



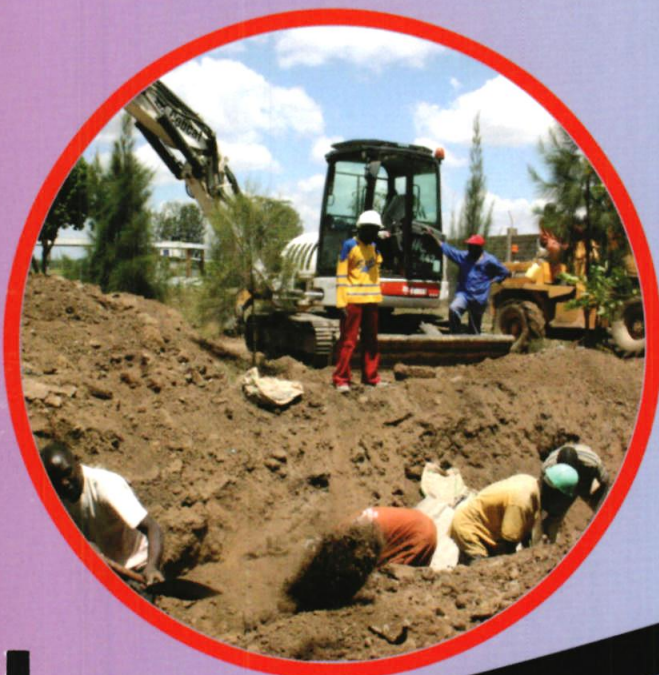
THE REPUBLIC OF KENYA

OFFICE OF THE CONTROLLER BUDGET

NATIONAL GOVERNMENT

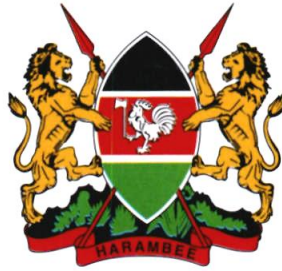
**BUDGET IMPLEMENTATION
REVIEW REPORT**

THIRD QUARTER FY 2014/15



Vol 12

MAY, 2015



THE REPUBLIC OF KENYA

OFFICE OF THE CONTROLLER OF BUDGET

**NATIONAL GOVERNMENT
BUDGET IMPLEMENTATION REVIEW REPORT**

THIRD QUARTER

FY 2014/2015

MAY, 2015

FOREWORD

It gives me great pleasure to present the third quarter Budget Implementation Review Report (BIRR) for Financial Year (FY) 2014/15. The report covers the period July 2014 to March 2015 and has been prepared in accordance with Article 228 of the Constitution of Kenya, which bestows the Controller of Budget (COB) with the mandate to oversee and report on budget implementation by the National and County governments to both Houses of Parliament every four months.

The report examines budget implementation by the National Government Ministries, Departments and Agencies (MDAs), and provides analysis of revenue, expenditure, and program performance. The analysis is based on exchequer issues to the MDAs and expenditure returns generated from the Integrated Financial Management System (IFMIS). It also highlights budget performance by the MDAs as well as challenges that continue to adversely impact on budget implementation. Appropriate recommendations aimed at addressing the challenges are provided. All the MDAs are advised to adopt them as contained in this report in order to ensure optimal budget execution.

Through regular release of the BIRRs, the Office of the Controller of Budget (OCOB) aims at promoting prudent financial management in the public sector. The office endeavours to ensure that public resources are utilized effectively and efficiently in order to spur economic growth and consequently, create employment opportunities, wealth, boost investor confidence and attain high standards of life for Kenyans in line with the aspirations of the Vision 2030.

It is my hope that this report will go a long way in informing Kenyan citizens on the use of public funds. The report is also useful to policy makers and can be used to identify sectors that need more funding and support in order to achieve the desired economic growth of 6.1 per cent as envisioned in the 2014 Budget Policy Statement (BPS).



Mrs. Agnes Odhiambo
Controller of Budget

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EXECUTIVE SUMMARY

This report has been prepared in fulfilment of Article 228 of the Constitution which requires the Office of the Controller of Budget (OCOB) to oversee and report on the implementation of the budgets of both the National and County Governments. Specifically, the report fulfils Article 228(6) of the Constitution which requires the Controller of Budget (COB) 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 is the third quarter National Government Budget Implementation Review Report (BIRR) in the FY 2014/15. The report has been prepared at a time when the Government has intensified the fight against corruption, which will boost prudent use of public funds and adherence to the principles of Public Finance as stipulated in Article 201 of Constitution. This renewed fight is already creating optimism and will hopefully, improve service delivery and transparency in the administration of public funds at both the National and County level. Nonetheless, the Country is faced with security challenges that have resulted to issuance of negative travel advisories by foreign countries to their citizens on Kenya hence adversely affecting the tourism sector.

The report covers the National Government budget implementation for the first nine months of the FY 2014/15 to March 2015. It assesses the macro-economic environment against which the budget was implemented, revenue and expenditure outturn by the MDAs and also identifies the challenges facing budget implementation in the National government entities.

According to the data released by Kenya National Bureau of Statistics (KNBS) in April 2015, Kenya's economy expanded by 5.3 per cent in the year 2014, a decline compared to a growth of 5.7 per cent achieved in 2013. However, the economy has been resilient regardless of the challenges facing the country and the world at large. In the last 12-month period, inflationary pressure has been well managed to register a low of 5.53 per cent in the month of February 2015. This was a slight decline compared to 6.27 per cent recorded in March, 2014 and has been attributed to reduction in the pump prices of petrol and diesel that resulted to a drop in the Transport Index.

The Kenya Shilling recorded mixed performance against the world major currencies during the period under review. It lost ground against the USD and traded at an average of 90.05 but gained against other major currencies such as the Euro and the Sterling Pound.

During the first nine months of FY 2014/15, the cumulative revenue received by the National Treasury (NT) was **Kshs.1,175.5 billion** against an annual budget of Kshs.1,374.1 billion representing a performance rate of **85.6 per cent**. This was a growth of 40 per cent over the same period of FY 2013/14 where cumulative revenue stood at Kshs.839.9 billion. The Tax income category was the main source of government revenue netting a total of Kshs.699.83 billion and contributing 59.5 per cent of the total revenue.

The total exchequer issues released to MDAs and the County Governments for the reporting period amounted to **Kshs.1,126.7 billion** which represents a **34.9 per cent** growth compared to the exchequer issued in the same period in FY 2013/14 of Kshs.835.2 billion. The exchequer issues represented 70.9 per cent of the annual net estimates, an improvement from 60.1 per cent issues over the same period in the last financial year. The exchequer issues for the period comprised of **Kshs.802.9 billion** towards recurrent expenditure, **Kshs.185.7 billion** towards development expenditure, and **Kshs.138.1 billion** to the County Governments.

Cumulatively, expenditure by the MDAs in the first nine months of the FY 2014/15 amounted to **Kshs. 996.1 billion**, representing an overall absorption rate of **62.3 per cent** and a 35.1 per cent growth from the Kshs.737.1 billion spent in the first nine months of FY 2013/14. This expenditure comprised of recurrent expenditure of **Kshs.766.3 billion**, representing an absorption rate of **69.6 per cent**, which is an increase from the Kshs.611.4 billion representing an absorption rate of 61.8 per cent achieved in the same period during the last financial year. Development expenditure amounted to **Kshs.229.8 billion**, representing an absorption rate of **47 per cent**. This was a 78.0 per cent growth compared to Kshs.125.8 billion reported in the same period of FY 2013/14, which represented an absorption rate of 28.9 per cent. Absorption rate is calculated as the percentage of actual expenditure to gross estimates.

Generally, the report indicates improvement in budget execution during the reporting period. However, more effort is required to enhance absorption of development funds where absorption stood at 47 per cent during the nine month period. The report also identifies key challenges and

makes recommendations to overcome the limitations in realizing effective budget implementation. It is important to note that compliance levels on submission of financial reports to the OCOB have improved. In addition, the number of MDAs yet to adopt the Integrated Financial Management Information System (IFMIS) has reduced from eleven in July 2014 to five in March 2015. It is hoped that the five MDAs will fully adopt IFMIS in processing and reporting all their financial transactions.

The OCOB will continue to provide regular information on budget implementation by publishing and publicizing quarterly BIRRs and sensitizing members of the public on budget implementation through public forums as provided for in Section 39(8) of the PFM, Act, 2012. The public is a vital partner in the monitoring and evaluation of projects and programmes undertaken by government through social audits. Finally, all National Government entities are encouraged to come up with mechanisms to improve monitoring of development projects to ensure funds meant for development activities are spent on the intended projects. Ultimately, this will go a long way in unlocking the country's development potential and improving the lives of Kenyans.

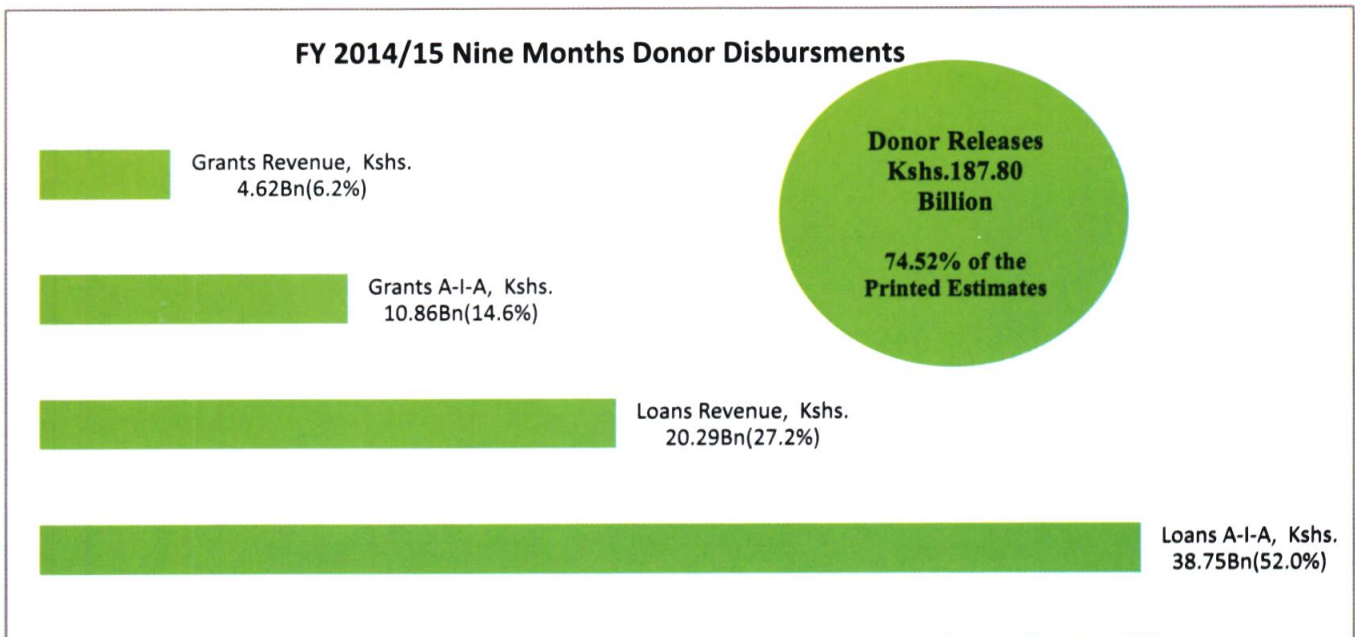
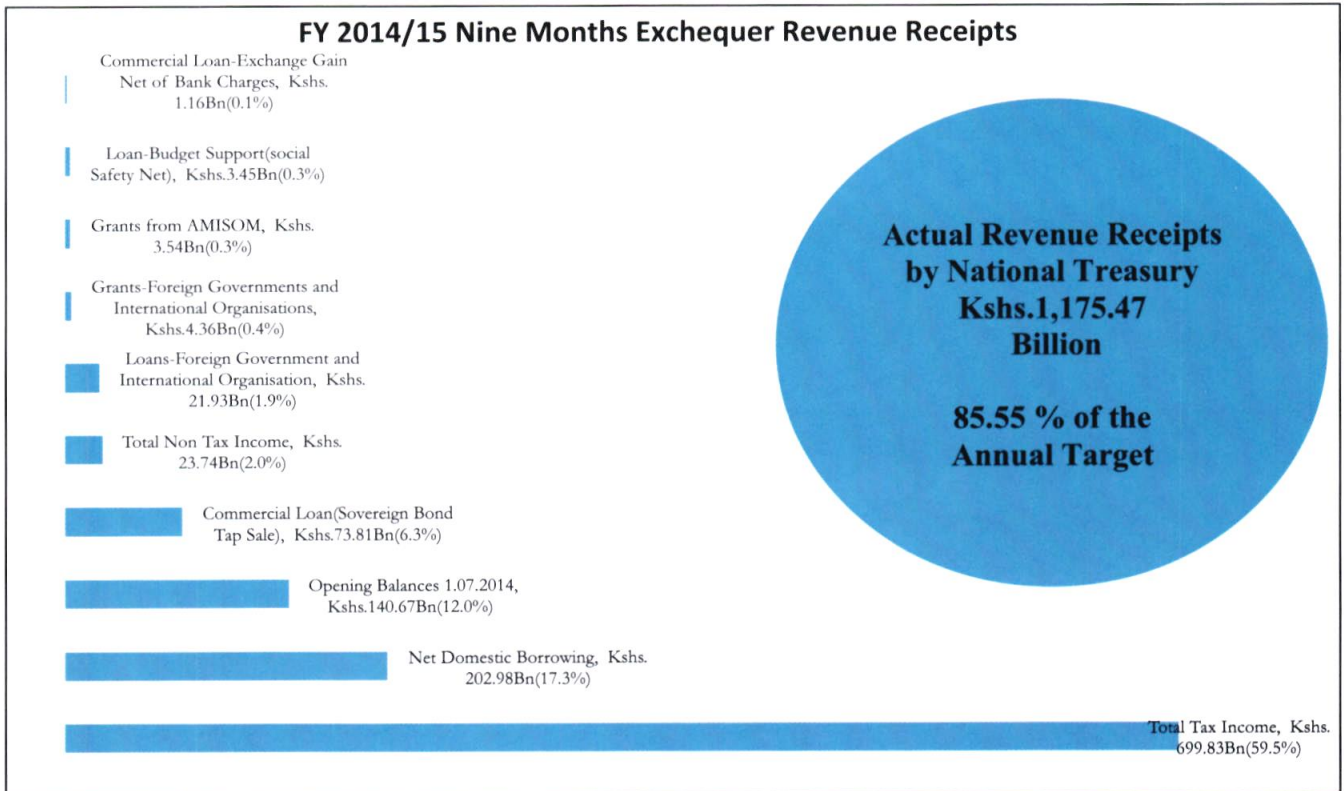
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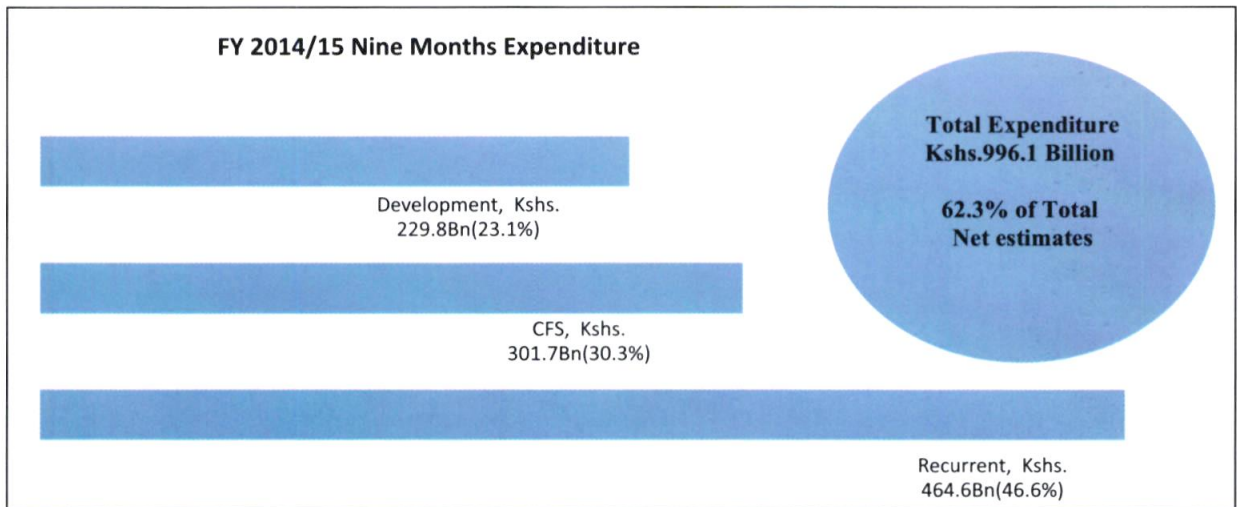
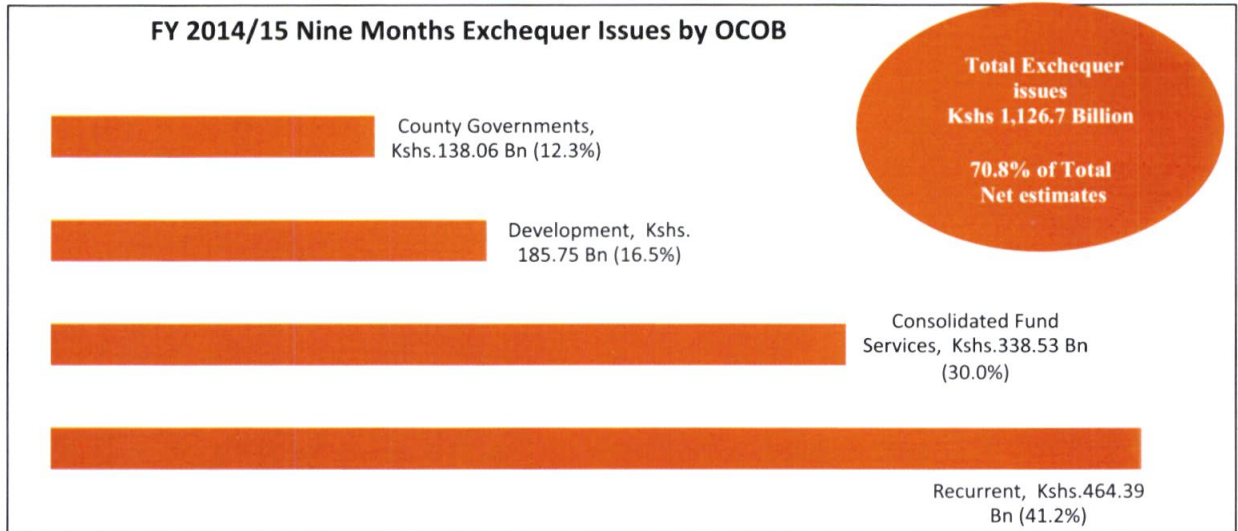
A-I-A	Appropriations in Aid
AIDS	Acquired Immune Deficiency Syndrome
AMISOM	Africa Union Mission in Somali
AR & UD	Agricultural Rural and Urban Development
Bn	Billion
BIRR	Budget Implementation Review Report
BPS	Budget Policy Statement
CBK	Central Bank of Kenya
CEISP	Community Empowerment and Institutional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

JSC	Judicial Service Commission
KBC	Kenya Broadcasting Cooperation
KEMRI	Kenya Medical Research Institute
KEMSA	Kenya Medical Supplies Agency
KMTC	Kenya Medical Training College
KIHBS	Kenya Integrated Household Budget Survey
KNBS	Kenya National Bureau of Statistics
KNCHR	Kenya National Commission for Human Rights
KRA	Kenya Revenue Authority
Kshs.	Kenya Shillings
MDA(s)	Ministries Departments and Agencies
Mn	Million
MOEST	Ministry of Education Science and Technology
NACC	National Aids Control Council
NGEC	National Gender and Equality Commission
NHIF	National Hospital Insurance Fund
NIS	National Intelligence Service
NLC	National Land Commission
NPSC	National Police Service Commission
NT	National Treasury
NYS	National Youth Service
OCOB	Office of the Controller of Budget
O&M	Operations and Maintenance
PAIR	Public Administration and International Relations
PALWECO	Programme for Agriculture and Livelihoods in Western Communities
PAYE	Pay As You Earn
PFM Act	Public Finance Management Act
RPP	Registrar of Political Parties
SAGAs	Semi-Autonomous Government Agencies

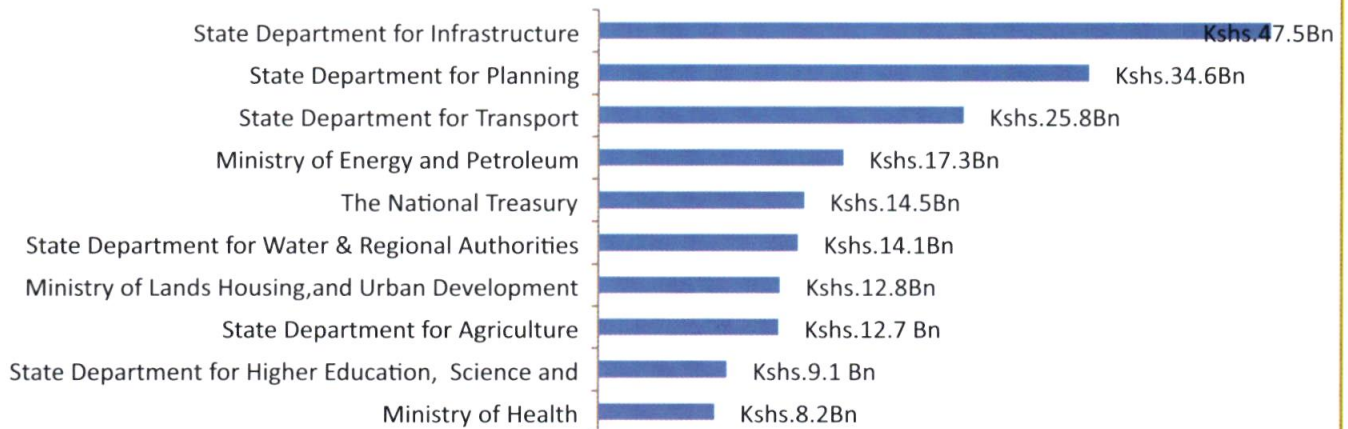
TARDA	Tana and Athi River Development Authority
TSC	Teachers Service Commission
US	United States
VAT	Value Added Tax
WPA	Witness Protection Agency

KEY HIGHLIGHTS





Top 10 Spending MDAs-Development Expenditure



**Total Public Debt
Stock
Kshs 2.65 Trillion
Domestic Kshs 1.37
Trillion
Foreign Kshs 1.28
Trillion**

PUBLIC DEBT PAYMENTS /SERVICING

Domestic: Redemption Kshs.95.2 Billion
Interest Kshs.85.9 Billion

Foreign: Principal Kshs.73.6 Billion
Interest Kshs.21.4 Billion

1.0 INTRODUCTION

The FY 2014/15 Budget was prepared against a backdrop of improving global economic prospects. It was anchored on the development agenda of '*Economic Transformation for Shared Prosperity*' as the basis of the government's fiscal strategies. The annual budget is estimated at Kshs.1.84 trillion and is to be financed by both domestic and foreign revenue from taxes and non-taxes collected by Kenya Revenue Authority (KRA), Appropriations-In-Aid (A-I-A), grants, and, domestic and foreign borrowing.

This is the third report on budget implementation by the National Government for the FY 2014/15 and covers the period July 2014 to March 2015. Chapter one of the report evaluates the micro-economic environment under which the budget was implemented. The 2014 Budget Policy Statement (BPS) projected the economic growth to be at 5.8 per cent, but was later revised to 5.5 per cent. This was due to under-performance in the first half of the calendar year owing to decline in earnings from the tourism sector as a result of insecurity and the under-performance in the agriculture sector due to inadequate rainfall and a drop in the World tea prices. The lowest inflation rate was recorded in the month of February 2015 at 5.61 per cent, although, it increased to 6.31 per cent in March 2015 as a result of rise in the food prices and a slight increase in transport costs. An overview of the macro-economic indicators under which the budget was implemented is provided in Chapter two. .

Chapter three presents analysis of the financial performance of the FY 2014/15 Budget for the first nine months of the year and compares performance to a similar period in the FY 2013/14. It provides; (i) an overview of revenue received by the National Treasury and revenue collected by Kenya Revenue Authority (KRA), (ii) the total exchequer issues received by MDAs and the Counties, and, (iii) performance by the MDAs for both recurrent and development expenditure.

Chapter 4 provides further analysis of MDAs performance based on the programmes implemented and shows the per cent age of target achievement. Chapter five identifies the key challenges facing MDAs in the implementation of the budget and provides recommendations

aimed at improving efficiency in budget implementation and ensuring fiscal responsibility. Chapter six provides conclusion.

2.0 MACRO-ECONOMIC HIGHLIGHTS

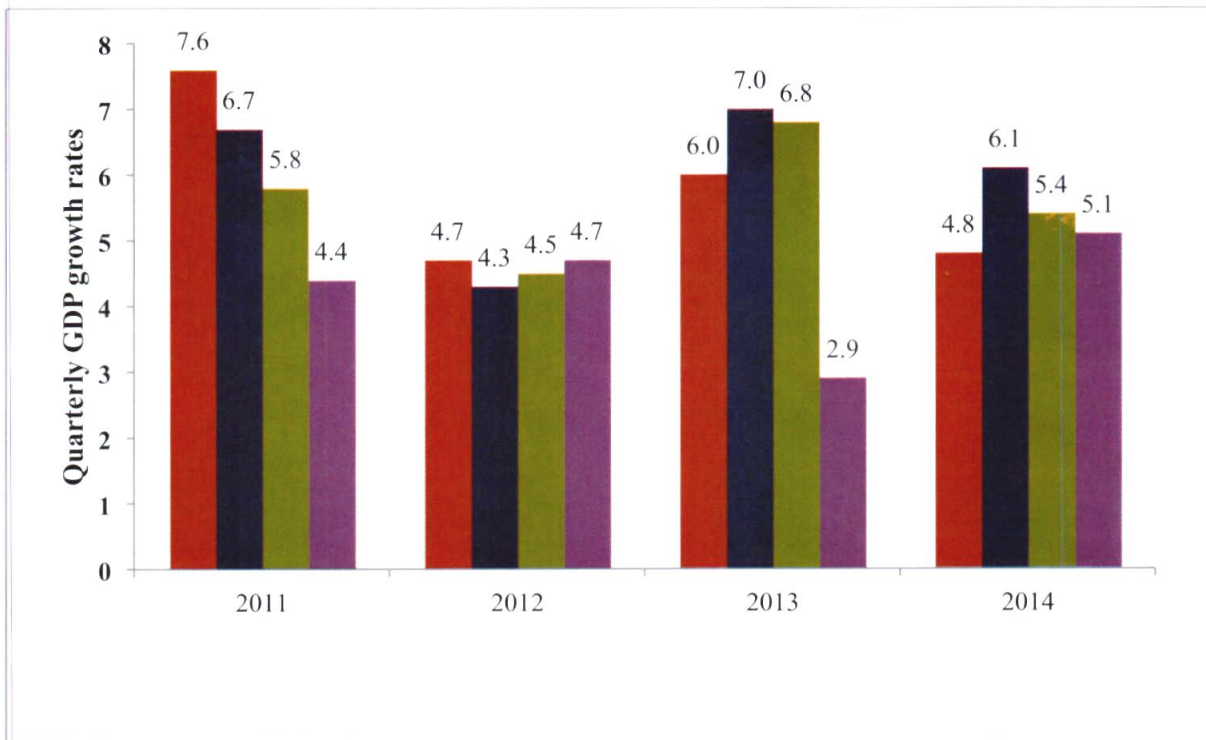
During the FY 2014/15, the Country's GDP was rebased. This resulted in an increase in the size of the economy by 25 per cent and saw Kenya's ranking by the size of economy to 9th in Africa and 5th in sub-Saharan Africa. The country is now categorized as a Lower Middle Income Country, which heralds optimism to Kenyan citizens in the backdrop of improving global economic prospects.

The 2014 BPS outlined areas of Government intervention aimed at addressing the challenges facing Kenyans and to lay the foundation for accelerated inclusive growth and development. Key among the interventions is, enhancing business environment for job creation through macro-economic stability.

2.1 Economic Growth

According to the Kenya National Bureau of Statistics (KNBS) Economic Survey 2015, Kenya's economy expanded by 5.3 per cent in the year 2014, a decline compared to a growth of 5.7 per cent achieved in 2013. The performance of the economy in 2014 was mainly supported by a resilient consumption of goods and services and a robust growth in fixed assets. Investment in fixed assets expanded rapidly on account of vibrant growth in the real estate sector, strong expansions of activities in construction; finance and insurance; wholesale and retail trade; information and communication; and agriculture and forestry sectors. Accommodation and food services sectors contracted for the second year in row due to low tourist numbers due to security fears facing the country and the negative travel advisories.

Figure 2.1 shows quarterly economic growth trends from 2011 to 2014.

Figure 2.1: Revised Quarterly GDP Growth Rates for the period 2011-2014

Source: KNBS

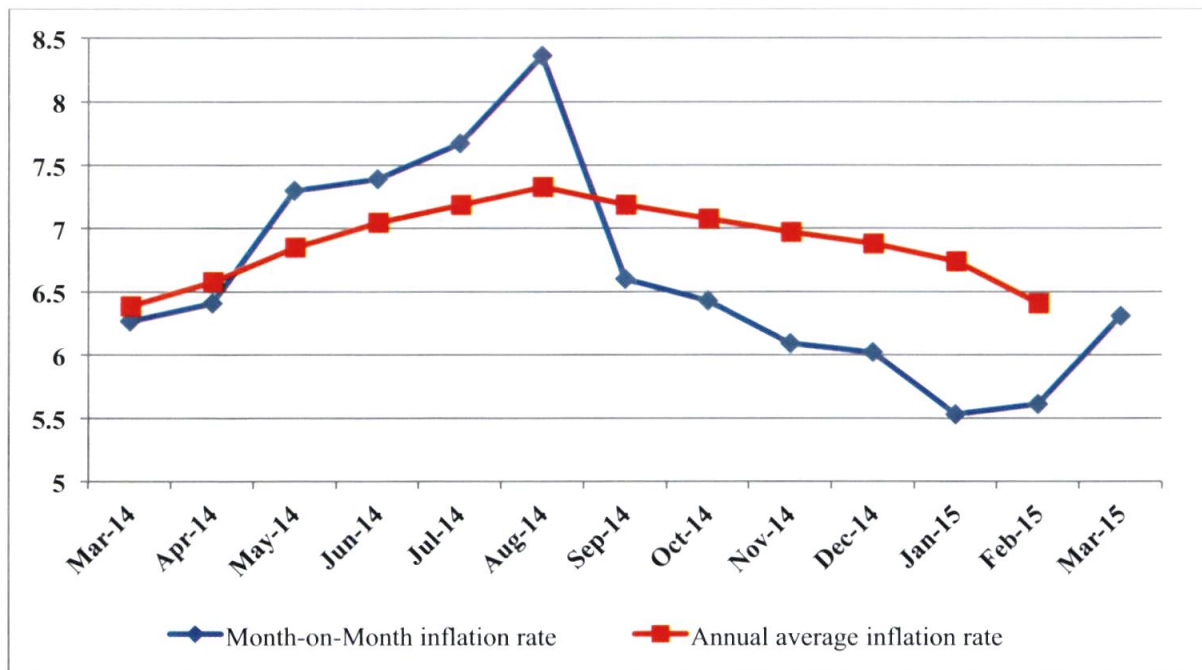
2.2 Inflation

During the period July 2014 to March 2015, the month on month inflation rate declined to its lowest in January, 2015 at 5.53 per cent. The highest inflation rate of 8.36 percent was recorded in August 2014. Most recently, inflation rate has increased slightly to 6.31 per cent in March 2015 as a result of an increase in the food and non-alcoholic drinks index. The increase of this index was attributed to high cost of ordinary vegetables, milk and other products due to the dry weather conditions experienced in January and February 2015. Nonetheless, the increase in inflation rate was cushioned by a drop in pump prices of petrol and diesel that resulted in a decrease in the transport index. The increase was further cushioned by a slight decline in the housing, water, electricity, gas, and fuel index due to a significant drop in the cost of kerosene and cooking gas.

It is worth noting that during the period under review, inflation averaged at 6.51 percent, which was within the medium term inflation target range of between 2.5 per cent and 7.5 per cent.

Figure 2.2 shows the trends in month on month inflation rates and the average annual inflation rate.

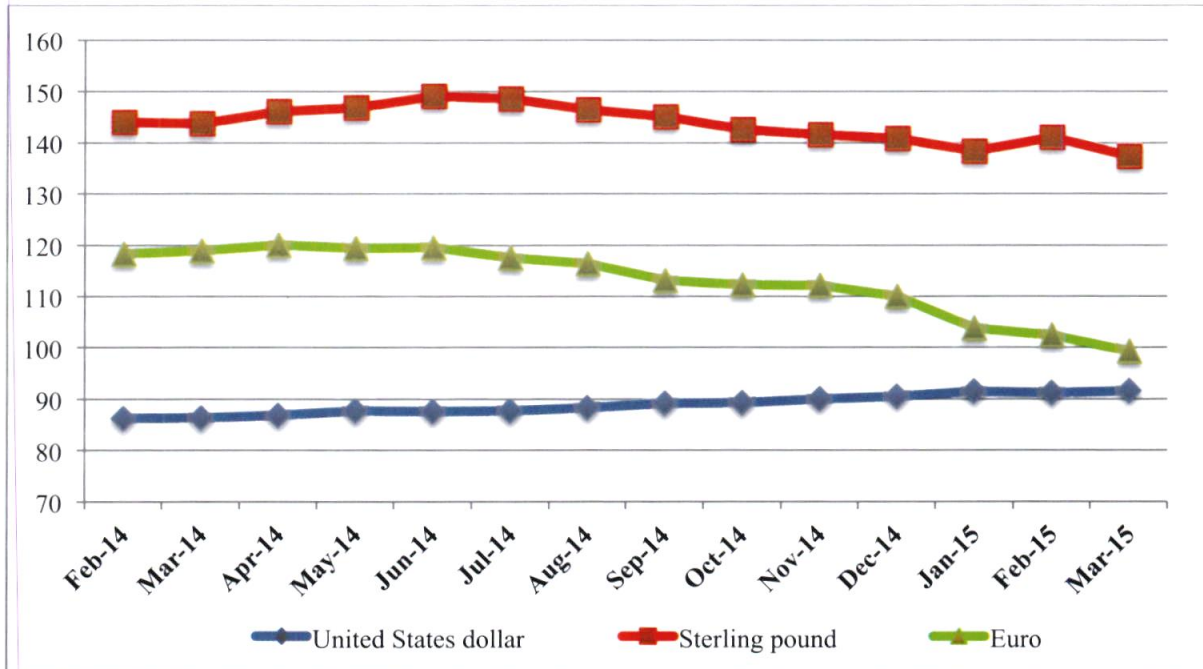
Figure 2.2: Overall Month on Month Inflation Rates and the Average Annual Inflation Rate



Source: KNBS

2.3 Exchange Rate

The exchange rate of the Kenya Shilling against the major world currencies, i.e. the US Dollar, the Euro and the Sterling Pound, exhibited fluctuating trends during the reporting period. The local currency steadily appreciated against the Sterling Pound and the Euro, exchanging at an average rate of Kshs.142.53 and Kshs.109.78 respectively. On the other hand, the Kenya Shilling depreciated against the US Dollar, exchanging at an average of Kshs.90.05 to the US Dollar compared to Kshs.86.55 to the US Dollar recorded in the same period of FY 2013/14. This is attributed to the strengthening of the US Dollar in the global markets as well as the increased demand for the US Dollar given the fact that Kenya is a net importer of capital goods and services.

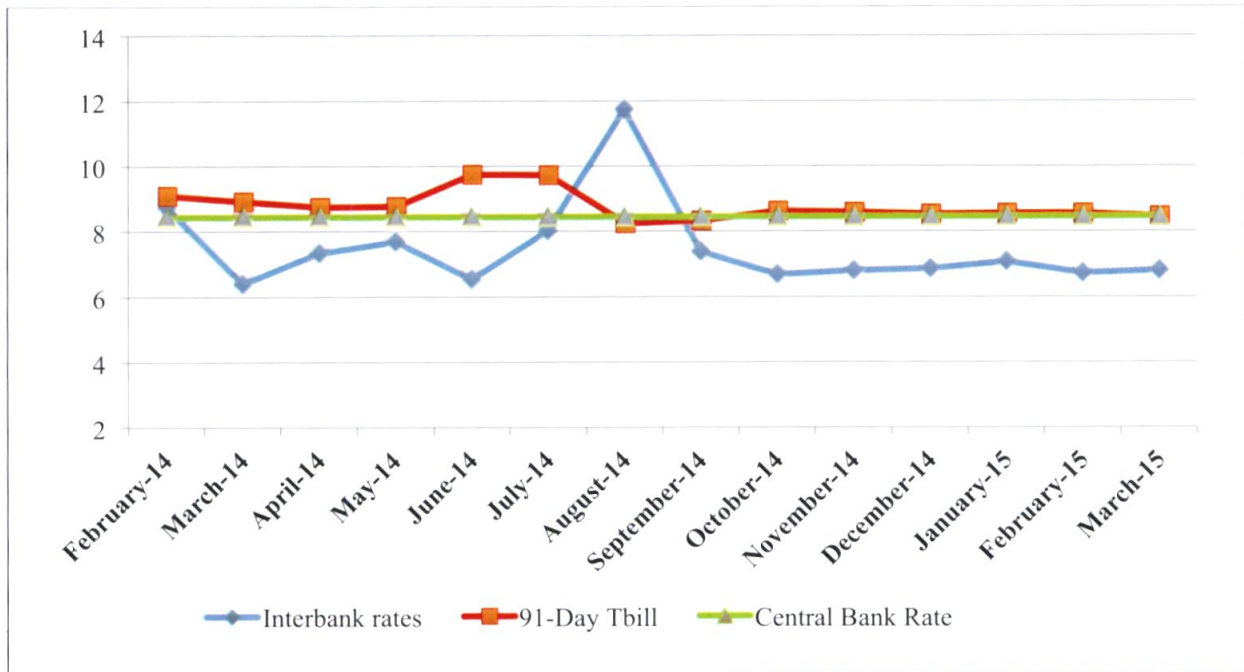
Figure 2.3: Kenya Shilling Exchange Rate for the Period July 2014 to March 2015

Source: CBK

2.4 Interest Rates

During the period July, 2014 to March, 2015, the yield rate of the 91-day Treasury Bills averaged 8.69 percent as compared to an average of 9.12 percent recorded in the same period of FY 2013/14. Further, the 91-day Treasury Bills registered a high of 9.78 percent in July 2014 and a low of 8.29 percent in August, 2014. The interbank rates varied from a high of 11.79 per cent in August, 2014 to a low of 6.73 percent in October, 2014. The Central Bank Rate (CBR) was maintained at 8.50 per cent throughout the first nine months of FY 2014/15 as shown in figure 2.4.

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



Source: CBK

3.0 FINANCIAL ANALYSIS FOR THE THIRD QUARTER, FY 2014/15 BUDGET IMPLEMENTATION

3.1 Analysis of Revenue Estimates

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

3.1.1 Revenue Receipts by National Treasury

During the first nine months of FY 2014/15, the National Treasury received Kshs.1,175.5 billion in exchequer revenue. This was 85.6 per cent performance against an annual target of Kshs.1,374.1 billion, and represented a 40 per cent growth compared to the same period in the FY 2013/14 where a total of Kshs.839.4 billion was received.

The Tax Income category registered the highest contribution of Kshs.699.8 billion representing 59.5 per cent to the total revenue, and a 13.2 per cent growth over a similar period of FY 2013/14 where receipts stood at Kshs.618.2 billion. Net Domestic Borrowing category was the second largest source of revenue and accounted for 17.3 per cent of the total revenue, amounting to Kshs.202.9 billion.

A review of how the various revenue categories performed shows that the net borrowing and commercial loan (Sovereign Bond) categories recorded performance rates of **106.4 per cent** and **202.6 per cent** respectively compared to the annual target. Table 3.1 shows how various revenue categories performed over the nine months period.

Table 3.1: Statement of Actual Revenue as at end of March 2015 (Kshs. Billions)

Receipts by Category	Printed Estimates.	Actual Receipts Dec-2014	Performance Against Target (%)	Contribution by Category (%)	Actual Receipts FY 2013/14	% Growth over FY 2013/14
Opening Balance 2014/15	-	140.67	-	11.97	0.5	-
Total Tax Income	1,050.91	699.83	66.59	59.54	618.15	13.21
Total Non-Tax Income	36.21	23.74	65.56	2.02	27.34	-13.17
Net Domestic Borrowing	190.81	202.98	106.38	17.27	163.75	23.96
Loans – External	36.19	21.93	60.60	1.87	21.09	3.98
Commercial Loan(Sovereign Bond)	36.43	73.81	202.61	6.28	-	-
Commercial Loan(Exchange Gain)	0	1.16	0.00	0.10	-	-
Loan-Budget Support(Social Safety Net)	5.38	3.45	64.13	0.29	8.55	-59.65
Domestic Lending and On-Lending	2.03	0	0.00	0.00	-	-
Grants-Foreign Govt. and International Org	10.02	4.36	43.51	0.37	-	-
Grants from AMISOM	6.1	3.54	58.03	0.30	-	-
TOTAL	1,374.07	1,175.47	85.55		839.38	40.04

Source: National Treasury 2014/2015

3.1.2 Revenue Collection by Kenya Revenue Authority

Kenya Revenue Authority (KRA) estimated to collect Kshs.800.2 billion over the nine months period ending March 2015. Actual collection was Kshs.763.6 billion, or a performance rate of **95.4 per cent**. Total revenue collected in a similar period in FY 2013/14 was Kshs.680.3 billion hence a growth of **12.2 per cent**.

The amount collected includes Kshs.729.0 billion as exchequer revenue and Kshs.34.6 billion generated from other Treasury undertakings. The exchequer revenue has recorded a growth of 12.6 per cent from Kshs.647.5 billion collected in FY 2013/14. Disaggregation by tax category shows that domestic taxes contributed 63.9 per cent (Kshs.487.8 billion) of the KRA's total revenue collection. This category comprises of the Medium and Small Taxpayers, and Large Tax Payers Office which handles tax collection for key corporate entities especially the banking sector and some major government agencies such as the Teachers Service Commission. The Customs Service's category ranked second by raising 35.6 per cent (Kshs.272.9 billion) while the Transport Revenue category accounted for 0.4 per cent (2.9 billion). A summary of KRA revenue performance is shown in Table 3.2.

Table 3.2: Exchequer Revenue Performance for July 2014 - March 2015 (Kshs. Millions)

Revenue Category	Target	Actual 2014/15	Variance	Performance Rate (%)	Actual FY 2013/14	Growth Rate Over 2013/14 (%)
Customs Services	280,123	272,941	(7,181)	97.4%	244,717	+11.5%
Domestic Taxes	516,327	487,800	(28,527)	94.5%	432,908	+12.7%
Large Tax Payers Office	372,791	341,324	(31,467)	91.6%	313,003	+9.0%
Medium and Small Taxpayers	143,536	146,475	2,940	102.0%	119,905	+22.2%
Transport Revenue	3,759	2,876	(883)	76.5%	2,661	+8.1%
Total	800,209	763,617	(36,592)	95.4%	680,287	+12.2%
Exchequer Revenue	768,096	729,014	(39,083)	94.9%	647,453	+12.6%

Source: KRA March 2015 Revenue Report

Table 3.1 indicates that all revenue categories recorded favourable growth over the FY 2013/14 but missed the nine months' target. Only the Medium and Small Taxpayers category met the nine months target. This has prompted KRA to adopt a number of strategies in order to meet its targets in the fourth quarter as well as continue growing the revenues. These include; (i) more compliance checks on National Government Entities to ensure correct payroll deductions, (ii) enhance use of IFMIS to track County expenditures on wage bills against their remittance, (iii) payroll audits for Counties and key construction companies to monitor PAYE deductions, and (iv) enforcement of the capital gains tax. These strategies are expected to tap additional revenues.

3.2 Exchequer Issues to MDAs and County Governments

The total exchequer issues authorised by COB to the MDAs and County Governments in the period July 2014 to March 2015 amounted to **Kshs.1, 073.55 billion (67.5 per cent** of the total net estimates), an increase of 28.5 per cent compared to the total exchequer issues released in the same period of FY 2013/14 of **Kshs.835.2 billion (60.1 per cent** of the total net estimates of that financial year).

During the same period, exchequer issues for Consolidated Fund Services amounted to **Kshs.285.34 billion**, representing **68.7 per cent** of the net estimates, which is an increase from

39.1 per cent recorded in the same period of FY 2013/14. Exchequer issues for development activities amounted to **Kshs.185.75 billion**, representing **57.9 per cent** of the net estimates, an improvement from **54.3 per cent** recorded in the same period of FY 2013/14.

The exchequer issues for recurrent activities amounted to **Kshs.464.39 billion**, representing **74.2 per cent** of the net estimates, a decline in percentage terms from **78.2 per cent** recorded in the same period of FY 2013/14 where a total of Kshs.436.1 billion was issued. Exchequer issues from the Consolidated Fund to the County Governments Revenue Fund (CRF) amounted to **Kshs.138.06 billion** in the period under review compared to **Kshs.110.1 billion** recorded in the same period of the last financial year. Table 3.3 provides a summary of the exchequer issues to the MDAs, County governments and for the Consolidated Fund Services.

Table 3.3: Total Exchequer Issues, July 2014 to March, 2015 (Kshs. billion)

Name of the Sector	FY 2014/2015				FY 2013/2014			
	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	60.2	53.4	39.84	74.6	53.3	46.9	37.9	80.8
Education	308.4	282.8	201.83	71.4	276.2	248.9	189.3	76.0
The Energy, Infrastructure and Information Communications Technology (EI & ICT)	256.9	102.3	75.33	73.6	216.5	73.3	44.7	61.0
The Environmental Protection, Water and Natural Resources	50.8	35.2	20.51	58.3	57.1	34.4	18.5	53.8
General Economic & Commercial Affairs (GECA)	16.2	15.6	9.26	59.3	12.9	12.2	8.4	69.1
The Governance, Justice, Law and Order (GJLOS)	130.9	129.6	91.36	70.5	125.7	124.3	86.0	69.1
The Health	47.4	36.1	23.35	64.7	36.2	28.7	27.6	96.1
The Public Administration and International Relations	196.9	177.3	105.60	59.5	173.5	142.3	93.0	65.4
The Social Protection, Culture and Recreation	24.1	23.7	15.18	64.1	20.5	19.7	10.9	55.2
National Security	90.7	90.7	67.90	74.8	84.7	84.7	60.1	70.9

Name of the Sector	FY 2014/2015				FY 2013/2014			
	Gross Est.	Net Est.	Exch. Issues	% of Exch. To N. Est.	Gross Est.	Net Est.	Exch. Issues	% of Exch. To N. Est.
Sub-Total for MDAs	1,182.4	946.7	650.14	68.7	1,056.8	815.5	576.4	70.7
Sub-Total Consolidated Fund Services	415.6	415.6	285.33	68.7	380.3	380.3	148.7	39.1
County Governments	242.4	228.5	138.06	60.4	210.0	193.4	110.1	56.9
Grand Total	1,840.4	1,590.8	1,073.55	67.5	1,646.9	1,389.2	835.2	60.1

Source: National Treasury & OCOB

Note: The total exchequer issues of Kshs.1,073.55 billion excludes Kshs.53.17 billion paid to service foreign debt from proceeds of the Euro bond. When included, the total issues amount to Kshs.1,12.7 billion.

3.2.1 Sectoral Recurrent Exchequer Issues

During the period under review, the total exchequer issues for recurrent activities amounted to Kshs.464.39 billion (74.2 per cent of the total net recurrent estimates) which is an increase compared to the exchequer issues released in the same period of FY 2013/14 which amounted to Kshs.436.1 billion (78.1 per cent of the total net recurrent estimates in FY 2013/14).

Table 3.4 shows that the General Economic and Commercial Affairs (GECA) sector received the highest percentage of recurrent exchequer issues in proportion to its net recurrent estimates at 86.1 per cent. This represented an increase from 70.1 per cent of the recurrent exchequer issues to net recurrent estimates recorded in the same period of FY 2013/14.

The Public Administration and International Relations sector received the lowest recurrent exchequer issues to net recurrent estimates equivalent to 67.7 per cent which was an increase from 78.1 per cent of the recurrent exchequer issues to net recurrent estimates recorded in the same period of FY 2013/14. Details on how the MDAs utilized the funds released for recurrent activities are presented in Section 3.6.

Table 3.4: Sectoral Recurrent Estimates and Exchequer issues for the Period July 2014 to March 2015 (Kshs. Billions)

Name of the Sector	FY 2014/15				FY 2013/14			
	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	16.0	15.5	12.31	79.6	15.0	13.9	13.8	99.1
Education	273.4	252.4	189.84	75.2	245.8	225.9	184.9	81.9
The Energy, Infrastructure and Information Communications Technology (EI & ICT)	35.6	6.5	5.49	84.6	27.5	6.8	5.2	76.5
The Environmental Protection, Water and Natural Resources	14.7	9.7	8.0	82.4	13.2	8.2	6.9	83.4
General Economic and Commercial Affairs (GECA)	6.7	6.6	5.68	86.1	7.9	7.5	5.2	70.1
The Governance, Justice, Law and Order (GJLOS)	119.2	118.4	87.34	73.7	111.3	110.8	80.4	72.6
The Health	26.1	22.2	16.26	73.2	20.3	16.5	16.5	100.0
The Public Administration and International Relations	94.2	92.8	62.88	67.7	73.9	72.4	56.5	78.1
The Social Protection, Culture and Recreation	11.1	10.9	8.70	79.4	10.9	10.8	6.6	61.4
National Security	90.7	90.7	67.90	74.8	84.7	84.7	60.1	70.9
Total	687.5	625.8	464.39	74.2	610.6	557.4	436.1	78.2

Source: National Treasury & OCOB

3.2.2 Sectoral Development Exchequer Issues

Total exchequer issues to the MDAs for development expenditure in the first nine months of FY 2014/15 amounted to **Kshs.185.75 billion** (57.9 per cent of the total net development estimates) compared to **Kshs.140.3 billion** (54.3 per cent of the total net development estimates) released in the same period of FY 2013/14.

The Energy, Infrastructure and Information Communications Technology (EI&ICT) sector received the highest development exchequer issues to net development estimates at 72.9 per cent. This was an increase compared to 59.4 per cent recorded in the same period of FY 2013/14. The Governance, Justice, Law and Order (GJLOS) sector received the lowest percentage of development exchequer issues to net development estimates at 36.2 per cent, which was a decline from 40.6 per cent recorded in the same period of FY 2013/14. A breakdown of how the MDAs utilized the funds released for development activities is presented in section 3.7.

**Table 3.5: Sectoral Development Estimates and Exchequer Issues for the Period
July 2014 to March 2015 (Kshs. Billions)**

Name of the Sector	FY 2014/15				FY 2013/14			
	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	44.3	38.0	27.53	72.5	38.3	33.0	24.1	73.1
Education	35.0	30.4	11.98	39.5	30.4	23.0	4.3	18.9
The Energy, Infrastructure and Information Communications Technology (EI & ICT)	221.3	95.8	69.84	72.9	189.0	66.5	39.5	59.4
The Environmental Protection, Water and Natural Resources	36.1	25.5	12.51	49.2	43.9	26.1	11.6	44.5
General Economic and Commercial Affairs (GECA)	9.6	9.0	3.57	39.7	5.0	4.7	3.2	67.6
The Governance, Justice, Law and Order (GJLOS)	11.7	11.1	4.02	36.2	14.4	13.7	5.6	40.6
The Health	21.3	13.9	7.09	51.0	15.9	12.3	11.2	90.9
The Public Administration and International Relations	102.7	84.5	42.71	50.5	99.6	69.9	36.5	52.2
The Social Protection, Culture and Recreation	13.0	12.7	6.48	50.9	9.6	9.0	4.3	47.8
Total	494.9	320.9	185.75	57.9	446.2	258.2	140.3	54.3

Source: National Treasury & OCOB

3.3 Donor Releases

In the FY 2014/15, Development Partners committed to support the Government with a total of Kshs.187.8 billion to complement the Government's efforts of financing the development activities. The funds comprised of Loans Revenue of Kshs.36.19 billion, Grants Revenue of Kshs.10.02 billion, Loans A.I.A of Kshs.100.20 billion, and, Kshs.41.40 as Grants A.I.A.

During the period July 2014 to March 2015, the Development Partners disbursed a total of **Kshs.74.52 billion** representing **39.7** per cent of the annual donor release estimates, a **23.9** per cent growth compared to donor releases received in the third quarter period of the FY 2013/14 of Kshs.57.7 billion. The Loans revenue registered the highest absorption rate of **56.1** per cent while Grants A.I.A registered the lowest absorption rate of **26.2** per cent for the reporting period as shown in the table 3.6.

Table 3.6: Summary of Grants and Loans Disbursement for FY 2014/15 (Kshs. Billions)

Funding Type	Gross Estimates FY 2014/2015	Cumulative Disbursement as March 2015		Estimates FY 2013/2014	Cumulative Disbursement as March 2014	
		Disbursements	% Disbursed against Printed Estimates		Disbursements	% Disbursed against Printed Estimates
Loans Revenue	36.19	20.29	56.1	46.04	21.09	45.8
Grants Revenue	10.02	4.62	46.1	10.88	4.19	38.5
Loans A.I.A	100.20	38.75	38.7	134.72	28.12	20.9
Grants A.I.A	41.40	10.86	26.2	49.01	4.17	8.5
Totals	187.80	74.52	39.7	240.65	57.57	23.9

Source: National Treasury

3.4 Consolidated Fund Services (CFS)

The Consolidated Fund Services (CFS) comprise of funds allocated in each financial year budget towards (i) Public debt which includes; domestic, foreign, and government guaranteed debts; (ii) Pensions and gratuities; (iii) Salaries and allowances to Constitutional Office holders; and (iv) payments to International Organisations.

In the FY 2014/15 the CFS was allocated Kshs.415.6 billion broken down as follows:- Kshs.378.01 billion for public debt servicing; Kshs.32.36 billion for pensions and gratuities; Kshs.4.07 billion for salaries and allowances for the Constitutional Office holders; Kshs.1.01 billion for guaranteed Debt; Kshs.500 million for subscriptions to international organizations and Kshs.128 million for miscellaneous Services.

During the reporting period, the total exchequer issues as authorized by COB to the CFS amounted to Kshs.285.33 billion, equivalent to 68.7 per cent of the annual gross estimates. From the total exchequer issues, Kshs.259.38 billion was issued to service public debt, Kshs.23.80 billion for pensions and gratuities while Kshs.2.15 billion was for salaries and allowances for the Constitutional Office holders.

The total expenditure for the CFS during the first nine months of FY 2014/15 amounted to Kshs.301.67 billion representing an absorption rate of 72.6 per cent and exceeded the exchequer

of Kshs.285.33 billion by Kshs.16.3 billion mainly due to direct payments made from the CBK overdraft facility. The expenditure represented a 56.5 per cent growth compared to Kshs.192.77 billion spent in a similar period of FY 2013/14 (50.7 per cent absorption rate).

Table 3.7: Cumulative Expenditures for CFS as at 31st March 2015 (Kshs. Millions)

CFS	Gross Estimates	Net Estimates	Exchequer Issues	Actual Expenditure.	Exchequer Issues to Net Est. (%)	Expenditure as a % of Gross Estimates	
						FY 2014/2015	FY 2013/2014
Public Debt	378,010	378,010	258,709	275,415	68.6	72.9	50.7
Pensions and Gratuities	32,356	32,356	23,797	23,796	73.5	73.5	50.5
Salaries and Allowances	4,071	4,071	2,150	1,781	52.8	43.7	44.7
Miscellaneous Services	128	128	-	-	-	-	-
International Organizations	0.5	0.5	-	-	-	-	-
Guaranteed Loans	1,013	1,013	676	676	-	66.7	56.5
Total	415,579	415,579	285,332	301,668	68.7	72.6	50.7

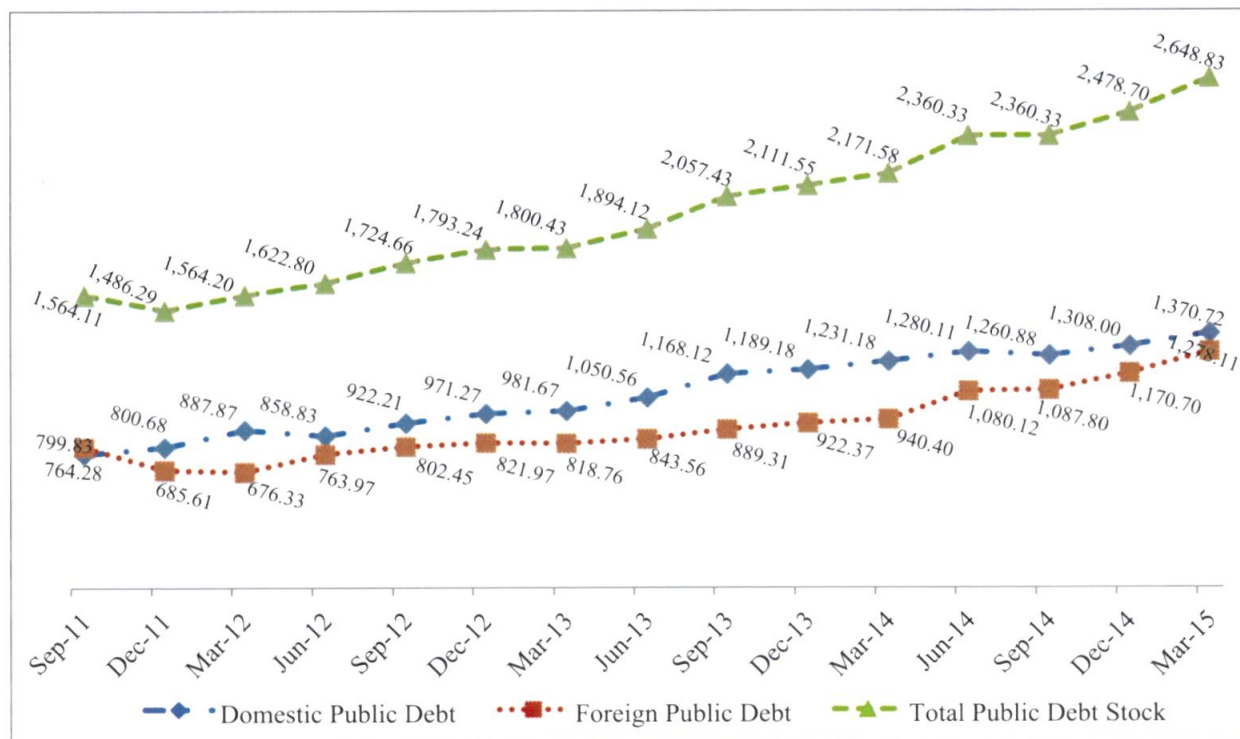
Source: National Treasury

Note; The total CFS exchequer issues of Kshs.285,332 million excludes Kshs.53.17 billion paid to service foreign debt from proceeds of the Euro bond. When included the issues amount to Kshs.338.53 billion.

3.4.1 Public Debt

As at March 2015, the public debt stock stood at Kshs.2.65 trillion and recorded a 6.9 per cent growth from Kshs.2.48 trillion as at December, 2014. The current public debt stock comprises of Kshs.1.37 trillion as domestic debt and Kshs.1.28 trillion in foreign debt.

The cumulative exchequer issues during the reporting period for the servicing of public debt and public guaranteed loans amounted to Kshs.259.38 billion. However, actual expenditure was Kshs.276.09 billion, thus, exceeding the exchequer issues for debt servicing by Kshs.16.33 billion. It is recommended that a special audit be undertaken by the Auditor General to establish the cause of the difference.

Figure 3.1: Public Debt Stock (Dec 2011 to March 2015) in Kshs. Billions

Source: National Treasury

3.4.1.1 Domestic Debt

As at March, 2015, the total domestic debt stood at Kshs.1.37 trillion, a growth of 4.8 per cent from Kshs.1.31 trillion in December 2014. The total exchequer issues for servicing of domestic debt obligations during the period under review amounted to Kshs. 181.15 billion and consisted of Kshs.95.21 billion for principal repayment and Kshs.85.94 billion for interest payments.

3.4.1.2 Foreign Debt

The foreign debt stock as at March, 2015 stood at Kshs.1.28 trillion representing a growth of 9.2 per cent from Kshs.1.17 trillion as at December 2014. The total exchequer issues released for foreign debt servicing in the period under review amounted to Kshs.39.95 billion and consisted of Kshs.21.92 billion for principal repayment and Kshs.18.03 billion for interest payments. Actual expenditure for the period was **Kshs.94.26 billion**, out of which, Kshs.72.95 billion was spent on principal repayment and Kshs.21.31 billion on interest payments. The actual expenditure was higher than exchequer releases mainly due to direct payments made from CBK overdraft facility.

The actual expenditure of Kshs.94.26 billion exceeded exchequer issues by Kshs.54.31 billion. It is recommended that a special audit be undertaken by the Auditor General to establish the cause of the difference.

3.4.2 Guaranteed Debt to State Parastatals

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

Actual expenditure on guaranteed loans as at March, 2015 amounted to Kshs.675.97 million representing an absorption rate of 49.9 per cent. A breakdown of the total expenditure shows that Kshs.604.84 million was spent towards principal repayment while Kshs.71.13 million was used on interest payments. At the time of finalizing this report, the National Treasury was yet to reconcile the cumulative principal repayments and principal amount disbursed for each of the three guaranteed loans. Table 3.8 shows the repayment breakdown towards the guaranteed loans.

Table 3.8: Guaranteed Loans Repayment for the Period July 2014 to March 2015.

Loan Title	Year Loan Contracted	Currency	Guaranteed Loans (Amounts in Foreign Currency - millions)			Loan Repayments for the period July 2014 - March 2015 (Amounts in Kshs. millions)		
			Principal Sum per Loan Agreement	Cumulative Repayments as of March 2015	Outstanding Balance at March 2015	Principal	Interest	Total
NCC-Umoja II Housing	1985	USD	17.00	14.45	0	78.08	0.64	78.72
TARDA	1990	YEN	6,031.00	3,386.1	1,469.4	238.27	34.33	272.60
KBC	1989	YEN	16,198.00	9,415.7	3,389.64	288.49	36.16	324.65
Total						604.84	71.13	675.97

Source: National Treasury

3.4.3 Salaries and Allowances for Constitutional Office Holders

In the FY 2014/15, the National Government allocated Kshs.4.07 billion for payment of salaries and allowances for Constitutional Office holders. The total exchequer issues released in the period was Kshs.2.15 billion, representing 52.8 per cent of the gross estimates. Actual

expenditure was Kshs.1.781 million, representing an absorption rate of 43.7 per cent. This was a significant increase from the 44.7 per cent absorption the same period FY 2013/14 where expenditure stood at Kshs.1.52 billion.

3.4.4 Pensions and Gratuities

The Pension and Gratuities category received a budgetary allocation of Kshs.32.4 billion representing 7.9 per cent of the total CFS budgetary allocation in the FY 2014/15. During the reporting period, the total exchequer issues amounted to Kshs.23.80 billion, representing 73.5 per cent of the Pensions and Gratuities gross estimates. Total expenditure for the period was Kshs.23.80 billion, an absorption rate of 73.5 per cent compared to 50.5 per cent achieved in the same period of FY 2013/14 where expenditure stood at Kshs.19.3 billion.

3.5 Overall National Government Budget Performance

The Kshs.1.84 trillion National Government Budget for FY 2014/15 consists of Kshs.1,103.1 billion for recurrent activities, Kshs.494.9 billion for development programmes, and, Kshs.242.4 billion as shareable revenue to the County Governments. An allocation amounting to Kshs.415.6 billion was provided for Consolidated Funds Services and is included in the Kshs.1,103.1 billion under recurrent expenditure. On aggregate, the MDAs have a total allocation of Kshs.687.5 billion for recurrent activities.

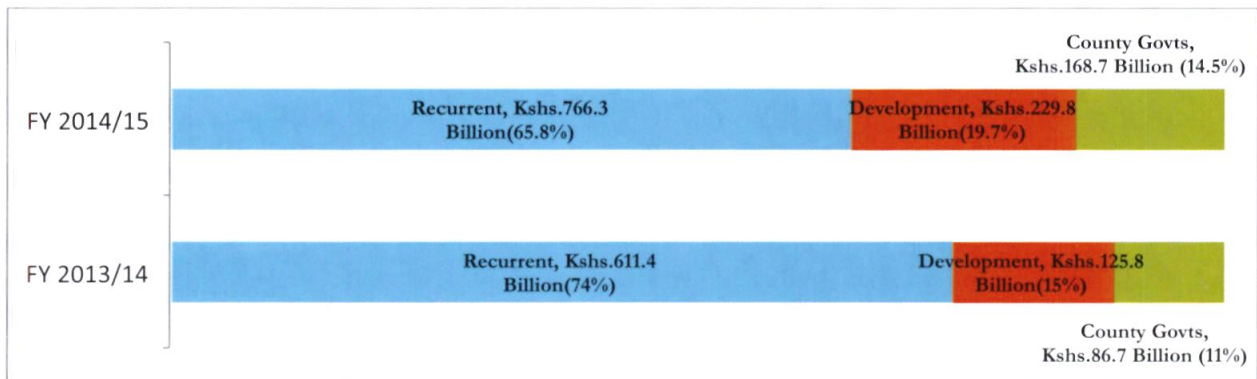
Table 3.9: National Government Budget Performance (Kshs. Billions)

Allocation	FY 2014/15						FY 2013/14			
	Annual Gross Estimate	Annual Net Estimates	Cum. Exchequer Issues Jul.14 to Mar.15	Cum. Expenditure Jul.14 to Mar.15	% of Exchequer to Net Estimates	Absorption Rate	Gross Estimate	Net Estimate	Expenditure	Absorption
Recurrent	1,103.1	1,041.4	749.7	766.3	72.0%	69.5%	990.8	937.7	611.4	61.7%
Development	494.9	320.9	185.7	229.8	57.9%	47.0%	446.7	258.2	125.8	28.2%
County Governments	242.4*	228.5	138.1	168.7	60.4%	69.6%	210.0*	193.4	86.7	41.0%
Total	1,840.1	1,590.5	1,073.5	1,164.8	67.5%	63.3%	1,647.0	1,389.3	823.9	49.9%

Source: National Treasury and MDAs

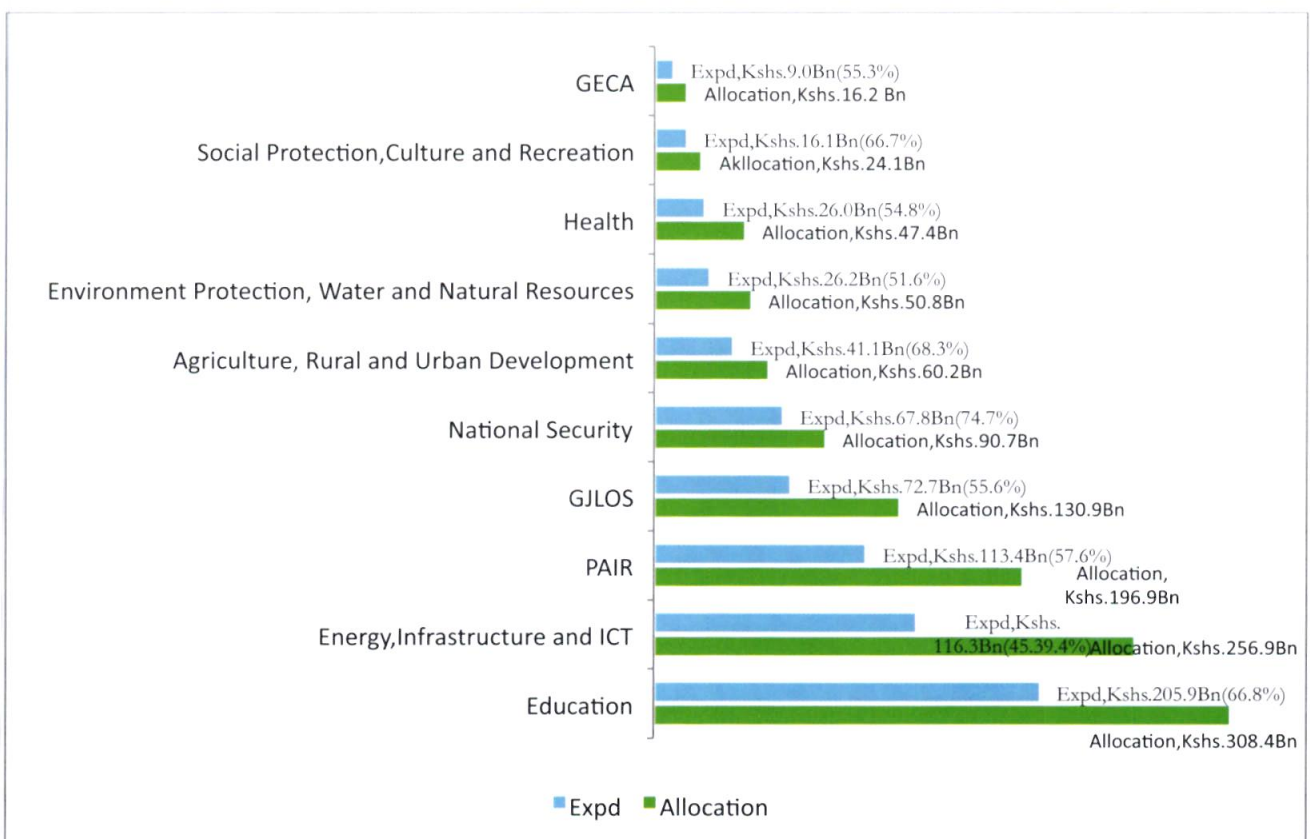
* Figure does not include estimates for revenue generated by the Counties

Figure 3.2: Composition of Expenditure



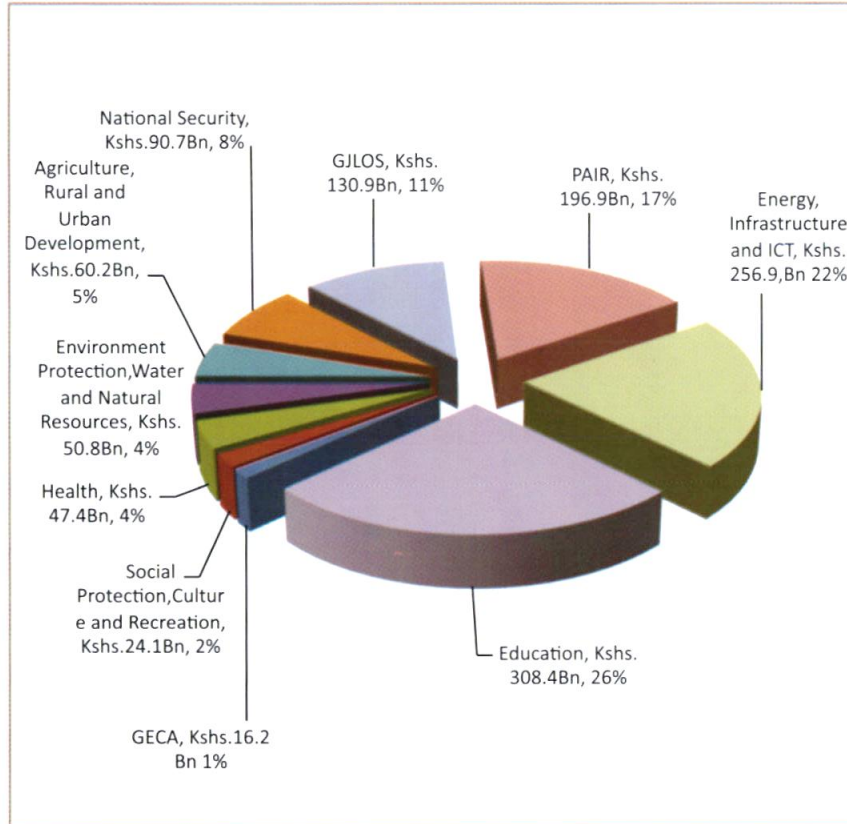
Source: National Treasury and MDAs

Figure 3.3: Comparison of Sector Budget Allocations and Expenditure for FY 2014/15



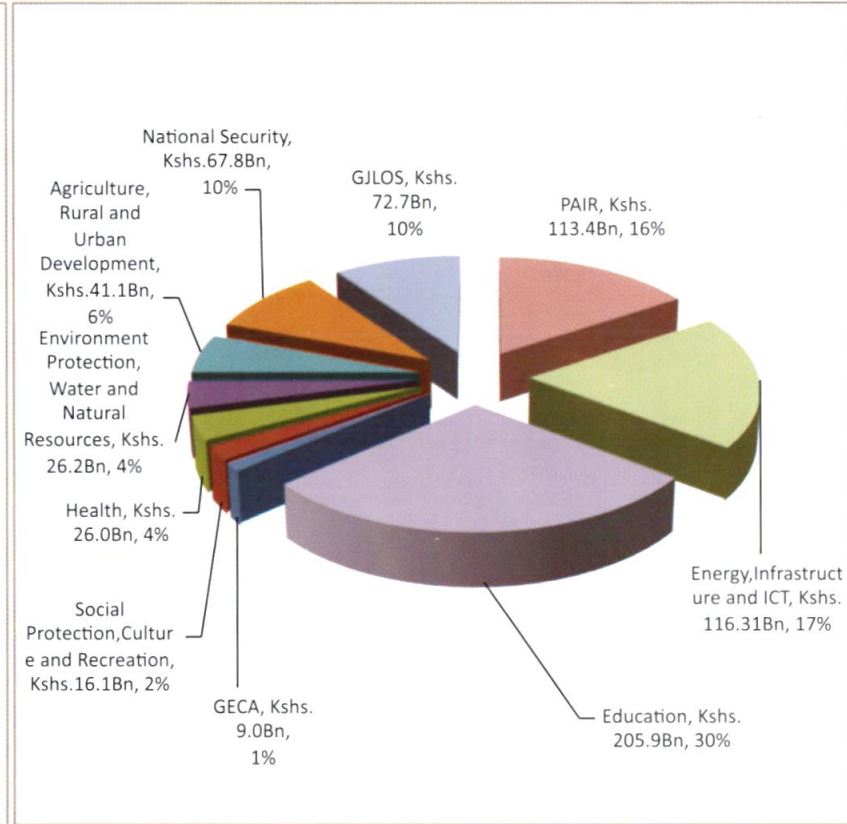
Source: National Treasury and MDAs

Figure 3.4: ANNUAL SECTORAL BUDGET ALLOCATION - FY 2014/15



Source: National Treasury and MDAs

Figure 3.5: SHARE OF TOTAL EXPENDITURE FOR THE FIRST NINE MONTHS BY SECTOR FOR THE - FY 2014/15



Source: National Treasury and MDAs

3.6 MDAs Recurrent Expenditure Analysis

In the FY 2014/15, the gross estimates for recurrent expenditure for all MDAs amounted to Kshs.687.5 billion. A review of expenditure by MDAs for the nine months' period shows that **Kshs.464.6 billion** was spent on recurrent expenditure, recording an absorption rate of **67.8 per cent**. This is a marginal decline compared to an absorption rate of 68.6 per cent recorded in the same period of FY 2013/14 where total recurrent expenditure stood at Kshs.418.6 billion.

Analysis of MDA expenditure under the various categories shows that, personnel emoluments accounts for the biggest share of recurrent expenditure at Kshs.205.5 billion (**51.8 per cent of recurrent expenditure**) while transfers to SAGAs amounted to Kshs.112.9 billion (28.5 per cent of recurrent expenditure). Expenditure on personnel emoluments in a similar period of FY 2013/14 was Kshs.196.3 million (55.8 per cent of recurrent expenditure). The Teachers Service Commission (TSC) had the highest expenditure on personnel emoluments at Kshs.126.2 billion which was 61.4 per cent of the aggregate MDAs' expenditure of Kshs.205.5 billion on personnel emoluments.

The Parliamentary Service Commission incurred the highest expenditure on domestic travel at **Kshs.2.0 billion** while the Ministry of Foreign Affairs and International Trade had the highest expenditure on the foreign travel category at Kshs.860.0 million. Domestic travel expenditure by the Parliamentary Service Commission accounted for **51.5 per cent** of the aggregate domestic travel expenditure by the MDAs, while the foreign travel expenditure by the Ministry of Foreign Affairs accounted for **37.4 per cent** total expenditure on foreign travel by MDAs.

The State Department for Interior recorded the highest expenditure in three categories namely; Training at Kshs.363.0 million (**28.1 per cent** of the total MDAs training expenses), maintenance of motor vehicles and maintenance of other assets at Kshs.266.4 million (**31.1 per cent**) and Kshs.244.6 million (**40.0 per cent**) respectively. The Presidency had the highest expenditure on Hospitality, Conferences and Catering at Kshs.700.1 million (**at 32 per cent**) while the Parliamentary Service Commission had the highest expenditure in Printing and Advertising at Kshs.98.0 million (**18 per cent** of the category total).

Other O & M expenditure amounted to Kshs.63.3 billion accounting for 15.9 per cent of the total recurrent expenditure. Some of the MDAs with significant expenditure under the other expenses category included;

State Department for Education (Kshs.23.2 billion): Expenditure includes Kshs.21.8 billion for free primary and secondary education programme, Kshs.599.6 million for food and ration services and Kshs.86.6million for sanitary and cleaning materials, supplies and services.

State Department for Interior (Kshs.12.0 billion): Amount included Kshs.2.5 billion for purchase of police and security equipment, Kshs.1.3 billion for food and rations, Kshs.1.6 billion for medical insurance, Kshs.1.2 billion for electricity, Kshs.1.5 billion for security operation services, Kshs.870.8 billion for legal fees, arbitration, and compensation payments, and Kshs.220.0 billion for water and sewage charges.

National Treasury (Kshs.4.6 billion): Amount includes; Kshs.3.0 billion for security operation, Kshs.847.2 million for group personal insurance, and Kshs.50.1 million for electricity costs.

State Department for Coordination of National Government (Kshs.4.0 billion): Expenditure amount includes; Kshs.3.0 billion for food and rations, Kshs.440.0 million for electricity and Kshs.155.3 million for water and sewage services.

State Department for Agriculture (Kshs.2.8 billion): Amount includes Kshs.2.2 billion for the purchase strategic stocks of maize and beans for storage by the National Cereal and Produce Board.

Table 3.10: Breakdown of Recurrent Expenditure, July 2014 to March 2015 by MDAs (Kshs. Million) *

MINISTRY/STATE DEPARTMENT	Personnel Emoluments	Domestic Travel	Foreign Travel	Hospitality Conferences and Catering Costs	Training	Printing and Advertising	Rentals and Rates- Non Residential	Maintenance Expenses- Motor Vehicle	Maintenance Expenses- Other Assets	Current Transfers	Others	Total
The Presidency	943.9	265.2	138.5	700.1	29.1	12.1	54.1	131.3	23.2	495.3	1,136.3	3,928.9
Ministry of Foreign Affairs and International Trade	2,455.0	50.8	860.0	96.0	10.3	10.9	788.4	27.6	25.7	251.7	227.7	4,804.3
The National Treasury	1,561.0	17.9	37.5	103.8	24.9	2.5	2.5	9.4	17.4	14,690.1	4,610.3	21,077.3
Ministry of Health	3,760.2	20.4	3.1	27.3	225.8	30.0	-	11.8	29.6	12,608.5	997.1	17,713.7
Ministry of Lands Housing, and Urban Development	1,994.8	38.9	7.1	16.8	21.7	5.8	84.7	15.3	26.3	663.7	302.2	3,177.4
Ministry of Information & Communication and Technology	289.4	22.6	8.4	20.9	8.1	8.7	75.0	8.0	6.4	864.6	362.7	1,674.7
Ministry of Sports Culture and Arts	333.2	35.4	287.1	17.5	8.0	9.3	35.7	5.1	12.1	1,295.0	133.1	2,171.6
Ministry of Labour Social Security and Services	1,013.4	20.0	7.6	17.0	37.0	4.3	109.7	5.7	7.2	1,320.5	2,685.6	5,228.2
Ministry of Energy and Petroleum	182.4	8.9	3.7	8.1	13.5	1.3	5.4	6.6	5.8	634.5	(19.8)	850.6
Ministry of Industrialization and Enterprise Development	336.3	29.7	9.2	12.1	13.2	7.4	103.1	5.3	6.7	1,593.1	116.2	2,232.3
Ministry of Mining	243.8	14.8	4.2	9.2	2.5	5.1	1.7	8.7	11.6	14.8	149.3	465.7
Office of the Attorney General and Department of Justice	583.8	21.6	41.2	27.0	11.3	3.0	54.2	3.9	2.7	1,103.6	101.3	1,953.6
The Judiciary	4,421.9	159.7	8.9	58.3	3.6	38.1	107.2	84.0	25.4	155.8	1,642.2	6,705.1
Ethics & Anti-Corruption Commission	-	-	-	-	-	-	-	-	-	-	1,137.5	1,137.5
Directorate of Public Prosecution	607.3	38.3	5.9	33.7	13.4	6.1	51.0	2.6	0.8	-	22.4	781.5
Commission for Implementation of the Constitution	38.6	3.9	0.0	4.1	0.6	9.0	11.0	2.5	0.2	-	181.6	251.6
Registrar of Political Parties	43.0	3.6	0.7	2.0	0.8	0.5	14.4	0.0	-	351.0	14.1	430.0
Witness Protection Agency	74.5	2.7	1.5	5.6	3.7	5.1	12.2	3.0	0.3	-	101.2	209.7
State Department for Interior	29,443.9	599.0	18.6	65.1	363.0	16.3	424.1	266.4	244.6	563.1	11,994.1	43,998.3
State Department for Coordination of National Government	6,251.4	44.7	11.5	25.9	18.0	1.0	50.3	49.7	4.7	1.8	4,026.9	10,485.9
State Department for Planning	5,463.8	79.1	14.8	228.4	165.2	71.0	153.5	22.3	34.9	1,980.0	1,586.8	9,799.7
State Department for Devolution	466.8	9.1	2.1	7.0	3.9	1.1	90.9	5.7	3.4	933.4	1,129.0	2,652.4

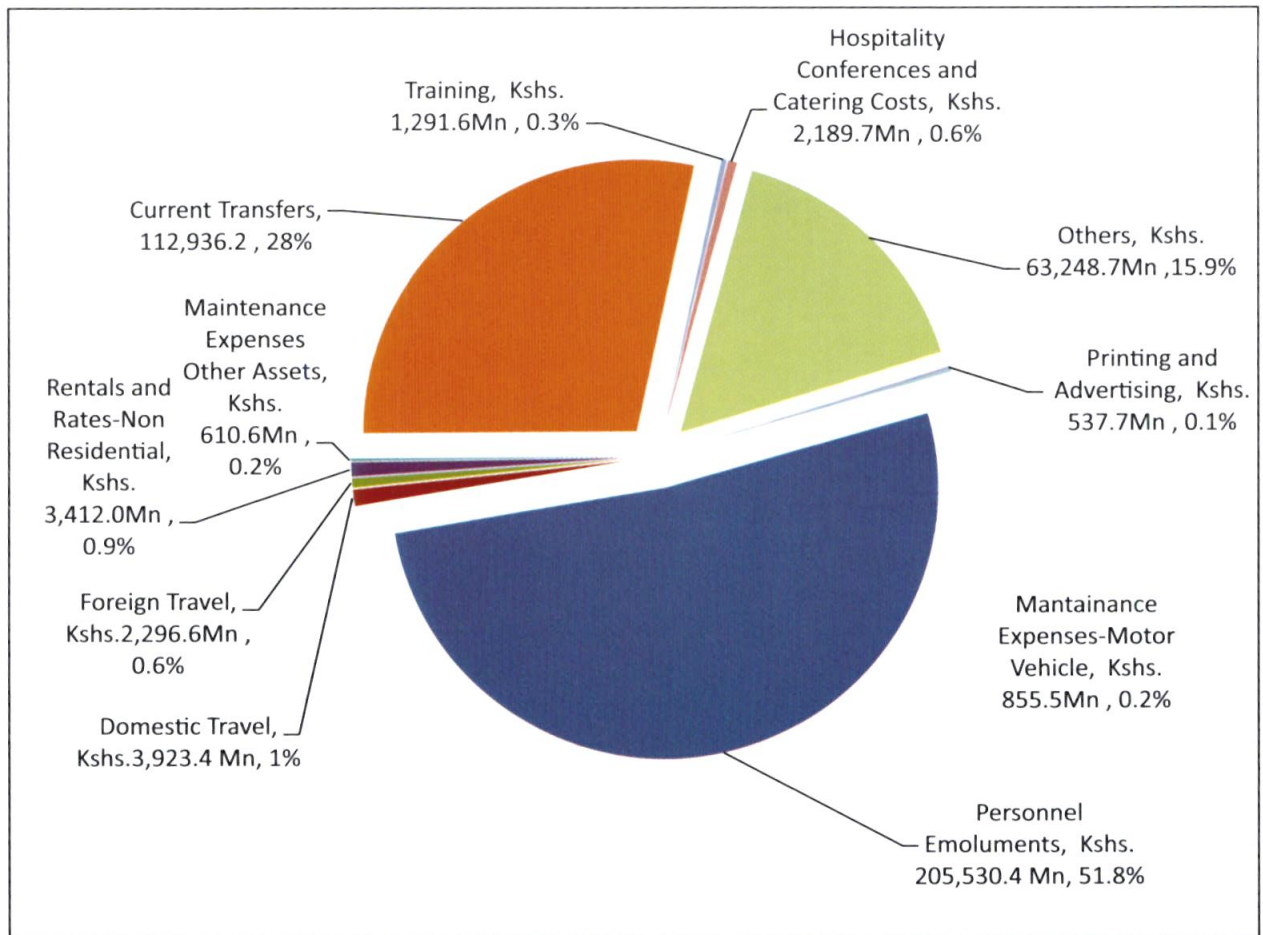
MINISTRY/STATE DEPARTMENT	Personnel	Domestic Travel	Foreign Travel	Hospitality and Catering Costs	Training	Printing and Advertising	Rentals and Residential	Maintenance Expenses-Motor Vehicle	Maintenance Expenses-Other Assets	Current Transfers	Others	Total
State Department for Education	2,085.5	36.2	12.8	19.3	31.6	2.7	111.8	10.9	11.2	12,181.8	23,215.5	37,719.2
State Department for Science and Technology	29.0	17.6	2.0	6.6	5.7	1.1	6.5	5.2	4.2	30,003.5	50.6	30,132.0
State Department for Infrastructure	851.5	2.5	1.0	2.5	11.6	0.7	-	3.5	2.0	18,185.2	56.1	19,116.5
State Department for Transport	93.2	3.7	1.6	3.9	6.1	4.1	0.3	2.3	0.3	763.6	73.2	952.2
State Department for Environment & Natural Resources	787.7	17.3	31.7	27.6	9.3	1.7	50.4	10.0	4.1	4,585.0	205.3	5,730.2
State Department for Water & Regional Authorities	462.9	19.6	5.5	4.2	8.3	1.9	22.9	15.1	10.6	1,161.4	131.9	1,844.4
State Department for Agriculture	735.8	27.4	8.7	4.5	9.8	4.8	17.8	9.5	3.5	2,573.7	2,758.7	6,154.2
State Department for Livestock	995.3	8.5	2.0	1.6	2.8	0.7	36.3	2.6	1.9	41.9	89.9	1,183.6
State Department for Fisheries	123.4	7.6	2.0	1.9	8.5	0.8	-	2.1	2.6	435.9	190.0	774.8
State Department for East African Affairs	116.6	13.8	46.8	77.3	6.0	12.0	28.0	1.5	1.3	923.4	14.3	1,241.0
State Department for Commerce & Tourism	230.0	29.5	68.5	43.8	6.8	3.4	93.1	9.7	6.2	1,518.4	56.4	2,065.8
Kenya National Commission on Human Rights	128.3	4.7	2.9	1.8	2.1	6.3	27.4	27.5	-	-	34.4	235.3
National Lands Commission	295.9	26.2	2.1	93.3	1.7	21.4	14.3	9.6	0.7	-	293.3	758.5
Independent Electoral and Boundaries Commission	1,418.2	49.6	21.1	26.3	20.2	36.4	145.6	16.9	6.8	-	352.2	2,093.4
Parliamentary Service Commission	8,549.0	2,022.5	569.9	233.4	84.5	98.0	364.9	29.0	53.7	1,037.2	1,856.8	14,898.9
Judicial Service Commission	0.2	14.6	14.8	45.5	23.7	3.2	4.3	-	0.1	-	10.1	116.5
The Commission on Revenue Allocation	71.2	2.3	0.4	8.1	0.9	2.9	18.5	0.5	0.8	-	31.3	137.0
Public Service Commission Salaries & Remuneration Commission	358.3	19.6	10.6	29.7	32.3	31.5	8.1	4.9	5.5	0.7	148.5	649.8
Teachers Service Commission	126,222.5	-	-	-	-	-	-	-	-	-	(0.0)	126,222.5
National Police Service Commission	127.2	10.2	-	10.7	0.9	10.0	40.4	0.7	0.0	-	47.2	247.4
Auditor General	840.4	71.9	9.4	5.9	21.6	13.5	96.8	11.3	2.9	4.0	711.4	1,788.9
Controller of Budget	141.0	8.6	3.7	6.0	7.2	24.0	0.2	2.2	0.3	-	26.4	219.6

MINISTRY/STATE DEPARTMENT	Personnel Emoluments	Domestic Travel	Foreign Travel	Hospitality Conferences and Catering Costs	Training	Printing and Advertising	Rentals and Rates- Non Residential	Maintenance Expenses- Motor Vehicle	Maintenance Expenses- Other Assets	Current Transfers	Others	Total
The Commission on Administrative Justice	92.2	4.2	2.5	2.9	1.4	2.7	27.7	2.8	0.2	-	86.3	222.9
National Gender & Equality Commission	67.9	10.8	3.4	2.0	9.1	3.3	30.8	1.4	0.4	-	26.7	155.7
Independent Police Oversight Authority	97.1	0.1	-	0.4	-	0.5	6.6	0.1	0.2	-	95.2	200.3
TOTAL	205,530.4	3,923.4	2,296.6	2,189.7	1,291.6	537.7	3,412.0	855.5	610.6	112,936.2	63,248.7	396,832.3
Percentage	51.8%	1.0%	0.6%	0.6%	0.3%	0.1%	0.9%	0.2%	0.2%	28.5%	15.9%	100.0%

Source: MDAs May 2015

**The breakdown does not capture National Intelligence Services and Department of Defence recurrent expenditure. Breakdown was not provided.*

Figure 3.6: Composition of Recurrent Expenditure



Source: MDAs May 2015

3.7 Analysis of MDAs Development Expenditure

During the first nine months of the FY 2014/15, the total development expenditure by the MDAs was Kshs.229.8 billion, or an absorption rate of **47 per cent**. In the similar period of FY 2013/14, the MDAs spent Kshs.125.8 billion on development projects, or an absorption rate of **28.2 per cent**. Comparatively, there is increased uptake of development funds in the first nine months of the FY 2014/15 as compared to a similar period in the previous financial year.

From the analysis of the development expenditure categories, capital transfers constituted a key spending item with Kshs.126.1 billion (46.6 per cent) being transferred to Semi-Autonomous Government Agencies (SAGAs) for capital project implementation. Expenditure on Refurbishment of buildings, infrastructure and civil works accounted for 33.6 per cent (Kshs.91.0 billion) of the total development expenditure of Kshs.229.8 billion by the MDAs.

The total expenditure under the two highest spending categories, namely; capital transfers, and, refurbishment of buildings, infrastructure and civil works constituted 80.2 per cent of the total development expenditure. This high allocation of resources to the two development expenditure categories implies that, these are key determinants of the country's development path. It is therefore, necessary to continuously assess the performance of programs funded under these categories.

Table 3.11 shows that the State Department for Transport had the highest expenditure towards Infrastructure and civil works accounting for 25.6 per cent (Kshs.23.3 billion) of the total expenditure in the Infrastructure and Civil works category. The State Department of Infrastructure was the second at 21.4 per cent having spent Kshs.19.5 billion.

Other key development expenditure categories included the construction of non-residential buildings' such as schools, offices and hospitals at Kshs.10.7 billion and contracted technical and professional services at Kshs.2.3 billion while Kshs.1.7 billion, was spent on construction of residential buildings.

During the nine months period, Kshs.40.86 billion was spent under the Appropriations-In-Aid category while the other development expenditure category incurred Kshs.34.6 billion, representing 17.8 percent and 12.8 per cent of the total development expenditure respectively.

MDAs with significant expenditure under the other development expenditure category include:

The National Treasury: Kshs.10.8 billion spent on other development expenditure includes Kshs.5.0 billion for the civil contingency reserve, Kshs.3.7 billion spent on medical drugs, dressing and other non-pharmaceutical medical items, Kshs.260.0 on equity participation in Uchumi Supermarkets Ltd, Kshs.130.5 million on East Africa Marine System (EAMs) project, Kshs.320.0 million on equity participation in African Development Bank, Kshs.440 on equity participation in East African Development Bank, and Kshs.123.3 million on East and Southern African Trade and Development Bank.

Ministry of Health: Kshs.3.2 billion spent on other development expenditure includes: Kshs.884.8 million spent on medical drugs, Kshs.768.5 million for acquiring vaccines, Kshs.306.1 million for hire of medical equipment, plant and machinery, Kshs.252.6 million for publishing and printing services, Kshs.189.2 million on accommodation and domestic travel, Kshs.163.4 million for laboratory materials supplies and small equipment and Kshs.127.8 million for traveling and training.

Ministry of Land, Housing and Urban Development: Other expenditure of Kshs.2.4 billion includes Kshs.1.1 billion for acquisition of land, Kshs.802.5 million for acquisition of specialised materials for the production of title deeds and Kshs.240.8 million spent on water supplies and sewerage.

The Ministry of Energy and Petroleum: Other expenditure of Kshs.1.1 billion comprises of Kshs.718.2 million for subsidizing the rural electrification programme, Kshs.131.3 million for training of staff and Kshs.70.0 million for boards, committees, conferences and seminars expenses.

State Department for Interior: Other expenditure of Kshs.1.7 billion includes; Kshs.880.9 million for purchasing police and security equipment, Kshs.459.8 million for acquiring production supplies for national identity cards, birth and death certificates, and, Kshs.229.5 million for purchasing laboratory equipment.

State Department for Planning: Other expenditure of Kshs.2.3 billion includes; Kshs.780.6 million paid to contractual and casual employees working under the following programmes;

Community Empowerment and Institutional Support Programme (CEISP), Programme for Agriculture and Livelihoods in Western Communities (PALWECO) and the Youth Development Initiative Programme. Also included is Kshs.422.9 million for purchasing educational aids and related equipment for the National Youth Service (NYS), Kshs.738.8 million on hire of equipment, plant and machinery, Kshs.549.1 million on hospitality, boards, committees, conferences and seminars, and Kshs.289.6 million on refined fuel and lubricants for transport and production.

State Department for Science and Technology: Other expenditure of Kshs.1.6 billion includes Kshs.947.4 million for acquiring workshop tools, Kshs.349.3 million for paying wages for contractual employees, Kshs.135.0 million on overhaul of plant, machinery and equipment, Kshs.89.3 million for purchasing of educational aids and related equipment and Kshs.63.0 million spent on water supplies and sewerage expenses.

The State Department for Transport: Other expenditure includes; Kshs.600.0 million for purchasing boats and Kshs.445.7 million spent on maintenance of aerodromes and airstrips.

The State Department for Environment & Natural Resources: Other expenditure includes Kshs.530.9 million for purchasing of tree seeds and seedlings under the green schools project, Kshs.221.9 million for purchase of instrumentation and calibration equipment, and Kshs.170.7 million on water supplies and sewerage expenses.

State Department for Agriculture: Kshs.3.5 billion on other expenditure includes: Kshs.2.1 billion spent on water supplies and sewerage by the National Irrigation Board, Kshs.907.8 million for subsidizing purchase of fertilizer by farmers from the fertilizer and seed fund and Kshs.400.0 million spent on purchasing certified crop and seeds.

Expenditure on other development activities includes Kshs.1.1 billion spent on purchasing of boats by State Department for fisheries and Kshs.1.3 billion towards development of roads, ports and jetties by State Department for Infrastructure.

Table 3.11 provides a breakdown of MDAs development expenditure by category.

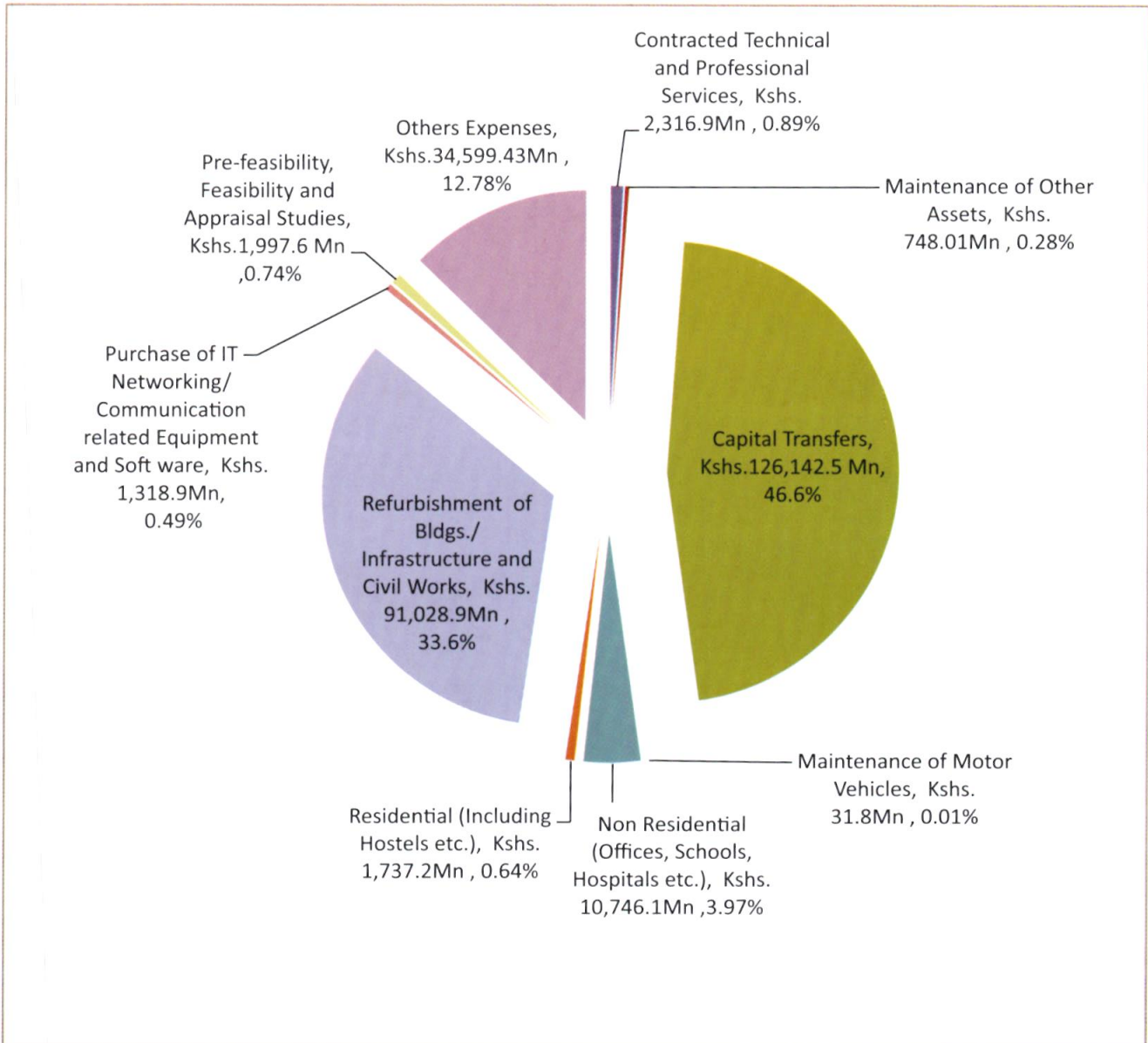
Table 3.11: Development Expenditure Analysis July 2014 to March 2015 by MDAs (Kshs. Millions)

MDAs/STATE DEPARTMENT	Contracted Technical and Professional Services	Maintenance of Motor Vehicles	Maintenance of Other Assets	Capital Transfers	Non Residential (Offices, Schools, Hospitals etc.)	Residential (Including Hostels etc.)	Refurbishment of Bldgs./Infrastructure and Civil Works	Purchase of IT Networking/Communication related Equipment and Software	Pre-feasibility, Feasibility and Appraisal Studies	Others Expenses	(A-I-A)	Total Expenditure
The Presidency	-	-	4.56	50.00	0.00	3.81	414.59	64.83	-	136.06	-	673.85
Ministry of Foreign Affairs	-	-	-	48.98	0.00	0.00	12.09	-	-	-	-	61.08
The National Treasury	558.48	-	175.11	2,230.37	358.17	-	36.61	183.80	186.01	10,797.73	-	14,526.29
Ministry of Health	-	3.50	229.93	4,723.47	140.43	-	-	-	-	3,157.79	16.45	8,238.67
Ministry of Lands Housing, and Urban Development	321.81	-	81.91	9.00	1,826.65	-	7,811.71	176.63	446.57	2,384.83	239.20	12,819.92
Ministry of Information & Communication and Technology	536.76	-	110.90	1,498.70	35.42	-	17.03	88.01	442.83	379.64	-	3,109.30
Ministry of Sports Culture and Arts	-	-	-	227.01	-	-	856.52	-	-	-	-	1,083.53
Ministry of Labour Social Security and Services	16.32	-	0.68	7,305.09	89.27	-	4.73	7.00	-	147.88	-	7,570.97
Ministry of Energy and Petroleum	45.63	-	-	15,304.37	187.00	-	14,139.75	-	248.24	1,070.28	13,710.14	17,285.14
Ministry of Industrialization and Enterprise Development	33.48	0.38	-	1,667.25	-	-	200.85	-	-	206.20	-	2,108.17
Ministry of Mining												

MDAs/STATE DEPARTMENT	Contracted Technical and Professional Services	Maintenance of Motor Vehicles	Maintenance of Other Assets	Capital Transfers	Non Residential (Offices, Schools, Hospitals etc.)	Residential (Including Hostels etc.)	Refurbishment of Bldgs./Infrastructure and Civil Works	Purchase of IT Networking/Communication related Equipment and Software	Pre-feasibility, Feasibility and Appraisal Studies	Others Expenses	(A-1-A)	Total Expenditure
	-	-	-	-	23.70	-	4.24	33.97	118.07	153.97	41.95	292.00
Office of the Attorney General and Department of Justice	-	-	-	88.20	-	-	9.03	14.99	-	-	-	112.21
The Judiciary	-	-	-	376.05	199.74	-	135.21	231.04	-	22.50	-	964.53
State Department for Interior	-	-	28.18	-	166.15	214.70	77.56	74.89	-	1,711.63	-	2,273.11
State Department for Coordination of National Government	-	-	-	-	90.81	-	78.81	100.72	-	89.65	-	359.99
State Department for Planning	96.19	9.16	85.08	25,780.43	5.66	260.84	6,290.15	43.35	151.20	2,294.34	375.75	34,640.67
State Department for Devolution	80.51	10.00	-	1,955.64	-	-	470.00	-	-	781.31	1,060.00	2,237.46
State Department for Education	-	-	-	269.80	2,006.38	4.86	309.72	153.79	-	34.20	-	2,778.75
State Department for Science and Technology	47.62	-	-	2,335.75	4,881.68	1,234.76	196.25	-	-	1,643.70	1,244.13	9,095.63
State Department for Infrastructure	-	-	25.11	46,930.72	4.89	-	19,527.68	-	75.14	1,287.68	20,352.97	47,498.25
State Department for Transport	-	-	-	2,374.61	-	-	23,273.62	-	3.67	1,447.88	1,305.97	25,793.81
State Department for Environment & Natural												

MDAs/STATE DEPARTMENT	Contracted Technical and Professional Services	Maintenance of Motor Vehicles	Maintenance of Other Assets	Capital Transfers	Non Residential (Offices, Schools, Hospitals etc.)	Residential (Including Hostels etc.)	Refurbishment of Bldgs./Infrastructure and Civil Works	Purchase of IT Networking/Communication related Equipment and Software	Pre-feasibility, Feasibility and Appraisal Studies	Others Expenses	(A-I-A)	Total Expenditure
Resources	46.38	7.74	6.55	812.22	132.43	18.23	890.42	-	183.99	1,698.01	-	3,795.96
State Department for Water & Regional Authorities	292.24	-	-	1,008.00	135.00	-	15,022.69	-	71.32	7.12	2,444.45	14,091.91
State Department for Agriculture	35.00	-	-	9,168.20	0.26	-	-	-	19.50	3,522.06	-	12,745.01
State Department for Livestock	62.55	-	-	1,621.68	41.12	-	59.31	-	-	327.68	69.90	2,042.45
State department for Fisheries	-	0.60	-	155.60	9.72	-	28.71	-	-	1,106.83	-	1,301.47
State Department for Commerce & Tourism	138.97	-	-	201.39	-	-	870.14	-	44.39	47.21	-	1,302.11
State Department for East Africa Affairs	4.98	-	-	-	-	-	-	-	6.64	-	-	27.90
National Lands Commission	-	-	-	-	-	-	-	145.92	-	-	-	145.92
Independent Electoral and Boundaries Commission	-	-	-	-	35.90	-	-	-	-	-	-	35.90
Parliamentary Service Commission	-	-	-	-	256.37	-	291.49	-	-	126.99	-	674.85
Total	2,316.94	31.38	748.01	126,142.54	10,746.09	1,737.20	91,028.92	1,318.94	1,997.59	34,599.43	40,860.90	229,806.14
Percentage	0.86%	0.01%	0.28%	46.60%	3.97%	0.64%	33.63%	0.49%	0.74%	12.78%		

Figure 3.7: Composition of MDAs Development Expenditure



Source; MDAs and National Treasury

3.8 Recurrent and Development Expenditure Analysis by Sector

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

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

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

The budgetary allocation to the sector in the FY 2014/15 was Kshs.60.3 billion representing 3.3 per cent of the total budget, an increase from Kshs.53.3 billion allocated in FY 2013/14. It comprises of Kshs.44.3 billion (73.5 per cent) for development expenditure and Kshs.16.0 billion (26.5 per cent) for recurrent expenditure. The State Department for Agriculture had the highest budgetary allocation for both recurrent and development expenditure at Kshs.7.9 billion and Kshs.21.36 billion respectively. Conversely, the State Department for Fisheries had the lowest recurrent budgetary allocation at Kshs.0.97 billion while the National Land Commission had the least allocation for development activities at Kshs.0.54 billion. Table 3.12 illustrates how the AR & UD departments/ministries performed.

Table 3.12: AR & UD Sector - Analysis of Exchequer Issues and Expenditure as at March, 2015 (Kshs. Billions)

FY 2014/15-Recurrent							FY 2014/15-Development					
Name of the Department/Ministry	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	4.1	4.0	2.6	3.2	64.2	77.8	17.5	15.4	10.1	12.8	65.5	73.4
State Department for Agriculture	7.9	7.5	6.7	6.2	89.6	77.9	21.4	17.6	13.9	12.7	78.9	59.5
State Department for Livestock	1.8	1.8	1.3	1.2	73.4	64.4	3.7	3.3	2.4	2.0	71.7	55.3
State department for Fisheries	1.0	1.0	0.9	0.8	90.2	79.8	1.2	1.1	1.1	1.3	100.0	112.0
National Land Commission	1.2	1.2	0.8	0.8	70.3	65.6	0.5	0.5	0.1	0.1	13.8	26.9
Total	16.0	15.5	12.3	12.0	79.6	75.5	44.3	38.0	27.5	29.1	72.5	65.6
Total for the Sector-FY 2014/15							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Recurrent							16.0	15.5	12.3	12.0	79.6	75.5
Development							44.3	38.0	27.5	29.1	72.5	65.6
Total							60.3	53.4	39.8	41.1	74.6	68.3

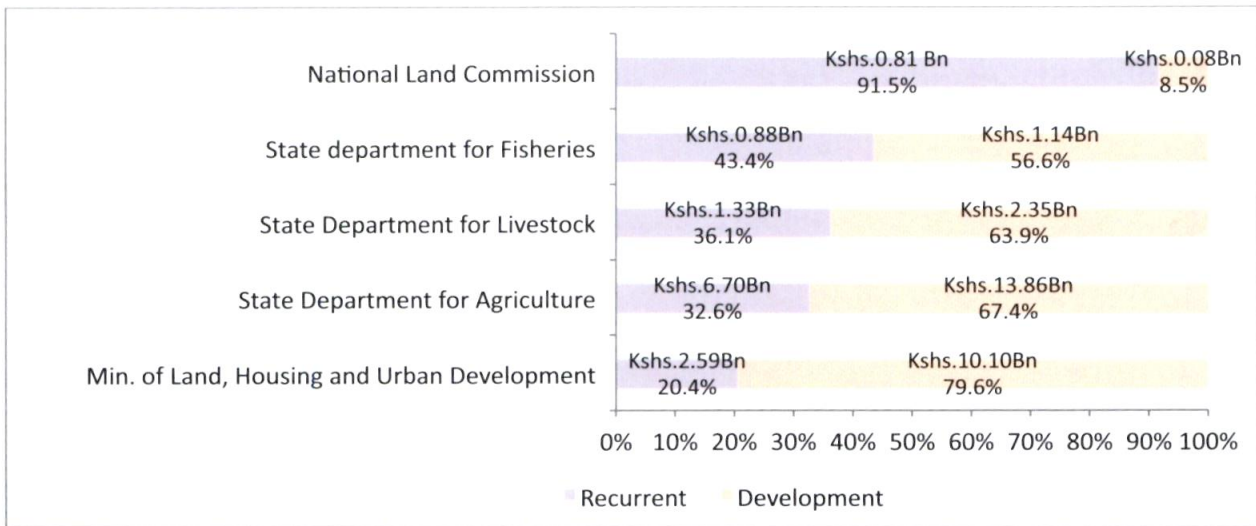
Source: MDAs and National Treasury

During the period under review, the AR&UD sector received total exchequer issues of Kshs.39.8 billion which translates to 74.6 per cent of the net estimates. The exchequer issues to the sector comprised of Kshs.12.3 billion for recurrent activities representing 79.6 per cent of the annual recurrent net estimates, and Kshs.27.5 billion for development activities representing 72.5 per cent of development net estimates.

The State Department for Fisheries received the highest proportion of the recurrent exchequer issues at 90.2 per cent of the recurrent net estimates while the Ministry of Land, Housing and

Urban Development received the lowest proportion of recurrent exchequer issues to net estimates at 64.2 per cent. From the analysis, the State Department for Fisheries received the highest proportion of exchequer issues to annual net estimates for development activities at 100.0 per cent while the National Land Commission received the lowest proportion of development exchequer issues to net estimates at 13.8 per cent. A graphical breakdown of the sectors exchequer issues is shown in figure 3.8.

Figure 3.8: AR&UD Sector Exchequer Issues (Kshs. Billions)



Source: MDAs and National Treasury

In the nine months' period FY 2014/15, the sector's total expenditure was Kshs.41.1 billion representing an absorption rate of 68.3 per cent. The total expenditure comprised of Kshs.12.0 billion for recurrent expenditure, representing 75.5 per cent of the annual recurrent budget and Kshs.29.1 billion for development expenditure which represents 65.6 per cent of the annual development budget. The State Department for Fisheries had the highest absorption rate for recurrent expenditure at 79.8 per cent while the State Department for Livestock registered the lowest absorption rate for recurrent budget at 64.4 per cent. On the other hand, the State Department for Fisheries recorded the highest absorption rate for development budget at **112.0 per cent** while National Land Commission recorded the lowest absorption rate at 26.9 per cent on development budget. The expenditure incurred in excess of the approved estimates under the State Department for Fisheries was in line with Article 223 of the Constitution, where an MDA can spend money prior to approval of a Supplementary Appropriation.

3.8.2 Education Sector

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

In the FY 2014/15, this sector was allocated Kshs.308.4 billion representing 16.8 per cent of the total budget. This is an increase of 11.7 per cent compared to Kshs.276.2 billion allocated in FY 2013/14. This allocation comprises of Kshs.273.4 billion (88.7 per cent) for recurrent and Kshs.35.0 billion (11.3 per cent) for development activities.

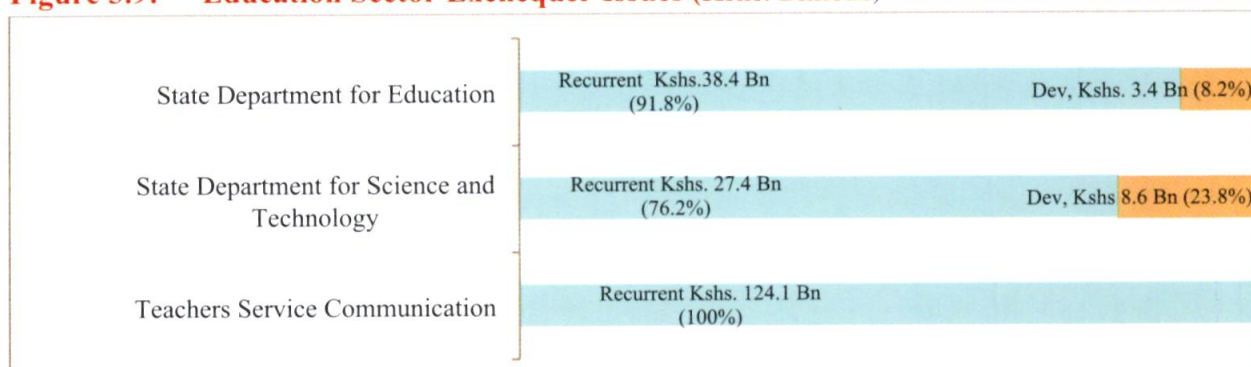
By the end of the third quarter of FY 2014/15, the sector had received exchequer issues amounting to Kshs.201.8 billion representing 71.4 per cent of the annual net estimates. This comprised of Kshs.189.8 billion for recurrent expenditure and Kshs.12.0 billion for development expenditure.

The recurrent exchequer issues to State Department for Education were Kshs.38.4 billion representing 76.8 per cent of the annual net recurrent estimates. The State Department for Science and Technology received Kshs.27.4 billion representing 73.9 per cent of the recurrent net estimates, while TSC received Kshs.124.1 billion or 75.0 per cent of the annual recurrent net estimates. The State Department of Science and Technology received the highest exchequer issues for development activities at Kshs.8.6 billion representing 86.0 per cent of the annual development net estimates. Figure 3.6 gives a breakdown of the sectors exchequer issues while table 3.13 provides a detailed analysis of the sector's performance.

**Table 3.13: Education Sector - Analysis of Exchequer Issues and Expenditure
July 2014 – March 2015 (Kshs. Billions)**

FY 2014/15-Recurrent							FY 2014/15-Development					
Name of the Department	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 of Education	54.1	50.0	38.4	37.7	76.8	69.7	22.1	20.3	3.4	2.8	16.8	12.6
State Department of Science and Technology	53.8	37.1	27.4	30.1	73.9	56.0	12.7	10.0	8.6	9.1	86.0	71.6
Teachers Service Commission	165.5	165.4	124.1	126.2	75.0	76.3	0.1	0.1	-	-	-	-
Total	273.4	252.4	189.8	194.1	75.2	71.0	35.0	30.4	12.0	11.9	39.5	34.0
Total for the Sector-FY 2014/15							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Recurrent							273.4	252.4	189.8	194.1	75.2	71.0
Development							35.0	30.4	12.0	11.9	39.5	34.0
Total							308.4	282.8	201.8	205.9	71.4	66.8

Source: MDAs and National Treasury

Figure 3.9: Education Sector Exchequer Issues (Kshs. Billions)

Source: MDAs and National Treasury

The sector's expenditure for the first nine months' of FY 2014/15 was Kshs.205.9 billion representing an absorption rate of 66.8 per cent of the gross estimates. The sector spent Kshs.194.1 billion on recurrent activities and Kshs.11.9 billion on development activities, or an absorption of **71.0 per cent** and **34.0 per cent** respectively. TSC had the highest recurrent expenditure at Kshs.126.2 billion, representing an absorption rate of 76.3 per cent. Conversely, the State Department for Science and Technology had the lowest recurrent expenditure of Kshs.30.1 billion, representing an absorption rate of 56.0 per cent. The State Department of Science and Technology had the highest development expenditure of Kshs.9.1 billion, representing an absorption rate of 86.0 per cent. The TSC for did not report any development expenditure during the period ending March, 2015.

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

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

The budget allocation to the sector amounted to Kshs.256.9 billion representing 14 per cent of the FY 2014/15 budget, an increase from Kshs.216.5 billion allocated in FY 2013/14. The allocation includes Kshs.35.6 billion for recurrent activities and Kshs.221.3 billion for development expenditure. The State Department for Infrastructure had the highest allocation for both recurrent and development activities at Kshs.25.8 billion and Kshs.99 billion respectively. Conversely, the Ministry of Information, Communication and Technology had the lowest allocation for both recurrent and development activities at Kshs.2 billion and Kshs.8.2 billion respectively as shown in table 3.14.

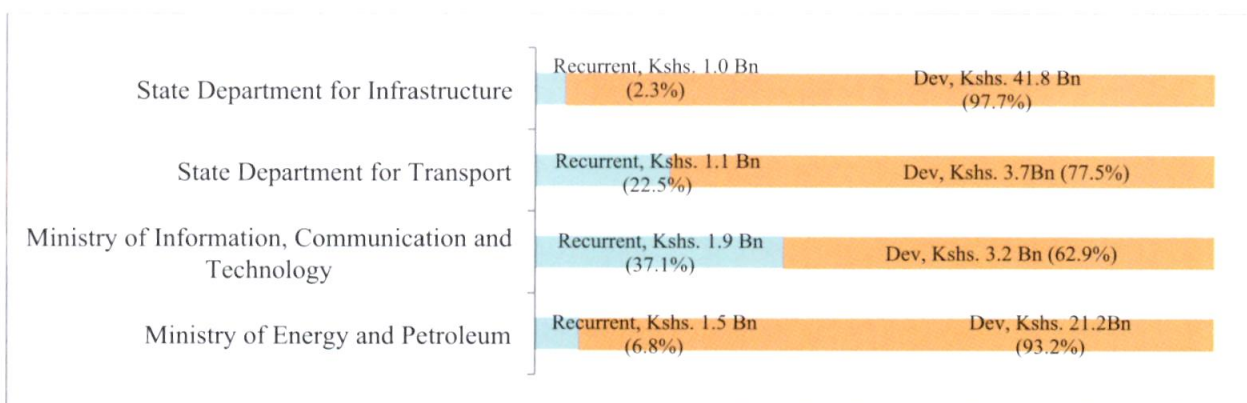
Table 3.14: EI & ICT Sector - Analysis of Exchequer Issues and Expenditure July 2014 – March 2015 (Kshs. Billions)

FY 2014/15-Recurrent							FY 2014/15-Development					
Name of the Department/Ministry	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	25.8	1.4	1.0	19.1	69.3	74.1	99.0	59.0	41.8	47.5	70.8	48.0
State Department for Transport	5.8	1.4	1.1	1.0	78.8	16.5	39.8	7.8	3.7	25.8	47.8	64.8
Ministry of Information, Communication and Technology	2.0	1.9	1.9	1.7	97.1	82.8	8.2	4.9	3.2	3.1	64.9	38.0
Ministry of Energy and Petroleum	2.0	1.7	1.5	0.8	87.8	42.4	74.3	24.1	21.2	17.3	87.8	23.3
Total	35.6	6.5	5.5	22.6	84.6	63.4	221.3	95.8	69.8	93.7	72.9	42.3
Total for the Sector - FY 2014/15							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Recurrent							35.6	6.5	5.5	22.6	84.6	63.4
Development							221.3	95.8	69.8	93.7	72.9	42.3
Total							256.9	102.3	75.3	116.3	73.6	45.2

Source: MDAs and National Treasury

During the nine months period of FY 2014/15, the sector received exchequer issues amounting to Kshs.75.3 billion which translates to 73.6 per cent of the sector's annual net estimates. Exchequer issues comprised of Kshs.5.5 billion for recurrent expenditure and Kshs.69.8 billion for development expenditure, translating to 84.6 per cent and 72.9 per cent respectively of the annual net estimates. Figure 3.10 provides a breakdown of the exchequer issues for each department/ministry.

Figure 3.10: EI & ICT Exchequer Issues (Kshs. Billions)



Source: MDAs and National Treasury

Total expenditure for EI & ICT sector during the period under review was Kshs.116.3 billion translating to absorption rate of 45.2 per cent of the sector's gross estimates. This comprised of Kshs.22.6 billion as recurrent expenditure, representing an absorption rate of 63.4 per cent and Kshs.93.7 billion on development expenditure, an absorption rate of 42.3 per cent.

The Ministry of Information, Communication and Technology recorded the highest absorption rate for recurrent expenditure at 82.8 per cent while the State Ministry of Energy and Petroleum recorded the lowest absorption rate at 42.4 per cent. The State Department for Transport had the highest absorption rate at 64.8 per cent on development activities while the Ministry of Energy and Petroleum recorded the lowest absorption rate at 23.3 per cent by spending Kshs.17.3 billion in the nine months' period.

3.8.4 Environmental Protection, Water and Natural Resource Sector

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

In the FY 2014/15, the sector was allocated Kshs.50.8 billion which is 2.8 per cent of the total budget estimates, a decrease from the Kshs.57.1 billion allocated in FY 2013/14. A total of Kshs.14.7 billion (29 per cent) was allocated for recurrent activities while Kshs.36.1 billion (71 per cent) was for development activities. The State Department for Water and Regional Authorities received the highest allocation of Kshs.31.2 billion, or 61.5 percent of the sector's total budget allocation. The Ministry of Mining was allocated the lowest amount of Kshs.1.9 billion representing 3.9 per cent of the total sector budget. Table 3.15 provides an analysis of the sector's expenditure.

Table 3.15: Environmental Protection, Water and Natural Resources Sector - Analysis of Exchequer Issues and Expenditure (Kshs. Billion)

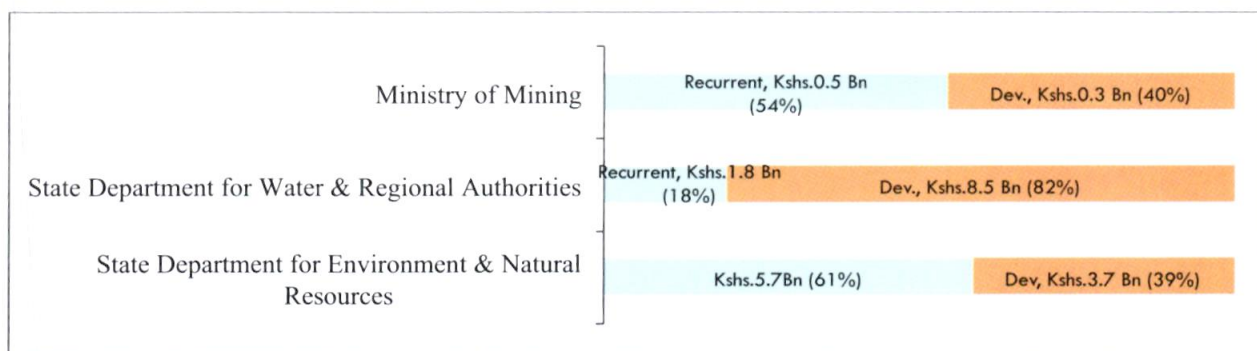
Name of the Department/ Ministry	FY 2014/15-Recurrent						FY 2014/15-Development					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
State Department for Environment & Natural Resources	9.7	6.9	5.7	5.7	82.4	58.8	7.8	6.4	3.7	3.8	57.2	48.5
State Department for Water & Regional Authorities	4.2	2.1	1.8	1.8	85.9	43.5	27.0	17.8	8.5	14.1	47.7	52.1
Ministry of Mining	0.7	0.7	0.5	0.5	71.0	64.5	1.2	1.2	0.3	0.3	28.3	23.5
Total	14.7	9.7	8.0	8.0	82.3	54.7	36.1	25.5	12.5	18.2	49.2	50.4

	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Total for the Sector – FY 2014/15						
Recurrent	14.7	9.7	8.0	8.0	82.3	54.7
Development	36.1	25.5	12.5	18.2	49.2	50.4
Total	50.8	35.2	20.5	28.7	58.3	51.6

Source: MDAs and National Treasury

Exchequer issues to the sector amounted to Kshs.20.5 billion which represents 58.3 per cent of the annual net estimates. This comprised of Kshs.8.0 billion towards recurrent expenditure representing 82.3 per cent of the recurrent net estimates and Kshs.12.5 billion for development expenditure representing 49.2 per cent of the development net estimates. Of the total recurrent exchequer issues, the State Department for Water and Regional Authorities received the highest proportion of exchequer issues to recurrent net estimates at 85.9 per cent, followed by the State Department for Environment and Natural Resources which received Kshs.5.7 billion (82.4 per cent) whereas the Ministry of Mining had the lowest at Kshs.0.5 billion (71 per cent). Figure 3.11 illustrates the exchequer issues to the sector.

Figure 3.11: Environmental Protection, Water and Natural Resources Sector – Exchequer Issues (Kshs. Billions)



Source: National Treasury

During the nine months' period, total expenditure for the sector was Kshs.26.2 billion translating to an absorption rate of 51.6 per cent. A total of Kshs.8.0 billion was spent on recurrent activities which represents an absorption rate of 54.7 per cent while Kshs.18.2 billion was spent on development activities translating to absorption rate of 50.4 per cent. The Ministry of Mining reported the highest absorption of recurrent budget at 64.5 per cent while the State Department for Water and Regional Authorities reported the lowest absorption rate at 43.5 per cent. The State Department for Water and Regional authorities had the highest absorption of development budget at 52.1 per cent while the Ministry of Mining had the lowest absorption rate at 23.5 per cent.

3.8.5 General Economic and Commercial Affairs (GECA) Sector

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

The budgetary allocation to the sector in the FY 2014/15 was Kshs.16.2 billion consisting of Kshs.6.7 billion (41.4 per cent) for recurrent expenditure and Kshs.9.6 billion (58.6 per cent) for development expenditure. The sector's allocation of Kshs.16.3 billion in the FY 2014/15 is an increase of 26.4 per cent from the Kshs.12.9 billion allocated in FY 2013/14. The State Department for Commerce and Tourism was allocated the highest amount of Kshs.2.8 billion for recurrent expenditure while the State Department for East African Affairs was allocated the least at Kshs.1.6 billion. The Ministry of Industrialization and Enterprise Development was allocated the highest amount of Kshs.7.4 billion for development expenditure while the State Department for East African Affairs was allocated the lowest at Kshs.0.1 billion.

Table 3.16: GECA Sector - Analysis of Exchequer Issues and Expenditure July 2014 – March 2015 (Kshs. Billion)

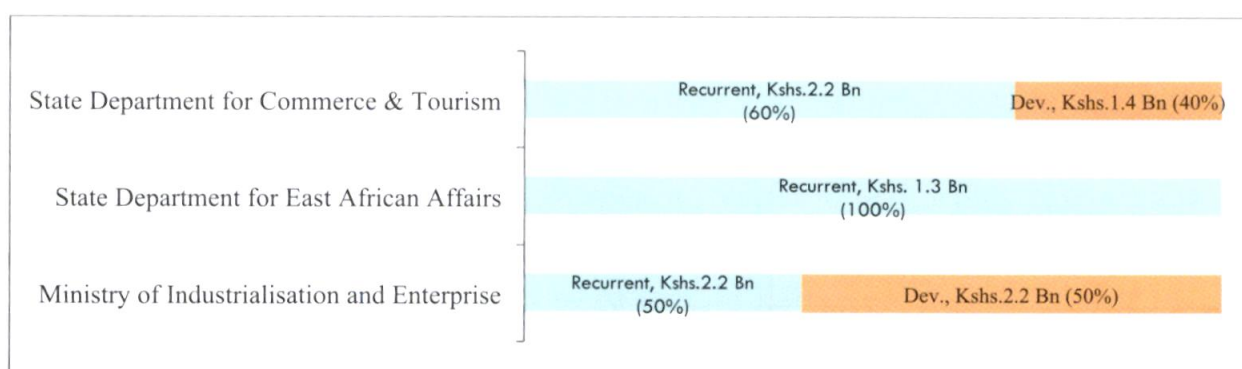
FY 2014/15-Recurrent							FY 2014/15-Development					
Name of the Department/ Ministry	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Ministry of Industrialisation and Enterprise Development	2.3	2.3	2.2	2.2	97.4	97.8	7.4	6.9	2.2	2.1	31.2	28.3
State Department for East African Affairs	1.6	1.6	1.3	1.2	81.6	76.7	0.1	-	-	0.03	-	42.9
State Department for Commerce & Tourism	2.8	2.7	2.2	2.1	79.4	75.9	2.1	2.1	1.4	1.3	68.0	62.5
Total	6.7	6.6	5.7	5.5	86.1	83.2	9.6	9.0	3.6	3.4	39.7	35.8
Total for the Sector – FY 2014/15							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Recurrent							6.7	6.6	5.7	5.6	86.1	83.6
Development							9.6	9.0	3.6	3.4	39.7	35.8
Total							16.2	15.6	9.3	9.0	59.3	55.4

Source: MDAs and National Treasury

The total exchequer issues to the sector by the end of third quarter of FY 2014/15 were Kshs.9.3 billion representing 59.3 per cent of the net estimates. This comprised of Kshs.5.7 billion for recurrent expenditure (86.1 per cent of recurrent net estimates) and Kshs.3.6 billion for development expenditure (39.7 per cent of development net estimates). The State Department for Commerce and Tourism received Kshs.2.2 billion, which is 79.4 per cent of the Department's annual net estimates while the State Department for East African Affairs received Kshs.1.3 billion, representing 81.6 per cent of the annual recurrent net estimates. The Ministry of Industrialization and Enterprise Development received Kshs.2.2 billion, representing 97.4 per cent of the annual recurrent net estimates.

On development expenditure, the State Department for Commerce and Tourism received the highest proportion of exchequer issues to development net estimates at 68 per cent while the Ministry of Industrialization and Enterprise Development had the lowest proportion of exchequer issues to the annual development net estimates at 31.2 per cent. The State Department for East African Affairs did not receive exchequer issues towards development activities. Figure 3.12 shows exchequer issues to the sector's departments.

Figure 3.12: Exchequer Issues for GECA (Kshs. Billions)



Source: National Treasury

Total expenditure for the sector in the nine months period of FY 2014/15 was Kshs.9.0 billion representing an absorption rate of 55.4 per cent. A total of Kshs.5.6 billion was spent on recurrent activities representing an absorption rate of 83.6 per cent while Kshs.3.4 billion was spent on development activities representing an absorption rate of 35.8 per cent. The State Department for East African Affairs spent Kshs.1.2 billion on recurrent activities or an absorption rate of 76.7 per cent for recurrent activities, the State Department for Commerce and Tourism spent Kshs.2.1 billion or an absorption rate of 75.9 per cent while the Ministry of Industrialization and Enterprise Development spent Kshs.2.2 billion, representing an absorption rate of 97.8 per cent for recurrent activities.

On development expenditure, the Ministry of Industrialization and Enterprise Development spent Kshs.2.1 billion or an absorption rate of 28.3 per cent and the State Department for Commerce and Tourism spent Kshs.1.3 billion or an absorption rate 62.5 per cent.

This sector plays a pivotal role in the growth of the economy as its main undertaking is to promote Kenya products locally and internationally through commerce, tourism, industrialization and enterprise development. The sector has been affected by insecurity, especially the tourism sub-sector.

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

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

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

During the FY 2014/15, the sector was allocated Kshs.130.9 billion translating to 7.1 per cent of the total budget and a slight decline from the Kshs.131.9 billion allocated in FY 2013/14. The sector was allocated Kshs.119.2 billion (91.1 per cent) towards recurrent activities and Kshs.11.7 billion (8.9 per cent) for development activities. The state Department for interior had the highest budgetary allocation for recurrent activities in the sector at Kshs.79.3 billion while Judiciary had the highest allocation for development expenditure in the sector at Kshs.5.6 billion.

Table 3.17: GJLOs Sector - Analysis of Exchequer Issues and Expenditure July 2014 – March 2015 (Kshs. Billions)

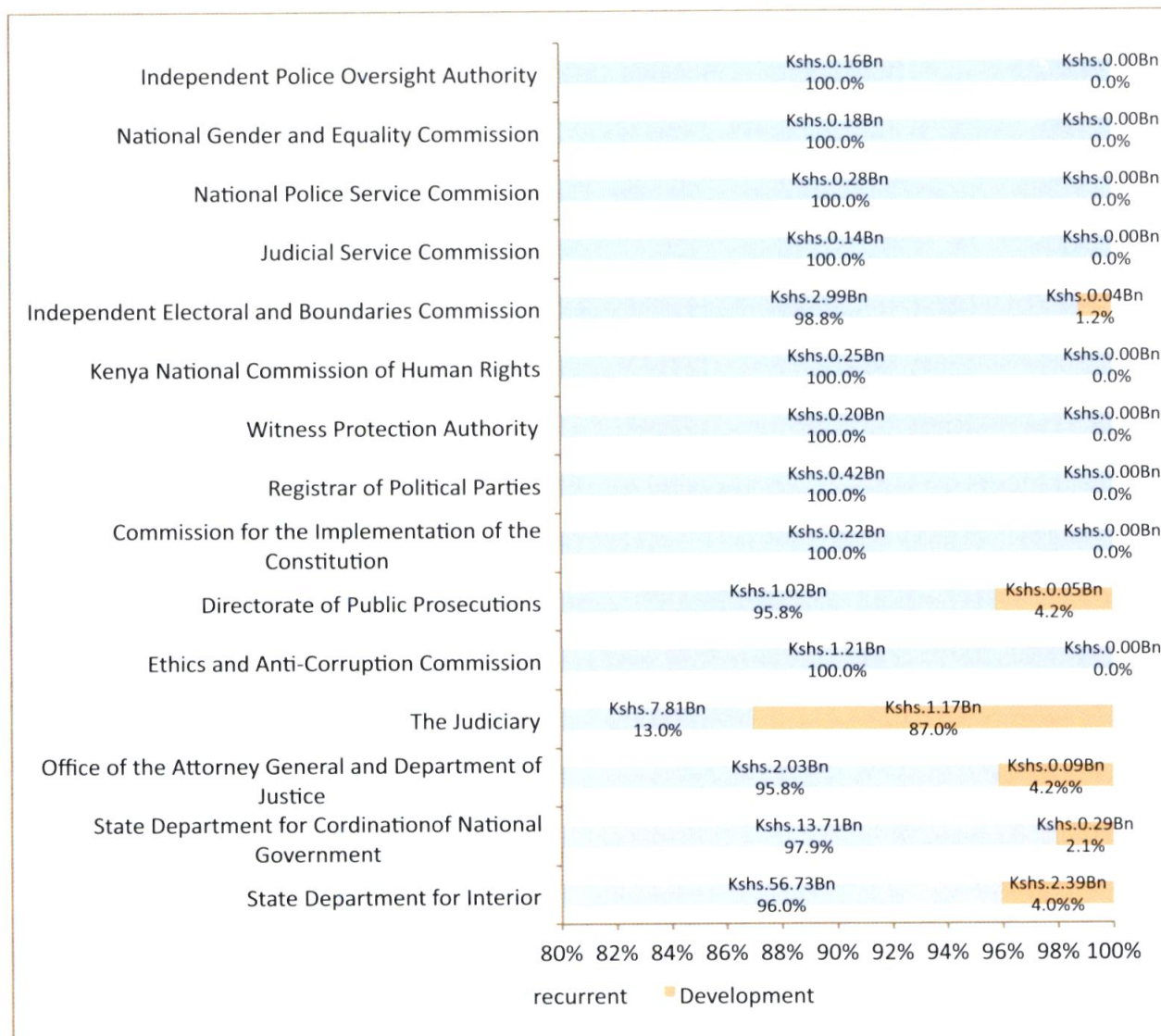
FY 2014/15-Recurrent							FY 2014/15-Development					
Name of the Department/Ministry	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
State Department for Interior	79.3	78.9	56.7	44.0	71.9	55.5	4.4	4.3	2.4	2.3	55.4	51.7
State Department for Coordination of National Government	15.4	15.4	13.7	10.5	89.0	68.0	0.7	0.7	0.3	0.4	43.8	54.8
Office of the Attorney General and Department of Justice	3.7	3.4	2.0	2.0	60.1	52.5	0.5	0.2	0.1	0.1	38.1	21.0
The Judiciary	11.9	11.9	7.8	6.7	65.9	56.7	5.6	5.6	1.2	1.0	20.8	17.3
Ethics and Anti-Corruption Commission	1.5	1.5	1.2	1.1	78.3	73.6	0.3	0.1	-	-	-	-
Directorate of Public Prosecutions	1.7	1.7	1.0	0.8	58.7	45.1	0.1	0.1	0.05	-	37.7	-
Commission for the Implementation of the Constitution	0.3	0.3	0.2	0.3	70.8	82.2	-	-	-	-	-	-
Registrar of Political Parties	0.5	0.5	0.4	0.4	89.7	92.1	-	-	-	-	-	-
Witness Protection Authority	0.2	0.2	0.2	0.2	78.6	84.0	-	-	-	-	-	-
Kenya National Commission of Human Rights	0.4	0.4	0.3	0.2	71.5	66.0	-	-	-	-	-	-
Independent Electoral and Boundaries Commission	3.0	3.0	3.0	2.1	100.0	69.8	0.1	0.1	0.04	0.04	40.0	39.3

FY 2014/15-Recurrent							FY 2014/15-Development					
Name of the Department/ Ministry	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.
Judicial Service Commission	0.4	0.4	0.1	0.1	30.9	26.6	-	-	-	-	-	-
National Police Service Commission	0.3	0.3	0.3	0.2	99.6	88.9	-	-	-	-	-	-
National Gender and Equality Commission	0.3	0.3	0.2	0.2	61.7	53.7	-	-	-	-	-	-
Independent Police Oversight Authority	0.2	0.2	0.2	0.2	76.2	97.7	-	-	-	-	-	-
Total	119.2	118.4	87.3	69.0	73.7	57.9	11.7	11.1	4.0	3.7	36.2	32.0
Total for the Sector – FY 2014/15							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Recurrent							119.2	118.4	87.3	69.0	73.7	57.9
Development							11.7	11.1	4.0	3.7	36.2	32.0
Total							130.9	129.6	91.4	72.7	70.5	55.6

Source: MDAs and National Treasury

Exchequer issues to the sector during the reporting period amounted to Kshs.91.4 billion representing 70.5 per cent of the sector's annual net estimates. This comprised of Kshs.87.3 billion for recurrent expenditure, representing 73.7 per cent of the annual recurrent net estimates and Kshs.4.0 billion for development expenditure, representing 36.2 per cent of the annual development net estimates. The IEBC received the highest proportion of exchequer issues to net estimates for recurrent expenditure at 100.0 per cent while JSC had the lowest proportion at 30.9 per cent. Figure 3.13 presents an analysis of exchequer issues to the GJLOs sector.

Figure 3.13: Analysis of Exchequer Issues for GJLOS (Kshs. Billions)



Source: National Treasury

During the nine months period of FY 2014/15, total expenditure amounted to Kshs.72.7 billion which represents an absorption rate of 55.6 per cent. The sector spent Kshs.69.0 billion on recurrent activities, an absorption rate of 57.9 per cent and Kshs.3.7 billion on development activities representing an absorption rate of 32.0 per cent. The Independent Police Oversight Authority recorded the highest absorption of recurrent budget at 97.7 per cent while the Judicial Service Commission recorded the lowest absorption rate of 26.6 per cent. On development expenditure, the State Department for Coordination of National Government had the highest

absorption of development budget at 54.8 per cent whereas the Judiciary had the lowest absorption rate of 17.3 per cent.

3.8.7 The Health Sector

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

The budgetary allocation to the sector in FY 2014/15 was Kshs.47.4 billion or 2.6 per cent of the total budget an increase compared to Kshs.36.2 billion allocated in FY 2013/14. The allocation comprised of Kshs.26.1 billion (55.0 per cent) for recurrent expenditure and Kshs.21.3 billion (45.0 per cent) for development expenditure.

In the first nine months of FY 2014/15, the total exchequer issues to the sector amounted to Kshs.23.4 billion representing 64.7 per cent of the annual net estimates. Recurrent exchequer issues to the sector were Kshs.16.3 billion representing 73.2 per cent of the annual recurrent net estimates while the development exchequer issues were Kshs.7.1 billion, representing 51 per cent of the annual development net estimates.

Aggregate expenditure for the sector by the end of the third quarter of FY 2014/15 amounted to Kshs.26 billion, representing an absorption rate of 54.8 per cent of the gross estimates. The recurrent expenditure by the sector amounted to Kshs.17.7 billion, representing an absorption rate of 68 per cent of the recurrent gross estimates while development expenditure was Kshs.8.2 billion, representing an absorption rate of 38.7 per cent of the gross development estimates. Table 3.18 give a summary of how the Health sector performed.

Table 3.18: Health Sector - Analysis of Exchequer Issues and Expenditure July 2014 – March 2015 (Kshs. Billion)

FY 2014/15 Recurrent							FY 2014/15 Development					
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.
Health	26.1	22.2	16.3	17.7	73.2	68.0	21.3	13.9	7.1	8.2	51.0	38.7
Total	26.1	22.2	16.3	17.7	73.2	68.0	21.3	13.9	7.1	8.2	51.0	38.7
Total for the Sector FY 2014/15							Gross Est.	Net Est.	Exch. Issues	Exp.	% Exch. Issues to Net Est.	% Exp. to G. Est.
Recurrent							26.1	22.2	16.3	17.7	73.2	68.0
Development							21.3	13.9	7.1	8.2	51.0	38.7
Total							47.4	36.1	23.4	26.0	64.7	54.8

Source: MDAs and National Treasury

3.8.8 The Public Administration and International Relations (PAIR) Sector

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

Total allocation to the PAIR sector amounted to Kshs.196.9 billion (11 per cent of total budget), an increase from Kshs.173.5 billion allocated in FY 2013/14. Allocation for recurrent expenditure was Kshs.94.2 billion, which is 47.8 per cent of the sector's budget while

Kshs.102.7 billion was for development expenditure which is 52.2 per cent. The National Treasury had the highest allocation for recurrent expenditure of Kshs.37.8 billion whereas the Commission on Revenue Allocation had the lowest allocation of Kshs.0.3 billion. On development expenditure allocation, the State Department for Planning had the highest allocation of Kshs.53.4 billion and the Public Service Commission had the lowest allocation of Kshs.0.2 billion. Table 3.19 illustrates the PAIR Sector exchequer issues and expenditure analysis.

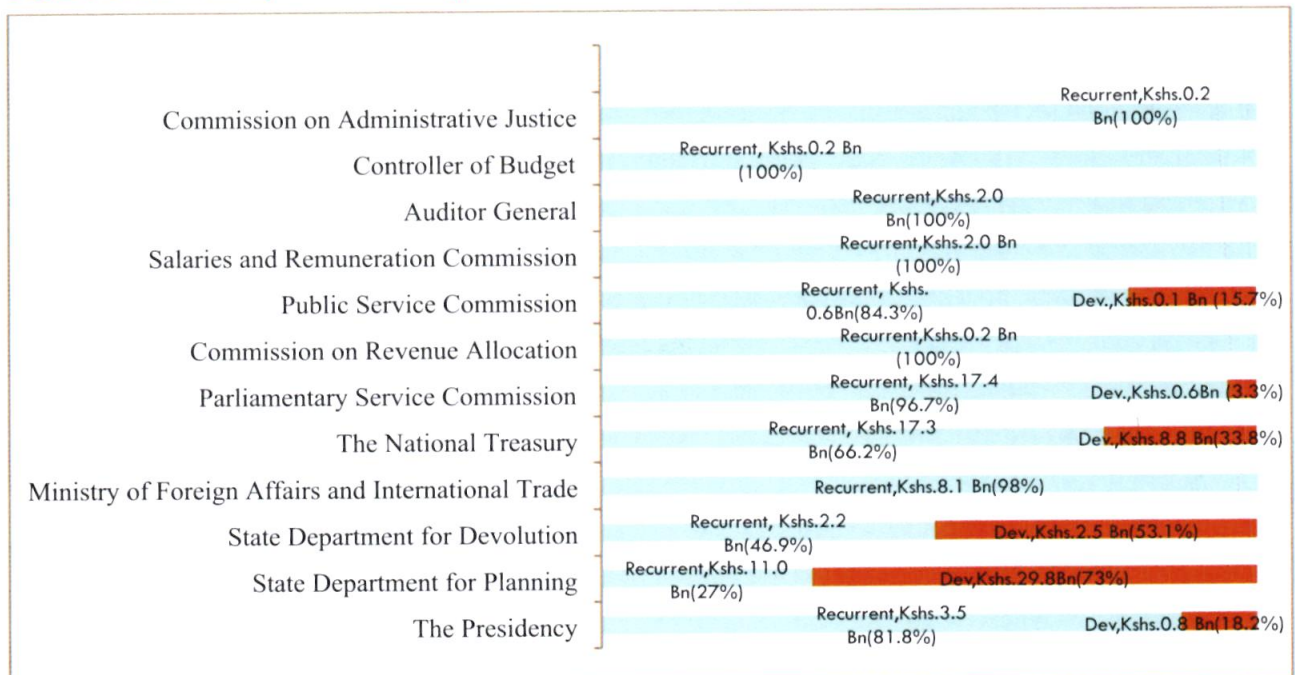
Table 3.19: PAIR Sector - Analysis of Exchequer Issues and Expenditure July 2014 – March 2015 (Kshs. Billion)

Name of the Ministry/ Department	FY 2014/15 - Recurrent						FY 2014/15 - Development					
	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	3.5	3.5	3.5	3.9	100.0	111.6	0.8	0.8	0.8	0.7	99.5	86.1
State Department for Planning	14.8	14.6	11.0	9.8	75.1	66.0	53.4	50.5	29.8	34.6	58.9	64.8
State Department for Devolution	2.2	2.2	2.2	2.7	100	122.1	5.1	3.5	2.5	2.2	69.8	43.9
Ministry of Foreign Affairs and International Trade	10.9	9.8	8.1	4.8	82.3	44.1	1.6	1.6	0.2	0.1	10.5	3.9
The National Treasury	37.8	37.8	17.3	21.1	45.7	55.8	38.1	24.4	8.8	14.5	36.1	38.1
Parliamentary Service Commission	20.0	20.0	17.4	14.9	87.2	74.6	3.1	3.1	0.6	0.7	18.9	21.6
Commission on Revenue Allocation	0.3	0.3	0.1	0.1	51.3	48.1	-	-	-	-	-	-
Public Service Commission	0.9	0.9	0.6	0.6	73.4	73.7	0.2	0.2	0.1	0.1	71.2	71.0

FY 2014/15 - Recurrent							FY 2014/15 - Development					
Name of the Ministry/ Department	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.
Salaries and Remuneration Commission	0.4	0.4	0.2	0.2	47.3	54.9	-	-	-	-	-	-
Auditor General	2.6	2.5	2.0	1.8	80.4	68.5	0.4	0.4	-	-	-	-
Controller of Budget	0.4	0.4	0.2	0.2	44.5	51.1	-	-	-	-	-	-
Commission on Administrative Justice	0.4	0.4	0.2	0.2	63.9	59.5	-	-	-	-	-	-
Total	94.2	92.8	62.9	60.4	67.7	64.1	102.7	84.5	42.7	52.9	50.5	51.5
Total for the Sector – FY 2014/15							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Recurrent							94.2	92.8	62.9	60.4	67.7	64.1
Development							102.7	84.5	42.7	52.9	50.5	51.5
Total							196.9	177.3	105.6	113.4	59.5	57.6

Source: MDAs and National Treasury

In the nine months' period of FY 2014/15, total exchequer issues to the sector were Kshs.105.6 billion. The recurrent exchequer issues were Kshs.62.9 billion or 67.7 per cent of the annual net recurrent estimates while the development exchequer issues were Kshs.42.7 billion or 50.5 per cent of the annual net development estimates. The State Department for Devolution received Kshs.2.2 billion and the Presidency received Kshs.3.5 billion in recurrent exchequer issues both representing the highest proportion of recurrent exchequer issues to annual recurrent net estimates at 100 per cent. The Office of the Controller of Budget received Kshs.191.5 million, the lowest proportion of recurrent exchequer issues to recurrent net estimates at 44.5 per cent. The Presidency received Kshs.782 million in development exchequer issues. This represented the highest proportion of development exchequer issues to development net estimates at 99.5 per cent. Figure 3.14 shows exchequer issues to all the departments/ministries in PAIR.

Figure 3.14: Analysis of Exchequer Issues for PAIR (Kshs. Billions)

Source: National Treasury

The total expenditure for the first nine months of FY 2014/15 amounted to Kshs.113.4 billion, representing an absorption rate of 57.6 per cent. The total recurrent expenditure for the period was Kshs.60.4 billion or 64.1 per cent of the recurrent expenditure estimates while the total development expenditure was Kshs.52.9 billion or 51.5 per cent of development expenditure estimates.

The State Department for Devolution had the highest recurrent expenditure in proportion to the annual gross estimate at **122.1 per cent** whereas Ministry of Foreign Affairs had the lowest recurrent expenditure in proportion to gross estimate at 44.1 per cent. The expenditure incurred in excess of the approved estimates under the State Department for Devolution was in line with Article 223 of the Constitution, where an MDA can spend money prior to approval of a Supplementary Appropriation. The Presidency recorded the highest percentage of development expenditure to gross estimates at 86.1 per cent and the Office of the Auditor General and Parliamentary Service Commission did not record expenditure on development activities.

3.8.9 Social Protection, Culture and Recreation Sector

The sector consists of two departments namely; The Labour, Social Security and Services, and Sports, Culture and Arts. The sector contributes to Kenya's development through promotion of harmonious industrial relations, safety and health at workplace, employment promotion, industrial training, productivity management, national human resource planning and development, social security, children welfare, and social development.

The sector had a budgetary allocation of Kshs.24.1 billion which is 1.3 per cent of the total budget. Of the total sector budget, Kshs.11.1 billion (46 per cent) was for recurrent expenditure and Kshs.13.0 billion (54 per cent) for development expenditure. The Ministry of Labour, Social Security and Services had a budget allocation of Kshs.8.5 billion as recurrent expenditure and Kshs.11.6 billion as development expenditure while the Ministry of Sports, Culture and Arts was allocated Kshs.2.6 billion as recurrent expenditure and Kshs.1.4 billion as development expenditure. Table 3.20 gives a breakdown of the two ministries under review.

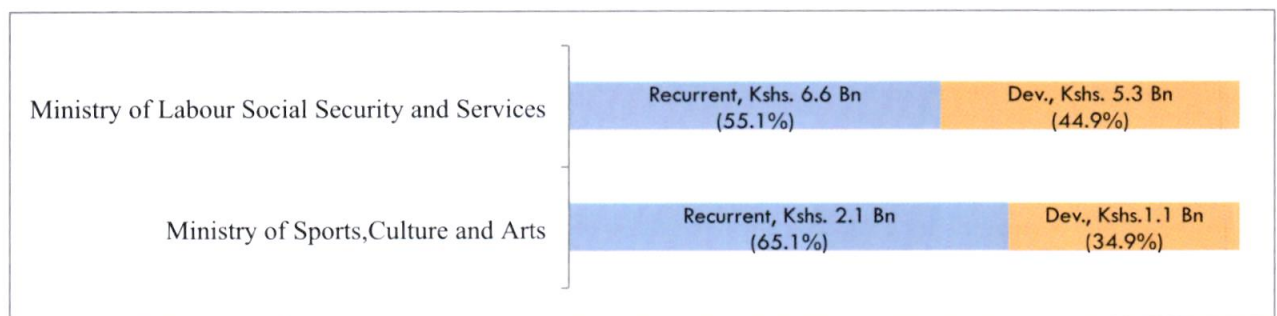
Table 3.20: Social Protection, Culture and Recreation Sector - Analysis of Exchequer Issues and Expenditure (Kshs. Billions)

Name of the Department/Ministry	FY 2014/15-Recurrent						FY 2014/15-Development					
	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 Sports, Culture and Arts	2.6	2.6	2.1	2.2	82.6	83.9	1.4	1.3	1.1	1.1	87.1	79.2
Ministry of labour Social Security and Services	8.5	8.4	6.6	5.2	78.4	61.5	11.6	11.4	5.3	7.6	46.8	65.3
Total	11.1	11.0	8.7	7.4	79.4	66.8	13.0	12.7	6.5	8.7	50.9	66.7
Total for the Sector-FY 2014/15							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Recurrent							11.1	10.9	8.7	7.4	79.4	66.8
Development							13.0	12.7	6.4	8.7	50.9	66.7
Total							24.1	23.7	15.2	16.1	64.1	66.7

Source: MDAs and National Treasury

During the reporting period ending March, 2015, exchequer issues to the sector amounted to Kshs.15.2 billion translating to 64.1 per cent of the sector's annual net estimates. The Ministry of Sports, Culture and Arts had the highest proportion of exchequer issues to annual net estimates at 82.6 per cent for recurrent and at 87.1 per cent for development while the Ministry of Labour, Social Security and Services had the lowest proportion of exchequer issues to the net estimates at 78.4 per cent for recurrent expenditure and at 46.8 per cent for development. Figure 3.15 provides a graphical representation of exchequer issues for the two ministries

Figure 3.15: Social Protection, Culture and Recreation Exchequer Issues (Kshs. Billions)



Source: National Treasury

Total expenditure for the period under review was Kshs.16.1 billion, representing an absorption rate of 66.7 per cent. The total recurrent expenditure was Kshs.7.4 billion while development expenditure was Kshs.8.7 billion, an absorption rate of 66.8 per cent and 66.7 per cent respectively. Comparatively, the Ministry of Sports, Culture and Arts had the highest absorption of the development expenditure at 79.2 per cent while the Ministry of Labour, Social Security and Services absorbed 65.3 per cent of the development budget.

From the analysis, the Ministry of Labour, Social and Security Services generated Kshs.33.1 million as A-I-A with registration of groups raising the highest amount at Kshs.25.8 million for the nine months period. The Ministry of Sports, Culture and Arts raised a total of Kshs.9.5

million as A-I-A, a 91.5 per cent of the approved annual estimate of Kshs.10.4 million. The Film Censorship Services generated the highest amount of Kshs.6.5 million for the nine month period.

3.8.10 National Security Sector

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

In FY 2014/15, the National Security Sector was allocated Kshs. 90.7 billion representing 4.9 per cent of the total budget, which was entirely for recurrent expenditure. The Defence sub-sector was allocated Kshs.73.3 billion while the National Intelligence Service sub-sector was allocated Kshs.17.4 billion. Table 3.21 gives a breakdown of the National Security sector.

Table 3.21: National Security Sector - Analysis of Exchequer Issues and Expenditure July 14 to March 15 (Kshs. Billions)

FY 2014/15 - Recurrent						
Name of the Department/ Ministry	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% of Exchequer to Net Estimates	% of Expenditure to Gross Estimates
Ministry of Defence	73.3	73.3	56.1	55.4	76.5	75.6
National Intelligence Service	17.4	17.4	11.8	12.4	67.9	71.2
Total	90.7	90.7	67.9	67.8	74.8	74.7

Source: MDAs and National Treasury

During the first nine months' period of FY 2014/15, exchequer issues to the sector amounted to Kshs.67.9 billion representing 74.8 per cent of the annual net estimates. The Ministry of Defence received Kshs.56.1 billion while the National Intelligence received Kshs.11.8 billion, translating to 76.5 per cent and 67.9 per cent of annual respective net estimates.

The sectors' total expenditure was Kshs.67.8 billion, translating to an absorption rate of 74.7 per cent of the gross estimates. The Ministry of Defence spent Kshs.55.4 billion, representing an absorption rate of 75.6 per cent of the gross estimates while the National Intelligence Service spent Kshs.12.4 billion, an absorption rate of 71.2 per cent of gross estimates.

4.0 PERFORMANCE OF BUDGET BY PROGRAMMES – JULY 2014 TO MARCH 2015

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

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

The AR&UD sector was allocated Kshs.60.3 billion to implement 14 programmes during the FY 2014/15. This allocation comprised of Kshs.16.0 billion (26.5 per cent) for recurrent programmes expenditure and Kshs.44.3 billion (73.5 per cent) for development programmes. The Crop Development and Management programme under the State Department for Agriculture received the highest allocation at Kshs.12.9 billion which was 21.4 per cent of the total allocation for the sector. On the other hand, the Livestock Resources Management and Development programme under the State Department for Agriculture received the lowest allocation at Kshs.0.02 billion.

Expenditure for the first nine months of FY2014/15 was Kshs.41.1 billion comprising of Kshs.12.0 billion as recurrent expenditure and Kshs.29.1 billion as development expenditure. The recurrent expenditure represents an absorption rate of 75.5 per cent of the annual budget for recurrent programmes while development expenditure translates to 65.6 per cent of the annual budget for development programmes in the sector.

In Table 4.1 the analysis of the programme performance for the period under review shows that the Government buildings under Ministry of Lands, Housing and Urban Development spent Kshs.1.8 billion and recorded the highest absorption rate at 100 per cent while the Agribusiness and Information Management programme under the same Department spent Kshs.1.1 billion, recording the lowest absorption rate at 31.8 per cent.

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

Name of Department/ Ministry	Programme	Rec. Est	Dev. Est	Total approved Est	Rec. Exp	Dev. Exp	Total Exp	Absorption Rate (%)
Ministry of Land Housing and Urban development	Land Policy and Planning	1.9	3.8	5.6	1.4	2.7	4.1	71.2
	Housing Development and Human Settlement	1.1	3.9	5.0	1.0	3.5	4.5	90.2
	Government Buildings	0.3	1.4	1.8	0.2	1.5	1.8	100.0
	Coastline Infrastructure and Pedestrian Access	0.1	0.3	0.3	0.0	0.3	0.3	85.3
	Urban and Metropolitan Development	0.3	8.0	8.3	0.2	4.9	5.1	61.4
	General Administration Planning and Support Services	0.4	0.2	0.6	0.3	0.003	0.3	47.0
State Department for Agriculture	General Administration Planning and Support Services	0.7	0.6	1.3	0.5	0.04	0.5	40.6
	Crop Development and Management	6.3	6.6	12.9	5.4	3.2	8.5	66.1
	Agribusiness and Information Management	0.2	3.2	3.4	0.1	1.0	1.1	31.8
	Irrigation and Drainage Infrastructure	0.6	11.1	11.7	0.2	8.6	8.8	75.3
	Livestock Resources Management and Development	0.02	-	0.02	0.02	-	0.02	87.0
State Department for Livestock	Livestock Resources Management and Development	1.8	3.7	5.5	1.2	2.0	3.2	58.3
State Department for Fisheries	Fisheries Development and Management	1.0	1.2	2.1	0.8	1.3	2.1	97.3
National Land commission	Land Administration and Management	1.2	0.5	1.7	0.8	0.1	0.9	53.3
Total		16.0	44.4	60.3	12.0	29.1	41.2	68.2

Source: MDAs and National Treasury

4.2 Education Sector

The Education sector was allocated Kshs.308.4 billion to implement 12 programmes in the FY 2014/15. This allocation comprised of Kshs.273.4 billion (89 per cent) for recurrent programmes expenditure and Kshs.35.0 billion (11.3 per cent) for development programmes. Teachers' Resource Management Programme under the Teachers Service Commission received the highest allocation at Kshs.161.1 billion which was 52.2 per cent of the total allocation for the sector while the Governance and standards program received the lowest allocation at Kshs.0.1 billion which was 0.03 per cent of the total allocation for the sector.

Expenditure for the first nine months of FY 2014/15 was Kshs.205.9 billion comprising of Kshs. 194.1 billion in recurrent expenditure and Kshs.11.9 billion as development expenditure. The recurrent expenditure represents an absorption rate of 71.0 per cent of the annual budget for recurrent programmes while development expenditure translates to 34.0 per cent of the annual budget for development programmes in the sector.

Table 4.2 shows the analysis of the programme performance during the reporting period shows that the Research, Science, Technology and Innovation programme under the Department of Education spent Kshs.0.7 billion recording the highest absorption rate at 92.2 per cent while General Administration, Planning and Support Services programme under the State Department for Science and Technology spent Kshs.0.3 billion, reporting the lowest absorption rate at 15.4 per cent.

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

Name of Department/ Ministry	Programme	Rec. Est	Dev. Est	Total approved Est	Rec. Exp	Dev. Exp	Total Exp	Absorption Rate (%)
State Department for Education	Primary Education	17.4	19.1	36.5	12.5	1.5	14.0	38.3
	Secondary Education	28.7	1.0	29.6	22.4	0.4	22.8	77.0
	Quality Assurance and Standards	4.9	0.7	5.7	0.9	0.6	1.5	26.2
	General Administration, Planning and Support Services	3.1	1.3	4.5	1.8	0.4	2.2	49.6

Name of Department/Ministry	Programme	Rec. Est	Dev. Est	Total approved Est	Rec. Exp	Dev. Exp	Total Exp	Absorption Rate (%)
State Department for Science and Technology	Primary Education	17.4	19.1	36.5	12.5	1.5	14.0	38.3
	University Education	50.6	6.0	56.6	27.9	5.0	32.9	58.0
	Technical Vocational Education and Training	1.2	4.1	5.2	1.1	3.4	4.5	85.4
	Research, Science, Technology and Innovation	0.6	0.2	0.8	0.5	0.2	0.7	92.2
	Youth Training and Development	1.0	1.1	2.1	0.5	0.5	0.9	44.5
	General Administration, Planning and Support Services	0.5	1.3	1.8	0.2	0.1	0.3	15.4
Teachers Service Commission	Teacher Resource Management	161.1	-	161.1	122.6	-	122.6	76.1
	Governance and Standards	0.1	-	0.1	0.0	-	0.0	81.2
	General Administration, Planning and Support Services	4.3	0.1	4.4	3.6	-	3.6	80.7
Total		273.4	35.0	308.4	194.1	11.9	205.9	71.3

Source: MDAs and National Treasury

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

The EI&ICT sector was allocated Kshs.256.9 billion to implement 17 programmes during the FY 2014/15. This allocation comprised of Kshs.35.6 billion (13.9 per cent) for recurrent programmes expenditure allocation and Kshs.221.3 billion (86.2 per cent) for development expenditure. The Road Transport programme under the State Department of Infrastructure had the highest allocation at Kshs.123.5 billion which was 48.1 per cent of the total allocation for the sector while Government Clearing Services programme under the State Department of Transport had the lowest allocation at Kshs.0.02 billion which was less than 1 per cent of the total allocation for the sector.

Expenditure for the first nine months of FY 2015/14 was Kshs.116.3 billion comprising of recurrent expenditure of Kshs.22.6 billion and development expenditure of Kshs.93.7 billion. The total recurrent expenditure translated to an absorption rate of 63.4 per cent of the annual

recurrent budget while the development expenditure represented an absorption rate of 42.3 per cent of the annual development budget.

Analysis of the programme performance during the period under review indicates that the General Administration Planning and Support Services programme under the Ministry of Information Communication and Technology spent Kshs.1.0 billion recording the highest absorption rate at 232.4 per cent. The Alternative Energy Technologies programme under the Ministry of Energy and Petroleum had the lowest absorption rate at 1.9 per cent with an expenditure of Kshs.0.1 billion.

Table 4.3 presents an analysis of allocation and expenditure by programme under the sector for the period under review.

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

Name of Department/ Ministry	Programme	Rec. Est	Dev. Est	Total approved Est	Rec. Exp	Dev. Exp	Total Exp	Programme Absorption Rate (%)
State Department of Transport	General Administration, Planning and Support Services	0.3	2.2	2.5	0.2	0.1	0.3	12.5
	Road Transport	0.4	0.0	0.4	0.3	0.0	0.3	75.0
	Rail Transport	0.0	24.3	24.3	0.0	21.4	21.4	87.8
	Marine Transport	0.5	5.6	6.1	0.4	0.6	1.0	16.3
	Air Transport	4.4	7.7	12.1	0.0	3.7	3.8	31.2
	Government Clearing Services	0.1	0.0	0.2	0.03	0.0	0.03	20.7
State Department of Infrastructure	General Administration, Planning and Support Services	1.3	0.0	1.3	0.9	0.0	0.9	68.8
	Road Transport	24.5	99.0	123.5	18.2	47.5	65.7	53.2
Ministry of Information, communication and Technology	General Administration Planning and Support Services	0.4	0.03	0.4	0.6	0.4	1.0	232.4
	Information And Communication Services	0.7	1.0	1.7	1.0	0.6	1.6	94.9
	Mass Media Skills Development	0.2	0.1	0.3	0.0	0.1	0.1	24.6
	ICT Infrastructure Development	0.7	7.1	7.7	0.1	2.0	2.1	26.7
Ministry of energy and Petroleum	General Administration Planning and Support Services	0.3	0.02	0.3	0.1	0.01	0.1	36.5

Name of Department/ Ministry	Programme	Rec. Est	Dev. Est	Total approved Est	Rec. Exp	Dev. Exp	Total Exp	Programme Absorption Rate (%)
	Power Generation	0.7	22.0	22.7	0.3	3.4	3.7	16.2
	Power Transmission and Distribution	0.8	47.9	48.7	0.4	13.7	14.0	28.8
	Alternative Energy Technologies	0.1	2.8	2.9	0.1	0.0	0.1	1.9
	Exploration and Distribution of Oil and Gas	0.0	1.6	1.7	0.0	0.2	0.3	15.2
Total	Total	35.6	221.3	256.9	22.6	93.7	116.3	45.3

Source: MDAs and National Treasury

4.4 Environment Protection, Water and Natural Resources Sector

This sector has 10 programmes and was allocated Kshs.50.8 billion comprising of Kshs.14.7 billion (28.9 per cent) for recurrent expenditure and Kshs.36.1 billion (71.1 per cent) for development programmes for the FY 2014/15. Water Resources Management programme received the highest allocation at Kshs.26.4 billion which was 51.9 per cent of the total allocation for the sector. General Administration Planning and Support Services program under the Ministry of Mining received the lowest allocation of Kshs.0.2 billion.

Expenditure for the first nine months of the FY 2014/15 was Kshs.26.2 billion comprising of Kshs.8.0 billion on recurrent expenditure and Kshs.18.1 billion for development expenditure. The recurrent expenditure represents an absorption rate of 54.7 per cent of the annual budget for recurrent programmes while development expenditure translates to 50.1 per cent of the annual budget for development programmes in the sector.

Analysis of the programme performance for the period under review shows that General Administration Planning and Support Services program under the State Department for Water and Regional Services spent Kshs.0.7 billion recording the highest absorption rate at 78.2 per cent while the Mineral Resources Management programme under the Ministry of Mining spent Kshs.0.3 billion and recorded the lowest absorption rate at 23.9 per cent as represented by Table 4.4.

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

Name of Department/ Ministry	Programme	Rec. Est	Dev. Est	Total approved Est	Rec. Exp	Dev. Exp	Total Exp	Programme Absorption Rate (%)
State Department for Environment and Natural Resources	General Administration, Planning and Support Services	0.6	0.1	0.6	0.4	0.05	0.4	63.8
	Environment Management and Protection	1.2	3.2	4.5	0.6	1.7	2.3	52.0
	Natural Resources Conservation and Management	6.9	3.5	10.3	4.1	1.6	5.6	54.4
	Meteorological Services	1.1	1.0	2.1	0.7	0.5	1.2	55.0
State Department for Water and Regional Services	General Administration, Planning and Support Services	0.8	0.2	0.9	0.6	0.2	0.7	78.2
	Water Resources Management	2.9	23.5	26.4	0.7	11.6	12.3	46.6
	Integrated Regional Development	0.6	3.3	4.0	0.6	2.3	2.9	73.2
Ministry of Mining	General Administration Planning and Support Services	0.2	0.01	0.2	0.1	0.005	0.1	61.4
	Resources Surveys and Remote Sensing	0.2	0.4	0.6	0.2	0.1	0.3	47.9
	Mineral Resources Management	0.2	0.9	1.1	0.2	0.1	0.3	23.9
Total		14.7	36.1	50.8	8.0	18.1	26.2	51.5

Source: The National Treasury and MDAs

4.5 General Economic and Commercial Affairs (GECA) Sector

The GECA sector was allocated Kshs.16.2 billion to implement 9 programmes during the FY 2014/15. This allocation comprises of Kshs.6.7 billion (41.4 per cent) for recurrent expenditure and Kshs.9.6 billion (58.6 per cent) as development expenditure. The Industrial Development and Investments programme under the Ministry of Industrialization and Enterprise Development had the highest allocation at Kshs.5.9 billion which was 36.1 per cent of the total allocation for the sector while General Administration Planning and Support Services under the State Department for East African Affairs had the lowest allocation at Kshs.0.2 billion, which was 1.2 per cent of the total allocation for the sector.

Expenditure for the first nine months of FY 2014/15 was Kshs.9.0 billion translating to an absorption rate of 55.1 per cent. The sector spent Kshs.5.5 billion on recurrent activities which represents an absorption rate of 86.1 per cent of the recurrent budget while Kshs.3.4 billion was spent on development activities, translating to an absorption rate of 35.8 per cent. The Cooperative Development and Management programme under the Ministry of Industrialization and Enterprise Development spent Kshs.0.7 billion recording the highest absorption rate at 221.6 per cent while Industrial Development and Investments programme spent Kshs.1.0 billion and reported the least absorption rate of 17.5 per cent. The expenditure incurred in excess of the approved estimates under the Ministry of Industrialization and Enterprise Development was in line with Article 223 of the Constitution, where an MDA can spend money prior to approval of a Supplementary Appropriation. Table 4.5 shows the analysis of the GECA Sector Programmes.

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

Name of Department/ Ministry	Programme	Rec. Est	Dev. Est	Total approved Est	Rec. Exp	Dev. Exp	Total Exp	Programme Absorption Rate (%)
Ministry of Industrialization and Enterprise Development	General Administration Planning and Support Services	0.6	0.2	0.7	0.2	0.01	0.2	31.8
	Industrial Development and Investments	0.7	5.1	5.9	0.4	0.6	1.0	17.5
	Standards and Business Incubation	0.7	2.1	2.8	0.9	1.5	2.4	84.8
	Cooperative Development and Management	0.3	0.0	0.3	0.7	0.0	0.7	221.6
State Department for East African Affairs	East African Affairs and Regional Integration	1.4	0.1	1.5	1.1	-	1.1	76.3
	General Administration, Planning and Support Services	0.2	-	0.2	0.1	-	0.1	53.7
State Department for Commerce and Tourism	Tourism Development and Promotion	1.1	1.4	2.5	1.0	1.0	2.0	81.3
	Trade Development and Promotion	1.1	0.3	1.4	0.7	0.2	0.9	62.3
	General Administration, Planning and Support Services	0.6	0.4	1.0	0.3	0.1	0.5	49.7
Total		6.7	9.6	16.2	5.5	3.4	9.0	55.1

Source: MDAs and National Treasury

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

The GJLOS sector was allocated Kshs.130.9 billion to implement 22 programmes in the FY 2014/15. This allocation comprises of Kshs.119.2 billion (91.1 per cent) for recurrent expenditure allocation and Kshs.11.7 billion (8.9 per cent) for development expenditure. The Policing Services programme under the State Department for Interior received the highest allocation at Kshs.66.0 billion which was 50.4 per cent of the sector's budget while the National Government Administration and Field Services programme under the State Department for Coordination of National Government Sub-sector received the lowest allocation at Kshs.0.1 billion which translated to 0.4 per cent of the total budget of the sector.

Expenditure for the first nine months of FY 2014/15 was Kshs.72.7 billion which translated to an absorption rate of 55.6 per cent. This expenditure comprised of Kshs.69.0 billion spent on recurrent activities and Kshs.3.7 billion on development activities.

The analysis of the programme performance in Table 4.6 shows that the Police Oversight Services programme under the Independent Police Oversight Authority spent Kshs.0.2 billion which translated to the highest absorption rate at 97.7 per cent while the Dispensation of Justice programme under Judicial Service Commission spent Kshs.0.1 billion translating to the lowest absorption rate at 26.6 per cent of its annual budget.

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

Name of Department/Ministry	Programme	Rec. Est	Dev. Est	Total approved Est	Rec. Exp	Dev. Exp	Total Exp	Programme Absorption Rate (%)
State Department for Interior	Policing services	63.2	2.8	66.0	33.9	1.6	35.4	53.7
	National Government Administration and field services	11.6	0.4	12.0	7.5	0.1	7.6	63.2
	Government Printing Services	0.6	0.1	0.7	0.2	0.1	0.2	32.1
	Population Management Services	3.9	1.1	5.0	2.4	0.6	3.0	60.4
State Department for Coordination of National	National Government Administration and field services	0.1	-	0.1	0.03	-	0.03	67.8

Name of Department/ Ministry	Programme	Rec. Est	Dev. Est	Total approved Est	Rec. Exp	Dev. Exp	Total Exp	Programme Absorption Rate (%)
Government	Correctional services	15.4	0.7	16.0	10.5	0.4	10.8	67.5
Office of the Attorney General and Department of Justice	Legal Services to Government and the Public	1.3	0.0	1.3	0.5	-	0.5	39.6
	Constitutional Reforms	1.2	0.0	1.2	0.9	-	0.9	69.5
	Legal Education and Policy	0.5	0.1	0.6	0.2	0.1	0.2	40.2
	General Administration, Planning and Support Services	0.7	0.4	1.1	0.4	0.0	0.4	39.8
The Judiciary	Dispensation of Justice	11.9	5.6	17.5	6.7	1.0	7.7	43.8
Ethics and Anti-Corruption Commission	Ethics and Anti-Corruption	1.5	0.3	1.8	1.1	-	1.1	62.5
Directorate of Public Prosecutions	Public Prosecution Services	1.7	0.1	1.9	0.8	-	0.8	42.2
Commissions for the Implementation of the Constitution	Implementation of the Constitution	0.3	-	0.3	0.3	-	0.3	82.2
Registrar of Political Parties	Registration, Regulation and Funding of Political Parties	0.5	-	0.5	0.4	-	0.4	92.1
Witness Protection Authority	Witness Protection	0.2	-	0.2	0.2	-	0.2	84.0
Kenya National Commissions of Human Rights	Protection and Promotion of Human Rights	0.4	-	0.4	0.2	-	0.2	66.0
Independent Electoral and Boundaries Commission	Management of Electoral Processes	3.0	0.1	3.1	2.1	0.0	2.1	68.3
Judicial Service Commission	Dispensation of Justice	0.4	-	0.4	0.1	-	0.1	26.6
National Police Service Commission	National Police Service Human Resource Management	0.3	-	0.3	0.2	-	0.2	88.9
National Gender and Equality Commission	Promotion of Gender Equality and Freedom from Discrimination	0.3	-	0.3	0.2	-	0.2	53.7
Independent Police Oversight Authority	Policing Oversight Services	0.2	-	0.2	0.2	-	0.2	97.7

Name of Department/ Ministry	Programme	Rec. Est	Dev. Est	Total approved Est	Rec. Exp	Dev. Exp	Total Exp	Programme Absorption Rate (%)
Total		119.2	11.7	130.9	69.0	3.7	72.7	55.6

Source: MDAs and National Treasury

4.7 Health Sector

The Health sector was allocated Kshs. 47.4 billion to fund 5 programmes during the FY 2014/15. The Curative Health Services programme received the highest allocation at Kshs.19.3 billion which was 40.8 per cent of the total budget for the sector while the Maternal and Child Health programme had the lowest allocation at Kshs.4.3 billion, translating to 9.2 per cent of the sector's total budget.

Expenditure during the first nine months of FY 2014/15 was Kshs.25.9 billion comprising of Kshs.17.7 billion spent on recurrent activities and Kshs.8.2 billion on development activities. The Maternal and Child Health programme spent Kshs.2.9 billion recording the highest absorption rate at 67.5 per cent of its annual budget while the Preventive & Promotive Health Services programme spent Kshs.4.3 billion with the lowest absorption rate at 44.4 per cent, Table 4.7 shows the Analysis of Health Sector Programmes for the period under review.

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

Name of Department/ Ministry	Programme	Rec. Est	Dev. Est	Total approved Est	Rec. Exp	Dev. Exp	Total Exp	Programme Absorption Rate (%)
Ministry of Health	Preventive & Promotive Health Services	2.9	6.7	9.6	1.9	2.3	4.3	44.4
	Curative Health Services	14.9	4.4	19.3	9.4	0.6	10.1	52.0
	Health Research and Development	4.8	0.4	5.3	3.1	0.3	3.5	65.9
	General Administration, Planning & Support Services	3.3	5.5	8.8	3.2	2.0	5.2	59.1
	Maternal and Child Health	0.0	4.3	4.3	0.01	2.9	2.9	67.5
Total		26.1	21.3	47.4	17.7	8.2	25.9	54.8

Source: MDAs and National Treasury

4.8 Public Administration and International Relations Sector

The Public Administration and International Relations (PAIR) sector was allocated Kshs.196.9 billion to fund 31 programmes during the FY 2014/15. This comprised of Kshs.94.2 billion (47.9 per cent) for recurrent expenditure and Kshs.102.7 billion (52.2 per cent) for development expenditure. The General Administration Planning and Support Services programme under the National Treasury received the highest allocation at Kshs.40.6 billion representing 20 per cent of the budget for the sector while Public Service Commission's Governance and National Values programme had the lowest allocation at Kshs.0.1 billion, which was less than 1 per cent of the sector's total budget.

Expenditure during the first nine months of FY 2014/15 was Kshs.113.3 billion translating to an absorption rate of 57.6 per cent of the annual budget for the sector and comprised of Kshs.60.4 billion as recurrent expenditure and Kshs.52.9 billion as development expenditure. The recurrent expenditure translates to an absorption rate of 64.1 per cent of the annual recurrent budget for the sector while development expenditure represented an absorption rate of 51.5 per cent.

In table 4.8, analysis of the programme performance during the period under review indicates that General Administration, Planning and Support Services programme under the Presidency spent Kshs.0.7 billion, recording the highest absorption rate at **158.2 per cent** of its annual budget. The expenditure incurred in excess of the approved estimates under the General Administration, Planning and Support Services programme was in line with Article 223 of the Constitution, where an MDA can spend money prior to approval of a Supplementary Appropriation. The International, Trade and Investments Promotion Programme under the Ministry of Foreign Affairs and International Trade spent Kshs.0.1 billion and recorded the lowest absorption rate of 25.3 per cent against its annual budget.

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

Name of Department / Ministry	Programme	Rec. Est	Dev. Est	Total approved Est	Rec. Exp	Dev. Exp	Total Exp	Programme Absorption Rate (%)
The Presidency	General Administration Planning and Support Services	0.4	-	0.4	0.7	-	0.7	158.2

Name of Department / Ministry	Programme	Rec. Est	Dev. Est	Total approved Est	Rec. Exp	Dev. Exp	Total Exp	Programme Absorption Rate (%)
	Cabinet Affairs	0.4	0.1	0.5	0.3	0.1	0.3	68.3
	Government Advisory Services	0.4	-	0.4	0.2	-	0.2	50.7
	State House Affairs	1.4	0.6	1.9	1.6	0.4	2.0	101.4
	Leadership and Coordination of MDAs	1.0	0.1	1.1	1.2	0.2	1.5	132.1
State Department for Planning	Economic Policy and National Planning	1.1	38.8	39.9	0.9	25.5	26.4	66.1
	National Statistical Information Services	0.7	0.1	0.8	0.7	0.1	0.8	98.5
	Monitoring and Evaluation Services	0.4	0.1	0.5	0.2	0.1	0.3	62.7
	General Administration Planning and Support Services	0.5	0.1	0.7	0.3	0.1	0.4	67.0
	Public Service Transformation	6.0	0.5	6.5	5.0	0.1	5.1	79.4
	Gender & Youth Empowerment	6.1	13.8	19.9	2.6	8.7	11.3	57.0
State Department for Devolution	Devolution Services	1.2	0.0	1.2	1.1	-	1.1	91.7
	Special Initiatives	0.8	5.1	5.9	1.5	2.2	3.8	63.6
Ministry of Foreign affairs and International Trade	General Administration Planning and Support Services	2.6	0.4	3.0	1.8	0.0	1.8	59.4
	Foreign Relation and Diplomacy	8.0	1.2	9.2	3.0	0.0	3.0	32.2
	International Trade and Investments Promotion	0.2	-	0.2	0.1	-	0.1	25.3
The National Treasury	General Administration Planning and Support Services	33.2	7.4	40.6	17.7	1.9	19.6	48.2
	Public Financial Management	3.3	29.6	32.9	2.4	12.6	15.0	45.5
	Economic and Financial Policy Formulation and Management	1.0	1.1	2.1	0.7	0.1	0.8	38.9

Name of Department / Ministry	Programme	Rec. Est	Dev. Est	Total approved Est	Rec. Exp	Dev. Exp	Total Exp	Programme Absorption Rate (%)
	Market Competition	0.3	-	0.3	0.2	-	0.2	75.0
Parliamentary Service Commission	Legislation and Representation	12.7	-	12.7	10.9	-	10.9	85.4
	Legislative Oversight	1.5	-	1.5	0.6	-	0.6	38.9
	General Administration, Planning and Support Services	5.8	3.1	8.9	3.5	0.7	4.1	46.4
Commission on Revenue Allocation	Inter-Governmental Revenue and Financial Matters	0.3	-	0.3	0.1	-	0.1	48.1
Public Service Commission	General Administration, Planning and Support Services	0.6	0.2	0.8	0.4	0.1	0.5	70.7
	Human Resource management and Development	0.2	-	0.2	0.1	-	0.1	74.0
	Governance and National Values	0.1	-	0.1	0.1	-	0.1	85.9
Salaries and Remuneration Commission	Salaries and Remuneration Management	0.4	-	0.4	0.2	-	0.2	54.9
Auditor General	Audit Services	2.6	0.4	3.0	1.8	-	1.8	59.3
Controller of Budget	Control and Management of Public finances	0.4	-	0.4	0.2	-	0.2	51.1
Commission on Administrative Justice	Promotion of Administrative Justice	0.4	-	0.4	0.2	-	0.2	59.5
Total		94.1	102.7	196.9	60.4	52.9	113.3	57.6

Source: MDAs and National Treasury

4.9 Social Protection, Culture and Recreation

The sector was allocated Kshs.24.1 billion to implement 10 programmes during the FY 2014/15. This allocation comprises of Kshs.11.1 billion (46.1 per cent) for recurrent expenditure and Kshs.13.0 billion (53.9 per cent) for development expenditure. The National Social Safety Net programme under the Ministry of Labour Social Security and Services received the highest allocation at Kshs.14.4 billion which is 59.7 per cent of the total allocation for the sector. General Administration, Planning and Support Services programme under the Ministry of Sports,

Culture and Arts had the lowest allocation at Kshs.0.2 billion, which translates to 0.8 per cent of the budget for the sector.

Expenditure for the first nine months of FY 2014/15 was Kshs.16.1 billion achieving an absorption rate of 66.7 per cent. The total recurrent expenditure was Kshs.7.4 billion while development expenditure was Kshs.8.7 billion. The recurrent expenditure for the period under review translated to absorption rate of 66.8 per cent of the annual recurrent budget while development expenditure was 66.7 per cent.

Analysis of programme performance during the period under review shows that General Administration, Planning and Support Services programme under the Ministry of Sports, Culture and Arts spent Kshs.0.2 billion recording the highest absorption rate at 92.1 per cent of its budget. On the other hand, Social Development and Children Services programme under the Ministry of Labour, Social Security and Services spent Kshs.1.6 billion recording the lowest absorption rate at 47.2 per cent of its budget as presented in Table 4.9.

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

Name of Department/ Ministry	Programme	Rec. Est	Dev. Est	Total approved Est	Rec. Exp	Dev. Exp	Total Exp	Programme Absorption Rate (%)
Ministry of Sports, Culture and Arts	Sports	0.5	0.7	1.2	0.5	0.5	1.0	82.4
	Culture	0.9	0.1	1.0	0.7	0.01	0.7	75.8
	The Arts	0.4	0.1	0.5	0.3	0.03	0.4	78.3
	Library Services	0.6	0.5	1.1	0.4	0.5	0.9	87.8
	General Administration, Planning and Support Services	0.2	0.0	0.2	0.2	0.01	0.2	92.1
Ministry of Labour Social Security and Services	Promotion of the Best Labour Practice	0.4	0.2	0.7	0.2	0.1	0.3	48.2
	Manpower Development, Employment and Productivity Management	0.6	0.4	1.0	0.5	0.2	0.6	59.4
	Social Development and Children Services	2.6	0.9	3.4	1.1	0.5	1.6	47.2
	National Social Safety Net	4.3	10.1	14.4	3.1	6.8	9.9	68.8
	General Administration Planning and Support Services	0.6	0.0	0.6	0.4	0.0	0.4	59.7
Total		11.1	13.0	24.1	7.4	8.7	16.1	66.7

Source: MDAs and National Treasury

4.10 National Security Sector

The National Security sector comprises of two departments with 4 programmes to implement in the FY 2014/15. The 4 programmes were allocated Kshs.90.7 billion to finance its programmes. Defence programme received the highest allocation at Kshs.71.3 billion which was 78.6 per cent of the total allocation for the sector while the Civil Aid programme received the lowest allocation at Kshs.0.5 billion.

Expenditure up to the of third quarter of FY 2014/15 was Kshs.67.8 billion translating to an absorption rate of 74.7 per cent. Table 4.10 shows the analysis of programme performance during the period under review shows that the Defence programme under the Ministry of Defence spent Kshs.54.7 billion recording the highest absorption rate at 76.7 per cent. The General Administration, Planning and Support Services Programme under the Ministry of Defence spent Kshs.0.7 billion which was the lowest absorption rate at 44.4 per cent of its annual allocation.

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

Name of Sub-Sector	Programme	Total Approved estimates	Total Expenditure	Programme Absorption Rate
Ministry of Defence	Defence	71.3	54.7	76.7
	Civil Aid	0.5	0.0	0.0
	General Administration, Planning and Support Services	1.5	0.7	44.4
National Intelligence Service	National security intelligence	17.4	12.4	71.2
Total		90.7	67.8	74.7

Source: MDAs and National Treasury

5.0 KEY ISSUES AND RECOMMENDATIONS

The Office of Controller of Budget monitored implementation of the budget by the MDAs from the July 2014 to March 2015 and identified pertinent issues that affected budget implementation during the nine months' period. This section presents the key issues and makes recommendations that are aimed at improving budget implementation by MDAs.

5.1 Monitoring of Development Expenditure

In order to promote development, Article 15(2(a)) of PFM Act, 2012 requires that, over the medium term, a minimum of thirty percent of the National and County Government budgets shall be allocated to development expenditure.

While this requirement was met in the formulation of the FY 2014/15 Budget by the National Government, absorption of the development funds is still relatively low. There is therefore, need for the National Treasury to formulate strategies aimed at ensuring that absorption of development funds is enhanced.

5.2 Non-Disclosure of A-I-A by the MDAs

In the reporting period, total expenditure by 5 MDAs exceeded exchequer issues. This is partly due to underreporting by A-I-A by the MDAs.

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

5.3 High Public Debt Position

By March 2015, the total public debt had grown by 5.1 per cent from Kshs.2.48 trillion in December 2014 to Kshs.2.65 trillion translating to a debt per-capita of Kshs 68,605 based on the 2009 Census. Increasing public borrowing may result in undesirable fiscal consequences such as high interest rates, inflation, and overburdening of future generations.

The National Treasury should take appropriate measures to ensure that public debt does not reach unsustainable levels in view of the constitutional provision allowing county governments to borrow.

5.4 Special Audit of the Consolidated Fund Services Account

During the first nine months of the FY 2014/15, Consolidated Fund Services Expenditure exceeded exchequer issues by Kshs.16.3 billion. This issue has been raised in previous BIRRs.

It is recommended that a special audit be undertaken by the Auditor General to establish the cause of the differences.

6.0 CONCLUSION

This report sought to provide an overview on the progress made in budget implementation during the first nine months of the FY 2014/15. The report indicates that significant progress has been made compared to a similar period in the FY 2013/14. More specifically, overall expenditure stood at Kshs.966.1 billion, an increase from the Kshs.737.1 billion incurred in the first nine months of FY 2013/14. Development expenditure achieved an absorption rate of 47 per cent while recurrent expenditure was 69.6 per cent compared to 28.9 and 61.8 per cent in the same period of FY 2013/14 respectively.

While positive strides have been made in budget implementation, the results of this review also indicate that there is need to strengthen monitoring of development projects and programmes which, is still relatively low. In addition, the Government must find a sustainable solution to the frequent labour actions by teachers and hospital workers that has continued to negatively affect budget implementation. The National Treasury should also take appropriate measures to ensure that the growing public debt does not reach unsustainable levels in view of the constitutional provision allowing county governments to borrow. Finally, MDAs should ensure complete disclosure of A-I-A, and the Auditor General is called upon undertake by the Auditor General to establish the cause of the differences between exchequer issues and expenditure on public debt.

ANNEXURES

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

VOTE	MINISTRY/STATE DEPARTMENT	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% of Exch. To Net Est.	% of Exp. To G. Est.
R1011	The Presidency	3,520,023,597	3,511,023,597	3,511,016,000	3,928,896,920	100.0	111.6
R1021	State Department for Interior	79,286,358,294	78,920,337,021	56,726,000,000	43,998,324,992	71.9	55.5
R1022	State Department for Coordination of National Government	15,411,370,819	15,411,370,819	13,714,000,000	10,485,852,456	89.0	68.0
R1031	State Department for Planning	14,846,070,625	14,642,570,625	10,990,840,000	9,799,749,656	75.1	66.0
R1032	State Department for Devolution	2,173,015,315	2,171,015,315	2,170,050,000	2,652,384,817	100.0	122.1
R1041	Ministry of Defence	73,281,000,000	73,281,000,000	56,054,220,000	55,387,927,761	76.5	75.6
R1051	Ministry of Foreign Affairs and International Trade	10,893,839,943	9,828,839,943	8,093,000,000	4,804,263,552	82.3	44.1
R1061	State Department for Education	54,118,034,457	49,984,434,457	38,389,900,000	37,719,239,641	76.8	69.7
R1062	State Department for Higher Education, Science and Technology	53,782,691,952	37,100,091,952	27,400,000,000	30,132,147,900	73.9	56.0
R1071	The National Treasury	37,796,000,000	37,796,000,000	17,262,820,000	21,077,346,308	45.7	55.8
R1081	Ministry of Health	26,061,249,477	22,199,373,000	16,261,000,000	17,713,742,993	73.2	68.0
R1091	State Department for Infrastructure	25,804,705,751	1,441,457,939	999,386,000	19,116,537,341	69.3	74.1
R1092	State Department for Transport	5,762,701,473	1,370,480,983	1,080,240,000	952,228,678	78.8	16.5
R1101	State Department for Environment & Natural Resources	9,740,218,743	6,901,976,982	5,684,900,000	5,730,187,294	82.4	58.8
R1102	State Department for Water & Regional Authorities	4,241,551,029	2,103,792,790	1,808,000,000	1,844,377,093	85.9	43.5

VOTE	MINISTRY/STATE DEPARTMENT	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% of Exch. To Net Est.	% of Exp. To G. Est.
R1111	Ministry of Lands Housing, and Urban Development	4,086,261,712	4,039,846,962	2,594,000,000	3,177,402,498	64.2	77.8
R1121	Ministry of Information & Communication and Technology	2,021,748,127	1,925,748,127	1,870,600,000	1,674,652,133	97.1	82.8
R1131	Ministry of Sports Culture and Arts	2,588,453,968	2,578,053,968	2,130,000,000	2,171,641,589	82.6	83.9
R1141	Ministry of Labour Social Security and Services	8,496,659,769	8,368,995,289	6,565,300,000	5,228,225,722	78.4	61.5
R1151	Ministry of Energy and Petroleum	2,004,336,641	1,748,336,641	1,535,500,000	850,573,079	87.8	42.5
R1161	State Department for Agriculture	7,904,995,200	7,477,495,200	6,697,500,000	6,154,168,242	89.6	77.9
R1162	State Department for Livestock	1,838,430,310	1,814,430,310	1,331,620,000	1,183,567,734	73.4	64.4
R1163	State Department for Fisheries	971,413,217	971,413,217	876,000,000	774,837,085	90.2	79.8
R1171	Ministry of Industrialization and Enterprise Development	2,283,717,028	2,259,717,028	2,200,440,000	2,232,343,155	97.4	97.8
R1181	State Department for Commerce & Tourism	2,751,307,394	2,720,707,394	2,161,005,000	2,065,750,108	79.4	75.1
R1182	State Department for East African Affairs	1,618,603,767	1,617,103,767	1,319,600,000	1,240,979,270	81.6	76.7
R1191	Ministry of Mining	722,227,033	708,227,033	502,765,000	465,701,118	71.0	64.5
R1251	Office of the Attorney General and Department of Justice	3,723,486,691	3,378,486,691	2,031,115,000	1,953,491,599	60.1	52.5
R1261	The Judiciary	11,867,000,000	11,867,000,000	7,814,560,000	6,705,095,776	65.9	56.5
R1271	Ethics & Anti-Corruption Commission	1,546,000,000	1,546,000,000	1,210,000,000	1,137,526,658	78.3	73.6
R1281	National Intelligence Service	17,440,000,000	17,440,000,000	11,843,400,000	12,417,924,984	67.9	71.2
R1291	Directorate of Public Prosecutions	1,732,481,263	1,732,421,263	1,016,200,000	781,496,613	58.7	45.1
R1301	Commission for Implementation of the Constitution	306,000,000	306,000,000	216,700,000	251,552,377	70.8	82.2

VOTE	MINISTRY/STATE DEPARTMENT	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% of Exch. To Net Est.	% of Exp. To G. Est.
R1311	Registrar of Political Parties	466,960,949	466,960,949	419,041,000	430,017,097	89.7	92.1
R1321	Witness Protection Agency	249,675,000	249,675,000	196,278,600	209,713,092	78.6	84.0
R2011	Kenya National Commission on Human Rights	356,500,000	356,500,000	254,745,994	235,328,100	71.5	66.0
R2021	National Lands Commission	1,156,338,149	1,156,338,149	812,500,000	758,548,531	70.3	65.6
R2031	Independent Electoral and Boundaries Commission	3,000,099,681	2,993,099,681	2,993,000,000	2,093,352,455	100.0	69.8
R2041	Parliamentary Service Commission	19,975,000,000	19,971,000,000	17,415,012,000	14,898,928,607	87.2	74.6
R2051	Judicial Service Commission	438,000,000	438,000,000	135,400,000	116,485,373	30.9	26.6
R2061	The Commission on Revenue Allocation	284,815,482	283,586,889	145,401,499	136,954,935	51.3	48.1
R2071	Public Service Commission	882,204,313	874,204,313	642,040,000	649,761,294	73.4	73.7
R2081	Salaries & Remuneration Commission	440,649,493	440,549,493	208,200,000	241,754,259	47.3	54.9
R2091	Teachers Service Commission	165,478,978,668	165,358,978,668	124,055,000,000	126,222,463,214	75.0	76.3
R2101	National Police Service Commission	278,119,240	278,119,240	277,100,000	247,350,865	99.6	88.9
R2111	Auditor General	2,611,020,000	2,501,020,000	2,012,400,000	1,788,896,479	80.5	68.5
R2121	Controller of Budget	429,962,741	429,962,741	191,500,000	219,576,031	44.5	51.1
R2131	The Commission on Administrative Justice	374,485,500	374,485,500	239,420,000	222,919,056	63.9	59.5
R2141	National Gender & Equality Commission	290,250,930	290,250,930	179,000,000	155,728,182	61.7	53.7
R2151	Independent Police Oversight Authority	205,121,165	205,121,165	156,200,000	200,331,099	76.2	97.7
	TOTAL	687,540,134,906	625,831,601,031	464,393,916,093	464,638,245,810	74.2	67.6

ANNEX II: MDAs Development Expenditure- July 2014 to March 2015 (Kshs.)

	MINISTRY/STATE DEPARTMENT	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% of Exch. To Net Est.	% of Exp. To G.Est.
D1011	The Presidency	786,500,000	786,500,000	782,570,000	673,848,718	99.5	85.7
D1021	State Department for Interior	4,393,021,100	4,321,321,100	2,393,000,000	2,273,107,495	55.4	51.7
D1022	State Department for Coordination of National Government	657,116,200	657,116,200	288,003,000	359,993,450	43.8	54.8
D1031	State Department for Planning	53,427,333,393	50,546,531,393	29,777,091,085	34,640,665,538	58.9	64.8
D1032	State Department for Devolution	5,097,134,000	3,516,969,000	2,456,316,180	2,237,461,717	69.8	43.9
D1051	Ministry of Foreign Affairs and International Trade	1,560,000,000	1,560,000,000	164,000,000	61,077,486	10.5	3.9
D1061	State Department for Education	22,138,055,000	20,255,055,000	3,409,614,390	2,778,754,766	16.8	12.6
D1062	State Department for Higher Education, Science and Technology	12,698,391,244	9,969,084,228	8,571,350,000	9,095,628,148	86.0	71.6
D1071	The National Treasury	38,117,211,260	24,403,751,045	8,813,390,165	14,526,290,545	36.1	38.1
D1081	Ministry of Health	21,301,011,786	13,907,269,126	7,091,154,178	8,238,672,676	51.0	38.7
D1091	State Department for Infrastructure	99,028,822,647	59,020,582,647	41,772,244,130	47,498,246,799	70.8	48.0
D1092	State Department for Transport	39,797,251,013	7,781,469,353	3,719,521,257	25,793,809,044	47.8	64.8
D1101	State Department for Environment & Natural Resources	7,822,915,281	6,418,919,786	3,668,701,645	3,795,959,109	57.2	48.5
D1102	State Department for Water & Regional Authorities	27,037,898,837	17,833,669,037	8,505,250,211	14,091,914,497	47.7	52.1
D1111	Ministry of Lands Housing, and Urban Development	17,457,850,048	15,429,583,948	10,099,923,305	12,819,916,098	65.5	73.4
D1121	Ministry of Information & Communication and Technology	8,190,612,364	4,890,612,364	3,172,662,200	3,109,301,380	64.9	38.0
D1131	Ministry of Sports Culture and Arts	1,367,985,340	1,310,000,000	1,140,810,000	1,083,530,841	87.1	79.2

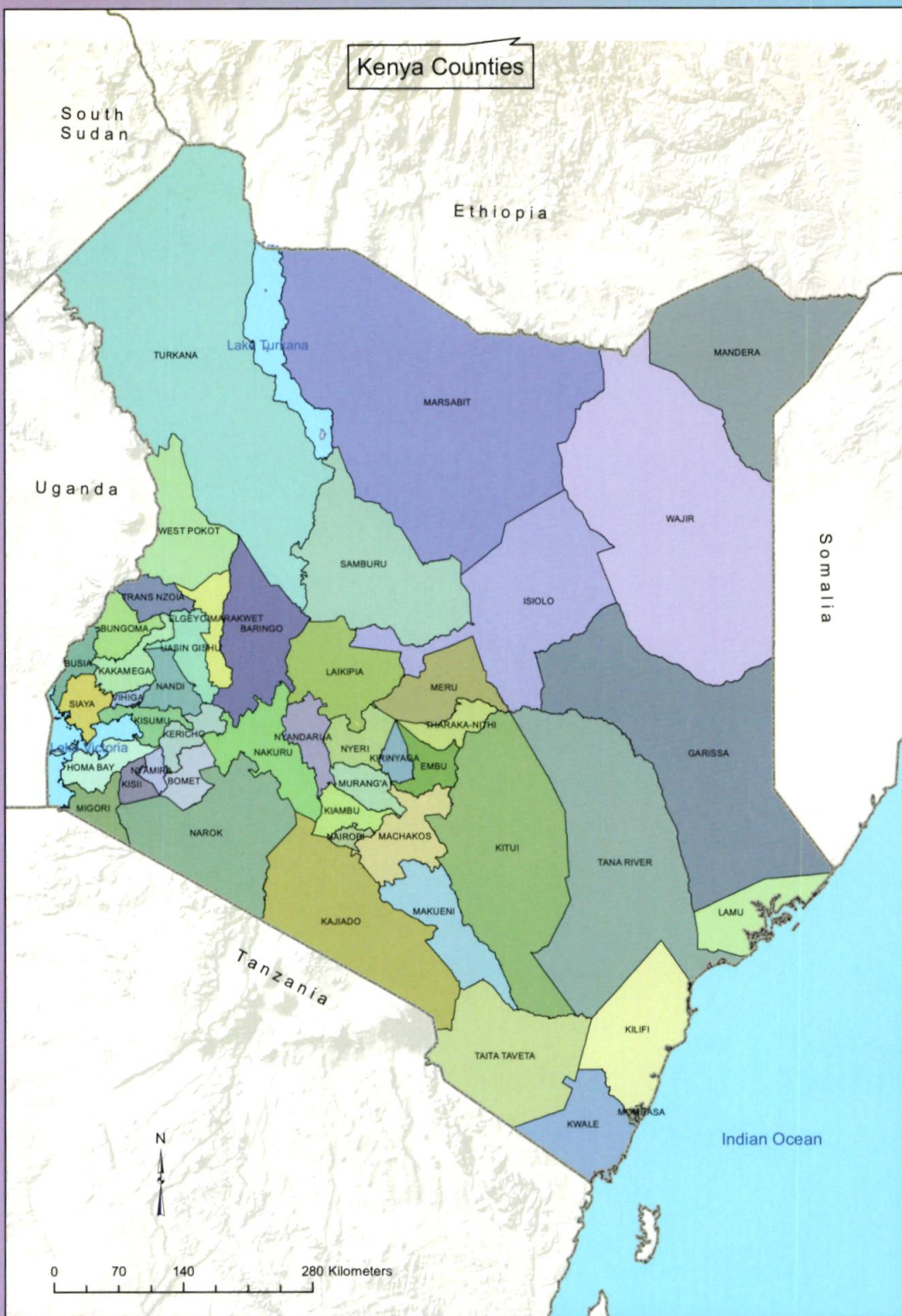
	MINISTRY/STATE DEPARTMENT	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% of Exch. To Net Est.	% of Exp. To G.Est.
D1141	Ministry of Labour Social Security and Services	11,599,863,636	11,425,663,636	5,344,119,550	7,570,972,217	46.8	65.3
D1151	Ministry of Energy and Petroleum	74,284,105,623	24,131,937,490	21,177,289,845	17,285,140,457	87.8	23.3
D1161	State Department for Agriculture	21,408,175,695	17,566,942,775	13,862,028,100	12,745,006,084	78.9	59.5
D1162	State Department for Livestock	3,695,560,818	3,280,197,238	2,353,476,953	2,042,450,227	71.7	55.3
D1163	State Department for Fisheries	1,162,523,448	1,142,523,448	1,142,000,000	1,301,469,651	100.0	112.0
D1171	Ministry of Industrialization and Enterprise Development	7,444,632,000	6,921,911,200	2,158,003,700	2,108,167,129	31.2	28.3
D1181	State Department for Commerce & Tourism	2,084,400,000	2,084,400,000	1,416,890,000	1,302,108,157	68.0	62.5
D1182	State Department for East African Affairs	65,000,000	-	-	27,901,160	-	42.9
D1191	Ministry of Mining	1,242,500,000	1,200,000,000	339,000,000	292,004,924	28.3	23.5
D1251	Office of the Attorney General and Department of Justice	534,175,000	231,675,000	88,200,000	112,213,819	38.1	21.0
D1261	The Judiciary	5,624,895,000	5,624,895,000	1,170,849,385	964,525,948	20.8	17.1
D1271	Ethics & Anti-Corruption Commission	277,600,000	77,600,000	-	-	-	-
D1291	Directorate of Public Prosecution	119,300,000	119,300,000	45,000,000	-	37.7	-
D2021	National Land Commission	542,000,000	542,000,000	75,000,000	145,921,338	13.8	26.9
D2031	Independent Electoral and Boundaries Commission	91,280,000	91,280,000	36,500,000	35,899,680	40.0	39.3
D2041	Parliamentary Service Commission	3,129,000,000	3,129,000,000	590,342,000	674,845,512	18.9	21.6
D2071	Public Service Commission	168,000,000	168,000,000	119,630,000	119,334,668	71.2	71.0
D2091	Teachers Service Commission	135,000,000	135,000,000	-	-	-	-
D2111	Auditor General	405,000,000	405,000,000	-	-	-	-
	TOTAL	494,892,120,733	320,885,760,014	185,743,931,279	229,806,139,278	57.9	47.0

ANNEX III: Sectoral Recurrent Expenditure- July to March 2015 (Kshs.)

Sector	Gross Est.	Net Est.	Exch. Issues	Expenditure	% of Exch. to N. Est.	% of Exp to G. Est.
Agriculture, Rural and Urban Development	15,957,438,588	15,459,523,838	12,311,620,000	12,048,524,090	79.6	75.5
Energy, Infrastructure and ICT	35,593,491,992	6,486,023,690	5,485,726,000	22,593,991,231	84.6	63.5
General Economics and Commercial Affairs (GECA)	6,653,628,189	6,597,528,189	5,681,045,000	5,539,072,533	86.1	83.2
Health	26,061,249,477	22,199,373,000	16,261,000,000	17,713,742,993	73.2	68.0
Education	273,379,705,077	252,443,505,077	189,844,900,000	194,073,850,755	75.2	71.0
Governance, Justice, Law and Order (GJLOS)	119,157,424,032	118,439,342,759	87,339,340,594	69,001,646,734	73.7	57.9
Public Administration and International Relations	94,227,087,009	92,824,258,416	62,881,699,499	60,421,431,914	67.7	64.1
National Security	90,721,000,000	90,721,000,000	67,897,620,000	67,805,852,745	74.8	74.7
Social Protection, Culture and Recreation	11,085,113,737	10,947,049,257	8,695,300,000	7,399,867,311	79.4	66.8
Environment Protection, Water and Natural Resources	14,703,996,805	9,713,996,805	7,995,665,000	8,040,265,505	82.3	54.7
Total	687,540,134,906	625,831,601,031	464,393,916,093	464,638,245,810	74.2	67.6

ANNEX IV: Sectoral Development Expenditure- July to March 2015 (Kshs.)

Sector	Gross Est.	Net Est.	Exch. Issues	Expenditure	% of Exch. to N. Est.	% of Exp to G. Est.
Agriculture, Rural and Urban Development	44,266,110,009	37,961,247,409	27,532,428,358	29,054,763,398	72.5	65.6
Energy, Infrastructure and ICT	221,300,791,647	95,824,601,854	69,841,717,432	93,686,497,680	72.9	42.3
General Economics and Commercial Affairs (GECA)	9,594,032,000	9,006,311,200	3,574,893,700	3,438,176,446	39.7	35.8
Health	21,301,011,786	13,907,269,126	7,091,154,178	8,238,672,676	51.0	38.7
Education	34,971,446,244	30,359,139,228	11,980,964,390	11,874,382,914	39.5	34.0
Governance, Justice, Law and Order (GJLOS)	11,697,387,300	11,123,187,300	4,021,552,385	3,745,740,392	36.2	32.0
Public Administration and International Relations	102,690,178,653	84,515,751,438	42,703,339,430	52,933,524,184	50.5	51.5
Social Protection, Culture and Recreation	12,967,848,976	12,735,663,636	6,484,929,550	8,654,503,058	50.9	66.7
Environment Protection, Water and Natural Resources	36,103,314,118	25,452,588,823	12,512,951,856	18,179,878,530	49.2	50.4
Total	494,892,120,733	320,885,760,014	185,743,931,279	229,806,139,278	57.9	47.0



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