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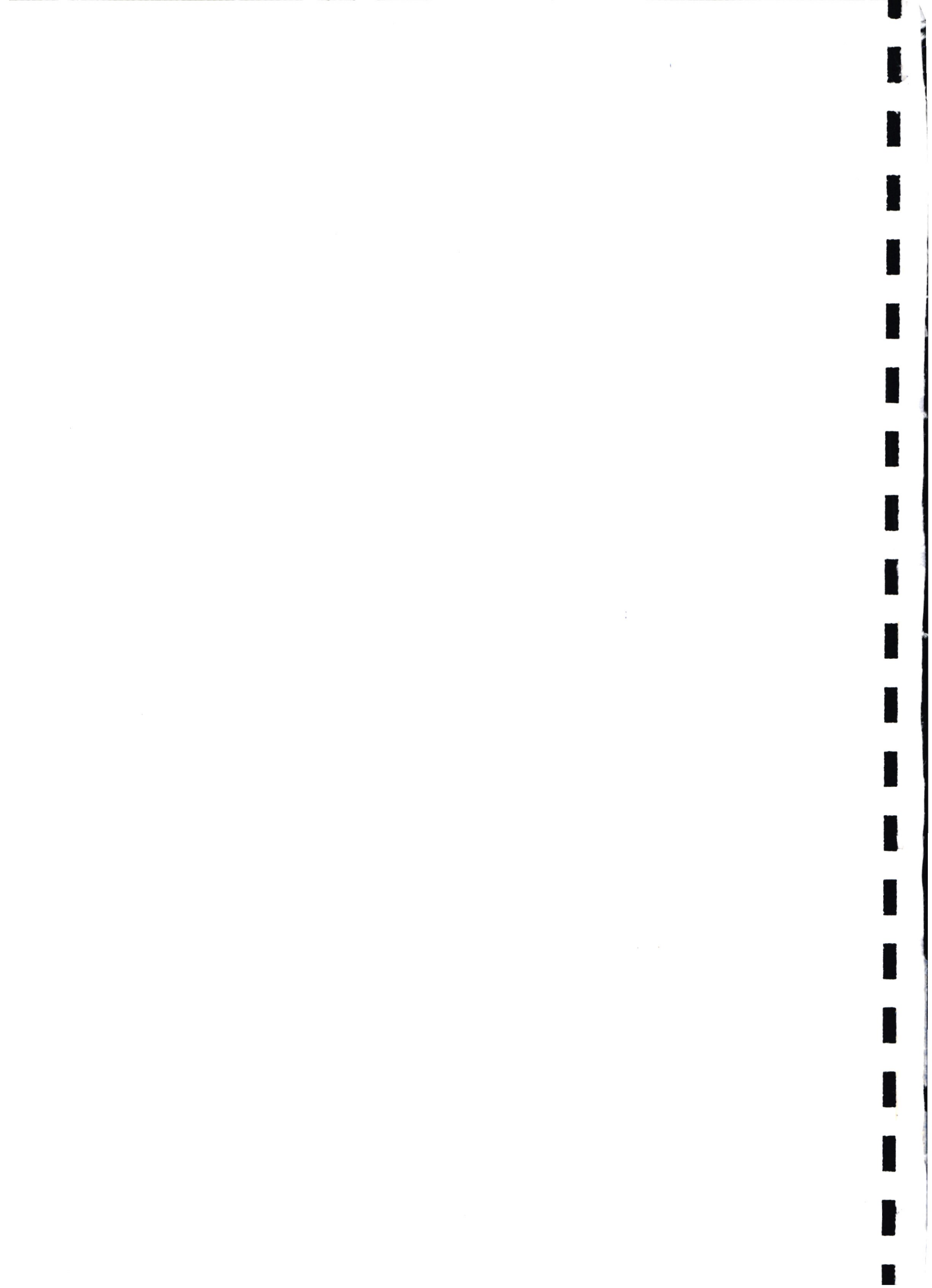
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**NATIONAL GOVERNMENT
BUDGET IMPLEMENTATION
REVIEW REPORT**

**HALF YEAR
FY 2015/16**



MARCH, 2016





**THE REPUBLIC OF KENYA
OFFICE OF THE CONTROLLER OF BUDGET**

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BUDGET IMPLEMENTATION
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FOREWORD

It is with great pleasure that the Office of the Controller of Budget (OCOB) presents the half year Budget Implementation Review Report (BIRR) for the period July to December 2015. This is the second report in the series of budget implementation review reports for the 2015/16 financial year. The report is prepared in line with Article 228 (6) of the Constitution of Kenya 2010 which requires the Controller of Budget to submit to each House of Parliament a report on the implementation of the budgets of the national and county governments every four months.

This report has been prepared at a time when the Government is embracing technology in the procurement of goods and services through the Integrated Financial Management System (IFMIS) E-Procurement Module. The office commends the efforts to operationalize the E-Procurement module, which will go a long way in improving efficiency, accountability, and timeliness in procurement of goods and services.

This report provides information on implementation of the budget of the national government for the period July to December 2015. It reviews performance on revenue collection, exchequer issues released and expenditure by Ministries, Departments and Agencies (MDAs). It also provides an overview of the macroeconomic environment under which the budget was executed, and highlights the challenges that affected execution of planned activities by MDAs during the reporting period.

The report presents the progress made in the implementation of government programmes geared towards enhancing economic transformation for a shared prosperity in Kenya as espoused in the Budget Policy Statement (BPS) 2015. Successful implementation of programs identified in the BPS is expected to raise efficiency and productivity in the economy, and in turn, accelerate and sustain inclusive growth, create opportunities for productive jobs, and secure the livelihood of all Kenyans.

OCOB is committed to ensuring that the public and key stakeholders have access to information on budget implementation in order to promote budget openness, transparency and accountability in the use of public funds. The public is therefore urged to use the information contained in this report to interrogate the progress of implementation of the national government programmes.

The preparation of this report was a collaborative effort. Therefore, the Office of the Controller of Budget appreciates the role played by MDAs in providing financial information that has been used to prepare this report and also commends the Directorate of Budget Implementation at the OCOB for the dedication and commitment exhibited in the production of this report.



Mrs. Agnes Odhiambo
Controller of Budget

TABLE OF CONTENTS

1	INTRODUCTION	1
2	MACRO-ECONOMIC HIGHLIGHTS	3
2.1	Introduction	3
2.2	Economic Growth	3
2.3	Inflation	4
2.4	Exchange Rate	5
2.5	Interest Rates	5
3	ANALYSIS OF REVENUE PERFORMANCE AND DONOR RELEASES	7
3.1	Introduction	7
3.2	Analysis of Revenue Estimates	7
3.2.1	Revenue Receipts by the National Treasury	7
3.2.2	Revenue Collection by the Kenya Revenue Authority (KRA)	8
3.3	Exchequer Issues to the MDAs and County Governments	9
3.3.1	Recurrent Exchequer Issues by Sector	11
3.3.2	Development Exchequer Issues by Sector	12
3.4	Donor Releases	13
4	NATIONAL GOVERNMENT OVERALL EXPENDITURE ANALYSIS	17
4.1	Introduction	17
4.2	Overall Government Budget Performance	17
4.3	Consolidated Fund Services (CFS)	19
4.3.1	Public Debt	19
4.3.2	Domestic Debt	20
4.3.3	Foreign Debt	20
4.3.4	Guaranteed Debt to State Parastatals	21
4.3.5	Salaries and Allowances for Constitutional Office Holders	21
4.3.6	Pensions and Gratuities	22
4.4	MDAs Expenditure Analysis	22
4.4.1	Recurrent Expenditure Analysis	22
4.4.2	MDAs Development Expenditure Analysis	28

5	DEVELOPMENT AND RECURRENT EXPENDITURE ANALYSIS BY SECTOR.....	33
5.1	Introduction.....	33
5.2	Agricultural, Rural and Urban Development (AR&UD) Sector	33
5.3	Education Sector	36
5.4	Energy, Infrastructure and Information Communications Technology.....	39
	(EI & ICT) Sector	41
5.5	Environmental Protection, Water and Natural Resource Sector	44
5.6	Governance, Justice, Law and Order Sector (GJLOS)	47
5.7	Health Sector.....	52
5.8	Public Administration and International Relations (PAIR) Sector	54
5.9	National Security Sector	57
5.10	Social Protection, Culture and Recreation Sector.....	59
6	HALF YEAR - FY 2015/16 BUDGET PERFORMANCE BY PROGRAMMES.....	62
6.1	Introduction.....	62
6.2	Agricultural, Rural and Urban Development (AR&UD) Sector	62
6.3	Education Sector	63
6.4	The Energy, Infrastructure and Information Communications Technology (EI & ICT) Sector	65
6.5	Environment Protection, Water and Natural Resources Sector	66
6.6	General Economic and Commercial Affairs (GECA) Sector	68
6.7	Governance, Justice, Law and Order (GJLOS) Sector	69
6.8	Health Sector.....	71
6.9	Public Administration and International Relations (PAIR) Sector	72
6.10	National Security Sector	74
6.11	Social Protection, Culture and Recreation Sector.....	75
7	KEY ISSUES, RECOMMENDATIONS AND CONCLUSION.....	77
7.1	Introduction.....	77
7.2	Issues and Recommendations	77
7.2.1	Low outturn of donor funding.....	77
7.2.2	Delay in release of development funds by the National Treasury	77
7.2.3	Non-disclosure of Appropriations-in-Aid in the IFMIS generated Reports	78
8	CONCLUSION.....	79
	ANNEXES	80

LIST OF TABLES

Table 3.1:	Statement of Actual Revenue received by National Treasury for the period July – December 2015 in Kshs. billions	8
Table 3.2:	KRA Revenue Performance for July – December 2015 (Kshs. Millions)	9
Table 3.3:	Summary of Exchequer issues by classification as at December 31, 2015	10
Table 3.4:	Annual Net Estimates and Exchequer Issues, for the Period July to December 2015 in Kshs. Billion	10
Table 3.5:	Sectoral Recurrent Estimates and Exchequer issues, July to December 2015 (Kshs. Billions).....	11
Table 3.6:	Sectoral Development Estimates and Exchequer Issues for July to December 2015 in Kshs. Billions.....	12
Table 3.7:	Summary of Grants and Loans Disbursement for the first half of FY 2015/16 in Kshs. billion.....	13
Table 4.1:	Overall Government Budget Performance July to December 2015 (Kshs. Billion)	17
Table 4.2:	Cumulative Expenditure for CFS, July – December 2015 (Kshs. Millions).....	19
Table 4.3:	Guaranteed Loans Repayment (Millions) July 2015 to December 2015.....	21
Table 4.4:	Breakdown of Recurrent Expenditure, by MDAs, July - December 2015 (Kshs. Million)	23
Table 4.5:	Development Expenditure by MDA Breakdown, July - December 2015 (Kshs. millions)	29
Table 5.1:	AR &UD Sector-Analysis of Exchequer Issues and Expenditure for the period July to December 2015 (Kshs. Billions)	34
Table 5.2:	Education Sector- Analysis of Exchequer Issues and Expenditure for the Period from July - December 2015 (Kshs. Billions)	37
Table 5.3:	EI & ICT Sector - Analysis of Exchequer Issues and Expenditure for the Period July to December 2015 (Kshs. Billions)	40
Table 5.4:	Environmental Protection, Water and Natural Resources Sector - Analysis of Exchequer Issues and Expenditure for the Period July to December 2015 (Kshs. Billions).....	43
Table 5.5:	GECA Sector - Analysis of Exchequer Issues and Expenditure for the Period July to December 2015 (Kshs. Billions)	46
Table 5.6:	GJLOS – Analysis of Exchequer Issues and Expenditure, for the Period July to December 2015 (Kshs. Billions)	48
Table 5.7:	Health Sector - Analysis of Exchequer Issues and Expenditure for the Period July to December 2015 (Kshs. Billions)	53

Table 5.8:	PAIR Sector - Analysis of Exchequer Issues and Expenditure for the Period July to December 2015 (Kshs. Billions)	56
Table 5.9:	National Security Sector - Analysis of Exchequer Issues and Expenditure for the Period July to December 2015 (Kshs. Billions)	58
Table 5.10:	Social Protection, Culture and Recreation Sector - Analysis of Exchequer Issues and Expenditure for the Period July to December 2015 (Kshs. Billions)	60
Table 6.1:	Analysis of AR &UD Sector Programmes, July to December 2015 (Kshs. Billions)	62
Table 6.2:	Analysis of Education Sector Programmes, July to December 2015 (Kshs. Billions)	64
Table 6.3:	Analysis of EI & ICT Sector Programmes, July to December 2015 (Kshs. Billions)	65
Table 6.4:	Analysis of Environmental Protection, Water and Natural Resources Sector, July to December 2015 (Kshs. Billions)	66
Table 6.5:	Analysis of the GECA Sector Programmes July to December 2015 (Kshs. Billions)	68
Table 6.6:	Analysis of GJLOs Sector Programmes July to December 2015 (Kshs. Billions)	70
Table 6.7:	Analysis of Health Sector Programmes July to December 2015 (Kshs. Billions)	71
Table 6.8:	Analysis of PAIR Sector Programmes July to December 2015 (Kshs. Billions)	72
Table 6.9:	National Security Sector Programmes July to December 2015 (Kshs. Billions)	74
Table 6.10:	Analysis of Social Protection, Culture and Recreation Sector Programme, July– December 2015 (Kshs. Billions)	75

LIST OF FIGURES

Figure 2.1:	Quarterly GDP Growth Rates for the period 2011-2015.....	3
Figure 2.2:	Monthly Inflation Rates movement for the Period October 2014 - December 2015	4
Figure 2.3:	Kenya Shilling Exchange Rate movement for the period October 2014 - December 2015.....	5
Figure 2.4:	Monthly movement in interest rates for the period October 2014 - December 2015.....	6
Figure 4.1:	Comparison of Sector Budget Allocations and Expenditure for FY 2015/16	18
Figure 4.2:	FY 2015/16 Budget Allocation and Half Year Expenditure	18
Figure 4.3:	Public Debt Stock December 2012 to December 2015. (Kshs. Billions).....	20
Figure 4.4:	Composition of MDA Recurrent Expenditure, July-December 2015 (Kshs. millions)	28
Figure 4.5:	Composition of Development Expenditure July – December 2015 (Kshs. million).....	32
Figure 5.1:	Budgetary Allocation Trend for the AR &UD Sector from FY 2012/13 to FY 2015/16 (Kshs. Billion)	33
Figure 5.2:	AR&UD Sector Exchequer Issues for the Period July - December 2015 (Kshs. Billions).....	35
Figure 5.3:	Budgetary Allocation Trend for the Education Sector from FY 2012/13 to FY 2015/16 (Kshs. Billion)	36
Figure 5.4:	Education Sector Exchequer Issues for the Period from July to December 2015 (Kshs. Billions)....	38
Figure 5.5:	Budgetary Allocation Trend for the EI & ICT Sector for the Period FY 2012/13 to FY 2015/16 (Kshs. Billion)	39
Figure 5.6:	EI & ICT Sector Exchequer Issues for the Period July to December 2015 (Kshs. Billions)	41
Figure 5.7:	Budgetary Allocation Trend - Environmental Protection, Water and Natural Resources Sector FY 2012/13 – FY 2015/16 (Kshs. Billion).....	42
Figure 5.8:	Environmental Protection, Water and Natural Resources Sector Exchequer Issues for the Period July to December 2015 (Kshs. Billions)	42
Figure 5.9:	Trends in Budgetary Allocation GECA Sector Trend from FY 2012/13 to FY.....	44
Figure 5.10:	GECA Sector Exchequer Issues July - December 2015 (Kshs. Billions)	45
Figure 5.11:	Budgetary Allocation Trend GJLOS Sector FY 2012/13 – FY 2015/16 (Kshs. Billion)	48
Figure 5.12:	Governance, Justice, Law and Order Sector (GJLOS) Exchequer Issues for the period July to December 2015 (Kshs. Billions)	51
Figure 5.13:	Budgetary Allocation Trend Health Sector FY 2012/13 – FY 2015/16 (Kshs. Billion).....	52
Figure 5.14:	Health Sector Exchequer Issues for the period July – December 2015 (Kshs. Billion).....	53
Figure 5.15:	Trends in Budgetary Allocation for the PAIR Sector for the period FY 2012/13 - FY 2015/16 (Kshs. Billions).....	54
Figure 5.16:	PAIR Sector Exchequer Issues – July to Decen.ber 2015 (Kshs. Billions).....	55
Figure 5.17:	Budgetary Allocation Trend National Security Sector FY 2012/13 – FY 2015/16 (Kshs. Billion)	58
Figure 5.18:	Budgetary Allocation Trend Social Protection, Culture and Recreation Sector FY 2012/13 – FY 2015/16 (Kshs. Billion)	59
Figure 5.19:	Social Protection, Culture and Recreation Sector Exchequer Issues July - September 2015 (Kshs. Billions).....	60

LIST OF ABBREVIATIONS/ACRONYMS

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

ITC	Kenya Medical Training College
IHBS	Kenya Integrated Household Budget Survey
KNBS	Kenya National Bureau of Statistics
KNCHR	Kenya National Commission for Human Rights
KRA	Kenya Revenue Authority
Kshs.	Kenya Shillings
MDA(s)	Ministries Departments and Agencies
Mn	Million
MOEST	Ministry of Education Science and Technology
MTP	Medium Term Plan
NACC	National Aids Control Council
NBK	National Bank of Kenya
NGEC	National Gender and Equality Commission
NHIF	National Hospital Insurance Fund
NIS	National Intelligence Service
NLC	National Land Commission
NPSC	National Police Service Commission
NT	National Treasury
OCOB	Office of the Controller of Budget
O&M	Operations and Maintenance
PAIR	Public Administration and International Relations
PAYE	Pay As You Earn
PFM Act	Public Finance Management Act
PSASB	Public Sector Accounting Standard Board
QTR	Quarter
RDL	Railway Development Levy
RPP	Registrar of Political Parties
SAGAs	Semi-Autonomous Government Agencies
TARDA	Tana and Athi River Development Authority
TSC	Teachers Service Commission
UNDP	United Nations Development Programme
US	United States
VAT	Value Added Tax
WPA	Witness Protection Agency

EXECUTIVE SUMMARY

This is the half year Budget Implementation Review Report (BIRR) by the Office of the Controller of Budget (OCOB) for the FY 2015/16, which covers the period July to December 2015. The report has been prepared in fulfilment of Article 228 of the Constitution of Kenya, 2010 which requires the Controller of Budget to oversee and report on the implementation of the budgets of both the National and County Governments and to submit to each House of Parliament a report every four months.

This report provides an analysis of government revenue and expenditure, tracks programme implementation and also identifies the challenges faced in budget implementation during the reporting period. Some of the challenges identified in the first quarter of FY 2015/16 continued to affect budget implementation in the second quarter. They included; low revenue receipts and delay in release of funds by the National Treasury.

Economic growth remained robust during the reporting period. According to the Kenya National Bureau of Statistics (KNBS), Kenya's economy expanded by 4.9 per cent, 5.5 per cent and 5.8 per cent in the first, second and third quarters of 2015, respectively compared to the 6.9 per cent projected in the 2015 Budget Policy Statement (BPS) and 7.0 per cent over the medium term. This positive trend in economic growth was mainly supported by expansion in agriculture, construction, financial and insurance, wholesale and retail trade, and transport and storage. The overall 12-month inflation rate for the period ending December 2015 was 6.6 per cent, which is a slight increase from 6.02 per cent recorded in December 2014. It was however, within the projected average inflation rate of 5 per cent with a lower band of 2.5 per cent and an upper band of 7.5 per cent.

In the period under review, the Kenya Shilling depreciated against the major world currencies namely; the US Dollar, the Euro and the Sterling Pound. The shilling weakened against the US Dollar from Kshs.97.90 in July, 2015 to Kshs.105.27 in September 2015 and appreciated to Kshs.102.2 by December 2015. It traded at Kshs.157.59 against the Sterling Pound but was relatively stable against the Euro except in the month of September 2015 when it traded at Kshs.118.23. The Central Bank of Kenya (CBK) attributed the depreciation of the Kenyan shilling against the major world currencies to strengthening of the US Dollar against most world currencies and devaluation of the Chinese Yuan, among other factors.

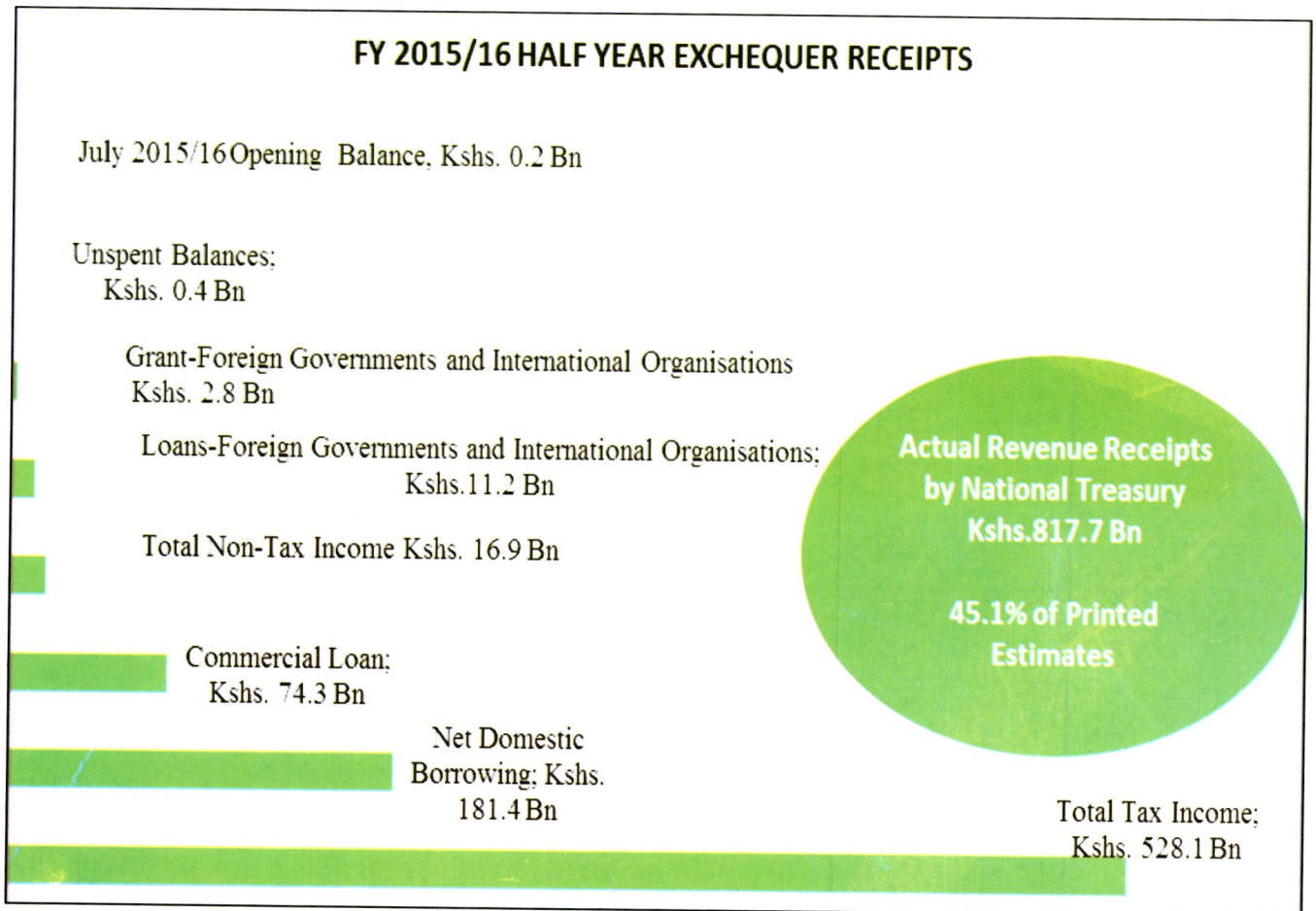
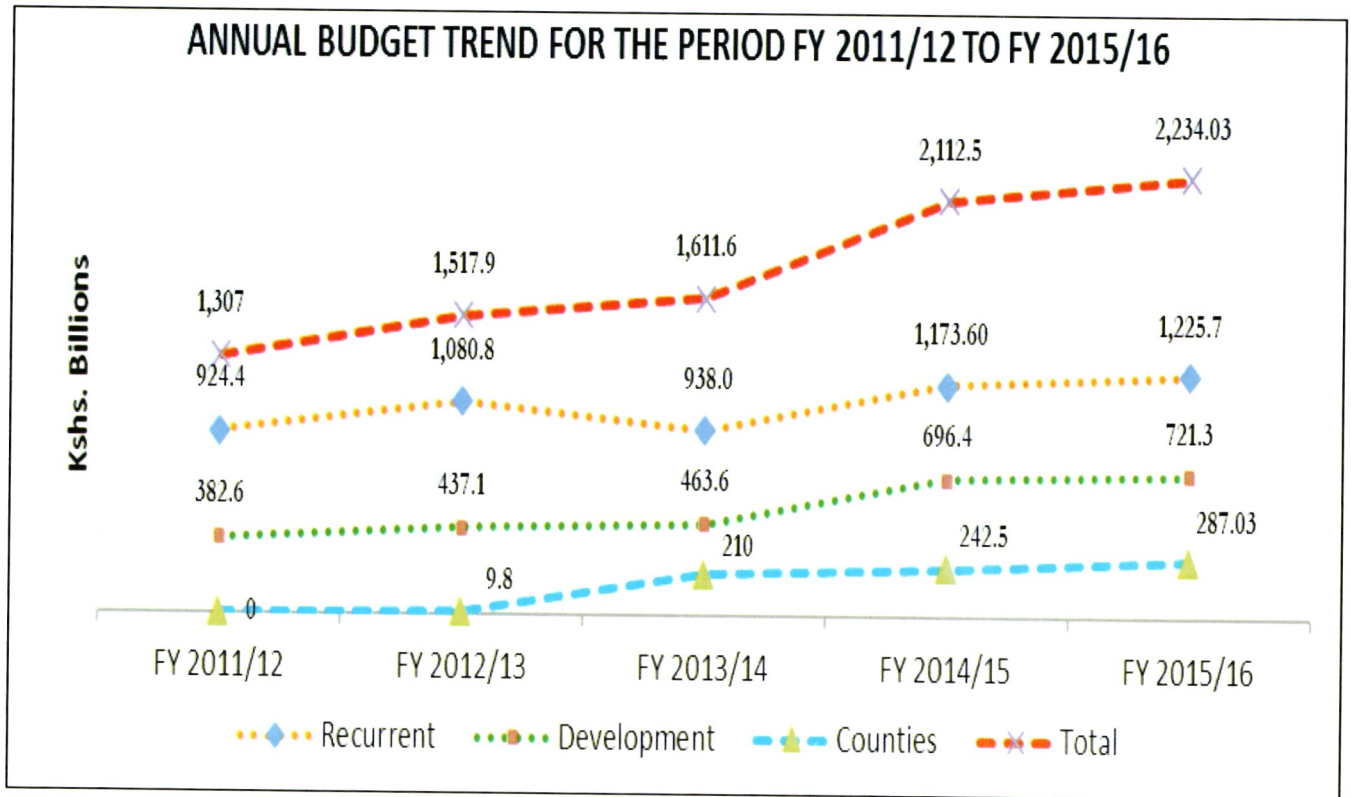
Total cumulative revenue by the National Government in the first half of FY 2015/16 amounted to Kshs.817.7 billion which was 45.1 per cent of the printed estimates, a decline of 1.77 per cent compared to Kshs.832.2 billion received in the first half of FY 2014/15. Exchequer issues in the period under review amounts to Kshs.771.30 billion representing 42.6 per cent of the net

estimates, an increase in absolute terms from Kshs.680.5 billion (42.8 per cent) released in the same period of FY 2014/15. The exchequer issues comprised of recurrent exchequer issues at Kshs.561.87 billion (Kshs.331.53 billion to MDAs and Kshs.230.34 billion to CFS), development exchequer issues of Kshs.110.24 billion, and Kshs.99.19 billion to the County Governments Revenue Fund Accounts (CRF, a marginal increase from Kshs.83.6 billion released in the same period of FY 2014/15.

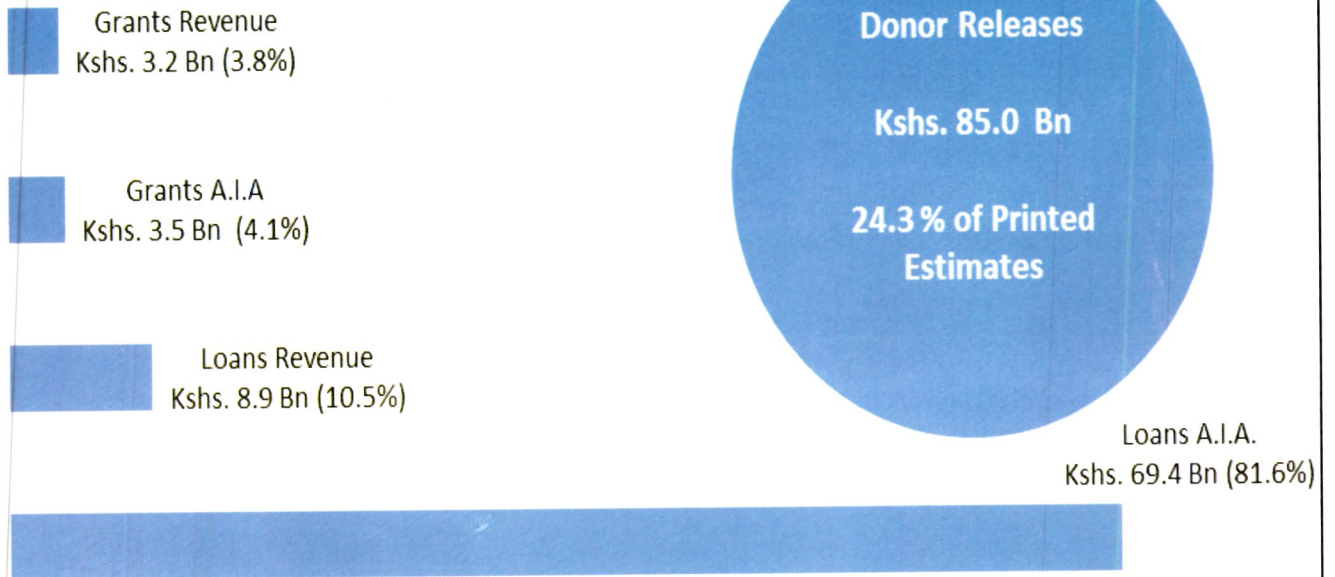
The total expenditure by the MDAs for the period under review amounted to Kshs. 684.5 billion, representing 30.6 per cent of the approved estimates of Ksh.2,234 billion. In absolute amounts, this represents a slight improvement compared to the total expenditure of Kshs.629.1 billion but a decline when compared to 34.1 per cent of the approved national budget of Kshs.1,840.1 billion in the first half of FY 2014/15. Total National Government development expenditure was **Kshs.166.2 billion** representing an absorption rate of 23.0 per cent a decline compared to 26.1 per cent recorded in the same period last financial year (Kshs.129.2 billion). Recurrent expenditure was **Kshs.518.3 billion** comprising of **Kshs.230.2 billion** (44.4 per cent) and **Kshs.288.1 billion** (55.6 per cent) for Consolidated Fund Services (CFS) and recurrent expenditure by MDAs, respectively.

Some of the key challenges that affected budget implementation in the period under review were: low outturn of donor funding and delay in release of development funds by the National Treasury to the MDAs. While the Office acknowledges the efforts made by the National Treasury to improve efficiency and accountability through use of IFMIS in processing financial transactions, there is need to ensure IFMIS is always operational. Training of MDA staff and government suppliers in use of the E-Procurement module is necessary to enhance budget implementation.

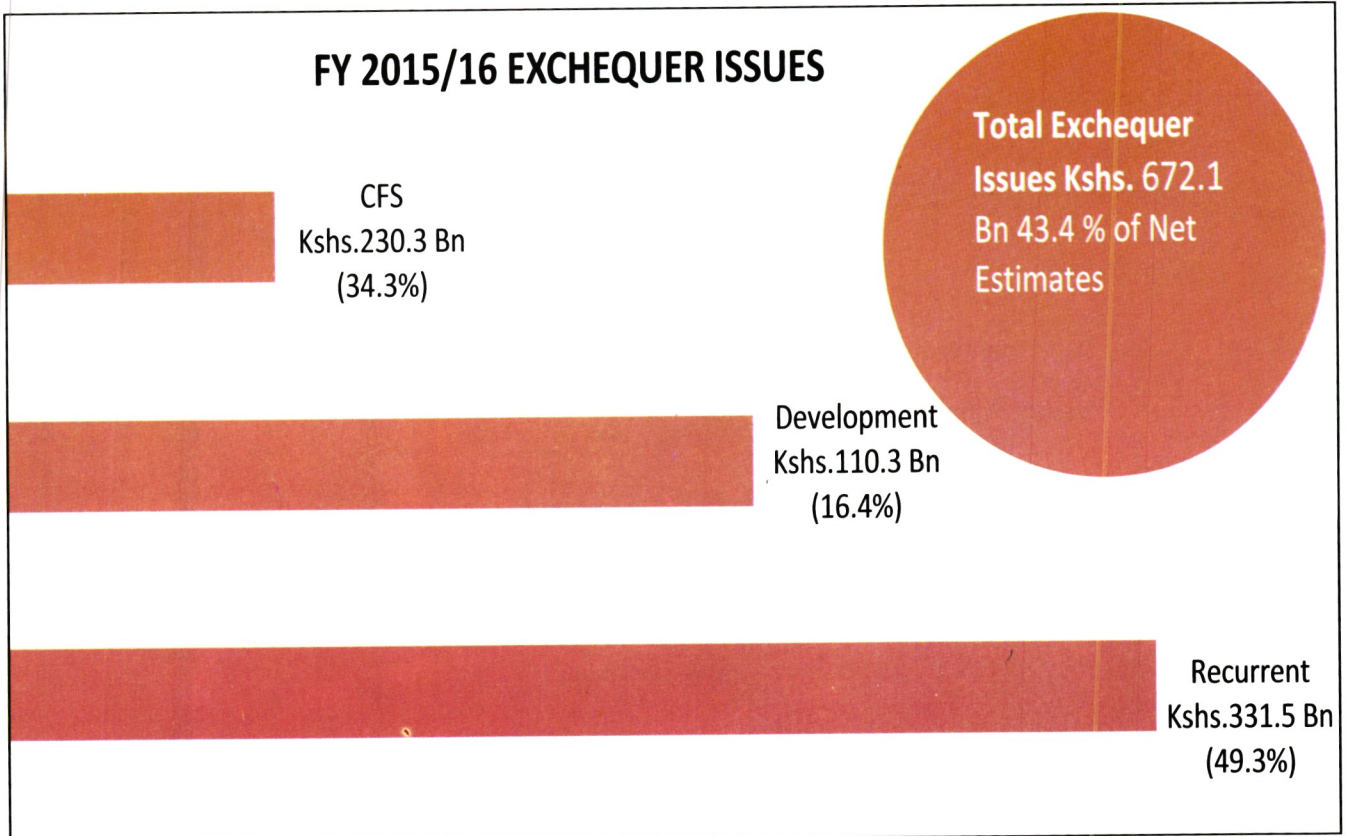
KEY HIGHLIGHTS



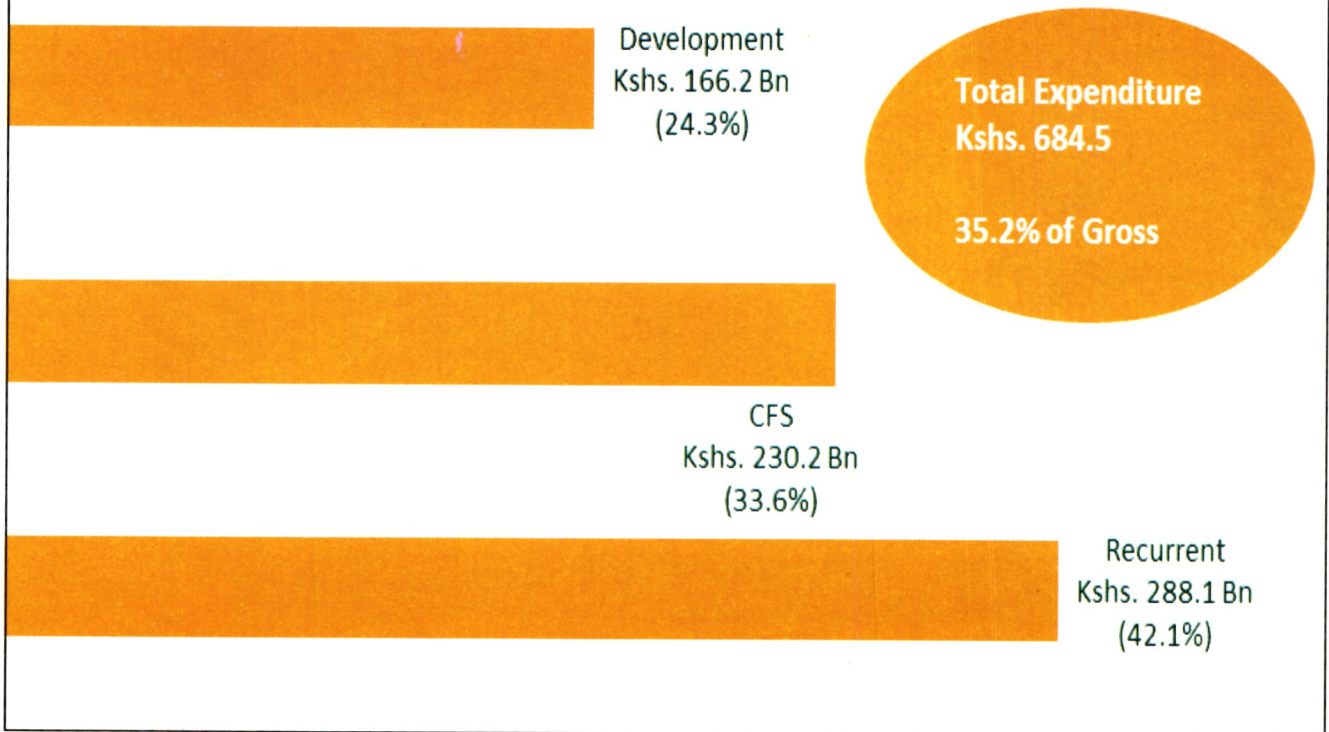
FY 2015/16 HALF YEAR DONOR DISBURSEMENTS



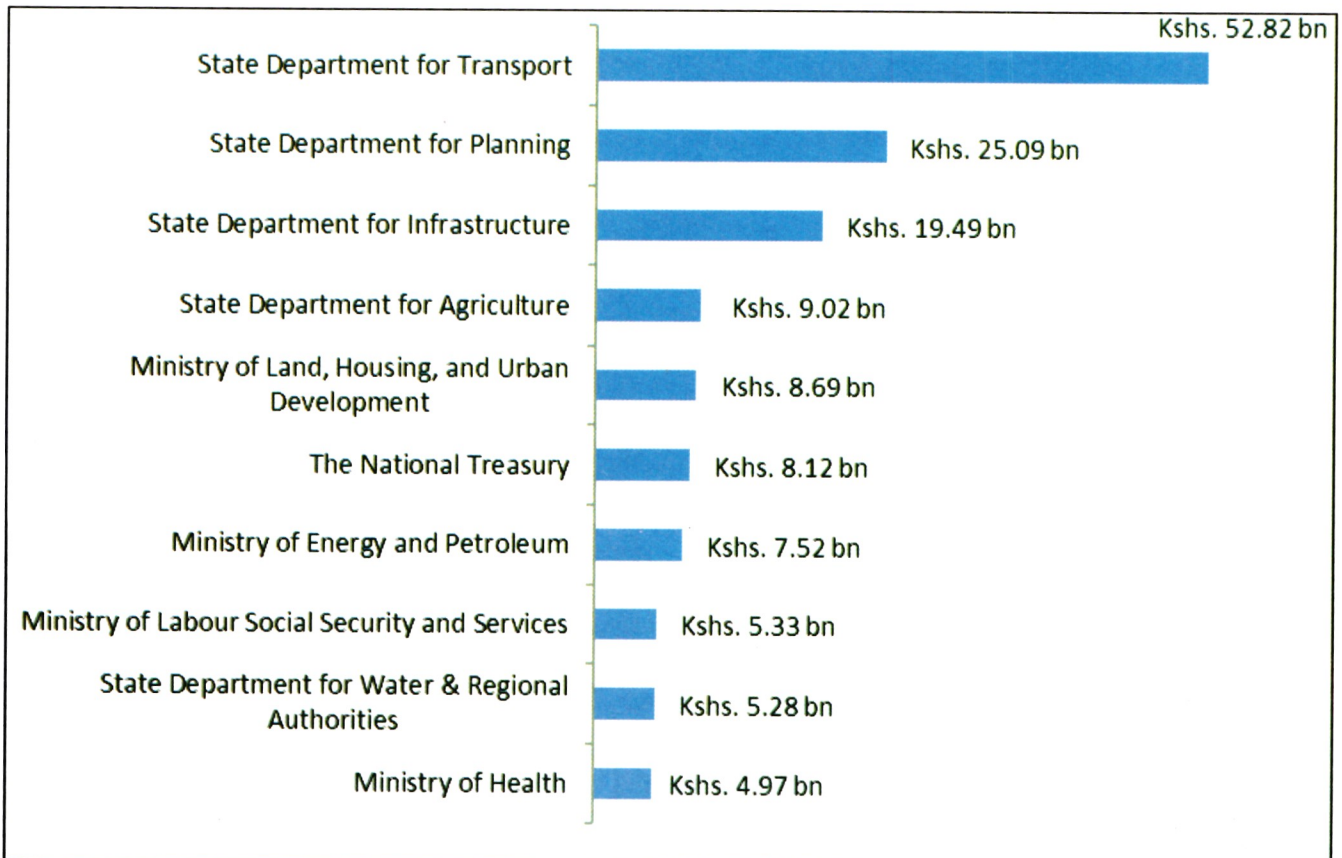
FY 2015/16 EXCHEQUER ISSUES



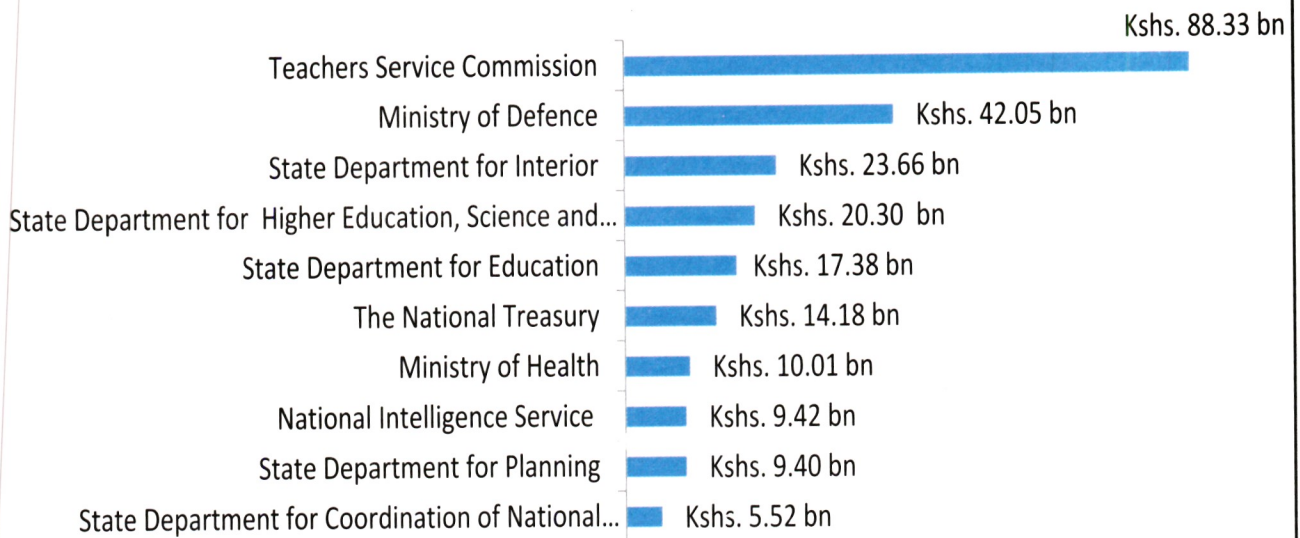
FY 2015/16 HALF YEAR TOTAL EXPENDITURE



TOP SPENDING MDAs - DEVELOPMENT EXPENDITURE



TOP 10 SPENDING MDAs - RECURRENT EXPENDITURE



Total Public Debt Stock

Kshs. 3.16 Trillion

Domestic Kshs. 1.54 Trillion

Foreign Kshs. 1.62 Trillion

PUBLIC DEBT PAYMENT/SERVICING

Domestic: Redemption-Kshs.138.07 Billion

Interest-Kshs.33.52 Billion

Foreign: Principal-Kshs.16.4 Billion

Interest -Kshs.18.74 Billion

1 INTRODUCTION

The Office of the Controller of Budget is established under Articles 228 of the Constitution of Kenya, 2010 with the core mandate to oversee and report on the implementation of budgets of the national and county governments. Specifically, the Controller of Budget is required to submit to Parliament and publicize quarterly reports on budget implementation by both national and county governments.

The report provides information on revenue and public expenditure by Government Ministries, Departments and Agencies (MDAs). It also analyses implementation of planned programmes by the national government and identifies the key challenges faced in budget implementation and provides recommendations on how to improve on budget execution by the national government.

This report is based on analysis of revenue and expenditure data submitted to the Office of the Controller of Budget by the MDAs and expenditure reports generated from the Integrated Financial Information System (IFMIS) for the period under review. The report aims at providing information to Parliament, members of the public, and other key stakeholders. It will also assist in interrogation of information and key issues on budget implementation and the assessment of progress made towards fulfilment of the Principles of Public Finance as prescribed in Chapter 12 of the Constitution of Kenya, 2010.

In order to gain better understanding of the progress made in budget implementation, budget performance during the reporting period is compared to that of a similar period in the previous financial year. The trend can inform policy makers, researchers and the general public to make informed decisions. In this report, gross estimate is the overall budgetary allocation in the financial year, while, net estimate is the gross estimate less Appropriation-In-Aids (A-I-A). The percentage of exchequer issues to the net estimates is used to show the level at which the National Treasury releases funds to the MDAs. Absorption rate is used to express the relationship between expenditure and gross estimates and is used to measure effectiveness in budget implementation.

This report is structured into eight chapters. Chapter two presents an overview of the macro-economic environment that prevailed during budget implementation in the second quarter of FY 2015/16. The chapter mainly focuses on key macroeconomic indicators that include economic growth, Gross Domestic Product (GDP), inflation rate, Interest rate and exchange rate that usually affect fiscal policy and budget implementation. Chapter three provides analysis of revenue performance, exchequer issues to MDAs, CFS and donor releases to MDAs for the period under

review. Chapter 4 offers an analysis of overall national government expenditure performance and compares actual expenditure by MDAs against the gross estimates for recurrent and development expenditure as well as the Consolidated Fund Services (CFS). Chapter 5 presents expenditure performance by sector.

Chapter six presents performance of the sectors by programme for both development and recurrent and their implementation status. Chapter seven identifies the pertinent issues faced in the process of implementing the budget during the reporting period and makes recommendations on how to improve budget implementation. Chapter eight provides the conclusion to this report.

2 MACRO-ECONOMIC HIGHLIGHTS

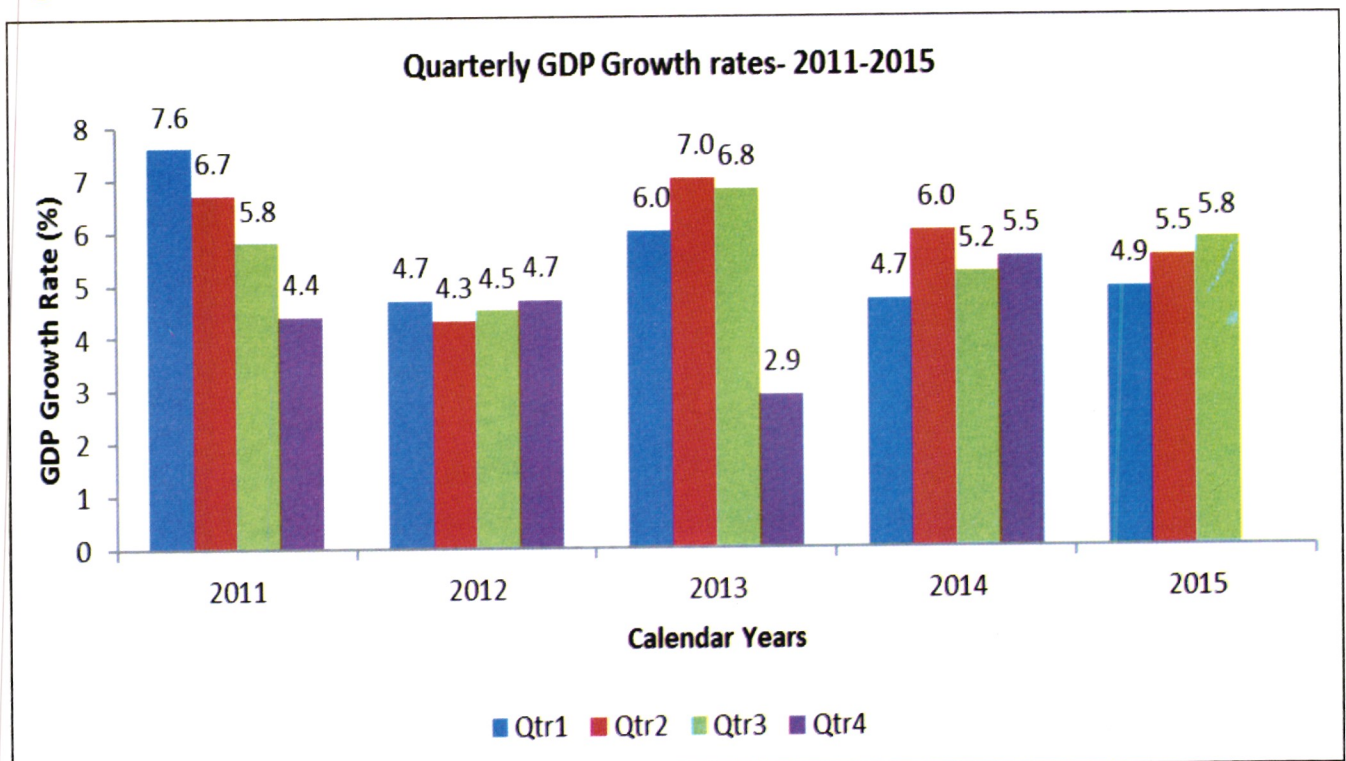
2.1 Introduction

The FY 2015/16 Budget was formulated under the second Medium Term Plan (MTP) for the period 2013 to 2017 whose theme is *Transforming Kenya: Pathway to Devolution, Socio-Economic Development, Equity and National Unity*. The budget reflected the Government's policy priority of attaining sustained economic growth in order to create employment and improve the living standards of Kenyans through delivery of better services. Sustained economic growth is to be achieved through continuous investment in infrastructure, access to affordable energy, improvement of the security and business environment, healthcare and educational system, reduction on rain fed agriculture dependence, and facilitating devolution.

2.2 Economic Growth

According to the 2015 Budget Policy Statement (BPS), the economy was expected to expand by between 6.5 – 7.0 per cent in 2015. This expansion was to be supported by higher public and private investment, increased consumer confidence, lower oil prices, and higher total factor productivity. The quarterly GDP growth rates for the period between 2011 and 2015 are presented in figure 2.1.

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



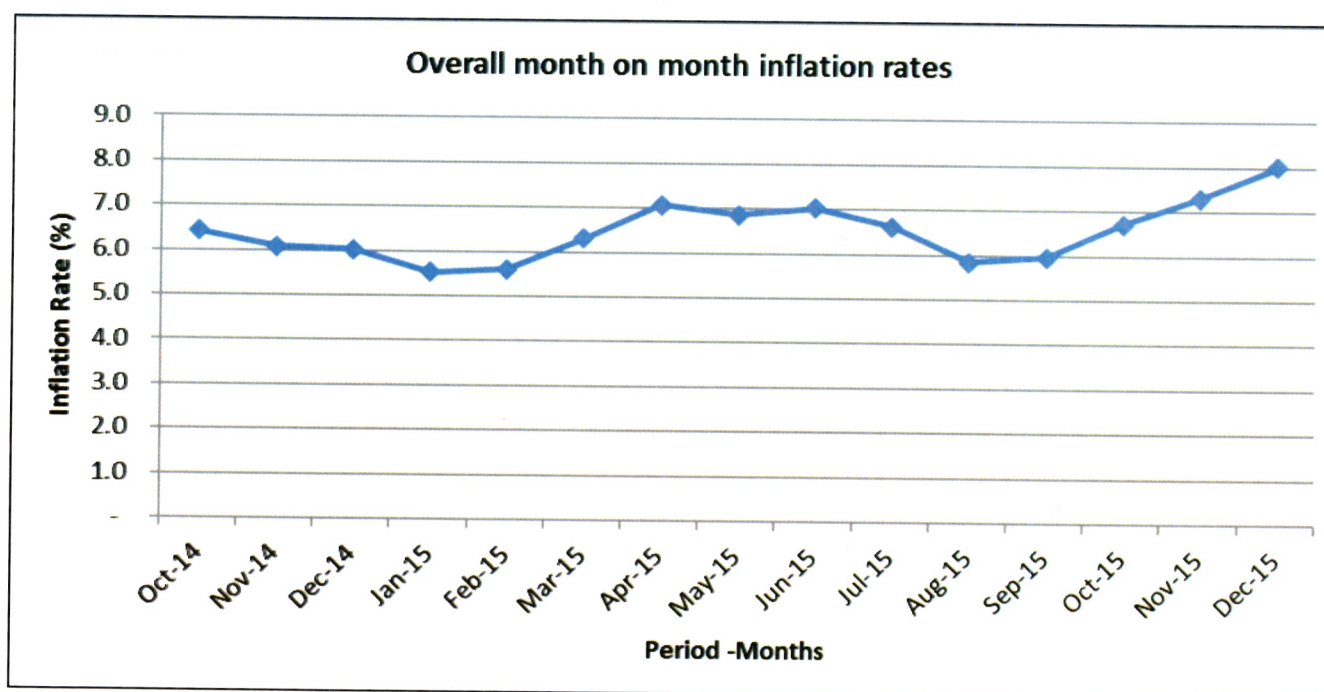
Source: Kenya National Bureau of Statistics

In the third quarter of 2015, the Kenya National Bureau of Statistics (KNBS) estimated the Gross Domestic Product (GDP) to have expanded by 5.8 per cent which is marginal growth compared to 5.2 per cent recorded during a similar period of 2014. The growth was mainly supported by strong expansions in agriculture, construction, financial and insurance, wholesale and retail trade, and transport and storage.

2.3 Inflation

In the FY 2015/16, the Government projected an average inflation rate of 5 per cent, with a lower band of 2.5 per cent and an upper band of 7.5 per cent. Figure 2.2 shows monthly inflation rate for the period October 2014 to December 2015.

Figure 2.2: Monthly Inflation Rates movement for the Period October 2014 - December 2015



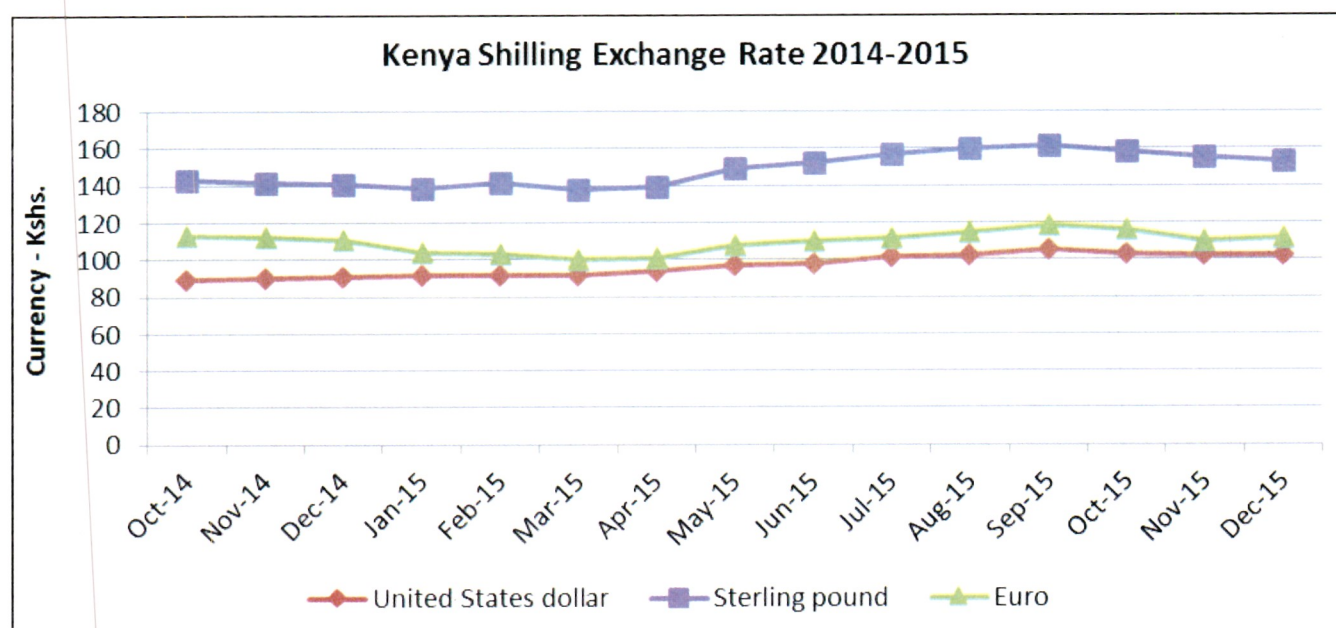
Source: Kenya National Bureau of Statistics

The overall 12-month inflation for the period ending December 2015 was 6.6 per cent which is a slight increase from 6.02 per cent recorded in December 2014. This low inflation rate during the reporting period was attributed to favourable weather conditions in the first quarter of FY 2015/16 which resulted in a decrease in food item prices. In the months of November and December 2015, the cost of petrol and diesel went down following the fall of global oil prices but the easing of pressure was outweighed by an increase of excise duties of some commodities, rents and bus fare.

2.4 Exchange Rate

In the first half of FY 2015/16, the Kenya Shilling depreciated against the major world currencies namely; the US Dollar, the Euro and the Sterling Pound. The Central Bank of Kenya (CBK) has attributed the depreciation of the Kenya shilling against the major world currencies to strengthening of the US Dollar against most world currencies and devaluation of the Chinese Yuan, among other factors. Figure 2.3 shows the movement of the value of the Kenya Shilling against the U.S dollar, the Sterling Pound and the Euro for the period October 2014 to December 2015.

Figure 2.3: Kenya Shilling Exchange Rate movement for the period October 2014 - December 2015

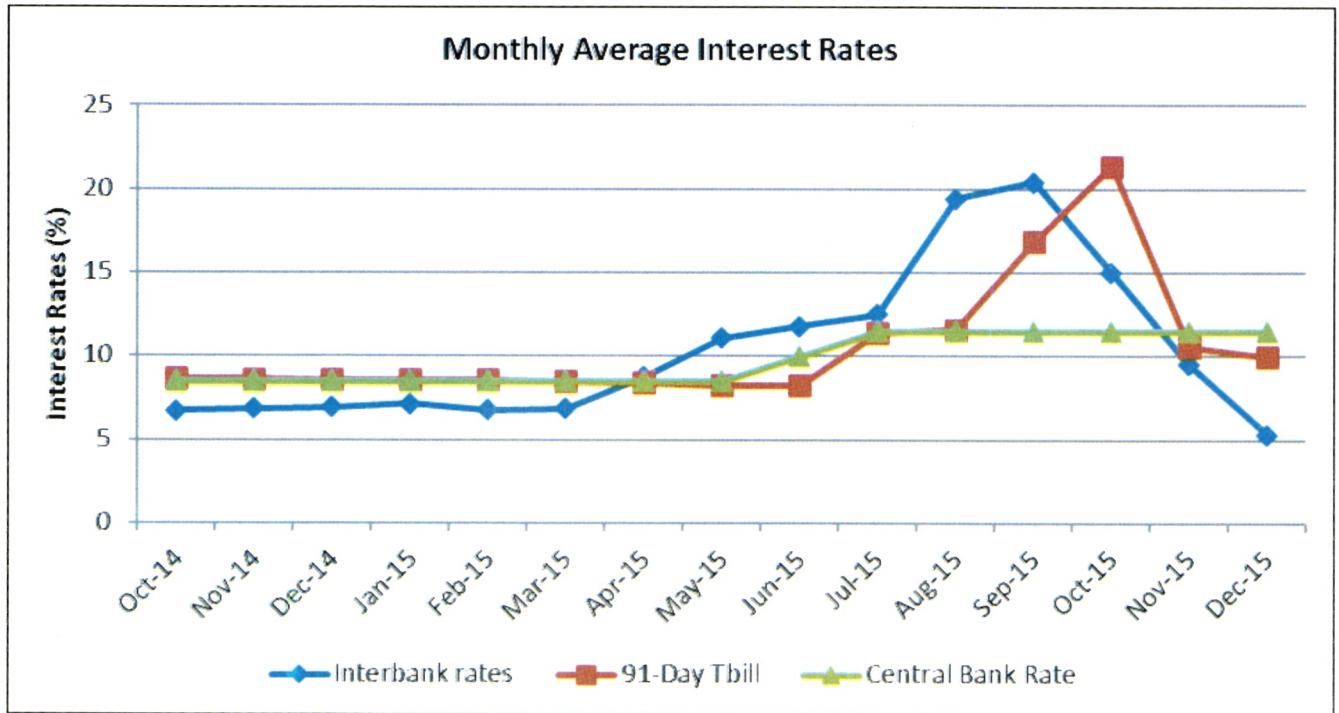


Source: Central Bank of Kenya

The Kenya shilling weakened against the US Dollar from Kshs.97.90 in July, 2015 to Kshs.105.27 in September 2015 and appreciated to Kshs.102.2 against the US Dollar by December 2015. This is a decline compared to Kshs.87.80 in July 2014 and Kshs.90.60 in December 2015.

2.5 Interest Rates

This section compares movement on interest rate on the 91-day Treasury bill, interbank rate and the Central Bank Rate (CBR) which are the main determinant of the cost of money in the market. The Monthly movement in interest rates for the period October 2014 - December 2015 is presented in figure 2.4.

Figure 2.4: Monthly movement in interest rates for the period October 2014 - December 2015

Source: Central Bank of Kenya

In the first half of the FY 2015/16, CBR remained constant while interbank rate and the 91-Day Treasury Bills recorded mixed performance. In order to tighten the liquidity in the money market, CBR was increased to 11.5 per cent from 8.5 per cent mark recorded in the same period in FY 2014/15. On Average, the interbank rate recorded the highest rate in September at 20.5 per cent and the lowest at 5.3 per cent in December 2015. The 91-day Treasury bill rate recorded the highest mark at 21.4 per cent in October and lowest at 10.0 per cent in December 2015.

3 ANALYSIS OF REVENUE PERFORMANCE AND DONOR RELEASES

3.1 Introduction

This chapter presents the overview of revenue performance and donor releases for the first half of FY 2015/16.

3.2 Analysis of Revenue Estimates

The overall Government Budget Estimates for the FY 2015/16 was Kshs.2.23 trillion. The National Treasury projected to finance the budget through revenue, grants, and loans from both domestic and foreign market.

The National Treasury estimated to raise **Kshs.1,812 billion** to finance the budget from the following revenue categories; Tax income (Kshs.1,215.3 billion), Non-tax income (Kshs.39.6 billion), Net Domestic borrowing (Kshs.397.4 billion), Commercial Loan (Kshs.71.8 billion), Loans from Foreign Governments and International Organisations (Kshs.37.9 billion) and Social Safety Net Loan (Kshs.8.2 billion). Other sources of national exchequer revenue include Grants from Foreign Governments and International Organisations (Kshs.15.2 billion), Grants from AMISOM (Kshs.6.4 billion), export credit (Kshs.11.5 billion) and Domestic Lending (Kshs.2.2 billion) and Kshs.6.3 billion which comprise of Kshs.5.0 billion, Kshs.0.8 billion and Kshs.0.5 billion from National Bank of Kenya rights issue, grants from DANIDA and debt swap respectively.

3.2.1 Revenue Receipts by the National Treasury

During the first half of FY 2015/16, actual revenue receipts by the National Treasury amounted to Kshs.817.7 billion which was 45.1 per cent of the printed estimates representing a 1.7 per cent decline compared to the Kshs.832.2 billion received in the first half of FY 2014/15. Table 3.1 shows how the various revenue categories performed over the six months period.

Table 3.1: Statement of Actual Revenue received by National Treasury for the period July – December 2015 in Kshs. billions

Source of Funds	FY 2015/16 Printed Estimates	Actual Receipts by Dec 2015	Performance Against Annual Target (%)	Contribution by Category (%)	Actual Receipts by Dec 2014	Growth Over FY 2014/15
July 2014 and 2015 Opening Balance	-	0.2	-	0.02	140.6	-99.9%
Total Tax Income	1,215.3	528.1	43.5	64.6	476.5	10.8%
Total Non-Tax Income	39.6	16.9	42.7	2.1	16.1	5.0%
Net Domestic Borrowing	397.4	181.4	45.6	22.2	107.9	68.1%
Loans-Foreign Governments and International Organisations	37.9	11.2	29.4	1.4	13.7	-18.2%
Social Safety Net-Loan	8.2	-	-	-	-	-
Domestic Lending and On-Lending	2.2	-	-	-	-	-
Grant-Foreign Governments and International Organisations	15.2	2.8	18.4	0.3	24.6	-88.6%
Grants-DANIDA	0.8	0.1	12.5	0.01	-	100%
Grants-Debt Swap	0.5	-	-	-	-	-
Grants from AMISOM	6.4	2.3	35.8	0.3	-	100%
NBK Rights Issue	5.0	-	-	-	-	-
Commercial Loan	71.8	74.3	103.5	9.1	73.8	0.7%
Commercial Loan (Exchange Gain)	-	-	-	-	1.2	-100%
Export Credit	11.5	-	-	-	-	-
Unspent Balances	-	0.4	-	0.04	-	100%
Total	1,811.9	817.7	45.1	100	832.2	-1.7%

Source: National Treasury 2015/16

A review of performance by the various revenue categories shows that the Tax Income category remained the leading category with a performance of Kshs.528.1 billion which was 64.6 per cent of the total revenue collection. Net domestic Borrowing raised Kshs.181.4 billion, which was 22.2 per cent of the total revenue received.

3.2.2 Revenue Collection by the Kenya Revenue Authority (KRA)

The Kenya Revenue Authority (KRA) targeted to collect Kshs.621.8 billion during the first half of FY 2015/16 out of which, Kshs.598.6 billion was exchequer revenue. Actual revenue collected during this period was Kshs.569.12 billion or a performance of 91.5 per cent of the targeted revenue for the period, a 9.8 per cent growth over FY 2014/15 performance. Table 3.2 provides a summary of cumulative performance by KRA over the period July to December 2015.

Table 3.2: KRA Revenue Performance for July – December 2015 (Kshs. Millions)

Department	Target Revenue Half Year	Actual Revenue 2015/16 Half Year	Variance	Performance Rate	Actual Revenue 2014/15 Half Year	Revenue Growth Over
Custom & Border Control	212,609	198,428	(14,181)	93.3%	178,388	11.2%
Domestic Taxes	406,712	368,625	(38,088)	90.6%	338,028	9.1%
<i>Large Taxpayers Office</i>	280,324	255,718	(24,606)	91.2%	240,090	6.5%
<i>Medium Taxpayers Office</i>	35,127	26,813	(8,314)	76.3%	29,004	-7.6%
<i>Domestic Taxes Regions</i>	91,262	86,094	(5,168)	94.3%	68,934	24.9%
Transport Revenue	2,472	2,065	(407)	83.5%	2,048	0.8%
Total	621,794	*569,118	(52,675)	91.5%	518,464	9.8%

Source: Kenya Revenue Authority, FY 2015/16 Revenue Report

**From the total revenue for the period, Kshs.538,027 million was exchequer revenue representing a performance rate of 86.5 per cent of the half year target. Revenue performance registered a deficit of Kshs.60,542 million, but a growth of 8.6 per cent over FY 2014/15.*

Analysis of the revenue by category shows that the Domestic taxes category is the biggest contributor of revenue at Kshs.368.6 billion, or 64.8 per cent of the total revenue collected. Notably, KRA recorded growth in most revenue categories in FY 2015/16 compared to a similar period in FY 2014/15 except for the Medium Taxpayers' Office category.

According to KRA, some of the factors that affected revenue collection unfavourably included: (i) Value Added Tax (VAT) foregone on donor funded projects, (ii) slowdown in Pay As You Earn (PAYE), which has been attributed to modest government sector performance in line with the wage restraint currently in force, and (iii) weak performance in some sectors due to restructuring and decline in contribution by a large number of private firms due to deteriorating economic environment.

Withholding tax has also been adversely affected by delay in government disbursement for development projects and a decline in economic activities, which impacted negatively on income tax.

3.3 Exchequer Issues to the MDAs and County Governments

The total budget for the FY 2015/16 amounts to Kshs.2.234 trillion, comprising of Kshs.784.2 billion for recurrent expenditure, Kshs.721.3 billion for development expenditure, Kshs.441.5 billion for CFS, and Kshs.287.0 billion towards County Governments. The summary of Exchequer issues and annual estimates for the period July to December 2015 is presented in Tables 3.3 and 3.4.

Table 3.3: Summary of Exchequer issues by classification as at December 31, 2015

VOTE	Net Estimates FY 2015/16	Exchequer Issues	% of Exch. Issues to Net Estimates	% of Exchequer issues to total Issues
Recurrent (MDAs)	717.02	331.53	46.2	43.0
Development (MDAs)	389.08	110.24	28.4	14.3
CFS	441.54	230.34	52.2	29.9
County Governments	264.22	99.19	37.5	12.9
Total	1,811.86	771.30	42.6	100

Source: National Treasury & OCOB

In the first half of FY 2015/16, total exchequer issues to MDAs amounted to Kshs 441.77 billion which represent 39.9 per cent of the total MDAs' net estimates for the FY 2015/16. The comparable exchequer issues released in the same period of the previous financial year was Kshs.389.5 billion (41.1 per cent of the annual net estimates of FY 2014/15).

Table 3.4: Annual Net Estimates and Exchequer Issues, for the Period July to December 2015 in Kshs. Billion.

Sector	Half Year, FY 2015/16				Half Year, FY 2014/15			
	Gross Est.	Net Est.	Exch. Issues	% of Exch. To N. Est.	Gross Est.	Net Est.	Exch. Issues	% of Exch. To N. Est.
Agriculture, Rural & Urban Development	79.7	66.6	21.5	32.4	60.2	53.4	23.8	44.6
Education	336.3	313.2	129.3	41.3	308.4	282.8	122.4	43.3
Energy, Infrastructure and Information Communications Technology (EI & ICT)	404.7	109.6	50.1	45.7	256.9	102.3	39.4	38.5
Environmental Protection, Water and Natural Resources	63	34.9	8.4	24.0	50.8	35.2	13.3	37.9
General Economic & Commercial Affairs (GECA)	21.3	20.8	6.7	32.2	16.2	15.6	5.0	32.1.9
Governance, Justice, Law and Order (GJLOS)	154	152.9	67.2	43.9	130.5	129.2	58.6	45.4
Health	59.2	44.2	19.8	44.9	47.4	36.1	12.5	34.7
Public Administration and International Relations	243.4	220.1	80.2	36.4	196.9	177.3	65.8	37.1
Social Protection, Culture and Recreation	31.5	31.2	7.2	23.0	24.1	23.7	8.8	37.1
National Security	112.5	112.5	51.4	45.7	90.7	90.7	39.9	43.9
Sub -Total for MDAs	1,505.50	1,106.10	441.9	39.9	1,182.10	946.4	389.5	41.1
Sub -Total Consolidated Fund Services	441.5	441.5	230.3	52.2	415.6	415.6	207.4	49.9
County Governments	287	264.2	99.2	37.5	242.4	228.5	83.6	36.5
Grand Total	2,234.00	1,811.80	771.4	42.6	1,840.10	1,590.50	680.5	42.8

Source: National Treasury & OCOB

Exchequer issues released for Consolidated Fund Services amounted to Kshs.230.3 billion; representing 52.2 per cent of the annual net estimates and an increase from 49.9 per cent (Kshs.229.3 billion) recorded in the same period of FY 2014/15. Exchequer issues to the County Governments Revenue Fund accounts (CRF) amounted to Kshs.99.2 billion, representing a marginal increase of 1 per cent from Kshs.83.6 billion released in the same period of FY 2014/15.

Analysis of Exchequer issues by sector indicates that Energy, Infrastructure and Information Communications Technology sector and the National Security sector, both received the highest percentage of exchequer issues to annual net estimates at 45.7 per cent, while the Social Protection, Culture and Recreation sector received the least percentage of exchequer issues to annual net estimates at 23 per cent.

3.3.1 Recurrent Exchequer Issues by Sector

The total exchequer issues for recurrent activities amounted to Kshs.331.5 billion (46.2 per cent of the annual net recurrent estimates), an increase compared to the exchequer issues released in the same period in FY 2014/15, (Kshs.285.6 billion equivalent to 45.6 per cent of the annual net recurrent estimates). Recurrent exchequer issues to the ten sectors are shown in table 3.5.

Table 3.5: Sectoral Recurrent Estimates and Exchequer issues, July to December 2015 (Kshs. Billions)

Sector	Half Year, FY 2015/16				Half Year, FY 2014/15			
	Gross Est.	Net Est.	Exch. Issues	% of Exch. to N. Et.	Gross Est.	Net Est.	Exch. Issues	% of Exch. to N. Est.
Agriculture, Rural & Urban Development	16.7	16.2	6.3	38.9	16.0	15.5	6.7	43.3
Education	299.6	280.6	128.8	45.9	273.4	252.4	116.1	46.0
Energy, Infrastructure and Information Communications Technology (EI & ICT)	40.8	7.9	3.5	44.3	35.6	6.5	3.2	49.2
Environmental Protection, Water and Natural Resources	17.8	9.4	4.7	49.9	14.7	9.7	4.6	47.7
General Economic and Commercial Affairs (GECA)	7.1	7	3.5	49.0	6.7	6.6	3.0	45.0
Governance, Justice, Law and Order (GJLOS)	133.5	132.7	65.7	49.5	119.2	118.4	57.0	48.1
Health	28.5	24.5	13.8	56.3	26.1	22.2	9.5	42.8
Public Administration and International Relations	115.5	114.1	48.3	42.4	94.2	92.8	41.4	44.6
Social Protection, Culture and Recreation	12.3	12.1	5.6	46.0	11.1	10.9	4.2	38.4
National Security	112.5	112.5	51.4	45.7	90.7	90.7	39.9	43.9
Total	784.2	717.0	331.5	46.2	687.5	625.5	285.6	45.6

Source: National Treasury & OCOB

From Table 3.5, the Health sector received the highest percentage of recurrent exchequer issues to net recurrent estimates at 56.3 per cent. Nonetheless, this was a decline from 43.0 per cent of the recurrent exchequer issues to net recurrent estimates issued in the first half of FY 2014/15.

The Agriculture, Rural & Urban Development sector received the lowest recurrent exchequer issues to net recurrent estimates at 38.9 per cent, which was a decrease from 43.3 per cent of the recurrent exchequer issues to net recurrent estimates recorded in the same period of FY 2014/15.

3.3.2 Development Exchequer Issues by Sector

The total exchequer issues released to the MDAs for development expenditure in the first half of FY 2015/16 amounted to Kshs.110.3 billion (24.8 per cent of the annual net development estimates) compared to Kshs.103.9 billion released in the same period of FY 2014/15 (32.4 per cent of the annual net development estimates for FY 2014/15). The Sectoral Development Estimates and Exchequer Issues for July to December 2015 are presented in Table 3.6.

Table 3.6: Sectoral Development Estimates and Exchequer Issues for July to December 2015 in Kshs. Billions

Sector	Half Year, FY 2015/16				Half Year, FY 2014/15			
	Gross Est.	Net Est.	Exch. Issues	% of Exch. to N. Est.	Gross Est.	Net Est.	Exch. Issues	% of Exch. to N. Est.
Agriculture, Rural & Urban Development	63.0	50.4	15.2	30.3	44.3	38.0	17.1	45.1
Education	36.7	32.6	0.5	1.7	35.0	30.4	6.3	20.7
Energy, Infrastructure and Information Communications Technology (EI & ICT)	363.8	101.7	46.6	45.8	221.3	95.8	36.2	37.8
Environmental Protection, Water and Natural Resources	45.2	25.5	3.7	14.4	36.1	25.5	8.7	34.2
General Economic and Commercial Affairs (GECA)	14.2	13.8	3.2	23.3	9.6	9.0	2.0	22.3
The Governance, Justice, Law and Order (GJLOS)	20.6	20.2	1.4	7.0	11.7	11.1	1.6	14.3
Health	30.7	19.6	6.1	31.0	21.3	13.9	3.0	21.5
Public Administration and International Relations	127.9	106.1	31.9	30.1	102.7	84.5	24.4	28.9
Social Protection, Culture and Recreation	19.2	19.1	1.6	8.4	13.0	12.7	4.6	36.5
Total	721.3	389.1	110.3	28.4	494.9	320.9	103.9	32.4

Source: National Treasury & OCOB

The Energy, Infrastructure and Information Communications Technology sector received the highest development exchequer issues to net development estimates at 45.8 per cent, an increase from 37.8 per cent recorded in a similar period of FY 2014/15. The Education sector received the lowest percentage of development exchequer releases to its annual net development estimates at 1.7 per cent which is a decline from 14.3 per cent recorded in a similar period of FY 2014/15.

3.4 Donor Releases

In the FY 2015/16, the Government targeted to mobilize external resources amounting to Kshs.349.32 billion from the development partners to finance development projects and programmes. These resources comprised of Loans A-I-A amounting to Kshs.245.79 billion; Grants A-I-A amounting to Kshs.50.42 billion; Loans Revenue amounting to Kshs.37.91 billion and Grants Revenue amounting to Kshs.15.20 billion. Table 3.7 shows a summary of grants and loans disbursement for the first half of FY 2015/16.

Table 3.7: Summary of Grants and Loans Disbursement for the first half of FY 2015/16 in Kshs. billion

Funding Type	Gross Estimates FY 2015/2016	Cumulative Disbursement for Half Year, FY 2015/16	% Disbursed against Gross Estimates	Gross Estimates FY 2014/2015	Cumulative Disbursement for Half Year, FY 2014/15	% Disbursed against Printed Estimates
Loans Revenue	37.9	8.9	23.5	36.2	13.6	37.4
Grants Revenue	15.2	3.2	21.1	10.0	3.1	30.5
Loans A.I.A	245.8	69.4	28.2	100.2	25.6	25.5
Grants A.I.A	50.4	3.5	7.0	41.4	4.8	11.7
Total	349.3	85.0	24.3	187.8	47.1	25.1

Source: The National Treasury

In the first half of FY 2015/16, the total amount received from the development partners was Kshs.85.0 billion representing 24.3 per cent of the gross estimates and a marginal decline compared to 25.1 per cent of the gross estimates recorded in a similar period of FY 2014/15. The Loans A-I-A category received the highest amount at 28.2 per cent to the gross estimates an increase compared to 25.5 per cent recorded in a similar period of FY 2014/15. Grants A-I-A funding had the lowest disbursement at 7.0 per cent of the gross estimates, which was a decline compared to 11.7 per cent recorded in a similar period of FY 2014/15

The analysis of Grants and Loans disbursements by Ministry for the period under review is presented in table 3.8.

Table 3.8: Analysis of Grants and Loans Disbursement by Ministry for first Half of FY 2015/16 in Kshs. million

Ministry	Grants A.I.A			Loans A.I.A			Grant Revenue			Loan Revenue		
	Printed estimates FY 2015/16	Disbursed Half year FY 2015/16	% disbursed	Printed estimates FY 2015/16	Disbursed Half year FY 2015/16	% disbursed	Printed estimates FY 2015/16	Disbursed Half year FY 2015/16	% disbursed	Printed estimates FY 2015/16	Disbursed Half year FY 2015/16	% disbursed
Ministry of Interior and Coordination of National Government	96.00	0.00	0.0				54.00	0.00	0.0			
Ministry of Devolution and Planning	5,454.85	75.00	1.4	50.00	17.13	34.3	915.31	92.19	10.1	824.30	638.83	77.5
Ministry of Defence	42.00	0.00	0.0									
Ministry of Foreign Affairs	52.70	0.00	0.0									
Ministry of Education, Science and Technology	1,341.38	0.00	0.0	2,996.00	126.57	4.2	305.78	540.82	176.9			
The National Treasury	14,478.08	2,093.35	14.5	1,620.82	239.44	14.8	2,387.71	234.04	9.8	1,306.70	408.39	31.3
Ministry of Health	8,111.64	0.00	0.0	1,880.00	59.55	3.2	5,412.46	1,181.29	21.8	2,596.45	292.87	11.3
Ministry of Transport and Infrastructure	10,077.70	1,194.27	11.9	156,730.43	59,385.59	37.9				4,199.13	71,646	17.1
Ministry of Environment Water and Natural Resources	6,424.75	144.60	2.3	13,004.16	922.80	7.1	973.91	227.55	23.4	6,258.90	2,181.32	34.9
Ministry of Land and Housing and Urban Development	641.06	0.00	0.0	3,332.45	557.14	16.7	420.47	181.22	43.1	9,068.95	1,704.00	18.8
Ministry of Information and Communications and Technology	400.00	0.00	0.0	3,400.00	515.98	15.2				2,237.19	1,130.89	50.6
Ministry of Sports Culture and Arts	90.97	0.00	0.0				54.00	0.00	0.0			
Ministry of Labour, Social Security and Services	1.40	0.00	0.0				1,628.10	0.00	0.0	643.86	0.00	0.00
Ministry of Energy & Petroleum	214.25	0.00	0.0	56,937.82	7,474.53	13.1	2,884.02	756.87	26.3	4,117.20	667.20	16.2
Ministry of Agriculture Livestock and Fisheries	2,269.64	34.35	1.5	5,840.07	51.49	0.9				3,825.16	962.77	25.2
Ministry of Industrialization and Enterprise Development	326.19	0.00	0.0									
Ministry of Commerce Tourism and East African Affairs	87.32	0.00	0.0									
Office of The Attorney General and Department of Justice	308.93	0.00	0.0									
The Judiciary							167.00		0.0	2,831.90	190.43	6.7
TOTAL	50,418.85	3,541.56	7.0	245,791.75	69,350.23	28.2	15,202.76	3,213.98	21.1	37,909.74	8,913.76	23.5

Source: The National Treasury

The National Treasury had the highest amount of grants A.I.A at 14.5 per cent, or Kshs.2.09 billion against the annual printed estimates of Kshs.14.48 billion. The other MDAs that received Grants A~I~A included; Ministry of Transport and Infrastructure, the Ministry of Environment, Water and Natural Resources, Ministry of Agriculture, Livestock and Fisheries, Ministry of Devolution and Planning at 11.9 per cent, 2.3 per cent, 1.5 per cent and 1.4 per cent respectively.

The projects funded through Grants A~I~A included:- Community Development Environment Management Programme under the Ministry of Devolution and Planning, HIV/AIDS Round 7 through the Global Fund under The National Treasury, Northern Corridor Rehabilitation under the Ministry of Transport and Infrastructure, Lake Victoria Water Supply & Sanitation Phase II under the Ministry of Environment, Water and Natural Resources and the Sugar Reforms Support Project under the Ministry of Agriculture, Livestock and Fisheries.

Analysis of Loans A-I-A for the reporting period shows that, the Ministry of Transport and Infrastructure had the highest expenditure at Kshs.59.4 billion, which was 37.9 per cent of the printed gross estimates of Kshs.156.7 billion. Other MDAs that reported expenditure under Loans A~I~A included:- Ministry of Devolution and Planning, Ministry of Land, Housing and Urban Development, The Ministry of Information and Communications Technology, and the National Treasury at 34.3 per cent, 16.7 per cent, 15.2 per cent and 14.8 per cent of the annual gross estimates respectively. The Ministry of Education, Science and Technology, The Ministry of Health, and The Ministry of Agriculture, Livestock and Fisheries received the lowest amount at 4.2 per cent, 3.2 per cent and 0.9 per cent respectively.

The projects funded through Loans A~I~A included:- The Kenya Health Sector Support Project (Kshs.43.2 million) under The Ministry of Health, the Standard Gauge Railway Line (Kshs.50.0 billion) and The Nairobi Southern Bypass Project (Kshs.1.5 billion) under Ministry of Transport and Infrastructure, and The Kenya Informal Settlement Improvement Project (Kshs. 286.9 million) under The Ministry of Land, Housing and Urban Development.

Analysis of the Loans A~I~A expenditure indicates that some project expenditure under the Ministry of Energy and Petroleum exceeded the printed estimates. These include: Eastern Electricity Highway Project (Kenya - Ethiopia) interconnector at 161.7 per cent of the printed estimate (Kshs.1.4 billion against a budget of Kshs.892 million), Interconnection of Electric Grids of Nile Equatorial lakes at 226.8 per cent of the printed estimates (Kshs.1.1 billion, against a budget of Kshs.500 million) and The Eastern Africa Inter-connector (Ethiopia – Kenya) at 203.2 per cent having received Kshs.1.4 billion against a budget of Kshs.708 million based on the printed estimates. There is therefore, need for review of the printed estimates in the Supplementary

Budget to ensure that all Loans A-I-A expenditure is appropriately budgeted.

A review of the performance of grants revenue in the first half of FY 2015/16 shows that the Ministry of Education, Science and Technology recorded a rate of 176.9 per cent against the printed estimates, (Kshs.540.8 million against Kshs.305.8 million). This is attributed to funds disbursed towards the Kenya Primary Education Development Projects which was not included for in the FY 2015/16 Budget. This was followed by the Ministry of Land, Housing and Urban Development at 43.1 per cent, the Ministry of Energy and Petroleum at 26.3 per cent and the Ministry of Environment, Water and Natural Resources at 23.4 per cent, Ministry of Health at 21.8 per cent and the National Treasury at 9.8 per cent whereas other MDAs that factored grants revenue in their development budget estimates did not absorb the funds.

On loans revenue, the Ministry of Devolution and Planning had the highest disbursement at 77.5 per cent (Kshs.638 million) followed by the Ministry of Information and Communications and Technology at 50.6 per cent (Kshs.1.1 billion) and the National Treasury at 31.3 per cent (Kshs.408.4 million). The Judiciary and Ministry of Land, Housing and Urban Development attained low absorption rates of loans revenue at 6.7 per cent and 6.1 per cent, respectively. Conversely the Ministry of Labour, Social Security and Services did not report any expenditure of funds mobilized from development partners as loans revenue even though there was a target captured in the development budget estimates as show in Table 3.8.

Some of the projects funded through the loan revenue include:- Western Kenya Community Driven Development and Flood Mitigation (Kshs.517.5 million) under the Ministry of Devolution and Planning, East Africa Public Laboratory Networking Project (Kshs.292.7 million) under the National Treasury, Water and Sanitation Services & Improvement Project (Kshs.1.45 billion) under the Ministry of Environment, and Water and Natural Resources and Kenya Transparency & Communication Infrastructure Project (Kshs.1.1 billion) under Ministry of Information, Communication and Technology.

The Office has noted the low outturn of donor funded projects, and emphasizes the need for concerted efforts by all the stakeholders to address this challenge.

4 NATIONAL GOVERNMENT OVERALL EXPENDITURE ANALYSIS

4.1 Introduction

This chapter presents the performance analysis for the first half of FY 2015/16 for both development and recurrent expenditure by the MDAs. The Consolidated Fund Services (CFS) is discussed under recurrent expenditure.

4.2 Overall Government Budget Performance

The overall national budget for FY 2015/16 was Kshs.2.23 trillion representing a 21.4 per cent growth compared to a budget of Kshs.1.840 trillion in the FY 2014/15

Table 4.1: Overall Government Budget Performance July to December 2015 (Kshs. Billion)

Allocation	Half Year FY 2015/16						Half year FY 2014/15					
	Gross Estimate	Net Estimate	Cumulative Exchequer	Expenditure	% of Exchequer to Net Est.	Absorption Rate (%)	Gross Estimates	Net Estimates	Exchequer Issues	Half Year Expenditure	% Exchequer to Net Est.	Absorption rate (%)
Recurrent	1,225.7	1158.5	561.87	518.28	48.5	42.3	1103.1	1041.4	493.0	499.9	47.3	45.3
Development	721.3	389.1	110.24	166.23	28.3	23.0	494.9	320.9	103.9	129.2	32.4	26.1
County Governments	287.0	264.2	99.19*	113.20	37.5	39.4	242.4	229.3	83.6	104.0	36.5	42.9
Total	2,234.0	1811.8	771.30	797.71	42.6	35.7	1840.4	1,591.6	680.5	733.1	42.8	39.8

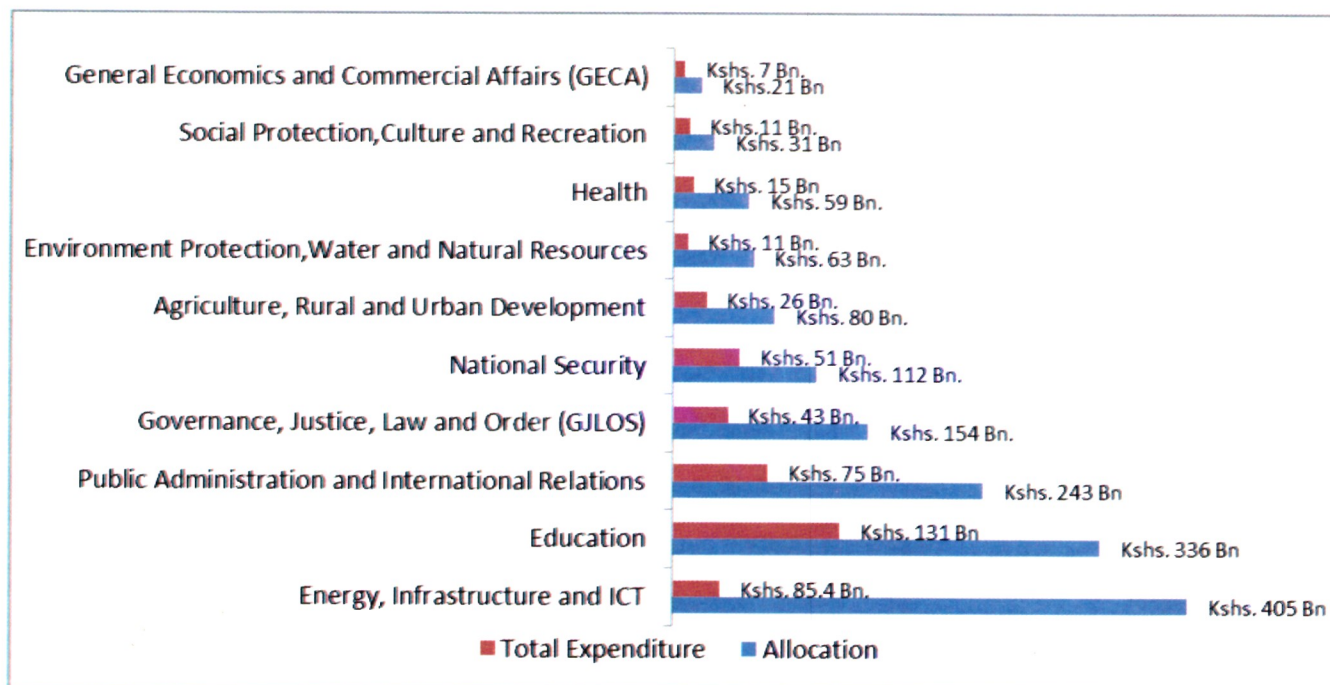
Source: NT, OCOB, MDAs & County Governments

*Refers to the shareable revenue exchequer issues.

The total exchequer issues in the first half of FY 2015/16 amounted to Kshs.771.30 billion representing 42.6 per cent of the net estimates. This comprised of Kshs.561.87 billion towards recurrent expenditure, Kshs.110.24 billion towards development expenditure and Kshs.99.19 billion to county governments. The overall expenditure for both the national and county governments was Kshs. 797.71 billion (Kshs.518.28 billion on recurrent, Kshs. 166.23 billion on development and Kshs.113.20 billion to county governments) representing an overall absorption rate of 35.7 per cent a slight decline from 39.8 per cent recorded in the same period last financial year.

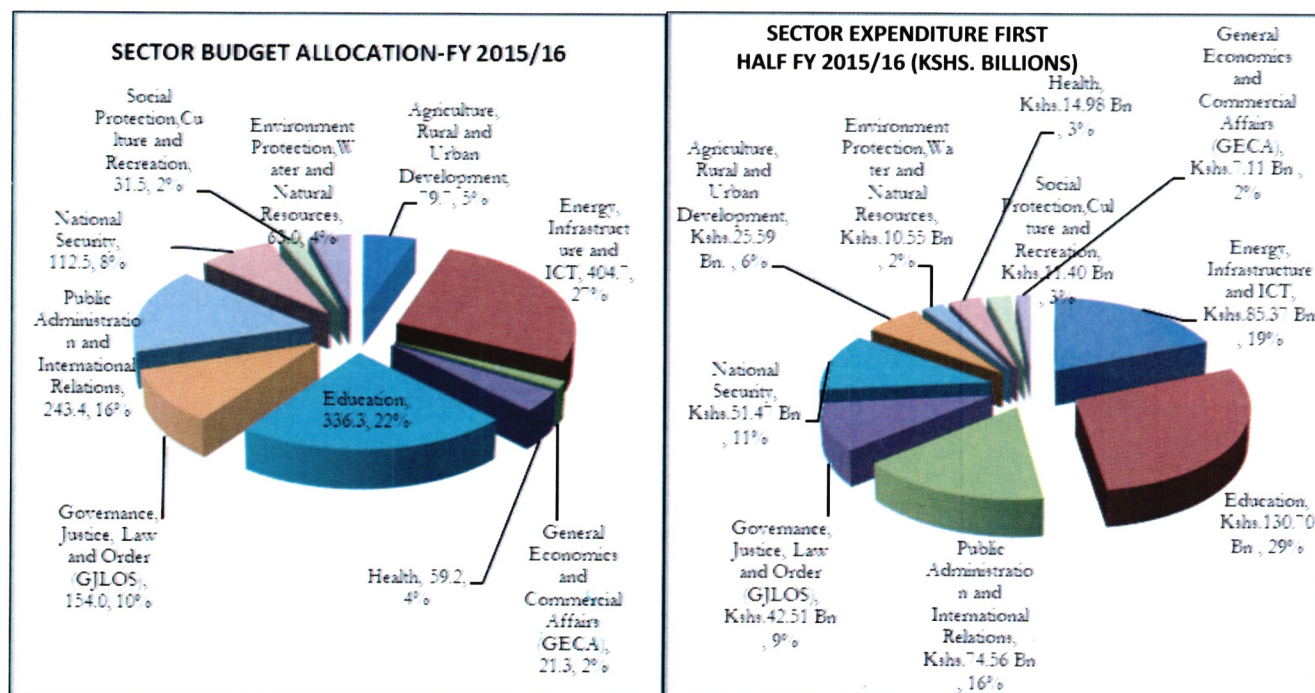
From the analysis, the development expenditure is more than the exchequer issues. This has been attributed to A~I~A spent in funding some of the development projects. Fig 4.1 and 4.2 give a comparison of sector budget allocations and expenditure for FY 2015/2016, and the budget allocation and the half year expenditure respectively.

Figure 4.1: Comparison of Sector Budget Allocations and Expenditure for FY 2015/16



Source: National Treasury and MDAs

Figure 4.2: FY 2015/16 Budget Allocation and Half Year Expenditure



Source: National Treasury and MDAs

4.3 Consolidated Fund Services (CFS)

The CFS comprises of funds allocated towards: (i) Repayment of public debt (domestic debt, foreign debt, and government guaranteed loans to parastatals), (ii) Pensions and gratuities, and, (iii) Salaries and allowances to Constitutional Office holders; and subscriptions to International Organizations. Table 4.2 presents a summary of cumulative expenditure for the period July to December 2015

Table 4.2: Cumulative Expenditure for CFS, July – December 2015 (Kshs. Millions)

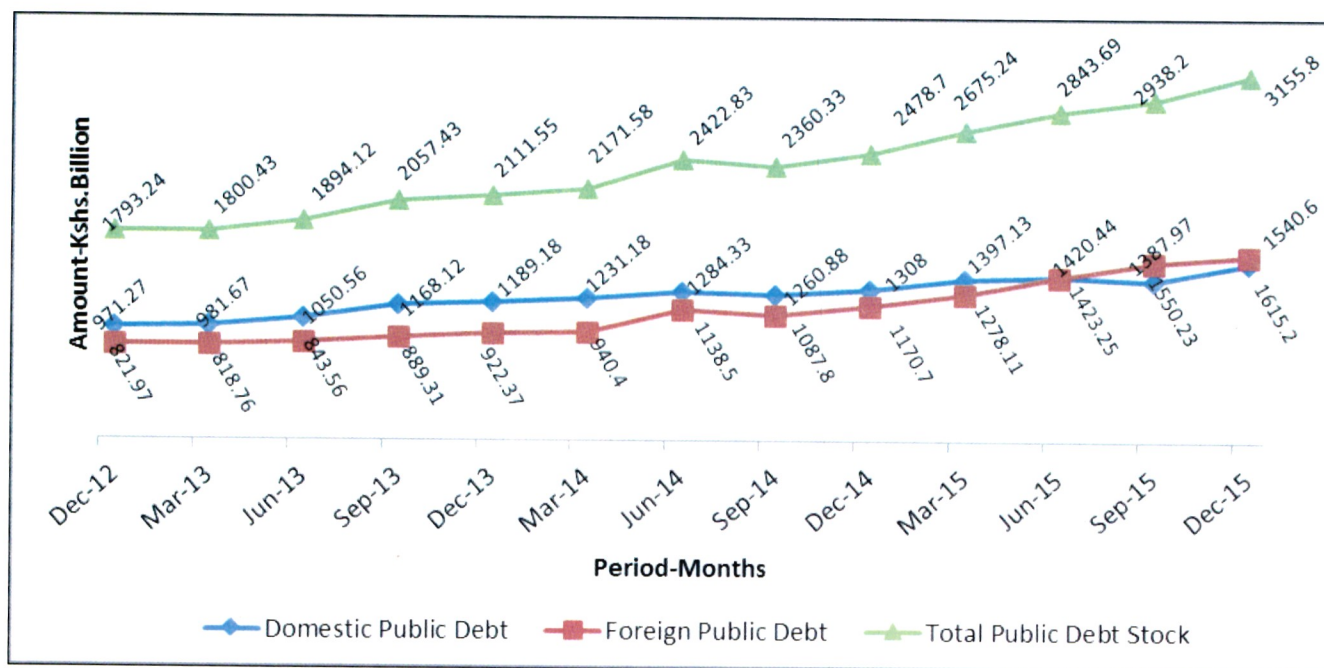
Consolidated Fund Services	FY 2015/15 Annual Gross Estimates	FY 2015/15 Annual Net Estimates	First Half of FY 2015/16 Exchequer Issues	First Half of FY 2015/16 Actual Expenditure	Expenditure as a % of Gross Estimates	
					FY 2015/16 (%)	FY 2014/2015 (%)
Public Debt	397,035	397,035	206,875	206,736	52.1	55.5
Pensions and Gratuities	38,991	38,991	21,395	21,395	54.9	44.3
Salaries and Allowances	4,438	4,438	1,535	1,432	32.3	28.3
Miscellaneous Services	128	128	-	-	-	-
International Organizations	0.5	0.5	-	-	-	-
Guaranteed Loans	945	945	538	504	53.3	49.9
Total	441,538	441,538	230,343	230,067	52.1	54.4

Source: National Treasury & OCOB

4.3.1 Public Debt

As at 31st December 2015, total public debt stock stood at Kshs.3.16 trillion, a 27.3 per cent growth compared to Kshs.2.48 trillion at end December 2014. The public debt comprise of Kshs.1.54 trillion as domestic debt (48.7 per cent) and Kshs.1.62 trillion as foreign debt (51.3 per cent).

During the half year period of FY 2015/16, exchequer issues totalling Kshs.206.86 billion was made towards serving of the public debt. This represents 89.8 per cent of the total exchequer released by the National Treasury. The total expenditure on public debt repayment amounted to Kshs.206.74 billion representing 52.1 per cent of the public debt annual estimates (Kshs.397.04 billion) for the FY 2015/16. Figure 4.3 shows the public debt stock as at 31st December 2015.

Figure 4.3: Public Debt Stock December 2012 to December 2015. (Kshs. Billions)

Source: National Treasury

4.3.2 Domestic Debt

As at 31st December 2015, the domestic debt stock was Kshs.1.54 trillion, representing 17.6 per cent growth from Kshs.1.31 trillion as at end of December 2014. In the first half year of FY 2015/16, total exchequer issues amounting to Kshs.171.14 billion was released towards repayment of domestic debt obligations.

The actual expenditure for domestic debt amounted to Kshs.171.59 billion. This comprised of Treasury Bills and Bonds redemption of Kshs.138.07 billion and interest payment at Kshs.33.52 billion.

4.3.3 Foreign Debt

As at December 31, 2015, foreign debt stock was Kshs.1.62 trillion, representing a growth of 27.6 per cent compared to Kshs.1.27 trillion as at December 2014.

In the half year period of FY 2015/16, a total of Kshs.35.74 billion was released towards repayment of foreign debts. The total expenditure for the period under review amounted to Kshs.35.14 billion comprising of Kshs.16.40 billion as principal repayment and Kshs.18.74 billion in interest payment.

Analysis of interest payment by loan categories (bilateral, multilateral and the commercial loans), indicates that the Commercial Loan category had the highest interest amount at Kshs.9.64 billion

followed by Kshs.6.34 billion and Kshs.2.67 billion towards bilateral and multilateral categories respectively.

4.3.4 Guaranteed Debt to State Parastatals

In FY 2015/16, Kshs.945 million was allocated towards settlement of guaranteed debts by the National Government for two projects, namely: Kenya Broadcasting Cooperation's (KBC) modernization project and Tana and Athi River Development Authority (TARDA) to the Tana Delta irrigation project.

Total exchequer issues for serving guaranteed debt during the first half of FY 2015/16 amounted to Kshs.538.4 million which was spent on the repayment of TARDA and KBC loans. Table 4.3 shows a breakdown on principal and interest payment for the two guaranteed loans.

Table 4.3: Guaranteed Loans Repayment (Millions) July 2015 to December 2015.

Loan Title	Year Loan Contracted	Currency	Guaranteed Loans (Amounts in Foreign Currency)			Loan Repayments for the period July 2015 - December 2015 (Amounts in Kshs. millions)			
			Principal Amount	Cumulative Amount Paid as of December 2015	Outstanding Balance at December 2015	Principal	Interest	Total	
TARDA	1990	YEN	6,031.0	3,517.77	1,322.46	131.63	16.59	148.22	
KBC	1989	YEN	16,198.0	9,469.00	2,636.39	323.33	32.42	355.75	
Total							454.96	49.01	503.97

Source: National Treasury

The total expenditure was Kshs.503.97 million and this comprised of Kshs.148.2 million and Kshs.355.7 million for TARDA and KBC repayments respectively.

4.3.5 Salaries and Allowances for Constitutional Office Holders

The annual budgetary allocation for salaries and allowances for constitutional office holders in FY 2015/16 was Kshs. 4.43 billion, a marginal increase compared to Kshs.4.1 billion allocated in FY 2014/15.

The total exchequer issues for salaries and allowances for constitutional office holders was kshs.1.54 billion representing 32.3 per cent of the annual gross estimates.

4.3.6 Pensions and Gratuities

The annual budgetary allocation for pensions and gratuities was Kshs.38.99 billion representing 8.8 per cent of the total CFS allocation, a 20.5 per cent increase compared to Kshs.32.35 billion allocated in the FY 2014/15.

In the first half of FY 2015/16, exchequer issues for pensions and gratuities was Kshs.21.40 billion representing 54.9 per cent of the annual gross estimate, and an increase compared to 44.3 per cent recorded in the same period in FY 2014/15. Total expenditure for pensions and gratuities was Kshs.21.40 billion representing 44.3 per cent of the annual gross estimates. This represents a 49.1 per cent growth compared to Kshs.14.35 billion spent the same period in the previous financial year.

4.4 MDAs Expenditure Analysis

This section presents a breakdown of expenditure categories by the MDAs for both recurrent and development expenditure. The analysis for recurrent expenditure includes Personnel Emoluments (PE), recurrent transfers to Semi-Autonomous Government Agencies (SAGAs) and Operations and Maintenance (O&M) while development expenditure includes capital transfers to SAGAs, civil works and construction of major buildings.

4.4.1 Recurrent Expenditure Analysis

Analysis of the expenditure by MDAs for the first six months of FY 2015/16 indicates that Kshs.288.07 billion was spent on recurrent activities translating to 36.7 per cent of the MDAs' recurrent gross estimates. This is a marginal decline from 39.8 per cent recorded in the same period of FY 2014/15. Total recurrent commitments by MDAs was Kshs. 11.7 billion and the total A-I-A was Kshs.15.30 billion. Table 4.4 shows a breakdown of the MDAs' recurrent expenditure by category for the period under review.

Table 4.4: Breakdown of Recurrent Expenditure, by MDAs, July - December 2015 (Kshs. Million)

MINISTRY/STATE DEPARTMENT	A-I-A	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	Total
The Presidency	1.9	638.0	208.1	111.2	141.5	148.3	15.6	627.4	69.0	15.4	96.7	855.9	2929.0
State Department for Interior	0.0	14,275.3	232.0	7.0	2.1	215.8	160.3	28.7	186.3	58.8	276.1	8,222.5	23,665.0
State Department for Coordination of National Government	0.0	3,773.5	39.0	6.0	0.1	34.5	50.9	13.1	2.4	0.2	0.0	1,601.0	5,520.7
State Department for Planning	0.0	715.4	53.3	29.7	15.8	76.6	175.2	70.5	8.7	116.6	1,661.8	6,472.8	9,396.4
State Department for Devolution	0.0	259.7	8.9	1.6	0.9	56.1	2.6	7.1	0.4	1.6	396.9	98.9	834.8
Ministry of Foreign Affairs and International Trade	224.2	1,006.2	69.8	732.5	7.9	269.9	5.0	119.4	8.5	4.6	0.0	638.9	3,086.9
State Department for Education	25.0	995.7	25.2	10.9	3.9	22.9	15.0	9.3	8.8	8.7	15,666.3	636.7	17,428.4
State Department for Higher Education, Science and Technology	0.0	139.1	21.5	7.3	2.0	55.7	4.2	3.8	0.1	0.6	17,408.6	2,659.1	20,302.1
The National Treasury	0.0	507.7	9.9	23.9	0.1	1.3	19.2	151.8	3.2	6.8	8,609.9	4,849.8	14,183.6
Ministry of Health	0.0	33.2	20.0	1.1	1.7	0.0	92.2	16.0	7.1	18.0	9,026.8	792.6	10,008.6
State Department for Infrastructure	14,751.3	383.1	1.8	0.3	0.4	0.0	4.4	3.4	2.5	2.6	15,138.8	35.4	3,0324.0
State Department for Transport	3.6	46.5	1.9	2.1	0.0	0.3	1.4	1.5	1.9	5.7	502.8	35.2	602.9
State Department for Environment & Natural Resources	0.0	588.5	11.9	18.6	0.2	62.0	3.7	7.6	0.7	1.1	2,202.7	297.3	3,164.3
State Department for Water & Regional Authorities	0.0	311.6	13.4	3.1	0.3	21.0	3.6	1.7	1.5	0.9	579.5	27.2	963.7
Ministry of Lands Housing and Urban Development	2.6	449.1	13.3	2.9	2.3	46.4	7.5	6.8	8.9	15.1	98.6	123.9	777.4
Ministry of Information & Communication and Technology	0.2	140.2	26.5	12.6	52.8	37.2	113.5	28.7	6.4	0.9	573.8	94.2	1,087.0

MINISTRY/STATE DEPARTMENT	A-I-A	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	Total
Ministry of Sports Culture and Arts	0.7	175.2	93.8	320.2	62.4	20.8	2.8	56.4	4.6	2.2	799.4	79.4	1,617.9
Ministry of Labour Social Security and Services	0.0	729.2	113.7	5.9	10.9	105.8	22.1	80.7	24.6	22.3	1,989.7	403.4	3,508.3
Ministry of Energy and Petroleum	32.1	133.9	6.2	1.5	0.4	3.2	6.2	3.6	1.0	0.8	762.8	10.6	962.3
State Department for Agriculture	2.9	452.7	21.7	12.5	5.4	3.2	2.1	3.1	1.8	1.0	1,805.2	1,244.5	3,556.1
State Department for Livestock	4.1	492.3	7.1	0.8	0.3	7.4	2.2	3.4	1.8	1.1	25.7	43.4	589.6
State Department for Fisheries	0.0	106.1	5.9	8.4	0.6	0.0	6.0	2.3	1.2	0.4	326.3	50.7	507.8
Ministry of Industrialization and Enterprise Development	5.5	241.5	18.9	10.0	7.1	57.0	8.6	12.7	5.0	3.0	698.8	18.7	1,086.8
State Department for Commerce & Tourism	0.1	176.4	7.6	9.6	1.3	53.2	2.7	15.3	2.5	2.7	892.6	56.5	1,220.5
State Department for East African Affairs	0.8	75.5	16.0	34.1	0.8	16.9	2.1	19.4	2.8	1.2	2.7	519.3	691.6
Ministry of Mining	6.2	141.7	8.6	5.8	1.2	0.0	4.7	8.9	0.9	1.3	0.0	41.3	220.6
Office of the Attorney General and Department of Justice	0.0	468.3	23.4	24.1	1.5	35.2	9.5	37.2	0.8	9.5	780.8	90.1	1,480.4
The Judiciary	0.0	3,123.4	154.4	18.7	16.1	6.3	1.5	41.0	42.2	30.6	249.9	1,753.6	5,437.6
Ethics & Anti-Corruption Commission	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	937.8	-0.1	937.7
Directorate of Public Prosecutions	0.0	216.0	18.6	4.5	1.4	18.8	8.7	19.1	0.7	0.5	0.0	226.1	514.4
Commission for Implementation of the Constitution	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	294.4	-27.8	266.6
Registrar of Political Parties	0.0	29.5	1.7	0.2	0.2	8.4	0.3	1.4	0.2	0.3	183.6	9.9	235.6
Witness Protection Agency	0.0	71.7	3.5	0.8	0.8	6.6	3.6	3.6	2.1	0.3	0.0	96.6	189.6

MINISTRY/STATE DEPARTMENT	A-I-A	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	Total
Kenya National Commission on Human Rights	0.0	100.6	69	24	24	14.8	0.9	1.5	1.9	0.1	0.0	34.8	166.3
National Lands Commission	0.0	341.0	35.7	5.3	25.5	7.0	5.6	29.1	1.7	0.4	0.0	138.7	590.1
Independent Electoral and Boundaries Commission	0.4	922.0	34.7	10.5	3.4	73.5	10.0	29.4	3.2	0.7	0.0	339.5	1,427.3
Parliamentary Service Commission	1.1	1,834.5	184.7	64	18.5	58.7	5.0	33.2	2.0	0.1	0.0	411.9	2,556.1
National Assembly	0.0	2,148.1	865.0	11.9	15.3	0.0	8.0	70.8	0.0	0.0	0.0	306.1	3,425.1
Judicial Service Commission	0.0	0.0	9.5	24.4	5.9	3.2	27.4	39.9	0.0	0.0	0.0	12.6	122.9
The Commission on Revenue Allocation	0.0	32.9	6.3	0.0	0.5	18.0	2.5	8.0	2.7	0.2	0.0	81.8	152.8
Public Service Commission	0.0	267.2	24.9	1.6	11.5	2.7	15.0	22.7	2.8	2.5	0.0	164.7	515.6
Salaries & Remuneration Commission	0.0	81.4	28.1	4.4	0.7	18.5	2.7	45.4	1.0	1.6	0.0	47.9	231.7
Teachers Service Commission	0.0	85,865.7	4.1	0.1	0.5	2.7	2.3	1.7	2.4	1.4	0.0	2,450.2	88,331.1
National Police Service Commission	0.0	86.4	12.1	0.0	0.5	28.8	0.6	7.7	1.9	0.5	0.0	22.8	161.4
Auditor General	236.9	851.3	47.3	18.7	3.5	41.2	28.0	4.6	3.4	0.1	0.0	380.5	1,615.5
Controller of Budget	0.0	104.0	3.9	0.2	12.8	0.0	5.3	4.1	1.3	0.2	0.0	16.3	148.1
The Commission on Administrative Justice	0.0	87.6	4.2	1.5	1.2	22.8	1.1	1.8	1.2	0.7	0.0	38.2	160.4
National Gender & Equality Commission	0.0	54.4	7.8	3.9	0.5	23.7	3.9	1.6	0.7	0.0	0.0	40.0	136.6
Independent Police Oversight Authority	0.0	88.1	1.2	0.0	0.4	13.8	1.4	11.6	0.9	0.0	0.0	40.6	158.0
Total	15,299.6	123,731.1	2,534.1	1,519.3	445.5	1,720.2	877.1	1,718.0	435.6	343.3	81,989.0	36,584.1	267,196.5

Source: MDAs and National Treasury IFMIS Directorate

Note: Based on the expenditure reports from IFMIS, some state departments captured Appropriations in Aid spent on various expenditure categories. They included the State Department for Infrastructure which reflected total A-I-A of Kshs.14.8 billion, Auditor General which reported Kshs.236.9 million and Ministry of Foreign Affairs & International Trade, Kshs.224.2 million. Ministry of Defence is excluded from this analysis due to lack of IFMIS data.

**Analysis does not include the National Security Sector (Ministry of Defence and NIS) which spent Kshs.51.5 billion in the first half of FY 2015/16

Analysis of the MDAs' recurrent expenditure by categories indicates that, personnel emoluments (PE) had the highest spending at Kshs. 123.7 billion, or 46.3 per cent of the total expenditure for the period under review. This performance was an increase from Kshs. 123.1 billion recorded in the first half of FY 2014/15. Cumulative recurrent expenditure transfers to Semi-Autonomous State Agencies (SAGAs) was Kshs.82.0 billion, translating to 30.7 per cent of the total expenditure and an increase from Kshs.63.8 billion reported in a similar period of FY 2014/15.

Analysis of the recurrent expenditure by MDA shows that the Teachers Service Commission (TSC) reported the highest expenditure on personnel emoluments at Kshs 85.9 billion which translated to 69.4 per cent of the total PE expenditure by the MDAs. The State Department for Higher Education, Science and Technology and State Department for Education had the highest transfers to their SAGAs at Kshs.17.4 billion and Kshs.15.7 billion respectively.

The State Department for Planning reported the highest expenditure in the following categories: Training at 175.2 million and maintenance expenses on other assets at Kshs.116.6 million. Further, the Presidency incurred the highest expenditure on printing and advertising at Kshs. 141.5 million. Similarly, the State Department for Interior had the highest expenditure on maintenance expenses of motor vehicles at Kshs.186.3 million while the Ministry of Foreign Affairs and International Trade had the highest expenditure on the rentals and rates for non-residential property at Kshs.269.9 million.

The National Assembly had the highest expenditure on domestic travel at Kshs.865.0 million accounting for 34.1 per cent of the combined domestic travel expenditure by all MDAs, while the Ministry of Foreign Affairs and International Trade reported the highest foreign travel expenditure at Kshs.732.5 million which was equivalent to 48.2 per cent of total expenditure on foreign travel. This is attributed to travelling to the constituencies by Members of Parliament and foreign travelling nature of foreign affairs respectively.

Other Operations and Maintenance (O&M) expenditure amounted to Kshs. 36.58 billion, accounting for 13.7 per cent of the total recurrent expenditure. Some of the MDAs with significant expenditure under this category included;

The State Department for Interior (Kshs.8.2 billion): Amount included; Kshs.2.4 billion on specialized materials and supplies, Kshs.2.5 billion on other operating expenses, Kshs.1.7 billion for insurance cost, Utilities, Supplies and Services of Kshs.737.8 million, Kshs.442.4 million for purchase of specialised plant, equipment and machinery, and Kshs.186.3 million for routine maintenance of motor vehicles.

National Treasury (Kshs.4.8 billion): Amount includes; Kshs.505.0 million paid as domestic loans to individuals and households, Kshs.474.9 million spent on staff insurance, and Kshs.151.8 million on hospitality supplies and services.

The State Department for Planning (Kshs.6.5 billion): Amount included: Kshs.4.3 billion paid as group health insurance for staff, Kshs.1.0 billion for purchase of specialised plant, equipment and machinery, Kshs.422.6 million on specialised materials and supplies, and Kshs.165.5 million on other operating expenses.

The State Department for Higher Education Science and Technology (Kshs.2.7 billion): Amount included Kshs.2.5 billion spent as domestic loans to individuals and households, and Kshs.100.9 million on specialized materials and supplies.

The Judiciary (Kshs.1.8 billion): Amount included expenditure of Kshs.656.4 million on staff medical insurance, Kshs.426.9 million on domestic loans to judiciary staff, and Kshs.311.1 million on staff pension and retirement benefits.

The State for Coordination of National Government (Kshs.1.6 billion): A breakdown of this amount included; Kshs.1.2 billion spent on specialized materials and supplies, Kshs.247.6 million for utilities, supplies and services, Kshs.140.6 million for fuel oil and lubricants.

The State Department for Agriculture (Kshs.1.2 billion): The major expenditure included Kshs.1.1 billion for acquisition of strategic stocks, and Kshs.45.4 million as membership fees and dues and subscriptions to International Organizations.

The Presidency (Kshs.855.9 million): A breakdown of this expenditure included: Kshs.430.2 million on other operating expenses, Kshs.40.7 million on utilities, supplies and services, Kshs.33.7 million for purchase of office furniture and general equipment, Kshs.32.1 on communication, supplies and services, and Kshs.29.8 million on staff insurance policies.

The Ministry of Health (Kshs.792.6 million): Major expenditure categories include Kshs.250 million on compulsory health insurance scheme for staff; Kshs.146.3 million on specialised materials and supplies; Kshs.112.0 million on research, feasibility studies, project preparation and design, and Kshs.92.6 million on emergency relief and refugee assistance.

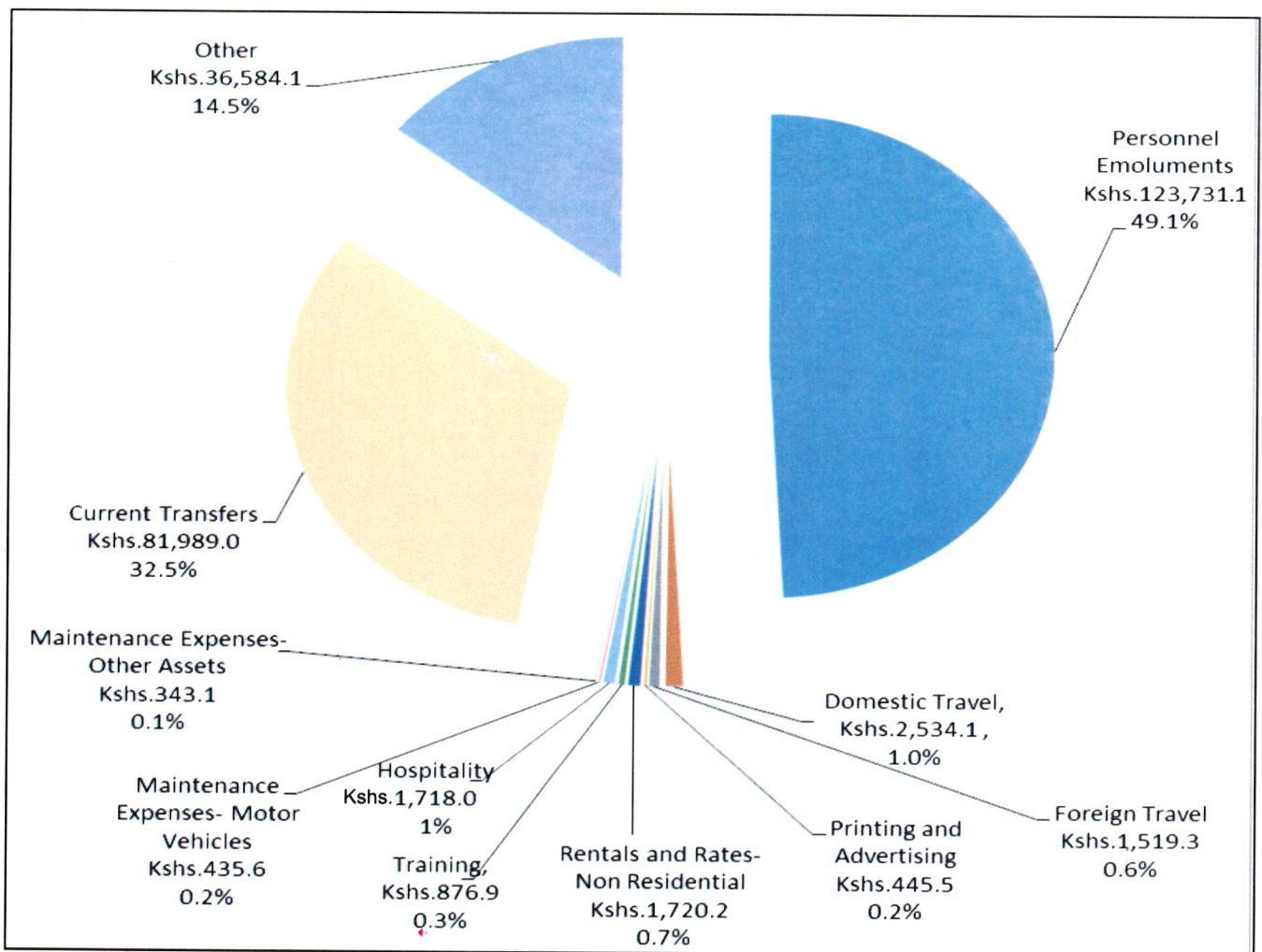
The Ministry of Foreign Affairs (Kshs.638.9 million): a breakdown of this amount include:

Kshs.373.6 million paid as membership fees and dues and subscriptions to international organizations, Kshs.52.2 million on scholarships and other educational benefits, and 37.7 million on communication, supplies and services.

The State Department for Education (Kshs.636.7 million): This expenditure includes Kshs.387.6 million spent on specialized materials and supplies, Kshs.180.3 million for office and general supplies, and Kshs.22.9 million on rent.

The composition of MDA recurrent expenditure for the period July-December 2015 is presented in Figure 4.4.

Figure 4.4: Composition of MDA Recurrent Expenditure, July-December 2015 (Kshs. millions)



Source; MDAs and National Treasury

4.4.2 MDAs Development Expenditure Analysis

Table 4.5 shows development expenditure breakdown by category by various MDAs for the period July to December 2015.

Table 4.5: Development Expenditure by MDA Breakdown, July - December 2015 (Kshs. millions)

MINISTRY/STATE DEPARTMENT	Maintenance of Motor Vehicles	Maintenance of other Assets	Capital Transfers	Construction of Building	Residential (Including Hostels.)	Construction and Civil Works	Purchase of Specialized Plant, Equipment and Machinery	Pre-Feasibility and Appraisal Studies	Other Expenses	(A-I-A)	Total Expenditure
The Presidency	-	87.9	100.0	-	-	158.5	9.3	-	-	-	355.8
State Department for Interior	0.3	24.7	-	451.2	-	-	808.6	-	89.8	-	1,374.6
State Department for Coordination of National Government	-	-	-	36.7	-	-	26.6	-	-	-	63.3
State Department for Planning	0.9	141.2	19,644.4	21.3	-	44.9	317.6	76.9	5,065.8	223.9	25,089.1
State Department for Devolution	-	-	2,852.6	3.0	-	-	-	-	461.6	1,688.0	1,629.2
Ministry of Foreign Affairs and International Trade	-	3.0	112.8	81.8	-	-	-	-	0.7	61.3	137.0
State Department for Education	-	12.1	211.4	504.5	-	-	-	-	51.7	-	779.7
State Department for Higher Education, Science and Technology	-	-	1,447.1	3,042.5	-	-	39.1	-	482.4	1,104.6	3,906.5
The National Treasury	-	3.9	3,582.4	102.7	-	1.8	470.8	165.0	7,235.5	3,440.7	8,121.5
Ministry of Health	-	-	2,843.4	339.7	-	-	-	-	1,798.0	10.0	4,971.1
State Department for Infrastructure	-	3.6	26,962.7	1.2	-	0.7	3.6	51.5	2,497.1	10,028.0	19,492.5
State Department for Transport	-	12.3	2,584.6	0.2	-	52,575.3	-	1.8	48,556.5	50,910.7	52,820.0
State Department for Environment & Natural Resources	0.5	7.0	19.5	40.9	-	47.2	-	83.2	669.5	-	867.9
State Department for Water & Regional Authorities	-	-	584.5	-	-	5,986.0	281.3	14.8	116.8	1,698.7	5,284.8
Ministry of Lands Housing, and Urban Development	-	146.8	802.9	601.4	-	4,270.9	472.9	565.9	2,415.4	582.7	8,693.3
Ministry of Information & Communication and Technology	-	12.6	711.8	-	-	1.0	15.6	-	1,388.7	-	2,129.7
Ministry of Sports Culture and Arts	-	-	219.3	-	-	691.7	28.2	4.5	-	-	942.4

MINISTRY/STATE DEPARTMENT	Maintenance of Motor Vehicles	Maintenance of other Assets	Capital Transfers	Construction of Building	Residential (Including Hostels)	Construction and Civil Works	Purchase of Specialized Plant, Equipment and Machinery	Pre-Feasibility and Appraisal Studies	Other Expenses	(A-I-A)	Total Expenditure
Ministry of Labour Social Security and Services	9.3	18.5	4,926.4	33.1	-	-	5.6	0.1	340.7	-	5,333.7
Ministry of Energy and Petroleum	-	-	7,167.7	-	-	7,818.4	0.4	127.3	1,038.0	8,627.8	7,524.1
State Department for Agriculture	-	-	5,610.6	-	-	186.9	3.3	15.9	3,315.0	115.2	9,016.5
State Department for Livestock	-	2.0	780.6	-	-	-	22.2	-	127.0	45.4	886.4
State Department for Fisheries	0.4	-	421.0	-	-	19.0	-	-	417.4	-	857.8
Ministry of Industrialization and Enterprise Development	-	0.1	2,727.9	175.8	-	-	45.4	4.6	26.7	-	2,980.5
State Department for Commerce & Tourism	-	20.2	850.0	-	-	-	0.4	7.8	267.1	-	1,145.5
State Department for East African Affairs	-	-	-	-	-	-	-	0.2	8.6	8.8	-
Ministry of Mining	4.1	-	-	-	-	-	19.9	37.7	-	-	61.6
Office of the Attorney General and Department of Justice	-	-	78.0	-	-	-	-	-	-	0.5	77.6
The Judiciary	-	-	-	95.9	-	-	14.4	-	465.7	-	576.0
Ethics & Anti-Corruption Commission	-	-	-	-	-	-	-	-	-	-	-
Directorate of Public Prosecutions	-	-	-	4.6	-	-	-	-	-	4.6	-
National Lands Commission	-	-	-	-	-	-	132.2	-	-	-	132.2
Independent Electoral and Boundaries Commission	-	-	-	-	-	-	-	-	63.0	-	63.0
Parliamentary Service Commission	-	-	-	479.0	-	-	147.5	-	249.1	-	875.6
Public Service Commission	-	-	-	27.3	-	16.1	-	-	-	-	43.4
Teachers Service Commission	-	-	-	-	-	-	-	-	-	-	-
Auditor General	-	-	-	-	-	-	-	-	-	-	-
Total	15.5	495.9	85,241.6	6,042.8	-	71,857.5	2,8258.8	1,157.2	77,145.8	78,550.8	166,231

Source: MDAs and National Treasury IFMIS Directorate

During the half year period of FY 2015/16, the net development expenditure by MDAs amounted to **Kshs.166.2 billion** translating to an absorption rate of **23 per cent**, a decline from 26.1 per cent recorded in the same period last FY 2014/15.

In the first half of FY 2015/16, Capital Transfer to SAGAs recorded the highest expenditure by category at Kshs.85.2 billion translating to 51.3 per cent of the total expenditure. The second highest spending category was construction and civil works at Kshs.71.9 billion accounting for 43.2 per cent of the total expenditure by the MDAs. Other categories with notable expenditure included; Construction of buildings at Kshs.6.0 billion, purchase of specialised plant, equipment and machinery at Kshs.2.8 billion, and pre-feasibility and appraisal studies at Kshs.1.2 billion.

Analysis of the development expenditure by the MDAs shows that the State Department for Infrastructure had the highest capital transfers to its SAGAs at Kshs.27.0 billion accounting for 31.6 per cent of the total capital transfers followed by the State Department of Planning at Kshs.19.6 billion or 23.0 per cent of the total capital transfers by the MDAs.

The State Department for Transport had the highest expenditure on construction and civil works at Kshs.52.6 billion translating to 73.2 per cent of the total MDA expenditure under this category. The Ministry of Energy and Petroleum, State Department for Water & Regional Authorities, and Ministry of Land, Housing, and Urban Development followed at Kshs.7.8 billion, Kshs.6.0 billion, and Kshs.4.3 billion respectively.

The total amount reported by MDAs as A-I-A during the period under review was Kshs.78.6 billion as shown in table 3.13 while Kshs.77.1 billion was spent on other development activities. The MDAs with notable expenditure under the “other” development expenditure are analysed as follows:

The National Treasury (Kshs.7.2 billion): Expenditure included Kshs.3.2 billion on specialized material and supplies, Kshs.2.5 billion spent on civil contingency reserves, Kshs.737.5 million on equity participation in foreign financial Institutions operating abroad, Kshs.470.8 million on purchase of specialised plant, equipment and machinery, and Kshs.165.0 million on research, feasibility studies, project preparation and design, project supervision.

The State Department for Planning (Kshs.5.1 billion): Expenditure included; Kshs.1.6 billion paid for rehabilitation of civil works; Kshs.317.6 million on purchase of specialised plant, equipment and machinery, Kshs.292.0 million on fuel oil and lubricant, and Kshs.123.7 million on routine maintenance of other assets.

The State Department for Agriculture (Kshs.3.3 billion): This expenditure included: Kshs.3.3 billion spent on other operating expenditure, Kshs.19.0 million spent as grants to small businesses, cooperatives, and self-employed, and Kshs.15.9 million on research, feasibility studies, project preparation and design, project supervision.

Ministry of Land, Housing and Urban Development (Kshs.2.4 billion): This expenditure included; Kshs.1.2 billion spent on other operating expenses, research, feasibility studies, project preparation and design, and Kshs.472.9 million on purchase of specialised plant, equipment and machinery.

The State Department for Infrastructure (Kshs.2.5 billion): Expenditure included Kshs.2.5 billion for the construction of roads, and Kshs.33.6 million on training.

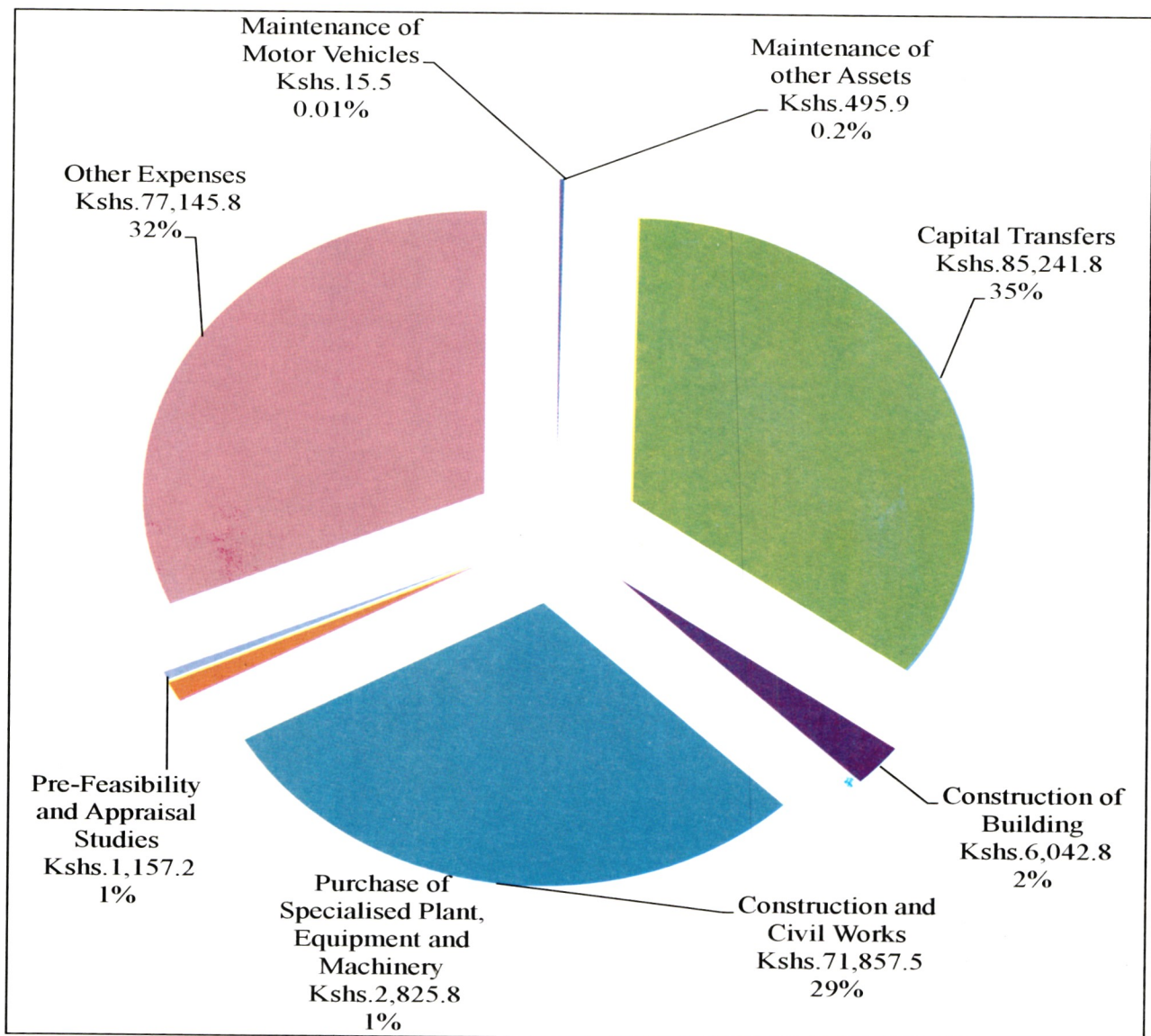
Ministry of Health (Kshs.1.8 billion): Expenditure included Kshs.1.7 billion spent on rent, Kshs.339.7 million on construction of buildings, and Kshs.64.3 million on specialized materials.

Ministry of Information & Communication and Technology (Kshs.1.4 billion): A breakdown of this amount includes Kshs.542.8 million on equity participation in domestic public non-financial enterprises, and Kshs.185.4 million on other operating expenses.

The State Department for Environment & Natural Resources (Kshs.669.5 million): Other expenditure includes Kshs.281.3 million on purchase of specialised plant, equipment and machinery, Kshs.215.7 million for purchase of certified seeds, breeding stock and animals, and Kshs.83.2 million on research, feasibility studies, project preparation, design, and project supervision.

Figure 4.5 depicts a summary of the development expenditure.

Figure 4.5: Composition of Development Expenditure, July – December 2015 (Kshs. Millions)



Source; MDAs and National Treasury IFMIS Directorate

5 DEVELOPMENT AND RECURRENT EXPENDITURE ANALYSIS BY SECTOR

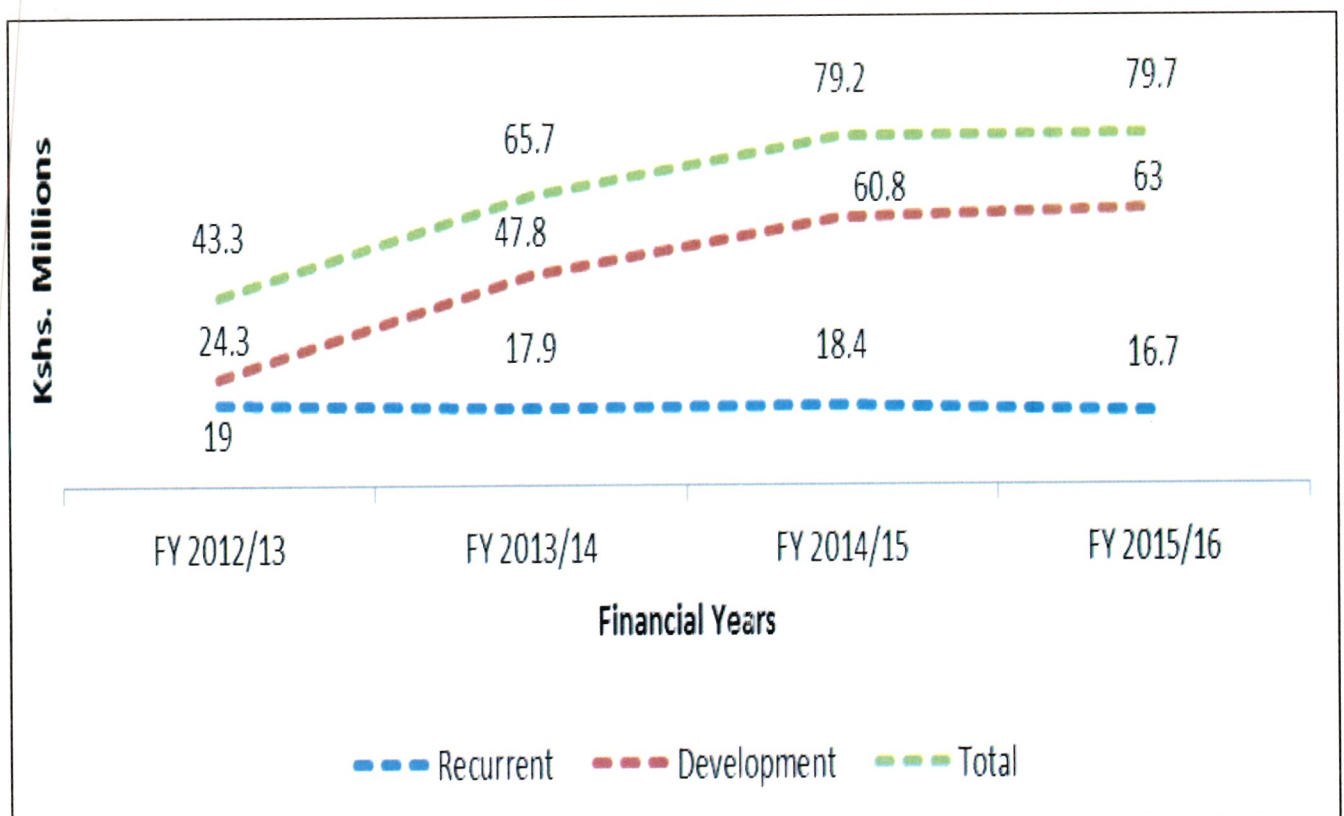
5.1 Introduction

This section presents the analysis of sector performance for both recurrent and development expenditure in the first half of FY 2015/16. The 10 sectors are discussed in alphabetical order.

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

This sector consists of five departments and ministries namely; Ministry of Land, Housing and Urban Development, State Department for Agriculture, State Department for Livestock, State Department for Fisheries, and the National Land Commission (NLC). The sector contributes to the country's economy through 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 food security, sustainable land management, affordable housing and urban infrastructure development. Figure 5.1 shows budgetary allocation trend for the AR &UD sector from FY 2012/13 to FY 2015/16.

Figure 5.1: Budgetary Allocation Trend for the AR &UD Sector from FY 2012/13 to FY 2015/16 (Kshs. Billion)



Source: National Treasury

The annual budgetary allocation to the sector in the FY 2015/16 was Kshs.79.7 billion representing 3.6 per cent of the gross national budget, a marginal increase from Kshs.79.2 billion allocated in FY 2014/15. It comprised of Kshs.63.0 billion (79.1 per cent) for development expenditure and Kshs.16.7 billion (20.9 per cent) for recurrent expenditure. The State Department for Agriculture received the highest budgetary allocation of Kshs.34.8 billion (43.7 per cent of the sectors' allocation) while the National Land Commission (NLC) had the lowest budgetary allocation of Kshs.1.5 billion (1.9 per cent of the sector's allocation). Table 5.1 shows AR &UD sector-analysis of exchequer issues and expenditure for the period July to December 2015.

Table 5.1: AR &UD Sector-Analysis of Exchequer Issues and Expenditure for the period July to December 2015 (Kshs. Billions)

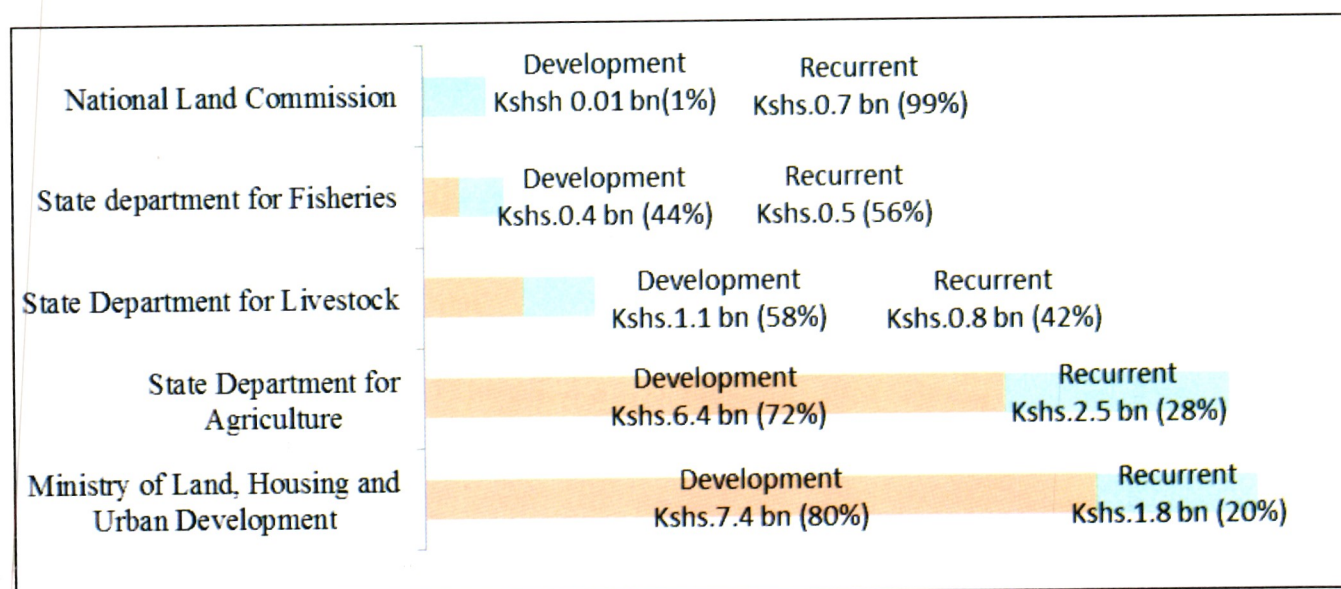
Half Year FY 2015/16-Development							Half Year FY 2015/16-Recurrent					
VOTE	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Ministry of Land, Housing and Urban Development	28.1	23.6	7.4	8.7	31.3	30.9	3.9	3.9	1.8	0.8	46.2	20.5
State Department for Agriculture	26.2	20.4	6.4	9.0	31.4	34.5	8.3	7.9	2.5	3.6	31.6.0	43.4
State Department for Livestock	5.2	3.8	1.1	0.9	28.9	17.3	1.9	1.9	0.8	0.6	42.1	31.6
State department for Fisheries	3.1	2.1	0.4	0.9	19.0	29.0	1.4	1.4	0.5	0.5	35.7	35.7
National Land Commission	0.4	0.4	0.0	0.1	0.0	25.0	1.1	1.1	0.7	0.6	63.6	54.5
Total	63.0	50.4	15.2	19.6	30.3	31.1	16.7	16.2	6.3	6.0	38.9	36.0
Total for the Sector- Half Year FY 2015/16							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Development							63.0	50.4	15.2	19.6	30.3	31.1
Recurrent							16.7	16.2	6.3	6.0	38.9	36.0
Total							79.7	66.6	21.5	25.6	32.4	32.1

Source: MDAs and National Treasury

In the first half year of FY 2015/16, the sector received exchequer issues of Kshs.21.5 billion translating to 32.4 per cent of the sectors' net annual estimates. This comprised of Kshs.15.2 billion for development expenditure representing 30.3 per cent of the annual development net estimates and Kshs.6.3 billion for recurrent activities, representing 38.9 per cent of the recurrent annual net estimates

The Ministry of Land, Housing and Urban Development received the highest proportion of development exchequer issues to its' net estimates at 31.3 per cent while the National Land Commission did not receive. The National Land Commission received the highest proportion of the recurrent exchequer issues at 63.6 per cent of its' recurrent net estimates while the State Department for Agriculture received the lowest proportion at 31.6 per cent. Figure 5.2 shows the exchequer issues to AR &UD sector in the first half of FY 2015/16.

**Figure 5.2: AR&UD Sector Exchequer Issues for the Period July - December 2015
(Kshs. Billions)**



Source: National Treasury

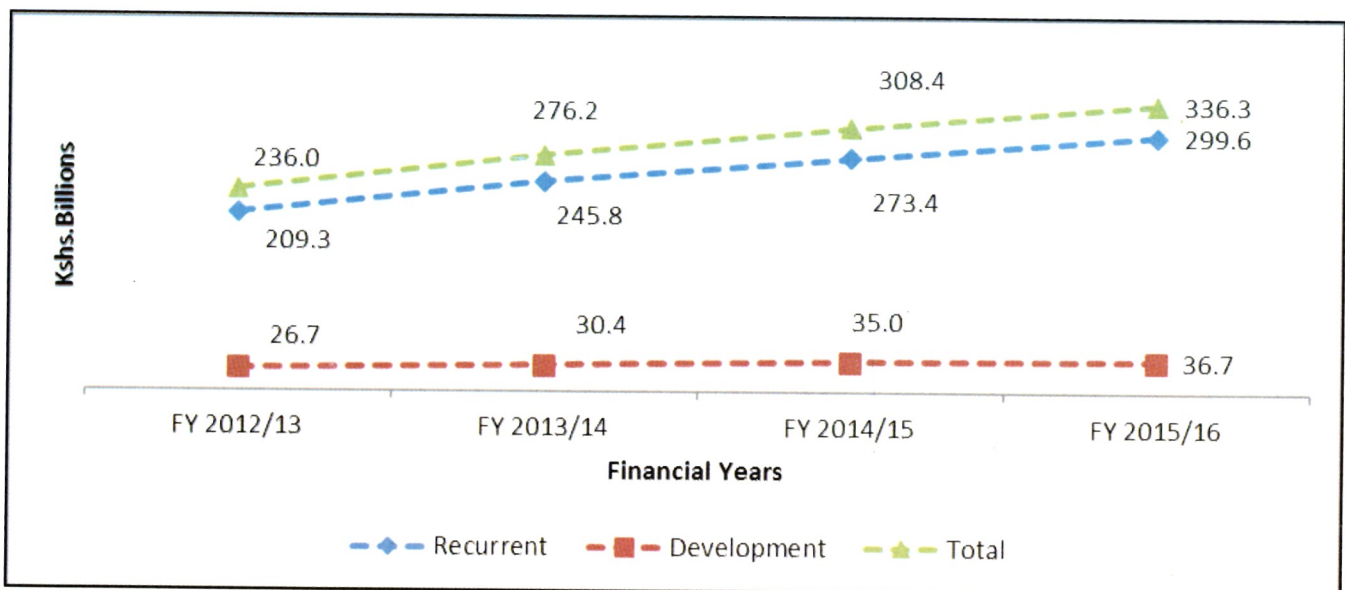
The total expenditure for the sector during the first half of FY 2015/16 was Kshs.25.6 billion, representing an absorption rate of 32.1 per cent. This comprised of development expenditure of Kshs. 19.6 billion, representing an absorption rate of 31.1 per cent and Kshs.6.0 billion on recurrent expenditure representing 36 per cent of the annual recurrent budget. The State Department for Agriculture recorded the highest absorption rate of development budget at 34.5 per cent while the State Department for Livestock recorded the lowest rate at 17.3 per cent. On the other hand, the National Land Commission had the highest percentage of the annual recurrent expenditure at 54.5 per cent while the Ministry of Land, Housing and Urban Development registered the lowest

at 20.5 per cent. The total commitments totalled Kshs.2.84 billion which comprises of Kshs.0.5 billion for recurrent and Kshs.2.34 billion for development activities.

5.3 Education Sector

The Sector comprises of the State Department of Education, State Department of Science and Technology, the Teachers Service Commission (TSC) and affiliated institutions. Education is a vital component in the realization of Kenya's Vision 2030 and a key economic and social right recognized by the Constitution of Kenya. As a result, the sector's goal is to increase access to education and training; improve quality and relevance of education, reduce inequality as well as exploit knowledge and skills in science, technology and innovation for global competitiveness. Figure 5.3 shows the trend in budgetary allocation to the sector from FY 2012/2013 - FY 2015/2016

Figure 5.3: Budgetary Allocation Trend for the Education Sector from FY 2012/13 to FY 2015/16 (Kshs. Billion)



Source: National Treasury

The annual budgetary allocation to the sector in the FY 2015/16 was Kshs. 336.3 billion or 15.1 per cent of the gross national budget, an increase compared to Kshs.308.4 billion allocated in the FY 2014/15. The allocation comprised of Kshs.36.7 billion (10.9 per cent) for development expenditure and Kshs.299.6 billion (89.1 per cent) for recurrent expenditure. Table 5.2 shows education sector- analysis of exchequer issues and expenditure for the period from July - December 2015

Table 5.2: Education Sector- Analysis of Exchequer Issues and Expenditure for the Period from July - December 2015 (Kshs. Billions)

Half Year FY 2015/16 Development							Half Year FY 2015/16 Recurrent					
VOTE	Gross Est.	Net Estimates	Exchequer Issues	Exp.	% Exch. Issues to Net Est.	% Exp to G. Est.	Gross Est.	Net Est.	Exchequer Issues	Exp.	% Exch. Issues to Net Est.	% Exp to G. Est.
State Department for Education	22.4	21.4	0.5	0.8	2.3	3.5	59.0	56.9	16.5	17.4	29.0	29.4
State Department for Science and Technology	14.0	11.1	-	3.9	-	27.8	59.4	42.7	20.4	20.3	47.8	34.2
Teachers Service Commission	0.2	0.2	-	-	-	-	181.2	181.0	91.8	88.3	50.7	48.7
Total	36.6	32.6	0.5	4.7	1.5	12.8	299.6	280.6	128.8	126.0	45.9	42.1
Total for the Sector Half Year FY 2015/16							Gross Est.	Net Est.	Exch. Issues	Exp.	% Exch. Issues to Net Est.	% Exp. to G. Est.
Development							36.7	32.6	0.5	4.7	1.5	12.8
Recurrent							299.6	280.6	128.8	126.0	45.9	42.1
Total							336.3	313.2	129.3	130.7	41.3	38.9

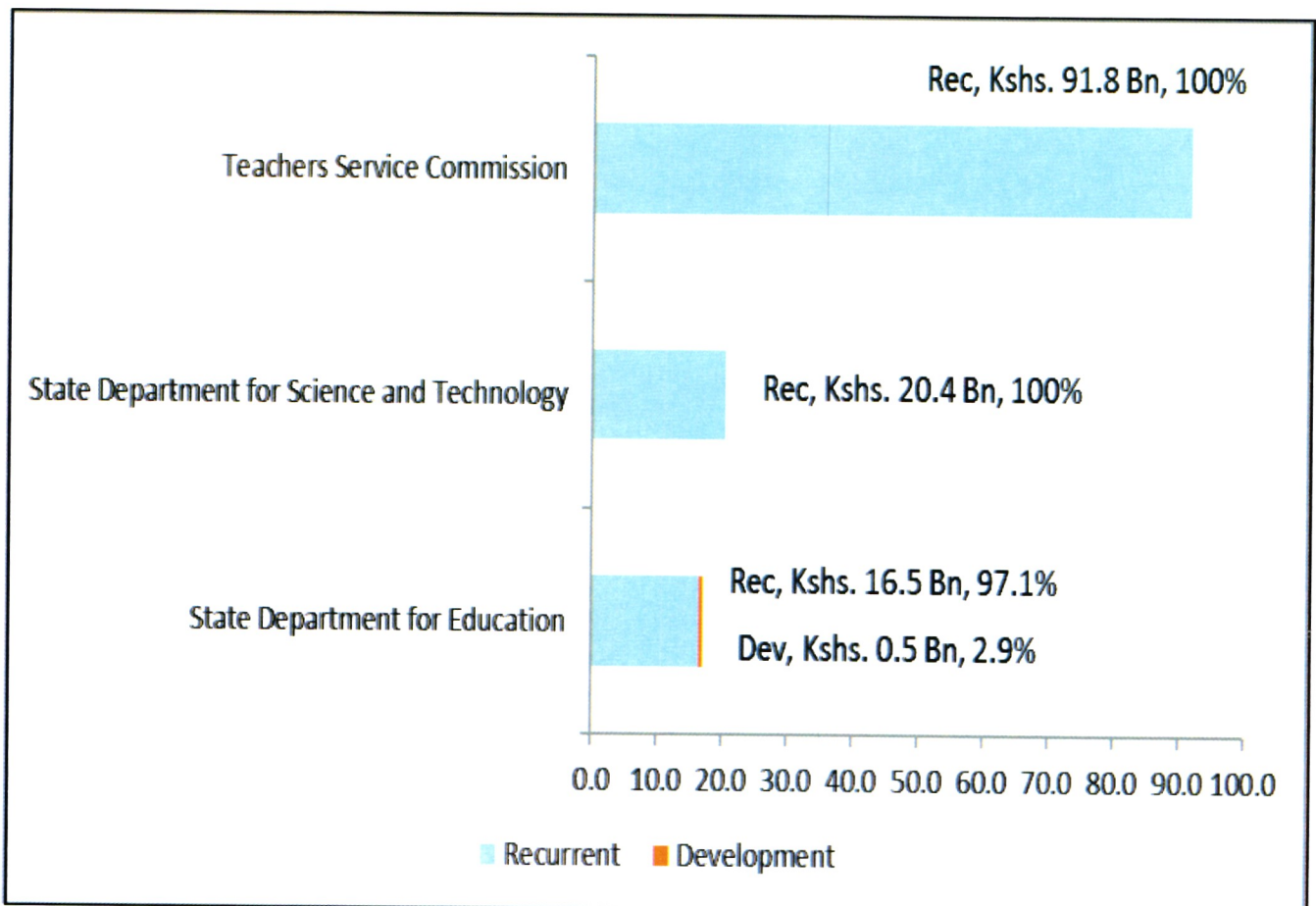
Source: MDAs and National Treasury

In the first half year of FY 2015/16, the total exchequer issues to the sector amounted to Kshs.129.3 billion and comprised of Kshs.0.5 billion for development expenditure and Kshs.128.8 billion for recurrent expenditure. The State Department for Education received Kshs.0.5 billion for development programs representing 2.3 per cent of exchequer issues to the net estimates. TSC received 50.7 per cent of recurrent exchequer issues to the annual net estimates while the State Department for Education had the lowest at 29.0 per cent.

The total expenditure for the sector in the first half of FY 2014/15 was Kshs.130.7 billion, representing an absorption rate of 38.9 per cent of the gross estimates. The development expenditure was Kshs.4.7 billion, representing an absorption rate of 12.8 per cent and recurrent expenditure for the sector amounted to Kshs.126.0 billion, representing 42.1 per cent of the annual recurrent estimates.

The State Department for Science and Technology recorded the highest absorption of development funds at 27.8 per cent compared to 3.5 per cent achieved by the State Department for Education. The Teachers Service Commission (TSC) recorded the highest percentage of the annual recurrent expenditure at 48.7 per cent while the State Department for Education recorded the lowest at 29.4 per cent among the sectors' departments. The high recurrent expenditure by TSC is attributed by its core activity of teacher's resource management in the country. Figure 5.4 shows education sector exchequer issues for the period from July to December 2015.

Figure 5.4: Education Sector Exchequer Issues for the Period from July to December 2015 (Kshs. Billions)

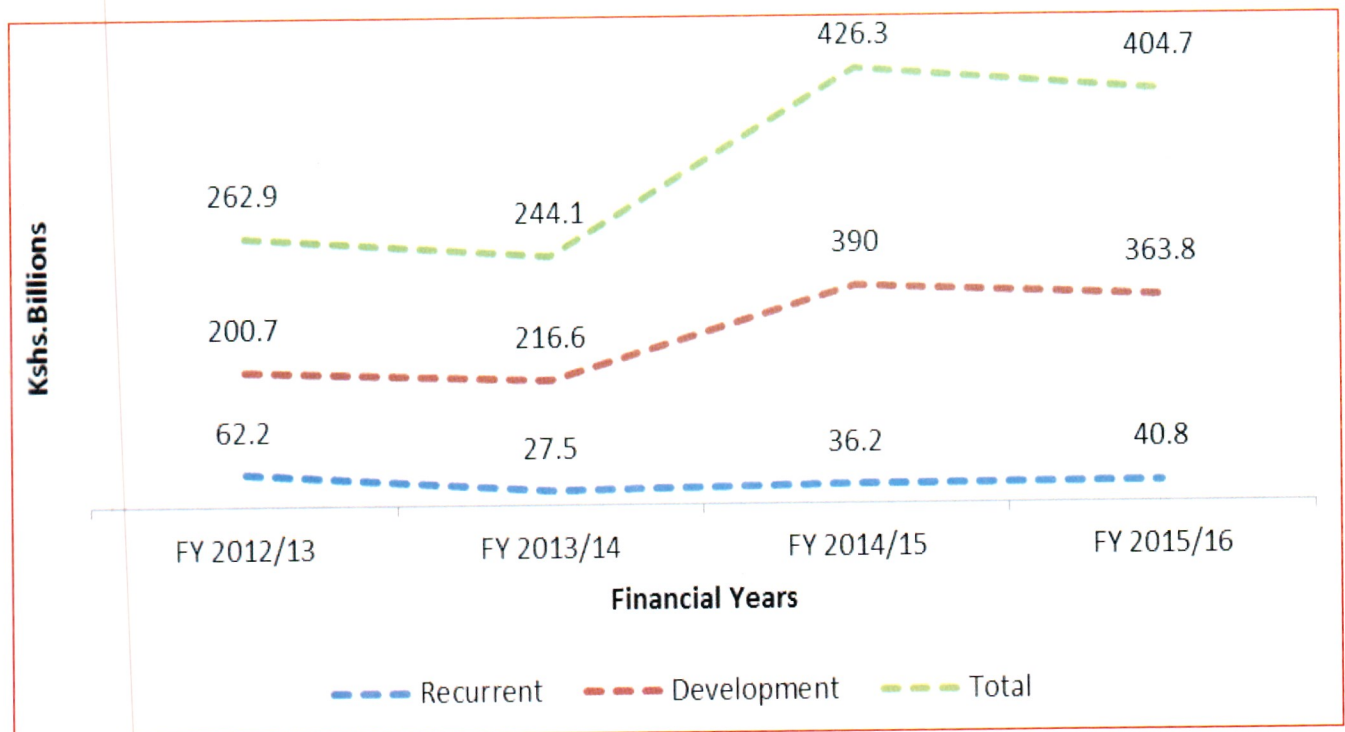


Source: National Treasury

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

This sector consists of four departments and ministries, namely; State Department for Infrastructure, State Department for Transport, Ministry of Information Communication and Technology and Ministry of Energy and Petroleum. The sector aims toward becoming a world-class provider of cost-effective public utility infrastructure facilities and services in energy, transport and ICT that meet international standards to make Kenya a globally competitive country. Figure 5.6 shows budgetary allocation trend for the EI & ICT sector for the period FY 2012/13 to FY 2015/16.

Figure 5.5: Budgetary Allocation Trend for the EI & ICT Sector for the Period FY 2012/13 to FY 2015/16 (Kshs. Billion)



Source: National Treasury

The annual budgetary allocation for the sector in the FY 2015/16 was Kshs.404.7 billion representing 18.1 per cent of the annual gross budget, a decline compared to Kshs.426.3 billion allocated in FY 2014/15. The allocation comprised of Kshs.363.8 billion (89.9 per cent) for development expenditure and Kshs.40.8 billion (10.1 per cent) for recurrent expenditure. Table 5.3 shows the analysis of EI & ICT exchequer issues and expenditure for the period July to December 2015.

Table 5.3: EI & ICT Sector - Analysis of Exchequer Issues and Expenditure for the Period July to December 2015 (Kshs. Billions)

Half Year FY 2015/16-Development							Half Year FY 2015/16-Recurrent					
VOTE	Gross Est.	Net Est.	Exch. Issues	Exp	% of Exch. to Net Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
State Department for Infrastructure	104.0	62.3	31.2	19.5	50.1	18.7	30.0	1.7	0.7	0.8	41.2	2.7
**State Department for Transport	158.5	5.3	1.3	52.8*	24.5	33.3	5.8	1.4	0.8	0.6	57.1	10.3
Ministry of Information, Communication and Technology	8.9	5.1	1.8	2.1	35.3	23.6	3.0	2.9	1.1	1.1	37.9	36.7
Ministry of Energy and Petroleum	92.4	29.0	12.3	7.5	42.5	8.1	2.0	1.8	0.9	0.9	50.0	45.0
Total	363.8	101.7	46.6	82.5	45.8	22.7	40.8	7.9	3.5	3.4	44.3	8.3
Total for the Sector-Half Year FY 2015/16							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Development							363.8	101.7	46.6	82.5	45.8	22.7
Recurrent							40.8	7.9	3.5	3.4	44.3	8.3
Total							404.7	109.6	50.1	85.4	45.7	21.1

Source: MDAs and National Treasury

**Development Expenditure for the State Department for Transport is inclusive of A-I-A.*

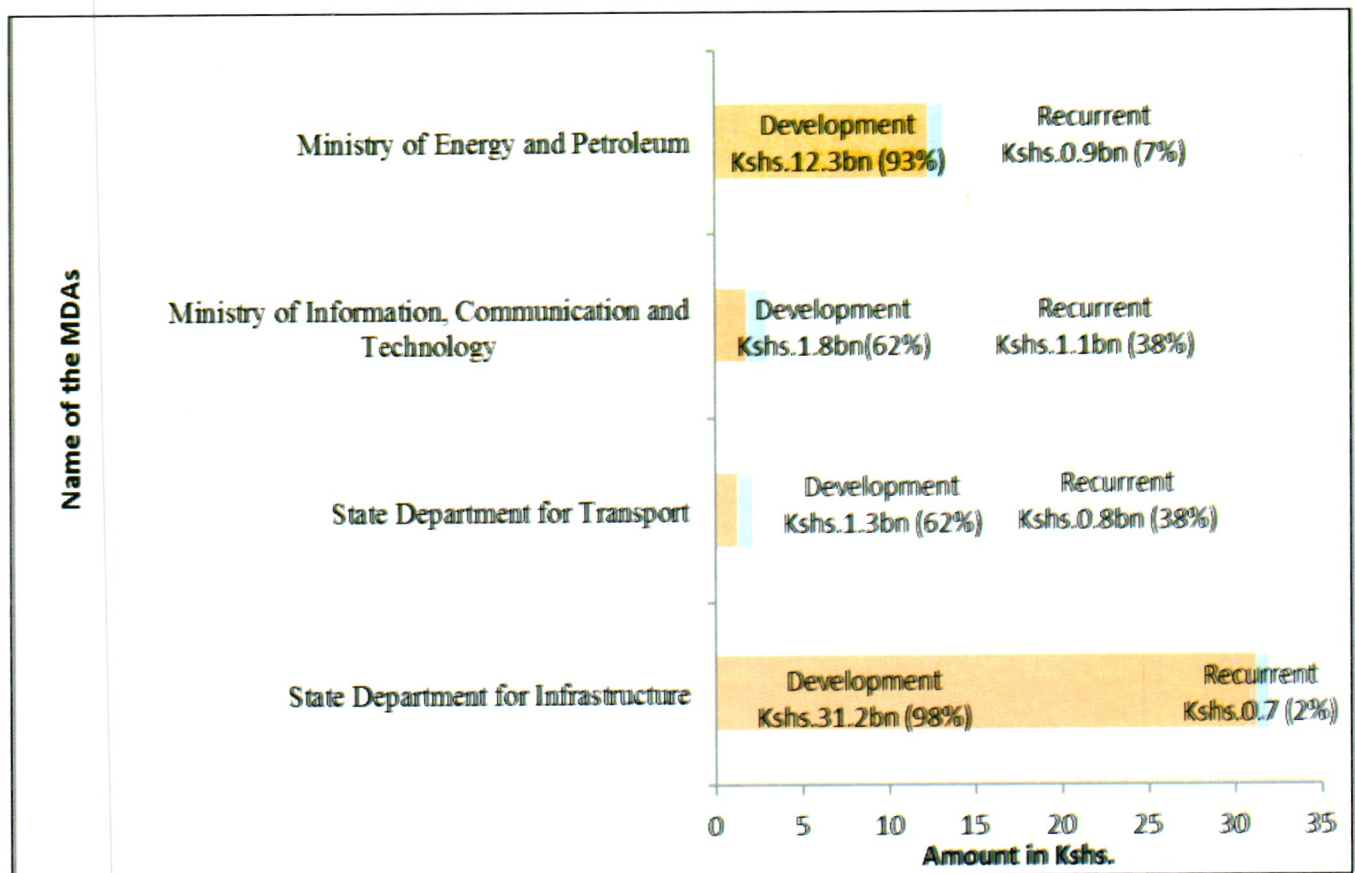
The total expenditure for the sector during the first half of FY 2015/16 amounted to Kshs.85.4 billion, representing an absorption rate of 21.1 per cent. This comprised of development expenditure of Kshs.82.5 billion, representing an absorption rate of 22.7 per cent, and, Kshs.3.4 billion as recurrent expenditure representing 8.3 per cent of the annual recurrent estimates.

In the first half of FY 2015/16, the sector received exchequer issues amounting to Kshs.50.1 billion translating to 45.7 per cent of the sectors' annual net estimates. The exchequer issues comprised of Kshs.46.6 billion for development expenditure and Kshs.3.5 billion for recurrent expenditure, translating to 45.8 per cent and 44.3 per cent of the net estimates respectively. The State Department for Infrastructure received the highest proportion of development exchequer issues to its net development estimates at 50.1 per cent while the State Department for Transport recorded the lowest proportion at 24.5 per cent. On the other hand, the State Department for Transport received the highest proportion of exchequer issues to its net recurrent estimates at 57.1 per cent while the Ministry of Information, Communication and Technology received the lowest proportion at 37.9 per cent.

The State Department for Transport recorded the highest absorption rate of 33.3 per cent of development expenditure while the Ministry of Energy and Petroleum recorded the lowest absorption rate at 8.1 per cent. On the other hand, the Ministry of Energy and Petroleum recorded the highest percentage of the annual recurrent expenditure at 45.0 per cent while the State Department for Infrastructure recorded the lowest rate at 2.7 per cent.

Figure 5.6 shows the breakdown of the EI & ICT sector exchequer issues and expenditure category by ministry/department for the period July to December 2015.

Figure 5.6: EI & ICT Sector Exchequer Issues for the Period July to December 2015 (Kshs. Billions)



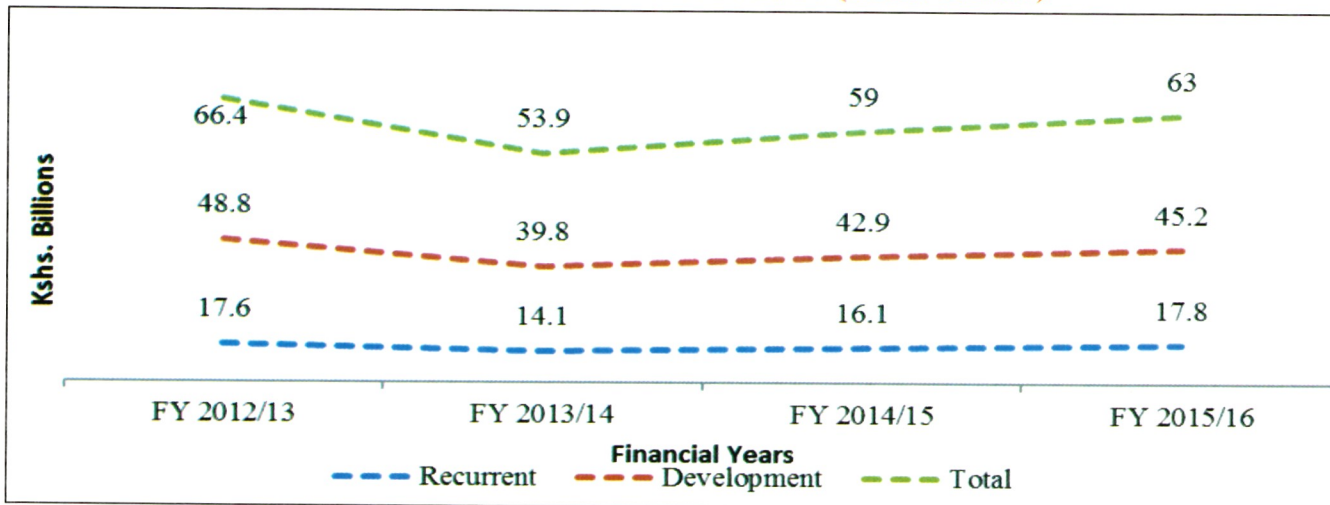
Source: MDAs and National Treasury

5.5 Environmental Protection, Water and Natural Resource Sector

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

Figure 5.7 shows the annual budgetary allocations to the sector between FY 2012/13 to FY 2015/16.

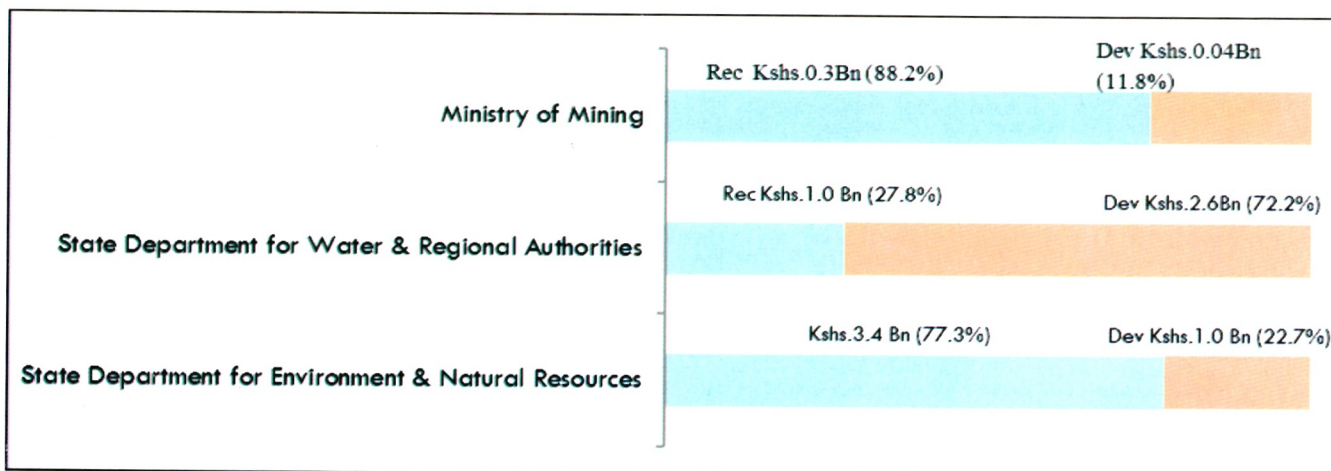
Figure 5.7: Budgetary Allocation Trend - Environmental Protection, Water and Natural Resources Sector FY 2012/13 – FY 2015/16 (Kshs. Billion)



Source: National Treasury

The annual budgetary allocation for the sector in the FY 2015/16 was Kshs.63.0 billion, equivalent to 2.8 per cent of the total national budget, an increase from the Kshs.59 billion allocated in FY 2014/15. This comprised of Kshs.45.2 billion (71.7 per cent) for development expenditure and Kshs.17.8 billion (28.3 per cent) for recurrent expenditure. Figure 5.8. shows environmental protection, water and natural resources sector exchequer issues for the period July to December 2015.

Figure 5.8: Environmental Protection, Water and Natural Resources Sector Exchequer Issues for the Period July to December 2015 (Kshs. Billions)



Source: National Treasury

The State Department for Water and Regional Authorities received the highest allocation of Kshs.39.7 billion, or 63 per cent of the sector's total budget allocation while the Ministry of Mining was allocated the lowest amount of Kshs.2.2 billion, representing 3.5 per cent of the total sector budget. Table 5.4 shows environmental protection, water and natural resources sector - analysis of exchequer issues and expenditure for the period July to December 2015.

Table 5.4: Environmental Protection, Water and Natural Resources Sector - Analysis of Exchequer Issues and Expenditure for the Period July to December 2015 (Kshs. Billions)

VOTE	Half Year FY 2015/16-Development						Half Year FY 2015/16-Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
State Department for Environment & Natural Resources	8.3	5.2	1.0	0.9	19.2	10.8	12.8	6.6	3.4	3.2	51.5	25.0
State Department for Water & Regional Authorities	35.4	18.9	2.6	5.3	13.8	14.9	4.3	2.1	1.0	1.0	47.6	23.3
Ministry of Mining	1.5	1.5	0.04	0.1	2.7	6.7	0.7	0.7	0.3	0.2	42.9	28.6
Total	45.2	25.5	3.6	6.2	14.1	13.7	17.8	9.4	4.7	4.3	49.9	24.2
Total for the Sector Half Year FY 2015/16							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Development							45.2	25.5	3.6	6.2	14.1	13.7
Recurrent							17.8	9.4	4.7	4.3	49.9	24.2
Total							63.0	34.9	8.3	10.6	23.8	16.7

Source: MDAs and National Treasury

In the first half of FY 2015/16, the sector received exchequer issues amounting to Kshs.8.3 billion, representing 23.8 per cent of the annual net estimates. This comprised of Kshs.3.6 billion for development expenditure, representing 14.1per cent of the annual net development estimates and Kshs.4.7 billion for recurrent expenditure, representing 49.9 per cent of the annual net recurrent estimates.

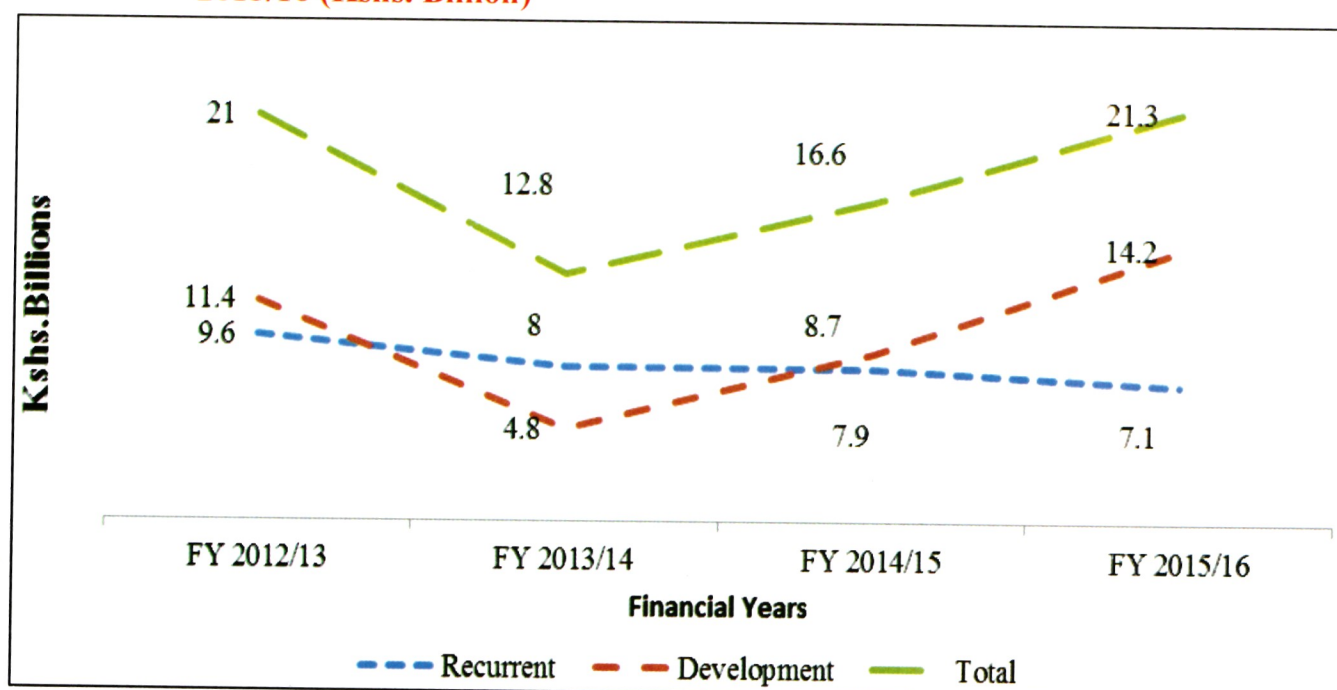
The State Department for Environment and Natural Resources received the highest proportion of exchequer issues for both development and recurrent expenditure to its annual net estimate at 19.2 per cent and 51.5 per cent respectively. Conversely, the Ministry of Mining received the lowest proportion of exchequer issues to the net estimates for both development and recurrent expenditure at 2.7per cent and 42.9per cent respectively.

The total expenditure for the sector during in the first half of FY 2015/16 amounted to Kshs.10.6 billion, translating to an absorption rate of 16.7 per cent of the gross estimates. The sector spent a total of Kshs.6.2 billion on development expenditure representing an absorption rate of 13.7 per cent and Kshs.4.3 billion on recurrent expenditure representing 24.2 per cent of the annual recurrent budget. The State Department for Water and Regional Authorities reported the highest absorption rate of its development expenditure at 14.9 per cent while the Ministry for Mining recorded 28.6 per cent of annual recurrent expenditure estimates. The Ministry of Mining recorded the lowest absorption for development expenditure at 6.7per cent while the State Department for Water and Regional Authorities recorded the lowest percentage of annual recurrent expenditure estimates at 23.3 per cent.

5.6 General Economic and Commercial Affairs (GECA) Sector

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

Figure 5.9: Trends in Budgetary Allocation GECA Sector Trend from FY 2012/13 to FY 2015/16 (Kshs. Billion)

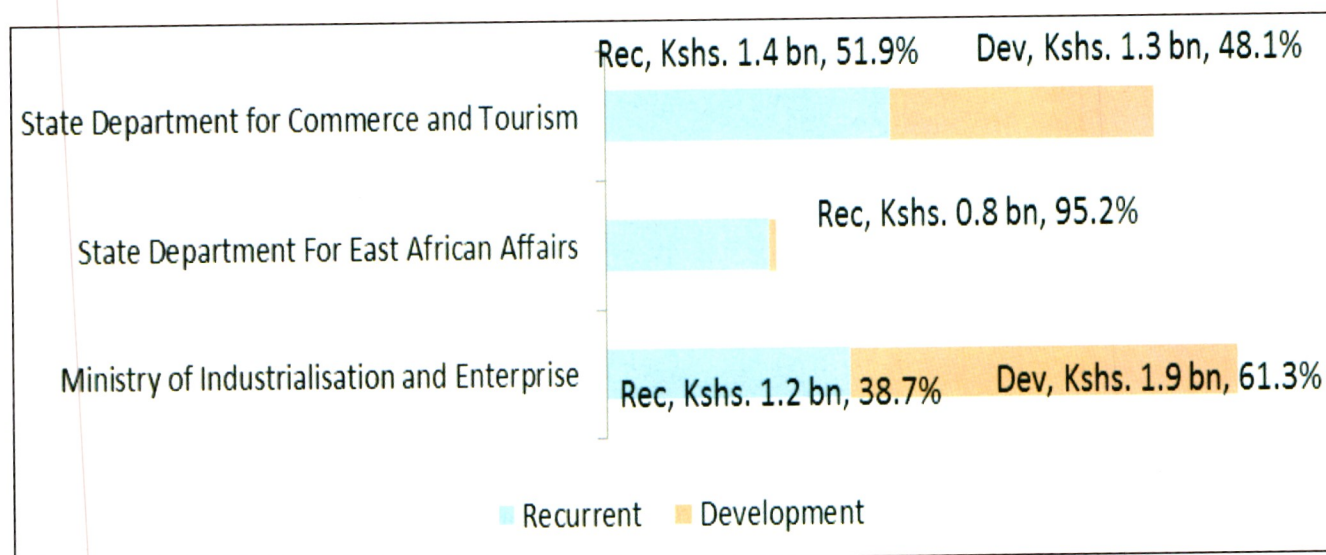


Source: National Treasury

The annual budgetary allocation to the sector in the FY 2015/16 was Kshs.21.3 billion, representing 1 per cent of the total budget, which is an increase from the Kshs.16.6 billion allocated in FY 2014/15. This comprises of Kshs.14.2 billion (66.7 per cent) for development expenditure and Kshs.7.1 billion (33.3 per cent) for recurrent expenditure.

Figure 5.10 presents the breakdown of exchequer issues for the GECA sector for July-December, 2015

Figure 5.10: GECA Sector Exchequer Issues July - December 2015 (Kshs. Billions)



Source: National Treasury

In the FY 2015/16, The State Department for Commerce and Tourism received the highest budgetary allocation at Kshs.7.8 billion for development expenditure, which was aimed towards tourism recovery, while the State Department for East African Affairs received the lowest at Kshs.0.1 billion. Equally, the State Department for Commerce and Tourism was allocated the highest amount for recurrent expenditure at Kshs.2.9 billion while the State Department for East African Affairs received the least at Kshs.1.7 billion.

Table 5.5 presents the analysis of exchequer issues and expenditure for GECA sector for July-December, 2015

Table 5.5: GECA Sector - Analysis of Exchequer Issues and Expenditure for the Period July to December 2015 (Kshs. Billions)

Half Year FY 2015/16- Development							Half Year FY 2015/16- Recurrent					
VOTE	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Ministry of Industrialisation and Enterprise Development	6.3	5.9	1.9	3.0	32.2	47.6	2.6	2.5	1.2	1.1	48.0	42.3
State Department for East African Affairs	0.1	0.1	0.04	-	40.0	0.0	1.7	1.7	0.8	0.7	47.1	41.2
State Department for Commerce & Tourism	7.8	7.8	1.3	1.1	16.6	14.1	2.9	2.8	1.4	1.2	50.0	41.4
Total	14.2	13.8	3.2	4.1	23.3	28.9	7.1	7.0	3.5	3.0	49.0	42.3
Total for the Sector, Half Year FY 2015/16							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Development							14.2	13.8	3.2	4.1	23.3	28.9
Recurrent							7.1	7.0	3.5	3.0	49.0	42.3
Total							21.3	20.8	6.7	7.1	32.2	33.4

Source: MDAs and National Treasury

In the first half of FY 2015/16, the total exchequer issues to the sector was Kshs.6.7 billion representing 32 per cent of the annual net estimates. This comprised of Kshs.3.2 billion for development projects, representing 23.3 per cent of the net development estimates and Kshs.3.5 billion for recurrent expenditure, representing 49 per cent of annual recurrent net estimates.

Analysis of development expenditure issues indicates that the state department for East African Affairs received the highest proportion of exchequer issues to the annual net estimates, which was 40.0 per cent. The State Department for Commerce and Tourism received the highest proportion of recurrent exchequer issues to the annual net recurrent estimates at 50.0 per cent while the State Department for East African Affairs received the lowest proportion at 47.1 per cent.

The total expenditure for the sector in the period July to December 2015 was Kshs.7.1 billion representing an absorption rate of 33.4 per cent. A total of Kshs.4.1 billion was spent on development activities representing an absorption rate of 28.9 per cent while Kshs.3.0 billion was on recurrent activities representing 42.3 per cent of the annual recurrent budget.

The Ministry of Industrialisation and Enterprise Development recorded the highest absorption rate at 47.6 per cent of its development expenditure and the State Department for Commerce recorded 14.1 per cent while the State Department for East African Affairs did not incur development expenditure. On recurrent expenditure the State Department for Commerce and Tourism recorded the highest percentage of the annual recurrent budget at 41.4 per cent whereas the State Department for East African Affairs recorded the lowest rate at 41.2 per cent.

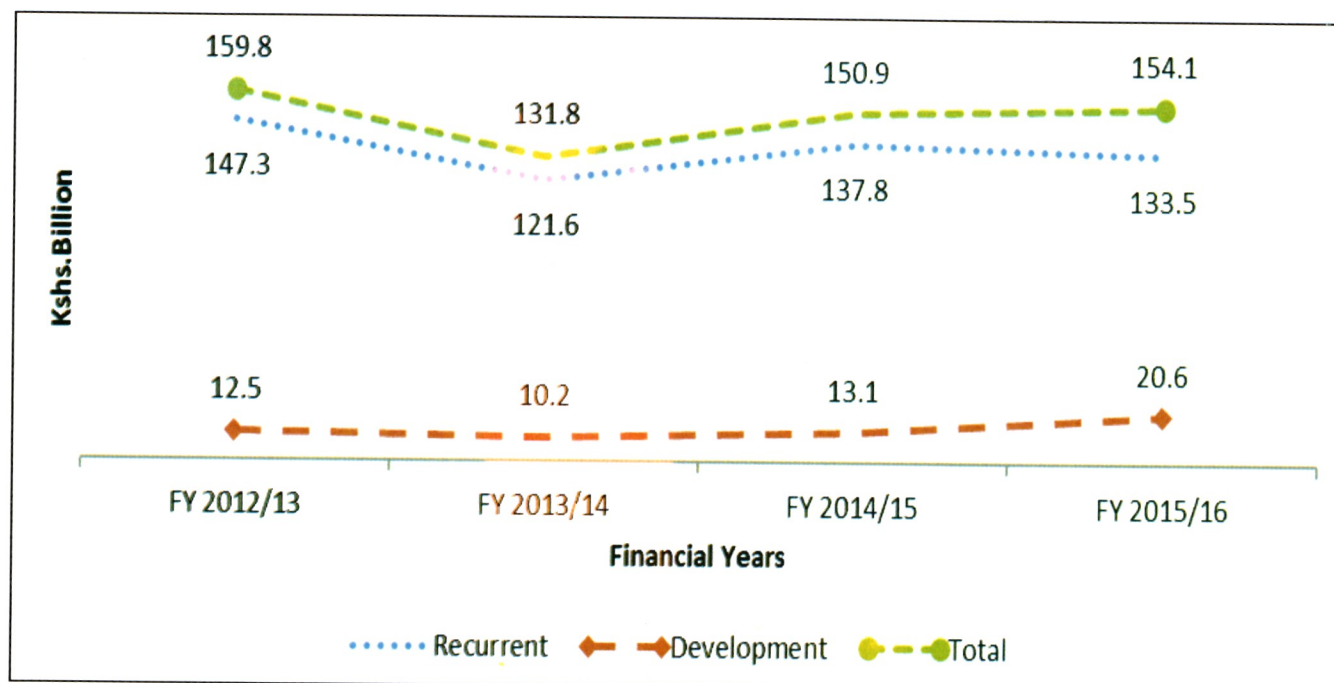
5.6 Governance, Justice, Law and Order Sector (GJLOS)

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

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

Figure 5.11 shows budgetary allocations trend for the GJLOS sector for the period FY 2012/13 to FY 2015/16.

Figure 5.11: Budgetary Allocation Trend GJLOS Sector FY 2012/13 – FY 2015/16 (Kshs. Billion)



Source: National Treasury

The annual budgetary allocation to the sector in the FY 2015/16 was Kshs.154.1 billion or 6.9 per cent of the total national budget, an increase compared to Kshs.150.9 billion allocated in FY 2014/15. The allocation comprised of Kshs. 20.6 billion (13.4 per cent) for development expenditure and Kshs.133.5 billion (86.6 per cent) for recurrent expenditure. Table 5.7 shows GJLOS – analysis of exchequer issues and expenditure, for the period July to December 2015.

Table 5.6: GJLOS – Analysis of Exchequer Issues and Expenditure, for the Period July to December 2015 (Kshs. Billions)

VOTE	Half Year FY 2014/16 Development						Half Year FY 2015/16 Recurrent					
	Gross Est.	Net Estimates	Exchequer Issues	Exp.	% Exch. Issues to Net Est.	% Exp to G. Est	Gross Est.	Net Est.	Exchequer Issues	Exp.	% Exch. Issues to Net Est.	% Exp to G. Est.
State Department for Interior	14.3	14.2	0.7	1.4	4.9	9.8	88.0	87.7	44.9	23.7	51.2	26.9
State Department for Coordination of National Government	1.0	1.0	0.1	0.1	10.0	10.0	17.0	17.0	8.9	5.5	52.4	32.5
Office of the Attorney General and Department of Justice	0.5	0.2	0.1	0.1	50.0	20.0	4.1	3.7	1.5	1.5	40.5	36.6

Half Year FY 2014/16 Development							Half Year FY 2015/16 Recurrent					
VOTE	Gross Est.	Net Estimates	Exchequer Issues	Exp.	% Exch. Issues to Net Est.	% Exp to G. Est.	Gross Est.	Net Est.	Exchequer Issues	Exp.	% Exch. Issues to Net Est.	% Exp to G. Est.
The Judiciary	4.1	4.1	0.6	0.6	14.6	14.6	12.6	12.6	5.7	5.4	45.2	42.9
Ethics and Anti-Corruption Commission	0.3	0.3	-	-	-	-	2.3	2.3	1.0	0.9	43.5	39.1
Directorate of Public Prosecutions	0.3	0.3	0.005	-	1.6	-	2.0	2.0	0.7	0.5	35.0	25.0
Commission for the Implementation of the Constitution	-	-	-	-	-	-	0.3	0.3	0.3	0.27	100.0	90.0
Registrar of Political Parties	-	-	-	-	-	-	0.5	0.5	0.2	0.2	40.0	40.0
Witness Protection Authority	-	-	-	-	-	-	0.4	0.4	0.2	0.2	50.0	50.0
Kenya National Commission of Human Rights	-	-	-	-	-	-	0.5	0.5	0.2	0.2	40.0	40.0
Independent Electoral and Boundaries Commission	0.1	0.1	-	0.1	-	100.0	4.2	4.2	1.5	1.4	35.7	33.3
Judicial Service Commission	-	-	-	-	-	-	0.5	0.5	0.1	0.12	20.0	24.0
National Police Service Commission	-	-	-	-	-	-	0.4	0.4	0.2	0.2	50.0	50.0
National Gender and Equality Commission	-	-	-	-	-	-	0.3	0.3	0.14	0.14	46.7	46.7
Independent Police Oversight Authority	-	-	-	-	-	-	0.4	0.4	0.2	0.2	50.0	50.0
Total	20.6	20.2	1.4	2.2	7.0	10.7	133.5	132.7	65.7	40.4	49.5	30.3
Total for the Sector Half FY 2015/16							Gross Est.	Net Est.	Exch. Issues	Exp.	% Exch. Issues to Net Est.	% Exp. to G. Est.
Development							20.6	20.2	1.4	2.2	7.0	10.7
Recurrent							133.5	132.7	65.7	40.4	49.5	30.3
Total							154.0	152.9	67.2	42.6	43.9	27.6

Source: MDAs and National Treasury

During the first half of FY 2015/16, the total exchequer issues to the sector amounted to Kshs.67.2 billion representing 43.9 per cent of the annual net estimates. The development exchequer issues were Kshs.1.4 billion, representing 7.0 per cent of the annual development net estimates while

recurrent exchequer issues to the sector amounted to Kshs 65.7 billion, and represented 49.5 per cent of the annual recurrent net estimates.

Five MDAs, namely; the State Department for Interior, the State Department for Coordination of National Government, the Office of the Attorney General and Department of Justice, the Judiciary, and the Directorate of Public Prosecution received development exchequer issues out of the sector's fifteen MDAs. The Office of the Attorney General receiving the highest development exchequer issues to its annual net estimates at 50.0 per cent.

On recurrent exchequer issues, the Commission for the Implementation of the Constitution (CIC) received the highest proportion of annual recurrent exchequer issues to its net estimates at 100.0 per cent. This is attributed to the expiry of CIC's term in December 2015 which implied that budget allocation to CIC was only for the first six months of FY 2015/16. The Judicial Service Commission received the lowest proportion of its annual recurrent exchequer issues to net estimates at 20.0 per cent

The total expenditure for the sector in the first half year of FY 2015/16 was Kshs.42.6 billion, representing an absorption rate of 27.6 per cent of the gross estimates. The development expenditure was Kshs.2.2 billion, representing an absorption rate of 10.7 per cent of the gross development estimates while total recurrent expenditure was Kshs.40.4 billion, representing an absorption rate of 30.3 per cent of the annual gross recurrent estimates.

The CIC recorded the highest proportion of recurrent expenditure to gross estimates at 90.0 per cent while the Judicial Service Commission recorded the lowest proportion at 24.0 per cent. From the analysis, the development expenditure by IEBC of Kshs.100 million was on electoral processes support and reforms project funded by the United Nations Development Programme (UNDP)

Figure 5.12 shows governance, justice, law and order (GJLOS) sector exchequer issues for the period July to December 2015.

Figure 5.12: Governance, Justice, Law and Order Sector (GJLOS) Exchequer Issues for the period July to December 2015 (Kshs. Billions)



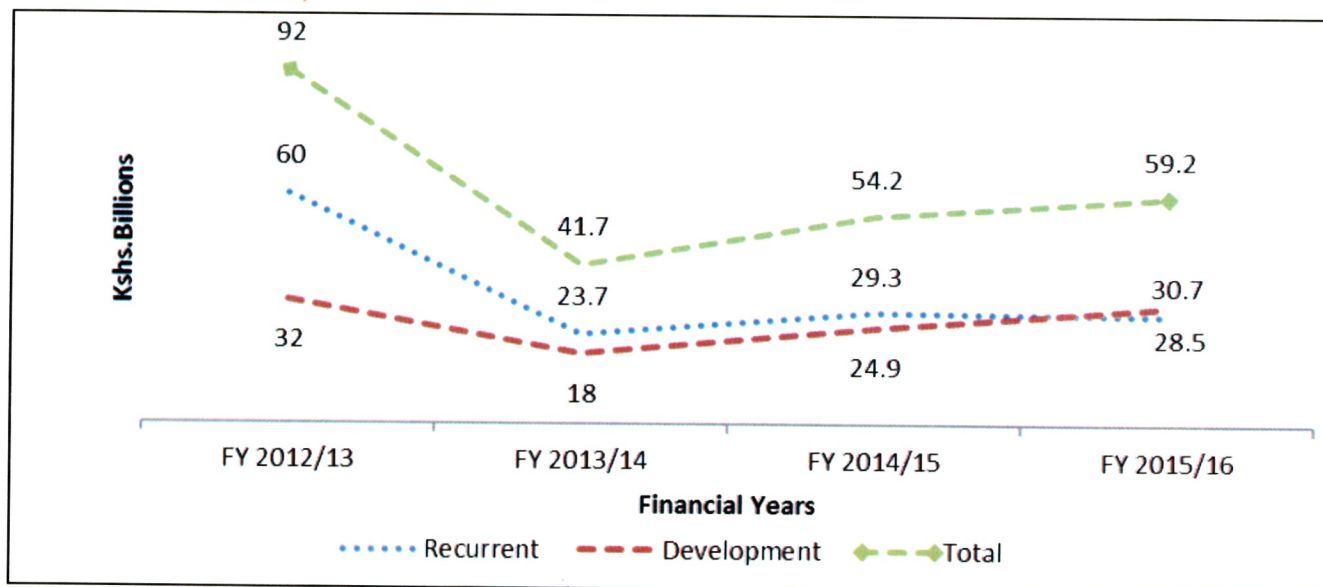
Source: National Treasury & OCOB

5.7 Health Sector

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

Figure 5.13 shows budgetary allocation trend for the Health Sector for the period FY 2012/13 to FY 2015/16

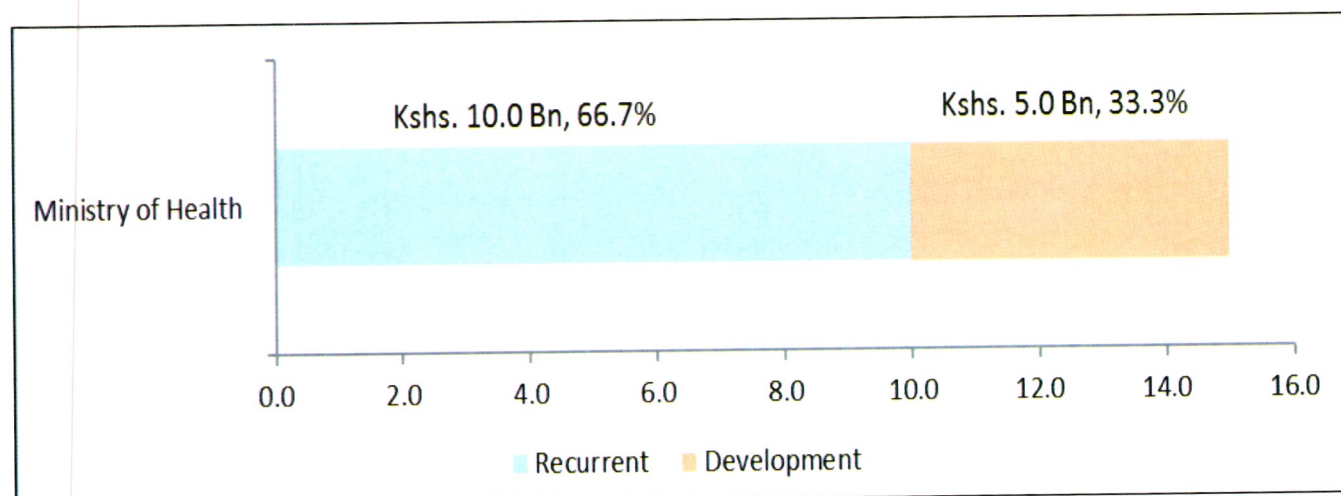
Figure 5.13: Budgetary Allocation Trend Health Sector FY 2012/13 – FY 2015/16 (Kshs. Billion)



Source: National Treasury

The annual budgetary allocation to the sector in the FY 2015/16 was Kshs.59.2 billion representing 2.7 per cent of the total national budget, which is an increase compared to Kshs.54.2 billion allocated in FY 2014/15. The FY 2015/16 allocation comprised of Kshs.30.7 billion (51.8 per cent) for development expenditure and Kshs.28.5 billion (48.2 per cent) for recurrent expenditure. Figure 5.15 shows the health sector exchequer issues for the period July – December 2015.

Figure 5.14: Health Sector Exchequer Issues for the period July – December 2015 (Kshs. Billion)



Source: National Treasury

Table 5.7 presents the analysis of exchequer issues and expenditure for the period under review for the health sector

Table 5.7: Health Sector - Analysis of Exchequer Issues and Expenditure for the Period July to December 2015 (Kshs. Billions)

Half Year - FY 2015/16 Development							Half Year FY 2015/16 – Recurrent					
VOTE	Gross Est.	Net Est.	Excheq. Issues	Exp.	% Exch. Issues to Net Est.	% Exp to G. Est.	Gross Est.	Net Est.	Excheq. Issues	Exp.	% Exch. Issues to Net Est.	% Exp to G. Est.
Ministry of Health	30.7	19.6	6.1	5.0	31.0	16.2	28.5	24.5	13.8	10.0	56.3	35.1
Total	30.7	19.6	6.1	5.0	31.0	16.2	28.5	24.5	13.8	10.0	56.3	35.1
Total for the Sector Half Year FY 2014/15							Gross Est.	Net Est.	Excheq. Issues	Exp.	% Exch. Issues to Net Est.	% Exp. to G. Est.
Development							30.7	19.6	6.1	5.0	31.0	16.2
Recurrent							28.5	24.5	13.8	10.0	56.3	35.1
Total							59.2	44.2	19.8	15.0	44.9	25.3

Source: MDAs and National Treasury

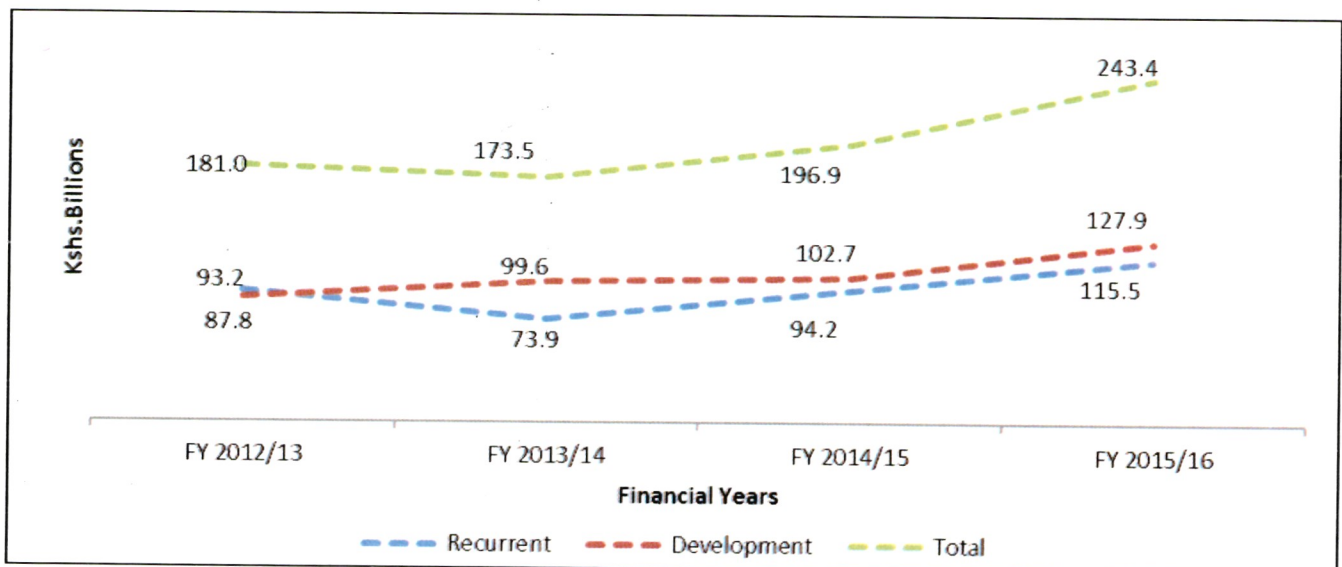
In the first half of FY 2015/16, the sector received exchequer issues amounting to Kshs.19.8 billion or 44.9 per cent of the sector's annual net estimate. Development exchequer issues amounted to Kshs.6.1 billion; representing 31.0 per cent of the net development estimates while the recurrent exchequer issues amounted to Kshs.13.8 billion, representing 56.3 per cent of the annual net recurrent estimates.

The total expenditure for the sector in the period under review was Kshs.15.0 billion, representing an absorption rate of 25.3 per cent of the annual gross estimates. The development expenditure was Kshs.5.0 billion, representing an absorption rate of 16.2 per cent of the annual gross development estimates while recurrent expenditure was Kshs.10.0 billion, representing 35.1 per cent of the annual gross recurrent estimates.

5.8 Public Administration and International Relations (PAIR) Sector

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

Figure 5.15: Trends in Budgetary Allocation for the PAIR Sector for the period FY 2012/13 - FY 2015/16 (Kshs. Billions)

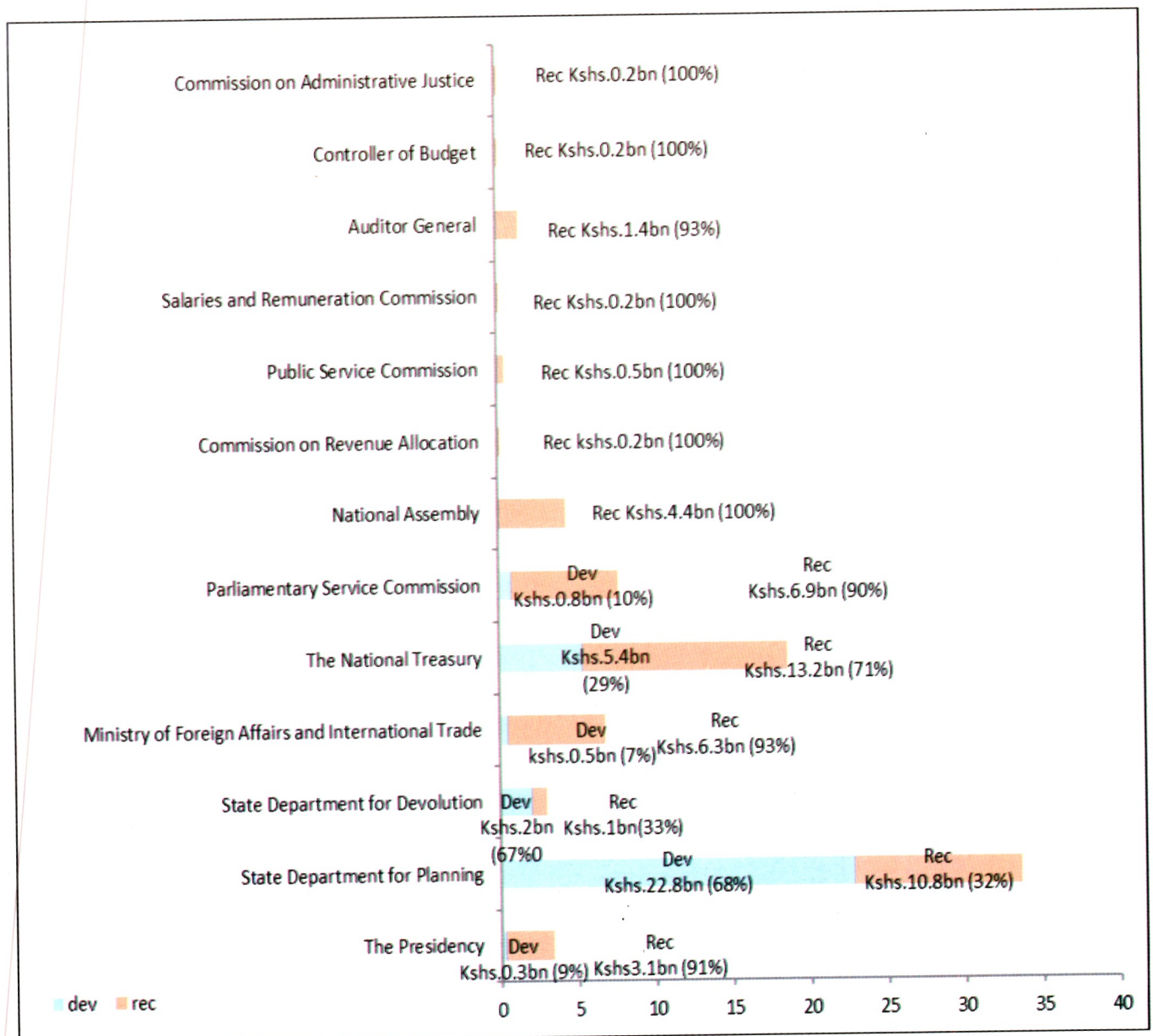


Source: National Treasury

The annual budgetary allocation for the sector in FY 2015/16 was Kshs.243.4 billion which represents 10.9 per cent of national total budget, an increase from Kshs.196.9 billion allocated in FY 2014/15.

Figure 5.17 shows PAIR sector exchequer issues for the period July to December 2015.

Figure 5.16: PAIR Sector Exchequer Issues – July to December 2015 (Kshs. Billions)



Source: National Treasury

Table 5.8 shows the PAIR sector -analysis of exchequer issues and expenditure for the Period July to December 2015.

Table 5.8: PAIR Sector - Analysis of Exchequer Issues and Expenditure for the Period July to December 2015 (Kshs. Billions)

Half Year FY 2015/16-Development							Half Year FY 2015/16-Recurrent					
Name of the Sub Sector	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
The Presidency	1.8	1.8	0.3	0.4	16.7	22.2	6.0	5.9	3.1	2.9	52.5	48.3
State Department for Planning	61.7	60.2	22.8	25.1	37.9	40.7	19.8	19.6	10.8	9.4	55.1	47.5
State Department for Devolution	9.4	5.3	2.0	1.6	37.8	17.0	2.3	2.3	1.0	0.8	43.5	34.8
Ministry of Foreign Affairs and International Trade	1.4	1.3	0.5	0.1	38.5	7.1	13.1	12.1	6.3	2.6	52.1	19.8
The National Treasury	49.8	33.6	5.4	8.1	16.1	16.3	43.2	43.2	13.2	14.2	30.6	32.8
Parliamentary Service Commission	3.2	3.2	0.8	0.9	25.0	28.1	8.9	8.9	6.9	2.6	77.5	29.2
National Assembly							15.2	15.2	4.4	3.4	28.9	22.4
Commission on Revenue Allocation	-	-	-	-			0.3	0.3	0.2	0.2	66.7	66.7
Public Service Commission	0.2	0.2	0.002	0.04	1.0	20.0	1.1	1.1	0.5	0.5	45.5	45.5
Salaries and Remuneration Commission	-	-	-	-			0.7	0.7	0.2	0.2	28.6	28.6
Auditor General	0.4	0.4	0.1	-	25.0	0.0	3.7	3.6	1.4	1.1	38.9	29.7
Controller of Budget	-	-	-	-			0.6	0.6	0.2	0.1	33.3	16.7
Commission on Administrative Justice	-	-	-	-			0.5	0.5	0.2	0.2	40.0	40.0
Total	127.9	106.1	31.9	36.3	30.1	28.3	115.5	114.1	48.3	38.3	42.4	33.2
Total for the Sector- Half Year FY 2015/16							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Development							127.9	106.1	31.9	36.3	30.1	28.3
Recurrent							115.5	114.1	48.3	38.3	42.4	33.2
Total							243.4	220.1	80.2	74.6	36.4	30.6

Source: MDAs and National Treasury

In the first half year of FY 2015/16, exchequer issues to the sector amounted to Kshs.80.2 billion which represented 36.4 per cent of the sector's annual net estimates. The development exchequer issues were Kshs.31.9 billion or 30.1 per cent of the net annual development estimates while the recurrent exchequer issues was Kshs.48.3 billion representing 42.4 per cent of the net annual estimates.

The Ministry of Foreign Affairs received the highest proportion of development exchequer issues to annual development net estimates at 38.5 per cent while The Public Service Commission had the lowest proportion of development exchequer issues at 1.0 per cent. The Parliamentary Service Commission had the highest proportion of exchequer issues to recurrent net estimates at 77.5 per cent, while The Salaries and Remuneration Commission had the lowest proportion of recurrent exchequer issues to its annual recurrent net estimates at 28.6 per cent.

The allocation for development expenditure was Kshs.127.9 billion which is 52.5 per cent while recurrent expenditure was Kshs.115.5 billion, which is 47.5 per cent of the sector's budget.

The State Department for Planning had the highest allocation for development expenditure at Kshs.61.7 billion while the Public Service Commission had the lowest allocation at Kshs.0.2 billion. On recurrent expenditure allocations, the National Treasury had the highest allocation at Kshs.43.2 billion while the Commission on Revenue Allocation (CRA) had the lowest allocation at Kshs.0.3 billion

The total expenditure for the sector in the first half year of FY 2015/16 was Kshs.74.6 billion, representing an absorption rate of 30.6 per cent. Development expenditure was Kshs.36.3 billion representing an absorption rate of 28.3 per cent while recurrent expenditure was Kshs.38.3 billion representing 33.2 per cent of the annual recurrent budget.

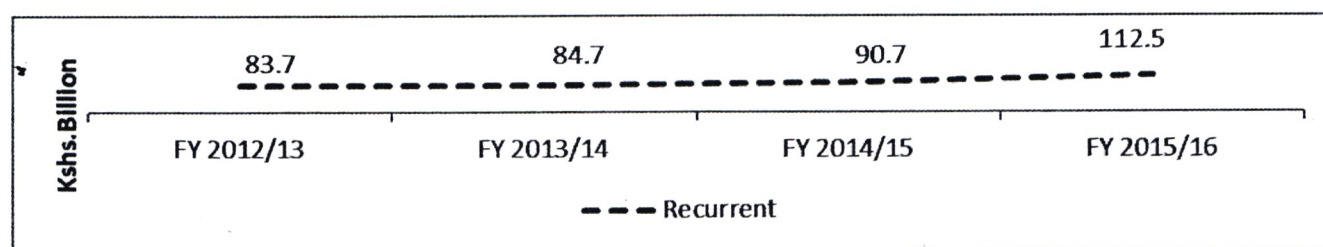
The State Department for Planning had the highest absorption rate on development expenditure at 40.7 per cent while the Office of the Auditor General did not report any expenditure on development activities. The Presidency recorded the highest recurrent expenditure as a proportion to its gross annual estimates at 48.3 per cent while the Controller of budget had the lowest proportion at 16.7 per cent.

5.9 National Security Sector

This sector comprises of the Ministry of Defence and the National Intelligence Services (NIS). The mandate of this sector is to safeguard the security of the country against any threats emanating both from within and outside the borders, defend the country and provide support to civil power in maintaining peace and order. Figure 5.19 shows the budgetary allocation trend for the national

security sector for the period FY 2012/13 – FY 2015/16.

Figure 5.17: Budgetary Allocation Trend National Security Sector FY 2012/13 – FY 2015/16 (Kshs. Billion)



Source: National Treasury

The annual budgetary allocation for the sector in the FY 2015/16 was Kshs.112.5 billion representing 5.0 per cent of the total national budget an increase compared to 90.7 billion allocated in FY 2014/15. The allocation comprised of Kshs.92.3 billion (82.1 per cent) to the Ministry of Defence and Kshs.20.1 billion (17.9 per cent) to the National Intelligence Services (NIS)

Table 5.9: National Security Sector - Analysis of Exchequer Issues and Expenditure for the Period July to December 2015 (Kshs. Billions)

Half Year FY 2015/16 Recurrent						
VOTE	Gross Est.	Net Estimates	Exchequer Issues	Exp.	% Exch. Issues to Net Est.	% Exp. to Gross Est.
Ministry of Defence	92.3	92.3	41.9	42.1	45.3	45.5
National Intelligence Services	20.1	20.1	9.6	9.4	47.6	46.8
Total	112.5	112.5	51.4	51.5	45.7	45.8

Source: MDAs and National Treasury

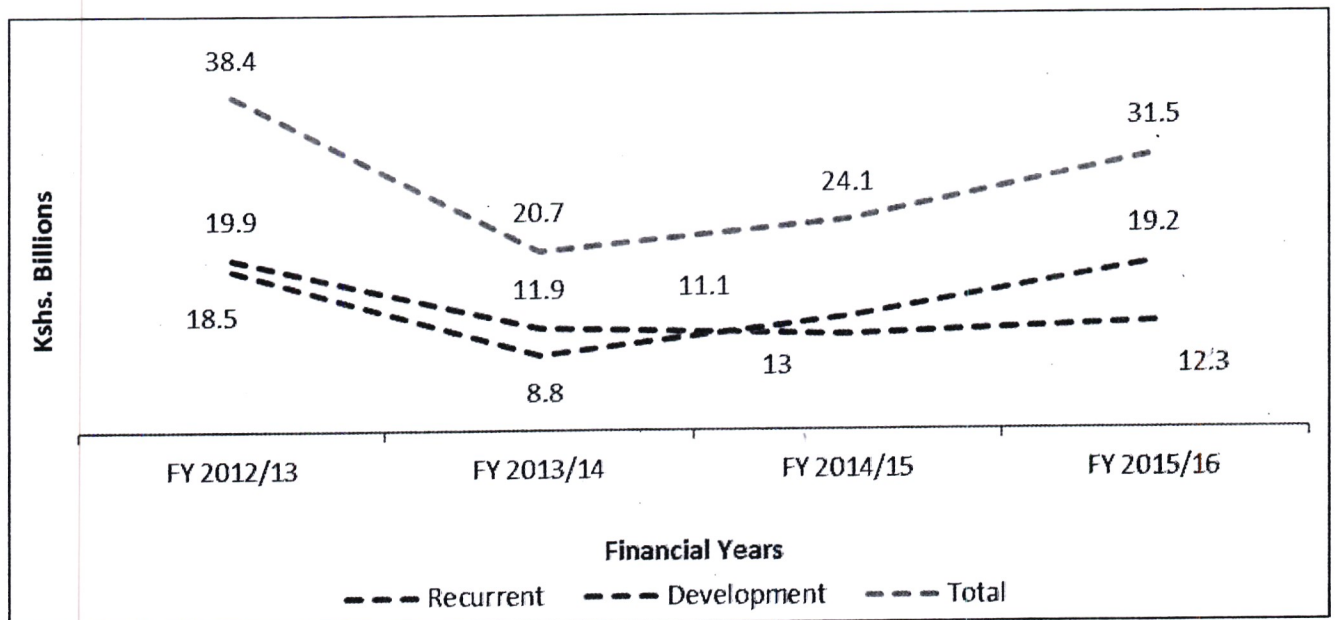
In the first half of FY 2015/16, the total exchequer issues to the sector amounted to Kshs.51.4 billion, representing 45.7 per cent of the annual net estimates. The recurrent exchequer issues to the Ministry of Defence amounted to Kshs.41.9 billion representing 45.3 per cent of the recurrent net estimates. The National Intelligence Services (NIS) received Kshs.9.6 billion, which translated to 47.6 per cent of its net annual recurrent estimates

The total expenditure for the sector during the first quarter FY 2015/16 was Kshs.51.5 billion, representing 45.8 per cent of the net annual budget. The expenditure for the Ministry of Defence was Kshs.42.1 billion representing 45.5 per cent of the net annual budget and that for the NIS was Kshs.9.4 billion, representing 46.8 per cent of the net annual budget. .

5.10 Social Protection, Culture and Recreation Sector

This sector comprises of the Ministry of Sports, Culture and Arts, and the Ministry of Labour Social Security and Services. The sector contributes to Kenya's development through promotion of harmonious industrial relations, safety and health at workplaces, employment promotion, industrial training, productivity management, national human resource planning and development, social security and children welfare and social development. Figure 5.23 shows the budgetary allocation trend for the social protection, culture and recreation sector for the period FY 2012/13 – FY 2015/16.

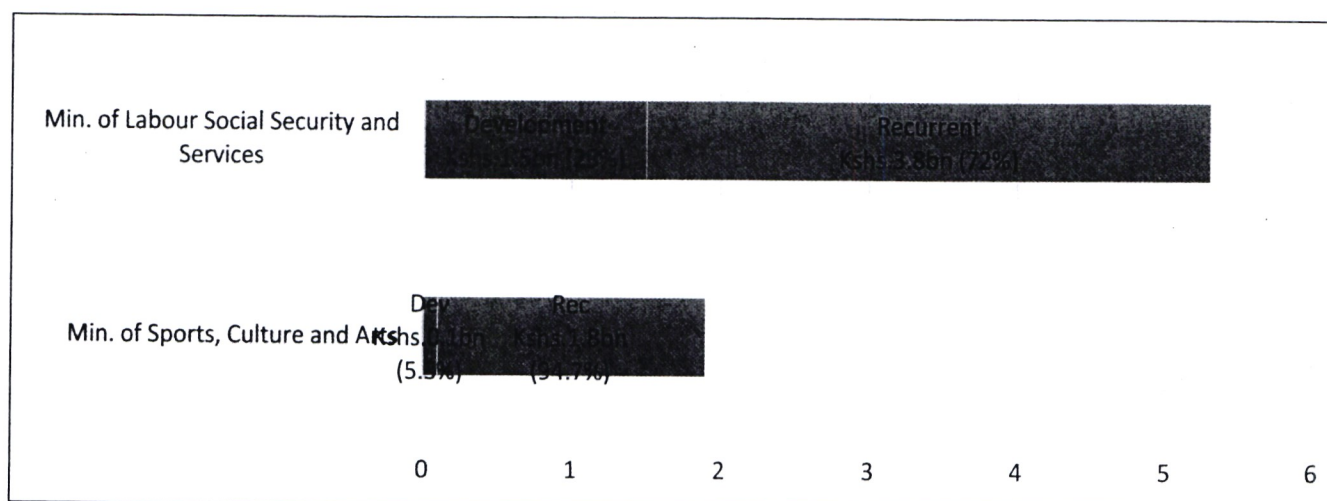
Figure 5.18: Budgetary Allocation Trend Social Protection, Culture and Recreation Sector FY 2012/13 – FY 2015/16 (Kshs. Billion)



Source: National Treasury

The annual budgetary allocation for the sector in the FY 2015/16 was Kshs.31.5 billion representing 1.4 per cent of the gross national budget, an increase compared to Kshs.24.1 billion allocated in FY 2014/15. The allocation comprised of Kshs.19.2 billion (61.0 per cent) for development expenditure and Kshs.12.3 billion (39.0 per cent) for recurrent expenditure.

Figure 5.19: Social Protection, Culture and Recreation Sector Exchequer Issues July - September 2015 (Kshs. Billions)



Source: National Treasury

The Ministry of Labour Social Security and Services received the highest proportion of development exchequer issues to its net annual development estimates at 9.6 per cent while the Ministry of Sports, Culture and Arts received 3 per cent of only. Table 5.10 shows the social protection, culture and recreation sector - analysis of exchequer issues and expenditure for the period July to December 2015.

Table 5.10: Social Protection, Culture and Recreation Sector - Analysis of Exchequer Issues and Expenditure for the Period July to December 2015 (Kshs. Billions)

VOTE	Half Year FY 2015/16 Development						Half Year FY 2015/16 Recurrent					
	Gross Est.	Net Estimates	Exchequer Issues	Exp.	% Exch. Issues to Net Est.	% Exp to G. Est.	Gross Est.	Net Est.	Exchequer Issues	Exp.	% Exch. Issues to Net Est.	% Exp to G. Est.
Min. of Sports, Culture and Arts	3.6	3.6	0.1	0.9	2.8	25.0	2.9	2.9	1.8	1.6	62.1	55.2
Min. of Labour Social Security and Services	15.6	15.6	1.5	5.3	9.6	34.0	9.3	9.2	3.8	3.5	41.3	37.7
Total	19.2	19.1	1.6	6.3	8.4	32.7	12.3	12.1	5.6	5.1	46.3	41.5
Total for the Sector Half Year FY 2015/16							Gross Est.	Net Est.	Exch. Issues	Exp.	% Exch. Issues to Net Est.	% Exp. to G. Est.
Development							19.2	19.1	1.6	6.3	8.4	32.7
Recurrent							12.3	12.1	5.6	5.1	46.3	41.5
Total							31.5	31.2	7.2	11.4	23.0	36.2

Source: MDAs and National Treasury

The Ministry of Sports, Culture and Arts received the highest proportion of the recurrent exchequer issues at 62.1 per cent of its annual recurrent net estimates and the Ministry of Labour, Social Security and Services received the lowest proportion at 41.3 per cent.

The total expenditure for the sector during the first quarter FY 2015/16 was Kshs.11.4 billion, representing an absorption rate of 36.2 per cent of the gross estimates. Development expenditure amounted to Kshs.6.3 billion, representing an absorption rate of 32.7 per cent of the gross development estimates while the recurrent expenditure was Kshs.5.1 billion, representing 41.5 per cent of the annual recurrent budget.

The Ministry of Labour, Social Security and Services recorded the highest absorption rate of its annual development budget at 34.0 per cent while the Ministry of Sports, Culture and Arts recorded absorption of 25.0 per cent. Also the Ministry of Sports, Culture and Arts recorded the highest percentage expenditure of its annual recurrent budget at 55.2 per cent while the Ministry of Labour, Social Security and Services recorded 37.7 per cent.

6 HALF YEAR - FY 2015/16 BUDGET PERFORMANCE BY PROGRAMMES

6.1 Introduction

This chapter presents analysis of MDAs budget performance based on programmes to be implemented in the FY 2015/16. The chapter also gives detailed information on how funds were allocated to the various programmes within the ministries/departments for both recurrent and development expenditure. It provides implementation status for the programmes under each MDAs. The sectors are presented in an alphabetical order.

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

The analysis of AR & UD sector programmes for the period under review is presented in table 6.1.

**Table 6.1: Analysis of AR &UD Sector Programmes, July to December 2015
(Kshs. Billions)**

VOTE	Programme	Dev. Est. FY 2015/16	Rec. Est. FY 2015/16	Total Gross Est. FY 2015/16	Dev. Exp Half Year FY 2015/16	Rec. Exp Half Year FY 2015/16	Total Exp Half Year FY 2015/16	Programme Absorption Rate (%)
Ministry of Land Housing and Urban development	Land Policy and Planning	4.6	2.1	6.8	1.7	0.46	2.2	32.4
	Housing Development and Human Settlement	7.2	0.5	7.6	2.9	0.04	2.9	38.2
	Government Buildings	1.3	0.3	1.5	0.6	0.03	0.6	40.0
	Coastline Infrastructure and Pedestrian Access	0.4	0.05	0.45	0.1	0.01	0.1	3.2
	Urban and Metropolitan Development	14.0	0.3	14.3	3.2	0.05	3.3	23.1
	General Administration Planning and Support Services	0.5	0.5	1.1	0.1	0.18	0.3	27.3
State Department for Agriculture	General Administration Planning and Support Services	0.5	1.1	1.6	0.2	0.5	0.7	43.8
	Crop Development and Management	6.6	6.2	12.8	0.5	2.8	3.3	25.8
	Agribusiness and Information Management	3.4	0.2	3.6	3.4	0.1	3.5	97.2
	Irrigation and Drainage Infrastructure	15.7	0.8	16.5	4.9	0.2	5.1	30.8
State Department for Livestock	Livestock Resources Management and Development	5.2	1.9	7.1	0.9	0.6	1.5	21.1
State Department for Fisheries	Fisheries Development and Management	3.1	1.4	4.5	0.9	0.5	1.4	31.1
National Land commission	Land Administration and Management	0.4	1.1	1.5	0.1	0.6	0.7	46.7
Total		63.0	16.7	79.7	19.6	6.0	25.6	32.1

Source: MDAs and National Treasury

In the FY 2015/16, the AR&UD sector was allocated Kshs.79.7 billion comprising of Kshs.63.0 billion (79.1 per cent) for development activities and Kshs.16.7 billion (20.9 per cent) for recurrent expenditure to fund 14 programmes.

The Irrigation and Drainage Infrastructure programme under the State Department for Agriculture received the highest budgetary allocation at Kshs.16.5 billion, which accounted for 20.8 per cent of the total budgetary allocation to the sector while the Coastline, Infrastructure and Pedestrian Access under the Ministry of Land Housing and Urban Development received the lowest allocation at Kshs.0.45 billion, which accounted for 0.006 per cent of the total budgetary allocation for the sector.

The total expenditure for the sector during the period July to December 2015 was Kshs.25.6 billion or an absorption rate of 32.1 per cent. It comprised of Kshs.19.6 billion for development expenditure, accounting for an absorption rate of 31.1 per cent of the annual budget estimates for development programmes and Kshs.6.0 billion on recurrent expenditure, representing 36.0 per cent of its annual recurrent budget.

Analysis of programme performance shows that the Agribusiness and Information Management programme under the State Department for Agriculture recorded the highest proportion of programme expenditure to its annual budget estimates at 97.2 per cent while the Coastline Infrastructure and Pedestrian Access had the lowest proportion of programme expenditure at 3.2 per cent.

6.3 Education Sector

The analysis of Education sector programmes for the period under the review is presented in table 6.2.

**Table 6.2: Analysis of Education Sector Programmes, July to December 2015
(Kshs. Billions)**

VOTE	Programme	Dev. Est. FY 2015/16	Rec. Est FY 2015/16	Total Gross Est. FY 2015/16	Dev. Exp Half Year FY 2015/16	Rec. Exp Half Year FY 2015/16	Total Exp Half Year FY 2015/16	Programme Absorption Rate (%)
State Department for Education	Primary Education	18.9	16.9	35.8	0.2	4.7	4.8	13.5
	Secondary Education	1.3	33.5	34.8	0.2	10.7	11.0	31.7
	Quality Assurance and Standards	0.9	4.8	5.7	0.4	1.0	1.4	24.6
	General Administration, Planning and Support Services	1.3	4.0	5.4	0.0	1.0	1.0	18.5
State Department for Science and Technology	University Education	8.0	54.5	62.5	2.4	18.8	21.2	33.9
	Technical Vocational Education and Training	5.6	2.5	8.1	1.5	0.8	2.3	28.4
	Research, Science, Technology and Innovation	0.4	1.0	1.4	-	0.4	0.4	28.6
	General Administration, Planning and Support Services	-	1.4	1.4	-	0.3	0.32	22.9
Teachers Service Commission	Teacher Resource Management	-	174.3	174.3	-	85.9	85.9	49.3
	Governance and Standards	-	0.2	0.2	-	0.1	0.1	50.0
	General Administration, Planning and Support Services	0.2	6.7	6.9	-	2.4	2.4	34.8
Total		36.7	299.6	336.3	4.7	126	130.7	38.9

Source: MDAs and National Treasury

The Education sector was allocated Kshs.336.3 billion comprising of Kshs.36.7 billion (10.9 per cent) for development programmes and Kshs.299.6 billion (89.1 per cent) for recurrent programmes for the FY 2015/16 to fund 12 programmes

The Teacher Resource Management programme under the Teacher Service Commission received the highest budgetary allocation at Kshs. 174.3 billion (51.9 per cent of the total budget allocation for the sector) while the Governance and Standards Programme received the lowest allocation at Kshs.0.2 Billion (0.0006 per cent of the total budget allocation for the sector).

Total expenditure for the sector in the first half of FY 2015/16 amounted to Kshs.130.7 billion comprising of development expenditure of Kshs.4.7 billion, representing an absorption rate of 12.8 per cent of the annual development budget estimates and Kshs.126.0 billion on recurrent expenditure, representing 42.1 per cent of its annual recurrent budget.

Analysis of programme performance shows that the Governance and Standards under the Teachers Service Commission recorded the highest proportion of programme expenditure to its annual budget estimates at 50.0 per cent while the Primary Education Programme under the State Department for Education had the lowest proportion of expenditure at 13.5 per cent.

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

The analysis of the Energy, Infrastructure and Information Communications Technology sector programmes for the period under the review is presented in table 6.3.

Table 6.3: Analysis of EI & ICT Sector Programmes, July to December 2015 (Kshs. Billions)

VOTE	Programme	Dev. Est. FY 2015/16	Rec. Est. FY 2015/16	Total Gross Est. FY 2015/16	Dev. Exp Half Year FY 2015/16	Rec. Exp Half Year FY 2015/16	Total Exp Half Year FY 2015/16	Programme Absorption Rate (%)
State Department of Transport	General Administration, Planning and Support Services	0.4	0.3	0.7	0.0	0.1	0.1	14.3
	Rail Transport	147.0	-	147.0	52.6	0.0	52.6	35.8
	Marine Transport	8.2	0.6	8.8	0.0	0.2	0.2	2.3
	Air Transport	2.6	4.4	7.0	0.1	0.1	0.2	2.9
	Government Clearing Services	0.1	-	0.1	0.0	0.0	0.0	0.0
	Road Safety	0.3	0.5	0.8	0.2	0.2	0.4	50.0
State Department of Infrastructure	Road Transport	104.0	30.0	134.0	19.5	0.8	20.3	15.2
Ministry of Information, communication and Technology	General Administration Planning and Support Services	0.6	1.0	1.6	0.1	0.4	0.5	31.3
	Information And Communication Services	1.7	1.8	3.5	0.3	0.6	0.8	22.9
	Mass Media Skills Development	0.1	0.2	0.4	0.1	0.1	0.2	50.0
	ICT Infrastructure Development	6.5	0.1	6.6	1.7	0.0	1.7	25.8
Ministry of energy and Petroleum	General Administration Planning and Support Services	0.3	0.3	0.6	0.0	0.1	0.1	16.7
	Power Generation	27.3	0.7	28.1	0.6	0.4	1.0	3.8
	Power Transmission & Distribution	62.0	0.8	62.9	6.7	0.4	7.1	11.3
	Alternative Energy Technologies	0.1	0.8	0.9	0.0	0.1	0.1	11.1
	Exploration and Distribution of Oil and Gas	2.0	0.0	2.0	0.1	0.0	0.1	5.0
Total		363.8	40.8	404.7	82.0	3.4	85.4	21.1

Source: MDAs and National Treasury

In FY 2015/16, the EI & ICT sector was allocated Kshs.407.7 billion to implement 16 programmes. The allocation comprised of Kshs.363.8 billion (89.9 per cent) for development expenditure and Kshs.40.8 billion (10.1 per cent) as recurrent expenditure allocation..

The Rail Transport programme had the highest allocation of Kshs.147.0 billion (36.3 per cent of the total budget allocation for the sector) while the Government Clearing Services programmes, had the lowest allocation of Kshs.0.1 billion (0.002 per cent of the total budget allocation for the sector).

In the first half of FY 2015/16, the total expenditure for sector programmes amounted to Kshs.85.4 billion, translating to absorption rate of 21.1 per cent of the annual budgetary allocation. This expenditure comprised of Kshs.82.0 billion spent on development activities, representing an absorption rate of 22.5 per cent of the total development budget for the programmes and Kshs.3.4 billion on recurrent activities, which was 8.3 per cent of the annual recurrent budget.

The Road Safety Programme under the State Department of Transport and the Mass Media Skills Development under the Ministry of Information Communication and Technology had the highest absorption rate at 50.0 per cent of the total sector's annual budget for programmes while the Government Clearing Services Programme reported no expenditure as of 31st December 2015.

6.5 Environment Protection, Water and Natural Resources Sector

The analysis of Environment Protection, Water and Natural Resources sector programmes for the period under the review is presented in table 6.4.

Table 6.4: Analysis of Environmental Protection, Water and Natural Resources Sector, July to December 2015 (Kshs. Billions)

VOTE	Programme	Dev. Est. FY 2015/16	Rec. Est. FY 2015/16	Total Gross Est. FY 2015/16	Dev. Exp Half Year FY 2015/16	Rec. Exp Half Year FY 2015/16	Total Exp Half Year FY 2015/16	Programme Absorption Rate (%)
State Department for Environment and Natural Resources	General Administration, Planning and Support Services	0.0	0.6	0.6	0.0	0.4	0.4	66.7
	Environment and Natural Resources Management and protection	7.2	11.1	18.4	0.6	2.3	2.9	15.8
	Meteorological Services	1.0	1.1	2.1	0.3	0.5	0.8	38.1

VOTE	Programme	Dev. Est. FY 2015/16	Rec. Est. FY 2015/16	Total Gross Est. FY 2015/16	Dev. Exp Half Year FY 2015/16	Rec. Exp Half Year FY 2015/16	Total Exp Half Year FY 2015/16	Programme Absorption Rate (%)
State Department for Water and Regional Services	General Administration , Planning and Support Services	0.2	0.7	0.8	0.1	0.2	0.3	37.5
	Water Resources Management	34.9	3.0	37.9	4.4	0.4	4.8	13.8
	Integrated Regional Development	3.4	0.6	4.0	0.8	0.3	1.1	27.6
Ministry of Mining	General Administration Planning and Support Services	0.1	0.3	0.4	0.0	0.1	0.1	25.0
	Resources Surveys and Remote Sensing	0.7	0.2	0.9	0.0	0.1	0.1	11.1
	Mineral Resources Management	0.7	0.2	0.9	0.0	0.1	0.1	11.1
Total		45.2	17.8	63.0	6.2	4.3	10.6	16.7

Source: *The National Treasury and MDAs*

In the FY 2015/16, the budgetary allocation to the sector was Kshs.63.0 billion for implementing 10 programmes. This comprised of Kshs.45.2 billion (71.8 per cent) for development programmes and Kshs.17.8 billion (28.2 per cent) for recurrent expenditure..

The Water Resources Management programme under the State Department for Water and Regional Services received the highest budgetary allocation at Kshs.37.9 billion (60.2 per cent of the total budget allocation for the sector) while the General Administration, Planning and Support Services programme under the Ministry of Mining received the lowest budgetary allocation at Kshs.0.4billion (0.006 per cent of the total budget allocation for the sector).

The total expenditure for the sector in the first half of FY 2015/16 amounted to Kshs.10.6 billion comprising of development expenditure of Kshs.6.2 billion, representing an absorption rate of 13.7 per cent of the annual development budget and Kshs.4.3 billion on recurrent expenditure, representing 24.4 per cent of the annual recurrent budget.

The General Administration Planning and Support Services programme under the State Department for Environment and Natural Resources recorded the highest proportion of programme expenditure to its total annual budget at 66.7 per cent while the Resources Surveys and Remote Sensing programme and Mineral Resource Management under the Ministry of Mining recorded the lowest proportion at 11.1 per cent.

6.6 General Economic and Commercial Affairs (GECA) Sector

The analysis of General Economic and Commercial Affairs sector programmes for the period under the review is presented in table 6.5.

Table 6.5: Analysis of the GECA Sector Programmes July to December 2015 (Kshs. Billions)

VOTE	Programme	Dev. Est. FY 2015/16	Rec. Est. FY 2015/16	Total Gross Est. FY 2015/16	Dev. Exp Half Year FY 2015/16	Rec. Exp Half Year FY 2015/16	Total Exp Half Year FY 2015/16	Programme Absorption Rate (%)
Ministry of Industrialization and Enterprise Development	General Administration Planning and Support Services	0.01	0.3	0.3	0.004	0.2	0.2	66.7
	Industrial Development and Investments	3.9	0.8	4.7	1.91	0.2	2.1	65.6
	Standards and Business Incubation	1.1	2.1	3.3	1.04	0.6	1.6	48.5
	Cooperative Development and Management	0.8	0.2	1.0	0.02	0.1	0.1	10.0
State Department for East African Affairs	East African Affairs and Regional Integration	0.1	1.7	1.8	-	0.7	0.7	38.8
State Department for Commerce and Tourism	Tourism Development and Promotion	7.3	1.3	8.6	1.08	0.6	1.7	19.8
	Trade Development and Promotion	0.4	1.0	1.4	0.03	0.4	0.4	28.6
	General Administration, Planning and Support Services	0.1	0.6	0.7	0.033	0.2	0.2	28.636.1
Total		14.2	7.1	21.3	4.1	3.0	7.1	33.4

Source: MDAs and National Treasury

In the FY 2015/16, the sector was allocated Kshs.21.3 billion for implementing 9 programmes. This allocation comprised of Kshs.14.2 billion (66.5 per cent) for development programmes and Kshs.7.1 billion (33.5 per cent) for recurrent programmes. The Tourism Development and Promotion programme under the State Department for Commerce and Tourism received the highest budget allocation at Kshs.8.6 billion (40.4 per cent of the total budget allocation for the sector) while the General Administration, Planning and Support under the Ministry of Industrialization and Enterprise Development received the lowest allocation at Kshs.0.3 billion (0.01 per cent of the total budget allocation for the sector).

The total expenditure for this sector's programmes in the first half of FY 2015/16 was Kshs.7.1 billion, which translated to an absorption rate of 33.4 per cent. This expenditure comprised of Kshs.4.1 billion on development programmes, translating to an absorption rate of 29.1 per cent of the total annual development budget and Kshs.3.0 billion on recurrent programmes which translated to 41.9 per cent of the total annual recurrent budget.

The General Administration Planning and Support Services under the Ministry of Industrialization recorded the highest absorption rates at 66.7 per cent, while, the Tourism Development and Promotion programme under the State Department for Commerce and Tourism had the least absorption rate at 19.8 per cent of the total annual budget for the programme.

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

The analysis of Governance, Justice, Law and Order sector programmes for the period under the review is presented in table 6.6.

Table 6.6: Analysis of GJLOs Sector Programmes July to December 2015 (Kshs. Billions)

VOTE	Programme	Dev. Est. FY 2015/16	Rec. Est. FY 2015/16	Total Gross Est. FY 2015/16	Dev. Exp Half Year FY 2015/16	Rec. Exp Half Year FY 2015/16	Total Exp Half Year FY 2015/16	Programme Absorption Rate (%)
State Department for Interior	Policing services	11.9	69.8	81.7	1.1	17.5	18.6	22.7
	Planning, policy Coordination and Support Services	0.6	13.1	13.7	0	4.6	4.6	33.6
	Government Printing Services	0.1	0.7	0.9	-	0.1	0.1	11.1
	Population Management Services	1.7	4.4	6.1	0.3	1.4	1.7	27.9
State Department for Coordination of National Government	Correctional services	0.5	9.7	10.1	0.1	5.5	5.52	54.7
	General Administration, Planning and Support Services	0.02	0.2	0.2	0	0.05	0	0.0
	Betting Control, Licencing and regulation Services	0.002	0.03	0.04	-	0.02	0	0.0
Office of the Attorney General and Department of Justice	Legal Services	0.04	1.6	1.6	-0.0005	0.5	0.5	31.3
	Governance, Legal Training And Constitutional Affairs	0.2	1.8	2.0	0.1	0.6	0.6	30.0
	General Administration, Planning and Support Services	0.4	0.7	1.1	-	0.4	0.4	36.4
The Judiciary	Dispensation of Justice	4.1	12.6	16.7	0.6	5.4	6	36.0
Ethics and Anti-Corruption Commission	Ethics and Anti-Corruption	0.3	2.3	2.6	-	0.9	0.9	34.6
Office of Director of Public Prosecutions	Public Prosecution Services	0.3	2.0	2.2	0	0.5	0.5	22.7
Commissions for the Implementation of the Constitution	Implementation of the Constitution	-	0.3	0.3	-	0.3	0.3	100.0
Office of the Registrar of Political Parties	Registration, Regulation and Funding of Political Parties	-	0.5	0.5	-	0.2	0.2	40.0
Witness Protection Authority	Witness Protection	-	0.4	0.4	-	0.2	0.2	50.0
Kenya National Commission of Human Rights	Protection and Promotion of Human Rights	-	0.5	0.5	-	0.2	0.2	40.0
Independent Electoral and Boundaries Commission	Management of Electoral Processes	0.1	4.2	4.3	0.1	1.4	1.5	34.9
Judicial Service Commission	Dispensation of Justice	-	0.5	0.5	-	0.1	0.1	20.0
National Police Service Commission	National Police Service Human Resource Management	-	0.4	0.4	-	0.2	0.2	50.0
National Gender and Equality Commission	Promotion of Gender Equality and Freedom from Discrimination	-	0.3	0.3	-	0.14	0.14	46.7
Independent Police Oversight Authority	Policing Oversight Services	-	0.4	0.4	-	0.2	0.2	50.0
Total		20.6	133.5	154	2.2	40.4	42.6	27.6

Source: MDAs and National Treasury

The GJLOS sector was allocated Kshs.154.0 billion in the FY 2015/16 to implement 22 programmes. The allocation comprised of Kshs.20.6 billion (13.4 per cent) for development expenditure and Kshs.133.5 billion (86.6 per cent) for recurrent activities

The Policing Services programme under the State Department for Interior received the highest allocation at Kshs.81.7 billion which accounted for 53.1 per cent of the total annual budget for the sector while the Betting Control, Licencing and Regulation Services programme under the State Department for Coordination of National Government received the lowest allocation at Kshs.0.04 billion, translating to 0.0003 per cent.

The total expenditure for the sector in the first half of FY 2015/16 was Kshs.42.6 billion comprising of development expenditure of Kshs.2.2 billion million, representing an absorption rate of 10.5 per cent of the annual development budget, and Kshs.40.4 billion on recurrent expenditure, representing 30.3 per cent of the annual recurrent budget.

Further analysis of the programme performance shows that the expenditure on the Implementation of the Constitution programme by the Commissions for the Implementation of the Constitution constituted the highest proportion of programme expenditure to annual budget at 100.0 per cent while the General Administration Planning and Support Services and the Betting Control, Licencing and Regulation both under State Department for Coordination of National Government did not incur.

6.8 Health Sector

Table 6.7 presents an analysis of the health sector programmes for the period July to December 2015.

Table 6.7: Analysis of Health Sector Programmes July to December 2015 (Kshs. Billions)

VOTE	Programme	Dev. Est. FY 2015/16	Rec. Est FY 2015/16	Total Gross Est. FY 2015/16	Dev. Exp Half Year FY 2015/16	Rec. Exp Half Year FY 2015/16	Total Exp Half Year FY 2015/16	Programme Absorption Rate (%)
Ministry of Health	Preventive & Promotive Health Services	5.9	1.3	7.1	0.2	0.4	0.6	8.5
	Curative Health Services	7.2	16.3	23.5	2.0	6.4	8.4	35.8
	Health Research and Development	0.3	5.2	5.5	0.1	2.5	2.6	47.3
	General Administration, Planning & Support Services	9.5	5.7	15.1	0.3	0.8	1.1	7.3
	Maternal and Child Health	7.9	0.0	8.0	2.3	0.0	2.3	28.8
Total		30.7	28.5	59.2	5.0	10.0	15.0	25.3

Source: MDAs and National Treasury

The Health sector was allocated Kshs.59.2 billion to fund 5 programmes in the FY 2015/16. The allocation comprised of Kshs.30.7 billion (51.9 per cent) for development programmes and Kshs.28.5 billion (48.1 per cent) for recurrent programmes.

The Curative Health Services programme received the highest allocation at Kshs.23.5 billion (39.7 per cent of the total annual allocation for the sector) while the Health Research and Development programme had the lowest allocation at Kshs.5.5 billion (9.2 per cent of the sector's total annual allocation).

The total expenditure for the sector in the first half of FY 2015/16 amounted to Kshs.15.0 billion comprising of Kshs.5.0 billion as development expenditure or an absorption rate of 16.3 per cent of sector's development budget and Kshs.10.0 billion on recurrent expenditure, representing 35.1 per cent of the total annual recurrent budget.

Analysis of the programme performance shows that the Health Research and Development programme recorded the highest proportion of programme expenditure to its annual budget at 47.3 per cent, followed by the Curative Health Services at 35.8 per cent, while the General Administration, Planning and Support programme had the lowest proportion at 7.3 per cent.

6.9 Public Administration and International Relations (PAIR) Sector

The analysis of Public Administration and International Relations sector programmes for the period under the review is presented in table 6.8.

Table 6.8: Analysis of PAIR Sector Programmes July to December 2015 (Kshs. Billions)

VOTE	Programme	Dev. Est. FY 2015/16	Rec. Est. FY 2015/16	Total Gross Est. FY 2015/16	Dev. Exp Half Year FY 2015/16	Rec. Exp Half Year FY 2015/16	Total Exp Half Year FY 2015/16	Programme Absorption Rate (%)
The Presidency	Cabinet Affairs	1.2	1.3	2.5	0.1	0.6	0.7	28.0
	Government Advisory Services	-	0.5	0.5	0.0	0.2	0.2	40.0
	State House Affairs	0.5	2.5	3.0	0.2	1.4	1.5	50.0
	Deputy President Services	0.2	1.8	2.0	0.04	0.8	0.8	40.0
State Department for Planning	Economic Policy and National Planning	39.6	1.1	40.7	18	0.5	18.4	45.3
	National Statistical Information Services	1.5	1.8	3.3	0.7	0.9	1.6	48.5
	Monitoring and Evaluation Services	0.2	0.0	0.2	0.05	0.0	0.1	50.0
	General Administration Planning and Support Services	0.1	0.7	0.8	0.1	0.2	0.3	37.5
	Public Service Transformation	0.6	7.7	8.3	0.2	6.3	6.5	78.3
	Gender & Youth Empowerment	19.8	8.4	28.2	6.1	1.5	7.6	26.9

VOTE	Programme	Dev. Est. FY 2015/16	Rec. Est FY 2015/16	Total Gross Est. FY 2015/16	Dev. Exp Half Year FY 2015/16	Rec. Exp Half Year FY 2015/16	Total Exp Half Year FY 2015/16	Programme Absorption Rate (%)
State Department for Devolution	Devolution Services	-	0.9	0.9	-	0.4	0.4	44.4
	Special Initiatives	3.1	0.6	3.7	0.9	0.1	1.0	27.0
	General Administration, Planning and Support Services	-	0.3	0.3	-	0.1	0.1	33.3
	Accelerated ASAL Development	6.3	0.6	6.9	0.7	0.2	0.9	13.0
Ministry of Foreign affairs and International Trade	General Administration Planning and Support Services	0.7	3.5	4.2	0.2	1.6	1.8	42.9
	Foreign Relation and Diplomacy	0.7	9.0	9.7	-0.1	0.9	0.8	8.2
	International Trade and Investments Promotion	-	0.7	0.7	-	0.1	0.1	14.3
The National Treasury	General Administration Planning and Support Services	4.7	37.6	42.3	0.9	12.7	13.6	32.1
	Public Financial Management	43.2	4.1	47.3	7.1	1.1	8.2	17.4
	Economic and Financial Policy Formulation and Management	1.9	1.2	3.1	0.1	0.2	0.3	9.7
	Market Competition	0.1	0.3	0.4	0.03	0.2	0.2	50
Parliamentary Service Commission	National Legislation, Representation and Oversight	-	0.4	0.4	-	0	0	0.0
	Senate Affairs	0.4	3.5	3.9	-	1.4	1.4	35.9
	General Administration, Planning and Support Services	2.9	5	7.9	0.9	1.1	2	25.3
National Assembly	National Legislation, Representation and Oversight	-	15.2	15.2	-	3.4	3.4	22.4
Commission on Revenue Allocation	Inter-Governmental Revenue and Financial Matters	-	0.3	0.3	-	0.2	0.2	66.7
Public Service Commission	General Administration, Planning and Support Services	0.2	0.8	1	0.04	0.4	0.4	40.0
	Human Resource management and Development	-	0.2	0.2	-	0.1	0.1	50.0
	Governance and National Values	-	0.1	0.1	-	0.04	0.04	40.0
Salaries and Remuneration Commission	Salaries and Remuneration Management	-	0.7	0.7	-	0.2	0.2	28.6
Auditor General	Audit Services	0.4	3.7	4.1	-	1.1	1.1	26.8
Controller of Budget	Control and Management of Public finances	-	0.6	0.6	-	0.1	0.1	16.7
Commission on Administrative Justice	Promotion of Administrative Justice	-	0.5	0.5	-	0.2	0.2	40.0
Total		127.9	115.5	243.4	36.3	38.3	74.6	30.6

Source: MDAs and National Treasury

The Public Administration and International Relations (PAIR) sector was allocated Kshs.243.4 billion in the FY 2015/16 to implement 31 programmes. This allocation comprised of Kshs.127.9 billion (52.6 per cent) for development programmes and Kshs.115.6 billion (47.4 per cent) for recurrent activities.

Analysis of programme budget allocations indicates that the Public Financial Management programme under the National Treasury received the highest budgetary allocation at Kshs.47.3 billion which was 19.4 per cent of the sector's annual allocation while the Governance and National Values programme under the Public Service Commission received the lowest allocation at Kshs.0.1 billion, translating to 0.04 per cent.

The total expenditure for the sector in the first half of FY 2015/16 amounted to Kshs.74.6 billion comprising of Kshs.36.3 billion in development expenditure, representing an absorption rate of 28.3 per cent of the sector's development budget and Kshs.38.3 billion on recurrent expenditure, which represented 33.2 per cent of the annual recurrent budget.

Further analysis of the programme performance shows that the Public Service Transformation programme under the State Department for Planning recorded the highest proportion of programme expenditure to its annual budget at 78.3 per cent while the National Legislation, Representation and Oversight programme under the Parliamentary Service Commission did not have any proportion of expenditure.

6.10 National Security Sector

The analysis of National Security sector programmes for the period under the review is presented in table 6.9.

Table 6.9: National Security Sector Programmes July to December 2015 (Kshs. Billions)

VOTE	Programme	Dev. Est. FY 2015/16	Rec. Est. FY 2015/16	Total Gross Est. FY 2015/16	Dev. Exp. Half Year FY 2015/16	Rec. Exp. Half Year FY 2015/16	Total Exp. Half Year FY 2015/16	Programme Absorption Rate (%)
Ministry of Defence	Defence	0.04	90.3	90.3	0.0	41.0	41.0	45.4
	Civil Aid	-	0.5	0.5	-	0.2	0.2	40.0
	General Administration, Planning and Support Services	-	1.6	1.6	-	0.8	0.8	50.0
National Intelligence Service	National Security Intelligence	-	20.1	20.1	-	9.4	9.4	46.8
Total		0.04	112.5	112.5	-	51.4	51.4	45.8

Source: MDAs and National Treasury

The National Security sector was allocated Kshs.112.54 billion to fund 4 programmes in FY 2015/16. This allocation comprised of Kshs.0.04 billion (0.0004 per cent) for development expenditure and Kshs.112.5 billion (99.96 per cent) for recurrent expenditure. The Defence programme and the Civil Aid programme both under the Ministry of Defence received the highest and lowest allocation at Kshs.90.3 billion (80.2 per cent of the total allocation for the sector) and Kshs.0.5 billion (0.004 per cent of the total allocation for the sector) respectively.

The total expenditure for the sector in the half year of FY 2015/16 was for recurrent expenditure only and amounted to Kshs.51.5 billion, representing 45.8 per cent of the total annual budget for the sector. Further analysis of programme performance showed that the General Administration Planning and Support under the Ministry of Defence spent a total of Kshs.0.8 billion representing the highest proportion of programme expenditure to its annual budget at 50.0 per cent.

6.11 Social Protection, Culture and Recreation Sector

Table 6.10 presents an analysis of the social protection, culture and recreation sector programme for the period July to December 2015.

Table 6.10: Analysis of Social Protection, Culture and Recreation Sector Programme, July–December 2015 (Kshs. Billions)

VOTE	Programme	Dev. Est.	Rec. Est.	Total Gross Est.	Dev. Exp Half Year	Rec. Exp Half Year	Total Exp Half Year	Programme Absorption Rate (%)
Ministry of Sports, Culture and Arts	Sports	2.6	0.7	3.4	0.8	0.6	1.4	41.2
	Culture	0.2	0.9	1.1	0.1	0.4	0.5	45.5
	The Arts	0.2	0.4	0.6	0.1	0.2	0.2	33.3
	Library Services	0.6	0.6	1.2	-	0.3	0.3	25.0
	General Administration, Planning and Support Services	0.0	0.3	0.3	0.0	0.2	0.2	66.7
Ministry of Labour Social Security and Services	Promotion of the Best Labour Practice	0.3	0.4	0.7	0.0	0.2	0.2	28.6
	Manpower Development, Employment and Productivity Management	0.4	0.6	0.9	0.1	0.2	0.3	33.3
	Social Development and Children Services	0.9	2.7	3.5	0.4	1.0	1.4	40.0
	National Social Safety Net	14.0	5.1	19.1	4.9	1.8	6.7	35.1
	General Administration Planning and Support Services	0.0	0.6	0.6	-	0.2	0.2	33.3
Total		19.2	12.3	31.5	6.3	5.1	11.4	36.2

Source: MDAs and National Treasury

The Social Protection, Culture and Recreation sector was allocated Kshs.31.5 billion to fund 10 programmes in FY 2015/16. The allocation comprised of Kshs.19.2 billion (61.0 per cent) for development programmes and Kshs.12.3 billion (39.0 per cent) for recurrent programmes.

The National Social Safety Net programme under the Ministry of Labour, Social Security and Services received the highest budgetary allocation at Kshs.19.1 billion (60.6 per cent of the total annual budget allocation to the sector) while the General Administration, Planning and Support Services programme under the Ministry of Sports, Culture and Arts received the lowest allocation at Kshs.0.32 billion (1.0 per cent of the total annual budget allocation to the sector).

Total expenditure for the sector in the first half of FY 2015/16 amounted to Kshs.11.4 billion comprising of Kshs.6.3 billion spent on development programmes representing an absorption rate of 32.7 per cent of the sector's development budget and Kshs.5.1 billion on recurrent expenditure, which represented 41.8 per cent of the total annual recurrent budget.

Further analysis of programme performance showed that the General Administration, Planning and Support Services programme under the Ministry of Sports, Culture and Arts recorded the highest proportion of programme expenditure to its annual budget at 66.7 per cent while the Library Services programme under the same ministry had the lowest proportion of programme expenditure at 25.0 per cent.

7 KEY ISSUES, RECOMMENDATIONS AND CONCLUSION

7.1 Introduction

Budget implementation in the first half year of FY 2015/16 was faced with various challenges. This chapter highlights the key issues that negatively affected budget implementation during the period under review. Recommendations aimed at addressing the issues in order to improve budget implementation by the MDAs are also presented.

7.2 Issues and Recommendations

7.2.1 Low outturn of donor funding

In the FY 2015/16, the National Treasury targeted to mobilize Kshs.349.32 billion from development partners to finance development projects. By the end of the first half of FY 2015/16, the disbursements from development partners were Kshs. 85 billion or 24.3 per cent of the annual gross estimates, against an expected out- turn of Kshs. 174.65 billion or 50 per cent of the annual gross estimates in the first half of the year.

The low outturn of donor funding is largely as a result of non-fulfilment of donor requirements and delay in procurement by the implementing MDAs. This has led to delay in implementation of planned activities and hence, affected achievement of developmental goals.

The National Treasury should ensure timely fulfilment of donor conditions to facilitate timely disbursement of funds by the development partners.

7.2.2 Delay in release of development funds by the National Treasury

During the first half of FY 2015/16, the total exchequer releases towards development expenditure totalled Kshs.110.4 billion representing 14.3 per cent of the annual net estimates. This is a low percentage considering that at half year, total exchequer releases towards development expenditure should be approximately 50 per cent of the annual net estimates.

There is therefore, need for the National Treasury to release funds to the MDAs based on their cash flow projections and work plans.

7.2.3 Non-disclosure of Appropriations-in-Aid in the IFMIS generated Reports

Article 12(1)(e) of the constitution requires the National Treasury to design and prescribe an efficient financial management system for the national and county governments to ensure transparent financial management and standard financial reporting. The National Treasury has prescribed IFMIS for use by all national government entities and the counties.

The IFMIS adequately captures transfers to the MDAS and expenditure. However, it does not capture A-I-A generated by MDAS. Therefore, financial reports generated from the system are incomplete.

The National Treasury should modify IFMIS to ensure that A-I-A generated by MDAS is captured and disclosed in the IFMIS reports. This will ensure completeness of the financial reports.

8 CONCLUSION

This report provides information on the progress made in implementation of the budget by MDAs in the first half of FY 2015/16. It reviews the macro-economic environment in which the budget was implemented. The report further compares performance in relation to the annual revenue and expenditure targets. The 2015 Budget Policy Statements is used to provide vital background information on the government's expenditure objectives.

Overall, the report revealed mixed performance in budget implementation. Total exchequer releases to MDAs and the County Governments amounted to Kshs.771.30 billion, representing 42.6 per cent of the annual net estimates. Recurrent expenditure received the highest proportion of the exchequer issues at 72.8 per cent, development exchequer issues stood at 14.3 per cent while 12.9 per cent of the exchequer issues went to County Governments.

The total expenditure by the MDAs was Kshs. 684.5 billion, representing 30.6 per cent of the approved estimates of Ksh.2,234 billion. In absolute amounts, this was a slight improvement compared to the total expenditure of Kshs.629.1 billion but a decline when compared to 34.1 per cent of the approved budget of Kshs.1,840.1 billion in the first half of FY 2014/15. Development expenditure was Kshs.166.2 billion representing an absorption rate of 23 per cent, a decline compared to 26.1 per cent recorded in the same period of FY 2014/15 when Kshs.129.2 billion was spent on development activities. Recurrent expenditure was Kshs.518.3 billion comprising of Kshs.230.2 billion (44.4per cent of gross estimate) and Kshs.288.1 billion (55.6 per cent of the gross estimates) for Consolidated Fund Services (CFS) and recurrent expenditure by MDAs, respectively.

The report indicates that there were delays in release of development funds to implementing entities which, affected implementation of planned activities. This delay was attributed to low revenue collected by the Kenya Revenue Authority and the need to prioritize release of funds towards Consolidated Fund Services (CFS), particularly debt repayment. About 52.2 per cent of the total exchequer issues were released towards CFS. These pressures resulted in low absorption of development expenditure at 23 per cent, which was below the 50 per cent target for the first half of FY 2015/16. Some MDAs did not receive any funding for development programmes in the first half of the FY 2015/16, which may affect achievement of the country's developmental goals. There is therefore, need to explore ways of mobilizing more resources. The National Treasury should also introduce austerity measures to reduce unnecessary public expenditure and encourage expenditure on development activities.

The Office applauds the consistent use of IFMIS by MDAs, which has enhanced accountability and transparency in public financial management. However, the frequent down time of the system should be addressed to ensure effectiveness. This will also ensure appropriate execution of the approved budget.

ANNEXES

ANNEX I: MDAs Recurrent Expenditure-July to December 2015 (Kshs.)

VOTE	MINISTRY/STATE DEPARTMENT	MDAs Recurrent Expenditure					Expenditure	% of Ex. To Gross Estimate	% of Exp. To Gross Estimate
		Gross Estimate	Actuals	Estimate	Actuals	Estimate			
R1011	The Presidency	5,950,557,884	5,941,525,810	3,090,600,000	2,925,168,766	52%	49%		
R1021	State Department for Interior	88,028,155,075	87,662,133,802	44,874,100,000	23,664,968,545	51%	27%		
R1022	State Department for Coordination of National Government	16,967,134,466	16,967,134,466	8,923,500,000	5,520,720,337	53%	33%		
R1031	State Department for Planning	19,791,617,000	19,600,767,000	10,796,200,000	9,396,383,535	55%	47%		
R1032	State Department for Devolution	2,300,785,390	2,298,785,390	1,017,000,000	834,797,426	44%	36%		
R1041	Ministry of Defence	92,329,042,100	92,329,042,100	41,855,700,000	42,052,251,698	45%	46%		
R1051	Ministry of Foreign Affairs and International Trade	13,135,860,904	12,067,065,466	6,261,000,000	2,638,333,638	52%	20%		
R1061	State Department for Education	59,032,526,360	56,923,926,360	16,528,780,000	17,378,291,888	29%	29%		
R1062	State Department for Higher Education, Science and Technology	59,352,429,183	42,669,829,183	20,415,000,000	20,302,059,101	48%	34%		
R1071	The National Treasury	43,216,461,912	43,216,461,912	13,230,635,000	14,183,640,878	31%	33%		
R1081	Ministry of Health	28,519,512,989	24,541,636,512	13,754,600,000	10,008,627,753	56%	35%		
R1091	State Department for Infrastructure	29,953,406,056	1,738,426,310	710,220,000	821,352,216	41%	3%		
R1092	State Department for Transport	5,798,949,317	1,421,462,190	797,700,000	595,780,471	56%	10%		
R1101	State Department for Environment & Natural Resources	12,783,268,374	6,565,747,374	3,403,000,000	3,164,288,982	52%	25%		
R1102	State Department for Water & Regional Authorities	4,259,961,781	2,122,203,542	1,003,300,000	963,710,840	47%	23%		

VOTE	MINISTRY/DEPARTMENT	MDAs Recurrent Expenditure					Expenditure	% of Total Expenditure	% of Exp. to Gross Estimate
		Gross Estimate	Net Estimate	Expenditure	% of Total Expenditure	% of Exp. to Gross Estimate			
R1111	Ministry of Land Housing, and Urban Development	3,939,546,142	3,926,131,392	1,828,000,000	772,165,168	47%	20%		
R1121	Ministry of Information & Communication and Technology	3,045,532,300	2,949,532,300	1,129,000,000	1,086,465,873	38%	36%		
R1131	Ministry of Sports Culture and Arts	2,947,339,278	2,936,339,278	1,777,100,000	1,616,365,174	61%	55%		
R1141	Ministry of Labour Social Security and Services	9,314,546,470	9,158,881,990	3,783,540,000	3,508,315,338	41%	38%		
R1151	Ministry of Energy and Petroleum	2,049,068,130	1,793,068,130	897,000,000	898,060,976	50%	44%		
R1161	State Department for Agriculture	8,314,136,906	7,885,636,906	2,519,500,000	3,550,322,386	32%	43%		
R1162	State Department for Livestock	1,947,855,128	1,923,855,128	775,000,000	581,372,390	40%	30%		
R1163	State Department for Fisheries	1,368,536,694	1,368,536,694	507,000,000	781,594	37%	37%		
R1171	Ministry of Industrialization and Enterprise Development	2,568,513,330	2,544,513,330	1,237,450,000	1,076,019,806	49%	42%		
R1181	State Department for Commerce & Tourism	2,891,637,766	2,838,537,766	1,400,400,000	1,220,349,471	49%	42%		
R1182	State Department for East African Affairs	1,665,597,404	1,664,097,404	813,100,000	690,061,217	49%	41%		
R1191	Ministry of Mining	728,072,090	714,072,090	281,100,000	208,124,375	39%	29%		
R1251	Office of the Attorney General and Department of Justice	4,094,976,884	3,711,026,884	1,490,700,000	1,480,394,298	40%	36%		
R1261	The Judiciary	12,623,930,000	12,623,930,000	5,658,000,000	5,437,630,427	45%	43%		
R1271	Ethics & Anti-Corruption Commission	2,311,920,000	2,311,920,000	1,032,000,000	937,697,160	45%	41%		
R1281	National Intelligence Service	20,142,000,000	20,142,000,000	9,581,000,000	9,422,166,177	48%	47%		
R1291	Directorate of Public Prosecutions	1,964,064,002	1,964,004,002	733,500,000	514,423,336	37%	26%		
R1301	Commission for Implementation of the Constitution	312,040,000	312,040,000	289,000,000	266,556,214	93%	85%		

		MDAs Recurrent Expenditure					
	MINISTRY/SUB-DIVISION/AGENCY	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% of Exch. to Gross Estimate	
R1311	Registrar of Political Parties	505,781,810	505,781,810	240,500,000	235,552,944	48%	
R1321	Witness Protection Agency	364,705,000	364,705,000	197,700,000	189,634,324	54%	
R2011	Kenya National Commission on Human Rights	459,100,000	459,100,000	180,700,000	166,332,042	39%	
R2021	National Land Commission	1,101,365,410	1,101,365,410	669,800,000	590,100,000	61%	
R2031	Independent Electoral and Boundaries Commission	4,197,919,790	4,187,919,790	1,485,000,000	1,426,477,788	35%	
R2041	Parliamentary Service Commission	8,920,416,731	8,900,416,731	6,935,000,000	2,553,897,278	78%	
R2042	National Assembly	15,156,583,269	15,156,583,269	4,356,900,000	3,425,119,111	29%	
R2051	Judicial Service Commission	473,200,002	473,200,002	148,000,000	122,924,186	31%	
R2061	The Commission on Revenue Allocation	345,575,371	344,342,400	156,400,000	152,821,000	45%	
R2071	Public Service Commission	1,126,400,000	1,118,400,000	547,000,000	515,575,497	49%	
R2081	Salaries & Remuneration Commission	722,832,086	722,732,086	236,100,000	231,695,493	32%	
R2091	Teachers Service Commission	181,211,612,264	180,991,612,264	91,814,140,000	88,331,131,768	51%	
R2101	National Police Service Commission	437,500,000	437,500,000	170,000,000	161,404,001	37%	
R2111	Auditor General	3,736,490,000	3,626,090,000	1,376,000,000	1,141,422,629	31%	
R2121	Controller of Budget	580,830,272	580,830,272	157,000,000	147,918,969	25%	
R2131	The Commission on Administrative Justice	480,710,920	480,710,920	151,700,000	160,377,350	32%	
R2141	National Gender & Equality Commission	314,151,440	314,151,440	144,000,000	136,563,331	43%	
R2151	Independent Police Oversight Authority	419,483,700	419,483,700	169,500,000	157,982,580	38%	
	TOTAL	784,203,639,380	717,019,195,805	331,529,165,000	288,071,577,744	46%	
						36.7%	

ANNEX II: MDAs Development Expenditure – July to December 2015 (Kshs)

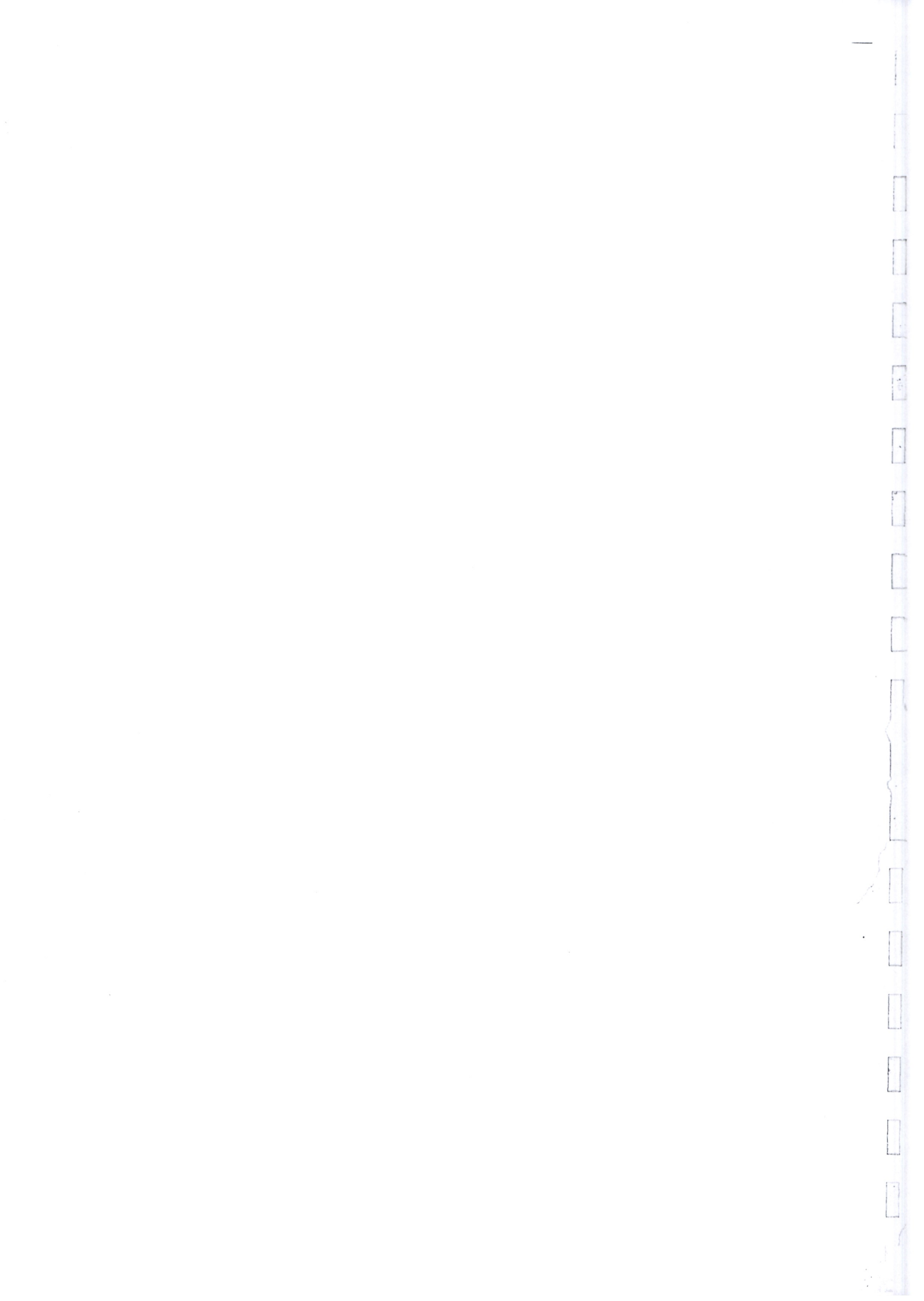
MDAs Development Expenditure							
MINISTRY/STATE DEPARTMENT	Gross Estimates	Net Estimates	Expenditure (Actual)	Expenditure	% of Exp. to Gross Estimate	% of Exp. to Gross Estimate	% of Exp. to Gross Estimate
D1011	The Presidency	1,846,129,798	1,846,129,798	321,000,000	355,789,912	17%	19%
D1021	State Department for Interior	14,296,122,356	14,200,122,356	700,000,000	1,374,613,257	5%	10%
D1022	State Department for Coordination of National Government	1,011,000,000	1,011,000,000	70,200,000	63,277,101	7%	6%
D1031	State Department for Planning	61,713,146,934	60,218,095,064	22,793,118,965	25,089,054,669	38%	41%
D1032	State Department for Devolution	9,388,650,310	5,322,417,760	2,012,603,855	1,629,196,519	38%	17%
D1051	Ministry of Foreign Affairs	1,401,850,000	1,349,150,000	502,300,000	137,044,993	37%	10%
D1061	State Department for Education	22,408,280,160	21,356,204,460	545,815,940	779,668,850	3%	3%
D1062	State Department for Higher Education, Science and Technology	14,047,318,227	11,086,318,227	-	3,906,481,922	0%	28%
D1071	The National Treasury	49,769,897,696	33,568,291,200	5,392,187,900	8,121,523,944	16%	16%
D1081	Ministry of Health	30,664,366,834	19,648,428,814	6,084,701,290	4,971,073,495	31%	16%
D1091	State Department for Infrastructure	104,012,542,686	62,266,034,686	31,166,201,305	19,492,453,682	50%	19%
D1092	State Department for Transport	158,455,285,915	5,337,970,456	1,293,757,838	52,820,011,555	24%	33%
D1101	State Department for Environment & Natural Resources	8,285,721,671	5,191,308,490	953,977,230	867,864,974	18%	10%
D1102	State Department for Water & Regional Authorities	35,448,105,500	18,858,613,500	2,638,290,835	5,284,790,561	14%	15%
D1111	Ministry of Land, Housing, and Urban Development	28,118,632,530	23,608,119,030	7,400,916,000	8,693,323,734	31%	31%
D1121	Ministry of Information & Communication and Technology	8,943,097,566	5,143,097,566	1,848,599,490	2,129,709,795	36%	24%
D1131	Ministry of Sports Culture and Arts	3,641,370,680	3,550,400,000	106,600,000	942,258,632	3%	26%
D1141	Ministry of Labour Social Security and Services	15,579,713,290	15,578,313,290	1,500,000,000	5,333,706,054	10%	34%

MDAs Development Expenditure

MINISTRY/STATE DEPARTMENT	Gross Estimates	Net Estimates	Expenditure Issues	Expenditure	% of Expenditure To Net Est.	% of Expenditure To Gross Estimate
D1151 Ministry of Energy and Petroleum	92,412,436,447	28,970,161,900	12,305,961,680	7,524,076,252	42%	8%
D1161 State Department for Agriculture	26,152,665,191	20,412,053,968	6,366,749,290	9,016,548,413	31%	34%
D1162 State Department for Livestock	5,170,792,079	3,801,694,598	1,082,949,408	886,376,889	28%	17%
D1163 State Department for Fisheries	3,139,232,762	2,139,232,762	385,534,975	857,817,202	18%	27%
D1171 Ministry of Industrialization and Enterprise Development	6,265,050,302	5,938,862,658	1,865,309,940	2,980,511,232	31%	48%
D1181 State Department for Commerce & Tourism	7,789,898,400	7,789,898,400	1,296,500,000	1,145,496,417	17%	15%
D1182 State Department for East African Affairs	115,000,000	50,000,000	-	-	88%	0%
D1191 Ministry of Mining	1,496,321,429	1,474,000,000	44,200,000	61,644,979	6%	4%
D1251 Office of the Attorney General and Department of Justice	549,928,571	241,000,000	89,800,000	77,557,125	37%	14%
D1261 The Judiciary	4,063,770,000	4,063,770,000	552,012,225	575,408,932	14%	14%
D1271 Ethics & Anti-Corruption Commission	300,000,000	300,000,000	-	-	0%	0%
D1291 Directorate of Public Prosecutions	254,000,000	254,000,000	4,700,000	-	2%	0%
D2021 National Land Commission	439,200,000	439,200,000	12,400,000	132,204,610	3%	30%
D2031 Independent Electoral and Boundaries Commission	98,000,000	98,000,000	-	63,000,000	0%	64.3%
D2041 Parliamentary Service Commission	3,200,000,000	3,200,000,000	821,000,000	875,552,748	26%	27%
D2071 Public Service Commission	166,831,450	166,831,450	21,000,000	43,449,173	13%	26%
D2091 Teachers Service Commission	200,000,000	200,000,000	-	-	0%	0%
D2111 Auditor General	402,183,176	402,183,176	60,000,000	-	15%	0%
TOTAL	721,288,541,960	389,080,903,609	110,238,388,166	166,231,487,621	28%	23%

ANNEX III: Sectoral Recurrent Expenditure – July to December 2015 (Kshs.)

Sectoral Recurrent Expenditure						
Sector	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% of Exch. to N. Est.	% Exp to G. Est.
Agriculture, Rural and Urban Development	16,671,440,280	16,205,525,530	6,299,300,000	6,001,741,538	38.9%	36%
Energy, Infrastructure and ICT	40,846,955,803	7,902,488,930	3,533,920,000	3,401,659,536	44.7%	8.3%
General Economics and Commercial Affairs (GECA)	7,125,748,500	7,047,148,500	3,450,950,000	2,986,430,494	49.0%	41.9%
Health	28,519,512,989	24,541,636,512	13,754,600,000	10,008,627,753	56.0%	35.1%
Education	299,596,567,807	280,585,367,807	128,757,920,000	126,011,482,757	45.9%	42.1%
Governance, Justice, Law and Order (GJLOS)	133,474,062,169	132,714,030,896	65,736,200,000	40,419,261,513	49.5%	30.3%
Public Administration and International Relations	115,465,121,739	114,054,711,256	48,311,535,000	38,307,151,570	42.4%	33.2%
National Security	112,471,042,100	112,471,042,100	51,436,700,000	51,474,417,875	45.7%	45.8%
Social Protection, Culture and Recreation	12,261,885,748	12,095,221,268	5,560,640,000	5,124,680,512	46.0%	41.8%
Environment Protection, Water and Natural Resources	17,771,302,245	9,402,023,006	4,687,400,000	4,336,124,197	49.9%	24.4%
Total	784,203,639,380	717,019,195,805	331,529,165,000	288,071,577,744	46.2%	36.7%



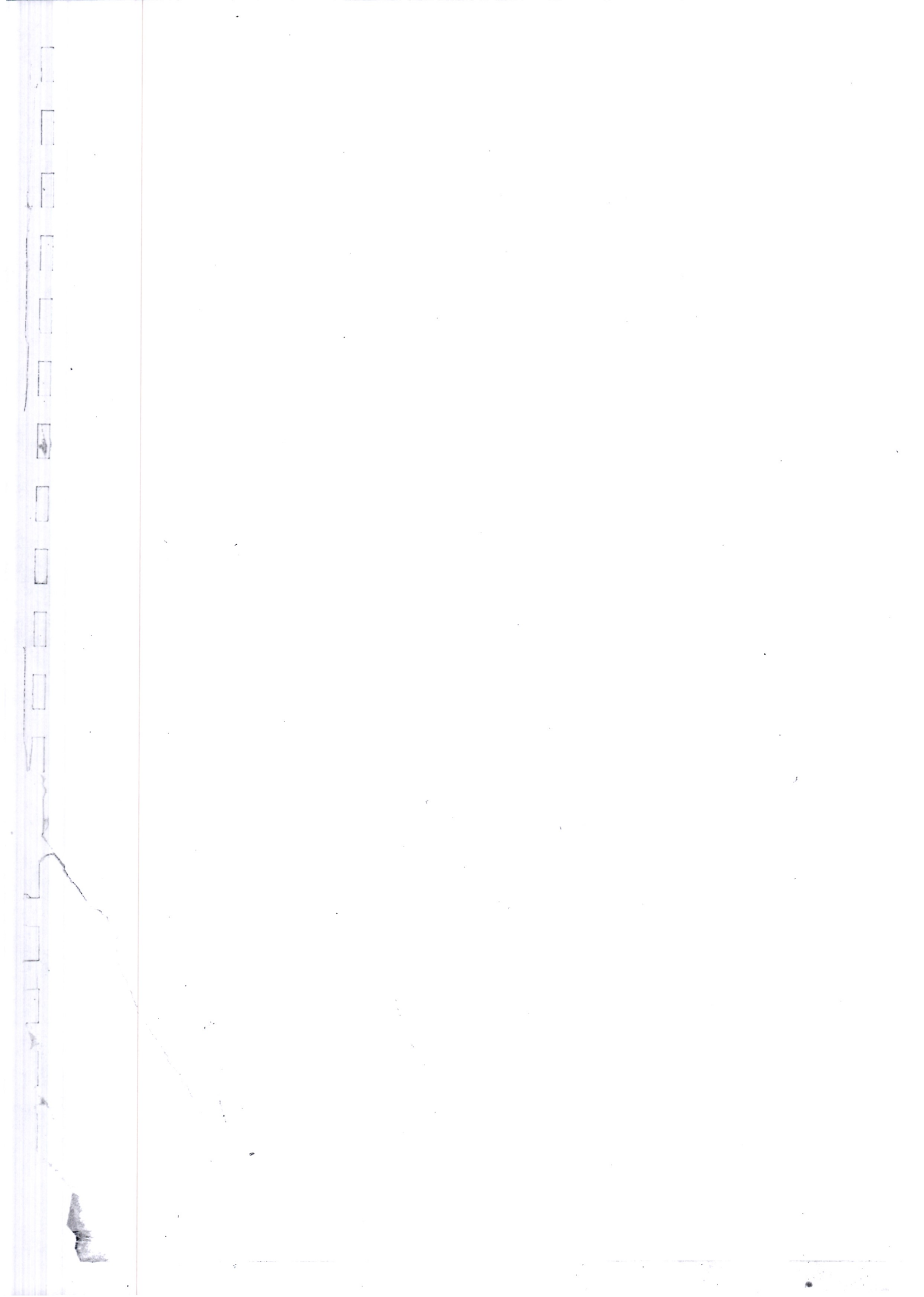
ANNEX IV: Sectoral Development Expenditure – July to December 2015 (Kshs.)

Sectoral Development Expenditure							
Sector	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% of Exch. to N. Est.	% Exp to G. Est.	
Agriculture, Rural and Urban Development	63,020,522,562	50,400,300,358	15,248,549,673	19,586,270,848	30.3%	31.1%	
Energy, Infrastructure and ICT	363,823,362,614	101,717,264,608	46,614,520,313	81,966,251,284	45.8%	22.5%	
General Economics and Commercial Affairs (GECA)	14,169,948,702	13,778,761,058	3,206,009,940	4,126,007,649	23.3%	29.1%	
Health	30,664,366,834	19,648,428,814	6,084,701,290	4,971,073,495	31.0%	16.2%	
Education	36,655,598,387	32,642,522,687	545,815,940	4,686,150,772	1.7%	12.8%	
Governance, Justice, Law and Order (GJLOS)	20,572,820,927	20,167,892,356	1,416,712,225	2,153,856,415	7.0%	10.5%	
Public Administration and International Relations	127,888,689,364	106,073,098,448	31,923,210,720	36,251,611,958	30.1%	28.3%	
Social Protection, Culture and Recreation	19,221,083,970	19,128,713,290	1,606,600,000	6,275,964,686	8.4%	32.7%	
Environment Protection, Water and Natural Resources	45,230,148,600	25,523,921,990	3,682,068,065	6,214,300,514	14.4%	13.7%	
Total	721,288,541,960	389,080,903,609	110,328,188,166	166,231,487,621	28.4%	23.0%	

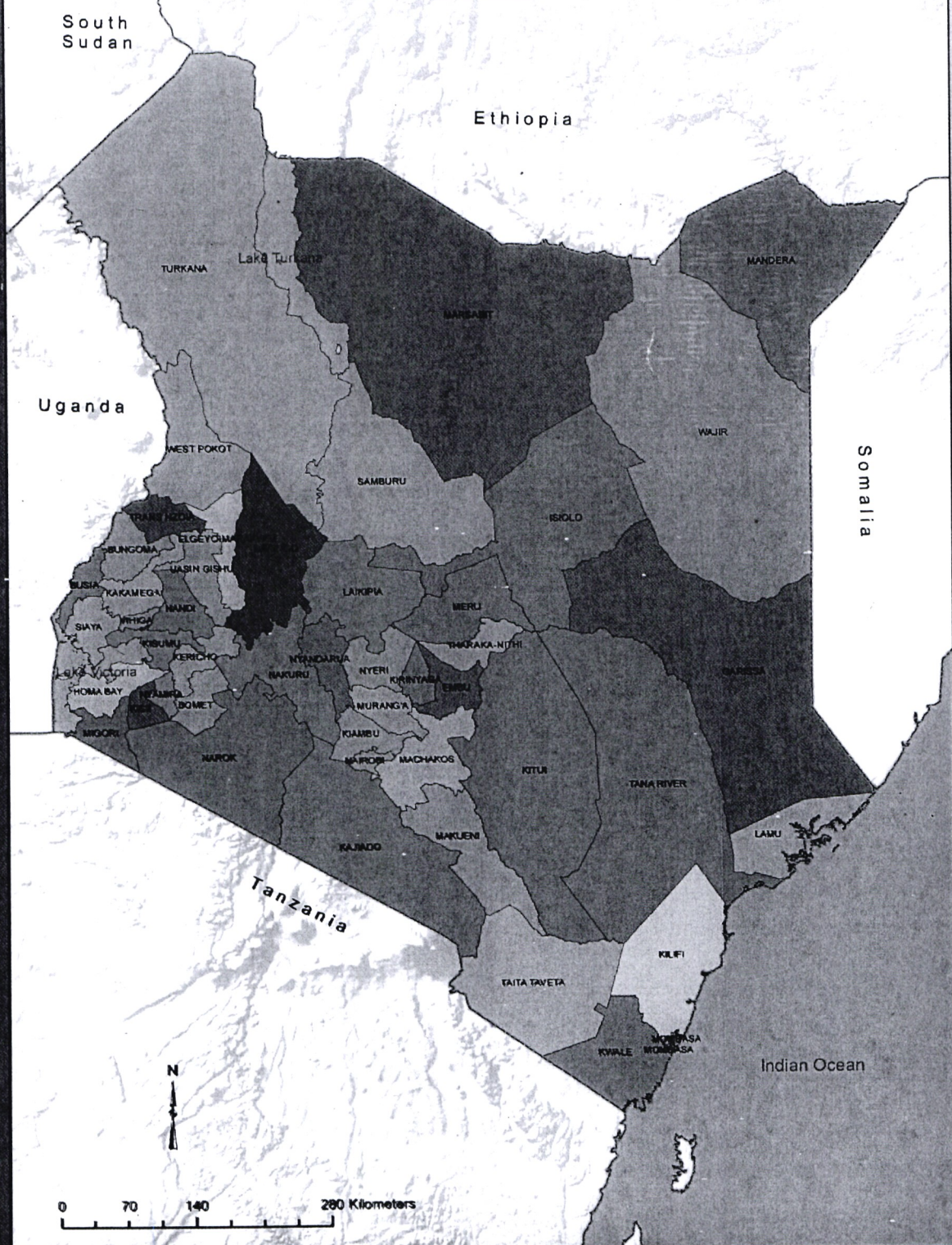
ANNEX V: Summary of Grants and Loans Disbursement – July to December 2015 (K.shs.)

Loans revenue	37,909,738,198	8,913,761,893	23.51
Grants Revenue	15,202,764,562	3,213,977,147	21.14
Loans A-I~A	245,791,750,038	69,350,225,384	28.22
Grants A-I~A	50,418,854,854	3,541,560,403	7.02
Total	349,323,107,652	85,019,524,827	24.34

NOTES



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