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Kenya: How to Read and Use the Budget Estimates

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This guide is part of IBP Kenya's series on how to read and use key budget documents in Kenya at national and county level. This edition looks at the Budget Estimates, which are tabled in the National Assembly and the County Assemblies 30th of April each year. Each guide in this series uses a specific document as an example. In this case, we use the 2016/17 national Budget Estimates (budget 2016/17) released in April 2016. Nevertheless, the key questions in this tool should also be helpful for reading any county budget.

WHEN ARE THE BUDGET ESTIMATES PRODUCED?

The Budget Estimates are tabled in the National Assembly no later than April 30; the county budgets are also tabled in the county assemblies by that same date. The law does not state when the Budget Estimates must be made available to the public; it only requires that they be made available "as soon as practicable." The PFM regulations do require, however, that any document tabled in the legislature must be made available to the public within seven days.

WHY ARE THE BUDGET ESTIMATES IMPORTANT?

The Budget Estimates are among the most important budget documents in the annual budget cycle. Effectively, they are the final document in the budget process, setting the total spending at the level of ministries and programs. These estimates must be approved by Parliament and then form the foundation for the Appropriation Act, which is to be passed by June 30 each year. This becomes the final approved budget for the coming year.

When reviewing the Budget Estimates, we should ask the following questions:

1. **Does the overall budget, and do the budgets for ministries, departments and agencies (MDAs) in the Budget Estimates match the ceilings set in the Budget Policy Statement?** The Budget Policy Statement (BPS) sets budget ceilings at sector and ministry levels which should be binding on the National Treasury when preparing the Budget Estimates. However, in past years, the Budget Estimates have not respected the ceiling set by the BPS, in violation of the spirit of the Public Finance Management Act. While it is possible that such amendments are due to changes in the economic context between the time the two documents were published, Treasury should provide justifications for any changes made to the ceilings.

2. **Which programs and subprograms are receiving priority in the coming year and why**? While the sector and ministry level budgets are more or less set in the BPS, the Budget Estimates should set priorities at the program and subprogram levels. Some indication of program and subprogram expenditures will be contained in the BPS, but there are likely to be more changes at this level in the Budget Estimates. Programs and subprograms are the level at which government defines its main activities and objectives for the year, and this is where readers should be looking when evaluating the Budget Estimates.

3. **What are the program targets for the year and how realistic and reasonable are these in light of past performance?** One of the main advantages of the program-based budget (PBB) approach adopted by Treasury in 2013/14 is that it requires the government to set objectives and use indicators and targets to measure how well it is doing in achieving these objectives. This helps link spending to specific outcomes. Evaluating these indicators and targets is a key aspect of reading and using the Budget Estimates.

4. **Do the Budget Estimates contain narrative information about how past challenges in implementation are being addressed through the coming year's budget?** The budget should recognize challenges in past years and the current year (up to March) and propose solutions. The aim should be to avoid giving money to failing programs or departments that are unable to spend. The narrative in the Budget Estimates should have something to say about these challenges and how the proposed allocations reflect a consideration of the capacity to spend of different agencies.

HOW TO READ THE BUDGET ESTIMATES

The Budget Estimates actually consist of several documents. There is the mandatory program-based budget presentation, which is organized around programs and must be presented and approved by Parliament. This presentation is complemented by several other documents, including a budget summary, budget highlights (a type of citizen-friendly budget), and a line-item budget with recurrent and development sections. The various documents contain different information and readers generally need to look at all of them to have a full understanding of the budget.

The best way to read the Budget Estimates is to look at the summary tables at the beginning of the document and pick one ministry to undertake an initial analysis. Once one ministry's structure and budget has been understood, we can then look at other parts of the Budget Estimates as needed. We will start with the budget summary and the program-based budget and then use other documents to fill in gaps. This year, as of the writing of this guide, there is no line-item budget or budget highlights document available online.

In the rest of this guide, we use the national Budget Estimates 2016/17. Currently, this is available on the Treasury website here: http://bit.ly/1TX4KiE. Other key documents referred to are currently at this site: http://bit.ly/1Ue5Idd. The key budget documents are also available on IBP's website here: http://bit.ly/201617KenyaEst. You should read these documents alongside this guide.

DO THE BUDGET ESTIMATES RESPECT THE AGREEMENTS IN THE BUDGET POLICY STATEMENT?

Table 1 presents the overall size of the budget and the sector ceilings that were set in the BPS 2016. Ideally, we want to use the approved BPS to examine whether the Budget Estimates respect what was agreed to by Parliament. However, in the absence of this, we use the ceilings in the original BPS tabled in Parliament, Parliament's report on the BPS, and the Treasury document, "The Budget Summary for the Fiscal Year 2016/17 and Supporting Information."

TABLE 1. CHANGES BETWEEN BUDGET POLICY STATEMENT 2016 AND BUDGET ESTIMATES 2016 (KSH BILLIONS)

Indicator	BPS 2016 Value	Parliament Report	Budget 2016/17 ("Printed Estimates")	Budget 2016/17 ("Estimates")	PBB MDA Figures
Total Expenditure	2052	-	2262	2047	-
Ministries, departments, and agencies (MDAs) Recurrent	833	841	850	850	817+33 Judiciary + Parliament= 850
MDAs Development	657	658	809	594	810+7 (Judiciary+ Parliament)=817
Counties*	280	280			280
Total Revenue	1496	-	1501	1501	-
Deficit inc. Grants	496	-	689	513	-
Sectors: Total MDAs (inc. Judiciary and Parliament) of which:	1490	1498	1659	1444	1627 (MDAs)+41 (Judiciary+ Parliament)= 1667
Agriculture	64	65			70
Energy/Infrastructure	368	368			507
General Economic & Commercial	15	15			21
Health	60	60			60
Education	342	347			339
Governance, Justice	183	183			188
Public Administration	233	233			233
National Security	121	121			124
Social Protection	30	32			34
Environment, Water	75	75			93

Sources: BPS 2016; Budget Summary 2016/17; Program Based Budget 2016/17; minor differences in totals due to rounding errors
Notes: Counties are reported as 285 billion in the BPS and Budget tables, apparently due to inclusion of some additional funds for regional hospitals. We use the basic equitable share exclusive of that.

As can be seen in Table 1, Parliament did not fully consider or opine on various indicators in the BPS. They did add a small amount to the total budget for MDAs, and apparently increased the deficit (there is no indication that they found additional resources to cover their increases). Parliament does not look at ceilings at the sector level, only at the ministry level. Table 1 shows comparisons at sector level where we have summed up Parliament's ministry level recommendations. The budgets for most sectors remain the same, but the education, social protection, and agriculture budgets have all been increased (there were also minor changes within sectors that did not affect the totals).

We immediately run into problems when comparing the BPS with the Budget Estimates. The 2016/17 budget introduces some confusion that has not been present in past budgets. The budget summary contains a table with a column called "printed estimates" and another column called "estimates" (Table 1 on page 5). It is not entirely clear what to make of these two columns. The main difference between them appears to be the amount of foreign-financed development expenditure: there is a decline of Ksh 215 billion in development between the "printed estimates" and the "estimates", all of which is related to external financing. Unfortunately, neither of these columns matches what is in the

PBB, drawn from the summary table at the beginning (page vii). This can be seen by comparing the last three columns in Table 1. While the recurrent figures match, the development figures differ in each case.

It is not easy to compare the BPS to the Budget Estimates unless we know which version of the budget we are looking at. The overall picture looks quite different depending on whether we are looking at the "printed estimates," the "estimates," or the program-based budget. For example, the size of the deficit has massively increased between the BPS and the "printed estimates," by roughly Ksh 195 billion. On the other hand, if we use the "estimates," then the deficit has only increased by about Ksh 17 billion.

The Budget Summary does not contain a breakdown at sector or ministry level for the "printed estimates" versus the "estimates." The PBB is also not organized by sector, making direct comparison with the BPS difficult. The BPS 2016 does however contain tables with the sector ceilings broken down to allow us to compare at the ministry level. Table 2 shows what the ministry breakdown for the energy sector looks like.

TABLE 2. BUDGET POLICY STATEMENT 2016 V. PARLIAMENT AND BUDGET 2016/17: ENERGY AND INFRASTRUCTURE SECTOR (KSH BILLIONS)

	BPS 2016	**Parliament Approved**	**Budget 2016/17**	**Changes from Parliament to Budget 2016/17**
Sector Total	**368**	**368**	**507**	**139**
Ministry of Energy	91	91	122	31
State Department of Infrastructure	135	135	177	42
State Department of Transport	131	131	182	51
Ministry of Information	11	11	26	15

As Table 2 shows, the budget for the energy sector has increased between the BPS and the Budget Estimates by nearly Ksh 140 billion. This is driven by substantial budget increases for all ministries in the sector. Table 3 shows the five key programs within the energy sector that have driven the increase between the BPS and the budget (and between this year's budget and last year's budget).

TABLE 3. FIVE PROGRAMS EXPLAINING CHANGES IN ENERGY SECTOR BETWEEN BPS AND BUDGET 2016/17 (KSH BILLIONS)

Programs	Budget 2015/16	Revised Budget 2015/16	2016/17 BPS	2016/17 Budget	Increase BPS to Budget	Increase Budget 15/16 to 16/17
Power Transmission	63	91	59	94	35	31
Road Transport	134	144	135	177	42	43
Rail Transport	147	147	109	156	47	9
Marine Transport	9	9	12	17	5	8
Information and Communication	3	3	1	15	14	12
Total	**356**	**394**	**316**	**459**	**143**	**103**

However, most of the difference between the BPS and the Budget Estimates is explained by just three programs: power transmission, road transport, and rail transport. The budgets for the first two programs were increased through the 2015/16 supplementary budget. These increases were not reflected in the BPS 2016, despite the two documents being produced within just a few weeks of each other. This suggests considerable confusion about the availability of resources between February and March when these documents were being prepared.

In summary, we can see that Treasury did not respect the ceilings as approved in the BPS. The energy sector has been a big driver of the changes between the BPS and the Budget Estimates. While the changes are spread across all the ministries within the energy sector, they are particularly prevalent in a core set of programs related to power transmission and transport. Of course, this does not tell us why these changes have been made.

Treasury's budget summary does explain some of the changes between the BPS and the Budget (see page 26), but is generally quite vague. For example, the document explains why the Ministry of Energy and Petroleum budget has been increased by stating that the increase is "to cater for the operations of the Ministry" and "Installation of transformers in Constituencies, LPG Distribution, Streetlighting Programme and Donor Projects." The former is too general and the latter does not really explain why changes were made since the BPS nor why these items were not planned for earlier.

When the narrative does not adequately explain why changes have been made, we can go deeper into the programs to see if we can understand changes. However, the BPS does not provide details below the program level so we are not able to compare changes below that level. Thus, our analysis suggests that Parliament and citizens should ask a number of questions about the changes Treasury made since the BPS before approving the budget.

In the next section, we will look in more detail at what is happening within each of the programs to understand why they are growing. Doing so requires us to compare the 2015/16 budget to the 2016/17 budget, as the BPS does not contain sub-program level allocations.

WHICH PROGRAMS AND SUBPROGRAMS ARE PRIORITIZED AND WHY?

To look at priorities in the 2016/17 budget, we start with the summary table at the start of the PBB with data on programs. Although the table is not organized to facilitate our understanding of the budget at program level, we can use this data to see which programs are prioritized above others. The table below shows the programs that had the biggest increases and decreases since last year.

TABLE 4. LARGEST INCREASES AND DECREASES IN PROGRAM ALLOCATIONS (ABSOLUTE VALUES, KSH BILLIONS)

		2015/16	**2016/17**	**Absolute Changes in Allocations Between 2015/16 and 2016/17**
Vote	**Program**	**Gross Total Estimates**	**Gross Total Estimates**	**Gross Total Estimates**
State Department of Infrastructure	0202000 P.2 Road Transport	133.97	176.75	42.8
Ministry of Energy and Petroleum	0213000 P3 Power Transmission and Distribution	62.88	94.24	31.4
Independent Electoral and Boundaries Commission	0617000 P.1 : Management of Electoral Processes	4.30	19.73	15.4
State Department for Water and Regional Authorities/Ministry of Water and Irrigation	1004000 P.4 Water Resources Management	34.87	48.46	13.6
Teachers Service Commission	0509000 P.1 Teacher Resource Management	174.30	187.87	13.6
State Department for Commerce and Tourism	0306000 P 2: Tourism Development and Promotion	8.60	4.48	-4.1
Ministry of Energy and Petroleum	0212000 P2 Power Generation	28.08	22.29	-5.8
The National Treasury	0717000 P1 : General Administration Planning and Support Services	42.29	35.72	-6.6
State Department for Planning	0711000 P6: Gender & Youth Empowerment	28.22	21.11	-7.1
State Department for Education	0501000 P.1 Primary Education	35.80	23.04	-12.8

To understand priorities, it is also useful to look at a program's changing share of the budget for the ministry. We continue with our example from energy and look at the share of the budget that went to each program in the Ministry of Energy and Petroleum in 2015/16 versus the proposal for 2016/17.

TABLE 5. CHANGES IN PROGRAM SHARES OF THE MINISTRY OF ENERGY AND PETROLEUM BUDGET, 2015/16 TO 2016/17 (KSH BILLIONS)

	2015/16 Budget	**% Share**	**Budget 2016/17**	**% Share**
General Administration	0.6	0.6%	0.5	0.4%
Power Generation	28	29.5%	22	18.0%
Power Transmission	63	66.3%	94	77.0%
Alternative Energy	0.9	0.9%	1	0.8%
Exploration and Distribution Oil/Gas	2	2.1%	4	3.3%
Total	**95**		**122**	

Table 5 shows that the big shift that took place this year is the prioritization of power transmission over power generation. There is also a small increase for oil and gas exploration. Is there a narrative explanation for these shifts? We look at the ministry narrative to answer this. The narrative in the Ministry of Energy and Petroleum does not explain changing allocations. In fact, the only part of the narrative that speaks to 2016/17 in the ministry narrative is as follows:

> Major services/ outputs to be provided in the 2016/17-2018/19 budget include; 660 Mega Watts of steam equivalent , 1,076 Mega Watts of Geothermal Power, 2,379 KMs of Electricity Transmission lines, 12,500 KMs of Distribution lines, 3 Million new customers connected to electricity, 3,900 public facilities connected with electricity, 8,529 Metric Tons of oil and Gas distributed and 15 Petroleum Blocks created and gazetted.

This narrative does not mention programs or tradeoffs, and therefore cannot explain the shifting fortunes of the power generation and transmission programs. In such situations, we can sometimes better understand what is happening if we look at the sub-program level. Let us again consider the Ministry of Energy and Petroleum.

The first large program is power transmission and distribution, which contains two subprograms: the national grid system, and rural electrification. In the original 2015/16 budget, approved in June 2015, these two sub-programs received Ksh 46 billion (73 percent) and 17 billion (27 percent) respectively. In 2016/17, they will receive 68 (72 percent) and 26 billion (28 percent) respectively. The relative priority of these subprograms has remained more or less the same, and looking at the program budget alone does not tell us where these additional funds will go.

The 2016/17 budget shows a large increase in purchase of assets for rural electrification, up from 4.7 billion in 2015/16 to 18.7 billion in 2016/17. In 2015/16, rural electrification had only one indicator:

number of rural public facilities connected to power. In 2016/17, the program has 19 indicators, and these include several specific projects, such as the Garissa solar project and the Turkwel-Lokichar transmission line project. Presumably, some of the additional asset costs are due to these projects, but the narrative does not adequately explain whether or not all the new indicators relate to new projects, or whether some of these projects simply lacked indicators in the past.

Let us now consider the State Department of Infrastructure. The department has only one program: road transport. If we want to see shifting priorities, we will have to look at the subprogram level. The road transport program has five subprograms. For road transport, the main shift is a massive Ksh 54 billion increase in construction of roads, while both rehabilitation and maintenance have decreased.

TABLE 6. ROAD TRANSPORT SUB-PROGRAMS, 2015/16 V. 2016/17 (KSH BILLIONS)

Sub-Programs	2015/16	2016/17	% Growth
Construction of Roads and Bridges	43.48	96.91	123%
Rehabilitation of Roads	60.33	47.90	-21%
Maintenance of Roads	26.66	26.18	-2%
Design of Roads and Bridges	1.69	1.00	-41%
General Administration, Planning and Support Services	1.80	4.77	165%
Total	**133.97**	**176.75**	**32%**

Here, the number of indicators has increased from six to hundreds (there are 20 pages of indicators for this subprogram alone) due to the inclusion of specific road projects. Previously, these were just lumped together into two measures of "kilometers of new roads constructed" associated with two different administrative units. Once again, therefore, it is not easy to tell what is actually new this year, since the increased number of indicators is not necessarily related to new projects to be funded with the Ksh 54 billion increase.

Nearly all of this increase is recorded as "capital transfers to government agencies." This means it is going to state corporations like the Kenya National Highways Authority (KENHA). As this year's budget has restored a special annex for state corporations with more detail about their budgets, we can look there for more information about where this money is going. Unfortunately, while the rural and urban roads authorities are represented here, there is no budget for the highways authority. There is quite a substantial amount going to the Kenya Rural Roads Authority (KERRA) capital budget (Ksh 41 billion) but it is not clear how much larger this is than in 2015/16. However, the 2015/16 development budget in line-item form indicates that the capital budget for KERRA in 2015/16 was only 18 billion. A large share of the increased budget is likely going to KERRA in 2016/17, which is consistent with a sentence in the narrative about “construction of low volume seal roads in rural areas.”

Kenya Urban Roads Authority (KURA) has a capital budget of Ksh 16 billion for 2016/17, up from roughly 10 billion in 2015/16. This might be linked to a sentence in the narrative that mentions “projects in major urban centres in a bid to improve the flow of traffic.” KENHA, which was included in the 2015/16 line item budget but is not mentioned in the 2016/17 annex of state corporations, had a capital budget of about Ksh 28 billion in 2015/16 and could account for some of the increased spending in the subprogram, though it is not mentioned in the narrative.

Table 7 clearly shows that the increases in KERRA and KURA account for only part of the increase in the road construction subprogram, but it is also clear from the 2015/16 budget that these corporation budgets are spent on other items beyond road construction (in 2015/16 they totaled 56 billion while the construction subprogram totaled just 43 billion). It is likely that their budgets also go to rehabilitation and maintenance of roads. It is not possible, however, to link the budgets for state corporations to any specific activities they will undertake using the available documentation.

TABLE 7. CAPITAL BUDGETS FOR STATE ROAD CORPORATIONS (KSH BILLIONS)

	2015/16 Budget	**2016/17 Budget**	**Increase**
Kenya National Highways Authority	28	?	?
Kenya Rural Roads Authority	18	41	23
Kenya Urban Roads Authority	10	16	6
Total	**56**	**?**	**?**
Construction of Roads Sub-Program	43	97	54

Turning to the State Department for Transport, we examine the rail transport program. For rail transport, the fluctuating allocations to the program are not fully explained. In 2014/15, this program had a budget of Ksh 160 billion, falling to 147 billion in 2016/17. However, the budget is now rising again to 156 billion. The narrative does not offer an explanation and this program only has a single subprogram. Looking at the indicators, there is a substantial increase in the number of kilometers (km) targeted for construction of the Standard Gauge Railway (up from 95 km in 2015/16 to 270 km in 2016/17). On the other hand, the number of housing units to be constructed for relocation of residents has fallen from 4,000 in 2015/16 to 2,000 in 2016/17. Assuming that the main driver of costs is railway construction, the large increase in the number of km to be constructed may be more expensive than the savings from constructing fewer units.

This analysis suggests what it is possible to achieve in the absence of good narratives about program and subprogram decisions and in the presence of the program budget only (without a line-item budget for 2016/17). It raises a number of questions about what the government is planning to do with new funding for rural electrification, rail transport, national highways, and other major roads. These are questions that Parliament should ask before approving the budget.

HOW REASONABLE AND REALISTIC ARE THE TARGETS FOR NEXT YEAR FOR PROGRAM OUTCOMES?

To answer this question, one needs some baseline data to understand where the target is coming from. One ideally also needs some information about trends over time to know what is realistic. In most cases, however, both these types of information are not available.

There is no baseline in this year's PBB. This makes it difficult to grasp how ambitious the promises made for different indicators actually are. For example, the power transmission and distribution program promises to connect 383,000 customers in 2016/17. Is this realistic? It is hard to know without knowing how many customers the government targeted to connect in 2015/16 and how well it is performing against that target. The 2015/16 budget did not have this indicator. The Energy Sector Medium Term Expenditure Framework Budget Report 2015 shows that the actual number of new customers connected in 2014/15 was 843,899. It also shows a target for 2015/16 and 2016/17 of one million new customers connected each year. This suggests that the target in the budget is low and not in line with what the government has actually said it plans to do.

Shifting targets from year to year also make it hard to assess how realistic they are. For example, the Ministry of Energy and Petroleum says it will generate 237 Megawatts (MW) of "steam equivalent" from Menengai Geothermal Development Project. Is that a reasonable goal for the year? The 2015/16 budget did not list Menengai as a separate project (possibly because it was not clear when it would come online). The budget had one indicator for MW of steam equivalent. For 2015/16, the target was 215 MW, and for 2016/17 it was 600 MW. In the 2016/17 budget, there are two projects that have MW of steam equivalent as targets: Menengai and Bogoria Silali. Together, the 2016/17 targets for both projects sum to 287. This is less than half of what was projected in the 2015/16 budget for the 2016/17 financial year. Does this mean the targets last year were unrealistic?

To answer such questions, we need to know how much is being generated currently in 2015/16 and, ideally, how much was generated in 2014/15. The Energy Sector Medium Term Expenditure Framework Budget Report 2015 has an indicator for MW of steam equivalent generated in the sector (see page 14). In 2014/15, the figure was 131 MW (though this is labeled as cumulative, suggesting it was not generated in a single year). A table in the same document (page 41) shows that the baseline for 2015/16 is only 70 MW (though this appears to be a target). The massive discrepancies between targets and actual production for MW of steam between years raises questions about the reasonableness and utility of the targets. The target of 600 MW for 2016/17 set last year was exceedingly ambitious if the actual production in 2015/16 is only 70 MW.

A number of indicators also have targets of zero for the entire medium term period (2016/17 to 2018/2019). What is the purpose of indicators without targets in a given year? For example, the Kapsoit-Sondu road has 0 km of completion this year and for the next two years. The title of the delivery unit (Kapsoit-Sondu Road-Design) implies that the project might be in the design phase this year, but surely the right indicator in such a case is not km completed, nor is it likely that design will take three years, or that nothing worth tracking will happen with this road for a full three years.

It is also worth noting that, from year to year, a number of indicators and targets simply disappear from the budget. Such is the case for the rail transport program. In 2015/16, the program targeted to maintain and rehabilitate 15 km of commuter rail; and targeted to reach 20 km in 2016/17, and 35 in 2017/18. But there is no indicator (or target) for commuter rail at all in the 2016/17 budget. Does this mean there will be no maintenance or rehabilitation this year or going forward? When indicators/targets appear and disappear from year to year without explanation, this also raises questions that should be taken up by analysts and Parliament.

DOES THE BUDGET NARRATIVE CONTAIN INFORMATION ABOUT IMPLEMENTATION CHALLENGES AND PROPOSED SOLUTIONS?

One of the things we are looking for in the narrative discussion in each ministry is information about challenges affecting a ministry's budget absorption (the degree to which they can spend their budget) and how these are being addressed. The purpose of this information is to facilitate discussion about improving budget performance. Ultimately, we want to avoid giving more money to departments that appear unable to spend it and that lack any plan for rectifying this situation.

Most ministries have a narrative section on challenges in the Budget Estimates. However, in many cases these challenges are generic and it is not clear whether they can or will be resolved.

Consider the State Department of Transport. The department highlights the following problems: litigation by those affected by projects, high costs of land compensation for those whose land is affected, "encroachment on the transport corridors," and austerity measures by government. The "encroachment" presumably refers to people who have built in spaces that need to be used for transport, such as perhaps a road reserve.

What solutions does the department offer? On the issue of litigation, they suggest that they will involve all stakeholders at all levels to avoid lawsuits. This is reasonable, but not specific enough to track in any way. It might help to have information about the number of cases in court and the number where the new approach is being used. Apparently the solution to austerity is “prioritization” of projects, though nothing further is said that would allow us to know which projects have been put on hold and what choices have been made. There is no solution provided for encroachment or high land compensation costs. Taken as a whole, we would hardly be reassured that the department has found solutions to the obstacles it faces.

Similar challenges emerge for the State Department of Infrastructure. The department only notes that it is taking on fewer projects to avoid accumulating further pending bills. This is a solution only if the problem is that the department has been overestimating what it can achieve each year. Given the massive increase in the department’s budget, however, the claim that it is reducing the number of projects it takes on is unlikely to be true.

If we are concerned about departmental performance, the information provided in the Budget Estimates would be inadequate to explain the extent of the problems or to convince us that these departments had identified a set of workable solutions. There is no information about budget absorption per se that would explain whether the challenges identified have impacted on budget performance. The solutions offered are also too vague to be certain that they will address the underlying issues. In sum, the Budget Estimates lack key information needed to assess whether the government is responding to budget implementation challenges.

If we look at performance for these two departments in 2014/15 and the first half of 2015/16, we can see that there are good reasons to be concerned about performance.

We have to consult other sources for this data, as it is not contained in the Budget Estimates. Table 8 looks at performance using two sources. For 2014/15, we look at the Controller of Budget (COB) reports. For the first half of 2015/16, we look at both COB reports and the Treasury’s own Quarterly Economic and Budgetary Reviews (QEBR). For mid-year reports, the QEBR provides information on spending against target, while COB only provides spending against the annual budget. As we often do not expect to spend exactly half of the budget in the first half of the year, it is good to check spending against target as well as against budget.

TABLE 8. DEVELOPMENT BUDGET PERFORMANCE FOR THE STATE DEPARTMENTS OF TRANSPORT AND INFRASTRUCTURE (KSH BILLIONS)

	2014/15 Develop-ment Budget	**2014/15 Actual**	**2014/15 Absorption**	**2015/16 Budget COB**	**2015/16 Actual Half Year COB**	**2015/16 Half Year Absorption**	**2015/16 QEBR Half Year Target**	**2015/16 QEBR Half Year Actual**	**QEBR Perfor mance v. Target**
Transport	112	62	55%	104	20	19%	80	55	69%
Infra-structure	182	34	19%	159	53	33%	60	30	50%

Sources: Controller of Budget National Budget Implementation Review Report Annual 2014/15 and Half-Year 2015/16; National Treasury Quarterly Economic and Budgetary Review First Half FY 2015/16

The data show that whatever metric we use, development spending in these departments is substantially below budget and below target. We must then ask whether we are comfortable giving a rising share of the budget to ministries and departments that are not fully able to spend it. Given the weak explanations above for the challenges faced and the solutions proposed, it is not clear that we should expect better performance over time. These are the kinds of issues that Parliament and citizens should raise as they review the Budget Estimates each year.