



ESTIMATED GOVERNMENT SPENDING 2009/2010

KENYAN HEALTH SECTOR

- BUDGET ANALYSIS -

GTZ HEALTH SECTOR PROGRAMME KENYA

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QUICK FACTS

- Total government budget for health increases by 21%
- Rising share for Primary Health
- Shift of resources from MoMS towards MoPHS
- Shift of resources from *Recurrent Budget* to *Development Budget*
- Estimates for future budgets raise doubt on mid-term sustainability of Primary Health shift
- Significant development partner funds not on budget

1. Introduction

The budget is a crucial indicator of implementation of national policies and it should give a good overview about the policy priorities of a particular sector. In this regard, the objective of this budget analysis is to analyse the coherence between the health sector priorities and the government funding going into these categories according to the budget estimates for 2009/2010. The analysis also seeks to answer questions of whether the allocation of budget has a pro-poor focus and whether gender issues have been incorporated in the current budget.

For the purposes of this budget analysis, the budget allocation and Kenyan health policy objectives were studied¹.

The government of Kenya differentiates between a *Recurrent Budget* for the ongoing expenditures and a *Development Budget* for the investments.

For each of these budgets there is a gross budget, which includes appropriation in aid (AIA), and a net budget excluding AIA. Since the biggest part of the AIA are grants or loans from development partners the priority areas of the Kenyan government would not be revealed when taking into account these resources. Hence only numbers excluding AIA have been considered for the analysis on government spending. A short analysis on AIA and an overview of AIA from development partners is added in the Annex.

2. General Description of the Budget

The budget allocation to the health sector² - Ministry of Medical Services (MoMS) and Ministry of Public Health and Sanitation (MoPHS) - for 2009/2010 accumulated to a total of **39.9 billion KShs.**³ of government resources which represents **7% of the total**

¹ Data sources: The health Budget Estimates 2009/2010 and several related papers from the government and development partners.

² In pursuit of the recently signed National Accord and Reconciliation Act and as part of Government's re-organization process, the Government of Kenya split the Ministry of Health into two: Ministry of Public Health and Sanitation and Ministry of Medical Services.

³ The used numbers are the net expenditures, AIA are excluded.

estimated government budget⁴ and 1.7% of the Gross Domestic Product (GDP)⁵. That amounts to USD 13.6 per capita.

The total Government budget increased by 15.4% from 2008/2009 to 2009/2010. The proportion allocated to the health sector increased from 6.7% in 2008/2009 to 7% in 2009/2010. Inflation in 2008 and 2009 stood at around 25%⁶.

Table 1: Breakdown of total budget (in Bill. KSh; % of total health budget)

| Ministry / Sub-sector programme | Recurrent Budget | | Development Budget | | Total per Ministry | |
|--|------------------|--------------|--------------------|--------------|--------------------|--------------|
| | Total | % | Total | % | Total | % |
| MoMS | 21.2 | 53.1% | 2.5 | 6.4% | 23.7 | 59.5% |
| Curative Care | 14.4 | 36.0% | 2.2 | 5.6% | 16.6 | 41.6% |
| <i>Kenyatta & Moi</i> ⁷ | 4.5 | 11.3% | 0.1 | 0.3% | 4.6 | 11.6% |
| <i>Others</i> ⁸ | 2.4 | 5.8% | 0.1 | 0.5% | 2.6 | 6.3% |
| MoPHS | 6.9 | 17.3% | 9.3 | 23.2% | 16.2 | 40.5% |
| <i>Prev. M. & Pr. H</i> ⁹ | 2.9 | 7.3% | 2.2 | 5.4% | 5.1 | 12.7% |
| <i>Primary Health</i> ¹⁰ | 2.6 | 6.5% | 6.8 | 17.2% | 9.4 | 23.5% |
| <i>Others</i> ¹¹ | 1.4 | 3.6% | 0.3 | 0.6% | 1.7 | 4.2% |
| Total per Budget | 28.1 | 70.4% | 11.8 | 29.6% | 39.9 | 100% |

Source: Budget estimates, 2009/2010

2.1 Changes in Budget Allocations between 2009/2010 and 2008/2009

Compared to 2008/2009, the 2009/2010 budget for the health sector **increased from 32.9 to 39.9 billion KShs**. The change of allocation per sub-sector programme varied considerably (see **Figure 1** and **Figure 2**).

⁴ Net expenditures, excluding AIA and Consolidated Fund Services (567,7 billion KShs. for 2009/2010).

⁵ GDP estimates from IMF (retrieved 2009-04-22); exchange rate 77.02 KSh/\$.

⁶ CIA factbook and Central Bank of Kenya.

⁷ Kenyatta & Moi standing for “Kenyatta National Hospital and Moi Referral and Teaching Hospital”.

⁸ Others include: “General Admission and Planning”, “Preventive Medicine and Promotive Health”, “Health Training and Research” and “Medical Supplies Coordination Units”.

⁹ Prev. M & Pr. H. standing for “Preventive Medicine and Promotive Health”.

¹⁰ Primary Health standing for “Primary Health Services”.

¹¹ Others include: “General Administration and Planning”, “Disease Control Services” and “Technical Support Services”.

Figure 1:
Change in budget allocation
by ministry and budget type

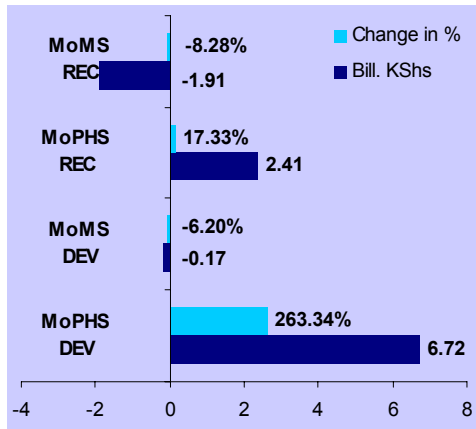
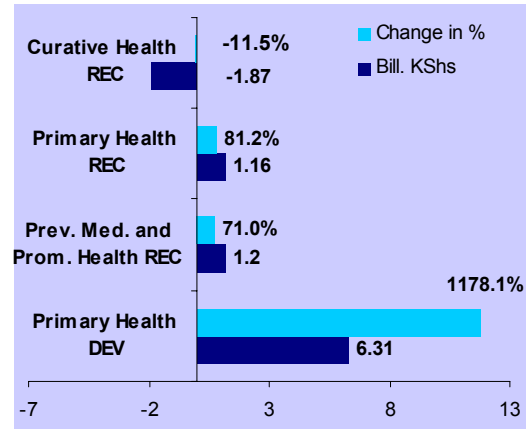


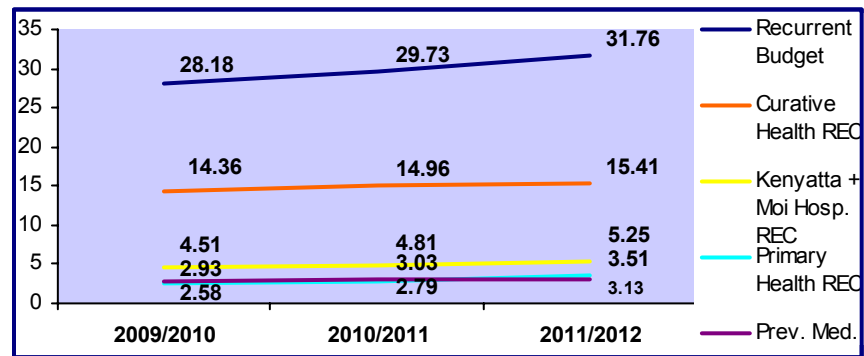
Figure 2:
Major changes on sub-sector
programmes by budget type



2.2 Future trends in Budget Estimates 2009/2010 and 2011/2012¹²

The total health sector **spending is projected to increase by 5% for 2010/2011 and 10.1% by 2011/2012**. This is **significantly lower** than this year's growth rate.

Figure 3:
Trend of the
Recurrent Budget.
The numbers in
bill. KShs.
Numbers are
estimates and
include AIA.



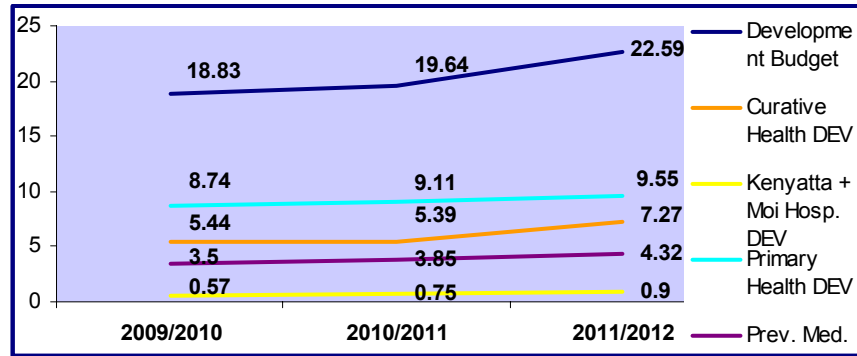
Source: Budget estimates 2009/2010

For the *Recurrent Budget* estimates, it is only the allocation to *Primary Health Services* that will increase significantly, by 8.0% (2010/2011) and 26.2% (2011/2012) respectively.

For the other categories there is only a slight increase.

¹² Numbers from the gross budget, i.e. including Appropriations in Aid (AIA). Since the future estimates are all gross budget estimates, they are not comparable to the past net budget spending.

Figure 4:
Trend of the Development Budget. Numbers in bill. KShs. Numbers are estimates and include AIA.



Source: Budget estimates 2009/2010

In the *Development Budget* there is an increase (4-12%) for *Primary Health Services* and *Preventive Medicine*. However in the estimates for 2011/2012 there is a major increase for *Curative Health* due to constructions at the district level.

3. Analysis and Evaluation

The increase of resources allocated to the health sector for the financial year 2009/2010 both in total numbers and in share of government spending is a positive signal.

Regarding the allocation within the health sector, there are two major shifts. The first is a shift from MoMS to MoPHS, while the second is a shift of allocation from the *Recurrent Budget* to the *Development Budget*. The main increases of funds go to the MoPHS (129%) and the *Development Budget* (125%) leaving the MoMS and the *Recurrent Budget* almost stagnating (Figure 1).

Analyzing the sub-sector programmes, the share of total health allocation to *Curative Health Services* declined to 42%. This decline is mainly due to a cut of “*Specialized Materials and Supplies*” at the district health services level. Kenyatta National Hospital and Moi Teaching and Referral Hospital stagnate in terms of budget allocation.

Additional resources have been allocated to *Preventive Medicine and Promotive Health* and *Primary Health Care* (Figure 2). **The development budget for Primary Health Services increased by 6.31 billion KShs or 1.178.06%** compared to the previous year.

The largest amount of resources allocated to *Primary Health Care* is allocated to “*Basic Wages – Temporary Employees*”, “*Construction of Buildings*” – rural health centres and dispensaries and “*Specialized Materials and Supplies*”, which increase by about the same amount these categories decrease in the recurrent budget for curative care.

Since in prior years there have been **problems in spending the allocated funds** for the *Development Budget* this in principle positive increase involves **potential problems due to capacity constraints**. There is an increase in permanent employees for the MoPHS though, but on department level that is not in coherence with the increase of funds¹³.

3.1 Alignment with Areas of Priority

A pro-poor focus and a gender responsive sector are key policy objectives in all the guiding documents in the health sector^{14,15}.

According to the budget estimates 2009/2010, **the Kenyan government has aligned its health allocation with a pro-poor focus by increasing spending for Primary Health**

Positive Developments

- **Strong increase in total health budget**
- **Major investments in Primary Health Services**
- **Shift from Curative Health to Primary Health and Preventive Med.**

Services significantly, especially by the construction/rehabilitation of rural health centres and dispensaries.

Since the poor, in particular poor women, mainly use primary health services an increased investment in this area has a potential to contribute to

a decrease in the in-equitability of the Kenyan healthcare system. So far Kenya’s poorest quintile is receiving only half of what the richest quintile gets¹⁶.

¹³ The major increase of permanent employees is in the department of Preventive Medicine and Promotive Health, while the major increase of funds go to the Primary Health Services.

¹⁴ NHSSP II.

¹⁵ The African Union Commission, 2006, „Plan of actions on sexual and reproductive health and rights (Maputo Plan of Action).

Unfortunately, the sustainability of this positive tendency is **questioned** when looking at the coherence with the mid-term plans. Although there are large investments in construction of buildings, special materials and supplies, there is **no increase in the estimated**

Major Concerns

- Capacity constraints for spending allocated resources
- Mid-term sustainability of shift to Primary Health Services
- No prioritisation of gender issues

allocations for permanent employees in the future recurrent budgets. With declines in temporary salaries for 2010/2011 and 2011/2012 the question is unanswered by what staff these new facilities shall be run and administered.

Looking at the maternal mortality and reproductive health indicators, many in particular women have an unmet need for services. These and other gender related issues are not at all treated as priorities in the budget estimates for 2009/2010. Against the general trend the allocation for *Family Planning, Maternal and Child Health* is **declining by 15%.** **Only 1.8% of the overall government expenditures on health are spent on this issue.** Future estimates indicate a further significant decline of government spending in this area. **This is clearly contradictive to policy objectives.**

4. Conclusion

Keeping in mind the broader picture the allocation of the total government resources for the healthcare sector is still **not even half of the expected 15%.** Nevertheless the **increase of the government allocations to the health sector by 21% from the last budget year and a shift of resources towards *Primary Health Services* are positive developments.** There are questions remaining concerning **capacity restrains and the sustainability of this development considering the mid-term budget estimates.** **Gender issues are not explicitly prioritized and play an inferior role in the government's health budget.**

¹⁶ L. Demrey, I. Gaddis „Social Spending, Gender Inequality And Kenya's Poor: A Policy Brief“, 2009, p.17, GTZ.

I. ANNEX

I.1 Appropriation in Aid (AIA) in the Budget

The in the budget estimates given numbers for AIA are AIA grants and AIA loans. They amount to a total of **7.1 Billion KShs. or 15% of the total budget (government spending plus AIA), which is 47.1 Billion KShs.** Nevertheless only a minor part of development partner spending is marked in the budget (approximately one third, when comparing to NHA 2005/06).

The biggest amount of AIA goes to the ***Development Budget of MoMS, which is 3.8 billion KShs and is more than what the Kenyan government spends*** (60% of total budget). The major part of these resources goes into the *Construction of Buildings* at the district level.

The *Development Budget* of the **MoPHS** receives **3.2 billion KShs.** in AIA, which is 25.9% of the total budget. The resources are mainly allocated to *Rural Health*

Centres & Dispensaries, Environmental Health Services and Family Planning Maternal and Child Health.

While the numbers suggest a taking over of responsibilities by the government for *Environmental Health Services* when UNICEF support declines for the next fiscal years, government spending is estimated to decline even further on *Family Planning Maternal and Child Health* with increased development partner spending for 2010/2011.

AIA for the *Recurrent Budgets* are negligible.

- **7.1 bill. KShs added in AIA from Development Partners**
- **Focus on spending in priority areas: Construction in rural areas and on district level, RH and Environmental Health**

I.2 Appropriation in Aid from Development Partners

In the Budget Estimates the following sums per development partner are accounted.

Table 2: *AIA from Development Partners*

| Development Partner | MoMS | | MoPHS | |
|---------------------|--------------------|----------------------|----------------------|----------------------|
| | AIA Loans | AIA Grants | AIA Loans | AIA Grants |
| ADF | | 16.000.000 | 452.003.000 | |
| BADEA | | 250.000.000 | | |
| Belgium | | 1.450.000 | | |
| DANIDA | | 68.500.000 | | 21.000.000 |
| IDA | | | 80.000.000 | |
| Japan | | 72.000.000 | | |
| KfW | | 578.700.000 | | 20.000.000 |
| UNFPA | | | | 435.746.937 |
| UNICEF | | | | 769.159.000 |
| Various | 950.000.000 | 1.857.057.000 | 497.997.000 | 958.300.000 |
| Total | 950.000.000 | 2.843.707.000 | 1.030.000.000 | 2.204.205.937 |

Source: Budget Estimates 2009/2010