KIPPRA
The KENYA INSTITUTE for PUBLIC POLICY RESEARCH and ANALYSIS

Policy Brief

No. 63/2018-2019

Supporting Sustainable Development through Research and Capacity Building

Kenya 2018 National Budget Brief

Preface

This national budget brief is among five (5) briefs which seek to identify the extent to which the needs of children are addressed by the national budget and social sector budgets in Kenya. The brief presents the macroeconomic framework for Kenya for the period 2013/14-2017/18. It covers the performance of public expenditure in Kenya with a view to analyzing the implications of macroeconomic indicators on child sensitive planning and budgeting in the country. The brief is organized into the following sections: Introduction; Government Spending Trends; Budget Credibility; Sub-National Spending; Revenue Trends; and Implementation Strategies.

Key Highlights and Recommendations

(i) **Between 2013 and 2017,Kenya's economy remained stable and resilient with an average of 5.6 per cent growth in real GDP, though still below the Kenya Vision 2030 target of 10 per cent per annum**. Population increased by 2.6 percent with children constituting 47 per cent on the population. The Kenya population was 46.6 million people in 2017 and is projected to 50.3 million by 2020. The sustained economic growth creates opportunities for the country to provide basic needs for children, key among them education, health, water and sanitation; and protection from various vulnerabilities including poverty. The economic growth was mainly driven by agriculture and services sectors. There is therefore need to increase the contribution of industrial sector to GDP, which stagnated at 10 per cent during the review period, through value addition of the agricultural products and in the process create employment for the youth exiting education and training; and improve household welfare.

(ii) **Kenya recorded double-digit inflation index for food and fuel during the review period. This implies diminishing purchasing power for households that are net consumers of food because of higher prices.** The increase in prices was exacerbated by unemployment among the population. Fuel inflation was on an upward trend in 2018, increasing the cost of living for both rural and urban households. Measures to contain food and fuel prices are required because the two items have a significant effect on household disposable income and ability to meet basic children's needs including quality nutrition, which has long term effect on children health, education cognitive performance and ultimately labour market productivity.

(iii) **Kenya is projected to experience a declining age dependency ratio in the medium term. The impact of this change would be greater when combined with investments in social sectors** such as education and health because the country would then experience an increase in skilled and healthy labour force while benefiting from the implied demographic dividend.

(iv) **Debt servicing has been on an upward trend since 2014, with nominal debt level reaching 57.2 per cent of GDP in 2017.** This has raised concerns on debt sustainability

and heightened the risk of crowding out of social sector investment. In addition, crowding out of private sector credit by domestic borrowing would hamper growth, employment and household income. Fiscal consolidation through improving efficiency in public spending and increased revenue mobilization will help anchor Kenya's macroeconomic stability, reduce crowding out pressures, contain the pace of debt accumulation while ensuring adequate fiscal space for social sector spending which has direct effect on children.

(v) **Under the current tight liquidity conditions, social sector spending has experienced pressure.** During the review period, the government increased allocations to infrastructure; governance justice and law while health, agriculture and education spending as share of total government outlays declined. There is need to balance infrastructure investment and social sector spending for development of the much needed healthy, skilled, educated and trained human resource.

(vi) **Equitable share transfer to counties increased but counties recorded shortfalls in own source revenue mobilization.** Increased transfers of equitable share of revenue to sub-national level is important as service delivery takes place closer to the households and, therefore, increasing access to services. However, counties should be able to raise more of their own revenue to support sustainable implementation of various devolved functions such as health and early childhood development education (ECDE) and tackle the challenge of increasing pending bills.

(vii) **The public sector wage bill has persistently remained high and potentially competing for the limited socio-economic expenditure.** The wage bill averaged 22 per cent of the total budget and 10 per cent of GDP during the review period, way above the internationally accepted level of 7 per cent. There is need to improve oversight and control of the public wage bill to ensure affordability, equity and create fiscal space to adequately finance non-wage inputs that affect the needs for children, especially in social services.

Introduction

As envisioned in the Kenya Vision 2030, government priority for Kenya is to attain an upper middle income status by 2030. In the third medium term plan, the key policies and strategies include the "Big Four" agenda which puts emphasis on raising the share of manufacturing sector to 15 per cent of GDP; delivering 500,000 affordable housing units; achieving universal health care coverage; and ensuring all citizens enjoy food security and improved nutrition by 2022. This will bolster health and nutritional needs of children and with more employment opportunities, households will be endowed to adequately meet such needs.

Key Macroeconomic and Socio-economic Indicators

Table 1 reports the status of key macro- and socio-economic variables in 2017 for Kenya. The country's real GDP per capita in 2017 stood at Ksh 96,799.8 with an estimated population of 46.6 million. Nominal public debt was 57.2 per cent of the GDP in 2017. In 2017, the country attained a Human Development Index (HDI) of 0.59, which was slightly above the global average of 0.5 signalling the need to invest more in the social sectors notably health, education and social protection to enhance human capital development.

Table 1: Macro and socio-economic indicators (2017)

Indicator (year)	Value
Real GDP, 2017	Ksh 7,749.4 billion
Real GDP growth, 2017	4.9%
Real GDP per capita, 2017	Ksh 96,799.8
Public debt as a % of GDP, 2017	57.2%

Indicator (year)	Value
Budget deficit as a % of GDP, 2017/18	6.9%
Overall average inflation, 2017	8.0%
Average food inflation, 2017	13.5%
Average fuel inflation, 2017	3.4%
Unemployment rate, 2015/16	7.4%
Estimated population size, 2017	46.6 Million
Estimated children population, 2017	22.3Million
Human Development Index, 2017	0.59

Source: Kenya National Bureau of Statistics (2018), Economic Survey

Kenya is projected to experience an improvement in dependency ratio in the medium term (Figure 1a). This is attributable to the projected decline in proportion of children in Kenya's population from about 48 per cent in 2017 to 47 per cent in 2018 and 41 per cent by 2030, and declining levels of total fertility rate (Figure 1b). A higher proportion of labour force relative to proportion of dependent population is expected to enhance economic growth and reduce the burden on public resources. The impact of this demographic change can be greater if combined with significant investment in social sectors such as education and health, as this would increase the proportion of skilled and healthy labour force.

Figure 1a: Working and dependency age population projections, 2013-2022

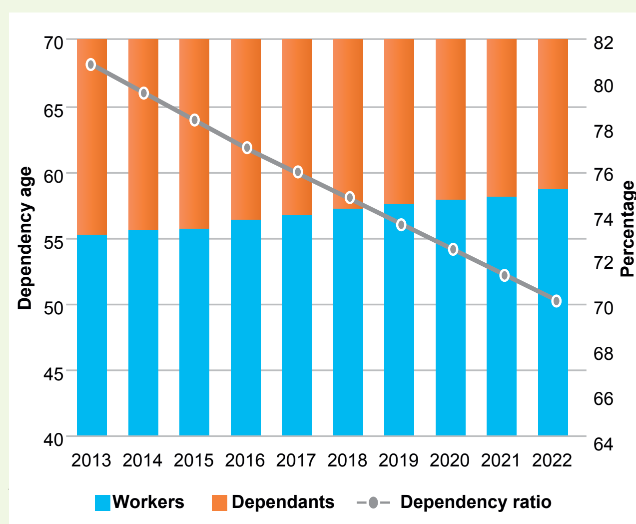
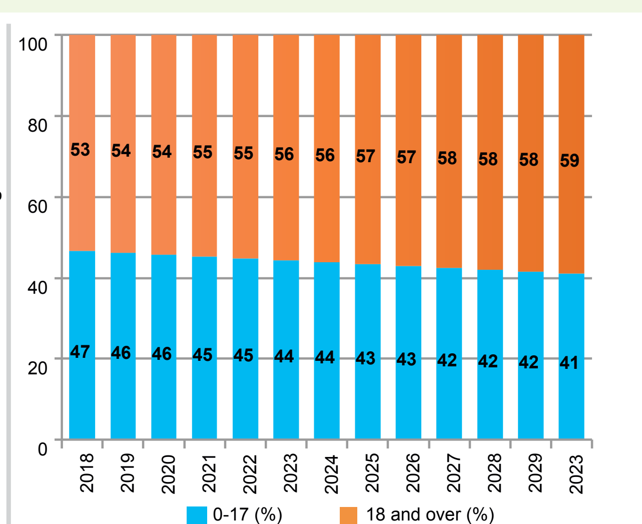


Figure 1b: Children and adult population projections, 2018-2030



Source: UNICEF ESARO calculations based on UNDESA World Population Prospects (2017)

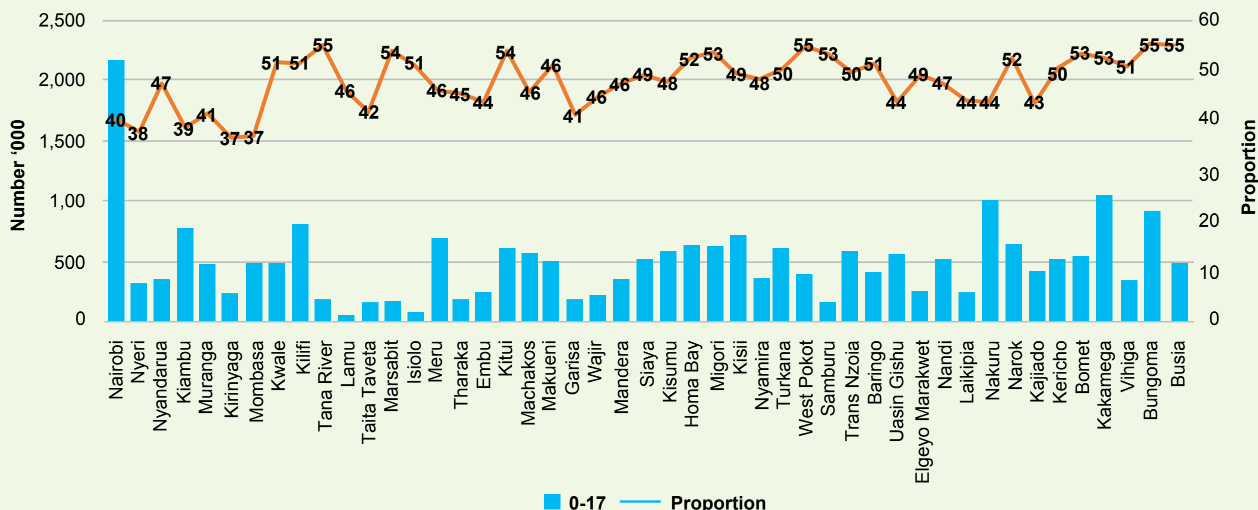
In 2020, the proportion of children would constitute about half of the population in all counties and the largest number of children will be residing in Nairobi County. Data on demographic structure at county level is presented in Figure 1c. Overall, 23.7 million Kenyans (47%) will constitute children aged 0-17 years in 2020. Consequently, it is critical for the country to adopt the life cycle planning and budgeting approach while allocating adequate resources for the needs and requirements of children, key among them basic education, health water and sanitation, social and child protection. These interventions could contribute to long term human development critical for country's sustainable development.

Macroeconomic Trends

Economic growth

Kenya's economy remained resilient with a 5.6 per cent average growth in real GDP and 2.0 per cent growth rate in real per capita GDP in the period 2013 to 2018. With a prolonged electioneering period and persistent drought effects, economic growth slowed in 2017. However,

Figure 1c: Projected number and proportion of children by County (2020)



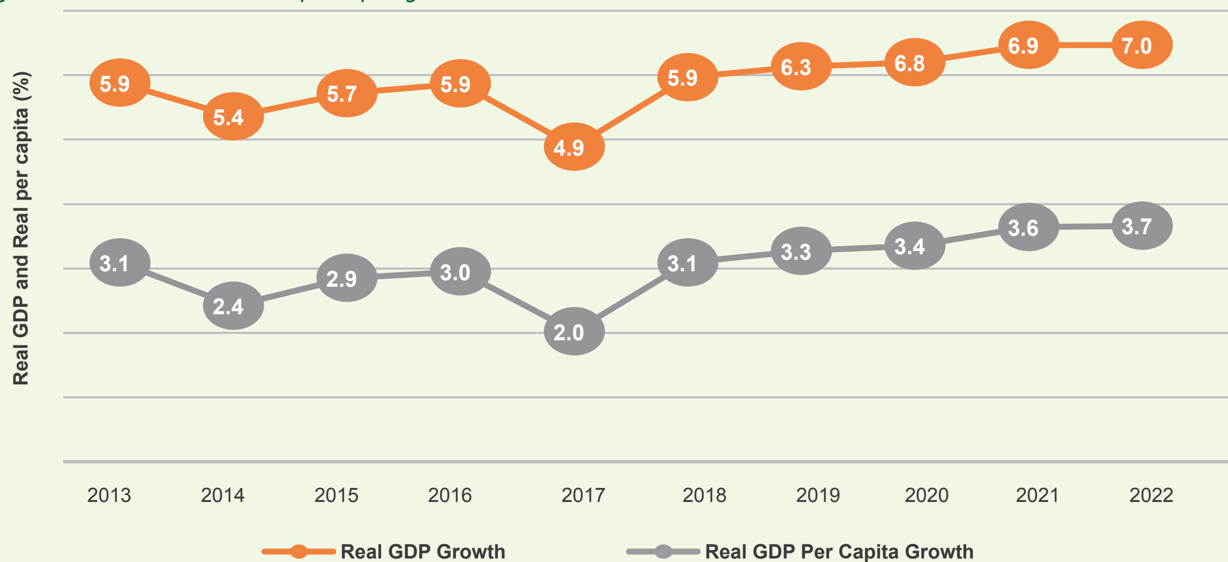
Source: Kenya National Bureau of Statistics (2012), Analytical Report on Population Projections

the economy is on a positive growth trajectory and is projected to attain 7.0 per cent average annual real GDP growth rate during the MTPIII period (Figure 2). In the first and second quarters of 2018, the economy grew by 5.7 per cent and 6.3 per cent, respectively, signalling a recovery trajectory. Further, with increased public investments, a stable macroeconomic environment and political stability, a strong growth momentum is likely to be maintained.

Structure of the economy

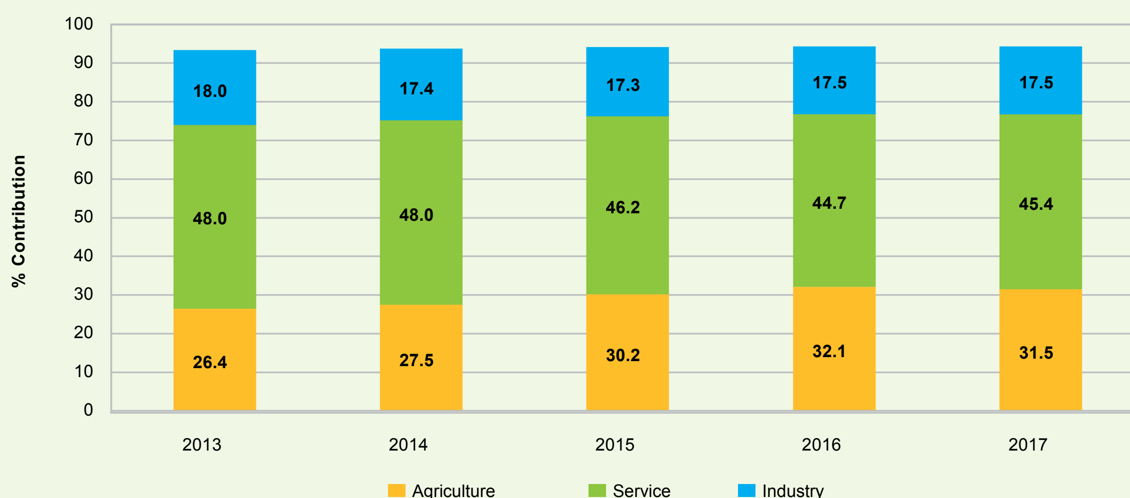
Economic transformation has stagnated with sluggish growth of industrial sector and continued dependence on rain-fed agriculture that makes the country vulnerable to weather shocks. The contribution of agriculture sector to the country's GDP consistently increased from 26.4 per cent in 2013 to 31.5 per cent in 2017 (Figure 3) as the service sector contribution declined from 48 per cent of GDP in 2013 to 45.4 per cent in 2017, due to poor performance of the financial sub-sector and uncertainties related to the general elections in 2017. The industrial[1] sector's contribution to GDP stagnated at around 17.5 per cent of GDP between 2013 and 2017, implying poor performance of the sector.

Figure 2: Real GDP and real GDP per capita growth trend: 2013-2022



Source: Kenya National Bureau of Statistics (2018), Economic Survey and Government of Kenya (2018), Third Medium Term Plan (MTP III) (2018-2022)

Figure 3: Kenya's sectoral percentage contribution to GDP, 2013-2017



Source: Kenya National Bureau of Statistics (2018), Economic Survey

About 8.4 per cent of children and youth aged between 15 and 19 years were engaged in the labour force in 2015/16. Most in the age category had only attained pre-primary education (16.2%), primary education (10.8%) and secondary education (9%). This implies that a large proportion of children enter the labour market before attaining tertiary and higher education, which are critical for skills development. The long term effect of this labour dynamics is low human capital development characterized by low education levels and skills deficits.

Table 2: Distribution of the labour force (15-64 years) by age group and highest education level attained (2015/16) (per cent)

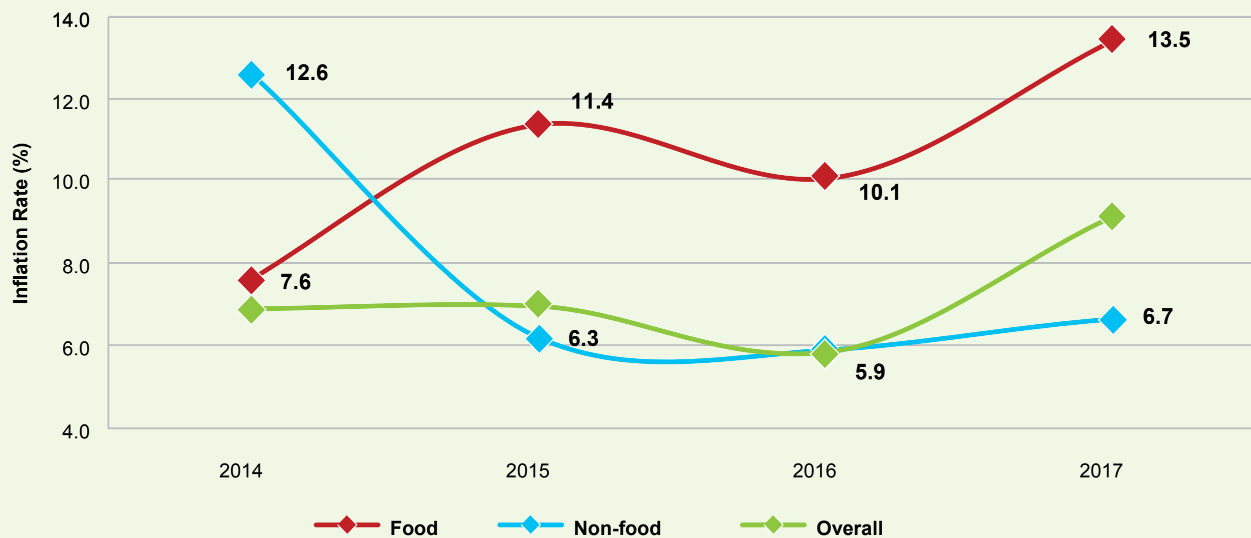
	15-19 (%)	20-64 (%)	Total '000
Pre primary	16.2	83.8	54.4
Primary	10.8	89.2	8,924.0
Post primary, vocational	6.6	93.4	258.3
Secondary	9	91.0	5,716.2
College(Middle level)	0.7	99.3	1,812.1
University	1.5	98.5	866.4
None	6.3	93.7	1,571.0
Other	22.9	77.1	40.2
Not stated	5.9	94.1	68.9
Total	**8.4**	**91.6**	**19,311.4**

Source: Kenya National Bureau of Statistics (2018)

Inflation

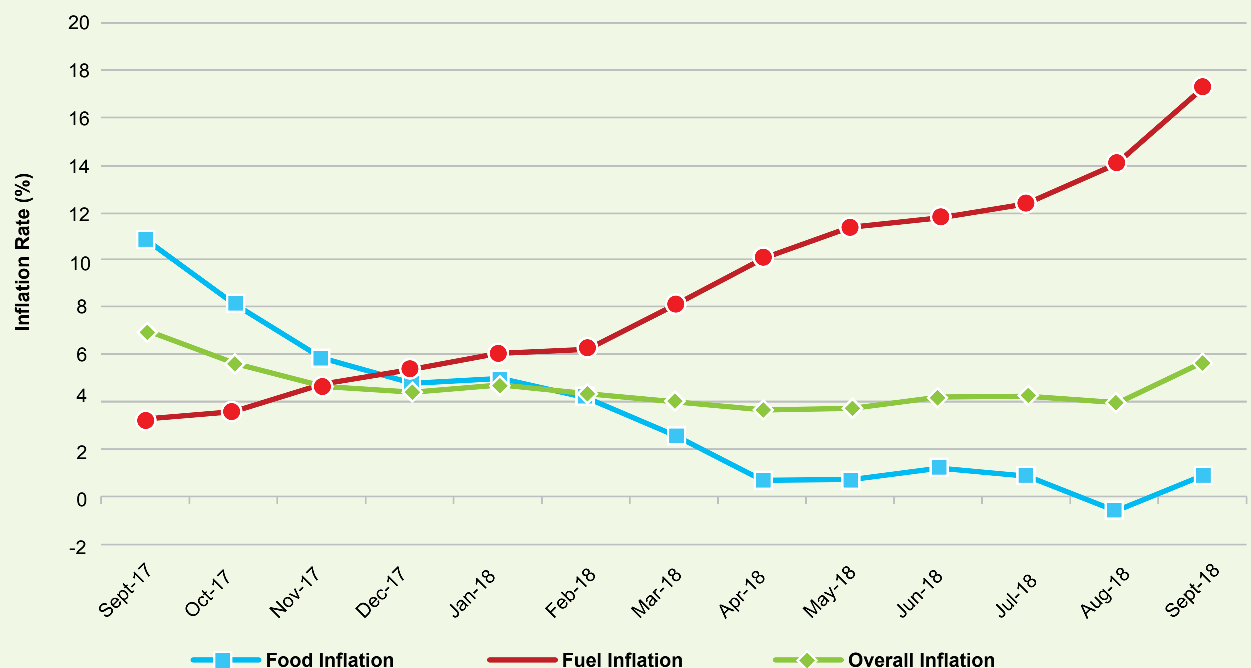
The country has sustained a single digit overall inflation over the past four years. However, food prices remained high, almost doubling from 7.6 per cent in 2014 to 13.5 per cent in 2017 due to prolonged drought and other adverse weather effects such as floods, which affected agricultural productivity (Figure 4). The country mainly depends on rain-fed agriculture, and is therefore vulnerable to weather shocks which impact on food supply. For example, insufficient rains in 2016 together with delayed importation to make up for the domestic shortfall in food supply led to a sharp rise in food prices. However, between September 2017 and September 2018, food inflation has been on a downward trend, falling from 10.89 to 0.91 per cent (Figure

Figure 4: Food, non-food and overall inflation rates, 2010-2017



Source: Kenya National Bureau of Statistics (2017), Economic Survey

Figure 5: Kenya's monthly inflation trends, 2017-2018



Source: Central Bank of Kenya (August 2018), Monthly Economic Indicators

5). This is good for the country as many households can afford food for themselves, including for children.

The decline in food inflation between February and September 2018 is attributable to improved weather conditions which resulted in bumper harvest of agricultural products. Prices of food products such as maize, beans, fruits, vegetables and livestock products fell significantly, leading to low food inflation over the last 12 months. Similarly, overall inflation fell from 7.1 per cent in September 2017 to 4.0 per cent in August 2018 after which it rose to 5.7 per cent in September 2018 due to increase in fuel prices resulting from the enactment of the Finance Bill 2018 which led to a VAT of 8 per cent on petroleum products.

Fuel inflation recorded an upward trend from 3.3 per cent in September 2017 to 17.4 per cent in September 2018 (Figure 5). This is attributed to increase in international oil prices and the implementation of the Finance Bill 2018. This resulted in increase in cost of living for both rural and urban households. For example, the transport index rose by 8.00 per cent between August and September 2018, and 17.29 per cent September 2017 and September 2018. The increase in transport cost might result in high transport costs especially for children who commute daily to

school using public transport. Similarly, education and health indices rose by 4.9 per cent and 5.9 per cent, respectively, which is likely to limit access to critical services by children. A single room house rent rose by 5.5 per cent between September 2017 and September 2018. Such increases may make some households to forego or limit spending in basic foods, resulting in adverse health effects on children.

Government Spending

Nominal and Real Government Spending

Both real and nominal total government outlays have expanded over time. The real government expenditure[2] rose from Ksh 1.2 trillion in 2013 to Ksh 1.6 trillion in 2017 (Figure 6). Fiscal policy stance has been expansionary in recent years, partly driven by implementation of the 2010 Constitution and increased expenditure on key infrastructure projects and education.

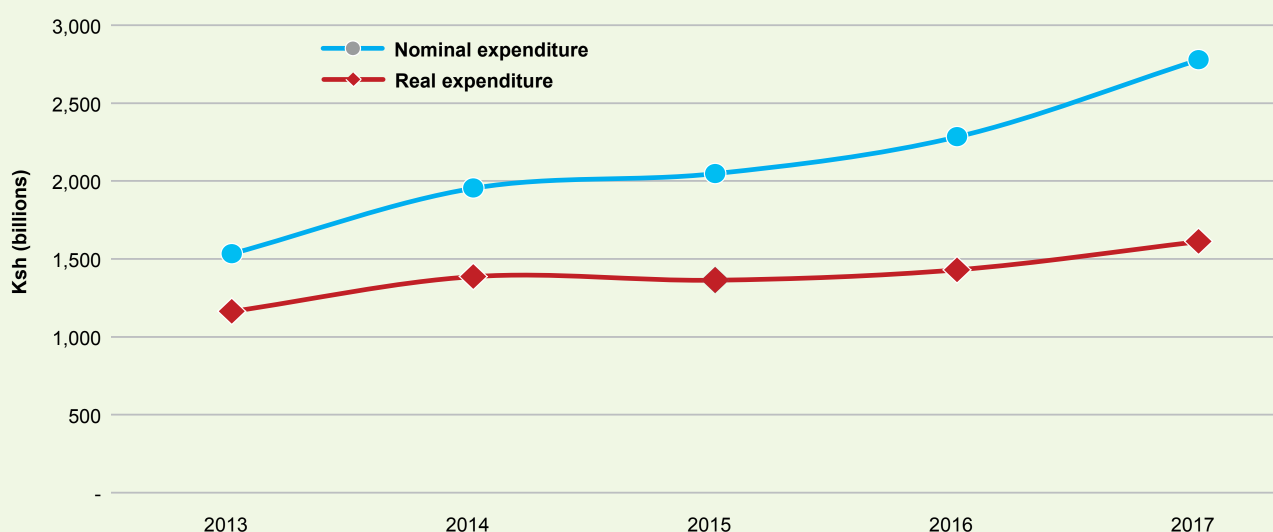
Government spending priorities

During the periods 2014/15 and 2018/19, Energy, Infrastructure and Information Communication and Technology (ICT); Education; Debt repayment; and Governance, Justice, Law and Order sectors took a large share of government spending (Figure 7). Even though Energy, Infrastructure and ICT sector allocation reduced between 2016/17 and 2017/18, the sector dominated all the sectoral allocations from 2015/16 to 2018/19. Agriculture, rural and urban development; health; social protection, culture and recreation; environment protection, water and natural resources; economic and commercial affairs had a smaller share of total government spending. Limited budgetary allocations to sectors such as health, water and social protection could have adverse effects on the health of children. For example, lack of access to clean water might lead to children acquiring water-borne diseases, this coupled with inadequate health care can negatively affect the health of children. Debt servicing is also taking an increasing share of government budget, heightening competition for limited resources. Allocation to debt servicing as a share of total budget increased from 10.2 per cent in 2014/15 to 14.1 per cent in 2017/18.

Kenya's total government spending as a percentage of GDP averaged 32 per cent between 2013/14 to 2017/18 period. The spending, however, rose from 30.4 per cent in 2013/14 to 35.9 per cent in 2017/18 (Figure 8).This has resulted from devolved system of government and increased public infrastructure spending by the national government.

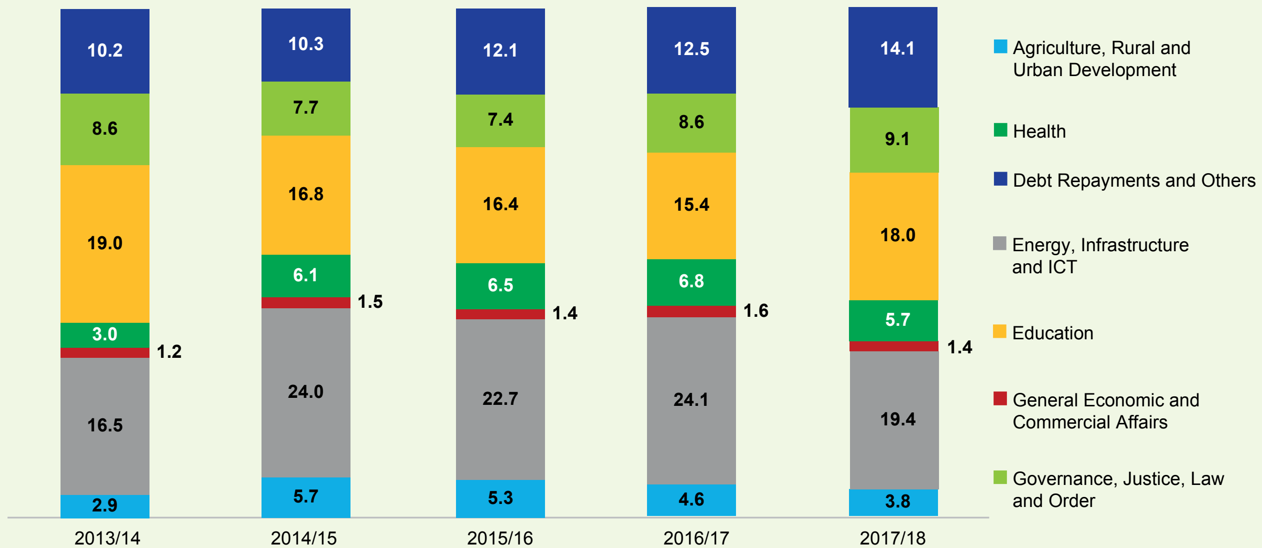
Total government spending by economic classification

Figure 6: Nominal and real total government spending trends, 2010-2017 (Ksh billions)



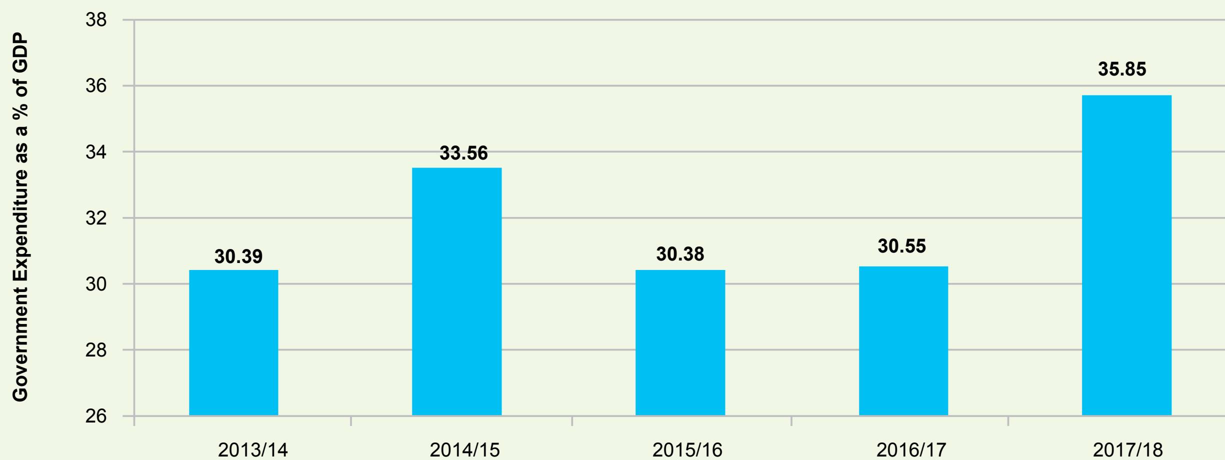
Source: The National Treasury (2018)

Figure 7: Nominal government spending by priorities (sectors), 2013/14-2017/18 (% of total budget)



Source: The National Treasury (2018)

Figure 8: Kenya's Total government expenditure, 2013/14-2017/18 (% GDP)



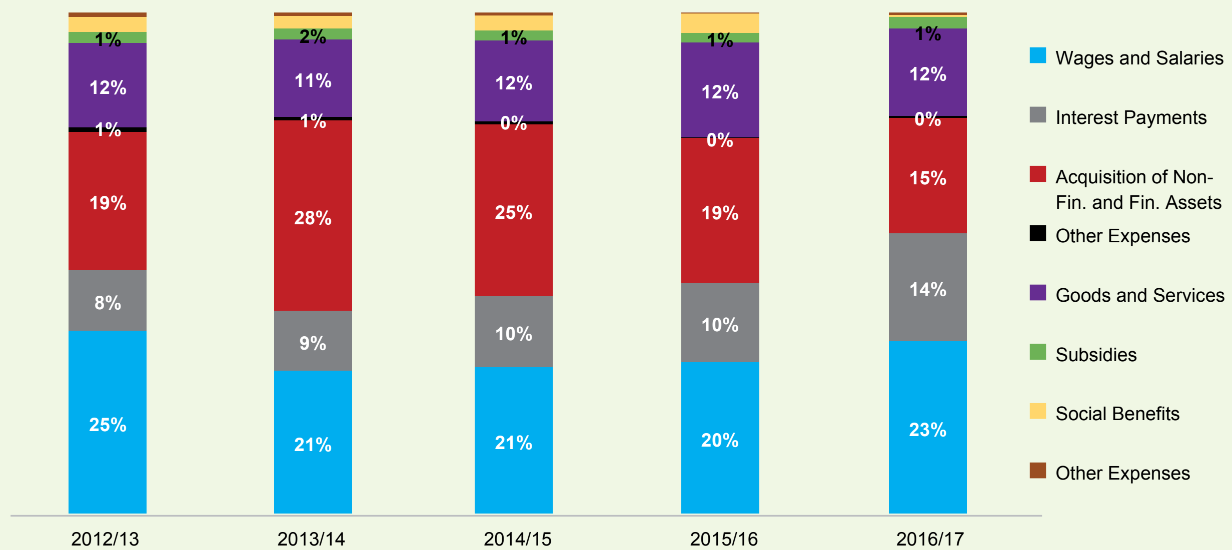
Source: Kenya National Bureau of Statistics (2018), Economic Survey

Wages and salaries form the biggest share of government expenditure. This coupled with increasing spending on interest payments for the periods 2013/14 and 2017/18 may limit government spending on social sectors infrastructure such as health and education which directly affect children. According to the Comprehensive Public Expenditure Review (CPER) 2018, the wage bill to revenue ratio between 2013/14 and 2016/17 was consistently above 50 per cent, exceeding the Public Finance Management (PFM) Act 2012 threshold of 35 per cent. Between 2013/14 and 2017/18, wages and salaries dominated government outlays with an average of 22.6 per cent of the total budget followed by acquisition of financial and non-financial assets with an average of 21.8 per cent during the same period. Expenditure on interest payments increased from 8 per cent to 14 per cent (Figure 9).

Total government spending in select countries

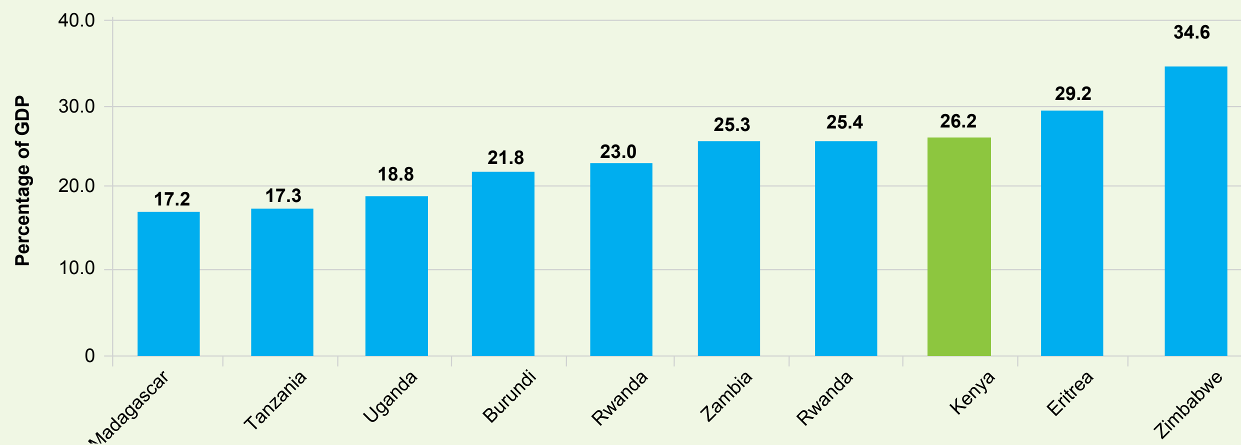
Kenya's government expenditure as a percentage of GDP in 2017 was 26.2 per cent, slightly above her East Africa Community (EAC) counterpart Rwanda at 25.4 per cent but above the Sub-Saharan Africa (SSA) region of 20.1 per cent. Other countries such as Zimbabwe and Eritrea have larger government size of 34.6 per cent, and 29.2 per cent, respectively. Madagascar and Tanzania have a relatively smaller government size with a government expenditure of 17.2 per cent and 17.3 per cent of GDP, respectively (Figure 10). Countries with lower government spending have relatively low debt levels, and are therefore likely to spend more in social sectors due to less debt servicing costs.

Figure 9: Total government spending by economic classification, 2013/2014-2017/2018 (% of total budget)



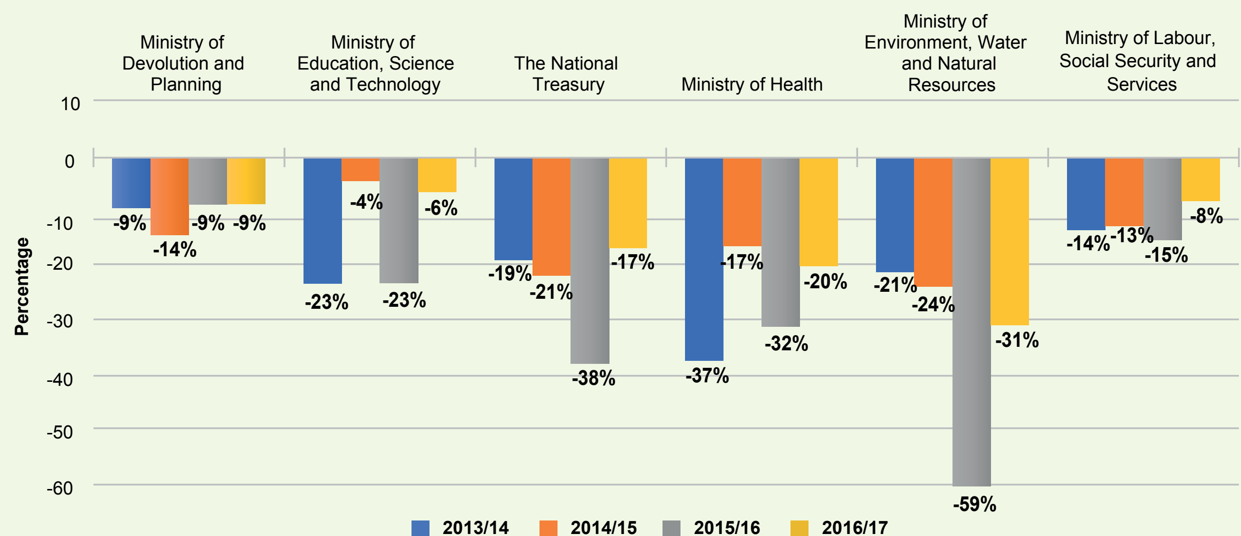
Source: The National Treasury (2018)

Figure 10: Total government spending in select countries in 2017 (% of GDP)



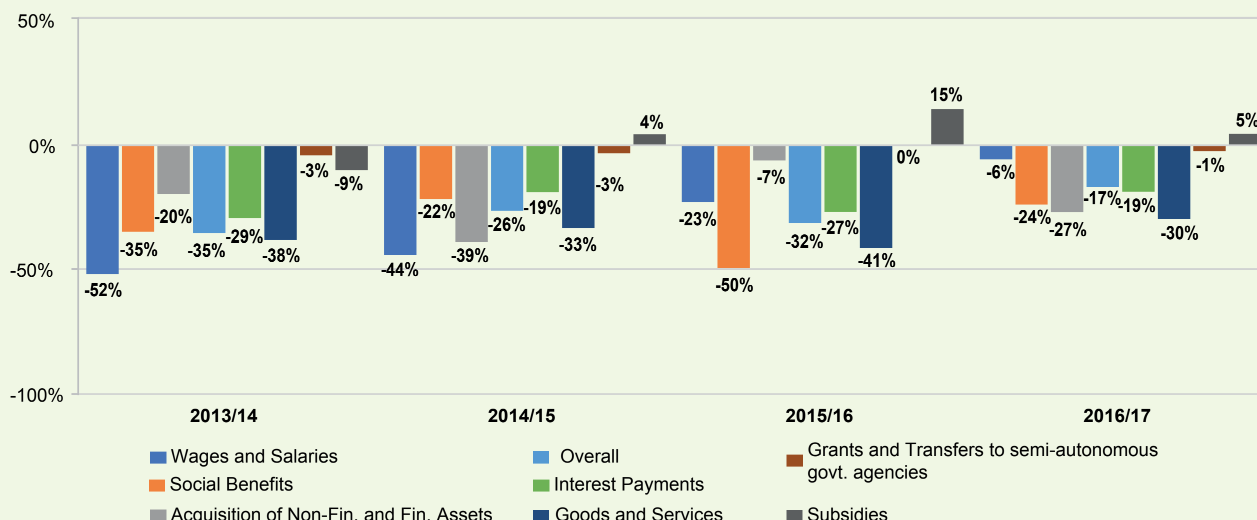
Source: International Monetary Fund (April 2018), World Economic Outlook Database

Figure 11: Budget credibility in select ministries, 2012/13-2015/16



Source: The National Treasury (2018)

Figure 12: Budget credibility by economic classification, 2013/2014-2016/2017



Source: The National Treasury

Budget Credibility

Budget credibility in select ministries

Overall selected ministries' expenditure out-turns were lower than the allocated budget during the period under review. Budget credibility is concerned with the variance between actual government expenditure and budget estimates/allocations. On average, expenditure out-turn in most ministries has under-performed based on allocated budget. The Ministry of Environment, Water and Natural Resources experienced the highest out-turn in 2015 due to reorganization resulting from the early stages of devolution, and donor dependent nature of that sector. The health sector was also highly affected in 2013 when devolution was first implemented and faced a challenge as most functions were devolved but funds released to the county governments were not commensurate with the devolved functions.

The trend of budget credibility reflects the challenges the country faces in coming up with credible budgets. Among the concerns include inefficient disbursement of funds to line ministries, failure to align procurement plans to cash flow projections, and low absorption of development expenditure budgeted towards programmes and projects in the country.

Budget credibility by economic classification

Spending by economic classification did not meet the credibility target of 100 per cent as reflected by the negative trend in absorption rate. Other than subsidies, the rest of the economic classifications such as wages and salaries, social benefits, goods and services had low budget execution levels between 2013/14 and 2016/17. There was spending above the target for subsidies in 2014/15, 2015/16 and 2016/17 by 4 per cent, 15 per cent and 5 per cent, respectively. This is partly attributed to the government fertilizer subsidy programme.

County Spending by Revenue Source

County expenditure expanded during the review period, driven by progressive roll-out of devolved functions. However, equitable share remained the main source of county revenue. Own source revenue decreased from 11 per cent of county total revenue in 2014/15 to 8 per cent in 2017. Similarly, conditional grants fell from 8 per cent to 6 per cent in a similar period (Figure 13). In general, counties' expenditures have been on an upward trend while their own source revenue has been on a downward trend.

Figure 13 A: Trends in sub-national spending by revenue source, 2014/15-2017/2018 (%)

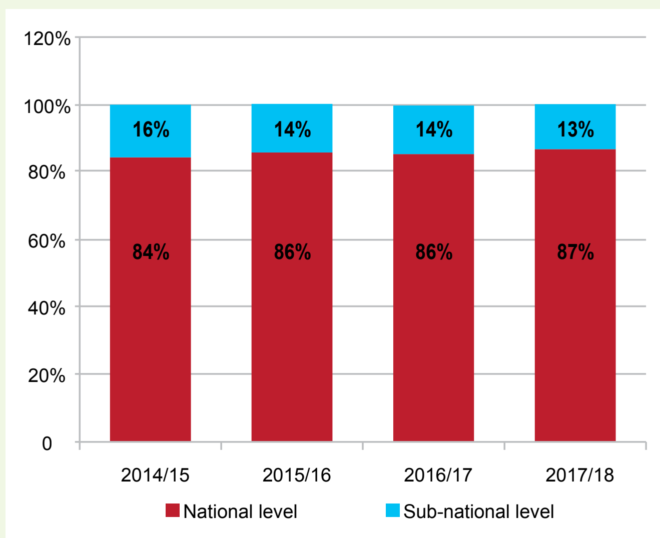
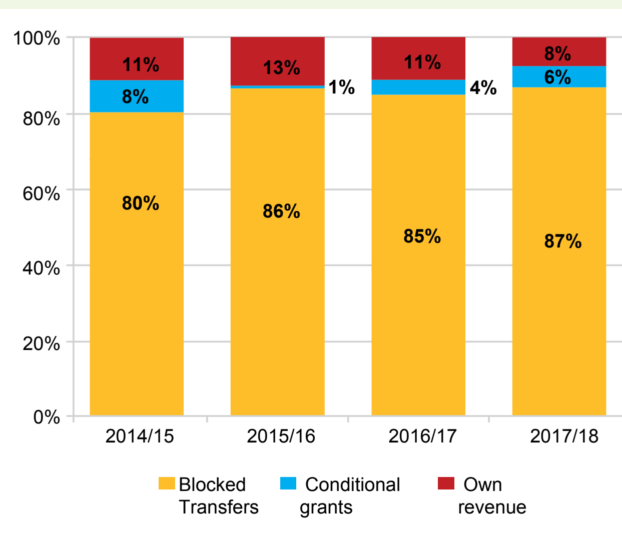
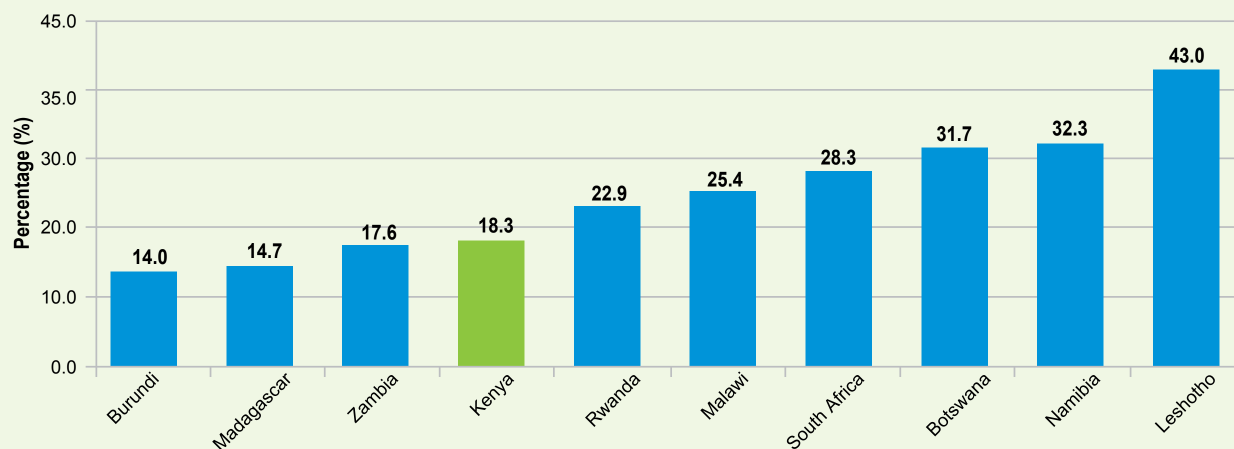


Figure 13 B: Trends in Sub-national revenue source, 2014/15-2017/2018 (%)



Source: Office of Controller of Budget (2018)

Figure 14: Government revenue excluding grants, 2017 (as a % of GDP)



Source: International Monetary Fund (October 2018), World Economic Outlook Database

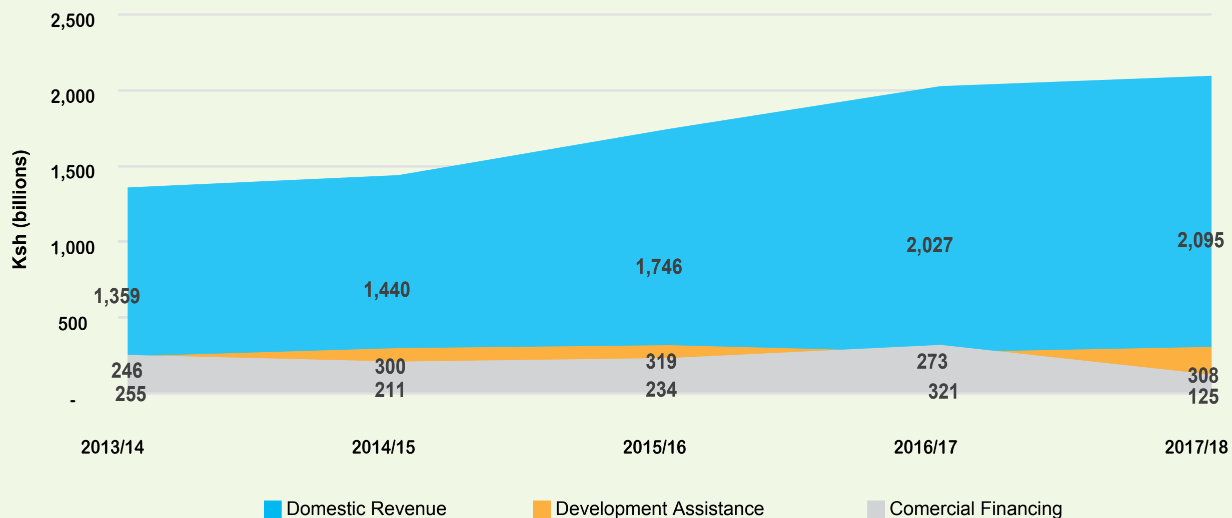
Revenue by Region

In 2017, Kenya's revenue as a percentage of GDP was 18.3 per cent, below most of the Sub-Saharan Africa countries (Figure 14). Botswana, Namibia and Lesotho have relatively higher revenue levels than Kenya and are therefore likely to finance a bigger percentage of their budgets including the social sectors. Kenya's revenue is still inadequate to meet the budgetary needs, hence the need to enhance domestic revenue mobilization and reduce debt level to increase spending on social sectors. According to the PFM Act 2012, total revenue is expected to increase in 2018 to Ksh 1,949.2 billion excluding grants. Kenya has moderated its spending trends with careful revenue projections to manage levels of external borrowing.

Revenue composition trends

Domestic revenue constitutes the largest share of government revenue, with an average of 75.8 per cent between the 2013/14 and 2017/18. Official development assistance was on a downward trend over the five review years, declining from 21 per cent of the total revenue in 2013/2014 to 10 per cent in 2017/18. Commercial sources of revenue averaged 9.4 per cent of total revenue between 2013/14 and 2017/18 (Figure 15).

Figure 15: Revenue and financing, 2013/2014-2017/2018 (Ksh billions)



Source: The National Treasury (2018)

Foreign Aid, Grants and Loans

Foreign aid marginally increased from 0.5 per cent of GDP in 2013/14 to 2.5 per cent in 2017/18. Concessional loan disbursements remained constant at 0.1 per cent of GDP between 2014/15 and 2016/17 before increasing to 1.6 per cent in 2017/2018 (Figure 16). Conditional loans and grants from donors in 2017/2018 comprise Ksh 6.5 billion loan under International Development Association (IDA), Ksh 3.92 billion proceeds from Danish, Sweden, and European Union Government, and Ksh 26.5 billion from the World Bank. Most of the grants are mainly used to finance programmes in education and health which directly affect children.

Foreign aid per capita by region

Kenya's foreign aid per capita stood at US$ 26.5 in 2016, close to Zambia and Zimbabwe with US$ 26.6 and US$ 26.2, respectively. Swaziland (among the selected countries) had the highest foreign aid per capita at US$ 31.5 (Figure 17).Foreign aid programmes in most developing countries such as Kenya normally focus on improving the general welfare of the population, including children, and therefore high levels of foreign aid are desirable.

Borrowing

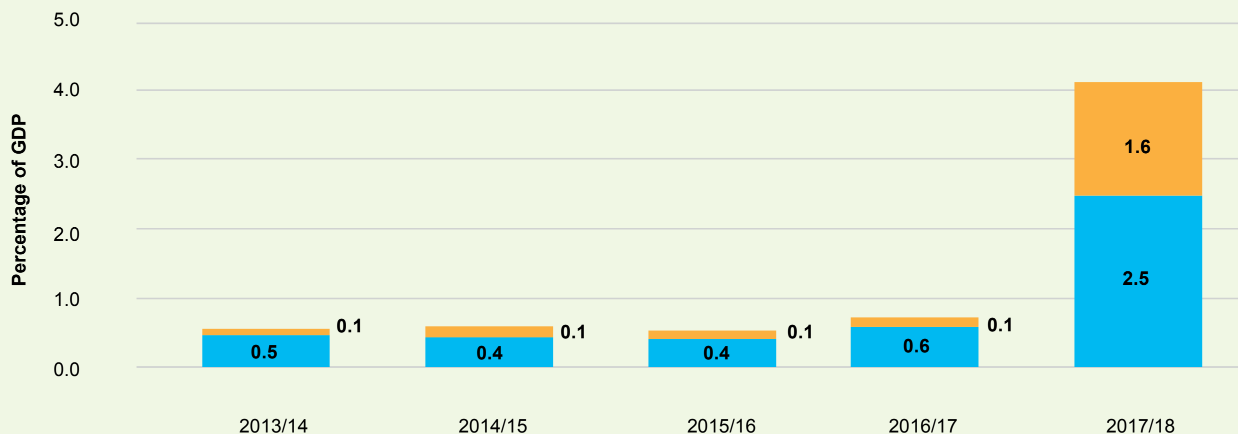
Kenya finances its deficit from domestic and foreign sources. International concessional and domestic long-term loans constituted the largest share of borrowing with each constituting 54.3 and 38.5 per cent in 2013/14 and 45.4 and 34.1 per cent in 2017/18, respectively. International commercial loans increased from 4.3 per cent in 2013/14 to 18.9 per cent of total borrowing in 2017/18; this has been experienced due to increased borrowing to fund infrastructure development (Figure 18).Out of the total debt stock, the share of international concessional loans dropped from 54 per cent in 2013/14 to 45 per cent in 2017/18.

Other than domestic short-term financing that declined in 2017/18, borrowing from the other three main sources (Domestic long term, International concessional and International commercial) increased consistently, thereby increasing Kenya's debt stock from 44.5 per cent of GDP in 2013/14 to 57.5 per cent in 2017.

Debt Stock and Interest

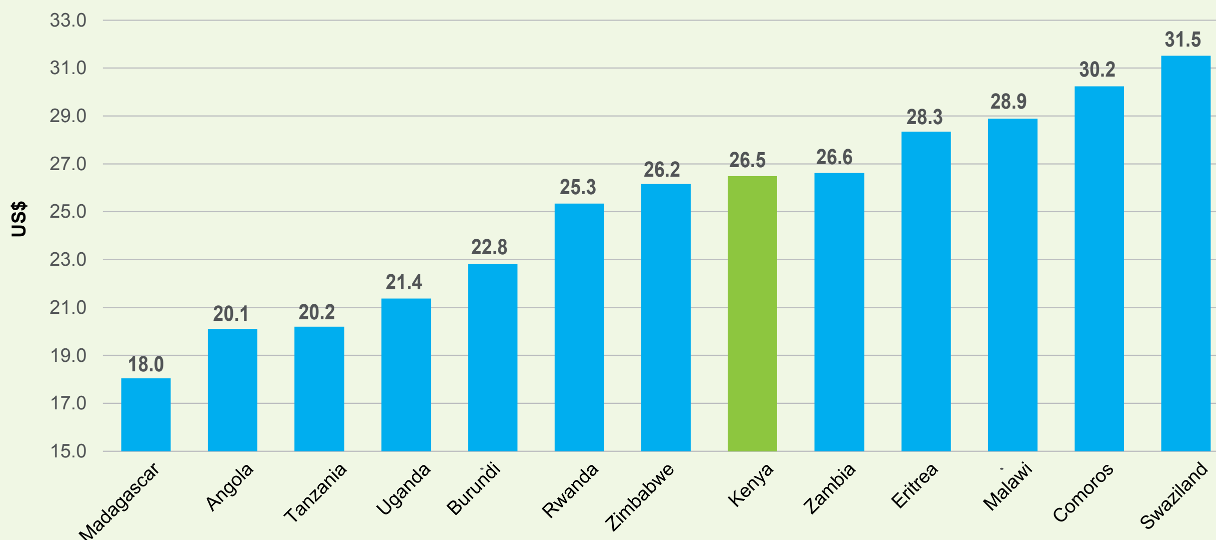
Domestic debt stock maintained a steady increase from Ksh 564 billion in 2013/14 to Ksh 1.2 trillion in 2017/18, representing 112 per cent increase. Foreign debt stock increased from Ksh 800 billion in 2013/14 to Ksh 2.2 trillion in 2017/18, representing 170 per cent increase (Figure 19).

Figure 16: Foreign aid trends, 2013/2014-2017/2018 as a % of GDP



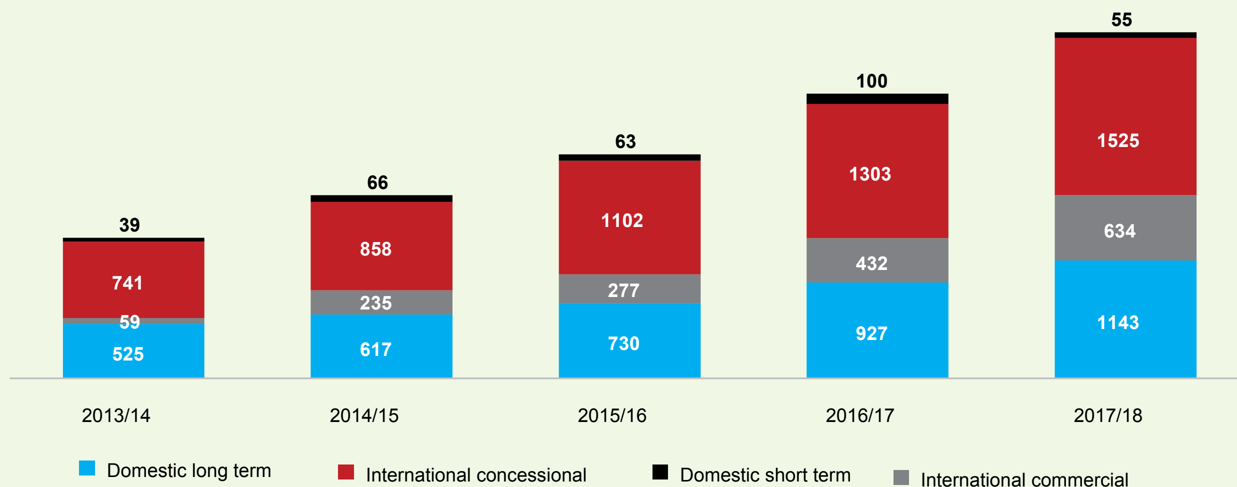
Source: National Treasury

Figure 17: Per capita foreign aid in select countries, 2016 (in current US$)



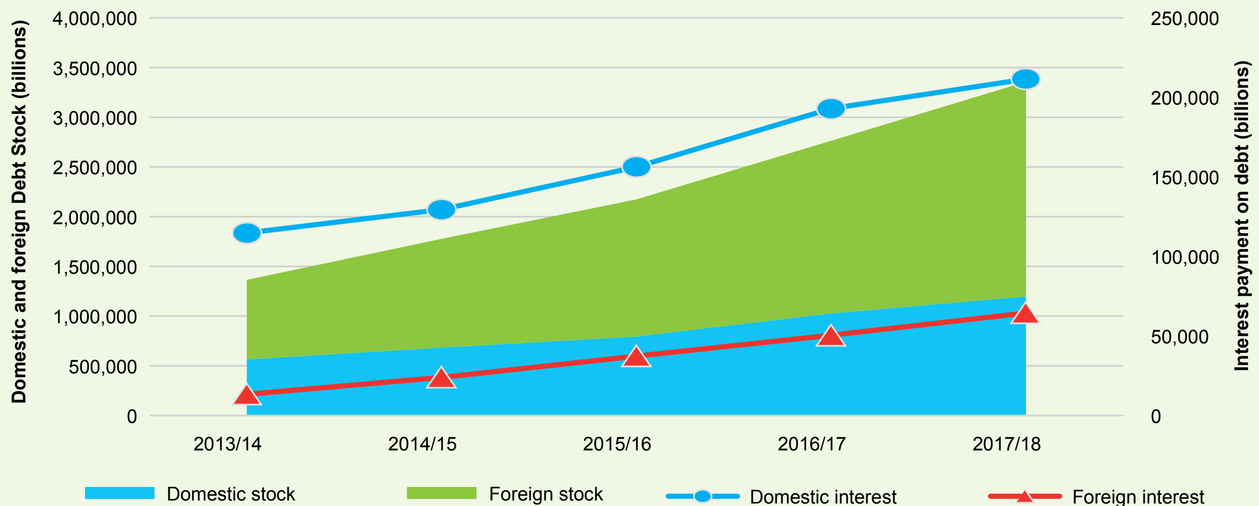
Source: International Monetary Fund (April 2018), World Economic Outlook Database

Figure 18: Government borrowing trends, 2013-18 (Ksh billions)



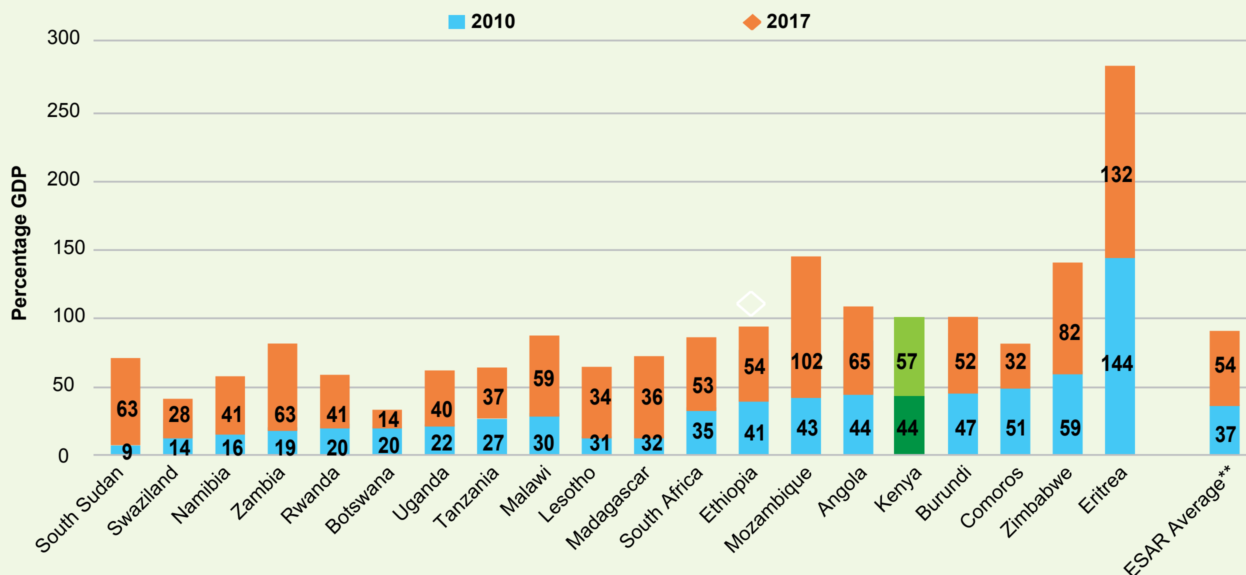
Source: The National Treasury

Figure 19: Debt stock and interest, 2013/2014-2017/2018 (Ksh millions)



Source: The National treasury (2018)

Figure 20: General government gross debt, 2010 and 2018 (% of GDP)



Source: International Monetary Fund (October2018), World Economic Outlook Database

Both domestic and foreign debt servicing have been on an upward trend with each increasing from Ksh 115 billion and 13 billion in 2013/14 to Ksh 212 billion and Ksh 64 billion in 2017/18, respectively (Figure 19). The cost of debt servicing could crowd-out government spending on the social sectors that directly affect children.

Debt by region

Kenya's gross debt increased from 44 per cent in 2010 to 57.2 per cent of GDP in 2017, slightly above the Eastern and Southern Africa Region (ESAR) average of 54 per cent. However, countries such as Eritrea, Mozambique, Zimbabwe and Angola have a higher debt levelsof 131 per cent, 102 per cent, 82 per cent and 65 per cent of GDP, respectively (Figure 20). In October 2018, IMF debt sustainability analysis rated Kenya from low to moderate risk of debt sistress. High debt level can impede public investment in child sensitive sectors such as education, water and health. However, country policy and institutional assessment (CPIA) debt policy rating[3] for Kenya averaged 4.4 between 2010 and 2017, implying that the country still has good debt management strategy.

Implementation Strategies of Key Issues

The following strategies have been proposed to ensure that the policy issues emerging from the analysis are addressed.

Issue	Recommendation (s)	Action (Responsibility)
Projected decline in dependency ratio in the medium term	• Scale up spending on social sectors for Kenya to take advantage of the demographic shift.	National Treasury and Planning; Ministry of Health; Ministry of Education; Ministry of Labour and Social Protection; Development Partners
Stable growth averaging 5.6%real GDP growth rate, though still below the Vision 2030 target of 10%. Stagnant contribution from the manufacturing sector	• Increase the contribution of manufacturing sector to GDP through value addition of agricultural products.	National Treasury and Planning; Central Bank of Kenya; Kenya Private Sector Alliance; Ministry of Industrialization, Trade and Cooperatives
Double digit inflation index for food and fuel, reducing the purchasing power for households	• Establish measures to contain food and fuel inflation.	• The National Treasury and Planning • Central Bank of Kenya
High debt servicing cost, crowding-out investments in social infrastructure.	• Fiscal consolidation through reduction of unnecessary spending. • Increased revenue mobilization should help anchor Kenya's macro stability and reduce crowding out pressures. • Contain the pace of debt accumulation.	National Treasury and Planning; Central Bank of Kenya; Commercial Banks
Under conditions of tighter liquidity, social spending tends to face pressure.	• Need to balance government spending on both economic and social infrastructure.	National Treasury and Planning
Counties recorded shortfalls in own source revenue collection with increases in equitable transfers.	• Counties should be able to raise more of their own revenue to finance their operations and minimize high pending bills.	National Treasury and Planning; County Governments; Commission for Revenue Allocation; Kenya Revenue Authority
Wage bill is persistently high and potentially crowding out other important socio-economic expenditure.	• Need to improve oversight and control of the public wage bill to ensure affordability, equity, and competitiveness. • The government could find ways of increasing productivity of workers to neutralise the high wage bill.	National Treasury and Planning; National Government; County Governments; Salaries and Remuneration Commission

APPENDIX: Kenya's Budget Calendar

Target Date (annually)	Activity
30th August	**Budget Circular Issued** • Budget Circular must outline procedures for inviting public participation in the process
1st September	**County Integrated Development Plan Submitted** • Within 7 days of submission to the County Assembly, the County Executive Committee member responsible for planning must publish and publicize the plan
30th September	**BROP/CBROP Submitted** • Treasuries prepare and submit the Budget Review and Outlook Paper (BROP) to the Cabinet/County Executive • Cabinet/County Executive must review and approve within 14 days of submission • Within 7 days of approval by the Cabinet or County Executive Committee, the respective Treasury must arrange for the paper laid before the National or County Assembly. Thereafter the papers are published and publicized

Target Date (annually)	Activity
31st December	**Audit Reports Submitted** • Audit reports are submitted to Parliament and County Assemblies
31st December	• Commission for Revenue Allocation (CRA) makes recommendations on sharing (vertical and horizontal)
15th February	**BPS Submitted** • Budget Policy Statement (BPS) is submitted to the Parliament on 15th February • Parliament must review and adopt it within 14 days of submission. • Within 7 days of submission to the National Treasury publishes and publicizes it.
28th February	**C-FSP Submitted** • The County Fiscal Strategy Paper (C-FSP) is submitted to County Assembly for approval by 28th February • County Assembly must review and adopt within 14 days of submission • Within 7 days of submission County Assembly, the County Treasury publishes and publicizes the C-FSP
28th February	**County Assembly Debt Management Strategy Submitted** • Medium Term Debt Management Strategy submitted to the County Assembly • As soon as practicable after the statement has been submitted to the County Assembly, the County Executive Committee member, Finance (CEC-F) publishes and publicizes the statement and submits a copy to the CRA and Intergovernmental Budget and economic Council (IBEC)
28th February	**DoRB and CAoRB Submitted** • Cabinet Secretary submits Division of Revenue Bill and County Allocation of Revenue Bill to Parliament • Parliament to consider and approve Bills with or without amendments within 30 days Once the Bills are submitted, the Cabinet Secretary shall notify CRA and IBEC
30th April	**Budget Estimates Submitted** • CEC-F submit Budget Estimates to the County Executive for approval and to the County Assemblies by 30th April • Budget Estimates must be submitted with all supporting documents and draft bills As soon as practicable after the budget estimates and other documents have been submitted to the County Assembly publish and publicizes the documents
15th June	County Governments to prepare and submit annual cash flow projections to the Controler of Budget (CoB) with copies to IBEC and National Treasury
30th June	**Budget Estimates Approval** • County Assemblies consider budget estimates and approve them with or without amendments, in time for relevant appropriation law or laws required to implement the budget –to be passed by 30th June
By 30th September	• The CEC-F with approval from County Executive submits County Finance Bill to the County Assembly, which sets out the revenue raising measures for the national or county government, with a policy statement expounding on those measures.

Source: National Treasury

(Endnotes)

1 Industrial sector in this analysis consist of manufacturing, mining, electricity and water supply, and construction sectors.

2 The real expenditure were computed by adjusting the nominal expenditure for inflation in order to estimate the actual spending changes over time

3 CPIA debt policy rating published by World Bank ranges from 1=low to 6 high. It assesses the ability of debt management strategy in minimizing budgetary risks and ensuring long-term sustainability.

Acknowledgements

The preparation of this National Budget Brief was funded and supported by UNICEF and ESARO under the Child Responsive Planning and Budgeting project. The Brief was prepared by a team led by James Ochieng' (KIPPRA), Dr Eldah Onsomu (KIPPRA) and Patrick Chege. The entire process of preparing the brief was guided by the KIPPRA Executive Director, Dr Rose Ngugi. We are most grateful to the UNICEF team of Ousmane Niang and Godfrey Ndeng'e (UNICEF KCO) and Matthew Cummins (UNICEF ESARO) for providing technical support throughout the process of writing the brief. The KIPPRA research team comprised Boaz Munga, Phares Mugo, and Victor Mose.

For more information, contact

Kenya Institute for Public Policy Research and Analysis
Bishops Road, Bishops Garden Towers
P.O. Box 56445-00200, Nairobi
Tel: 2719933/4 ; Cell: 0736712724, 0724256078
Email:admin@kippra.or.ke
Website: http://www.kippra.org
Twitter: @kipprakenya