



Reflecting on Government Priorities in the 2016/17 Budget

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Total budget against the approved budget ceilings in the BPS

- The total expenditure for 2016/17 is Ksh 2.26 trillion
- This is 11% higher than the Ksh 2.05 trillion approved by Parliament as the total budget for the year.
- Total expenditure figures from Treasury differ across documents.
- However, the revenue estimates only increased by Ksh 4 billion, leading to a rising deficit.

A	B	C	D	E	F	G	
Indicator	BPS Approved Ceilings	Printed Estimates 2016/17 (Budget Summary)	Budget Estimates 2016/17 (Budget Summary)	Budget Estimates 2016/17 (PBB)	Differences between BPS Ceilings and Printed Estimates 2016/17	Differences between BPS Ceilings and Budget Estimates 2016/17	Differences between BPS Ceilings and Budget Estimates (PBB) 2016/17
Total Expenditure	2,050	2,262	2,047		212	-	3
Of which;							
Foreign Financed		411	195				
Total Revenue	1,496	1,501	1,501		4		4
Grants	60	73	33		13	-	27
Deficit	496	689	513		194		18
Total Expenditure	1,498	1,659	1,444	1,668	161	-	54
Recurrent	841	850	850	851	9		9
Development	658	809	594	817	152	-	64
CFS	275	311	311	312	36		36

Donor funding...

- Treasury places donor commitments for the year at Ksh 410.6 billion
- But it also states that it expects to absorb only Ksh 195.2 billion based on past experience
- This is an important disclosure
- However, it appears that Treasury proposes to go ahead with its unrealistic budget in spite of this caveat
- Why approve a budget that is much bigger than we are likely to spend, and that has a much larger deficit than we are likely to realize?

- Using the PBB, the MDA budget is Ksh 170 billion higher than the approved ceilings in the BPS. This is 11% higher than the ceilings approved by Parliament.
- A large proportion of this increase is in development expenditure taking 94% of that increase.
- At the sector level, budget allocations for 3 sectors are more than 25 percent higher than their approved ceilings in the BPS
- The Infrastructure sector's share of the budget increased by 6 percentage points while that of Education has gone down by 3 percentage points

BPS to Budget (PBB): Sector Changes

	2016/17 (Approved BPS Ceilings)	2016/17 (Gross Expenditure Estimates)	Absolute Expenditure Change	Percentage Change	2016/17 (Approved BPS Ceilings)	2016/17 (Gross Expenditure Estimates)	
Sectors	Total	Total			Share of the Total	Share of the Total	Difference
1 Energy, Infrastructure and ICT	367.60	506.65	139.05	38%	25%	30%	5.8%
2 Environment Protection, Water and Natural Resources	74.56	92.86	18.31	25%	5%	6%	0.6%
3 General Economic and Commercial Affairs	15.36	20.88	5.52	36%	1%	1%	0.2%
4 Social Protection, Culture and Recreation	32.35	33.73	1.38	4%	2%	2%	-0.1%
5 Agriculture, Rural and Urban Development	65.38	69.64	4.26	7%	4%	4%	-0.2%
6 Health	59.58	60.27	0.69	1%	4%	4%	-0.4%
7 National Security	120.84	124.05	3.21	3%	8%	7%	-0.6%
8 Governance, Justice ,Law and Order	182.73	187.56	4.82	3%	12%	11%	-1.0%
9 Public Administration and International Relations	233.40	233.45	0.04	0%	16%	14%	-1.6%
0 Education	346.57	339.32	-7.25	-2%	23%	20%	-2.8%
Total	1,498.36	1,668.40	170.04	11%	100%	100%	

BPS to Budget: Drivers of Change

- Rail transport, Power Transmission and Distribution, Water Resources Management and Information and Communication Services programs are the main beneficiaries within the ministries with increased allocations.
- The shift of the laptop project from the Ministry of Education has reduced the its budget by 18% compared to what was allocated in the BPS.
- Treasury's ceilings was also lowered as part of "budget rationalization"

BPS to Budget: MDA Changes

	MINISTRY/DEPARTMENT	BPS CEILINGS*	FY 2016/17 GROSS ESTIMATES	VARIANCE	% CHANGE
1	State Department of Transport	130.75	181.63	50.87	39%
2	State Department of Infrastructure	134.55	176.75	42.21	31%
3	Ministry of Energy and Petroleum	91.08	122.34	31.26	34%
4	Ministry of Water and Irrigation	46.28	62.27	15.99	35%
5	Ministry of Information Communications and Technology	11.22	25.93	14.71	131%
5	State Department for Agriculture.	23.33	21.61	-1.71	-7%
4	The Judiciary	17.31	15.31	-2.00	-12%
3	Parliamentary Service Commission	13.46	10.24	-3.22	-24%
2	The National Treasury	91.44	82.07	-9.37	-10%
1	State Department for Education	81.49	67.19	-14.30	-18%
	TOTAL	1,498.36	1,668.40	170.04	11%

- Not all changes are additions or reductions, in some cases programs and sub-programs have shifted between ministries.
- The increase in the water ministry allocation is due to the shift of the Irrigation and Drainage program from the State Department for Agriculture.
- The laptop project has also been moved from the State Department for Education to the Ministry of ICT and that explains a large part of the changes in the two ministries.

How priorities have changed between 2015/16 and 2016/17 budgets

- The 2016/17 budget estimates are Ksh 163 billion (11%) higher than the approved budget in 2015/16.
- This is also 9% higher than the revised 2015/16 budget approved by the National Assembly recently.
- The Energy, Infrastructure, and ICT sector remains with the highest share of the budget this year and its share has increased by 4 percentage points.

Changing sector priorities between Budget 2015-16 and Budget 2016-17

A	B	C		D	E	F	G
	2015/16 (Approved Budget Estimates)	2016/17 (Gross Expenditure Estimates)	Absolute Expenditure Change	% Sector Change	2015/16 (Approved Budget Estimates)	2016/17 (Gross Expenditure Estimates)	
Sectors	Total	Total			Share of the Total	Share of the Total	Difference
Energy, Infrastructure and ICT	404.67	506.65	101.98	25%	26.9%	30.4%	3.5%
Environment Protection, Water and Natural Resources	63.00	92.86	29.86	47%	4.2%	5.6%	1.4%
Governance, Justice ,Law and Order	154.05	187.56	33.51	22%	10.2%	11.2%	1.0%
National Security	112.51	124.05	11.53	10%	7.5%	7.4%	0.0%
Social Protection, Culture and Recreation	31.48	33.73	2.25	7%	2.1%	2.0%	-0.1%
General Economic and Commercial Affairs	21.30	20.88	-0.42	-2%	1.4%	1.3%	-0.2%
Health	59.18	60.27	1.09	2%	3.9%	3.6%	-0.3%
Agriculture, Rural and Urban Development	79.69	69.64	-10.05	-13%	5.3%	4.2%	-1.1%
Education	336.25	339.32	3.07	1%	22.3%	20.3%	-2.0%
Public Administration and International Relations	243.35	233.45	-9.91	-4%	16.2%	14.0%	-2.2%
Total	1,505.49	1,668.40	162.90	11%	100%	100%	

Largest increases and decreases in programs between 2015/16 and 2016/17 (absolute values)

			2015/16	2016/17	Absolute Changes in Allocations Between 2015/16 and 2016/17	
VOTE CODE TITLE	PROGRAMME CODE AND TITLE	GROSS TOTAL ESTIMATES	GROSS TOTAL ESTIMATES	GROSS TOTAL ESTIMATES	GROSS TOTAL ESTIMATES	Supplementary Budget 2015/16
1	State Department of Infrastructure	0202000 P.2 Road Transport	133.97	176.75	42.8	143.9
2	Ministry of Energy and Petroleum	0213000 P3 Power Transmission and Distribution	62.88	94.24	31.4	91.2
3	Independent Electoral and Boundaries Commission	0617000 P.1 : Management of Electoral Processes	4.30	19.73	15.4	4.9
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	36.7
5	Teachers Service Commission	0509000 P.1 Teacher Resource Management	174.30	187.87	13.6	182.3
			-	-		
5	State Department for Commerce and Tourism	0306000 P 2: Tourism Development and Promotion	8.60	4.48	-4.1	5.1
4	Ministry of Energy and Petroleum	0212000 P2 Power Generation	28.08	22.29	-5.8	24.0
3	The National Treasury	0717000 P1 : General Administration Planning and Support Services	42.29	35.72	-6.6	34.2
2	State Department for Planning	0711000 P6: Gender & Youth Empowerment	28.22	21.11	-7.1	20.6
1	State Department for Education	0501000 P.1 Primary Education	35.80	23.04	-12.8	22.6

Largest increases and decreases in programs between 2015/16 and 2016/17 (%)

		2015/16	2016/17		% Change Between 2015/16 an 2016/17
VOTE CODE TITLE	PROGRAMME CODE AND TITLE	GROSS TOTAL ESTIMATES	GROSS TOTAL ESTIMATES	<i>Supplementary Budget 2015/16</i>	GROSS TOTAL ESTIMATES
1 Ministry of Industrialization and Enterprise Development	0304000 P.4 Cooperative Development and Management	0.27	2.82	0.7	956%
2 Independent Electoral and Boundaries Commission	0617000 P.1 : Management of Electoral Processes	4.30	19.73	4.9	359%
3 Ministry of Information, Communications and Tech	0208000 P2: Information And Communication Services	3.48	14.93	3.1	329%
4 Ministry of Mining	1009000 P.3. Mineral Resources Management	0.88	3.79	0.6	328%
5 State Department for Commerce and Tourism	0308000 P 4: General Administration, Planning and Support Services	0.68	2.29	0.6	237%
5 State Department for Commerce and Tourism	0306000 P 2: Tourism Development and Promotion	8.60	4.48	5.1	-48%
4 Ministry of Energy and Petroleum	0212000 P2 Power Generation	28.08	22.29	24.0	-21%
3 The National Treasury	0717000 P1 : General Administration Planning and Support Services	42.29	35.72	34.2	-16%
2 State Department for Planning	0711000 P6: Gender & Youth Empowerment	28.22	21.11	20.6	-25%
1 State Department for Education	0501000 P.1 Primary Education	35.80	23.04	22.6	-36%

Laptop Project

- In the Supplementary Budget 2015/16 the project was moved to the ICT Ministry from the State Department for Education
- Under the tabled PBB the project remains under the ministry though the host program has been changed as shown.

	Ministry	Sub-Program	Total Allocation	Target	Sub-Program components
Approved Budget 2015/16	State Department for Education	ICT Capacity Development	17,592,075,700	400,000 (Number of pupils with laptops)	Procurement of laptops, training of teachers on ICT, reinforcement computer labs, procurment of projectors and printers.
Supplementary Budget Estimates 2015/16	Ministry of Information, Communications and Technology	ICT Infrastructure Connectivity	12,042,792,646	No Revised figure	ICT Infrastructure connectivity, CT and BPO development
Tabled Budget Estimates 2016/17	Ministry of Information, Communications and Technology	E-Government Services	13,756,186,205	600,000 (Number of devices procured)	Implement the cyber security master plan, E-registries/ Digitization and procurement of laptops

Laptops continued...

- The Division of Revenue Bill 2016 has a figure of Ksh 17.58 billion for laptops as part of “National Interest.”
- However, this amount is higher than the total allocation for the E-Government Program, which as we know contains other items beyond procurement of laptops.
- So there is a drop of at least Ksh 4 billion in the initiative’s budget between DORB and budget

National Youth Service

- The reduction of the NYS budget by Ksh 8.1 billion is the main reason why the Gender and Youth Empowerment Program is falling (and generally the allocation to the State Department for Planning)
- This is a big shift because NYS is one of the priority programs for the National Government. The ministry does not explain why this budget is falling.
- Despite the huge reduction in its budget, the targets for the program have remained the same.
- For example: the number of community youth trained remains at 150,000 and the number of new recruits into NYS remains 21,870.

Tourism Development and Promotion

- The program's budget is reducing by Ksh 4.1 billion, about half the budget approved for it in 2015/16.
- However, the budget was already cut in the supplementary budget.
- Despite these budget cuts the targets for the program are progressively increasing as the budget goes down.
- For example, the target for foreign tourists for 2016/17 is 2.8 million up from 2.4 million in 2015/16.
- According to the Economic Survey 2016, the number of international visitors was 1.18 million in 2015.

Conclusion

- Treasury continues to break ceilings set by Parliament
- Donor commitments and how they are handled in the budget remain a challenge though the new disclosure is a good step.
- The linkage between allocations and explanation of priorities remain very weak.



Thank You