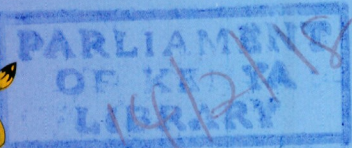


THE REPUBLIC OF KENYA



OFFICE OF THE CONTROLLER OF BUDGET

FIRST QUARTER

NATIONAL GOVERNMENT

BUDGET IMPLEMENTATION REVIEW REPORT

FY 2017/18



DECEMBER, 2017



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OFFICE OF THE CONTROLLER OF BUDGET

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FOREWORD

I am pleased to present the first quarter National Government Budget Implementation Review Report (BIRR) for the FY 2017/18, covering the period July to September 2017. The report has been prepared in accordance with Article 228 (6) of the Constitution of Kenya, 2010 and the Controller of Budget Act, 2016, which requires the Controller of Budget (COB) to submit to both Houses of Parliament a report on implementation of budgets of both National and County Governments every four months.

The report provides information on the implementation of the budget by Ministries, Departments and Agencies (MDAs) for the reporting period. It analyses data from the approved budget, financial reports submitted to the Office of Controller of Budget (OCOB) by the MDAs in line with Section 83(4) of the Public Finance Management Act, 2012 and reports from the Integrated Financial Information System (IFMIS). It also highlights the challenges faced by MDAs in budget implementation and makes appropriate recommendations to address the challenges.

Through this report, the Office aims to inform the legislature, policy makers and formulators of the budget, the public and other stakeholders on the progress made on implementation of the budget in the period under review. It is useful in facilitating timely decisions on key issues affecting budget implementation. I therefore urge the readers of the report to continuously engage MDAs in order to ensure prudence in utilization of the public funds and enhance delivery of services to the citizens.



Mrs. Agnes Odhiambo, CBS
CONTROLLER OF BUDGET

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LIST OF ABBREVIATIONS AND ACRONYMS

AIA	Appropriations-in-Aid
AMISOM	Africa Union Mission in Somalia
AR & UD	Agricultural Rural and Urban Development
ASAL	Arid and Semi-arid Lands
BIRR	Budget Implementation Review Report
BPS	Budget Policy Statement
Bn	Billion
CFS	Consolidated Fund Services
COB	Controller of Budget
CRA	Commission on Revenue Allocation
EACC	Ethics and Anti-Corruption Commission
EI & ICT	Energy Infrastructure and Information Communication Technology
EWNR	Environment Protection, Water and Natural Resources
FY	Financial Year
GECA	General Economic and Commercial Affairs
GJLOS	Governance, Justice, Law and Order Sector
ICT	Information Communication Technology
IEBC	Independent Electoral and Boundaries Commission
IFMIS	Integrated Financial Management Information System
IPOA	Independent Policing Oversight Authority
JSC	Judicial Service Commission
KEMRI	Kenya Medical Research Institute
KEMSA	Kenya Medical Supplies Agency
KMTC	Kenya Medical Training College
KNCHR	Kenya National Commission on Human Rights
KNH	Kenyatta National Hospital
Kshs	Kenya Shillings
MDAs	Ministries Departments and Agencies
MoLPP	Ministry of Lands and Physical Planning
MTRH	Moi Teaching and Referral Hospital
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
O&M	Operations and Maintenance

OCOB	Office of the Controller of Budget
PAIR	Public Administration and International Relations
PE	Personnel Emoluments
PFM Act	Public Finance Management Act
PLWDs	Persons Living with Disabilities
SAGAs	Semi-Autonomous Government Agencies
TSC	Teachers Service Commission
WPA	Witness Protection Agency

EXECUTIVE SUMMARY

This is the first National Government Budget Implementation Review Report in FY 2017/18 and covers the period July to September 2017. The report is prepared in line with Article 228 of the Constitution of Kenya 2010 and Section 9 of the Controller of Budget Act, 2016, which requires the Controller of Budget to submit to Parliament quarterly budget implementation reports for the National and County Governments every four months.

The report presents progress made in implementing the FY 2017/18 budget in the first quarter and also identifies challenges that affected budget implementation in the reporting period. Receipts into the Consolidated Fund and expenditure performance are analysed and compared with targets in the FY 2017/18 Budget and previous performance in a similar period of FY 2016/17.

During the period, receipts into the Exchequer Account amounted to Kshs.408.1 billion, representing **18 per cent** of the annual target (Kshs.2.3 trillion) and 11.2 per cent decline (Kshs.51.5 billion) compared to a similar period of FY 2016/17 when receipts stood at Kshs.459.6 billion. The total exchequer issues to MDAs and County Governments amounted to **Kshs.352.4 billion**, representing **15.5 per cent** of the annual net estimates and a 9.7 per cent decline compared to a similar period of FY 2016/17 when exchequer issues stood at Kshs.390.1 billion. Exchequer issues comprised of Kshs.227.4 billion for MDAs' recurrent expenditure, Kshs.39.4 billion for development expenditure and Kshs.85.6 billion towards Consolidated Fund Services (CFS).

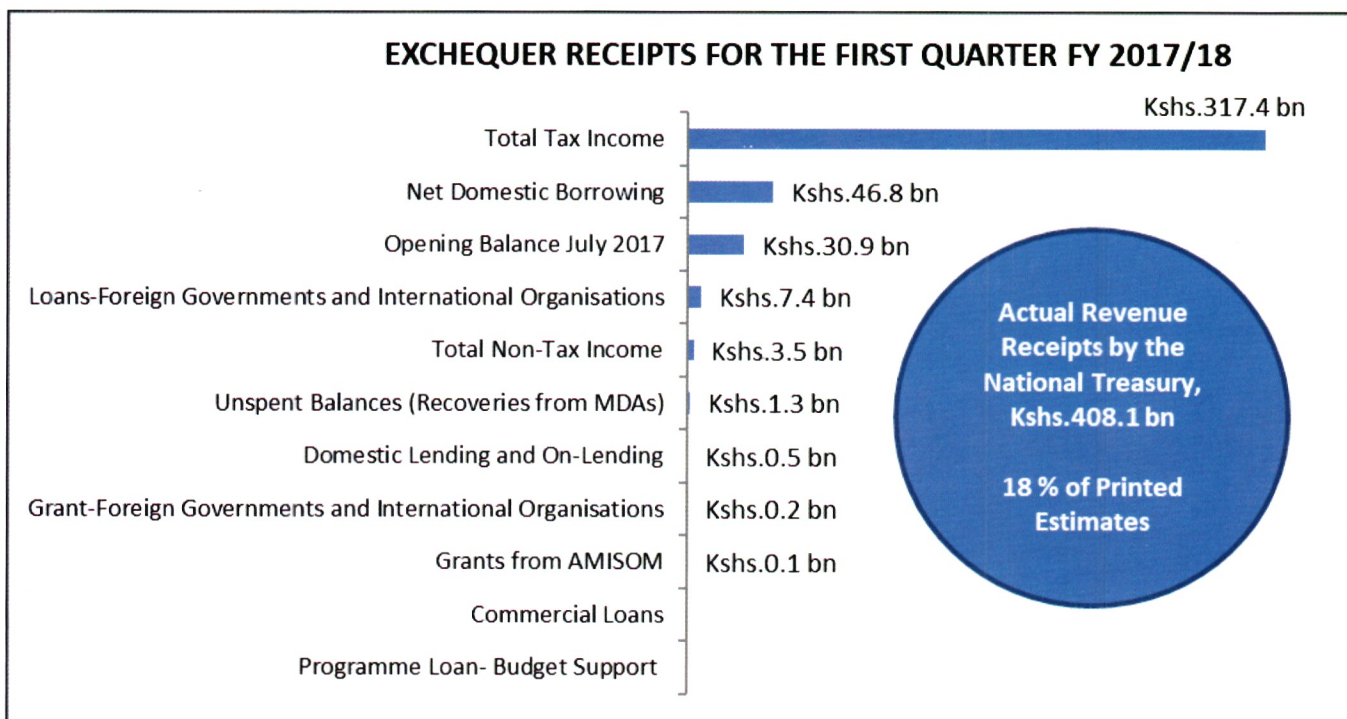
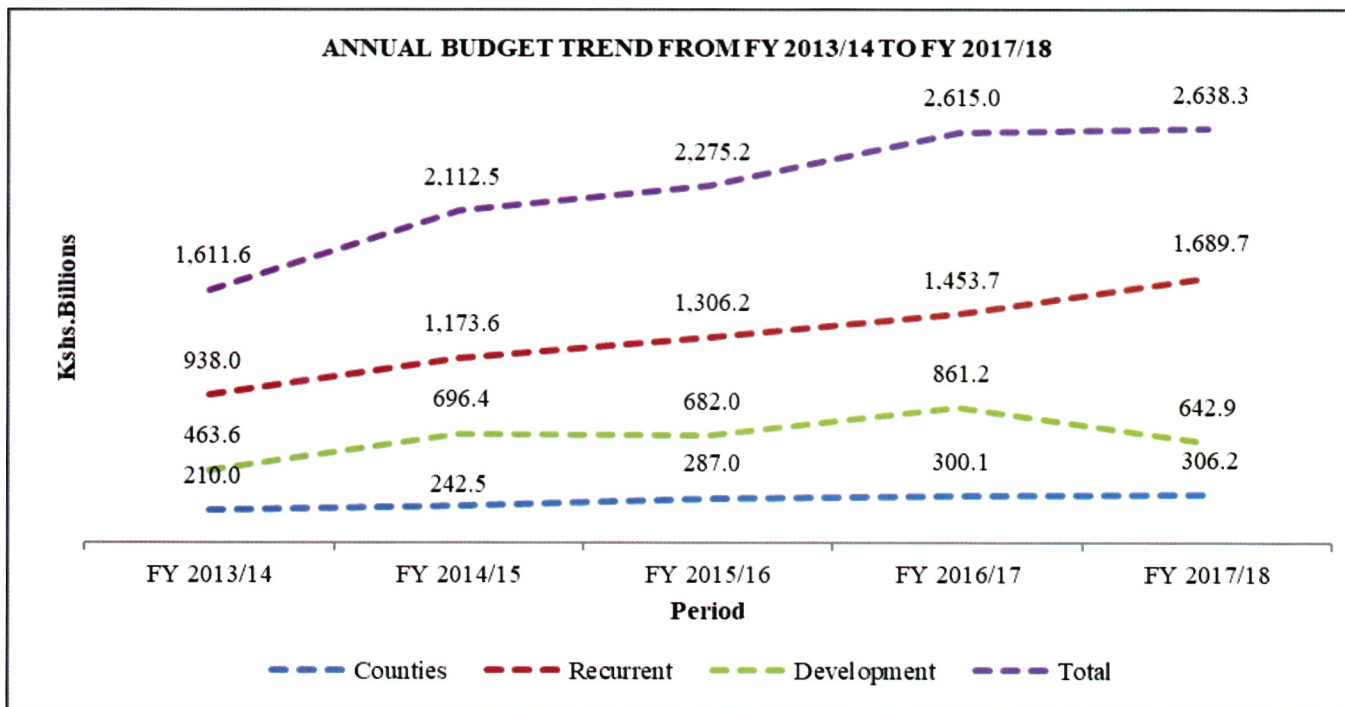
The total expenditure in the first quarter amounted to **Kshs.383.5 billion**, representing **16.4 per cent** of the annual gross estimates. Analysis of this expenditure shows that **Kshs.212.4 billion** was spent on recurrent programmes by MDAs, representing **21.4 per cent** of the gross recurrent estimates, **Kshs.88.9 billion** on CFS representing **12 per cent** of the annual gross estimates and **Kshs.82.2 billion** on development activities, representing an absorption rate of **12.8 per cent**.

Personnel Emoluments (PE) was the highest recurrent expenditure category at **Kshs.78.3 billion**, representing 36.9 per cent of the total recurrent expenditure by MDAs. The Teachers Service Commission (TSC) reported the highest expenditure on PE at **Kshs.52.2 billion**, which translated to 66.6 per cent of the total PE expenditure. The second highest expenditure item was current transfers to Semi-Autonomous Government Agencies (SAGAs) at Kshs.65.8 billion, or 31 per cent of the total recurrent expenditure. Domestic Travel was the third highest expenditure category at Kshs.1.3 billion followed by Foreign Travel at Kshs.655.1 million.

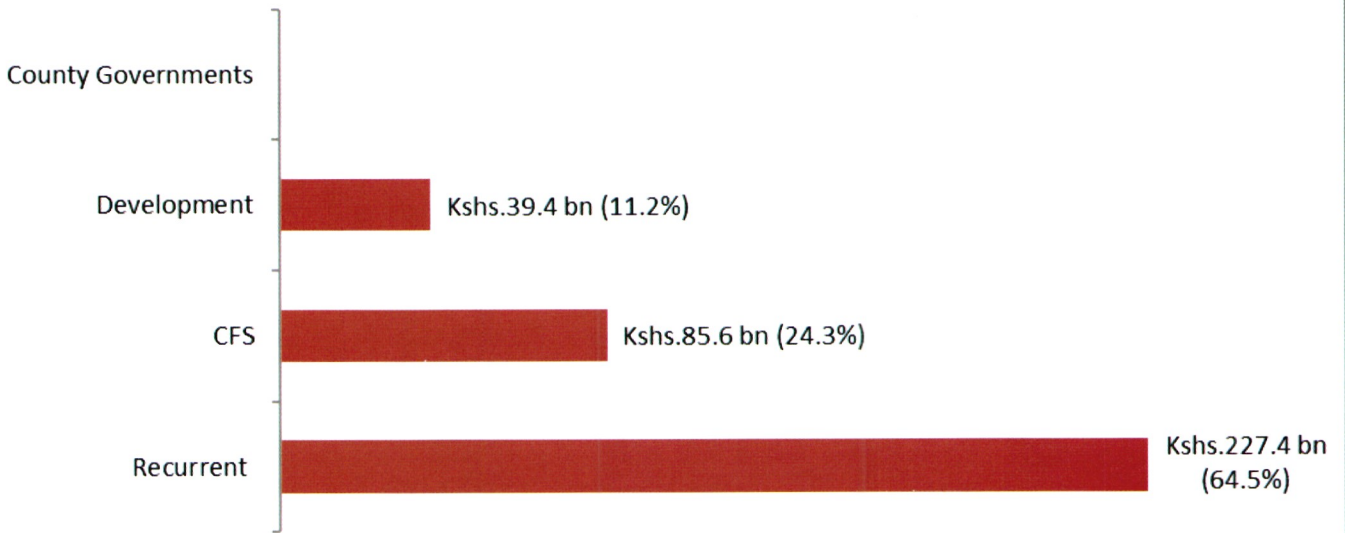
Out of the development expenditure of Kshs.82.2 billion, Capital Transfers to SAGAs recorded the highest expenditure at Kshs.51.2 billion, followed by refurbishment of buildings/infrastructure at Kshs.5.2 billion, which represented 62.3 per cent and 6.4 per cent of the gross development expenditure respectively.

During the period under review, budget implementation faced a number of challenges. These included; delay in release of funds for development activities by the National Treasury which led to low levels of development expenditure, delay in submission of financial reports by MDAs to OCOB and shortfall of receipts into the Consolidated Fund. These challenges should be addressed in order to enhance budget execution.

KEY HIGHLIGHTS



EXCHEQUER ISSUES IN THE FIRST QUARTER OF FY 2017/18 BY NATIONAL TREASURY



TOTAL EXPENDITURE IN THE FIRST QUARTER OF FY 2017/18

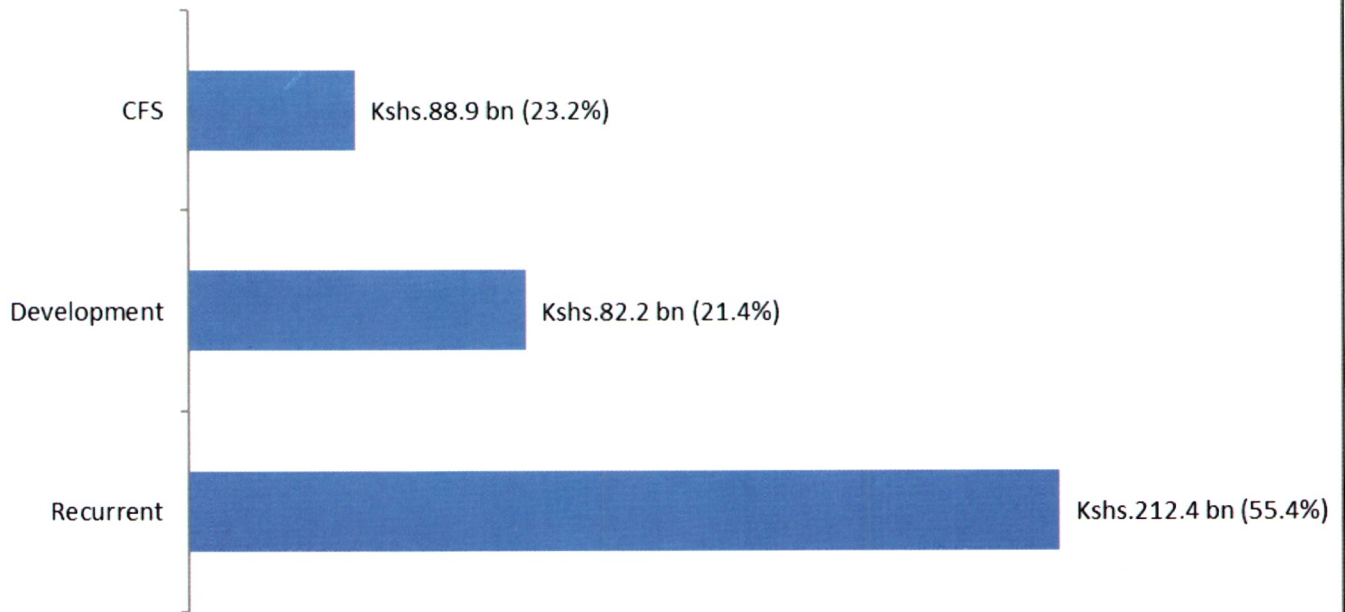


Table 2.6: Sectoral Development Annual Estimates and Exchequer Issues for the Period July to September 2017 (Kshs. Billions).

Name of the Sector	First Quarter FY 2017/18				First Quarter FY 2016/17			
	Gross Es- timates	Net Esti- mates	Exch. Issues	% of Exch. to Net Esti- mates	Gross Esti- mates	Net Esti- mates	Exch. Issues	% of Exch. to Net Esti- mates
Agriculture, Rural & Urban Development	20.8	18.3	2.2	12.1	30.8	19.8	1.1	5.4
Education	24.8	20.4	2.3	11.2	24.2	17.0	0.4	2.6
Energy, Infrastructure and Information Communications Technology (EI & ICT)	348.5	160.0	14.0	8.7	487.2	175.1	21.3	12.2
Environmental Protection, Water and Natural Resources	50.8	25.3	4.4	17.5	69.4	30.9	1.9	6.3
General Economic and Commercial Affairs (GECA)	10.2	10.1	0.2	2.0	11.1	10.7	1.4	13.1
The Governance, Justice, Law and Order (GJLOS)	26.2	24.7	4.6	18.5	29.7	28.5	-	-
Health	31.0	19.6	2.7	13.8	31.3	20.8	1.9	9.1
Public Administration and International Relations (PAIR)	104.5	85.5	5.0	5.8	110.0	89.6	13.1	14.6
Social Protection, Culture and Recreation	25.6	23.9	4.0	16.8	26.4	24.0	0.7	2.7
Total	642.9	388.0	39.4	10.2	820.2	416.4	41.8	10.1

Source: National Treasury & OCOB

Analysis of development exchequer issues to MDAs in the first three months of FY 2017/18 shows that the GJLOS Sector received the highest development exchequer issues to annual net estimates at 18.5 per cent. This was an improvement compared to the same period of FY 2016/17 when the sector had not received any funds. On the other hand, the GECA sector received the lowest exchequer issues to annual net estimates at 2 per cent.

A review of recurrent exchange issues in the first three months of FY 2017/18 shows that the Education Sector received the highest percentage of exchange issues to annual net estimates at 29.1 per cent while the General Economic and Commercial Affairs (GECA) sector received the lowest proportion of recurrent issues to annual net estimates at 15.1 per cent.

2.4.2 Exchange Issues to Consolidated Fund Services (CFS) between July and September 2017

The total net allocation to CFS in FY 2017/18 amounted to Kshs.699.2 billion, representing 26.5 per cent of the overall national budget.

Table 2.5 shows the annual allocation and exchange issues for CFS in the first three months of FY 2017/18.

Table 2.5: CFS Budgetary Allocation and Exchange Issues for the First Quarter, FY 2017/18

(Kshs. Millions)

Consolidated Fund Services (CFS)	First Quarter FY 2017/18			First Quarter FY 2016/17		
	Net Estimates	Exchange Issues	% to Net Estimates	Net Estimates	Exchange Issues	% to Net Estimates
Public Debt	621,764.1	75,389.8	12.1	466,514.0	112,892.9	24.2
Pensions and Gratuities	71,895.1	9,317.9	13.0	55,691.1	14,043.6	25.2
Salaries, Allowances & Miscellaneous	5,564.9	904.4	16.3	5,101.2	490.0	9.6
Subscriptions to International Organizations	0.5	-	-	0.5	-	-
Total	699,224.6	85,612.2	12.2	527,306.8	127,426.5	24.2

Source: National Treasury & OCOB

In the first three months of FY 2017/18, the total exchange issues to CFS amounted to Kshs.85.6 billion, representing 12.2 per cent of annual net estimates, a decline compared to 24.2 per cent reported in similar period of FY 2016/17. The Salaries, Allowances & Miscellaneous category received the highest proportion of exchange issues to annual net estimates at 16.3 per cent, while public debt received the lowest at 12.1 per cent, a 50 per cent decline compared to 24.2 reported in the first quarter, FY 2016/17.

2.4.3 Development Exchange Issues by Sector

In FY 2017/18, the net allocation to development expenditure was Kshs.388 billion. Total exchange issues in the reporting period was Kshs.39.4 billion representing 10.2 per cent of the annual development net estimates, a marginal increase compared to 10.1 per cent recorded in similar period, FY 2016/17. Table 2.6 shows Sectoral development estimates and exchange issues for the first three months of FY 2017/18.

In the first three months of FY 2017/18, total exchequer issues amounted to Kshs.352.4 billion, representing 15.5 per cent of the annual net estimates. This is a decrease compared to Kshs.390.1 billion (19.3 per cent of the annual net estimates) released in the first three months of FY 2016/17. The Education Sector received the highest proportion of exchequer issues to annual net estimates at 28 per cent while the General Economic & Commercial Affairs (GECA) Sector received the lowest at 8 per cent.

2.4.1 Recurrent Exchequer Issues by Sector

In FY 2017/18, the net recurrent estimate allocated to MDAs totalled Kshs.878.3 billion. The total recurrent exchequer issues to MDAs in the first three months of FY 2017/18 was Kshs.227.4 billion representing 25.9 per cent of the annual recurrent net estimates, an increase compared to 21 per cent (Kshs.165.6 billion) recorded in similar period of FY 2016/17.

Table 2.4 shows sectoral recurrent estimates and exchequer issues for the first three months of FY 2017/18

Table 2.4: Sectoral Recurrent Estimates and Exchequer issues for the Period July to September, 2017 (Kshs. Billions)

Name of the Sector	First Quarter of FY 2017/18				First Quarter of FY 2016/17			
	Gross Es- timates	Net Esti- mates	Exche- quer Issues	% of Net Esti- mates	Gross Es- timates	Net Esti- mates	Exche- quer Issues	% of Net Esti- mates
Agriculture, Rural & Urban Development (ARUD)	17.3	2.9	17.1	15.8	15.7	2.4	15.3	23.1
Education	350.1	309.6	90.0	29.1	315.7	297.4	68.8	21.9
Energy, Infrastructure and Information Com-munications Technolo-gy (EI & ICT)	67.2	11.4	2.0	17.6	41.9	9.9	2.0	21.3
Environmental Protec-tion, Water and Natural Resources	22.8	13.9	2.2	16.0	19.6	9.9	2.2	17.4
General Economic and Commercial Affairs (GECA)	9.6	8.6	1.3	15.1	12.6	11.6	2.5	22.4
Governance, Jus-tice, Law and Order (GJLOS)	176.1	175.4	43.7	24.9	165.8	165.0	28.7	23.1
Health	30.7	26.7	4.8	18.1	29.0	25.0	5.6	19.8
Public Administration and International Rela-tions (PAIR)	165.7	164.7	41.4	25.1	114.9	114.1	26.3	16.7
Social Protection, Cul-ture and Recreation	20.6	20.6	3.4	16.7	18.2	18.1	2.5	13.9
National Security	130.2	130.2	35.5	27.3	124.0	124.0	24.5	25.9
Total	990.5	878.3	227.4	25.9	857.5	790.8	165.6	21.0

Source: National Treasury & OCOB

Table 2.3 shows a summary of exchequer issues by sector for the period July to September, 2017.

Table 2.3: Annual Estimates and Exchequer Issues by Sector for the Period July to September, 2017 (Kshs. Billions)

Name of the Sector	First Quarter, FY 2017/18				First Quarter, FY 2016/17			
	Gross Esti- mates	Net Esti- mates	Exchequer Issues	% of Exch. To Net Esti- mates	Gross Es- timates	Net Esti- mates	Exchequer Issues	% of Exchequer To Net Estimates
Agriculture, Rural & Urban Development	38.1	35.5	5.2	14.5	46.5	35.5	3.5	9.8
Education	375.0	330.1	92.3	28.0	339.9	314.4	69.3	22.0
Energy, Infra- structure and Information Communication Technology (EI & ICT)	415.7	171.5	16.0	9.3	529.2	185.0	23.3	12.6
Environmental Protection, Wa- ter and Natural Resources	73.6	39.2	6.7	17.0	89.0	40.8	4.1	10.1
General Eco- nomic & Com- mercial Affairs (GECA)	19.8	18.6	1.5	8.0	23.7	22.2	3.9	17.4
Governance, Justice, Law and Order (GJLOS)	202.3	200.1	48.3	24.1	195.5	193.6	28.7	14.8
Health	61.7	46.4	7.6	16.3	60.3	45.8	7.5	16.4
Public Admin- istration and International Relations	270.2	250.1	46.4	18.5	224.9	203.7	39.4	19.4
Social Protec- tion, Culture and Recreation	46.2	44.5	7.5	16.8	44.6	42.1	3.2	8.3
National Secu- rity	130.2	130.2	35.5	27.3	124.0	124.0	21.5	19.8
Sub -Total for MDAs	1,632.9	1,266.3	266.8	21.1	1,677.7	1,207.3	207.4	17.2
Consolidated Fund Services (CFS)	699.2	699.2	85.6	12.2	527.3	527.3	127.4	24.2
County Gov- ernments	306.2	306.2	-	-	300.1	284.7	55.3	19.4
Grand Total	2,638.3	2,271.7	352.4	15.5	2,505.1	2,019.3	390.1	19.3

Source: National Treasury & COB

From the analysis presented in table 2.2, the recurrent expenditure vote received the highest proportion of exchequer issues to annual net estimates at 19.8 per cent while the development vote received 10.1 per cent. There were no releases made to the counties.

Generally, there is a decline in exchequer issues, both in absolute amount and as proportion to net estimates compared to the same period of FY 2016/17

Source: National Treasury & OCOB

Vote	First Quarter, FY 2017/18					First Quarter, FY 2016/17				
	Gross Estimates	Net Estimates	Exchequer Issues	% of Exch. Issues to net Estimates	% of Exch. Issues to total Issues	Gross Estimates	Net Estimates	Exchequer Issues	% of Exch. Issues to net Estimates	% of Exch. Issues to total Issues
Recurrent	1,689.7	1,577.5	313.0	19.8	88.8	1,384.8	1,318.1	293	22.2	75.1
:MDAs	990.5	878.3	227.4	25.9	64.5	857.5	790.8	165.6	20.9	42.5
:CFS	699.2	699.2	85.6	12.2	24.3	527.3	527.3	127.4	24.2	32.7
Development (MDAs)	642.9	388.5	39.4	10.1	11.2	820.2	416.4	41.8	10.0	10.7
County Governments	306.2	306.2	-	-	-	300.1	284.7	55.3	19.4	14.2
Total	2,638.8	2,272.2	352.4	15.5	100.0	2,505.1	2,019.2	390.1	19.3	100.0

Table 2.2: Summary of Exchequer Issues for the Period July to September, 2017 (Kshs. billions)

In the first three months of FY 2017/18, total exchequer issues amounted to Kshs.352.4 billion representing 15.5 per cent of the annual net estimates, a decrease compared to 19.3 per cent issued in a similar period of FY 2016/17. Table 2.2 presents a summary of the exchequer issues for the first three months of FY 2017/18 against the annual net estimates.

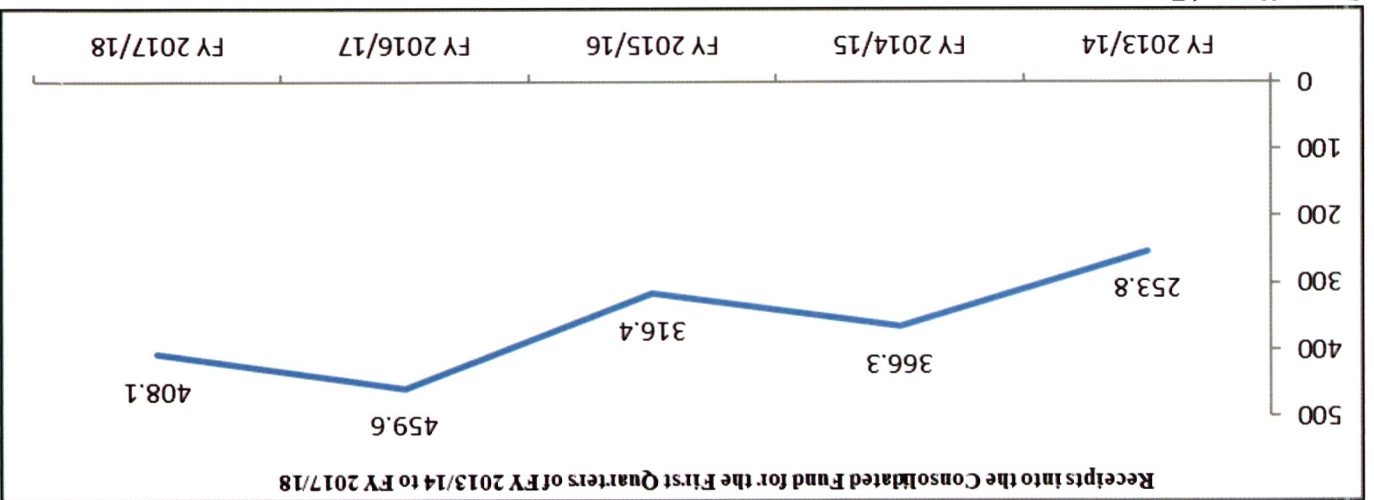
2.4 Exchequer Issues to the MDAs and County Governments in FY 2017/18

The approved budget for the FY 2017/18 is Kshs.2.6 trillion comprising of Kshs.990.4 billion for MDAs' recurrent expenditure, Kshs.642.4 billion for MDAs' development expenditure, Kshs.699.2 billion for CFS expenditure and Kshs.306.2 billion towards financing county governments.

2.3 FY 2017/18 Overall Budget

Figure 1 shows trend of receipts into the Consolidated Fund for the first quarters of FY 2013/14 to FY 2017/18

Figure 1: Trend of Receipts into the Consolidated Fund for the first quarters of FY 2013/14 to FY 2017/18 (Kshs. Billions)



Source: National Treasury

Table 2.1 presents statement of receipts into the Consolidated Fund for the first three months, FY 2017/18.

Table 2.1: Statement of Receipts into the Consolidated Fund in the First Quarter of FY 2017/18 (Kshs. Billions)

Receipts Category	Printed Estimates FY 2017/18	Actual Receipts	Performance Against Annual Target (%)	Contribution by Category (%)	Actual Receipts in Sept. 2016	Increase/Decrease in receipts over Sept. 2016	Percentage change (%)
Opening Balance 01.07.2017	-	30.9	-	7.6	59.8	(28.9)	(48.3)
Total Tax Income	1,499.5	317.4	21.2	77.8	289.0	28.4	9.8
Total Non-Tax Income	49.9	3.5	7.1	0.9	5.4	(1.9)	(34.8)
Net Domestic Borrowing	466.7	46.8	10.0	11.5	84.0	(37.2)	(44.3)
Loans-Foreign Governments and International Organizations	32.8	7.4	22.4	1.8	3.4	4.0	>100
Programme Loan- Budget Support	0.9	-	-	-	-	-	-
Domestic Lending and On-Lending	3.8	0.5	14.0	0.1	0.2	0.3	>100
Grant-Foreign Governments and International Organizations	12.5	0.2	1.8	0.1	0.8	(0.6)	(71.3)
Grants from AMISOM	6.1	0.1	1.6	0.0	0.2	(0.1)	(50)
Commercial Loans	200	-	-	-	10.1	(10.1)	(100)
Unspent Balances	-	1.3	-	0.3	6.4	(5.2)	(80.5)
Total Receipts	2,272.2	408.1	18.0	100	459.6	(51.5)	(11.2)

Source: National Treasury

2.1 Introduction

This chapter provides a summary of receipts into the Consolidated Fund in the first quarter of FY 2017/18. It also provides a breakdown on how funds received into the Consolidated Fund were released to the MDAs for both development and recurrent expenditure. This is in line with Article 228 (4) of the Constitution which stipulates that, the Controller of Budget shall oversee the implementation of the budgets of the national and county governments by authorizing withdrawals from public funds as provided for under Articles 204, 206 and 207 of the Constitution of Kenya, 2010.

2.2 Analysis of Revenue Estimates and Receipts into the Consolidated Fund

This section presents an overview of the revenue estimates and actual receipts into the Consolidated Fund in the first quarter of FY 2017/18.

2.2.1 FY 2017/18 Revenue Estimates

In the FY 2017/18, the Government, through the National Treasury (NT) projects to receive Kshs.2.3 trillion, a slight increase compared to Kshs.2.1 trillion in FY 2016/17 to fund both development and recurrent expenditure. The National Treasury targets various sources of income to finance the budget which include:- Tax income (Kshs.1.5 trillion), Non-tax income (Kshs.49.9 billion), Net domestic borrowing (Kshs.466.7 billion), Commercial Loan (Kshs.200 billion), Loans from Foreign Governments and International Organizations (Kshs.32.8 billion), and Grants from Foreign Governments and International Organizations (Kshs.12.5 billion). Other sources of exchequer revenue in FY 2017/18 include; Grants from the African Mission in Somalia (AMISOM - Kshs.6.1 billion) Domestic Lending and on-lending (Kshs.3.8 billion) and Kshs.0.9 billion from Programme Loan-Budget Support.

2.2.2 Receipts into the Consolidated Fund

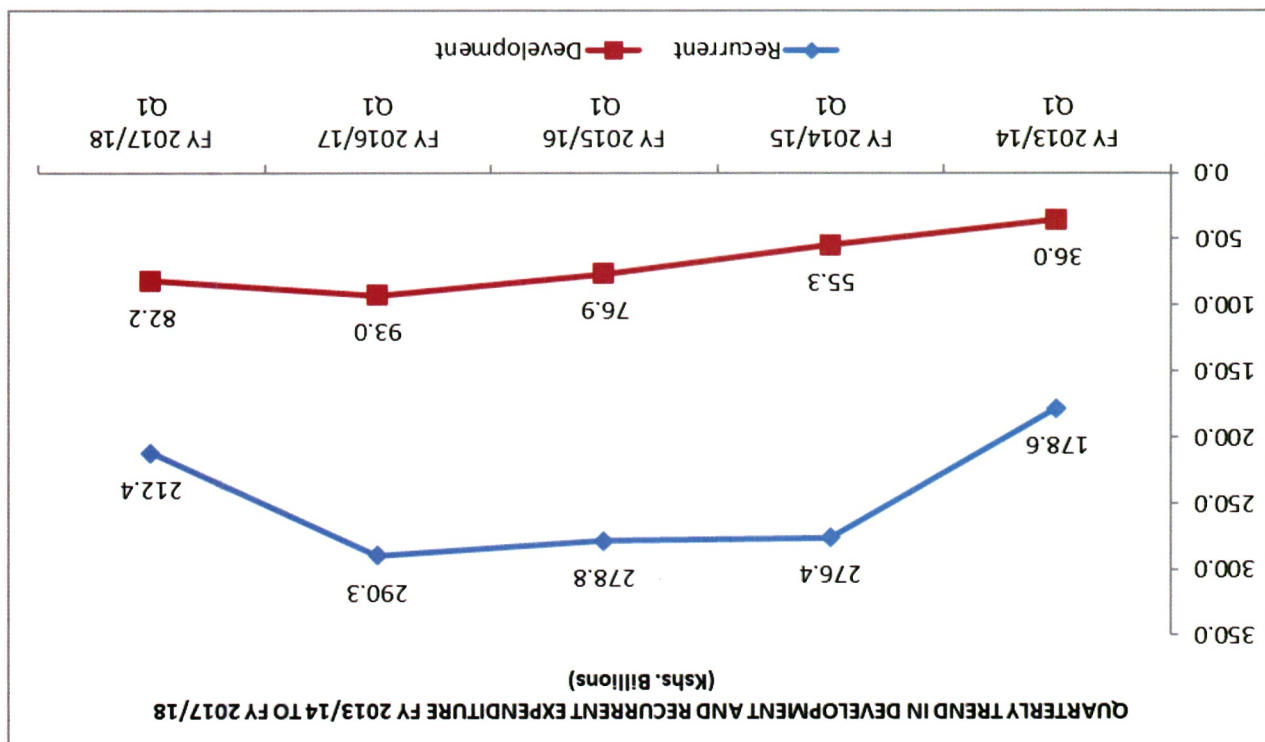
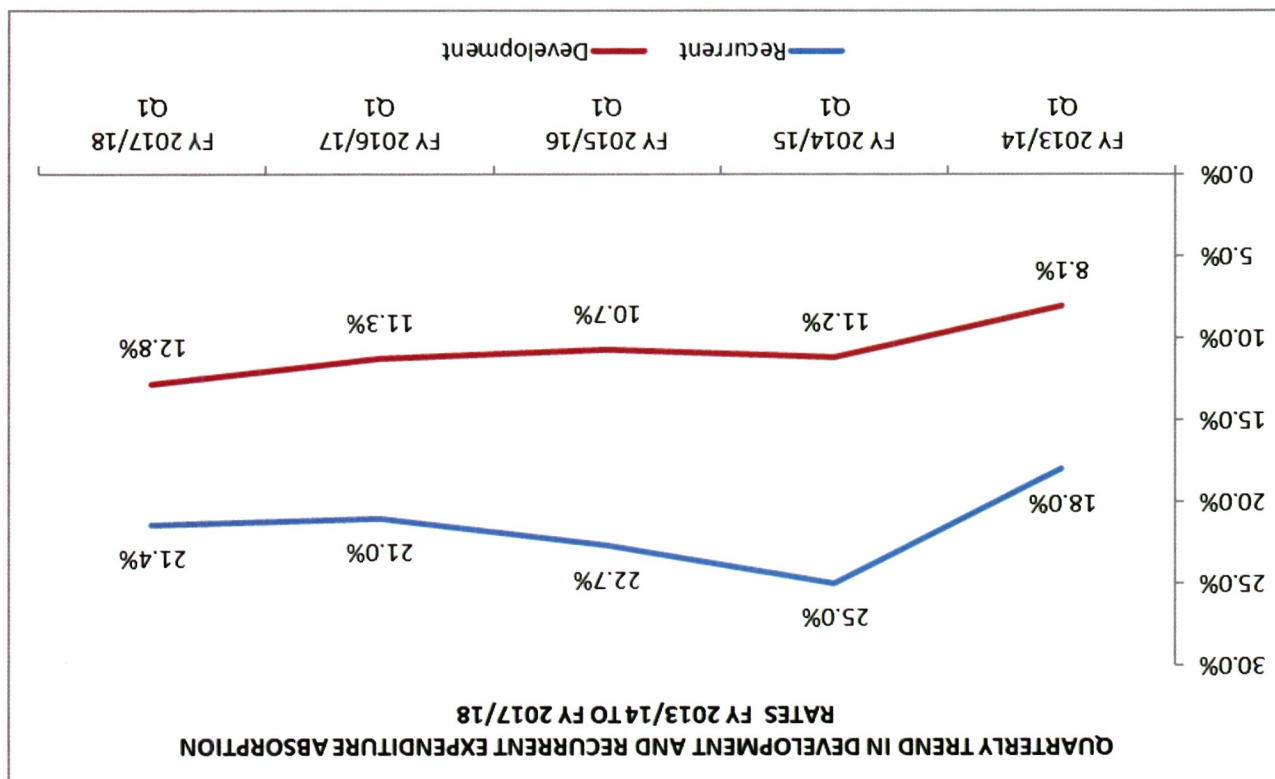
In the first three months of FY 2017/18 total receipts into the Consolidated Fund amounted to Kshs.408.1 billion and comprised of cash balance brought forward from the previous financial year (FY 2016/17) tax and non-tax income, net domestic borrowing, loans and grants from foreign governments and international organisations, programme loan for budget support, domestic lending, grants from AMISOM, Commercial loans and unspent cash balances recovered from MDAs from the 2016/17 financial year.

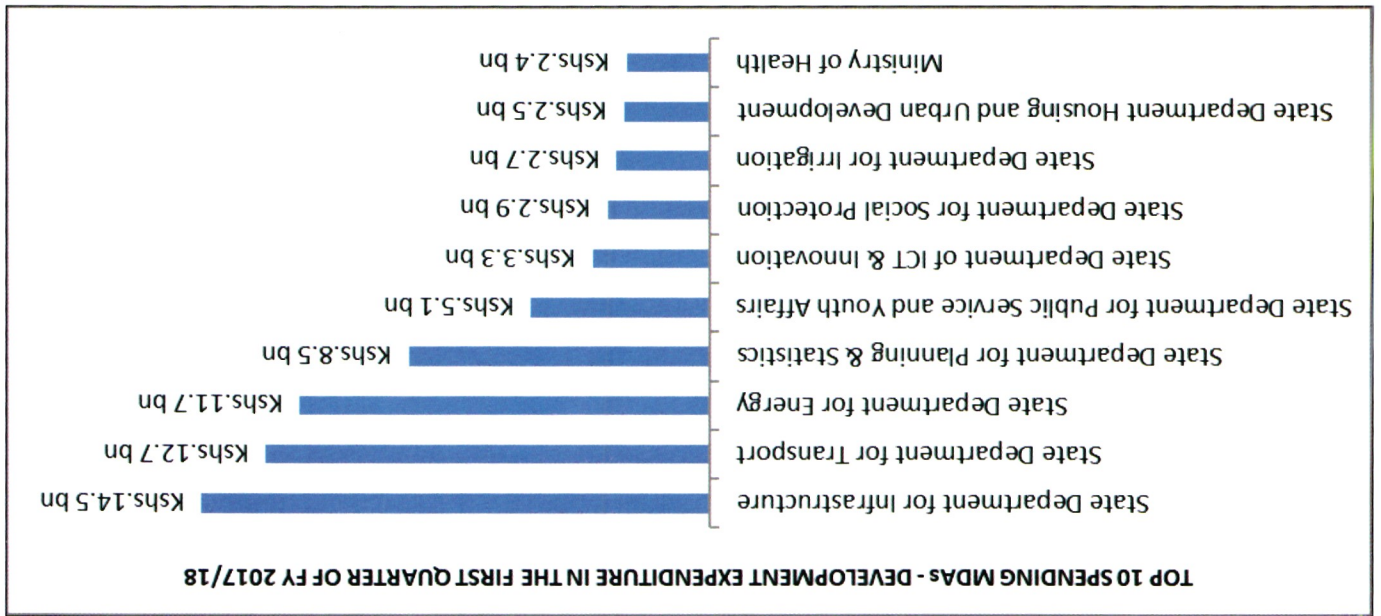
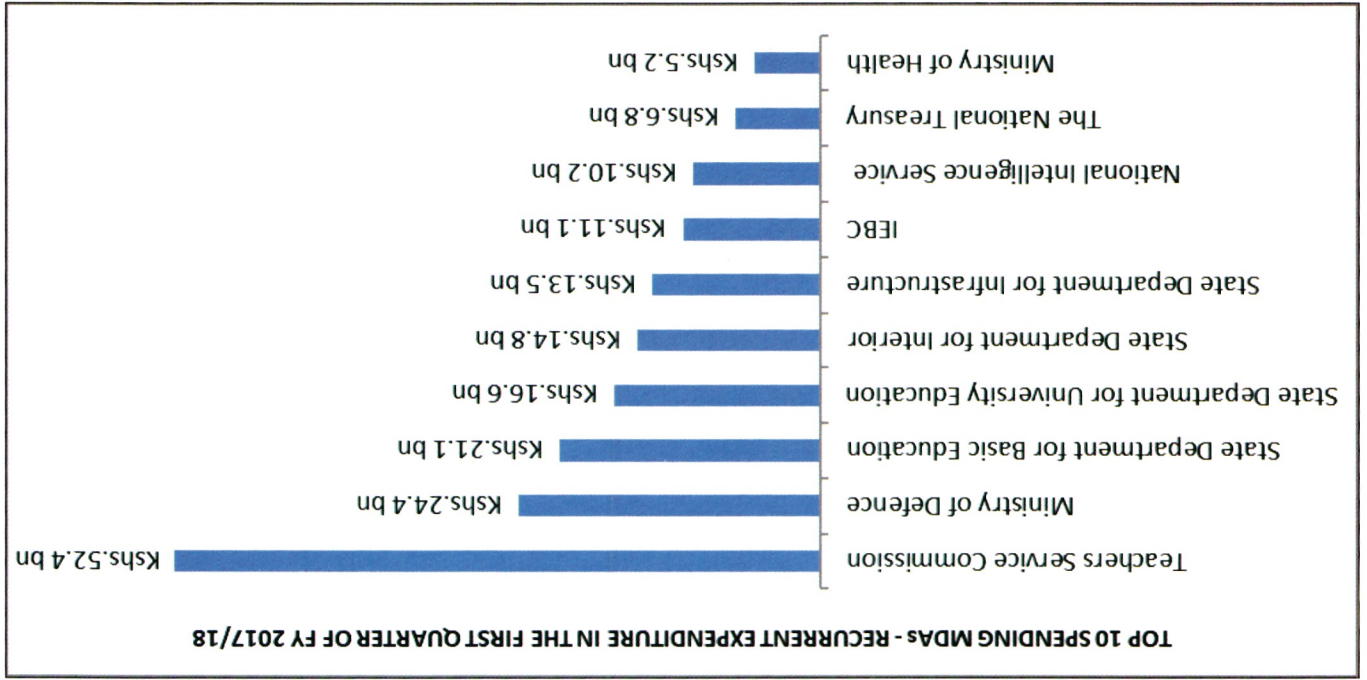
This first quarter National Government BIRR for the FY 2017/18 has been prepared in compliance with Article 228 (6) of the Constitution of Kenya, 2010 and the Controller of Budget Act, 2016 that requires the Controller of Budget (COB) to submit to each House of Parliament a report on the implementation of the budget of the National and County governments every four months.

The report presents a review of budget implementation by MDAs in the period under review and compares the performance against a similar period in the previous Financial Year (FY 2016/17). Information analysed in this report includes budgetary allocations, receipts into the Consolidated Fund, exchange issues and expenditure by MDAs. Key challenges that affected budget execution by MDAs in the period under review are identified and appropriate recommendations are made.

The report is presented in seven chapters. Chapter 2 presents information on budget financing and release of funds to the MDAs. Budget financing presents receipts into the Consolidated Fund and release of funds, or exchange issues to MDAs and County Governments. Exchange issues are categorised into recurrent and development expenditure and are also presented by sector. Chapter 3 provides a summary of overall budget performance for both recurrent and development expenditure. Under recurrent expenditure, the report provides a breakdown of MDAs' expenditure by economic items and the Consolidated Fund Services (CFS). The major economic items include; Personnel emoluments, Travelling, Printing and advertising, Hospitality, Training, Current transfers to SAGAs, among others. Analysis of CFS comprises of payment of Public Debt, Salaries and Allowances to Constitutional Office Holders, Pension and Gratuities and Subscriptions to International Organisations. Breakdown of the key economic items under development expenditure include; Capital transfers to SAGAs, construction of buildings; refurbishment of buildings and infrastructure, construction and civil works, among others.

Chapter 4 provides analysis of budget performance by sectors for both development and recurrent expenditure. It contains data on budgetary allocation, exchange issues and expenditure by MDAs under the ten sectors. Exchange issues to MDAs are expressed as proportion of net estimates and represents funding through Chapter 5 provides analysis of programme performance by MDAs and provides detailed information on allocation of funds, and expenditure by the various programmes for both development and recurrent activities. During the period under review, budget implementation faced some challenges, which have been identified and recommendations offered in chapter 6. Chapter 7 provides the conclusion of the report.





3 NATIONAL GOVERNMENT OVERALL EXPENDITURE ANALYSIS

3.1 Introduction

This chapter presents expenditure analysis for the first quarter of FY 2017/18 for both development and recurrent expenditure by the national government Ministries, Departments and Agencies (MDAs). The Consolidated Fund Services (CFS) is discussed under recurrent expenditure and provides information on Public debt, Pensions and gratuity, and, Salaries and allowances to Constitutional Office holders and miscellaneous services. The chapter also presents expenditure by economic classifications by government entities, for both the development and recurrent votes.

3.2 Overall Government Budget Performance

In FY 2017/18, the aggregate budget for the government was Kshs.2.6 trillion, as presented in table 3.

Table 3.1: Overall Government Budget Performance for FY 2017/18 Compared to FY 2016/17 (Kshs. Billion)

VOTE	First Quarter, FY 2017/18						First Quarter, FY 2016/17					
	Gross Estimates	Net Estimates	Cumulative Exchequer Issues	Cumulative Expenditure	% of Exchequer to Net Estimates	Absorption Rate (%)	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% Exchequer to Net Estimates	Absorption rate (%)
Recurrent	1,689.7	1,577.5	313.0	301.3	19.8	17.8	1,384.8	1,318.1	293.0	290.3	22.2	21.0
: MDAs	990.5	878.3	227.4	212.4	25.9	21.4	857.5	790.8	165.6	164.9	20.9	19.2
: CFS	699.2	699.2	85.6	88.9	12.2	12.0	527.3	527.3	127.4	125.4	24.2	23.8
Development	642.9	388.5	39.4	82.2	10.1	12.8	820.1	416.4	41.8	93.0	10.0	11.3
County Governments	306.2	306.2	-	35.4*	-	9.5	300.1	284.7	55.3	56.6	19.7	18.8
Total	2,638.8	2,272.2	352.4	418.9	15.5	15.9	2,505.1	2,014.8	390.1	439.1	19.4	17.6

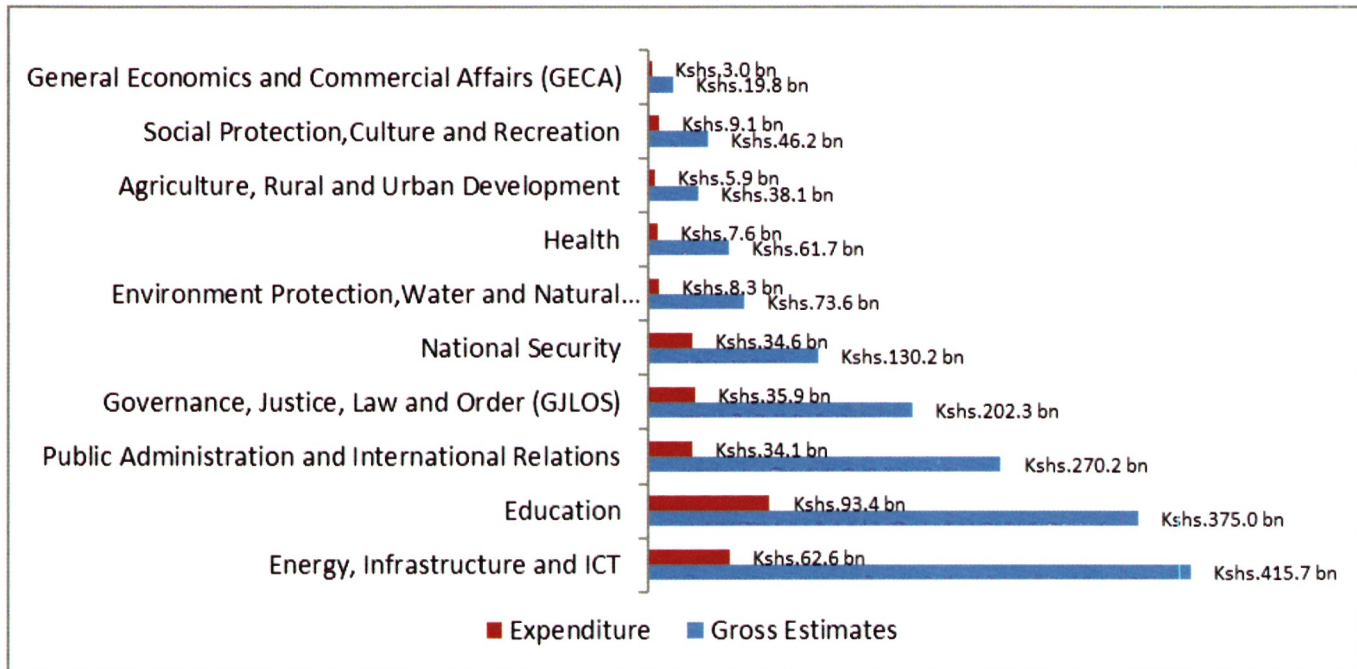
Source: NT, OCOB, MDAs & County Treasuries

*The expenditure incurred by the Counties was financed by cash brought forward from FY 2016/17, revenue from local sources and amounts advanced by the National Treasury.

The total exchequer issues in the first quarter of FY 2017/18 amounted to Kshs.352.4 billion, representing 15.5 per cent of annual net estimates, a decline from 19.3 per cent recorded in a similar period of FY 2016/17. The exchequer issues comprised of Kshs.313 billion for recurrent expenditure and Kshs.39.4 billion for development expenditure. Overall expenditure for both the National and County governments was Kshs.418.9 billion (Kshs.301.3 billion on recurrent, Kshs.82.2 billion on development, and Kshs.35.4 billion by County Governments), representing an overall absorption rate of 15.9 per cent, a decrease compared to 17.6 per cent recorded in a similar period of FY 2016/17.

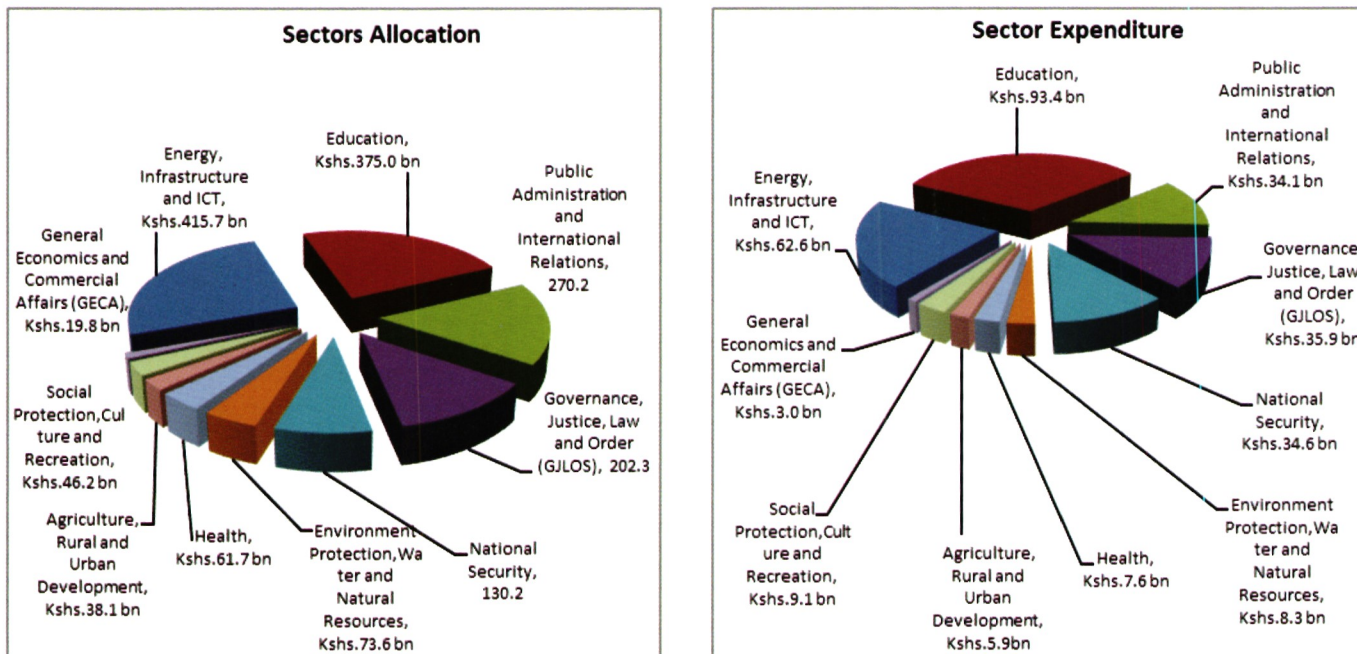
Figure 3.1 and 3.2 shows comparison of sectors annual budget allocation and total expenditure in the first quarter of FY 2017/18.

Figure 3.1: Comparison of Annual Budget and Expenditure by Sector in FY 2017/18



Source: MDAs & National Treasury

Figure 3.2: Annual Budget and Expenditure by Sector in the First Quarter of FY 2017/18



Source: MDAs & National Treasury

3.3 Consolidated Fund Services (CFS)

The Consolidated Fund Services (CFS) comprises of funds allocated towards: (i) Repayment of public debt (domestic and foreign debt, and government guaranteed loans to parastatals), (ii) Pensions and gratuities, (iii) Salaries and allowances to Constitutional Office holders and miscellaneous services, and (iv) Subscriptions to International Organizations.

Table 3.2 presents a summary on CFS exchequer issues and expenditure performance in the first three months of FY 2017/18.

Table 3.2: Annual Budget and Cumulative Expenditure for CFS in the First Quarter of FY 2017/18 (Kshs. Millions)

Consolidated Fund Services (CFS)	Gross Estimates	Exchequer Releases	Cumulative Expenditure	Expenditure as a % of Estimates
Public Debt	621,764.1	75,389.8	74,653.4	12.0
Pensions and Gratuities	71,895.1	9,317.9	13,267.9*	142.4
Salaries & Allowances	4,149.0	904.4	686.5	16.5
Subscriptions to International Organizations	0.5	-	-	-
Miscellaneous Services	128.0	-	-	-
Guaranteed Debt	1,287.9		334.3	26.0
Total	699,224.6	85,612.2	88,942.1	12.7

Source: National Treasury & OCOB

* Exchequer requested by Pension Department was not funded as per the close of the first quarter; however transactions in the IB were treated as expenditure by close of the month (quarter).

In FY 2017/18, total allocation to CFS amounted to Kshs.699.2 billion representing 26.5 per cent of the total budget and 32.8 per cent increase compared to Kshs.526.2 billion allocated in the FY 2016/17.

3.3.1 Public Debt

The allocation towards repayment of public debt amounted to Kshs.621.8 billion, a 35.2 per cent increase from Kshs.459.9 billion allocated in the FY 2016/17. Public debt had the highest proportion of the CFS budget at 92.9 per cent.

The total exchequer releases in the first three months of FY 2017/18 was Kshs.75.4 billion representing 12.1 per cent of the annual estimates, a 33.2 per cent decrease compared to Kshs.112.9 billion released in the same period of FY 2016/17. Total expenditure amounted to Kshs.74.7 billion, representing 12 per cent of the annual gross estimates. This is a decline compared to Kshs.111.6 billion (23.9 per cent of annual gross estimates) spent in the same period, FY 2016/17.

3.3.2 Guaranteed Debt to State Parastatals

In FY 2017/18, the allocation towards the repayment of guaranteed loans to State Parastatals was Kshs.1.2 billion. The actual expenditure in the first three months was Kshs.334.3 million representing 26 per cent of the annual gross estimates.

3.3.3 Salaries and Allowances for Constitutional Office Holders

In FY 2017/18, Kshs.4.1 billion was allocated for payment of salaries and allowances for Constitutional Office holders, a slight decrease compared to Kshs.4.3 billion allocated in FY 2016/17. A total of Kshs.904.4

million was released in the period under review representing 21.8 per cent of the estimates. This was an increase compared to Kshs.490 million released in the same period of FY 2016/17. Expenditure amounted to Kshs.686.5 million representing 16.5 per cent of the annual estimates. This is a marginal increase compared to Kshs.602 million or 15.2 per cent of the annual gross estimates spent in the first three months of FY 2016/17.

3.3.4 Pensions and Gratuities

The annual estimates for pensions and gratuities in FY 2017/18 amounted to Kshs.71.9 billion which is 10.7 per cent of the total CFS budget and 18 per cent increase compared to Kshs.60.7 billion allocated in the FY 2016/17. Total exchequer releases amounted to Kshs.9.3 billion, or 13 per cent of the net estimates.

Total expenditure for the period under review amounted to Kshs.13.3 billion representing 18.5 per cent of the annual estimates, a decline compared to 23.5 per cent recorded in the same period FY 2016/17. Exchequer requests by Pensions Department had not been funded by close of the first quarter. However transactions at the Internet Banking platform were treated as expenditure by close of the month (quarter).

3.4 MDAs Expenditure Analysis

This section presents disaggregated analysis of MDAs expenditure for both development and recurrent activities and the Appropriations-In-Aid (AIA) received in the first three months of FY 2017/18. Recurrent expenditure is disaggregated into two categories namely; Personnel Emoluments and Operation and Maintenance (O&M). The Personnel Emoluments includes; Basic salaries for permanent employees, Basic wages for temporary employees, Personal allowances paid as part of salary, Employer contributions to compulsory National Social Security Schemes and Employer contributions to compulsory health insurance schemes. The category on O&M includes; Domestic and foreign travel, Printing and advertising, Rentals and rates for non-residential, Training, Hospitality, Maintenance expenses for motor vehicles and other assets, Current transfers to SAGAs and other expenses.

Development expenditure is disaggregated by the main economic items, which include; Maintenance of motor vehicles and other assets for programmes/projects, Capital transfers to SAGAs, Civil works and construction of residential buildings, Refurbishment of buildings and infrastructure, Purchase of specialized plant, equipment and machinery, Pre-feasibility studies and other development expenditure.

3.4.1 MDAs Recurrent Expenditure Analysis

In the FY 2017/18, the allocation for MDAs recurrent expenditure amounted to Kshs.990.5 billion a slight increase of 6.9 per cent compared to Kshs.927.5 allocated in the FY 2016/17. Expenditure on recurrent activities by the MDAs for the first three months of FY/2017/18 amounted to Kshs.212.4 billion representing 21.4 per cent of the annual recurrent gross estimates. The breakdown of the MDAs total recurrent expenditure for the first three months is presented in table 3.3.

Table 3.3: Breakdown of Recurrent Expenditure by MDAs for First Quarter of FY 2017/18 (Kshs. Millions)

MINISTRY/STATE DEPARTMENT	Personnel Emoluments	Domestic Travel	Foreign Travel	Printing and Advertising	Rentals and Rates- Non Residential	Training	Hospitality	Main-tenance Expen-ses- Motor Vehicles	Maintenance Expenses-Oth-er Assets	Current Transfers	Other Expenses	Gross Expen-diture	AIA	Net Expen-diture
The Presidency	190.5	174.7	19.0	2.1	29.4	4.8	167.8	20.5	3.8	67.6	800.1	1,480.4	0.6	1,479.8
State Department for Interior	11,685.9	62.6	7.0	0.2	102.2	81.5	11.7	12.8	5.7	132.0	2,661.4	14,763.0	-	14,763.0
State Department for Correctional Services	3,324.4	10.8	3.6	1.3	25.8	5.5	5.9	20.7	0.1	0.5	262.3	3,660.8	-	3,660.8
State Department for Devolution	23.7	5.2	0.1	-	6.9	0.4	0.4	0.1	-	71.7	45.2	153.7	-	153.7
State Department for Special Programmes	36.5	7.3	-	0.3	9.4	1.4	3.5	0.3	0.3	213.7	1,284.6	1,557.3	-	1,557.3
State Department for Planning & Statistics	90.1	11.8	6.0	0.7	4.5	3.4	10.6	0.3	-	1,037.8	25.4	1,190.7	1.6	1,189.1
Ministry of Defence	143.0	10.4	1.5	0.4	-	6.7	1.8	1.4	0.1	-	24,270.0	24,435.4	-	24,435.4
Ministry of Foreign Affairs and International Trade	202.3	13.9	42.2	0.3	5.1	2.9	14.4	0.1	0.6	23.7	3,498.4	3,803.9	-	3,803.9
State Department for Basic Education	921.7	12.6	3.1	2.0	4.5	3.1	10.3	3.0	0.2	6,728.8	13,437.0	21,126.3	-	21,126.3
State Department for Vocational and Technical Training	51.7	4.0	1.7	0.1	-	0.3	3.7	0.1	-	515.9	0.5	577.9	-	577.9
State Department for University Education	60.3	10.2	0.9	0.2	-	3.1	1.8	-	0.3	14,743.8	1,822.7	16,643.3	-	16,643.3
The National Treasury	528.7	8.0	15.5	0.1	-	5.3	30.1	-	0.1	4,513.8	1,701.5	6,803.0	-	6,803.0
Ministry of Health	849.0	2.6	0.4	0.6	-	14.8	1.6	0.7	1.4	4,081.4	266.3	5,219.0	1.1	5,217.9
State Department for Infrastructure	263.5	8.3	1.0	0.8	-	2.3	3.1	3.3	4.5	13,193.0	50.3	13,530.0	10,946.3	2,583.7
State Department for Transport	28.5	2.9	0.6	-	0.7	0.9	1.1	0.1	0.0	2,494.8	4.3	2,534.0	2,175.5	358.5
State Department for Maritime Affairs	12.5	4.0	3.7	0.3	-	1.3	1.8	0.5	0.2	11.4	14.5	50.2	-	50.2

MINISTRY/STATE DEPARTMENT	Personnel Emoluments	Domestic Travel	Foreign Travel	Printing and Advertising	Rentals and Rates- Non Residential	Training	Hospitality	Maintenance Expenses- Motor Vehicles	Maintenance Expenses- Other Assets	Current Transfers	Other Expenses	Gross Expenditure	AIA	Net Expenditure
State Department for Housing & Urban Development	144.0	7.1	1.6	0.4	24.4	3.4	4.9	0.9	0.2	171.5	23.3	381.7	-	381.7
State Department for Public Works	120.5	3.0	-	-	27.9	0.3	1.1	0.1	0.1	3.8	1.4	158.1	-	158.1
State Department for Water Services	0.9	0.5	0.7	-	-	0.4	0.2	0.2	0.2	289.9	90.7	383.7	-	383.7
State Department for Irrigation	28.3	0.8	0.9	-	0.2	0.3	0.3	0.1	-	77.0	3.3	110.9	39.0	71.9
State Department for Environment	291.1	4.4	3.8	0.1	17.6	2.4	3.0	0.9	0.8	286.2	47.6	657.9	3.7	654.2
State Department for Natural Resources	30.1	8.6	10.1	0.1	12.8	0.7	2.8	1.9	0.1	1,533.5	164.9	1,765.7	1,560.0	205.7
Ministry of Lands and Physical Planning	487.8	4.3	0.8	0.2	-	3.5	2.1	0.4	0.8	-	23.6	523.5	-	523.5
State Department of ICT & Innovation	34.1	2.0	1.8	-	6.6	2.4	5.1	1.1	0.3	32.2	1.6	87.2	-	87.2
State Department for Broadcasting & Telecommunications	61.0	7.5	4.4	337.4	4.3	4.0	6.4	1.6	0.6	193.9	28.0	649.1	31.6	617.5
State Department for Sports Development	0.5	64.4	313.1	0.0	10.0	0.3	104.9	0.1	0.0	31.5	5.2	530.0	-	530.0
State Department for Arts and Culture	44.0	4.6	2.1	0.7	0.8	54.8	3.3	0.2	0.1	545.9	0.2	656.5	-	656.5
State Department Energy	181.3	1.5	0.1	0.2	-	0.4	0.7	-	-	189.9	17.4	391.6	-	391.5
State Department of Petroleum	24.8	0.6	-	-	-	0.2	0.1	-	0.1	0.0	1.1	26.8	-	26.8
State Department for Agriculture	229.2	7.4	1.7	1.3	4.6	0.8	0.8	0.5	0.2	772.6	88.4	1,107.4	-	1,107.4
State Department for Livestock	160.5	-	0.6	0.3	6.2	1.0	1.0	0.5	0.2	768.8	13.7	952.8	-	952.8
State department for Fisheries and the Blue Economy	-	11.6	3.6	-	0.0	0.7	5.2	1.2	0.9	243.8	11.2	278.3	-	278.3

MINISTRY/STATE DEPARTMENT	Personnel Emoluments	Domestic Travel	Foreign Travel	Printing and Advertising	Rentals and Rates- Non Residential	Training	Hospitality	Main-tenance Expenses- Motor Vehicles	Maintenance Expenses-Oth-er Assets	Current Transfers	Other Expenses	Gross Expen-diture	AIA	Net Expen-diture
State Department of Investment and Industry	0.1	4.1	1.1	-	27.3	2.3	1.7	-	-	429.7	35.0	501.3	-	501.3
State Department for Cooperatives	35.2	1.7	0.6	-	0.0	0.6	0.5	-	0.1	20.8	1.8	61.5	1.0	60.4
State Department for Trade	32.0	4.4	6.1	0.6	0.2	1.1	3.6	-	-	196.7	5.9	250.7	1.0	249.7
State Department for East African Integration	29.8	5.6	14.9	0.3	10.1	0.7	4.5	-	0.1	1.1	1.8	68.8	-	68.8
State Department for Labour	238.0	0.7	0.2	-	-	0.1	1.2	-	0.1	5.0	3.1	248.4	3.6	517.5
State Department for Social Protection	137.0	3.5	-	0.1	-	-	2.6	0.1	-	489.8	257.6	890.7	-	890.7
Ministry of Mining	86.9	2.2	1.5	0.3	1.1	2.8	0.3	0.4	0.9	0.0	19.1	115.4	0.5	114.9
Ministry of Tourism	39.7	2.6	5.8	0.0	6.2	0.4	2.4	0.2	0.1	255.3	62.3	375.0	203.7	171.3
State Department for Public Service and Youth Affairs	594.3	26.4	7.6	1.3	29.2	189.6	19.2	6.7	3.2	157.6	766.9	1,802.1	-	1,802.1
State Department for Gender	38.4	1.9	0.5	-	6.8	0.3	0.8	-	-	51.8	0.1	100.6	-	100.6
State Law Office and Department of Justice	164.5	15.4	11.2	0.2	15.9	12.7	8.7	0.2	0.4	229.2	276.4	734.8	-	734.8
The Judiciary	1,186.0	42.2	5.9	9.3	2.3	2.9	7.2	21.1	1.0	101.9	274.7	1,654.3	-	1,654.3
Ethics & Anti-Corruption Commission	-	-	-	-	-	-	-	-	-	548.2	-	548.2	-	548.2
National Intelligence Service	-	-	-	-	-	-	-	-	-	10,214.4	-	10,214.4	0.9	10,213.5
Office of the Director of Public Prosecutions	205.2	19.8	3.4	4.1	32.5	6.0	13.0	3.2	3.6	0.0	149.6	440.6	-	440.6
Office of the Registrar of Political Parties	20.6	1.0	-	0.1	4.1	0.5	1.1	-	-	69.6	0.4	97.4	1.5	238.1
Witness Protection Agency	45.9	0.4	-	0.5	6.8	1.7	2.9	1.4	0.3	-	34.3	94.2	-	94.2
Kenya National Commission on Human Rights	54.4	0.9	1.2	0.1	12.7	0.8	1.0	1.5	-	16.9	23.1	112.5	-	112.5

MINISTRY/STATE DEPARTMENT	Personnel Emoluments	Domestic Travel	Foreign Travel	Printing and Advertising	Rentals and Rates- Non Residential	Training	Hospitality	Maintenance Expenses- Motor Vehicles	Maintenance Expenses- Other Assets	Current Transfers	Other Expenses	Gross Expenditure	AIA	Net Expenditure
National Lands Commission	176.8	25.0	7.1	8.0	6.3	2.5	27.8	2.0	-	-	-	293.7	-	293.7
Independent Electoral and Boundaries Commission	534.6	17.8	0.6	5.7	21.1	3.6	4.1	24.5	2.4	-	10,453.4	11,067.7	-	1,192.7
Parliamentary Service Commission	392.7	113.8	62.9	-	34.4	43.0	33.5	-	0.3	1.0	137.8	819.5	-	819.5
National Assembly	829.3	394.1	40.1	-	-	21.3	18.8	-	-	2.0	130.3	1,435.8	-	1,435.8
Judicial Service Commission	-	10.3	5.6	2.8	1.6	20.5	19.5	0.1	0.1	-	11.2	71.7	-	71.7
Commission on Revenue Allocation	32.1	0.6	-	0.1	9.2	1.0	0.3	0.4	0.1	-	0.1	43.9	-	106.0
Public Service Commission	99.0	18.0	2.4	7.5	0.0	8.0	13.8	1.2	1.0	0.4	131.2	282.5	-	282.5
Salaries & Remuneration Commission	56.9	4.1	-	0.7	0.2	2.3	18.6	0.4	0.5	-	22.5	106.2	-	106.2
Teachers Service Commission	52,171.5	39.4	1.1	1.9	4.9	15.9	13.0	13.6	7.3	-	106.3	52,374.8	131.8	52,243.0
National Police Service Commission	43.8	10.9	0.0	0.2	12.8	0.0	5.6	2.8	0.2	82.8	6.5	82.8	0.0	82.8
Auditor General	635.7	65.4	20.9	4.8	72.5	30.7	2.5	1.2	0.9	-	153.9	988.5	17.8	970.7
Controller of Budget	65.8	0.7	-	-	-	0.4	1.3	0.1	-	-	10.0	78.3	-	78.3
The Commission on Administrative Justice	49.9	2.4	0.4	0.7	12.4	1.4	-	0.1	1.4	-	8.4	77.1	-	77.1
National Gender & Equality Commission	39.2	5.8	2.7	1.0	10.1	4.0	1.2	1.4	-	-	41.1	106.6	-	106.6
Independent Policing Oversight Authority	54.1	6.8	-	0.2	9.0	0.1	4.5	0.4	-	-	20.9	96.0	-	96.0
Total	78,339.6	1,325.7	655.1	400.3	653.1	590.2	646.8	156.9	46.1	65,761.8	63,850.1	212,425.7	15,121.3	187,906.5

Source: MDAs and National Treasury IFMIS Directorate

Note: Based on expenditure reports from IFMIS and financial reports from the MDAs, some MDAs generated and utilised Appropriations-in-Aid (A-I-A). Expenditure on PE does not include figures for the National Intelligence Service and partially for the Ministry of Defence and Ethics and Anti-Corruption Commission.

Table 3.4: Breakdown of Development Expenditure by MDAs for the First Quarter of FY 2017/18 (Kshs. Millions)

MINISTRY/STATE DEPARTMENT	Maintenance of Motor Vehicles (Projects/Programmes)	Maintenance of other Assets	Capital Transfers	Construction of Building	Refurbishment of Buildings/Infrastructure	Residential (Including Hostels.)	Construction and Civil Works	Purchase of Specialised Plant, Equipment and Machinery	Pre-Feasibility and Appraisal Studies	Other Expenses	Gross Expenditure	AIA	Net Expenditure
The Presidency	-	-	-	-	14.1	-	-	-	-	-	14.1	-	14.1
State Department for Interior	-	0.4	5.8	-	-	-	-	805.5	-	1,045.7	1,857.3	-	1,857.3
State Department for Correctional Services	-	-	-	-	-	-	-	-	-	-	-	-	-
State Department for Devolution	-	-	3.5	-	-	-	-	-	-	-	3.5	-	3.5
State Department for Special Programmes	-	-	1,006.5	-	-	-	-	-	-	13.5	1,020.0	0.4	1,019.7
State Department for Planning & Statistics	-	-	8,518.5	-	-	-	-	-	-	30.8	8,549.3	-	8,549.3
Ministry of Defence	-	-	-	-	-	-	-	-	-	-	-	-	-
Ministry of Foreign Affairs	-	-	-	-	-	-	-	-	-	10.2	10.2	-	10.2
State Department for Basic Education	-	-	387.0	-	-	-	-	-	-	370.0	757.0	-	757.0
State Department for Vocational and Technical Training	-	-	357.8	13.4	-	-	-	-	-	2.7	373.9	-	373.9
State Department for University Education	-	-	791.3	651.4	-	-	-	-	-	98.3	1,541.0	749.7	791.2
The National Treasury	-	-	462.4	-	-	-	-	-	2.0	878.5	1,342.9	0.9	1,342.0
Ministry of Health	-	-	1,469.9	-	-	-	-	75.1	-	824.5	2,369.5	-	2,369.5
State Department for Infrastructure	-	-	9,437.9	48.9	17.7	-	-	-	9.7	4,944.1	14,458.3	4,581.1	9,877.1
State Department for Transport	-	-	8,646.8	-	3,997.9	-	-	-	-	15.5	12,660.2	-	12,660.2
State Department Housing and Urban Development	-	-	-	57.8	11.0	-	-	50.0	-	2,332.5	2,451.3	928.5	1,522.8
State Department of Public Works	-	-	-	21.8	-	-	-	-	-	-	21.8	-	21.8
State Department for Water Services	-	-	1,375.3	-	-	-	-	-	-	-	1,375.3	1,536.6	161.2
State Department for Irrigation	-	-	1,421.6	-	-	-	-	-	-	1,240.3	2,661.8	744.2	1,917.6
State Department for Environment	-	-	136.1	-	65.6	-	-	-	-	364.1	565.8	-	565.8
State Department for Natural Resources	-	-	653.0	-	-	-	-	-	-	-	653.0	-	653.0
Ministry of Lands and Physical Planning	-	-	-	-	0.6	-	-	-	53.4	209.7	263.6	-	263.6

MINISTRY/STATE DEPARTMENT	Maintenance of Motor Vehicles (Projects/Programmes)	Maintenance of other Assets	Capital Transfers	Construction of Building	Refurbishment of Buildings/Infrastructure	Residential (Including Hostels.)	Construction and Civil Works	Purchase of Specialised Plant, Equipment and Machinery	Pre-Feasibility and Appraisal Studies	Other Expenses	Gross Expenditure	AIA	Net Expenditure
State Department of Information Communications & Technology & Innovation	-	-	3,322.5	-	-	-	-	-	-	-	3,322.5	-	3,322.5
State Department of Broadcasting and Telecommunications	-	-	75.0	-	-	-	-	-	-	12.4	87.4	-	87.4
State Department for Sports Development	-	-	280.5	-	-	-	-	-	-	-	280.5	-	280.5
State Department for Arts and Culture	-	-	155.0	-	-	-	-	-	-	-	155.0	-	155.0
State Department for Energy	-	-	7,139.6	-	-	-	4,334.3	-	41.4	175.3	11,690.6	3,834.8	23,592.9
State Department of Petroleum	-	-	-	-	-	-	-	48.6	70.2	5.2	124.0	96.0	268.7
State Department for Agriculture	0.9	-	108.8	-	119.2	-	-	-	16.1	1,544.3	1,789.4	-	1,789.4
State Department for Livestock	-	-	208.6	-	15.6	-	-	-	-	375.8	600.0	-	600.0
State department for Fisheries and Blue Economy	-	-	-	-	6.0	-	-	-	6.2	60.2	72.5	-	72.5
State Department for Investment and Industry	-	-	823.0	-	-	-	-	-	5.3	84.4	912.6	-	912.6
State Department for Cooperatives	-	-	87.5	-	-	-	-	-	-	-	87.5	-	87.5
State Department for Trade	-	-	-	-	-	-	-	-	1.1	-	1.1	-	1.1
State Department for East African Integration	-	-	-	-	-	-	-	-	-	-	-	-	-
State Department for Labour	-	-	-	-	5.0	-	-	0.0	6.2	0.5	11.7	-	11.7
State Department for Social Protection	-	-	2,885.6	-	-	-	-	-	-	31.5	2,917.0	-	2,917.0
Ministry of Mining	-	-	-	6.0	0.1	-	-	-	-	23.8	29.9	22.3	7.6
Ministry of Tourism	-	-	707.5	-	-	-	-	-	15.7	-	723.2	-	723.2
State Department for Public Service and Youth Affairs	16.9	-	76.3	-	962.3	24.4	-	-	218.3	3,796.3	5,094.6	-	5,094.6
State Department for Gender	-	-	613.3	-	-	-	-	-	-	119.3	732.5	-	732.5
State Law Office and Department of Justice	-	-	-	-	-	-	-	-	-	-	-	-	-
The Judiciary	-	-	-	20.8	28.7	-	-	-	-	505.6	555.1	-	555.1
Ethics & Anti-Corruption Commission	-	-	-	-	-	-	-	-	-	-	-	-	-

MINISTRY/STATE DEPARTMENT	Maintenance of Motor Vehicles (Projects/Programmes)	Maintenance of other Assets	Capital Transfers	Construction of Building	Refurbishment of Buildings/Infrastructure	Residential (Including Hostels.)	Construction and Civil Works	Purchase of Specialised Plant, Equipment and Machinery	Pre-Feasibility and Appraisal Studies	Other Expenses	Gross Expenditure	AIA	Net Expenditure
Office of the Directorate of Public Prosecution	-	-	-	-	-	-	-	-	-	2.6	2.6	-	2.6
National Land Commission	-	-	-	-	-	-	-	-	-	15.5	15.5	-	15.5
Independent Electoral and Boundaries Commission	-	-	-	-	-	-	-	-	-	-	-	-	-
Parliamentary Service Commission	-	-	-	-	-	-	-	-	-	-	-	-	-
Commission on Revenue Allocation	-	-	-	-	-	-	-	-	-	5.5	5.5	-	5.5
Public Service Commission	-	-	-	-	5.5	-	-	-	-	9.4	14.9	-	14.9
Teachers Service Commission	-	-	-	-	-	-	-	-	-	-	-	-	-
Auditor General	-	-	-	-	-	-	-	-	-	-	-	-	-
Independent Policing Oversight Authority	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	17.8	0.4	51,156.4	820.0	5,249.2	24.4	4,334.3	979.2	445.6	19,148.1	82,175.5	12,494.4	69,681.1

Source: MDAs and National Treasury IFMIS Directorate

Analysis of MDAs development expenditure by economic items shows that the highest expenditure by category was on Capital Transfers to SAGAs at Kshs.51.2 billion, representing 62.3 per cent of the gross development expenditure. The second highest spending category was refurbishment of buildings/infrastructure at Kshs.5.2 billion representing 6.4 per cent of the gross development expenditure. Other categories with notable expenditure included; construction and civil works at Kshs.4.3 billion, Purchase of Specialised Plant, Equipment and Machinery at Kshs.979.2 million, Construction of Buildings at Kshs.820 million, and Pre-Feasibility and Appraisal Studies at Kshs.445.6. million.

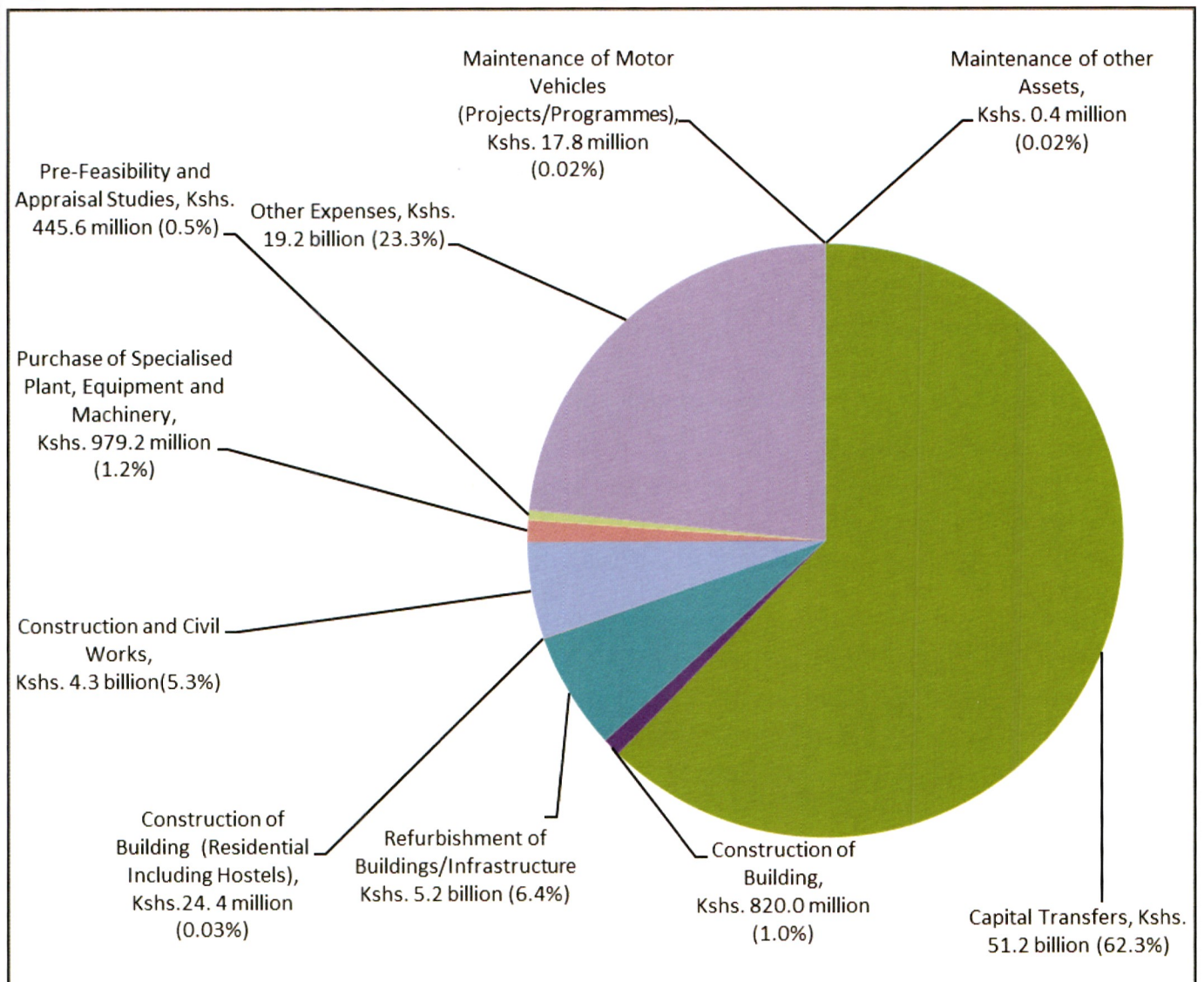
A review of the development expenditure by the MDAs during the period under review shows that the State Department for Energy had the highest capital transfers to its SAGAs at Kshs.9.4 billion representing 18.4 per cent of the total capital transfers followed by the State Department for Transport at Kshs.8.6 billion which was 16.9 per cent of the total capital transfers by the MDAs.

In the same period under review, State Department for Transport reported the highest expenditure on refurbishment of buildings/infrastructure at Kshs.4 billion translating to 76.2 per cent of the expenditure under the category. The State Department for Energy spent the highest amount on construction and civil works at Kshs.4.3 billion which was 100 per cent of the MDA expenditure under the economic item.

Some MDAs reported A-I-A which totalled to Kshs.12.5 billion, while Kshs.19.1 billion was spent on other development activities as shown in table 3.4.

Figure 3.4 shows the composition of MDAs development expenditure for the first quarter of FY 2017/18.

Figure 3.4: Summary Analysis of MDAs' Development Expenditure in FY 2017/18 (Kshs. Million)



Source: MDAs and National Treasury

4 DEVELOPMENT AND RECURRENT EXPENDITURE ANALYSIS BY SECTOR IN THE FIRST QUARTER OF FY 2017/18

4.1 Introduction

This chapter presents analysis of performance by Sector for both development and recurrent expenditure in the first three months of FY 2017/18. The Sectors are discussed in alphabetical order as follows; Agriculture, Rural and Urban Development (ARUD); Education; Energy, Infrastructure and Information Communications Technology (EI & ICT); Environmental Protection, Water and Natural Resources (EWNR); Governance, Justice, Law and Order (GJLOS); Health, National Security; Public Administration and International Relations (PAIR) and Social Protection, Culture and Recreation Sector.

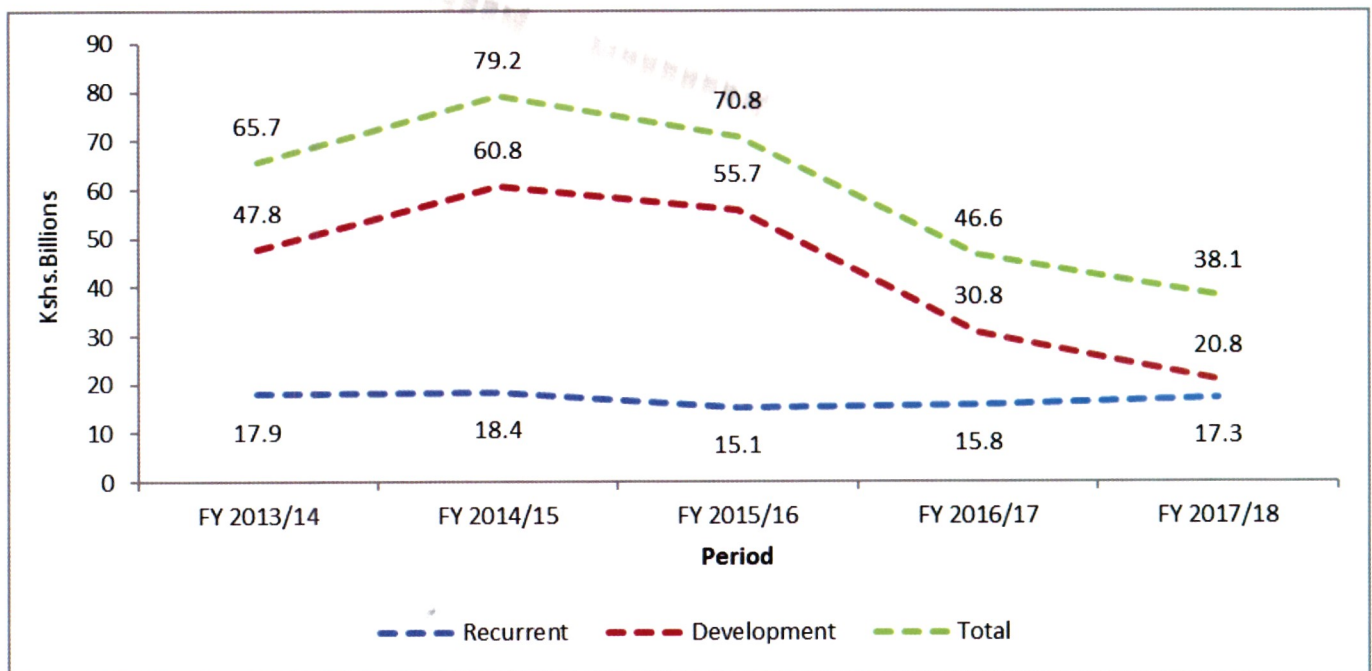
4.2 Agriculture, Rural and Urban Development (ARUD) Sector

The Agriculture Rural and Urban Development (ARUD) Sector consists of five MDAs namely: the Ministry of Lands and Physical Planning (MoLPP); State Department for Agriculture; State Department for Livestock; State Department for Fisheries and the Blue Economy and the National Land Commission (NLC). The Sector has twenty six Semi-Autonomous Government Agencies (SAGAs) and nine training institutions.

ARUD Sector is identified as one of the sectors' aimed at delivering the 10 per cent economic growth rate under the vision 2030. The Sector contributes significantly to the economy through the provision of raw materials for agro-based industries, agricultural exports as well as availing food to the Kenyan population. The goal of this Sector is to attain national food security and sustainable management of land and the blue economy. Some of the objectives of the Sector include: improve market access and trade; strengthen institutional capacity for improved service delivery; enhance the role of youth and women in the Sector; enhance accessibility, equity and sustainable management of the land resource; and improve storage, access and retrieval of land resource data and information.

The annual allocation to the Sector in FY 2017/18 was Kshs.38.1 billion representing 1.4 per cent of the gross national budget, a significant decrease from Kshs.46.5 billion allocated in FY 2016/17. The allocation comprised of Kshs.20.8 billion (54.6 per cent) for development activities and Kshs.17.3 billion (45.4 per cent) for recurrent expenditure. State Department for Agriculture received the highest budgetary allocation of Kshs.16.9 billion (44.3 per cent of the Sector's allocation), while National Land Commission (NLC) had the lowest budgetary allocation of Kshs.1.5 billion (3.8 per cent of the Sector's allocation).

Figure 4.1 shows the budgetary allocation trend for the AR & UD sector for the period FY 2013/14 to FY 2017/18.

Figure 4.1: Budgetary Allocation Trend for AR & UD Sector from FY 2013/14 to FY 2017/18 (Kshs. billion)

Source: National Treasury

In the first three months of FY 2017/18, the total exchequer issues to the sector amounted to Kshs.5.2 billion representing 14.5 per cent of the sector's annual net estimate. This comprised of Kshs.2.2 billion for development expenditure, representing 12.1 per cent of the annual development net estimates and Kshs.2.9 billion for recurrent expenditure, representing 17.1 per cent of the annual recurrent net estimates.

Table 4.1 shows ARUD Sector analysis of exchequer issues and expenditure in the first three months of FY 2017/18.

Table 4.1: ARUD Sector-Analysis of Exchequer Issues and Expenditure for the First Quarter of FY 2017/18 (Kshs. Billions)

VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
Ministry of Lands and Physical Planning	3.8	3.8	0.1	0.3	2.2	7.0	2.5	2.5	0.5	0.5	21.0	21.2
State Department for Agriculture	10.6	8.9	1.2	1.8	13.5	16.9	6.3	6.3	0.8	1.1	12.4	17.6
State Department for Livestock	5.5	4.7	0.9	0.6	18.3	10.9	5.1	5.0	1.1	1.0	21.9	18.9
State department for Fisheries and Blue Economy	0.9	0.9	0.1	0.1	7.2	7.9	2.1	2.1	0.3	0.3	15.3	13.5
National Land Commission	-	-	-	-	-	-	1.5	1.5	0.2	0.3	16.2	20.2

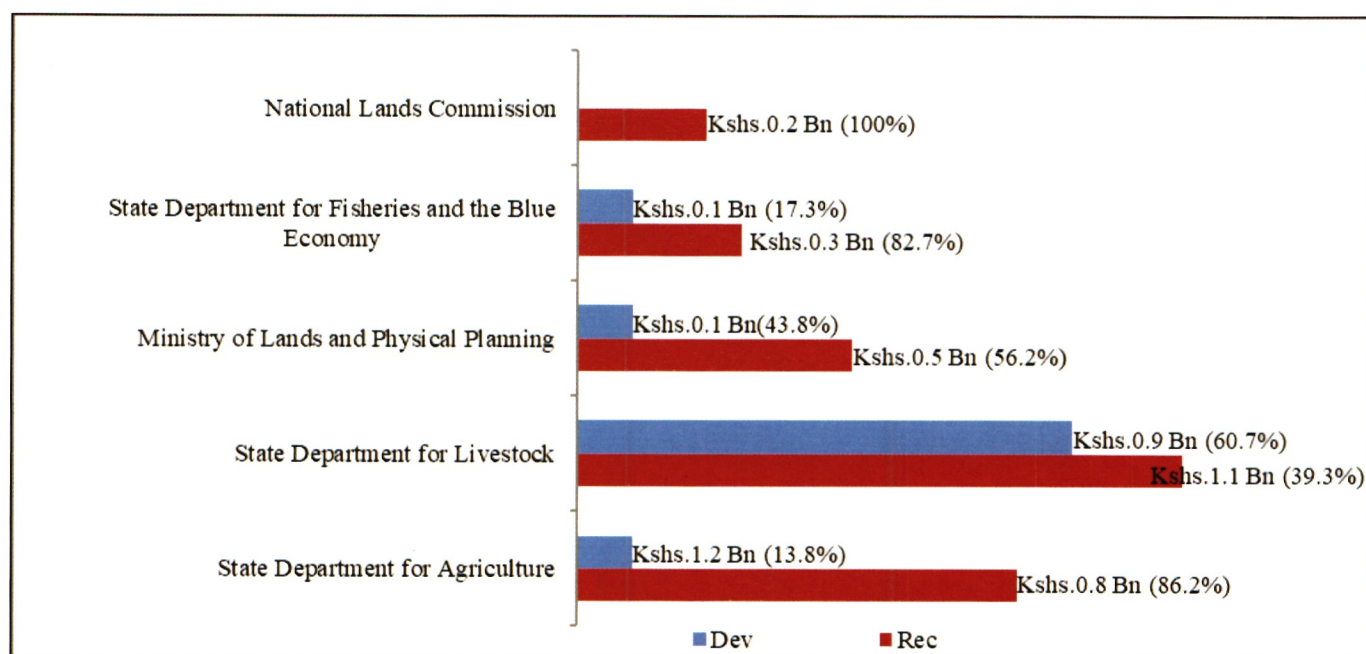
VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
Total	20.8	18.3	2.2	2.7	12.1	13.1	17.3	17.3	2.9	3.2	17.1	18.2
Total for the Sector							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
Development							20.8	18.3	2.2	2.7	12.1	13.1
Recurrent							17.3	17.3	2.9	3.2	17.1	18.2
Total							38.1	35.5	5.2	5.9	14.5	15.4

Source: MDAs and National Treasury

In the first three months of FY 2017/18, State Department for Livestock received the highest proportion of exchequer issues to annual net estimates for both development and recurrent expenditure. Ministry of Lands and Physical Planning received the lowest proportion of development exchequer issues to the annual development net estimates at 2.2 per cent while State Department for Agriculture received the lowest for recurrent expenditure at 12.4 per cent.

Figure 4.2 shows the exchequer issues to ARUD Sector in the first quarter of FY 2017/18.

Figure 4.2: Exchequer Issues to AR & UD Sector for the First Quarter of FY 2017/18 (Kshs. Billions)



Source: National Treasury

The total expenditure for the sector in the first three months of FY 2017/18 amounted to Kshs.5.9 billion, representing 15.4 per cent of the annual gross estimate, an increase from 13.6 per cent recorded in the same

period in FY 2016/17. The expenditure comprised of Kshs.2.7 billion as development expenditure, representing an absorption rate of 13.1 per cent (an increase from 8.3 per cent) recorded in the same period of FY 2016/17 and Kshs.3.2 billion as recurrent expenditure, representing 18.2 per cent of annual recurrent estimates (a decline from 23.9 per cent) recorded in the same period, FY 2016/17.

State Department for Agriculture recorded the highest absorption on development budget at 16.9 per cent while the Ministry of Lands and Physical Planning recorded the lowest at 7 per cent. Ministry of Lands and Physical Planning recorded the highest percentage of recurrent expenditure to annual recurrent estimates at 21.2 per cent while the State Department for Fisheries and the Blue Economy recording the lowest at 13.5 per cent.

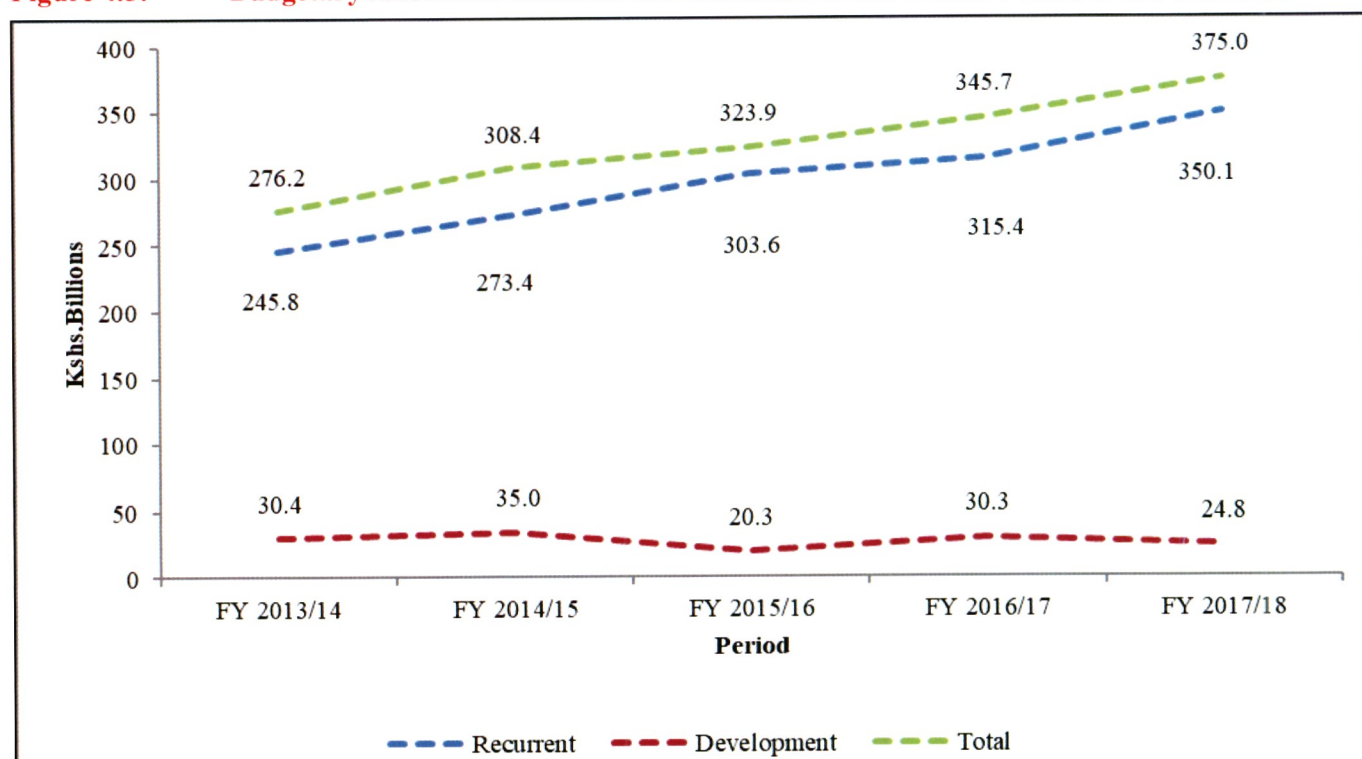
4.3 Education Sector

The Education Sector consists of four MDAs namely: State Department for Basic Education, State Department for University Education, State Department for Vocational and Technical Training and The Teachers Service Commission (TSC) together with their affiliated agencies and institutions.

The sector envisions a globally competitive education, training, research and innovation for sustainable development. In order to realize this, the sector undertakes to provide, promote and coordinate quality education for sustainable development. The sector's overall goal is to increase access to education and training; improve quality and relevance of education; reduce inequality as well as leverage on knowledge and skills in science, technology, and innovation for global competitiveness.

The Sector's goals and objectives have been aligned to the Constitution of Kenya 2010 and Vision 2030 as well as to the global trends. The Sector's policies, legal and regulatory reforms are aimed at achieving the objects of the Constitution with regard to education and training. These objectives aim at enhancing quality of education, expanded access and inclusivity in education. It also aims at ensuring that the education system is relevant and promotes and integrate research, science and technology and innovation at all levels i.e. primary, secondary and tertiary institutions.

The annual allocation to the sector in FY 2017/18 amounts to Kshs.375 billion representing 14.2 per cent of gross national budget and 8.5 per cent increase from Kshs.345.7 billion allocated in FY 2016/17. The allocation comprised of Kshs.24.8 billion (6.6 per cent) for development expenditure and Kshs.350.1 billion (93.4 per cent) for recurrent expenditure. The Teachers Service Commission received the highest budgetary allocation of Kshs.202 billion (53.9 per cent of the sector's allocation), while State Department for Vocational and Technical Training had the lowest budgetary allocation of Kshs.8.3 billion (2.2 per cent of the sector's allocation). Figure 4.3 shows budgetary allocation trend of the Education Sector for the period FY 2013/14 to FY 2017/18

Figure 4.3: Budgetary Allocation Trend for the Education Sector from FY 2013/14 to FY 2017/18

Source: National Treasury

In the first three months of FY 2017/18, the sector received exchequer issues amounting to Kshs.92.3 billion representing 28 per cent of the sector's net estimates which is an increase from Kshs.69.3 billion issued in a similar period of the 2016/17 financial year. The exchequer issues comprised of Kshs.2.3 billion for development expenditure, representing 11.2 per cent of the development net estimates and Kshs.90 billion for recurrent expenditure, representing 29.1 per cent of recurrent net estimates.

Table 4.2 shows Education sector analysis of exchequer issues and expenditure in the first three months of FY 2017/18.

Table 4.2: Education Sector-Analysis of Exchequer Issues and Expenditure for the First Quarter of FY 2017/18. (Kshs. Billions)

VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
State Department for Basic Education	6.4	6.3	2.1	0.8	33.5	11.8	59.9	58.5	20.8	21.1	35.5	35.2
State Department for Vocational and Technical Training	5.6	4.3	0.0003	0.4	0.01	6.6	2.6	2.6	0.1	0.6	5.1	21.9
State Department for University Education	12.7	9.7	0.2	1.5	1.9	12.2	85.7	47.1	17.0	16.6	36.0	19.4
Teachers Service Commission	0.1	0.1	-	0.01	-	12.6	201.8	201.4	52.1	52.4	25.9	25.9
Total	24.8	20.4	2.3	2.7	11.2	10.8	350.1	309.6	90.0	90.7	29.1	25.9

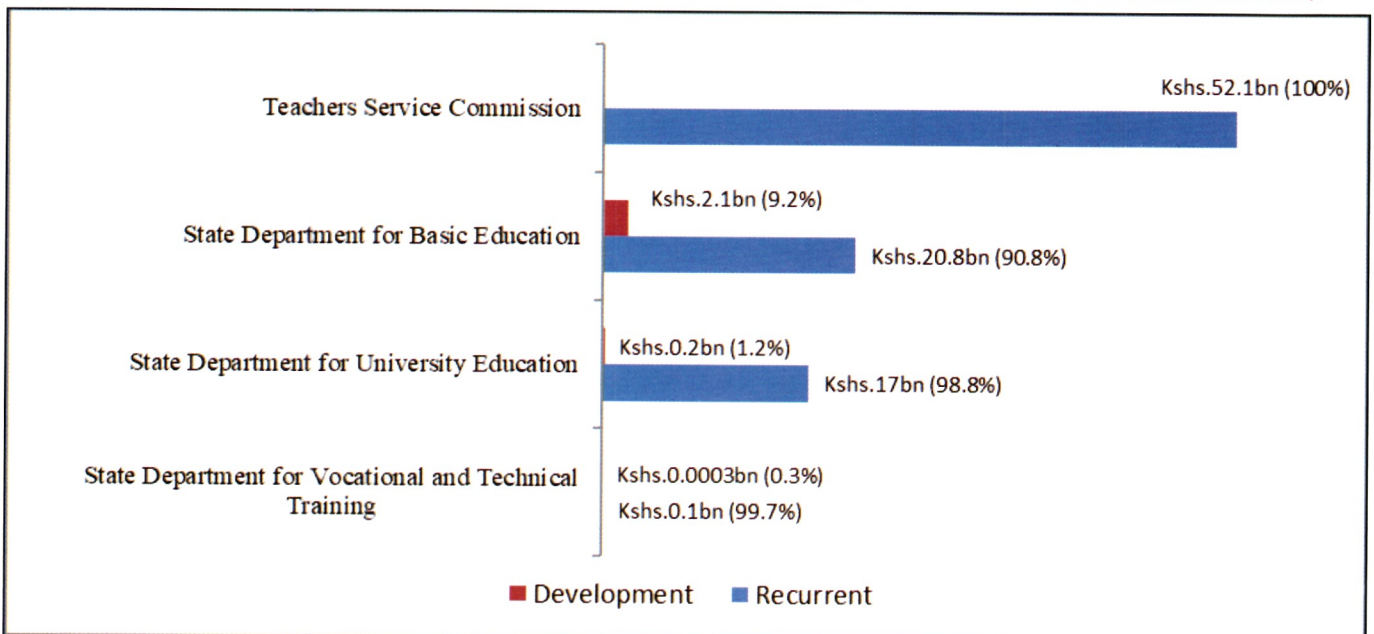
VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
Total for the Sector							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
Development							24.8	20.4	2.3	2.7	11.2	10.8
Recurrent							350.1	309.6	90.0	90.7	29.1	25.9
Total							375.0	330.1	92.3	93.4	28.0	24.9

Source: MDAs and National Treasury

In the period under review, State Department for Basic Education received the highest proportion of development exchequer issues to the development net estimates at 33.5 per cent while the State Department for Vocational and Technical Training received Kshs.336,000 which was below 1 per cent of the net estimates. The State Department for University Education received the highest proportion of recurrent exchequer issues to recurrent net estimates at 36 per cent while the State Department for Vocational and Technical Training received the least at 5.1 per cent.

Figure 4.4 shows the exchequer issues to the Education Sector in the first three months of FY 2017/18.

Figure 4.4: Exchequer Issues to the Education Sector for the First Quarter of FY 2017/18 (Kshs. Billions)



Source: National Treasury

The total expenditure for the sector during the first three months of FY 2017/18 amounted to Kshs.93.4 billion, representing 24.9 per cent of the annual estimates, an increase compared to 21 per cent (Kshs.71.5 billion) recorded in a similar period of FY 2016/17. The expenditure comprised of Kshs.2.7 billion for development activities, representing an absorption rate of 10.8 per cent, and Kshs.90.7 billion for recurrent activities, representing 25.9 of the annual recurrent estimates.

Teachers Service Commission recorded the highest absorption of development budget at 12.6 per cent. State Department for Vocational and Technical Training had the lowest absorption of development budget at 6.6 per cent. The State Department for Basic Education recorded the highest percentage of recurrent expenditure to annual recurrent estimates at 35.2 per cent while State Department for University Education had the lowest at 19.4 per cent.

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

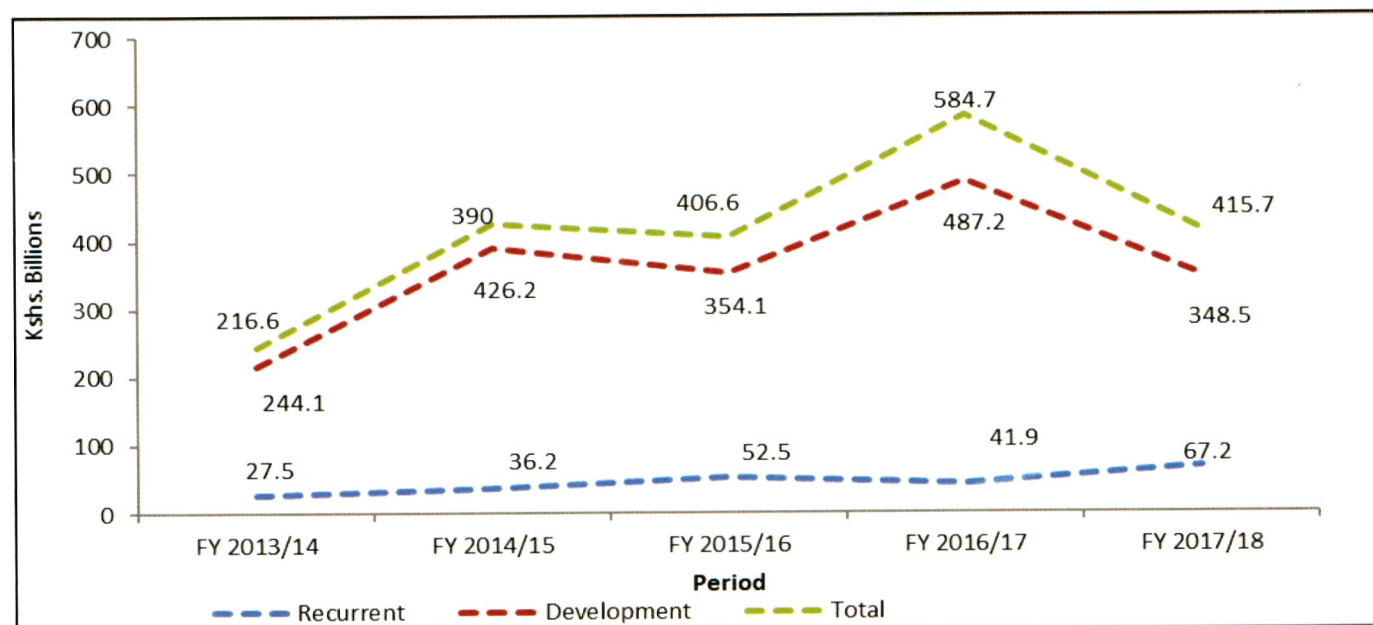
This sector comprises of 9 MDAs namely: State Department for Infrastructure, Transport, Maritime and Shipping Affairs, Housing and Urban Development, Public Works, Information Communications Technology and Innovation, Broadcasting and Telecommunication, Petroleum and Energy. The sector is identified as one of the key areas upon which the three pillars of the Kenya Vision 2030 are anchored and an enabler of sustainable economic growth, development and poverty reduction. The sector aims at sustaining and expanding physical infrastructure to support a rapidly-growing economy in line with the priorities in the 2nd Medium Term Plan and the Constitution of Kenya.

Key strategic goals of the sector are to develop and maintain sustainable and services to facilitate efficient movement of goods and people, develop and sustain access to opportunities in the shipping and maritime industry, improve universal access to information technology enabled services, improve access to competitive reliable and safe supply of petroleum to all Kenyans, among others.

The annual allocation to the sector in the FY 2017/18 was Kshs.415.7 billion representing 15.8 per cent of gross national budget, a significant decrease from Kshs.529.2 billion (21 per cent decrease) allocated in FY 2016/17. The allocation comprised of Kshs.348.5 billion (83.8 per cent) for development expenditure and Kshs.67.2 billion (16.2 per cent) for recurrent expenditure. State Department for Infrastructure received the highest allocation of Kshs.187.6 billion (45.1 per cent of the sector's allocation) while State Department for Maritime and Shipping Affairs had the lowest budgetary allocation of Kshs.0.3 billion of the sectors' allocation.

Figure 4.5 shows the budgetary allocation trend for the EI & ICT Sector for the period FY 2013/14 to FY 2017/18.

Figure 4.5: Budgetary Allocation Trend for the EI & ICT Sector from FY 2013/14 to FY 2017/18 (Kshs. Billion)



Source: National Treasury

In the first three months of FY 2017/18, the sector received exchequer issues of Kshs.16 billion representing 9.3 per cent of the annual net estimates. This comprised of Kshs.14 billion for development expenditure, representing 8.7 per cent of the annual development net estimates and Kshs.2 billion for recurrent expenditure representing 17.6 per cent of the annual recurrent net estimates.

Table 4.3 shows EI&ICT sector analysis of exchequer issues and expenditure in the first quarter of FY 2017/18.

Table 4.3: EI & ICT-Analysis of Exchequer Issues and Expenditure for the First Quarter of FY 2017/18 (Kshs. Billions)

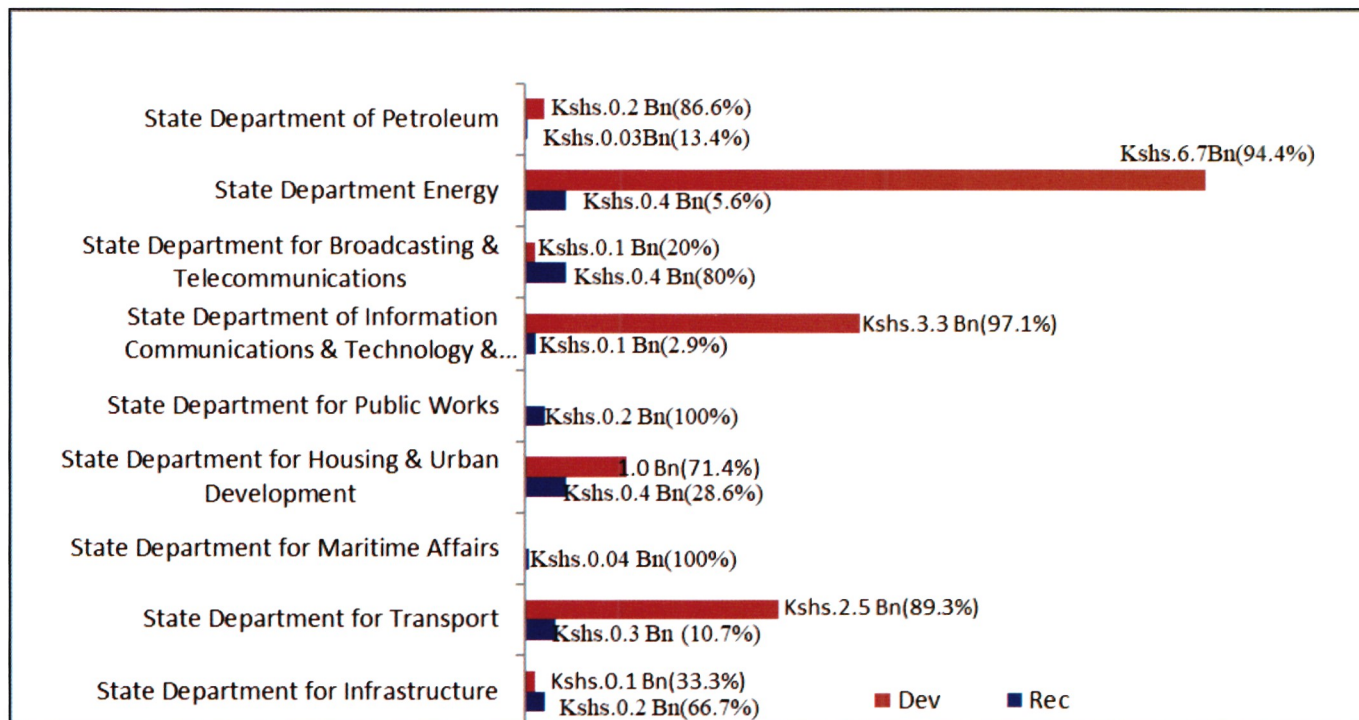
VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
State Department for Infrastructure	135.0	81.9	0.1	14.5	0.2	10.7	52.7	1.9	0.2	13.5	9.5	25.7
State Department for Transport	96.8	15.6	2.5	12.7	16.2	13.1	6.1	1.5	0.3	2.5	21.5	41.9
State Department for Maritime & Shipping Affairs	-	-	-	-	-	-	0.3	0.3	0.04	0.05	15.1	18.3
State Department for Housing & Urban Development	14.3	9.2	1.0	2.5	11.3	17.2	1.7	1.7	0.4	0.4	20.7	22.1
State Department for Public Works	2.2	2.2	-	0.02	-	1.0	0.8	0.8	0.2	0.2	20.4	18.7
State Department of ICT & Innovation	19.2	16.2	3.3	3.3	20.5	17.3	1.3	1.3	0.1	0.1	7.2	6.8
State Department for Broadcasting & Telecommunications	0.8	0.8	0.1	0.1	9.8	11.4	2.1	1.9	0.4	0.6	19.6	31.0
State Department Energy	75.2	31.3	6.7	11.7	21.3	15.6	2.1	1.8	0.4	0.4	24.1	19.1
State Department of Petroleum	5.1	2.9	0.2	0.1	6.9	2.4	0.2	0.2	0.03	0.03	16.1	11.1
Total	348.5	160.0	14.0	44.8	8.7	12.9	67.2	11.4	2.0	17.8	17.6	26.5
Total for the Sector							Gross Estimates	Net Estimates	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
Development							348.5	160.0	14.0	44.8	8.7	12.9
Recurrent							67.2	11.4	2.0	17.8	17.6	26.5
Total							415.7	171.5	16.0	62.6	9.3	15.1

Source: MDAs and National Treasury

In the first three months of FY 2017/18, State Department of Energy received the highest proportion of both development and recurrent exchequer issues to the annual net estimates at 21.3 per cent and 24.1 per cent respectively while State Department for Public Works did not receive funds for development expenditure. State Department for ICT and Innovation received the lowest proportion for recurrent at 7.2 per cent.

Figure 4.6 shows the exchequer issues to the EI & ICT Sector in the first quarter of FY 2017/18.

Figure 4.6: Exchequer Issues to the EI & ICT Sector for the First Quarter of FY 2017/18 (Kshs. Billions)



Source: National Treasury

The total expenditure for the sector during in the first three months of FY 2017/18 amounted to Kshs.62.6 billion, representing 15.1 per cent of the annual gross estimates, an increase compared to 13 per cent (68.6 billion) recorded in the same period of FY 2016/17. The expenditure consisted of Kshs.44.8 billion in development expenditure, representing an absorption rate of 12.9 per cent and Kshs.17.8 billion as recurrent expenditure, representing 26.5 per cent of the gross recurrent estimates, an increase compared to 5.1 per cent reported in the same period of FY 2016/17.

State Department of ICT & Innovation recorded the highest absorption of development expenditure at 17.3 per cent while the State Department for Public Works recorded the lowest at 1 per cent. The State Department for Transport recorded the highest percentage of recurrent expenditure to annual gross recurrent estimates at 41.9 per cent while the State Department ICT & Innovation had the lowest at 6.8 per cent.

4.5 Environmental Protection, Water and Natural Resource Sector

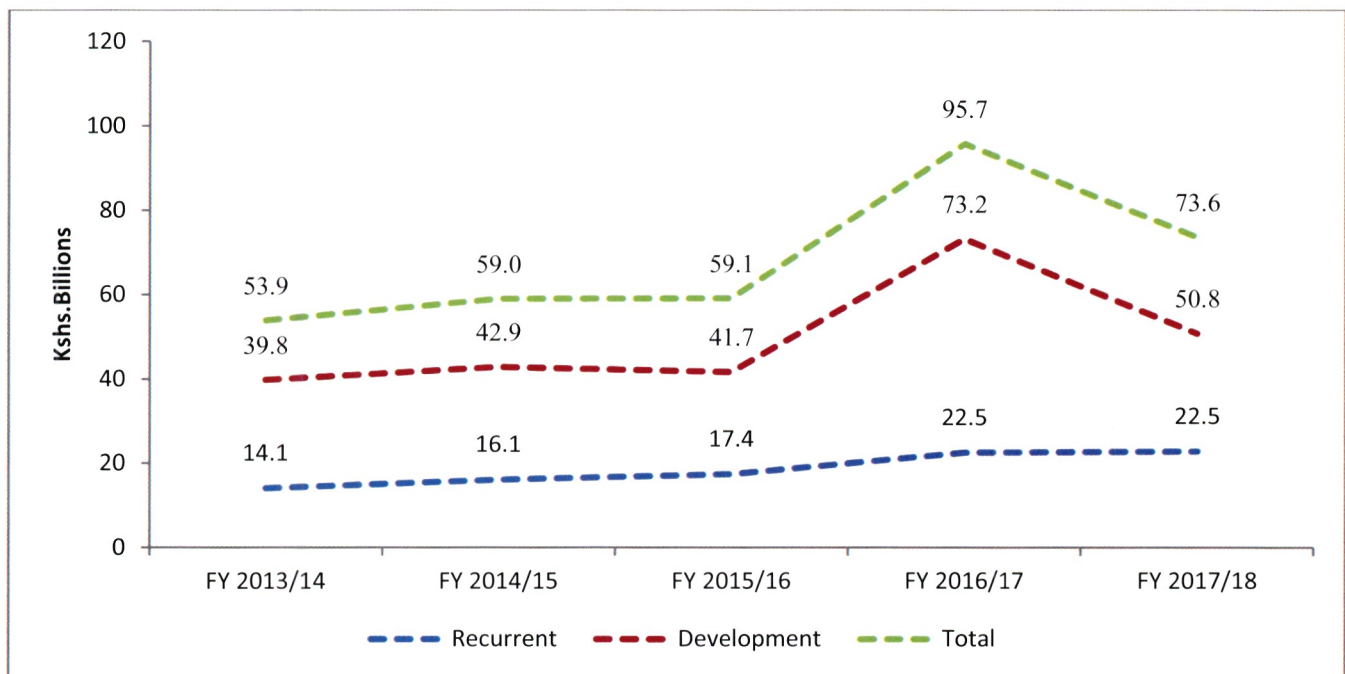
The Environmental Protection, Water and Natural Resources Sector is made up of five MDAs namely: The State Department for; Environment, Natural Resources, Water Services, Irrigation and Ministry of Mining with a total of 26 SAGAs.

The overall goal of the sector is to ensure sustainable development in a clean and secure environment. The specific objectives of the sector is to: enhance sustainable management of environment, water, irrigation and natural resources; ensure access to water and natural resources benefits for socio-economic development; and enhance capacity building for environment, water and natural resources management. It also aims at increasing utilization of land through irrigation, drainage and land reclamation; enhance research on environment, water and natural resources for sustainable development and protect and reclaim the environment in order to establish a durable and sustainable system of development and resilience to climate change.

The annual allocation to the sector in FY 2017/18 was Kshs.73.6 billion, representing 2.8 per cent of gross national budget, a significant decrease from the allocation for FY 2016/17 (Kshs.95.7 billion). The allocation comprised of Kshs.50.8 billion (69 per cent) for development expenditure and Kshs.22.8 billion (31 per cent) for recurrent expenditure. The State Department for Water Services received the highest allocation of Kshs.33.8 billion (45.9 per cent of the Sector's allocation), while the Ministry of Mining had the lowest allocation of Kshs.2.8 billion (3.8 per cent of the Sector's allocation).

Figure 4.7 shows the budgetary allocation trend for the Environmental Protection, Water and Natural Resources Sector for the period FY 2013/14 to FY 2017/18.

Figure 4.7: Budgetary Allocation Trend for the Environmental Protection, Water and Natural Resources Sector from FY 2013/14 to FY 2017/18 (Kshs.Billions)



Source: National Treasury

In the first three months of FY 2017/18, the total exchequer issue to the sector was Kshs.6.7 billion, representing 17 per cent of the sector's net estimates. This comprised of Kshs.4.4 billion for development expenditure representing 17.5 per cent of the annual development net estimates and Kshs.2.2 billion to recurrent expenditure representing 16 per cent of the annual recurrent net estimates.

Table 4.4 shows the Environmental Protection, Water and Natural Resources sector analysis of exchequer issues and expenditure in the first three months of FY 2017/18.

Table 4.4: Environmental Protection, Water and Natural Resources Sector-Analysis of Exchequer Issues and Expenditure for the First Quarter of FY 2017/18 (Kshs. Billions)

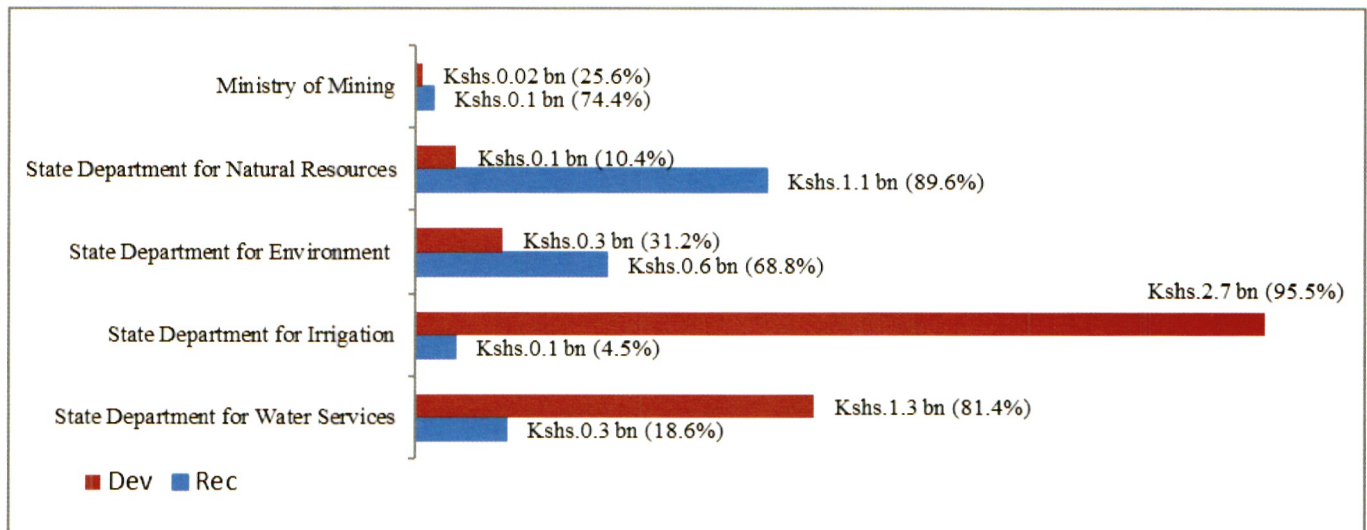
VOTE	Development						Recurrent					
	Gross Est.	Net Estimates	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
State Department for Water Services	29.8	8.9	1.3	1.4	14.4	4.6	4.0	1.9	0.3	0.4	15.6	9.6
State Department for Irrigation	12.3	9.0	2.7	2.7	30.2	21.7	1.0	0.6	0.1	0.1	23.4	11.6
State Department for Environment	3.6	3.4	0.3	0.6	8.3	15.6	2.8	2.7	0.6	0.7	22.5	23.2
State Department for Natural Resources	3.9	2.8	0.1	0.7	4.6	16.8	13.5	7.3	1.1	1.8	15.5	13.1
Ministry of Mining	1.3	1.2	0.02	0.03	1.7	2.4	1.5	1.5	0.1	0.1	4.1	7.9
Total	50.8	25.3	4.4	5.3	17.5	10.4	22.8	13.9	2.2	3.0	16.0	13.3
Total for the Sector							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
Development							50.8	25.3	4.4	5.3	17.5	10.4
Recurrent							22.8	13.9	2.2	3.0	16.0	13.3
Total							73.6	39.2	6.7	8.3	17.0	11.3

Source: MDAs and National Treasury

In the first three months of FY 2017/18, State Department for Irrigation and Ministry of Mining received the highest and lowest proportion for both development and recurrent exchequer issues to annual net estimates. Highest for development was at 30.2 per cent and lowest at 1.7 per cent while recurrent expenditure was at 23.4 per cent and 4.1 per cent respectively.

Figure 4.8 shows the exchequer issues to the Environmental Protection, Water and Natural Resources sector in the first three months of FY 2017/18.

Figure 4.8: Exchequer Issues to Environmental Protection, Water and Natural Resources Sector for the First Quarter of FY 2017/18 (Kshs. Billions)



Source: National Treasury

In the first three months of FY 2017/18, expenditure amounted to Kshs.8.3 billion representing 11.3 per cent of the annual gross estimates, an increase compared to 8.7 per cent (Kshs.4.9 billion) recorded in a similar period in FY 2016/17. The expenditure comprised of Kshs.5.3 billion for development activities, representing an absorption rate of 10.4 per cent, and Kshs.3 billion, representing 13.3 per cent of the annual recurrent estimates.

State Department for Irrigation recorded the highest absorption of development budget at 21.7 per cent (Kshs.2.7 billion) while the Ministry of Mining recorded the lowest at 2.4 per cent (Kshs.0.6 billion). State Department for Environment recorded the highest percentage of recurrent expenditure to the annual recurrent estimates at 23.2 per cent while Ministry of Mining had the lowest at 7.9 per cent.

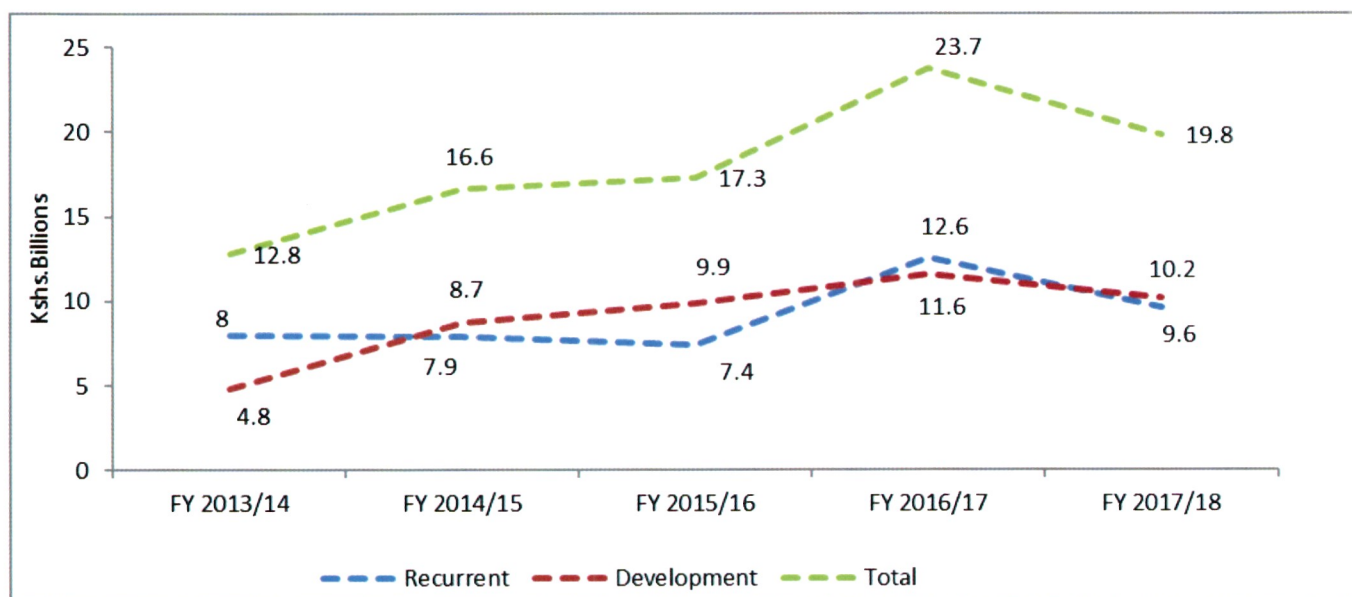
4.6 General Economic and Commercial Affairs (GECA) Sector

The General Economic and Commercial Affairs (GECA) Sector consists of five MDAs namely; State Department for Investment and Industry, Cooperatives Development, Trade, East African Integration and Ministry of Tourism. The Sector aims at promoting investments, increased manufacturing share to the GDP and exports, improvement of the business environment, savings mobilization and good governance in cooperative development, trade development and fair trade practices, promotion of regional integration and sustaining tourism.

The annual allocation to the sector in FY 2017/18 was Kshs.19.8 billion, representing 0.8 per cent of the gross national budget, a decline from Kshs.23.7 billion allocated in FY 2016/17. The allocation comprised of Kshs.10.2 billion (51.5 per cent) for development expenditure and Kshs.9.6 billion (48.5 per cent) for recurrent expenditure. State Department for Investment and Industry received the highest budgetary allocation of Kshs.7.7 billion (39 per cent of the sector's allocation), while State Department for Cooperatives had the lowest allocation at Kshs.0.9 billion (4.7 per cent of the sector's allocation).

Figure 4.9 shows the budgetary allocation trend for the GECA Sector from FY 2013/14 to FY 2017/18.

Figure 4.9: Budgetary Allocation Trend for the GECA Sector from FY 2013/14 to FY 2017/18 (Kshs. Billion)



Source: National Treasury

In the first three months of FY 2017/18, the Sector received exchequer issues amounting to Kshs.1.5 billion, representing 8 per cent of the Sector's annual net estimates. The exchequer issues comprised of Kshs.0.2 billion for development expenditure, representing 2 per cent of the annual development net estimates, and Kshs.1.3 billion for recurrent expenditure representing 15.1 per cent of the annual recurrent net estimates.

Table 4.5 presents analysis of exchequer issues to GECA Sector and expenditure in the first three months of FY 2017/18.

Table 4.5: GECA Sector-Analysis of Exchequer Issues and Expenditure for the First Quarter of FY 2017/18 (Kshs. Billions)

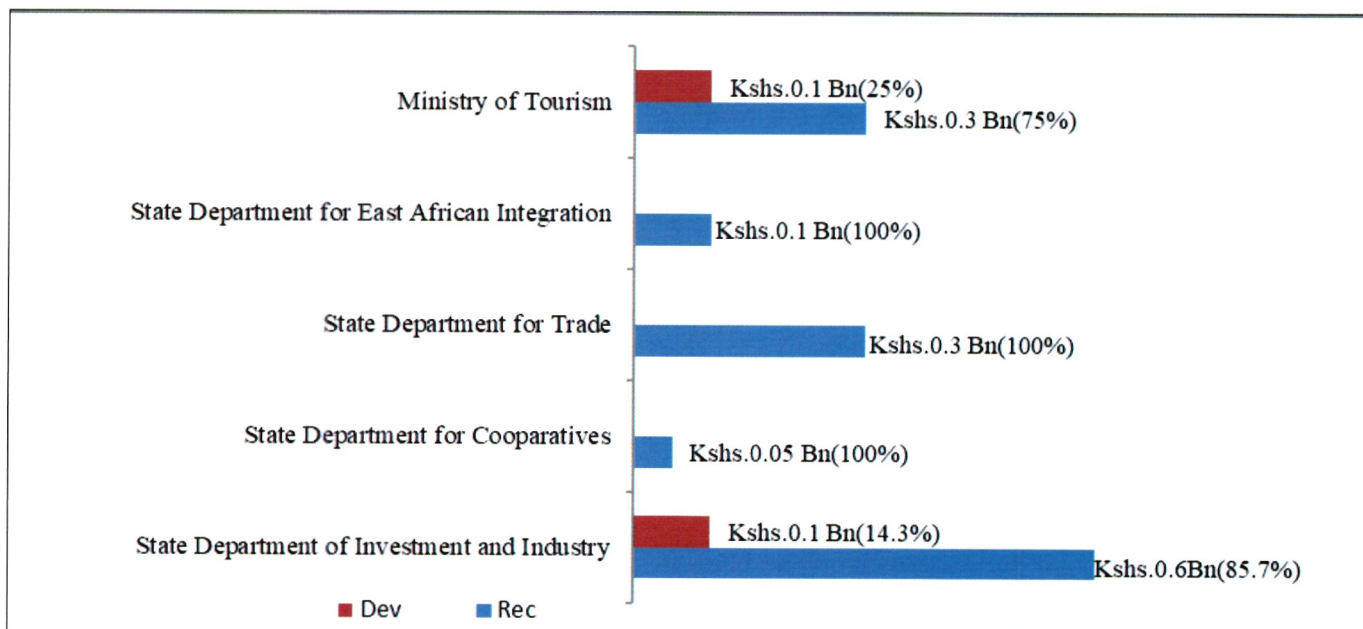
VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
State Department for Investment and Industry	5.4	5.3	0.1	0.9	1.6	17.0	2.3	2.3	0.6	0.5	24.4	21.4
State Department for Cooperatives	0.5	0.5	-	0.1	-	17.9	0.4	0.4	0.05	0.06	10.3	13.8
State Department for Trade	0.3	0.3	-	0.001	-	0.3	2.4	2.4	0.3	0.3	11.0	10.4
State Department for East African Integration	0.1	-	-	-	-	-	1.6	1.6	0.1	0.1	5.0	4.4

VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
Ministry of Tourism	3.9	3.9	0.1	0.7	3.0	18.4	2.9	1.9	0.3	0.4	18.2	13.1
Total	10.2	10.1	0.2	1.7	2.0	16.9	9.6	8.6	1.3	1.3	15.1	13.1
Total for the Sector							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
Development							10.2	10.1	0.2	1.7	2.0	16.9
Recurrent							9.6	8.6	1.3	1.3	15.1	13.1
Total							19.8	18.6	1.5	3.0	8.0	15.1

Source: MDAs and National Treasury

The Ministry of Tourism received the highest proportion of development exchequer issues to the annual development net estimates at 3 per cent while State Department for Investment and Industry received the lowest at 1.6 per cent (among MDAs funded). Figure 4.10 shows the exchequer issues to GECA Sector in the first quarter of FY 2017/18.

Figure 4.10: Exchequer Issues to the GECA Sector for the First Quarter of FY 2017/18 (Kshs. Billions)



Source: National Treasury

The total expenditure for the sector in the first three months of FY 2017/18 amounted to Kshs 3 billion, representing 15.1 per cent of the annual gross estimates, an increase compared to 14.3 percent recorded in the same period of FY 2016/17. The expenditure consisted of Kshs.1.7 billion for development activities representing an absorption rate of 16.9 per cent, a decline from 17.6 per cent recorded in the same period of FY 2016/17. A total of Kshs.1.3 billion was spent on recurrent expenditure representing 13.1 per cent of recurrent estimates, an increase compared to 11.4 per cent reported in the same period of FY 2016/17.

Ministry of Tourism recorded the highest absorption of development budget at 18.4 per cent while the State Department for Trade recorded the lowest at 0.3 per cent. The State Department for Investment and Industry recorded the highest percentage of recurrent expenditure to its annual estimates at 21.4 per cent while the State Department for East Africa Integration had the lowest at 4.4 per cent.

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

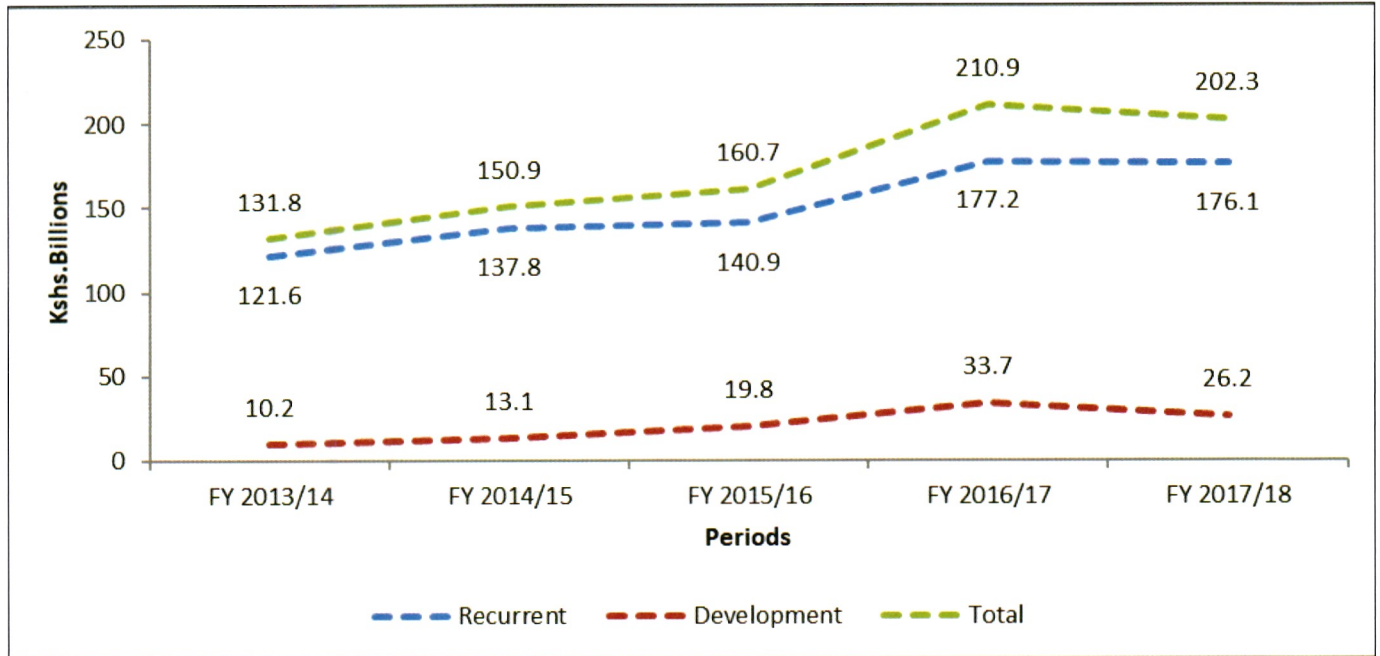
The GJLOS Sector consists of fourteen (14) MDAs, twenty (20) SAGAs and fifteen (15) Tribunals each with specific mandates. The 14 MDAs are: State Department for Interior, State Department for Correctional Services, State Law Office and Department of Justice, The Judiciary, Ethics and Anti-Corruption Commission (EACC), Office of the Director of Public Prosecutions, Office of the Registrar of Political Parties, Witness Protection Agency (WPA), Kenya National Commission on Human Rights (KNCHR), Independent Electoral and Boundaries Commission (IEBC), Judicial Service Commission (JSC), National Police Service Commission (NPSC), National Gender and Equality Commission (NGEC), and the Independent Policing Oversight Authority (IPOA).

The role of the sector includes; provision of security, correctional services, legal advisory services to government agencies, and administration of justice. It also plays a major role in promoting integrity and the fight against corruption, provision of prosecution services, regulating political parties, protecting witnesses, and protecting human rights. Further, the Sector plays an instrumental role in the delimitation of electoral boundaries and management of electoral process, promotion of gender equality and inclusion of marginalized groups and communities, and civilian policing oversight.

In addition, the sector plays a role in border management, peace building and conflict management, registration services, regulation of the gaming industry, provision of population management services, eradication of drugs and substance abuse, crime research and government printing services. The sector also plays a key role in ensuring achievement of national values, and promoting national cohesion.

The annual allocation to the sector in FY 2017/18 was Kshs.202.3 billion representing 7.7 per cent of gross national budget, a decrease compared to Kshs.210.9 billion allocated in FY 2016/17. The allocation comprised of Kshs.26.2 billion (13 per cent) for development expenditure and Kshs.176.1 billion (87 per cent) for recurrent expenditure. State Department for Interior received the highest budgetary allocation of Kshs.124.4 billion (61.5 per cent of the sector's allocation), while Witness Protection Agency had the lowest at Kshs.0.4 billion (0.2 per cent of the sector's allocation). Figure 4.11 shows the budgetary allocation trend for the GJLOS for the period FY 2013/14 to FY 2017/18.

Figure 4.11: Budgetary Allocation Trend for the GJLOS Sector from FY 2013/14 to FY 2017/18 (Kshs. Billions)



Source: National Treasury

in the first three months of FY 2017/18, the total exchequer issues for the sector was Kshs.48.3 billion which representing 24.1 per cent of the sector's annual net estimates. This comprised of Kshs.4.6 billion for development expenditure representing 18.5 per cent of the annual development net estimates and Kshs.43.7 billion towards recurrent expenditure representing 24.9 per cent of the annual recurrent net estimates.

Table 4.6 shows the GJLOS Sector's analysis of exchequer issues and expenditure in the first three months of FY 2017/18.

Table 4.6 GJLOS Sector-Analysis of Exchequer Issues and Expenditure for the First Quarter of FY 2017/18 (Kshs. Billions)

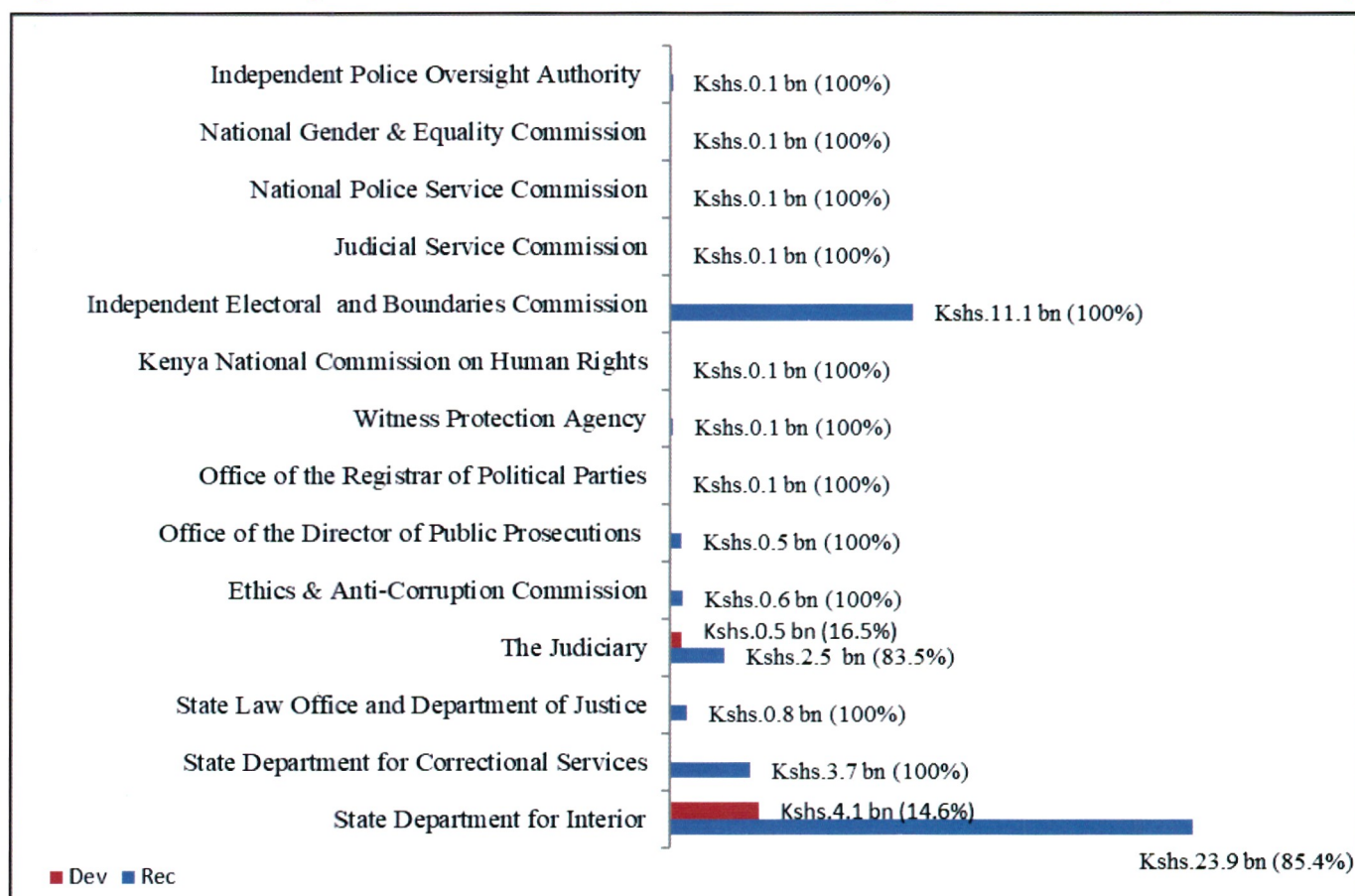
VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
State Department for Interior	17.6	17.2	4.1	1.9	23.8	10.5	106.8	106.4	23.9	14.8	22.4	13.8
State Department for Correctional Services	0.9	0.9	-	-	-	-	21.5	21.5	3.7	3.7	17.1	17.0
State Law Office and Department of Justice	1.4	1.1	-	-	-	-	4.7	4.3	0.8	0.7	18.7	15.7
The Judiciary	4.1	4.1	0.5	0.6	12.0	13.4	13.4	13.4	2.5	1.7	18.7	12.3
Ethics & Anti-Corruption Commission	1.3	1.3	-	-	-	-	2.8	2.8	0.6	0.5	22.3	19.8
Office of the Director of Public Prosecutions	0.1	0.1	-	0.003	-	3.1	2.3	2.3	0.5	0.4	23.3	19.6
Office of the Registrar of Political Parties	-	-	-	-	-	-	0.9	0.9	0.1	0.1	10.7	11.1
Witness Protection Agency	-	-	-	-	-	-	0.4	0.4	0.1	0.1	29.5	21.8
Kenya National Commission on Human Rights	-	-	-	-	-	-	0.5	0.5	0.1	0.1	18.7	25.0
Independent Electoral and Boundaries Commission	0.8	0.5	-	-	-	-	20.9	20.9	11.1	11.1	53.1	53.1
Judicial Service Commission	-	-	-	-	-	-	0.5	0.5	0.1	0.07	14.4	14.6
National Police Service Commission	-	-	-	-	-	-	0.5	0.5	0.1	0.1	14.9	17.0
National Gender & Equality Commission	-	-	-	-	-	-	0.4	0.4	0.1	0.1	19.9	23.9
Independent Policing Oversight Authority	-	-	-	-	-	-	0.6	0.6	0.1	0.1	16.4	16.0
Total	26.2	24.7	4.6	2.4	18.5	9.2	176.1	175.4	43.7	33.5	24.9	19.0
Total for the Sector							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
Development							26.2	24.7	4.6	2.4	18.5	9.2
Recurrent							176.1	175.4	43.7	33.5	24.9	19.0
Total							202.3	200.1	48.3	35.9	24.1	17.8

Source: MDAs and National Treasury

In the period under review, State Department for Interior received the highest proportion of development exchequer issues to development net estimates at 23.8 per cent while the Judiciary received the lowest at 12 per cent. Independent Electoral and Boundaries Commission (IEBC) received the highest proportion of recurrent exchequer issues to the recurrent net estimates at 53.1 per cent while the Office of the Registrar of Political Parties received the lowest at 10.7 per cent. The high allocation to the IEBC is attributed to the funding provided for the conduct of August 2017 general elections.

Figure 4.12 shows the exchequer issues to the GJLOS Sector in the first three months of FY 2017/18.

Figure 4.12: Exchequer Issues to the GJLOS Sector for the First Quarter of FY 2017/18 (Kshs. Billions)



Source: National Treasury

The total expenditure for the sector in the first three months of FY 2017/18 amounted to Kshs.35.9 billion representing 17.8 per cent of the annual gross estimates, an increase compared to 11.8 per cent (Kshs.23.1billion) recorded in a similar period of FY 2016/17. The expenditure comprised of Kshs.2.4 billion for development activities, representing an absorption rate of 9.2 per cent, and Kshs.33.5 billion, representing 19 per cent of the annual recurrent estimates.

The Judiciary recorded the highest absorption of development budget at 13.4 per cent (Kshs.0.6 billion) and the State Department for Interior coming in second at 10.5 per cent. IEBC recorded the highest percentage of recurrent expenditure to the annual recurrent estimates at 53.1 per cent while Office of the Registrar of Political Parties had the lowest at 11.1 per cent.

4.8 Health Sector

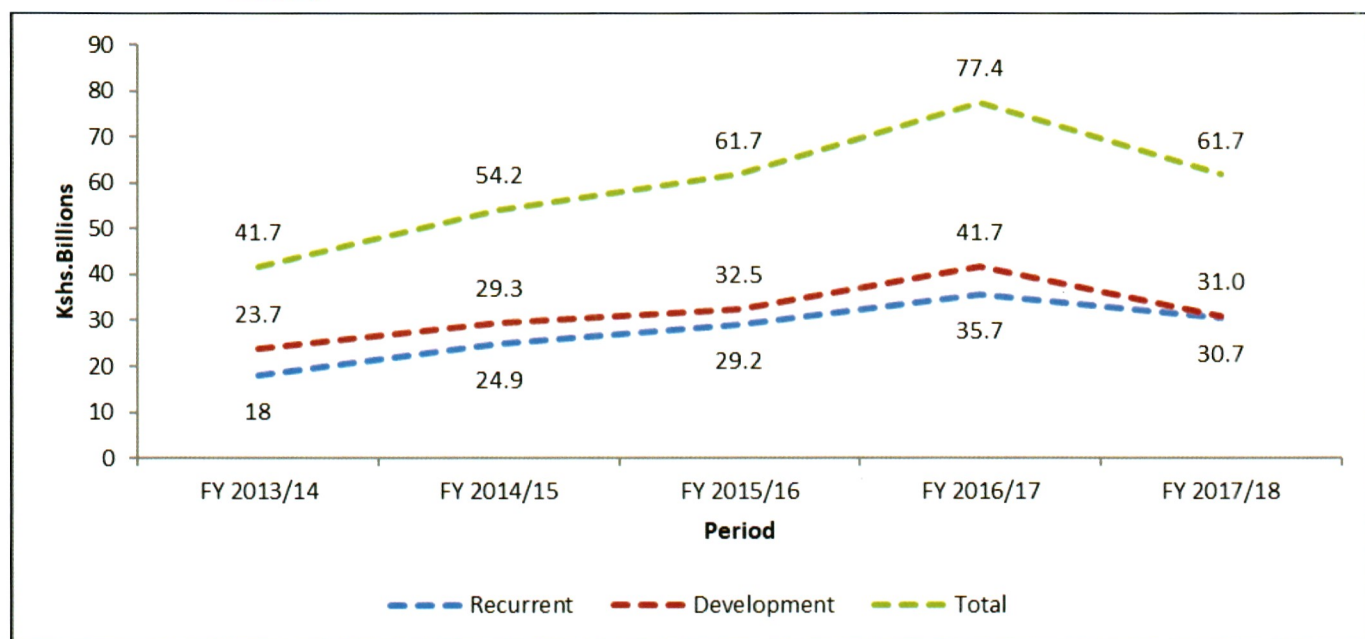
The Health Sector has only one Ministry of Health and seven SAGAs namely; Kenyatta National Hospital (KNH), Moi Teaching and Referral Hospital (MTRH), Kenya Medical Research Institute (KEMRI), Kenya Medical Supplies Authority (KEMSA), Kenya Medical Training College (KMTC), National AIDS Control Council (NACC), and the National Health Insurance Fund (NHIF).

The mandates of the national health sector include referral services, policy formulation, capacity building, regulation and technical support, while service delivery is assigned to the County Governments. The County

Governments are responsible for; County health facilities and pharmacies, ambulance services, promotion of primary health care, licensing and control of undertakings that sell food to the public, veterinary services (excluding regulation of the profession), cemeteries, funeral parlors and crematoria, and, refuse removal, refuse dumps and solid waste disposal.

The annual allocation to the Sector in FY 2017/18 was Kshs.61.7 billion representing 2.3 per cent of gross national budget, a decrease from Kshs.77.4 billion allocated in FY 2016/17. The allocation comprised of Kshs.31 billion (50.2 per cent) for development expenditure and Kshs.30.7 billion (49.8 per cent) for recurrent expenditure. Figure 4.13 shows the budgetary allocation trend for the Health Sector for the period FY 2013/14 to FY 2017/18.

Figure 4.13: Budgetary Allocation Trend for the Health Sector from FY 2013/14 to FY 2017/18 (Kshs. Billion)



Source: National Treasury

In the first three months of FY 2017/18, the sector received exchequer issues of Kshs.7.6 billion, representing 16.3 per cent of the net estimates. This comprised of Kshs.2.7 billion for development expenditure, representing 13.8 per cent of the development net estimates and Kshs.4.8 billion for recurrent expenditure, representing 18.1 per cent of the net recurrent estimates.

Table 4.7 shows Health sector analysis of exchequer issues and expenditure in the first three months of FY 2017/18.

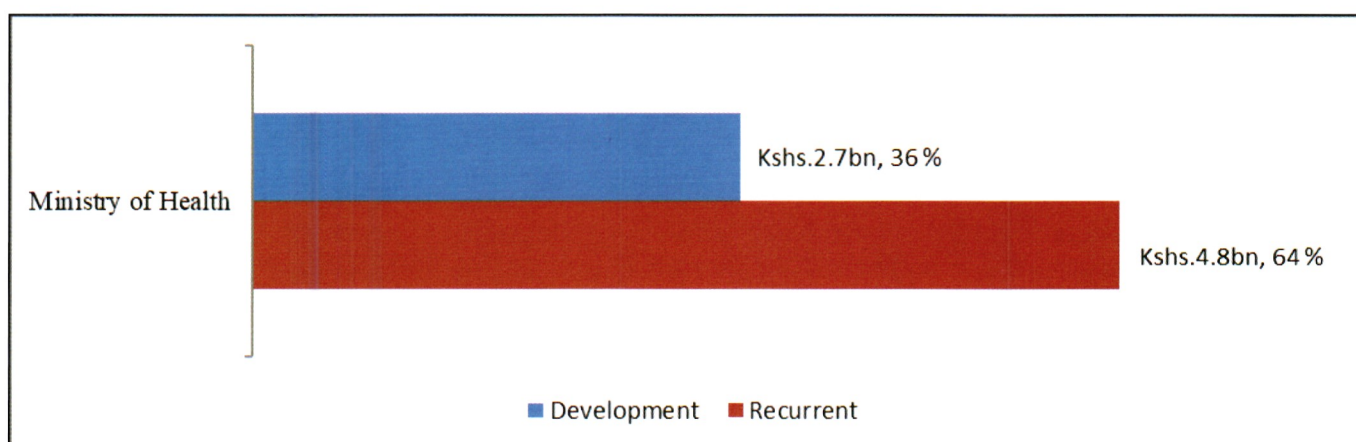
Table 4.7: Health Sector-Analysis of Exchequer Issues and Expenditure for the First Quarter FY 2017/18. (Kshs. Billions)

VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
Ministry of Health	31.0	19.6	2.7	2.4	13.8	7.6	30.7	26.7	4.8	5.2	18.1	17.0
Total	31.0	19.6	2.7	2.4	13.8	7.6	30.7	26.7	4.8	5.2	18.1	17.0
Total for the Sector							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
Development							31.0	19.6	2.7	2.4	13.8	7.6
Recurrent							30.7	26.7	4.8	5.2	18.1	17.0
Total							61.7	46.4	7.6	7.6	16.3	12.3

Source: MDAs and National Treasury

Figure 4.14 shows the exchequer issues to Health Sector in the first three months of FY 2017/18.

Figure 4.14: Exchequer Issues to the Health Sector for the First Quarter of FY 2017/18 (Kshs. Billions)



Source: National Treasury

The total expenditure for the sector in the first three months of FY 2017/18 amounted to Kshs.7.6 billion, representing 12.3 per cent of the annual estimates, an increase compared to Kshs.6.6 billion spent in the same period of the FY 2016/17. The expenditure consisted of Kshs.2.4 billion for development expenditure, representing an absorption rate of 7.6 per cent, an increase from 6.3 per cent recorded in the same period of FY 2016/17 and Kshs.5.5 billion spent on recurrent activities, representing 17 per cent of the annual recurrent estimates, an increase from 15.9 per cent recorded in FY 2016/17.

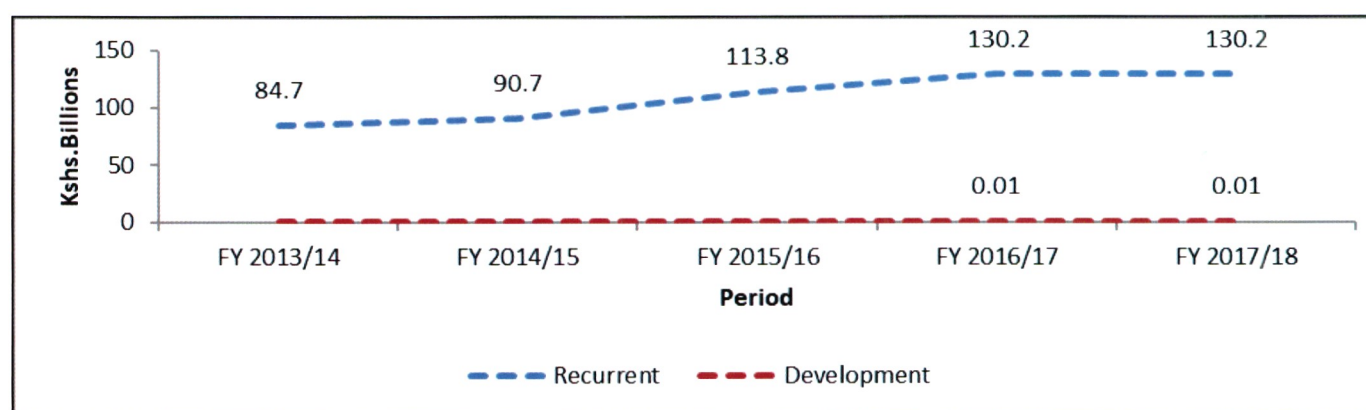
4.9 National Security Sector

The Sector consists of the Ministry of Defence and the National Intelligence Service (NIS). The mandate of the sector is to ensure security of the country against any threats emanating from within or outside the Kenyan borders, defend the country, and provide support to civil power in maintaining peace and order.

The annual allocation to the sector in FY 2017/18 was Kshs.130.2 billion translating to 4.9 per cent of gross national budget, similar amount to FY 2016/17 allocation. The allocation comprised of Kshs.45 million for development expenditure and Kshs.130.2 billion for recurrent expenditure. Ministry of Defence received the highest allocation of Kshs.103.6 billion (79.6 per cent of the sector's allocation), while National Intelligence Service received Kshs.26.6 billion (20.4 per cent of the sector's allocation).

Figure 4.15 below shows the budgetary allocation trend for the National Security Sector for the period FY 2013/14 to FY 2017/18.

Figure 4.15: Budgetary Allocation Trend for the National Security Sector from FY 2013/14 to FY 2017/18 (Kshs. Billion)



Source: National Treasury

In the first three months of FY 2017/18, the sector received exchequer issues of Kshs.35.5 billion, representing 27.3 per cent of the sector's annual net estimates. Ministry of Defence received Kshs.24.7 billion and NIS Kshs.10.8 billion, representing 23.9 per cent and 40.5 per cent of net estimates respectively.

Table 4.8 shows the National Security sector analysis of exchequer issues and expenditure in the first three months of FY 2017/18.

Table 4.8: National Security Sector-Analysis of Exchequer Issues and Expenditure for the First Quarter of FY 2017/18. (Kshs Billions)

VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
Ministry of Defence	0.05	-	-	-	-	-	103.6	103.6	24.7	24.4	23.9	23.6
National Intelligence Service	-	-	-	-	-	-	26.6	26.6	10.8	10.2	40.5	38.4
Total	0.05	-	-	-	-	-	130.2	130.2	35.5	34.6	27.3	28.6

VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
Total for the Sector							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
Development							0.05	-	-	-	-	-
Recurrent							130.2	130.2	35.5	34.6	27.3	26.6
Total							130.2	130.2	35.5	34.6	27.3	26.6

Source: MDAs and National Treasury

The total expenditure for the sector in the first three months of FY 2017/18 amounted to Kshs.34.6 billion, representing 26.6 per cent of the annual estimates, an increase from Kshs.25.8 billion spent in a similar period of FY 2016/17. Expenditure for the Ministry of Defence amounted to Kshs.24.4 billion, representing 23.6 per cent of the gross recurrent estimates, an increase compared to 19.6 per cent (Kshs.19.6 billion) in the first quarter of FY 2016/17. NIS expenditure amounted to Kshs.10.2 billion, representing 38.4 per cent of gross recurrent estimates, an increase compared to Kshs.6.5 billion spent in a similar period of FY 2016/17.

4.10 Public Administration and International Relations (PAIR) Sector

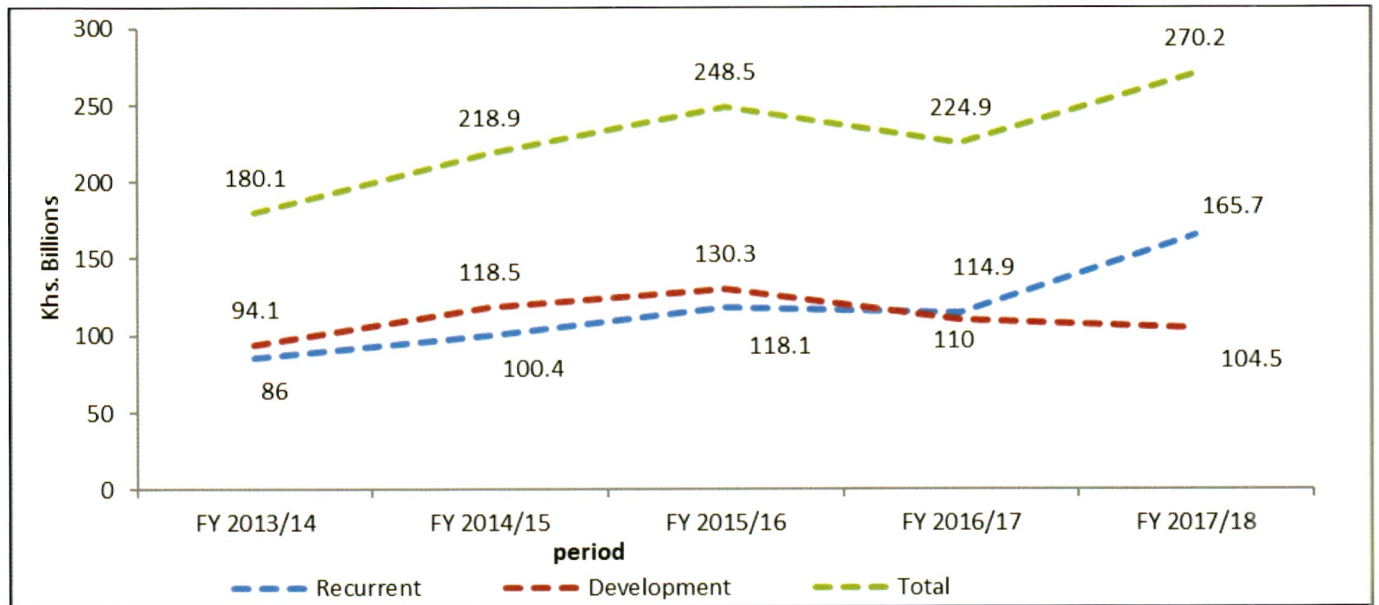
The Public Administration and International Relations Sector (PAIR) consists of 14 MDAs namely; The Presidency, State Department for Planning and Statistics, State Department for Devolution, Ministry of Foreign Affairs, National Treasury, State Department for Public Service and Youth Affairs, Parliamentary Service Commission, National Assembly, Commission on Revenue Allocation, Public Service Commission, Salaries and Remuneration Commission, Office of Auditor General, Controller of Budget, and Commission on Administrative Justice.

The sector provides overall policy and leadership direction to the country, oversees national legislation as well as the human resource function in the public service. It further coordinates national policy formulation, implementation, and, monitoring and evaluation. Other key mandates undertaken by the sector include resource mobilization and management, implementation of foreign policy, and provision of oversight on the use of public resources, and delivery of other services.

The annual allocation to the sector in FY 2017/18 was Kshs.270.2 billion representing 10 per cent of gross national budget, an increase compared to Kshs.224.9 billion allocated in FY 2016/17. The allocation comprised of Kshs.104.5 billion (38.7 per cent) for development expenditure and Kshs.165.7 billion (61.3 per cent) for recurrent expenditure. The National Treasury received the highest budgetary allocation of Kshs.121.4 billion (44.9 per cent of the sector's allocation), while Commission on Revenue Allocation (CRA) had the lowest at Kshs.0.4 billion (0.1 per cent of the sector's allocation).

Figure 4.16 shows the budgetary allocation trend for the PAIR Sector for the period FY 2013/14 to FY 2017/18.

Figure 4.16: Budgetary Allocation Trend for the PAIR Sector from FY 2013/14 to FY 2017/18 (Kshs. Billion)



Source: National Treasury

In the first three months of FY 2017/18, the Sector received exchequer issues amounting to Kshs.46.4 billion, representing 18.5 per cent of the Sector's annual recurrent net estimates. The exchequer issues comprised of Kshs.5 billion for development expenditure, representing 5.8 per cent of the annual development net estimates, and Kshs.41.4 billion for recurrent expenditure representing 25.1 per cent of the annual recurrent net estimates. Table 4.9 shows PAIR Sector analysis of exchequer issues and expenditure in the period July to September 2017.

Table 4.9: PAIR Sector-Analysis of Exchequer Issues and Expenditure between July and September 2017(Kshs. Billions)

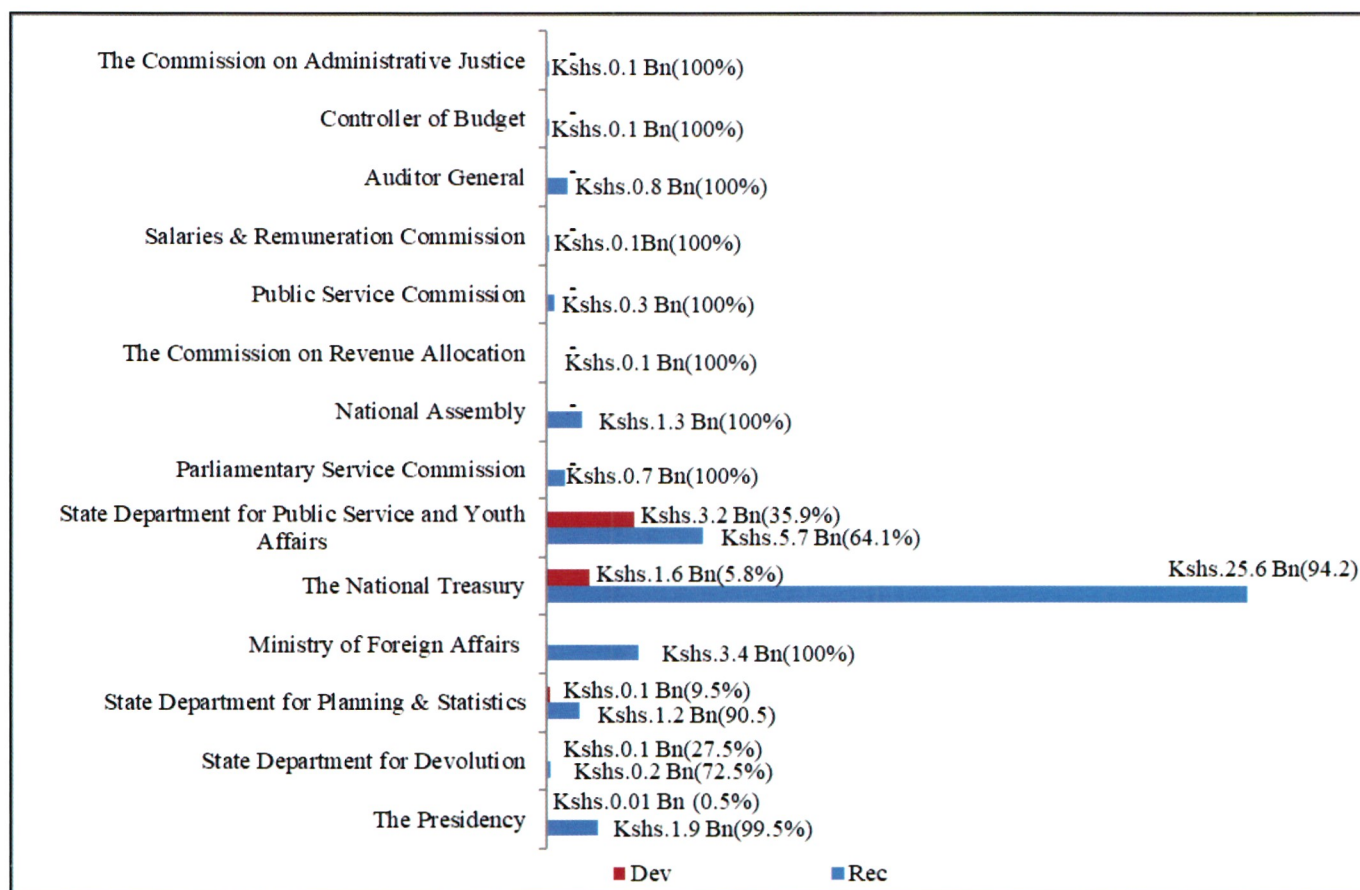
VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
The Presidency	1.1	1.1	0.009	0.01	0.9	1.3	8.7	8.7	1.9	1.5	21.7	17.0
State Department for Devolution	3.5	2.5	0.1	0.003	2.3	0.1	1.1	1.1	0.2	0.2	14.0	13.9
State Department for Planning & Statistics	37.5	36.9	0.1	8.5	0.3	22.8	5.7	5.4	1.2	1.2	22.3	20.8
Ministry of Foreign Affairs and International Trade	2.0	2.0	-	0.01	-	0.5	17.7	17.3	3.4	3.8	19.4	21.4
The National Treasury	43.9	26.5	1.6	1.3	5.9	3.1	77.4	77.4	25.6*	6.8	33.1	8.8
State Department for Public Service and Youth Affairs	13.0	13.0	3.2	5.1	24.8	39.2	13.5	13.3	5.7	1.8	43.0	13.3
Parliamentary Service Commission	3.2	3.2	-	-	-	-	11.7	11.7	0.7	0.8	5.8	7.0
National Assembly	-	-	-	-	-	-	21.2	21.2	1.3	1.4	6.2	6.8
Commission on Revenue Allocation	-	-	-	-	-	-	0.4	0.4	0.1	0.04	16.7	12.0
Public Service Commission	0.1	0.1	-	0.01	-	9.2	1.4	1.4	0.3	0.3	20.9	20.8
Salaries & Remuneration Commission	-	-	-	-	-	-	0.5	0.5	0.1	0.1	20.7	19.5
Auditor General	0.2	0.2	-	-	-	-	5.3	5.1	0.8	1.0	15.2	18.7
Controller of Budget	-	-	-	-	-	-	0.6	0.6	0.1	0.1	14.0	13.6
The Commission on Administrative Justice	-	-	-	-	-	-	0.5	0.5	0.1	0.1	18.3	16.2
Total	104.5	85.5	5.0	15.0	5.8	14.4	165.7	164.7	41.4	19.1	25.1	11.5
Total for the Sector							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
Development							104.5	85.5	5.0	15.0	5.8	14.4
Recurrent							165.7	164.7	41.4	19.1	25.1	11.5
Total							270.2	250.1	46.4	34.1	18.5	12.6

Source: MDAs and National Treasury

*This includes amount advanced to some County Governments (Kshs.20.4 billion) to enable them to pay salaries and provide essential services. This is due to variances on the disbursement schedule between the Senate and CARA 2017.

The State Department for Public Service and Youth Affairs received the highest proportion of exchequer issues to the annual net estimates for both development and recurrent expenditure at 24.8 per cent and 43 per cent respectively. The State Department for Devolution had the lowest at 0.1 per cent for development while the Parliamentary Service Commission had the lowest for recurrent expenditure at 5.8 per cent. Figure 4.17 shows the exchequer issues to the PAIR Sector in the first three months of FY 2017/18.

Figure 4.17: Exchequer Issues to the PAIR Sector for the First Quarter of FY 2017/18 (Kshs. billions)



Source: National Treasury

The total expenditure for the sector in the first three months of FY 2017/18 totalled to Kshs.34.1 billion representing 12.6 per cent of the annual gross estimates, a decline from 17.4 percent recorded in the same period of FY 2016/17. The expenditure consisted of Kshs.15 billion for development activities, representing an absorption rate of 14.4 per cent, an increase from 13 per cent recorded in the same period of FY 2016/17. A total of Kshs.19.1 billion was spent on recurrent expenditure representing 11.5 per cent of recurrent estimates, a decline compared to 21.7 per cent recorded in the same period of FY 2016/17.

The State Department for Public Service and Youth Affairs recorded the highest absorption of development budget at 39.2 per cent while the State Department for Devolution had the lowest at 0.1 per cent. The Ministry of Foreign Affairs and International Trade recorded the highest percentage of recurrent expenditure to annual gross estimates at 21.4 per cent while the National Assembly had the lowest at 6.8 per cent.

4.11 Social Protection, Culture and Recreation Sector

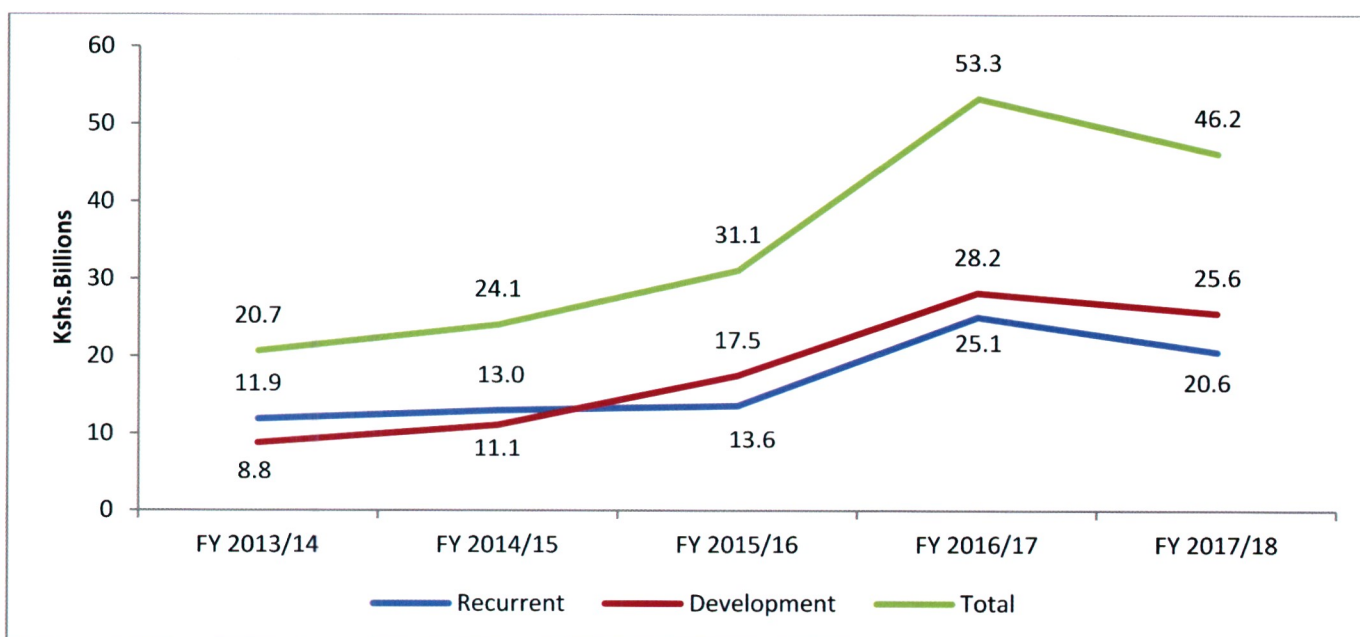
The Social Protection, Culture and Recreation Sector comprise of six MDAs namely; State Departments for Sports Development; Arts and Culture; Labour; Social Protection; Special Programmes; and Gender Affairs. The sector plays a major role in the country's transformation by promoting and exploiting Kenya's

diverse cultures and arts; enhancing a reading culture; regulation, development and promotion of sports, the film and music industry; and preservation of the country's heritage. It also promotes harmonious industrial relations, safety and health at workplaces, employment promotion, industrial training, regulation of trade unions, productivity improvement, manpower planning and development, social security, social assistance, children care and protection and vocational training for Persons Living with Disabilities (PLWDs) and development of community groups.

The annual allocation to the sector in FY 2017/18 was Kshs.46.2 billion, representing 4.6 per cent of gross national budget, a decrease compared to Kshs.53.4 billion allocated in FY 2016/17. The allocation comprised of Kshs.25.6 billion (55.4 per cent) for development expenditure and Kshs.20.6 billion (44.6 per cent) for recurrent expenditure. State Department for Social Protection received the highest allocation of Kshs.24.4 billion (52.8 per cent of the Sector's allocation), while State Department for Labour had the lowest budgetary allocation of Kshs.3 billion (6.5 per cent of the Sector's allocation).

Figure 4.18 shows the budgetary allocation trend for the Social Protection, Culture Recreation Sector for the period FY 2013/14 to FY 2017/18.

Figure 4.18: Budgetary Allocation Trend for the Social Protection, Culture Recreation Sector from FY 2013/14 to FY 2017/18 (Kshs Billions)



Source: National Treasury

In the first three months of FY 2017/18, the sector received exchequer issues amounting to Kshs.7.5 billion representing 16.8 per cent of the sector's annual net estimates. This comprised of Kshs.4 billion for development expenditure representing 16.8 per cent of the annual development net estimates and Kshs.3.4 billion to recurrent expenditure representing 16.7 per cent of the annual recurrent net estimates.

Table 4.10 shows an analysis of exchequer issues and expenditure incurred by the Social Protection, Culture Recreation Sector in the first three months of FY 2017/18.

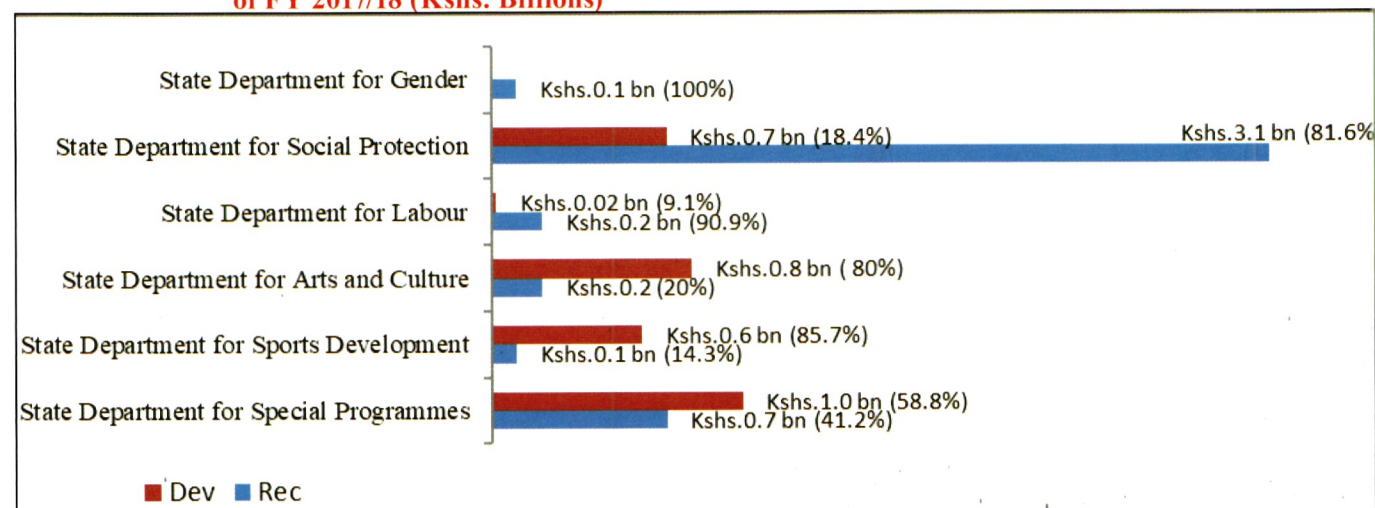
Table 4.10: Social Protection, Culture Recreation Sector-Analysis of Exchequer Issues and Expenditure, First Quarter of FY 2017/18 (Kshs. Billions)

VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
State Department for Special Programmes	4.5	3.0	0.7	1.0	23.7	22.6	2.2	2.2	1.0	1.6	46.6	72.3
State Department for Sports Development	0.6	0.6	0.1	0.3	15.2	50.1	2.5	2.5	0.6	0.5	24.0	21.5
State Department for Arts and Culture	1.0	1.0	0.2	0.2	15.4	14.8	2.9	2.9	0.8	0.7	25.7	22.3
State Department for Labour	1.0	1.0	0.02	0.01	1.7	1.1	2.0	2.0	0.2	0.2	12.3	12.2
State Department for Social Protection	15.0	15.0	3.1	2.9	20.5	19.5	9.4	9.4	0.7	0.9	7.9	9.4
State Department for Gender	3.4	3.4	-	0.7	-	21.4	1.6	1.6	0.1	0.1	6.8	6.2
Total	25.6	23.9	4.0	5.1	16.8	20.0	20.6	20.6	3.4	4.0	16.7	19.3
Total for the Sector							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to Gross Est.
Development							25.6	23.9	4.0	5.1	16.8	20.0
Recurrent							20.6	20.6	3.4	4.0	16.7	19.3
Total							46.2	44.5	7.5	9.1	16.8	19.7

Source: MDAs and National Treasury

The State Department for Special Programmes received the highest proportion of exchequer issues to the net estimates for both development and recurrent expenditure at 23.7 per cent and 46.6 per cent respectively. State Department for Labour had the lowest proportion of exchequer issues to net estimates for development expenditure at 1.7 per cent while State Department for Gender received the lowest at 6.8 per cent for recurrent expenditure.

Figure 4.19 shows the exchequer issues to the Social Protection, Culture Recreation Sector in the first three months of FY 2017/18.

Figure 4.19: Exchequer Issues to the Social Protection, Culture Recreation Sector in the First Quarter of FY 2017/18 (Kshs. Billions)

Source: National Treasury

The total expenditure for the sector in the first three months of FY 2017/18 amounted to Kshs.9.1 billion representing 19.7 per cent of the annual gross estimates, an increase compared to 12.6 per cent (Kshs.5.6 billion) recorded in a similar period in FY 2016/17. The expenditure comprised of Kshs.5.1 billion for development activities, representing an absorption rate of 20 per cent, and Kshs.4 billion, representing 19.3 per cent of the annual recurrent estimates.

State Department for Sports Development recorded the highest absorption of its development budget at 50.1 per cent (Kshs.0.3 billion) with State Department for Labour recording the lowest at 1.1 per cent (Kshs.0.7 billion). State Department for Special Programmes recorded the highest percentage of recurrent expenditure to the annual recurrent estimates at 72.3 per cent while State Department for Gender had the lowest at 6.2 per cent.

5 BUDGET PERFORMANCE BY PROGRAMMES FOR FY 2017/18

5.1 Introduction

This chapter presents analysis of MDAs budget performance based on programmes implemented in the first three months of FY 2017/18. The chapter also provides detailed information on how funds were allocated to the various programmes within the MDAs for both development and recurrent expenditure and the implementation status of each programme. The Sectors are presented in an alphabetical order.

5.2 Agriculture, Rural and Urban Development (ARUD) Sector

In FY 2017/18, the allocation for ARUD sector was Kshs.38.1 billion comprising of Kshs.20.8 billion (54.6 per cent) for development activities and Kshs.17.3 billion (45.4 per cent) for recurrent expenditure to fund its 12 programmes. The analysis of Sector programmes for the first three months of FY 2017/18 is presented in table 5.1.

Table 5.1: ARUD Sector's Programme Performance in the Period July to September 2017 (Kshs. Billions)

VOTE	Programme	Dev. Est.	Rec. Est.	Gross Est.	Dev. Exp.	Rec. Exp.	Total Exp.	Program-Implementation Rate (%)
Ministry of Lands and Physical Planning	Land Policy and Planning	3.8	2.5	6.2	0.3	0.5	0.8	12.6
State Department for Agriculture	General Administration Planning and Support Services	0.6	3.4	4.0	0.3	0.8	1.1	26.9
	Crop Development and Management	9.5	2.7	12.2	1.5	0.3	1.8	14.5
	Agribusiness and Information Management	1.1	0.2	1.3	0.02	0.0	0.1	4.2
State Department for Livestock	Livestock Resources Management and Development	4.6	5.1	9.7	0.6	1.0	1.6	16.1
State Department for Fisheries and the Blue Economy	Fisheries Development and Management	0.8	1.6	2.4	0.1	0.3	0.3	13.4
	General Administration Planning and Support Services	-	0.2	0.2	-	0.01	0.01	4.7
	Development and Coordination of Blue Economy	0.1	0.3	0.3	0.004	0.02	0.02	6.4
National Land Commission	Land Administration and Management	-	0.4	0.4	-	0.1	0.1	19.8
	General Administration Planning and Support Services	-	0.9	0.9	-	0.2	0.2	19.3
	Land Disputes and Conflict Resolutions	-	0.1	0.1	-	0.04	0.04	29.2
	National Land Information Management Systems	0.3	0.05	0.4	0.02	0.01	0.02	7.0
Total		20.8	17.3	38.1	2.7	3.2	5.9	15.4

Source: MDAs and National Treasury

Crop Development and Management programme under State Department for Agriculture received the highest allocation of Kshs.12.2 billion accounting for 32 per cent of the total allocation to the Sector while the Land Disputes and Conflict Resolutions under the NLC received the lowest at Kshs.0.1 billion, which accounted for less than 1 per cent of the total allocation to the Sector.

The total expenditure for the programmes in the period under review amounted to Kshs.5.9 billion representing 15.4 per cent of the annual gross estimates. This expenditure comprised of Kshs.2.7 billion for development expenditure, representing an absorption rate of 13.1 per cent and Kshs.3.2 billion on recurrent expenditure, representing 18.2 per cent of the annual gross estimates for recurrent programmes.

Analysis by programme performance shows that the Land Disputes and Conflict Resolutions programme under the National Land Commission recorded the highest proportion of programme expenditure to its annual budget estimates at 29.2 per cent while the Agribusiness and Information Management programme under the State Department for Agriculture recorded the lowest at 4.2 per cent.

5.3 Education Sector

The Education sector allocation in FY 2017/18 was Kshs.375 billion comprising of Kshs.24.8 billion (6.6 per cent) for development programmes and Kshs.350.1 billion (93.4 per cent) for recurrent programmes to fund 13 programmes. The analysis of Sector programmes for the first three months of FY 2017/18 is presented in table 5.2.

Table 5.2: Education Sector's Programme Performance for the Period July to September 2017
(Kshs. Billions)

VOTE	Programme	Dev. Est.	Rec. Est.	Gross Est.	Dev. Exp.	Rec. Exp.	Total Exp.	Programme Implementation Rate (%)
State Department for Education	Primary Education	4.6	17.2	21.8	0.6	5.9	6.5	29.6
	Secondary Education	1.7	34.2	35.9	0.1	13.6	13.7	38.0
	Quality Assurance and Standards	0.3	4.2	4.5	0.1	0.8	0.8	18.6
	General Administration, Planning and Support Services	0.1	4.7	4.8	-	0.9	0.9	18.9
State Department for Vocational Training and Technical Training	Technical Vocational Education and Training	3.6	2.4	6.0	0.4	0.6	0.9	15.2
	Youth Training and Development	2.0	0.1	2.1	0.0	0.0	0.0	0.9
	General Administration, Planning and Support Services	-	0.2	0.2	-	0.02	0.02	8.0
State Department for University Education	University Education	11.9	82.0	93.9	1.5	16.0	17.4	18.6
	Research, Science, Technology and Innovation	0.36	3.1	3.5	0.06	0.6	0.7	19.0
	General Administration, Planning and Support Services	-	0.7	0.7	-	0.1	0.1	13.6
Teachers Service Commission	Teacher Resource Management	-	195.1	195.1	-	51.8	51.8	26.5
	Governance and Standards	-	0.1	0.1	-	0.01	0.0	13.6
	General Administration, Planning and Support Services	0.1	6.7	6.8	0.0	0.6	0.6	8.9
Total		24.8	350.1	375.0	2.7	90.7	93.4	24.9

Source: MDAs and National Treasury

The Teacher Resource Management programme under TSC received the highest budgetary allocation at Kshs.195.1billion (52 per cent of the total budget allocation for the Sector), while the Governance and Standards programme which is also under the TSC received the lowest allocation at Kshs.84.5 million (less than 1 per cent of the total budget allocation for the Sector).

The total expenditure for the programmes in the Sector during the reporting period amounted to Kshs.93.4 billion representing 24.9 per cent of the annual gross estimates. This expenditure comprised of Kshs.2.7 billion as development expenditure, which represent an absorption rate of 10.9 per cent while recurrent expenditure amounted to Kshs.90.7 billion, accounting for 25.9 per cent of annual budget estimates for the Sector's development programmes.

Analysis of the programme performance shows that the Secondary Education programme under the State Department for Basic Education recorded the highest proportion of programme expenditure to annual gross estimates at 38 per cent, while the Youth Training and Development programme under the State Department for Vocational Training and Technical Training recorded the lowest at less than 1 per cent.

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

In FY 2017/18, the EI & ICT Sector allocation was Kshs.415.7 billion to implement 25 programmes. The allocation comprised of Kshs.348.5 billion (83.8 per cent) for development activities and Kshs.67.2 billion (16.2 per cent) as recurrent expenditure. The analysis of the EI&ICT Sector's programmes for the first three months of FY 2017/18 is presented in Table 5.3.

Table 5.3: EI & ICT Sector's Programme Performance for the Period July to September 2017 (Kshs. Billions)

VOTE	Programme	Dev. Est.	Rec. Est.	Gross Est.	Dev. Exp.	Rec. Exp.	Total Exp	Programme Implementation Rate (%)
State Department of Transport	General Administration, Planning and Support Services	0.8	0.4	1.2	0.02	0.1	0.1	9.3
	Rail Transport	75.6	0.2	75.8	9.1	-	9.1	12.0
	Marine Transport	14.3	0.4	14.7	2.6	0.2	2.8	18.9
	Air Transport	5.8	4.6	10.4	0.9	2.2	3.0	29.3
	Road Safety	0.03	0.5	0.5	0.1	0.1	0.2	39.1
State Department of Infrastructure	Road Transport	135.0	52.7	187.7	14.5	13.5	28.0	14.9
State Department for Maritime Affairs	Marine Transport	-	0.3	0.3	-	0.1	0.1	18.3
State Department for Public Works	Government Buildings	2.0	0.4	2.4	0.002	0.1	0.1	3.3
	Coastline Infrastructure and Pedestrian Access	0.1	0.1	0.2	-	0.02	0.02	8.8
	General Administration, Planning and Support Services	-	0.4	0.4	-	0.1	0.1	15.6

VOTE	Programme	Dev. Est.	Rec. Est.	Gross Est.	Dev. Exp.	Rec. Exp.	Total Exp.	Programme Implementation Rate (%)
State Department for Housing & Urban Development	Housing Development and Human Settlement	6.0	0.5	6.4	1.2	0.1	1.3	19.9
	Urban and Metropolitan Development	8.2	0.3	8.5	1.3	0.1	1.3	15.7
	General Administration, Planning and Support Services	-	0.3	0.3	-	0.04	0.04	15.9
	Regulation and Development of the Construction Industry	0.1	0.7	0.9	0.01	0.2	0.2	21.8
State Department for Information Communications & Technology	General Administration Planning and Support Services	-	0.3	0.3	-	0.03	0.03	10.0
	ICT Infrastructure Development	18.7	0.4	19.1	3.3	0.01	3.3	17.5
	E-Government Services	0.6	0.6	1.2	-	0.1	0.1	4.4
State Department for Broadcasting & Telecommunication	General Administration Planning and Support Services	-	0.3	0.3	-	0.0	0.03	10.7
	Information and Communication Services	0.5	1.6	2.1	0.1	0.6	0.7	30.9
	Mass Media Skills Development	0.2	0.2	0.4	-	0.05	0.05	11.4
State Department for Energy	General Administration Planning and Support Services	0.3	0.4	0.7	0.1	0.1	0.2	26.0
	Power Generation	16.7	0.8	17.5	3.3	0.1	3.5	19.8
	Power Transmission and Distribution	56.9	0.8	57.7	8.0	0.2	8.1	14.1
	Alternative Energy Technologies	1.2	0.1	1.3	0.3	0.02	0.3	22.8
State Department for Petroleum	Exploration and Distribution of Oil and Gas	5.1	0.2	5.4	0.1	0.03	0.2	2.8
Total		348.5	67.2	415.7	44.8	17.8	62.6	15.1

Source: MDAs and National Treasury

From the analysis, Road Transport programme under State Department for Infrastructure received the highest allocation of Kshs.187.7 billion (45.2 per cent of the total budget allocation for the Sector) while the Coastline Infrastructure and Pedestrian Access programme under State Department for Public Works had the lowest allocation of Kshs.0.2 billion (less than 1 per cent of the total budget allocation for the Sector).

The total expenditure for the sector programmes in the period under review amounted to Kshs.62.6 billion representing 15.1 per cent of the annual gross estimates. This comprised of Kshs.44.8 billion for development expenditure, representing an absorption rate of 12.9 per cent and Kshs.17.8 billion for recurrent expenditure representing 26.5 per cent of the annual recurrent gross estimates.

Analysis of the programme performance shows that Road Safety Programme under State Department for Transport recorded the highest absorption of programme expenditure to its' annual estimates at 39.1 per cent while Exploration and Distribution of Oil and Gas programme under State Department for Petroleum had the lowest programme implementation rate of 2.8 per cent.

5.5 Environmental Protection, Water and Natural Resources Sector

The allocation to the Sector in FY 2017/18 was Kshs.73.6 billion for implementing 13 programmes. This comprised of Kshs.50.8 billion (69 per cent) for development programmes and Kshs.22.8 billion (31 per cent) for recurrent expenditure. The analysis of Environmental Protection, Water and Natural Resources Sector programmes for the first three months of FY 2017/18 is presented in Table 5.4.

Table 5.4: Environment Protection, Water and Natural Resources Sector's Programme for the Period July to September 2017 (Kshs. Billions)

VOTE	Programme	Dev. Est.	Rec. Est.	Gross Est.	Dev. Exp.	Rec. Exp.	Total Exp.	Programme Implementation Rate (%)
State Department for Water Services	General Administration, Planning and Support Services	0.2	0.6	0.8	0.0	0.1	0.1	17.6
	Water Resources Management	4.7	1.3	6.0	0.4	0.2	0.5	8.7
	Water and Sewerage Infrastructure Development	24.9	2.1	27.0	1.0	0.1	1.1	4.1
State Department for Irrigation	Irrigation and Land Reclamation	6.4	0.9	7.3	1.4	0.1	1.5	20.6
	Water Storage and Flood Control	5.8	-	5.8	1.3	-	1.3	21.7
	General Administration, Planning and Support Services	-	-	-	-	-	-	-
State Department for Environment	Meteorological Services	2.5	1.4	3.9	0.2	0.3	0.6	14.2
	Environment Management and Protection	-	0.4	0.4	0.05	0.1	0.1	38.2
	General Administration, Planning and Support Services	1.1	1.1	2.2	0.3	0.3	0.5	24.0
State Department for Natural Resources	Natural Resource Management	3.9	13.5	17.4	0.7	1.8	2.4	13.9
Ministry of Mining	General Administration Planning and Support Services	0.1	0.9	1.0	-	0.1	0.1	6.2
	Resources Surveys and Remote Sensing	0.4	0.2	0.5	-	0.02	0.02	3.7
	Mineral Resources Management	0.8	0.4	1.2	0.03	0.05	0.1	6.3
Total		50.8	22.8	73.6	5.3	3.0	8.3	11.3

Source: MDAs and National Treasury

From the analysis, Water and Sewerage Infrastructure Development programme under State Department for Water Services received the highest allocation at Kshs.27 billion (36.7 per cent of the total budget allocation for the Sector), while the Environment Management and Protection programme under the State Department for Environment received the lowest allocation at Kshs.0.4 billion (less than 1 per cent of the total budget allocation for the Sector)

The total expenditure for the sectors' programmes in the period under review amounted to Kshs.8.3 billion representing 11.3 per cent of the annual gross estimates. This expenditure comprised of Kshs.5.3 billion in development expenditure, representing an absorption rate of 10.4 per cent while recurrent expenditure was Kshs.3 billion, representing 13.3 per cent of annual recurrent gross estimates.

The Environment Management and Protection programme under State Department for Environment Services recorded the highest proportion of programme expenditure to its' annual gross estimates at 38.2 per cent while the Resources Surveys and Remote Sensing programme under the Ministry of Mining registered the lowest proportion of programme expenditure to its annual gross estimates at 3.7 per cent.

5.6 General Economic and Commercial Affairs (GECA) Sector

In FY 2017/18, the sector's budgetary allocation was Kshs.19.8 billion for implementing 7 programmes. This comprise of Kshs.10.2 billion (51.5 per cent) for development programmes and Kshs.9.6 billion (48.5 per cent) for recurrent programmes. Analysis of GECA Sector programmes for the first three months of FY 2017/18 is presented in Table 5.5.

Table 5.5: GECA Sector's Programme Performance for the Period July to September 2017 (Kshs. Billions)

VOTE	Programme	Dev. Est.	Rec. Est.	Gross Est.	Dev. Exp.	Rec. Exp.	Total Exp	Programme Implementation Rate (%)
State Department for Investment and Industry	General Administration Planning and Support Services	0.18	0.5	0.7	0.01	0.1	0.1	16.1
	Industrial Development and Investments	3.26	0.9	4.2	0.4	0.2	0.6	14.0
	Standards and Business Incubation	1.94	1.0	2.9	0.5	0.2	0.7	25.0
State Department for Cooperatives	Cooperative Development and Management	0.49	0.4	0.9	0.1	0.1	0.1	15.9
State Department for Trade	Trade Development and Promotion	0.33	2.4	2.7	0.001	0.3	0.3	9.2
State Department for East African Integration	East African Affairs and Regional Integration	0.07	1.6	1.6	-	0.1	0.1	4.3
Ministry of Tourism	Tourism Development and Promotion	3.92	2.9	6.8	0.72	0.4	1.1	16.2
Total		10.2	9.6	19.8	1.7	1.3	3.0	15.1

Source: MDAs and National Treasury

The Tourism Development and Promotion programme under Ministry of Tourism received the highest allocation at Kshs.6.8 billion (34.2 per cent of the total budget allocation for the Sector), while the General Administration, Planning and Support under the State Department for Industry and Investment received the lowest allocation at Kshs.0.7 billion (3.4 per cent of the total budget allocation for the Sector).

The total expenditure for the Sector's programmes in the first three months of FY 2017/18 amounted to Kshs.3 billion translating to an absorption rate of 15.1 per cent. This expenditure comprised of Kshs.1.7 billion incurred on development activities, representing an absorption rate of 16.9 per cent, while Kshs.1.3 billion was spent on recurrent activities, translating to 13.1 per cent of the annual recurrent gross estimates.

The Standards and Business Incubation programme under State Department for Industry and Investment recorded the highest proportion of programme expenditure to its annual estimates at 25 per cent while East African Affairs and Regional Integration programme under the State Department for East African Integration recorded the lowest at 4.3 per cent.

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

The GJLOS sector allocation in FY 2017/18 was Kshs.202.3 billion to implement 22 programmes. The allocation comprised of Kshs.26.2 billion (13 per cent) for development expenditure and Kshs.176.1 billion (87 per cent) for recurrent expenditure. Analysis of the GJLOS sector programmes for the first three months of FY 2017/18 is presented in Table 5.6.

Table 5.6: GJLOS Sector's Programme Performance for the Period July to September 2017 (Kshs. Billions)

VOTE	Programme	Dev. Est.	Rec. Est	Gross Est.	Dev. Exp.	Rec. Exp.	Total Exp.	Programme Implementation Rate (%)
State Department for Interior	Policing services	12.3	78.6	90.8	1.0	11.5	12.5	13.8
	Planning, Policy Coordination and Support Services	4.3	21.1	25.4	0.5	2.3	2.8	11.1
	Government Printing Services	0.2	0.8	0.9	0.04	0.05	0.1	8.8
	Population Management Services	1.9	6.2	8.2	0.4	0.8	1.2	14.9
	NGO Regulatory Services	-	0.1	0.1	-	-	-	-
State Department for Correctional Services	Betting Control, Licensing and Regulation Services	-	0.1	0.1	-	0.01	0.01	10.9
	Correctional services	0.9	20.8	21.7	-	3.6	3.6	16.5
	General Administration, Planning and Support Services	0.05	0.4	0.4	-	0.1	0.1	17.2
State Law Office and Department of Justice	Legal Services	0.01	2.1	2.1	-	0.2	0.2	10.7
	Governance, Legal Training And Constitutional Affairs	1.4	1.8	3.1	-	0.4	0.4	11.7
	General Administration, Planning and Support Services	0.1	0.8	0.9	-	0.1	0.1	15.8
The Judiciary	Dispensation of Justice	4.1	13.4	17.6	0.6	1.7	2.2	12.6
Ethics and Anti-Corruption Commission	Ethics and Anti-Corruption	1.3	2.8	4.0	-	0.5	0.5	13.6
Office of Director of Public Prosecutions	Public Prosecution Services	0.1	2.3	2.3	0.003	0.4	0.4	19.0
Office of the Registrar of Political Parties	Registration, Regulation and Funding of Political Parties	-	0.9	0.9	-	0.1	0.1	11.1
Witness Protection Authority	Witness Protection	-	0.4	0.4	-	0.1	0.1	21.8
Kenya National Commission on Human Rights (KNCHR)	Protection and Promotion of Human Rights	-	0.5	0.5	-	0.1	0.1	25.0

VOTE	Programme	Dev. Est.	Rec. Est.	Gross Est.	Dev. Exp.	Rec. Exp.	Total Exp.	Programme Implementation Rate (%)
Independent Electoral and Boundaries Commission	Management of Electoral Processes	0.8	20.9	21.6	-	11.1	11.1	51.2
Judicial Service Commission	Dispensation of Justice	-	0.5	0.5	-	0.1	0.1	14.6
National Police Service Commission	National Police Service Human Resource Management	0.1	0.5	0.6	-	0.1	0.1	15.0
National Gender and Equality Commission	Promotion of Gender Equality and Freedom from Discrimination	-	0.4	0.4	-	0.1	0.1	23.9
Independent Police Oversight Authority	Policing Oversight Services	0.2	0.6	0.8	-	0.1	0.1	12.8
Total		26.2	176.1	202.3	2.4	33.5	35.9	17.8

Source: MDAs and National Treasury

From the analysis of the sector's programmes, Policing Services under State Department for Interior received the highest allocation of Kshs.90.8 billion (44.9 per cent of the annual estimates for the sector) while Betting Control, Licensing and Regulation Services under the State Department for Correctional Services received the lowest allocation of Kshs.119.9 million, which is less than 1 per cent.

The total expenditure for the sector programmes during the reporting period amounted to Kshs.35.9 billion representing 17.8 per cent of the sector annual gross estimates. This comprise of Kshs.2.4 billion for development expenditure, representing an absorption rate of 9.2 per cent and Kshs.33.5 billion for recurrent expenditure representing 19 per cent of the annual recurrent gross estimates.

Analysis of the programme performance shows that, the Management of Electoral Processes programme under IEBC recorded the highest proportion of programme expenditure to its annual estimates at 51.2 per cent while the Government Printing Services programme under State Department for Interior had the lowest proportion of programme expenditure to its annual gross estimates at 8.8 per cent.

5.8 Health Sector

The Health sector allocation in FY 2017/18 was Kshs.61.7 billion to fund 5 programmes. The allocation comprised of Kshs.31 billion (50.2 per cent) for development programmes and Kshs.30.7 billion (49.8 per cent) for recurrent programmes. Table 5.7 presents an analysis of the Health Sector programmes for the first three months of FY 2017/18.

Table 5.7: Health Sector's Programme Performance for the Period July to September 2017 (Kshs. Billions)

VOTE	Programme	Dev. Est.	Rec. Est.	Gross Est.	Dev. Exp.	Rec. Exp.	Total Exp	Programme Implementation Rate (%)
Ministry of Health	Preventive, Promotive & RMNCAH	7.1	1.6	8.7	0.4	0.2	0.6	7.2
	National Referral & Specialized Services	10.3	15.9	26.2	1.9	3.0	4.9	18.7
	Health Research and Development	0.1	5.5	5.6	0.1	1.1	1.2	21.6
	General Administration, Planning & Support Services	2.7	5.9	8.6	-	0.8	0.8	9.3
	Health Policy, Standards and Regulations	10.8	1.7	12.5	0.0001	0.06	0.1	0.5
Total		31.0	30.7	61.7	2.4	5.2	7.6	12.3

Source: MDAs and National Treasury

Analysis of the Health sector shows that, National Referral & Specialized Services programme received the highest allocation of Kshs. 26.2 billion (42.5 per cent of the total annual allocation for the Sector), while the Health Research and Development programme had the lowest allocation at Kshs.5.6 billion (9.1 per cent of the Sector's total allocation).

The total expenditure for the sector programmes in the first three months of FY 2017/18 amounted to Kshs.7.6 billion representing 12.3 per cent of the annual gross estimates. This comprised of Kshs.2.4 billion on development expenditure, representing an absorption rate of 7.6 per cent and Kshs.5.2 billion on recurrent expenditure, which accounted for 17 per cent of the annual estimates for recurrent programmes.

Analysis of programmes performance shows that Health Research and Development programme recorded the highest proportion of programme expenditure to its annual estimates at 21.6 per cent while the Health Policy, Standards and Regulations programme registered the lowest proportion of programme expenditure at 0.5 per cent.

5.9 National Security Sector

The National Security Sector allocation to fund its 2 programmes in FY 2017/18 was Kshs.130.2 billion. This comprised of Kshs.45 million (less than 1 per cent) for development expenditure and Kshs.130.2 billion (99.9 per cent) for recurrent expenditure. The analysis of National Security sector programmes for the first three months of FY 2017/18 is presented in Table 5.8.

Table 5.8: National Security Sector's Programme Performance for the Period July to September 2017 (Kshs. Billions)

VOTE	Programme	Dev. Est.	Rec. Est.	Gross Est.	Dev. Exp.	Rec. Exp.	Total Exp.	Programme Implementation Rate (%)
Ministry of Defence	Defence	0.05	103.6	103.6	-	24.4	24.4	23.6
National Intelligence Service	National Security Intelligence	-	26.6	26.6	-	10.2	10.2	38.4
Total		0.05	130.2	130.2	-	34.6	34.6	26.6

Source: MDAs and National Treasury

The Sector has two programs namely the Defence and the National Security Intelligence. Defence programme under Ministry of Defence received the highest allocation at Kshs.103.6 billion (79.6 per cent of the total allocation for the sector) while National Security Intelligence under National Intelligence Service was allocated Kshs.26.6 billion (20.4 per cent of the total allocation for the sector) respectively.

The total recurrent expenditure for the sector programmes in the first three months of FY 2017/18 amounted to Kshs.34.6 billion, representing 26.6 per cent of the annual gross estimates. Analysis of programme performance indicated that the National Security Intelligence programme under the National Intelligence Service had the highest absorption rate at 38.4 per cent while the Defence programme under the Ministry of Defence had 23.6 per cent.

5.10 Public Administration and International Relations (PAIR) Sector

The Public Administration and International Relations (PAIR) sector allocation in FY 2017/18 to implement 34 programmes was Kshs.270.2 billion. The estimates comprised of Kshs.104.5 billion (38.7 per cent) for development programmes and Kshs.165.7 billion (61.3 per cent) for recurrent programmes. Analysis of PAIR sector programmes for the first three months of FY 2017/18 is presented in Table 5.9.

Table 5.9: PAIR Sector's Programme Performance for the Period July to September 2017 (Kshs. Billions)

VOTE	Programme	Dev. Est.	Rec. Est.	Gross Est.	Dev. Exp.	Rec. Exp.	Total Exp.	Programme Implementation Rate (%)
The Presidency	Cabinet Affairs	0.2	2.1	2.4	-	0.4	0.4	15.5
	Government Advisory Services	-	1.0	1.0	-	0.1	0.1	9.9
	State House Affairs	0.3	3.4	3.7	-	0.7	0.7	17.8
	Deputy President Services	0.6	2.2	2.8	0.01	0.4	0.4	13.4
State Department for Planning and Statistics	Economic Policy and National Planning	32.0	1.2	33.2	7.6	0.1	7.7	23.3
	National Statistical Information Services	1.5	2.3	3.8	0.6	0.2	0.8	21.1
	Monitoring and Evaluation Services	0.2	0.5	0.6	0.04	0.09	0.1	20.9
	General Administration Planning and Support Services	-	0.5	0.5	-	0.1	0.1	23.6
	Integrated Regional Development	2.8	1.4	4.2	0.3	0.7	0.9	22.1
State Department for Devolution	Devolution Services	2.5	0.8	3.3	0.003	0.1	0.1	3.1
	General Administration and Management	1.0	0.3	1.3	-	0.1	0.1	4.1

VOTE	Programme	Dev. Est.	Rec. Est	GrossEst.	Dev. Exp.	Rec. Exp.	Total Exp.	Programme Implementation Rate (%)
Ministry of Foreign Affairs	General Administration Planning and Support Services	0.3	3.2	3.5	0.01	0.2	0.2	6.7
	Foreign Relation and Diplomacy	1.7	14.3	16.0	-	3.5	3.5	21.7
	Economic and Commercial Diplomacy	-	0.1	0.1	-	0.01	0.01	9.7
	Foreign Policy Research, Capacity Dev. And Technical Cooperation	-	0.1	0.1	-	0.02	0.02	13.8
The National Treasury	General Administration, Planning and Support Services	5.1	71.2	76.3	5.0	4.8	9.8	12.9
	Public Financial Management	39.1	4.5	43.5	0.8	1.5	2.3	5.3
	Economic and Financial Policy Formulation and Management	1.4	1.1	2.4	0.1	0.5	0.6	23.2
	Market Competition	0.1	0.3	0.4	-	0.1	0.1	19.0
	Government Clearing Services	-	0.08	0.08	-	0.012	0.012	14.8
State Department for Public Service and Youth Affairs	Public Service Transformation	2.0	1.8	3.8	0.03	1.1	1.1	30.2
	General Administration, Planning and Support Services	-	4.2	4.2	-	0.1	0.1	1.4
	Youth Empowerment	10.7	7.6	18.3	0.5	0.6	1.2	6.3
Parliamentary Service Commission	Senate Affairs	-	5.7	5.7	-	0.5	0.5	8.0
	General Administration, Planning and Support Services	3.2	6.0	9.1	-	0.4	0.4	3.9
National Assembly	National Legislation, Representation and Oversight	-	21.2	21.2	-	1.4	1.4	6.8
Commission on Revenue Allocation	Inter-Governmental Revenue and Financial Matters	-	0.4	0.4	-	0.04	0.04	11.5
Public Service Commission	General Administration, Planning and Support Services	0.06	0.9	0.9	0.01	0.2	0.2	22.7
	Human Resource management and Development	-	0.2	0.2	-	0.04	0.04	21.9
	Governance and National Values	-	0.1	0.1	-	0.03	0.04	23.9
Salaries and Remuneration Commission	Salaries and Remuneration Management	-	0.5	0.5	-	0.1	0.1	19.5
Auditor General	Audit Services	0.2	5.3	5.5	-	1.0	1.0	17.9
Controller of Budget	Control and Management of Public finances	-	0.6	0.6	-	0.1	0.1	13.6
Commission on Administrative Justice	Promotion of Administrative Justice	-	0.5	0.5	-	0.1	0.1	16.2
Total		104.5	165.7	270.2	15.0	19.1	34.1	12.6

Source: MDAs and National Treasury

Analysis of programme allocation shows that General Administration, Planning and Support Services programme received the highest budgetary allocation at Kshs.76.3 billion (28.2 per cent of the sector's annual allocation) while the Government Clearing Services programme received the lowest allocation at Kshs.78.4 million, less than 1 per cent, all under the National Treasury.

The total expenditure for the Sector in the period under review amounted to Kshs.34.1 billion, representing 12.6 of the annual gross estimates. This comprises of Kshs.15 billion as development expenditure, representing an absorption rate of 14.4 per cent and Kshs.19.1 billion as recurrent expenditure, which represented 11.5 per cent for recurrent programmes.

Analysis of the programme performance indicated that Public Service Transformation programme under State Department for Public Service and Youth Affairs recorded the highest proportion of programme expenditure to its annual estimates at 30.2 per cent while the Devolution Services programme under the State Department for Devolution had the lowest at 3.1 per cent.

5.11 Social Protection, Culture and Recreation Sector

The Social Protection, Culture and Recreation Sector allocation to fund 17 programmes in FY 2017/18 was Kshs.46.2 billion. The allocation comprise of Kshs.25.6 billion (55.4 per cent) for development programmes and Kshs.20.6 billion (44.6 per cent) for recurrent programmes.

Table 5.10 presents an analysis of the Social Protection, Culture and Recreation sector's programme for the first three months of FY 2017/18.

Table 5.10: Social Protection, Culture and Recreation Sector's Programme Performance for the Period July to September 2017 (Kshs. Billions)

VOTE	Programme	Dev. Est.	Rec. Est	Gross Est.	Dev. Exp.	Rec. Exp.	Total Exp.	Programme Implementation Rate (%)
State Department for Special Programmes	Special Initiatives	-	1.2	1.2	0.01	1.1	1.1	91.4
	Accelerated ASAL Development	4.5	0.7	5.2	1.0	0.4	1.4	27.2
State Department for Sports Development	Sports	0.02	0.3	0.3	-	0.1	0.1	31.1
	General Administration, Planning and Support Services	0.5	2.2	2.8	0.3	0.5	0.8	29.4
State Department for Arts and Culture	Culture	0.3	1.4	1.6	0.04	0.3	0.3	20.4
	The Arts	0.1	0.7	0.8	0.03	0.1	0.2	21.2
	Library Services	0.6	0.7	1.3	0.1	0.2	0.3	20.7
	General Administration, Planning and Support Services	-	0.2	0.2	-	0.1	0.1	29.8
State Department for Labour	Promotion of the Best Labour Practice	-	0.6	0.6	-	0.04	0.04	7.9
	Manpower Development, Employment and Productivity Management	0.2	0.5	0.7	0.01	0.1	0.1	11.1
	General Administration, Planning and Support Services	0.8	0.9	1.8	0.01	0.1	0.1	7.6
State Department for Social Protection	Social Development and Children Services	0.9	3.2	4.1	0.2	0.3	0.5	13.0
	National Social Safety Net	14.1	5.9	19.9	2.7	0.5	3.2	16.3
	General Administration, Planning and Support Services	0.01	0.2	0.3	-	0.03	0.03	11.1

VOTE	Programme	Dev. Est.	Rec. Est	Gross Est.	Dev. Exp.	Rec. Exp.	Total Exp.	Programme Implementation Rate (%)
State Department for Gender	Community Development	2.1	-	2.1	0.5	-	0.5	25.0
	Gender Empowerment	1.3	0.8	2.1	0.2	0.05	0.2	11.6
	General Administration, Planning and Support Services	-	0.3	0.3	-	0.1	0.1	17.8
Total		25.6	20.6	46.2	5.1	4.0	9.1	19.7

Source: MDAs and National Treasury

The National Social Safety Net programme under the State Department for Social Protection received the highest allocation of Kshs.19.9 billion (43.1 per cent of allocation to the sector) while the General Administration, Planning and Support Services programme under State Department for Arts and Culture received the lowest allocation at Kshs.0.2 billion (less than 1 per cent of allocation to the sector).

The total expenditure for the sector programmes in the first three months of FY 2017/18 amounted to Kshs.9.1 billion representing 19.7 per cent of the annual gross estimates. This comprised of Kshs.5.1 billion for development expenditure representing an absorption rate of 20 per cent while Kshs.4 billion was spent as recurrent expenditure representing 19.3 per cent of the annual recurrent gross estimates.

Analysis of the programme performance shows that Special Initiatives programme under the State Department for Special Programmes recorded the highest proportion of programme expenditure to its total annual budget estimates at 91.4 per cent. The General Administration, Planning and Support Services programme under the State Department for Labour and recorded the lowest absorption at 7.6 per cent.

6 KEY ISSUES AND RECOMMENDATIONS

6.1 Introduction

This section identifies key challenges that hampered budget implementation by MDAs in the first three months of FY 2017/18. It further provides recommendations aimed at improving budget implementation in the subsequent quarters of the FY 2017/18 and in future.

6.2 Key Issues and Recommendations

In the course of overseeing budget implementation, the Office identified the following key challenges which affected budget implementation:

6.2.1 Delay in Release of Funds for Development Activities

In the first quarter of FY 2017/18, the total exchequer issues towards development activities amounted to Kshs.39.4 billion, representing 10.1 per cent of the annual net estimates. This percentage is low considering that by the first quarter, exchequer releases should be approximately 25 per cent of the annual estimates. From analysis of reports submitted by some MDAs, the low level of expenditure has been attributed to delay in exchequer releases by the National Treasury.

The Office recommends that the National Treasury should release funds to MDAs based on their work plans and cash flow projections.

6.2.2 Delay in Submission of Quarterly Expenditure Reports to the OCOB

According to Article 228 (6) of the Constitution of Kenya, 2010, the Controller of Budget is required to submit to each House of Parliament a report on the implementation of budgets of the national and county governments every four months. Further, section 38 (9) of the PFM Act, 2012, requires the Controller of Budget to ensure that the Public has access to information on budget implementation. The Office experienced delays in submission of financial reports by some MDAs, which affected timely reporting on budget implementation.

In order to meet the legal timelines on submission of budget implementation reports by the Controller of Budget, MDAs should ensure that expenditure reports are submitted in time in order to allow timely preparation and publication of Budget Implementation Review Reports.

6.2.3 Shortfall of Receipts into the Consolidated Fund

Article 12(1) (d) of the Constitution places upon the National Treasury the responsibility of mobilizing resources for financing budgetary requirements of the Government. This is achieved through local revenue collection by KRA, borrowing from both domestic and external sources, and grants from development partners, among others.

In the FY 2017/18, the Government projected to collect Kshs.2.3 trillion to fund development and recurrent activities. In the first three months of the financial year, a total of Kshs.408.1 billion was received into the Consolidated Fund, representing 18 per cent of the annual target and a decrease of 11.2 per cent from Kshs.459.6 billion received in the same period of FY 2016/17.

This shortfall in revenue has adversely affected budget implementation by both the national and county governments.

7 CONCLUSION

This report provides information on the progress made in budget implementation by the National Government in the first three months of FY 2017/18. It is prepared in line with Article 228 (6) of the Constitution of Kenya, 2010 and Section 9 of the Controller of Budget Act, 2016.

The report shows a low budget outturn for both development and recurrent exchequer issues and expenditure when compared to target and prior year performance. Total exchequer issues to MDAs and Counties was Kshs.352.4 billion representing 15.5 per cent of the annual net estimates, a decline compared to 19.3 per cent (Kshs.390.1 billion) issued in the same period in FY 2016/17. Recurrent expenditure received the highest percentage of annual net estimates at 19.8 per cent, followed by development expenditure at 10.1 per cent while County Governments did not receive any shareable revenue from the National Government.

Total expenditure by MDAs was Kshs.383.5 billion representing 16.4 per cent of the annual gross estimates, a decline compared 17.4 per cent recorded in the same period FY 2016/17. This comprised of recurrent expenditure at Kshs.301.3 billion representing 17.8 per cent of the annual gross estimates, a decline compared to 21 per cent recorded in the same period FY 2016/17. Recurrent expenditure comprised of Kshs.212.4 billion by MDAs and CFS at Kshs.88.9 billion. Development expenditure was Kshs.82.2 billion representing an absorption rate of 12.8 per cent, a decline in absolute terms compared to Kshs.93 billion spent in the same period FY 2016/17.

Budget implementation in the first quarter of FY 2017/18 was faced by some challenges which hindered effective budget execution. These included; delays in release of funds for development activities, shortfall of receipts into the Consolidated Fund and delays in submission of quarterly expenditure reports by some Ministries, Departments and Agencies to the Office of the Controller of Budget, which affected timely preparation of Budget Implementation Review Reports. The report provides recommendations aimed at addressing the challenges in order to enhance smooth execution of budget by MDAs.

As mandated by the Constitution of Kenya 2010, the Office will continue to oversee implementation of the budget by the MDAs and report on quarterly basis to Parliament. It is hoped that through this report, the office will enhance accountability and prudent use of public funds and thereby improve service delivery to the citizens.

ANNEX I: MDAs Development Expenditure for the First Quarter of FY 2017/18 (Kshs.)

VOTE	MINISTRY/STATE DEPARTMENT	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% of Exchequer issues to Net Estimates	% of Expenditure to Gross Estimates
D1011	The Presidency	1,110,000,000	1,110,000,000	9,803,700	14,111,942	0.9%	1.3%
D1021	State Department for Interior	17,616,796,889	17,180,800,000	4,092,606,280	1,857,316,545	23.8%	10.5%
D1023	State Department for Correctional Services	900,000,000	900,000,000	-	-	0.0%	0.0%
D1032	State Department for Devolution	3,539,300,000	2,539,300,000	58,722,500	3,453,221	2.3%	0.1%
D1033	State Department for Special Programmes	4,519,450,000	2,950,100,000	699,298,000	1,020,025,000	23.7%	22.6%
D1034	State Department for Planning & Statistics	37,478,856,000	36,861,756,000	126,115,849	8,549,294,908	0.3%	22.8%
D1041	Ministry of Defence	45,000,000	-	-	-	-	-
D1052	Ministry of Foreign Affairs	2,000,000,000	2,000,000,000	-	10,217,270	-	0.5%
D1063	State Department for Basic Education	6,406,730,000	6,292,000,000	2,105,141,685	756,987,065	33.5%	11.8%
D1064	State Department for Vocational and Technical Training	5,646,000,000	4,346,000,000	336,000	373,883,422	-	6.6%
D1065	State Department for University Education	12,668,100,000	9,692,750,000	187,341,874	1,540,956,295	1.9%	12.2%
D1071	The National Treasury	43,908,042,616	26,546,819,817	1,575,780,771	1,342,899,830	5.9%	3.1%
D1081	Ministry of Health	30,978,663,319	19,616,441,419	2,704,463,860	2,369,471,977	13.8%	7.6%
D1091	State Department for Infrastructure	134,987,591,571	81,859,000,000	131,658,210	14,458,283,404	0.2%	10.7%
D1092	State Department for Transport	96,769,432,000	15,575,000,000	2,515,520,950	12,660,231,353	16.2%	13.1%
D1094	State Department Housing and Urban Development	14,272,000,000	9,247,000,000	1,047,886,580	2,451,336,200	11.3%	17.2%
D1095	State Department of Public Works	2,176,090,000	2,176,090,000	-	21,778,841	-	1.0%
D1103	State Department for Water Services	29,777,370,000	8,895,600,000	1,277,683,954	1,375,345,439	14.4%	4.6%
D1104	State Department for Irrigation	12,258,300,000	9,022,300,000	2,724,030,000	2,661,834,200	30.2%	21.7%
D1105	State Department for Environment	3,629,000,000	3,371,642,000	279,122,419	565,775,334	8.3%	15.6%
D1106	State Department for Natural Resources	3,877,320,990	2,813,000,000	130,700,000	653,000,000	4.6%	16.8%
D1112	Ministry of Lands and Physical Planning	3,770,000,000	3,770,000,000	82,486,950	263,639,484	2.2%	7.0%
D1122	State Department of Information Communications & Technology & Innovation	19,247,000,000	16,201,000,000	3,314,000,000	3,322,488,273	20.5%	17.3%
D1123	State Department of Broadcasting and Telecommunications	764,000,000	764,000,000	75,000,000	87,448,890	9.8%	11.4%

VOTE	MINISTRY/STATE DEPARTMENT	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% of Exchequer issues to Net Estimates	% of Expenditure to Gross Estimates
D1132	State Department for Sports Development	560,000,001	560,000,001	85,000,000	280,500,000	15.2%	50.1%
D1133	State Department for Arts and Culture	1,046,978,010	1,005,000,000	155,000,000	155,000,000	15.4%	14.8%
D1152	State Department for Energy	75,166,704,310	31,301,004,658	6,678,606,900	11,690,572,642	21.3%	15.6%
D1153	State Department of Petroleum	5,138,500,000	2,925,500,000	201,214,063	123,954,263	6.9%	2.4%
D1161	State Department for Agriculture	10,601,800,000	8,901,401,537	1,199,034,115	1,789,448,472	13.5%	16.9%
D1162	State Department for Livestock	5,498,980,000	4,681,665,000	859,027,166	599,988,510	18.3%	10.9%
D1164	State Department for Fisheries and Blue Economy	914,000,000	914,000,000	65,950,000	72,483,020	7.2%	7.9%
D1172	State Department for Investment and Industry	5,381,062,000	5,327,062,000	86,359,800	912,643,190	1.6%	17.0%
D1173	State Department for Cooperatives	490,000,000	490,000,000	-	87,500,000	-	17.9%
D1174	State Department for Trade	327,500,000	327,500,000	-	1,101,000	-	0.3%
D1183	State Department for East African Integration	65,000,000	-	-	-	-	0.0%
D1184	State Department for Labour	1,044,100,000	1,044,100,000	18,256,149	11,705,910	1.7%	1.1%
D1185	State Department for Social Protection	14,959,750,000	14,959,750,000	3,070,588,000	2,917,015,334	20.5%	19.5%
D1191	Ministry of Mining	1,256,321,429	1,234,000,000	20,400,000	29,923,737	1.7%	2.4%
D1201	Ministry of Tourism	3,921,000,000	3,921,000,000	117,957,960	723,164,237	3.0%	18.4%
D1211	State Department for Public Service and Youth Affairs	12,990,000,000	12,990,000,000	3,217,975,169	5,094,624,370	24.8%	39.2%
D1212	State Department for Gender	3,430,000,000	3,430,000,000	-	732,500,000	-	21.4%
D1252	State Law Office and Department of Justice	1,445,928,571	1,137,000,000	-	-	-	0.0%
D1261	The Judiciary	4,128,900,000	4,128,900,000	496,455,926	555,096,550	12.0%	13.4%
D1271	Ethics & Anti-Corruption Commission	1,268,000,000	1,268,000,000	-	-	-	0.0%
D1291	Office of the Directorate of Public Prosecution	82,550,000	82,550,000	-	2,550,000	-	3.1%
D2030	National Land Commission	300,000,000	300,000,000	15,544,800	15,544,742	5.2%	5.2%
D2031	Independent Electoral and Boundaries Commission	757,210,000	45,000,000	-	-	-	0.0%
D2041	Parliamentary Service Commission	3,150,000,000	3,150,000,000	-	-	-	0.0%

VOTE	MINISTRY/STATE DEPARTMENT	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% of Exchequer issues to Net Estimates	% of Expenditure to Gross Estimates
D2071	Public Service Commission	60,000,000	60,000,000	-	5,500,000	-	9.2%
D2091	Teachers Service Commission	118,000,000	118,000,000	-	14,917,967	-	12.6%
D2101	National Police Service Commission	65,000,000	65,000,000	-	-	-	0.0%
D2111	Auditor General	235,000,000	235,000,000	-	-	-	0.0%
D2151	Independent Policing Oversight Authority	150,000,000	150,000,000	-	-	-	0.0%
TOTAL		642,897,327,706	388,482,032,432	39,425,069,630	82,175,512,837	10.1%	12.8%



ANNEX II: MDAs Recurrent Expenditure for the First Quarter of FY 2017/18 (Kshs)

VOTE	MINISTRY/STATE DEPARTMENT	Gross Estimates	Net Estimates	Exchequer Issue	Expenditure	% of Exchequer issues to Net Estimates	s of Expenditure to Gross Estimates
R1011	The Presidency	8,702,407,012	8,693,274,938	1,883,065,175	1,480,391,963	21.7%	17.0%
R1021	State Department for Interior	106,819,293,000	106,445,556,000	23,890,141,512	14,762,970,942	22.4%	13.8%
R1023	State Department for Correctional Services	21,535,369,313	21,535,369,313	3,672,975,532	3,660,816,805	17.1%	17.0%
R1032	State Department for Devolution	1,107,800,000	1,107,800,000	155,114,465	153,735,355	14.0%	13.9%
R1033	State Department for Special Programmes	2,153,110,000	2,153,110,000	1,002,358,601	1,557,304,834	46.6%	72.3%
R1034	State Department for Planning & Statistics	5,714,450,000	5,388,450,000	1,202,338,128	1,190,722,800	22.3%	20.8%
R1041	Ministry of Defence	103,574,400,000	103,574,400,000	24,738,075,287	24,435,350,203	23.9%	23.6%
R1052	Ministry of Foreign Affairs	17,746,000,000	17,339,789,099	3,369,322,688	3,803,869,869	19.4%	21.4%
R1063	State Department for Basic Education	59,949,000,000	58,516,400,000	20,779,821,506	21,126,298,540	35.5%	35.2%
R1064	State Department for Vocational and Technical Training	2,640,500,000	2,640,500,000	135,723,082	577,919,108	5.1%	21.9%
R1065	State Department for University Education	85,721,517,529	47,115,417,529	16,961,128,982	16,643,294,745	36.0%	19.4%
R1071	The National Treasury	77,442,300,000	77,442,300,000	25,621,993,261	6,803,036,994	33.1%	8.8%
R1081	Ministry of Health	30,721,820,252	26,743,943,775	4,846,004,900	5,218,956,679	18.1%	17.0%
R1091	State Department for Infrastructure	52,658,000,000	1,884,000,000	178,842,528	13,530,009,048	9.5%	25.7%
R1092	State Department for Transport	6,050,700,000	1,455,700,000	313,349,971	2,533,989,491	21.5%	41.9%
R1093	State Department for Maritime Affairs	275,030,000	275,030,000	41,618,483	50,228,840	15.1%	18.3%
R1094	State Department for Housing & Urban Development	1,725,700,000	1,725,700,000	356,631,854	381,739,897	20.7%	22.1%
R1095	State Department for Public Works	846,050,000	842,050,000	172,161,151	158,057,057	20.4%	18.7%
R1103	State Department for Water Services	4,017,160,000	1,876,401,761	292,201,278	383,670,147	15.6%	9.6%
R1104	State Department for Irrigation	955,300,000	555,300,000	129,725,480	110,858,860	23.4%	11.6%
R1105	State Department for Environment	2,838,300,000	2,729,400,000	615,024,381	657,872,357	22.5%	23.2%
R1106	State Department for Natural Resources	13,513,000,000	7,272,979,000	1,127,249,003	1,765,709,299	15.5%	13.1%
R1112	Ministry of Lands and Physical Planning	2,464,000,000	2,454,585,250	516,688,882	523,458,175	21.0%	21.2%
R1122	State Department of Information Communications & Technology & Innovation	1,276,290,000	1,276,290,000	91,972,348	87,242,906	7.2%	6.8%
R1123	State Department for Broadcasting & Telecommunications	2,095,700,000	1,915,700,000	375,372,725	649,091,666	19.6%	31.0%
R1132	State Department for Sports Development	2,468,475,024	2,468,075,024	592,159,748	529,962,477	24.0%	21.5%
R1133	State Department for Arts and Culture	2,938,424,896	2,927,824,896	751,817,035	656,529,066	25.7%	22.3%
R1152	State Department Energy	2,052,500,000	1,845,400,000	443,988,611	391,553,072	24.1%	19.1%
R1153	State Department of Petroleum	242,010,000	194,645,306	31,378,943	26,844,612	16.1%	11.1%

VOTE	MINISTRY/STATE DEPARTMENT	Gross Estimates	Net Estimates	Exchequer Issue	Expenditure	% of Exchequer issues to Net Estimates	s% of Expenditure to Gross Estimates
R1161	State Department for Agriculture	6,288,600,000	6,282,100,000	777,841,591	1,107,353,224	12.4%	17.6%
R1162	State Department for Livestock	5,051,412,500	5,030,300,000	1,101,240,460	952,804,356	21.9%	18.9%
R1163	State Department for Fisheries and the Blue Economy	2,056,300,000	2,056,300,000	315,205,697	278,253,794	15.3%	13.5%
R1172	State Department of Investment and Industry	2,341,400,000	2,318,900,000	566,694,614	501,251,176	24.4%	21.4%
R1173	State Department for Cooperatives	446,000,000	439,500,000	45,335,911	61,462,897	10.3%	13.8%
R1174	State Department for Trade	2,414,400,000	2,394,540,000	262,499,073	250,664,482	11.0%	10.4%
R1183	State Department for East African Integration	1,551,000,000	1,551,000,000	76,923,171	68,846,581	5.0%	4.4%
R1184	State Department for Labour	2,029,900,000	2,016,800,000	248,867,293	248,394,530	12.3%	12.2%
R1185	State Department for Social Protection	9,447,300,000	9,404,835,000	741,006,719	890,704,461	7.9%	9.4%
R1191	Ministry of Mining	1,464,464,217	1,450,464,217	59,157,550	115,407,797	4.1%	7.9%
R1201	Ministry of Tourism	2,856,900,000	1,877,900,000	342,526,524	375,020,211	18.2%	13.1%
R1211	State Department for Public Service and Youth Affairs	13,516,650,000	13,340,800,000	5,740,300,864	1,802,113,187	43.0%	13.3%
R1212	State Department for Gender	1,612,700,000	1,612,700,000	110,189,617	100,564,159	6.8%	6.2%
R1252	State Law Office and Department of Justice	4,688,010,000	4,293,510,000	801,061,565	734,831,114	18.7%	15.7%
R1261	The Judiciary	13,432,535,272	13,432,535,272	2,513,343,158	1,654,293,078	18.7%	12.3%
R1271	Ethics & Anti-Corruption Commission	2,768,540,000	2,768,540,000	617,955,354	548,238,382	22.3%	19.8%
R1281	National Intelligence Service	26,604,000,000	26,604,000,000	10,767,700,000	10,214,404,462	40.5%	38.4%
R1291	Office of the Director of Public Prosecutions	2,250,080,000	2,250,080,000	523,552,255	440,568,350	23.3%	19.6%
R1311	Office of the Registrar of Political Parties	877,750,000	877,750,000	93,822,916	97,404,204	10.7%	11.1%
R1321	Witness Protection Agency	432,392,990	432,392,990	127,700,000	94,191,968	29.5%	21.8%
R2011	Kenya National Commission on Human Rights	450,410,000	450,410,000	84,300,681	112,482,444	18.7%	25.0%
R2021	National Lands Commission	1,452,000,000	1,452,000,000	235,930,971	293,681,576	16.2%	20.2%
R2031	Independent Electoral and Boundaries Commission	20,860,477,459	20,855,477,459	11,074,284,426	11,067,669,497	53.1%	53.1%
R2041	Parliamentary Service Commission	11,726,950,001	11,726,950,001	679,221,873	819,488,233	5.8%	7.0%
R2042	National Assembly	21,166,033,200	21,166,033,200	1,307,200,570	1,435,831,672	6.2%	6.8%
R2051	Judicial Service Commission	490,160,000	490,160,000	70,398,390	71,681,210	14.4%	14.6%
R2061	The Commission on Revenue Allocation	365,000,000	365,000,000	60,851,290	43,867,857	16.7%	12.0%
R2071	Public Service Commission	1,359,000,000	1,358,500,000	283,445,868	282,498,436	20.9%	20.8%
R2081	Salaries & Remuneration Commission	546,000,000	546,000,000	113,059,530	106,209,216	20.7%	19.5%
R2091	Teachers Service Commission	201,837,000,000	201,362,000,000	52,123,112,698	52,374,812,057	25.9%	25.9%
R2101	National Police Service Commission	485,990,000	485,990,000	72,543,564	82,760,648	14.9%	17.0%

VOTE	MINISTRY/STATE DEPARTMENT	Gross Estimates	Net Estimates	Exchequer Issue	Expenditure	% of Exchequer issues to Net Estimates	s% of Expenditure to Gross Estimates
R2111	Auditor General	5,276,000,000	5,126,000,000	780,257,159	988,480,279	15.2%	18.7%
R2121	Controller of Budget	575,000,000	575,000,000	80,658,372	78,263,331	14.0%	13.6%
R2131	The Commission on Administrative Justice	476,500,000	476,500,000	87,430,641	77,121,467	18.3%	16.2%
R2141	National Gender & Equality Commission	445,870,000	445,870,000	88,586,957	106,600,608	19.9%	23.9%
R2151	Independent Police Oversight Authority	600,000,000	600,000,000	98,594,420	95,978,305	16.4%	16.0%
TOTAL		990,487,332,665	878,312,230,030	227,361,047,282	212,425,685,055	25.9%	21.4%

ANNEX III: Sectoral Development Expenditure for the First Quarter of FY 2017/18 (Kshs)

Sector	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% of Exchequer issues to Net Estimates	% of Expenditure to Gross Estimates.
Agriculture, Rural and Urban Development	20,784,780,000	18,267,066,537	2,206,498,231	2,725,559,486	12.1%	13.1%
Energy, Infrastructure and ICT	348,521,317,881	160,048,594,658	13,963,886,703	44,816,093,866	8.7%	12.9%
General Economics and Commercial Affairs (GECA)	10,184,562,000	10,065,562,000	204,317,760	1,724,408,427	2.0%	16.9%
Health	30,978,663,319	19,616,441,419	2,704,463,860	2,369,471,977	13.8%	7.6%
Education	24,838,830,000	20,448,750,000	2,292,819,559	2,686,744,749	11.2%	10.8%
Governance, Justice, Law and Order (GJLOS)	26,199,385,460	24,742,250,000	4,589,062,206	2,414,963,095	18.5%	9.2%
Public Administration and International Relations	104,471,198,616	85,492,875,817	4,988,397,989	15,020,101,541	5.8%	14.4%
National Security	45,000,000	-	-	-	-	-
Social Protection, Culture and Recreation	25,560,278,011	23,948,950,001	4,028,142,149	5,116,746,244	16.8%	20.0%
Environment Protection, Water and Natural Resources	50,798,312,419	25,336,542,000	4,431,936,373	5,285,878,710	17.5%	10.4%
Total	642,382,327,706	387,967,032,432	39,409,524,830	82,159,968,095	10.2%	12.8%

ANNEX IV: Sectoral Recurrent Expenditure for the First Quarter of FY 2017/18 (Kshs)

Sector	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% of Exchequer issues to Net Estimates	% of Expenditure to Gross Estimates
Agriculture, Rural and Urban Development	17,312,312,500	17,275,285,250	2,946,907,601	3,155,551,125	17.1%	18.2%
Energy, Infrastructure and ICT	67,221,980,000	11,414,515,306	2,005,316,614	17,808,756,589	17.6%	26.5%
General Economics and Commercial Affairs (GECA)	9,609,700,000	8,581,840,000	1,293,979,293	1,257,245,347	15.1%	13.1%
Health	30,721,820,252	26,743,943,775	4,846,004,900	5,218,956,679	18.1%	17.0%
Education	350,148,017,529	309,634,317,529	89,999,786,268	90,722,324,450	29.1%	25.9%
Governance, Justice, Law and Order (GJLOS)	176,136,878,034	175,363,641,034	43,729,260,730	33,530,487,555	24.9%	19.0%
Public Administration and International Relations	165,720,090,213	164,652,397,238	41,364,259,884	19,065,630,659	25.1%	11.5%
National Security	130,178,400,000	130,178,400,000	35,505,775,287	34,649,754,665	27.3%	26.6%
Social Protection, Culture and Recreation	20,649,909,920	20,583,344,920	3,446,399,013	3,983,459,527	16.7%	19.3%
Environment Protection, Water and Natural Resources	22,788,224,217	13,884,544,978	2,223,357,692	3,033,518,460	16.0%	13.3%
Total	990,487,332,665	878,312,230,030	227,361,047,282	212,425,685,055	25.9%	21.4%

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