issue here.

Actual Expenditure

Table 1 on the next page presents all the sectors in the budget by total allocation (recurrent and development) in 2012/13. This is the same as Table 1 from the previous brief (see that brief for link between ministries and sectors).

In Table 2, we use the same sectors and ask: how much was actually spent in 2012/13 and on what sectors? Do our priorities look different when we look at what we actually spent as against our initial allocations? Table 2 provides figures on actual spending, as well as actual spending as a percentage of allocations. This table reveals that Kenya spends close to what it budgets for education and security, but substantially less in most sectors (except Parliament and other constitutional bodies, which receive more than budgeted).

What do these tables tell us about the Kenyan budget?

- The actual budget is smaller than it appears, with MDAs spending only about 817 billion of the 1109 allocated to them (74 percent of the allocation).
- The actual budget is more heavily weighted toward recurrent spending (76 percent of actual spending is for recurrent, compared to only 59 percent of allocations).
- Kenya spent more on recurrent than budgeted in 2012/13, but much less on development than initially budgeted (44 percent of budget), totaling less than 200 billion in development spending.

The overall picture is a budget that is smaller and more heavily weighted toward recurrent spending.

What do these tables tell us about our priorities?

- Education emerges as the area where Kenya spends the most: 28 percent of actual expenditure.
- Infrastructure falls from the largest sector to the third largest, dropping from about 1 in every 5 shillings to about 1 in every 9 shillings.
- Security emerges as the second largest sector, with 21 percent of actual spending.
- Parliament and other state offices take about 8 percent of actual spending, compared to 5 percent of allocations.
- After infrastructure, the next biggest amount of development spending is for regional development (27 billion), much of which is for CDF.

The actual budget (2012/13) prioritizes education and security over infrastructure, and spends relatively little on development, nearly half of which is tied up in national infrastructure projects and CDF (where it cannot be shared with counties). Is this the budget we want in 2014/15?

Table 1: Where Does the Money Go? Sector Allocations in the 2012/13 Budget					
Sectors (FY (2012/13))	Recurrent	Development	Total	Share	Cumulative Share
Infrastructure and Energy	40	198	238	21%	21%
Education	209	27	236	21%	43%
Security	158	8	166	15%	58%
Health (Including the Global Fund under the Ministry of Finance Estimates)	55	41	96	9%	66%
Planning and Regional Development	27	41	69	6%	73%
State Administration	40	23	63	6%	78%
Parliament, AG, Judiciary, and Constitutional Commissions	53	6	59	5%	84%
Water and Irrigation	6	36	42	4%	87%
Agriculture	15	20	35	3%	90%
Gender, Youth, and Culture	19	16	34	3%	94%
Lands, Housing, and Environment	14	15	29	3%	96%
International Relations and Commerce	20	7	27	2%	99%
Government Investment and Public Enterprises inc. Economic Recovery Programme	1	15	16	1%	100%
Total MDAs	656	453	1109	100%	

Source: Budget Expenditure Estimates Books, 2012/13

Table 2: Actual Spending: Sector Expenditures in the 2012/13 Budget						
Sectors FY (2012/13) Actual Spending (Ksh billions)	Actual Recurrent	Actual Development	Actual Total	Actual as % of Allocation	Actual Share of Total	Cumulative Share
Infrastructure and Energy	23	65	87	37%	11%	11%
Education	214	13	227	96%	28%	38%
Security	167	5	171	103%	21%	59%
Health (Including the Global Fund under the Ministry of Finance Estimates) ¹	56	22	78	81%	10%	69%
Regional Development	5	27	32	47%	4%	73%
State Administration	38	5	43	68%	5%	78%
Parliament, AG, Judiciary, and Constitutional Commissions	55	9	64	109%	8%	86%
Water and Irrigation	4	14	18	43%	2%	88%
Agriculture	13	11	24	68%	3%	91%
Gender, Youth, and Culture	17	10	27	77%	3%	94%
Lands, Housing, and Environment	8	11	19	65%	2%	97%
International Relations and Commerce	18	4	21	79%	3%	99%
Government Investment and Public Enterprises inc. Economic Recovery Programme ²	1	5	6	37%	1%	100%
Total MDAs	618	199	817	74%	100%	

Source: Budget Estimates 2012/13, Controller of Budget Fourth Quarter Report FY 2012/13

NOTE: Sums in the tables may be inexact due to rounding

¹ Health= No information available on Global Fund (GF) figures, so assumed. GF implemented at Finance absorption rate of .33; GF= 8.8*.33= 2.9 billion.

² Government Investment: no information specifically on implementation so assumed at general Finance rate of .33 for development, .94 for recurrent.