Abstract:

Purpose: The main objective of this study was to analyse factors influencing absorption of budgeted funds in the Kenyan ministries. Specific objectives were to establish the influence of budgeting and planning processes influencing the absorption of budgeted funds, to establish the effect of the ministries staff capacity on the absorption of budgeted funds, to establish the influence of private sector capacity on absorption of budgeted funds and to establish the influence of donor funding on absorption of budgeted funds.

Methodology: Cross-sectional research design was used in this study. This research design was adopted since it leads to an in-depth survey reviews, allows for the integration of writing and also carrying out a pilot study within the data collection process. For the purpose of this study, the target population was the 21 government ministries which are funded. Purposive sampling was used to arrive at the sample size. The sample was selected for ministries which had published their relevant information is readily available and those who finance their projects. A sample size of 21 ministries was used as ranked on the performance contract scores published annually. Secondary data was used in this study. The secondary data was collected from questionnaires; printed estimates and corporations published statements from Treasury and Division of Performance Contracting and the Ministry of Devolution and Planning. The data collected was analysed using SPSS version 29. Descriptive and inferential statistical analysis were conducted using SPSS.The study employed tests of significance at 95% and t-tests. Findings of the analysis were presented using tables and graphs.

Findings: From the analysis of findings, strong and positive linear association was established between the independent variables (Budgeting process, staff capacity, private sector capacity, donor funding) and absorption of budgeted funds. An R-square value of 0.727 was established depicting that this relationship was very strong and the budgeting process, staff capacity, private sector capacity and donor funding accounted for 72.7% of the changes in the dependent variable i.e absorption of budgeted funds.

Unique Contribution to Theory, Practice and Policy: The study prescribes that the National Government of Kenya ought to decrease the sum for donor funding each year and result to other forms of subsidies to fund both development and recurrent expenditure. Government of Kenya ought to plan compelling arrangements for establishing better source of financing their development and recurrent expenditure. They ought to receive cheaper sources of funds for their financing alternatives as they maintain a strategic distance from overreliance on donor financing. This study was grounded on agency, institutional and stewardship theories which supported each of the predictor and dependent variables. The government of Kenya should

review anb re-design financing policies to ensure that the debt capital amount is reduced. They should be design effective mechanism to avoid the overutilization of the total debt financing. Government of Kenya should evaluate the available option and devise effective financing mechanisms.