

# Kingdom Securities Limited

## Kenya's Public Expenditure Review

Fiscal Year 2021/2022

## Bettering the Economy

*Banking on Health, National Security, Social Protection and Good Governance*

### Kenya's Fiscal Deficit Set to Rise on Economic Healings

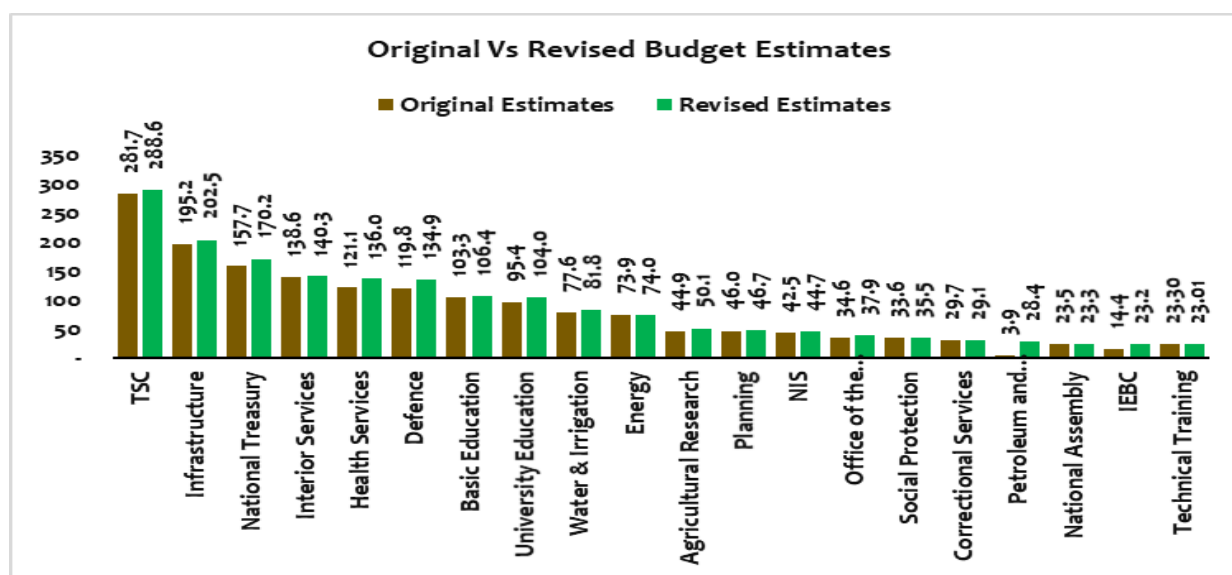
- National Treasury & planning consented an additional Kes. 126.28Bn presented to the National Assembly early this month.
- On the supplementary budget estimates, the national deficit is set to soar 9.1% from Kes 1.39Tr to Kes 1.51Tr as the overall budget edges 4.0% up from Kes 3.19Tr to Kes 3.32Tr on original exchequer estimates for the fiscal year 2021/22.
- With the additional allocations, several sectors of the economy are set benefit on the fuel-efficient realignments in the respective ministries as elaborated hereafter in this report.

### Major Consumers and Gainers of the Budget

Teachers service Commission, infrastructure, the National Treasury, interior and Co-ordination of National Services and the ministry of Health ranks top 5 accounting for 45.3% of the revised estimates. The top gainers from the additional funds were ministry of petroleum and energy, Defence and health respectively.

### The teachers Service Commissions (TSC)

- TSC remained the highest public expenditure for the 2021/22 budget cashing out a total of Kes 281.70Bn. The commission received an additional of Kes. 6.91Bn or 2.5% to a total of Kes. 288.61Bn. This is to enable the commission to recruit additional teaching personnel in arid and semi-arid areas urban schools in urban pockets of poverty



### State Department for Infrastructure:

- Legacy and commitment to the government's big four agenda have emanated to life-long projects witnessed in the country wide recent road developments. Infrastructure department accounts for Kes. 202.50Bn in the revised budget after garnering Kes. 7.30Bn.
- Road maintenance received an additional of Kes. 17.40Bn from Kes. 54.08Bn to Kes. 71.50Bn as construction of roads and bridges, rehabilitation of roads and general administration expenses were slashed cumulatively by total of Kes. 10.10Bn.

### National Treasury

- The National Treasury emerged third on an additional allocation of Kes. 12.49Bn to Kes. 170.24Bn from that of Kes. 157.75Bn in the original estimates. The additional Kes. 12.5Bn is on account of provision of group life insurance cover for the civil servants.
- Rail transport cashed in an additional Kes. 1.50Bn as Marine transport lost 15.04Bn on low capital expenditure for the period, whereas the national carrier Kenya Airways netted in a capital injection of Kes. 20.10Bn.
- The National Treasury Fiscal Policy Formulation saw a 48.6% uptick from Kes. 1.41Bn to Kes. 2.09Bn to be released for the purposes of economic stimulation.
- The Treasury's recent debt restructure through issuing of medium to long-term bonds bore fruit by a 6.9% reduction on fund allocated to debt management from Kes. 130.34Mn to Kes. 121.36Mn.

### Interior and Citizen Services

- Ministry of Interior ranks 4<sup>th</sup> with a total of Kes. 138.59Bn of which 94.8% is set for recurrent expenditure.
- The ministry received an addition of Kes. 1.73Bn on account of enhancing security operations and construction of the National Police Hospital.

### Ministry of Health

- The ministry of Health's approved budget estimates was adjusted from Kes. 121.09Bn to Kes. 136.04Bn, a 12.3% rise, emerging a third gainer on overall as also donation commitments gained momentum.
- The key to the adjustments were to enable local vaccine production through establishment of Kenya Bio Vax Institute Limited and establishment of Vaccine Form and Finish Facility, Modern Neuropsychiatric National Teaching and Referral Hospital, acquisition of Covid-19 vaccine and construction of new level III hospitals.

### Ministry of Petroleum and Mining

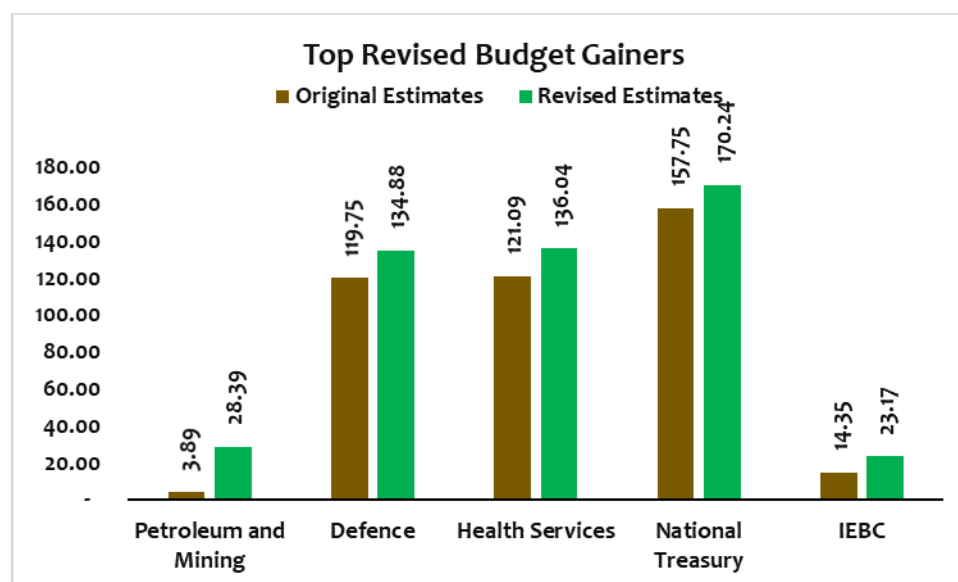
- Petroleum and mining ministry gained the most at 629.6%, spiking from Kes. 3.89Bn to Kes. 28.39Bn, a Kes. 24.50Bn addition.
- The jump was majorly on the fuel stabilization by the government that has seen pump prices stable since November last year.

### Independent Electoral and Boundaries Commission (IEBC)

- The National elections referee gathered an additional Kes. 8.81Bn from Kes. 14.35Bn to Kes. 23.17Bn.
- The revised amount is geared towards preparedness of the general elections and replacement of critical staff for the upcoming general elections.

### Ministry of Defence

- The country's defence system consumption is set to spend 6.5% of the total reviewed budget amounting to Kes. 134.87Bn. The ministry ranks sixth on the overall budget allocation and 2<sup>nd</sup> on the new allocations by securing Kes. 15.13Bn from the additional Kes. 126.28Bn estimates.
- The increase was on account of enhanced security operations, the National Shipyard, revitalization of Kenya Meat Commission and personnel emoluments.



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