

**THE EFFECT OF THE MTEF BUDGETARY PROCESS ON THE ALLOCATION OF  
RESOURCES TO STRATEGIC GOVERNMENT PRIORITIES AND PROGRAMMES  
IN KENYA**

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## ABSTRACT

The main objective of the study was to determine the effect of the MTEF budgetary process on the allocation of resources to strategic government priorities in Kenya. To achieve the objective, the study examined whether allocation of resources to strategic government priorities is influenced by the main targets of MTEF budgetary process which include macro targets prediction/ estimation, determination of sectorial priorities and financial programming. The study adopted a descriptive survey. Data was collected from Heads of Finance Departments in the ministries by the use of a questionnaire. Data was coded into Statistical Software for Social Sciences and analyzed using descriptive and inferential statistics. The study established that MTEF has improved allocation of resources to strategic government priorities. Resources allocation to strategic government priorities has been enhanced through macro targets prediction/ estimation, determination of sectoral priorities and financial programming as stipulated in the MTEF. The improvements have been on a moderate scale and the budgetary process is yet to reap full benefit of MTEF. Kenya is making progress in ensuring that strategic priorities are identified in all sectors and line ministries and ensuring that resource allocation is proportional to the level of prioritization attached to government programmes. MTEF has not been particularly effective in prediction and estimation of desired level of domestic borrowing in Kenya, preparation and approval of macro-fiscal framework, decision making on indicative sector resource ceiling, budgetary predictability, integration of policy, planning and budgeting and adherence to a budget process that starts with a top down consideration of macroeconomic outcomes, fiscal outcomes and robust revenue projections. The study recommends review of policies guiding estimation of desired level of domestic borrowing in Kenya, effective implementation of MTEF procedures on preparation and approval of macro-fiscal framework through a sequenced process that align input by different actors to ensure availability of information and expertise, better resource allocation through adherence guidelines on sector resource ceiling outlined in MTEF, greater budgetary predictability through commitment to more credible sectoral budget ceilings and integration of policy, planning and budgeting within a medium term perspective during allocation of resources to strategic Government programmes, and further research on factors that influence allocation of resources to strategic government priorities in Kenya.