



REPUBLIC OF KENYA

OFFICE OF THE CONTROLLER OF BUDGET

BUDGET IMPLEMENTATION REVIEW REPORT

THIRD QUARTER
FY 2013 /2014



May, 2014



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FOREWORD

The Office of the Controller of Budget (OCOB) was established under Article 228 of the Constitution of Kenya, 2010. Its mandate is to oversee budget implementation of the national and county governments, and report on the status of budget implementation by both levels of government every four months.

The third quarter report covers the first nine months of the Financial Year (FY) 2013/2014. The report highlights the status of budget execution by the National Government's Ministries, Departments and Agencies against the FY 2013/2014 Budget. It reviews revenue and expenditure estimates, against actual performance, outlines the key challenges identified during the period under review, and makes appropriate recommendations.

The office has keenly followed the debate on public wage bill, which needs to be addressed through a national remuneration and benefits policy. The current public service payroll needs to be analysed in order to provide basis for its rationalization. Public concern has also been raised on the public procurement procedures, which have been blamed for wasteful spending and corruption in the Country. These concerns must encourage debate on public finance by the citizenry and promote realization of the principles of public finance as enshrined in Article 201 of the Constitution. This report seeks to provide further budget implementation information to Parliament and the public as required by the Constitution and legislation.

It is expected that information contained in this report will facilitate public participation in the monitoring of budget implementation. The information is expected to generate public debate on the use of public resources as envisioned in the Constitution. While OCOB will continue to publish quarterly reports on budget implementation, public entities are encouraged to publicly avail information on accountability and openness in the use of public resources.

Mrs Agnes N. Odhiambo
CONTROLLER OF BUDGET

TABLE OF CONTENTS

FOREWORD	ii
LIST OF FIGURES AND TABLES	v
EXECUTIVE SUMMARY	vii
ACRONYMS	ix
KEY HIGHLIGHTS	xi
1.0 INTRODUCTION	1
2.0 MACROECONOMIC HIGHLIGHTS	2
2.1 Economic Growth	2
2.2 Inflation	3
2.3 Exchange Rate	4
3.0 FINANCIAL ANALYSIS OF THE 2013/2014 BUDGET IMPLEMENTATION	5
3.1 Analysis of Revenue Estimates	5
3.1.1 Revenue Receipts by National Treasury	5
3.1.2 Performance of Revenue Collection by Kenya Revenue Authority (KRA) ..	6
3.2 Exchequer Releases to National and County Governments	6
3.2.1 Sectoral Recurrent Exchequer Issues	8
3.2.2 Sectoral Development Exchequer Issues	9
3.3 Donor Releases	10
3.4 Consolidated Fund Services (CFS)	10
3.4.1 Public Debt	10
3.4.2 Pensions and Gratuities	11
3.4.3 Guaranteed Loans to State Parastatals	11
3.5 MDA Recurrent Expenditure Analysis	12
3.6 Recurrent Expenditure Analysis by Sector	16
3.6.1 Agricultural, Rural and Urban Development (AR&UD) Sector	17
3.6.2 Education Sector	18
3.6.3 The Energy, Infrastructure and Information Communications Technology (EI & ICT) Sector	19
3.6.4 Environmental Protection, Water and Natural Resources Sector	20
3.6.5 General Economic and Commercial and Labour Affairs (GECLA) Sector ..	21

3.6.6	Governance, Justice, Law and Order Sector (GJLOS)	22
3.6.7	The Health Sector	24
3.6.8	The Public Administration and International Relations Sector	24
3.6.9	Social Protection, Culture and Recreation Sector	26
3.6.10	National Security Sector	26
3.7	Development Expenditure Analysis by Sector	27
3.7.1	Agricultural, Rural and Urban Development (AR&UD) Sector	28
3.7.2	Education Sector	29
3.7.3	The Energy, Infrastructure and Information Communications (EI & ICT) Sector	30
3.7.4	The Environmental Protection, Water and Housing Sector	31
3.7.5	General Economic, Commercial and Labour Affairs (GECLA) Sector	32
3.7.6	Governance, Justice, Law and Order Sector (GJLOS)	33
3.7.7	The Health Sector	34
3.7.8	The Public Administration and International Relations Sector	35
3.7.9	Social Protection, Culture and Recreation Sector	36
4.0	KEY CHALLENGES AND RECOMMENDATIONS	38
4.1	Non-Disclosure of A-I-A	38
4.2	Delay in Reimbursement of Salaries paid on behalf of Counties by the National Government	38
4.3	Implementation of Integrated Financial Management Information Systems (IFMIS)	38
4.4	Delay in Submission of Returns by MDAs	39
4.5	Absorption of development Funds	39
5.0	CONCLUSION	40
6.0	ANNEXURES	41

LIST OF FIGURES AND TABLES

List of Figures

Figure 1: Annual and Quarterly GDP growth for the period 2011-2013	2
Figure 2: Overall inflation rate for the period March 2013 - March 2014	3
Figure 3: Analysis of Recurrent Expenditure by MDAs	15

List of Tables

Table 1 : 6 - Month Overall Inflation	3
Table 2: Kenya Shilling Exchange Rate	4
Table 3: Statement of Actual Revenue as at end of March 2014 (Kshs. Billions)	5
Table 4: Exchequer Revenue Performance for July 2013 to March 2014 (Kshs. Billions)	6
Table 5: Total Exchequer Issues, July 2013 to March 2014 (Kshs. Billions)	7
Table 6: Sectoral Recurrent Estimates and Exchequer issues for the Period July 2013 to March 2014 (Kshs. Billions)	8
Table 7: Sectoral Development Estimates and Exchequer Issues for the Period July 2013 to March 2014 (Kshs. Billions)	9
Table 8: Summary of Grants and Loans Disbursement Status for the Period July 2013 to March 2014 (In Kshs. Billion)	10
Table 9: Cumulative Expenditures from CFS (in Kshs. Millions)	12
Table 10: Analysis of Personnel Emoluments, Operations and Maintenance in MDAs (Kshs. Millions)	13
Table 11: Sectoral Recurrent Exchequer Issues and Expenditure	16
Table 12: Analysis of Recurrent Expenditure and Net Exchequer Issues for AR&UD Sector (Kshs. Billions)	18
Table 13: Analysis of Recurrent Expenditure and Net Exchequer Issues for Education Sector (Kshs. Billions)	19
Table 14: Analysis of Recurrent Expenditure and Net Exchequer Issues for Energy, Infrastructure and Information Communications Technology Sector (Kshs. Billions)	20
Table 15: Analysis of Recurrent Expenditure and Net Exchequer Issues for Environmental Protection, Water and Housing Sector (in Kshs. Billions)	21
Table 16: Analysis of Recurrent Expenditure and Net Exchequer Issues for General	22

Table 17:	Analysis of Recurrent Expenditure and Net Exchequer Issues for GJLOS (Kshs. Billions)	23
Table 18:	Analysis of Recurrent Expenditure and Net Exchequer Issues for Health Sector (Kshs. Billions)	24
Table 19:	Analysis of Recurrent Expenditure and Net Exchequer Issues for Public Administration and International Relations (in Kshs. Billions)	25
Table 20:	Analysis of Recurrent Expenditure and Net Exchequer Issues for the Social Protection, Culture and Recreation Sector (Kshs. billion)	26
Table 21:	Analysis of Recurrent Expenditure and Net Exchequer Issues for National Security Sector (Kshs. billions)	27
Table 22:	Sectoral Development Exchequer Issues and Expenditure	28
Table 23:	Analysis of Development Expenditure and Net Exchequer Issues for Agriculture and Rural Development Sector (Kshs. Billions)	29
Table 24:	Analysis of Development Expenditure and Net Exchequer Issues for Education Sector (Kshs. Billions)	30
Table 25:	The Energy, Infrastructure and Information Communications (EI & ICT) Sector	31
Table 26:	Analysis of Development Expenditure and Net Exchequer Issues for Environmental Protection, Water and Housing Sector (in Kshs. Billions)	32
Table 27:	Analysis of Development Expenditure and Net Exchequer Issues for GECLA Sector (Kshs. Billions)	33
Table 28:	Analysis of Development Expenditure and Net Exchequer Issues for GJLOS Sector (Kshs. billions)	34
Table 29:	Analysis of Development Expenditure and Net Exchequer Issues for the Health Sector (Kshs. Billions)	35
Table 30:	Analysis of Development Expenditure and Net Exchequer Issues for Public Administration and International Relations Sector (Kshs. Millions)	36
Table 31:	Analysis of Recurrent Expenditure and Net Exchequer Issues for the Social Protection, Culture and Recreation Sector (Kshs. billion)	37

EXECUTIVE SUMMARY

This is the third Budget Implementation Review Report (BIRR) for the financial year 2013/2014 and covers the period July 2013 to March 2014. The report is prepared pursuant to Article 228 (6) of the Constitution which requires the Controller of Budget to submit to each House of Parliament a report on the implementation of budgets of the National and County Governments every four months.

According to data released by the Kenya National Bureau of Standards (KNBS), the Country's Gross Domestic Product (GDP) grew by 4.7 per cent in 2013, a marginal increase from the 4.6 per cent growth realized in 2012. The 2014 BPS projects that the Country's GDP will grow by 5.8 per cent in 2014. Data from the KNBS shows that inflation rate for the period January to March, 2014 averaged 6.8 per cent up from 4.1 per cent that was recorded in the same period in the year 2013. The Kenyan currency registered mixed performance against major world currencies during the period under review. The exchange rate was relatively stable ranging from Kshs. 85.3 to Kshs. 87.5 against the US dollar.

The total revenue received by the National Treasury during the period July 2013 to March 2014 was Kshs. 839.4 billion against an annual target of Kshs 1,270.9 billion. This represents a performance rate of 66.5 per cent, an improvement from 61.5 per cent realized in the same period last financial year. Tax income during the period under review was Kshs.618.2 billion representing 73.6 per cent of the total revenue, a 17.4 per cent growth from Kshs. 510.5 billion realised in same period the previous financial year. However, during the period under review, some MDAs failed to account for Appropriations in Aid (A-I-A) budgeted for the FY 2013/2014.

During the first nine months of FY 2013/14, the total exchequer issues amounted to Kshs. 835.2 billion, an increase from Kshs.738.2 billion issued in the same period last financial year. The exchequer issues represents 60.1 per cent of the net estimates, an improvement from 58.9 per cent issued over the same period last financial year. The exchequer issues comprised of Kshs. 436.1 billion for recurrent expenditure, Kshs. 140.3 billion for development expenditure, Kshs.148.7 billion for Consolidated Fund Services (CFS) and Kshs. 110.1 billion for County Governments.

The total expenditure by MDAs during the period under review was Kshs. 737.1 billion representing 51.3 per cent of the gross estimates, a decline from 64 per cent realized during the same period last financial year. Recurrent expenditure during the period was Kshs. 418.6 billion which translates to 68.6 per cent absorption rate, a decline compared to 57.5 per cent absorption registered during same period in the 2012/2013 financial year. Development expenditure during the period amounted to Kshs. 125.8 billion representing an absorption rate of 28.2 per cent, an improvement from 26.3 per cent absorption recorded in the same period during the FY 2012/2013. Expenditure under the CFS amounted to Kshs. 192.8 billion, which was 50.7 per cent of the gross estimates, an increase from 42.8 per cent recorded in similar period last financial year.

Analysis of the recurrent expenditure indicates that a total of Kshs. 196.3 billion representing 55.8 per cent of recurrent expenditure was spent on personnel emoluments. Operations and Maintenance accounted for Kshs. 8.8 billion on activities such as foreign and domestic travel; training; hospitality; conferences and catering services; and, publishing and printing services.

During the period under review, budget implementation and reporting challenges included:- failure to report on the performance of A-I-A, delays in submitting financial reports by the MDAs to the OCOB; delays in reimbursement of salaries paid on behalf of counties by the National Government; and failure by some MDAs to fully adopt the prescribed government financial reporting system (IFMIS).

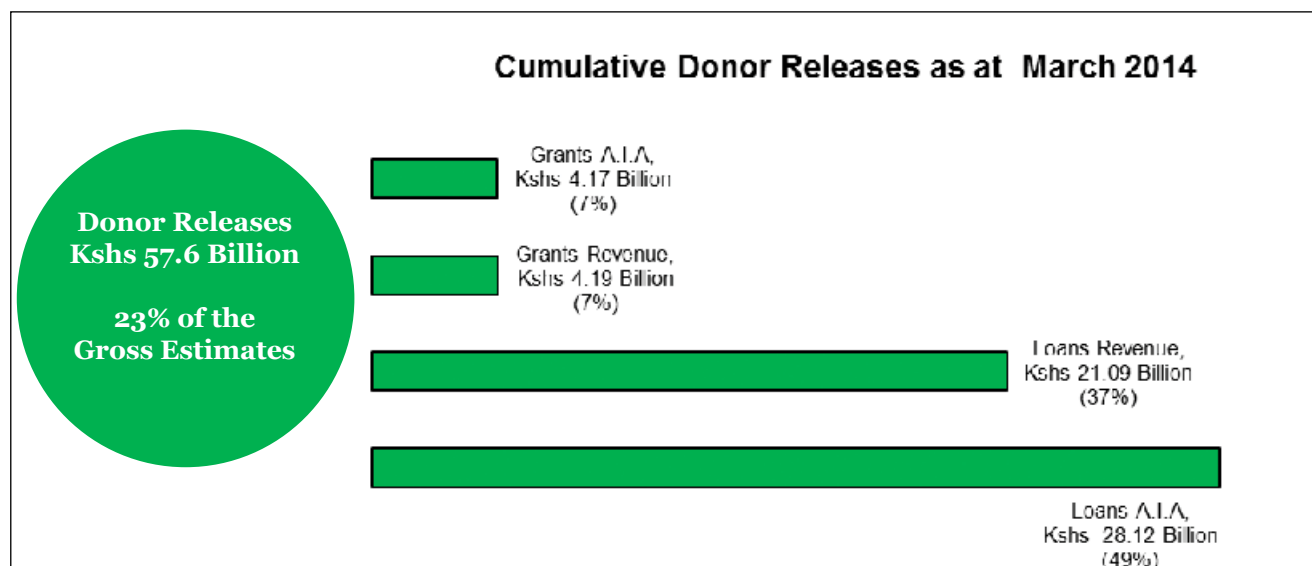
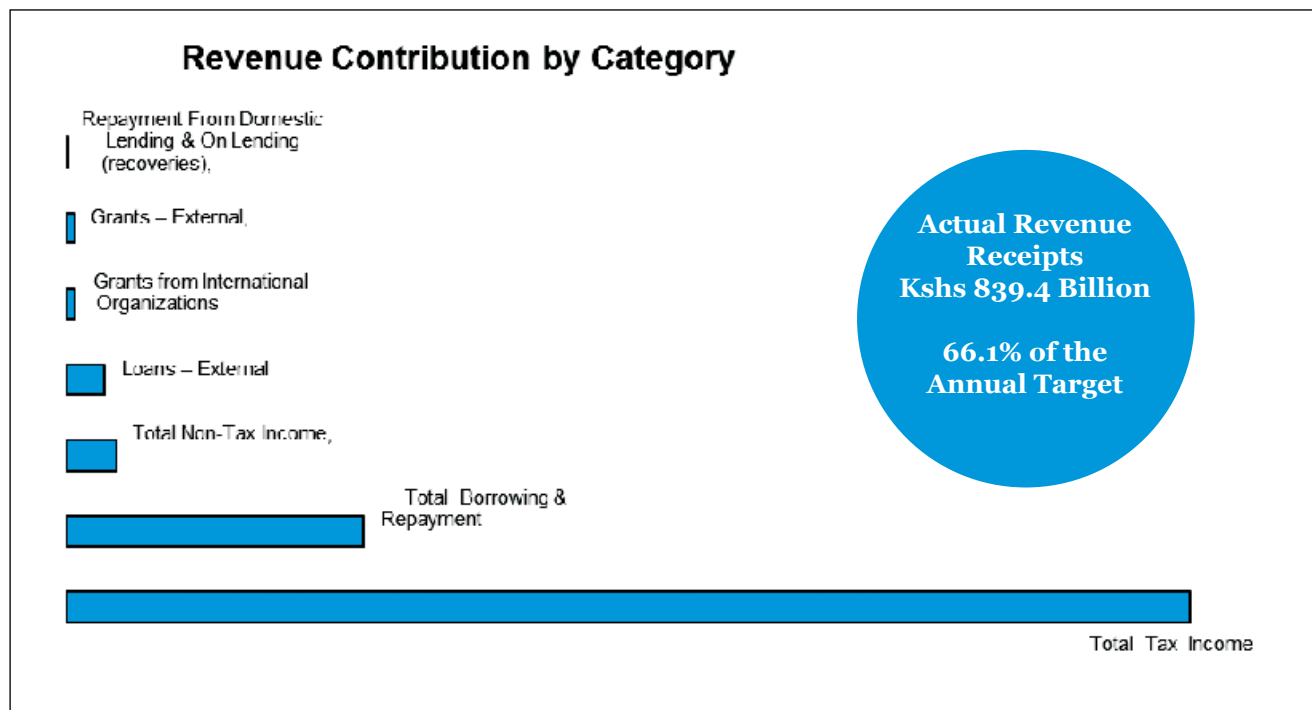
The OCOB recommends that MDAs adhere to the principles of public finance as articulated in Article 201 of the Constitution in the budget implementation and reporting process. Adherence to the principles of public finance management will enhance clarity of reports, cultivate openness and promote public participation in budget execution. The National Assembly through its oversight role should ensure that there is compliance in timely reporting by all government agencies.

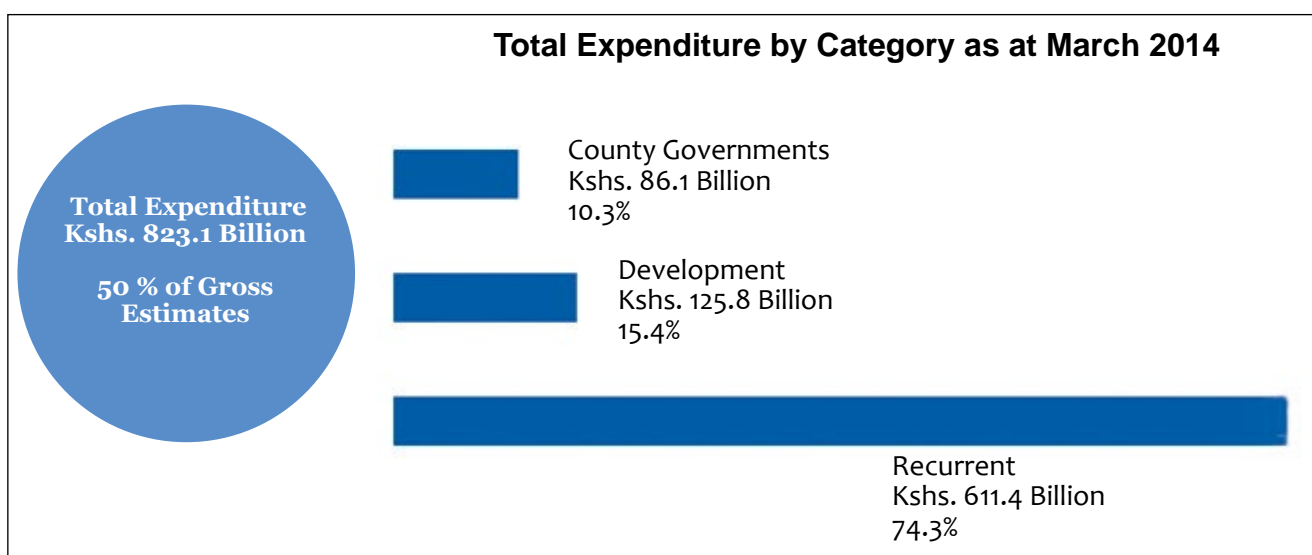
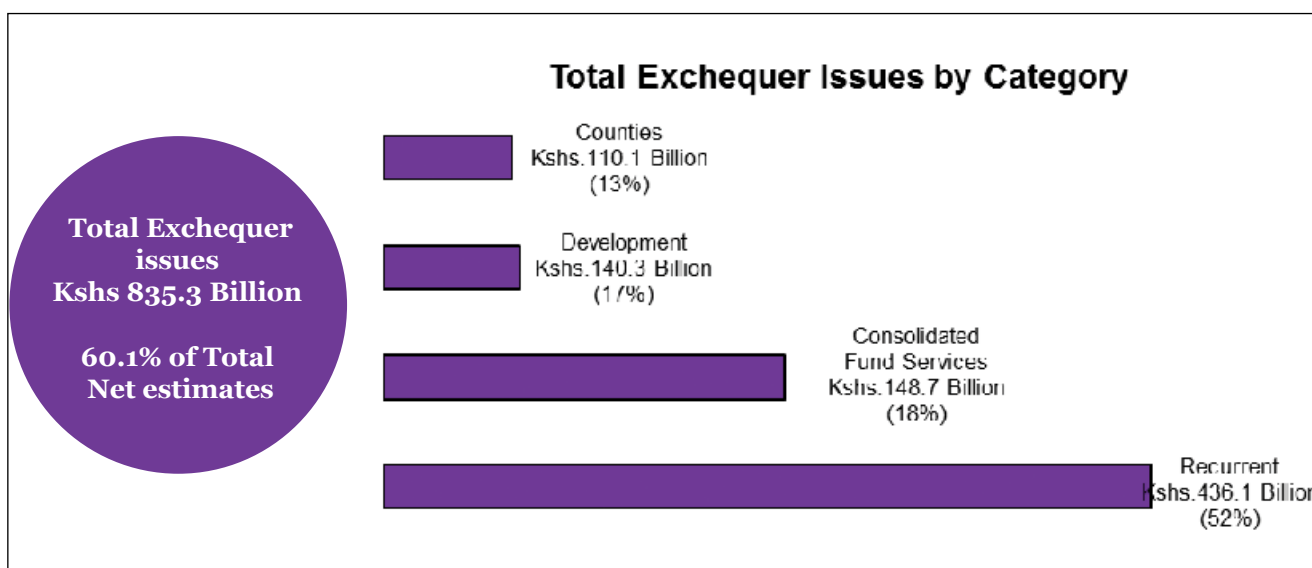
ACRONYMS

A-I-A	Appropriation-In-Aid
AG	Attorney General
AR&UD	Agricultural, Rural and Urban Development
BPS	Budget Policy Statement
BIRR	Budget Implementation Review Report
CARA	County Allocation of Revenue Act
CBA	Collective Bargaining Agreement
CBK	Central Bank of Kenya
CFS	Consolidated Fund Services
CIC	Constitution Implementation Commission
EAC	East African Community
EACC	Ethics and Anti-Corruption Commission
EI & ICT	Energy, Infrastructure and Information Communications Technology
GDP	Gross Domestic Product
GECLA	General Economic, Commercial and Labour Affairs
GJLOS	Governance, Justice Law and Order Sector
G-PAY	Government Pay System
ICT	Information Communication Technology
IFMIS	Integrated Financial Management Information Systems
IMF	International Monetary Fund
IPOA	Independent Police Oversight Authority
IPPD	Integrated Personal Payroll Data
JICA	Japanese International Cooperation Agency
KBC	Kenya Broadcasting Cooperation
KNBS	Kenya National Bureau of Statistics
KNCHR	Kenya National Human Rights & Equality Commission
KRA	Kenya Revenue Authority
MDAs	Ministries Departments and Agencies

MDGs	Millennium Development Goals
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NIS	National Intelligence Service
OCOB	Office of the Controller of Budget
O&M	Operations and Maintenance
PAIR	Public Administration and International Relations
PAYE	Pay As You Earn
PE	Personnel Emoluments
PFM Act	Public Finance Management Act
TSC	Teachers Service Commission
VAT	Value Added Tax

KEY HIGHLIGHTS





Payments /Servicing of Public Debt

Domestic:	Redemption Kshs 60.7 Billion
	Interest Kshs 81.9 Billion
Foreign:	Principal Kshs 19.0 Billion
	Interest Kshs 9.6 Billion

1.0 INTRODUCTION

This is the third Budget Implementation Review Report for the 2013/2014 financial year and covers the period July, 2013 to March, 2014. The report presents cumulative budget performance during the period under review. It examines the progress of budget implementation during the first nine months of FY 2013/2014 and analyses the Gross Estimates (the amount approved by Parliament to be spent by the MDAs), Net Estimates (the Gross Estimates less Appropriations-in-Aid), Exchequer Releases (the funds that the OCOB authorised to be released to the respective MDAs), and finally the actual expenditure by the respective MDAs during the period.

Chapter two considers the macroeconomic environment against which the FY 2013/2014 budget is being executed. Performance in the economy has a significant effect on the policy direction of the fiscal and monetary institutions. The economic indicators highlighted in this report are GDP growth, inflation, and the exchange rates.

Chapter three presents analysis of the FY 2013/2014 third quarter budget implementation. The analysis derives ratios of actual expenditure to gross estimates (absorption rate), and exchequer releases to net estimates. The absorption rate indicates how much of the funds allocated were used to date, excluding commitments for which actual payments have not been effected. The ratio of exchequer releases to net estimates shows the proportion of funds released to MDAs from the Consolidated Fund as appropriated by Parliament.

In addition to analysing budget implementation for individual MDAs, the report presents sector-wide budget implementation and compares performance within and across the ten sectors of the economy. Expenditures for the Consolidated Fund Services (CFS) which are non-discretionary and are a direct charge to the consolidated fund are also analysed. The report also analyses revenue from the different sources such as tax, Appropriations-in-Aid, domestic and foreign borrowing, and, grants from international organisations.

In chapter four, we present the key challenges faced by MDAs in implementing the budget during the review period. Appropriate policy recommendations to ameliorate the budget execution challenges are made in order to ensure that going forward; budget execution can achieve the objectives set out in the Medium Term Plan (MTP).

2.0 MACROECONOMIC HIGHLIGHTS

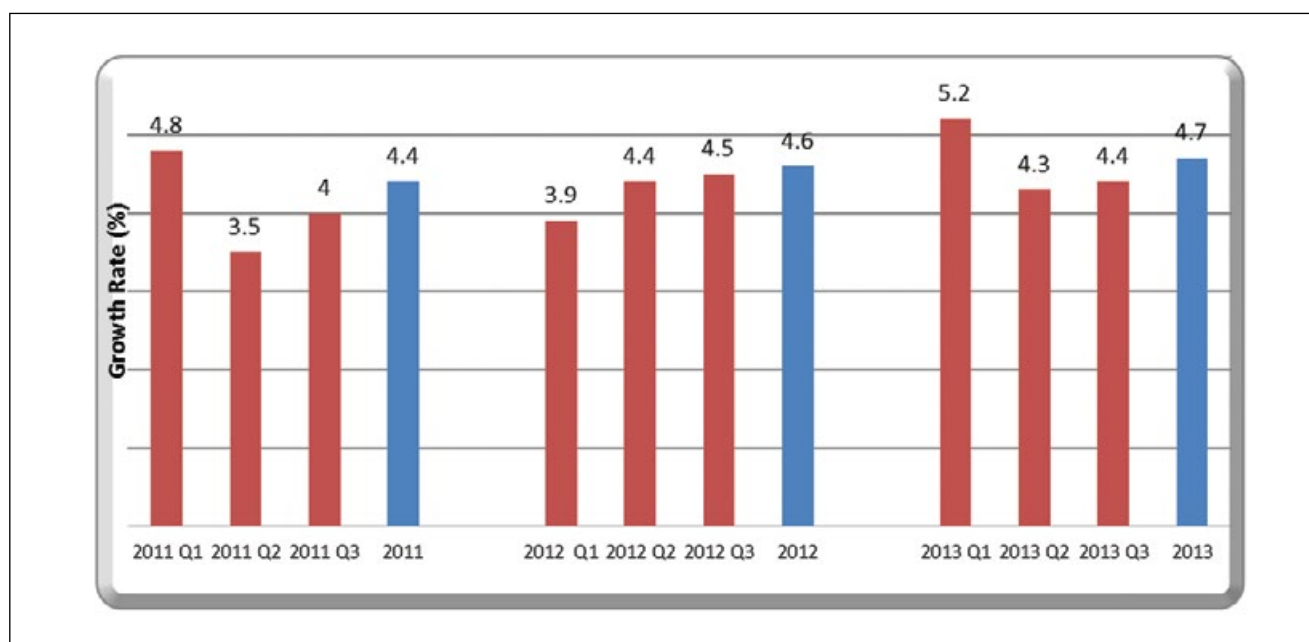
The 2013/2014 Medium Term Expenditure Framework (MTEF) Budget was prepared in a challenging environment coupled with the transition to devolved system of government. The overriding policy thrust for 2013/2014 Budget Policy Statement (BPS) was to accelerate economic growth through maintenance of macroeconomic stability with a focus on policies and structural reforms.

2.1 Economic Growth

Based on official statistics released by the KNBS, the country's GDP expanded by 4.7 per cent in 2013 compared to 4.6 per cent in 2012. This performance was supported by stable macroeconomic environment for the better part of the year. Low and stable inflation was sustained by improved supply of basic foods, lower international oil prices, lower costs of electricity, infrastructural development and the construction sector. The setting up of the County governments also impacted positively on economic growth since public expenditure rose. The performance of the economy in 2013 was however below the 5.6 per cent projection in the Budget Policy Statement (BPS). Some of the factors that slowed down the economy in 2013 included uncertainty due to the rising incidents of insecurity and insufficient rains during the fourth quarter of 2013.

A closer review of the quarterly GDP growth shows that the Kenyan economy in 2013 calendar year grew by 5.2 per cent in the first quarter, 4.3 per cent in the second quarter and 4.4 per cent in the third quarter compared to 2012 calendar year where the economy grew by 3.9 per cent in the first quarter, 4.4 per cent in the second quarter and 4.5 per cent in the third quarter. The comparison of the quarterly growth rates for the three years is illustrated in figure 1.

Figure 1: Annual and Quarterly GDP growth for the period 2011-2013



Source: KNBS 2013

The 2014 BPS projects that the economy in 2014 will grow by 5.8 per cent. This growth will be supported by increased production in the agricultural sector associated with the interventions being put in place to revive the sector, continued investment in infrastructure projects, expansion of activities in other sectors of the economy such as building and construction, manufacturing, retail and wholesale, and, financial intermediation among others.

2.2 Inflation

The overall rate of inflation for the period January to March, 2014 averaged 6.8 per cent compared to 4.1 per cent that was experienced in the same period of 2013. Inflation has been on a declining trend from 8.3 per cent in September 2013 to 6.3 per cent in March 2014.

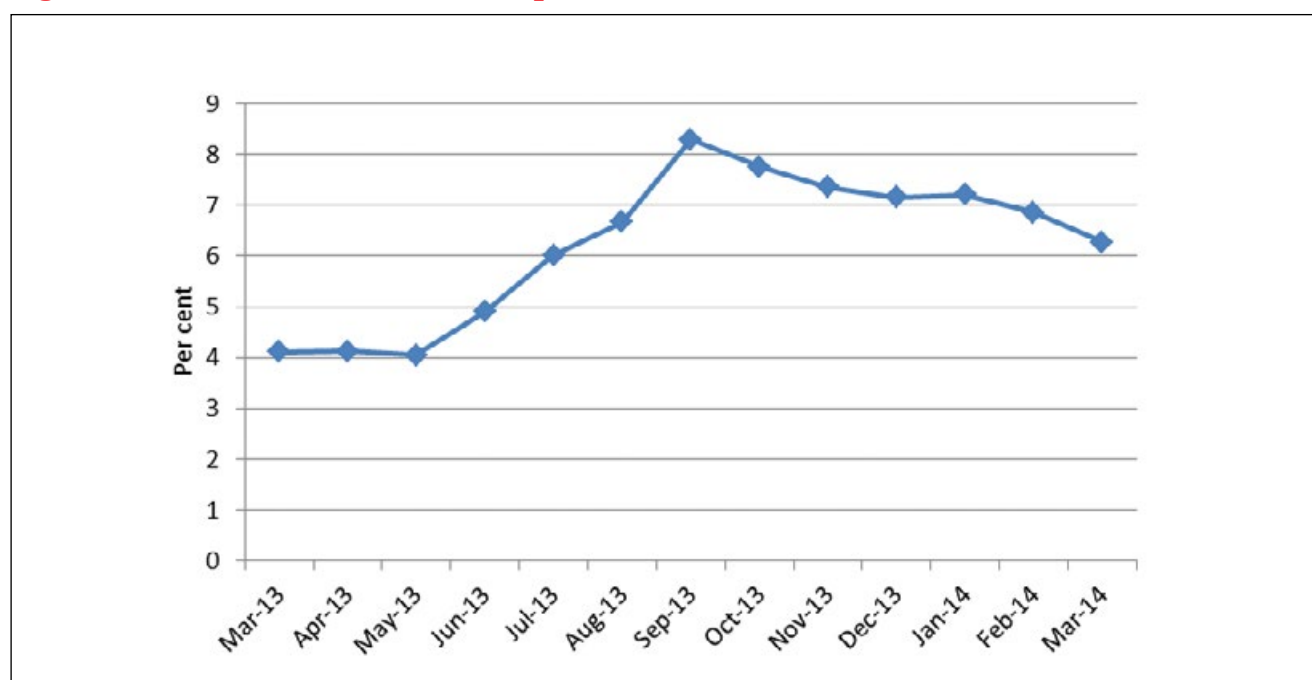
According to the Leading Economic Indicators Report released by KNBS in March 2014, there was a marginal increase in the price of food and non-alcoholic drinks. There was also increase in prices of housing, water, electricity, gas and other fuels' index. The cost of electricity was significantly reduced in March 2014 compared to March 2013 due to lower fuel cost and foreign exchange adjustment charges as a result of stability of the local currency. Table 1 shows the overall six month inflation rate while the twelve month inflation trend is presented in figure 2.

Table 1 : 6 - Month Overall Inflation

Month	FY 2013/2014						FY 2012/2013					
	Oct	Nov	Dec	Jan	Feb	Mar	Oct	Nov	Dec	Jan	Feb	Mar
Overall Inflation	7.76	7.36	7.15	7.21	6.86	6.27	4.14	3.25	3.20	3.67	4.45	4.11

Source: KNBS 2014

Figure 2: Overall inflation rate for the period March 2013 - March 2014



Source: KNBS, 2014

2.3 Exchange Rate

In the period July 2013 to March 2014, the Kenyan currency registered mixed performance against major world currencies as shown in Table 2.

Table 2: Kenya Shilling Exchange Rate

Month	US Dollar	Sterling Pound	Euro	SA Rand
July 2013	86.89	131.86	113.60	8.76
August 2013	87.50	135.39	116.44	8.70
September 2014	87.41	138.54	116.67	8.77
October 2013	85.31	137.31	116.33	8.60
November 2013	86.06	138.64	116.22	8.43
December 2013	86.31	141.37	118.18	8.34
January 2014	86.21	141.99	117.50	7.96
February 2014	86.27	142.80	117.80	7.86
March 2014	86.49	143.76	119.58	8.03

Source: CBK, 2014

The exchange rate of the local currency to the US Dollar was relatively stable. It ranged from Kshs. 87.5 in August 2013 to Kshs. 85.31 in October 2013. According to the Central Bank of Kenya (CBK) Monthly Economic Review of August 2013, the weakening of the Kenya shilling in August 2013 was as a result of strengthening of the US Dollar in the international markets as well as an increase in demand for the Dollar from importers. The appreciation of the Kenyan shilling against the US dollar in October 2013 was mainly attributed to inflows of US dollars from tea and horticulture exports, increased demand for the Kenya shilling from foreign investors in the 12 year Infrastructure bond and trimming of long dollar positions by commercial banks resulting from the liquidity squeeze in the money market.

The exchange rate of the Kenyan currency against the sterling pound ranged from Kshs. 131.86 in July 2013 to Kshs. 143.76 in March 2014. The exchange rate of the Kenyan shilling against the Euro varied from Kshs. 113.6 in July 2013 to Kshs. 119.58 in March 2014. The shilling traded between Kshs. 8.77 in September 2013 against the South African Rand to Kshs. 7.86 in February 2014.

3.0 FINANCIAL ANALYSIS OF THE 2013/2014 BUDGET IMPLEMENTATION

3.1 Analysis of Revenue Estimates

The projected funding for the FY 2013/2014 Budget is Kshs. 1,631 billion comprising of Kshs 1,389.3 billion as exchequer revenue and Kshs. 241.7 billion as A-I-A. According to the 2013 BPS, the estimated ordinary revenue collection for FY 2013/2014 and A-I-A accounts for 24.3 per cent of the GDP which is a decline from the 24.9 per cent in the last financial year.

3.1.1 Revenue Receipts by National Treasury

During the first nine months period of the FY 2013/2014, the National Treasury received Kshs 839.38 billion as revenue against a set target of Kshs 1,270.92 billion. This represents a performance of 66.05 per cent of the target which is an improvement from the 61.4 per cent achieved in a similar period during the last financial year.

Total tax income, borrowing and repayment categories were the main sources of revenue contributing 93.1 per cent of the total collections. With regard to performance, non-tax income was the highest at 70 per cent of its annual estimate. Total borrowing and repayment, and, tax income achieved a performance of 69 and 67 per cent respectively against the annual targets. Table 3 presents revenue performance by category.

Table 3: Statement of Actual Revenue as at end of March 2014 (Kshs. Billions)

Receipts by Category	Printed Est. July 2013 to June 2014	Actual Receipts 31/3/2014	Performance Against Target (%)	Contribution by Category (%)	Actual Receipts 31/3/2013	% Growth over FY12/13
Opening Balance 2012/2013		0.50				
Total Tax Income	920.98	618.15	67	73.64	510.46	17.42
Total Non-Tax Income	38.87	27.34	70	3.26	21.13	22.71
Total Borrowing & Repayment	236.18	163.7	69	19.50	185.73	-13.46
Loans – External	46.04	21.09	46	2.51	13.91	34.04
Grants – External	10.88	4.19	39	0.50	4.01	4.30
Grants from International Organizations	17.96	4.36	24	0.52	2.39	45.18
Repayment From Domestic Lending & On Lending (recoveries)	0	0.05		0.006	0	100
TOTAL	1,270.90	839.38	66.05	100	737.63	12.12

Source: National Treasury 2013/2014

3.1.2 Performance of Revenue Collection by Kenya Revenue Authority (KRA)

Timely implementation of the budget is depended on adequate revenue collection as projected by the National Treasury. In the financial year 2013/2014, KRA estimated to collect Kshs.973.5 billion comprising of Kshs.912.3 billion as excchequer revenue and Kshs.61.2 billion as collections for various Agencies.

During the first nine months of the financial year, KRA collected total revenue of Kshs. 680.3 billion comprising of Kshs.632.8 billion as excchequer revenue and Kshs.47.5 billion as agency revenue collected on behalf of other government organisations. The revenue performance was 97.6 per cent against a target of Kshs.648.3 billion. This resulted to a revenue deficit of Kshs.15.6 billion which was largely attributed to the low performance in the large taxpayer's category. Nevertheless, the nine months excchequer collections was an improvement from the Kshs.529.5 billion collected in the same period of FY 2012/2013 representing a growth of 19.5 per cent.

Further review of contributions to the total revenue by various categories indicates that Domestic Taxes category accounted for the highest amount at Kshs.431.3 billion, which was 68.2 per cent of the excchequer revenue collected. The Roads Transport category contributed the least share at Kshs.2.1 billion or 0.3 per cent of the collections.

The Customs Services Category achieved the highest performance of revenue collections at 100.2 per cent of the nine month target. Conversely, the Road Transport category performed the lowest by attaining 87.7 per cent of the nine month target.

Table 4: Excchequer Revenue Performance for July 2013 to March 2014 (Kshs. Millions)

Revenue Category	Actual Mar 2013/2014	Target	Variance	Performance Rate (%)	Actual 2012/2013	Growth Rate Over 2012/2013 (%)
Customs Services	199,358	199,044	314	100.2	164,604	+21.1%
Domestic Taxes	431,302	446,878	(15,576)	96.5	363,167	+18.8%
Road Transport	2,118	2,414	(296)	87.7	1,742	+21.6%
Total	632,779	648,337	(15,558)	97.6	529,513	+19.5%

Source: KRA March 2014

3.2 Excchequer Releases to National and County Governments

In the period under review, the total excchequer issues was Kshs.835.2 billion, an increase from Kshs.738.2 billion in the same period last financial year. The excchequer issues represent 60.1 per cent of the total net estimates, an improvement from 58.9 per cent issued over the same period in the last financial year.

A breakdown of the total excchequer issues shows that Kshs.436.1 billion was released for recurrent activities. This represents 78.2 per cent of the net recurrent estimates, an improvement from 69.4 per cent released in the same period last financial year. The total excchequer issues for development activities amounted to Kshs.140.3 billion and represents 54.3 per cent of net development estimates, a slight improvement from the 53.5 per cent released in the same period in FY 2012/2013. However, in absolute terms, the development excchequer releases of Kshs.140.3 billion are lower than the Kshs.151.4 billion released in the same period in FY 2012/2013.

Over the same period, exchequer releases to the county governments amounted to Kshs. 110.1 billion. This was 56.9 per cent of the total national shareable revenue to county governments. Kshs.148.7 billion was released for CFS, accounting for 39.1 per cent of the net CFS estimates for FY 2013/2014. However, this is less than the Kshs.152.8 billion that was released for CFS in the same period in FY 2012/2013.

Table 5 shows the total exchequer releases by sector for the period from July to March for FY 2012/2013 and 2013/2014.

Table 5: Total Exchequer Issues, July 2013 to March 2014 (Kshs. Billions)

Name of the Sector	FY 2013/2014				FY 2012/2013			
	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	53.3	46.9	37.9	80.8	41.0	38	24.3	63.9
Education	276.2	248.9	189.3	76.0	257.6	227	164.6	72.5
The Energy, Infrastructure and Information Communications Technology (EI & ICT)	216.5	73.3	44.7	61.0	271.0	110.5	57.2	51.8
The Environmental Protection, Water and Natural Resources	57.1	34.4	18.5	53.8	68.7	42.6	23	54.0
General Economic & Commercial Affairs (GECLA)	12.9	12.2	8.4	69.1	20.2	17.7	11.3	63.8
The Governance, Justice, Law and Order (GJLOS)	125.7	124.4	86.0	69.1	158.8	156.9	107.3	68.4
The Health	36.2	28.7	27.6	96.1	91.6	73.3	43.1	58.8
The Public Administration and International Relations	173.5	142.3	93.0	65.4	147.9	115.8	72.4	62.5
The Social Protection, Culture and Recreation	20.5	19.7	10.9	55.2	39.3	36.5	22	60.3
National Security	84.7	84.7	60.1	70.9	89.7	89.7	60.2	67.1
Sub-Total MDAs	1,056.8	815.5	576.4	70.7	1168.1	908.1	585.4	64.5
Sub-Total Consolidated Fund Services	380.3	380.3	148.7	39.1	346.0	346.0	152.8	44.2
County Governments	210.0	193.4	110.1	56.9		-	-	-
Grand Total	1,646.9	1,389.2	835.2	60.1	1,531.9	1,254.1	738.2	58.9

Source: Office of the Controller of Budget

3.2.1 Sectoral Recurrent Exchequer Issues

The approved recurrent budget for FY 2013/2014 was estimated at Kshs.610.6 billion to be funded by exchequer revenue of Kshs.557.4 billion and A-I-A of Kshs.53.1 billion. In the period under review, exchequer issues for recurrent expenditure amounted to Kshs.436.1 billion representing 78.2 per cent of the net estimates. However, most MDAs did not avail information on A-I-A collected during the period under review.

Between July 2013 and March 2014, the Health Sector had received its full amount of the net estimates which was occasioned by increased expenditure on salaries and benefits to health workers performing devolved functions in the county governments. This was in line with recommendations by the National and County Coordinating Summit (the Summit) that the national government pay salaries for the staff performing devolved functions for the first six months of the financial year. Counties were required to reimburse this expenditure to the various Ministries by January 2014, but as at the end of the third quarter, only Kshs. 4.3 billion had been refunded to the Ministry of Health.

The Social Protection, Culture and Recreation Sector received the lowest exchequer issues to net estimates at 61.4 per cent, a slight decline from 66.6 per cent received in the same period last financial year. The average recurrent exchequer issue for the period under review was 78.2 per cent against the 69.4 per cent that was released in the same period for the previous financial year.

Overall recurrent exchequer issues to the sectors are illustrated in table 6.

Table 6: Sectoral Recurrent Estimates and Exchequer issues for the Period July 2013 to March 2014 (Kshs. Billions)

Name of the Sector	FY2013/2014				FY 2012/2013			
	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	15.0	13.9	13.8	99.1	19.1	18.9	12.8	67.9
Education	245.8	225.9	184.9	81.9	231.7	212.6	155.7	73.2
The Energy, Infrastructure and Information Communications Technology (EI & ICT)	27.5	6.8	5.2	76.5	62.5	12.3	7.5	60.5
The Environmental Protection, Water and Natural Resources	13.2	8.2	6.9	83.4	17.8	12.5	8.4	67.0
General Economic, Commercial and Labour Affairs (GECLA)	7.9	7.5	5.2	70.1	9.2	8.7	6.1	70.2
The Governance, Justice, Law and Order (GJLOS)	111.3	110.8	80.4	72.6	144.4	143.6	100.3	69.9
The Health	20.3	16.5	16.5	100.0	59.1	55.2	35.1	63.6
The Public Administration and International Relations	73.9	72.4	56.5	78.1	70.5	51.4	34.5	67.0
The Social Protection, Culture and Recreation	10.9	10.8	6.6	61.4	20.4	20.3	13.5	66.6
National Security	84.7	84.7	60.1	70.9	89.7	89.7	60.2	67.1
Total	610.6	557.4	436.1	78.2	724.4	625.2	434.1	69.4

Source: Office of the Controller of Budget

3.2.2 Sectoral Development Exchequer Issues

The approved development expenditure budget was Kshs. 446.2 billion to be funded by exchequer revenue of Kshs. 258.2 billion and Kshs. 188.6 billion from A-I-A. During the period from July 2013 to March 2014, development exchequer issues to MDAs was Kshs.140.3 billion representing 54.3 per cent of the net estimates for the financial year, a slight improvement from the 53.5 per cent recorded in the same period last financial year.

The Health Sector received the highest exchequer issues compared to net estimates recording 90.9 per cent. This was a major increase from 44 per cent recorded in the same period last financial year. The Agriculture, Rural and Urban Development Sector was the second highest, recording 73.1 per cent of the annual net estimate. The Education Sector received the least exchequer issues to the net estimates at 18.9 per cent, a major decline from 61.8 per cent recorded in a similar period last financial year. The sectors did not report on the status of the Kshs. 188.6 billion A-I-A funding for the period under review. Table 7 shows how various sectors received development exchequer in the period under review.

Table 7: Sectoral Development Estimates and Exchequer Issues for the Period July 2013 to March 2014 (Kshs. Billions)

Name of the Sector	FY 2013/2014				FY 2012/2013			
	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	38.3	33	24.1	73.1	22.0	19.1	11.5	60.4
Education	30.4	23.0	4.3	18.9	26.0	14.4	8.9	61.8
The Energy, Infrastructure and Information Communications Technology (EI & ICT)	189.0	66.5	39.5	59.4	208.5	98.2	49.7	50.6
The Environmental Protection, Water and Natural Resources	43.9	26.1	11.6	44.5	50.9	30.1	14.6	48.6
General Economic, Commercial and Labour Affairs (GECLA)	5.0	4.7	3.2	67.6	10.9	9.0	5.2	58.5
The Governance, Justice, Law and Order (GJLOS)	14.4	13.7	5.6	40.6	14.3	13.3	7.0	52.8
The Health	15.9	12.3	11.2	90.9	32.5	18.1	8.0	44.0
The Public Administration and International Relations	99.6	69.9	36.5	52.2	77.4	64.4	37.9	58.9
The Social Protection, Culture and Recreation	9.6	9.0	4.3	47.8	18.9	16.2	8.5	52.1
Total	446.2	258.2	140.3	54.3	461.5	282.9	151.4	53.5

Source: Office of Controller of Budget

3.3 Donor Releases

In the financial year 2013/2014, the government projected to receive Kshs. 240.6 billion from development partners. This includes loans revenue of Kshs.46.0 billion, grants revenue of Kshs.10.9 billion, Loans A.I.A of Kshs.134.7 billion, and Grants A.I.A of Kshs. 49.0 billion.

The total donor disbursement for the period under review amounted to Kshs. 57.6 billion representing 23.9 per cent of the total gross estimates, a marginal increase from 23.0 per cent recorded in the same period last financial year. The Loans Revenue category recorded the highest percentage of disbursement against the gross estimates attaining 45.8 per cent. Grants A-I-A category recorded the lowest performance with cumulative disbursements attaining 8.5 per cent of the annual estimates. Table 8 shows the donor disbursements by different categories.

Table 8: Summary of Grants and Loans Disbursement Status for the Period July 2013 to March 2014 (In Kshs. Billion)

Funding Type	Gross Estimates 2013/2014	Cumulative Disbursement as at March 2014		FY2012/2013
		Disbursements	% Disbursed against Printed Estimates	% Disbursed against Printed Estimates
Loans Revenue	46.04	21.09	45.8%	29.4%
Grants Revenue	10.88	4.19	38.5%	23.9%
Loans A.I.A	134.72	28.12	20.9%	22.7%
Grants A.I.A	49.01	4.17	8.5%	16.0%
Totals	240.65	57.57	23.9%	23.0%

Source: National Treasury 2014.

3.4 Consolidated Fund Services (CFS)

The CFS was allocated Kshs. 380.3 billion during the FY 2013/2014. The public debt category had the highest allocation of Kshs.337.3 billion which was 88.7 per cent of the total allocation to the CFS. By the end of March 2014, cumulative exchequer releases to the CFS amounted to Kshs.148.7 billion representing 39.1 per cent of the CFS annual allocation. Similarly, Kshs.2 billion and Kshs.20.3 billion was issued for constitutional office holder's salaries and allowances, and, pensions respectively. During the period under review, total CFS expenditure was Kshs. 192.8 billion, recording an absorption rate of 50.7 per cent.

3.4.1 Public Debt

In the last nine months ending March 2014, the stock of public debt increased to Kshs. 2.2 trillion, (which is 52.1 per cent to the GDP) from Kshs.1.89 trillion in June 2013, representing 14.8 per cent growth in debt stock. The current public debt comprises of Kshs. 1.2 trillion domestic debt and Kshs 940.4 billion foreign debt. By March 2014, cumulative exchequer amounting to Kshs.126.4 billion had been released for the servicing of public debt. However, a total of Kshs. 171.2 billion was spent on servicing public debt obligations in the nine months period, which was Kshs. 44.8 billion more than the cumulative exchequer releases for the period. There is therefore, need to reconcile the actual expenditure on public debt to the exchequer issues.

3.4.1.1 Domestic Debt

In June 2013 domestic debt was Kshs.1.05 trillion which increased to Kshs. 1.23 trillion by end of March 2014, an increase of 17.2 per cent. The accumulated debt level comprises of Kshs. 863.6 billion and Kshs. 302.8 billion received from fixed Treasury Bonds and Bills respectively. Other sources of the domestic borrowing including the Central Bank of Kenya overdraft stood at Kshs. 64.8 billion as at the end of March, 2014.

In the nine month period, to 31st March 2014, Kshs. 63.7 billion was issued as exchequer to repay the domestic debt. This comprised of Kshs.39.0 billion for debt redemption and Kshs.24.7 billion for interest payment. However the total payment of domestic debt amounted to Kshs. 142.6 billion comprising of Kshs. 60.7 billion paid for redemption and Kshs. 81.9 billion as the interest. Actual domestic debt repayment was Kshs.78.9 billion more than the cumulative exchequer releases for the period. This calls for reconciliation of the actual expenditure to the exchequer issues.

3.4.1.2 Foreign Debt

Public and publicly guaranteed external debt increased to Kshs.940.4 billion from Kshs. 843.6 billion as of June 2013. This is an increase of Kshs. 96.8 billion or 11.6 per cent growth in the nine months period.

The total foreign debt exchequer releases over the nine months amounted to Kshs.62 billion comprising Kshs.38.0 billion and Kshs.24.0 billion as exchequer releases for principal and interest payments respectively. However, the actual foreign debt repayments in the period under review was Kshs.28.6 billion comprising of Kshs. 19.0 billion and Kshs.9.6 billion as payment towards the principal and interest respectively. The difference between the exchequer issues and the actual expenditure of Kshs.33.5 billion was as a result of timing differences.

3.4.2 Pensions and Gratuities

The pensions and gratuities had an allocation of Kshs.38.2 billion in the FY 2013/2014 which was 10 per cent of the total CFS allocation. The cumulative nine months exchequer issues amounted to Kshs.20.31 billion representing 53.2 per of the annual allocation.

During the period under review, total expenditure amounted to Kshs.19.3 billion. This represented an absorption rate of 50.5 per cent of the annual gross estimates which is an improvement from the 41.7 per cent attained in a similar period in the last financial year.

3.4.3 Guaranteed Loans to State Parastatals

A total of Kshs.1.3 billion was allocated to service government-guaranteed loans in FY 2013/2014. Loans which have been serviced during the period under review include loans guaranteed to: (1) Nairobi City Council for Umoja II Housing Project, (2) Tana and Athi River Development Authority (TARDA), and (3) Kenya Broadcasting Corporation (KBC).

Since 1989, the Government has spent Kshs.16.0 billion to repay the three loans. This payment comprises Kshs.10.4 billion repaid as principal and Kshs.5.5 billion paid as interest.

The table below illustrates a breakdown of these loan repayments. As indicated, Kshs.10.3 billion has been spent to service the loan advanced to KBC modernisation project. This represents 65 per cent of the cumulative expenditure under the guaranteed loans category. The balance is distributed between TARDA and the Nairobi City Council loans at Kshs.3.8 billion and Kshs.1.8 billion respectively.

Cumulative Repayment for the Guaranteed Loans (in Kshs. Millions)

Loan Title	Principal	Interest	Total
KBC Modernisation	6,904.7	3,442.6	10,347.4
Umoja II Housing	1,026.2	779.6	1,805.8
TARDA	2,512.5	1,317.9	3,830.4
Total	10,443.4	5,540.1	15,983.5

Source: National Treasury

Exchequer releases as at March 31, 2014 stood at Kshs.737.1 million representing 56.5 per cent of the annual net estimates. Similarly, actual cumulative payment for the three loans in the period under review amounted to Kshs.737.1 million which was less than the three quarter projected payment of Kshs.785.6 million. The difference was due to depreciation of the Japanese Yen (the loan currency).

Table 9: Cumulative Expenditures from CFS (in Kshs. Millions)

CFS	Gross Estimates	Net Estimates	Exchequer Issues	Actual Expend.	Exchequer Issues as % Net Est.	Expenditure as a % of Gross Estimates	
						2013/2014	2012/2013
Public Debt	337,291	337,291	125,692	171,241	37.3	50.7	43.0
Pensions and Gratuities	38,167	38,167	20,310	19,272	53.2	50.5	41.7
Salaries and Allowances	3,400	3,400	2,000	1,520	58.8	44.7	53.8
International Organisations*	0.5	0.5	-	-	-	-	-
Miscellaneous Services	128	128	-	-	-	-	-
Guaranteed Loans	1,304	1,304	737	737	56.5	56.5	62.3
Total	380,291	380,291	148,739	192,770	39.1	50.7	42.8

Source: National Treasury 2014

3.5 MDA Recurrent Expenditure Analysis

This section provides an analysis of Personnel Emoluments and Operations and Maintenance (O&M) expenditure for MDAs during the first three quarters of FY 2013/2014.

Table 10: Analysis of Personnel Emoluments, Operations and Maintenance in MDAs (Kshs. Millions)

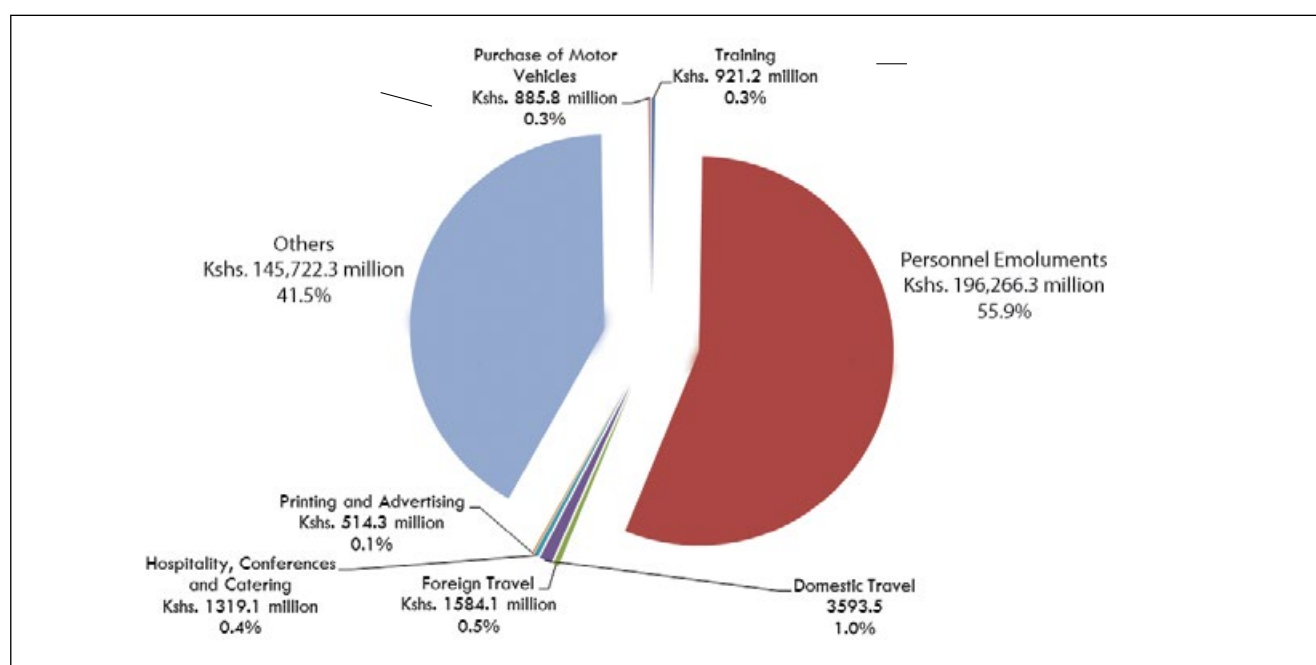
MDA	Personnel Emoluments	Foreign Travel	Domestic Travel	Hospitality, Conferences & Catering	Training	Purchase of Motor Vehicles	Printing and Advertising	Others	Total Recurrent Expen.
The Presidency	678.59	75.92	170.52	225.76	13.84	523.32	11.23	802.60	2,501.77
Ministry of Interior and Coordination of National Government	36,445.97	53.96	842.27	50.14	89.67	32.07	19.86	11,894.45	49,428.39
Ministry of Devolution and Planning	6,315.11	43.10	81.33	110.22	201.26	28.38	20.03	4,304.70	11,104.13
Ministry of Foreign Affairs	2,232.43	435.21	32.91	52.71	10.35	-	11.53	1,205.63	3,980.77
Ministry of Education Sci. and Technology	1,413.90	23.71	40.13	31.71	24.36	-	12.09	62,186.69	63,732.59
The National Treasury	633.74	37.50	17.35	79.29	53.92	0.64	3.60	11,999.49	12,825.52
Ministry of Health	414.31	7.38	37.57	15.17	18.87	-	13.03	11,247.73	11,754.06
Ministry of Transport and Infrastructure	987.28	14.35	23.34	14.28	23.08	-	6.17	8,894.75	9,963.24
Ministry of Environment Water and Natural Resources	1,730.47	27.51	27.81	22.80	31.34	-	7.14	4,043.90	5,890.96
Ministry of Lands Housing and Urban Development	1,299.48	8.66	42.14	21.35	41.67	9.78	13.86	1,303.38	2,740.32
Ministry of Information & Communication and Technology	392.89	15.51	12.66	27.47	25.89	-	11.74	1,078.17	1,564.34
Ministry of Sports Culture and Arts	213.95	164.68	30.56	22.72	12.14	-	12.95	1,381.83	1,838.83
Ministry of Labour Social Security and Services	985.82	22.99	32.37	22.72	19.70	-	3.52	2,896.39	3,983.51
Ministry of Energy and Petroleum	183.42	10.37	6.59	8.09	18.42	-	2.06	1,155.16	1,384.11
Ministry of Agriculture Livestock and Fisheries	720.48	30.14	57.81	16.34	47.88	-	18.53	6,477.17	7,368.34
Ministry of Industrialisation and Enterprise Development	608.52	12.61	18.74	10.05	10.38	-	3.96	1,113.37	1,777.63

MDA	Personnel Emoluments	Foreign Travel	Domestic Travel	Hospitality, Conferences & Catering	Training	Purchase of Motor Vehicles	Printing and Advertising	Others	Total Recurrent Expen.
Ministry of East African Affairs Commerce and Tourism	479.02	106.19	47.24	74.57	21.13	-	64.09	2,495.03	3,287.27
Ministry of Mining	45.03	6.87	11.39	13.04	0.93	-	6.90	80.94	165.09
Office of the Attorney General and Department of Justice	579.01	26.72	14.40	19.67	18.77	-	3.33	639.04	1,300.95
The Judiciary	4,283.34	25.55	303.00	64.92	25.29	246.77	52.66	3,025.42	8,026.94
Ethics & Anti-Corruption Commission	-	-	-	-	-	-	-	-	702.74
Directorate of Public Prosecution	378.83	11.24	28.48	32.34	20.53	44.81	14.89	56.98	588.11
Commission for Implementation of the Constitution	133.80	0.61	10.30	13.10	0.94	-	13.20	70.38	242.33
Registrar of Political Parties	41.76	1.16	3.24	0.82	0.78	-	1.19	222.31	271.27
Witness Protection Agency	54.76	3.26	1.57	4.12	3.50	-	0.93	93.77	161.91
Kenya National Human Rights & Equality Commission	130.05	1.61	3.95	2.35	4.72	-	4.73	62.76	210.16
Independent Electoral and Boundaries Commission	1,458.68	35.34	30.81	14.07	15.39	-	21.32	748.27	2,323.89
Parliamentary Service Commission	6,384.52	343.12	1,570.85	207.82	58.14	-	76.93	4,632.85	13,274.24
Judicial Service Commission	-	12.08	4.60	65.95	37.36	-	6.52		141.04
The Commission on Revenue Allocation	96.53	-	11.47	5.30	6.52	-	10.38		203.00
Public Service Commission	307.48	3.35	12.95	22.76	25.11	-	31.06	54.95	457.66
Salaries & Remuneration Commission	93.18	8.08	1.85	32.86	1.52	-	9.16	48.66	195.30
Teachers Service Commission	125,150.14	-	-	-	-	-	-	620.62	125,770.77

MDA	Personnel Emoluments	Foreign Travel	Domestic Travel	Hospitality, Conferences & Catering	Training	Purchase of Motor Vehicles	Printing and Advertising	Others	Total Recurrent Expen.
National Police Service Commission	45.62	1.83	1.64	3.58	0.35	-	2.34	81.37	136.75
Auditor General	983.09	5.24	45.22	1.41	31.22	-	3.22	568.26	1,637.66
Controller of Budget	119.04	0.41	6.23	4.28	3.97	-	10.96	18.51	163.40
The Commission on Administrative Justice	100.91	2.26	3.36	2.61	1.49	-	4.02	83.54	198.18
National Gender & Equality Commission	72.31	5.49	5.64	1.05	0.64	-	1.09	68.64	154.86
Independent Police Oversight Authority	72.90	0.11	1.28	1.64	0.14	-	4.12	64.60	144.79
TOTAL	196,266.35	1,584.10	3,593.55	1,319.10	921.23	885.76	514.33	145,722.35	351,596.82
% of Total	55.8	0.5	1.0	0.4	0.3	0.3	0.1	41.4	100.0

*** All MDAs except Ministry of Defence and National Intelligence Service

Figure 3: Analysis of Recurrent Expenditure by MDAs



During the period under review, personnel emolument expenditure was Kshs. 196.3 billion, accounting for the highest proportion of recurrent expenditure at 55.8 per cent. Comparison of expenditure by the MDAs indicates that the Teachers Service Commission (TSC) had the highest expenditure on personnel emoluments at Kshs. 125.2 billion which was mainly salaries for teachers. The Registrar of Political Parties had the lowest expenditure on personnel emoluments at Kshs. 41.8 million.

The Ministry of Foreign Affairs had the highest expenditure on foreign travel at Kshs. 435.2 million due to its core mandate of promoting international relations. On the other hand, the Independent Police Oversight Authority (IPOA) had the lowest expenditure on foreign travels at Kshs. 0.11million. The Parliamentary Service Commission had the highest domestic travel expenditure at Kshs. 1.57 billion while IPOA had the lowest at Kshs. 1.28 million.

The Presidency reported the highest expenditure on Hospitality Services at Kshs. 225.8 million while the Registrar of Political Parties had the lowest at Kshs.0.82 million. The Ministry of Devolution and Planning had the highest expenditure on Training at Kshs. 201.3 million while IPOA had the lowest at Kshs. 0.14 million. The Presidency had the highest expenditure on Purchase of Motor Vehicles at Kshs. 523.3 million followed by the Judiciary at Kshs. 246.8 million. The Parliamentary Service Commission had the highest expenditure on printing and advertising at Kshs. 76.93 million while the Witness Protection Agency had the lowest at Kshs. 0.93 million.

The analysis of MDAs' expenditure by economic classification, excludes the Ethics and Anti-Corruption Commission (EACC), which did not provide a breakdown of their recurrent expenditure.

3.6 Recurrent Expenditure Analysis by Sector

According to the FY 2013/2014 budget, recurrent expenditure was allocated Kshs. 990.9 billion representing 60.2 per of the National Budget. In the period under review, the total exchequer issues towards recurrent expenditure amounted to Kshs. 584.8 billion which was 62.4 per cent of the total net recurrent estimates.

Recurrent expenditure in the period under review amounted to Kshs.418.6 billion translating to absorption of 68.6 per cent of the recurrent gross estimates. The National Security sector had the highest absorption at 79.1 per cent, while the Environmental Protection, Water and Natural Resources sector recorded the least absorption rate at 45.9 per cent.

The following is an analysis of the various sectors with regard to the recurrent exchequer issues and expenditure.

Table 11: Sectoral Recurrent Exchequer Issues and Expenditure

Name of the Sector	FY2013/2014						FY2012/2013					
	Gross Est.	Net Est.	Exch. Is-sues	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.
Agriculture, Rural and Urban Development	15.0	13.9	13.8	10.1	99.1	67.3	28.3	25.6	16.6	15.0	64.8	52.9
Energy, Infrastructure and ICT	27.5	6.8	5.2	12.9	76.5	46.9	37.2	8.6	5.1	14.7	60.0	39.6
General Economics and Commercial Affairs (GE-CLA)	7.9	7.5	5.2	5.1	70.1	63.8	8.1	7.6	5.4	4.4	71.3	53.9

Name of the Sector	FY2013/2014						FY2012/2013					
	Gross Est.	Net Est.	Exch. Is-sues	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.
Health	20.3	16.5	16.5	11.8	100.0	57.8	59.1	55.2	35.1	36.7	63.6	62.2
Education	245.8	225.9	184.9	189.5	81.9	77.1	231.7	212.6	155.7	158.3	73.2	68.3
Governance, Justice, Law and Order (GJLOS)	111.3	110.8	80.4	63.8	72.6	57.4	131.6	130.8	95.2	76.9	72.8	58.4
Public Administration and International Relations	73.9	72.4	56.5	46.5	78.1	63.0	113.6	73.0	46.1	37.4	63.1	32.9
National Security	84.7	84.7	60.1	67.0	70.9	79.1	89.7	89.7	60.2	61.3	67.1	68.3
Social Protection, Culture and Recreation	10.9	10.8	6.6	5.8	61.4	53.4	15.0	14.8	9.1	7.7	61.2	51.0
Environment Protection, Water and Natural Resources	13.2	8.2	6.9	6.1	83.4	45.9	10.1	7.3	5.3	4.5	73.4	44.6
Total	610.6	557.4	436.1	418.6	78.2	68.6	724.4	625.2	434.0	416.8	69.4	57.5

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

This sector comprises of two sub-sectors namely, the Ministry of Agriculture, Livestock and Fisheries and the Ministry of Lands, Housing and Urban Development. This sector is a significant contributor to the country's economic growth. In the 2013/2014 financial year, the sector was allocated Kshs.15 billion to cater for its recurrent expenditure accounting for 2.5 per cent of the total recurrent budget.

During the period July 2013 to March 2014, the sector received exchequer issues amounting to Kshs.13.8 billion representing 99.1 per cent of the net estimates, a substantial increase from the 64.8 per cent received in the same period last financial year. The Agriculture, Livestock and Fisheries sub-sector received exchequer issues amounting to Kshs. 10.3 billion translating to 99.9 per cent of the net estimates, a considerable increment from the 68.1 per cent received by the end of the third quarter of FY 2012/2013. The Lands, Housing and Urban Development sub-sector received exchequer issues totalling Kshs. 3.5 billion representing 96.6 per cent of the net estimates, a considerable increase from the 54.8 per cent received in the same period last financial year.

The sector spent Kshs. 10.1 billion during the period under review representing an absorption rate of 67.3 per cent, a remarkable improvement from the 52.9 per cent absorption rate registered in the same period in the FY 2012/2013. The expenditure for Agriculture, Livestock and Fisheries sub-sector amounted to Kshs. 7.4 billion which represented an absorption rate of 67.7 per cent, a significant

increase from the 56.7 per cent absorption rate recorded in the same period last financial year. The Lands, Housing and Urban Development sub-sector spent Kshs. 2.7 billion which represented an absorption rate of 66.3 per cent, a significant increase from the 41.1 per cent registered in the first three quarters of the FY 2012/2013. Table 12 provides an analysis for AR&UD sector.

Table 12: Analysis of Recurrent Expenditure and Net Exchequer Issues for AR&UD Sector (Kshs. Billions)

Name of the Sub Sector	FY 2013/2014						FY 2012/2013					
	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 Lands, Housing and Urban Development	4.1	3.6	3.5	2.7	96.6	66.3	6.8	6.3	3.5	2.8	54.8	41.1
Ministry of Agriculture, Livestock and Fisheries	10.9	10.3	10.3	7.4	99.9	67.7	21.5	19.3	13.2	12.2	68.1	56.7
Total	15.0	13.9	13.8	10.1	99.1	67.3	28.3	25.6	16.6	15.0	64.8	52.9

Source: National Treasury & MDAs

3.6.2 Education Sector

This sector comprises of two sub-sectors namely the Ministry of Education, Science and Technology and the Teachers Service Commission. Kenya's Vision 2030 identifies education as a critical element in the creation of a globally competitive and adaptive human resource base. Further, education is recognized by the Constitution of Kenya as a key economic and social right. It is against this backdrop that the sector aims to provide and promote quality education, training and research in order to empower individuals to become competent and resourceful citizens.

The sector was allocated Kshs. 245.8 billion in the FY 2013/2014 to cater for its recurrent activities representing 40.3 per cent of the total recurrent budget. During the period July 2013 to March 2014, exchequer issues to the sector amounted to Kshs. 184.9 billion representing 81.9 per cent of the net estimates, an increase from the 73.2 per cent received in the same period last financial year. The Teachers Service Commission received exchequer issues amounting to Kshs. 123.5 billion, which represented 83.1 per cent of the net estimates, up from 71.9 per cent received during the first three quarter of FY 2012/2013. Exchequer issues to the Ministry of Education, Science and Technology amounted to Kshs. 61.5 billion which was 79.4 per cent of the net estimates, a 3.7 percentage point increase from the 75.7 per cent received over the same period last financial year.

During the period under review, total expenditure for the sector was Kshs. 189.5 billion representing an absorption rate of 77.1 per cent, an improvement from the 68.3 per cent absorption recorded during the same period of FY 2012/2013. The Teachers Service Commission spent Kshs. 125.8 billion during the period July 2013 to March 2014, representing an absorption rate of 84.6 per cent, an increase from the 74.8 per cent absorption rate registered during the same period last financial year. The expenditure for the Education, Science and Technology sub-sector was Kshs. 63.7 billion representing an absorption rate of 65.6 per cent, an improvement from the 58.9 per cent absorption rate registered during the same period in FY 2012/2013 as shown in table 13.

Table 13: Analysis of Recurrent Expenditure and Net Exchequer Issues for Education Sector (Kshs. Billions)

Name of the Sub Sector	FY 2013/2014						FY 2012/2013					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Education, Science and Technology	97.2	77.4	61.5	63.7	79.4	65.6	94.1	75.1	56.9	55.5	75.7	58.9
Teachers Service Commission	148.6	148.5	123.5	125.8	83.1	84.6	137.5	137.5	98.8	102.8	71.9	74.8
Total	245.8	225.9	184.9	189.5	81.9	77.1	231.7	212.6	155.7	158.3	73.2	68.3

Source: National Treasury & MDAs

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

The sector consists of the Ministry of Transport and Infrastructure, Ministry of Information, Communication and Technology, and Ministry of Energy and Petroleum. The Ministry of Transport and Infrastructure is mandated to provide, maintain and manage the quality of road infrastructure in the spirit of Kenya's Vision 2030 aspirations. The Ministry also aims to ensure that the transport system is safe, efficient, accessible and sustainable. The mandate of the Ministry of Information, Communication and Technology is to develop Kenya as a globally competitive and prosperous nation by creating an enabling environment that encourages and enhances the development, expansion and use of ICT. The Ministry of Energy and Petroleum is responsible for the provision of clean, sustainable, affordable, reliable and secure energy sources to all Kenyans.

The EI & ICT sector was allocated Kshs. 27.5 billion to cater for its recurrent activities in the FY 2013/2014 representing 4.5 per cent of the total recurrent budget. In the period July 2013 to March 2014, exchequer issued to the sector was Kshs. 5.2 billion representing 76.5 per cent of the net estimates, a significant improvement from the 60 per cent recorded in the same period of the FY 2012/2013. The Transport and Infrastructure sub-sector received the highest exchequer issues amounting to Kshs. 2.0 billion (87.2% of its net estimates) whereas the Information, Communication and Technology sub-sector received the lowest exchequer issues amounting to Kshs. 1.6 billion (67.2 per cent of the net estimates).

The total expenditure for the sector during the first three quarters of the FY 2013/2014 amounted to Kshs.12.9 billion representing 76.5 per cent of the gross estimates, a significant improvement from the 60.0 per cent recorded in same period in the last financial year. The ICT sub-sector had the highest absorption rate of 66.4 per cent having spent Kshs. 1.6 billion for the first nine months of FY 2013/2014. This was a significant improvement from the 54.4 per cent absorption rate recorded the same period of FY 2012/2013. The Transport and Infrastructure sub-sector had the lowest absorption of 43.7 per cent having spent Kshs. 10 billion, compared to the 40.3 per cent absorption rate for the first nine months of the FY 2012/2013 as shown in Table 14.

From the analysis, the expenditure by the Ministry of Transport and Infrastructure was higher than the exchequer issues to the ministry by Kshs.8.0 billion. This implies that the sub-sector most likely received Kshs. 8 billion from A-I-A though the details were not provided to the OCOB.

Table 14: Analysis of Recurrent Expenditure and Net Exchequer Issues for Energy, Infrastructure and Information Communications Technology Sector (Kshs. Billions)

Name of the Sub- sector	FY 2013/2014						FY 2012/2013					
	Gross Est.	Net Est.	Exc. Issues	Exp.	%Exc. Issues to Net. Est.	% Exp. to Gross Est.	Gross Est.	Net Est.	Excheq. Issues	Exp.	% Excheq. Issues to Net. Est.	% Exp. to Gross Est.
Min. of Transport and Infrastructure.	22.8	2.3	2.0	10.0	87.2	43.7	32.4	4.0	2.7	13.0	68.2	40.3
Min. of Info. Comm. and Tech.	2.4	2.4	1.6	1.6	67.2	66.4	2.3	2.3	1.5	1.2	67.2	54.4
Min. of Energy and Petroleum	2.4	2.1	1.6	1.4	75.4	57.7	2.5	2.3	0.9	0.4	38.2	17.7
Total	27.5	6.8	5.2	12.9	76.5	46.9	37.2	8.6	5.1	14.7	60.0	39.6

Source: National Treasury & MDAs

3.6.4 Environmental Protection, Water and Natural Resources Sector

The Environment Protection, Water and Natural Resources sector comprises of two sub-sectors namely the Environment, Water and Natural Resources sub-sector; and the Mining sub-sector. The sector aims to provide decent and affordable housing, access to clean and safe water, and a secure environment. The sector also promotes mineral exploration and mining management, develops mineral development policies, and conducts an inventory and mapping of mineral resources within the Country.

During the financial year 2013/2014, the sector was allocated Kshs. 13.2 billion to fund its recurrent activities. This allocation represents 1.33 per cent of the total national recurrent budget for the FY 2013/2014. This sector received exchequer issues amounting to Kshs. 6.9 billion which represents 83.4 per cent of its net estimates during the period under review. During the same period in FY 2012/2013, the sector received 73.4 per cent of its net estimates.

The Environment, Water and Natural Resources sub-sector received exchequer issues totalling Kshs 6.6 billion which represents 86.0 per cent of the net estimates, an improvement from 75.9 per cent over the same period last financial year. The Mining sub sector received exchequer issues amounting to Kshs. 0.3 billion representing 47.7 per cent of the net estimates, a decline from 68.9 per cent received over the same period during the FY 2012/2013.

During the period July 2013 to March 2014, the sector spent a total of Kshs. 6.1 billion representing 45.9 per cent of the gross estimates which was a marginal improvement from the 44.6 per cent recorded over the same period last financial year. The Environment, Water and Natural Resources sub-sector spent Kshs. 5.9 billion in the period under review recording an absorption rate of 46.6 per cent, an improvement from the 39.6 per cent recorded over the same period during the FY 2012/2013. The Mining sub-sector spent Kshs. 0.17 billion which represented an absorption rate of 29.0 per cent, a significant decline from the 55.9 per cent achieved in the same period during the FY 2012/2013. The sub-sectors did not provide details of how much of the budgeted A-I-A of Kshs. 5 billion was raised and how it was spent.

Table 15: Analysis of Recurrent Expenditure and Net Exchequer Issues for Environmental Protection, Water and Housing Sector (in Kshs. Billions)

Name of the Subsector	2013/2014						2012/2013					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% Exch. to N. Est.	% Exp to G. Est.	Gross Est.	Net Esti.	Exch. Issues	Exp.	% Exch. to N. Est.	% Exp to G. Est.
Ministry of Environment, Water and Natural Resources	12.6	7.7	6.6	5.9	86.0	46.6	7.0	4.7	3.6	2.8	75.9	39.6
Ministry of Mining	0.6	0.6	0.3	0.17	47.7	29.0	3.1	2.6	1.8	1.7	68.9	55.9
Total	13.2	8.2	6.9	6.1	83.4	45.9	10.1	7.3	5.3	4.5	73.4	44.6

Source: Ministry of Finance & MDAs

3.6.5 General Economic, Commercial and Labour Affairs (GECLA) Sector

The General Economic, Commercial and Labour Affairs (GECLA) sector comprises of the Industrialization and Enterprise Development sub-sector, East African Affairs, and Commerce and Tourism sub-sector. The sector aims at creating employment opportunities, poverty reduction, overseeing the fast tracking of the EAC regional integration initiatives, creation of the human resource base for global competitiveness and the promotion of equity among Kenyan citizens. In order to achieve its mandate in FY 2013/2014, the sector was allocated Kshs.7.9 billion for its recurrent activities, representing 1.3 per cent of the total recurrent budget.

During the period July 2013 to March 2014, the sector received exchequer issues amounting to Kshs. 5.2 billion which was 70.1 per cent of the net estimates, a decline from 71.3 per cent issued in the same period in the last financial year. The Industrialization and Enterprise Development sub-sector received Kshs. 1.8 billion as exchequer issues which was 78.4 per cent of net estimates, an improvement from 69.7 per cent recorded in the same period in the last financial year. The East African Affairs, Commerce and Tourism sub-sector received exchequer issues amounting to Kshs. 3.4 billion representing 66.3 per cent of the net estimates, a drop from the 72.4 per cent received in the same period in FY 2012/2013.

The total expenditure for the sector during the period under review was Kshs. 5.1 billion, representing an increased absorption of 63.8 per cent compared to the 53.9 per cent achieved in the same period last financial year. The Industrialization and Enterprise Development sub-sector spent Kshs. 1.8 billion, an absorption rate of 64.4 per cent, which was an increase from the 49.5 per cent recorded in the first three quarters of the FY 2012/2013. The East African Affairs, Commerce and Tourism sub-sector spent Kshs. 3.3 billion to achieve an increased absorption of 63.4 per cent compared to the 56.7 per cent recorded in the same period last financial year as shown in table 16. However, the sub-sectors did not report on the performance of the Kshs. 0.4 billion budgeted as A-I-A.

Table 16: Analysis of Recurrent Expenditure and Net Exchequer Issues for General Economic, Commercial and Labour Affairs (GECLA) Sector

Name of the Sub- Sector	FY 2013/2014						FY 2012/2013					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Ministry of Industrialization and Enterprise Development	2.8	2.3	1.8	1.8	78.4	64.4	3.2	3.1	2.1	1.6	69.7	49.5
Ministry of East Africa Affairs, Commerce and Tourism	5.2	5.1	3.4	3.3	66.3	63.4	4.9	4.6	3.3	2.8	72.4	56.8
Total	7.9	7.5	5.2	5.1	70.1	63.8	8.1	7.6	5.4	4.4	71.3	53.9

Source: Ministry of Finance & MDAs

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

The Governance, Justice, Law and Order Sector (GJLOS) comprises 14 sub-sectors that include Ministry of Interior and Coordination of National Government, Office of the Attorney General and Department of Justice, the Judiciary, Judicial Service Commission, Ethics and Anti-Corruption Commission, Kenya National Commission for Human Rights, Registrar of Political Parties, Witness Protection Agency, among others. The key roles of the sector include providing a stable environment for political, social and economic development and prevention of corruption and economic crimes; facilitating the implementation of the Constitution; and improving access to judicial and legal services for all Kenyans. The sector also enhances national security and social economic development by maintaining a comprehensive population database, proper migration management and timely registration and issuance of secure identification.

The sector was allocated Kshs. 111.3 billion during the financial year 2013/2014 to cater for its recurrent expenditure. The allocation represents 18.2 per cent of the total recurrent budget for the current financial year.

During the period July 2013 to March 2014, the sector received exchequer issues amounting to Kshs. 80.4 billion representing 72.6 per cent of the net estimates, which was a marginal reduction from the 72.8 per cent received in the same period of FY 2012/2013. The Kenya National Commission of Human Rights sub-sector had the highest ratio of exchequer issues to net estimates at 92.2 per cent, an improvement from the 85.9 per cent received in the same period during the FY 2012/2013. The Judicial Service Commission sub-sector had the lowest ratio of exchequer issues to net estimates at 33.8 per cent.

The GJLOS sector's cumulative expenditure in the period July 2013 to March 2014 was Kshs. 63.8 billion representing an absorption rate of 57.4 per cent of the gross estimates. The absorption rate is a decline from the 58.4 per cent of the gross estimates in the same period of FY 2012/2013. During the period under review, the Independent Police Oversight Authority sub-sector spent Kshs. 0.1 billion, recording the highest absorption rate at 94.1 per cent. Conversely, the Judicial Service Commission spent Kshs. 0.1 billion and had the lowest absorption rate at 29.8 per cent for the period under review.

The sector did not report on the status of the A-I-A of Kshs. 0.5 billion budgeted in the FY 2013/2014.

Table 17: Analysis of Recurrent Expenditure and Net Exchequer Issues for GJLOS Kshs. Billions)

Name of the Sub Sector	2013/2014 Financial Year						2012/2013 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Ministry of Interior and Coordination of National Government	89.6	89.2	64.3	49.4	72.1	55.2	89.2	88.4	60.4	46.8	68.4	52.5
Office of the Attorney General and Department of Justice	2.1	2.0	1.7	1.3	84.2	60.8	1.7	1.7	1.1	1.0	64.4	57.3
The Judiciary	11.9	11.9	8.8	8.0	74.1	67.6	11.8	11.8	6.7	7.0	57.2	59.1
Ethics and Anti-Corruption Commission	1.0	1.0	0.8	0.7	77.4	67.2	1.4	1.4	0.9	0.9	64.0	59.8
Directorate of Public Prosecutions	1.4	1.4	0.8	0.59	55.1	42.4	1.2	1.2	0.4	0.3	35.8	28.6
Commission for the Implementation of the Constitution	0.3	0.3	0.3	0.2	82.7	75.1	0.5	0.5	0.4	0.3	82.3	67.7
Registrar of Political Parties	0.3	0.3	0.3	0.27	88.0	82.3	0.4	0.4	0.3	0.3	81.2	71.0
Witness Protection Authority	0.2	0.2	0.14	0.16	72.2	83.5	0.2	0.2	0.2	0.1	84.0	54.6
Kenya National Commission of Human Rights	0.2	0.2	0.2	0.2	92.2	88.1	0.3	0.3	0.2	0.2	85.9	75.6
Independent Electoral and Boundaries Commission	3.1	3.1	2.5	2.3	79.7	74.2	24.3	24.2	24.1	19.8	99.3	81.8
Judicial Service Commission	0.5	0.5	0.2	0.1	33.8	29.8	-	-	-	-	-	-
National Police Service Commission	0.2	0.2	0.2	0.1	80.7	61.3	0.3	0.3	0.2	0.1	61.6	32.4
National Gender and Equality Commission	0.2	0.2	0.2	0.2	80.4	79.8	0.2	0.2	0.2	0.1	88.8	69.7
Independent Police Oversight Authority	0.2	0.2	0.1	0.1	91.0	94.1	0.2	0.2	0.2	-	61.0	-
Total	111.3	110.8	80.4	63.8	72.6	57.4	131.6	130.8	95.2	76.9	72.8	58.4

Source: National Treasury & MDAs

3.6.7 The Health Sector

The overall goal of this sector is to ensure that there is provision of equitable and affordable health care to the citizenry at the highest affordable standards. The Ministry of Health which is the only sub-sector in the Health sector is mandated to promote and participate in the provision of integrated and high quality curative, preventive and rehabilitative services that is equitable, responsive, accessible and accountable to Kenyans. The sector has prioritized the curative health programme, and the preventive and rehabilitative health care services programme for the FY 2013/2014.

The sector was allocated Kshs. 20.3 billion to fund its recurrent expenditure for the financial year 2013/2014 representing 3.3 per cent of the total recurrent expenditure, which is a decline compared to Kshs. 54.6 billion allocated to the sector during the FY 2012/2013. The budgetary allocation to the sector was reduced after some of the functions of the Ministry of Health were transferred to the County Governments in accordance with Schedule four of the Constitution.

The total exchequer issues to the sector in the period July 2013 to March 2014 amounted to Kshs. 16.5 billion representing 100 per cent of the net estimates compared to 49.9 per cent that was issued to the sector in the same period last financial year. The high exchequer issue is attributed to payment of personnel emoluments for officers whose functions were devolved to the counties but could not be paid by the Counties as payroll data had not been made available to the Counties for the period July to December, 2013. The County governments were required to reimburse these funds to the National Government.

The expenditure for the sector in the period under review amounted to Kshs. 11.8 billion representing an absorption rate of 57.8 per cent compared to 62.2 per cent recorded in the same period of the last financial year. The Sector did not report on the status of the Kshs. 3.8 billion budgeted as A-I-A for the FY 2013/2014.

Table 18: Analysis of Recurrent Expenditure and Net Exchequer Issues for Health Sector (Kshs. Billions)

Name of the sub-sector	FY 2013/2014						FY 2012/2013					
	Gross Estimate	Net Estimate	Exc. Issues	Exp.	% Exc. Issues to Net Est.	% Exp. To Gross Est.	Gross Estimate	Net Estimate	Exc. Issues	Expen.	% Exc. To Net Est.	% Exp. to Gross Est.
Health	20.3	16.5	16.5	11.8	100.0	57.8	59.1	55.2	35.1	36.7	63.6	62.2
Total	20.3	16.5	16.5	11.8	100.0	57.8	59.1	55.2	35.1	36.7	63.6	62.2

Source: National Treasury & MDAs

3.6.8 The Public Administration and International Relations Sector (PAIR)

The Public Administration and International Relation (PAIR) sector consists of 11 sub-sectors namely: The Presidency, Ministry of Devolution and Planning, Ministry of Foreign Affairs, 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 key role in national policy formulation, implementation, monitoring, and evaluation.

The sector was allocated Kshs. 73.9 billion for the financial year 2013/2014 to fund its recurrent programmes. The allocation represents 7.5 per cent of the total recurrent budget for the financial year 2013/2014.

In the period July 2013 to March 2014, the PAIR sector received exchequer issues amounting to Kshs. 56.5 billion translating to 78.1 per cent of the net estimates which was an improvement from 63.1 per cent received in the same period of FY 2012/2013. The Presidency sub-sector received Kshs. 2.9 billion recording the highest exchequer issues to net estimates at 93.1 per cent an improvement from 77.9 per cent received in the same period in the FY 2012/2013. The Salaries and Remuneration Commission sub-sector received Kshs. 0.1 billion which was the lowest exchequer issues to net estimates at 41.8 per cent and a decline from the 55.2 per cent received in the third quarter of the FY 2012/2013.

The sector's total expenditure in the third quarter of FY 2013/2014 was Kshs. 46.5 billion representing an absorption rate of 63.0 per cent of the gross estimates, a marginal decline from 63.1 per cent achieved in the same period of financial year 2012/2013. The Parliamentary Service Commission sub-sector spent Kshs. 13.3 billion recording the highest absorption rate of 80.1 per cent and a significant improvement from an absorption rate of 40.4 per cent recorded in the same period of the 2012/2013 financial year. The controller of Budget sub sector recorded the lowest absorption rate of 40.6 per cent which was a major improvement from the 5.3 per cent attained in the FY 2012/2013. The sub-sectors did not account for the A-I-A budgeted at Kshs. 1.5 billion in the FY 2013/2014.

Table 19: Analysis of Recurrent Expenditure and Net Exchequer Issues for Public Administration and International Relations (in Kshs. Billions)

Name of the Subsector	2013/2014						2012/2013					
	Gross Est.	Net Est.	Exch. Issues	Expenditure	% Exch. to N. Est.	% Exp to G. Est.	Gross Est.	Net Estimates	Exch. Issues	Exp.	% Exch. to N. Est.	% Exp to G. Est.
The Presidency	3.1	3.1	2.9	2.5	93.1	79.9	5.5	5.5	4.3	3.5	77.9	62.8
Ministry of Devolution and Planning	16.3	16.1	13.1	11.1	81.1	68.0	56.3	16.9	13.5	12.5	80.0	22.2
Ministry of Foreign Affairs	9.6	8.6	7.6	4.0	87.8	41.3	10.8	9.8	6.6	4.0	67.0	37.5
The National Treasury	24.0	23.9	14.8	12.8	61.9	53.5	22.8	22.8	13.9	10.2	60.7	44.7
Parliamentary Service Commission	16.6	16.6	15.2	13.3	91.5	80.1	13.0	13.0	5.2	5.2	40.4	40.4
Commission on Revenue Allocation	0.3	0.3	0.2	0.2	83.9	68.9	0.4	0.4	0.3	0.1	83.5	34.4
Public Service Commission	0.7	0.7	0.5	0.46	66.9	63.8	0.6	0.6	0.4	0.3	63.5	60.0
Salaries and Remuneration Commission	0.3	0.3	0.1	0.2	41.8	56.3	0.8	0.8	0.4	0.2	55.2	25.8
Auditor General	2.2	2.1	1.7	1.6	84.0	75.1	2.0	1.9	1.0	1.0	54.8	49.8
Controller of Budget	0.4	0.4	0.2	0.16	47.2	40.6	0.5	0.5	0.08	0.02	15.9	5.3
Commission on Administrative Justice	0.3	0.3	0.2	0.2	80.2	72.2	0.3	0.3	0.16	0.12	61.8	47.5
Total	73.9	72.4	56.5	46.5	78.1	63.0	113.6	73.0	46.1	37.4	63.1	32.9

Source: National Treasury & MDAs

3.6.9 Social Protection, Culture and Recreation Sector

This sector comprises the Sports, Culture and Arts sub sector and the Labour, Social Security and Services sub sector. In the current financial year, the sector was allocated Kshs. 10.9 billion to cater for its recurrent activities.

During the period under review, the sector received Kshs. 6.6 billion as exchequer issues which was 61.4 per cent of the net estimates, a marginal increase from 61.2 per cent of net estimates received in the same period last financial year.

The Labour, Social Security and Services sub-sector received the highest exchequer issues at Kshs. 4.7 billion, which was 56.9 per cent of the net estimates, an increase from the 54.4 per cent of net estimates received during the same period last financial year. The Sports, Culture and Arts sub-sector received exchequer issues amounting to Kshs. 1.9 billion, which was 76.7 per cent of its net estimates compared to the 67 per cent received in the same period in FY 2012/2013.

The sector spent Kshs 5.8 billion by the end of the third quarter, representing an absorption rate of 53.4 per cent, compared to 51.0 per cent realised in the same period in FY 2012/2013. During the period under review, the Sports, Culture and Arts sub-sector had the highest absorption rate at 75.2 per cent, with an expenditure of Kshs. 1.8 billion, an improved absorption compared to 52 per cent in the same period in FY 2012/2013. The Labour, Social Security and Services sub- sector had an absorption rate of 47.2 per cent with an expenditure of Kshs. 4.0 billion, a decline in absorption compared to 49.8 per cent in FY 2012/2013.

Table 20: Analysis of Recurrent Expenditure and Net Exchequer Issues for the Social Protection, Culture and Recreation Sector (Kshs. Billion)

Name of the Sub Sector	2013/2014 Financial Year						2012/2013 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Ministry of Sports, Culture and Arts	2.4	2.4	1.9	1.8	76.7	75.2	8.1	8.0	5.4	4.2	67.0	52.0
Ministry of Labour Social Security and Services	8.4	8.3	4.7	4.0	56.9	47.2	6.9	6.8	3.7	3.4	54.4	49.8
Total	10.9	10.8	6.6	5.8	61.4	53.4	15.0	14.8	9.1	7.7	61.2	51.0

Source: National Treasury & MDAs

3.6.10 National Security Sector

This sector consists of two sub-sectors: Defence and National Intelligence Services (NIS). The major obligation of this sector is to safeguard the internal and external security of the Country. In the current financial year, the sector was allocated Kshs. 84.7 billion to cater for its recurrent activities which represents 13.9 per cent of the total recurrent budget.

The exchequer released to the sector as at the end of the third quarter of FY 2013/2014 was Kshs. 60.1 billion for recurrent expenditure representing 70.9 per cent of the net estimates. This was a slight

increase compared to 67.1 per cent recorded over the same period last financial year. The Defence sub-sector received the highest exchequer issues in the sector at Kshs. 48.5 billion, which was 68.5 per cent of net estimates, an increase from the 66.3 per cent received during the same period last financial year. The National Intelligence Service sub-sector received exchequer issues amounting to Kshs. 11.6 billion, which was 82.8 per cent of its net estimates, an increase compared to the 71.8 per cent received in the same period in FY 2012/2013.

The sector's expenditure for the period under review was Kshs. 67 billion which represents an absorption rate of 79.1 per cent, an increase from the 68.3 per cent recorded over the same period last financial year. The NIS sub sector spent Kshs. 11.9 billion, an absorption rate of 85.3 per cent against the 64.6 per cent achieved in the same period last financial year. The Defence sub-sector spent Kshs. 55.1 billion, representing an absorption rate at 77.9 per cent, an increase from 68.9 per cent recorded in the same period last financial year.

Table 21: Analysis of Recurrent Expenditure and Net Exchequer Issues for National Security Sector (Kshs. billions)

Name of the Sub Sector	2013/2014 Financial Year						2012/2013 Financial Year					
	Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Defence	70.7	70.7	48.5	55.1	68.5	77.9	76.0	76.0	50.3	52.4	66.3	68.9
N.I.S	14.0	14.0	11.6	11.9	82.8	85.3	13.7	13.7	9.9	8.9	71.8	64.6
Total	84.7	84.7	60.1	67.0	70.9	79.1	89.7	89.7	60.2	61.3	67.1	68.3

Source: National Treasury & MDAs

3.7 Development Expenditure Analysis by Sector

In the medium term, the National and County Governments are required to allocate a minimum of 30 per cent of their budgetary funds to development expenditures. In FY 2013/2014, the National Government allocated Kshs. 446.2 billion for development expenditure. This allocation represents 31.0 per cent of the total budget estimates which has remained unchanged from the last financial year. However, in absolute terms, a total of Kshs. 446.7 billion was allocated in FY 2013/2014, compared to Kshs. 458.3 billion in FY 2012/14.

The following is an analysis of the various sectors with regard to the development exchequer issues and expenditure.

Table 22: Sectoral Development Exchequer Issues and Expenditure

Name of the Sector	FY2013/2014						FY2012/2013					
	Gross Est.	Net Est.	Exch. Is-sues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Is-sues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Agriculture, Rural and Urban Development	38.3	33.0	24.1	18.8	73.1	49.2	68.2	45.9	25.4	18.9	55.3	27.7
Energy, Infrastructure and ICT	189.0	66.5	39.5	37.2	59.4	19.7	195.5	85.7	41.6	40.3	48.5	20.6
General Economics and Commercial Affairs (GECLA)	5.0	4.7	3.2	3.0	67.6	60.6	5.0	4.8	2.3	2.3	49.0	45.3
Health	15.9	12.3	11.2	8.5	90.9	53.6	32.5	18.1	8.0	6.8	44.0	20.9
Education	30.4	23.0	4.3	4.7	18.9	15.4	26.0	14.4	8.9	7.9	61.8	30.5
Governance, Justice, Law and Order (GJLOS)	14.9	13.7	5.6	3.5	40.7	23.4	14.3	13.3	7.0	4.6	52.8	32.1
Public Administration and International Relations	99.6	69.9	36.5	32.2	52.2	32.4	91.7	76.3	45.7	30.1	59.9	32.8
Social Protection, Culture and Recreation	9.6	9.0	4.3	3.8	47.8	39.0	10.1	9.3	4.7	3.2	50.9	31.3
Environment Protection, Water and Natural Resources	43.9	26.1	11.6	14.1	44.5	32.1	14.9	11.8	7.3	6.7	61.8	44.6
Total	446.7	258.2	140.3	125.8	54.3	28.2	458.3	279.6	150.9	120.7	54.0	26.3

Source: National Treasury & MDAs

In the nine months of the FY 2013/2014, the total exchequer issues towards development expenditure was Kshs. 140.3 billion representing 54.3 per cent of the net estimates, which is an improvement from 54 per cent recorded in the same period of the previous financial year. A total of Kshs. 129.1 billion was spent on development activities representing 28.9 per cent which was a slight improvement from 26.3 per cent recorded in the same period of the previous financial year. However, the absorption of development funds remains low mainly due to the lengthy procurement procedures and delays in release of donor funds.

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

The Agricultural, Rural and Urban Development sector aims at raising agricultural productivity, exploiting irrigation potential, increasing commercialisation of agriculture, improving the legal and policy framework for agriculture, improving governance of agricultural institutions, land development as well as the promotion of sustainable management of fisheries, forestry and wildlife resources. In order for the sector to achieve the above objectives, Kshs. 38.3 billion was allocated for development expenditure in the 2013/2014 financial year representing 8.6 per cent of the total National Government development budget.

Exchequer issues to the sector during the period July 2013 to March 2014 amounted to Kshs.24.1 billion representing 73.1 per cent of the net estimates, an increase from 55.3 per cent received in the same period of last financial year. During the period under review, the Ministry of Agriculture, Livestock and Fisheries received exchequer issues totalling Kshs. 19.2 billion which was 85.1 per cent of the net estimates, a substantial increase from the 54.0 per cent received during the same period last financial year. The Ministry of Lands, Housing and Urban Development received Kshs. 4.9 billion as exchequer issues, representing 47.0 per cent of the net estimates, a decline from the 60.4 per cent issued during the same period in FY 2012/2013.

During the period under review, expenditure for the sector amounted to Kshs. 18.8 billion which represented an absorption rate of 49.2 per cent, a significant improvement from the 27.7 per cent absorption rate registered during the same period of last financial year. The Ministry of Agriculture, Livestock and Fisheries spent Kshs. 13.8 billion representing an absorption rate of 52.0 per cent, a significant increase compared to the 25.9 per cent absorption rate recorded during the same period in FY 2012/2013. The Ministry of Lands, Housing and Urban Development spent Kshs 5.1 billion which represents an absorption rate of 42.9 per cent, an improvement from 38.5 per cent absorption rate realized in the same period last financial year as shown in table 23.

The Lands, Housing and Urban Development sub-sector did not submit returns on the performance of the Kshs. 1.4 billion budgeted under A-I-A for FY 2013/2014.

Table 23: Analysis of Development Expenditure and Net Exchequer Issues for Agricultural and Rural Development Sector (Kshs. Billions)

Name of the Sub Sector	FY2013/2014						FY2012/2013					
	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 Lands, Housing and Urban Development	11.8	10.4	4.9	5.1	47.0	42.9	9.7	9.7	5.8	3.7	60.4	38.5
Ministry of Agriculture, Livestock and Fisheries	26.5	22.5	19.2	13.8	85.1	52.0	58.5	36.2	19.6	15.2	54.0	25.9
Total	38.3	33.0	24.1	18.8	73.1	49.2	68.2	45.9	25.4	18.9	55.3	27.7

Source: National Treasury & MDAs

3.7.2 Education Sector

The Education Sector seeks to harmonise and coordinate higher education together with science and technology geared towards knowledge led economic development to meet the goals and objectives of Vision 2030. The sector aims at revolutionising education through the introduction of technology in the learning process. The sector, through the Ministry of Education, Science and Technology was allocated Kshs. 30.4 billion in the financial year 2013/2014 to undertake its development activities representing 6.8 per cent of the total development budget.

Exchequer issues to the sector during the period July 2013 to March 2014 amounted to Kshs. 4.3 billion which represents 18.9 per cent of the net estimates. This is a major decline compared to 61.8 per cent of the net estimates received during the previous financial year.

Total expenditure for the sector during the period under review amounted to Kshs. 4.7 billion, an absorption rate of 15.4 per cent of gross estimates. Performance of the sector during the period under review represents a significant drop compared with similar period in FY 2012/2013 where the sector had an absorption rate of 30.5 per cent as shown in table 24. This low absorption rate recorded by the sector could be attributed to the challenges experienced in the procurement of laptops for primary school pupils in the country.

Table 24: Analysis of Development Expenditure and Net Exchequer Issues for Education Sector (Kshs. Billions)

Name of the Sub- Sector	F Y 2013/2014						FY2012/2013					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Min of Education, Science & Technology	30.4	23.0	4.3	4.7	18.9	15.4	26.0	14.4	8.9	7.9	61.8	30.5
Total	30.4	23.0	4.3	4.7	18.9	15.4	26.0	14.4	8.9	7.9	61.8	30.5

Source: National Treasury & MDAs

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

The EI & ICT sector's aim is to expand, rehabilitate and maintain the road network; to ensure availability of accessible, efficient, reliable and affordable ICT services in Kenya, and to provide adequate, affordable and reliable energy supply. To achieve these objectives, the sector was allocated Kshs.189.0 billion for development expenditure, which is 42.4 per cent of the total development budget.

In the nine months period, the sector received exchequer issues totalling to Kshs. 39.5 billion to cater for development activities. This amount represents 59.4 per cent of the net estimates and an improvement from the 48.5 per cent issued in the first nine months of FY 2012/2013. The Energy and Petroleum sub-sector received exchequer issues amounting to Kshs. 14.4 billion recording the highest proportion of exchequer issues to net estimates at 88.3 per cent. This was an improvement from the 45.1 per cent recorded in the same period in the previous financial year. The ICT sub-sector received exchequer issues amounting to Kshs. 2.5 billion, which was the lowest proportion of exchequer issues to net estimates at 47.3 per cent in the sector.

The total development expenditure for the sector was Kshs. 37.2 billion representing a reduced absorption rate of 19.7 per cent compared to the 20.6 per cent recorded in the same period last financial year. Further analysis shows that the ICT sub-sector spent Kshs. 2.7 billion thereby recording the highest absorption rate of 29.1 per cent. Conversely, the Energy and Petroleum sub-sector spent Kshs. 7.2 billion recording the lowest absorption rate of 9.4 per cent, an increase from the 7.1 per cent recorded in a similar period last financial year as shown in table 25.

The sector did not report on the performance of the A-I-A of Kshs. 122.5 billion budgeted in FY 2013/2014.

Table 25: The Energy, Infrastructure and Information Communications (EI & ICT) Sector

Energy, Infrastructure and ICT	FY 2013/2014						FY 2012/2013					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% Exc. Issues to Net Est.	% Exp. to Gross Est.	Gross Estimates	Net Estimates	Exch. Issues	Exp.	% Exc. Issues to Net Est.	% Exp. To Gross Est.
Min. of Transport and Infrastructure	102.4	44.9	22.6	27.3	50.4	26.6	110.3	52.3	26.3	32.6	50.4	29.6
Min. of Information, Communication and Technology	9.1	5.2	2.5	2.7	47.3	29.1	4.5	4.5	2.2	1.9	48.5	42.6
Min. of Energy and Petroleum	77.4	16.4	14.4	7.2	88.3	9.4	80.7	28.9	13.0	5.8	45.1	7.1
Total	189.0	66.5	39.5	37.2	59.4	19.7	195.5	85.7	41.6	40.3	48.5	20.6

Source: National Treasury & MDAs

3.7.4 The Environmental Protection, Water and Housing Sector

The Environmental Protection, Water and Housing sector aims to achieve expansion of water coverage and sewerage facilities, scaling up water storage to improve water security, scaling up irrigation to reduce dependence on rain fed agriculture, protection, conservation and management of catchment areas, mitigation and adaptation measures on climate change, modernization of meteorological services, mineral exploration and mining, and enhancing housing development. The sector was allocated Kshs. 43.9 billion to fund its development programmes during the FY 2013/2014. This allocation represents 9.8 per cent of the total development budget for the current financial year.

During the period under review, the sector received exchequer issues amounting to Kshs. 11.6 billion which was 44.5 per cent of the net estimates, a decline from the 61.8 per cent received in the same period of FY 2012/2013. The Environment, Water and Natural Resources sub-sector received exchequer issues amounting to Kshs. 11.4 billion which represents 44.5 per cent of the net estimates, a decline from the 47.0 per cent recorded over the same period in FY 2012/2013. The Mining sub-sector received exchequer issues totalling to Kshs. 0.2 billion translating to 42.1 per cent of the net estimates which reflected a decline from 47.6 per cent received over the same period of FY 2012/2013.

The total development expenditure for the sector during the first nine months of FY 2013/2014 was Kshs. 14.1 billion which represents 32.1 per cent of the gross estimates and a reduction from a 44.6 per cent absorption rate over the same period during the financial year 2012/2013. The Environment, Water and Natural Resources sub-sector spent Kshs. 13.8 billion representing 31.9 per cent of the gross estimates and a decrease from 47.0 per cent of the gross estimates recorded over the same period last financial year. The Mining sub-sector spent Kshs. 0.2 billion which translated to an absorption rate of 42.4 per cent and an improvement from 38.7 per cent recorded over the third quarter of financial year 2012/2013.

The Environment, Water and Natural Resources sub-sector did not report on the performance of the A-I-A of Kshs. 17.8 billion budgeted in FY 2013/2014.

Table 26: Analysis of Development Expenditure and Net Exchequer Issues for Environmental Protection, Water and Housing Sector (in Kshs. Billions)

2013/2014							2012/2013					
Name of the Subsector	Gross Est.	Net Est.	Exch. Issues	Exp.	% Exch. to N. Est.	% Exp to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% Exch. to N. Est.	% Exp to G. Est.
Ministry of Environment, Water and Natural Resources	43.4	25.5	11.4	13.8	44.5	31.9	10.6	7.5	5.3	5.0	69.7	47.0
Ministry of Mining	0.6	0.6	0.2	0.2	42.1	42.4	4.3	4.2	2.0	1.7	47.6	38.7
Total	43.9	26.1	11.6	14.1	44.5	32.1	14.9	11.8	7.3	6.7	61.8	44.6

Source: National Treasury & MDAs

3.7.5 General Economic, Commercial and Labour Affairs (GECLA) Sector

The sector's strategy is to create an enabling business environment for trade and investment, deepen regional integration and promote best labour practices, manpower planning, development and utilization. In addition, the sector also promotes tourism development and marketing, undertakes policy, legal and institutional reforms for the development of the sector as well as supporting entrepreneurship and industrial development. The sector was allocated Kshs. 5.0 billion for its development expenditure in FY 2013/2014 representing 1.1 per cent of the total development budget.

As at the end of the third quarter of FY 2013/2014, the sector had received exchequer issues amounting to Kshs. 3.2 billion representing 67.6 per cent of the net estimates, a considerable increase from the 49.0 per cent received in the same period in the previous financial year. The Industrialization and Enterprise Development sub-sector received exchequer issues of Kshs.2.5 billion representing 70.9 per cent of the net estimates, a significant increase from the 48.0 per cent received in the same period last financial year. The East African Affairs, Commerce and Tourism sub-sector received Kshs. 0.7 billion as exchequer issues for development expenditure, representing 57.7 per cent of the net estimates, an improvement from 51.2 per cent received in the same period of the previous financial year.

The expenditure for the sector during the period under review stood at Kshs. 3.0 billion representing an absorption rate of 60.6 per cent, a significant increase from 45.3 per cent achieved in the same period of the previous financial year. Industrialization and Enterprise Development sub-sector spent Kshs. 2.4 billion, attaining an absorption rate of 64.3 per cent, an improvement from 45.3 per cent recorded in the same period of the last financial year. The East African Affairs, Commerce and Tourism sub-sector spent Kshs. 0.6 billion representing an absorption rate of 49.9 per cent, an increase compared to the 43.4 per cent recorded in the same period in the previous financial year as shown in table 27.

The sub-sectors did not report on the performance of the A-I-A of Kshs. 0.3 billion budgeted in FY 2013/2014.

Table 27: Analysis of Development Expenditure and Net Exchequer Issues for GECLA Sector (Kshs. Billions)

Name of the Sub-Sector	FY 2013/2014						FY 2012/2013					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Ministry of Industrialization and Enterprise Development	3.7	3.6	2.5	2.4	70.9	64.3	3.4	3.3	1.6	1.6	48.0	46.2
Ministry of East Africa Affairs, Commerce and Tourism	1.3	1.2	0.7	0.6	57.7	49.9	1.6	1.5	0.8	0.7	51.2	43.4
Total	5.0	4.7	3.2	3.0	67.6	60.6	5.0	4.8	2.3	2.3	49.0	45.3

Source: National Treasury & MDAs

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

The Governance, Justice, Law and Order (GJLOS) sector aims to coordinate and facilitate the realisation of democratic governance in a secure environment through protection and enjoyment of fundamental rights and freedoms. The sector also aims to maintain constitutional order, promote ethics and integrity, nurture a cohesive society and provide quality and efficient legal services to the government and the public. In order to implement its planned development programmes, the sector was allocated Kshs. 14.4 billion in FY 2013/2014, which represents 3.5 per cent of the annual budget for development expenditure.

During the period ending March 31st, 2014 of financial year 2013/2014, the sector received exchequer issues amounting to Kshs. 5.6 billion which translated to 40.6 per cent of the net estimates, a decline from the 52.8 per cent received over the same period of FY 2012/2013. The Office of the Attorney General and Department of Justice received Kshs. 0.2 billion and had the highest proportion of exchequer issues to net estimates at 98.6 per cent. The Directorate of Public Prosecution had the lowest proportion of exchequer issues to net estimates at 13.1 per cent during the period under review.

The total expenditure for the GJLOS sector for the period under review was Kshs. 3.5 billion representing an absorption rate of 24.0 per cent, a decline from 32.1 per cent recorded in the same period of last financial year. In the same period, the Office of the Attorney General and Department of Justice sub-sector spent Kshs. 0.3 billion recording the highest absorption rate at 42.2 per cent, an improvement from the 21.5 per cent of gross estimates recorded in the same period of FY 2012/2013. The Judiciary sub-sector spent Kshs. 1.0 billion which translates to absorption rate of 16.9 per cent, the lowest in the sector but a significant increase from the 1.5 per cent recorded over the same period last financial year.

The sub-sectors did not report on the performance of the A-I-A of Kshs. 0.7 billion budgeted in FY 2013/2014.

Table 28: Analysis of Development Expenditure and Net Exchequer Issues for GJLOS Sector (Kshs. billions)

Name of the Subsector	2013-2014						2012-2013					
	Gross Est.	Net Est.	Exch. Issues	Exp	% Exch. To Net. Est.	% Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% Exch. To Net. Est.	% Exp. to G. Est.
Ministry of Interior and Coordination of National Government	7.7	7.5	3.9	2.2	51.4	28.7	11.2	10.2	6.2	4.5	60.6	40.1
Office of the Attorney General and Department of Justice	0.6	0.2	0.2	0.3	98.6	42.2	0.2		0.1	0.0		21.5
The Judiciary	6.0	5.7	1.4	1.0	25.0	16.9	2.8	2.8	0.7	0.0	26.7	1.5
Ethics and Anti-Corruption Commission	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	12.1
Directorate of Public Prosecutions	0.1	0.1	0.0	0.0	13.1	0.0	0.1	0.1	0.0	0.0	73.3	7.5
Total	14.4	13.7	5.6	3.5	40.6	24.0	14.3	13.3	7.0	4.6	52.8	32.1

Source: National Treasury & MDAs

3.7.7 The Health Sector

The sector's goal is to provide equitable and affordable health care to Kenyans. In the current financial year, the sector aims at reducing mortality rates, improving health infrastructure, recruiting qualified health personnel and providing medicine and medical supplies to the health facilities. This sector has only one sub-sector; the Ministry of Health. The sector was allocated Kshs. 15.9 billion to fund its development activities for financial year 2013/2014 representing 3.6 per cent of the total development budget.

The total exchequer issues for development activities to the Health Sector in the nine month period amounted to Kshs. 11.2 billion representing 90.9 per cent of the net estimates, compared to 44 per cent released during the same period of the last financial year.

Total development expenditure for the sector during the period under review was Kshs. 8.5 billion representing an absorption rate of 53.6 per cent compared to 20.9 per cent in the same period last financial year as shown in Table 29.

The Ministry of Health did not report on the performance of the Kshs. 3.6 billion budgeted as A-I-A for the FY 2013/2014.

Table 29: Analysis of Development Expenditure and Net Exchequer Issues for the Health Sector (Kshs. Billions)

Name of the Sub Sector	FY 2013/2014						FY 2012/2013					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Health	15.9	12.3	11.2	11.8	90.9	74.0	32.5	18.1	8.0	6.8	44.0	20.9
Total	15.9	12.3	11.2	11.8	90.9	74.0	32.5	18.1	8.0	6.8	44.0	20.9

Source: National Treasury & MDAs

3.7.8 The Public Administration and International Relations Sector (PAIR)

The sector plays a key role in national policy formulation and implementation, monitoring and evaluation. The sector was allocated Kshs. 99.6 billion in the current financial year to cater for its development programmes. The allocation translates to 32.4 per cent of the annual budget for development expenditure.

During the period July 2013 to March 2014, the sector received exchequer issues amounting to Kshs. 36.5 billion representing 52.2 per cent of the net estimates, a decline from the 59.9 per cent received in the same period of financial year 2012/2013. The Presidency sub-sector received Kshs. 0.9 billion, the highest proportion of exchequer issues to net estimates at 81.3 per cent, an increase from the 59.2 per cent recorded in the same period of FY 2012/2013. On the other hand, the National Treasury sub-sector received Kshs. 5.0 billion, the lowest proportion of exchequer issues to net estimates at 26.1 per cent, a decline from the 37.3 per cent recorded over the same period FY 2012/2013.

Table 30 reveals an upward trend in terms of expenditure performance but a marginal decline in the absorption rate of the sector between the current and last financial year. The sector's total expenditure in the third quarter of the current financial year was Kshs. 32.2 billion representing 32.4 per cent of the gross estimates compared to an expenditure of Kshs. 30.1 billion, which translates to an absorption rate of 32.8 per cent recorded over the period under review in FY 2012/2013. The Presidency sub-sector spent Kshs. 0.9 billion recording the highest absorption rate at 81.2 per cent within the sector; an improved performance compared to an expenditure of Kshs. 0.6 billion and an absorption rate of 23.0 per cent recorded over the third quarter of the FY 2012/2013.

The sub-sectors did not report on the performance of the Kshs. 29.7 billion budgeted as A-I-A for the FY 2013/2014.

Table 30: Analysis of Development Expenditure and Net Exchequer Issues for Public Administration and International Relations Sector (Kshs. Millions)

Name of the Sub Sector	2013/2014						2012/2013					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
The Presidency	1.2	1.1	0.9	0.9	81.3	81.2	2.6	1.3	0.7	0.6	59.2	23.0
Ministry of Devolution and Planning	61.5	46.2	28.8	24.9	62.3	40.5	44.4	39.5	32.0	23.3	81.1	52.5
Ministry of Foreign Affairs	0.3	0.3	0.2	0.0	63.3	11.6	0.5	0.5	0.2	0.2	36.3	30.0
The National Treasury	33.4	19.1	5.0	4.6	26.1	13.8	41.8	32.7	12.2	5.6	37.3	13.4
Parliamentary Service Commission	2.4	2.4	1.6	0.0	63.9	0.0	2.3	2.3	0.5	0.4	22.2	18.0
Public Service Commission	0.3	0.3	0.10	0.09	33.3	32.2	0.1	0.1	0.0	0.0	25.0	5.2
Auditor General	0.5	0.5	0.0	1.6	0.0	327.5	0.0	0.0	0.0	0.0		
Total	99.6	69.9	36.5	32.2	52.2	32.4	91.7	76.3	45.7	30.1	59.9	32.8

Source: National Treasury & MDAs

3.7.9 Social Protection, Culture and Recreation Sector

This sector comprises the Sports, Culture and Arts sub-sector and the Labour Social Security and Services sub-sector. In the current financial year, the sector was allocated Kshs. 9.6 billion to cater for its development activities representing 1.6 per cent of the total development budget.

During the period under review, the sector received Kshs. 4.3 billion as exchequer issues which was 47.8 per cent of the net estimates, a decrease from the 50.9 per cent received in the same period last financial year.

The Labour Social Security and Services sub-sector received Kshs. 3.5 billion, which was 43.8 per cent of net estimates, an increase from the 40.8 per cent received during the same period last financial year. The Sports, Culture and Arts sub-sector received exchequer issues amounting to Kshs. 0.7 billion, which was 84.8 per cent of its net estimates, an increase compared to the 61.4 per cent received in the same period in FY 2012/2013.

The sector spent Kshs. 3.8 billion by end of the third quarter, representing an absorption rate of 39 per cent, an increase compared to the 31.3 per cent absorbed in the same period in the 2012/2013 financial year. During the period under review, the Sports, Culture and Arts sub-sector had the highest absorption rate at 83.7 per cent, with an expenditure of Kshs. 0.7 billion, an improved absorption compared to 35.7 per cent in the same period in FY 2012/2013. The Labour, Social Security and Services sub-sector recorded an absorption rate of 34.6 per cent with an expenditure of Kshs. 3.0 billion, an increased absorption compared to 27.3 per cent in the 2012/2013 financial year.

The sub-sectors did not report on the performance of the Kshs. 0.6 billion budgeted as A-I-A for the FY 2013/2014.

Table 31: Analysis of Recurrent Expenditure and Net Exchequer Issues for the Social Protection, Culture and Recreation Sector (Kshs. billion)

Name of the Sub Sector	2013/2014 Financial Year						2012/2013 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Ministry of Sports, Culture and Arts	0.9	0.9	0.7	0.7	84.8	83.7	4.9	4.5	2.8	1.7	61.4	35.7
Ministry of Labour Social Security and Services	8.8	8.1	3.5	3.0	43.8	34.6	5.2	4.7	1.9	1.4	40.8	27.3
Total	9.6	9.0	4.3	3.8	47.8	39.0	10.1	9.3	4.7	3.2	50.9	31.3

Source: National Treasury & MDAs

4.0 KEY CHALLENGES AND RECOMMENDATIONS

During the period under review, the OCOB identified various challenges faced by MDAs in budget execution and reporting. These consist of both newly identified challenges and those identified in previous budget implementation review reports but remain unresolved. All challenges must be addressed in a timely manner in order to ensure smooth budget implementation.

4.1 Non-Disclosure of A-I-A

The FY 2013/2014 Budget projected that Kshs. 241.7 billion would be raised as A-I-A, out of which, Kshs. 53.1 billion was to fund recurrent expenditure and Kshs. 188.6 billion for development activities. MDAs are required to collect local A-I-A and report utilisation in their budget implementation reports. Although MDAs submit expenditure reports to the OCOB, separate statements detailing the actual A-I-A received against the budget estimates with the sources were not submitted.

The principles of public finance as outlined in Article 201 provide that there shall be openness and accountability in public expenditure with clear fiscal reporting. MDAs should therefore disclose all A-I-A receipts in their budget implementation reports.

4.2 Delay in Reimbursement of Salaries paid on behalf of Counties by the National Government

The Transition Authority transferred devolved functions to the County Governments in line with schedule four of the Constitution. An agreement was reached through the National and County Coordinating Summit for the National government to meet payroll costs for staff performing devolved functions for the period July to December, 2013 and that Counties would reimburse the same to the National Government. As at end of December, 2013, the national government had spent Kshs.24.2 billion as payroll costs, which was invoiced to the Counties. As at the end of March, 2014, only Kshs. 8.4 billion had been reimbursed to the national government while the balance of Kshs. 15.8 billion was outstanding.

Failure to refund these funds to the National Government has affected the smooth implementation of activities of the national government Ministries with the Ministries of Health, and Agriculture, Livestock and Fisheries being the most affected.

The National Treasury should escalate this matter to the National and County Coordinating Summit for urgent resolution.

4.3 Implementation of Integrated Financial Management Information System (IFMIS)

During the period under review, OCOB was unable to obtain expenditure information from a number of spending entities owing to their failure to use the IFMIS. While the National Treasury has prescribed the IFMIS as the financial management system to be used by all government agencies in line with Section 12 (1) (e) of the Public Financial Management Act, 2012, a number of Agencies are yet to fully implement the System.

Failure to use IFMIS by some MDAs is likely to result in inaccurate reporting on public expenditure of the spending entities due to incomplete data capture. In order to promote transparent financial management and standard financial reporting, the National Treasury should ensure that all MDAs implement the IFMIS System to facilitate appropriate monitoring of public expenditure.

4.4 Delay in Submission of Reports by MDAs

The OCOB is mandated by the Constitution to report every four months to Parliament on budget implementation for both the National and County Governments. The OCOB experienced delays in submission of financial reports by some MDAs which has impacted negatively on timely reporting.

According to Article 228 (6) of the Constitution of Kenya, 2010, it is a requirement for the Controller of Budget to submit to each House of Parliament a report on the implementation of the budgets of the national and county governments every four months. This is further buttressed by Section 38 (9) of the PFMA, 2012 that requires the Controller of Budget to ensure that the public has access to information on budget implementation. In order to meet this requirement, all MDAs should ensure that they submit expenditure returns in a timely manner in order to allow timely reporting.

4.5 Absorption of Development Funds

By the end of March 2014, the absorption rate of development funds stood at 28.9 per cent of the annual development budget. This low absorption of development funds is attributed to among others, the lengthy procurement processes and delay in release of donor funds. The persistent low uptake of development funds will result in delay in the implementation of planned activities for the remaining period of the financial year. In order to address the challenges of lengthy procurement procedures, the Government has initiated reforms in public procurement which has seen the tendering period reduced from 21 days to 14 days. The reforms further removed the maximum limit on the amounts for which restricted tendering can be done while extending the validity of pre-qualifications from annual to biennial basis, among others. While these developments are positive, there is need for MDAs to synchronise work plans, procurement plans, and cash flow plans to ensure that development programmes are implemented on a timely basis.

5.0 CONCLUSION

The overall absorption of funds for the period under review stood at 51 per cent of FY 2013/2014 annual budget estimates. While this growth shows progress from the 36 per cent recorded by the end of second quarter, there is need for concerted effort to ensure that programmes are implemented on schedule in order to meet the development targets by MDAs. The Office is particular concerned on the slow rate of utilisation of development funds. The absorption of development funds was 28.9 per cent against the annual development budget estimates. With only three months remaining in the current financial year, the Office of the Controller of Budget recommends adoption of appropriate strategies to improve the implementation of development programmes. Increased absorption of development funds is essential in creating an enabling environment for the growth of the economy as well as providing services to the public.

Failure by some MDAs to implement IFMIS coupled with non-disclosure of A-I-A receipts leads to inaccurate financial reporting. In addition, the delay by County Governments to reimburse salary related costs to the National Government continue to impede effective budget execution by the MDAs.

MDAs should therefore address the aforementioned challenges in order to enhance the budget implementation process. The OCOB calls for cooperation among all stakeholders involved in the budget implementation process to assist in tackling the various challenges being encountered and ensure the Government realises its objectives of reinvigorating inclusive growth, to enable the country achieve its long-term Vision.

ANNEXURES

Annex 1: Analysis of Recurrent Expenditure and Exchequer Issues of MDAs (Kshs.)

Vote	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure
	2013/2014	2013/2014	2013/2014	2013/2014	2012/2013	2012/2013	2012/2013	2012/2013
The Presidency	3,131,640,671	3,124,640,671	2,910,000,000	2,501,772,019	5,546,119,251	5,542,719,251	4,320,000,000	3,482,258,855
Ministry of Interior and Coordination of National Government	89,551,142,659	89,187,142,659	64,285,000,000	49,428,389,231	89,207,179,202	88,393,179,202	60,420,000,000	46,797,496,670
Ministry of Devolution and Planning	16,319,349,903	16,113,749,903	13,070,000,000	11,104,128,059	56,335,417,854	16,851,653,716	13,478,000,000	12,487,136,654
Ministry of Defence	70,743,170,921	70,743,170,921	48,485,000,000	55,104,254,284	75,976,356,285	75,976,356,285	50,345,000,000	52,376,604,677
Ministry of Foreign Affairs	9,641,331,694	8,638,940,987	7,585,000,000	3,980,771,786	10,789,958,996	9,818,303,304	6,575,000,000	4,045,370,988
Ministry of Education, Science and Technology	97,214,862,593	77,399,662,593	61,485,000,000	63,732,591,543	94,142,810,713	75,113,034,169	56,895,000,000	55,460,795,558
The National Treasury	23,977,412,933	23,884,412,933	14,790,000,000	12,825,521,396	22,830,990,958	22,830,990,958	13,865,000,000	10,202,094,838
Ministry of Health	20,324,743,113	16,462,866,636	16,462,866,636	11,754,057,785	59,065,986,213	55,184,305,500	35,100,000,000	36,710,664,823
Ministry of Transport and Infrastructure	22,777,574,566	2,282,116,954	1,990,000,000	9,963,241,243	32,397,235,013	4,030,035,013	2,748,000,000	13,043,675,026
Ministry of Environment, Water and Natural Resources	12,631,278,995	7,685,120,756	6,610,000,000	5,890,960,872	6,985,341,308	4,680,271,308	3,553,700,000	2,764,771,935
Ministry of Land, Housing and Urban Development	4,131,349,644	3,593,684,894	3,471,025,000	2,740,316,202	6,832,862,809	6,320,448,059	3,465,000,000	2,807,657,441
Ministry of Information, Communication and Technology	2,355,646,803	2,351,646,803	1,580,000,000	1,564,341,225	2,280,659,015	2,263,659,015	1,522,000,000	1,241,029,639
Ministry of Sports, Culture and Arts	2,445,664,191	2,435,264,191	1,867,000,000	1,838,832,079	8,109,783,155	7,996,183,155	5,357,000,000	4,220,633,445

Vote	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure
	2013/2014	2013/2014	2013/2014	2013/2014	2012/2013	2012/2013	2012/2013	2012/2013
Ministry of Labour Social Security and Services	8,447,515,597	8,333,576,117	4,741,000,000	3,983,514,348	6,893,619,018	6,794,119,018	3,693,500,000	3,429,989,362
Ministry of Energy and Petroleum	2,400,353,594	2,144,353,594	1,616,000,000	1,384,107,400	2,499,902,170	2,279,902,170	870,000,000	442,127,300
Ministry of Agriculture, Livestock and Fisheries	10,890,891,117	10,319,391,117	10,310,000,000	7,368,343,496	21,483,341,275	19,316,618,679	13,154,000,000	12,183,467,868
Ministry of Industrialisation and Enterprise	2,759,649,528	2,328,552,440	1,825,000,000	1,777,632,806	3,232,361,151	3,067,861,151	2,139,000,000	1,601,295,870
Ministry of East African Affairs, Commerce and Tourism	5,181,792,595	5,126,692,595	3,400,000,000	3,287,266,401	4,901,528,724	4,564,529,684	3,306,500,000	2,781,792,528
Ministry of Mining	568,906,061	555,406,061	265,000,000	165,092,192	3,099,660,546	2,591,260,546	1,785,000,000	1,733,351,659
Office of the Attorney General and Department of Justice	2,139,804,299	2,019,204,299	1,700,000,000	1,300,951,859	1,728,186,018	1,728,186,018	1,113,000,000	990,023,243
The Judiciary	11,877,299,342	11,877,299,342	8,805,000,000	8,026,936,742	11,784,428,327	11,784,428,327	6,738,000,000	6,962,088,718
Ethics and Anti-Corruption Commission	1,045,066,500	1,034,066,500	800,000,000	702,742,877	1,431,673,920	1,422,673,920	910,000,000	856,066,835
National Intelligence Service	13,980,000,000	13,980,000,000	11,581,000,000	11,924,841,372	13,749,000,000	13,749,000,000	9,875,000,000	8,878,019,132
Directorate of Public Prosecutions	1,388,402,397	1,388,402,397	765,000,000	588,108,486	1,200,179,862	1,200,179,862	430,000,000	343,847,675
Commission for the Implementation of the Constitution	322,531,650	322,531,650	266,758,080	242,330,346	459,241,920	459,241,920	378,000,000	310,984,317
Registrar of Political Parties	329,726,897	329,726,897	290,000,000	271,271,198	388,981,261	388,981,261	316,000,000	276,185,728
Witness Protection Authority	193,808,999	193,808,999	140,000,000	161,911,893	196,523,378	196,523,378	165,000,000	107,384,646

Vote	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure
	2013/2014	2013/2014	2013/2014	2013/2014	2012/2013	2012/2013	2012/2013	2012/2013
Transition Authority					650,000,000	650,000,000	250,000,000	153,517,366
Kenya National Commission of Human Rights	238,527,589	238,527,589	220,000,000	210,164,174	251,454,350	251,454,350	216,000,000	190,213,237
Independent Electoral and Boundaries Commission	3,132,606,759	3,122,606,759	2,490,000,000	2,323,886,381	24,266,425,351	24,216,425,351	24,055,000,000	19,838,813,170
Parliamentary Service Commission	16,569,000,000	16,565,000,000	15,161,000,000	13,274,241,657	12,978,510,097	12,974,510,097	5,240,000,000	5,239,824,917
Judicial Service Commission	473,804,034	473,804,034	160,000,000	141,041,247	-	-	-	-
Commission on Revenue Allocation	294,637,054	293,437,054	246,138,553	203,000,000	371,109,447	371,109,447	310,000,000	127,587,000
Public Service Commission	717,750,033	709,750,033	475,000,000	457,657,871	568,507,908	60,507,908	355,800,000	340,951,072
Salaries and Remuneration Commission	346,861,703	346,761,703	145,000,000	195,301,600	780,550,000	780,550,000	431,000,000	201,026,588
Teachers Service Commission	148,612,870,015	148,492,870,015	123,460,000,000	125,770,766,786	137,540,660,039	137,460,660,039	98,810,000,000	102,826,380,329
National Police Service Commission	222,997,214	222,997,214	180,000,000	136,746,395	292,000,000	292,000,000	180,000,000	94,552,070
Auditor General	2,180,505,700	2,070,505,700	1,740,000,000	1,637,658,737	2,006,487,709	1,896,487,709	1,040,000,000	998,545,631
Controller of Budget	402,552,069	402,552,069	190,000,000	163,400,424	470,924,320	470,924,320	75,000,000	24,769,681
Commission on Administrative Justice	274,340,827	274,340,827	220,000,000	198,175,472	259,012,732	259,012,732	160,000,000	123,150,060
National Gender and Equality Commission	194,025,586	194,025,586	156,000,000	154,857,600	191,535,394	191,535,394	170,000,000	133,567,897
Independent Police Oversight Authority	153,871,168	153,871,168	140,000,000	144,788,478	246,000,000	246,000,000	150,000,000	-
Total Voted Expenditure	610,585,267,013	557,416,482,660	436,078,788,269	418,625,915,961	724,422,505,689	625,165,822,216	433,959,500,000	416,829,714,448

Annex 2: Summary of Sectoral Recurrent Expenditure and Exchequer Issues to MDAs (Kshs. Billions)

Vote												
	Gross Es- timates	Net Esti- mates	Exche- quer Issues	Expendi- ture	% Exch. Issues to Net Est.	% Exp to G. Est.	Gross Es- timates	Net Esti- mates	Exche- quer Issues	Expendi- ture	% Exch. Is- sues to Net Est.	% Exp to G. Est.
Agriculture, Rural and Urban Development	15.0	13.9	13.8	10.1	99.1	67.3	28.3	25.6	16.6	15.0	64.8	52.9
Energy, Infrastructure and ICT	27.5	6.8	5.2	12.9	76.5	46.9	37.2	8.6	5.1	14.7	60.0	39.6
General Economics and Commercial Affairs (GECLA)	7.9	7.5	5.2	5.1	70.1	63.8	8.1	7.6	5.4	4.4	71.3	53.9
Health	20.3	16.5	16.5	11.8	100.0	57.8	59.1	55.2	35.1	36.7	63.6	62.2
Education	245.8	225.9	184.9	189.5	81.9	77.1	231.7	212.6	155.7	158.3	73.2	68.3
Governance, Justice, Law and Order (GJLOS)	111.3	110.8	80.4	63.8	72.6	57.4	131.6	130.8	95.2	76.9	72.8	58.4
Public Administration and International Relations	73.9	72.4	56.5	46.5	78.1	63.0	113.6	73.0	46.1	37.4	63.1	32.9
National Security	84.7	84.7	60.1	67.0	70.9	79.1	89.7	89.7	60.2	61.3	67.1	68.3
Social Protection, Culture and Recreation	10.9	10.8	6.6	5.8	61.4	53.4	15.0	14.8	9.1	7.7	61.2	51.0
Environment Protection, Water and Natural Resources	13.2	8.2	6.9	6.1	83.4	45.9	10.1	7.3	5.3	4.5	73.4	44.6
Total	610.6	557.4	436.1	418.6	78.2	68.6	724.4	625.2	434.0	416.8	69.4	57.5

Annex 3: Analysis of Development Expenditure and Exchequer Issues to MDAs (Kshs.)

Vote	2013/2014				2012/2013			
	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure
	2013/2014	2013/2014	2013/2014	2013/2014	2012/2013	2012/2013	2012/2013	2012/2013
The Presidency	1,165,520,000	1,143,520,000	930,000,000	946,791,527	2,600,750,000	1,261,150,000	747,000,005	598,994,363
Ministry of Interior and Coordination of National Government	7,661,245,473	7,510,245,473	3,862,718,540	2,198,277,489	11,199,446,575	10,172,848,225	6,169,450,000	4,496,467,958
Ministry of Devolution and Planning	61,508,967,720	46,169,029,251	28,752,179,560	24,925,555,059	44,411,299,023	39,457,923,036	32,010,448,702	23,308,948,434
Ministry of Foreign Affairs	268,513,852	268,513,852	170,000,000	31,057,790	544,900,000	544,900,000	198,000,000	163,238,354
Ministry of Education, Science and Technology	30,414,718,477	23,013,680,000	4,339,206,000	4,668,846,290	25,964,286,319	14,446,953,353	8,928,485,635	7,921,738,711
The National Treasury	33,433,153,282	19,082,668,966	4,989,333,805	4,615,439,039	41,844,437,142	32,678,989,311	12,183,236,594	5,603,547,290
Ministry of Health	15,893,355,964	12,285,699,194	11,169,346,911	8,511,282,434	32,545,284,460	18,127,028,090	7,977,810,311	6,790,651,577
Ministry of Transport and Infrastructure	102,428,482,590	44,911,286,186	22,614,443,065	27,295,408,243	110,328,868,476	52,320,938,596	26,346,091,855	32,642,757,166
Ministry of Environment, Water and Natural Resources	43,356,454,896	25,548,733,013	11,380,744,369	13,844,214,472	10,588,164,485	7,544,517,060	5,260,789,758	4,978,883,362
Ministry of Lands, Housing and Urban Development	11,823,137,537	10,427,911,437	4,903,912,535	5,066,989,690	9,749,623,741	9,668,397,641	5,844,300,325	3,749,179,742
Ministry of Information, Communication and Technology	9,133,725,058	5,201,012,776	2,461,282,443	2,654,300,521	4,480,898,042	4,479,698,042	2,173,784,155	1,908,195,364
Ministry of Sports, Culture and Arts	876,672,280	860,679,610	730,000,000	733,612,520	4,853,840,200	4,548,840,200	2,793,229,630	1,732,947,406
Ministry of Labour Social Security and Services	8,772,983,451	8,091,133,451	3,546,396,090	3,034,430,873	5,221,666,744	4,710,451,324	1,919,909,890	1,425,277,814
Ministry of Energy and Petroleum	77,436,165,122	16,362,696,500	14,442,646,111	7,245,211,542	80,658,707,093	28,942,523,662	13,044,586,565	5,760,308,090
Ministry of Agriculture, Livestock and Fisheries	26,498,010,603	22,541,604,155	19,190,222,660	13,778,906,402	58,475,794,880	36,234,632,705	19,557,844,470	15,156,183,639

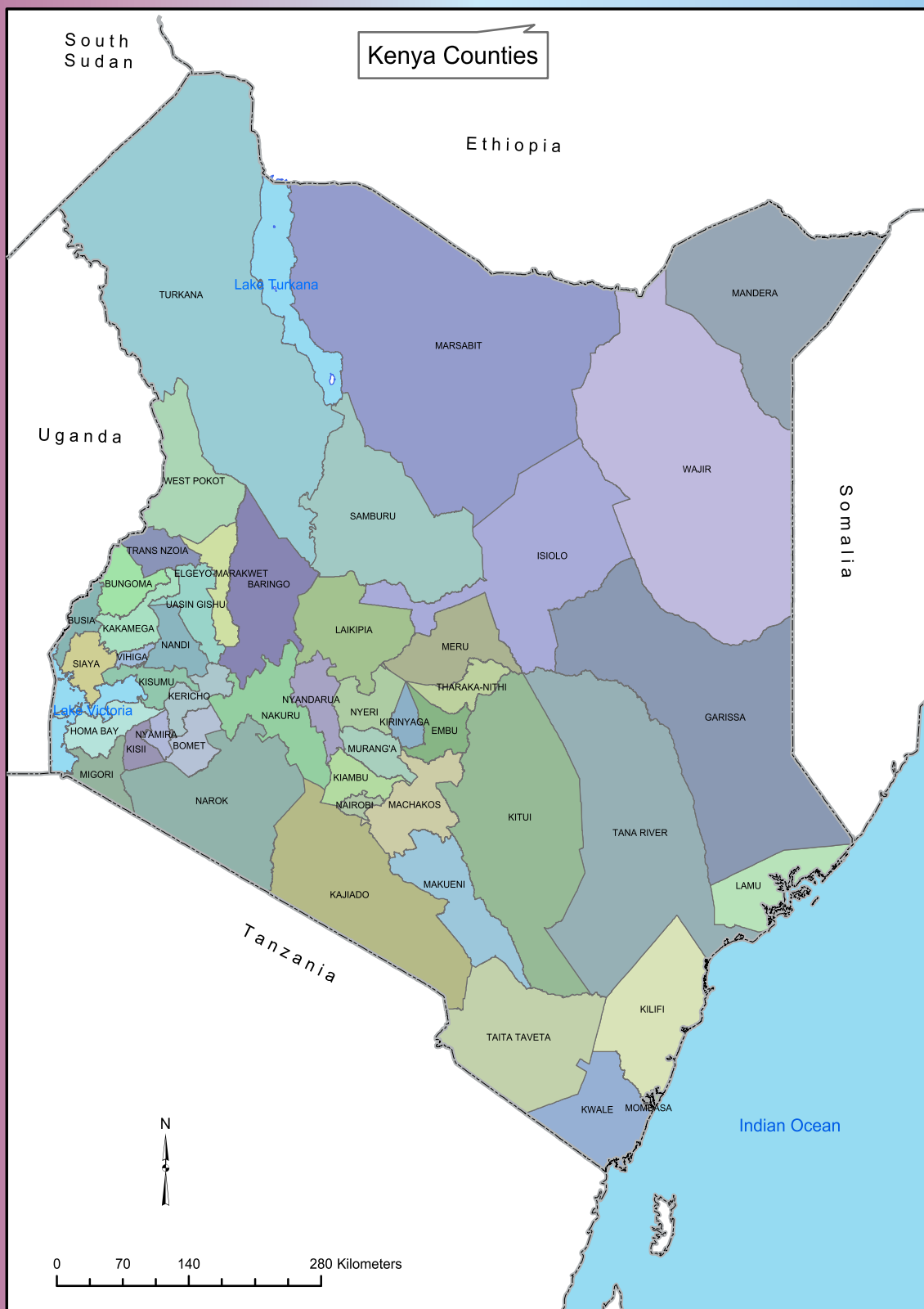
Ministry of Industrialisation and Enterprise	3,709,784,403	3,560,195,403	2,523,600,000	2,386,055,406	3,359,012,996	3,310,989,996	1,588,170,600	1,557,942,442
Ministry of East African Affairs, Commerce and Tourism	1,278,953,370	1,173,853,370	677,000,000	637,813,131	1,604,931,000	1,485,035,000	759,600,000	696,750,439
Ministry of Mining	576,911,000	576,911,000	243,150,000	244,507,044	4,326,494,464	4,249,078,804	2,023,333,555	1,674,087,268
Office of the Attorney General and Department of Justice	608,256,430	249,896,000	246,412,300	256,489,986	198,100,000	198,100,000	68,200,000	42,541,694
The Judiciary	5,950,000,000	5,735,000,000	1,436,156,260	1,006,196,851	2,759,661,000	2,759,661,000	737,600,000	42,541,694
Ethics and Anti-Corruption Commission	54,000,000	54,000,000			124,500,000	102,500,000	-	15,012,743
Directorate of Public Prosecutions	137,000,000	137,000,000	18,000,000	1,831,167	61,400,000	61,400,000	45,000,000	4,598,194
Transition Authority					3,247,000,000	3,216,430,000	511,000,000	107,755,000
Independent Electoral and Boundaries Commission	477,690,120	63,200,000	30,000,000	26,257,748				
Parliamentary Service Commission	2,435,000,000	2,435,000,000	1,556,000,000		2,263,100,000	2,263,100,000	503,000,000	406,978,269
Judicial Service Commission	0	0						
Public Service Commission	290,000,000	290,000,000	96,500,000	93,417,944	80,000,000	80,000,000	20,000,000	4,143,899
Salaries and Remuneration Commission	0	0		0	0	0		
Teachers Service Commission	0	0		0	0	0		
National Police Service Commission	0	0		0	0	0		
Auditor General	500,000,000	500,000,000		1,637,658,737	0	0		
Controller of Budget	0	0		0	0	0		
Commission on Administrative Justice	0	0		0	0	0		
National Gender and Equality Commission	0	0		0	0	0		
Independent Police Oversight Authority	0	0		0	0	0		
Total	446,688,701,628	258,193,469,637	140,309,250,649	125,840,551,903	461,502,166,640	282,866,086,045	151,410,872,050	120,789,670,912

Annex 4: Summary of Sectoral Development Expenditure and Exchequer Issues to MDAs (Kshs. Billions)

Name of the Sector	FY 2013/2014					FY 2012/2013						
	Gross Estimates	Net Estimates	Excheq. Issues	Expend	% Exch. Issues to Net Est.	% Exp. to G. Est.	Gross Estimates	Net Estimates	Excheq. Issues	Expend	% Exch. Issues to Net Est.	% Exp to G. Est.
Agriculture, Rural and Urban Development	38.3	33.0	24.1	18.8	73.1	49.2	68.2	45.9	25.4	18.9	55.3	27.7
Energy, Infrastructure and ICT	189.0	66.5	39.5	37.2	59.4	19.7	195.5	85.7	41.6	40.3	48.5	20.6
General Economics and Commercial Affairs (GECLA)	5.0	4.7	3.2	3.0	67.6	60.6	5.0	4.8	2.3	2.3	49.0	45.3
Health	15.9	12.3	11.2	8.5	90.9	53.6	32.5	18.1	8.0	6.8	44.0	20.9
Education	30.4	23.0	4.3	4.7	18.9	15.4	26.0	14.4	8.9	7.9	61.8	30.5
Governance, Justice, Law and Order (GJLOS)	14.9	13.7	5.6	3.5	40.7	23.4	14.3	13.3	7.0	4.6	52.8	32.1
Public Administration and International Relations	99.6	69.9	36.5	32.2	52.2	32.4	91.7	76.3	45.7	30.1	59.9	32.8
Social Protection, Culture and Recreation	9.6	9.0	4.3	3.8	47.8	39.0	10.1	9.3	4.7	3.2	50.9	31.3
Environment Protection, Water and Natural Resources	43.9	26.1	11.6	14.1	44.5	32.1	14.9	11.8	7.3	6.7	61.8	44.6
Total	446.7	258.2	140.3	125.8	54.3	28.2	458.3	279.6	150.9	120.7	54.0	26.3

Annex 5: Summary of Both Recurrent and Development Expenditure and Exchequer Issues to MDAs (Kshs. Billions)

Name of the Sector	FY 2013/2014						FY 2012/2013					
	Gross Estimates	Net Estimates	Exchequer Issues	Expend	% Exch. Issues to Net Est.	% Exp to G. Est.	Gross Estimates	Net Estimates	Excheq. Issues	Expend	% Exch. Issues to Net Est.	% Exp to G. Est.
Agriculture, Rural and Urban Development	53.3	46.9	37.9	29.0	80.8	54.3	96.5	71.5	42.0	33.9	58.7	35.1
Energy, Infrastructure and ICT	216.5	73.3	44.7	50.1	61.0	23.1	232.6	94.3	46.7	55.0	49.5	23.7
General Economics and Commercial Affairs (GECLA)	12.9	12.2	8.4	8.1	69.1	62.6	13.1	12.4	7.8	6.6	62.7	50.6
Health	36.2	28.7	27.6	20.3	96.1	56.0	91.6	73.3	43.1	43.5	58.8	47.5
Education	276.2	248.9	189.3	194.2	76.0	70.3	257.6	227.0	164.6	166.2	72.5	64.5
Governance, Justice, Law and Order (GJLOS)	126.2	124.5	86.0	67.3	69.1	53.4	146.0	144.1	102.3	81.5	71.0	55.8
Public Administration and International Relations	173.5	142.3	93.0	78.8	65.4	45.4	205.3	149.3	91.8	67.5	61.5	32.9
National Security	84.7	84.7	60.1	67.0	70.9	79.1	89.7	89.7	60.2	61.3	67.1	68.3
Social Protection, Culture and Recreation	20.5	19.7	10.9	9.6	55.2	46.7	25.1	24.0	13.8	10.8	57.2	43.1
Environment Protection, Water and Natural Resources	57.1	34.4	18.5	20.1	53.8	35.3	25.0	19.1	12.6	11.2	66.2	44.6
Total	1,057.3	815.6	576.4	544.5	70.7	51.5	1,182.7	904.8	584.9	537.5	64.6	45.4



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