



THE REPUBLIC OF KENYA

OFFICE OF THE CONTROLLER OF BUDGET

**ANNUAL NATIONAL GOVERNMENT
BUDGET IMPLEMENTATION
REVIEW REPORT**

FY 2014/15



AUGUST, 2015



THE REPUBLIC OF KENYA
OFFICE OF THE CONTROLLER OF BUDGET

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FOREWORD

The Office of the Controller of Budget (OCOB) is pleased to present the Annual Budget Implementation Review Report (BIRR) for the Financial Year (FY) 2014/15. It covers the period July 2014 to June 2015 and has been prepared in fulfilment of Article 228(6) of the Constitution of Kenya, which requires OCOB to submit to both Houses of Parliament a report on the implementation of the budgets of the National and County governments every four months.

The report has been prepared at a time when the Government has intensified the fight against corruption, which will boost prudent and responsible use of public money as envisaged in Article 201 of Constitution of Kenya, 2010. Further, this renewed fight against corruption will enhance confidence in public institutions and also improve service delivery to Kenyans.

This report examines budget implementation by the National Government Ministries, Departments and Agencies (MDAs), and provides analysis of revenue, expenditure, and program performance. The analyses contained in this report are based on exchequer issues to the MDAs, expenditure reports generated from the Integrated Financial Management System (IFMIS) and financial reports from the MDAs. The report also highlights the challenges that faced budget implementation during the reporting period and makes recommendations to address these challenges. MDAs are expected to implement these recommendations in order to ensure optimal budget execution.

Through release of quarterly BIRRs, the Office endeavours to promote efficient and effective financial management in the public sector. Further, the Office remains steadfast in ensuring that information on budget implementation is publicized to the members of the public and they are given an opportunity to interrogate how public funds are being utilised. The report is also intended to create awareness among legislators, policy makers and all other stakeholders. I therefore urge the readers of this report to take an active interest in budget formulation, implementation, and, the monitoring and evaluation of implemented activities. By taking an active interest in the budget cycle, stakeholders will contribute towards ensuring that public funds are used prudently and the Government delivers on its objectives and promises to the citizenry.



Mrs. Agnes Odhiambo
Controller of Budget

TABLE OF CONTENTS

FOREWORD	ii
EXECUTIVE SUMMARY	vii
ACRONYMS	ix
1.0 INTRODUCTION	1
2.0 MACRO-ECONOMIC HIGHLIGHTS	2
2.1 Economic Growth.....	2
2.2 Inflation	3
2.3 Exchange Rate.....	4
2.4 Interest Rates.....	5
3.0 FINANCIAL ANALYSIS FOR THE FY 2014/15 BUDGET IMPLEMENTATION	6
3.1 Analysis of Revenue Estimates	6
3.1.1 Revenue Receipts by National Treasury	6
3.1.2 Revenue Collection by Kenya Revenue Authority.....	7
3.2 Exchequer Issues to MDAs and County Governments	8
3.3 Recurrent Exchequer Issues By Sector	10
3.4 Appropriations In Aid (A-I-A)	11
3.5 Pending Bills.....	14
3.6 Donor Releases.....	16
3.7 Consolidated Fund Services (CFS).....	16
3.7.1 Public Debt.....	18
3.7.2 Guaranteed Debt to State Parastatals.....	19
3.7.3 Salaries and Allowances for Constitutional Office Holders.....	19
3.7.4 Pensions and Gratuities	20
3.8 Overall Government Budget Performance.....	20
3.9 MDAs Recurrent Expenditure Analysis	23
3.10 Analysis of MDAs Development Expenditure.....	30
3.11 Recurrent and Development Expenditure Analysis by Sector.....	36
3.11.1 Agricultural, Rural and Urban Development (AR&UD) Sector.....	36
3.11.2 Education Sector	39

3.11.3	The Energy, Infrastructure and Information Communications Technology (EI & ICT) Sector	41
3.11.4	Environmental Protection, Water and Natural Resource Sector	43
3.11.5	General Economic and Commercial Affairs (GECA) Sector.....	45
3.11.6	Governance, Justice, Law and Order Sector (GJLOS).....	47
3.11.7	The Health Sector.....	50
3.11.8	The Public Administration and International Relations (PAIR) Sector	51
3.11.9	Social Protection, Culture and Recreation Sector	54
3.11.10	National Security Sector.....	56
4.0	<i>PERFORMANCE OF BUDGET BY PROGRAMMES – FY 2014/15</i>	57
4.1	Agricultural, Rural and Urban Development (AR&UD) Sector.....	57
4.2	Education Sector.....	58
4.3	The Energy, Infrastructure and Information Communications Technology (EI & ICT) Sector.....	60
4.4	Environment Protection, Water and Natural Resources Sector	61
4.5	General Economic and Commercial Affairs (GECA) Sector	62
4.6	Governance, Justice, Law and Order (GJLOS) Sector	63
4.7	Health Sector.....	65
4.8	Public Administration and International Relations Sector	66
4.9	Social Protection, Culture and Recreation	68
4.10	National Security Sector.....	70
5.0	<i>KEY ISSUES AND RECOMMENDATIONS</i>	71
5.1	Low Absorption of Development Funds.....	71
5.2	High Public Debt Position	71
5.3	Timing of Supplementary Budgets	71
5.4	Delays in Release of Funds by the National Treasury.....	72
5.5	Delay in Submission of Financial Reports to the OCOB.....	72
6.0	<i>CONCLUSION</i>	73

LIST OF TABLES

Table 3.1:	Statement of Actual Revenue as at the end of June 2015 (Kshs. Billion)	7
Table 3.2:	Exchequer Revenue Performance for July 2014 – June 2015 (Kshs. Million)	8
Table 3.3:	Total Exchequer Issues, FY 2014/15 (Kshs. Billion)	9
Table 3.4:	Sectoral Recurrent Estimates and Exchequer issues for the FY 2014/15 (Kshs. Billion)	10
Table 3.5:	Sectoral Development Estimates and Exchequer Issues, FY 2014/15 (Kshs. Billion)	11
Table 3.6:	Performance status of Appropriations In Aid in FY 2014/15	12
Table 3.7:	Pending Bills for MDAs as at June 30, 2015	14
Table 3.8:	Summary of Grants and Loans Disbursement for FY 2014/15 (Kshs. Billion)	16
Table 3.9:	Cumulative Expenditure for CFS for FY 2014/15 (Kshs. Million).....	17
Table 3.10:	Guaranteed Loans Repayment (Million) July 2014 to June 2015.....	19
Table 3.11:	National Government Budget Performance (Kshs. Billion).....	20
Table 3.12:	Breakdown of Recurrent Expenditure, July 2014 to June 2015 by MDAs (Kshs. Million) *	26
Table 3.13:	Development Expenditure Analysis July 2014 to June 2015 by MDAs (Kshs. Million).....	33
Table 3.14:	AR &UD Sector - Analysis of Exchequer Issues and Expenditure (Kshs. Billion) FY 2014/15	38
Table 3.15:	Education Sector - Analysis of Exchequer Issues and Expenditure FY 2014/15 (Kshs. Billion)	40
Table 3.16:	EI & ICT Sector - Analysis of Exchequer Issues and Expenditure FY 2014/15 (Kshs. Billion)	42
Table 3.17:	Environmental Protection, Water and Natural Resources Sector - Analysis of.....	44
Table 3.18:	GECA Sector - Analysis of Exchequer Issues and Expenditure, FY 2014/15.....	46
Table 3.19:	GJLOS - Analysis of Exchequer Issues and Expenditure FY 2014/15	49
Table 3.20:	Health Sector - Analysis of Exchequer Issues and Expenditure FY 2014/15 (Kshs. Billion).....	51
Table 3.21:	PAIR Sector - Analysis of Exchequer Issues and Expenditure (Kshs. Billion).....	53
Table 3.22:	Social Protection, Culture and Recreation Sector - Analysis of Exchequer Issues and Expenditure FY 2014/15 (Kshs. Billion).....	55
Table 3.23:	National Security Sector - Analysis of Exchequer Issues and Expenditure	56
Table 4.1:	Analysis of AR &UD Sector Programmes (Kshs. Billion)	58
Table 4.2:	Analysis of Education Sector Programmes (Kshs. Billion)	59
Table 4.3:	Analysis of EI & ICT Sector Programmes (Kshs. Billion)	60
Table 4.4:	Analysis of Environmental Protection, Water and Natural Resources Sector (Kshs. Billion)	62
Table 4.5:	Analysis of the GECA Sector Programmes (Kshs. Billion)	63
Table 4.6:	Analysis of GJLOs Sector Programmes (Kshs. Billion)	64
Table 4.7:	Analysis of Health Sector Programmes (Kshs. Billion)	66
Table 4.8:	Analysis of PAIR Sector Programmes (Kshs. Billion).....	67
Table 4.9:	Analysis of Social Protection, Culture and Recreation Sector Programme (Kshs. Billion).....	69
Table 4.10:	National Security Sector Programmes (Kshs. Billion).....	70

LIST OF FIGURES

Figure 2.1:	Quarterly GDP Growth Rates for the period 2011-2015	3
Figure 2.2:	Overall Month on Month Inflation Rates and the Average Annual Inflation Rate	3
Figure 2.3:	Kenya Shilling Exchange Rate for the Period July 2014 to June 2015	4
Figure 2.4:	Interest Rates for the Period July 2014 and June 2015	5
Figure 3.1:	Public Debt Stock (June 2012 to June 2015) Kshs. Billion	18
Figure 3.2:	Composition of Expenditure.....	21
Figure 3.3:	Comparison of Overall Sector Budget Allocations and Expenditure for FY 2014/15 for both Development and Recurrent Expenditure	21
Figure 3.4:	FY 2014/15 Annual Sectoral Budget Allocations and Total Expenditure July 2014 to June 2015	22
Figure 3.5:	Composition of MDAs Recurrent Expenditure	29
Figure 3.6:	Composition of Development Expenditure by MDAs	35
Figure 3.7:	AR&UD Sector Exchequer Issues FY 2014/15 (Kshs. Billion).....	37
Figure 3.8:	Education Sector Exchequer Issues FY 2014/15 (Kshs. Billion).....	39
Figure 3.9:	EI & ICT Sector Exchequer Issues FY 2014/15 (Kshs. Billion).....	41
Figure 3.10:	Environmental Protection, Water and Natural Resources Sector – Analysis of Exchequer Issues FY 2014/15 (Kshs. Billion).....	44
Figure 3.11:	GECA Sector Exchequer Issues FY 2014/15 (Kshs. Billion).....	45
Figure 3.12:	Governance, Justice, Law and Order Sector (GJLOS) Sector Exchequer Issues FY 2014/15 (Kshs. Billion)	48
Figure 3.13:	Analysis of Exchequer Issues for PAIR, FY 2014/15 (Kshs. Billion).....	52
Figure 3.14:	Social Protection, Culture and Recreation Sector Exchequer Issues FY 2014/15 (Kshs. Billion).....	55

EXECUTIVE SUMMARY

This is the Annual Budget Implementation Review Report by the Office of the Controller of Budget (OCOB) for the FY 2014/15, covering the period July 2014 to June 2015. The report has been prepared in fulfilment of Article 228 of the Constitution which requires the office to oversee and report on the implementation of the budgets of both the National and County Governments and to submit to each House of Parliament a report on the implementation of the budgets every four months.

In the FY 2014/15, implementation of the budget has been faced with a myriad of challenges ranging from security threats from terrorists, adverse weather conditions in the first quarter of 2015 and weakening of the Kenya shilling against the US Dollar. The report reviews the underlying factors that affected the economy in FY 2014/15 and the macro-economic environment in which the budget was implemented; revenue and expenditure outturn by the MDAs and some of the major development activities undertaken by MDAs. The report also identifies the challenges that faced budget implementation by the National government entities.

According to the data released by Kenya National Bureau of Statistics (KNBS) in April 2015, Kenya's economy is estimated to have expanded by 5.3 per cent in the year 2014, a decline compared to a growth of 5.7 per cent achieved in 2013. In the first quarter of 2015, the economy grew by 4.9 per cent. However, the economy has been resilient regardless of the challenges facing the Country and the World at large.

In the 12-month period of FY 2014/15, the overall inflation rate stood at 7.03 per cent, a marginal decline compared to 7.39 per cent in FY 2013/14. The reporting period's lowest inflation rate of 5.53 per cent was recorded in February 2015. In general, the slight decline in overall inflation rate from FY 2013/14 was attributed to reduction in pump prices of petrol, diesel and kerosene, and favourable weather conditions in the March to June period that eased food and agricultural commodity prices.

In the reporting period, the Kenya shilling recorded mixed performance against the world major currencies. It weakened against the US Dollar, which, according to the Central Bank of Kenya (CBK) was due to the strengthening of the US Dollar in the global currency market. By the end of June, 2015, the shilling was trading at 97.7, 109.7 and at 148.58 against the World's major currencies – the USD, Euro and the Sterling Pound, respectively.

In the FY 2014/15, the cumulative revenue received by the National Treasury (NT) was **Kshs.1,594.6 billion** against the revised annual target of Kshs.1,523.1 billion representing a performance rate of **104.7 per cent**. This was a growth of 24.5 per cent compared to FY 2013/14 where cumulative revenue stood at Kshs.1,280.5 billion. The Tax Income category was the main source of revenue contributing a total of Kshs.1,050.9 billion, which was 65.9 per cent of the total revenue.

The total exchequer issues released to MDAs and the County Governments in FY 2014/15 amounted to **Kshs.1,594.5 billion** and represented a **24.6 per cent** growth compared to the exchequer issues in FY 2013/14 of Kshs.1,279.6 billion. The exchequer issues for the reporting period comprised of **Kshs.640.3 billion** towards recurrent expenditure, **Kshs.454.5 billion** to Consolidated Fund Services (CFS), **Kshs.270.3 billion** towards development expenditure, and **Kshs.229.3 billion** to the County Governments.

Cumulatively, the expenditure by the MDAs in FY 2014/15 amounted to **Kshs. 1,373.6 billion**, and was 65.0 per cent of the approved budget of **Ksh.2,112.5 billion**. The total expenditure by the MDAs grew by **20.6 per cent** from **Kshs.1,139 billion** spent in the FY 2013/14. It comprised of; (i) recurrent expenditure of **Kshs.623.2 billion** representing an absorption rate of **84.6 per cent** compared to Kshs.587.1 billion (absorption rate of 87.3 per cent) spent in FY 2013/14, (ii) development expenditure of **Kshs. 318.7 billion** representing an absorption rate of **45.8 per cent** compared to Kshs.241.1 billion (absorption rate of 52.0 per cent) spent in the last financial year, and (iii) Consolidated Fund Services expenditure of **Kshs.431.7 billion** representing an absorption rate of **98.8 per cent**, and a significant increase from Kshs.310.8 billion (absorption rate of 117 per cent) achieved in FY 2013/14.

During FY 2014/15, absorption of both development and recurrent expenditure declined from the FY 2013/14 performance. The absorption of development expenditure declined from 52.0 per cent to 45.8 per cent while recurrent expenditure declined from 87.3 per cent to 84.6 per cent.

Some of the key challenges that faced budget implementation are; low absorption of development funds, high public debt position, delay in release of funds by the National Treasury, and approval of Supplementary Budgets too close to end of the financial year, such that, there is inadequate time for implementation of the approved activities. Another challenge was, delay in submission of financial reports by MDAs to the OCOB. Appropriate recommendations have been made to overcome these challenges.

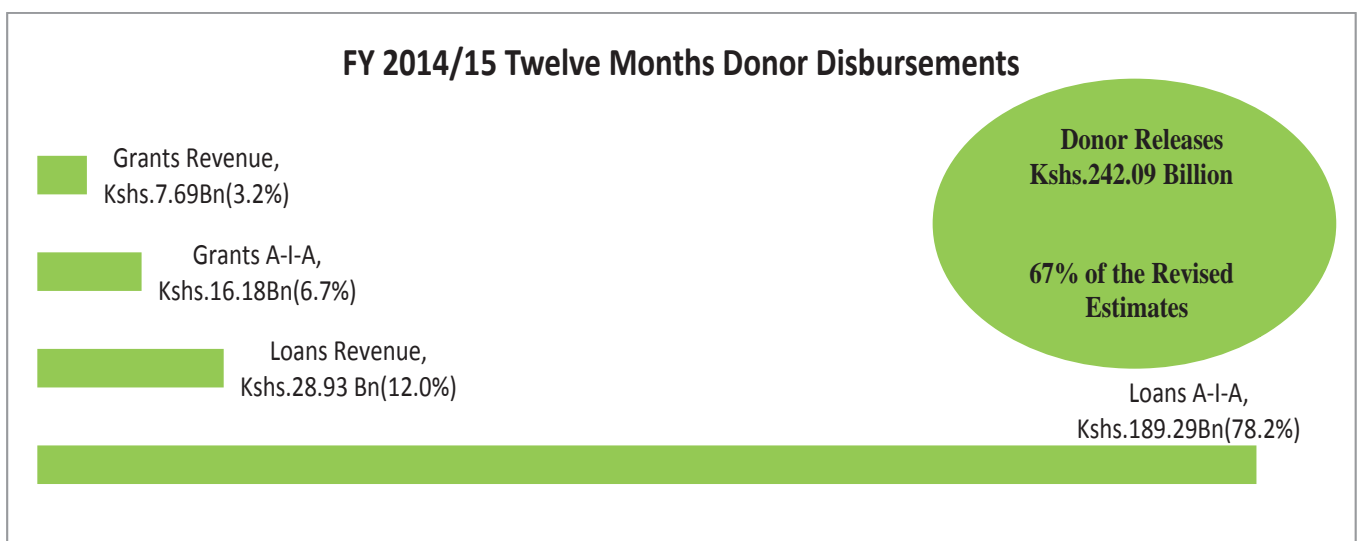
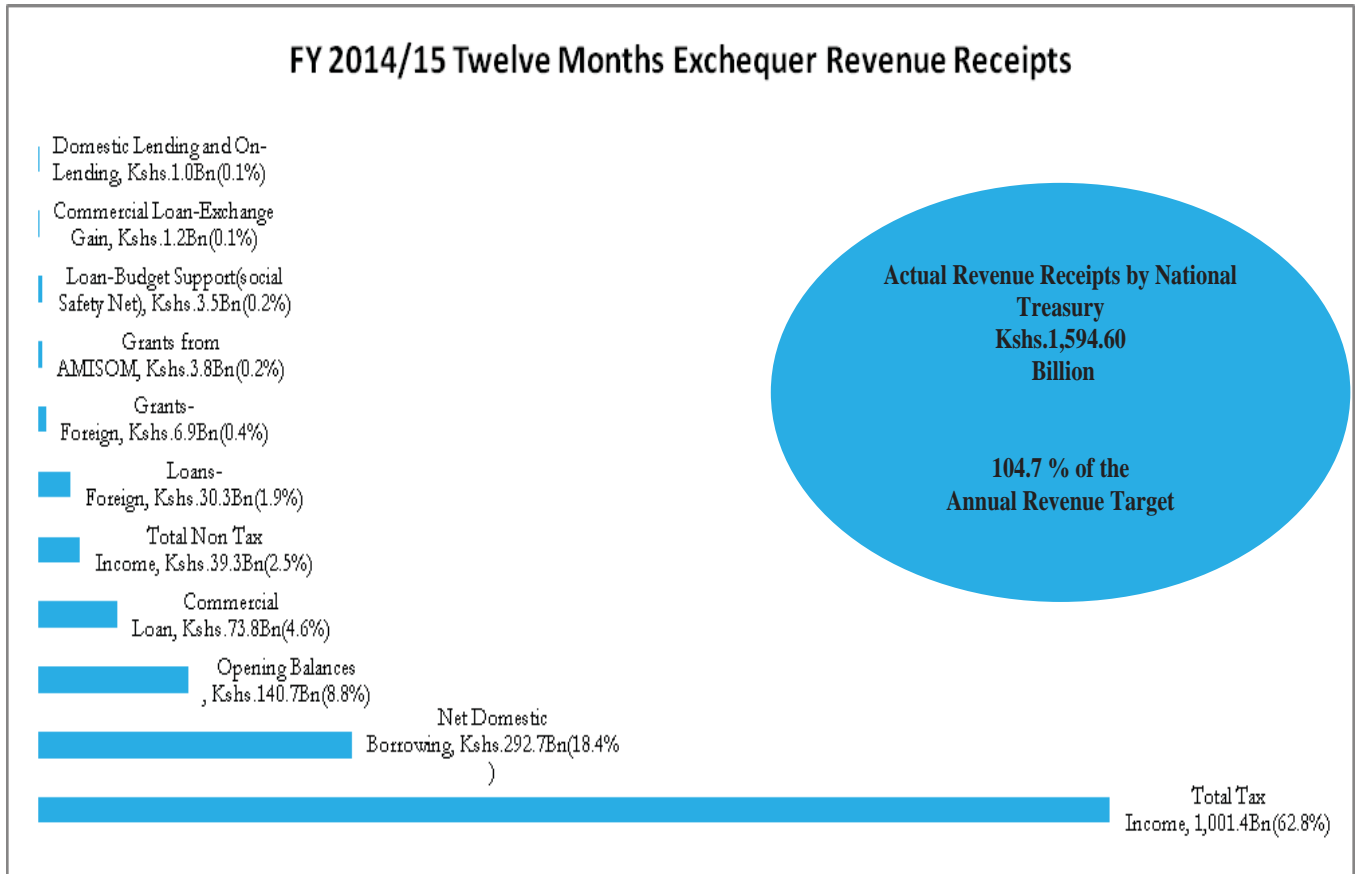
As mandated by the Constitution, the OCOB will continue to provide regular information on budget implementation by publishing and publicizing quarterly BIRRs and sensitizing members of the public on budget implementation through public forums as provided for in Section 39(8) of the PFM, Act, 2012. It is hoped that this information will enable stakeholders to engage MDAs from an informed point of view and contribute towards effective budget implementation.

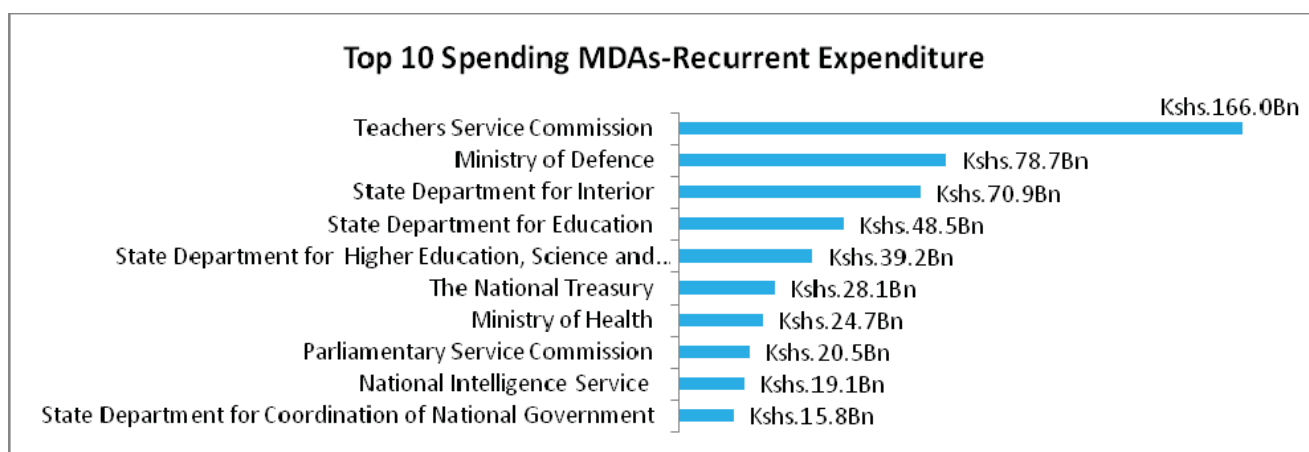
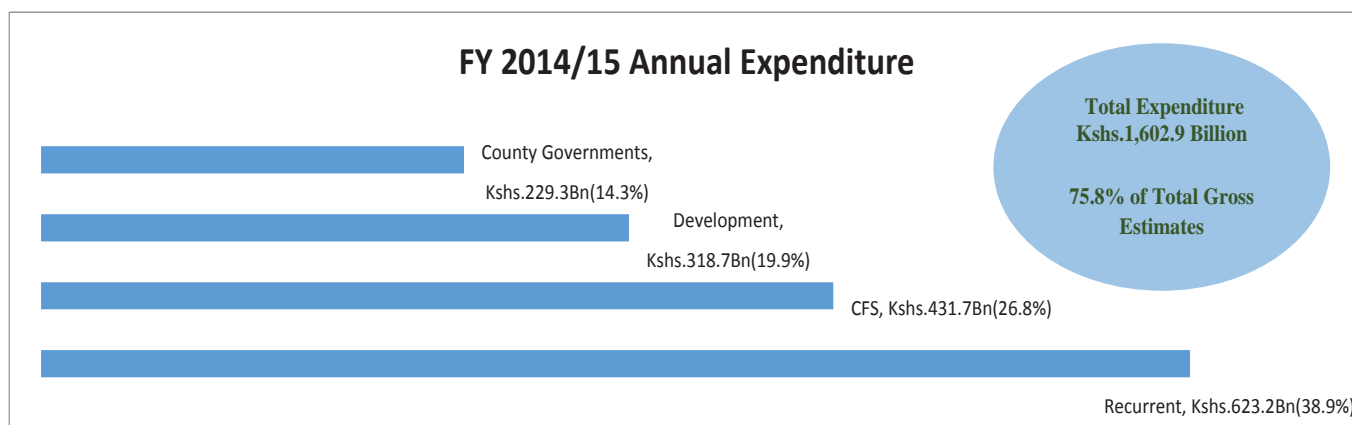
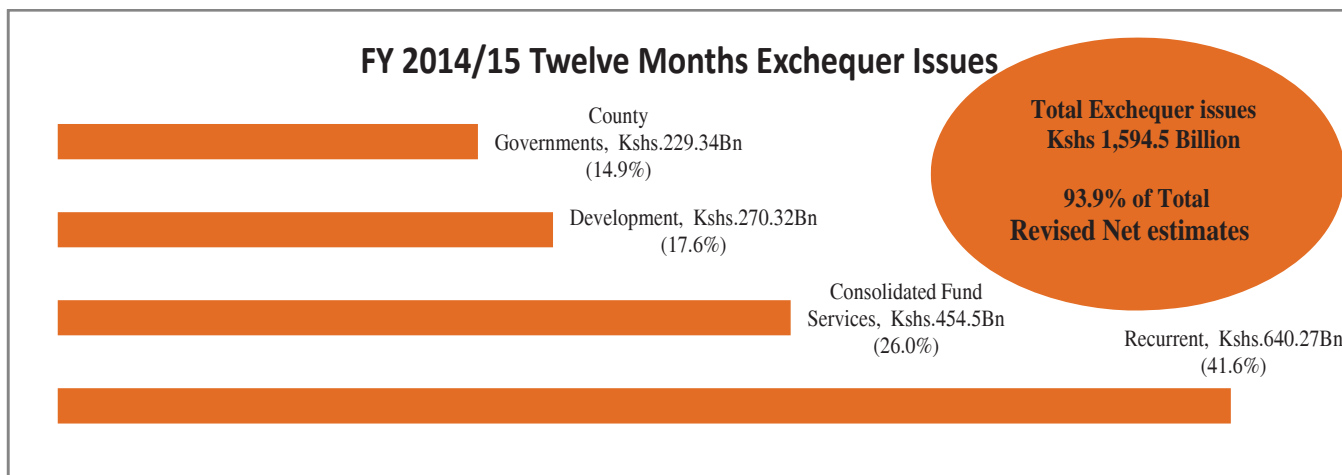
ACRONYMS

A-I-A	Appropriations in Aid
AIDS	Acquired Immune Deficiency Syndrome
AMISOM	Africa Union Mission in Somali
AR & UD	Agricultural Rural and Urban Development
Bn	Billion
BIRR	Budget Implementation Review Report
BPS	Budget Policy Statement
CBK	Central Bank of Kenya
CFS	Consolidated Fund Services
CBR	Central Bank Rate
CIC	Commission for Implementation of the Constitution
COB	Controller of Budget
COFOG	Classification of Functions of Government
CPI	Consumer Price Index
DPP	Directorate of Public Prosecutions
EACC	Ethics and Anti-Corruption Commission
EI & ICT	Energy Infrastructure and Information Communication Technology
ERC	Energy Regulatory Commission
FY	Financial Year
GBP	Great Britain Pound
GDP	Gross Domestic Product
GECA	General Economic and Commercial Affairs
GJLOS	Governance, Justice, Law and Order Sector
HIV	Human Immunodeficiency Virus
IEBC	Independent Electoral and Boundaries Commission
IFMIS	Integrated Financial Management Information System
IPOA	Independent Police Oversight Authority
IPPD	Integrated Personnel Payment Data
JSC	Judicial Service Commission

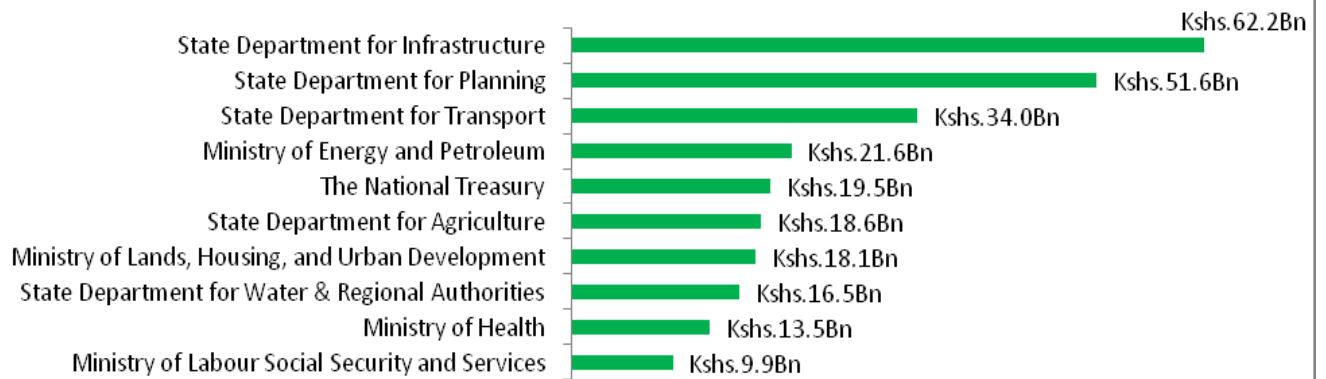
KBC	Kenya Broadcasting Cooperation
KEMRI	Kenya Medical Research Institute
KEMSA	Kenya Medical Supplies Agency
KMTC	Kenya Medical Training College
KIHBS	Kenya Integrated Household Budget Survey
KNBS	Kenya National Bureau of Statistics
KNCHR	Kenya National Commission for Human Rights
KRA	Kenya Revenue Authority
Kshs.	Kenya Shillings
MDA(s)	Ministries Departments and Agencies
Mn	Million
MOEST	Ministry of Education Science and Technology
NACC	National Aids Control Council
NGEC	National Gender and Equality Commission
NHIF	National Hospital Insurance Fund
NIS	National Intelligence Service
NLC	National Land Commission
NPSC	National Police Service Commission
NT	National Treasury
OCOB	Office of the Controller of Budget
O&M	Operations and Maintenance
PAIR	Public Administration and International Relations
PAYE	Pay As You Earn
PFM Act	Public Finance Management Act
RPP	Registrar of Political Parties
SAGAs	Semi-Autonomous Government Agencies
TARDA	Tana and Athi River Development Authority
TB	Treasury Bills
TSC	Teachers Service Commission
US	United States
VAT	Value Added Tax
WPA	Witness Protection Agency

KEY HIGHLIGHTS





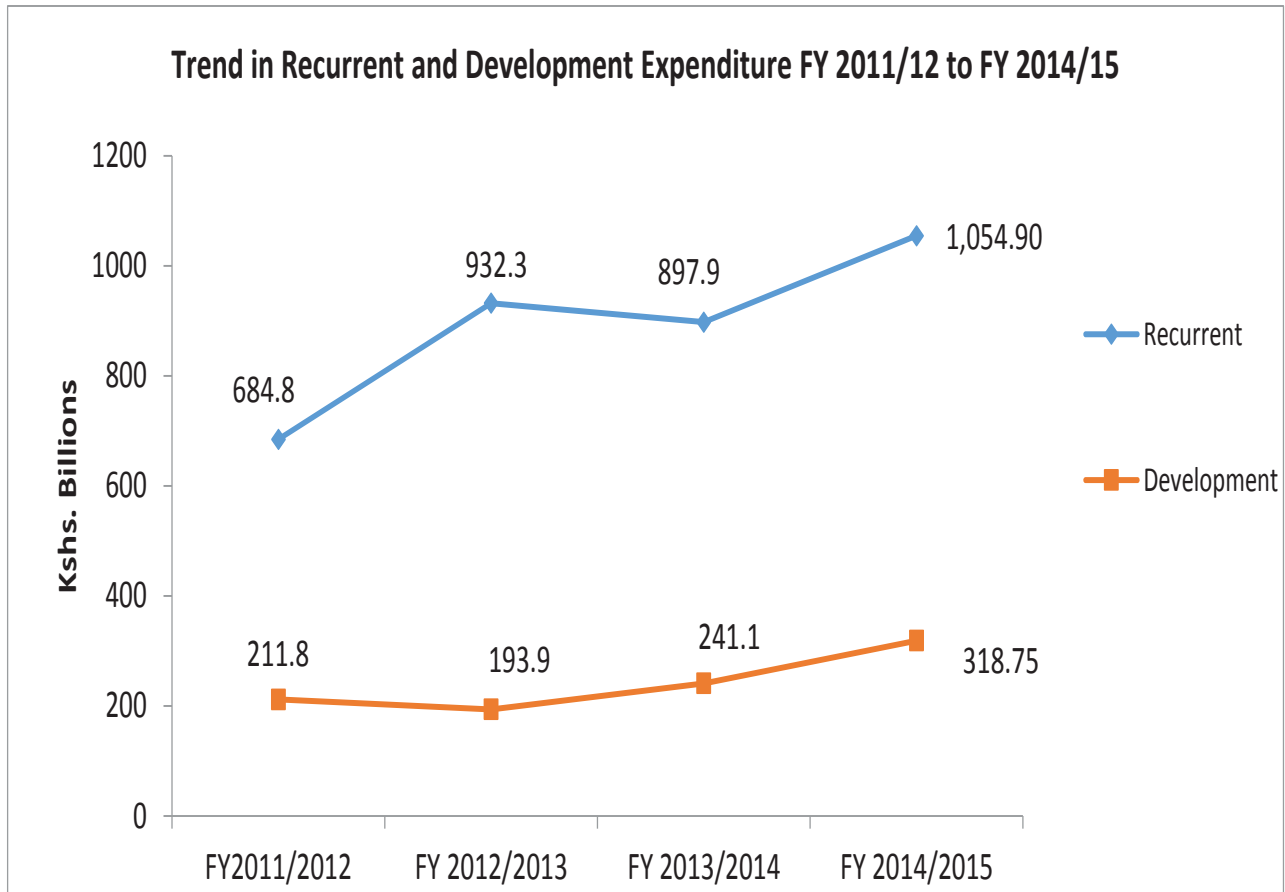
Top 10 Spending MDAs-Devevelopment Expenditure



PUBLIC DEBT PAYMENTS /SERVICING

Domestic: Redemption Kshs.139.7 Billion
Interests Kshs.139.7 Billion

Foreign: Principal Kshs.80.2 Billion
Interests Kshs.33.3 Billion



1.0 INTRODUCTION

This is the Annual Budget Implementation Review Report (BIRR) for FY 2014/15 issued by the Office of the Controller of Budget (OCOB). The report is prepared in fulfillment of Article 228 (4) and Article 228 (6) of the Constitution, and Section 39(8) of the Public Finance Management (PFM) Act, 2012. It highlights the status of budget execution by the National Government entities in the period July 2014 to June 2015.

This report provides a review of revenue and expenditure performance by the National Government entities and informs Parliament and other stakeholders on how public funds have been spent. It is also useful to the public at large in holding the Executive to account for the use of public funds. The Executive will be able to assess and evaluate performance in budget implementation by MDAs which will subsequently inform formulation of development plans and budgets.

The report is arranged as follows; Chapter two highlights the macro-economic environment in FY 2014/15. The macro-economic indicators discussed include; the inflation rate, economic growth, exchange rates and interest rates. These indicators influence budget performance as they directly affect revenue collection, expenditure, and other financial indicators. Chapter three provides analysis of financial performance for the period under review and compares revenue and expenditure against target and similar period of FY 2013/14. The revenue by the National Treasury (NT) and the Kenya Revenue Authority (KRA) are discussed separately. Exchequer issues, Donor releases, Consolidated Fund Services (CFS) and overall Government budget performance are also discussed in this chapter.

Chapter four presents program performance under each of the ten sectors. The sectors have been organized in line with the Classification of Functions of Government (COFOG) structure and are disaggregated and presented by programme. The key challenges that affected budget implementation during the reporting period have been identified and appropriate recommendations made. The recommendations are presented in Chapter five and are aimed at improving budget implementation and also enhance prudent use of public funds. Chapter six provides the conclusion.

2.0 MACRO-ECONOMIC HIGHLIGHTS

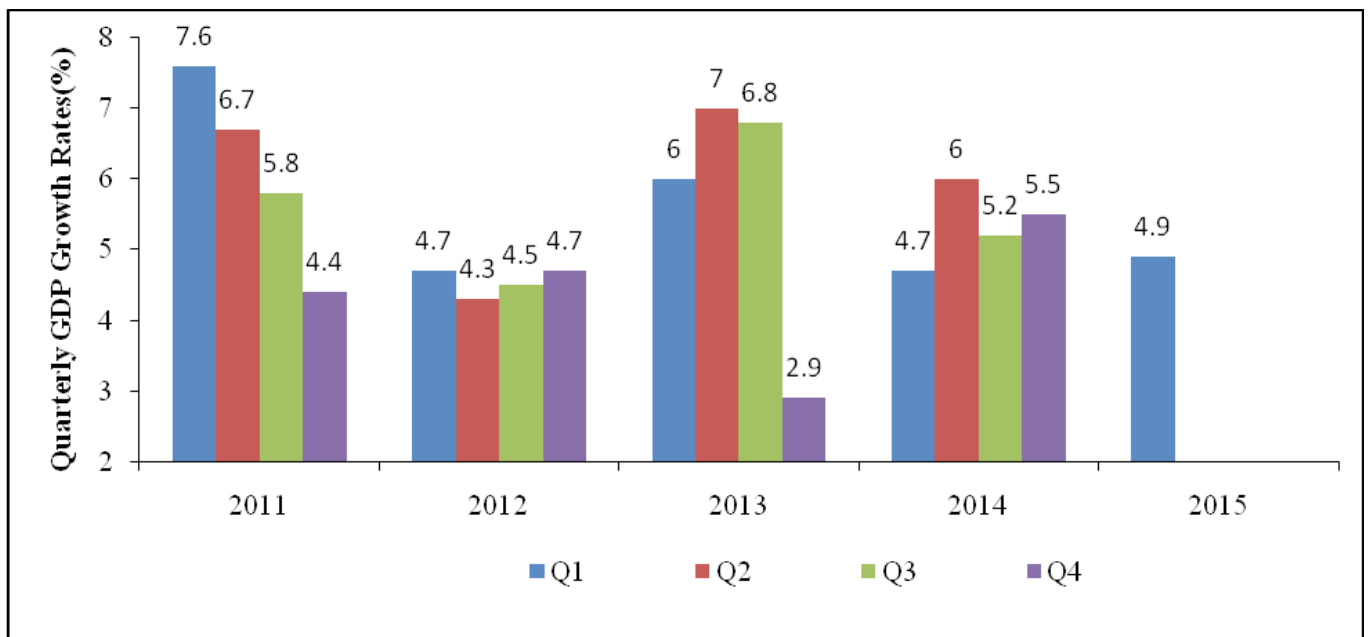
During FY 2014/15, the Kenya Government laid emphasis on the need to achieve economic growth through “*Economic Transformation for Shared Prosperity*” to realize the fiscal strategies for attaining impressive economic performance. The Government intended to realize impressive economic performance through continuous growth in Infrastructure, Agriculture and the Manufacturing sector. Further, the government focused on maintaining strong revenue generation efforts, shifting composition of expenditure from recurrent to development expenditure and ensuring no wastage on public funds.

Overall, the FY 2014/15 budget focused on maintaining a stable macro-economic environment so as to attract more investors as well as enhance favorable business environment and sound monetary policies.

2.1 Economic Growth

In the FY 2014/15, Kenya was reclassified as a middle-income country after a statistical reassessment increased the size of the economy by 25 per cent. This reassessment was based on 5-year average of 2009 to 2013, with Gross Domestic Product (GDP) expanding to Kshs.4.76 trillion from Kshs.3.8 trillion, making Kenya the continent’s ninth biggest economy in Africa, and fifth biggest in sub-Saharan Africa.

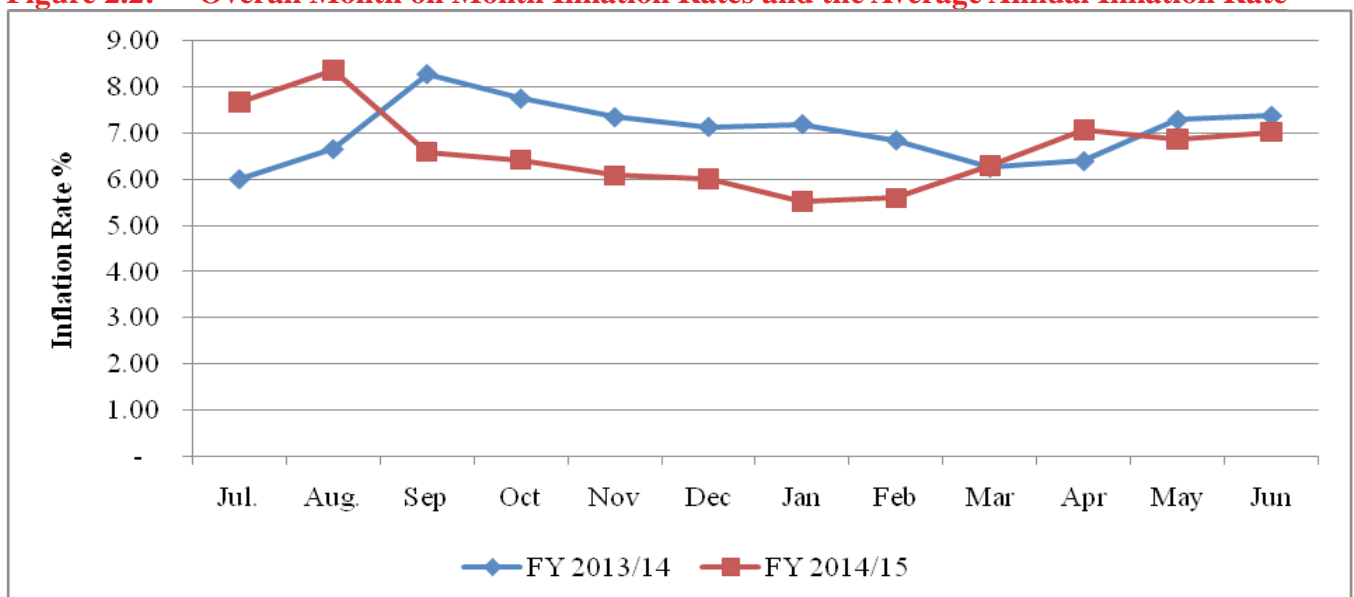
According to the 2015 Economic Survey report released by KNBS, Kenya’s economy expanded by 5.3 per cent in 2014, a decline compared to a growth of 5.7 per cent 2013. During the first quarter of 2015, the economy grew by 4.9 per cent, which is an improvement compared to a growth of 4.7 per cent realized in the same period of 2014. The growth of 4.9 percent in the first quarter of 2015 has been attributed to expansion in the Construction; Finance and Insurance; Information and Communication; Electricity Supply; Transport; Wholesale and Retail trade sectors. All the sectors of the economy recorded positive growth of varying magnitudes with the exception of the accommodation and food services sector whose growth contracted. This was the fifth consecutive decline in the growth of the accommodation and food services sector which is mainly attributed to low hotel occupancy rates arising from decline in tourism due to insecurity concerns by foreign tourists. Figure 2.1 shows the trend in economic growth in the last four years.

Figure 2.1: Quarterly GDP Growth Rates for the period 2011-2015

Source: KNBS

2.2 Inflation

In FY 2014/15, the Country's inflation rate fluctuated from a high of 8.36 per cent recorded in August, 2014 and a low of 5.53 per cent in January, 2015. The 12 month average inflation rate was 6.63 percent which was within the allowable margin of 5 per cent as projected in the 2014 Budget Policy Statement (BPS). This was a slight decline compared to the 12 month average of 7.39 per cent recorded in FY 2013/14. In June 2015, the overall inflation rate stood at 7.03 per cent, which, according to data released by KNBS is attributed to increase in the food and non-alcoholic drinks index.

Figure 2.2: Overall Month on Month Inflation Rates and the Average Annual Inflation Rate

Source: KNBS

2.3 Exchange Rate

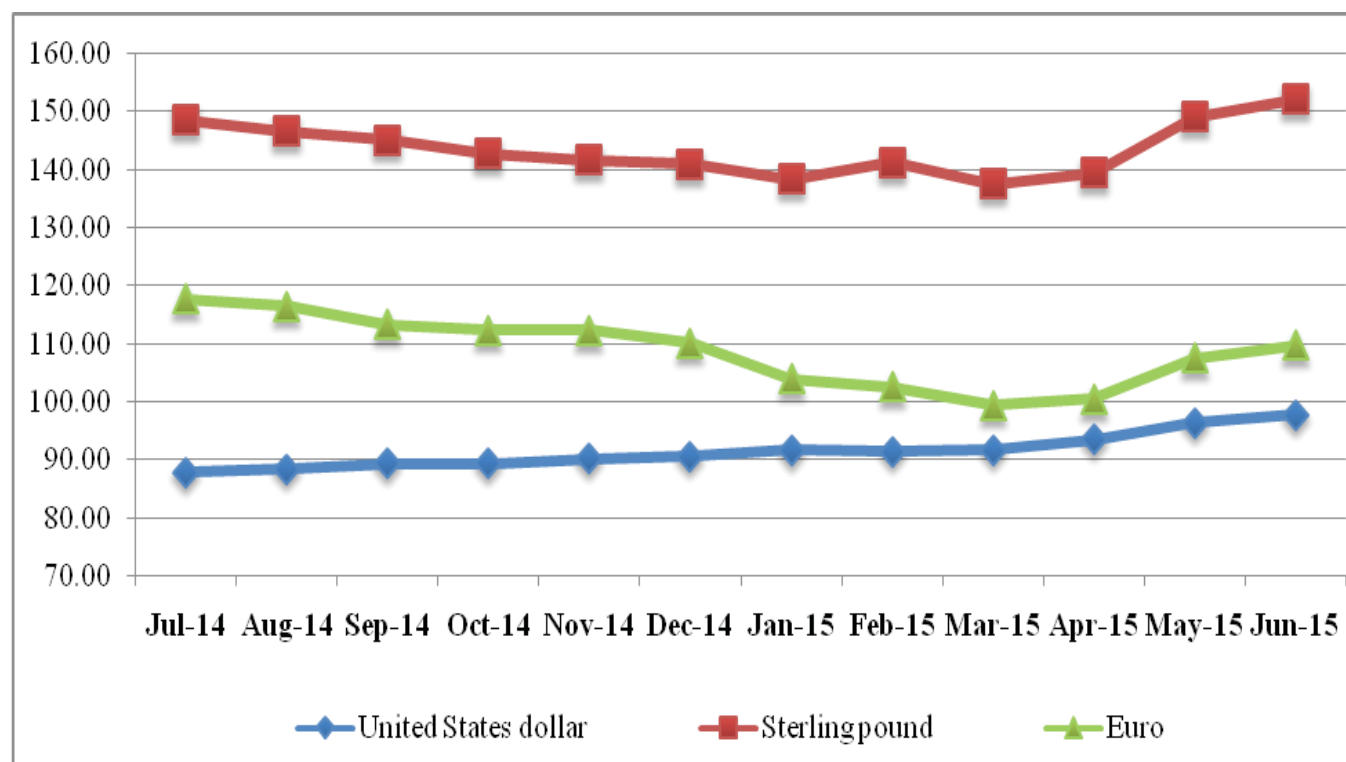
During FY 2014/15, the Kenya Shilling exchange rate displayed mixed performance against major World currencies namely; the US Dollar, the Sterling Pound, and the Euro. Towards the end of the financial year, the Kenya Shilling weakened against these currencies and all East African Community (EAC) currencies.

Since April 2015, the Kenya Shilling has come under pressure against the US dollar, which the CBK has attributed to the strengthening of the US Dollar in the global currency market, reflecting a recovery of United States economy.

As at July 2014, the shilling traded at 87.8 against US Dollar and weakened by 11.3 per cent to exchange at 97.70 in June 2015. The Shilling also weakened against the Sterling Pound to trade at 152.16 in June 2015 compared to 148.58 in July 2014. However, it strengthened against the Euro by 6.7 per cent and traded at 109.70 in June, 2015 compared to 117.64 in July 2014.

The weakening of the Kenya Shilling against the world major currencies is likely to negatively affect prices of goods and services given that the Country is a net importer of capital goods.

Figure 2.3: Kenya Shilling Exchange Rate for the Period July 2014 to June 2015



Source: CBK

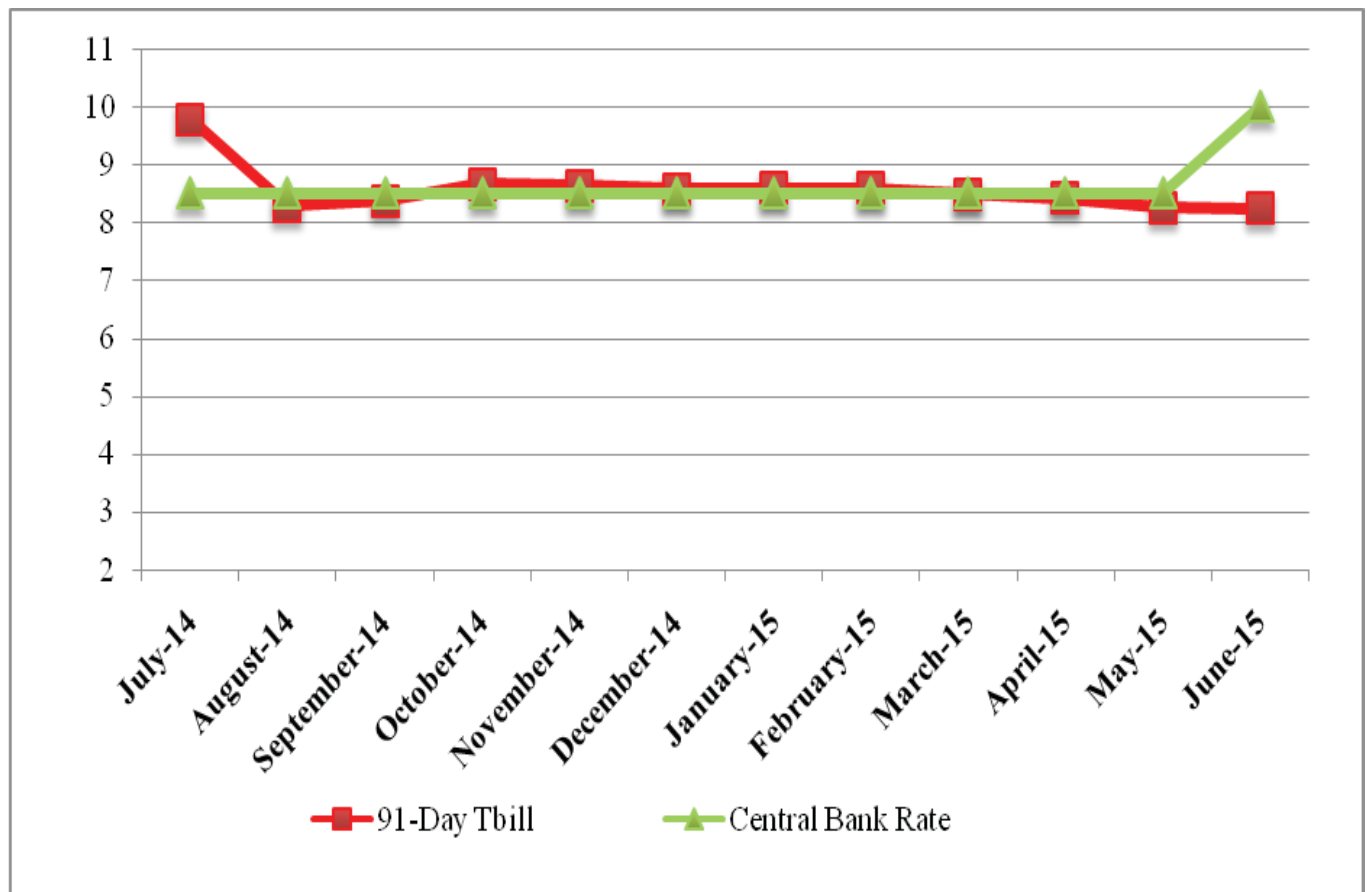
2.4 Interest Rates

During the reporting period, the lowest interest rate that CBK charged on overnight lending to Commercial Banks (commonly referred as Central Bank Rate(CBR)) remained constant for the first 11 months at 8.5 per cent but was raised in June, 2015. This rate was reviewed upward to 10 per cent by the Monetary Policy Committee (MPC) partly due to the need to mop excess liquidity in the money market and cushion the weakening local currency.

The Interbank Rate (the rate of interest charged on short-term loans made between banks in order to manage liquidity), ranged from a low of 6.77 per cent in February 2015 to a high of 11.78 per cent in June, 2015. The 91-Day Treasury Bills (TB) yield rate averaged at 8.56 per cent.

Figure 2.4 shows various interest rates in the period July, 2014 to June, 2015.

Figure 2.4: Interest Rates for the Period July 2014 and June 2015



Source: CBK

3.0 FINANCIAL ANALYSIS FOR THE FY2014/15 BUDGET IMPLEMENTATION

3.1 Analysis of Revenue Estimates

In order to finance the Kshs.1.84 trillion budget in FY 2014/15, the National Treasury projected to raise Kshs.1.37 trillion in exchequer revenue. The key sources for this revenue included; Tax income category (Kshs.1.05 trillion), Net domestic borrowing (Kshs.190.8 billion), Commercial Loan (Kshs.36.4 billion), Non-Tax Income (Kshs.36.2 billion), and Loans from Foreign Governments and International Organisations. Other sources included Grants from Foreign Governments and International Organisations (Kshs.10 billion), Grants from AMISOM (Kshs.6.1 billion), Social Safety Net Loan (Kshs.2.0 billion) and Domestic borrowing (Kshs.2 billion).

3.1.1 Revenue Receipts by National Treasury

During the fourth quarter of FY 2014/15, National Treasury revised the estimated revenue from Kshs.1.37 trillion to Kshs.1.52 trillion as a result of a review and increase in the expected net domestic borrowing from Kshs.190.81 billion to Kshs.339.81 billion. Actual revenue receipts amounted to Kshs.1.59 trillion which was 104.7 per cent of the revised estimates and 24.5 per cent growth compared to the Kshs.1.28 trillion received in FY 2013/14.

A review of performance by the various tax categories shows that the Tax Income category remained the leading category with a performance of Kshs.1.00 trillion which was 62.8 per cent of the total revenue collection. Net domestic Borrowing raised Kshs.292.7 billion, which was 18.4 per cent of the total revenue received.

A breakdown of performance by the various revenue categories shows that the net borrowing and commercial loan (Sovereign Bond tap sale) and Non tax income were 202.6 per cent and 108.6 per cent respectively of annual target. Table 3.1 shows how various revenue categories performed over the nine months period.

Table 3.1: Statement of Actual Revenue as at the end of June 2015 (Kshs. Billion)

Source of Funds	Revised Estimates (Kshs. Bn)	Actual Receipts (Kshs. Bn)	Performance Against Target	Contribution By Category	Actual Receipts 2013/14 (Kshs. Bn)	Growth Over FY 2013/14 (Kshs. Bn)
Opening Balances and Recoveries	-	140.67	-	8.82%	10.06	-
Total Tax Income	1,050.91	1,001.43	95.29%	62.80%	895.44	11.84%
Total Non-Tax Income	36.21	39.31	108.56%	2.47%	33.4	17.69%
Net Domestic Borrowing	339.81	292.68	86.13%	18.35%	302.01	-3.09%
Loans-Foreign Government and International Organisation	36.19	30.31	83.76%	1.90%	28.43	6.61%
Loan-Budget Support(social Safety Net)	5.38	3.45	64.26%	0.22%	-	-
Domestic Lending and On-Lending	2.03	1.03	50.64%	0.06%	-	-
Grants-Foreign Government and International Organisation	10.02	6.92	69.03%	0.43%	6.43	7.56%
Grants from AMISOM	6.10	3.84	63.00%	0.24%	4.69	-18.06%
Commercial Loan(Sovereign Bond Tap Sale)	36.43	73.81	202.61%	4.63%	-	-
Commercial Loan-Exchange Gain Net of Bank Charges	-	1.16	-	0.07%	-	-
	1,523.07	1,594.60	104.70%	100.00%	1280.46	24.53%

Source: National Treasury 2014/2015

3.1.2 Revenue Collection by Kenya Revenue Authority

During the twelve months period under review, KRA estimated to collect Kshs.1.10 trillion out of which, Kshs.1.07 trillion was exchequer revenue. The actual revenue collected during the period was Kshs.1.07 trillion or a performance of 96.7 percent when compared to annual target. Actual exchequer revenue receipts were Kshs.1.02 trillion representing a 95.7 per cent performance. In the last two years, total revenue collection grew by 11 per cent while exchequer revenue grew by 11.2 per cent.

Analysis of revenue by category shows that the Domestic taxes category is the biggest contributor of revenue at Kshs.491.7 billion, or 45.9 per cent of the total revenue collection as shown in Table 3.2.

Table 3.2: Exchequer Revenue Performance for July 2014 – June 2015 (Kshs. Million)

Department	Target Revenue (Kshs. Bn)	Actual Revenue 2014/15 (Kshs. Bn)	Variance	Performance Rate	Actual Revenue FY 2013/14 (Kshs. Bn)	Revenue Growth Over FY 2013/14 (Kshs. Bn)
Custom & Border Control	361,003	358,424	(2,579)	99.3%	331,831	+8.0%
Domestic Taxes	741,012	707,227	(33,785)	95.4%	628,301	+12.6%
Large Taxpayers Office	532,064	491,660	(40,404)	92.4%	430,954	+14.1%
Medium Taxpayers Office	65,168	60,936	(4,232)	93.5%	59,887	+1.8%
Domestic Taxes Regions	143,780	154,631	10,851	107.5%	137,460	+12.5%
Transport Revenue	3,874	3,947	73	101.9%	3,691	+6.9%
Total	1,105,889	1,069,598	(36,291)	96.7%	963,823	+11.0%
Exchequer Revenue	1,067,749	1,021,974	(45,775)	95.7%	918,983	+11.2%

Source: KRA FY 2014/15 Revenue Report

As shown in Table 3.2, KRA has continued to achieve a steady growth in revenue in all revenue categories between FY 2013/14 and FY 2014/15. However, only the transport revenue and domestic taxes revenue categories exceeded annual targets. The Large taxpayer's office which remains single largest revenue source attained the least performance rate of 92.4 per cent.

3.2 Exchequer Issues to MDAs and County Governments

In the FY 2014/15, total exchequer issues to the MDAs and County governments was Kshs.1.59 trillion representing 93.9 per cent of the revised net estimates. This is 24.6 per cent increase compared to Kshs.1.28 trillion issued in the FY 2013/14. This comprises of Kshs.910.6 billion to MDAs, Kshs.454.5 billion to Consolidated Fund Services and Kshs.229.3 billion to the County governments, compared to Kshs.827.4 billion, Kshs.258.8 billion and Kshs.193.4 billion issued to MDAs, CFS and County governments respectively, in last FY 2013/14. There was a marginal decline in the exchequer issues to net estimates from 94.5 per cent to 93.9 per cent recorded in FY 2014/15.

Table 3.3: Total Exchequer Issues, FY 2014/15 (Kshs. billion)

Name of the Sector	FY 2014/2015				FY 2013/2014			
	Revised Gross Estimate (Ksh. Bn)	Revised Net Estimate (Ksh. Bn)	Exchequer Issues (Ksh. Bn)	% of Exch. To Net Estimates	Revised Gross Estimate (Ksh. Bn)	Revised Net Estimates (Ksh. Bn)	Exch. Issues (Ksh. Bn)	% of Exch. To N. Est.
Agriculture, Rural & Urban Development	79.2	68.4	54.5	79.7%	65.7	59.3	49.4	83.3
Education	305.0	277.9	270.1	97.2%	290.6	263.2	252	95.7
Energy, Infrastructure and Information Communications Technology (EI & ICT)	426.3	119.2	95.0	79.7%	244.2	100.9	79.5	78.8
Environmental Protection, Water and Natural Resources	59.0	38.1	32.6	85.6%	53.9	31.1	29.8	95.7
General Economic & Commercial Affairs (GECA)	16.6	16.2	12.5	77.3%	12.8	12.1	11.8	97.5
Governance, Justice, Law and Order (GJLOS)	150.9	149.7	132.8	88.7%	131.9	130.6	128.5	98.3
The Health	54.1	42.9	34.0	79.4%	41.7	34.3	29.7	86.7
Public Administration and International Relations	218.9	196.6	162.3	82.5%	180.9	149.4	139.6	93.5
The Social Protection, Culture and Recreation	25.2	24.8	22.9	92.4%	20.7	19.8	17.2	86.9
National Security	97.9	97.9	93.7	95.7%	93.8	93.8	89.9	95.8
Sub-Total for MDAs	1,433.1	1,031.8	910.6	88.3	1,136.2	894.6	827.4	92.5
Sub-Total Consolidated Fund Services	436.9	436.9	454.5	104.0	265.4	265.4	258.8	97.5
County Governments	242.4	229.3	229.3	100.4	210.0	193.4	193.4	100
Grand Total	2,112.5	1,698.0	1,594.5	93.9	1,611.60	1,353.40	1,279.6	94.6

Source: National Treasury & OCOB

3.3 Recurrent Exchequer Issues By Sector

According to the FY 2014/15 Supplementary Budget II, the recurrent estimates were Kshs.1.17 trillion consisting of Kshs.736.7 billion to the MDAs and Kshs.436.9 billion for CFS.

The total exchequer issues for recurrent expenditure were Kshs.1.09 trillion representing 94 per cent of revised net estimates. The total recurrent exchequer issues to MDAs were Kshs.640.3 billion, representing 94.8 per cent of the revised net estimates, a decline from 97.4 per cent recorded in the FY2013/14. Exchequer issues to CFS were Kshs.454.5 billion representing 104.0 per cent of the net estimates which is a 75.6 per cent increase from Kshs.258.8 billion issued in the FY 2013/14.

From the analysis of recurrent issues, the Education Sector received the highest amount of exchequer issues at Kshs.254.0 billion translating to 97.8 per cent of the revised net estimates. The Agriculture, Rural & Urban Development sector had the lowest proportion of exchequer issues to revised net estimates at 88.6 per cent as illustrated in Table 3.4.

Table 3.4: Sectoral Recurrent Estimates and Exchequer issues for the FY 2014/15 (Kshs. Billion)

Name of the Sector	FY 2014/15				FY 2013/14			
	Revised Gross Est. (Ksh. Bn)	Revised Net Est. (Ksh. Bn)	Exch. Issues (Ksh. Bn)	% of Exch. to N. Est.	Gross Est. (Ksh. Bn)	Net Est. (Ksh. Bn)	Exch. Issues (Ksh. Bn)	% of Exch. to N. Est.
Agriculture, Rural & Urban Development	18.4	17.9	15.9	88.6	17.9	16.8	16.3	97.1
Education	280.9	259.9	254.0	97.8	267.1	247.2	245.4	99.3
The Energy, Infrastructure and Information Communications Technology (EI & ICT)	36.2	7.1	6.7	94.5	27.5	6.8	6.4	94.3
The Environmental Protection, Water and Natural Resources	16.1	11.1	10.6	95.2	14.1	9.2	8.9	97.4
General Economic and Commercial Affairs (GECA)	7.9	7.9	7.2	91.2	8.0	7.5	7.3	96.4
The Governance, Justice, Law and Order (GJLOS)	137.8	137.1	126.1	92.0	121.6	121.1	120.3	99.3
The Health	29.3	25.4	23.5	92.7	23.7	19.8	15.8	79.8
The Public Administration and International Relations	100.4	99.3	91.5	92.2	86.8	85.4	82.0	96.0
The Social Protection, Culture and Recreation	11.8	11.6	10.9	94.6	11.9	11.8	11.3	95.7
National Security	97.9	97.9	93.7	95.7	93.8	93.8	89.9	95.8
Total	736.7	675.1	640.3	94.8	672.6	619.4	603.7	97.4

Source: National Treasury

3.2.2 Development Exchequer Issues By Sector

In the FY 2014/15, the Development expenditure net estimate allocation was Kshs.320.9 billion which was revised to Kshs.356.7 billion in the Supplementary Budget II. Actual exchequer issues were Kshs.270.3 billion representing 75.8 per cent of the revised net estimates. This is 20.8 per cent increase from Kshs.223.7 billion released in the FY 2013/14.

The Social Protection, Culture and Recreation sector received the highest proportion of exchequer issues to net estimates of Kshs.11.9 billion representing 90.7 per cent of the revised net estimates. The Governance, Justice, Law and Order (GJLOS) received the lowest exchequer issues to revised net estimates at 52.9 per cent, a significant decline from 85.7 per cent recorded in FY 2013/14 as shown in Table 3.5.

Table 3.5: Sectoral Development Estimates and Exchequer Issues, FY 2014/15 (Kshs. Billion)

Name of the Sector	FY 2014/15				FY 2013/14			
	Revised Gross Est.	Revised Net Est.	Exch. Issues	% of Exch. to N. Est.	Gross Est.	Net Est.	Exch. Issues	% of Exch. to N. Est.
Agriculture, Rural & Urban Development	60.8	50.5	38.7	76.6	47.8	42.4	33	77.8
Education	24.1	18.0	16.0	89.1	23.4	16	6.6	41
The Energy, Infrastructure and Information Communications Technology (EI & ICT)	390.0	112.1	88.3	78.7	216.6	94.1	73.1	77.7
The Environmental Protection, Water and Natural Resources	42.9	27	22.1	81.7	39.8	22	20.9	94.9
General Economic and Commercial Affairs (GECA)	8.7	8.3	5.3	64.1	4.8	4.6	4.5	99
The Governance, Justice, Law and Order (GJLOS)	13.1	12.7	6.7	52.9	10.2	9.5	8.1	85.7
The Health	24.9	17.5	10.5	60	18	14.4	13.9	96.1
The Public Administration and International Relations	118.5	97.3	70.8	72.7	94.1	64	57.7	90.1
The Social Protection, Culture and Recreation	13.4	13.2	11.9	90.7	8.8	8.1	6	74
Total	696.4	356.7	270.3	75.8	463.6	275.1	223.7	81.3

Source: National Treasury

3.4 Appropriations In Aid (A-I-A)

In the FY 2014/15, the total approved estimates for Appropriations In Aid (A-I-A) was Kshs.241.7 billion for both recurrent and development expenditure. This was revised in Supplementary Budget II to Kshs.401.4 billion, which comprised of Kshs.61.6 billion for recurrent and Kshs.339.8 billion for development expenditure. Total A-I-A for the reporting period was Kshs.Kshs.17.7 billion, comprising of Kshs.12.6 billion for recurrent and Kshs.5.1 billion for development expenditure as shown in Table 3.6

Table 3.6: Performance status of Appropriations In Aid in FY 2014/15

MINISTRY/STATE DEPARTMENT	Recurrent		Development	
	Budget AIA (Kshs.)	Actual AIA (Kshs)	Budget AIA (Kshs.)	Actual AIA (Kshs)
The Presidency	9,000,000	-		-
State Department for Interior	366,021,273	-	71,700,000	-
State Department for Coordination of National Government		-		-
State Department for Planning	283,400,000	-	4,480,873,744	-
State Department for Devolution	2,000,000	-	4,619,384,250	4,242,876,830
Ministry of Defence		-	102,470,625	-
Ministry of Foreign Affairs and International Trade	665,000,000	691,075,540		-
State Department for Education	4,133,600,000	-	1,892,080,157	-
State Department for Higher Education, Science and Technology	16,682,600,000	-	4,207,600,000	-
The National Treasury		-	12,047,321,403	-
Ministry of Health	3,861,876,477	4,729,000,000	7,359,919,069	-
State Department for Infrastructure	24,363,247,812	-	45,438,000,000	-
State Department for Transport	4,407,220,490	-	173,208,111,174	-
State Department for Environment & Natural Resources	2,838,241,761	6,687,921,758	1,455,250,508	-
State Department for Water & Regional Authorities	2,137,758,239	-	14,423,756,977	-
Ministry of Lands Housing, and Urban Development	46,414,750	9,414,750	4,109,915,272	614,702,744
Ministry of Information & Communication and Technology	96,200,000	-	2,200,000,000	-
Ministry of Sports Culture and Arts	10,400,000	-	33,992,670	-
Ministry of Labour Social Security and Services	214,414,480	70,281,823	160,000,000	-
Ministry of Energy and Petroleum	256,000,000	-	57,056,599,381	-
State Department for Agriculture	427,500,000	-	5,741,399,667	0
State Department for Livestock	24,000,000	6,518,100	402,146,208	253,872,647*
Ministry of Industrialization and Enterprise Development	24,000,000	-	299,117,700	33,239,007
State Department for Commerce & Tourism	30,600,000	1,798,853		-
State Department for East African Affairs	1,500,000	-	65,000,000	-
Ministry of Mining	14,000,000	-	42,500,000	-

MINISTRY/STATE DEPARTMENT	Recurrent		Development	
	Budget AIA (Kshs.)	Actual AIA (Kshs)	Budget AIA (Kshs.)	Actual AIA (Kshs)
Office of the Attorney General and Department of Justice	345,000,000	-	305,500,000	-
National Intelligence Service	1,500,000	-		-
Directorate of Public Prosecutions	60,000	114,600		-
Commission for Implementation of the Constitution		9,254,802		
Registrar of Political Parties	200,000	-		-
Witness Protection Agency		-		-
Kenya National Commission on Human Rights		-		-
National Lands Commission		-		-
Independent Electoral and Boundaries Commission	7,000,000	2,130,215	103,680,000	
Parliamentary Service Commission	4,000,000	-		
Judicial Service Commission		-		
The Commission on Revenue Allocation	1,228,593	-		
Public Service Commission	8,000,000	-		
Salaries & Remuneration Commission	300,000	-		
Teachers Service Commission	220,000,000	229,592,705		
National Police Service Commission	394,000	394,000		
Auditor General	110,000,000	143,676,632		
Controller of Budget		-		
The Commission on Administrative Justice	518,319	-		
National Gender & Equality Commission		-		
Independent Police Oversight Authority		-		
TOTAL	61,593,196,194	12,581,173,778	339,826,318,805	5,144,691,228

Source: National Treasury and MDAs

During FY 2014/15, the office noted that most MDAs did not include A-I-A in their financial reports submitted to the OCOB. This has been highlighted in the previous Budget Implementation Review Reports by COB and has affected accuracy of the A-I-A amount.

The National Treasury should institute appropriate measures to ensure that MDAs report on generated A-I-A. This will enhance accountability, transparency and completeness in financial reporting.

3.5 Pending Bills

As at June 30, 2015, forty two MDAs had accumulated pending bills amounting Kshs.111.92 billion, made up of Kshs.57.46 billion in recurrent expenditure and Kshs.54.46 billion in development expenditure.

Pending bills affect the execution of the following financial year's budget. The National Treasury should ensure timely release of exchequer issues to MDAs to avoid accumulation of pending bills at the end of a financial year.

Table 3.7: Pending Bills for MDAs as at June 30, 2015

	MINISTRY / STATE DEPARTMENT	Recurrent (Kshs)	Development (Kshs)	Total
R101	The Presidency	94,457,725.00	-	94,457,725.00
R104	Ministry of Defence	3,107,064,643.00	-	3,107,064,643.00
R105	Ministry of Foreign Affairs and International Trade	330,000,000.00	106,000,000.00	436,000,000.00
R107	National Treasury		2,950,503,613.00	2,950,503,613.00
R108	Ministry of Health	641,471,413.10	2,923,561,585.75	3,565,032,998.85
R111	Ministry of Land Housing , and Urban Development	4,376,726,797.00	4,122,428,497.00	8,499,155,294.00
R112	Ministry of Information & Communication and Technology	55,642,656.05	99,299,822.40	154,942,478.45
R113	Ministry of Sports Culture and Arts	179,416,447.20	368,587,943.15	548,004,390.35
R114	Ministry of Labour Social Security and Services	278,521,989.40	400,000,000.00	678,521,989.40
R115	Ministry of Energy and Petroleum	-	2,107,244,745.00	2,107,244,745.00
R117	Ministry of Industrialization and Enterprise Development	494,875,785.00	2,305,142,531.80	2,800,018,316.80
R119	Ministry of Mining	29,063,066.30	-	29,063,066.30
R120	Office of the Attorney General and Department of Justice	121,719,452.05	10,428,660.00	132,148,112.05
R121	The Judiciary	-	45,250,000.00	45,250,000.00
R122	Ethics & Anti-Corruption Commission	-	-	-
R123	National Intelligence Service	-	4,584,528.00	4,584,528.00
R124	Directorate of Public Prosecutions	53,806,000.00	-	53,806,000.00
R125	Commission for Implementation of the Constitution	-	-	-
R126	Registrar of Political Parties	5,424,793.00	-	5,424,793.00
R127	Witness Protection Agency	-	-	-
R133	State Department for Interior	3,957,225,922.40	2,203,147,275.35	6,160,373,197.75
R134	State Department for Coordination of National Government	671,665,734.45	-	671,665,734.45
R135	State Department for Planning	1,056,124,804.75	4,951,746,307.85	6,007,871,112.60
R136	State Department for Devolution	-	292,000,000.00	292,000,000.00
R139	State Department for Education	79,537,632.85	-	79,537,632.85
R140	State Department for Higher Education, Science and Technology	332,557,103.35	248,000,653.70	580,557,757.05
R143	State Department for Infrastructure	62,438,944.00	19,933,361,932.00	19,995,800,876.00

	MINISTRY / STATE DEPARTMENT	Recurrent (Kshs)	Development (Kshs)	Total
R144	State Department for Transport	39,879,000.00	396,041,521.70	435,920,521.70
R145	State Department for Environment & Natural Resources	350,000,000.00	362,747,485.00	712,747,485.00
R146	State Department for Water & Regional Authorities	-	4,553,916,158.50	4,553,916,158.50
R152	State Department for Agriculture	32,277,716.75	4,764,188,568.10	4,796,466,284.85
R153	State Department for Livestock	39,448,415.75	128,170,075.00	167,618,490.75
R154	State Department for Fisheries	9,323,010.00	570,331,614.00	579,654,624.00
R156	State Department for East African Affairs	64,400,321.15	-	64,400,321.15
R157	State Department for Commerce & Tourism	60,000,000.00	260,000,000.00	320,000,000.00
R201	Kenya National Commission on Human Rights	16,573,351.00	-	16,573,351.00
R202	National Land Commission	-	40,271,000.00	40,271,000.00
R203	Independent Electoral and Boundaries Commission	1,424,360,422.75	-	1,424,360,422.75
R204	Parliamentary Service Commission	-	300,000,000.00	300,000,000.00
R205	Judicial Service Commission	27,000,000.00	-	27,000,000.00
R206	The Commission on Revenue Allocation	16,789,795.00	-	16,789,795.00
R207	Public Service Commission	31,000,000.00	12,000,000.00	43,000,000.00
R208	Salaries & Remuneration Commission	-	-	-
R209	Teachers Service Commission	4,389,014,900.00		4,389,014,900.00
R210	National Police Service Commission	28,678,831.10		28,678,831.10
R211	Auditor General	23,259,399.00		23,259,399.00
R212	Controller of Budget	-	-	-
R213	The Commission on Administrative Justice	-	-	-
R214	National Gender & Equality Commission	-	-	-
R215	Independent Police Oversight Authority	-	-	-
	Sub Total	22,479,746,071.40	54,458,954,517.30	76,938,700,588.70
CFS050	Public Debt	34,978,500,000.00	-	34,978,500,000.00
CFS051	Pensions & Gratuities	-	-	-
CFS052	Salaries & Allowances	-	-	-
	Sub Total	34,978,500,000.00	-	34,978,500,000.00
	Grand Total	57,458,246,071.40	54,458,954,517.30	111,917,200,588.70

Source: MDAs and the National Treasury G-Pay System

3.6 Donor Releases

In the FY 2014/15, Development Partners pledged to support the Government with total of Kshs.187.8 billion towards development activities. This amount was later revised to Kshs.359.08 billion in the fourth quarter of the year and comprised of Loans Revenue of Kshs.50.90 billion, Grants Revenue of Kshs.12.37 billion, Loans AIA of Kshs.253.43 billion and Grants A-I-A of Kshs.42.38 billion.

During the year, actual disbursements from Development Partners amounted to Kshs.242.09 billion representing **67.4per cent** of the revised estimates and an improvement compared to **50.70** per cent of the revised estimates of Kshs.193.94 billion in FY 2013/14. The Loans A-I-A registered the highest proportion of cumulative disbursements at **74.7** per cent while Grants Revenue registered the lowest disbursement of **38.2** per cent as shown in the Table 3.8.

Table 3.8: Summary of Grants and Loans Disbursement for FY 2014/15 (Kshs.Billion)

Fund Source	Gross Estimates FY 2014/2015	Revised Gross estimates FY 2014/15	Cumulative Disbursement as June 2015		Revised Estimates FY 2013/2014	Cumulative Disbursement as June 2014	
			Disbursements	% Disbursed against Revised Estimates		Disbursements	% Disbursed against Revised Estimates
Loans Revenue	36.19	50.90	28.93	56.8	55.37	28.43	51.34
Grants Revenue	10.02	12.37	7.69	62.2	9.54	6.43	67.40
Loans A.I.A	100.20	253.43	189.29	74.7	90.44	49.86	55.13
Grants A.I.A	41.40	42.38	16.18	38.2	38.59	13.63	35.33
Totals	187.80	359.08	242.09	67.4	193.94	98.35	50.70

Source: National Treasury (External Resources Department) 2015

3.7 Consolidated Fund Services (CFS)

The Consolidated Fund Services (CFS) comprises of funds allocated towards: (i) Repayment of public debt. This includes; domestic debt, foreign debt, and defaulted government guaranteed loans, (ii) Pensions and gratuities, and, (iii) Salaries and allowances to Constitutional Office holders; and subscriptions to International Organisations share and capital contribution.

In the FY 2014/15 the CFS was allocated Kshs.436.89 billion comprising of: Kshs.399.31 billion for public debt servicing; Kshs.32.36 billion for pensions and gratuities; Kshs.4.08 billion for salaries and allowances for the Constitutional Office holders; Kshs.1.01 billion for guaranteed Debt; Kshs.500 thousand for subscriptions to International Organizations and Kshs.128 million for miscellaneous services.

Actual exchequer issues in FY 2014/15 amounted to Kshs.454.47 billion, equivalent to 104.0 per cent of the revised gross estimates. The exchequer issues were made up of; Kshs.416.2 billion issued to service public debt, Kshs.35.08 billion for pensions and gratuities and Kshs.3.15 billion for salaries and allowances

of Constitutional Office holders. The exchequer issues for public debt exceeded the approved estimates by Kshs.16.92 billion. Equally pensions and gratuities received Kshs.2.73 billion in excess of the approved estimates.

The total expenditure for the CFS in the FY 2014/15 amounted to Kshs.431.66 billion representing an absorption rate of 98.8 per cent as shown in table 3.9.

Table 3.9: Cumulative Expenditure for CFS for FY 2014/15 (Kshs. Million)

Consolidated Fund Services	Rev. Gross Estimates	Net Estimates	Exchequer Issues	Actual Expenditure	Expenditure as a % of Gross Estimates	
					FY 2014/2015	FY 2013/2014
Public Debt	399,311	399,311	416,234*	392,988	98.4	120.0
Pensions and Gratuities	32,356	32,356	35,082	35,230	108.9	98.0
Salaries and Allowances	4,079	4,079	3,150**	2,418	59.3	94.0
Miscellaneous Services	128	128	-	-		-
International Organizations	0.5	0.5	-	-		-
Guaranteed Loans	1,013	1,013		1,015	100.2	79.0
Total	436,888	436,888	454,470	431,651	98.8	117.0

Source: National Treasury

*Amount includes Kshs.53.2 billion paid by the National Treasury to service the Syndicated loan.

**Includes exchequer issues for defaulted government guaranteed loans.

In the Third Quarter BIRR released in May 2015, the Office reported that expenditure on public debt exceeded exchequer issues by Kshs.54.31 billion and recommended that a special audit be undertaken by the Auditor General to verify the cause of the difference. The Office wishes to clarify that, the expenditure of Kshs.54.31 billion included Kshs.53.2 billion in respect of the repayment of the syndicated loan from international financial institutions, while Kshs.1 billion for the redemption of maturing TB from the overdraft account occasioned by insufficient proceeds from weekly TB auctions. The repayment of the syndicated loan was funded by the proceeds from the Sovereign Bond.

The FY 2013/14 audit report by the Auditor General released in June 2015 confirmed that Kshs.53.2 billion was withdrawn from an offshore special account to fund repayment of the syndicated loan. This withdrawal was made without the approval of the Controller of Budget. However, the Auditor General determined that the balance of the actual net proceeds from the Sovereign Bond was correctly reflected in the offshore account and in the CBK special account.

During the reporting period, the total exchequer issues for CFS of Kshs.454.47 billion exceeded the total approved estimates of Kshs.436.89 billion by Kshs.17.58 billion. According to the National Treasury, this

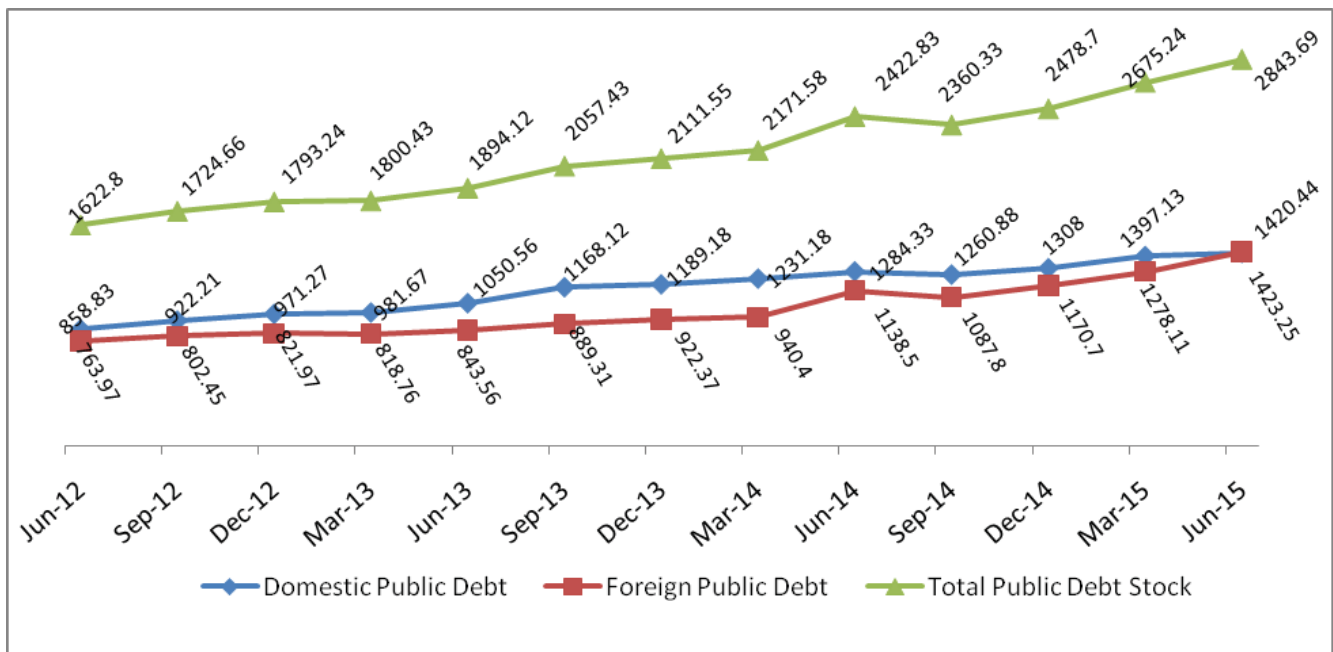
difference was mainly attributed to funding of TB redemptions from the overdraft account to cover the shortfall in weekly TB proceeds.

3.7.1 Public Debt

As at June 2015, the public debt stock stood at Kshs.2.84 trillion and recorded a 20.3 per cent growth from Kshs.2.36 trillion as at June, 2014. The current public debt stock comprises of Kshs.1.42 trillion as domestic debt and Kshs.1.42 trillion as foreign debt representing 53.1 of the GDP.

The cumulative exchequer issues during the reporting period for servicing of public debt amounted to Kshs.416.23 billion. However, actual expenditure was Kshs.392.99 billion.

Figure 3.1: Public Debt Stock (June 2012 to June 2015) Kshs. Billion



Source: National Treasury, Public Debt Management Office

3.7.1.1 Domestic Debt

As at June, 2015, the total domestic debt stood at Kshs.1.42 trillion, representing a growth of 10.9 per cent from Kshs.1.28 trillion in June 2014. The total exchequer issues for servicing of domestic debt obligations in FY 2014/15 amounted to Kshs.302.57 billion and consisted of Kshs.197.37 billion for redemptions and Kshs.105.20 billion for interest payments.

Actual expenditure on domestic debt was Kshs.279.5 billion comprising of Kshs.139.7 billion towards principal repayment and Kshs.139.7 billion towards interest payment.

3.7.1.2 Foreign Debt

The foreign debt stock as at June, 2015 was Kshs.1.42 trillion representing a growth of 29.1 per cent from Kshs.1.10 trillion in June 2014. Exchequer issues released to service foreign debt in the period under review amounted to Kshs.113.66 billion and consisted of Kshs.81.92 billion for principal repayment and

Kshs.31.75 billion for interest payments.

Actual expenditure for the period was Kshs.113.52 billion, out of which, Kshs.80.19 billion was spent on principal repayment and Kshs.33.33 billion on interest payments.

3.7.2 Guaranteed Debt to State Parastatals

In FY 2014/15, Kshs.1.01 billion was allocated towards settlement of guaranteed debt by the National Government for three projects, namely: Kenya Broadcasting Cooperation's (KBC) modernisation project loan, Tana and Athi River Development Authority (TARDA) loan for Tana Delta Irrigation Project, and, the Nairobi City Council loan for Umoja II Housing project.

The actual expenditure on guaranteed loans in FY 2014/15 was Kshs.1.01billion. A breakdown of this expenditure shows that Kshs.909.54 million was spent on repayment of the principal amount and Kshs.105.4 million on interest payments. Table 3.10 shows the repayment breakdown towards the guaranteed loans.

Table 3.10: Guaranteed Loans Repayment (Million) July 2014 to June 2015.

Loan Title	Year Loan Contracted	Currency	Guaranteed Loans (Amounts in Foreign Currency)			Loan Repayments for the period July 2014 - June 2015 (Amounts in Kshs. million)		
			Principal Amount	Cumulative Amount Paid as of June. 2015	Outstanding Balance at June 2015	Principal	Interest	Total
NCC-Umoja II Housing	1985	USD	17.00	14.45	0	78.08	0.64	78.72
TARDA	1990	YEN	6,031.00	3,380.37	1,469.4	227.64	45.07	272.73
KBC	1989	YEN	16,198.00	9,792.35	3,013.02	593.56	69.95	663.52
Total						899.28	115.66	1,014.94

Source: National Treasury

3.7.3 Salaries and Allowances for Constitutional Office Holders

In FY 2014/15, the National Government allocated Kshs.4.08 billion for payment of salaries and allowances for Constitutional Office holders. The total exchequer issues released in the period was Kshs.3.15 billion, representing 77.2 per cent of the gross estimates. Actual expenditure was Kshs.2.42 billion representing an absorption rate of 59.3 per cent.

In addition, exchequer issue of Kshs.1.03 billion to finance repayment of guaranteed loans was financed from the salaries and allowances for Constitutional Office holders' account.

3.7.4 Pensions and Gratuities

The Pensions and Gratuities category received an allocation of Kshs.32.4 billion representing 8.1 per cent of the total CFS budgetary allocation. Actual exchequer issues during the year amounted to Kshs.35.08 billion, representing 108.4 per cent of the Pensions and Gratuities net estimates. Total expenditure for the period was Kshs.35.23billion, representing an absorption rate of 108.9 per cent and 27.3 per cent increase from Kshs.27.7billion spent in FY 2013/14.

3.8 Overall Government Budget Performance

The initial aggregate budget for the Government in FY 2014/15 of Kshs.1.84 trillion was revised in Supplementary Budget II to Kshs.2.11 trillion and consisted of; Kshs.1,173.6 billion for recurrent activities, Kshs.696.5 billion for development programmes and Kshs.242.4 billion as grants to County Governments.

The recurrent allocation of Kshs.1,173.6 billion included Kshs.436.9 billion for Consolidated Funds Services. The National Government MDAs received an aggregate allocation of Kshs.1,433.2 billion for both recurrent and development activities. Overall absorption rate was 89.9 per cent and 45.8 per cent for recurrent and development expenditure, a decline from 95.7 per cent and 52 per cent achieved in the FY 2013/14. Table 3.11 summarises overall National Government budget performance.

Table 3.11: National Government Budget Performance (Kshs. Billion)

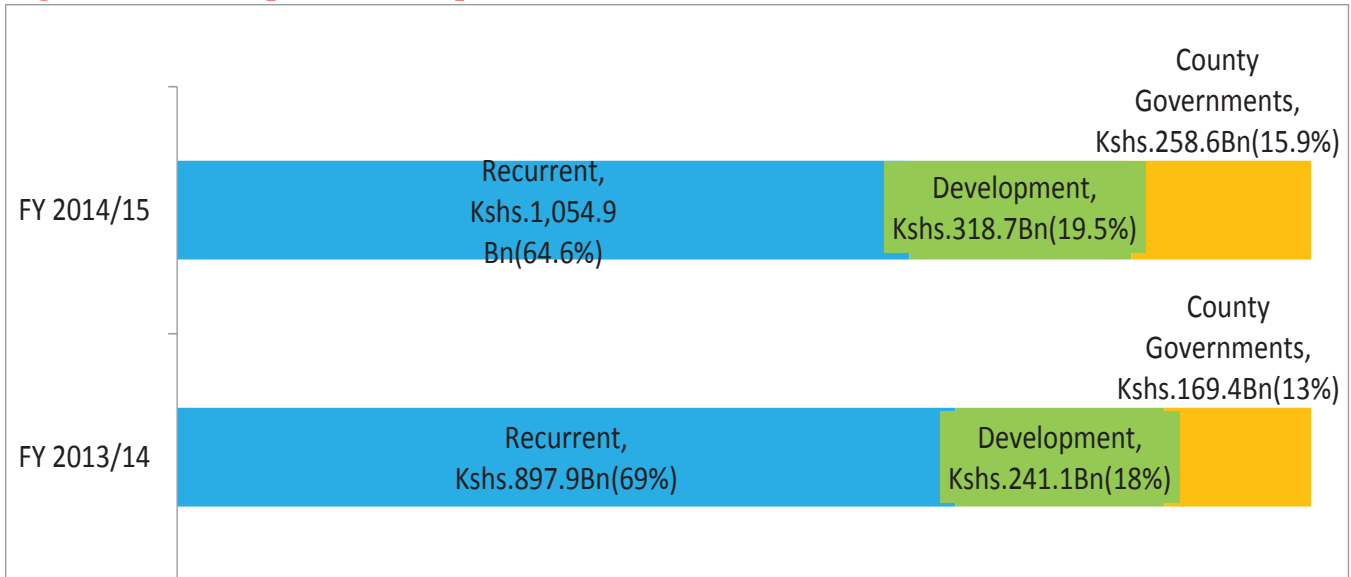
FY 2014/15							FY 2013/14			
Allocation	Revised Annual Gross Estimate	Revised Net Estimates	Cum. Exchequer Issues July 14 to June 15	Cum. Expenditure July to June 15	% of Exchequer to Net Estimates	Absorption Rate	Gross Estimate	Net Estimate	Expenditure	Absorption
Recurrent	1173.6	1112.3	1094.7	1054.9	98	89.9%	938	884.8	897.9	95.7%
Development	696.5	356.7	270.3	318.7	76	45.8%	463.6	275.1	241.1	52.0%
County Governments	242.4*	229.3	229.3	258.6**	100	-	210	193.4	169.4	80.7%
Total	2112.5	1698.1	1594.3	1632.2	94	77.3%	1611.6	1353.3	1308.4	81.2%

Source: National Treasury, MDAs and County Governments.

* Amount does not include expenditure estimates to be financed by local revenue generated by County Governments.

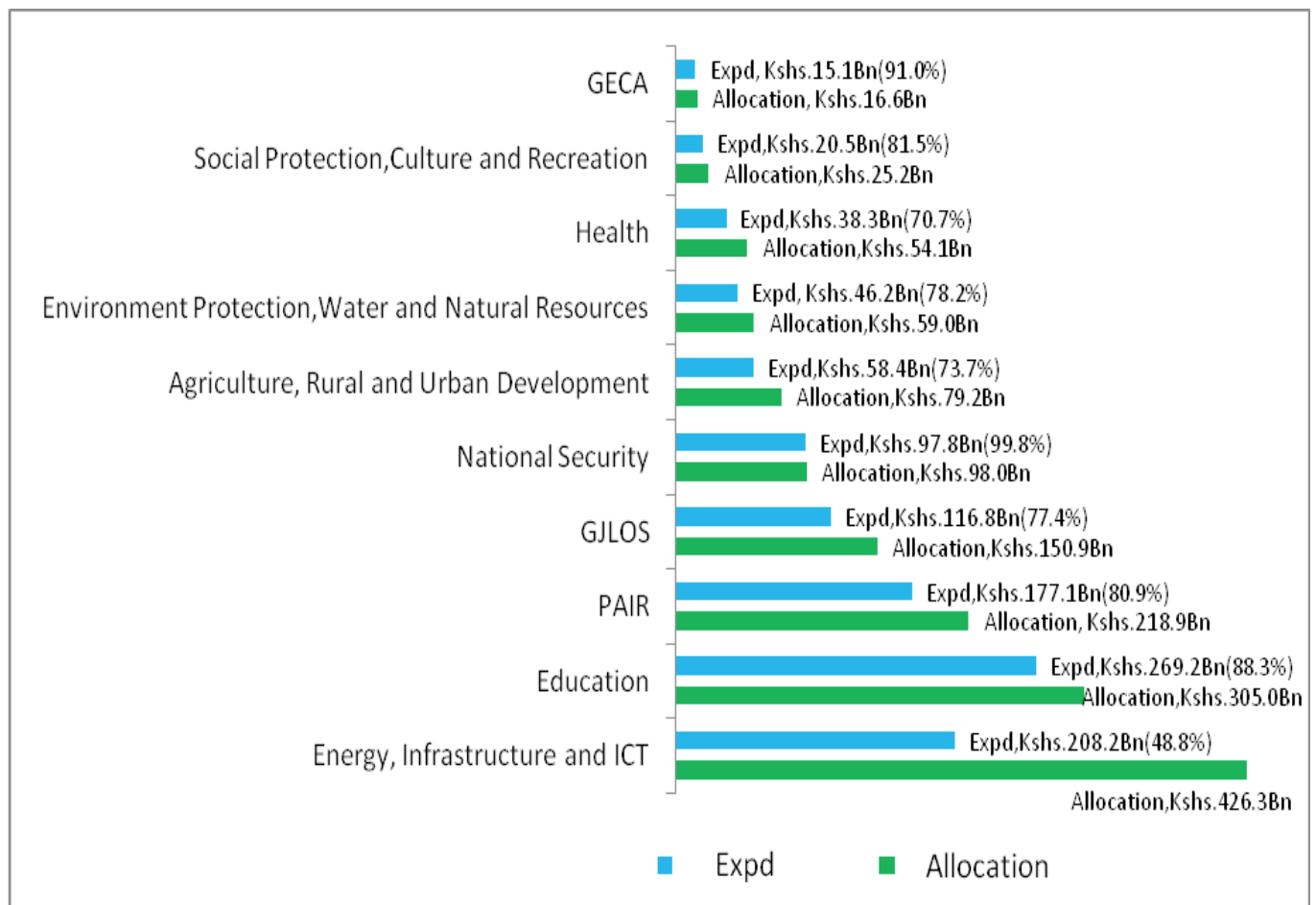
**Provisional County Governments Expenditure

Figure 3.2: Composition of Expenditure



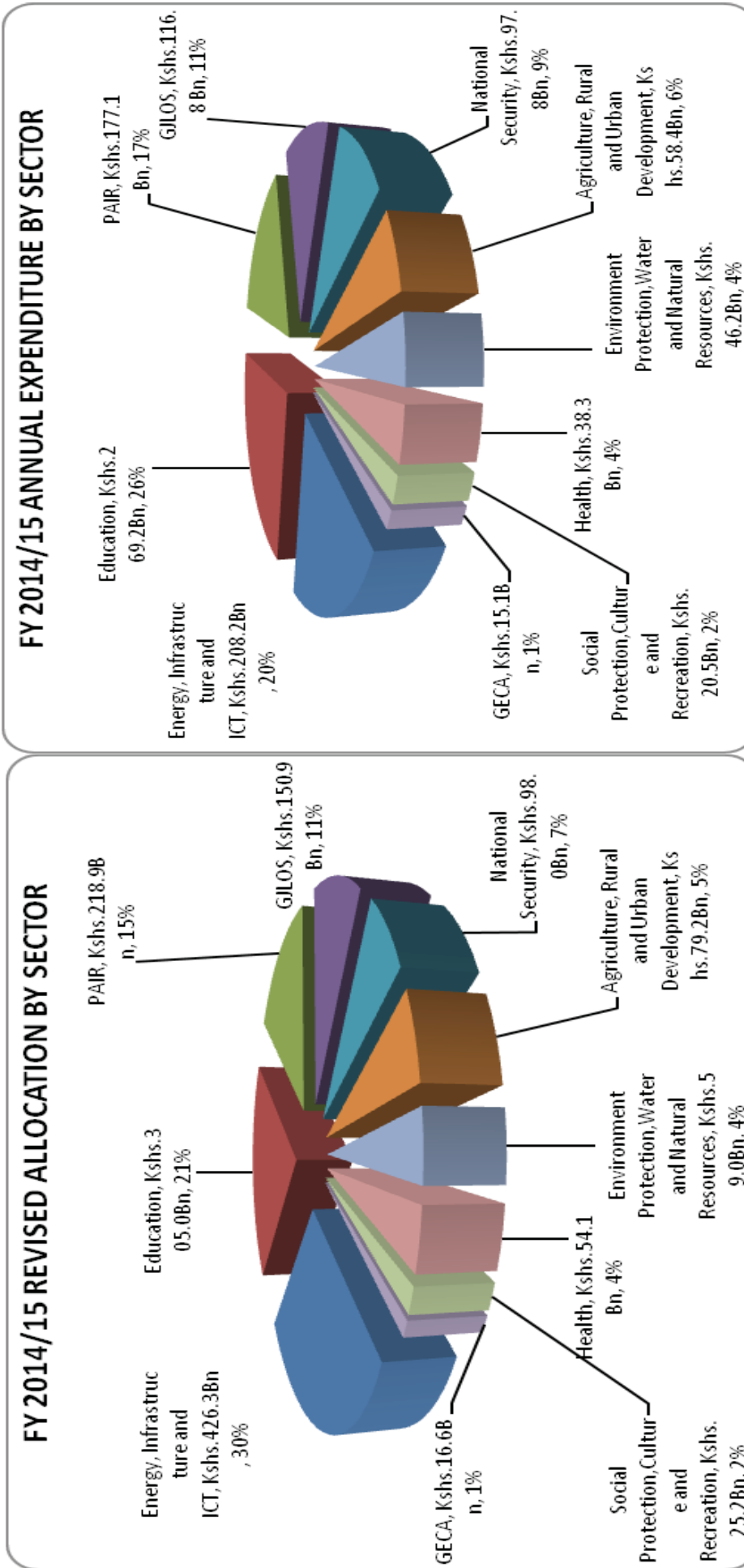
Source: National Treasury, MDAs and County Governments.

Figure 3.3: Comparison of Overall Sector Budget Allocations and Expenditure for FY2014/15 for both Development and Recurrent Expenditure



Source: National Treasury and MDAs

Figure 3.4: FY 2014/15 Annual Sectoral Budget Allocations and Total Expenditure, July 2014 to June 2015



3.9 MDAs Recurrent Expenditure Analysis

During FY 2014/15, a budget revision was approved in the fourth quarter, which increased the recurrent budget from Kshs.685.5 billion to Kshs.736.7 billion. The actual MDAs recurrent expenditure for the year amounted to Kshs.623.2 billion representing an absorption of 84.6 per cent of the revised recurrent gross estimates. This is a marginal increase compared to an absorption rate of 87.3 per cent in FY 2013/14.

A breakdown of the MDAs total recurrent expenditure shows that, personnel emoluments (PE) was the highest spending category at Kshs.282.7 billion or 46.8 per cent of the total expenditure, an increase from Kshs.268.4 billion in FY 2013/14. Recurrent transfers to Semi-Autonomous Government Agencies (SAGAs) amounted to Kshs.145.7 billion, equivalent to 24.1 per cent of the total expenditure and an increase from Kshs.104.8 billion in FY 2013/14.

Other notable expenditure categories by the MDAs included; Kshs.6.6 billion spent on domestic travel, Kshs.4.2 billion on foreign travel and Kshs.4.2 billion on hospitality, conferences and catering costs.

A detailed review of the recurrent expenditure shows that the Teachers Service Commission (TSC) had the highest expenditure on personnel emoluments amounting to Kshs.166 billion which is 58.8 per cent of the total PE expenditure by the MDAs. The State Department of Science and Technology and State Department for Infrastructure had the highest transfers to their SAGAs at Kshs.33.6 billion and Kshs.22.9 billion respectively.

The State Department for Interior incurred the highest expenditure in the following categories:- training at Kshs.881.8 million, rentals and rates for non-residential building at Kshs.615.6 million, maintenance of motor vehicles at Kshs.783.2 million and Kshs.437.8 million on maintenance of other assets.

Equally, the Parliamentary Service Commission had the highest expenditure on domestic travel and on printing and advertising at Kshs.3.0 billion and Kshs.232 million respectively. The Ministry of Foreign Affairs and International Trade had the highest expenditure on the foreign travel category at Kshs.1.6 billion.

Domestic travel expenditure by the Parliamentary Service Commission accounted for 45.2 per cent of the total domestic travel expenditure by the MDAs, while the foreign travel expenditure by the Ministry of Foreign Affairs accounted for 37.3 per cent total expenditure on foreign travel.

As shown in table 3.12, other Operations and Maintenance (O&M) expenditure amounted to Kshs.176.0 billion, accounting for 29.1 per cent of the total recurrent expenditure. Some of the MDAs with significant expenditure under this category included;

State Department for Education (Kshs.28.9 billion): This expenditure includes Kshs.27.7 billion disbursed for free primary and secondary education programme, Kshs.845 million for food and rations services and Kshs.393.6 million for sanitary and cleaning materials, supplies and services.

State Department for Interior (Kshs.21.2 billion): Amount included; Kshs.3.5 billion for purchase of police and security equipment, Kshs.2.8 billion for food rations, Kshs.1.7 billion for medical insurance, Kshs.1.4 billion for electricity, Kshs.3.5 billion for security operation services, Kshs.870.7 million for legal dues/fees, arbitration and compensation payments, Kshs.295.9 million for water and sewage charges. Other items are; Kshs.2.1 billion for purchase of uniform and clothing for staff and trainees, Kshs.584.5 million for supplies and production of national identity cards and Kshs.403.4 million for purchase of police, prison and NYS small supplies.

The Ministry of Defence: Amount of Kshs.77.8 billion was expenditure by the Kenya Defence Forces (KDF).

National Treasury (Kshs.6.9 billion): Amount includes; Kshs.4.0 billion incurred on security operations, Kshs.1.0 billion for housing loans to public servants, and Kshs.850 million for group personal insurance.

State for Coordination of National Government (Kshs.4.8 billion): Expenditure included; Kshs.3.2 billion for food and rations, Kshs.445.7 million for electricity payment, Kshs.275.8 million for purchase of firewood, charcoal and cooking gas fuel, Kshs.120 million on purchase of motor vehicles, and Kshs.192.3 million for water and sewage services.

State Department for Science and Technology (Kshs.4.6 billion): Amount included Kshs.4.5 billion transferred to the Higher Education Loans Board (HELB) for loans to students in higher institutions of learning.

The State Department for Planning (Kshs.4.4 billion): Amount included: Kshs.1.2 billion for food rations, Kshs.910.7 million for purchase of ICT networking and communication equipment and software, Kshs.267.5 million on uniforms and clothing for staff and trainees, Kshs.433.1 million on contracted professional and technical services and Kshs.213.7 million on purchase of beddings and linen.

The Ministry of Labour Social Security and Services (Kshs.3.1 billion): Amount comprised of Kshs.2.7 billion spent on donation under the National Safety Net Programme. This Programme offers financial support to the elderly, orphans, vulnerable children and the severely disabled among others.

The Judiciary (Kshs.3.06 billion): Amount included expenditure of Kshs.658.8 million in monthly pension, Kshs.602.6 million on housing loans to judiciary staff, Kshs.50 million for staff car loans, Kshs.618.1 million on staff medical insurance and Kshs.312.1 million on contracted security and cleaning services.

State Department for Agriculture (Kshs.3.0 billion): amount included Kshs.2.2 billion for the purchase of maize and beans strategic stocks for storage by the National Cereal and Produce Board, (NCPB) Kshs.197.4 million as transportation cost and charges, Kshs.140.4 million contracted technical and professional services and Kshs.108 million incurred on management fees.

The Independent Electoral and Boundaries Commission (IEBC): The Commission incurred Kshs.621.1 million on legal fees, Kshs.483.5 million on purchase of ICT networking and communication equipment, Kshs.140.5 million on staff medical cover, Kshs.173.5 million in payment of overdue Pay As You Earn (PAYE) to KRA and Kshs.338.4 million for acquiring election material such as ballot boxes, polling booths, security rivets and security seals.

The Ministry of Health spent Kshs.530.4 million on emergency relief on purchase of blankets, food, medicine, cash grants and tents for shelter; Kshs.238.2 million on food rations, Kshs.281.7 million on payment of duty and Kshs.224 million on research.

The Ministry of Foreign Affairs spent Kshs.1.2 billion on state visits abroad, Kshs.181 million on donations, Kshs.101 million on refund of medical expenses and Kshs.78.6 million on shipment of personal and house hold effects by staff.

Table 3.12: Breakdown of Recurrent Expenditure, July 2014 to June 2015 by MDAs (Kshs.Million) *

MINISTRY/STATE DEPARTMENT	Personnel Emoluments	Domestic Travel	Foreign Travel	Hospitality Conferences and Catering Costs	Training	Printing and Advertising	Rentals and Rates-Non Residential	Maintenance Expenses-Motor Vehicle	Maintenance Expenses-Other Assets	Current Transfers	Others	Total
The Presidency	1,224.2	428.9	203.4	1,486.6	45.5	21.9	100.7	201.9	56.0	527.7	2,034.5	6,331.3
Ministry of Defence	719.4	35.2	18.5	12.4	38.9	2.6	-	10.0	6.0	31.2	77,820.6	78,694.7
Ministry of Foreign Affairs and International Trade	3,570.5	136.3	1,572.8	174.0	14.9	18.9	352.8	38.1	41.3	653.7	1,716.8	8,290.1
The National Treasury	2,040.8	36.3	68.1	241.7	47.1	3.9	26.2	26.5	47.0	18,565.8	6,969.3	28,072.7
Ministry of Health	5,519.3	52.4	4.6	34.2	245.2	33.0	72.8	17.5	9.8	16,688.7	2,049.7	24,727.3
Ministry of Lands Housing, and Urban Development	2,637.5	49.7	10.3	20.6	24.5	9.3	129.4	19.6	39.5	703.5	667.2	4,311.2
Ministry of Information & Communication and Technology	496.0	44.0	22.1	40.8	12.6	15.5	84.8	12.4	4.3	901.2	516.7	2,150.5
Ministry of Sports Culture and Arts	401.9	68.1	425.4	32.6	9.4	10.4	38.1	6.1	7.3	1,558.9	165.9	2,724.2
Ministry of Labour Social Security and Services	1,469.5	112.4	12.8	48.6	47.2	22.1	195.0	19.7	15.5	1,597.8	3,078.2	6,618.9
Ministry of Energy and Petroleum	298.8	16.5	8.4	10.9	20.5	2.5	8.5	13.0	12.5	1,276.3	85.1	1,752.9
Ministry of Industrialization and Enterprise Development	517.4	36.9	17.7	19.7	19.5	9.7	114.1	12.0	10.2	2,088.7	184.9	3,030.6
Ministry of Mining	322.0	31.1	9.9	12.5	3.8	5.3	1.8	14.4	19.1	15.6	254.8	690.3
Office of the Attorney General and Department of Justice	803.8	47.5	69.2	32.6	15.6	23.2	71.5	7.4	5.4	1,576.4	273.5	2,926.1
The Judiciary	6,130.3	283.0	24.0	106.4	11.5	52.3	124.0	134.0	54.5	312.4	3,057.3	10,289.8
Ethics & Anti-Corruption Commission	-	-	-	-	-	-	-	-	-	-	-	1,701.1
Directorate of Public Prosecution	984.9	80.4	12.3	34.8	27.6	19.1	79.7	5.8	2.2	-	17.1	1,263.9
Commission for Implementation of the Constitution	137.0	26.2	1.1	10.6	4.0	2.8	34.8	8.4	0.7	-	92.3	317.8
Registrar of Political Parties	64.5	5.9	1.1	2.8	1.5	0.6	15.5	0.3	0.1	360.0	12.8	465.0

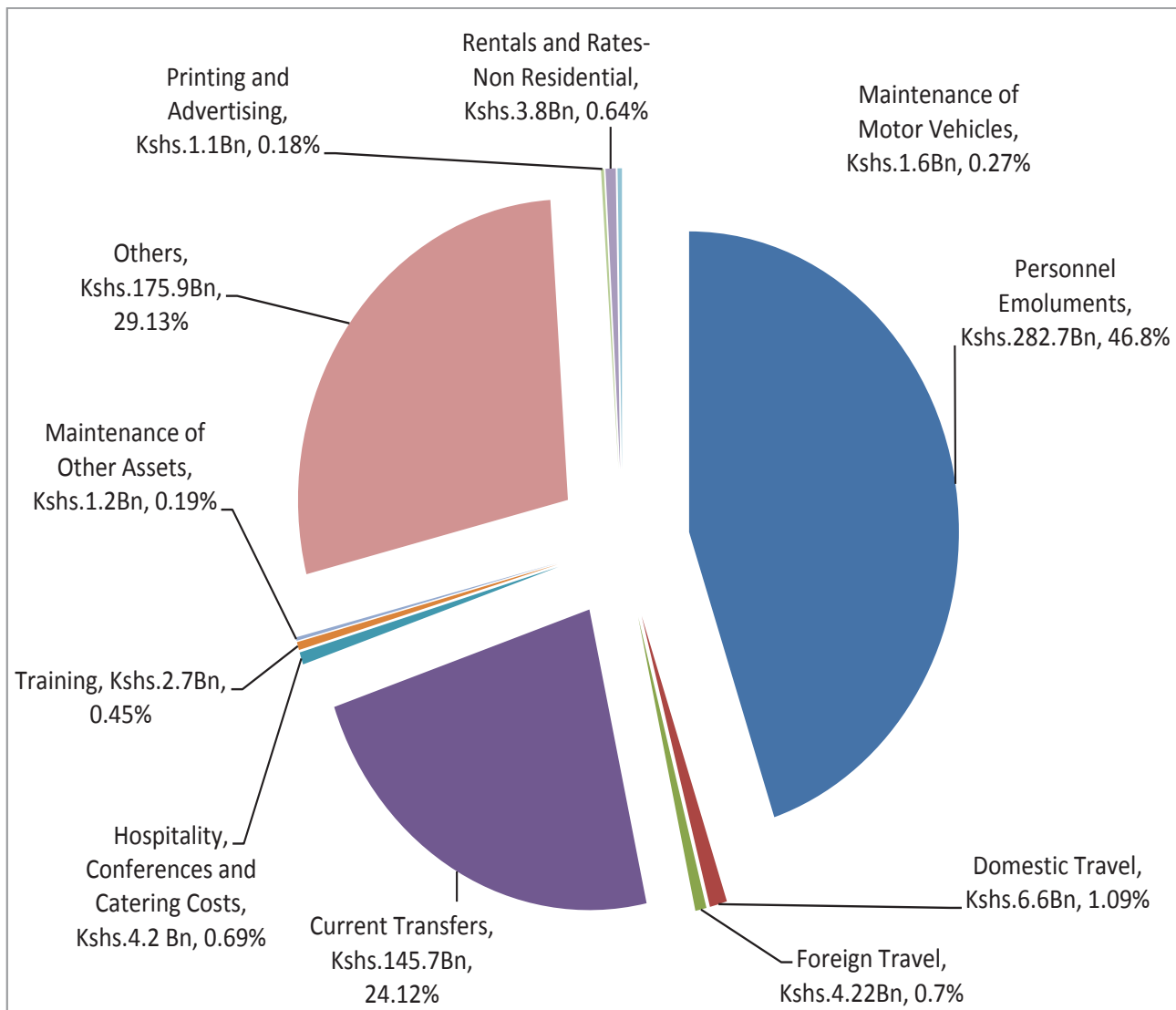
MINISTRY/STATE DEPARTMENT	Personnel Emoluments	Domestic Travel	Foreign Travel	Hospitality Conferences and Catering Costs	Training	Printing and Advertising	Rentals and Rates-Non Residential	Maintenance Expenses-Motor Vehicle	Maintenance Expenses-Other Assets	Current Transfers	Others	Total
Witness Protection Agency	105.9	5.4	1.5	8.1	4.4	5.7	12.3	3.2	0.5	-	129.2	276.0
State Department for Interior	44,875.9	1,082.2	39.2	134.5	881.8	57.5	615.6	783.2	437.8	721.8	21,242.8	70,872.3
State Department for Coordination of National Government	10,679.7	70.2	15.9	38.3	26.7	1.7	61.2	53.5	8.0	1.8	4,793.7	15,750.8
State Department for Planning	6,456.7	187.2	45.4	332.9	335.5	99.2	203.4	33.3	145.6	2,303.1	4,382.2	14,524.4
State Department for Devolution	616.6	24.1	3.7	10.3	8.0	2.2	88.6	8.6	3.7	3,205.3	160.7	4,131.8
State Department for Education	3,238.4	47.6	14.3	31.5	39.8	5.9	132.6	22.0	25.0	16,077.2	28,854.5	48,488.8
State Department for Science and Technology	891.6	22.8	3.1	8.8	7.8	2.8	-	5.4	4.7	33,607.2	4,606.2	39,160.4
State Department for Infrastructure	1,054.5	8.3	2.5	5.5	15.6	1.3	-	6.3	7.2	22,926.3	106.1	1,188.7
State Department for Transport	141.6	7.7	2.5	5.5	7.4	1.1	1.5	4.3	18.5	2,894.1	151.2	1,347.6
State Department for Environment & Natural Resources	1,080.2	21.6	36.3	43.9	14.3	3.1	64.4	13.6	7.2	8,906.7	638.6	8,167.5
State Department for Water & Regional Authorities	635.1	21.5	6.5	4.6	8.9	2.4	22.7	14.9	9.8	1,229.0	126.1	2,081.5
State Department for Agriculture	952.5	46.7	18.1	7.7	15.3	16.0	17.8	12.7	5.9	3,372.6	2,952.2	7,417.4
State Department for Livestock	1,117.6	13.5	2.7	2.2	5.4	1.8	35.1	6.7	3.6	44.8	33.7	1,267.1
State department for Fisheries	174.6	9.7	2.9	3.0	10.5	1.3	-	2.8	2.7	653.2	208.5	1,069.2
State Department for East African Affairs	158.0	40.4	128.3	136.7	9.5	21.8	39.3	3.9	2.5	940.6	38.2	1,519.1
State Department for Commerce & Tourism	354.3	44.5	96.6	58.0	10.9	6.7	125.5	18.0	35.2	1,958.9	129.6	2,838.2
Kenya National Human Rights & Equality Commission	180.5	15.7	5.6	3.8	4.8	12.3	37.0	-	-	-	73.7	333.4
National Lands Commission	444.4	31.8	2.1	111.9	4.6	44.2	19.3	9.7	0.8	-	386.5	1,055.4

MINISTRY/STATE DEPARTMENT	Personnel Emoluments	Domestic Travel	Foreign Travel	Hospitality Conferences and Catering Costs	Training	Printing and Advertising	Rentals and Rates-Non Residential	Maintenance Expenses-Motor Vehicle	Maintenance Expenses-Other Assets	Current Transfers	Others	Total
Independent Electoral and Boundaries Commission	1,898.4	87.5	30.9	303.7	251.0	152.7	162.3	29.4	9.5	-	2,303.6	5,229.1
Parliamentary Service Commission	11,253.8	2,964.7	1,178.5	337.0	225.6	232.0	389.5	31.5	79.8	-	3,829.5	20,522.0
Judicial Service Commission	-	25.8	44.5	79.2	88.4	4.7	5.9	-	0.2	-	18.7	267.3
The Commission on Revenue Allocation	111.0	19.0	6.0	5.6	5.2	3.5	34.7	4.0	0.8	-	55.9	245.6
Public Service Commission	469.6	43.3	17.8	50.5	45.6	60.0	8.6	6.8	8.5	0.8	291.9	1,003.4
Salaries & Remuneration Commission	152.1	18.6	4.0	92.2	2.4	20.1	38.0	1.5	6.1	-	258.2	593.1
Teachers Service Commission	166,047.0	-	-	-	-	-	-	-	-	-	-	166,047.0
National Police Service Commission	177.7	25.7	-	21.5	0.9	18.4	54.3	3.2	0.2	-	138.5	440.4
Auditor General	1,510.5	168.6	12.1	8.2	49.1	16.3	120.6	13.1	6.6	4.2	739.5	2,648.9
Controller of Budget	190.8	20.4	4.3	10.2	12.1	34.3	1.3	2.7	1.7	-	92.0	369.8
The Commission on Administrative Justice	153.3	10.0	4.5	6.3	5.1	7.3	37.5	5.1	1.4	-	123.7	354.2
National Gender & Equality Commission	104.4	12.6	6.7	4.0	33.8	4.1	42.4	2.6	0.4	-	68.9	279.8
Independent Police Oversight Authority	173.4	1.7	-	1.1	0.4	1.2	19.9	0.2	1.6	-	66.8	266.4
Total	282,737.8	6,589.6	4,218.1	4,188.7	2,720.2	1,094.7	3,841.2	1,649.0	1,166.7	145,705.5	175,997.3	604,115.1
Percentage	46.80%	1.09%	0.70%	0.69%	0.45%	0.18%	0.64%	0.27%	0.19%	24.12%	29.13%	100.00%

Source: MDAs and National Treasury IFMIS Directorate

Note: Based on the expenditure reports from IFMIS, some state departments captured Appropriations in Aid which was spent among the various expenditure categories. They included the State Department for Infrastructure which had reflected total A-I-A of Ksbs.22.9 billion, State Department of Transport had Ksbs.1.9 billion while the State Department for Environment & Natural Resources had Ksbs.2.7 billion.

Figure 3.5: Composition of MDAs Recurrent Expenditure



Source; MDAs and National Treasury

3.10 Analysis of MDAs Development Expenditure

During FY 2014/15, allocation to development expenditure was revised from Kshs.494.9 billion to Kshs.696.5 billion in the approved Supplementary Budget II. Actual expenditure on development activities by the MDAs was Kshs.318.7 billion, an absorption rate of **45.8 per cent** compared to FY 2013/14 where Kshs.241.1 billion was spent on development projects attaining an absorption rate of **52 per cent**.

Capital Transfers to SAGAs was the highest spending category at Kshs.163.4 billion (51.3 per cent of the total expenditure). This was followed by expenditure on Refurbishment of buildings, infrastructure and civil works at Kshs.71.6 billion accounting for 22.5 per cent of the total expenditure by the MDAs. Other categories with significant expenditure amounts included; non-residential buildings, which amounted to kshs.13.3 billion and expenditure on purchase of IT networking, communication equipment and software of Kshs.4.2 billion.

Review of the development expenditure by the MDAs shows that the State Department for Infrastructure had the highest capital transfers to its SAGAs at Kshs.59.4 billion or 37 per cent of the total capital transfers followed by the State Department of Planning at Kshs.36.7 billion (22.6 per cent of the total capital transfers by the MDAs).

Similarly, the Ministry of Energy and Petroleum had the highest expenditure on infrastructure and civil works accounting for 47.8 per cent (Kshs.27.2 billion) of the total MDA expenditure under this category. The Ministry of Land, Housing and Urban Development followed at 21.6 per cent having spent Kshs.12.3 billion.

During the twelve months period, an expenditure of Kshs.61.8 billion was reported as A-I-A as shown in table 3.13 while Kshs.114.5 billion was spent on other development activities. The MDAs with significant expenditure under the “other” development expenditure are analysed as follows:

The National Treasury (Kshs.29.1 billion): Amount includes Kshs.3 billion for the civil contingency reserve, Kshs.2 billion spent on the sugar industries, Kshs.6.3 billion on medical drugs, dressing and other non-pharmaceutical medical items, Kshs.4.2 billion to Kenya Airways as an emergency loan, Kshs.260 million on equity participation in Uchumi Supermarkets Ltd, Kshs.130.5 million on East Africa Marine System (TEAMs) project and Kshs.995.4 million on equity participation in various development banks. Expenditure on car loans to public servant amounted to Kshs.1 billion while Kshs.812.8 million was spent on the Africa Risk Capacity Insurance Company.

Ministry of Health (Kshs.5.9 billion): Amount included Kshs.1.6 billion spent on hire of equipment, plant and machinery, Kshs.1.1 billion on medical drugs, Kshs.793.1 million on acquisition of vaccine, Kshs.667.5

million on purchase of medical and dental equipment, Kshs.279.2 million on training, and Kshs.492.2 million on publishing and printing services.

Ministry of Lands Housing and Urban Development: Other expenditure of Kshs.1.1 billion was spent on acquisition of specialised materials for the production of title deeds.

The Ministry of Labour Social Security and Services: Other expenditure of Kshs.8.7 billion included Kshs.8.1 billion transferred to individuals for social support under the National Safety Net Programme.

The Ministry of Energy and Petroleum: Other expenditure of Kshs.30.9 billion comprised of Kshs.1 billion for subsidising the rural electrification programme.

State Department for Interior: Other expenditure of Kshs.2.7 billion included; Kshs.1.3 billion for purchase of police and security equipment, Kshs.738.4 million on acquisition of production supplies for national identity cards, birth and death certificates, and, Kshs.502.2 million on purchase of laboratory equipment.

State Department for Planning: Other expenditure of Kshs.8.08 billion included; Kshs.1.6 billion paid to contractual and casual employees working under the following programmes; Community Empowerment and Institutional Support programme (CEISP), Programme for Agriculture and Livelihoods in Western Communities (PALWECO) and the Youth Development Initiative Programme. Also included is Kshs.1.8 billion for purchasing educational aids and related equipment for the NYS, Kshs.1.8 billion on hire of equipment, plant and machinery, Kshs.753.6 million on hospitality, boards, committees, conferences and seminars, and Kshs.1.3 billion on refined fuel and lubricants.

The State Department for Devolution: Amount included Kshs.437.4 million on drought contingency, Kshs.258.0 million on emergency relief and Kshs.259 million on purchase of agricultural machinery and equipment.

State Department for Science and Technology: Other expenditure of Kshs.4.3 billion included Kshs.1.8 million for acquisition of workshop tools, Kshs.135 million on overhaul of plant, machinery and equipment, Kshs.322.8 million on purchase of printers, IT equipment, and educational aids.

The State Department for Infrastructure: Other expenditure includes Kshs.20.6 billion for the construction of road and Kshs.2.4 billion for maintenance of roads, ports and jetties.

The State Department for Transport: Other expenditure included; Kshs.23.7 billion spent on construction of railways, Kshs.600 million for purchase of boats, and Kshs.600 million on maintenance of aerodromes and airstrips.

The State Department for Environment & Natural Resources: Other expenditure included Kshs.1.2 billion on purchase of tree seeds and seedlings under the green schools project, Kshs.364.5 million for purchase of instrumentation and calibration equipment, Kshs.617.2 million on access roads and Kshs.330.7 million on water supplies and sewerage.

The State Department for Water and Regional Authorities: The Department spent Kshs.16.4 billion on water supplies and sewerage.

State Department for Agriculture: Kshs.8.7 billion on other expenditure included: Kshs.2.8 billion spent on water supplies by the National Irrigation Board, Kshs.3.5 billion for subsidizing purchase of fertilizer by farmers and seed fund, and Kshs.700 million on purchase of certified crop and seeds.

The State Department for Fisheries: The Department spent Kshs.1.1 billion on purchase of boats to support its mandate of promoting fishery in the Country.

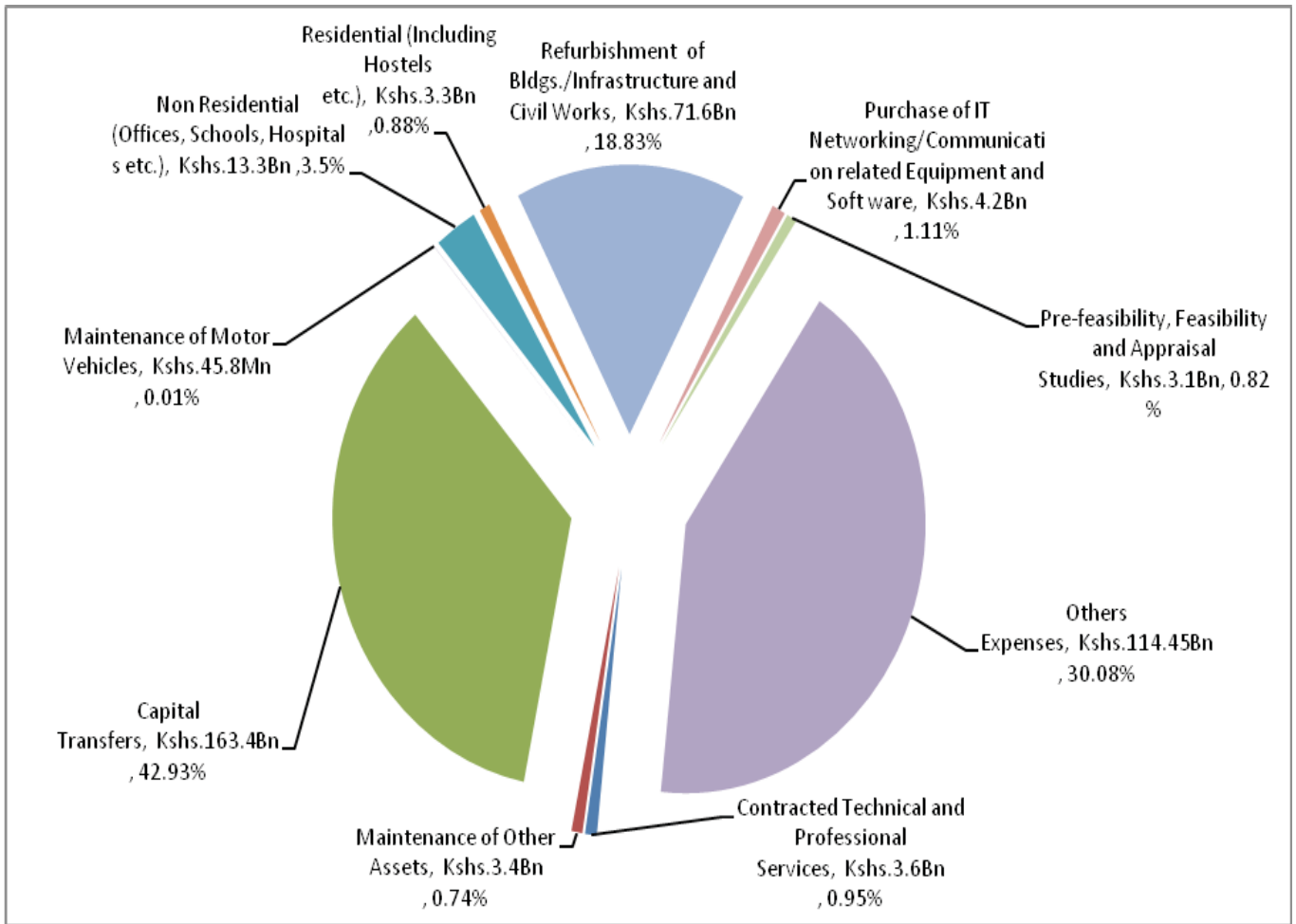
Table 3.13 provides an analysis of MDAs development expenditure by category.

Table 3.13: Development Expenditure Analysis July 2014 to June 2015 by MDAs (Kshs. Million)

MDAs/STATE DEPARTMENT	Contracted Technical and Professional Services	Maintenance of Motor Vehicles	Maintenance of Other Assets	Capital Transfers	Non Residential (Offices, Schools, Hospitals etc.)	Residential (Including Hostels etc.)	Refurbishment of Bldgs./ Infrastructure and Civil Works	Purchase of IT Networking/ Communication related Equipment and Software	Pre-feasibility, Feasibility and Appraisal Studies	Others Expenses	(A-I-A)	Total Expenditure
The Presidency	-	-	6.8	100.0	-	8.8	563.5	138.1	-	172.4	-	989.6
Ministry of Foreign Affairs	-	-	-	-	-	-	39.6	270.8	-	337.0	-	647.4
The National Treasury	821.8	0.2	179.1	2,886.8	423.1	-	53.4	375.1	505.9	21,668.8	7,399.4	19,514.7
Ministry of Health	81.4	3.7	304.6	7,466.8	335.0	-	48.2	-	-	5,955.3	659.5	13,535.4
Ministry of Lands Housing and Urban Development	648.6	-	148.3	9.0	2,006.8	1,149.1	12,262.2	816.6	549.5	1,116.2	614.7	18,091.7
Ministry of Information & Communication and Technology	564.8	-	112.5	1,506.7	35.4	-	39.6	1,124.6	1,229.0	680.3	1,148.4	4,144.6
Ministry of Sports Culture and Arts	-	-	-	278.6	-	-	989.7	-	-	13.5	-	1,281.8
Ministry of Labour Social Security and Services	78.1	-	0.7	883.9	236.4	-	15.7	13.7	-	8,733.2	50.0	9,911.6
Ministry of Energy and Petroleum	154.4	-	-	20,471.0	290.0	-	27,190.7	4.5	409.5	2,005.8	28,945.5	21,580.4
Ministry of Industrialization and Enterprise Development	41.7	-	-	4,236.6	-	-	200.9	-	3.7	514.5	-	4,997.4
Ministry of Mining	-	-	-	-	50.2	-	8.8	79.2	-	552.1	-	690.3
Office of the Attorney General and Department of Justice	-	-	-	117.6	-	-	14.0	15.5	-	-	-	147.1
The Judiciary	0.2	-	-	61.2	241.9	-	216.5	236.8	-	847.6	-	1,604.3
State Department for Interior	-	0.9	39.6	-	287.0	428.7	86.5	203.8	-	2,678.4	-	3,725.0
State Department for Coordination of National Government	-	-	-	-	150.1	-	103.8	109.7	-	122.4	-	486.1
State Department for Planning	155.1	9.6	152.1	36,712.2	12.5	492.0	8,678.6	68.3	148.6	8,083.9	2,893.8	51,619.2

MDAs/STATE DEPARTMENT	Contracted Technical and Professional Services	Maintenance of Motor Vehicles	Maintenance of Other Assets	Capital Transfers	Non Residential (Offices, Schools, Hospitals etc.)	Residential (Including Hostels etc.)	Refurbishment of Bldgs./ Infrastructure and Civil Works	Purchase of IT Networking/ Communication related Equipment and Software	Pre-feasibility, Feasibility and Appraisal Studies	Others Expenses	(A-I-A)	Total Expenditure
State Department for Devolution	120.0	21.0	5.2	2,774.8	-	-	950.0	9.3	-	1,599.7	1,273.0	4,207.0
State Department for Education	-	-	-	269.8	3,317.2	4.9	859.8	122.7	-	455.9	-	5,030.2
State Department for Science and Technology	-	-	-	2,680.6	4,940.4	1,234.8	98.7	-	-	2,606.1	1,725.6	9,834.9
State Department for Infrastructure	-	-	2,463.3	59,445.5	6.5	-	3,160.2	-	119.5	899.8	3,861.5	62,233.3
State Department for Transport	6.1	-	-	4,526.1	-	-	6,290.5	-	5.8	25,392.1	2,221.9	33,998.8
State Department for Environment & Natural Resources	100.6	8.8	8.9	898.6	170.3	24.3	862.5	212.6	-	3,738.3	-	6,025.0
State Department for Water & Regional Authorities	292.8	-	-	1,642.4	135.0	-	7,020.9	-	71.3	16,563.1	9,228.0	16,497.5
State Department for Agriculture	35.0	-	-	12,830.6	5.3	0.5	12.9	10.5	21.1	7,162.5	1,494.5	18,583.8
State Department for Livestock	105.8	-	-	1,823.9	90.1	-	161.9	0.8	3.1	712.3	253.9	2,644.2
State department for Fisheries	-	1.5	-	817.2	9.7	-	50.1	-	-	1,160.5	-	2,039.0
State Department for Commerce & Tourism	381.0	-	-	934.0	-	-	1,200.6	1.3	72.2	89.3	-	2,678.4
State Department for East Africa Affairs	9.6	-	-	-	-	-	-	-	-	100.0	54.8	54.8
National Lands Commission	10.6	-	-	-	-	-	-	394.6	-	-	-	405.2
Independent Electoral and Boundaries Commission	-	-	-	-	61.5	-	12.8	-	-	-	-	74.3
Parliamentary Service Commission	-	-	-	-	338.6	-	453.9	-	-	484.0	-	1,276.5
Total	3,607.5	45.8	3,421.2	163,374.0	13,301.1	3,343.0	71,646.4	4,208.5	3,139.2	114,455.2	61,824.5	318,717.2
Percentage	0.95%	0.01%	0.90%	42.93%	3.50%	0.88%	18.83%	1.11%	0.82%	30.08%		

Figure 3.6: Composition of Development Expenditure by MDAs



Source; MDAs and National Treasury

3.11 Recurrent and Development Expenditure Analysis by Sector

The recurrent and development expenditure analysis by sector is presented below.

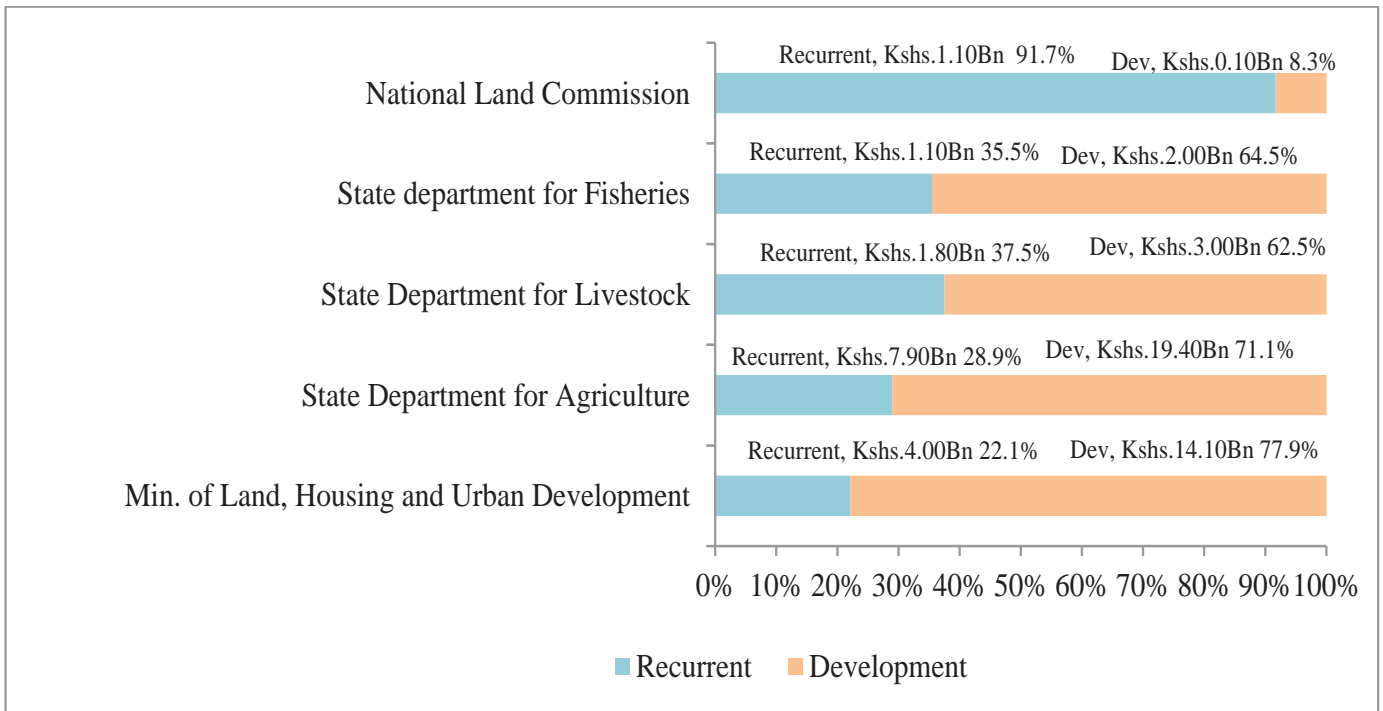
3.11.1 Agricultural, Rural and Urban Development (AR&UD) Sector

This sector is composed of five departments /ministries namely; Ministry of Land, Housing and Urban Development, State Department for Agriculture, State Department for Livestock, State Department for Fisheries, and, the National Land Commission (NLC). The sector has significant contribution to the country's economy through provision of raw materials for agro-based industries, agricultural exports as well as availing food for consumption to the Kenyan population. The goal of the sector is to attain food security, sustainable land management, affordable housing and urban infrastructure development.

The revised allocation for the sector in the FY 2014/15 was Kshs.79.2 billion representing 3.7 per cent of the gross revised budget, an increase from Kshs.65.7 billion allocated in FY 2013/14. It comprised of Kshs.60.8 billion (76.7 per cent) for development expenditure and Kshs.18.4 billion (23.3 per cent) for recurrent expenditure. The Sector revised A-I-A was Kshs.10.8 billion, comprising of Kshs.0.5 billion to be raised from recurrent activities and Kshs.10.3 billion to be generated from development activities.

In the FY2014/15, the AR&UD sector received total exchequer issues of Kshs.54.5 billion translating to 79.7 per cent of the revised net estimates. The exchequer issues to the sector comprised of Kshs.15.9 billion for recurrent activities representing 88.6 per cent of the revised recurrent net estimates, and Kshs.38.7 billion for development activities representing 76.6 per cent of the revised development net estimates.

The State Department for Fisheries received the highest proportion of the recurrent exchequer issues at 99.8 per cent of the revised recurrent net estimates while the State Department for Agriculture received the lowest proportion of recurrent exchequer issues to revised net estimates at 82.8 per cent. The State Department for Fisheries received the highest proportion of exchequer issues to revised net development estimates at 95.2 per cent while the National Land Commission received the lowest proportion of development exchequer issues to revised net estimates at 32.8 per cent. A graphical breakdown of the sector's exchequer issues is shown in Figure 3.7.

Figure 3.7: AR&UD Sector Exchequer Issues FY 2014/15 (Kshs. Billion)

Source: National Treasury

The total expenditure for the sector in the FY2014/15 amounted to Kshs.56.9 billion, representing an absorption rate of 71.8 per cent. The recurrent expenditure for the sector amounted to Kshs.15.1 billion, representing 82.1 per cent of the annual recurrent budget while development expenditure was Kshs.41.8 billion, representing **68.7 per cent** of the annual development budget. The Ministry of Land, Housing and Urban Development had the highest absorption rate for recurrent expenditure at 98.0 per cent while the State Department for Livestock registered the lowest absorption rate for recurrent budget at 68.7 per cent. On the other hand, State Department for Fisheries recorded the highest absorption rate for development budget at **96.9 per cent** while the State Department for Agriculture recorded the lowest absorption rate of **63.8 per cent** on development budget.

Table 3.14 gives a summary of how AR & UD sector performed.

**Table 3.14: AR &UD Sector - Analysis of Exchequer Issues and Expenditure
(Kshs. Billion) FY 2014/15**

FY2014/15-Recurrent							FY2014/15-Development					
VOTE	Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.	Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Ministry of Land, Housing and Urban Development	4.4	4.4	4.0	4.3	92.1	98.0	25.3	21.2	14.1	18.1	66.3	71.5
State Department for Agriculture	10.0	9.5	7.9	7.4	82.8	74.4	29.1	23.4	19.4	18.6	83.1	63.8
State Department for Livestock	1.8	1.8	1.8	1.3	96.9	68.7	3.8	3.4	3.0	2.6	89.7	69.9
State department for Fisheries	1.1	1.1	1.1	1.1	99.8	96.0	2.1	2.1	2.0	2.0	95.2	96.9
National Land Commission	1.1	1.1	1.1	1.1	99.6	96.5	0.4	0.4	0.1	0.4	32.8	91.7
Total	18.4	17.9	15.9	15.1	88.6	82.1	60.8	50.5	38.7	41.8	76.6	68.7
Total for the Sector-FY2014/15							Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Recurrent							18.4	17.9	15.9	15.1	88.6	82.1
Development							60.8	50.5	38.7	41.8	76.6	68.7
Total							79.2	68.4	54.5	56.9	79.7	71.8

Source: MDAs and National Treasury

Some of the major projects implemented by AR & UD sector in FY2014/15 include; the registration and issuance of 1,500,000 title deeds, and to facilitate this, Ministry of Land, Housing and Urban Development spent a total of Kshs.943 million. The Ministry also spent Kshs.918.48 million on the Kisumu Urban Project funded by the African Development Bank and also undertook a comprehensive reorganisation of Land Registries in Mombasa, Kwale, Kilifi, Thika, Kajiado, Kiambu, Meru, Maua and Chuka at a cost of Kshs.262.80 million.

The Ministry of Land, Housing and Urban Development faced several challenges during the reporting period. These included; inadequate funding, and pending payments on court judgements and arbitration awards.

To mitigate these challenges, the National Assembly should always accelerate approval of Supplementary Estimates to address inadequate funding while the National Treasury should ensure timely release of exchequer requests by the MDAs.

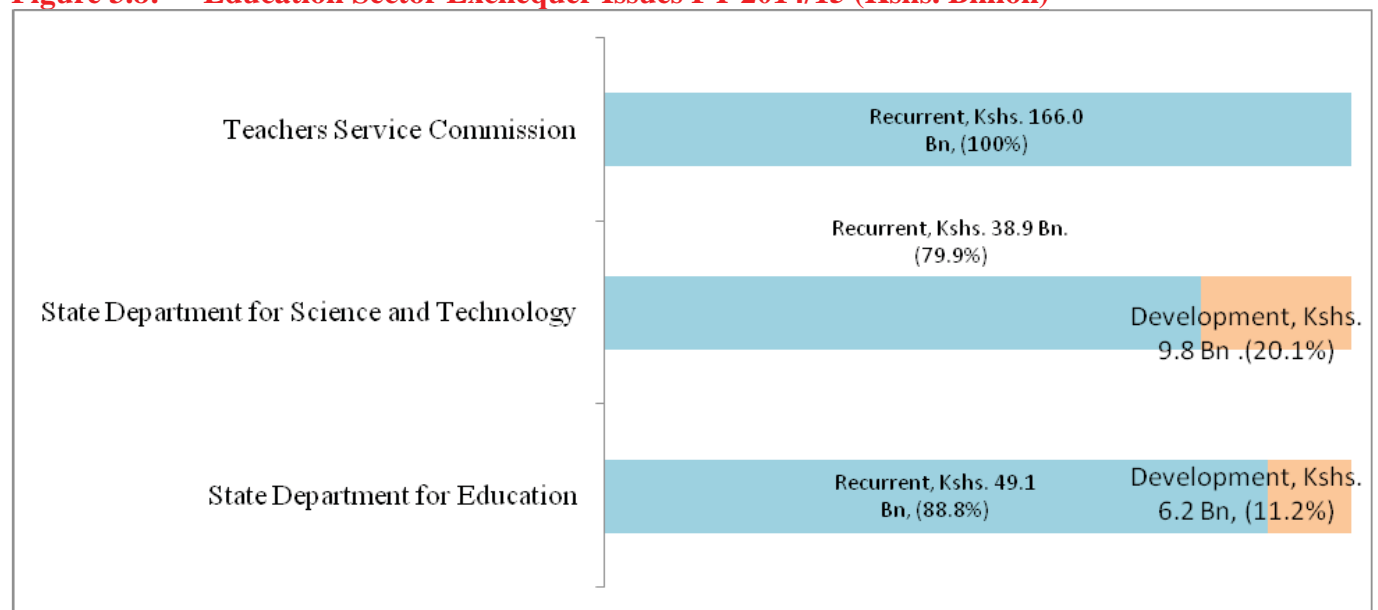
3.11.2 Education Sector

The Sector comprises of the State Department of Education, State Department of Science and Technology, the Teachers Service Commission (TSC) and affiliated institutions. Education is a vital component in the realization of Kenya's Vision 2030 and a key economic and social right recognized by the Constitution of Kenya, 2010. As a result, the sector's goal is to increase access to education and training; improve quality and relevance of education, reduce inequality as well as exploit knowledge and skills in science, technology and innovation for global competitiveness.

The revised allocation for the sector in FY 2014/15 was Kshs.305 billion or 14.4 per cent of the gross revised budget, an increase compared to Kshs.290.6 billion allocated in FY 2013/14. The allocation comprised of Kshs.280.9 billion (92.1 per cent) for recurrent expenditure and Kshs.24.1 billion (7.9 per cent) for development expenditure. The sector's revised A-I-A was Kshs.27.1 billion comprising of Kshs.21 billion, to be generated from recurrent activities and Kshs.6.1 billion from development activities.

In FY 2014/15, the total exchequer issues to the sector amounted to Kshs.270.1 billion representing 95.5 per cent of the revised net estimates. The recurrent exchequer issues to the sector were Kshs.254 billion representing 97.8 per cent of the revised recurrent net estimates while the development exchequer issues were Kshs.16.1 billion, representing **89.1 per cent** of the annual development net estimates. The Teachers Service Commission received exchequer issues of Kshs.166 billion for recurrent activities, recording the highest proportion of recurrent exchequer issues in the Education Sector. The State Department for Education received the highest proportion of recurrent exchequer issues to the revised net estimates at 98.0 per cent where as the State Department for Science and Technology recorded the lowest proportion of recurrent exchequer issues to revised net estimates at 97.0 per cent. For development exchequer issues, the State Department for Science and Technology received Kshs. 9.8 billion, which was 96.7 per cent of revised net estimates while the State Department for Education received Kshs. 6.2 billion, which was 79.3 per cent of revised net estimates.

Figure 3.8: Education Sector Exchequer Issues FY 2014/15 (Kshs. Billion)



Source: National Treasury

The total expenditure for the sector in the FY 2014/15 was Kshs.268.6 billion, representing an absorption rate of 88.0 per cent of the revised gross estimates. The recurrent expenditure for the sector amounted to Kshs.253.7 billion, representing an absorption rate of 90.3per cent of the revised gross recurrent estimates while development expenditure was Kshs.14.9 billion, representing an absorption rate of **61.6per cent** of the revised gross development estimates.

The Teachers Service Commission spent Kshs.166 billion, which was 97.8 per cent of the revised gross estimates recording the highest absorption on recurrent expenditure while the State Department for Science and Technology spent Kshs.39.2 billion or 68.9 per cent of recurrent expenditure to revised gross estimates recording the lowest absorption on recurrent activities. Contrary, the State Department for Science and Technology recorded the highest absorption on development activities at 68.4 per cent compared to 51.6 per cent attained by the State Department for Education.

Table 3.15: Education Sector - Analysis of Exchequer Issues and Expenditure FY 2014/15
(Kshs. Billion)

FY 2014/15 Recurrent							FY 2014/15 Development					
VOTE	Rev. Gross Est.	Rev. Net Estimates	Exchequer Issues	Exp.	% Exch. Issues to Net Est.	% Exp to G. Est	Rev. Gross Est.	Rev. Net Est.	Exchequer Issues	Exp.	% Exch. Issues to Net Est.	% Exp to G. Est.
State Department for Education	54.2	50.1	49.1	48.5	98.0	89.4	9.7	7.8	6.2	5.0	79.3	51.6
State Department for Science and Technology	56.8	40.1	38.9	39.2	97.0	68.9	14.4	10.2	9.8	9.8	96.7	68.4
Teachers Service Commission	169.9	169.6	166.0	166.0	97.9	97.8	-	-	-	-	-	-
Total	280.9	259.9	254.0	253.7	97.8	90.3	24.1	18.0	16.1	14.9	89.1	61.6
Total for the Sector FY 2014/15							Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% Exch. Issues to Net Est.	% Exp. to G. Est.
Recurrent							280.9	259.9	254.0	253.7	97.8	90.3
Development							24.1	18.0	16.1	14.9	89.1	61.6
Total							305.0	277.9	270.1	268.6	97.2	88.0

Source: MDAs and National Treasury

Some of the major projects implemented by the Education Sector in FY2014/15 were construction of Kenya Institute of Curriculum Development Education Resource Centre at a cost of Kshs.114 million, and construction of the new Mitihani House by the Kenya National Examinations Council at a cost of 420 million

3.11.3 The Energy, Infrastructure and Information Communications Technology(EI & ICT) Sector

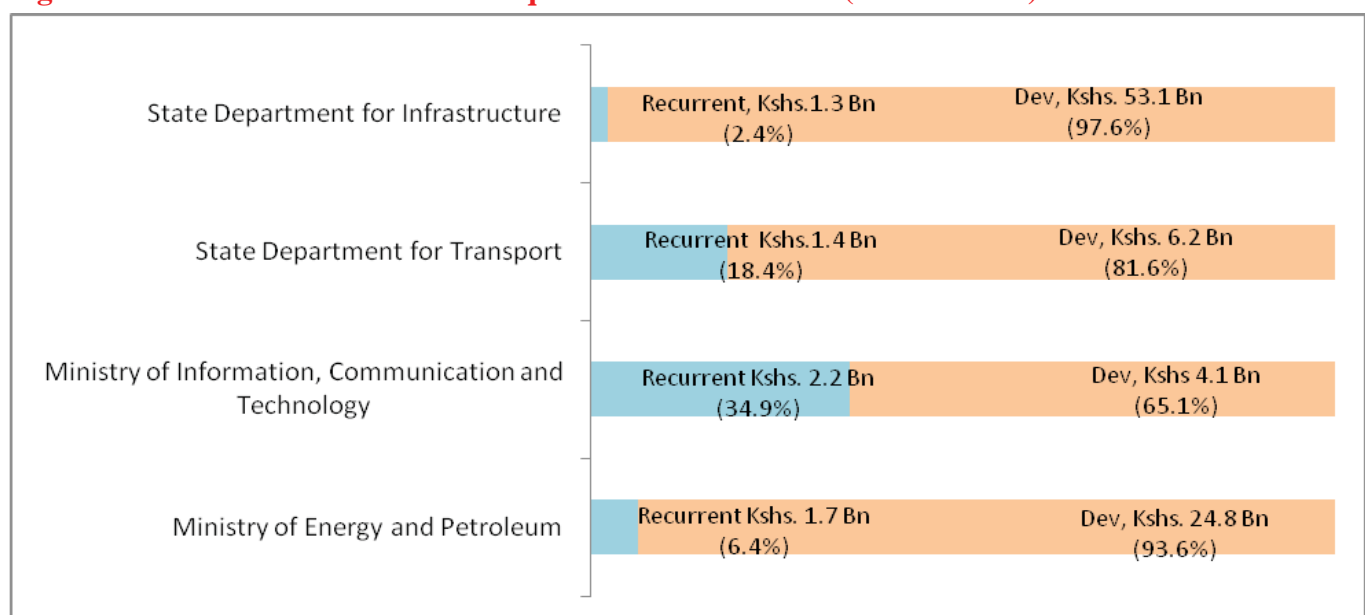
This sector comprises of four departments/ministries which included; State Department for Infrastructure, State Department for Transport, Ministry of Information Communication and Technology and Ministry of Energy and Petroleum. The sector aims at becoming a world-class provider of cost-effective public utility infrastructure facilities and services in the areas of energy, transport and ICT that meet international standards to make Kenya a globally competitive country.

The revised allocation for the sector in the FY 2014/15 was Kshs.426.3 billion representing 20.2 per cent of the revised gross budget and an increase from Kshs.244.2 billion allocated in FY 2013/14. The allocation included Kshs.36.2 billion for recurrent activities and Kshs.390 billion for development expenditure. The sector's revised A-I-A target was Kshs.307.0 billion, comprising of Kshs.29.1 billion to be raised from recurrent activities and Kshs.277.9 billion from development activities.

In FY 2014/15, the sector received Kshs.95 billion which translated to 79.7 per cent of the sectors' revised net estimates. The exchequer issues comprised of Kshs.6.7 billion for recurrent expenditure and Kshs.88.3 billion for development expenditure, translating to 94.5 per cent and **78.7 per cent** respectively of the revised net estimates.

The Ministry of Energy and Petroleum received the highest proportion of the recurrent exchequer issues at 98.2 per cent of the revised recurrent net estimates while the Ministry of Information, Communication and Technology received the lowest proportion of exchequer issues to revised recurrent net estimates at 89.1 per cent. From the analysis in table 3.16, the State Department for Infrastructure received the highest proportion of exchequer issues to revised net estimates for development activities at 80.2 per cent while the State Department for Transport received the lowest proportion of development exchequer issues to revised net estimates at 71.6 per cent. A breakdown of the sector's exchequer issues is shown in Figure 3.9.

Figure 3.9: EI & ICT Sector Exchequer Issues FY 2014/15 (Kshs. Billion)



Source: National Treasury

Total expenditure for the EI & ICT sector during the period under review was Kshs.128.4 billion translating to an absorption rate of 30.1 per cent of the sectors' revised gross estimates. This comprised of Kshs.6.4 billion as recurrent expenditure, an absorption rate of 17.7 per cent and Kshs.122 billion on development expenditure, an absorption rate of **31.3 per cent**.

The Ministry of Energy and Petroleum recorded the highest absorption rate for recurrent expenditure at 86.7 per cent while the State Department for Infrastructure recorded the lowest absorption rate at 4.6 per cent. The State Department for Infrastructure had the highest absorption rate at 55.7 per cent for development activities while the State Department for Transport recorded the lowest absorption rate of 18.7 per cent spending Kshs.34 billion in the twelve months period, against the gross estimate of Kshs.181.9 billion. Table 3.16 provides a summary EI & ICT sector performance.

Table 3.16: EI & ICT Sector - Analysis of Exchequer Issues and Expenditure FY 2014/15
(Kshs. Billion)

FY 2014/15-Recurrent							FY 2014/15-Development					
VOTE	Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp	% of Exch. to Net Est.	% of Exp. to G. Est.	Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
State Department for Infrastructure	25.7	1.4	1.3	1.2	97.7	4.6	111.7	66.3	53.1	62.2	80.2	55.7
State Department for Transport	5.9	1.5	1.4	1.4	96.1	22.9	181.9	8.7	6.2	34.0	71.6	18.7
Ministry of Information, Communication and Technology	2.6	2.5	2.2	2.1	89.1	81.3	7.7	5.5	4.1	4.1	75.3	53.9
Ministry of Energy and Petroleum	2.0	1.8	1.7	1.8	98.2	86.7	88.8	31.7	24.8	24.8	78.3	24.3
Total	36.2	7.1	6.7	6.4	94.5	17.7	390.0	112.1	88.3	122.0	78.7	31.3
Total for the Sector-FY2014/15							Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Recurrent							36.2	7.1	6.7	6.4	94.5	17.7
Development							390.0	112.1	88.3	122.0	78.7	31.3
Total							426.3	119.2	95.0	128.4	79.7	30.1

Source: MDAs and National Treasury

Some of the major projects implemented by the State Department for Infrastructure in FY 2014/15 included: the construction of the interchange at City Cabanas, where the Ministry incurred an expenditure of Kshs.1.01 billion, Kshs.1.05 billion on the Nairobi Outer Ring road improvement project, Kshs.514.24 million on the construction of link roads and Non-Motorised Transport (NMT) facilities in Nairobi, Kshs.900.53 million on Kamagonga-Mogonga (D205/204) Phase I which was 87.9 per cent complete as at the end of the financial year, and, Kshs.624.60 million on Konyu-Kairo-Nyamiri-Kihuri-Iria-Ni-Mugaa-Ini-Kiganjo-Gatugi road which was 86.20 per cent complete as at the end of the financial year. Through donor funding, the Ministry also spent Kshs.2.97 billion on the Northern Corridor Transport Improvement, Kshs.3.65 billion on the Marsarbit-Turbi road, Kshs.3.84 billion on the Turbi-Moyale road, Kshs. 2.95 billion on the Kenya Transport Sector Support Project and Kshs. 1.66 billion on the Merille-Marsarbit road.

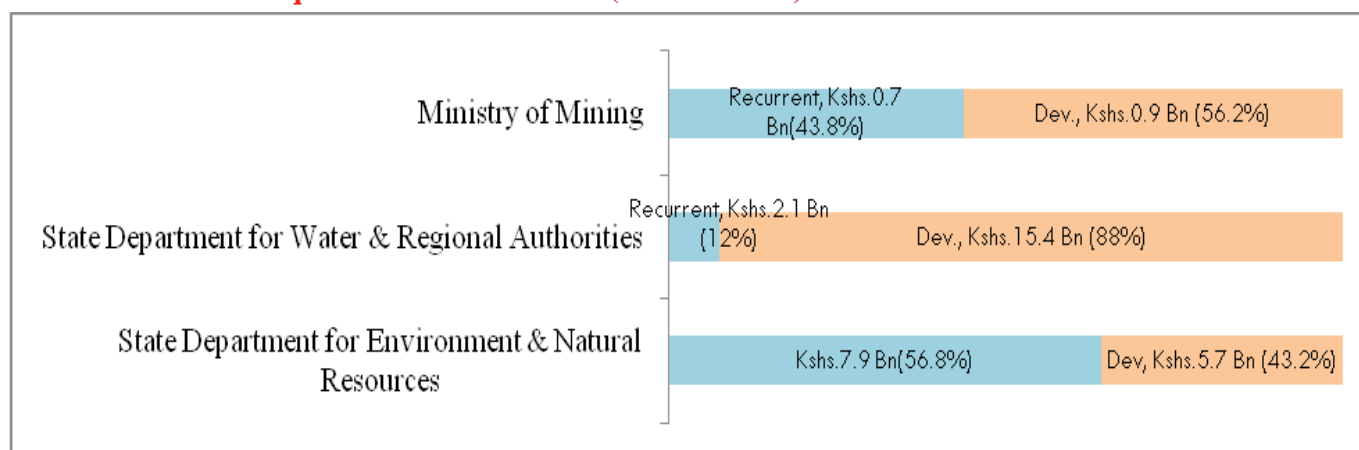
3.11.4 Environmental Protection, Water and Natural Resource Sector

The sector consists of three sub-sectors namely: the State Department for Environment & Natural Resources; State Department for Water and Regional Authorities and Ministry of Mining. The sector endeavours to provide decent, secure and habitable environment as well as access to portable water. It also promotes mineral exploration and mining management, development of mineral development policies, conducting inventory and mapping of mineral resources.

The revised allocation for the sector in FY 2014/15 was Kshs.59 billion or 2.8 per cent of the revised gross budget, an increase compared to Kshs.53.9 billion allocated in FY 2013/14. The allocation comprised of Kshs.16.1 billion (27.3 per cent) for recurrent expenditure and Kshs.42.9 billion (72.7 per cent) for development expenditure. The revised A-I-A for the sector was Kshs.20.9 billion comprising Kshs.5 billion, to be raised from recurrent activities and Kshs.15.9 billion from development activities.

In the FY 2014/15, the total exchequer issues to the sector amounted to Kshs.32.6 billion representing 85.6 per cent of the revised net estimates. Recurrent exchequer issues to the sector were Kshs.10.6 billion representing 95.2 per cent of the revised recurrent net estimates while the development exchequer issues were Kshs.22.1 billion, representing 81.7 per cent of the revised development net estimates. The State Department for Water & Regional Authorities received the highest proportion of the recurrent exchequer issues at 100 per cent of the revised net estimates. The Ministry of Mining received the lowest proportion of exchequer issues at 88.3 per cent of the revised recurrent net estimates.

State Department for Environment & Natural Resources received the highest proportion of the development exchequer issues at 84.4 per cent of the revised net estimates while The Ministry of Mining received the lowest proportion of development exchequer issues at 77.4 per cent of the revised net estimates.

Figure 3.10: Environmental Protection, Water and Natural Resources Sector – Analysis of Exchequer Issues FY 2014/15 (Kshs. Billion)

Source: National Treasury

The total expenditure for the sector in the FY 2014/15 amounted to Kshs.34.2 billion, representing an absorption rate of 57.9 per cent of the revised gross estimates. The recurrent expenditure for the sector amounted to Kshs.10.9 billion, representing an absorption rate of 67.9 per cent of the revised gross recurrent estimates while development expenditure was Kshs.23.2 billion, representing an absorption rate of **54.1 per cent** of the revised gross development estimates.

Table 3.17: Environmental Protection, Water and Natural Resources Sector - Analysis of Exchequer Issues and Expenditure FY 2014/15 (Kshs. Billion)

VOTE	FY 2014/15-Recurrent						FY 2014/15-Development					
	Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.	Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
State Department for Environment & Natural Resources	11.1	8.3	7.9	8.2	84.6	94.6	8.2	6.8	5.7	6.0	84.4	73.2
State Department for Water & Regional Authorities	4.2	2.1	2.1	2.1	100	49.7	33.5	19.1	15.4	16.5	80.9	49.2
Ministry of Mining	0.8	0.8	0.7	0.7	88.3	90.8	1.2	1.2	0.9	0.9	77.4	79.0
Total	16.1	11.1	10.6	10.9	95.2	67.9	42.9	27	22.1	23.2	81.7	54.1
Total for the Sector-FY2014/15							Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Recurrent							16.1	9.7	10.6	10.9	95.2	67.9
Development							42.9	25.5	22.1	23.2	81.7	54.1
Total							59.0	35.2	32.6	34.2	92.6	57.9

Source: MDAs and National Treasury

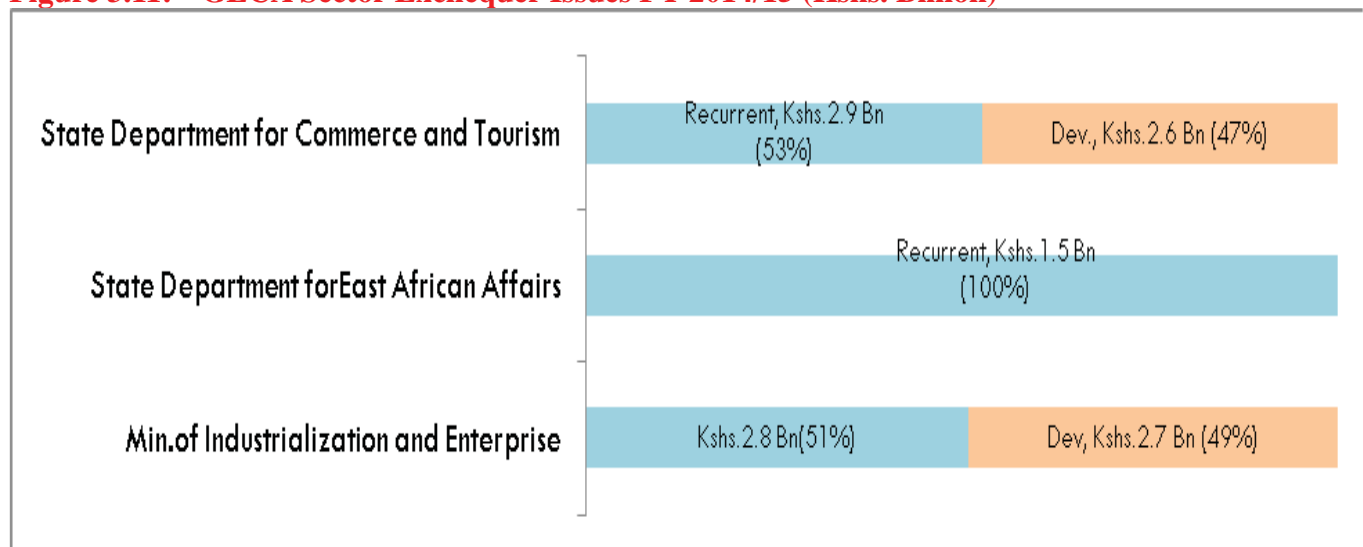
3.11.5 General Economic and Commercial Affairs (GECA) Sector

The General Economic and Commercial Affairs (GECA) Sector comprises of three departments/ministries namely; Industrialization and Enterprise Development, State Department for East African Affairs and State Department for Commerce and Tourism. The sector aims at promoting regional integration and cooperation; growth and development of commerce; tourism promotion and development; savings and investment mobilization; employment creation; and industrial and entrepreneurship development. The sector contributes significantly to the overall national development agenda accounting for about 33 per cent of the overall GDP. It is also a major source of government revenue in form of taxes, duties, license fees, National Park entry fees, among others.

The revised allocation for the sector in FY 2014/15 was Kshs.16.6 billion or 0.8per cent of the gross revised budget, an increase compared to Kshs.12.8 billion allocated in FY 2013/14. The allocation comprised of Kshs.7.9 billion (46.8 per cent) for recurrent expenditure and Kshs.8.7 billion (53.2 per cent) for development expenditure.

In the FY 2014/15, the total exchequer issues to the sector amounted to Kshs.12.5 billion representing 77.3 per cent of the revised net estimates. Recurrent exchequer issues to the sector amounted to Kshs.7.2 billion representing 91.2 per cent of the revised recurrent net estimates while the development exchequer issues was Kshs.5.3 billion, representing 64.1 per cent of the revised development net estimates. The State Department for Commerce and Tourism had the highest proportion of exchequer issues at 96.7 per cent of its revised recurrent net estimates. The Ministry of Industrialisation and Enterprise received the lowest proportion of exchequer issues at 86.1 per cent of its revised recurrent net estimates. The two ministries also received the highest and the lowest proportion of exchequer issues to revised development net estimates at 90.3 per cent and 50.2 per cent respectively.

Figure 3.11: GECA Sector Exchequer Issues FY 2014/15 (Kshs. Billion)



Source: National Treasury

The total expenditure for the sector in the FY 2014/15 amounted to Kshs.15.1 billion, representing an absorption rate of 91.0 per cent of the revised gross estimates. The recurrent expenditure for the sector was Kshs. 7.4 billion, representing an absorption rate of 93.2 per cent of the revised gross recurrent estimates while development expenditure was Kshs. 7.7 billion, representing an absorption rate of **89.0 per cent** of the revised gross development estimates.

The State Department for Commerce & Tourism spent Kshs.2.8 billion on recurrent activities recording the highest absorption rate of its recurrent budget at 94.4 per cent. Similarly, the department recorded the highest absorption rate of its development budget at 92.7 per cent having spent Kshs.2.7 billion.

Table 3.18 gives a summary of General Economic and Commercial Affairs (GECA) Sector performance.

Table 3.18: GECA Sector - Analysis of Exchequer Issues and Expenditure, FY 2014/15 (Kshs. Billion)

FY 2014/15 Recurrent							FY 2014/15 Development					
VOTE	Rev. Gross Est.	Rev. Net Estimates	Exchequer Issues	Exp.	% Ex-cheq. Issues to Net Est.	% Exp to G. Est	Rev. Gross-Est.	Rev. Net Est.	Exchequer Issues	Exp.	% Exch. Issues to Net Est.	% Exp to G. Est.
Min. of Industrialisation and Enterprise	3.3	3.3	2.8	3.0	86.1	91.8	5.7	5.4	2.7	5.0	50.2	87.1
State Department for East African Affairs	1.6	1.6	1.5	1.5	91.6	93.9	0.1	-	-	0.1		84.3
State Department for Commerce & Tourism	3.0	3.0	2.9	2.8	96.7	94.4	2.9	2.9	2.6	2.7	90.3	92.7
Total	7.9	7.9	7.2	7.4	91.2	93.2	8.7	8.3	5.3	7.7	64.1	89.0
Total for the Sector FY 2014/15							Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% Exch. Issues to Net Est.	% Exp. to G. Est.
Recurrent							7.9	7.9	7.2	7.4	91.2	93.2
Development							8.7	8.3	5.3	7.7	64.1	89.0
Total							16.6	16.2	12.5	15.1	77.3	91.0

Source: MDAs and National Treasury

The State Department for Commerce and Tourism spent of Kshs.889.4 million on Tourism Recovery and Promotion Programme, Kshs.811.4 million on construction of the Ronald Ngala Utalii College, and Kshs.255.0 million on the Bomas International Convention and Exhibition Centre.

3.11.6 Governance, Justice, Law and Order Sector (GJLOS)

The GJLOS sector comprises of 14 departments/ministries which include; Ministry of Interior and Coordination of National Government, Office of the Attorney General and Department of Justice, Directorate of Public Prosecution (DPP), the Judiciary, Judicial Service Commission (JSC), Ethics and Anti-Corruption Commission (EACC), Kenya National Commission for Human Rights (KNCHR), Registrar of Political Parties (RPP), Witness Protection Agency (WPA), National Police Service Commission (NPSC), Independent Electoral and Boundaries Commission (IEBC), National Gender and Equality Commission (NGEC), Commission for Implementation of the Constitution (CIC) and Independent Police Oversight Authority (IPOA).

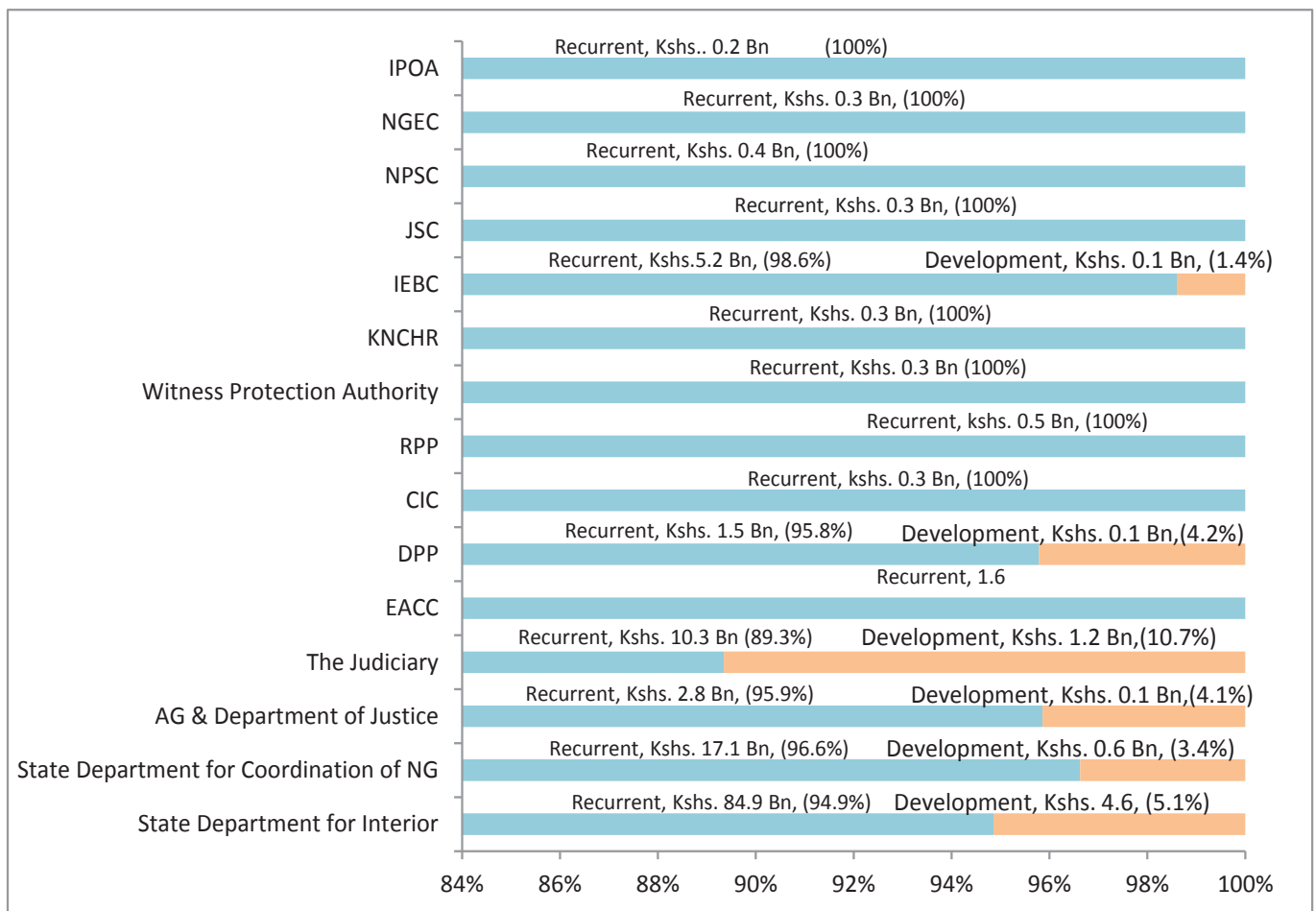
The role of the sector includes provision of security, prosecution services, management of elections and electoral boundaries, ensuring good governance and accountability of public resources, registration and regulation of political parties, facilitate and oversee constitution implementation. The sector also aims at protecting and promoting human rights, rehabilitation, reintegration and resettlement of custodial and non-custodial offenders, providing migration services, maintaining law and order, judicial and legal services and promotion of cohesion, transparency and integrity.

The revised allocation for the sector in FY 2014/15 was Kshs. 150.9 billion or 7.3 per cent of the revised gross budget, an increase compared to Kshs.121.6 billion allocated in FY 2013/14. The allocation comprised of Kshs.137.8 billion (91.3 per cent) for recurrent expenditure and Kshs. 13.1 billion (8.7 per cent) for development expenditure.

In the FY 2014/15, the total exchequer issues to the sector amounted to Kshs. 132.8 billion representing 88.7 per cent of the revised net estimates. The recurrent exchequer issues to the sector amounted to Kshs.126.1 billion, representing 92.0 per cent of the revised recurrent net estimates while development exchequer issues were Kshs. 6.7 billion, representing 52.9 per cent of the revised development net estimates. The State Department for Coordination of National Government received recurrent exchequer issues of Kshs.17.1 billion which was the highest proportion of recurrent exchequer issues to revised net estimates at 99.9 per cent while the Judicial Service Commission received recurrent exchequer issues of Kshs.0.3 billion, which was the lowest proportion of recurrent exchequer issues to revised net estimates at 75.1 per cent.

The State Department for Co-ordination of National Government and the Independent Electoral and Boundary Commission received the highest proportion of exchequer issues to the revised net development estimate at 100 per cent of revised net estimates while the Judiciary received Kshs.1.2 billion as exchequer issues recording the lowest proportion of exchequer issues to the revised net development estimate at 39.8 per cent.

Figure 3.12: Governance, Justice, Law and Order Sector (GJLOS) Sector Exchequer Issues FY 2014/15 (Kshs. Billion)



Source: National Treasury

The total expenditure for the sector in the FY 2014/15 was Kshs.116.8 billion, representing an absorption rate of 77.4 per cent of the revised gross estimates. The recurrent expenditure for the sector was Kshs.110.7 billion, representing an absorption rate of 80.3 per cent of the revised gross recurrent estimates while development expenditure was Kshs.6.1 billion, representing an absorption rate of **46.2 per cent** of the revised gross development estimates.

The Commission on Implementation of the Constitution (CIC) spent Kshs.0.3 billion, recording the highest proportion of recurrent expenditure to revised gross estimates at 103.9 per cent while the Directorate of Public Prosecution spent Kshs.1.3 billion, recording the lowest proportion of recurrent expenditure to revised gross estimates at 72.2per cent. From our analysis, the expenditure for CIC was more than the annual gross estimate. This was a result of funding from United Nation Development Programme of Kshs.9.3 million and Kshs.4.2 million as balance brought forward from FY 2013/14.

Table 3.19: GJLOS - Analysis of Exchequer Issues and Expenditure FY 2014/15 (Kshs. Billion)

FY 2014/15 Recurrent							FY 2014/15 Development					
VOTE	Rev. Gross Est.	Rev. Net Estimates	Exchequer Issues	Exp.	% Exch. Issues to Net Est.	% Exp to G. Est.	Rev. Gross Est.	Rev. Net Est.	Exchequer Issues	Exp.	% Exch. Issues to Net Est.	% Exp to G. Est.
State Department for Interior	93.2	92.8	84.9	70.9	91.5	76.0	8.7	8.6	4.6	3.7	53.4	42.8
State Department for Coordination of National Government Office of the Attorney General and Department of Justice	17.1	17.1	17.1	15.8	99.9	92.0	0.6	0.6	0.6	0.5	100.0	81.4
The Judiciary	10.7	10.7	10.3	10.3	96.1	95.9	3.1	3.1	1.2	1.6	39.8	51.9
Ethics and Anti-Corruption Commission	1.7	1.7	1.6	1.7	94.3	97.4	-	-	-	-	-	-
Directorate of Public Prosecutions	1.7	1.7	1.5	1.3	85.7	73.2	0.1	0.1	0.1	0.0	97.0	8.5
Commission for the Implementation of the Constitution	0.3	0.3	0.3	0.3	99.6	103.9	-	-	-	-	-	-
Registrar of Political Parties	0.5	0.5	0.5	0.5	96.1	97.7	-	-	-	-	-	-
Witness Protection Authority	0.3	0.3	0.3	0.3	95.6	93.5	-	-	-	-	-	-
Kenya National Commission of Human Rights	0.4	0.4	0.3	0.3	96.9	93.5	-	-	-	-	-	-
Independent Electoral and Boundaries Commission	6.8	6.8	5.2	5.2	77.1	77.0	0.2	0.1	0.1	0.1	100.0	41.7
Judicial Service Commission	0.3	0.3	0.3	0.3	75.1	79.1	-	-	-	-	-	-
National Police Service Commission	0.5	0.5	0.4	0.4	90.6	93.6	-	-	-	-	-	-
National Gender and Equality Commission	0.3	0.3	0.3	0.3	99.7	96.2	-	-	-	-	-	-
Independent Police Oversight Authority	0.3	0.3	0.2	0.3	81.3	91.7	-	-	-	-	-	-
Total	137.8	137.1	126.1	110.7	92.0	80.3	13.1	12.7	6.7	6.1	52.9	46.2
Total for the Sector FY 2014/15							Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% Exch. Issues to Net Est.	% Exp. to G. Est.
Recurrent							137.8	137.1	126.1	110.7	92.0	80.3
Development							13.1	12.7	6.7	6.1	52.9	46.2
Total							150.9	149.7	132.8	116.8	88.7	77.4

Source: MDAs and National Treasury

Some of the major projects implemented by the MDAs in the sector were; rehabilitation of Courts, purchase of goods in support of programmes for the dispensation of Justice at Kshs. 565.7 million.

3.11.7 The Health Sector

The Health sector has one ministry, i.e. Ministry of Health. The Ministry discharges its function through eight Semi-Autonomous Government Agencies (SAGAs) namely; Kenyatta National Hospital (KNH), Moi Teaching and Referral Hospital, Kenya Medical Research Institute (KEMRI), Kenya Medical Supplies Agency (KEMSA), Kenya Medical Training College (KMTC), National Health Insurance Fund (NHIF), National AIDS Control Council (NACC) and HIV & AIDS Equity Tribunal. The SAGAs are specialized in health service delivery; medical research and training; procurement and distribution of drugs; and financing through health insurance. The sector's mandate is to promote and participate in the provision of integrated and high quality curative, preventive and rehabilitative services that are equitable, responsive and accessible to all Kenyans.

The revised allocation for the sector in FY 2014/15 was Kshs.54.1 billion or 2.6 per cent of the revised gross budget an increase compared to Kshs.41.7 billion allocated in FY 2013/14. The allocation comprised of Kshs.29.3 billion (54.2 per cent) for recurrent expenditure and Kshs.24.8 billion (45.8 per cent) for development expenditure.

In the FY 2014/15, the total exchequer issues to the sector amounted to Kshs.34.0 billion representing 79.4 per cent of the revised net estimates. Recurrent exchequer issues to the sector were Kshs.23.5 billion representing 92.7 per cent of the revised recurrent net estimates while the development exchequer issues amounted to Kshs.10.5 billion, representing 60.0 per cent of the revised development net estimates.

The total expenditure for the sector in the FY 2014/15 was Kshs.38.3 billion, representing an absorption rate of 70.6 per cent of the revised gross estimates. The recurrent expenditure for the sector amounted to Kshs. 24.7 billion, representing an absorption rate of 84.5 per cent of the revised gross recurrent estimates while development expenditure was Kshs.13.5 billion, representing an absorption rate of 54.5 per cent of the revised gross development estimates.

Table 3.20 give a summary of how the Health sector performed.

Table 3.20: Health Sector - Analysis of Exchequer Issues and Expenditure FY 2014/15**(Kshs. Billion)**

FY 2014/15 Recurrent							FY 2014/15 Development					
VOTE	Rev. Gross Est.	Rev. Net Estimates	Exchequer Issues	Exp.	% Exch. Issues to Net Est.	% Exp to G. Est.	Rev. Gross Est.	Rev. Net Est.	Exchequer Issues	Exp.	% Exch. Issues to Net Est.	% Exp to G. Est.
Ministry of Health	29.3	25.4	23.5	24.7	92.7	84.5	24.8	17.5	10.5	13.5	60.0	54.5
Total	29.3	25.4	23.5	24.7	92.7	84.5	24.8	17.5	10.5	13.5	60.0	54.5
Total for the Sector FY 2014/15							Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% Exch. Issues to Net Est.	% Exp. to G. Est.
Recurrent							29.3	25.4	23.5	24.7	92.7	84.5
Development							24.8	17.5	10.5	13.5	60.0	54.5
Total							54.1	42.9	34.0	38.3	79.3	70.6

Source: MDAs and National Treasury

Some of the major projects implemented by the ministry in FY2014/15 were the health system management programme at a cost of Kshs.1.7 billion, free maternity services at a cost of Kshs.1.2 billion, and construction and equipping of a cancer center at the Kenyatta National Hospital at Kshs.282 million.

In the FY 2014/15, the main challenges that affected the implementation of planned activities in the health sector were; delay in release of exchequer and under issue of exchequer by the National Treasury, stringent donor conditionalities and a slow pace by contractors.

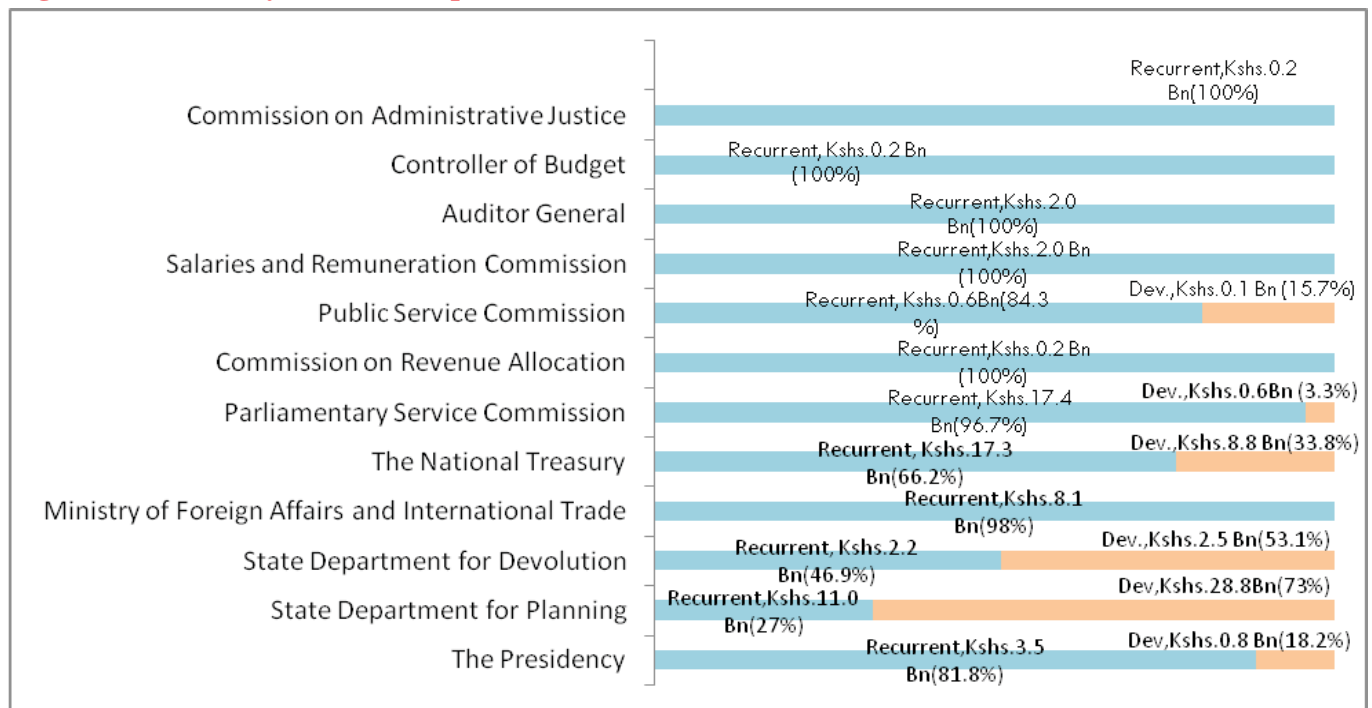
3.11.8 The Public Administration and International Relations (PAIR) Sector

The Public Administration and International Relations (PAIR) sector comprises of the following ministries/ departments; The Presidency, Ministry of Devolution and Planning, Ministry of Foreign Affairs and International Trade, National Treasury, Parliamentary Service Commission, Commission on Revenue Allocation, Public Service Commission, Salaries and Remuneration Commission, Auditor General, Controller of Budget and the Commission on Administrative Justice. The sector plays a significant role in national policy formulation and implementation, monitoring and evaluation of government projects. In addition, the sector links all other sectors with the rest of the world on matters of international treaties, agreements, co-operation and resource mobilization.

The revised allocation for the sector in FY 2014/15 was Kshs.218.9 billion, representing 10.5 per cent of the revised gross budget, an increase compared to Kshs.180.9 billion allocated in FY 2013/14. The allocation comprised of Kshs.100.4 billion (45.9 per cent) for recurrent expenditure and Kshs.118.5 billion (54.1 per cent) for development expenditure.

In the FY 2014/15, the total exchequer issues to the sector amounted to Kshs.162.3 billion representing 91.5 per cent of the revised net estimates. The recurrent exchequer issues to the sector were Kshs.91.5 billion, representing 98.6 per cent of the revised recurrent net estimates while the development exchequer issues were Kshs.70.8 billion, representing 83.7 per cent of the revised development net estimates. The State Department for Devolution received Kshs.4.3 billion in recurrent exchequer issues representing the highest proportion of recurrent exchequer issues to revised annual recurrent net estimates at 99.1 per cent. The Salaries and Remuneration Commission received the lowest proportion of recurrent exchequer issues to revised annual recurrent net estimates at 71.0 per cent. The Public Service Commission received the highest proportion of development exchequer issues to revised development net estimates at 91.4 per cent, while the Parliamentary Service Commission received the lowest proportion of development exchequer issues to revised development net estimates at 22.6 per cent.

Figure 3.13: Analysis of Exchequer Issues for PAIR, FY 2014/15 (Kshs. Billion)



Source: National Treasury

The total expenditure for the sector during FY 2014/15 amounted to Kshs.165.5 billion, representing an absorption rate of 75.6 per cent of the revised gross estimates. Recurrent expenditure for the sector was Kshs.87.1 billion, representing an absorption rate of 86.7 per cent while development expenditure was Kshs.78.4 billion, representing an absorption rate of 66.2 per cent. The Public Service Commission had the highest recurrent expenditure in proportion to the revised gross estimates at 98.7 per cent while the

Ministry of Foreign Affairs had the lowest recurrent expenditure in proportion to revised gross estimates at 61.8 per cent. The Public Service Commission recorded the highest percentage of expenditure to revised gross estimates at 100.0 per cent while the Office of the Auditor General did not record any expenditure on development activities.

Table 3.21 illustrates the PAIR Sector expenditure analysis.

Table 3.21: PAIR Sector - Analysis of Exchequer Issues and Expenditure (Kshs. Billion)

FY 2014/15-Recurrent							FY 2014/15-Development					
VOTE	Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Revised G. Est.	Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% of Exch. to Revised Net Est.	% of Exp. to Revised G. Est.
The Presidency	7.2	7.2	5.6	6.3	78.1	87.7	1.2	1.2	0.8	1.0	63.3	80
State Department for Planning	17.4	17.1	14.7	14.5	86.1	83.5	59.3	54.8	45.4	51.6	82.8	87.0
State Department for Devolution	4.3	4.3	4.3	4.1	99.1	95.4	10.2	5.5	3.6	4.2	65.8	41.4
Ministry of Foreign Affairs and International Trade	13.4	12.7	11.8	8.3	92.6	61.8	1.6	1.6	1.1	0.6	65.7	39.8
The National Treasury	29.8	29.8	27.7	28.1	92.9	94.2	41.5	29.4	18.8	19.5	63.9	47.0
Parliamentary Service Commission	22.4	22.4	22.2	20.5	99.3	91.6	4.1	4.1	0.9	1.3	22.6	31.3
Commission on Revenue Allocation	0.3	0.3	0.2	0.2	76.9	88.6	-	-	-	-	-	-
Public Service Commission	1.0	1.0	1.0	1.0	97.2	98.7	0.2	0.2	0.2	0.2	91.4	100
Salaries and Remuneration Commission	0.8	0.8	0.6	0.6	71	70.6	-	-	-	-	-	-
Auditor General	2.9	2.8	2.7	2.6	95.4	91	0.4	0.4	-	-	-	-
Controller of Budget	0.4	0.4	0.3	0.4	86.2	93.4	-	-	-	-	-	-
Commission on Administrative Justice	0.4	0.4	0.4	0.4	92.2	89.8	-	-	-	-	-	-
Total	100.4	99.3	91.5	87.1	92.2	86.7	118.5	97.3	70.8	78.4	72.7	66.2
Total for the Sector-FY 2014/15							Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Revised G. Est.
Recurrent							100.4	99.3	91.5	87.1	92.2	86.7
Development							118.5	97.3	70.8	78.4	72.7	66.2
Total							218.9	196.6	162.3	165.5	82.5	75.6

Source: MDAs and National Treasury

During the period under review, some MDAs in this sector faced challenges which affected budget implementation. For instance, the Public Service Commission indicated that delays in budget implementation was as a result of non-release of exchequer for submitted payment certificates by contractors and delays in processing of payment certificates and technical approvals at the Directorate of Public Works. The Commission on Revenue Allocation indicated that delay in budget implementation was as a result of IFMIS failure.

In order to address the challenges, OCOB recommends that MDAs must work closely with the IFMIS Directorate to address IFMIS challenges and, the National Treasury to ensure timely funding of exchequer requisitions.

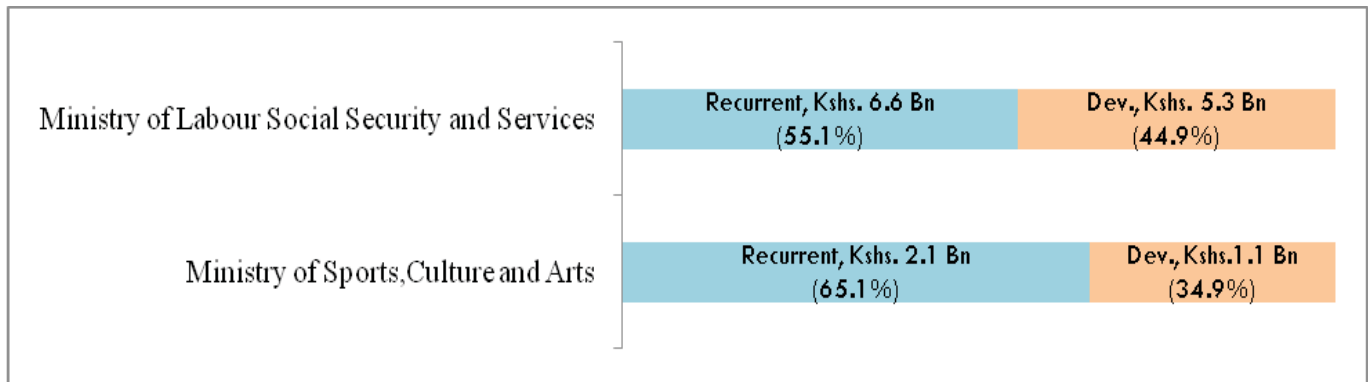
3.11.9 Social Protection, Culture and Recreation Sector

This sector comprises of two sub-sectors which are; Ministry of Sports, Culture and Arts and Ministry of Labour Social Security and Services. The sector contributes to Kenya's development through promotion of harmonious industrial relations, safety and health at workplaces, employment promotion, industrial training, productivity management, national human resource planning and development, social security and children welfare and social development.

The revised allocation for the sector in FY 2014/15 was Kshs.25.2 billion representing 1.2 per cent of the revised gross budget, an increase compared to Kshs.20.7 billion allocated in FY 2013/14. The allocation comprised of Kshs.11.8 billion (46.8 per cent) for recurrent expenditure and Kshs.13.4 billion (53.2 per cent) for development expenditure. The sector had a revised A-I-A of Kshs.0.2 billion under its recurrent budget.

In FY 2014/15, the total exchequer issues to the sector amounted to Kshs.22.9 billion representing 92.3 per cent of the revised annual net estimates. The recurrent exchequer issues to the sector was Kshs.10.9 billion representing 94.6 per cent of the revised recurrent net estimates while the development exchequer issues was Kshs.12.0 billion, representing 90.5 per cent of the revised development net estimates. The Ministry of Labour Social Security and Services received Kshs.19.0 billion, the highest exchequer issues against its net estimates at 93.1 per cent while Ministry of Sports, Culture and Arts received Kshs.3.9 billion, the lowest exchequer issue against its net estimates at 88.6 per cent.

**Figure 3.14 Social Protection, Culture and Recreation Sector Exchequer Issues
FY 2014/15 (Kshs. Billion)**



Source: National Treasury

The total expenditure for the sector in the FY 2014/15 was Kshs.20.5 billion, representing an absorption rate of 85.4 per cent of the revised gross estimates. The recurrent expenditure for the sector amounted to Kshs. 9.3 billion, representing an absorption rate of 79.2 per cent of the revised gross recurrent estimates while development expenditure was Kshs.11.2 billion, representing an absorption rate of **83.5 per cent** of the revised gross development estimates.

The Ministry of Sports, Culture and Arts recorded the highest absorption rate of its recurrent budget at 94.3 per cent, an increase from 90.8 per cent achieved in FY 2013/14 while the Ministry of Labour, Social Security and Services recorded the highest absorption rate of its development budget at 83.7 per cent, a significant improvement from an absorption rate of 54.3 per cent in FY2013/14. Table 3.22 shows a summary of how the Social Protection, Culture and Recreation sector performed.

Table 3.22: Social Protection, Culture and Recreation Sector - Analysis of Exchequer Issues and Expenditure FY 2014/15 (Kshs. Billion)

FY 2014/15 Recurrent							FY 2014/15 Development					
VOTE	Rev. Gross Est.	Rev. Net Estimates	Ex-chequer Issues	Exp.	% Exch. Issues to Net Est.	% Exp to G. Est	Rev. Gross Est.	Rev. Net Est.	Exchequer Issues	Exp.	% Exch. Issues to Net Est.	% Exp to G. Est.
Min. of Sports, Culture and Arts	2.9	2.9	2.6	2.7	90.5	94.2	1.6	1.5	1.3	1.3	83.7	81.8
Min. of Labour Social Security and Services	8.9	8.7	8.3	6.6	95.9	74.3	11.8	11.7	10.7	9.9	91.4	83.7
Total	11.8	11.6	10.9	9.3	94.6	79.2	13.4	13.2	12.0	11.2	90.5	83.5
Total for the Sector FY 2014/15							Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% Exch. Issues to Net Est.	% Exp. to G. Est.
Recurrent							11.8	11.6	10.9	9.3	94.6	56.1
Development							13.4	13.2	12.0	11.2	90.5	83.5
Total							24.2	24.8	22.9	20.5	92.3	70.2

Source: MDAs and National Treasury

Some of the major projects implemented by the sector in FY2014/15 were cash transfer payments of Kshs.5.5 billion to 162,694 Older Persons (OP-CT), cash transfer payments amounting to Kshs.7.1 billion to 255,850 households with Orphans and Vulnerable Children (OVCs), and Payment of Kshs.770 million to 255,850 Persons with Severe Disabilities (PWSDs).

In the FY 2014/15, the main challenges that affected the implementation of planned activities by the Social Protection, Culture and Recreation Sector were; delay in approval of the Supplementary Estimates which was uploaded in the IFMIS in late June 2015, thus limiting implementation of planned activities due to time constraints. Delays in the preparation and approval of bills of quantities by the Ministry of land, Housing and Urban Development also affected timely commencement of capital projects.

In order to address these challenges, the National Treasury should liaise with Parliament to ensure timely approval of Supplementary Estimates. This will in turn, allow timely release of reallocated funds. The Ministry of land, Housing and Urban Development should expedite the preparation and approval of bills of quantities to ensure timely implementation of capital projects.

3.11.10 National Security Sector

This sector comprises of the Ministry of Defence and National Intelligence Services (NIS). The mandate of this sector is to safeguard the security of the country against any threats emanating both from within and without the borders, defend the country and provide support to civil power in the maintenance of peace and order.

The revised allocation for the sector in FY 2014/15 amounted to Kshs.97.9 billion representing 4.7 per cent of the total budget. The allocation comprised of Kshs.78.8 billion (80.5 per cent) to the Ministry of Defence and Kshs.19.1 billion (19.5 per cent) to the National Intelligence Services (NIS).

In FY 2014/15, the total exchequer issues to the sector amounted to Kshs.93.7 billion, representing 95.7 per cent of the revised net estimates. The Recurrent exchequer issues to the Ministry of Defence amounted to Kshs.74.6 billion representing 94.7 per cent of the revised recurrent net estimates. The National Intelligence Services (NIS) received exchequer issues amounting to Kshs.19.1 billion, or 100.0 per cent of the revised recurrent net estimates.

The total expenditure for the sector in was Kshs.97.8 billion, representing an absorption rate of 99.9 per cent. The expenditure for the Ministry of Defence was Kshs.78.7 billion while that of the NIS was Kshs.19.1 billion, representing an absorption rate of 99.9 per cent for each entity. Table 3.23 illustrates the National security Sector expenditure analysis.

**Table 3.23: National Security Sector - Analysis of Exchequer Issues and Expenditure
FY 2014/15 (Kshs. Billion)**

FY 2014/15 Recurrent						
VOTE	Rev. Gross Est.	Rev. Net Estimates	Exchequer Issues	Exp.	% Exch. Issues to rev. Net Est.	% Exp to rev. Gross Est
Ministry of Defence	78.8	78.8	74.6	78.7	94.7	99.9
National Intelligence Services	19.1	19.1	19.1	19.1	100	99.9
Total	97.9	97.9	93.7	97.8	95.7	99.9

Source: MDAs and National Treasury

4.0 PERFORMANCE OF BUDGET BY PROGRAMMES – FY 2014/15

This chapter presents analysis of MDAs budget performance based on programmes implemented during FY 2014/15. Approved gross estimates and expenditure is analysed by programme for both recurrent and development expenditure and provides implementation status for each programme.

4.1 Agricultural, Rural and Urban Development (AR&UD) Sector

The AR&UD sector was allocated Kshs.60.4 billion comprising of Kshs.16.0 billion (26.5 per cent) for recurrent programmes and Kshs.44.3 billion (73.5 per cent) for development programmes for the FY2014/15 to fund 14 programmes. The allocation was subsequently revised to Kshs.79.2 billion comprising of Kshs.18.4 billion (23.3 per cent) for recurrent programmes and Kshs.60.8 billion (76.7 per cent) for development programmes. The Crop Development and Management programme under the State Department for Agriculture received the highest budgetary allocation at Kshs.16.6 billion (20.9 per cent of the total revised allocation for the sector) while the Livestock Resources Management and Development programme under the State Department for Agriculture received the lowest allocation at Kshs.21.36 million (0.03 per cent of the total revised allocation for the sector).

The total expenditure for the sector in the FY 2014/15 was Kshs.56.8 billion comprising of Kshs.15.1 billion as recurrent expenditure, representing an absorption rate of 82.0 per cent of the revised gross annual budget for recurrent programmes while development expenditure was Kshs.41.7 billion an absorption rate of 68.6 per cent of the revised annual gross budget for development programmes in the sector.

Analysis of the programme performance shows that the Livestock Resources Management and Development programme under the State Department for Agriculture spent Kshs.21.36 million representing the highest proportion of programme expenditure to revised annual gross budget at 100.0 per cent while the Urban and Metropolitan Development programme under the Ministry of Land, Housing and Urban Development spent Kshs.7.5 billion representing the lowest proportion of programme expenditure to revised annual gross budget programme at 58.8 per cent.

Table 4.1: Analysis of AR &UD Sector Programmes (Kshs. Billion)

VOTE	Programme	Rec. Est.	Dev. Est.	Total Gross Est.	Rev. Rec. Est.	Rev. Dev. Est.	Total Rev. Est.	Rec. Exp	Dev. Exp	Total Exp	Programme Absorption Rate (%)
Ministry of Land Housing and Urban development	Land Policy and Planning	1.9	3.7	5.6	2.2	4.9	7.1	2.2	4.2	6.3	89.5
	Housing Development and Human Settlement	1.1	3.9	5.0	1.1	5.9	6.9	1.0	4.5	5.6	80.6
	Government Buildings	0.3	1.4	1.8	0.3	1.7	2.0	0.3	1.7	2.0	99.0
	Coastline Infrastructure and Pedestrian Access	0.1	0.3	0.3	0.1	0.3	0.3	0.1	0.3	0.3	97.3
	Urban and Metropolitan Development	0.3	8.0	8.3	0.3	12.4	12.7	0.3	7.2	7.5	58.8
	General Administration Planning and Support Services	0.4	0.2	0.6	0.4	0.2	0.6	0.4	0.1	0.6	93.7
State Department for Agriculture	General Administration Planning and Support Services	0.7	0.6	1.3	0.7	1.1	1.8	0.7	0.7	1.4	78.9
	Crop Development and Management	6.3	6.6	12.9	8.4	8.2	16.6	6.3	3.7	10.0	60.2
	Agribusiness and Information Management	0.2	3.2	3.4	0.2	4.6	4.8	0.2	3.5	3.7	76.9
	Irrigation and Drainage Infrastructure	0.6	11.1	11.7	0.6	15.2	15.9	0.2	10.7	10.9	68.5
	Livestock Resources Management and Development	0.02	-	0.02	0.02	-	0.02	0.02	-	0.02	100.0
State Department for Livestock	Livestock Resources Management and Development	1.8	3.7	5.5	1.8	3.8	5.6	1.3	2.6	3.9	69.5
State Department for Fisheries	Fisheries Development and Management	1.0	1.2	2.1	1.1	2.1	3.2	1.1	2.0	3.1	96.6
National Land commission	Land Administration and Management	1.2	0.5	1.7	1.1	0.4	1.5	1.1	0.4	1.5	95.1
Total		16.0	44.3	60.2	18.4	60.8	79.2	15.1	41.7	56.8	71.7

Source: MDAs and National Treasury

4.2 Education Sector

The Education sector was initially allocated Kshs.308.4 billion comprising of Kshs.273.4 billion (88.7 per cent) for recurrent programmes and Kshs.35.0 billion (11.3 per cent) for development programmes for the FY2014/15 to fund 12 programmes. This allocation was revised during the fourth quarter to Kshs.305.0 billion comprising of Kshs.280.9 billion (92.1 per cent of the total revised budget for the sector) for recurrent activities and Kshs.24.1 billion (7.9 per cent of the total revised budget for the sector) for development programmes. The Teacher Resource Management programme under the Teacher Service Commission

received the highest budgetary allocation at Kshs.163.1 billion (53.5 per cent of the total revised allocation for the sector) while the Governance and Standards Programme under the Teacher Service Commission received the lowest allocation at Kshs.52.5 million (0.02 per cent of the total revised allocation for the sector).

The total expenditure for the sector in FY 2014/15 amounted to Kshs.268.8 billion comprising of Kshs.254.0 billion in recurrent expenditure, representing an absorption rate of 90.4 per cent of the revised annual gross budget for recurrent programmes while development expenditure was Kshs.14.8 billion, representing an absorption rate of **61.4 per cent** of the revised annual gross budget.

Analysis of programme performance shows that the General Administration, Planning and Support Services under the State Department for Education spent Kshs.0.8 billion representing the highest proportion of programme expenditure to revised annual gross budget for the programme at 100 per cent while the Quality Assurance and Standards programme under the State Department for Education spent Kshs.1.5 billion, representing the lowest proportion of programme expenditure to revised annual gross budget at 26.2 per cent.

Table 4.2: Analysis of Education Sector Programmes (Kshs. Billion)

VOTE	Programme	Rec. Est.	Dev. Est.	Total Gross Est.	Rev. Rec. Est.	Rev. Dev. Est.	Total Rev. Est.	Rec. Expd.	Dev. Expd.	Total Expd.	Implementation status
State Department for Education	Primary Education	17.4	19.1	36.5	17.3	5.0	22.4	15.7	1.8	17.5	78.1
	Secondary Education	28.7	1.0	29.6	28.7	2.4	31.1	28.4	1.6	30.6	96.2
	Quality Assurance and Standards	4.9	0.7	5.7	4.9	0.7	5.6	0.9	0.6	1.5	26.2
	General Administration, Planning and Support Services	3.1	1.3	4.5	3.3	1.6	4.9	3.8	1.1	4.9	100
State Department for Science and Technology	University Education	50.6	19.1	36.5	52.9	8.4	61.3	35.9	5.1	41.0	66.9
	Technical Vocational Education and Training	1.2	4.1	5.2	1.2	4.0	5.2	1.1	3.8	5.0	96.0
	Research, Science, Technology and Innovation	0.6	0.2	0.8	0.6	0.2	0.8	0.6	0.2	0.8	99.7
	Youth Training and Development	1.0	1.1	2.1	1.7	0.4	2.1	1.1	0.4	1.6	74.5
	General Administration, Planning and Support Services	0.5	1.3	1.8	0.5	1.4	1.9	0.4	0.2	0.6	33.7
Teachers Service Commission	Teacher Resource Management	161.1	-	161.1	163.1	-	163.1	159.4	-	159.4	97.7
	Governance and Standards	0.1	-	0.1	0.1	-	0.1	-	-	-	-
	General Administration, Planning and Support Services	4.3	0.1	4.4	6.7	-	6.7	6.6	-	6.6	99.5
Total		273.4	35.0	308.4	280.9	24.1	305.0	254.0	14.8	268.8	88.1

Source: MDAs and National Treasury

4.3 The Energy, Infrastructure and Information Communications Technology (EI & ICT) Sector

The sector was allocated Kshs.256.9 billion to implement 17 programmes during the FY 2014/15. This allocation comprised of Kshs.35.6 billion (13.9 per cent) as recurrent expenditure allocation and Kshs.221.3 billion (86.2 per cent) for development expenditure. The allocation was revised to Kshs.426.3 billion in the Supplementary Budget, comprising of Kshs.36.2 billion (8.5 per cent of the total revised allocation for the sector) for recurrent programmes and Kshs.390.0 billion (91.5 per cent of the total revised allocation for the sector) for development programmes. The Rail Transport programme and the Government Clearing Services programme both under the State Department of Transport had the highest allocation at Kshs.159.9 billion (37.5 per cent of the total revised allocation for the sector) and the lowest allocation at Kshs.122 million (0.03 per cent of the total gross revised allocation for the sector) respectively.

The total expenditure for sector's 12 programmes in FY 2014/15 was Kshs.128.3 billion translating to an absorption rate of 30.1 per cent of the revised total gross budgetary allocation. This expenditure comprised of Kshs.6.4 billion on recurrent activities which represents an absorption rate of 17.6 per cent of the revised gross recurrent budget and Kshs.121.9 billion on development activities, representing an absorption rate of **31.3 per cent** of the revised gross development budget for the programmes.

The General Administration Planning and Support Services programme under Ministry of Information Communication and Technology incurred Kshs.1.1 billion and recorded the highest absorption rate at 89.6 per cent of the revised annual gross budget for the programme while the Alternative Energy Technologies programme under the Ministry of Energy and Petroleum spent Kshs.100.6 million and registered the least absorption rate of 11.3 per cent of the revised annual budget for the programme. Table 4.3 presents an analysis of allocation and expenditure by programme under the sector for the period under review.

Table 4.3: Analysis of EI & ICT Sector Programmes (Kshs. Billion)

VOTE	Programme	Rec. Est	Dev. Est.	Total Gross Est.	Rev. Rec. Est	Rev. Dev. Est.	Total Rev. Est.	Rec. Exp	Dev. Exp	Total Exp	Implementation Status (%)
State Department of Transport	General Administration, Planning and Support Services	0.3	2.2	2.5	0.5	0.2	0.6	0.3	0.1	0.4	65.5
	Road Transport	0.4	-	0.4	0.4	0.1	0.5	0.4	0.0	0.4	77.3
	Rail Transport	-	24.3	24.3	0.0	159.9	159.9	0.0	29.0	29.0	18.1
	Marine Transport	0.5	5.6	6.1	0.5	5.6	6.1	0.5	0.6	1.1	18.6
	Air Transport	4.4	7.7	12.1	4.4	16.0	20.4	0.0	4.3	4.3	21.1
	Government Clearing Services	0.1	0.02	0.2	0.1	0.0	0.1	0.08	0.020	0.10	84.6
State Department of Infrastructure	General Administration, Planning and Support Services	1.3	-	1.3	1.3	0.0	1.3	1.1	0.0	1.1	89.6
	Road Transport	24.5	99.0	123.5	24.5	111.7	136.2	0.0	62.2	62.3	45.7

Ministry of Information, communication and Technology	General Administration Planning and Support Services	0.4	0.03	0.4	0.9	0.55	1.4	0.8	0.4	1.2	82.4
	Information And Communication Services	0.7	1.0	1.7	1.4	1.1	2.5	1.2	0.6	1.8	72.7
	Mass Media Skills Development	0.2	0.1	0.3	0.2	0.1	0.4	0.0	0.1	0.1	24.4
	ICT Infrastructure Development	0.7	7.1	7.7	0.1	5.9	6.0	0.1	3.0	3.1	51.3
Ministry of energy and Petroleum	General Administration Planning and Support Services	0.3	0.02	0.3	0.3	0.02	0.3	0.1	0.00	0.1	43.3
	Power Generation	0.7	22.0	22.7	0.7	29.0	29.7	0.7	4.0	4.8	16.1
	Power Transmission and Distribution	0.8	47.9	48.7	0.8	57.3	58.2	0.8	17.1	17.9	30.8
	Alternative Energy Technologies	0.1	2.8	2.9	0.1	0.8	0.9	0.1	0.0	0.1	11.3
	Exploration and Distribution of Oil and Gas	0.02	1.6	1.7	0.0	1.7	1.7	0.0	0.4	0.4	25.6
Total		35.6	221.3	256.9	36.2	390.0	426.3	6.4	121.9	128.3	30.1

Source: MDAs and National Treasury

4.4 Environment Protection, Water and Natural Resources Sector

This sector has 10 programmes and was initially allocated Kshs.50.8 billion comprising of Kshs.14.7 billion (28.9 per cent) for recurrent expenditure and Kshs.36.1 billion (71.1 per cent) for development programmes in FY 2014/15. This allocation was later revised to Kshs.59 billion comprising of Kshs.16.1 billion (27.3 per cent of the total revised allocation for the sector) for recurrent programmes and Kshs.42.9 billion (72.7 per cent of the total revised allocation for the sector) for development programmes in the approved Supplementary Budget II. The Water Resources Management programme under the State Department for Water and Regional Services received the highest budgetary allocation at Kshs.32.7 billion (55.5 per cent of the total revised allocation for the sector) while the General Administration, Planning and Support Services programme under the Ministry of Mining received the lowest allocation at Kshs.261 million (0.4 per cent of the total gross revised allocation for the sector).

The total expenditure for the sector was Kshs.34.3 billion comprising of Kshs.10.9 billion on recurrent expenditure, representing an absorption rate of 67.9 per cent of the revised annual gross budget for recurrent programmes and Kshs.23.3 billion on development expenditure, representing an absorption rate of 54.3 per cent of the revised annual gross budget for development programmes.

Analysis of the programme performance shows that the General Administration Planning and Support Services programme under the State Department for Environment and Natural Resources spent Kshs.871.6 million representing the highest proportion of programme expenditure to revised annual gross budget for the programme at 93.0 per cent while the Water Resources Management under the State Department for Water and Regional Services spent Kshs.14.4 billion, representing the lowest proportion of programme expenditure to its revised annual gross budget at 44.1 per cent as shown in table 4.4 below.

Table 4.4 Analysis of Environmental Protection, Water and Natural Resources Sector
(Kshs. Billion)

VOTE	Programme	Rec. Est	Dev. Est.	Total Gross Est.	Rev. Rec. Est	Rev. Dev. Est.	Total Rev. Est.	Rec. Exp	Dev. Exp	Total Exp	Implementation Status (%)
State Department for Environment and Natural Resources	General Administration, Planning and Support Services	0.6	0.1	0.6	0.9	0.1	0.9	0.8	0.1	0.9	93.0
	Environment Management and Protection	1.2	3.2	4.5	1.3	3.6	5.0	0.8	3.0	3.8	77.7
	Natural Resources Conservation and Management	6.9	3.5	10.3	7.9	3.5	11.4	5.5	2.1	7.6	67.3
	Meteorological Services	1.1	1.0	2.1	1.1	1.0	2.1	1.0	0.8	1.8	85.9
State Department for Water and Regional Services	General Administration, Planning and Support Services	0.8	0.2	0.9	0.7	0.2	0.9	0.6	0.2	0.8	90.9
	Water Resources Management	2.9	23.5	26.4	2.8	29.9	32.7	0.8	13.6	14.4	44.1
	Integrated Regional Development	0.6	3.3	4.0	0.6	3.4	4.0	0.6	2.6	3.2	79.5
Ministry of Mining	General Administration Planning and Support Services	0.2	0.01	0.2	0.3	0.0	0.3	0.2	0.0	0.2	89.8
	Resources Surveys and Remote Sensing	0.2	0.4	0.6	0.3	0.4	0.6	0.2	0.3	0.5	82.1
	Mineral Resources Management	0.2	0.9	1.1	0.3	0.8	1.1	0.2	0.6	0.8	78.4
Total		14.7	36.1	50.8	16.1	42.9	59.0	10.9	23.3	34.3	58.0

Source: The National Treasury and MDAs

4.5 General Economic and Commercial Affairs (GECA) Sector

The GECA sector was initially allocated Kshs.16.2 billion to implement 9 programmes during the FY 2014/15. This allocation comprised of Kshs.6.7 billion (40.9 per cent) for recurrent programmes and Kshs.9.6 billion (50.1 per cent) for development programmes. This allocation was later revised to Kshs.16.6 billion, comprised of Kshs.7.9 billion (47.7 per cent of the total revised gross allocation for the sector) for recurrent programmes and Kshs.8.7 billion (52.3 per cent of the total revised gross allocation for the sector) for development programmes.

The Industrial Development and Investments programme under the Ministry of Industrialization and Enterprise development received the highest allocation at Kshs.4.1 billion (24.8 per cent of the total revised gross allocation for the sector) while the General Administration, Planning and Support Services programme under the State Department for East African Affairs received the lowest allocation at Kshs.198.9 million (1.2 per cent of the total revised gross allocation for the sector).

Expenditure for the sector programmes in FY 2014/15 was Kshs.15.1 billion translating to an absorption rate of 90.8 per cent. The total expenditure comprised of Kshs.7.3 billion on recurrent activities which represents an absorption rate of 92.7 per cent of the revised recurrent budget while Kshs.7.7 billion was spent on development activities, representing an absorption rate of 89.0 per cent. The Trade Development and Promotion programme under the State Department for Commerce and Tourism spent Kshs.3.1 billion recording the highest absorption rate at 96.7 per cent while Industrial Development and Investments programme under the Ministry of Industrialization and Enterprise Development spent Kshs.3.4 billion recording the least absorption rate of 82.4 per cent. Table 4.5 below shows the analysis of the GECA Sector Programmes during the period under review.

Table 4.5: Analysis of the GECA Sector Programmes (Kshs. Billion)

VOTE	Programme	Rec. Est.	Dev. Est.	Total Gross Est.	Rev. Rec. Est.	Rev. Dev. Est.	Total Rev. Est.	Rec. Exp	Dev. Exp	Total Exp	Implementation Status (%)
Ministry of Industrialization and Enterprise Development	General Administration Planning and Support Services	0.6	0.2	0.7	0.4	0.1	0.4	0.3	0.05	0.4	84.5
	Industrial Development and Investments	0.7	5.1	5.9	0.9	3.2	4.1	0.7	2.7	3.4	82.4
	Standards and Business Incubation	0.7	2.1	2.8	1.2	2.4	3.6	1.2	2.2	3.4	94.1
	Cooperative Development and Management	0.3	0.03	0.3	0.8	0.0	0.9	0.8	0.0	0.8	95.6
State Department for East African Affairs	East African Affairs and Regional Integration	1.4	0.1	1.5	1.4	0.1	1.5	1.4	0.1	1.4	94.9
	General Administration, Planning and Support Services	0.2	-	0.2	0.2	-	0.2	0.2	-	0.2	82.6
State Department for Commerce and Tourism	Tourism Development and Promotion	1.1	1.4	2.5	1.1	2.1	3.2	1.1	2.0	3.1	96.7
	Trade Development and Promotion	1.1	0.3	1.4	1.3	0.4	1.7	1.2	0.3	1.5	88.1
	General Administration, Planning and Support Services	0.6	0.4	1.0	0.6	0.4	1.0	0.5	0.4	0.9	92.6
Total		6.7	9.6	16.2	7.9	8.7	16.6	7.3	7.7	15.1	90.8

Source: MDAs and National Treasury

4.6 Governance, Justice, Law and Order (GJLOS) Sector

The GJLOS sector comprises of 22 programmes spread across 15 departments/ministries. The sector was allocated Kshs.130.9 billion in the FY 2014/15 to implement its programmes. The allocation comprised of Kshs.119.2 billion (91.1 per cent) as recurrent expenditure allocation and Kshs.11.7 billion (8.9 per cent) as development expenditure. The allocation was revised to Kshs.150.9 billion comprised of Kshs.137.8 billion (91.3 per cent of the total revised gross allocation for the sector) for recurrent programmes and Kshs.13.1 billion (52.3 per cent of the total revised gross allocation for the sector) for development programmes.

The Policing Services programme under the State Department for Interior received the highest allocation at Kshs.76.9 billion which was 51.0 per cent of the total revised gross budget while the Promotion of Gender Equality and Freedom from Discrimination programme under the National Gender and Equality Commission received the lowest allocation at Kshs.290.3 million translating to 0.2 per cent of the total revised gross budget for the sector.

The total expenditure for the sector in the FY 2014/15 amounted to Kshs.116.3 billion comprising of Kshs.110.3 billion as recurrent expenditure, representing an absorption rate of 80.0 per cent of the revised annual gross budget for recurrent programmes while development expenditure was Kshs.6.0 billion, representing an absorption rate of 45.4 per cent of the revised annual gross budget for development programmes in the sector.

Analysis of the programme performance shows that Implementation of the Constitution programmed under CIC spent a total of Kshs. 0.3 billion representing the highest proportion of programme expenditure to its revised annual gross budget at 103.9 per cent while the Legal Education Policy programme under the Office of the Attorney General incurred Kshs.0.3 billion, representing the lowest proportion of programme expenditure to revised annual gross budget for the programme at 46.6 per cent as indicated in table 4.6 below.

Table 4.6: Analysis of GJLOs Sector Programmes (Kshs. Billion)

VOTE	Programme	Rec. Est	Dev. Est.	Total Gross Est.	Rev. Rec. Est	Rev. Dev. Est.	Total Rev. Est.	Rec. Exp	Dev. Exp	Total Exp	Pro-gramme Absorption Rate (%)
State Department for Interior	Policing services	63.2	2.8	66.0	70.7	6.2	76.9	54.9	2.5	57.4	74.6
	National Government Administration and field services	11.6	0.4	12.0	16.6	1.3	17.9	10.9	0.1	11.0	61.5
	Government Printing Services	0.6	0.1	0.7	0.8	0.1	0.9	0.5	0.1	0.5	61.8
	Population Management Services	3.9	1.1	5.0	5.2	1.1	6.3	4.3	1.0	5.3	84.8
State Department for Coordination of National Government	National Government Administration and field services	0.1	-	0.1	0.1	-	0.1	0.04	-	0.04	84.6
	Correctional services	15.4	0.7	16.0	17.1	0.6	17.7	15.7	0.5	16.2	91.7
Office of the Attorney General and Department of Justice	Legal Services to Government and the Public	1.3	0.04	1.3	1.0	0.0	1.1	0.7	0.0	0.7	70.0
	Constitutional Reforms	1.2	0.01	1.2	1.3	0.0	1.4	1.3	-	1.3	95.4
	Legal Education and Policy	0.5	0.1	0.6	0.5	0.1	0.6	0.2	0.1	0.3	46.6
	General Administration, Planning and Support Services	0.7	0.4	1.1	0.7	0.3	1.1	0.6	0.04	0.7	62.1
The Judiciary	Dispensation of Justice	11.9	5.6	17.5	10.7	3.1	13.8	10.3	1.6	11.9	86.0

VOTE	Programme	Rec. Est	Dev. Est.	Total Gross Est.	Rev. Rec. Est	Rev. Dev. Est.	Total Rev. Est.	Rec. Exp	Dev. Exp	Total Exp	Pro-gramme Absorption Rate (%)
Ethics and Anti-Corruption Commission	Ethics and Anti-Corruption	1.5	0.3	1.8	1.7	-	1.7	1.7	0.02	1.7	98.8
Directorate of Public Prosecutions	Public Prosecution Services	1.7	0.1	1.9	1.7	0.1	1.8	1.3	0.01	1.3	70.8
Commission for the Implementation of the Constitution	Implementation of the Constitution	0.3	-	0.3	0.3	-	0.3	0.3	-	0.3	103.9
Registrar of Political Parties	Registration, Regulation and Funding of Political Parties	0.5	-	0.5	0.5	-	0.5	0.5	-	0.5	97.7
Witness Protection Authority	Witness Protection	0.2	-	0.2	0.3	-	0.3	0.3	-	0.3	93.5
Kenya National Commission of Human Rights	Protection and Promotion of Human Rights	0.4	-	0.4	0.4	-	0.4	0.3	-	0.3	93.5
Independent Electoral and Boundaries Commission	Management of Electoral Processes	3.0	0.1	3.1	6.8	0.2	7.0	5.2	0.1	5.3	76.1
Judicial Service Commission	Dispensation of Justice	0.4	-	0.4	0.3	-	0.3	0.3	-	0.3	79.1
National Police Service Commission	National Police Service Human Resource Management	0.3	-	0.3	0.5	-	0.5	0.4	-	0.4	93.6
National Gender and Equality Commission	Promotion of Gender Equality and Freedom from Discrimination	0.3	-	0.3	0.3	-	0.3	0.3	-	0.3	96.4
Independent Police Oversight Authority	Policing Oversight Services	0.2	-	0.2	0.3	-	0.3	0.3	-	0.3	91.7
Total		119.2	11.7	130.9	137.8	13.1	150.9	110.3	6.0	116.3	76.9

Source: MDAs and National Treasury

4.7 Health Sector

The Health sector was initially allocated Kshs.47.4 billion to fund 5 programmes in FY 2014/15. This allocation was later revised to Kshs.54.1 billion comprising of Kshs.29.3 billion (54.1 per cent of the total revised budget) for recurrent programmes and Kshs.24.8 billion (45.9 per cent of the total revised budget) for development programmes. The Curative Health Services programme received the highest allocation at Kshs.19.9 billion (36.9 per cent of the total revised gross budget for the sector) while the Maternal and Child Health programme had the lowest allocation at Kshs.4.8 billion (8.9 per cent of the sector's total revised gross budget).

Expenditure for the sector was Kshs.38.3 billion, comprising of Kshs.24.7 billion on recurrent expenditure, representing an absorption rate of 84.5 per cent of the revised annual gross budget for recurrent programmes while development expenditure was Kshs.13.5 billion an absorption rate of 54.5 per cent of the revised annual gross budget for development programmes in the sector.

Analysis of the programme performance shows that the Maternal and Child Health programme incurred Kshs.4.4 billion, representing the highest proportion of programme expenditure to its revised annual budget at 92.1 per cent while the Preventive and Promotive Health Services incurred Kshs.8.1 billion, representing the lowest proportion of programme expenditure to its revised annual budget at 59.7 per cent as indicated in table 4.7 below.

Table 4.7: Analysis of Health Sector Programmes (Kshs. Billion)

VOTE	Programme	Rec. Est	Dev. Est.	Total Gross Est.	Rev. Rec. Est	Rev. Dev. Est.	Total Revised Est.	Rec. Exp	Dev. Exp	Total Exp	Programme Absorption Rate (%)
Ministry of Health	Preventive & Promotive Health Services	2.9	6.7	9.6	3.5	7.0	10.5	3.1	3.2	6.3	59.7
	Curative Health Services	14.9	4.4	19.3	15.5	4.5	19.9	12.2	2.7	14.9	74.7
	Health Research and Development	4.8	0.4	5.3	4.8	0.4	5.3	4.1	0.4	4.5	85.8
	General Administration, Planning & Support Services	3.3	5.5	8.8	5.3	8.2	13.6	5.3	2.8	8.1	59.9
	Maternal and Child Health	0.0	4.3	4.3	0.1	4.7	4.8	0.0	4.4	4.4	92.1
Total		26.1	21.3	47.4	29.3	24.8	54.1	24.7	13.5	38.3	70.7

Source: MDAs and National Treasury

4.8 Public Administration and International Relations Sector

The Public Administration and International Relations (PAIR) sector has 32 programmes. The sector was initially allocated Kshs.196.9 billion in the FY 2014/15 to implement its programmes. The allocation comprised of Kshs.94.2 billion (47.9 per cent) as recurrent expenditure allocation and Kshs.102.7 billion (52.2 per cent) as development expenditure allocation. This allocation was later revised in the approved Supplementary Budget II to Kshs.218.9 billion comprising of Kshs.100.4 billion (45.9 per cent of the total revised gross allocation for the sector) for recurrent programmes and Kshs.118.5 billion (54.1 per cent of the total revised gross allocation for the sector) for development programmes.

The Economic Policy and National Planning programme under the State Department for Planning received the highest allocation at Kshs.40.6 billion which was 18.6 per cent of the total revised gross budget while

the Governance and National Values programme under the Public Service Commission received the lowest allocation at Kshs.112.3 million translating to 0.1 per cent of the total revised gross budget for the sector.

The total expenditure for the sector in the FY 2014/15 amounted to Kshs.160.5 billion comprising of Kshs.87.0 billion as recurrent expenditure, representing an absorption rate of 86.6 per cent of the revised annual gross budget for recurrent programmes while development expenditure was Kshs.73.5 billion, representing an absorption rate of 62.1 per cent of the revised annual gross budget for development programmes.

Analysis of the programme performance shows that the Monitoring and Evaluation Services programme under the State Department for Planning spent Kshs.368.8 million representing the highest proportion of programme expenditure to revised annual gross budget for the programme at **136.7 per cent** while the Special Initiatives programme under the State Department of Devolution, representing the lowest absorption in the sector of 42.0 per cent as shown in table 4.8 below.

Table 4.8: Analysis of PAIR Sector Programmes (Kshs. Billion)

VOTE	Programme	Rec. Est	Dev. Est.	Total Gross Est.	Rev. Rec. Est	Rev. Dev. Est.	Total Rev. Est.	Rec. Expd	Dev. Expd	Total Expd.	Programme Absorption Rate (%)
The Presidency	General Administration Planning and Support Services	0.4	-	0.4	0.8	-	0.8	0.8	-	0.8	99.0
	Cabinet Affairs	0.4	0.1	0.5	1.2	0.1	1.3	1.0	0.1	1.1	85.8
	Government Advisory Services	0.4	-	0.4	0.3	-	0.3	0.3	-	0.3	90.5
	State House Affairs	1.4	0.6	1.9	2.8	0.7	3.5	2.6	0.6	3.2	92.6
	Leadership and Coordination of MDAs	1.0	0.1	1.1	2.1	0.5	2.5	1.6	0.3	1.9	74.0
State Department for Planning	Economic Policy and National Planning	1.1	38.8	39.9	1.2	39.4	40.6	1.1	36.2	37.3	92.0
	National Statistical Information Services	0.7	0.1	0.8	0.9	0.1	1.0	0.7	0.1	0.8	86.3
	Monitoring and Evaluation Services	0.4	0.1	0.5	0.1	0.2	0.3	0.3	0.1	0.4	136.7
	General Administration Planning and Support Services	0.5	0.1	0.7	0.8	0.1	1.0	0.7	0.1	0.8	83.6
	Public Service Transformation	6.0	0.5	6.5	8.3	0.5	8.8	7.1	0.3	7.4	84.1
	Gender & Youth Empowerment	6.1	13.8	19.9	6.1	19.0	25.1	4.5	14.8	19.3	77.0
State Department for Devolution	Devolution Services	1.2	0.0	1.2	1.5	0.0	1.5	1.4	-	1.4	90.9
	Special Initiatives	0.8	5.1	5.9	2.3	4.2	6.5	2.7	-	2.7	42.0
	Accerated ASAL Development	-	-	-	0.5	5.9	6.4	-	-	-	

Ministry of Foreign affairs and International Trade	General Administration Planning and Support Services	2.6	0.4	3.0	4.2	0.4	4.6	3.2	-	3.2	69.2
	Foreign Relation and Diplomacy	8.0	1.2	9.2	9.0	1.2	10.2	4.9	-	4.9	48.3
	International Trade and Investments Promotion	0.2	-	0.2	0.3	-	0.3	0.2	-	0.2	60.9
The National Treasury	General Administration Planning and Support Services	33.2	7.4	40.6	24.1	4.2	28.4	23.0	3.9	26.8	94.5
	Public Financial Management	3.3	29.6	32.9	4.1	35.6	39.7	3.7	15.1	18.8	47.3
	Economic and Financial Policy Formulation and Management	1.0	1.1	2.1	1.3	1.7	3.0	1.1	0.6	1.7	58.2
	Market Competition	0.3	-	0.3	0.3	-	0.3	0.3	-	0.3	100.0
Parliamentary Service Commission	Legislation and Representation	12.7	-	12.7	14.7	-	14.7	14.1	-	14.1	95.8
	Legislative Oversight	1.5	-	1.5	2.1	-	2.1	1.5	-	1.5	73.0
	General Administration, Planning and Support Services	5.8	3.1	8.9	5.7	4.1	9.7	5.0	1.3	6.2	64.0
Commission on Revenue Allocation	Inter-Governmental Revenue and Financial Matters	0.3	-	0.3	0.3	-	0.3	0.2	-	0.2	88.6
Public Service Commission	General Administration, Planning and Support Services	0.6	0.2	0.8	0.7	0.2	0.9	0.7	0.2	0.8	95.2
	Human Resource management and Development	0.2	-	0.2	0.2	-	0.2	0.2	-	0.2	99.5
	Governance and National Values	0.1	-	0.1	0.1	-	0.1	0.1	-	0.1	97.4
Salaries and Remuneration Commission	Salaries and Remuneration Management	0.4	-	0.4	0.8	-	0.8	0.6	-	0.6	70.6
Auditor General	Audit Services	2.6	0.4	3.0	2.9	0.4	3.3	2.6	-	2.6	79.9
Controller of Budget	Control and Management of Public finances	0.4	-	0.4	0.4	-	0.4	0.4	-	0.4	93.4
Commission on Administrative Justice	Promotion of Administrative Justice	0.4	-	0.4	0.4	-	0.4	0.4	-	0.4	89.8
Total		94.1	102.7	196.7	100.4	118.5	218.9	87.0	73.5	160.5	73.3

Source: MDAs and National Treasury

4.9 Social Protection, Culture and Recreation

The sector was initially allocated Kshs.24.1 billion to fund 10 programmes in the FY 2014/15. The allocation comprised of Kshs.11.1 billion (46.1 per cent) for recurrent expenditure and Kshs.13 billion (53.9 per cent) for development expenditure. This allocation was later revised to Kshs.25.2 billion comprising of Kshs.11.8 billion (46.8 per cent of the total revised allocation for the sector) for recurrent programmes and Kshs.13.4 billion (53.2 per cent of the total revised gross allocation for the sector) for development programmes. The National Social Safety Net programme under the Ministry of Labour, Social Security and Services received the highest budgetary allocation at Kshs.15.0 billion (59.6 per cent of the total gross revised allocation for the sector) while the General Administration, Planning and Support Services programme under the Ministry

of Sports, Culture and Arts received the lowest allocation at Kshs.216 million (0.9 per cent of the total revised gross allocation for the sector).

The total expenditure for the sector in FY 2014/15 was Kshs.20.6 billion comprising of Kshs.9.3 billion on recurrent expenditure, representing an absorption rate of 79.2 per cent of the revised annual gross budget for recurrent programmes and Kshs.11.3 billion on development expenditure, representing an absorption rate of 84.1 per cent.

Analysis of the programme performance shows that the Library Services programme under the Ministry of Sports, Culture and Arts spent Kshs.1.1 billion, representing the highest proportion of programme expenditure to its revised annual gross budget at 99.2 per cent while the Social Development and Children Services programme under the Ministry of Labour Social Security and Services spent Kshs.2.4 billion, representing the lowest proportion of programme expenditure to its revised annual gross budget at 67.4 per cent.

Table 4.9: Analysis of Social Protection, Culture and Recreation Sector Programme (Kshs. Billion)

VOTE	Programme	Rec. Est	Dev. Est.	Total Gross Est.	Rev. Rec. Est	Rev. Dev. Est.	Total Rev. Est.	Rec. Exp	Dev. Exp	Total Exp	Pro-gramme Absorption Rate (%)
Ministry of Sports, Culture and Arts	Sports	0.5	0.7	1.2	0.8	0.9	1.7	0.7	0.7	1.4	82.7
	Culture	0.9	0.1	1.0	0.9	0.1	1.0	0.9	0.01	0.9	90.6
	The Arts	0.4	0.1	0.5	0.4	0.1	0.5	0.4	0.05	0.4	89.5
	Library Services	0.6	0.5	1.1	0.6	0.5	1.1	0.6	0.5	1.1	99.2
	General Administration, Planning and Support Services	0.2	0.01	0.2	0.2	0.0	0.2	0.2	0.01	0.2	96.5
Ministry of Labour Social Security and Services	Promotion of the Best Labour Practice	0.4	0.2	0.7	0.4	0.2	0.6	0.3	0.2	0.5	74.7
	Manpower Development, Employment and Productivity Management	0.6	0.4	1.0	0.6	0.4	1.0	0.5	0.2	0.8	75.7
	Social Development and Children Services	2.6	0.9	3.4	2.7	0.9	3.5	1.6	0.8	2.4	67.4
	National Social Safety Net	4.3	10.1	14.4	4.6	10.4	15.0	3.6	8.9	12.5	83.0
	General Administration Planning and Support Services	0.6	0.0	0.6	0.6	0.0	0.6	0.5	0.0	0.5	94.7
Total		11.1	13.0	24.1	11.8	13.4	25.2	9.3	11.3	20.6	81.8

Source: MDAs and National Treasury

4.10 National Security Sector

The National Security sector was allocated Kshs.90.7 billion which was revised to Kshs.97.9 billion to fund 4 programmes during the FY 2014/15. The Defence programme received the highest allocation at Kshs.77.3 billion (79.0 per cent of the total revised budget for the sector) while the Civil Aid programme received the lowest allocation at Kshs.0.5 billion (0.5 per cent of the total revised gross budget for the sector).

Expenditure for the sector in FY 2014/15 amounted to Kshs.97.9 billion which represented an absorption rate of 99.9 per cent of the revised annual gross budget for the sector. Analysis of programme performance shows that the Defence programme under the Ministry of Defence Kshs.77.8 billion representing the highest proportion of programme expenditure to revised annual gross budget for the programme at 100.6 per cent.

Table 4.10: National Security Sector Programmes (Kshs. Billion)

VOTE	Programme	Revised Gross Estimates	Total Expenditure	Programme Absorption Rate (%)
Ministry of Defence	Defence	77.3	77.8	100.6
	Civil Aid	0.5	-	-
	General Administration, Planning and Support Services	1.0	0.9	93.2
National Intelligence Service	National security intelligence	19.1	19.1	99.9
Total		97.9	97.8	99.9

Source: MDAs and National Treasury

5.0 KEY ISSUES AND RECOMMENDATIONS

This section identifies some of the pertinent issues that affected budget implementation during the reporting period. It also presents recommendations by the Office aimed at addressing the issues that affected budget implementation.

5.1 Low Absorption of Development Funds

In FY 2014/15, a total of Kshs.696.5 billion was allocated to development projects and programmes while Kshs.1.17 trillion went to recurrent expenditure. Development expenditure translated to 37.2 per cent of the total National Government Budget.

During the year, development expenditure was Kshs.318.7 billion representing an absorption rate of 45.8 per cent of the development budget allocation while recurrent expenditure was Kshs.1.05 trillion representing an absorption rate of 89.7 per cent.

The development expenditure absorption rate of 45.8 per cent was a decline from the absorption rate of 52 per cent attained in FY 2013/14. There is therefore, need for the MDAs to enhance efforts to achieve higher rates of development expenditure.

5.2 High Public Debt Position

By June 2015, the total public debt had increased by 20.3 per cent from Kshs.2.36 trillion in June 2014 to Kshs.2.84 trillion translating to 53.1 percent of GDP. Increasing public borrowing may result in undesirable fiscal consequences such as high interest rates, inflation, and overburdening of future generations.

It is recommended that, the National Treasury should take appropriate measures to ensure that the public debt does not reach unsustainable levels.

5.3 Timing of Supplementary Budgets

During the FY 2014/15, the National Treasury prepared two Supplementary Budgets, which were both approved in the fourth quarter of the financial year. The first Supplementary Budget was approved on 29th April, 2015 while the second on 26th of June, 2015.

While budget revision is permitted under Article 223 of the Constitution and Section 44 of the PFM Act, 2012, the timing of Supplementary Budgets should allow sufficient time for implementation of activities. When supplementary budgets are approved towards the end of the financial year, implementation of activities by the MDAs may be hampered.

We recommend that Parliament should consider and approve budget revisions in good time to allow for timely implementation of activities.

5.4 Delays in Release of Funds by the National Treasury

As at June 2015, a total of Kshs.111.92 billion was reported as pending bills by the MDAs. The MDAs cited failure by the National Treasury to release exchequer issues in a timely manner as the reason that occasioned the pending bills.

A high level of pending bills may negatively affect businesses and may also affect implementation of planned activities in the following financial year as budgeted funds will be used to settle the pending bills. We recommend that the National Treasury should fund MDAs in a timely manner in line with their cash flow projections and procurement plans.

5.5 Delay in Submission of Financial Reports to the OCOB

Section 83 of the Public Finance Management Act, 2012 requires accounting officers to submit quarterly financial reports to the OCOB. Further, in order to facilitate timely reporting, the Office has requested all MDAs to submit financial reports by 10th of the month following the end of each quarter. Despite this requirement, a total of 12 MDAs had not submitted their annual financial reports by the time of finalizing this report.

We recommend that all MDAs should submit financial reports by 10th of the month following end of each quarter to facilitate timely reporting by the OCOB.

6.0 CONCLUSION

This report sought to provide an overview on budget implementation during the FY 2014/15 by the National Government. The report indicates a growth in absolute amounts for both recurrent and development expenditure compared to the prior year. Total MDAs expenditure stood at Kshs.1.37 trillion, an increase from the Kshs.1.14 trillion incurred in FY 2013/14. However, this was a decline in absorption of funds where, development expenditure achieved an absorption rate of 45.8 per cent while recurrent expenditure was 84.6 per cent compared to 52 and 87.3 per cent in FY 2013/14 respectively. Therefore, MDAs need to improve on the execution of the budget, particularly, development activities by synchronizing their workplans and the cash flows to enhance absorption of funds.

The report indicates a 24.5 per cent growth in exchequer revenue received by the National Treasury with all revenue streams achieving the set targets. These results have been achieved against a backdrop of a largely stable macroeconomic environment. However, towards the end of the financial year, the Kenya shilling depreciated against the world's major currencies which may trigger inflationary pressures. This call for measures to maintain the currency stability and sustain the strides made in revenue collection. Improved revenue performance will subsequently reduce the budget deficit and ultimately, the debt stock. Delay in release of funds by the National Treasury contributed to high levels of pending bills as at 30th June 2015.

The National Treasury should release funds to the MDAs in a timely manner and also address the growing public debt. Parliament should approve budget revisions in good time to allow sufficient time for implementation of activities before year end. Finally the MDAs should strive to submit financial reports to OCOB in a timely manner to facilitate reporting.

ANNEX 1: MDAs FY 2014/15 Recurrent Expenditure (Kshs)

Vote	MINISTRY/STATE DEPARTMENT	Revised Gross Estimates 2	Revised Net Estimates	Exchequer Issues	Expenditure	% of Exch. To Net Est.	% of Exp. To Revised Gross Est.
R1011	The Presidency	7,218,783,597	7,209,783,597	5,632,016,000	6,331,349,012	78.1	87.7
R1021	State Department for Interior	93,205,458,294	92,839,437,021	84,934,000,000	70,872,297,638	91.5	76.0
R1022	State Department for Coordination of National Government	17,113,870,819	17,113,870,819	17,105,000,000	15,750,761,857	99.9	92.0
R1031	State Department for Planning	17,392,200,000	17,108,800,000	14,732,840,000	14,524,367,679	86.1	83.5
R1032	State Department for Devolution	4,329,827,515	4,327,827,515	4,288,050,000	4,131,793,408	99.1	95.4
R1041	Ministry of Defence	78,770,800,000	78,770,800,000	74,585,220,000	78,694,694,178	94.7	99.9
R1051	Ministry of Foreign Affairs and International Trade	13,414,814,217	12,749,814,217	11,801,800,000	8,290,107,635	92.6	61.8
R1061	State Department for Education	54,241,370,016	50,107,770,016	49,095,900,000	48,488,836,157	98.0	89.4
R1062	State Department for Higher Education, Science and Technology	56,806,291,952	40,123,691,952	38,900,000,000	39,160,390,121	97.0	68.9
R1071	The National Treasury	29,814,525,602	29,814,525,602	27,685,820,000	28,072,667,145	92.9	94.2
R1081	Ministry of Health	29,259,165,573	25,397,289,096	23,543,000,000	24,727,282,465	92.7	84.5
R1091	State Department for Infrastructure	25,732,227,050	1,368,979,238	1,337,386,000	1,188,713,219	97.7	4.6
R1092	State Department for Transport	5,872,774,250	1,465,553,760	1,408,740,000	1,347,580,557	96.1	22.9
R1101	State Department for Environment & Natural Resources	11,149,533,425	8,311,291,664	7,864,900,000	8,167,498,844	94.6	73.3
R1102	State Department for Water & Regional Authorities	4,191,551,029	2,053,792,790	2,053,792,790	2,081,459,570	100.0	49.7
R1111	Ministry of Lands Housing, and Urban Development	4,398,997,927	4,352,583,177	4,007,000,000	4,311,165,524	92.1	98.0
R1121	Ministry of Information & Communication and Technology	2,609,948,127	2,513,748,127	2,240,600,000	2,120,595,894	89.1	81.3

Vote	MINISTRY/STATE DEPARTMENT	Revised Gross Estimates 2	Revised Net Estimates	Exchequer Issues	Expenditure	% of Exch. To Net Est.	% of Exp. To Revised Gross Est.
R1131	Ministry of Sports Culture and Arts	2,891,453,968	2,881,053,968	2,608,000,000	2,724,201,820	90.5	94.2
R1141	Ministry of Labour Social Security and Services	8,903,409,769	8,688,995,289	8,336,300,000	6,618,937,317	95.9	74.3
R1151	Ministry of Energy and Petroleum	2,022,558,644	1,766,558,644	1,735,500,000	1,752,926,562	98.2	86.7
R1161	State Department for Agriculture	9,965,995,200	9,538,495,200	7,898,400,000	7,417,399,517	82.8	74.4
R1162	State Department for Livestock	1,843,430,310	1,819,430,310	1,762,620,000	1,267,142,726	96.9	68.7
R1163	State Department for Fisheries	1,113,913,217	1,113,913,217	1,111,400,000	1,069,203,623	99.8	96.0
R1171	Ministry of Industrialization and Enterprise Development	3,299,917,028	3,275,917,028	2,819,640,000	3,030,591,785	86.1	91.8
R1181	State Department for Commerce & Tourism	3,005,658,549	2,975,058,549	2,877,105,000	2,838,193,104	96.7	94.4
R1182	State Department for East African Affairs	1,618,603,767	1,617,103,767	1,480,600,000	1,519,141,998	91.6	93.9
R1191	Ministry of Mining	767,711,140	753,711,140	665,765,000	690,276,296	88.3	89.9
R1251	Office of the Attorney General and Department of Justice	3,627,486,700	3,282,486,700	2,815,115,000	2,926,052,632	85.8	80.7
R1261	The Judiciary	10,732,000,000	10,732,000,000	10,318,560,000	10,289,836,224	96.1	95.9
R1271	Ethics & Anti-Corruption Commission	1,746,000,000	1,746,000,000	1,646,000,000	1,701,062,555	94.3	97.4
R1281	National Intelligence Service	19,141,500,000	19,140,000,000	19,137,400,000	19,127,033,313	100.0	99.9
R1291	Directorate of Public Prosecutions	1,726,891,272	1,726,831,272	1,479,200,000	1,263,916,880	85.7	73.2
R1301	Commission for Implementation of the Constitution	306,000,000	306,000,000	304,700,000	317,845,849	99.6	103.9
R1311	Registrar of Political Parties	476,161,000	475,961,000	457,341,000	465,004,632	96.1	97.7
R1321	Witness Protection Agency	295,200,213	295,200,213	282,278,600	275,991,245	95.6	93.5

Vote	MINISTRY/STATE DEPARTMENT	Revised Gross Estimates 2	Revised Net Estimates	Exchequer Issues	Expenditure	% of Exch. To Net Est.	% of Exp. To Revised Gross Est.
R2011	Kenya National Commission on Human Rights	356,500,000	356,500,000	345,345,994	333,425,134	96.9	93.5
R2021	National Lands Commission	1,093,838,149	1,093,838,149	1,089,100,000	1,055,372,961	99.6	96.5
R2031	Independent Electoral and Boundaries Commission	6,794,803,346	6,787,803,346	5,233,000,000	5,229,130,215	77.1	77.0
R2041	Parliamentary Service Commission	22,395,000,000	22,391,000,000	22,234,012,000	20,522,006,463	99.3	91.6
R2051	Judicial Service Commission	338,000,000	338,000,000	253,700,000	267,331,068	75.1	79.1
R2061	The Commission on Revenue Allocation	277,315,482	276,086,889	212,401,499	245,593,000	76.9	88.6
R2071	Public Service Commission	1,016,204,313	1,008,204,313	980,040,000	1,003,388,339	97.2	98.7
R2081	Salaries & Remuneration Commission	840,149,493	839,849,493	596,500,000	593,132,191	71.0	70.6
R2091	Teachers Service Commission	169,855,978,668	169,635,978,668	166,047,000,000	166,047,000,000	97.9	97.8
R2101	National Police Service Commission	470,513,240	470,119,240	426,100,000	440,426,600	90.6	93.6
R2111	Auditor General	2,911,020,000	2,801,020,000	2,672,400,000	2,648,945,902	95.4	91.0
R2121	Controller of Budget	395,962,740	395,962,740	341,500,000	369,772,132	86.2	93.4
R2131	The Commission on Administrative Justice	394,503,819	393,985,500	363,420,000	354,243,051	92.2	89.8
R2141	National Gender & Equality Commission	290,250,930	290,250,930	289,500,000	279,361,372	99.7	96.2
R2151	Independent Police Oversight Authority	290,621,165	290,621,165	236,200,000	266,416,962	81.3	91.7
	TOTAL	736,726,691,515	675,133,495,321	640,272,208,883	623,211,864,372	94.8	84.6

	MINISTRY/STATE DEPARTMENT	Revised Gross Estimates 2	Revised Net Estimates	Exchequer Issues	Expenditure	% of Exch. To Net Est.	% of Exp. To G.Est.
D1011	The Presidency	1,236,500,000	1,236,500,000	782,570,000	989,597,475	63.3	80.0
D1021	State Department for Interior	8,701,771,100	8,630,071,100	4,606,000,000	3,725,012,025	53.4	42.8
D1022	State Department for Coordination of National Government	597,116,200	597,116,200	597,116,200	486,087,008	100.0	81.4
D1031	State Department for Planning	59,302,926,355	54,822,052,611	45,375,586,144	51,619,172,824	82.8	87.0
D1032	State Department for Devolution	10,161,453,250	5,542,069,000	3,646,051,225	4,207,013,342	65.8	41.4
D1041	Ministry of Defence	102,470,625					0.0
D1051	Ministry of Foreign Affairs and International Trade	1,625,700,000	1,625,700,000	1,067,603,000	647,355,959	65.7	39.8
D1061	State Department for Education	9,739,007,073	7,846,926,916	6,222,314,390	5,030,179,675	79.3	51.6
D1062	State Department for Higher Education, Science and Technology	14,383,099,313	10,175,499,313	9,841,050,000	9,834,886,486	96.7	68.4
D1071	The National Treasury	41,489,278,728	29,441,957,325	18,823,330,317	19,514,704,214	63.9	47.0
D1081	Ministry of Health	24,847,883,990	17,487,964,921	10,493,170,608	13,535,388,438	60.0	54.5
D1091	State Department for Infrastructure	111,719,130,647	66,281,130,647	53,132,867,822	62,233,276,816	80.2	55.7
D1092	State Department for Transport	181,869,860,527	8,661,749,353	6,202,207,585	33,998,812,704	71.6	18.7
D1101	State Department for Environment & Natural Resources	8,227,155,062	6,771,904,554	5,718,741,195	6,025,041,488	84.4	73.2
D1102	State Department for Water & Regional Authorities	33,504,884,254	19,081,127,277	15,442,540,046	16,497,472,884	80.9	49.2
D1111	Ministry of Lands, Housing, and Urban Development	25,307,196,242	21,197,280,970	14,062,123,310	18,091,700,214	66.3	71.5
D1121	Ministry of Information & Communication and Technology	7,687,933,793	5,487,933,793	4,133,702,010	4,144,591,135	75.3	53.9
D1131	Ministry of Sports Culture and Arts	1,566,992,670	1,533,000,000	1,282,810,000	1,281,813,588	83.7	81.8

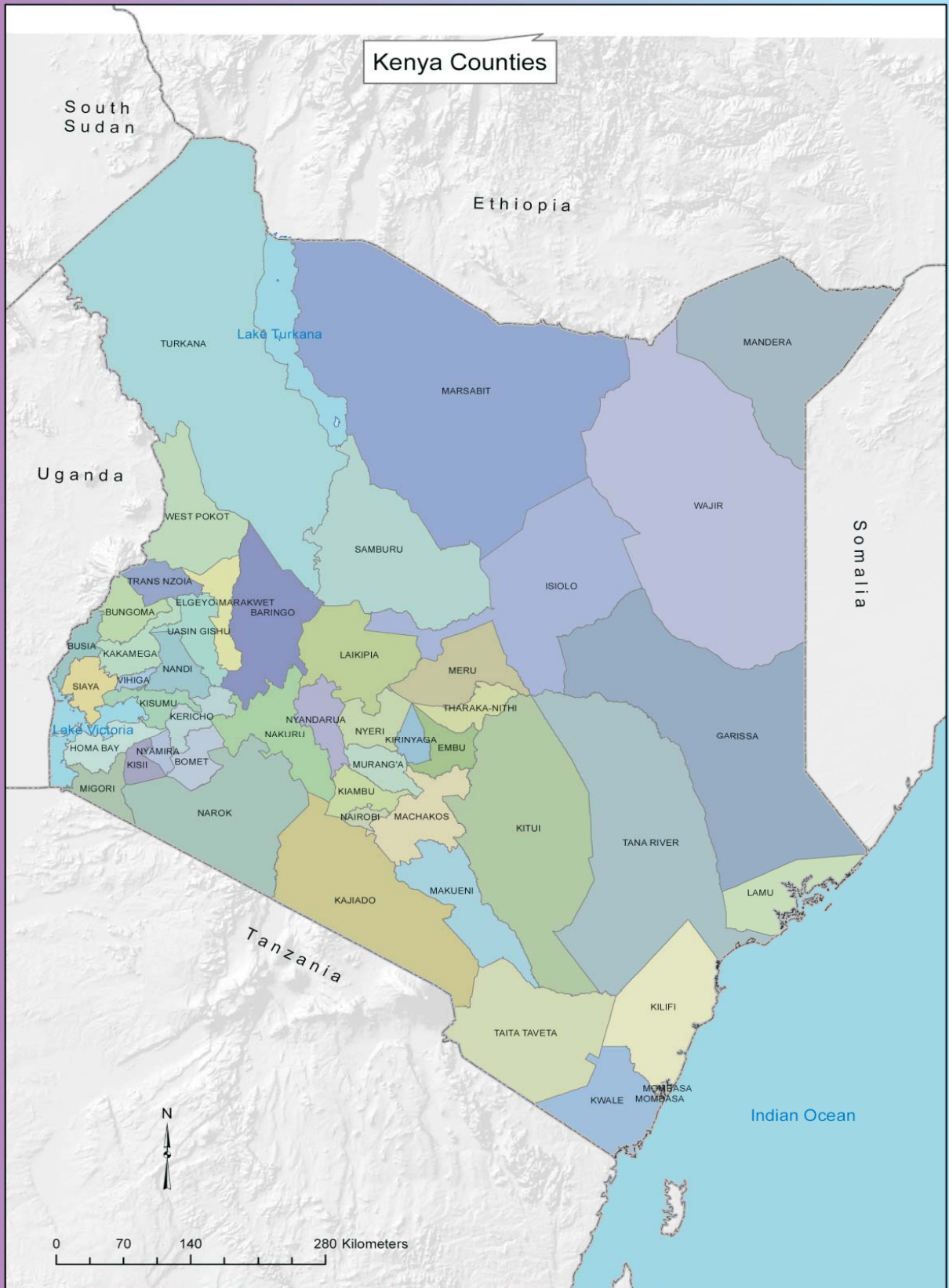
	MINISTRY/STATE DEPARTMENT	Revised Gross Estimates 2	Revised Net Estimates	Exchequer Issues	Expenditure	% of Exch. To Net Est.	% of Exp. To G.Est.
D1141	Ministry of Labour Social Security and Services	11,842,523,636	11,682,523,636	10,678,728,230	9,911,623,463	91.4	83.7
D1151	Ministry of Energy and Petroleum	88,757,080,838	31,700,481,457	24,819,254,060	21,580,391,853	78.3	24.3
D1161	State Department for Agriculture	29,119,054,851	23,377,655,184	19,420,015,132	18,583,799,620	83.1	63.8
D1162	State Department for Livestock	3,782,343,446	3,380,197,238	3,030,750,386	2,644,159,606	89.7	69.9
D1163	State Department for Fisheries	2,104,599,009	2,104,599,009	2,003,597,010	2,038,961,673	95.2	96.9
D1171	Ministry of Industrialization and Enterprise Development	5,737,629,180	5,438,511,480	2,729,007,700	4,997,360,949	50.2	87.1
D1181	State Department for Commerce & Tourism	2,888,131,811	2,888,131,811	2,608,500,000	2,678,393,808	90.3	92.7
D1182	State Department for East African Affairs	65,000,000			54,790,890		84.3
D1191	Ministry of Mining	1,192,500,000	1,150,000,000	889,820,000	690,276,297	77.4	57.9
D1251	Office of the Attorney General and Department of Justice	505,032,140	199,532,140	121,650,000	147,102,885	61.0	29.1
D1261	The Judiciary	3,093,000,000	3,093,000,000	1,230,379,860	1,604,313,118	39.8	51.9
D1271	Ethics & Anti-Corruption Commission				23,974,180		
D1291	Directorate of Public Prosecutions	67,000,000	67,000,000	65,000,000	5,714,612	97.0	8.5
D2021	National Land Commission	442,000,000	442,000,000	145,000,000	405,186,615	32.8	91.7
D2031	Independent Electoral and Boundaries Commission	177,960,000	74,280,000	74,280,000	74,279,680	100.0	41.7
D2041	Parliamentary Service Commission	4,075,000,000	4,075,000,000	921,442,000	1,276,495,356	22.6	31.3
D2071	Public Service commission	168,000,000	168,000,000	153,630,000	167,999,999	91.4	100.0
D2111	Auditor General	405,000,000	405,000,000		-	-	0.0
	TOTAL	696,492,214,740	356,665,895,935	270,320,838,230	318,746,930,879	75.8	45.8

ANNEX III: FY 2014/15 Sectoral Recurrent Expenditure (Kshs)

Sector	Revised Gross Est. 2	Revised Net Est.	Exch. Issues	Expenditure	% of Exch. to N. Est.	% of Exp to G. Est.
Agriculture, Rural and Urban Development	18,416,174,803	17,918,260,053	15,868,520,000	15,120,284,351	88.6	82.1
Energy, Infrastructure and ICT	36,237,508,071	7,114,839,769	6,722,226,000	6,409,816,232	94.5	17.7
General Economics and Commercial Affairs (GECA)	7,924,179,344	7,868,079,344	7,177,345,000	7,387,926,887	91.2	93.2
Health	29,259,165,573	25,397,289,096	23,543,000,000	24,727,282,465	92.7	84.5
Education	280,903,640,636	259,867,440,636	254,042,900,000	253,696,226,278	97.8	90.3
Governance, Justice, Law and Order (GJLOS)	137,769,756,979	137,051,081,706	126,126,040,594	110,678,860,864	92.0	80.3
Public Administration and International Relations	100,400,306,778	99,316,859,866	91,540,799,499	87,087,365,957	92.2	86.7
National Security	97,912,300,000	97,910,800,000	93,722,620,000	97,821,727,491	95.7	99.9
Social Protection, Culture and Recreation	11,794,863,737	11,570,049,257	10,944,300,000	9,343,139,137	94.6	79.2
Environment Protection, Water and Natural Resources	16,108,795,594	11,118,795,594	10,584,457,790	10,939,234,710	95.2	67.9
Total	736,726,691,515	675,133,495,321	640,272,208,883	623,211,864,372	94.8	84.6

ANNEX IV: FY 2014/15 Sectoral Development Expenditure (Kshs)

Sector	Revised Gross Est. 2	Revised Net Est.	Exch. Issues	Expenditure	% of Exch. to N. Est.	% of Exp to G. Est.
Agriculture, Rural and Urban Development	60,755,193,548	50,501,732,401	38,661,485,838	41,763,807,728	76.6	68.7%
Energy, Infrastructure and ICT	390,034,005,805	112,131,295,250	88,288,031,477	121,957,072,508	78.7	31.3%
General Economics and Commercial Affairs (GECA)	8,690,760,991	8,326,643,291	5,337,507,700	7,730,545,647	64.1	89.0%
Health	24,847,883,990	17,487,964,921	10,493,170,608	13,535,388,438	60.0	54.5%
Education	24,122,106,386	18,022,426,229	16,063,364,390	14,865,066,161	89.1	61.6%
Governance, Justice, Law and Order (GJLOS)	13,141,879,440	12,660,999,440	6,694,426,060	6,066,483,508	52.9	46.2%
Public Administration and International Relations	118,463,858,333	97,316,278,936	70,770,212,686	78,422,339,169	72.7	66.2%
National Security	102,470,625	-	-	-	-	-
Social Protection, Culture and Recreation	13,409,516,306	13,215,523,636	11,961,538,230	11,193,437,051	90.5	83.5%
Environment Protection, Water and Natural Resources	42,924,539,316	27,003,031,831	22,051,101,241	23,212,790,669	81.7	54.1%
Total	696,492,214,740	356,665,895,935	270,320,838,230	318,746,930,879	75.8	45.8%



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