

# At-a-Glance Analysis of Kenya's National and County Health Budgets FY 2016/17

HP+ POLICY Brief  
February 2017

In 2016, an analysis of Kenya's national and county health sector budgets for fiscal year (FY) 2016/17 was conducted by the Kenya Ministry of Health (MOH) and the U.S. Agency for International Development- and U.S. President's Emergency Plan for AIDS Relief (PEPFAR)-funded Health Policy Plus (HP+) project, as part of the PEPFAR Sustainable Financing Initiative. Using data from annual budget estimates, the analysis aims to assist key stakeholders and decision-makers to understand allocation patterns by key health inputs and service delivery areas and to identify changes and trends compared to previous years (FYs 2014/15 and 2015/16). The complete findings, recommendations, and references can be found in the full report, National and County Health Budget Analysis FY 2016/17 (MOH, 2017).

In absolute terms, Kenya's national and county governments are allocating more funds to the health sector, thereby increasing the public budgetary resources available. However, the combined total remains below the Abuja targets, to which the Kenya government has committed. County health budgets, as a proportion of the total county budget, are below the 35 percent recorded before devolution. Based on these and other findings from the recently published National and County Budget Analysis FY 2016/17, Kenya's MOH recommends that both the national and county governments:

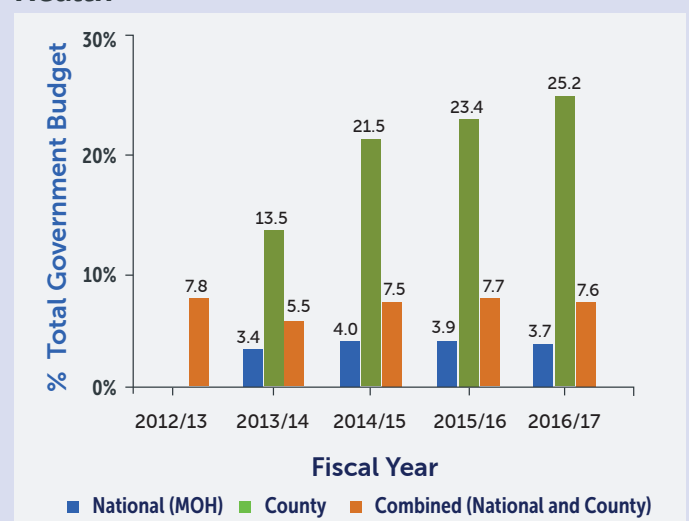
- Increase the proportion of the annual budget allocated to the health sector
- Optimize productivity of human resources for health
- Increase allocation to development

## How much did Kenya allocate to the health sector in the FY 2016/17 annual budget?

Kenya's combined (national and county government) allocation to the health sector in FY 2016/17 was 7.6 percent of the total government budget, much lower than the 15 percent recommended by the 2001 Abuja Declaration (UN and OAU, 2001). The National Treasury allocated 3.7 percent (Ksh 60 billion) of the total national budget (Ksh 1,627 billion) to the MOH. This was a slight decrease from the 3.9 and 4 percent allocated in FYs 2015/16 and FY 2014/15, respectively (Figure 1).

In contrast, the combined allocation to the health sector by Kenya's 47 county governments has gradually increased from 21.5 percent in FY 2014/15, to 23.4 percent (Ksh 85 billion) and 25.2 percent (Ksh 92

Figure 1: Governments' Budget Allocation to Health



billion) in FYs 2015/16 and 2016/17, respectively (Figure 1). However, while the majority of counties increased the proportion of the total county budget allocated to health, eight counties reduced their allocation to less than 25 percent.

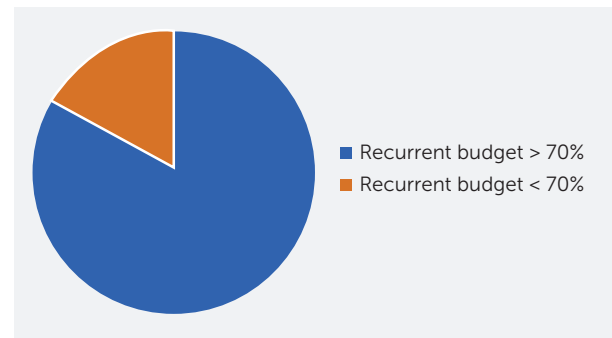
### Increase the proportion of the annual budget allocated to the health sector:

National and county governments should increase allocations to health to surpass pre-devolution levels and move closer to attaining the Abuja targets. All counties should continue increasing the amount allocated to health to at least the 35 percent average recorded before devolution.

## What was the recurrent versus development budget allocation?

While the MOH's budget allocation to recurrent expenditures appears to be declining, it still consumes nearly half of the total health budget. Among the counties, budget allocated to development has decreased while the recurrent budget allocation has increased. In fact, four-fifths of counties (39) allocated more than 70 percent of their total health budget to recurrent expenditures; seven of them with significantly increased allocation to development expenditures (Figure 2).

**Figure 2: Percentage of Counties with Recurrent Expenditures Accounting for Over 70% of Total Budget**



## What did the recurrent budget allocation cover?

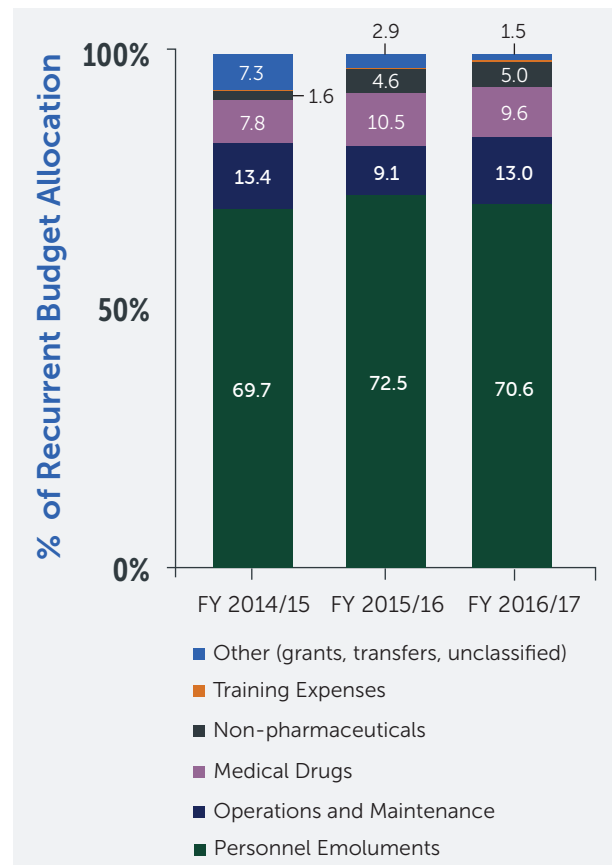
The largest proportion of the MOH's recurrent budget covered grants or transfers to the seven semi-autonomous government agencies (SAGAs) under the ministry. In FY 2016/17, the MOH allocated 70 percent (Ksh 20.5 billion) of its recurrent budget to the SAGAs, compared to 75 percent (Ksh 19.5 billion) in FY 2014/15 and 70 percent (Ksh 20 billion) in FY 2015/16. The remainder went to personnel emoluments, operations and maintenance, and reimbursements to primary care facilities that offer free health services.

County governments' recurrent budget covered personnel costs; the purchase of drugs and essential medical supplies, including non-pharmaceuticals; training; and operations and maintenance (Figure 3).

### Optimize productivity of human resources for health:

Although it may be difficult to accomplish in the short term, counties must strategize on how to increase staff productivity through

**Figure 3: County Governments' Recurrent Budget**



engagement of staff on contracts, task shifting, annual performance reviews, and introducing a results-based funding program to incentivize health workers.

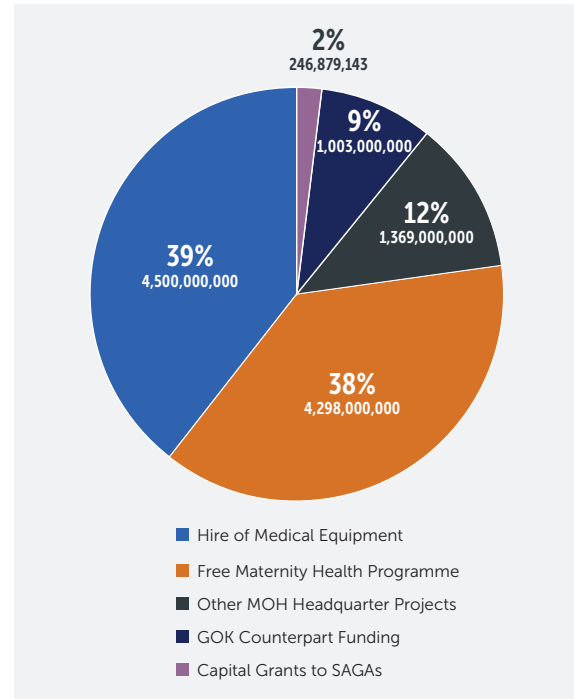
## What did the development budget allocation cover?

A significant proportion of the MOH’s FY 2016/17 development budget was allocated to the Medical Equipment Project and reimbursements for free maternity services (Figure 4).

Donors added Ksh 20 billion to the MOH’s development budget in FY 2016/17, an increase from Ksh 12 billion in FY 2014/15 and Ksh 19 billion in FY 2015/16. These funds cover special programmes, including HIV and AIDS, immunization, health systems support, and reproductive health.

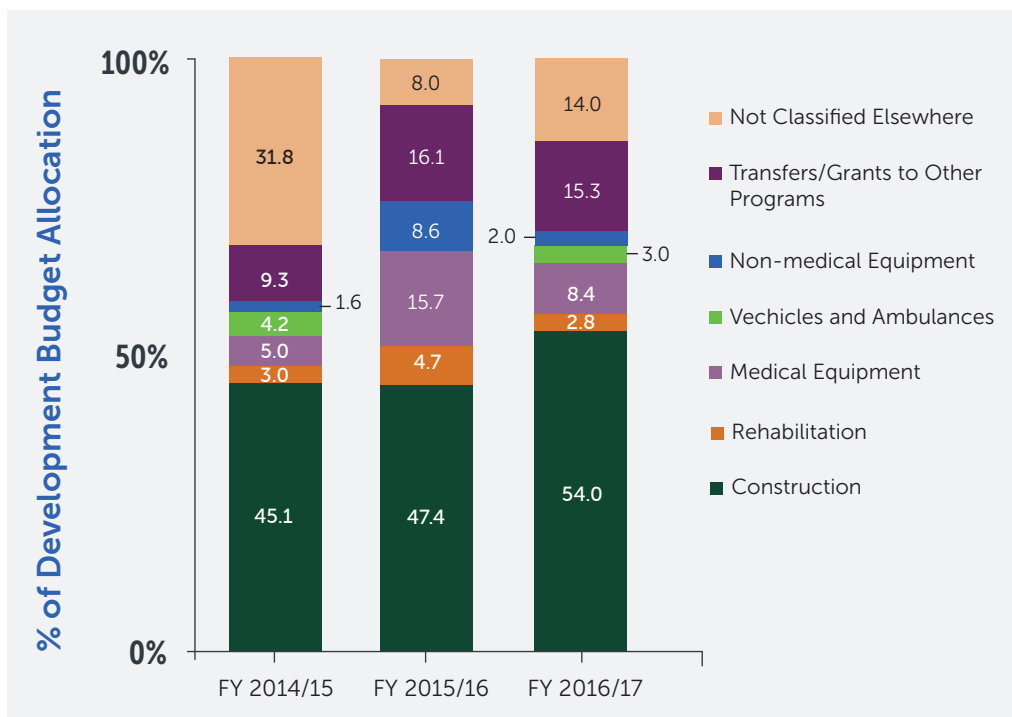
At the county level, construction and rehabilitation of buildings and medical equipment received the largest share of the development budget in FY 2016/17 (Figure 5). The purchase of medical equipment had seen an increase in previous years, but dropped to 8.4 in FY 2016/17.

Figure 4: MOH’s Development Budget



**Increase allocation to development:** At the national level, the MOH should increase allocations to development to cover more of the programmes currently funded by donors, reducing any gaps that may arise from declining donor funding. Counties should also increase allocations to development, especially those counties that had less than the recommended 30 percent of their health budgets allocated to development.

Figure 5: County Governments’ Development Budget



## References

Ministry of Health (MOH). 2017. *National and County Health Budget Analysis FY 2016/17*. Nairobi: Government of Kenya.

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