

THE RIGHT PRIORITIES? UNDERSTANDING WHAT THE KENYAN GOVERNMENT SPENDS MONEY ON

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The Division of Revenue Bill 2014 is out, and it is time for Parliament to decide how much each level of government should get. Often, the debate about how revenue should be shared becomes a debate about whether we prefer to see more resources at national or county level. But in fact, the debate should really start with a discussion of Kenya's priorities as a country. Because the constitution gives different responsibilities to each level of government, a decision about priorities will lead us to a particular division of revenue between the two levels. This decision should be based primarily on what Kenyans want from their governments and not which level of government they prefer.

To understand how Kenyan governments have allocated money in recent years, we need to go back to the last financial year before devolution really began, which was 2012/13. The 2012/13 budget still informs the annual division of revenue in Kenya because 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. The question Parliament should ask itself this year is: should the priorities in 2012/13 still be the priorities in 2014/15?

Sector Allocations

Table 1 on the next page presents all the sectors in the budget by total allocation (recurrent and development) in 2012/13. We have combined ministries to derive these sectors. For example, the education sector includes the two education ministries, and the Teachers Service Commission. For a full explanation of which Ministries, Department, and Agencies (MDAs) we included in each sector, see Table 2 on page 2.

The table on the next page presents budget estimates for MDAs. It does not include Consolidated Fund Services (CFS), which is primarily dedicated to debt

repayment, and which accounts for the rest of the 2012/13 budget (Ksh 346 billion).

What should we take away from this table?

- More than 40 percent of the budget is for education and infrastructure alone.
- Adding security to that, we have accounted for almost 60 percent of the budget.
- Key services in health, water, agriculture and housing receive less than 20 percent of the budget.

Are these the priorities we want? It's time to debate that. What kind of questions might we ask?

- Are we spending enough on health, agriculture, water and sanitation, and housing relative to education, infrastructure and security?
- Are we spending enough on activities that will grow the economy such as trade, industrialization, and cooperative development (captured under International Relations and Commerce) relative to other priorities?
- Are we spending enough on services relative to the cost of administration and management of public finances (State Administration)?
- How much should we continue to spend on planning and regional development at national level (including CDF), as opposed to distributing those funds to counties for their own development?

Having set our priorities, we then must ask if we have given adequate funds to the responsible level of government.

Table 1: Where Does the Money Go? Sector Allocations in the 2012/13 Budget (Ksh billions)

Sectors (FY (2012/13))	Recurrent	Development	Total	Share	Cumulative Share
Infrastructure + 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%	

Table 2: How we combined ministries to form sectors in this analysis

Education	Ministry of Education	International Relations and Commerce	Ministry of Foreign Affairs
	Ministry of Higher Education, Science and Technology		Ministry of Industrialisation
Infrastructure + Energy	Teachers Service Commission	State Administration	Ministry of Trade
	Ministry of Roads,		Ministry of East African Community
	Ministry of Transport,		Ministry of Tourism
Security	Ministry of Energy	Regional Development	Ministry of Labour
	Ministry of Public Works		Ministry of Cooperative Development and Marketing
	Ministry of Information and Communications		State House
	Ministry of State for Provincial Administration and Internal Security		Ministry of State for Public Service
Health	Ministry of Defence	Lands, Housing and Environment	Ministry of State for Immigration and Registration of Persons
	Office of the Vice President and Ministry of Home Affairs		Ministry of Justice, National Cohesion and Constitutional Affairs
Water and Irrigation	National Security Intelligence Service	Gender, Youth and Culture	Ministry of Finance
	National Police Service Commission		Cabinet Office
Agriculture	Ministry of Medical Services (including Global Fund in Ministry of Finance)	Other	Office of the Prime Minister
	Ministry of Public Health and Sanitation		Ministry of State for Planning, National Development and Vision 2030
Parliament, AG, Judiciary and Constitutional Commissions	Ministry of Water and Irrigation		Ministry of Regional Development Authorities
	Ministry of Agriculture		Office of Deputy Prime Minister and Minister for Local Government
	Ministry of Livestock Development		Ministry of Nairobi Metropolitan Development
	Ministry of Fisheries Development		Ministry of Development of Northern Kenya and Other Arid Lands
	State Law Office		Ministry of Housing
	The Judiciary		Ministry of Lands
	Ethics and Anti-corruption Commission		Ministry of Environment and Mineral Resources
	Directorate of Public Prosecutions		Ministry of Forestry and Wildlife
	Commission for Implementation of the Constitution		Ministry of Gender, Children and Social Development
	Registrar of Political Parties		Ministry of State for Special Programs
	Witness Protection Program		Ministry of State for National Heritage and Culture
	Kenya National Human Rights and Equality Commission		Ministry of Youth Affairs and Sports
	Independent Electoral and Boundaries Commission		Government Investment and Public Enterprises (Dept in the Ministry of Finance)
Parliamentary Service Commission			
Commission on Revenue Allocation			
Public Service Commission			
Salaries and Remuneration Commission			
Auditor-General			
Controller of Budget			
The Commission on Administrative Justice			
National Gender and Equality Commission			

Source:

Budget Expenditure Estimates Books, 2012/13

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