



## THE RIGHT PRIORITIES? WHAT KENYA'S NATIONAL GOVERNMENT SPENDS MONEY ON

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### INTRODUCTION

In March 2014 we produced two analyses using budget data from the 2012/13 financial year (FY 2012/13). The first looked at budgeted spending by sector for FY 2012/13.<sup>1</sup> The second looked at actual spending by sector in FY 2012/13.<sup>2</sup> This allowed us to see how the priorities in the original budget differed from the priorities when money was actually spent.

This note updates these pieces. There are two reasons for this update. First, budget and actual spending from FY 2013/14 as well as the first half of FY 2014/15 is now available. Second, the national budget no longer contains some funding and functions that have been devolved, so we need to take a fresh look at national priorities. The information contained in this series of briefs is critical for interrogating the 2015/16 national budget and asking how priorities are changing over time.

### SECTOR PRIORITIES IN 2013/14 AND 2014/15 BUDGETS

Table 1 below shows the sector distribution of the budget in FY 2013/14 and compares it to FY 2014/15. A couple of facts emerge:

- In both years, the education sector received the largest share of the budget.
- The top three sectors (education, security, and infrastructure and energy) account for 64 percent of the total budget in both FY 2013/14 and FY 2014/15.
- The biggest changes in sector priorities are infrastructure and energy, and water and regional development, which increased and decreased their shares by 1.2 percentage points respectively. Security was also reduced by 1.1 percentage points during this period.

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<sup>1</sup> See <http://internationalbudget.org/wp-content/uploads/Understanding-What-the-Kenyan-Government-Spends-Money-On.pdf>

<sup>2</sup> See <http://internationalbudget.org/wp-content/uploads/Understanding-What-the-Kenyan-Government-ACTUALLY-spends-money-on.pdf>

TABLE 1: SECTOR ALLOCATIONS AND SHARES FOR 2013/14 AND 2014/15

(Amount in Billions)							
Sectors	2013/14			2014/15			Difference in Sector Allocation Shares
	Total Gross Estimates	Sector Share of the Total Gross Estimates	Cumulative share	Total Gross Estimates	Sector Share of the Total Gross Estimates	Cumulative share	
Education	276	26.1%	26.1%	308	26.1%	26.1%	0.1
Infrastructure + Energy	217	20.5%	46.6%	257	21.7%	47.8%	1.2
Security	182	17.2%	63.8%	191	16.1%	63.9%	1.1
State Administration	79	7.5%	71.3%	100	8.5%	72.4%	1.0
Planning and Devolution	78	7.4%	78.7%	76	6.4%	78.8%	-1.0
Water and Regional Development	56	5.3%	84.0%	49	4.1%	82.9%	-1.2
Parliament, AG, Judiciary and Constitutional Commissions	53	5.0%	88.9%	61	5.2%	88.1%	0.2
Agriculture	37	3.5%	92.5%	37	3.1%	91.2%	-0.4
Health	36	3.4%	95.9%	47	4.0%	95.2%	0.6
International Relations and Commerce	24	2.3%	98.2%	31	2.6%	97.8%	0.3
Lands and Housing	16	1.5%	99.7%	22	1.8%	99.7%	0.3
Gender, Youth and Culture	3	0.3%	100.0%	4	0.3%	100.0%	0.0
<b>Total</b>	<b>1,057</b>	<b>100.0%</b>		<b>1,182</b>	<b>100.0%</b>		

Source: Controller of Budget Implementation Reports

Annex 1 shows the ministries and state departments that we combined to form the sectors, and the minor modifications we made to maintain consistency across the two years.

These figures prompt a number of questions:

- Are these budgets consistent with the key national functions as defined by the 2010 constitution?
- Are the sectors that receive the most money the ones that are the highest priority?
- Are all the sectors adequately funded, especially those providing basic services such as education and water?
- Is it surprising that the share of the budget going to security is declining in this period?

#### ACTUAL SECTOR PRIORITIES IN 2013/14

In our previous series, we showed that the priorities represented by actual expenditure in FY 2012/13 differed from those defined by the budget allocations. For example, we found that the share of actual spending on education was higher than budgeted, and the share that went to infrastructure was lower than budgeted. We also found that far more actual spending was on recurrent items (e.g., wages, operations, and other day to day expenditures) than had been allocated in the proposed budget, while development spending (for capital assets) was a lower share than what had been budgeted. Table 2 shows the figures for FY 2013/14.

TABLE 2: ACTUAL SECTOR EXPENDITURE COMPARED TO THE SECTOR ALLOCATIONS IN 2013/14

Sectors	Total Revised Estimates 2013/14	Sector Share of the Total Estimates	Actual Expenditure 2013/14	Sector Share of the Total Actual Expenditure	Change between the Estimates and the Actuals
Security	198	17%	187	23%	5.0
Education	291	26%	247	30%	4.0
Parliament, AG, Judiciary and Constitutional Commissions	59	5%	51	6%	1.0
International Relations and Commerce	27	2%	22	3%	0.0
Planning and Devolution	78	7%	59	7%	0.0
Agriculture	45	4%	34	4%	0.0
Gender, Youth and Culture	4	0%	4	0%	0.0
Lands and Housing	20	2%	14	2%	0.0
Health	42	4%	28	3%	0.0
State Administration	75	7%	52	6%	0.0
Water and Regional Development	52	5%	29	3%	-1.0
Infrastructure + Energy	244	21%	101	12%	-9.0
<b>Total</b>	<b>1,136</b>	<b>100%</b>	<b>828</b>	<b>100%</b>	

Source: Controller of Budget Implementation Reports; Note: Figures may vary due to rounding

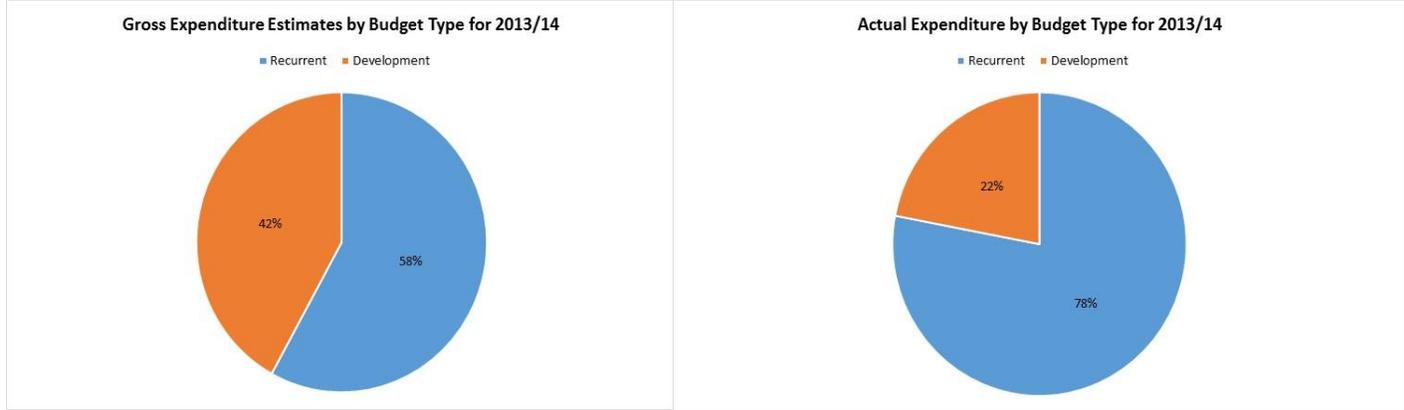
What emerges from this analysis is:

- Again, education has a much higher share of actual spending than budgeted spending, while the reverse is true for infrastructure.
- Security also emerges as a sector that sees a significant increase (5 percentage points) in its share of actual expenditure compared to the budget.
- Comparing the budget and actual spending figures, education and security appear to be higher priorities when we look at actual spending patterns than when we look at the initial budget (larger share of actual spending than budgeted).

Figure 1 shows the overall share of the budget that is going to recurrent and development and the overall share of actual expenditure that goes to each category. A couple of points emerge:

- The percentage share of recurrent and development to the total budget changes drastically when we compare allocations to the actual amount spent as captured in Figure 1.
- The recurrent share of the total budget increases from 58 percent to 78 percent as we move from budget to actual spending, while the development share simultaneously decreases from 42 percent of budget to 22 percent of actual spending.

FIGURE 1: RECURRENT V. DEVELOPMENT, CHANGES BETWEEN GROSS ESTIMATES AND ACTUAL EXPENDITURE IN 2013/14



Source: Controller of Budget Implementation Reports

### ACTUAL SECTOR PRIORITIES HALFWAY THROUGH 2014/15

The 2014/15 financial year ends on 30 June, so at this point we only have some actual spending information for the first half of the year. Still, we can use this data to get a sense of how our actual spending priorities compare to our budget. Table 3 looks at where we have spent the most during the first half of the year compared to our budget for 2014/15.

TABLE 3: ANNUAL SECTOR ALLOCATIONS AND HALF YEAR ACTUAL EXPENDITURE IN 2014/15

(Amount in Billions)	2014/15 (Gross Expenditure Estimates)		2014/15 (Actual Half Year Expenditure)	
	Total	Share of the Total	Total	Share of the Total
Education	308	26%	129	32%
Infrastructure + Energy	257	22%	70	17%
Security	191	16%	68	17%
State Administration	100	8%	24	6%
Planning and Devolution	76	6%	31	8%
Parliament, AG, Judiciary and Constitutional Commissions	61	5%	22	5%
Water and Regional Development	49	4%	13	3%
Health	47	4%	15	4%
Agriculture	37	3%	13	3%
International Relations and Commerce	31	3%	8	2%
Lands and Housing	22	2%	8	2%
Gender, Youth and Culture	4	0%	2	0%
<b>Total</b>	<b>1,182</b>	<b>100%</b>	<b>403</b>	<b>100%</b>

Source: Controller of Budget Implementation Reports

The analysis shows that:

- Education, security and planning and devolution have a larger share of the actual spending compared to their share in the total budget.
- The opposite is true for infrastructure and energy, health, agriculture and water.

Spending halfway through the year can also reflect certain “seasonal” factors (e.g., recurrent budgets tend to be spent faster so sectors with lots of recurrent spending may appear to be spending at a faster rate) that may give a misleading picture of performance. One way to avoid getting the wrong picture due to this issue is to compare spending in the first half of the current year with spending in the first half of the previous year. In this case we compare sector spending in the first half of FY 2013/14 and FY 2014/15.

TABLE 4: HALF-YEAR SPENDING IN FY 2013/14 AND FY 2014/15 BY SECTOR

Sectors	2013/14 (% Expenditure to Gross Estimates)			2014/15 (% Expenditure to Gross Estimates)			Change in Absorption Rates
	Recurrent	Development	Total	Recurrent	Development	Total	
Lands and Housing	38%	8%	15%	47%	37%	39%	24
Security	39%	12%	16%	36%	26%	36%	20
Agriculture	27%	14%	17%	38%	34%	35%	18
Planning and Devolution	34%	23%	25%	46%	40%	42%	16
State Administration	35%	12%	22%	33%	14%	23%	1
Education	48%	9%	43%	45%	19%	42%	-2
Water and Regional Development	41%	25%	30%	30%	26%	28%	-2
Parliament, AG, Judiciary and Constitutional Commissions	44%	12%	38%	40%	12%	35%	-2
International Relations and Commerce	28%	35%	30%	32%	18%	26%	-4
Infrastructure + Energy	37%	7%	36%	31%	26%	27%	-9
Health	37%	46%	41%	46%	15%	32%	-9
Gender, Youth and Culture	51%	64%	54%	42%	45%	43%	-11
<b>Total</b>	<b>41%</b>	<b>16%</b>	<b>31%</b>	<b>40%</b>	<b>26%</b>	<b>34%</b>	<b>3</b>

Source: Controller of Budget Implementation Reports

The analysis shows that:

- There is an overall improvement in total budget absorption in FY 2014/15 compared to FY 2013/14, from 31 percent to 34 percent. Absorption of the development budget in particular improved by 10 percentage points in that same period, from 16 percent to 26 percent.
- At sector level, lands and housing, security, agriculture and, planning and devolution each improved their absorption rates by over 15 percentage points.
- However, the absorption rates for gender, youth and culture, health, and infrastructure decreased by around 10 percentage points.
- Overall, the picture that emerges from these comparisons is that security and planning and devolution are, as Table 3 suggested, performing at high rates. However, education is actually not performing as well as it was last year, even though it has spent the largest share of the budget in 2014/15 of any sector. Infrastructure is also performing poorly compared to last year.

#### WHAT DOES HALF-YEAR SPENDING IN 2014/15 TELL US ABOUT HOW MUCH WE ARE LIKELY TO SPEND FOR THE FULL YEAR?

Whenever we make a new budget, ideally we would want to know how well we did with the last budget in terms of meeting our expenditure goals. But the formulation of the next budget always happens before complete information on the current year is available. Therefore, we usually try to project how well we will do based on half-year data. One way to do this effectively is to look at how much we spent by the half-year point in the last several years, and then project forward based on the average performance.

For example, suppose we had a budget of 100 billion for a particular ministry. If we have spent 40 billion by the end of the second quarter, and 90 billion by the end of the year, this suggests that we tend to increase spending in the second half of the year by about 25 percent. In other words, we spend 40

billion during the first half of the year, and 50 billion during the second half (an increase of 25 percent). We can then apply the 25 percent rate of increase to our current half-year figures to estimate what we will actually spend for the full year.

Table 5 below shows expenditure at the halfway mark and at the end of the year for each of the last few years, and uses it to project expenditure for FY 2014/15.

TABLE 5: PROJECTED ACTUAL EXPENDITURE FOR THE FULL YEAR 2014/15 (KSH BILLIONS) <sup>3</sup>

Sectors	Average Ratio of 2nd Half to 1st Half Expenditure (2011/12,2012/13 and 2013/14)		Actual Half Year Expenditure 2014/15		Projections Full Year Actual Expenditure		
	Recurrent	Development	Recurrent	Development	Recurrent	Development	Total
Agriculture	1.31	2.55	4	9	9	31	41
Education	1.00	2.16	123	7	245	21	267
Gender, Youth and Culture	1.75	2.38	1	1	3	2	5
Health	1.28	1.75	12	3	27	9	36
Infrastructure + Energy	0.62	1.98	11	58	18	174	192
International Relations and Commerce	1.67	0.91	6	2	16	4	20
Lands and Housing	1.55	4.01	2	6	5	33	37
Parliament, AG, Judiciary and Constitutional Commissions	2.68	3.09	20	1	75	5	80
Planning and Devolution	1.52	2.09	8	24	20	73	93
Security	1.60	3.64	67	1	173	6	179
State Administration	1.76	1.82	16	7	45	20	65
Water and Regional Development	1.19	1.70	4	9	9	25	34
<b>Total</b>	<b>1.29</b>	<b>1.84</b>	<b>274</b>	<b>129</b>	<b>646</b>	<b>404</b>	<b>1,050</b>

Source: Controller of Budget Implementation Reports and IBPK Calculations

TABLE 6: PROJECTED EXPENDITURE RATES AGAINST BUDGET FOR THE FULL YEAR 2014/15

(Amount in Billions)	2014/15 (Annual Gross Expenditure Estimates)			Projections 2014/15 Full Year Actual Expenditure			Projected Full Year Expenditure 2014/15		
	Recurrent	Development	Total	Recurrent	Development	Total	Recurrent	Development	Total
Agriculture	11	26	37	9	26	36	88%	100%	97%
Education	273	35	308	245	21	267	90%	61%	87%
Gender, Youth and Culture	3	1	4	3	1	4	100%	100%	100%
Health	26	21	47	26	9	35	100%	42%	74%
Infrastructure + Energy	36	221	257	18	174	192	51%	78%	75%
International Relations and Commerce	18	12	31	16	4	20	85%	34%	64%
Lands and Housing	4	17	22	4	17	22	100%	100%	100%
Parliament, AG, Judiciary and Constitutional Commissions	50	11	61	50	5	56	100%	50%	91%
Planning and Devolution	17	59	76	17	59	76	100%	100%	100%
Security	186	5	191	173	5	178	93%	100%	93%
State Administration	50	51	100	45	20	65	91%	40%	65%
Water and Regional Development	14	35	49	9	25	34	66%	72%	70%
<b>Total</b>	<b>688</b>	<b>495</b>	<b>1,182</b>	<b>616</b>	<b>368</b>	<b>984</b>	<b>90%</b>	<b>74%</b>	<b>83%</b>

Source: Controller of Budget Implementation Reports and IBPK Calculations

In Table 6, we have limited the possible absorption to 100 percent of budget. Although ministries occasionally exceed their budget, this is not a normal occurrence nor should it be encouraged. Where our projections would have exceeded 100 percent absorption (marked in yellow), therefore, we cap the absorption rate at 100 percent.

<sup>3</sup> We made some adjustment for MDAs that had zero expenditure (due to rounding off) so that the absorption columns showed some level of expenditure to ensure those expenditures were captured. This included for FY 2011/12, Controller of Budget's recurrent budget, development budget for the Ministry of East Africa Community, and for FY 2012/13 the development budget for Ministry of State for Public Service, Ethics and Anti-Corruption Commission and the Directorate of Public Prosecutions.

The analysis suggests that:

- The overall absorption rate for the full 2014/15 budget year is likely to be 83 percent, which is significantly higher than an average of 72 percent in the last three financial years.
- Development absorption will still fall below the 80 percent target announced by the Cabinet Secretary for Finance at the beginning of the year.
- The areas where we are doing particularly well are gender, youth and culture, planning and devolution, as well as lands and housing.
- The areas where we are doing poorly are international relations and commerce, infrastructure and energy, health, and state administration.

**WHICH SECTORS (AND WHICH DEPARTMENTS WITHIN THOSE SECTORS) HAVE PERFORMED THE BEST IN RECENT YEARS?**

In Table 8, we rank sectors by how well they have performed in terms of total absorption over time, with those that have done the best in recent years at the top. Overall, expenditure rates against the total approved Ministry, Department and Agency (MDAs) estimates have been just over 70 percent. The range of performance has been from just under 40 percent to just over 90 percent by different MDAs. Security has consistently been the most effective at spending its budget over the last several financial years, while infrastructure and energy has been the worst, spending half or less of its allocations in the same period. Water and regional development has also struggled during this period, regularly coming in below 60 percent absorption.

**TABLE 7: SECTOR EXPENDITURE PERFORMANCE, 2011-2015**

Actual Annual Expenditure Rates 2011/12		Actual Annual Expenditure Rates 2012/13		Actual Annual Expenditure Rates 2013/14		Actual Half Year Expenditure Rates 2014/15	
Sector	Total	Sector	Total	Sectors	Total	Sectors	Total
1 Security	93%	1 Security	94%	1 Security	94%	1 Gender, Youth and Culture	43%
2 Lands and Housing	87%	2 Parliament, AG, Judiciary and Constitutio	90%	2 Gender, Youth and Culture	93%	2 Education	42%
3 Education	84%	3 Education	88%	3 Parliament, AG, Judiciary and Constituti	86%	3 Planning and Devolution	42%
4 Parliament, AG, Judiciary and Constituti	78%	4 Health	82%	4 Education	85%	4 Lands and Housing	39%
5 Health	76%	5 International Relations and Commerce	80%	5 International Relations and Commerce	81%	5 Security	36%
6 International Relations and Commerce	75%	6 Lands and Housing	78%	6 Agriculture	76%	6 Parliament, AG, Judiciary and Constituti	35%
7 Gender, Youth and Culture	70%	7 Gender, Youth and Culture	78%	7 Planning and Devolution	76%	7 Agriculture	35%
8 State Administration	67%	8 Agriculture	68%	8 Lands and Housing	71%	8 Health	32%
9 Agriculture	63%	9 State Administration	59%	9 State Administration	69%	9 Water and Regional Development	28%
10 Planning and Devolution	61%	10 Water and Regional Development	47%	10 Health	67%	10 Infrastructure + Energy	27%
11 Water and Regional Development	59%	11 Planning and Devolution	47%	11 Water and Regional Development	55%	11 International Relations and Commerce	26%
12 Infrastructure + Energy	52%	12 Infrastructure + Energy	36%	12 Infrastructure + Energy	41%	12 State Administration	23%
<b>Total</b>	<b>72%</b>	<b>Total</b>	<b>70%</b>	<b>Total</b>	<b>73%</b>	<b>Total</b>	<b>34%</b>

Source: Controller of Budget Implementation Reports

Looking only at sectors conceals some important information at the ministry level. Table 8 shows the best and worst performing ministries, departments, and agencies (MDAs).

TABLE 8: THE BEST AND WORST PERFORMING MDAS

2011/12		2012/13		2013/14		2014/15	
Vote	Total Annual Expenditure	Vote	Total Annual Expenditure	Vote	Total Annual Expenditure	Vote	Total Half Year Expenditure
1 Ministry of Defence	100%	1 Ministry of State for Public Service	124%	1 Commission on Revenue Allocation	104%	1 Independent Police Oversight Authority	60%
2 National Security Intelligence Service	100%	2 State House	110%	2 National Security Intelligence Service	100%	2 State Department for East African Affairs	59%
3 State Law Office	100%	3 Public Service Commission	107%	3 National Gender and Equality Commission	100%	3 Witness Protection Agency	57%
4 Commission for Implementation of the Constitution	100%	4 Independent Electoral and Boundaries Commission	104%	4 Ministry of Defence	100%	4 State Department for Fisheries	55%
5 Kenya National Human Rights and Equality Commission	100%	5 Teachers Service Commission	102%	5 Kenya National Human Rights and Equality Commission	100%	5 Kenya National Commission on Human Rights	51%
6 Public Service Commission	100%	6 Ministry of Defence	102%	6 Public Service Commission	99%	6 Public Service Commission	50%
7 State House	100%	7 National Security Intelligence Service	100%	7 Commission for Implementation of the Constitution	99%	7 Teachers Service Commission	50%
8 Teachers Service Commission	100%	8 Independent Police Oversight Authority	100%	8 Witness Protection Program	98%	8 National Intelligence Service	50%
9 The Judiciary	97%	9 Witness Protection Program	100%	9 National Police Service Commission	96%	9 State Department of Transport	49%
10 Ministry of Tourism	96%	10 National Gender and Equality Commission	100%	10 The Commission on Administrative Justice	96%	10 Commission for the Implementation of the Constitution	48%
10 Controller of Budget	48%	10 Ministry of Finance	48%	10 Ministry of Labour Social Security and Services	73%	10 Ministry of Industrialization and Enterprise Development	24%
9 Ministry of Roads	47%	9 Ministry of Forestry and Wildlife	46%	9 Directorate of Public Prosecutions	71%	9 National Land Commission	23%
8 Independent Electoral and Boundaries Commission	45%	8 Ministry of Roads	44%	8 Ministry of Land Housing and Urban Development	71%	8 National Gender and Equality Commission	21%
7 Ministry of Fisheries Development	44%	7 Controller of Budget	44%	7 Ministry of Health	67%	7 The Commission on Revenue Allocation	21%
6 Ministry of Transport	31%	6 Ministry of Water and Irrigation	40%	6 The National Treasury	64%	6 Ministry of Foreign Affairs and International Trade	21%
5 Cabinet Office	26%	5 Ministry of Transport	32%	5 Ministry of Information and Communications	63%	5 Ministry of Mining	21%
4 Office of Deputy Prime Minister and Minister of State	19%	4 Office of Deputy Prime Minister and Minister of State	21%	4 Ministry of Environment, Water and Natural Resources	55%	4 The National Treasury	18%
3 National Police Service Commission	0%	3 Ministry of Development of Northern Kenya and Special Programs	21%	3 Judicial Service Commission	53%	3 Judicial Service Commission	17%
2 Commission on Revenue Allocation	0%	2 Ministry of Energy	20%	2 Ministry of Transport and Infrastructure	49%	2 State Department for Coordination of National Programs	16%
1 Ministry of Development of Northern Kenya and Special Programs	0%	1 National Police Service Commission	0%	1 Ministry of Energy and Petroleum	26%	1 Ministry of Energy & Petroleum	14%
<b>MDA Average</b>	<b>72%</b>	<b>MDA Average</b>	<b>70%</b>	<b>MDA Average</b>	<b>73%</b>	<b>MDA Average</b>	<b>34%</b>

Source: Controller of Budget Implementation Reports

This analysis shows that independent commissions and security agencies (the Ministry of Defence and the National Security Intelligence Service) are some of the best spenders for the years where we have complete annual budget expenditure information. On the other extreme, and similar to the findings at the sector level, infrastructure agencies like the ministries of energy, transport, and roads are among those that consistently underspend. Also in this group are agencies dealing with water and environment. While the absorption rates for the bottom 10 seem to be improving over this period, there are ministries such as transport and energy that generally do not spend even half of the monies allocated to them (though transport has performed well in the first half of 2014/15).

One thing to consider in looking at these figures is whether low absorption is related to external funding. This might be the case if budgeted external funding expected at the beginning of the year frequently does not materialize. Those sectors which are more dependent on external funding might then be more likely to have low absorption. The correlation between absorption rate and external funding is negative and fairly strong. In 2012/13, the correlation is negative 0.49 and in 2013/14 it is negative 0.78. What these numbers mean is that as a ministry's external funding increases, its absorption rate tends to be lower. From the table below, it is clear that in 2013/14, the sectors with the lowest absorption rates are also those that are heavily funded by external sources (loans and grants), while those with high absorption rates do not receive any external funding.

TABLE 9: MDA TOTAL EXPENDITURE AND THE SHARE THAT IS EXTERNALLY FUNDED (TOP 10 AND BOTTOM 10 PERFORMING MINISTRIES)

2013/14			
	Vote	Total Annual Expenditure	% of Total Budget Externally funded
1	Commission on Revenue Allocation	104%	0%
2	National Security Intelligence Service	100%	0%
3	National Gender and Equality Commission	100%	0%
4	Ministry of Defence	100%	0%
5	Kenya National Human Rights and Equality	100%	0%
6	Public Service Commission	99%	0%
7	Commission for Implementation of the Co	99%	0%
8	Witness Protection Program	98%	0%
9	National Police Service Commission	96%	0%
10	The Commission on Administrative Justit	96%	0%
10	Ministry of Labour Social Security and Se	73%	22%
9	Directorate of Public Prosecutions	71%	0%
8	Ministry of Land Housing and Urban Dev	71%	27%
7	Ministry of Health	67%	23%
6	The National Treasury	64%	31%
5	Ministry of Information and Communicat	63%	66%
4	Ministry of Environment,Water and Natur	55%	53%
3	Judicial Service Commission	53%	0%
2	Ministry of Transport and Infrastructure	49%	44%
1	Ministry of Energy and Petroluem	26%	70%
	<b>MDA Average</b>	<b>73%</b>	<b>21%</b>

Source: Controller of Budget Implementation Reports and Budget Estimates Books 2013/14

The causes of this problem are not entirely clear. It is possible that MDAs overestimate the revenues they will receive from donors at the beginning of the year. It is also possible that donors are slow to disburse promised allocations. In either case, over time, it is sensible to reduce the budget for the inflows as they are unlikely to materialize.

## CONCLUSION

What should we take away from this analysis as we consider the 2015/16 budget? Below, we list key questions to ask about the new budget estimates tabled on April 30.

- 1) Do the new estimates show any significant change in sector priorities at the allocation stage?
- 2) Given the patterns of budget versus actual spending, how likely are these changes in those sectors receiving higher allocations to lead to changes in which sectors actually spend more?
- 3) Do the new estimates provide more funding to sectors/ministries that have historically been able to spend it or to those that have faced challenges in spending?
- 4) How dependent are the sectors/ministries receiving large shares of funding on external resources?

## ANNEX

Assessing priorities in the Kenyan budget is difficult because we do not have a full functional classification of the budget. Thus we cluster ministries according to sectors, but we know that there are some activities within a given ministry that may actually belong in a different sector (e.g., money for health that is channeled to the Treasury instead of the Ministry of Health). Without a full functional classification of the budget, it is impossible to determine exactly how much of the budget this affects. So our approach is the best approximation under the circumstances. The table below shows our exact clustering per sector.

Sector	2013/14 Vote	2014/15 Vote
Education	Ministry of Education, Science and Technology	State Department for Education
	Teachers Service Commission	State Department for Science and Technology
		Teachers Service Commission
Infrastructure and Energy	Ministry of Transport and Infrastructure	State Department of Infrastructure
	Ministry of Energy and Petroleum	State Department of Transport
	Ministry of Information and Communications and Technology	Ministry of Energy & Petroleum
		Ministry of Information Communications and Technology
Security	Ministry of Interior and Coordination of National Government	State Department for Interior
	Ministry of Defence	State Department for Coordination of National Government
	National Security Intelligence Service	Ministry of Defence
	National Police Service Commission	National Police Service Commission
		National Intelligence Service
Health	Ministry of Health	Ministry of Health
Water and Regional Development	Ministry of Environment, Water and Natural Resources	State Department for Environment And Natural Resources
		State Department for Water and Regional Authorities
		State Department for Agriculture
Agriculture	Ministry of Agriculture Livestock and Fisheries	State Department for Livestock
		State Department for Fisheries
Parliament, AG, Judiciary and Constitutional Commissions	Auditor-General	Auditor General
	Commission for Implementation of the Constitution	Commission for the Implementation of the Constitution
	Commission on Administrative Justice	Commission on Administrative Justice
	Commission on Revenue Allocation	Commission on Revenue Allocation
	Controller of Budget	Controller of Budget
	Director of Public Prosecutions	Director of Public Prosecutions
	Ethics and Anti-corruption Commission	Ethics and AntiCorruption Commission
	Independent Electoral and Boundaries Commission	Independent Electoral and Boundaries Commission
	Independent Police Oversight Authority	Independent Police Oversight Authority
	Judicial Service Commission	Judicial Service Commission
	Judiciary	Judiciary
	Kenya National Human Rights and Equality Commission	Kenya National Commission on Human Rights
	National Gender and Equality Commission	National Gender and Equality Commission
	Office of the Attorney General and Department of Justice	Office of The Attorney General and Department of Justice
	Parliamentary Service Commission	Parliamentary Service Commission
	Public Service Commission	Public Service Commission
	Registrar of Political Parties	Registrar of Political Parties
Salaries and Remuneration Commission	Salaries and Remuneration Commission	
Witness Protection Program	Witness Protection Agency	
	National Land Commission	
International Relations and Commerce	Ministry of Foreign Affairs	Ministry of Foreign Affairs and International Trade
	Ministry of Industrialization and Enterprise Development	Ministry of Industrialization and Enterprise Development
	Ministry of Commerce Tourism and East African Affairs	State Department for East African Affairs
	Ministry of Mining	State Department for Commerce and Tourism
		Ministry of Mining
State Administration	The Presidency	The Presidency
	Ministry of Labour Social Security and Services	Ministry of Labour Social Security and Services
	The National Treasury	The National Treasury
Planning and Devolution	Ministry of Devolution and Planning	State Department for Planning
		State Department for Devolution
Lands and Housing	Ministry of Land Housing and Urban Development	Ministry of Land Housing and Urban Development
Gender, Youth and Culture	Ministry of Sport Culture and Arts	Ministry of Sports Culture and Arts