

**THE RELATIONSHIP BETWEEN BUDGET ALLOCATION AND
SPENDING BY MINISTRIES IN KENYA**

LAWRENCE SIMIYU BARASA

**A RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF
THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION,
UNIVERSITY OF NAIROBI.**

OCTOBER 2014

DECLARATION

This project is my original work and has not been presented for an award of degree in any other university.

Signature Date

LAWRENCE SIMIYU BARASA

D61/60710/2013

This project has been submitted for examination with my approval as University Supervisor.

Signature Date

CYRUS IRAYA

Lecturer Department of Finance and Accounting,
School of Business, University of Nairobi

ACKNOWLEDGEMENT

I would like to thank God for granting me the wisdom and courage to successfully complete this work, I wish to acknowledge too the effort and support of my supervisor, Mr. Cyrus Iraya. I have come from a simple research topic to expansive work of use to the society through his guidance. I am grateful and may God bless you.

I also thank my parents, friends, colleagues and more sincerely my fiancé' Irene for supporting my idea to pursue the MBA course. I wish to finally express my gratitude to all those who, in one way or another, contributed directly or indirectly towards the completion of this project.

DEDICATION

The research project is dedicated to my loving parents, brothers, workmates and my lovely fiancé' Irene who served as a source of inspiration and courage in the course of my study.

ABSTRACT

The fiscal policy in Kenya has remained the most challenging and complex area of macroeconomic management characterized by persistent budget deficits, rising debt burden, persistent low economic growth rates, high interest and inflation rates. In addition, public finance utilization and management has been poor allegedly due to high level of corruption; poor accountability; improper procurement and tendering; over-invoicing; wasteful expenditure; lack of discipline and proper work ethics in the public sector; and lack of openness in the budget process. The objective of the study was to establish the relationship between budget allocation and spending by ministries in Kenya. The study adopted a descriptive design and targeted 41 government Ministries. Secondary data was collected from The National Treasury and Controller of Budget for the period between the financial years 2008/09 to 2012/13. The study established that budget allocation strongly influence spending by ministries in Kenya. The amounts of money allocated to the ministries determine the spending priorities and the extent to which the ministries can carry out their mandates. The study recommended that success rates in the expenditure should be considered during budget allocations; government should emphasis on meeting the funding targets that instruct government agencies to limit their budget requests by specific amounts; there should be an integrated financial framework that monitors the link between budget allocation and government spending; government needs to clearly articulate outcomes in the budget allocation process, and develop the internal capability to enable timely and accurate measurement of both the outcomes delivered and the costs incurred and; further research on the implications of devolution on the budgetary process and the spending by government ministries as well as spending by county governments.

TABLE OF CONTENT

DECLARATION.....	ii
ACKNOWLEDGEMENT.....	iii
DEDICATION.....	iv
ABSTRACT.....	v
LIST OF TABLES.....	ix
LIST OF ABBREVIATIONS.....	x
CHAPTER ONE.....	1
INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.1.1 Budget Allocation.....	2
1.1.2 Government Spending.....	3
1.1.3 Budget allocations and Government Spending.....	5
1.1.4 Kenya Government Ministries.....	7
1.2 Research problem.....	8
1.3 Research Objective.....	10
1.4 Value of the study.....	10
CHAPTER TWO.....	12
LITERATURE REVIEW.....	12
2.1 Introduction.....	12
2.2 Theoretical Framework.....	12
2.2.1 The Budget Allocation-Spend Hypothesis.....	12
2.2.2 Spend and Budget Allocation Hypothesis.....	13
2.2.3 The Fiscal Synchronization Hypothesis.....	14
2.2.4 Institutional Separation Hypothesis.....	14

2.3 Determinant of Government Spending	15
2.3.1 Budget Allocation	15
2.3.2 Foreign Aid	17
2.3.3 Public Revenue	18
2.4 Empirical Literature	19
2.5 Summary of the Literature Review	23
CHAPTER THREE	25
RESEARCH METHODOLOGY	25
3.1 Introduction.....	25
3.2 Research Design.....	25
3.3 Population	26
3.4 Data Collection	26
3.5 Data Analysis	26
3.5.1 Analytical Model	27
3.5.2 Test of Significance	28
CHAPTER FOUR.....	29
DATA ANALYSIS RESULTS AND DISCUSSIONS	29
4.1 Introduction.....	29
4.2 Summary of Statistics	29
4.3 Descriptive Statistics.....	30
4.4 Correlation Analysis	30
4.5 Regression Analysis.....	32
CHAPTER FIVE	35
SUMMARY, CONCLUSION AND RECOMMENDATIONS	35
5.1 Introduction.....	35

5.2 Summary of Findings.....	35
5.3 Conclusions.....	36
5.4 Recommendations.....	39
5.5 Limitations of the Study.....	40
5.6 Areas for further research	42
REFERENCES.....	43
Appendix I: List of Government Ministries during the Financial 2008/9 -2012/13...51	
Appendix II: Analysis of Recurrent, Development expenditure, budget Allocations and Public revenue of 41 Ministries (in Kshs)	52

LIST OF TABLES

<i>Table 4.1: Key statistics</i>	29
<i>Table 4.2: Descriptive Statistics</i>	30
<i>Table 4.3: Pearson product-moment correlation</i>	31
<i>Table 4.4: Model Summary</i>	32
<i>Table 4.5: Analysis of Variance (ANOVA)</i>	33
<i>Table 4.6: Regression Coefficients</i>	33

LIST OF ABBREVIATIONS

GOK	Government of Kenya
ICT	Information Computer Technology
MOF	Ministry of Finance
MTEF	Medium Term Expenditure Framework
OECD	Organization of Economic Commission Development
PBSC	Planning, Programming, Budgeting Systems
PEM	Public Expenditure Management
PR&FB	Program Review and the Forward Budget
GFCE	Government Final Consumption Expenditure
IFMIS	Integrated Financial Management Information System
PERF	Public Expenditure Review Framework
CGD	Centre for Global Development
SCAC	State Corporation Advisory Committee
CBPP	Centre for Budget and Policy Priorities
CIPFA	Chartered Institute of Public Fiancé and Accountancy
PFM	Public Financial Management
GDP	Gross Domestic Product
MTEF	Medium Term Expenditure Framework

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The increasing complexity of the public administration environment and the continuous need to align the needs of society with limited resources require that funds are made available for a specific purpose and used for that purpose. Government institutions all rely on the citizens of the country for their income and are therefore subject to relevant public-sector legislative and administrative processes in dealing with revenue and expenditure. Internationally, poor performance of governments has a common origin, namely weak government spending practices and accountability requires adequate capacities for managing public finances (Aregbeyen and Baba, 2013).

The aim of budget allocations in the public sector is to manage limited financial resources to ensure economy and efficiency in the delivery of outputs required to achieve desired outcomes that will serve the needs of the community. A sound budget allocation allows government to make the best use of all available resources, including international development assistance, to improve the quality of life of society. This includes managing expenditure and raising revenue and is not merely an issue of spending more, but of maximising the impact of public resources (Bhatia, 2003 and Chang, 2009).

The complex of problems that center on the revenue-expenditure process of government is referred to traditionally as public finance. However, Musgrave (1959) contends that although operations of government involve money flows of revenue and expenditure, the basic problems are not issues of finance or concern about money, liquidity or capital markets. Rather, these problems are related to resource allocation, the distribution of

income, full employment, and price level stability and growth. Musgrave (1959) further suggests that one thinks of the task of government as an investigation into the principles of public economy; or more precisely, into those aspects of economic policy that arise in the operations of the public budget.

1.1.1 Budget Allocation

Although there is a consensus on generic stages of a budget cycle, a review of the literature on public financial management reform shows that there is no universally agreed definition of budget allocation (Pretorius & Pretorius, 2008). The narrowest definition confines budget allocation to the downstream activities of budget execution, control, accounting, reporting, monitoring and evaluation (Allen, Schiavo-Campo & Garrity, 2004). As an alternative definition, Rosen (2002) describes budget allocation as the taxing, spending and debt management of government, which influences resource allocation and income distribution. The spending portion covers the budget cycle, including budget preparation, internal controls, accounting, internal and external audit, procurement, and monitoring and reporting arrangements (Witt & Müller, 2006).

A strong budget allocation system is critically important in achieving the strategic goals and objectives of government and requires a series of realistic steps or platforms to accommodate multiple role players and to manage relationships. Each platform is defined in terms of improved outcomes and is the basis for launching the next stage. The budget allocation system highlights the relationships of various role players in the different components, which create the opportunity for good governance with the emphasis on public financial management capacity, accountability and responsiveness (World Bank Report, 2008). The system provides for collective decision-making, for citizens to express their preferences and accountability. The budget allocation system makes provision for

aggregate fiscal discipline, strategic prioritization in composition of expenditure with the budget as a key instrument to implement government policies, operational efficiency in use of resources and fiscal transparency.

The result of budget allocation process is a credible budget that is a reflection of the government's policies and priorities, it is comprehensive by covering all government activities and there is full transparency of budget processes and information. The internal control system should ensure that the budget appropriations are not exceeded, that funds are spent as intended and that reliable information is produced. Finally, accounting systems provide for timely and reliable reporting at all levels of decision-making; and the export systems of external scrutiny by the legislature and by external audit, by holding political executives and management accountable, should help keep the budget on track and improve performance (Shand, 2006).

1.1.2 Government Spending

In national income accounting, government spending, government expenditure, or government spending on goods and services, includes all government consumption and investment, but excludes transfer payments (such as unemployment insurance or welfare payments) (Pretorius & Pretorius, 2008). The acquisition by governments, of goods and services for current use, to directly satisfy the individual or collective needs of the community, is classed as government final consumption expenditure. Government acquisition of goods and services intended to create future benefits, such as infrastructure investment or research spending, is classed as government investment (government gross capital formation). The two types of government spending, on final consumption and on gross capital formation, together constitute one of the major components of gross domestic product (Shand, 2006).

Measuring government spending outputs is even more complex. The coverage and scope of public services differ across countries, partly reflecting societal priorities. These disparities require that government spending effectiveness be assessed by spending area, at least for the key components, including healthcare, education and social assistance. Even for each of these spending areas, public involvement often has various objectives (or output targets) (PERF 2009). And the outcomes of public services also depend on a number of factors that are outside the control of policy makers, at least in the short run. (Life expectancy, for example, depends to a large extent on lifestyle and diet.) Although most developed countries have introduced performance targets and measurement tools in some parts of general government, they employ different methods. Thus, assembling a data set on public service outputs suitable for cross-country comparisons is, for many sectors, more an ideal than a possibility.

The government's expenditure and net lending quadrupled in the last ten years from Ksh. 303 billion in 2004/05 to Ksh. 1,263 billion in 2012/13 financial years. Total revenue expanded from Ksh. 290 billion to Ksh. 955 billion in the same period. The deficit remained high over the period except for the financial years 2004/05 and 2007/08 where there was a surplus. Both recurrent expenditure and development and net lending increased significantly with development expenditure doubling in the period 2005-2011. Most of the increase under the development budget is a result of the increase in infrastructure budget, mainly financed through domestic and external public borrowing. The government has sustained recurrent expenditure at an average of 20 percent of GDP in the last decade and it is projected at the same level in the medium term (PERF 2009).

1.1.3 Budget allocations and Government Spending

Budget allocation process is to ensure the fulfilment of the financial and economic aspects of the budget. The financial tasks include; spending the amounts for the purposes specified, minimizing savings and avoiding lapses or rush of expenditures during the end of the year. The economic tasks on the other hand are; ensuring that the physical targets of programmes and projects are achieved and the macro-economic aspects of the budget such as borrowing and deficit levels are also achieved. In managing budget allocation one of the key areas of focus is the government spending pattern (Nyamongo et al., 2007).

Two key factors influence budgeting allocation process for government spending namely, the level of local revenues collected and the availability of external resources to bridge the gap occasioned by shortfall in revenues. When revenues fall short of the projected level then budget implementation is affected to the extent that the expenditures have to be reduced and some projects and programmes postponed altogether. External resources in the form of loans and grants are also factored into the budget following commitment by donors. The funds may however not be available at all as may be released late into the financial year as the budgeted amount may be reduced or a result of some donor refusing to release funds as result of the non-fulfilment of donor conditions (Pollitt & Bouckaert, 2004).

In the course of budget allocation another key factor that has to be taken into account is the issue of cost increases (Cohen and Wheeler, 2004). In most government programs and projects cost increases are the rule rather than the exception and cases of cost increases have been known to inflate project budgets by as high as 100 percent. These increases have to be anticipated and policies formulated to counteract them or provide for them as has been suggested by Premchand (2004) through creation of a contingency reserve. The

phenomena of excess expenditure also critically affect budget allocation (Premchand, 2004). It may occur as a result of cost increase or as a consequence of poor management. Excess expenditures cause instability in the resource allocation process and are discouraged by many government, some even providing legislative restrictions. Schick (1999) observes that a country can have a sound budget and financial system and still fail to achieve its intended targets. This is because the rules of the game by which the budget is formulated and implemented are equally important and do influence outcomes (Schick 1999).

With regard to being efficient, for instance, it is generally considered that the traditional budgeting process is very bureaucratic and protracted (Bunce and Fraser, 1997). In particular, it is claimed that budgets take up too much management time, often involving numerous revisions and substantial delays (Fanning, 1999). Significant concerns regarding the apparent ineffectiveness of traditional budgets include: that typically such budgets encourage parochial behaviour, reinforcing departmental barriers while hindering flexibility, responsiveness and knowledge sharing; that they are seen as a rigid commitment, constraining management to out-of-date assumptions while inhibiting both management initiative and the pursuit of continuous improvement; that they strengthen the traditional vertical chain of command rather than empowering the people on the organisation's front line; and that they emphasize cost-minimization rather than the maximizing of value (Hope and Fraser, 1997). Overall, it is considered that such budgeting systems often fail to give lasting improvement or generate congruent behaviour. Bunce and Fraser summarize the situation by concluding that the budgeting process is too rigid, too internally focused, adds too little value, takes too much management time, and encourages the wrong managerial behaviour (Bunce and Fraser, 1997).

In recent times, though, budget allocations have also been utilized to support such important management functions as communicating and determining corporate goals and objectives, allocating resources and appraising performance functions for which the budgetary control system was never designed, and for which it is not at all well suited (Bunce and Fraser, 1997). It is perhaps not surprising then that the traditional budgeting system is considered to be “out of sync” with the needs of organisations in the information age and that a new approach to achieving management’s purposes for budgeting is needed (Hope and Hope, 1997).

1.1.4 Kenya Government Ministries

The Government Ministries derive their mandate from the Constitution of Kenya, which provides for proper budgetary and expenditure management of government financial resources. As a main function, the Ministries are charged with the responsibility of formulating financial and economic policies (World Bank Report, 2008). In the Kenyan Government Ministries, the budgetary process proceeds in three main stages, namely: the drafting stage, the legislation stage, and the implementation and audit stage. Its contents include a policy statement, an inventory of program priorities, and distribution/allocation of the corresponding resources as well as budget implementation/evaluation reports for the previous budget cycle.

The budget development and execution processes are transparent, orderly and predictable. Ministers and Ministries have greater budgetary flexibility (devolution) - but within a hard budget constraint. Managers at all levels (that is, within spending Ministries) have a clear budget allocation, know what it is intended for and know what results are expected. The Government Ministries were initially using the zero based budgeting which involved every function within an organization being analyzed for its needs and costs from the

zero-base, then incremental budgeting was adopted in which no reference is made to the previous level of expenditure and is currently in the process of adopting performance based budgeting which is a way to allocate resources to achieve specific objectives based on program goals and measured results (Republic Of Kenya, 2012). The Ministries are responsible for developing and maintaining sound fiscal and monetary policies that facilitate socio-economic development in all the government subsectors. The government Ministries coordinates government departments in the preparation of the annual national budget. It is the responsibility of the Ministry to initiate and guide all departments to prepare their ministerial budgets.

During the previous government, only 26 ministries were maintained by the former president, which later moved to 31 ministries in 2002 and later the 41 ministries during the grand coalition government for the years 2008/09 to 2012/13 as per the Grand coalition National accord agreement, which is the period under study (Republic Of Kenya, 2012)

1.2 Research problem

Olander (2007) lists four objectives for the budget allocation for public spending; firstly, the control of aggregate expenditure of public resources in line with available resources; secondly, the effective allocation of resources to different areas of concern in pursuit of objectives; thirdly, the efficient operational use of resources, such as service delivery, to ensure maximum value for money; and finally, fiscal transparency through social control. These objectives are mutually interdependent and interact with each other. All these objectives are realised through the budget process. The budget, the centrepiece in any country's public activity, is both a political and technical document. It is through the budget that policies are implemented, leading to service provision, among other things.

Therefore, the budget process, through a sound public financial management system, is one of the most important democratic arrangements. There is a need for budget ownership where both political and administrative role players take greater responsibility for their own finances.

During the last two decades, the fiscal policy in Kenya has remained the most challenging and complex area of macroeconomic management characterized by persistent budget deficits, rising debt burden, persistent low economic growth rates, high interest and inflation rates. In addition, public finance utilization and management has been poor allegedly due to among other factors, high level of corruption; poor accountability; improper procurement and tendering; over-invoicing; wasteful expenditure; lack of discipline and proper work ethics in the public sector; and lack of openness in the budget process (CGD, 2001). In Kenya, government ministries consume large portions of scarce national resources and do not always use them effectively or efficiently. With 41 government ministries, all of them receive nearly 95% direct exchequer funding for all their expenditure and also subsidized by nearly 5% from development partners and appropriation in aid (AIA), (SCAC, 2009). However, most accounting officers do not fully expend their budget allocations, despite budget approval by parliament at the start of every financial year.

Thus resulting in a number of line ministries returning funds to the National Treasury after the closure of every financial year. According to the Standard Publication dated, 30th June 2011, on government spending statistics, Treasury expected a return of whopping ksh.142.5 billion, 63.5 billion for both recurrent and development respectively for the financial year 2011/12 by Line ministries. This results in slowing down the economic and social growth of the country. According to Centre for Budget and Policy

Priorities (CBPP) in its study on the attempt to improve budget allocations to its ministries, revealed the inability of the accounting officers to expend on their budget allocation among the specific areas which lacked transparency and accountability which government could work on for its enhancement. (CBPP, 2006)

Several studies have been conducted in the field of budget allocation and spending but focused on different aspect other than the relationship between budget allocation and spending by ministries in Kenya; Mwangi (2013) studied on the relationship between donor funding and performance contracting score of state owned enterprises' in Kenya. Nkanata (2012) studied on the factors affecting the government spending on the budget allocations by accounting officers, a case of Ministry of Education, while Kirimi (2012) studied on the factors affecting budget utilization by government ministries in Kenya, Also Biwott (1988) Studied on the budgetary allocation process in the public sector institutions, a case of University of Nairobi. These studies did not cover the relationship between budget allocation and spending by ministries in Kenya. The purpose of the study therefore was to fulfill this gap in literature by addressing the following question: what effect does budget allocation have on spending by ministries in Kenya?

1.3 Research Objective

To establish the relationship between budget allocation and spending by ministries in Kenya.

1.4 Value of the study

The results will help the government to come up with an appropriate authentic mechanism to accurately monitor use of funds. Especially with the newly re-engineered

integrated financial management information system (IFMIS) which will help enhance increasing accountability, transparency in relation to use of resources and improved service delivery.

The study will also be useful to the society as they will be able to get vital information on the utilisation of the government budget allocations by the accounting officers. With the ever rising interest charges incurred in debt financing and the failure to spend large amounts of allocated funds means tax-payers are being made to carry additional financing burden even after they have made available enough funds to execute all government plans.

The study will also be useful to the policy makers to formulate policies which can be effectively implemented in the utilisation of the budget allocations by the accounting officers. The study will also assist stakeholders to give them an insight of how the accounting officers operate. For the management of the budget allocations, this study will also give meaningful interaction to see where the accounting officers are, where they are going and what means to be used to get there in terms of National Budget implementation.

This study will help development partners in knowing the various mechanisms through which they can exercise their control. Development partners will also benefit as they will be able to determine the accounting officers' governance of their donations and grants for effective and efficient use. The academicians will be furnished with relevant information especially those undertaking the same topic in their studies. The study will then contribute to the general body of knowledge and form a basis for further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter summarized the studies from other researchers who have carried out their research in the same field of study. The specific areas covered was the background of budgeting process, forecasting and budgeting approaches, and empirical studies in budgeting process

2.2 Theoretical Framework

Government spending and budget allocation nexus and how they are interlinked have been discussed in the context of four different and competing hypotheses, namely, the budget allocation and spend hypothesis, the spend and budget allocation hypothesis, the fiscal synchronization hypothesis and the institutional separation hypothesis.

2.2.1 The Budget Allocation-Spend Hypothesis

As championed by Friedman (1978) indicates that government would spend all its revenues and therefore raising revenue collection would lead to higher government expenditures. Empirical results under this hypothesis tend to show unidirectional causality running from government revenues to government expenditures. On this basis, Friedman favours a reduction in budget allocation to initiate spending cuts and austerity measures.

Moreover, a plethora of studies provide support for the budget allocation and spend hypothesis and a few among such studies are: Eita and Mbazima (2008) for Namibia; Darrat (1998) for Turkey; and Fuess, et al (2003) for Taiwan. In the study for Turkey, Darrat (1998) employed the Granger causality test within an error correction modeling framework (Aregbeyen and Baba, 2013). Wolde and Rufael (2008) investigated the nexus of public expenditure and public revenue based on the experiences of thirteen African countries and found out the case of Ethiopia, Ghana, Kenya, Nigeria, Mali and Zambia support the budget allocation and spend hypothesis. The study utilized the Toda and Yamamoto (1995) modified version of the Granger causality test within a multivariate framework (Aregbeyen and Baba, 2013).

2.2.2 Spend and Budget Allocation Hypothesis

This hypothesis postulates that governments determine the level of spending and then design the budget allocation policy to accommodate the desired spending level. Advanced by Peacock and Wiseman (1961, 1979), it states that changes in public expenditure bring about changes in public revenue such that , for instance, a crisis situation such as wars, natural disasters or deep recession call for an immediate response by increasing the expenditure thereby increasing budget allocation levels. Such increases, however, may become permanent and hence affecting the size of government even after the crisis has passed, a situation often referred to as the displacement effect (Bhatia, 2003 and Chang, 2009).

Barro (1974, 1979, and 1986) in his extensive empirical evidence concludes that government spending is considered as an exogenous variable to which taxes adjust and further argues that the inter-temporal budget constraints require a matching increase in future budget allocation as a result of current increase in expenditures. He maintains that

taxpayers are sophisticated and are rational enough to interpret the increase as delayed form of budget allocation and are expected to capitalize the future budget allocation liability. Other studies that provide support for the spend-and- allocate budget hypothesis that used different econometric techniques include the studies by: Von Furstenberg, et al (1986) for the United States of America; Hondroyiannis and Papapetrou (1996) for Greece; Wahid (2008) for Turkey; and Carneiro, et al (2004) for Guinea-Bissau.

2.2.3 The Fiscal Synchronization Hypothesis

It's mainly associated with Musgrave (1966) and Meltzer and Richard (1981), is based on a fiscal regime where the government outlines the amount of spending programs alongside with the revenues required. They further suggested that a government may change spending and allocation simultaneously and thus adhere to the allocation and spend and spend and allocation scenarios. Moreover, the voter compares the marginal costs and benefits of government programs when deciding the appropriate level of spending and allocation.

2.2.4 Institutional Separation Hypothesis

Its advocated by Baghestani and McNown (1994), maintains that independent institutions participate in the budget process to determine the level of spending and budget allocation after arriving at a consensus on the fundamentals. While there are no much available empirical results that support this hypothesis, Nyamongo et al. (2007), using Vector Autoregressive (VAR) approach, found out that that revenue and expenditure for some African countries are linked bi-directionally in the long run.

2.3 Determinant of Government Spending

2.3.1 Budget Allocation

A budget is one of the useful tools for monitoring the implementation of a correctly casted operational plan of an entity. Historically, budgets emerged out of a need to control and monitor the projected income and the utilization of funds by entities. In line with the evolution of societies, budgeting processes underwent a number of changes both in terms of objectives and formats (Rubin, 1990). Budgeting as it is applied today is a product of this evolution. A public budget is a document indicating how a public entity spends the financial resources in order to realize specific public goals (Gildenhuis, 1997). It is a compilation of the financial needs for the achievement of the objectives of an entity. 'It is a plan of activity expressed in financial terms' (Rose & Lawton, 1999). It becomes a legal financial plan after it has been approved through the legislative process (CIPFA, 1996).

For a public budget to exist, the budgeting process by government needs to take place. Its existence is meant to ensure the effecting of the entity's operational plans. In a report compiled by Beardon and Yawson (2000) presented in a workshop in Ghana they explain that: "public budget has a direct impact on the wellbeing and quality of life of all Ghanaian citizens and commitments to human rights and poverty alleviation can be tracked through the analysis of the budget and monitoring its implementation". For a public budget to achieve its purpose it needs to be realistically compiled with clearly defined plans to be achieved within a specified period. It should also be open to scrutiny by the public. The process followed therefore in the compilation of the public budget needs to take into cognisance the desired objectives. It needs to meet the objectives set to be achieved. It also needs to take into account the limited nature of the available resources. It is an operational plan expressed in monetary terms.

The compilation of the public budget takes place within a dynamic environment. Compilers need to take into account a number of factors when deciding on the allocations. Public budgeting is far more constrained than business or individual budgeting. It is often compelled to strike a balance in allocating resources to all areas of society that require the services of government. In some instances these services are less critical yet still essential to the public. An example of one such facility is parking which the government needs to provide for the public. Legal obligations also compel the choices that government makes. For instance, loans made by the previous government(s) oblige the government of the day to honour those obligations (Rubin, 1990). The public wants to see government policies that were enshrined in its election manifesto being implemented. Election manifestos hardly make mention of the constraints that government may have to face in getting the resources to deliver on its mandate. Managing the varied demands of the public with the limited resources has proved difficult if not impossible to balance.

Kenya is part of the global markets. The volatility of the global market also necessarily will impact on the financial and economic decisions made in the budgeting process (Rubin, 1990). Kenya being one of the developing countries, the depreciation or appreciation of the dollar has an impact on its own resources. The country depends on foreign markets to develop or increase its own resources. Despite all the constraints highlighted above, public budgeting is still expected to comply with the technical requirements of budgeting. A proper costing of projects needs to be done; it needs to be compiled in a pre-determined format and the allocation approved needs to be used for what they were intended for. An entity is not at liberty to move around funds once they have been approved by the legislature except through a limited virement process (PFMA Act 1 1999 Sec 43). It is approved on the basis of the entity's aims and objectives and also in item structured format. The Public Finance Management Act (PFMA) stipulates

the maximum amount that may be spent for the specific programmes (Pauw et al, 2002). The promulgated Treasury Regulations and Procurement Regulations control the usage of the approved public funds (Pauw et al, 2002). There are specific regulations that have to be adhered to in shifting around the approved funds.

2.3.2 Foreign Aid

Foreign aid as an institution began in 1947, and by 1960 it extended across many developing countries in Asia and Africa. Advocates of aid argue that aid helps developing countries to release binding revenue constraints, strengthen domestic institutions, pay better salaries to public employees, assist with poverty-reducing spending, and improve the efficiency and effectiveness of governance (Brautigam and Knack 2004). Conversely, it is argued that higher aid inflows might promote rent-seeking behaviour by domestic vested interests that demand tax exemptions or seek to avoid paying taxes, which leads to a decline in revenue (Clements et al. 2004). Critics also argue that aid can lead to increased public and private consumption rather than investment, contributing less to growth (Please 1967; Papanek 1973; Weisskopf 1972). In his classic paper, Heller (1975) showed that aid increases investment and simultaneously reduces domestic borrowing and taxes which eventually has an influence on public consumption. The magnitude of such an influence over public consumption, however, depends on the type of aid, as grants have a strong 'pro-consumption' bias whereas loans are more 'pro-investment'. Expanding on Heller, Khan and Hoshino (1992) concluded that aid generally increased government consumption and the marginal propensity to consume out of foreign aid is less than one, which means that some public investment is also financed from aid. Many researchers (Otim 1996; Ouattara 2006; Remmer 2004) have found considerable linkage aid and the expansion of government

spending. Recent initiatives have called for a shift in aid towards grand-giving, in the belief that excessive lending has led to huge debt accumulation in many countries and has not contributed to them reaching their development objectives (Clements et al. 2004). A positive relationship between aid and GFCE as a percentage of GDP has therefore been hypothesized.

2.3.3 Public Revenue

Public revenue consists of taxes, revenue from administrative activities like fines, fees, gifts & grants. Which are classified into two categories: Tax revenue which is funded through the exchequer and Non tax revenue is basically utilized by ministries directly referred to as Appropriation in Aid (AIA). Governments need to perform various functions in the field of political, social & economic activities to maximise social and economic welfare. In order to perform these duties and functions government require large amount of resources. Taxes are the first and foremost sources of public revenue. Taxes are compulsory payments to government without expecting direct benefit or return by the tax payer. Taxes collected by Government are used to provide common benefits to all mostly in form of public welfare services. Taxes do not guarantee any direct benefit for person who pays the tax. It is not based on direct quid pro quo principle (Gaurav, 2010)

These are receipts which may be retained by a Department or Office to offset expenditure instead of being paid into the Exchequer Account of the Central Fund. The expenditure figures quoted in the Exchequer Account are net of these appropriations-in-aid. These monies aren't counted by the Exchequer because they stay within the relevant department. If we want to get a measure of how much money the government is

collecting we should add these receipts and if we want total expenditure we should look at the gross expenditure figure. (White paper, 2010)

Narayan and Narayan (2006) suggest three reasons regarding the importance of nexus between government revenue and expenditure first if proper implementation on policies is taken into consideration regarding government revenue fiscal deficit can be avoided, second if causality runs from expenditure to revenue outflow increases due to the fear that government spends first and pay for it later by increasing taxes. Third in case of bidirectional causality expenditure can rise faster than revenue which can create huge budget deficits because revenue and expenditure decisions are independent of each other

2.4 Empirical Literature

Empirical studies of the actual effect of budget allocation on government spending are relatively sparse. The few studies conducted do not necessarily arrive at the same conclusions. Stiefel, Rubenstein, and Schwartz (1999) analysed the relationship between the spending of public schools in Chicago and patterns of budget allocation by constructing and using adjusted performance measures. They concluded that, even though the total spending differences between low-performing schools and high-performing schools were small, there were significant differences in the distribution of discretionary spending across function. They concluded that “high performing schools average almost five percentage points more discretionary spending on instruction and less on instructional support and administration”.

Kluvers (2001) surveyed municipalities in Victoria, Australia, and reported that “the question of whether budget allocation indicators, if used, had provided useful information was answered in the affirmative by an overwhelming majority of survey respondents.

However, this result is tempered by the fact that only a small number of councils reported actually using budget allocation indicators”. Kluevers further concluded that managers tended to use the budget allocation primarily to allocate resources or to increase productivity. Furthermore, the use of budget allocation appeared to foster a changed attitude toward planning and to influence could influence spending overtime.

Rather than relying on the survey on state budget officials, Klase and Dougherty (2008) conducted an empirical analysis using the available data for the 50 states for the years 1986-2001. Employing a fixed effect model with five budget allocation variables (three reflect different budget allocation implementation phases, and the other two reflect budget officials’ perceptions), they found that the implementation of budget allocation has a statistically significant and positive effect on state per capita expenditures. They also found that states with budget allocation legislation tended to spend an average of \$332 per capita more than states without implementation legislation.

Lee and Wang (2009) analysed the effect of budget allocation practices on spending behaviour across three countries, the United States, Taiwan, and China (Guangdong Province) over multiple years before and after budget allocation. They reported that that budget allocation had differential impact on the spending growth rate in different countries (regions): there was a significant relationship between budget allocation and spending growth in Taiwan (coefficient of 20.103). However, the regression coefficients were negative for the United States (- 0.192) and China (-0.1903) but not statistically significant.

A more recent study by Hou, Lunsford, Sides, and Jones (2011) examined variations in budget allocation practices in 11 sample states in different time periods using a series of anonymous interviews. They concluded that budget allocation had not been fully

exploited and that just a part of its design purpose had been achieved. They also concluded that budget allocation was relied on much more by the states during economic upturns than during economic downturns.

Crain and O’Roark (2004) examined the impact of budget allocation innovation on state expenditures in Nigeria by using panel data from 1970 through 1997. They concluded that budget allocation did have an impact on state spending per capita by at least two percentage points , but also find that budget allocation didn’t affect all state government programs equally.

Jordan and Hackbart (1999) argued that allocation decisions were hardly affected by performance reporting: “in those states undertaking performance funding, only a marginal share of the funds (estimated at 3 percent) were subject to the influence of performance evaluation”. Willoughby and Melkers (2000) found that performance measurement was most essential for managerial decisions and communication purposes, even though its impact on appropriation outcomes was quite limited.

Ho (2011) conducted a case study of budget allocation exercise in the city of Zambia in the years from 2008 to 2010 to examine the budget implications of applying performance information at the sub-departmental program level. The regression results indicated that the number of performance measures in a department was significantly and positively correlated with program budget variation. However, after controlling for other factors, he also found that the number of outcome-related performance measures had significantly negative effects on program budget variation.

Kimani (2012) examined the relationship between budget deficit financing through selling of treasury bills and bonds in the open market and private investment to establish

the possibility of crowding out. To carry out the study, data from IFS, February 2005 CDROM and various Statistical Abstracts were collected and used. From the impulse response analysis, private investment was found to respond to innovations of domestic debt, public investment, and growth in GDP and interest rates within the first 10 to 15 years. The study noted that government domestic borrowing from the open markets crowds out private investment.

Nkanata (2012) undertook a study on the factors affecting the government spending of the budget allocations by the accounting officers in Kenya. The study adopted a descriptive survey design. The population of the study consisted of the 42 government ministries. The sample design employed yielded a sample of 70 respondents. The study found out that policies and procedures influence the spending of budget allocations. The legal and institutional framework is weak and need modification with the executive abusing the legal provisions for enhancing budget flexibility, whereas the legislature was found to have power to control the utilization of budget allocations. The challenges of matching budget allocations against policies create pathway for unethical practices.

Jagongo & Njagi (2013), did a study on the extent to which capital budgeting practices and procures are employed in public schools in Kenya. The study design adopted survey design. All Secondary schools in Meru North District were used in the case study. The findings in this study indicated that the initial stages of capital budgeting process are being followed in schools, but minimal implementation follows. This is supported by:- proportion of participants who showed that they normally divert funds, presence of stalled and idle projects in schools and an indication that modern appraisal techniques of capital budgeting are not highly applied.

2.5 Summary of the Literature Review

This section has discussed research concerned with effect of budget allocation on government spending studies. While there are differences between the results of the studies carried out, it is not clear that these are particularly significant. Stiefel, Rubenstein, and Schwartz (1999), Kluvers (2001), Klase and Dougherty (2008), Lee and Wang (2009) and Hou, Lunsford, Sides, and Jones (2011) suggested that budget allocation had not been fully exploited and that just a part of its design purpose had been achieved. They also concluded that budget allocation was relied on much more by the states during economic upturns than during economic downturns.

Crain and O’Roark (2004), Jordan and Hackbart (1999), Willoughby and Melkers (2000), Ho (2011) examined and gave evidence suggesting that budget allocation did have an impact on state spending per capita and that budget allocation didn’t affect all state government programs equally. Kimani (2012), Nkanata (2012) and Jagongo & Njagi (2013) examined and gave evidence suggesting that government domestic borrowing from the open markets crowds out private investment. In addition, policies and procedures influence the spending of budget allocations. The legal and institutional framework is weak and need modification with the executive abusing the legal provisions for enhancing budget flexibility, whereas the legislature was found to have power to control the utilization of budget allocations. The challenges of matching budget allocations against policies create pathway for unethical practices.

In this case the researcher establishes the relationship between budget allocations and spending by ministries in Kenya. The study is done in an African context particularly Kenya since in today’s world most people have gained interest in instituting a budget to provide for greater transparency in such spending allocations. This transparency in turn

results in more efficient allocation of resources and greater effectiveness of government spending.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data. This section is an overall scheme, plan or structure that was aid the researcher in answering the raised research question. In this stage, most decisions about how research was executed and how data will be collected, as well as when, where and how the research was completed. Therefore in this section the research identifies the procedures and techniques that was used in the collection, processing and analysis of data. Specifically the following subsections were included; research design, target population, data collection instruments, data collection procedures and finally data analysis.

3.2 Research Design

This study adopted a descriptive design. According to Donald and Pamela (1998), a descriptive study is concerned with finding out the what, where and how of a phenomenon. Descriptive research portrays an accurate profile of persons, events or satiations (Kothari, 2000). Therefore the descriptive survey was deemed the best strategy to fulfil the objective of this study since data are is already available for various ministries as outlined in the analytical Model variable.

Qualitative research include designs, technique and measures that do produce discrete numerical data and some designs used would include, experimental designs, causal – comparative and correlated research (Mugenda and Mugenda, 2003).

3.3 Population

For the purpose of this study the target population was 41 government Ministries, where a census was conducted. According to Ngechu (2004), a population is a well-defined or set of people, services, elements, and events, group of things or households that are being investigated. Mugenda and Mugenda (2003) notes if that the target population is less than 100 units ,then a census should be carried out ,if the target population is more than 100 units, the sample size of at least 15% of the population is considered representative.

3.4 Data Collection

Secondary data collection method was used in this study. The secondary data was collected from printed estimates; Government ministries published Final accounts, The National Treasury, The Appropriation Accounts, Other Public Accounts, The Controller Auditor General Reports as well as any other source that can provide the needed information. Data will be collected for the period between the years 2008/09 to 20012/13 for comparative purposes.

3.5 Data Analysis

Quantitative data was analysed using Statistical Package for Social Sciences (SPSS) program. The data collected was composed of both recurrent and development was run through the model so as to clearly bring out the relationship between budget allocation and spending by government ministries in Kenya. The results obtained from this model was presented in tables, graphs and pie charts to aid in the analysis with which the inferential statistics was drawn. Simple regression model below was used in determining the relationship with a significance test of 0.05 level of significance.

3.5.1 Analytical Model

Multilinear regression analysis technique was used to establish the relationship between budget allocation and spending by ministries in Kenya. The test was done at 0.5 level of significance. The descriptive statistics included; mean value, standard deviation, simple percentages and frequency counts. The study, therefore, established the relationship between budget Allocation and spending by ministries in Kenya, where;

$$Y_i = \alpha + \beta_i X_i + \beta_{ii} X_{ii} + \beta_{iii} X_{iii} + \varepsilon$$

Where:-

Y_i = Spending by ministry i.

α = Regression coefficient / Intercept

β = Regression coefficient / Slope

X_i = Budget Allocation of ministry i.

X_{ii} = Foreign Aid by ministry i

X_{iii} = public revenue by ministry i (AIA & Exchequer issues)

ε = Error Term

The study will use secondary data to find out the difference between budgeted figure and the actual accomplishment for the last five financial years. The key type of measure will be the individual Budget allocation figures, spending figures, Foreign aid figures and revenue figures of each ministry in a single trading period. Further variance analysis will

be performed to establish the relationship between recurrent expenditure nexus development expenditure.

3.5.2 Test of Significance

Pearson product correlation coefficient will be used to determine the strength of the relationship between budget allocation (independent variable) and spending (dependent variable). These inferential tests will be conducted at 95% confidence level. The result obtained will be tested for correlation co-efficient; the higher the correlation co-efficient the stronger the relationship between variables.

CHAPTER FOUR

DATA ANALYSIS RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents data analysis, results and discussions. The objective of the study was to establish the relationship between budget allocation and spending by ministries in Kenya. Data was collected for 41 ministries in the period between the years 2008/09 to 2012/13. Section 4.2 provides summary of statistics, Section 4.3, the estimated or empirical model, section 4.4 discussion of results while section 4.5 presents the summary

4.2 Summary of Statistics

Table 4.1: Key statistics

Statistics	Annual Totals in Billion KSh.				
	2008/09	2009/10	2010/11	2011/12	2012/13
Spending (Expenditure)	161.17	182.49	217.29	208.24	188.90
Budget Allocation	197.90	247.59	302.62	389.54	250.49
Foreign Aid	33.30	39.49	52.37	52.21	49.33
Public Revenue	167.04	279.17	231.87	345.57	241.46

Table 4.1 shows the total amount of money for the 41 ministries in terms of spending by ministries, budget allocation to ministries, foreign aid to ministries, and public revenue by ministries. The data indicates that budget allocation, spending and foreign aid were highest in the financial year 2010/11 (302.62, 217.29 and 52.37 billion Kenya Shillings respectively), while public revenue was highest in the financial year 2011/2012 (345.57

billion Kenya Shillings). The data also indicate that government ministries spent less fund than the amount allocated.

4.3 Descriptive Statistics

Table 4.2 shows the descriptive statistics for the data obtained in the study.

Table 4.2: Descriptive Statistics

Variables	Minimum	Maximum	Mean(Billion KShs)	Std. Deviation
Spending	161.17	217.29	191.618	22.09712
Budget Allocation	197.9	389.54	277.628	72.70523
Foreign Aid	33.3	52.37	45.34	8.53994
Public Revenue	167.04	345.57	253.022	65.61791

The descriptive statistics in Table 4.2 data shows that the mean annual spending in the 41 ministries for the period 2008/9-2012/13 was 191.61 billion Kenya Shillings with a standard deviation of 22.09. Budget allocation for the period 2008/9-2012/13 had an annual mean of 277.62 billion Kenya Shillings and a standard deviation of 72.70. Public revenue and foreign aid had annual means of 253.02 and 45.34 billion Kenya Shillings and standard deviations of 65.61 and 8.539 respectively.

4.4 Correlation Analysis

The Karl Pearson's product-moment correlation was used to analyse the association between the independent and the dependent variables. The Pearson product-moment correlation coefficient (or Pearson correlation coefficient for short) is a measure of the strength of a linear association between two variables and is denoted by r . The Pearson correlation coefficient, r , can take a range of values from +1 to -1.

A value of 0 indicates that there is no association between the two variables. A value greater than 0 indicates a positive association, that is, as the value of one variable increases so does the value of the other variable. A value less than 0 indicates a negative association, that is, as the value of one variable increases the value of the other variable decreases. Pearson's Correlation Coefficient was carried out and the results obtained are presented in table 4.3 below

Table 4.3: Pearson product-moment correlation

		Expenditure	Budget Allocation	Foreign Aid	Public Revenue
Expenditure	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	205			
Budget Allocation	Pearson Correlation	.821*	1		
	Sig. (2-tailed)	.028			
	N	205			
Foreign Aid	Pearson Correlation	.932*	.794	1	
	Sig. (2-tailed)	.021	.109		
	N	205			
Public Revenue	Pearson Correlation	.587	.850	.590	1
	Sig. (2-tailed)	.298	.068	.295	
	N	205			

*. Correlation is significant at the 0.05 level (2-tailed).

The study findings in table 4.3 shows a significantly strong positive correlation between spending and budget allocation (Pearson correlation coefficient $r = 0.821$ Sig. = 0.028). A significantly strong positive correlation also exist between spending and foreign aid ($r = 0.932$ Sig. = 0.021), However, the study findings shows a weak and an insignificant correlation between public spending and public revenue ($r = 0.587$, Sig. = 0.298).

4.5 Regression Analysis

Regression analysis was also performed to examine the relationship between budget allocation and spending by ministries. The following model was adopted for the study.

$$Y_i = \alpha + \beta_i X_i + \beta_{ii} X_{ii} + \beta_{iii} X_{iii} + \varepsilon$$

Where: $-Y_i$ = Spending by ministry

α = Regression coefficient / Intercept

β = Regression coefficient / Slope

X_i = Budget Allocation to ministries

X_{ii} = Foreign Aid to ministries

X_{iii} = public revenue by ministries (AIA & Exchequer issues)

ε = Error Term

Table 4.4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.998 ^a	.996	.996	47.43

a. Predictors: (Constant), Public Revenue, Foreign Aid, Budget Allocation

The coefficient of determination (R Square) is used to test the goodness-of-fit of the model. That is, R Square measures the proportion or percentage of the total variation in the dependent variable explained by the independent variable. The value of R Square lie between 0 and 1 and if R Square value is 1 the there is a perfect fit while R Square value 0 indicates that there is no relationship between dependent and independent variables. From the study findings in Table 4.4, the R Square value was 0.996 indicating that

independent variables (budget allocation, foreign aid and public revenue) explains 99.6% variation in spending by government ministries.

Table 4.5: Analysis of Variance (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1137.24	4	568.62	25.273	.000
	Residual	454.48	201	224.99		
	Total	1591.72	205			

a. Dependent Variable: Expenditure

b. Predictors: (Constant), Public Revenue, Foreign Aid, Budget Allocation

The analysis of variance shows an F value of 25.273 and a significance (p) value of 0.000 which indicates that not all the predictor variables (budget allocation, foreign aid and public revenue) explain variations in spending by government ministries.

Table 4.6: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.635	.873		1.117	.021
Budget Allocation	.123	.256	.404	.479	.016
Foreign Aid	.857	.426	.718	1.302	.017
Public Revenue	-.060	.214	-.180	-.283	.825

a. Dependent Variable: Expenditure

The regression equation appears as follows:

$$Y_i = 0.635 + 0.123 X_i + 0.857 X_{ii} + -0.060 X_{iii} + 0.873$$

Constant = 0.635, shows that if all the independent variables (budget allocation, foreign aid and public revenue) all rated as zero, spending by government ministries would rate 0.635.

0.123 X_1 denotes that if all other independent variables are rated as zero, a change of magnitude 0.123 in X_1 (budget allocation) lead to a unit change in Y (spending by government ministries). Similarly, a change of magnitude 0.857 in foreign aid and 0.06 in public revenue leads to a unit change in spending by government ministries.

The magnitudes of the coefficients of regression also show the strength of the influence that the independent variables have on the dependent variable. Therefore, spending by government ministries is strongly influenced by followed by budget allocation (coefficient 0.123) and foreign aid (coefficient 0.857).

The sign of regression coefficient indicate the nature of relationship between the variables. Therefore, a direct relationship exist between in spending by government ministries and budget allocation (coefficient 0.123) and between in spending by government ministries and foreign aid (coefficient 0.857). However, an inverse relationship exist between in spending by government ministries and public revenue (coefficient -0.060).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of the study findings, conclusion and recommendations. The chapter is presented in line with the objective of the study which was to establish the relationship between budget allocation and spending by ministries in Kenya.

5.2 Summary of Findings

The study established that budget allocation strongly influence spending by ministries in Kenya. The budget allocation, spending and foreign aid were highest in the financial year 2010/11 (302.62, 217.29 and 52.37 billion Kenya Shillings respectively), while public revenue was highest in the financial year 2011/2012 (345.57 billion Kenya Shillings). The mean annual spending in the 41 ministries for the period 2008/9-2012/13 was 191.61 billion Kenya Shillings with a standard deviation of 22.09. Budget allocation for the period 2008/9-2012/13 had an annual mean of 277.62 billion Kenya Shillings and a standard deviation of 72.70. Public revenue and foreign aid had annual means of 253.02 and 45.34 billion Kenya Shillings and standard deviations of 65.61 and 8.539 respectively

There is a significantly strong positive correlation between spending and budget allocation (Pearson correlation coefficient $r = 0.821$ Sig. = 0.028) and between spending and foreign aid ($r = 0.932$ Sig. = 0.021). However, the study findings shows a weak and an insignificant correlation between public spending and public revenue ($r = 0.587$, Sig. = 0.298). The increase in budget allocation and foreign aid lead to an increase in spending by government ministries. The identification of the relationship between budget practices

and government expenditures requires a description of how different budget management approaches and tools affect the use of resources across government agencies, ministries and programs to be accomplished. Describing the typical budget timeline helps to underscore common budget practice elements across the counties and most important, to identify differences that potentially affect expenditures. Singling out such practices is crucial because budgeting is a complex enterprise that requires effort and coordination among several government entities. Even though only the executive and legislative branches are involved in planning the vast majority of public spending, there is room for variation in the tools or procedures each branch uses to develop or approve the funding decisions that constitute the budget

Budget practices do not impose restrictions on fiscal outcomes. Instead, they are the steps and tools that each participant in the budget process uses to carry out its budgetary functions. The budget practices these actors adopt and follow also shape the interaction among them and affect the information with which they work and the time when they access or communicate such information to other participants. The availability of this information contributes to better informed voters, who can use it to modify their level of support for government programs.

Although it is equally conceivable that all practices influence funding decisions in some way or that some practices are irrelevant to expenditures, some of them might have stronger links to spending decisions than others. Among those with the weakest relationship with expenditures is the foreign aid. By contrast, other practices are more clearly related to an administration's objectives and policies in general and its fiscal policy in particular. One function that budget practices can play is the direct communication of the administration's goals through specific instructions on procedures,

policies, and financial objectives or constraints. To the extent that such instructions impose financial criteria restricting agencies' budget requests, or remind them of particular budget rules applicable to the state, they can shape the size of the resulting budget.

There has been less exploration of the effects of implementing different budget practices and, in particular, on their relationship with government expenditures. Some studies show that states using previous expenditures as budget baselines spend more than those where the baseline is pegged to current levels of service, although the growth rate of expenditures is higher in the latter group (Crain and Crain, 1998). Others use several budget practices and rules to construct an index of budget transparency and conclude that state expenditures increase with transparency (Alt, DreyerLassen, and Skilling, 2001). One explanation for this finding is that when voters know the workings of the budget better, they are willing to support a larger government (Ferejohn, 1999). Finally, there is some evidence that states that use information on the outcomes and outputs of their programs to make budgeting decisions spend less than states where no such information is used in the budget process (Crain and O'Roark, 2004).

5.3 conclusions

The study established that budget allocation strongly influence spending by ministries in Kenya. The government ministries spent fewer funds than the amount allocated. A significantly strong positive correlation exists between spending and budget allocation and between spending and foreign aid. The increase in budget allocation and foreign aid lead to an increase in spending by government ministries. However, the study findings show a weak and an insignificant correlation between public spending and public revenue.

Although it is equally conceivable that all budgetary practices influence funding decisions in some way or that some practices are irrelevant to expenditures, some of them might have stronger links to spending decisions than others. Among those with the weakest relationship with expenditures is the foreign aid. By contrast, other practices are more clearly related to an administration's objectives and policies in general and its fiscal policy in particular. One function that budget practices can play is the direct communication of the administration's goals through specific instructions on procedures, policies, and financial objectives or constraints. To the extent that such instructions impose financial criteria restricting agencies' budget requests, or remind them of particular budget rules applicable to the state, they can shape the size of the resulting budget.

The study established that the determination of the relationship between budget practices and government expenditures requires a description of how different budget management approaches and tools affect the use of resources across government agencies and programs. Budgeting is a multistage process consisting of numerous practices that cover diverse aspects, from personnel administration to provision of policy guidelines to allotment of appropriated funds. Some of these practices apply to the internal operation of government agencies, and others help establish the relationship and communication between the executive and legislative branches of government during the budgeting process.

Budget practices such as resource allocation do not impose restrictions on fiscal outcomes. Instead, they are the steps and tools that each participant in the budget process uses to carry out its budgetary functions. The actors in budget practices shape the interaction among them and affect the information with which they work and the time

when they access or communicate such information to other participants. The availability of this information contributes to better informed voters, who can use it to modify their level of support for government programs.

The study concludes that budget allocation strongly influence spending by ministries in Kenya. The amount of money allocated to the ministries determines the spending priorities and the extent to which the ministries can carry out their mandates. Underlying the premise of a relationship between the adoption of some budget practices and government expenditures is the idea that better management in government can lead to a better assessment of taxpayer demand for different services and programs and of the resources available to provide them. Public budgets provide a powerful tool of accountability to citizens who want to know how government is spending their money and establish as to whether government has generally followed their preferences in the expenditure.

5.4 Recommendations

The study recommends that success rates in the expenditure should be considered during budget allocations. This will ensure that the ministries are more accountable to the funds allocated and priority areas specified during allocation are covered.

The study recommends continuous capacity building of IFMIS users at ministries levels to enhance speedy budget implementation and fostering accuracy on reporting especially in the areas of budget allocations and spending by ministries in Kenya.

The study recommends that the government should emphasis on meeting the funding targets that instruct government agencies to limit their budget requests by specific amounts. This practice will ensure that government spending is carried out efficiently

There should be an integrated financial framework that monitors the link between budget allocation and government spending. If government cannot determine where public spending delivers results and where it does not, both the taxpayer and society as a whole will continue paying for ineffective and inefficient programmes.

Another point that needs to be looked at is the need to reduce the level of bureaucracy present in approvals sought in other offices such as office of Attorney General, Auditor General and The National Treasury. Implementation of projects was found to be limited by this red tape and if the same is reduced, then the success of budget utilization will be increased by ministries in Kenya, thus ensuring that the country is able to meet the targeted economic growth rate envisioned in the Kenya Vision 2030.

The government needs to clearly articulate outcomes in the budget allocation process, and develop the internal capability to enable timely and accurate measurement of both the outcomes delivered and the costs incurred. Outcome-based government means that budgeting focus on those initiatives that genuinely change people's lives. Changing life outcomes can transform the lives of individuals and their communities, and result in savings to the taxpayer.

5.5 Limitations of the Study

The researcher encountered various limitations that may have affected the findings of this study. The data collection was confined to budget allocation and spending by ministries in Kenya. The inclusion of other determinants of government expenditure in Kenya would enable better generalizability of the findings of the study. At the same time data from other determinants of government expenditure would enable comparison of budget allocation to other determinants of government expenditure.

Data collection was limited to secondary sources. The study would gain better insight into the relationship between budget allocation and spending by ministries in Kenya by collecting primary data from personnel involved in budgeting.

The study was limited to the 41 government Ministries in Kenya. A more comprehensive examination of the relationship between budget allocation and spending would be achieved if other government agencies, institutions and counties are involved in the study. This would offer insight into the way budget allocation and spending are related at the devolved levels of governance.

The budgetary process in Kenya has been undergoing changes in terms of procedures and use of information communication technology. Therefore the study should have gone in to further examination of policy frameworks that affect budget allocation such as Medium Term Expenditure Framework (MTEF).

Further, other factors might have effect on the government spending like change in government policy which might moderate the relationship between budget allocation and Spending by ministries in Kenya. In cognizance of this, the study tested the significance of the established relationship to mitigate this.

The researcher had to go from one office to another, looking for the secondary data. This was time consuming and it also showed how scattered government information is and it is hard to get data that is in the public offices. Though the officers were willing to assist, many of them did not have any clue of the exact office that the information could be obtained. The researcher had to use the goodwill of friends to obtain some data

5.6 Areas for further research

The study recommends further research on the implications of devolution on the budgetary allocation and the spending by government ministries as well as spending by county governments. The study will establish the influence of devolved government policies on budget allocation and expenditure.

The study also suggests further research on the factors that mediate the influence of budgetary process and the spending by government ministries. The further study would enable formulation of policies that will ensure that optimal utilization of allocated funds by the ministries.

The study also suggests further research on the relationship between governments spending on the economic growth of a given country, these will help the government and the citizens to prioritise their spending in line with those that improve the economic growth of the country.

Future studies can be done on the parastals to establish the same. There is also need to do further research on other variables like Donor component to see how it affects allocations and spending. Further studies can also be done on the factors influencing implementation of budget allocation by ministries in Kenya.

REFERENCES

- Allen, F.G., Garrity, J.R., and Schiavo-Campo, B.S. (2004). *Government Revenues and Expenditures in Guinea-Bissau: Causality and Cointegration*, World Bank Group Africa Region Working Paper Series No. 65.
- Apkan, D. (2005). *The Causal Link between Government Expenditure and Government Revenue in Ghana*. *Asian Economic and Financial Review*, (2)2,382-388.
- Aregbeyen, S. & Baba, L. (2013). *Causal Linkages between Government Revenue and Spending: Evidence from Ghana*. Bank of Ghana Working Paper, WP/BOG-2013/13.
- Aregbeyen, O. & Ibrahim, T.M. (2012). Testing the Revenue and Expenditure Nexus in Nigeria: An Application of the Bound Test Approach. *European Journal of Social Sciences*, (27)3,374-380.
- Alt, J. E., Dreyer-Lassen, D. and Skilling, D. (2001). Fiscal Transparency, Gubernatorial Popularity, and the Scale of Government: Evidence from the States, mimeo, Harvard University and University of Copenhagen
- Baghestani, H. & McNown, R. 1994, "Do revenues or Expenditures Respond to Budgetary Disequilibria?" *Southern Economic Journal*, vol. 60, pp. 311-320.
- Barro, Robert J 1974 "Are Government Bonds Not Wealth?" *Journal of Political Economy*, Nov.-Dec.1095-1118.
- Beardon, H. & Yawson, D. (2000). *Report of the advocacy workshop: Basic Rights, equity and the public budget held in Sunyani*. <http://www.sadec.org.gh/papers/budgetworkshop> Ghana.
- Brautigam, D. & Knack, S. (2004) Foreign aid, institutions and governance in sub-Saharan Africa; *Economic Development and cultural change*, 52(2), 255-285.
- Biwott, J.R. (1988) Budgetary allocation process in the public sector institutions. *Unpublished MBA project*. University Of Nairobi.

- Bhatia, R. (2003). Do Revenues or Expenditures respond to Budgetary Disequilibria? *Southern Economic Journal*, 61(2), 311-322.
- Bunce, A.H. & Fraser, S.F. (1997). A Rational Theory of the Size of Government. *The Journal of Political Economy*, 89(5), 914-927.
- Chang, T. (2009). Revisiting the Government Revenue-Expenditure Nexus: Evidence from 15 OECD Countries based on the Panel Data Approach". *Czech Journal of Economics and Finance*, (59)2,165-172.
- Clements,B.,Gupta,S.,Pirovasky,A.&Tiongson,E.(2004) Foreign aid: grant versus loans, Finance and development,41,46-49.
- Crain, W. M, and Crain, M. V. Fiscal Consequences of Budget Baselines, *Journal of Public Economics*, Vol. 67, No. 3, pp. 421–436.
- Crain, W. M, and O’Roark, J. B. (2004). The Impact of Performance-Based Budgeting on State Fiscal Performance, *Economics of Governance*, Vol. 5, No. 2, pp. 167–186.
- CIPFA, (1996). *Management Accounting*. Foundation Open Learning Materials. Chartered Institute of Public Finance and Accountancy. London.
- Cohen, C.Y. & Wheeler, O. (2004). Robust Estimation for Structural Spurious Regressions and a Hausman-type Cointegration Test. *Journal of Econometrics*, (142)1,327-351.
- Crain, W. M., & O’Roark, J. B. (2004). *The Impact of Performance-Based Budgeting on State Fiscal Performance*. *Economics of Governance*, 5 (2), 167-186.
- Darrat, A. 1998, "Budget balance through spending cuts or tax adjustments? ", *Contemporary Economic Policy*, (20)3,221-230.
- Eita, J.H. & Mbazima, D. 2008, "The Causal Relationship between Government Expenditure and Revenue in Namibia", *Journal of Economic and Financial Sciences*, (2), 2,175-186.

- Fanning, O. (2009). *Government Expenditure and Revenue in Jordan, What Causes What? Multivariate Cointegration Analysis*, Social Science Research Network Electronic Paper Collection.
- Ferejohn, J. (1999). Accountability and Authority: Toward a Theory of Political Accountability, in Adam Przeworski, Susan C. Stokes, and Bernard Manin, eds., *Democracy, Accountability and Representation*, Cambridge University Press, New York, pp. 131–153.
- Friedman, M. (1978). *The Limitations of Tax Limitation*. *Policy Review*, (5)78, 7-14.
- Gildenhuys, J.S.H. (1997). *Public Financial Management*. JL van Schaik, Pretoria.
- Heller, P.S (1975) A module of public fiscal behaviour in developing countries: Aid, investment and taxation; *The American Economic Review*, 65(3), 429-445.
- Hondroyannis, G. & Papapetrou, E. 1996, "An examination of the causal relationship between government spending and revenue: A cointegration analysis", *Public Choice*, (89)3, 4, 363-374.
- Ho, A. T. (2011). *PBB in American Local Governments: It's More than a Management Tool*. *Public Administration Review*, (5)6, 391-401.
- Hope, S. & Hope, I. (1997). Statistical analysis of cointegration vectors. *Journal of Economic Dynamics and Control*, (12), 231-254.
- Hope, G. & Fraser, E. (1997). *An Examination of the Causal Relationship between Government Spending and Revenue: A Cointegration Analysis*. *Public Choice*, (89), 3, 4,363-374.
- Hou, Yilin., Lunsford, R. S., Sides, K. C., & Jones, K.A. (2011). *State Performance-Based Budgeting in Boom and Bust Years: An Analytical Framework and Survey of the States*. *Public Administration Review*, (5)6, 370-388.
- Jagongo, A.O. & Njagi, G.N. (2013). *The Extent to Which Capital Budgeting Practices and Procures are Employed in Public Schools in Kenya*.

- Jordan, M. M., & Hackbart, M. M. 1999. *Performance Budgeting and Performance Funding in the States: A Status Assessment*. Public Budgeting & Finance, (19) ,68-88.
- Kirimi, C.J. (2012) Factors that affect budget utilization by government ministries in Kenya. *Unpublished MBA Project, University Of Nairobi*.
- Kimani, R.N. (2012). *The Relationship between Budget Deficit Financing; Through Selling Of Treasury Bills and Bonds in the Open Market and Private Investment to Establish the Possibility of Crowding out*. *Unpublished MBA Project. University of Nairobi*.
- Klase, K. A. & Dougherty, M. J. (2008). The Impact of Performance Budgeting on State Budget Outcomes, *Journal of Public Budgeting, Accounting & Financial Management*, 20 (3), 277-298.
- Kluvers, R. (2001). *An Analysis of Introducing Program Budgeting in Local Government*. Public Budgeting and Finance, 21(2), 29–45.
- Kothari C.R. (2004). *Research Methodology, Methods and Techniques, 2nd Ed*. New Delhi: New Age International Ltd.
- Lee, Yun-jie Jack., and Wang, Xiaohu. (2009). *Assessing the Impact of Performance-Based Budgeting: A Comparative Analysis across the United States, Taiwan, and China*. Public Administration Review, 12, 60-66.
- Meltzer and Richards. 1981. A rational theory of the size of government. *Journal of Political Economy* 89 (5): 914-927.
- Mwangi, D.k. (2013). The relationship between donor funding and performance contracting score of state owned enterprises in Kenya. *Unpublished MBA project. University Of Nairobi*.
- Mugenda, O.M., & Mugenda, A.G. (2003). *Research Methods; Quantitative and*

Qualitative Approaches. Nairobi: African Centre for Technology Studies (ACTS) Press

Musgrave, R. (Ed) 1966, *Principles of budget determination*, Random House, New York.

Musgrave, R. (1959). *Principles of Budget Determination*. In: H. Cameron & W. Henderson (Eds) *Public Finance: Selected Readings*. New York: Random House.

Narayan, P.k. & Narayan, s. (2006) government revenue & government expenditure nexus: evidence for developing country; *Applied Economic*, Taylor & Francis Journals, 38(3), 285-291.

Ngechu. M. (2004). *Understanding the research process and methods: An introduction*.

Nairobi: Star bright Services.

Nkanata, E.K. (2012). The factors affecting the government spending of the budget allocations by the accounting officers in Kenya. *An unpublished MBA project*. Kenyatta University.

Nyamongo, M.E., Sichei, M.M. & Schoeman, N.J (2007). *Government Revenue and Expenditure Nexus in South Africa*, SAJEMS NS, (10)2,256-268.

Olander, M. (2007). Tax or Spend, What Causes What? Reconsidering Taiwan's Experience, *International Journal of Business and Economics*, (2)2,109-119.

Otim, S. (1996) Foreign aid and government fiscal behaviour in lower income south Asia countries; *Applied Economics*, 28,927-933.

Ouattara, B. (2006). Foreign aid and grants fiscal behaviour in developing countries: panel data evidence, *economic modelling*, 23(3)506-514.

Pauw, J.C., Woods, G., Van der Linde, G.J.A., Fourie, D. & Visser, C.B. (2002). *Managing Public Money*. A system from the south. Heinemann. Johannesburg.

- Papanek, G. (1973) Aid, foreign private investment, savings and growth in less developed countries; *The journal of political economy*, 81(1), 120-130.
- Peacock, A.T. & Wiseman, J. (1961). *The Growth of Public Expenditure in the United Kingdom*. Princeton, NJ: Princeton University Press.
- Pleases, S. (1967) saving through taxation reality or mirage? *Finance and Development*, 4(1), 24-32.
- Pollit, N. & Bouckaert, M. (2004). *A Simple Estimator of Cointegration Vectors in Higher Order Integrated Systems*. *Econometrica*, (61)4,783-820.
- Pretorius M: 2008. Critical variables of business failure: A review and classification framework. *South African Journal of Economic and Management Sciences (SAJEMS)*, 11(4), 408-430.
- Premchand, A.F. (2004). Tax and Spend, or Spend and Tax? An Enquiry into the Turkish Budgetary Process, *Southern Economic Journal*, (64)4,940-956.
- Remmer, K. (2004) Does foreign aid promotes the expansion of grants? *American Journal of political science*, 77-92.
- Republic of Kenya. (2012). *Medium Term Expenditure Framework Report*. Nairobi: Ministry of National Treasury.
- Public Expenditure Management Handbook, 1998, World Bank.
- Rose, A. & Lawton, A. (1999). *Public Services Management*. 1st edition. Prentice Hall, Great Britain.
- Rosen, S. (2002). *An Examination of Revenue and Expenditure Causality in Bangladesh: 1974-2004*. Bangladesh Bank of Policy Analysis Unit Working Paper Series WP 0605.
- Rosen, A.N.M. (2002). An Empirical Investigation on the Nexus between Tax Revenue and Government Spending: The Case of Turkey. *International Research Journal of Finance and Economics*, 16, 46-51.

- Rubin, I.S. (1990). *The Politics of Public Budgeting. Getting and spending, borrowing and balancing*. 3rd edition. Chatham House Publishers, New Jersey.
- Schick, L. (1999). *Approaches to the Analysis of Government Growth, Public Finance Review, (7)1, 3-23*.
- State Corporations Advisory Committee (SCAC) (2009). Report for proceedings and recommendations of the induction programme for Directors of state Corporations, 16 January to 26 June, 2009.
- Shand, T. (2006). Statistical Inference in Vector Autoregressions with Possibly Integrated Processes, *Journal of Econometrics*, (66)1,2,225-250.
- Stiefel, L., Rubenstein, R., and Schwartz, A. E. (1999). *Using Adjusted Performance Measures for Evaluating Resource Use*. Public Budgeting and Finance, 19(3), 67-87.
- Suleiman, D. (2009). *The Causal Relationship between Government Revenue and Expenditure in Namibia*, Munich Personal Repec Archive (MPRA) Paper No. 9154.
- Toda, H.Y. & Yamamoto (1995) Statistical inference in Vector Auto regressions with Possibly integrated processes. *Journal of Econometrics*, 66, 225-250.
- Von Furstenberg, G.M., Green, R.J. and Jeong, J.H. (1986). *Tax and Spend or Spend and Tax?* Review of Economics and Statistics, (68)2,179-188.
- Wahid, A.N.M. 2008, "An Empirical Investigation on the Nexus between Tax Revenue and Government Spending: The Case of Turkey", *International Research Journal of Finance and Economics*, (16)46-51.
- Weisskopf.T. (1972) The impact of foreign capital inflow on domestic savings in underdeveloped countries; *Journal of international Economics*, 2(1), 25-38.
- World Bank (2008). *Public Financial Management Reforms in Post-Conflict Countries:*

Synthesis Report. Washington D.C.: World Bank.

Willoughby, K.G., & Melkers, J.E. (2000). *Implementing PBB: Conflicting Views of Success*. *Public Budgeting and Finance*, 20(1), 85-120.

Witt, S. & Muller, Y. (2006). *The Revenue-Expenditure Nexus: The Experience of 13 African Countries*. *African Development Review*, (20)2,273-283

Wolde , T., and Rufael, Y. (2008). *The Revenue-Expenditure Nexus: The Experience of 13 African Countries*. *African Development Review*, (20)2,273-283.

Appendix I: List of Government Ministries during the Financial 2008/9 -

2012/13

1. Ministry of State for Provincial Administration and Internal Security
2. Ministry of State for Special Programmes
3. Ministry of State for Immigration and Registration of Persons
4. Ministry of State for National Heritage and Culture
5. Ministry of Agriculture
6. Ministry of Co-operative Development and Marketing
7. Ministry of State for Public Service
8. Ministry of East African Community
9. Ministry of Education
10. Office of the Vice-president and Ministry of Home Affairs.
11. Ministry of Higher Education, Science and Technology
12. Ministry of Energy
13. Ministry of Environment and Mineral Resources
14. Ministry of Finance
15. Ministry of Industrialisation
16. Ministry of Foreign Affairs
17. Ministry of Youth Affairs and Sports
18. Ministry of Public Health and Sanitation
19. Ministry of Medical Services
20. Ministry of Information and Communication
21. Ministry of Justice, National Cohesion and Constitutional Affairs
22. Ministry of Labour
23. Ministry of Lands
24. Ministry of Roads
25. Ministry of Public Works
26. Ministry of Livestock Development
27. Ministry of Fisheries Development
28. Ministry of State for Planning and National Development and Vision 2030
29. Ministry of Regional Development Authorities
30. Ministry of Gender and Children and Social Development

31. Ministry of Tourism
32. Ministry of Trade
33. Ministry of Transport
34. Ministry of Water and Irrigation
35. Ministry of Housing
36. Ministry of Forestry and Wildlife
37. Ministry of Nairobi Metropolitan Development
38. Office of the Deputy Prime Minister and Ministry of Local Government
39. Ministry of Development of Northern Kenya and other Arid Lands
40. Ministry of State for Defence
41. Office of the Prime Minister

Source: Republic of Kenya 2008

Appendix II: Analysis of Recurrent, Development expenditure, budget Allocations, Foreign Aid and Public revenue of 41 Ministries

MINISTRIES	SPENDING (EXPENDITURE)	BUDGET ALLOCATION	PUBLIC REVENUE	FOREIGN AID
MINISTRY OF STATE FOR PROVINCIAL ADMN & INTERNAL SECURITY	41,301,758,496.85	43,630,754,594.00	43,644,808,038.65	0.00
MINISTRY STATE OF PUBLIC SERVICE	1,534,830,671.25	1,568,690,320.00	1,562,863,991.88	20,000,000.00
MINISTRY OF FOREIGN AFFAIRS	8,936,942,649.45	9,644,092,441.00	10,364,049,335.00	0.00
OFFICE OF THE VICE PRESIDENT MIN OF HME AFFAIRS	10,281,072,606.44	10,660,531,600.00	10,539,261,380.10	0.00
MINISTRY OF STATE FOR PLANNING NATIONAL DEV & VISION 2030	14,892,541,710.52	15,762,217,910.00	15,348,565,837.95	810,935,695.00
OFFICE DEPUTY PRIME MINISTER & MIN OF FINANCE	22,483,450,501.35	27,734,207,301.00	23,929,515,772.05	1,618,339,408.00
MINISTRY OF STATE FOR DEFENCE	41,183,206,659.35	41,209,457,500.00	41,158,535,571.55	0.00
MINISTRY OF REGIONAL DEVELOPMENT AUTHORITIES	1,577,636,068.05	1,918,416,780.00	1,586,191,809.05	342,567,210.00
MINISTRY OF AGRICULTURE	13,266,054,239.61	16,709,298,251.00	13,963,705,598.15	2,391,175,398.00
MINISTRY OF MEDICAL SERVICES	24,828,948,771.54	25,888,612,383.00	25,782,784,089.70	837,441,610.00
OFFICE OF THE DEPUTY PRIME MINISTER & MIN OF LOCAL GOVERNMENT	12,630,368,055.87	14,009,556,234.00	12,849,806,217.35	113,072,950.00
MINISTRY OF ROADS	56,748,043,261.47	67,596,057,864.00	59,379,432,477.75	4,279,500,000.00

MINISTRY OF TRANSPORT	5,227,348,965.30	4,795,792,300.00	5,254,077,568.00	1,170,000,000.00
MINISTRY OF LABOUR & HUMAN RESOURCE DEVELOPMENT	1,271,019,435.21	1,399,263,900.00	1,356,099,785.60	38,460,000.00
MINISTRY OF TRADE	1,854,809,283.30	1,916,172,522.00	1,913,674,760.90	16,800,000.00
MINISTRY OF JUSTICE , NATIONAL COHESION & CONSTITUTIONAL AFFAIRS	1,644,822,109.50	2,213,765,771.00	1,698,601,863.00	77,673,181.00
MINISTRY OF GENDER, CHILDREN & SOCIAL DEVELOPMENT	2,654,651,178.65	3,061,586,246.00	2,673,989,007.00	92,281,228.00
MINISTRY OF LIVESTOCK DEVELOPMENT	5,108,917,259.19	5,851,592,123.00	5,373,865,074.00	686,438,806.00
MINISTRY OF WATER & IRRIGATION	18,799,920,930.71	22,874,523,526.00	19,216,105,680.00	1,579,884,411.00
MINISTRY OF ENVIRONMENT & MINERAL RESOURCES	3,167,963,608.35	3,418,115,900.00	3,035,214,506.15	174,620,965.00
MINISTRY OF CO-OPERATIVE DEVELOPMENT MARKETING	982,148,771.91	997,985,000.00	994,417,100.00	0.00
MINISTRY OF EAST AFRICAN COMMUNITY	453,398,720.65	455,199,210.00	455,000,000.00	0.00
MINISTRY OF ENERGY	30,909,322,556.25	31,626,214,801.00	29,793,667,694.65	1,400,000,000.00
MINISTRY OF EDUCATION	114,684,521,448.74	116,059,817,473.00	115,157,351,318.25	7,434,724,200.00
MINISTRY OF INFORMATION & COMMUNICATION	2,643,095,152.75	3,263,299,919.00	2,760,527,670.90	1,000,000,000.00

MINISTRY OF STATE FOR SPECIAL PROGRAMMES	14,173,319,984.00	16,046,366,421.00	15,472,279,000.00	2,451,175,562.00
MINISTRY OF LANDS	2,036,067,832.01	2,316,366,689.00	2,152,957,077.85	117,375,000.00
MINISTRY OF STATE FOR IMMIGRATION & REG. OF PERSONS	3,648,669,797.20	3,851,651,260.00	4,450,790,155.40	237,000,000.00
OFFICE OF THE VICEPRESIDENT & MIN OF STATE FOR NAT.HERITAGE & CUL.	1,794,268,324.59	1,816,270,643.00	1,804,547,882.00	0.00
MINISTRY OF YOUTH AFFAIRS & SPORTS	6,796,976,622.41	12,061,154,917.00	7,171,967,711.40	299,200,000.00
MINISTRY OF HIGHER EDUCATION ,SCIENCE & TECHNOLOGY	22,317,528,673.40	22,720,490,000.00	22,362,719,903.35	0.00
MINISTRY OF HOUSING	3,333,860,956.60	3,781,631,200.00	3,539,400,803.40	126,000,000.00
MINISTRY OF TOURISM	2,080,453,648.05	2,135,915,000.00	2,083,023,531.80	0.00
OFFICE OF THE PRIME MINISTER	1,242,643,499.42	1,143,072,140.00	1,141,374,120.00	120,000,000.00
MINISTRY OF PUBLIC HEALTH & SANITATION	7,113,346,032.08	8,747,920,184.00	6,224,308,319.00	3,355,223,546.00
MINISTRY OF FORESTRY & WILDLIFE	5,347,679,634.75	5,587,290,900.00	5,446,510,979.00	753,348,000.00
MINISTRY OF FISHERIES DEVELOPMENT	879,537,486.20	1,062,401,710.00	933,109,799.00	86,526,000.00
MINISTRY OF NAIROBI METROPOLITAN DEVELOPMENT	1,409,837,360.15	269,928,564.00	1,420,277,000.00	10,000,000.00
MINISTRY OF DEVELOPMENT OF	2,617,875,773.65	2,770,296,382.00	2,670,624,069.00	1,411,219,147.00

NORTHERN KENYA & OTHER ARID LANDS				
MINISTRY OF PUBLIC WORKS	3,125,637,041.95	3,277,769,450.00	3,115,335,993.00	0.00
MINISTRY OF INDUSTRIALIZATION	1,800,966,745.46	1,911,742,935.00	1,825,775,073.50	249,060,000.00
TOTAL AMOUNT FOR F/Y 2008/09	518,785,462,524.18	563,765,490,264.00	531,607,113,565.33	33,300,042,317.00

MINISTRIES	EXPENDITURE	BUDGET ALLOCATION	PUBLIC REVENUE	FOREIGN AID
MINISTRY OF STATE FOR PROVINCIAL ADMN & INTERNAL SECURITY	39,296,893,121	46,308,758,470.00	43,172,593,408	27,520,000.00
MINISTRY STATE OF PUBLIC SERVICE	1,785,036,790	443,496,425.00	1,898,773,796	20,000,000.00
MINISTRY OF FOREIGN AFFAIRS	7,685,141,341	8,584,108,884.00	8,573,186,579	-
OFFICE OF THE VICE PRESIDENT MIN OF HME AFFAIRS	8,882,410,393	11,517,453,250.00	11,505,678,405	-
MINISTRY OF STATE FOR PLANNING NATIONAL DEV & VISION 2030	23,761,503,008	25,185,786,539.00	25,941,355,456	1,156,934,179.00
OFFICE DEPUTY PRIME MINISTER & MIN OF FINANCE	24,618,093,586	30,791,753,860.00	30,904,525,697	5,088,573,931.00
MINISTRY OF STATE FOR DEFENCE	48,246,612,724	48,525,815,000.00	48,298,948,852	-
MINISTRY OF REGIONAL DEVELOPMENT AUTHORITIES	4,705,068,274	5,126,150,105.00	5,821,275,972	352,067,210.00
MINISTRY OF AGRICULTURE	13,176,659,564	15,932,257,363.00	16,311,922,653	2,197,329,992.00
MINISTRY OF MEDICAL SERVICES	26,818,693,329	27,589,492,964.00	29,341,039,719	364,000,000.00
OFFICE OF THE DEPUTY PRIME MINISTER &	13,494,814,033	16,971,866,430.00	17,134,574,602	

MIN OF LOCAL GOVERNMENT				184,000,000.00
MINISTRY OF ROADS	55,882,126,934	80,343,382,901.00	87,655,650,145	3,250,000,000.00
MINISTRY OF TRANSPORT	6,834,113,944	9,181,161,600.00	9,342,261,788	1,349,000,000.00
MINISTRY OF LABOUR & HUMAN RESOURCE DEVELOPMENT	1401406997	1,676,909,900.00	1,680,477,677	117,820,000.00
MINISTRY OF TRADE	2,207,621,885	2,347,905,400.00	2,559,670,677	-
MINISTRY OF JUSTICE , NATIONAL COHESION & CONSTITUTIONAL AFFAIRS	2,427,870,793	2,767,866,412.00	2,928,479,182	37,000,000.00
MINISTRY OF GENDER, CHILDREN & SOCIAL DEVELOPMENT	4,437,576,921	5,583,884,982.00	6,520,751,000	727,977,736.00
MINISTRY OF LIVESTOCK DEVELOPMENT	5,710,675,369	6,441,995,453.00	6,521,432,084	807,560,230.00
MINISTRY OF WATER & IRRIGATION	21,747,682,961	27,789,008,548.00	32,035,056,711	4,989,104,926.00
MINISTRY OF ENVIRONMENT & MINERAL RESOURCES	3,739,705,730	4,555,239,250.00	4,618,403,658	633,884,313.00
MINISTRY OF CO-OPERATIVE DEVELOPMENT MARKETING	1,041,358,225	1,137,626,690.00	1,143,517,123	-
MINISTRY OF EAST AFRICAN COMMUNITY	915,695,967	1,014,561,570.00	9,98,975,000	65,400,000.00
MINISTRY OF ENERGY	30,816,000,731	33,527,134,595.00	41,602,692,747	

				2,466,111,664.00
MINISTRY OF EDUCATION	126,253,195,190.00	129,102,510,615.00	129,755,823,630.00	5,343,817,541.00
MINISTRY OF INFORMATION & COMMUNICATION	2,865,518,751	2,891,840,000.00	2,885,438,017	1,000,000,000.00
MINISTRY OF STATE FOR SPECIAL PROGRAMMES	8,472,856,773	9,303,593,000.00	10,359,367,294	2,624,239,236.00
MINISTRY OF LANDS	3,607,691,432	3,867,942,972.00	3,948,782,924	-
MINISTRY OF STATE FOR IMMIGRATION & REG. OF PERSONS	4,360,049,209	4,851,052,180.00	5,365,637,477	75,350,000.00
OFFICE OF THE VICEPRESIDENT & MIN OF STATE FOR NAT.HERITAGE & CUL.	2,179,740,735	2,220,158,250.00	2,220,130,201	-
MINISTRY OF YOUTH AFFAIRS & SPORTS	10,386,598,577	11,093,004,370.00	12,460,109,183	309,133,056.00
MINISTRY OF HIGHER EDUCATION ,SCIENCE & TECHNOLOGY	26,676,654,204	27,201,771,300.00	27,137,212,000	238,000,000.00
MINISTRY OF HOUSING	3,239,947,321	3,961,055,000.00	3,967,417,154	-
MINISTRY OF TOURISM	2,541,691,120	2,879,435,500.00	2,800,323,910	-
OFFICE OF THE PRIME MINISTER	2,112,183,342	2,191,552,932.00	2,404,123,760	

				14,932,932.00
MINISTRY OF PUBLIC HEALTH & SANITATION	12,487,683,158	19,159,411,494.00	19,767,937,729	2,185,940,035.00
MINISTRY OF FORESTRY & WILDLIFE	6390491012	6,977,827,725.00	6,995,892,792	864,228,850.00
MINISTRY OF FISHERIES DEVELOPMENT	2288483953	2,607,163,675.00	2,486,919,634	86,526,000.00
MINISTRY OF NAIROBI METROPOLITAN DEVELOPMENT	1410977724	1,569,884,240.00	1,570,755,740	-
MINISTRY OF DEVELOPMENT OF NORTHERN KENYA & OTHER ARID LANDS	2,933,713,195	3,830,388,050.00	3,929,077,343	2,609,015,002.00
MINISTRY OF PUBLIC WORKS	4,241,182,018	5,642,012,100.00	5,267,519,146	-
MINISTRY OF INDUSTRIALIZATION	2,696,814,208	3,500,935,000.00	3,511,377,627	307,470,000.00
TOTAL AMOUNT FOR F/Y 2009/10	574,778,234,540.55	656,195,154,994.00	683,345,088,492.77	39,492,936,833.00

MINISTRY	EXPENDITURE	BUDGET ALLOCATION	PUBLIC REVENUE	FOREIGN AID
MINISTRY OF STATE FOR PROVINCIAL ADMN & INTERNAL SECURITY	47,786,593,813	52,257,889,921.00	51,209,780,208	-
MINISTRY STATE OF PUBLIC SERVICE	1,617,949,775	1,706,041,870.00	1,575,734,264	48,520,000.00
MINISTRY OF FOREIGN AFFAIRS	8,524,058,265	8,797,033,316.00	8,557,338,191	-
OFFICE OF THE VICE PRESIDENT MIN OF HME AFFAIRS	13,425,884,695	13,791,712,510.00	1,370,4931,763	-
MINISTRY OF STATE FOR PLANNING NATIONAL DEV & VISION 2030	7,667,688,436	20,587,233,245.00	18,937,531,440	1,437,806,320.00
OFFICE DEPUTY PRIME MINISTER & MIN OF FINANCE	34,678,882,488	43,381,384,646.00	38,609,505,617	7,072,702,217.00
MINISTRY OF STATE FOR DEFENCE	50,327,478,402	50,393,661,500.00	50,267,550,681	-
MINISTRY OF REGIONAL DEVELOPMENT AUTHORITIES	6,913,225,028	8,343,477,231.00	7,077,513,850	475,920,926.00
MINISTRY OF AGRICULTURE	17,592,581,506	23,139,040,192.00	17,889,739,377	4,898,263,139.00
MINISTRY OF MEDICAL SERVICES	25,109,174,126	31,564,229,463.00	25,711,328,110	375,067,170.00
OFFICE OF THE DEPUTY PRIME MINISTER & MIN OF LOCAL GOVERNMENT	17,367,661,447	18,669,884,077.00	17,628,443,096	470,275,000.00
MINISTRY OF ROADS	71,506,896,695	90,218,429,104.00	69,594,700,912	8,154,000,000.00

MINISTRY OF TRANSPORT	4,631,794,634	8,135,248,190.00	4,285,596,245	1,800,000,000.00
MINISTRY OF LABOUR & HUMAN RESOURCE DEVELOPMENT	1,513,324,931	2,442,664,120.00	1,828,246,224	8,571,000.00
MINISTRY OF TRADE	2,249,028,317	2,330,581,188.00	2,262,124,354	-
MINISTRY OF JUSTICE ,NATIONAL COHESION & CONSTITUTIONAL AFFAIRS	4,100,695,431	4,246,509,870.00	4,164,601,771	2,280,000.00
MINISTRY OF GENDER, CHILDREN & SOCIAL DEVELOPMENT	4,715,080,421	6,134,666,761.00	5,189,386,845	1,178,102,231.00
MINISTRY OF LIVESTOCK DEVELOPMENT	6,020,529,644	7,266,293,091.00	7,000,329,711	615,989,485.00
MINISTRY OF WATER & IRRIGATION	29,048,957,138	38,613,573,803.00	3,0349,549,319	8,086,639,271.00
MINISTRY OF ENVIRONMENT & MINERAL RESOURCES	4,372,775,044	5,007,060,966.00	4,453,299,276	936,627,277.00
MINISTRY OF CO-OPERATIVE DEVELOPMENT MARKETING	1,159,805,238	1,205,266,620.00	1,202,444,649	-
MINISTRY OF EAST AFRICAN COMMUNITY	1,038,065,071	1,054,735,400.00	1,054,016,000	64,400,000.00
MINISTRY OF ENERGY	29,585,710,046	34,902,246,400.00	30,983,250,329	1,207,084,784.00
MINISTRY OF EDUCATION	136,680,801,015.00	142,680,082,385.00	136,961,001,212.00	1,412,539,206.00
MINISTRY OF INFORMATION & COMMUNICATION	5,318,473,430	5,982,806,717.00	5,423,093,526	3,205,852,000.00
MINISTRY OF STATE FOR SPECIAL	11,255,770,194	12,602,812,917.00	11346721413	2,797,253,548.00

PROGRAMMES				
MINISTRY OF LANDS	5,012,604,246	5,502,337,571.00	5,050,678,621	200,000,000.00
MINISTRY OF STATE FOR IMMIGRATION & REG. OF PERSONS	4,997,756,459	5,473,114,110.00	5,925,587,984	64,282,500.00
OFFICE OF THE VICEPRESIDENT & MIN OF STATE FOR NAT.HERITAGE & CUL.	2,117,556,906	2,169,026,600.00	2,129,067,722	-
MINISTRY OF YOUTH AFFAIRS & SPORTS	8,418,239,629	10,427,918,280.00	9,088,489,583	487,318,674.00
MINISTRY OF HIGHER EDUCATION ,SCIENCE & TECHNOLOGY	31,877,869,578	49,828,498,680.00	31,964,941,408	1,200,000,000.00
MINISTRY OF HOUSING	2,831,992,543	3,796,911,220.00	2,995,005,790	98,000,000.00
MINISTRY OF TOURISM	2,528,175,875	2,708,313,785.00	2,572,906,735	-
OFFICE OF THE PRIME MINISTER	2,834,224,433	2,958,257,700.00	2,872,660,665	152,855,000.00
MINISTRY OF PUBLIC HEALTH & SANITATION	22,734,180,666	25,812,739,741.00	21,950,120,739	2,905,892,537.00
MINISTRY OF FORESTRY & WILDLIFE	7,059,443,629	7,951,237,520.00	7,236,772,483	908,915,416.00
MINISTRY OF FISHERIES DEVELOPMENT	3,512,671,783	4,332,495,220.00	3,726,950,536	42,900,400.00
MINISTRY OF NAIROBI METROPOLITAN DEVELOPMENT	1,166,706,236	1,178,905,400.00	1,166,650,215	-
MINISTRY OF DEVELOPMENT OF NORTHERN KENYA & OTHER ARID LANDS	2,459,594,473	2,836,926,382.00	2,143,882,013	1,617,325,756.00

MINISTRY OF PUBLIC WORKS	5,982,121,907	6,644,788,400.00	5,811,770,575	-
MINISTRY OF INDUSTRIALIZATION	3,778,182,624	4,812,816,500.00	3,921,822,535	447,454,000.00
TOTAL AMOUNT FOR F/Y 2010/11	651,520,206,216.65	771,888,852,612.00	675,825,065,988.70	52,372,837,857.00

MINISTRY	EXPENDITURE	BUDGET ALLOCATION	PUBLIC REVENUE	FOREIGN AID
MINISTRY OF STATE FOR PROVINCIAL ADMN & INTERNAL SECURITY	55,103,400,000.00	60,680,421,660.00	61,746,200,000.00	10,000,000.00
MINISTRY STATE OF PUBLIC SERVICE	3,495,900,000.00	5,845,177,300.00	4,128,000,000.00	75,055,460.00
MINISTRY OF FOREIGN AFFAIRS	6,473,400,000.00	8,954,525,500.00	10,449,500,000.00	30,032,000.00
OFFICE OF THE VICE PRESIDENT MIN OF HME AFFAIRS	12,366,700,000.00	15,786,010,000.00	15,151,000,000.00	-
MINISTRY OF STATE FOR PLANNING NATIONAL DEV & VISION 2030	27,289,700,000.00	30,762,556,675.00	22,952,800,000.00	861,214,914.00
OFFICE DEPUTY PRIME MINISTER & MIN OF FINANCE	31,733,500,000.00	62,898,915,561.00	42,407,500,000.00	3,967,442,264.00
MINISTRY OF STATE FOR DEFENCE	64,687,400,000.00	45,230,144,830.00	61,307,300,000.00	-
MINISTRY OF REGIONAL DEVELOPMENT AUTHORITIES	3,769,200,000.00	5,942,865,000.00	5,880,300,000.00	475,000,000.00
MINISTRY OF AGRICULTURE	14,932,000,000.00	19,565,914,807.00	21,625,500,000.00	4,360,896,484.00

MINISTRY OF MEDICAL SERVICES	30,197,500,000.00	31,684,477,684.00	34,638,000,000.00	100,000,000.00
OFFICE OF THE DEPUTY PRIME MINISTER & MIN OF LOCAL GOVERNMENT	4,301,800,000.00	24,530,419,700.00	21,972,200,000.00	2,626,140,000.00
MINISTRY OF ROADS	49,183,200,000.00	100,907,713,588.00	102,117,600,000.00	4,730,000,000.00
MINISTRY OF TRANSPORT	5,595,600,000.00	17,373,760,100.00	15,134,800,000.00	3,652,000,000.00
MINISTRY OF LABOUR & HUMAN RESOURCE DEVELOPMENT	1,667,000,000.00	2,951,282,000.00	2,713,700,000.00	60,883,000.00
MINISTRY OF TRADE	1,720,500,000.00	2,475,202,698.00	2,604,400,000.00	-
MINISTRY OF JUSTICE ,NATIONAL COHESION & CONSTITUTIONAL AFFAIRS	2,340,600,000.00	3,152,496,616.00	3,328,800,000.00	3,000,000.00
MINISTRY OF GENDER, CHILDREN & SOCIAL DEVELOPMENT	5,770,300,000.00	8,790,720,502.00	8,646,500,000.00	2,106,870,690.00
MINISTRY OF LIVESTOCK DEVELOPMENT	6,277,100,000.00	8,021,586,530.00	7,765,600,000.00	462,836,531.00
MINISTRY OF WATER & IRRIGATION	19,186,800,000.00	42,991,587,990.00	36,530,700,000.00	6,854,482,986.00

MINISTRY OF ENVORONMENT & MINERAL RESOURCES	5,592,300,000.00	6,707,919,682.00	6,093,900,000.00	753,867,685.00
MINISTRY OF CO-OPERATIVE DEVELOPMENT MARKETING	1,251,400,000.00	1,529,000,000.00	1,305,800,000.00	-
MINISTRY OF EAST AFRICAN COMMUNITY	1,104,000,000.00	1,132,899,300.00	1,183,100,000.00	-
MINISTRY OF ENERGY	34,412,300,000.00	65,705,892,400.00	54,301,300,000.00	2,643,500,000.00
MINISTRY OF EDUCATION	35,204,900,000.00	45,876,763,420.00	50,200,900,000.00	980,000,000.00
MINISTRY OF INFORMATION & COMMUNICATION	5,409,400,000.00	7,303,103,756.00	6,536,400,000.00	3,165,008,186.00
MINISTRY OF STATE FOR SPECIAL PROGRAMMES	11,219,800,000.00	9,236,202,000.00	12,883,300,000.00	2,767,606,211.00
MINISTRY OF LANDS	5,549,800,000.00	3,505,144,655.00	5,916,500,000.00	170,944,125.00
MINISTRY OF STATE FOR IMMIGRATION & REG. OF PERSONS	5,162,700,000.00	6,435,438,040.00	5,497,000,000.00	113,400,000.00
OFFICE OF THE VICEPRESIDENT & MIN OF STATE FOR NAT.HERITAGE & CUL.	2,330,600,000.00	2,490,000,000.00	2,387,500,000.00	-

MINISTRY OF YOUTH AFFAIRS & SPORTS	6,713,500,000.00	9,778,098,290.00	9,665,900,000.00	365,230,000.00
MINISTRY OF HIGHER EDUCATION ,SCIENCE & TECHNOLOGY	31,873,200,000.00	53,205,488,313.00	55,502,300,000.00	309,000,000.00
MINISTRY OF HOUSING	3,060,800,000.00	4,025,481,110.00	3,768,200,000.00	32,353,332.00
MINISTRY OF TOURISM	2,634,100,000.00	2,876,277,783.00	2,627,800,000.00	-
OFFICE OF THE PRIME MINISTER	2,344,900,000.00	3,036,439,710.00	2,926,400,000.00	219,165,560.00
MINISTRY OF PUBLIC HEALTH & SANITATION	24,908,500,000.00	32,337,120,276.00	35,694,500,000.00	7,818,515,110.00
MINISTRY OF FORESTRY & WILDLIFE	5,913,200,000.00	8,663,143,210.00	8,578,000,000.00	998,912,000.00
MINISTRY OF FISHERIES DEVELOPMENT	1,565,300,000.00	4,667,277,911.00	3,513,400,000.00	479,105,175.00
MINISTRY OF NAIROBI METROPOLITAN DEVELOPMENT	2,135,800,000.00	2,294,547,250.00	2,182,800,000.00	205,700,000.00
MINISTRY OF DEVELOPMENT OF NORTHERN KENYA & OTHER ARID LANDS	-	2,486,226,760.00	2,961,000,000.00	618,484,000.00

MINISTRY OF PUBLIC WORKS	5,228,500,000.00	6,574,074,120.00	6,462,000,000.00	-
MINISTRY OF INDUSTRIALIZATION	3,985,600,000.00	4,265,772,800.00	4,325,600,000.00	201,322,000.00
TOTAL AMOUNT FOR F/Y 2011/12	543,692,200,000.00	782,678,089,527.00	765,614,000,000.00	52,217,967,713.00

MINISTRY	EXPENDITURE	BUDGET ALLOCATION	PUBLIC REVENUE	FOREIGN AID
MINISTRY OF STATE FOR PROVINCIAL ADMN & INTERNAL SECURITY	66,800,000,000.00	75,518,976,483.00	72,718,950,000.00	77,000,000.00
MINISTRY STATE OF PUBLIC SERVICE	7,500,000,000.00	5,933,932,958.00	5,884,000,000.00	22,233,540.00
MINISTRY OF FOREIGN AFFAIRS	9,300,000,000.00	10,578,773,400.00	9,928,000,000.00	10,000,000.00
OFFICE OF THE VICE PRESIDENT MIN OF HME AFFAIRS	12,800,000,000.00	16,727,710,727.00	16,716,000,000.00	-
MINISTRY OF STATE FOR PLANNING NATIONAL DEV & VISION 2030	19,900,000,000.00	26,638,737,888.00	26,592,801,555.00	1,156,393,500.00
OFFICE DEPUTY PRIME MINISTER & MIN OF FINANCE	31,000,000,000.00	43,224,630,269.00	42,522,921,744.00	3,455,284,006.00
MINISTRY OF STATE FOR DEFENCE	77,500,000,000.00	77,526,356,285.00	73,045,000,000.00	-
MINISTRY OF REGIONAL DEVELOPMENT AUTHORITIES	3,900,000,000.00	4,531,096,975.00	4,060,585,963.00	407,290,700.00
MINISTRY OF AGRICULTURE	14,700,000,000.00	21,471,115,339.00	17,097,401,160.00	4,730,144,335.00

MINISTRY OF MEDICAL SERVICES	44,000,000,000.00	45,324,222,230.00	42,614,000,000.00	323,257,781.00
OFFICE OF THE DEPUTY PRIME MINISTER & MIN OF LOCAL GOVERNMENT	5,800,000,000.00	6,254,506,504.00	5,830,744,800.00	1,497,458,980.00
MINISTRY OF ROADS	55,100,000,000.00	43,328,659,577.00	36,338,820,560.00	6,125,000,000.00
MINISTRY OF TRANSPORT	6,000,000,000.00	8,231,691,280.00	5,043,117,745.00	2,976,723,505.00
MINISTRY OF LABOUR & HUMAN RESOURCE DEVELOPMENT	1,600,000,000.00	1,986,274,499.00	1,895,000,000.00	-
MINISTRY OF TRADE	2,200,000,000.00	2,390,431,469.00	2,233,500,000.00	-
MINISTRY OF JUSTICE ,NATIONAL COHESION & CONSTITUTIONAL AFFAIRS	2,500,000,000.00	2,616,818,356.00	2,577,700,000.00	9,161,650.00
MINISTRY OF GENDER, CHILDREN & SOCIAL DEVELOPMENT	8,100,000,000.00	9,590,367,784.00	8,310,896,195.00	3,056,255,338.00
MINISTRY OF LIVESTOCK DEVELOPMENT	6,200,000,000.00	8,681,594,671.00	8,208,309,245.00	327,414,331.00
MINISTRY OF WATER & IRRIGATION				

	17,900,000,000.00	23,405,523,255.00	20,049,708,920.00	4,233,372,885.00
MINISTRY OF ENVIRONMENT & MINERAL RESOURCES	6,000,000,000.00	6,768,681,878.00	5,780,270,915.00	1,056,628,708.00
MINISTRY OF CO-OPERATIVE DEVELOPMENT MARKETING	1,200,000,000.00	1,413,592,976.00	1,409,000,000.00	-
MINISTRY OF EAST AFRICAN COMMUNITY	1,300,000,000.00	1,264,524,742.00	1,261,000,000.00	-
MINISTRY OF ENERGY	16,300,000,000.00	27,919,426,279.00	20,719,918,190.00	4,436,030,678.00
MINISTRY OF EDUCATION	45,800,000,000.00	48,549,519,779.00	47,789,204,635.00	793,288,353.00
MINISTRY OF INFORMATION & COMMUNICATION	5,800,000,000.00	6,563,357,057.00	6,003,272,940.00	2,881,882,275.00
MINISTRY OF STATE FOR SPECIAL PROGRAMMES	8,500,000,000.00	10,840,098,651.00	8,691,125,502.00	521,865,553.00
MINISTRY OF LANDS	4,200,000,000.00	4,779,526,157.00	3,985,093,740.00	195,944,125.00
MINISTRY OF STATE FOR IMMIGRATION & REG. OF PERSONS	5,700,000,000.00	6,682,346,961.00	6,502,500,000.00	113,000,000.00
OFFICE OF THE VICEPRESIDENT & MIN				

OF STATE FOR NAT.HERITAGE & CUL.	2,200,000,000.00	2,302,518,561.00	2,265,000,000.00	5,000,000.00
MINISTRY OF YOUTH AFFAIRS & SPORTS	7,500,000,000.00	9,982,864,794.00	9,493,330,010.00	469,990,253.00
MINISTRY OF HIGHER EDUCATION ,SCIENCE & TECHNOLOGY	41,100,000,000.00	41,404,658,833.00	39,668,000,000.00	50,000,000.00
MINISTRY OF HOUSING	3,400,000,000.00	4,106,646,180.00	3,279,981,585.00	1,600,000,000.00
MINISTRY OF TOURISM	2,100,000,000.00	2,147,308,473.00	3,527,981,585.00	-
OFFICE OF THE PRIME MINISTER	2,600,000,000.00	2,548,143,636.00	2,533,000,005.00	48,000,000.00
MINISTRY OF PUBLIC HEALTH & SANITATION	31,100,000,000.00	28,396,212,988.00	24,387,051,921.00	6,833,412,488.00
MINISTRY OF FORESTRY & WILDLIFE	5,100,000,000.00	7,673,691,393.00	7,485,521,355.00	791,638,300.00
MINISTRY OF FISHERIES DEVELOPMENT	2,800,000,000.00	3,895,290,943.00	2,073,489,150.00	148,838,260.00
MINISTRY OF NAIROBI METROPOLITAN DEVELOPMENT	1,900,000,000.00	3,569,555,540.00	2,186,736,000.00	165,000,000.00
MINISTRY OF DEVELOPMENT OF				

NORTHERN KENYA & OTHER ARID LANDS	700,000,000.00	2,500,316,513.00	2,117,408,910.00	692,162,483.00
MINISTRY OF PUBLIC WORKS	4,100,000,000.00	6,632,757,363.00	40,641,000,000.00	-
MINISTRY OF INDUSTRIALIZATION	3,600,000,000.00	4,353,688,172.00	4,017,061,100.00	124,155,965.00
TOTAL AMOUNT FOR F/Y 2012/13	595,800,000,000.00	668,256,147,818.00	647,484,405,430.00	49,333,827,992.00

Source: Office of the Controller of Budget and The National Treasury.

