



THE REPUBLIC OF KENYA

OFFICE OF THE CONTROLLER OF BUDGET

**NATIONAL GOVERNMENT
BUDGET IMPLEMENTATION
REVIEW REPORT**

**HALF YEAR
FY 2016/17**



MARCH, 2017



THE REPUBLIC OF KENYA

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FOREWORD

Article 228(6) of the Constitution of Kenya, 2010 and Section 9 of the Controller of Budget (COB) Act, 2016, require the Controller of Budget to submit to Parliament reports on implementation of the budgets of both the National and the County Governments every four months. Accordingly, the Office has prepared the National Government Budget Implementation Review Report (BIRR) for the first half of the financial year (FY) 2016/17 to achieve this mandate.

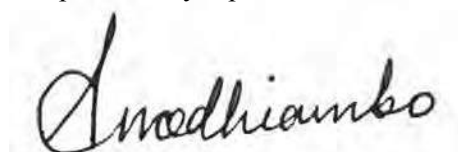
This is the second quarterly report for FY 2016/17 and covers the period from July to December 2016. The report presents the status of budget implementation by Ministries, Departments and Agencies (MDAs) for both development and recurrent expenditure by programme. It is largely based on analysis of expenditure reports submitted by the MDAs and data generated from the Integrated Financial Management Information System (IFMIS).

In line with Article 35 of the Constitution, the Office of the Controller of Budget (OCOB) is committed in ensuring that all stakeholders and members of the public have access to information on budget implementation. This will enable them to make informed decisions or take action such as demanding accountability in the use of public resources. The MDAs are encouraged to exercise prudence in the use of public resources in order to ensure effective delivery of budgeted activities and enhance service delivery to the public.

While monitoring budget implementation, the Office identified some challenges that affected budget execution. These included; delay in release of funds by the National Treasury, delay in uploading of budgets and procurement plans in the Integrated Finance Management System (IFMIS) and delay in submission of quarterly expenditure reports to the OCOB. There is therefore, need for concerted effort by all the concerned stakeholders to address these challenges in order to enhance efficient delivery of services. Other factors that affected budget implementation included the doctor's strike, which interrupted service delivery in the health sector and the widespread drought that has resulted in budget reallocations to augment the contingency fund.

This report has been prepared through the combined effort of staff in my Office and those from MDAs who provided information that was critical in the production of this report. I greatly appreciate their contribution and also convey my gratitude.

Lastly, I wish to urge all readers of this report to keenly interrogate implementation of the budget by the MDAs and provide any input that would enhance budget implementation.



Mrs. Agnes Odhiambo, CBS
CONTROLLER OF BUDGET

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LIST OF ABBREVIATIONS AND ACRONYMS

A-I-A	Appropriations-in-Aid
AIDS	Acquired Immune Deficiency Syndrome
AMISOM	Africa Union Mission in Somali
AR & UD	Agricultural Rural and Urban Development
Bn	Billion
BIRR	Budget Implementation Review Report
CFS	Consolidated Fund Services
COB	Controller of Budget
CRA	Commission on Revenue Allocation
EACC	Ethics and Anti-Corruption Commission
EI & ICT	Energy Infrastructure and Information Communication Technology
EWNR	Environment Protection, Water and Natural Resources
FY	Financial Year
GDP	Gross Domestic Product
GECA	General Economic and Commercial Affairs
GJLOS	Governance, Justice, Law and Order Sector
IEBC	Independent Electoral and Boundaries Commission
IFMIS	Integrated Financial Management Information System
IPOA	Independent Policing Oversight Authority
JSC	Judicial Service Commission
KEMRI	Kenya Medical Research Institute
KEMSA	Kenya Medical Supplies Agency
KMTC	Kenya Medical Training College
KNCHR	Kenya National Commission on Human Rights
KNH	Kenyatta National Hospital
Kshs.	Kenya Shillings
MDA(s)	Ministries Departments and Agencies
MoLPP	Ministry of Lands and Physical Planning
NACC	National Aids Control Council
NGEC	National Gender and Equality Commission
NHIF	National Hospital Insurance Fund
NIS	National Intelligence Service
NLC	National Land Commission
NPSC	National Police Service Commission
NT	National Treasury

NYS	National Youth Service
OCOB	Office of the Controller of Budget
O&M	Operations and Maintenance
PAIR	Public Administration and International Relations
PFM Act	Public Finance Management Act
SAGAs	Semi-Autonomous Government Agencies
TSC	Teachers Service Commission
WPA	Witness Protection Agency



EXECUTIVE SUMMARY

This is the second quarter National Government Budget Implementation Review Report for FY 2016/17 and covers the period July to December 2016. The report is prepared in accordance with Article 228(6) of the Constitution of Kenya, 2010 and Section 9 of the Controller of Budget Act, 2016, which require the Controller of Budget to submit to Parliament quarterly reports on budget implementation by the National and County Governments every four months.

The report presents the progress made in executing the FY 2016/17 budget and also identifies the challenges that influenced spending. Receipts into the consolidated fund and expenditure are broken down and analysed against targets based on the Approved Budget for FY 2016/17 and compared to a similar period in the previous year.

In the period under review, receipts into the exchequer account amounted to Kshs.877.7 billion, representing 43.5 per cent of the annual target (Kshs.2.02 trillion). This translates to a 7.3 per cent growth compared to Kshs.817.7 billion received into the exchequer account in a similar period of FY 2015/16.

The total exchequer issues to MDAs and County Governments amounted to Kshs.824.3 billion, representing 40.8 per cent of the annual net estimates. The exchequer issues comprised of Kshs.345.2 billion for MDAs' recurrent expenditure, Kshs.137.9 billion for development expenditure, Kshs.224.9 billion towards Consolidated Fund Services (CFS), and Kshs.116.3 billion to the County Governments.

The total expenditure for the MDAs amounted to Kshs.612.7 billion, representing 36.5 per cent of the gross estimates. Analysis of recurrent expenditure by MDAs shows that Kshs.347.9 billion was spent on recurrent programmes representing 40.6 per cent of the gross recurrent estimates, a 20.8 per cent growth from Ksh.288.1 billion (36.7 per cent) recorded in the same period of FY 2015/16. A total of Kshs.149.5 billion (43 per cent) of the gross recurrent expenditure was spent on personnel emoluments.

Further analysis of the recurrent expenditure shows that the Teachers Service Commission (TSC) had the highest expenditure on Personnel Emoluments (PE) at Kshs.92.6 billion, which translated to 62 per cent of the total PE expenditure by the MDAs. This could be explained by the fact that the bulk of the TSC's budget is for teachers salaries. The second highest expenditure item was current transfers to Semi-Autonomous Government Agencies (SAGAs) at Kshs.135 billion, or 38.8 per cent of the total recurrent expenditure. The domestic and foreign travels category recorded the third highest expenditure in this economic item, with domestic and foreign travel registering Kshs.3.8 billion and Kshs.3.4 billion respectively.

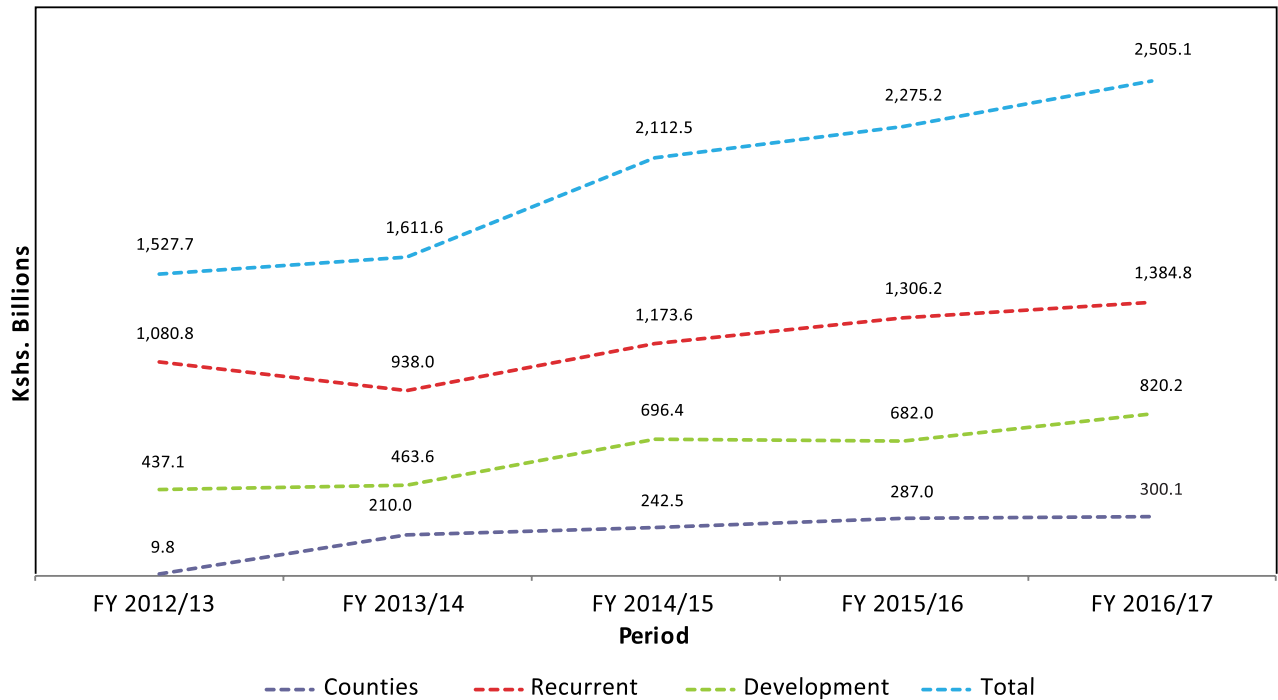
The gross development expenditure was Kshs.264.7 billion, representing an absorption rate of 32.3 per cent, an increase from 23.0 per cent achieved in the same period in the previous financial year. Under the development expenditure, Capital Transfers to SAGAs recorded the highest spending category at Kshs.108.2 billion, followed by refurbishment of buildings at Kshs.96 billion, representing 42.5 per cent and 37.7 per cent of the gross

development expenditure respectively.

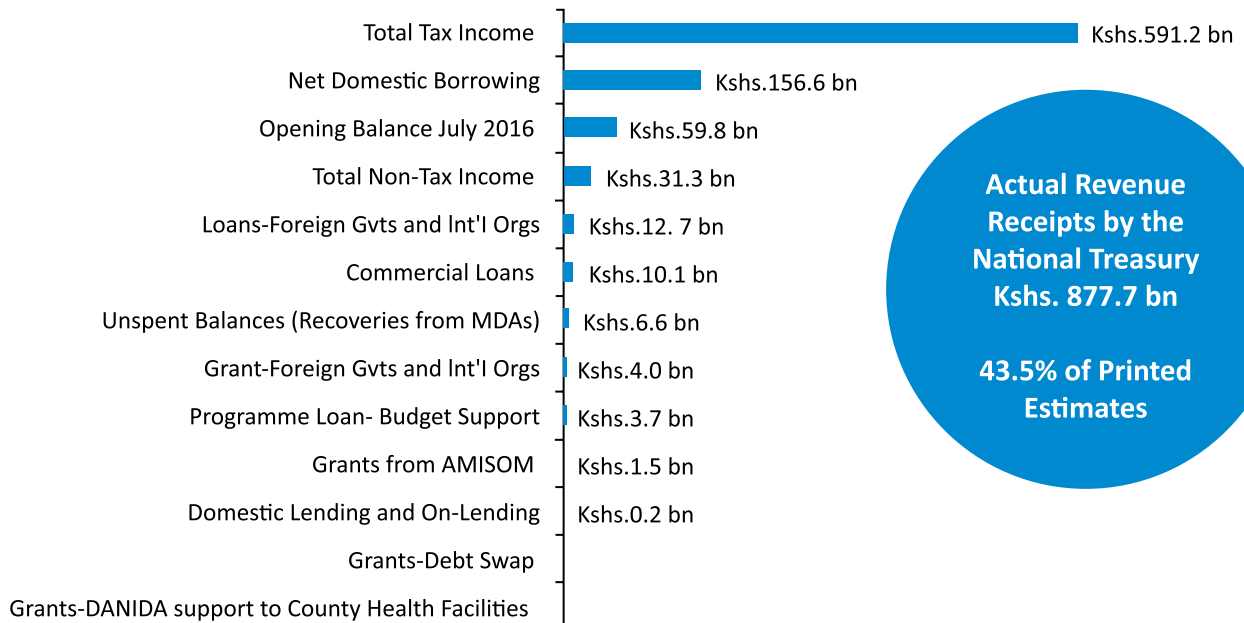
During the first half of FY 2016/17, a number of challenges were faced in the implementation of the budget. These included; the delay in submission of quarterly financial reports to the Controller of Budget by some MDAs and delay in release of funds for both development and recurrent expenditure by the National Treasury. Further, there were delays in uploading of procurement plans and approved budgets in the IFMIS and this affected budget implementation by MDAs. This interrupted the budget implementation process due to delay in spending by MDAs. There is therefore need to ensure the process of uploading of procurement plans as well as the budgets is done in time to ensure seamless budget implementation.

KEY HIGHLIGHTS

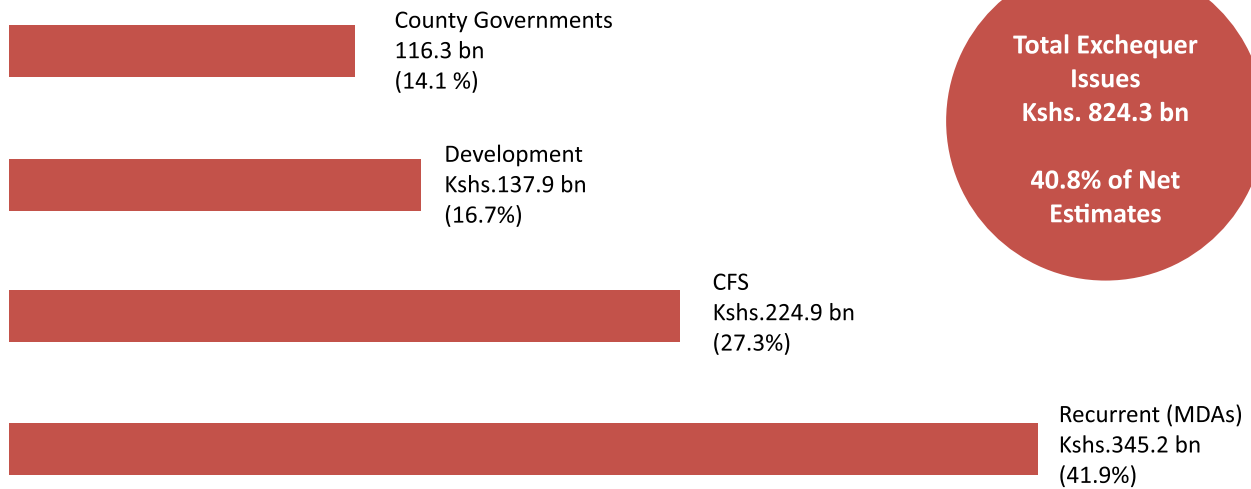
ANNUAL BUDGET TREND FROM FY 2012/13 TO FY 2016/17



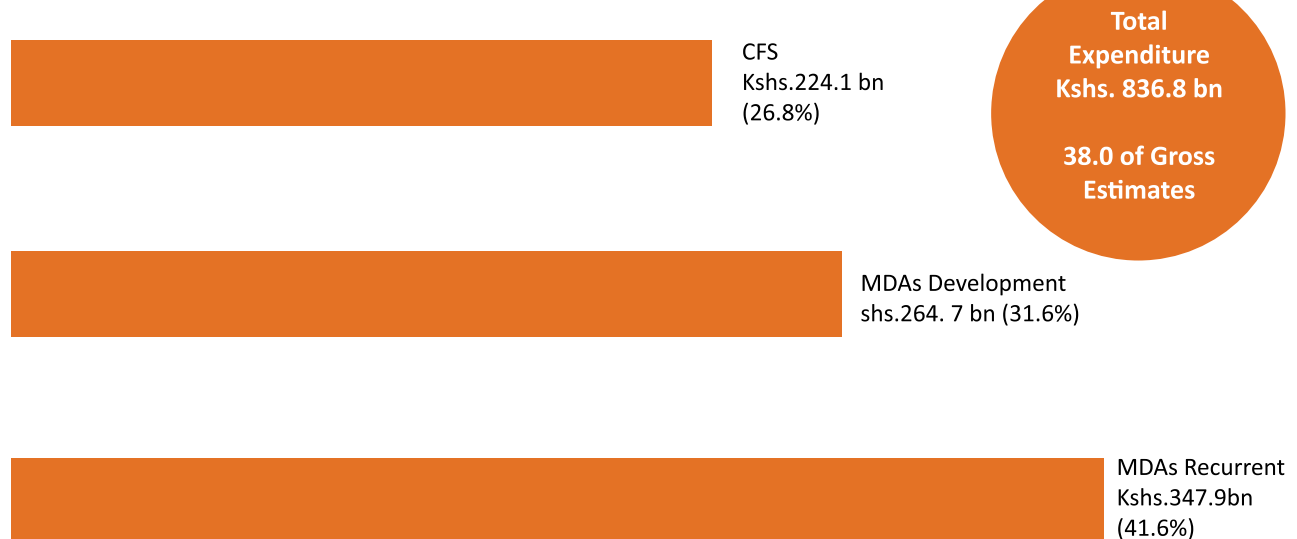
RECEIPTS INTO THE CONSOLIDATED FUND IN THE FIRST HALF OF FY 2016/17

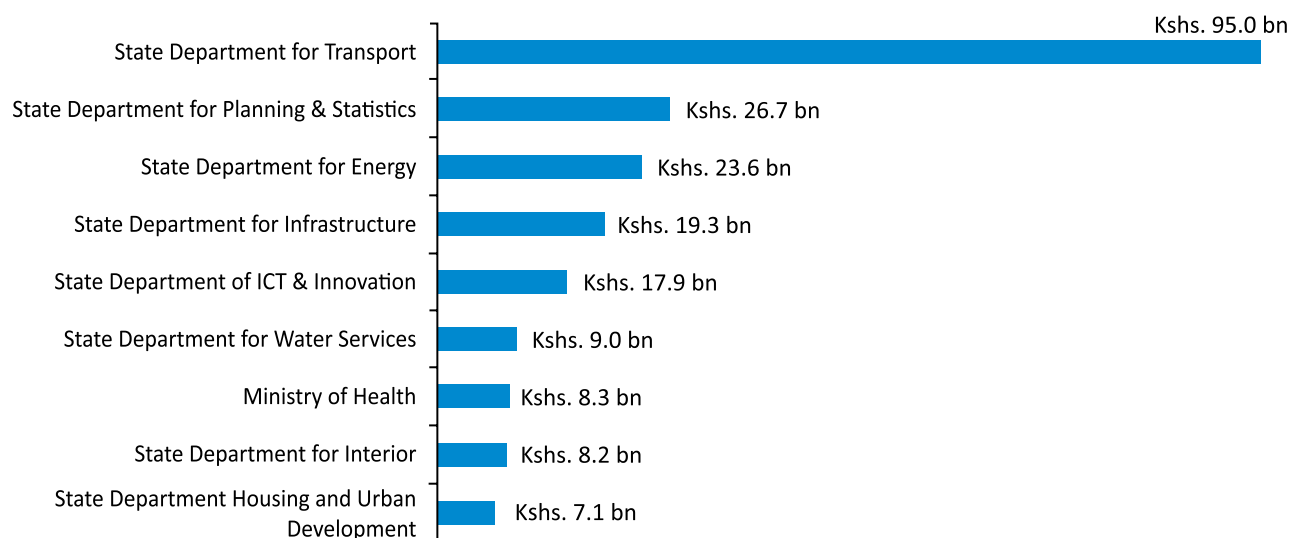
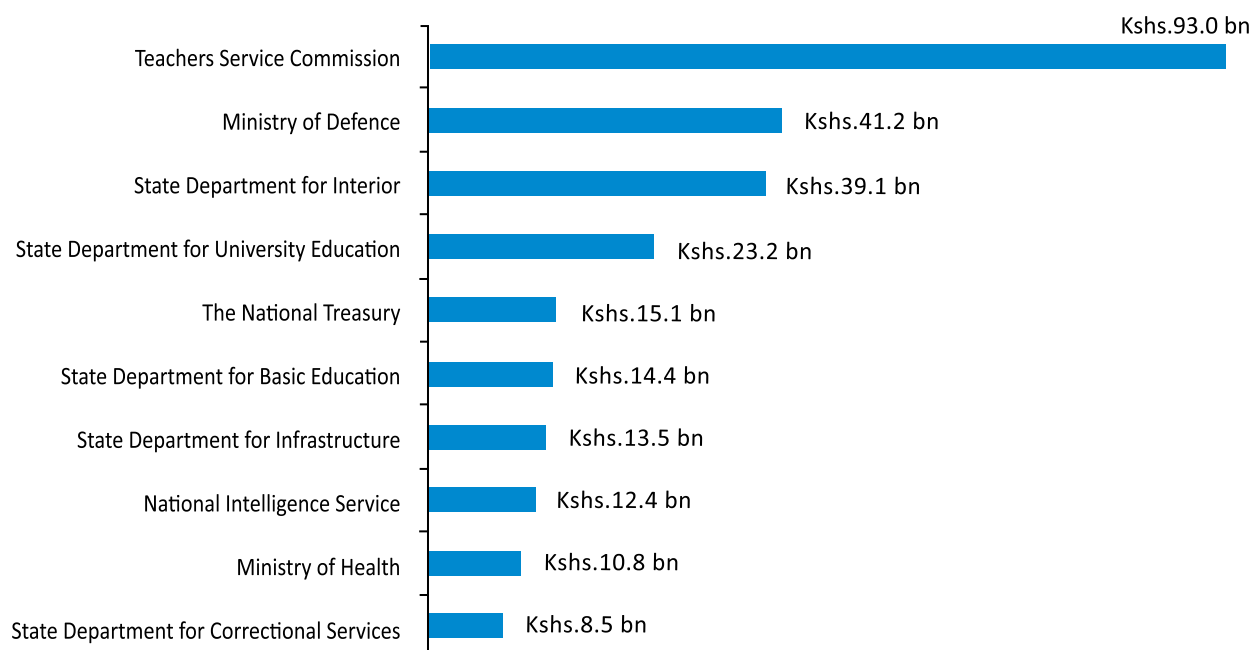


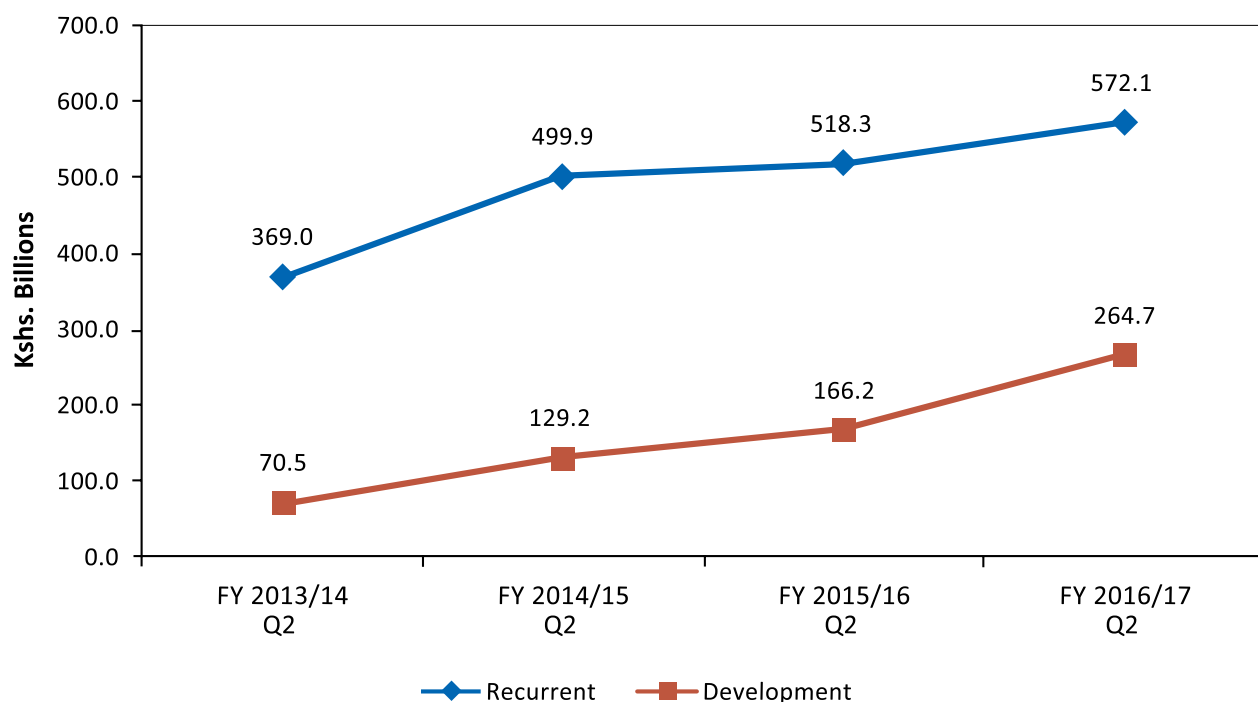
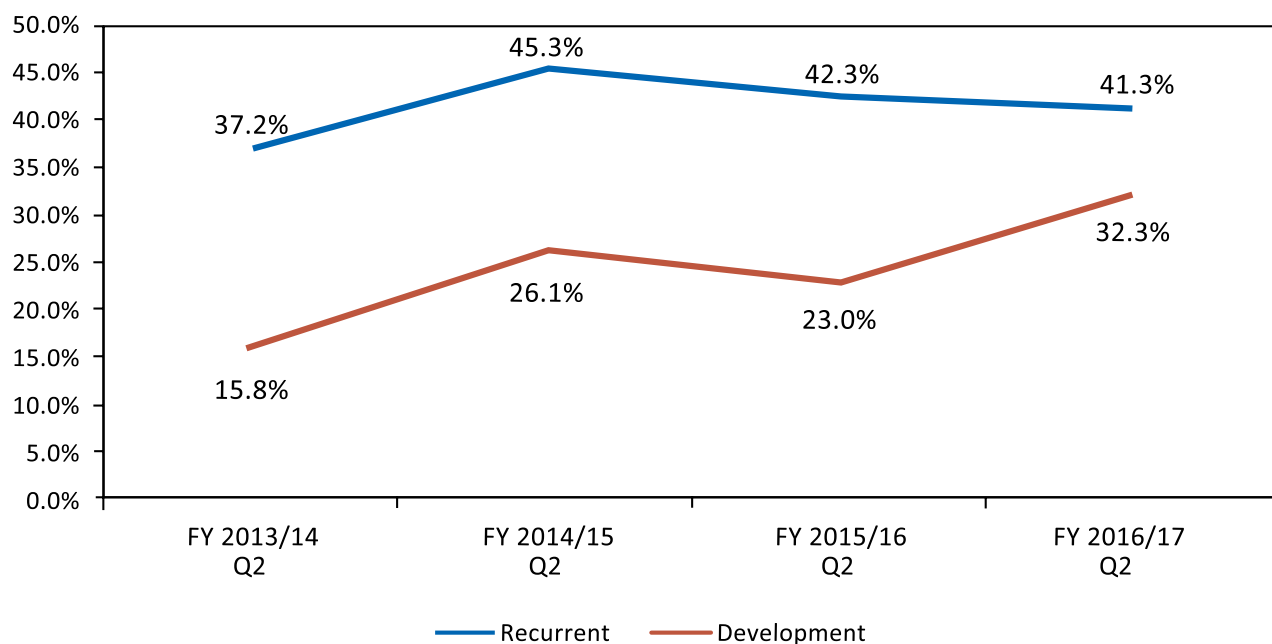
EXCHEQUER ISSUES IN THE FIRST HALF OF FY 2016/17



TOTAL EXPENDITURE IN THE FIRST HALF OF FY 2016/17



Top 10 Spending MDAs - Development Expenditure in the First Half of the FY 2016/17**Top 10 Spending MDAs- Recurrent Expenditure in the First Half of the FY 2016/17**

Q2 TREND IN DEVELOPMENT AND RECURRENT EXPENDITURE FROM FY 2013/14 TO FY 2016/17**Q2 TREND IN DEVELOPMENT AND RECURRENT EXPENDITURE ABSORPTION RATES FROM FY 2013/14 TO FY 2016/17**

The Office of the Controller of Budget is established by Article 228 of the Constitution of Kenya, 2010 and is mandated to oversee budget implementation of both the National and County Governments. To achieve its mandate, the Office is required to authorize withdrawals from public funds and to report on the implementation of the budgets by both the National and County Governments every four months.

In line with this mandate, OCOB has prepared the First Half Budget Implementation Review Report for FY 2016/17, covering the period July to December, 2016. The report provides the status of budget implementation review during the reporting period to Parliament. It also aims at sensitizing other stakeholders such as members of the public and development partners on issues pertaining to budget implementation by the National Government entities in fulfilment of Article 35 of the Constitution of Kenya, 2010, Section 39(8) of the Public Finance Management (PFM) Act, 2012 and Section 9(6) of the Controller of Budget Act, 2016.

The report presents cumulative figures from the beginning of the financial year and is structured as follows: Chapter two provides an overview of receipts into the consolidated fund, consisting of tax and non-tax income, net domestic borrowing, loans and grants from development partners as well as commercial loans. It compares these receipts against annual revenue targets and performance in a similar period for FY 2015/16. Other important information provided in this chapter includes; withdrawals from the Consolidated Fund approved by the Controller of Budget in line with Article 228(4) of the Constitution of Kenya, 2010. The withdrawals are categorized by exchequer issues to MDAs and county governments for implementation of various programmes and projects, and exchequer issues to Consolidated Fund Services (CFS).

Chapter Three provides an in depth review of expenditure by MDAs against the gross budget estimates for recurrent and development expenditure as well as CFS. CFS entails repayment of public debt, pensions and gratuities, salaries and allowances for Constitutional Office holders and subscriptions to International Organisations. Expenditure is expressed as a percentage of the annual gross budget estimates to show the level of budget absorption for development budget and percentage of expenditure for recurrent budget. The absorption rate and percentage of recurrent expenditure are compared to those attained in a similar period for the FY 2015/16.

Recurrent expenditure is further disaggregated by the major economic items which include Personnel Emoluments (PE), Domestic and Foreign Travel, Printing and advertising, Rentals and rates for non-residential, Training, Hospitality, Current Transfers to Semi-Autonomous Government Agencies (SAGAs) and other expenses. Development expenditure is analysed by the major expenditure categories namely; Maintenance of motor vehicles and other assets for Programmes and Projects, Capital transfers to SAGAs, Civil works and construction of residential buildings, Refurbishment of buildings/infrastructure, Purchase of specialized plant, equipment and machinery, Pre-feasibility studies and other development expenditure.

Chapter Four presents expenditure by sector while chapter five presents a review of the budget performance by programmes for each of the sectors and also provides the level of budget absorption by programme. Chapter six highlights cross-cutting issues that hampered budget execution in the reporting period and also provides recommendations on how to address the identified challenges. The purpose of the recommendations is to ensure that resources are utilised in a prudent and responsible manner to deliver services efficiently and effectively to the citizenry in line with the Constitution of Kenya, 2010. Chapter Seven provides the conclusion to the report.

2 ANALYSIS OF RECEIPTS AND EXCHEQUER ISSUES

2.1 Introduction

Article 228 (4) of the Constitution provides that the Controller of Budget shall oversee the implementation of the budgets of both the national and county governments by authorizing withdrawals of funds from public funds under Articles 204, 206 and 207.

This chapter provides an overview on how the budget was financed through funds received into the Consolidated Fund and exchequer issues to the MDAs as summarised in the respective sectors in the first half of FY 2016/17. It also compares the current performance with the similar period of the previous financial year.

2.2 Analysis of Revenue Estimates and Receipts into the Consolidated Fund

This section provides an overview of the revenue estimates and actual receipts into the Consolidated Fund for the first half of FY 2016/17.

2.2.1 FY 2016/17 Revenue Estimates

The overall Government Budget Revenue Estimates for FY 2016/17 was Kshs.2.02 trillion. National Treasury projected to finance the budget through ordinary revenue, grants, and loans from both internal and external sources.

The National Treasury targeted to raise Kshs.2.02 trillion to finance the budget from the following revenue categories; Tax income (Kshs.1.33 trillion), Non-tax income (Kshs.44.4 billion), Net Domestic borrowing (Kshs.406.6 billion), Commercial Loan (Kshs.153.8 billion), Loans from Foreign Governments and International Organisations (Kshs.50.45 billion). Other sources of exchequer revenue include; Grants from Foreign Governments and International Organisations (Kshs.16.8 billion), Grants from AMISOM (Kshs.6.4 billion) and Domestic Lending (Kshs.4 billion) and Kshs.4.8 billion which comprise of Kshs.3.9 billion, Kshs.0.4 billion and Kshs.0.5 billion from programme loan – budget support, grants from DANIDA and debt swap respectively.

2.2.2 Receipts into the Consolidated Fund

The Consolidated Fund receipts in the first half of FY 2016/17 comprises of opening balance brought forward from the previous financial year, tax and non-tax income, net domestic borrowing, loans and grants from foreign governments and international organisations, programme loan for budget support, domestic lending and on-lending, grants from AMISOM, commercial loans and unspent balances.

Table 2.1 presents a statement of receipts into the Consolidated Fund for the period July to December 2016.

Table 2.1: Statement of Receipts into the Consolidated Fund in the First Half of FY 2016/17 (Kshs. Billions)

RECEIPTED	Gross Estimates	Actual Receipts as at December 2016	Performance Against Annual Target (%)	Contribution by Category (%)	Actual Receipts December 2015	Increase/ (Decrease) over December 2015
Opening Balance 01.07.2016	-	59.8	-	6.8	0.2	59.6
Total Tax Income	1,332.0	591.2	44.4	67.4	528.1	63.1
Total Non-Tax Income	44.5	31.3	70.3	3.6	16.9	14.4
Net Domestic Borrowing	406.6	156.6	38.5	17.8	181.4	(24.8)
Loans-Foreign Governments and International Organisations	50.4	12.7	25.2	1.4	11.2	1.5
Programme Loan- Budget Support	3.9	3.7	94.9	0.4	-	3.7
Domestic Lending and On-Lending	4.0	0.2	5.0	0.02	-	0.2
Grant-Foreign Governments and International Organisations	16.8	4.0	23.8	0.5	2.8	1.2
Grants-DANIDA support to County Health Facilities	0.4	-	-	-	0.1	(0.1)
Grants-Debt Swap	0.5	-	-	-	-	-
Grants from AMISOM	6.4	1.5	23.4	0.2	2.3	(0.8)
Commercial Loans	153.8	10.1	6.6	1.2	74.3	(64.2)
Unspent Balances	-	6.6	-	0.8	0.4	6.2
Total Receipts	2,019.3	877.7	43.5	100.0	817.7	60.0

Source: National Treasury

2.3 FY 2016/17 Overall Budget

The approved budget for FY 2016/17 is Kshs.2.5 trillion comprising of Kshs.1.38 trillion for recurrent expenditure, Kshs.820.2 billion for development expenditure and Kshs.300 billion shareable revenue to finance county governments.

2.4 Exchequer Issues to the MDAs and County Governments

During the reporting period, total exchequer issues approved by the Controller of Budget amounted to Kshs.824.3 billion representing 40.8 per cent of the annual net estimates. Table 2.2 presents a summary of the exchequer issues for the period July to December, 2016 against the annual net estimates.

Table 2.2: Summary of Exchequer Issues for the Period July to December 2016 (Kshs. Billions)

Vote	Gross Estimates	Net Estimates	Exchequer Issues	% of Exch. Issues to Net Estimates	% of Exchequer issues to total Issues
Recurrent	1,384.8	1,318.1	570.1	43.3	69.2
(MDAs)	857.5	790.8	345.2	43.6	41.9
CFS	527.3	527.3	224.9	42.7	27.3
Development (MDAs)	820.2	416.4	137.9	33.1	16.7
County Governments	300.1	284.7	116.3	40.9	14.1
Total	2,505.1	2,019.2	824.3	40.8	100.0

Source: National Treasury & OCOB

From the analysis, MDAs' recurrent vote received the highest proportion of exchequer issues to net estimates at 43.6 per cent whereas the development vote received the least proportion at 33.1 per cent. From the total exchequer issues, recurrent vote received the highest proportion of exchequer issues to total exchequer issues at 69.2 per cent while County Governments releases had the lowest proportion at 14.1 per cent.

Further, table 2.3 shows a summary of exchequer issues by Sector for the period July to December, 2016 compared with the similar period of FY 2015/16.

Table 2.3 Annual Estimates and Exchequer Issues by Sector for the Period July 2016 to December 2016 (Kshs. Billions)

Sector	First Half FY 2016/17				First Half FY 2015/16			
	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	46.5	35.5	12.4	34.9	79.7	66.6	21.5	32.4
Education	339.9	314.4	136.0	43.3	336.3	313.2	129.3	41.3
Energy, Infrastructure and Information Communications Technology (EI & ICT)	529.2	185	54.9	29.6	404.7	109.6	50.1	45.7
Environmental Protection, Water and Natural Resources	89.0	40.8	17.1	41.9	63.0	34.9	8.4	24.0
General Economic & Commercial Affairs (GECA)	23.7	22.2	8.6	38.8	21.3	20.8	6.7	32.2

Governance, Justice, Law and Order (GJLOS)	195.5	193.6	85.8	44.3	154	152.9	67.2	43.9
Health	60.3	45.8	20.1	43.9	59.2	44.2	19.8	44.9
Public Administration and International Relations (PAIR)	224.9	203.7	81.4	40.0	243.4	220.1	80.2	36.4
National Security	124.0	124.0	49.0	39.5	112.5	112.5	51.4	45.7
Social Protection, Culture and Recreation	44.6	42.1	17.7	42.0	31.5	31.2	7.2	23.0
Sub -Total for MDAs	1,677.70	1,207.30	483.1	43.6	1,505.50	1,106.10	441.9	39.9
Consolidated Fund Services	527.3	527.3	224.9	42.7	441.5	441.5	230.3	52.2
County Governments	300.1	284.7	116.3	40.9	287.0	264.2	99.2	37.5
Grand Total	2,505.1	2,019.30	824.3	40.8	2,234.01	1,811.80	771.4	42.6

Source: National Treasury & OCOB

Exchequer issued in the first half of FY 2016/17 recorded a growth of Kshs.52.9 billion compared to the amount issued in a similar period of FY 2015/16 (Kshs.771.4 billion). The Governance, Justice, Law and Order sector (GJLOS) received the highest proportion of exchequer issues to net estimates at 44.3 per cent, while the Energy, Infrastructure and Information Communications Technology sector (EI & ICT) received the lowest proportion at 29.6 per cent.

2.4.1 Recurrent Exchequer Issues by Sector

During the period under review, the total exchequer issues to MDAs for recurrent expenditure amounted to Kshs.345.2 billion, representing 43.6 per cent of the annual net recurrent estimates, a decrease compared to 46.2 per cent (Kshs.331.5 billion) recorded in the same period of FY 2015/16.

Table 2.4 shows Sectoral recurrent estimates and exchequer issues for the period July to December, 2016.

Table 2.4: Sectoral Recurrent Estimates and Exchequer issues, July to December, 2016
(Kshs. Billions)

Sector	First Half, FY 2016/17				First Half, FY 2015/16			
	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	15.8	15.7	6.9	44.2	16.7	16.2	6.3	38.9
Education	315.7	297.4	130.4	43.8	299.6	280.6	128.8	45.9
Energy, Infrastructure and Information Communications Technology (EI & ICT)	41.9	9.9	4.2	42.3	40.8	7.9	3.5	44.3
Environmental Protection, Water and Natural Resources	19.6	9.9	4.9	49.5	17.8	9.4	4.7	49.9
General Economic and Commercial Affairs (GECA)	12.6	11.6	5.2	44.6	7.1	7.0	3.5	49.0
Governance, Justice, Law and Order (GJLOS)	165.8	165.0	73.6	44.6	133.5	132.7	65.7	49.5
Health	29.0	25.0	11.2	44.8	28.5	24.5	13.8	56.3
Public Administration and International Relations (PAIR)	114.9	114.1	51.2	44.9	115.5	114.1	48.3	42.4
National Security	124.0	124.0	49.0	39.5	112.5	112.5	51.4	45.7
Social Protection, Culture and Recreation	18.2	18.1	8.6	47.5	12.3	12.1	5.6	46.0
Total	857.5	790.8	345.2	43.6	784.2	717.0	331.5	46.2

Source: National Treasury & OCOB

Analysis of the approved withdrawals to MDAs recurrent activities shows that, the Environmental Protection, Water and Natural Resources sector received the highest percentage of exchequer releases to net estimates at 49.5 per cent while the National Security sector recorded the lowest proportion of recurrent exchequer issues to net estimates at 39.5 per cent, a decline compared to 45.7 per cent recorded in a similar period of FY 2015/16.

2.4.2 Exchequer Issues to Consolidated Fund Services in the First Half of FY 2016/17

In FY 2016/17, Consolidated Fund Services was allocated Kshs.527.3 billion, representing 21 per cent of the overall national budget. Table 2.5 shows the annual allocation and exchequer issues for CFS in the period July to December 2016.

Table 2.5: CFS Estimates and Exchequer Issues for the period July to December, 2016
(Kshs. Millions)

Consolidated Fund Services (CFS)	Net Estimates	Exchequer Issues	% to the Net Estimates
Public Debt	466,514.0	194,704.7	41.7
Pensions and Gratuities	55,691.1	28,533.6	51.2
Salaries, Allowances & Miscellaneous	5,101.2	1,711.0	33.5
Subscriptions to International Organizations	0.5	-	
Total	527,306.8	224,949.3	42.7

Source: National Treasury and OCOB

In the period under review, the total exchequer issues for CFS amounted to Kshs.224.9 billion, representing 42.7 per cent of the annual net estimates. Pensions and Gratuities received the highest proportion of exchequer issues to net estimates at 51.2 per cent while Subscriptions to International Organizations expenditure did not receive exchequer issues.

2.4.3 Development Exchequer Issues by Sector

The total exchequer issues released to MDAs for development activities in the reporting period amounted to Kshs.137.9 billion, representing 33.1 per cent of the annual net development estimates, an increase compared to 28.4 per cent (Kshs.110.3 billion) recorded in a similar period of FY 2015/16. Table 2.6 shows Sectoral development estimates and exchequer issues for the period July to December 2016.

Table 2.6: Sectoral Development Estimates and Exchequer Issues for the Period July to December 2016 (Kshs. Billions)

Name of the Sector	First Half, FY 2016/17				First Half, FY 2015/16			
	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	30.8	19.8	5.4	27.5	63.0	50.4	15.2	30.3
Education	24.2	17.0	5.7	33.3	36.7	32.6	0.5	1.7
Energy, Infrastructure and Information Communications Technology (EI & ICT)	487.2	175.1	50.6	28.9	363.8	101.7	46.6	45.8
Environmental Protection, Water and Natural Resources	69.4	30.9	12.2	39.4	45.2	25.5	3.7	14.4
General Economic and Commercial Affairs (GECA)	11.1	10.7	3.5	32.6	14.2	13.8	3.2	23.3
Governance, Justice, Law and Order (GJLOS)	29.7	28.5	12.3	43.0	20.6	20.2	1.4	7.0
Health	31.3	20.8	8.9	42.9	30.7	19.6	6.1	31.0
Public Administration and International Relations (PAIR)	110.0	89.6	30.2	33.7	127.9	106.1	31.9	30.1
Social Protection, Culture and Recreation	26.4	24.0	9.1	37.9	19.2	19.1	1.6	8.4
Total	820.2	416.4	137.9	33.1	721.3	389.1	110.3	28.4

Source: National Treasury & OCOB

The Governance, Justice, Law and Order Sector (GJLOS) received the highest development exchequer issues to net estimates at 43 per cent, an improvement from 7 per cent received in a similar period of FY 2015/16. This was followed by the Health Sector that recorded 42.9 per cent, an increase from 31 per cent recorded in the similar period of FY 2015/16. On the other hand, the Agriculture, Rural & Urban Development Sector received the lowest at 27.5 per cent, a slight decline from 30.3 per cent recorded in a similar period of FY 2015/16.

3 NATIONAL GOVERNMENT OVERALL EXPENDITURE ANALYSIS

3.1 Introduction

This chapter presents expenditure analysis for the first half of FY 2016/17 for both development and recurrent expenditure by MDAs and the Consolidated Fund Services (CFS), which is discussed under recurrent expenditure. It highlights the performance of the public debt, pensions and gratuity, salaries and allowances to constitutional offices and the guaranteed loans by the government. The chapter also presents expenditure by economic items by MDAs for both development and recurrent votes.

3.2 Overall Government Budget Performance

In the FY 2016/17, the aggregate budget for the government was Kshs.2.5 trillion, as presented in table 3.1. This includes the budget estimates for the national government entities and the county governments and presented in a summarised form and compared to the previous financial year.

Table 3.1: Overall Government Budget Performance for the First Half of FY 2016/17 in Comparison to FY 2015/16 (Kshs. Billion)

VOTE	FY 2016/17						FY 2015/16					
	Gross Estimates	Net Estimates	Cumulative Exchequer	Expenditure	% of Exchequer to Net Est.	Absorption Rate (%)	Rev. Gross Estimates	Rev. Net Estimates	Exchequer Issues	Expenditure	% Exchequer to Net Est.	Absorption rate (%)
Recurrent	1,384.8	1,318.1	570.1	572.1	43.3	41.3	1,225.7	1,158.5	561.9	518.3	48.5	42.3
MDAs	857.5	790.8	345.2	347.9	43.6	40.6	784.2	717.0	331.5	288.1	46.2	42.1
CFS	527.3	527.3	224.9	224.1	42.7	42.5	441.5	441.5	230.3	230.1	52.2	52.1
Development	820.1	416.4	137.9	264.7	33.1	32.3	721.3	389.1	110.2	166.2	28.3	23.0
County Governments	300.1	284.7*	116.3	127.5	40.9	42.5	287.1	264.2	99.19	113.2	37.5	39.4
Total	2,505.1	2,014.8	824.3	964.3	40.8	38.5	2,234.0	1,811.8	771.3	797.7	42.6	35.7

Source: NT, OCOB, MDAs & County Treasuries

*Refers to shareable revenue exchequer issues.

** The difference between the Exchequer Issues of Kshs.116.3 billion and expenditure of Kshs.127.5 billion was financed by revenue from local sources and opening cash balance.

The total exchequer issues in the first half of FY 2016/17 amounted to Kshs.824.3 billion, representing 40.8 per cent of the net estimates, a slight decline from 42.6 per cent issued in a similar period FY 2015/16. The issues comprised of Kshs.570.1 billion for recurrent expenditure, Kshs.137.9 billion for development expenditure, and Kshs.116.3 billion for the County governments. Overall expenditure for both the National and County

Governments was Kshs.964.3 billion (Kshs.572.1 billion on recurrent, Kshs.264.7 billion on development, and Kshs. 127.5 billion by County Governments), representing an overall absorption rate of 38.5 per cent, an increase compared to 35.7 per cent recorded in a similar period of FY 2015/16.

Figure 3.1 and 3.2 shows comparison of sectors annual budget allocations and in the first half of FY 2016/17.

Figure 3.1: Comparison of FY 2016/17 Gross Annual Budget Allocations and Expenditure by Sector for the First Half of FY 2016/17

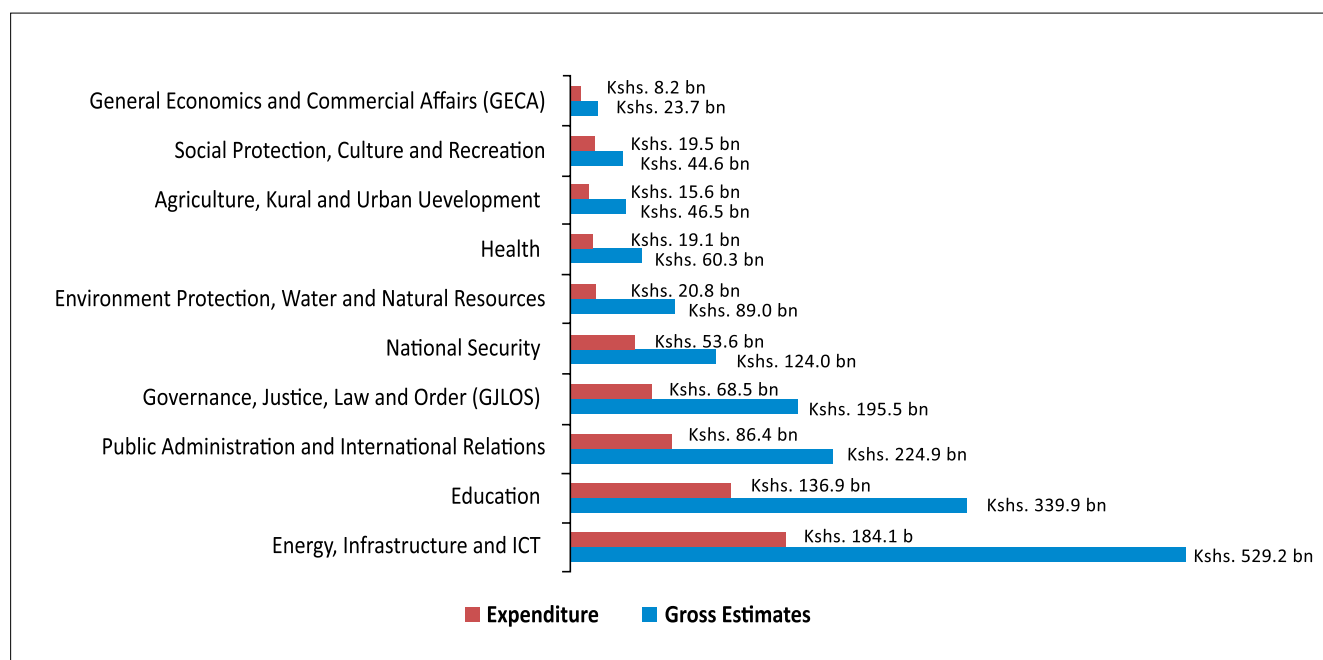
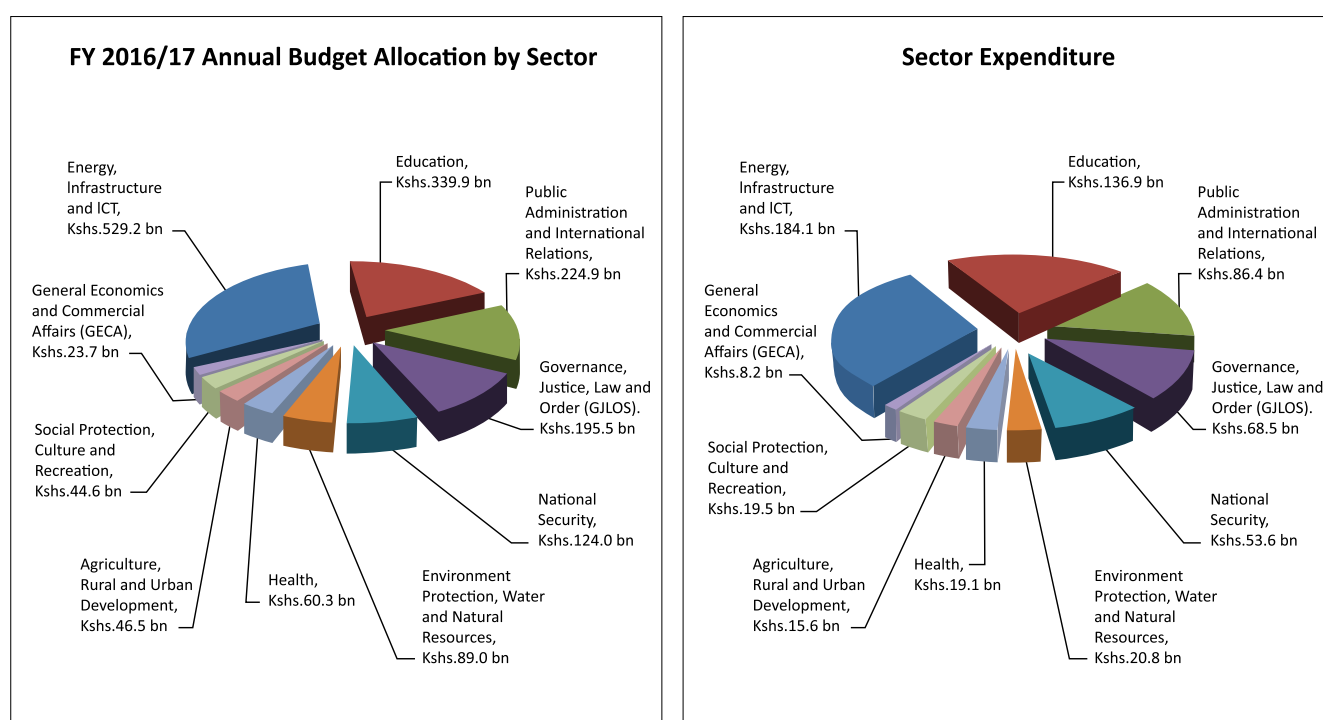


Figure 3.2: FY 2016/17 Annual Budget Allocation and Expenditure by Sector for the First Half of FY 2016/17



Source: MDAs & National Treasury

3.3 Consolidated Fund Services (CFS)

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

Table 3.2 presents a summary on CFS exchequer issues and expenditure performance in the first half of FY 2016/17.

Table 3.2: FY 2016/17 Annual Budget for CFS and Cumulative Expenditure for the First Half of FY 2016/17 (Kshs. Millions)

Consolidated Fund Services (CFS)	Gross Estimates	Net Estimates	Exchequer Releases	Actual Expenditure	Expenditure as a % of Gross Estimates
Public Debt	466,514.0	466,514.0	193,976.4	193,422.0	41.4
Pensions and Gratuities	55,691.1	55,691.1	28,533.6	28,533.6	51.2
Salaries & Allowances	3,956.0	3,956.0	1,711.0	1,450.0	36.7
Subscriptions to International Organizations	0.5	0.5	-	-	-
Miscellaneous Services	128.0	128.0	-	-	-
Guaranteed Debt	1,017.2	1,017.2	728.3	728.3	71.6
Total	527,306.8	527,306.8	224,949.3	224,133.9	42.5

Source: National Treasury & OCOB

In the period under review, the total exchequer releases to CFS amounted to Kshs.224.9 billion, representing 42.5 per cent of the annual net estimates. The overall CFS expenditure amounted to Kshs.224.1 billion, a decline of 2.6 per cent from Kshs.230.1 billion spent in a similar period of FY 2015/16.

3.3.1 Public Debt

In the FY 2016/17, Kshs.466.5 billion was allocated towards settlement of public debt. The total exchequer issues for the first half amounted to Kshs.194.7¹ billion representing 41.7 per cent of the annual net estimates. Actual expenditure during the same period was Kshs.193.4 billion, representing 41.4 per cent of the annual gross estimates.

3.3.2 Guaranteed Debt to State Parastatals

In the FY 2016/17, Kshs.1.02 billion was allocated towards the repayment of guaranteed loans to state agencies. The guaranteed loans vote received Kshs.728.3 million as exchequer issues in the period under review with a total expenditure of Kshs.728.3 million, representing 71.6 per cent of the annual gross estimates.

1. Includes exchequer issues for guaranteed debt to State Parastatals

3.3.3 Salaries and Allowances for Constitutional Office Holders

In the FY 2016/17, Kshs.3.96 billion was allocated for payment of salaries and allowances for Constitutional Office holders. The total exchequer issues released in the first half of FY 2016/17 was Kshs.1.71 billion, representing 43.3 per cent of the annual net estimates. Actual expenditure during the period under review was Kshs.1.45 billion, representing 36.7 per cent of the gross estimates.

3.3.4 Pensions and Gratuities

The annual budget for pensions and gratuities in FY 2016/17 was Kshs.55.7 billion, which was a 7.7 per cent increase from Kshs.51.7 billion allocated in FY 2015/16. The exchequer issues for the period under review amounted to Kshs.28.5 billion, representing 51.2 per cent of the annual net estimates, while expenditure was Kshs.28.5 billion, an increase from Kshs.21.4 billion spent in a similar period of FY 2015/16.

3.4 MDAs Expenditure Analysis

This section presents analysis of MDAs expenditure for both development and recurrent votes and the Appropriations-In-Aid (A~I~A) received in the first half of FY 2016/17. The recurrent expenditure is analysed based on major economic items namely; Personnel Emoluments (PE), Domestic and Foreign Travel, Printing and advertising, Rentals and rates for non-residential, Training, Hospitality, Maintenance expenses for motor vehicles and other assets, Current Transfers to Semi-Autonomous Government Agencies (SAGAs) and other expenses.

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

3.4.1 Recurrent Expenditure Analysis

During the FY 2016/17, the allocation for recurrent expenditure amounted to Kshs. 857.5 billion. In the first half of the year, the total gross recurrent expenditure by MDAs amounted to Kshs.347.9 billion representing 40.6 per cent of the total annual recurrent budget. The breakdown of the MDAs total recurrent expenditure for the period under review is presented in table 3.3.

Table 3.3: Breakdown of Recurrent Expenditure by MDAs for the Period July to December 2016 (Kshs. Millions)

MINISTRY/STATE DEPARTMENT	Personnel Emoluments	Domestic Travel	Foreign Travel	Printing and Advertising	Rentals and Rates- Non Residential	Training	Hospitality	Maintenance Expenses- Motor Vehicles	Maintenance Expenses- Other Assets	Current Transfers	Other	Gross Expenditure	AIA	Net Expenditure
The Presidency	499.4	181.6	130.8	9.9	25.5	12.9	360.0	104.9	14.2	125.9	1,411.6	2,876.6	-	2,876.6
State Department for Interior	25,161.2	39.1	28.4	2.6	337.6	404.6	51.9	155.3	59.0	482.8	12,370.6	39,093.3	-	39,093.3
State Department for Correctional Services	6,133.2	33.2	2.0	0.1	36.1	66.7	8.1	15.1	0.8	-	2,216.2	8,511.3	-	8,511.3
State Department for Devolution	57.9	4.6	0.3	0.2	13.8	2.2	6.0	1.4	0.4	-	176.2	263.0	-	263.0
State Department for Special Programmes	59.7	9.1	2.6	0.4	27.0	6.5	7.9	1.9	1.0	430.4	925.5	1,472.0	-	1,472.0
State Department for Planning & Statistics	125.8	10.9	5.5	7.4	8.5	15.5	22.3	2.2	0.5	1,721.8	30.4	1,950.9	-	1,950.9
Ministry of Defence	398.2	24.5	11.2	0.3	-	10.9	6.7	5.1	-	40,684.8	43.0	41,184.6	-	41,184.6
Ministry of Foreign Affairs and International Trade	3,281.1	69.8	1,122.6	14.5	570.0	14.8	258.0	62.6	89.8	1,429.6	1,462.1	8,374.8	-	8,374.8
State Department for Basic Education	1,054.7	17.4	3.4	1.6	16.0	4.4	8.4	-	0.4	5,272.4	8,024.8	14,403.6	-	14,403.6
State Department for Vocational and Technical Training	-	7.3	2.7	0.3	1.0	-	3.0	3.1	3.0	1,040.0	14.5	1,074.9	-	1,074.9
State Department for University Education	175.4	7.6	2.0	0.6	16.4	3.3	2.4	0.6	0.4	22,995.7	30.1	23,234.4	-	23,234.4
The National Treasury	866.3	9.8	21.8	0.8	7.4	26.1	118.1	2.5	5.5	8,708.0	5,311.1	15,077.6	-	15,077.6
Ministry of Health	1,962.1	19.4	1.9	1.8	-	63.0	8.8	5.1	13.7	8,409.3	293.1	10,778.1	-	10,778.1
State Department for Infrastructure	263.3	10.3	1.4	0.6	-	2.3	9.0	3.3	4.5	13,193.0	34.0	13,521.7	14,177.3	13,521.7
State Department for Transport	31.9	2.3	0.5	0.1	1.2	1.0	1.2	1.5	30.0	3,904.0	17.0	3,990.7	-	3,990.7
State Department for Maritime Affairs	4.4	3.2	3.1	0.1	0.7	0.7	2.9	-	0.7	20.0	35.3	71.1	-	71.1
State Department for Housing & Urban Development	262.5	9.5	1.6	1.6	41.2	6.2	6.4	3.7	3.7	-	59.6	396.2	-	396.2
State Department for Public Works	185.3	10.6	1.4	0.4	31.6	0.7	5.0	0.8	2.5	32.7	30.6	301.6	-	301.6
State Department for Water Services	297.1	2.3	0.8	0.4	-	3.2	0.5	0.6	0.7	375.8	15.6	697.1	-	697.1
State Department for Irrigation	15.2	2.4	3.1	0.1	-	2.1	1.3	-	0.3	-	156.5	181.0	87.9	93.1
State Department for Environment	158.9	5.8	7.3	0.2	51.3	4.2	4.1	1.8	1.5	84.5	739.3	1,059.0	-	1,059.0
State Department for Natural Resources	23.1	5.2	18.4	0.4	32.2	10.3	2.4	2.1	1.3	2,262.3	56.8	2,414.5	-	2,414.5
Ministry of Lands and Physical Planning	952.6	4.5	1.4	0.6	0.4	2.3	2.4	2.0	1.6	3.9	45.9	1,017.6	-	1,017.6

MINISTRY/STATE DEPARTMENT	Personnel Emoluments	Domestic Travel	Foreign Travel	Printing and Advertising	Rentals and Rates- Non Residential	Training	Hospitality	Maintenance Expenses- Motor Vehicles	Maintenance Expenses- Other Assets	Current Transfers	Other	Gross Expenditure	AIA	Net Expenditure
State Department of Information Communications & Technology & Innovation	42.4	10.8	4.9	1.0	24.4	2.1	6.0	0.8	0.0	216.0	6.1	314.6	-	314.6
State Department for Broadcasting & Telecommunications	164.5	10.0	3.8	170.8	16.2	2.9	8.8	2.9	0.2	358.8	19.3	758.1	-	758.1
State Department for Sports Development	99.6	76.8	358.7	0.1	25.9	2.0	310.2	1.8	0.1	523.7	28.6	1,427.7	-	1,427.7
State Department for Arts and Culture	0.7	12.9	2.6	4.6	12.0	37.2	9.6	3.9	1.4	992.9	3.9	1,081.8	-	1,081.8
State Department Energy	95.6	8.6	0.8	0.2	-	2.9	3.9	0.1	0.8	763.8	10.1	886.9	-	886.9
State Department of Petroleum	-	6.0	1.3	0.5	-	5.1	4.6	-	0.1	-	2.6	20.1	-	20.1
State Department for Agriculture	282.6	19.1	4.4	2.2	7.0	5.8	1.8	3.1	1.0	2,640.3	259.6	3,226.9	-	3,226.9
State Department for Livestock	598.7	6.6	0.6	0.2	10.8	1.8	1.7	-0.2	0.6	281.8	107.4	1,009.9	2.8	1,007.1
State department for Fisheries and the Blue Economy	36.1	4.7	1.8	0.6	-	7.8	2.8	1.3	1.1	637.8	13.0	706.8	-	706.8
State Department of Investment and Industry	128.3	17.2	8.2	1.5	56.4	14.3	10.1	1.8	1.0	883.3	3.5	1,125.6	-	1,125.6
State Department for Cooperatives	-	1.3	0.6	0.8	-	0.3	0.8	0.3	-	26.6	701.4	732.0	-	732.0
State Department for Trade	48.0	4.3	14.1	0.7	36.1	1.5	4.9	0.7	0.3	150.0	326.4	587.0	-	587.0
State Department for East African Integration	73.7	17.0	36.9	4.1	19.6	9.3	20.1	2.0	0.5	9.9	498.5	691.6	-	691.6
State Department for Labour	233.5	12.9	6.0	1.4	113.4	6.7	6.9	5.6	2.1	64.5	44.2	497.2	-	497.2
State Department for Social Protection	508.6	83.0	2.4	3.6	-	24.3	77.7	18.0	12.3	2,091.7	142.2	2,963.9	-	2,963.9
Ministry of Mining	161.1	10.4	5.4	1.5	1.1	9.5	4.7	1.8	1.3	-	28.6	225.4	-	225.4
Ministry of Tourism	98.6	3.3	4.6	0.1	22.8	2.9	3.3	-	1.1	535.5	13.0	685.2	-	685.2
State Department for Public Service and Youth Affairs	758.1	36.1	10.5	7.3	70.8	235.9	36.1	101.4	12.6	204.0	4,833.2	6,306.0	-	6,306.0
State Department for Gender	8.1	12.0	6.3	1.4	-	-	3.8	1.8	5.2	-	203.5	242.0	-	242.0
State Law Office and Department of Justice	366.0	23.3	18.5	1.3	35.7	8.6	10.8	1.6	1.4	851.6	53.7	1,372.4	-	1,372.4
The Judiciary	2,807.9	218.9	23.6	29.9	8.1	6.0	67.1	82.1	37.1	-	1,664.4	4,945.2	-	4,945.2
Ethics & Anti-Corruption Commission	-	-	-	-	-	-	-	-	-	1.5	1,523.6	1,525.1	-	1,525.1
National Intelligence Service	-	-	-	-	-	-	-	-	-	12,428.1	-	12,428.1	-	12,428.1
Office of the Director of Public Prosecutions	383.8	44.7	3.7	3.8	61.8	21.3	21.3	6.5	3.2	-	54.5	604.6	-	604.6
Office of the Registrar of Political Parties	54.3	4.0	-	0.4	8.5	6.0	2.1	0.6	0.2	171.4	10.7	258.1	-	258.1

MINISTRY/STATE DEPARTMENT	Personnel Emoluments	Domestic Travel	Foreign Travel	Printing and Advertising	Rentals and Rates- Non Residential	Training	Hospitality	Maintenance Expenses- Motor Vehicles	Maintenance Expenses- Other Assets	Current Transfers	Other	Gross Expenditure	AIA	Net Expenditure
Witness Protection Agency	83.7	3.4	1.1	0.4	9.6	2.1	6.2	2.7	0.7	-	86.9	196.9	-	196.9
Kenya National Commission on Human Rights	105.4	13.1	4.0	3.3	23.3	0.7	2.8	2.7	0.1	-	55.1	210.4	-	210.4
National Lands Commission	348.9	33.3	10.6	13.8	12.9	9.3	100.0	3.3	0.9	-	42.8	575.9	-	575.9
Independent Electoral and Boundaries Commission	796.1	199.3	13.2	18.2	81.3	37.5	75.3	61.9	3.7	-	463.6	1,750.0	-	1,750.0
Parliamentary Service Commission	1.8	488.2	515.3	65.3	-	171.7	119.3	18.4	23.0	-	2,478.7	3,881.7	-	3,881.7
National Assembly	4,461.2	1,511.6	863.3	22.1	-	82.8	96.9	12.7	10.9	-	736.0	7,797.5	-	7,797.5
Judicial Service Commission	-	13.0	11.7	5.9	3.3	33.9	47.3	0.2	0.2	-	11.7	127.2	-	127.2
The Commission on Revenue Allocation	77.4	3.3	-	1.0	21.9	2.1	1.2	-	-	-	9.5	116.5	-	116.5
Public Service Commission	278.0	27.0	4.8	15.1	2.6	13.8	26.8	2.3	2.4	0.2	243.5	616.5	-	616.5
Salaries & Remuneration Commission	113.0	6.4	1.0	3.0	7.4	2.4	33.5	0.7	1.0	-	9.6	178.0	-	178.0
Teachers Service Commission	92,631.5	34.6	4.2	2.4	8.2	37.9	9.4	9.8	13.1	-	280.1	93,031.3	-	93,031.3
National Police Service Commission	88.7	23.6	-	0.8	25.6	1.6	13.0	1 -	0.7	-	22.0	186.0	-	186.0
Auditor General	1,233.7	207.3	22.3	3.2	70.5	38.7	6.6	7.0	2.5	-	400.4	1,992.2	-	1,992.2
Controller of Budget	119.9	4.4	0.9	16.0	0.1	3.9	4.4	0.1	0.2	-	16.4	166.4	-	166.4
The Commission on Administrative Justice	86.9	5.0	2.3	2.5	22.0	6.1	2.0	2.7	0.4	-	23.5	153.5	-	153.5
National Gender & Equality Commission	69.1	10.4	3.1	1.6	20.5	10.3	2.9	2.7	0.4	-	55.1	176.1	-	176.1
Independent Police Oversight Authority	109.6	16.6	1.2	0.6	15.8	1.0	12.1	1.3	0.8	-	54.4	213.5	-	213.5
Total	149,524.3	3,734.7	3,352.6	458.4	2,073.7	1,533.9	2,075.9	752.3	380.2	135,010.2	49,041.2	347,937.4	14,268.1	333,669.3

Source: MDAs and National Treasury IFMIS Directorate

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

Personnel emoluments recorded the highest spending category at Kshs.149.5 billion, which was 43 per cent of the gross recurrent expenditure. Recurrent transfers to Semi-Autonomous Government Agencies (SAGAs) amounted to Kshs.135 billion, equivalent to 38.8 per cent of total gross expenditure. Other notable expenditure categories by the MDAs included Kshs.3.7 billion spent on domestic travel, Kshs.3.4 billion on foreign travel, Kshs. 2.1 billion on Rentals and Rates-Non Residential, Kshs. 2.1 billion on hospitality, and Kshs.1.5 billion on training.

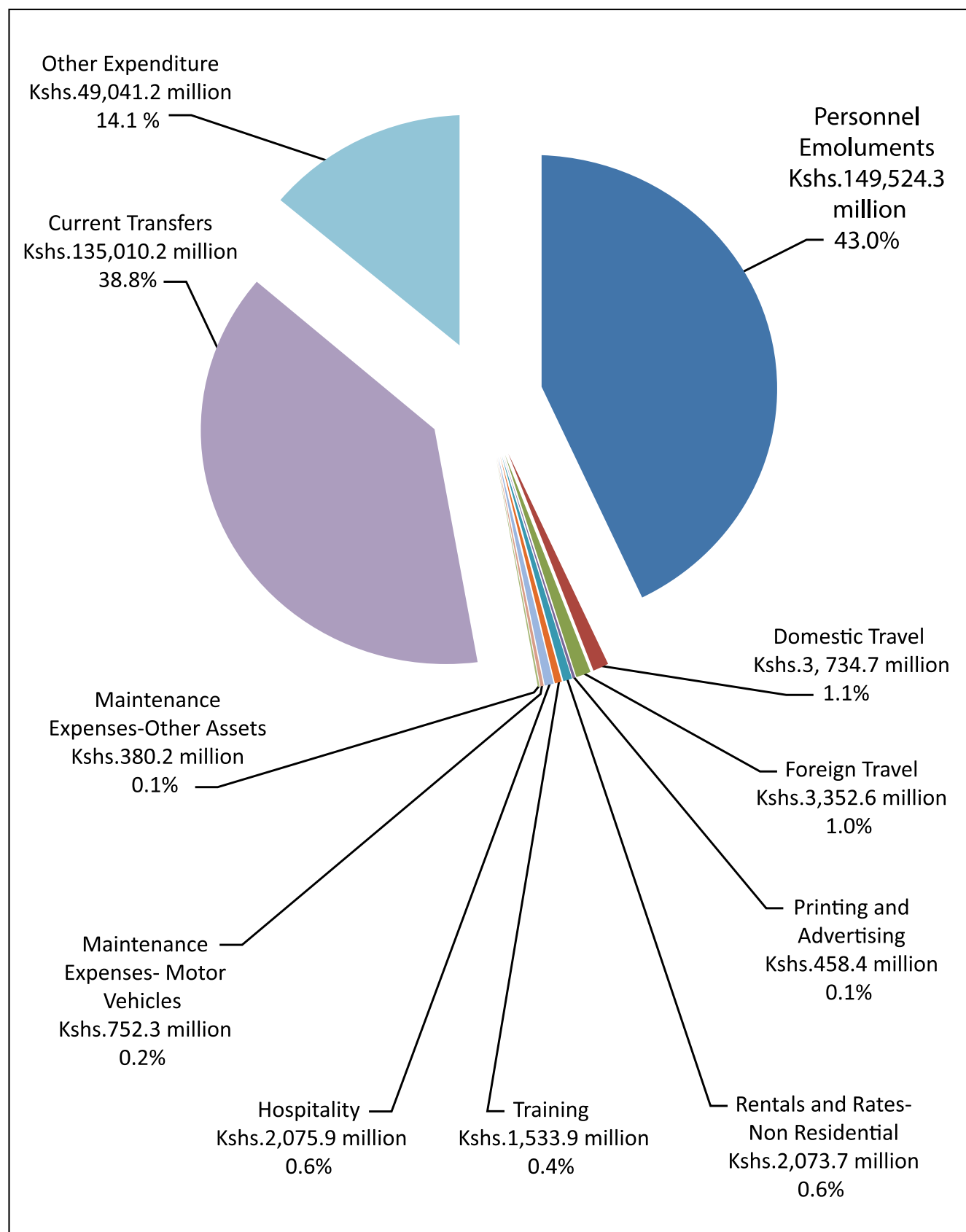
The highest expenditure on personnel emoluments was incurred by Teachers Service Commission at Kshs.92.6 billion, which was 62 per cent of the total PE expenditure by MDAs while the highest transfers to SAGAs was reported by the Ministry of Defence at Kshs.40.7 billion representing 30.1 per cent of the total transfers to SAGAs.

The highest expenditure by MDAs in selected categories shows that Ministry of Foreign Affairs and International Trade spent Kshs. 1.1 billion on foreign travel, while the Presidency utilized Kshs.360 million on hospitality. Other notable expenditure included Kshs.404.6 million on training by the State Department for Interior and Kshs.170.8 million on printing and advertising by the State Department for Broadcasting & Telecommunications.

The total Appropriation in Aid (AIA) collected by some MDAs in the first half of FY 2016/17 was Kshs.14.3 billion. Table 3.3 provides a summary of AIA collected and as reported by MDAs.

The “Other expenditures” category amounted to Kshs.49 billion and included purchase of Specialized Materials and Supplies such as; Foods and Rations, Purchase of Uniforms and Clothing for Staff, Motor Vehicle Leasing and Maintenance for Security Operations, Confidential Expenditures, Purchase of Police, Prisons and NYS Small Equipment and Supplies, Contracted Professional Services, Fertilizer Clearance, Laboratory Materials, Supplies and Small Equipment, and Legal Dues, Fees, Arbitration and Compensation Payments.

Figure 3.3 shows the composition of MDAs recurrent expenditure for the First Half FY 2016/17.

Figure 3.3 Summary Analysis of MDAs' Recurrent Expenditure in the First Half of FY 2016/17

Source: MDAs and National Treasury

3.4.2 MDAs Development Expenditure Analysis

The cumulative gross development expenditure by MDAs in the second quarter of FY2016/17 amounted to Kshs.264.7 billion translating to an absorption rate of 32.3 per cent, an increase from 23 per cent reported in a similar period last financial year.

During the reporting period, MDAs recorded the highest expenditure on Capital Transfers to Semi-Autonomous Government Agencies (SAGAs) at Kshs.108.2 billion, equivalent to 40.9 per cent of the gross development expenditure by the MDAs. The second highest spending category was refurbishment of buildings at Kshs.96 billion corresponding to 37.7 per cent of the gross development expenditure. Other categories with remarkable expenditure sums included; construction and civil works at Kshs.24 billion, construction of residential buildings at Kshs.2.8 billion, and construction of building at Kshs.2.1 billion.

Table 3.4 shows analysis of development expenditure by MDAs for the period July to December 2016.

Table 3.4: Analysis of Development Expenditure by MDAs for the Period July to December 2016 (Kshs. Millions)

MINISTRY/STATE DEPARTMENT	Maintenance of Motor Vehicles	Maintenance of other Assets	Capital Transfers	Construction of Building	Refurbishment of Buildings / Infrastructure	Residential (Including Hostels.)	Construction and Civil Works	Purchase of Specialized Plant, Equipment and Machinery	Pre-Feasibility and Appraisal Studies	Other Expenses	Gross Expenditure	(A-I-A)	Net Expenditure
The Presidency	-	-	-	-	44.5	24.4	-	-	-	-	68.9	-	68.9
State Department for Interior	-	12.8	5.1	178.4	-	-	-	-	-	7,982.2	8,178.5	-	8,178.5
State Department for Correctional Services	-	-	-	1.0	4.9	-	-	35.4	-	-	41.3	-	41.3
State Department for Devolution	-	-	119.9	-	-	-	-	-	-	4.9	124.7	-	124.7
State Department for Special Programmes	-	-	2,515.0	-	-	2,515.0	-	-	-	-	2,515.0	-	2,515.0
State Department for Planning & Statistics	-	-	26,619.2	-	1.4	-	93.5	-	24.3	2.1	26,740.5	15.3	26,725.2
Ministry of Defence	-	-	-	-	-	-	-	-	-	35.0	35.0	-	35.0
Ministry of Foreign Affairs	-	-	-	-	-	1,80	81.0	-	-	41.5	1,922.5	-	1,922.5
State Department for Basic Education	-	-	894.8	-	-	-	-	-	-	182.9	1,077.6	-	1,077.6
State Department for Vocational and Technical Training	-	-	720.6	48.4	-	-	-	-	-	16.2	785.2	-	785.2
State Department for University Education	-	-	2,300.3	834.6	-	-	-	-	-	130.7	3,265.6	927.3	2,338.3
The National Treasury	-	-	917.8	-	-	-	-	120.7	73.4	666.3	1,778.2	277.7	1,500.5
Ministry of Health	-	-	4,043.8	94.3	-	-	-	-	-	4,191.1	8,329.2	-	8,329.2
State Department for Infrastructure	-	-	17,688.5	-	-	48.9	17.7	-	1,201.4	335.7	19,292.1	14,172.9	5,119.2
State Department for Transport	-	-	1,700.7	-	93,268.7	-	-	-	-	47.4	95,016.8	31,231.0	63,785.8
State Department Housing and Urban Development	-	-	-	176.4	86.6	-	6,731.3	-	-	60.8	7,055.1	1,949.0	5,106.2
State Department of Public Works	-	-	-	585.5	-	-	19.2	-	3.8	-	608.5	-	608.5

MINISTRY/STATE DEPARTMENT	Maintenance of Motor Vehicles	Maintenance of other Assets	Capital Transfers	Construction of Building	Refurbishment of Buildings / Infrastructure	Residential (Including Hostels.)	Construction and Civil Works	Purchase of Specialized Plant, Equipment and Machinery	Pre-Feasibility and Appraisal Studies	Other Expenses	Gross Expenditure	(A-I-A)	Net Expenditure
State Department for Water Services	1.9	9.6	4,268.7	-	-	-	4,450.4	-	-	275.4	9,006.0	-	9,006.0
State Department for Irrigation	-	-	3,631.1	-	-	-	296.6	-	-	661.6	4,589.3	-	4,589.3
State Department for Environment	3.1	-	215.9	-	11	-	-	371.3	-	299.8	1,000.2	-	1,000.2
State Department for Natural Resources	-	-	1,042.5	-	-	-	-	-	-	2.4	1,044.9	175.1	869.8
Ministry of Lands and Physical Planning	-	6.3	3.4	-	14.0	-	-	-	407.5	895.0	1,326.2	-	1,326.2
State Department of Information Communications & Technology & Innovation	-	-	15,535.5	-	-	-	-	-	-	2,409.8	17,945.3	2,947.6	14,997.7
State Department of Broadcasting and Telecommunications	-	-	-	-	-	-	-	-	-	-	-	-	-
State Department for Sports Development	-	-	549.8	-	-	-	-	12.5	-	-	562.3	-	562.3
State Department for Arts and Culture	-	-	307.1	-	-	-	-	-	-	-	307.1	-	307.1
State Department for Energy	-	-	10,978.9	-	-	-	12,274.7	4.8	126.7	229.3	23,614.5	10,092.5	13,522.0
State Department of Petroleum	-	-	20.3	-	-	-	-	-	199.9	95.9	316.0	-	316.0
State Department for Agriculture	-	-	-	-	15.6	29.7	15.6	11.0	0.7	4,895.6	4,968.1	-	4,968.1
State Department for Livestock	-	-	1,058.8	1	41.6	-	-	-	-	56.5	1,166.8	388.2	778.6
State department for Fisheries and Blue Economy	-	-	945.0	-	-	-	48.3	-	-	473.2	1,466.5	-	1,466.5
State Department for Investment and Industry	-	-	2,285.0	-	-	-	-	-	-	7.1	2,292.1	-	2,292.1
State Department for Cooperatives	-	-	25	-	-	-	-	-	-	-	25	-	25

MINISTRY/STATE DEPARTMENT	Maintenance of Motor Vehicles	Maintenance of other Assets	Capital Transfers	Construction of Building	Refurbishment of Buildings / Infrastructure	Residential (Including Hostels.)	Construction and Civil Works	Purchase of Specialized Plant, Equipment and Machinery	Pre-Feasibility and Appraisal Studies	Other Expenses	Gross Expenditure	(A-I-A)	Net Expenditure
State Department for Trade	-	-	44.0	-	-	-	-	-	3.3	-	47.3	-	47.3
State Department for East African Integration	-	-	-	-	-	-	-	-	-	-	-	-	-
State Department for Labour	-	-	61.8	3 -	-	-	-	-	7.4	37.1	136.3	-	136.3
State Department for Social Protection	8.7	3.4	6,265.3	-	-	-	-	-	-	276.1	6,553.6	-	6,553.6
Ministry of Mining	-	1 -	-	-	1.3	0.1	-	145.7	-	420.3	577.3	-	577.3
Ministry of Tourism	-	-	1,460.5	-	-	-	-	-	330.7	-	1,791.2	-	1,791.2
State Department for Public Service and Youth Affairs	152.7	-	-	55.2	2,019.7	228.4	-	-	-	2,479.7	4,935.7	-	4,935.7
State Department for Gender	-	-	1,715.0	-	-	-	-	-	-	-	1,715.0	-	1,715.0
State Law Office and Department of Justice	-	-	-	-	2.9	-	-	-	-	29.3	32.1	-	32.1
The Judiciary	-	-	-	95.1	7.0	-	-	-	-	974.7	1,076.8	-	1,076.8
Ethics & Anti-Corruption Commission	-	-	-	-	-	-	-	-	-	-	-	-	-
Office of the Directorate of Public Prosecution	-	-	-	-	-	-	-	-	-	1.3	1.3	-	1.3
National Land Commission	-	-	-	-	-	-	-	-	-	103.3	103.3	-	103.3
Independent Electoral and Boundaries Commission	-	-	-	-	-	-	-	-	-	-	-	-	-
Parliamentary Service Commission	-	-	-	-	333.2	704.0	-	-	-	-	1,037.2	-	1,037.2
Public Service Commission	-	-	-	-	-	5.7	-	-	-	-	5.7	-	5.7
Teachers Service Commission	-	-	-	-	-	-	-	-	-	-	-	-	-
Auditor General	-	-	-	29.5	-	-	-	-	-	-	29.5	-	29.5
Total	166.5	42.1	108,164.3	2,138.3	95,951.2	2,841.2	24,028.3	701.5	2,379.1	28,320.2	264,732.6	62,176.6	202,556.0

Source: MDAs and National Treasury (IFMIS Directorate)

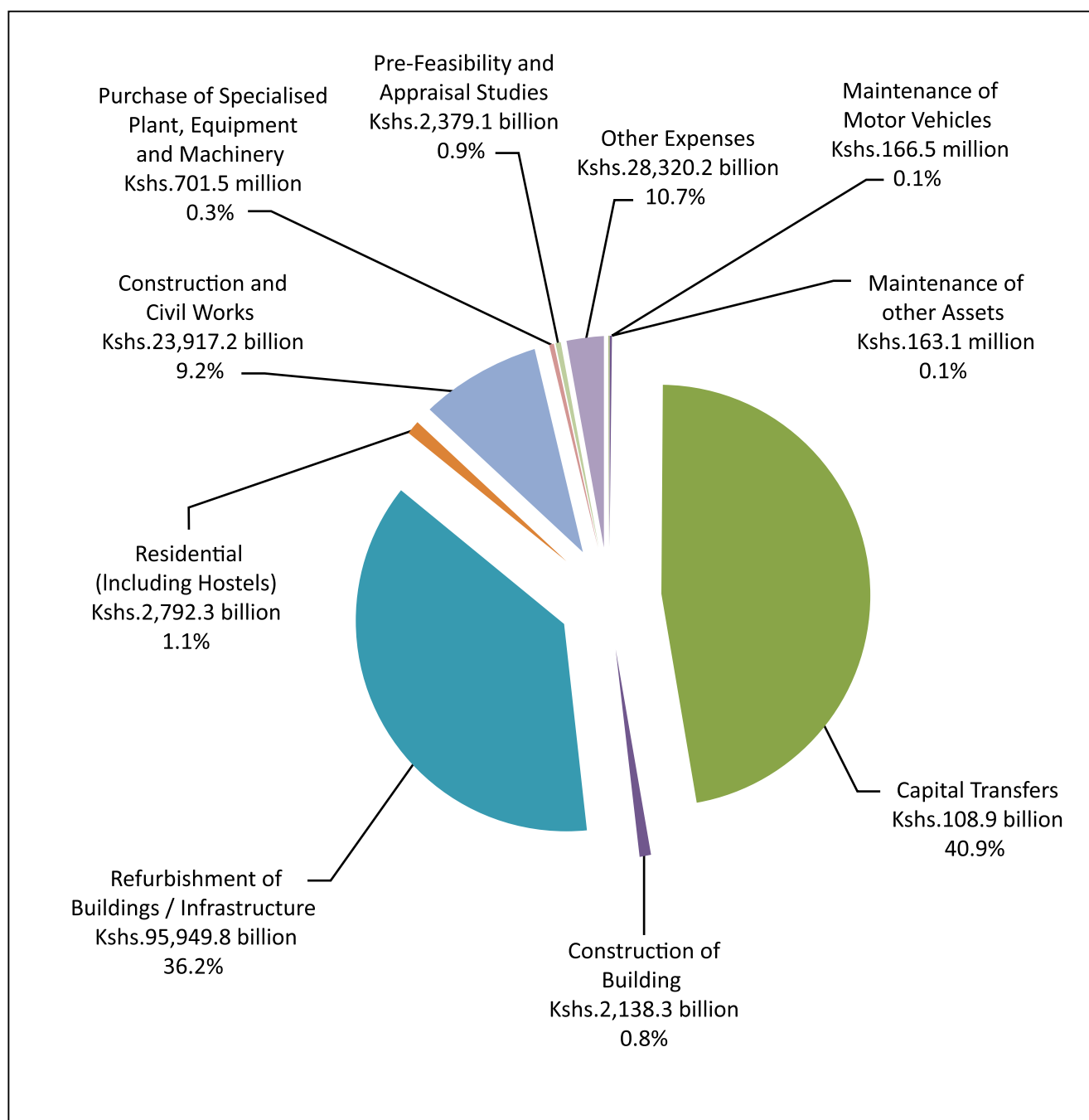
A review of the development expenditure by the MDAs during the reporting period shows that the State Department for Planning and Statistics had the highest capital transfers to its SAGAs at Kshs.26.6 billion corresponding to 24.6 per cent of the total capital transfers followed by the State Department of Infrastructure and State Department of Information Communication and Technology and Innovation at Kshs.17.7 billion and Kshs.15.5 billion respectively.

In the same period, State Department for Transport reported the highest expenditure on refurbishment of buildings /infrastructure at Kshs.93.3 billion translating to 97.2 per cent of the total MDA expenditure under this category. The State Department for Energy spent the highest amount on construction and civil works at Kshs.12.3 billion which was 51.1 per cent of the cumulative MDAs expenditure on this economic item.

During the period from July to December 2016, MDAs reported Kshs.63.3 billion as A-I-A while Kshs.28.3 billion was spent on 'other development activities' as shown in table 3.4. This 'other development' expenditure comprised of the purchase of Laboratory Materials, Supplies and Small Equipment, purchase of Vaccines and Sera, Fertilizer Clearance, Transport Costs and Charges (Freight, loading and unloading, clearing and shipping charges), Hiring of Medical Equipment, and payments for Contracted Technical Services.

Figure 3.4 Shows the composition of MDAs development expenditure for the First Half FY 2016/17.

Figure 3.4: Summary Analysis of MDAs' Development Expenditure First Half of FY 2016/17 (Kshs. million)



Source: MDAs and National Treasury

4 DEVELOPMENT AND RECURRENT EXPENDITURE ANALYSIS BY SECTOR

4.1 Introduction

This chapter presents analysis of performance by Sector for both development and recurrent expenditure in the first half of FY 2016/17. The Sectors are discussed in alphabetical order as follows; Agriculture, Rural and Urban Development (ARUD); Education, Energy, Infrastructure and Information Communications Technology (EI & ICT); Environmental Protection, Water and Natural Resources (EWNRR); Governance, Justice, Law and Order (GJLO); Health, Public Administration and International Relations (PAIR); National Security, and Social Protection, Culture and Recreation Sector.

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

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

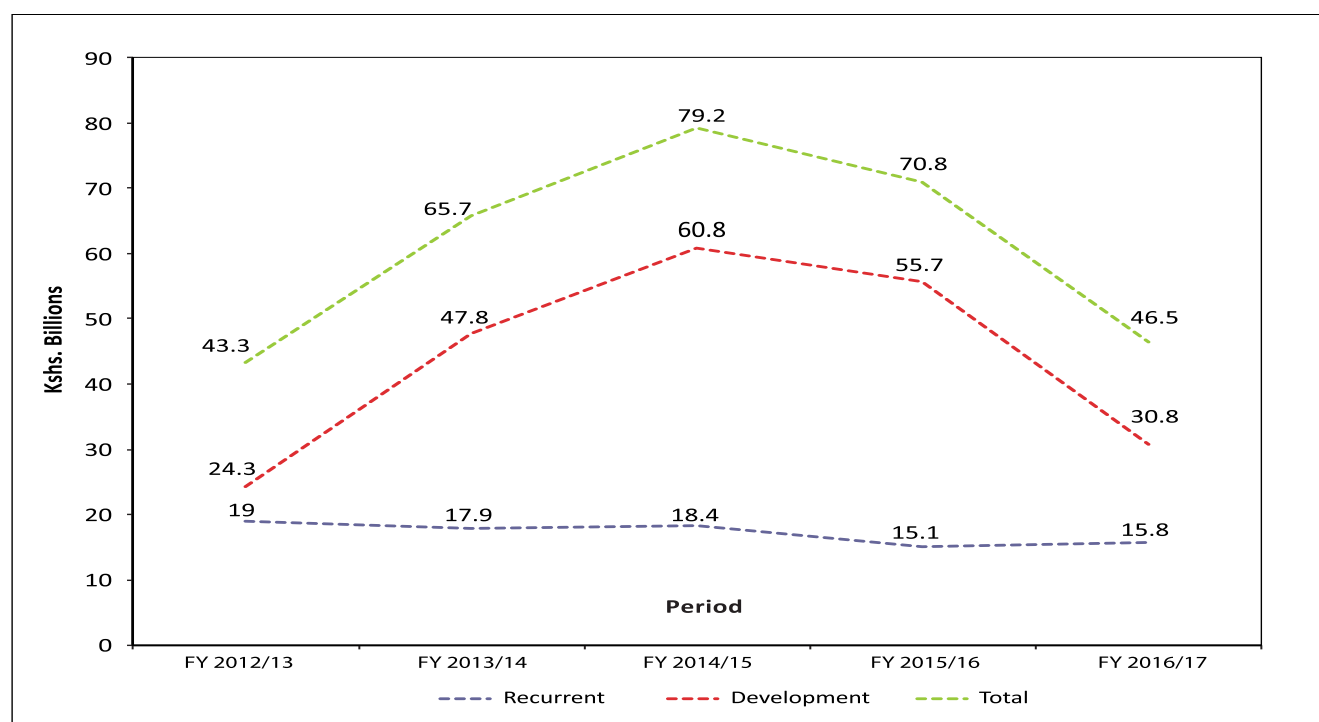
The Sector contributes significantly to the economy through the provision of raw materials for agro-based industries, agricultural exports as well as availing food to the Kenyan population. The goal of this Sector is to attain national food security and sustainable management of land, and the blue economy. Some of the objectives of the Sector include: improvement of market access and trade; strengthening institutional capacity for improved service delivery; enhancing the role of youth and women in the Sector; enhancing accessibility, equity and sustainable management of the land resource; and improvement of storage, access and retrieval of land resource data and information.

The annual budgetary allocation to the Sector in the FY 2016/17 was Kshs.46.5 billion representing 2 per cent of gross national budget, a significant decrease from Kshs.70.8 billion allocated in FY 2015/16. This decline is attributed to the government reorganization that led to moving of the State Department for Housing & Urban Development from AR & UD Sector to Energy, Infrastructure and Information Communication Technology Sector.

The allocation comprised of Kshs.30.8 billion (66 per cent) for development activities and Kshs.15.8 billion (34 per cent) for recurrent expenditure. The State Department for Agriculture received the highest budgetary allocation of Kshs.21.3 billion (45.7 per cent of the Sector's allocation), while National Land Commission (NLC) had the lowest budgetary allocation of Kshs.1.4 billion (3.1 per cent of the Sector's allocation).

Figure 4.1 below shows the budgetary allocation trend for the AR& UD Sector for the period FY 2012/13 to FY 2016/17

Figure 4.1: Budgetary Allocation Trend for the AR & UD Sector from FY 2012/13 to FY 2016/17 (Kshs. billion)



Source: National Treasury

In the first half of FY 2016/17, the sector received exchequer issues of Kshs. 12.4 billion representing 34.9 per cent of the sectors' annual net estimates. This comprised of Kshs. 5.4 billion for development expenditure representing 27.5 per cent of the annual development net estimates and Kshs. 6.9 billion representing 44.2 per cent of the recurrent annual net estimates.

Table 4.1 shows AR & UD Sector analysis of exchequer issues and expenditure in the first half of FY 2016/17.

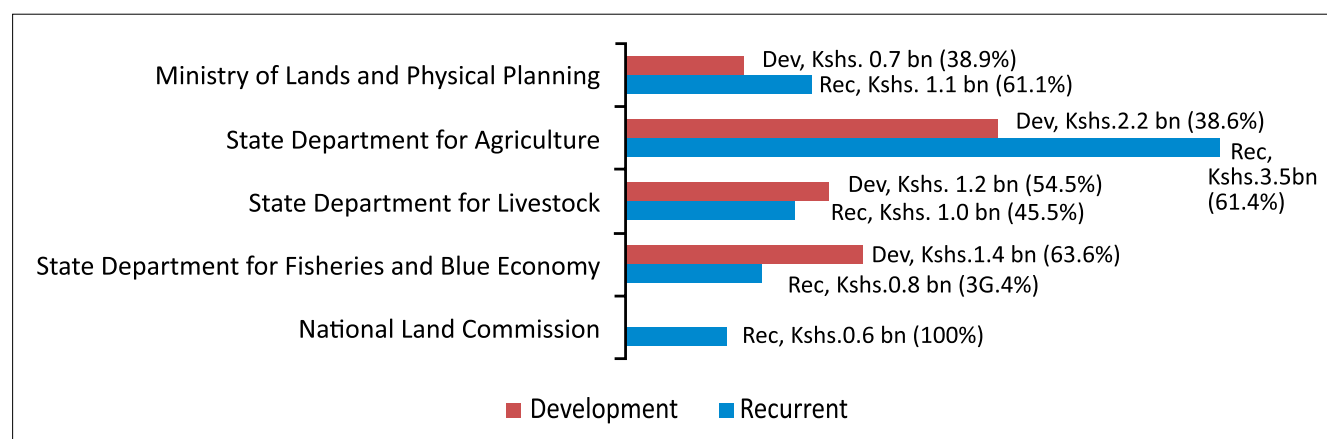
Table 4.1: AR & UD Sector-Analysis of Exchequer Issues and Expenditure for the period July to December 2016 (Kshs. Billions)

VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Ministry of Lands and Physical Planning	3.8	3.8	0.7	1.3	18.0	34.5	2.2	2.2	1.1	1.0	49.1	46.5
State Department for Agriculture	12.7	9.9	2.2	5.0	21.8	39.2	8.6	8.6	3.5	3.2	40.8	37.6
State Department for Livestock	11.7	4.0	1.2	1.2	28.8	9.9	1.9	1.9	1.0	0.9	52.7	53.4
State department for Fisheries and Blue Economy	2.5	2.0	1.4	1.5	71.3	58.0	1.7	1.7	0.8	0.7	48.5	42.8
National Land Commission	-	-	-	0.1	-	-	1.4	1.4	0.6	0.6	41.3	40.1
Total	30.8	19.8	5.4	9.0	27.5	29.3	15.8	15.7	6.9	6.5	44.2	41.5
Total for the Sector							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Development							30.8	19.8	5.4	9.0	27.5	29.3
Recurrent							15.8	15.7	6.9	6.5	44.2	41.5
Total							46.5	35.5	12.4	15.6	34.9	33.4

Source: MDAs and National Treasury

The State Department for Fisheries and Blue Economy received the highest proportion of development exchequer issues to development net estimates at 71.3 per cent while Ministry of Lands and Physical Planning received the least at 18.0 per cent. The State Department for Livestock received the highest proportion of recurrent exchequer issues to recurrent net estimates at 52.7 per cent while the State Department for Agriculture received the least at 40.8 per cent as shown in Figure 4.2.

Figure 4.2 Exchequer Issues to the AR & UD Sector for the First Half of FY 2016/17 (Kshs. Billions)



Source: National Treasury

The total expenditure for the sector during the first half of FY 2016/17 amounted to Kshs.15.6 billion; representing 33.4 per cent of the annual gross estimates, compared to 32.1 per cent (Kshs.25.6 billion) recorded in the same period FY 2015/16. The expenditure comprised of Kshs.9 billion for development activities, representing an absorption rate of 29.3 per cent, a decline from 31.1 per cent recorded in a similar period FY 2015/16 and Kshs.6.5 billion in the recurrent expenditure, representing 41.5 per cent of the gross recurrent estimates, an improvement compared to 36 per cent (Kshs.6.0 billion) reported in a similar period FY 2015/16.

State Department for Fisheries and Blue Economy recorded the highest absorption of development budget at 58.0 per cent (Kshs.1.5 billion) while the State Department for Livestock had the lowest at 9.9 per cent. The State Department for Livestock recorded the highest percentage of recurrent expenditure to annual recurrent estimates at 53.4 per cent while the State Department for Agriculture had the lowest at 37.6 per cent.

4.3 Education Sector

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

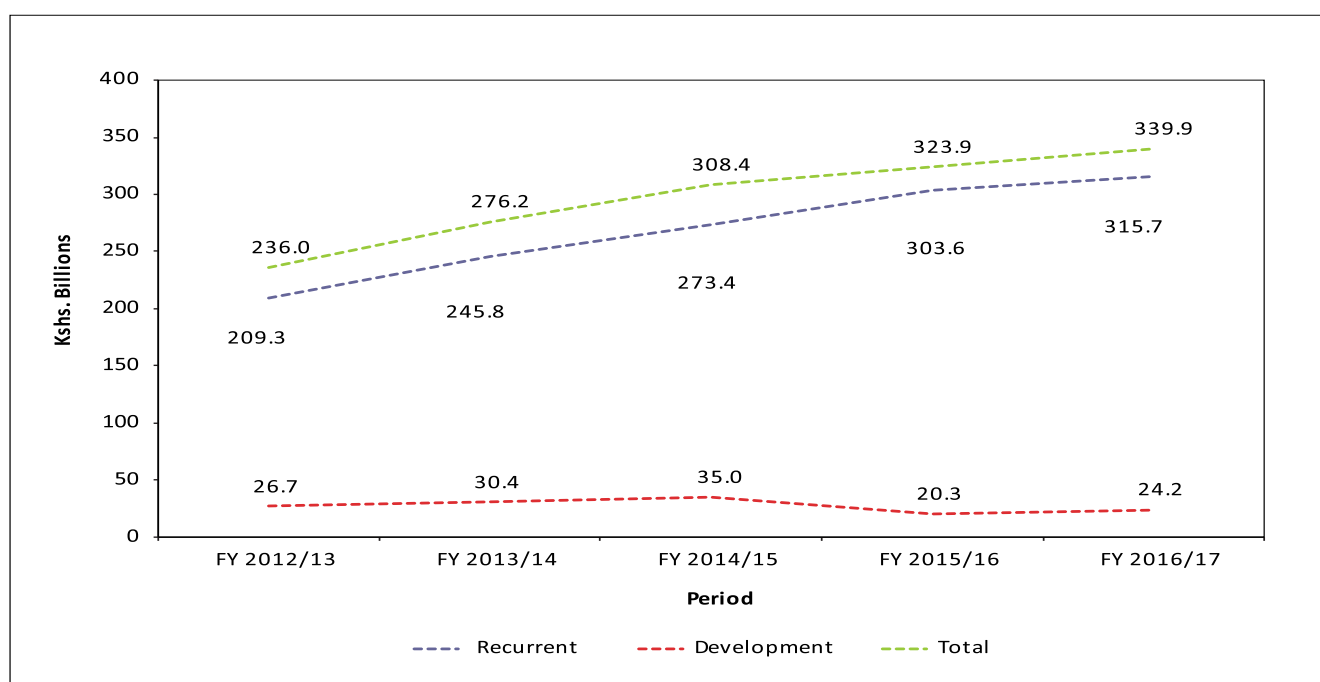
The Sector envisions a globally competitive education, training, research and innovation for sustainable development. In order to realize this, the Sector undertakes to provide, promote and coordinate quality education for sustainable development. The Sector's overall goal is to increase access to education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

The Education Sector's goals and objectives have been aligned to the Constitution of Kenya and Vision 2030 as well as to international commitments. The Sector's policies, legal and regulatory reforms are aimed at achieving the objects of the Constitution with regard to Education and Training and national priorities. These objectives are; quality education, expanded access and inclusivity in education. The Sector also aims at ensuring that the education system is relevant and promotes innovativeness.

The annual budgetary allocation to the Sector in the FY 2016/17 was Kshs.339.9 billion representing 14 per cent of gross national budget, an increase from Kshs.323.9 billion allocated in FY 2015/16. The allocation comprised of Kshs.24.2 billion (7 per cent) for development expenditure and Kshs.315.7 billion (93 per cent) for recurrent expenditure. The Teachers Service Commission received the highest budgetary allocation of Kshs.194.1 billion (57 per cent of the Sector's allocation), while the State Department for Vocational and Technical Training had the lowest budgetary allocation of Kshs.6.5 billion (2 per cent of the Sector's allocation).

Figure 4.3 shows budgetary allocation trend of the Education Sector for the period FY 2012/13 to FY 2016/17

Figure 4.3: Budgetary Allocation Trend for the Education Sector from FY 2012/13 to FY 2016/17 (Kshs. Billion)



Source: National Treasury

In the first half of FY 2016/17, the sector received exchequer issues of Kshs.136 billion representing 43.3 per cent of the sectors' annual net estimates. This comprised of Kshs.5.7 billion for development expenditure representing 33.3 per cent of the annual development net estimates and Kshs.130.4 billion representing 43.8 per cent of the annual recurrent net estimates.

Table 4.2 shows Education Sector analysis of exchequer issues and expenditure in the first half of FY 2016/17.

Table 4.2: Education Sector-Analysis of Exchequer Issues and Expenditure for the period July to December, 2016. (Kshs. Billions)

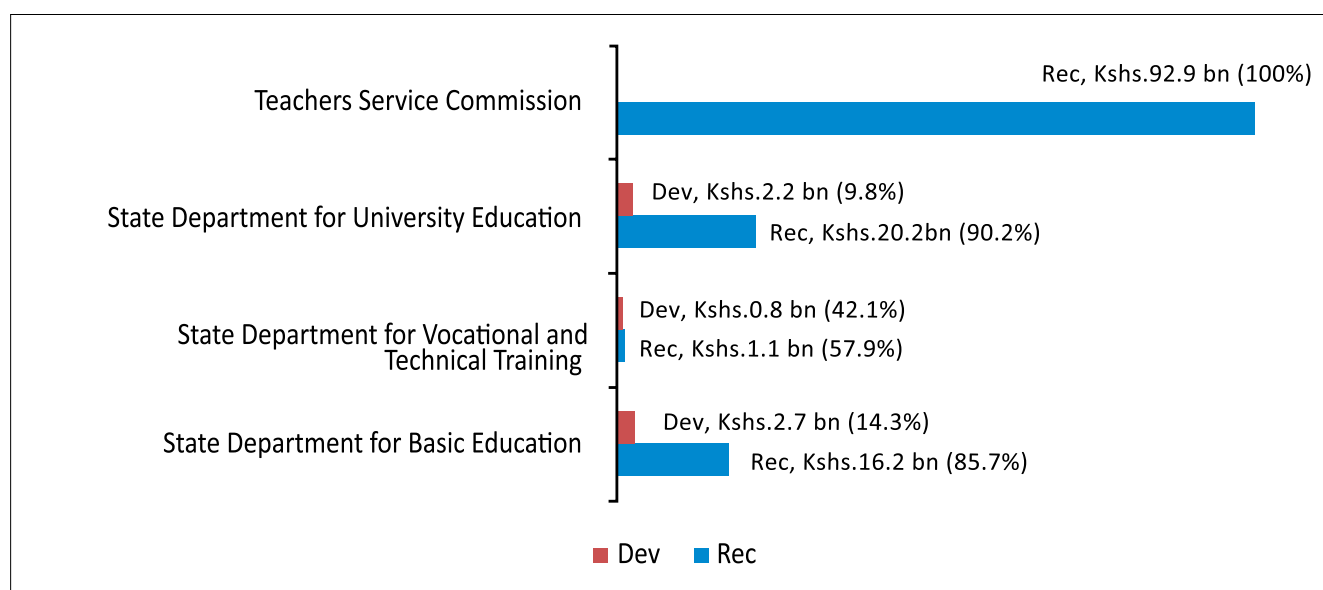
VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
State Department for Basic Education	8.4	5.9	2.7	1.1	46.0	12.8	58.8	57.3	16.2	14.4	28.3	24.5
State Department for Vocational and Technical Training	4.2	2.5	0.8	0.8	30.9	18.7	2.3	2.3	1.1	1.1	47.6	46.2
State Department for University Education	11.5	8.5	2.2	3.3	25.5	28.4	60.7	44.0	20.2	23.2	45.9	38.3
Teachers Service Commission	0.1	0.1	-	-	-	-	194.0	193.8	92.9	93.0	47.9	48.0
Total	24.2	17.0	5.7	5.1	33.3	21.2	315.7	297.4	130.4	131.7	43.8	41.7
Total for the Sector							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Development							24.2	17.0	5.7	5.1	33.3	21.2
Recurrent							315.7	297.4	130.4	131.7	43.8	41.7
Total							339.9	314.4	136.0	136.9	43.3	40.3

Source: MDAs and National Treasury

The State Department for Basic Education received the highest proportion of development exchequer issues to development net estimates at 46 per cent while Teachers Service Commission did not receive exchequer issues for development activities. The Teachers service commission received the highest proportion of recurrent exchequer issues to the annual net recurrent estimates at 47.9 per cent while the State Department for Basic Education received the least at 28.3 per cent.

Figure 4.4 shows the exchequer issues to the Education Sector in the first half of FY 2016/17.

Figure 4.4: Exchequer Issues to the Education Sector for the First Half of FY 2016/17 (Kshs. Billions)



Source: National Treasury

The total expenditure for the sector during the first half of FY 2016/17 amounted to Kshs. 136.9 billion, representing 40.3 per cent of the annual gross estimates, an increase compared to 38.9 per cent (Kshs. 130.7 billion) recorded in a similar period FY 2015/16. The expenditure comprised of Kshs. 5.1 billion for development activities, representing an absorption rate of 21.2 per cent, and Kshs. 131.7 billion, representing 41.7 per cent of the annual recurrent estimates.

The State Department for University Education recorded the highest absorption of development budget at 28.4 per cent (Kshs. 3.3 billion) while the Teachers Service Commission did not spend funds on development activities. The Teachers Service Commission recorded the highest percentage of recurrent expenditure to annual recurrent estimates at 48 per cent while the State Department for Basic Education had the lowest at 24.5 per cent.

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

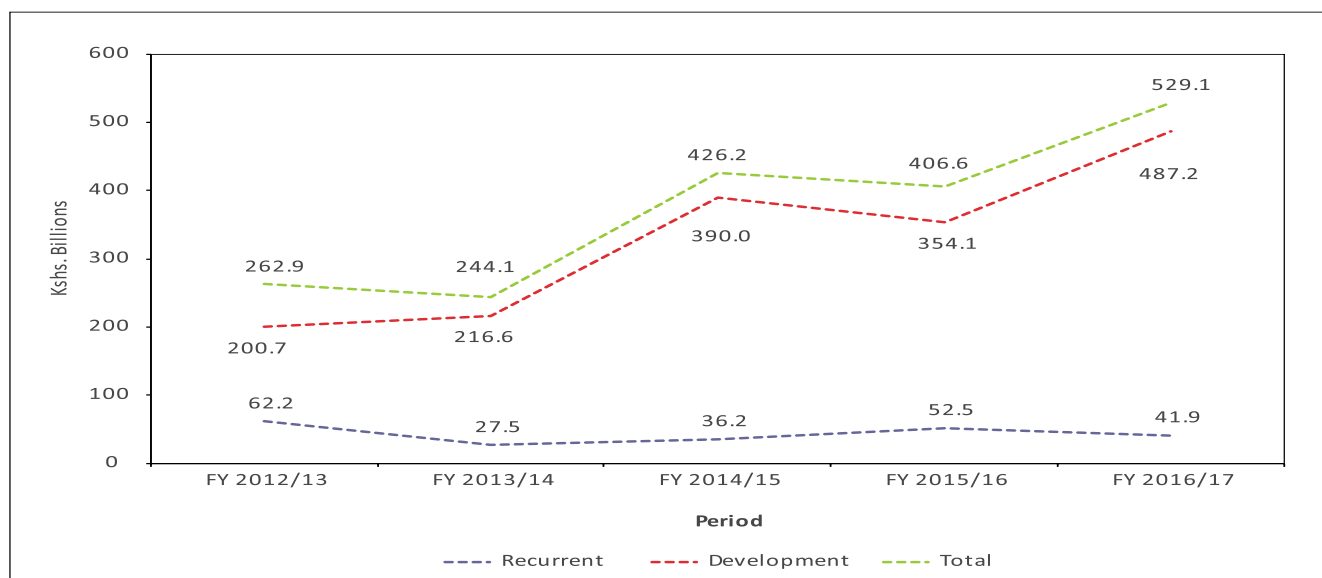
This Sector consists of nine MDAs namely, the State Department for: Infrastructure, Transport, Maritime and Shipping Affairs, Housing and Urban Development, Public Works, Information Communications Technology and Innovation, Broadcasting and Telecommunication, and Petroleum and Energy. The Energy, Infrastructure and ICT Sector is a key enabler for sustained economic growth, development and poverty reduction. The Sector aims at sustaining and expanding physical infrastructure to support a rapidly-growing economy in line with the priorities in Kenya's Vision 2030.

The annual budgetary allocation to the Sector in the FY 2016/17 was Kshs. 529.2 billion representing 21 per cent of gross national budget, a significant increase from Kshs. 406.6 billion allocated in FY 2015/16. This increase of 30 per cent is attributed to government reorganization which increased the Sector's departments from 4 to 9. The allocation comprised of Kshs. 487.2 billion (92 per cent) for development expenditure and Kshs. 41.9 billion (8 per

cent) for recurrent expenditure. The State Department for Transport received the highest budgetary allocation of Kshs.181.6 billion (34 per cent of the Sector's allocation), while the State Department for Maritime and Shipping Affairs had the lowest budgetary allocation of Kshs.237.2 million, less than 1 per cent of the Sector's allocation.

Figure 4.5 shows the budgetary allocation trend for the EI & ICT Sector for the period FY 2012/13 to FY 2016/17.

Figure 4.5: Budgetary Allocation Trend for the EI & ICT Sector from FY 2012/13 to FY 2016/17 (Kshs. Billion)



Source: National Treasury

In the first half of FY 2016/17, the sector received exchequer issues of Kshs.54.8 billion representing 29.6 per cent of the sectors' annual net estimates. This comprised of Kshs.50.6 billion for development expenditure translating to 28.9 per cent of the annual net development estimates and Kshs.4.2 billion translating to 42.3 per cent of the annual net recurrent estimates. Table 4.3 shows EI&ICT sector analysis of exchequer issues and expenditure in the first half period of FY 2016/17.

Table 4.3: EI & ICT-Analysis of Exchequer Issues and Expenditure for the period July to December 2016. (Kshs. Billions)

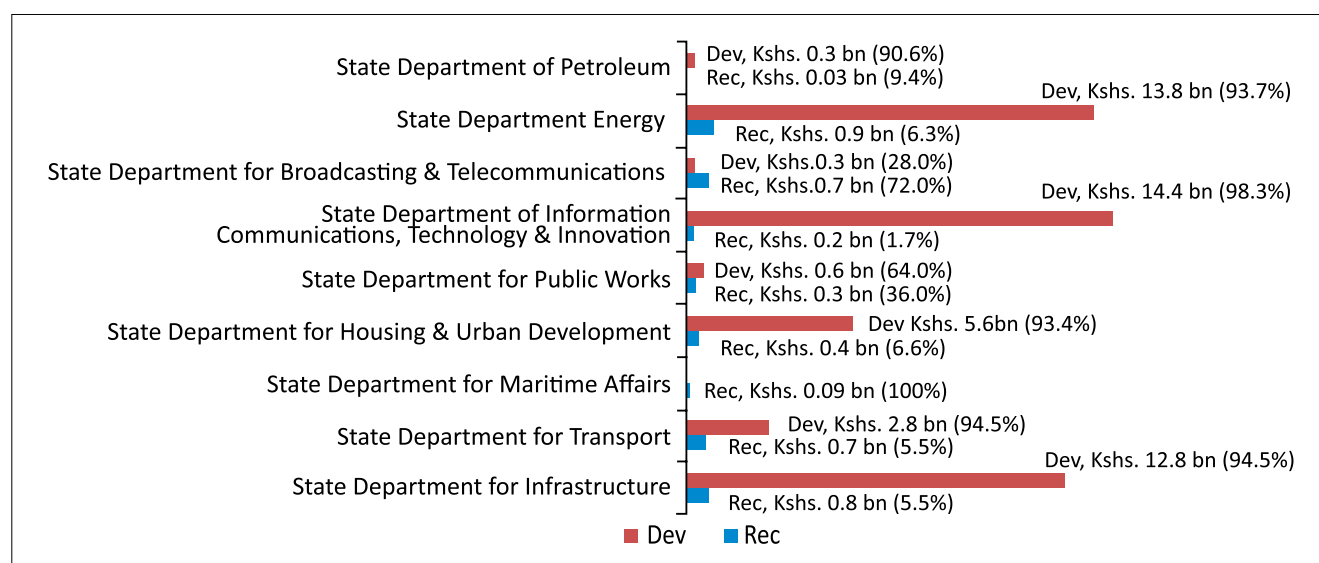
VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
State Department for Infrastructure	147.7	84.8	12.8	19.3	15.1	13.1	29.0	1.8	0.8	13.5	40.9	46.6
State Department for Transport	175.8	15.3	2.8	95.0	18.3	54.0	5.8	1.4	0.7	4.0	47.5	69.0
State Department for Maritime & Shipping Affairs	-	-	-	-	-	-	0.2	0.2	0.09	0.07	36.9	30.0
State Department for Housing & Urban Development	19.3	13.4	5.6	7.1	42.2	36.6	0.9	0.9	0.4	0.4	46.5	45.9
State Department for Public Works	2.0	2.0	0.6	0.6	28.8	29.7	0.9	0.9	0.3	0.3	37.1	33.7
State Department of Information Communications & Technology & Innovation	22.3	19.5	14.4	17.9	74.0	80.4	0.9	0.9	0.2	0.3	27.5	34.6
State Department for Broadcasting & Telecommunications	0.7	0.7	0.3	-	44.4	-	2.1	1.9	0.7	0.8	40.1	37.0
State Department Energy	115.2	36.5	13.8	23.6	37.8	20.5	2.1	1.9	0.9	0.9	50.0	42.7
State Department of Petroleum	4.2	2.9	0.3	0.3	9.1	7.5	0.1	0.1	0.03	0.02	62.1	22.0
Total	487.2	175.1	50.6	163.8	28.9	33.6	41.9	9.9	4.2	20.3	42.3	48.3
Total for the Sector							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Development							487.2	175.1	50.6	163.8	28.9	33.6
Recurrent							41.9	9.9	4.2	20.3	42.3	48.3
Total							529.1	185.0	54.8	184.1	29.6	34.8

Source: MDAs and National Treasury

State Department of Information, Communications and Technology and Innovation received the highest proportion of development exchequer issues to the net development estimates at 74 per cent while the State Department of Petroleum received the least at 9.1 per cent. State Department of Petroleum received the highest proportion of recurrent exchequer issues to annual net recurrent estimates at 62.1 per cent while the State Department of Information, Communications and Technology and Innovation received the least at 27.5 per cent.

Figure 4.6 shows the exchequer issues to the EI & ICT Sector in the first half of FY 2016/17.

Figure 4.6: Exchequer Issues to the EI & ICT Sector for the First Half of FY 2016/17
(Kshs. Billions)



Source: National Treasury

The total expenditure for the sector during the first half FY 2016/17 amounted to Kshs.184.1 billion, representing 34.8 per cent of the annual gross estimates, an increase from 21.1 per cent (Kshs.85.4 billion) recorded in a similar period FY 2015/16. The expenditure comprised of Kshs.163.8 billion spent on development activities, translating to an absorption rate of 33.6 per cent, an increase from 22.7 per cent recorded in a similar period FY 2015/16 while Kshs.20.3 billion was spent on recurrent activities, representing 48.3 per cent of the annual recurrent estimates, and an improvement from 8.3 per cent (Kshs.3.4 billion) reported in a similar period FY 2015/16.

State Department of Information Communications and Technology and innovation recorded the highest absorption of development budget at 80.4 per cent (Kshs.17.9 billion) while the State Department of Petroleum recorded the lowest at 7.5 per cent (Kshs. 0.32 billion). State Department for Transport recorded the highest percentage of recurrent expenditure to annual recurrent estimates at 69.0 per cent while the State Department of Petroleum recorded the lowest at 22.0 per cent.

4.5 Environmental Protection, Water and Natural Resource Sector

The Environmental Protection, Water and Natural Resources Sector consists of five MDAs namely the State Department for; Environment, Natural Resources, Water Services, Irrigation and Ministry of Mining with a total of 26 semi-autonomous government agencies.

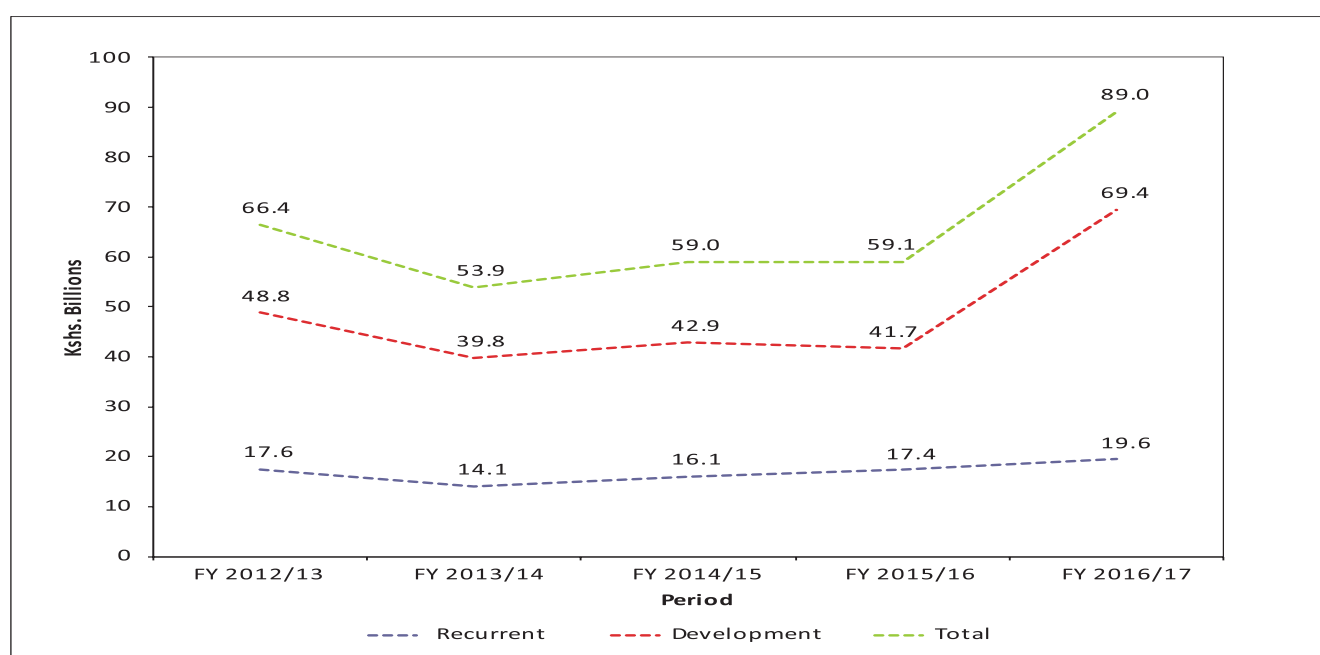
The overall goal of the Sector is to ensure sustainable development in a clean and secure environment. The specific objectives are to: enhance sustainable management of environment, water, irrigation and natural resources; ensure access to water and natural resources benefits for socio-economic development; enhance capacity building for environment, water and natural resources management. It also aims at increasing utilization of land through

irrigation, drainage and land reclamation; enhance research on environment, water and natural resources for sustainable development and protect and reclaim the environment in order to establish a durable and sustainable system of development and resilience to climate change.

The annual budgetary allocation to the Sector in FY 2016/17 was Kshs.89.0 billion, representing 4 per cent of gross national budget, a significant increase from Kshs.59.1 billion allocated in FY 2015/16. The allocation comprised of Kshs.69.4 billion (78 per cent) for development expenditure and Kshs.19.6 billion (22 per cent) for recurrent expenditure. The State Department for Water Services received the highest budgetary allocation of Kshs.43.2 billion (43.2 per cent of the Sector's allocation), while the Ministry of Mining had the lowest budgetary allocation of Kshs.4.6 billion (5 per cent of the Sector's allocation).

Figure 4.7 shows the budgetary allocation trend for the Environmental Protection, Water and Natural Resources Sector for the period in FY 2012/13 to FY 2016/17.

Figure 4.7: Budgetary Allocation Trend for the Environmental Protection, Water and Natural Resources Sector from FY 2012/13 to FY 2016/17 (Kshs. Billion)



Source: National Treasury

In the first half of FY 2016/17, the sector received exchequer issues of Kshs.17.1 billion translating to 41.9 per cent of the sectors' annual net estimates. This comprised of Kshs.12.2 billion for development expenditure representing 39.4 per cent of the annual net development estimates and Kshs.4.9 billion for recurrent expenditure accounting for 49.5 per cent of the annual net recurrent estimates.

Table 4.4 shows Environmental Protection, Water and Natural Resources sector analysis of exchequer issues and expenditure in the first half of FY 2016/17.

Table 4.4: Environmental Protection, Water and Natural Resources Sector-Analysis of Exchequer Issues and Expenditure for the period July to December, 2016. (Kshs. Billions)

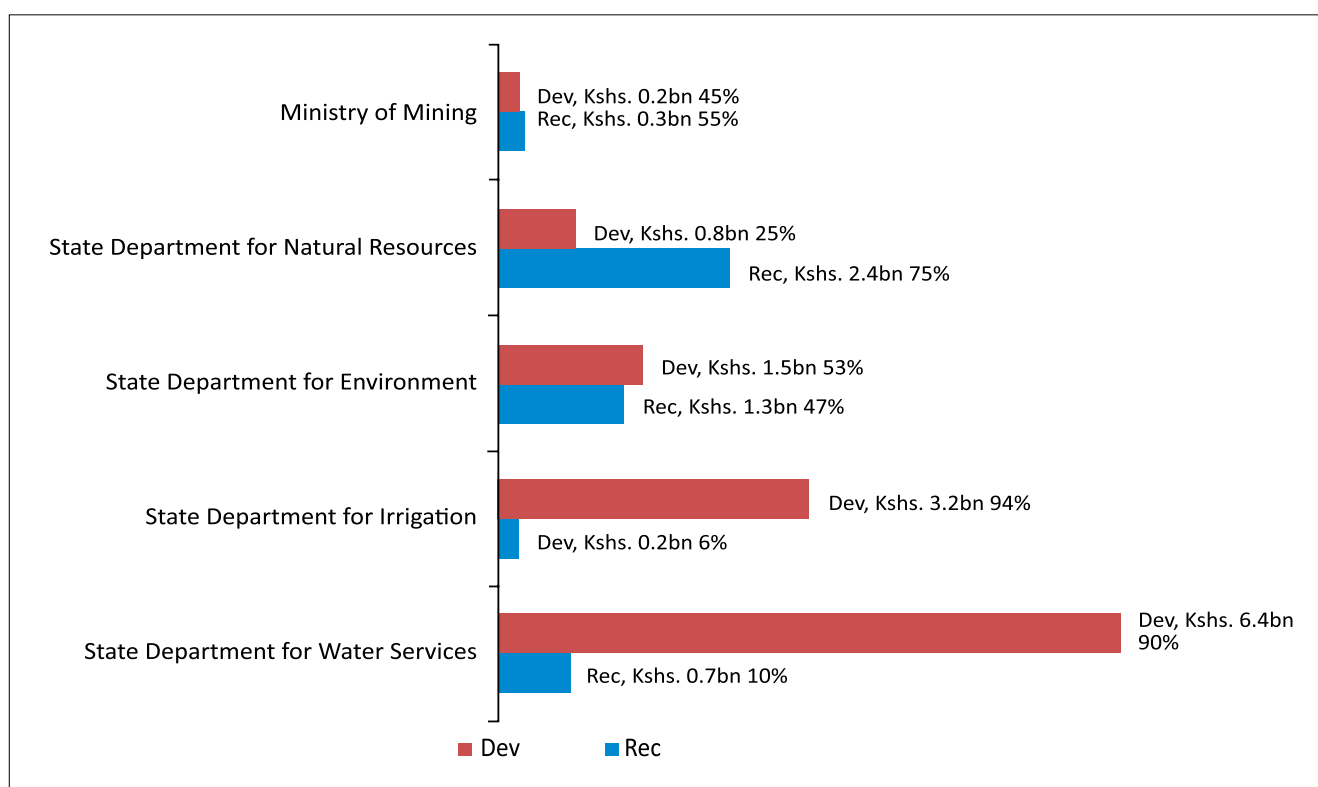
VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
State Department for Water Services	39.6	11.1	6.4	9.0	57.7	22.7	3.6	1.5	0.7	0.7	49.6	19.2
State Department for Irrigation	18.1	9.8	3.2	4.6	32.7	25.3	0.9	0.5	0.2	0.2	38.2	19.1
State Department for Environment	4.2	3.9	1.5	1.0	38.7	23.6	3.0	2.2	1.3	1.1	60.7	35.5
State Department for Natural Resources	3.6	2.1	0.8	1.0	37.2	29.1	11.3	5.1	2.4	2.4	47.1	21.3
Ministry of Mining	3.9	3.9	0.2	0.6	5.8	14.8	0.7	0.7	0.3	0.2	40.5	32.3
Total	69.4	30.9	12.2	16.2	39.4	23.4	19.6	9.9	4.9	4.6	49.5	23.4
Total for the Sector							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Development							69.4	30.9	12.2	16.2	39.4	23.4
Recurrent							19.6	9.9	4.9	4.6	49.5	23.4
Total							89.0	40.8	17.1	20.8	41.9	23.4

Source: MDAs and National Treasury

The State Department for Water Services received the highest proportion of development exchequer issues to the annual net development estimates at 57.7 per cent while Ministry of Mining received the lowest at 5.8 per cent. The State Department for Environment received the highest proportion of recurrent exchequer issues to the annual net recurrent estimates at 60.7 per cent while the State Department for Irrigation received the lowest at 38.2 per cent.

Figure 4.8 shows the exchequer issues to Environmental Protection, Water and Natural Resources sector in the first half of FY 2016/17.

Figure 4.8: Exchequer Issues to the Environmental Protection, Water and Natural Resources Sector for the First Half of FY 2016/17 (Kshs. Billions)



Source: National Treasury

The total expenditure for the sector during the first half of FY 2016/17 amounted to Kshs.20.8 billion, accounting for 23.4 per cent of the annual estimates, an increase from 16.7 per cent (Kshs.10.6 billion) recorded in a similar period of FY 2015/16. The expenditure comprised of Kshs.16.2 billion in development expenditure, representing an absorption rate of 23.4 per cent, an increase from 13.7 per cent recorded in a similar period of FY 2015/16. Recurrent expenditure was Kshs.4.6 billion, representing 23.4 per cent of the annual recurrent estimates, and a decline compared to 24.2 per cent reported in a similar period of FY 2015/16.

The State Department for Natural Resources recorded the highest absorption of development estimates at 29.1 per cent (Kshs.1.0 billion) while the Ministry of Mining recorded the lowest absorption on development expenditure at 14.8 per cent (Kshs.0.3 billion). The State Department for Environment recorded the highest absorption of recurrent estimates at 35.5 per cent (Kshs.1.1 billion), while the State Department for Irrigation recorded lowest proportion of recurrent expenditure to annual gross recurrent estimates at 19.1 per cent (Kshs.0.2 million).

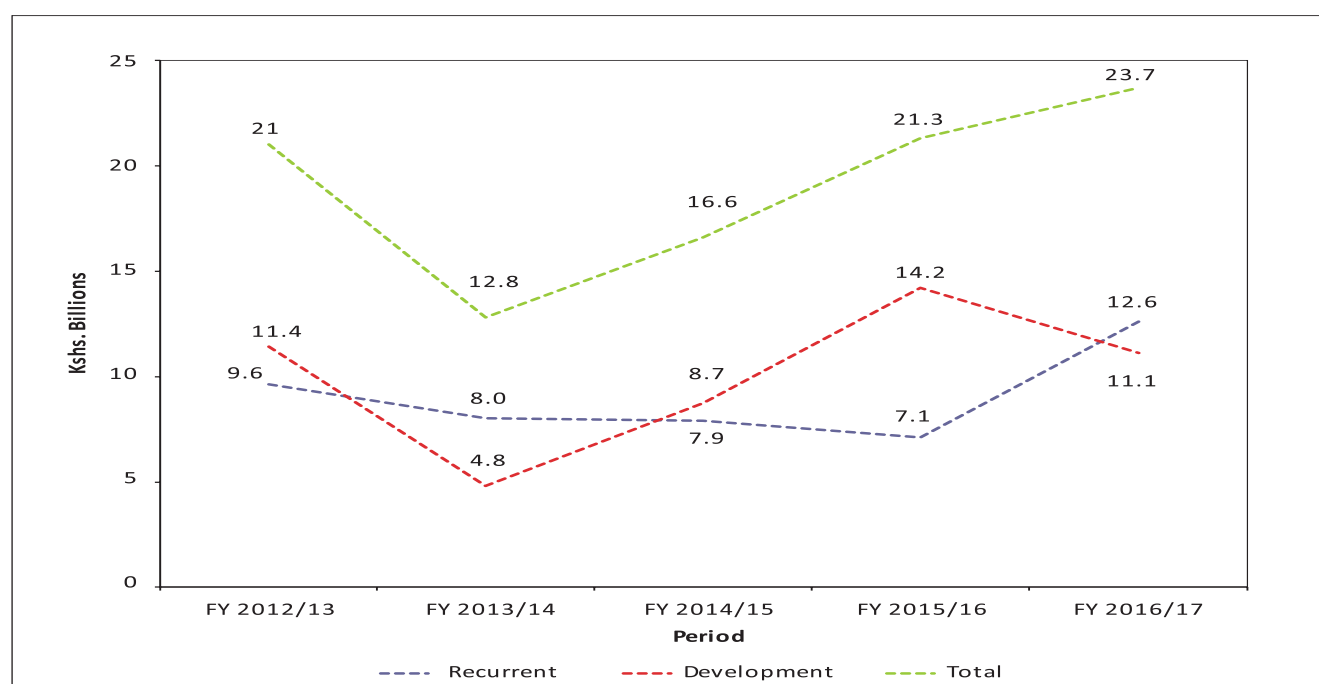
4.6 General Economic and Commercial Affairs (GECA) Sector

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

The annual budgetary allocation to the Sector in FY 2016/17 was Kshs.23.7 billion, representing 1 per cent of the gross national budget, an increase from Kshs.17.3 billion allocated in FY 2015/16. The allocation comprised of Kshs.11.1 billion (47 per cent) for development expenditure and Kshs.12.6 billion (53 per cent) for recurrent expenditure. The State Department for Investment and Industry received the highest budgetary allocation of Kshs.8.1 billion (34 per cent of the Sector's allocation), while the State Department for East African Integration had the lowest allocation at Kshs.1.6 billion (7 per cent of the Sector's allocation).

Figure 4.9 below shows the budgetary allocation trend for the GECA Sector from FY 2012/13 to FY 2016/17.

Figure 4.9: Budgetary Allocation Trend for the GECA Sector from FY 2012/13 to FY (2016/17 (Kshs. Billion)



Source: National Treasury

During the first half of FY 2016/17, the Sector received exchequer issues amounting to Kshs.8.6 billion, representing 38.8 per cent of the Sector's annual net estimates. The exchequer issues comprised of Kshs.3.5 billion for development expenditure, a 32.6 per cent of the annual net development estimates, and Kshs.5.2 billion for recurrent expenditure, accounting for 44.6 per cent of the recurrent annual net estimates. Table 4.5 presents analysis of exchequer issues to the Sector and expenditure in the first half of FY 2016/17.

Table 4.5: GECA Sector-Analysis of Exchequer Issues and Expenditure for the period July to December, 2016. (Kshs. Billions)

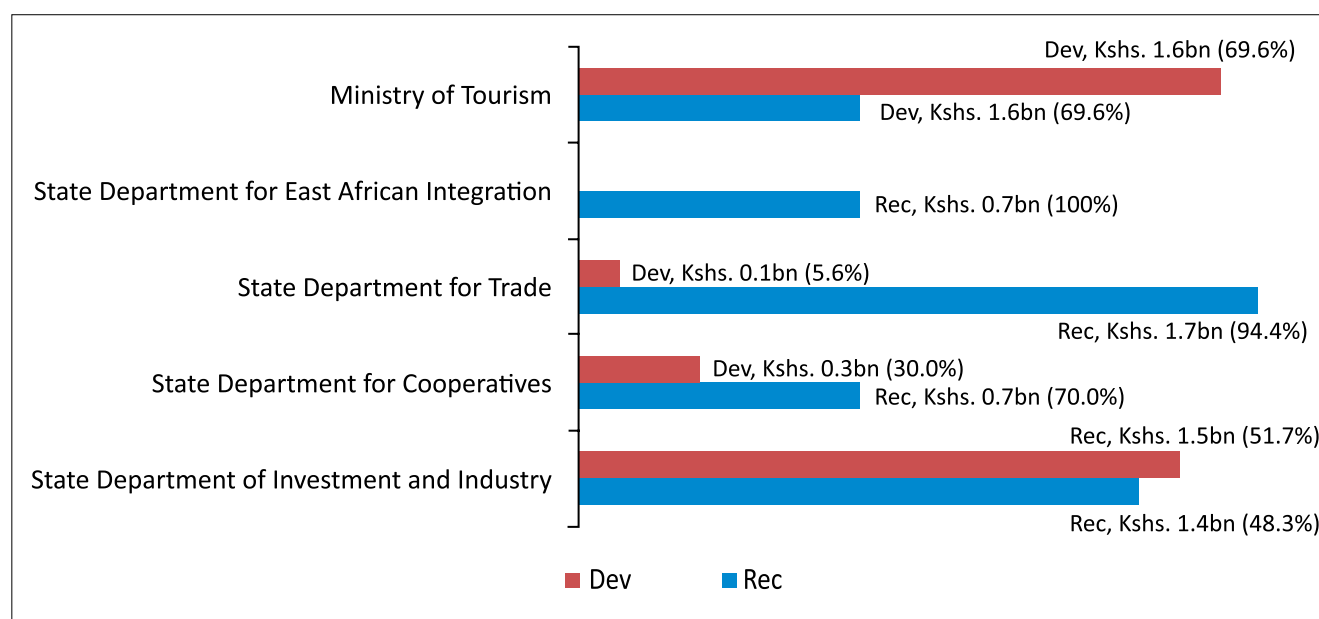
VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
State Department of Investment and Industry	5.4	5.1	1.5	2.3	29.8	42.6	2.7	2.6	1.4	1.1	51.8	42.2
State Department for Cooperatives	0.5	0.5	0.3	0.3	47.2	47.2	3.1	3.1	0.7	0.7	23.5	23.5
State Department for Trade	0.2	0.2	0.1	0.05	32.3	19.3	2.9	2.9	1.7	0.6	58.1	20.1
State Department for East African Integration	0.1	-	-	-	-	-	1.5	1.5	0.7	0.7	44.5	44.9
Ministry of Tourism	4.8	4.8	1.6	1.8	33.9	37.0	2.4	1.4	0.7	0.7	50.3	29.1
Total	11.1	10.7	3.5	4.4	32.6	39.6	12.6	11.6	5.2	3.8	44.6	30.3
Total for the Sector							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Development							11.1	10.7	3.5	4.4	32.6	39.6
Recurrent							12.6	11.6	5.2	3.8	44.6	30.3
Total							23.7	22.3	8.6	8.2	38.8	34.7

Source: MDAs and National Treasury

The State Department State Department for Cooperatives received the highest proportion of development exchequer issues to the annual net development estimates at 47.2 per cent while the State Department of Investment and Industry received the lowest at 29.8 per cent. The State Department for Trade received the highest proportion of recurrent exchequer issues to the annual net recurrent estimates at 58.1 per cent while the State Department for Cooperatives received the lowest at 23.5 per cent.

Figure 4.10 shows the exchequer issues to GECA sector in the first half of FY 2016/17.

Figure 4.10: Exchequer Issues to the GECA Sector for the First Half of FY 2016/17
(Kshs. Billions)



Source: National Treasury

The total expenditure for the sector during the first half of FY 2016/17 amounted to Kshs.8.2 billion, representing 34.7 per cent of the annual gross estimates, an increase compared to 33.4 per cent recorded in a similar period FY 2015/16. The expenditure consisted of Kshs.4.4 billion in development expenditure, representing an absorption rate of 39.6 per cent, compared to 28.9 per cent attained in a similar period FY 2015/16 and Kshs.3.8 billion in the recurrent expenditure, accounting for 30.3 per cent of the recurrent estimates, and a decline compared to 42.3 per cent reported in a similar period FY 2015/16.

The State Department for Cooperatives recorded the highest absorption of development budget at 47.2 per cent while the State Department for Trade recorded the lowest absorption at 19.3 per cent. The State Department for East African Integration recorded the highest percentage of recurrent expenditure to its annual recurrent estimates at 44.9 per cent while the State Department for Trade had the lowest at 20.1 per cent.

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

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

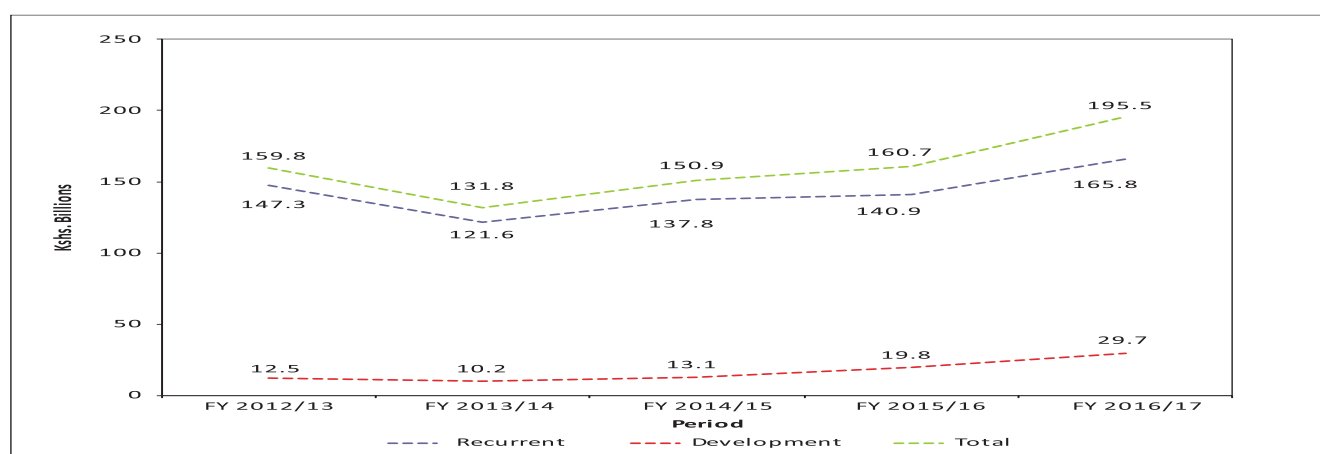
The role of the Sector includes; provision of security, correctional services, legal advisory services to government agencies and administration of justice. It also plays a major role in promoting integrity and the fight against

corruption, provision of prosecution services, spearheading the implementation of the Constitution, regulating political parties, protecting witnesses, and protecting human rights. Further, the Sector plays an instrumental role in the delimitation of electoral boundaries and management of electoral process, promotion of gender equality and inclusion of marginalized groups and communities, and civilian policing oversight.

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

The annual budgetary allocation to the Sector in FY 2016/17 was Kshs.195.5 billion representing 8 per cent of gross national budget, an increase from Kshs.160.7 billion allocated in FY 2015/16. The allocation comprised of Kshs.29.7 billion (15 per cent) for development expenditure and Kshs.165.8 billion (85 per cent) for recurrent expenditure. The State Department for Interior received the highest budgetary allocation of Kshs.125.8 billion (64 per cent of the Sector's allocation), while the Witness Protection Agency had the lowest at Kshs.0.4 billion (0.2 per cent of the Sector's allocation). Figure 4.11 shows the budgetary allocation trend for the GJLOS Sector for the period FY 2012/13 to FY 2016/17.

Figure 4.11: Budgetary Allocation Trend for the GJLOS Sector from FY 2012/13 to FY 2016/17 (Kshs. Billion)



Source: National Treasury

In the first half of FY 2016/17, the Sector received exchequer issues amounting to Kshs.85.8 billion, representing 44.3 per cent of the Sectors' annual net estimates. The exchequer issues comprised of Kshs.12.3 billion for development expenditure, representing 43.0 per cent of the annual net development estimates, and Kshs. 73.6 billion for recurrent expenditure, representing 44.6 per cent of the annual net recurrent estimates.

Table 4.6 shows the GJLOS Sector's analysis of exchequer issues and expenditure in the first half of FY 2016/17.

Table 4.6: GJLOS Sector-Analysis of Exchequer Issues and Expenditure for the period July to December, 2016. (Kshs. Billions)

VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
State Department for Interior	22.9	22.7	11.3	8.2	49.9	35.8	102.9	102.5	51.0	39.1	49.7	38.0
State Department for Correctional Services	1.1	1.1	0.02	0.04	1.7	3.9	19.2	19.2	9.5	8.5	49.3	44.3
State Law Office and Department of Justice	0.4	0.1	-	0.03	-	8.5	4.0	3.6	1.4	1.4	38.9	34.0
The Judiciary	4.4	4.4	0.9	1.1	20.4	24.2	12.9	12.9	5.8	4.9	45.3	38.5
Ethics & Anti-Corruption Commission	0.1	0.1	-	-	-	-	2.7	2.7	1.8	1.5	65.1	56.7
Office of the Director of Public Prosecutions	0.1	0.1	-	-	-	-	2.1	2.1	0.8	0.6	35.5	28.4
Office of the Registrar of Political Parties	-	-	-	-	-	-	0.8	0.8	0.3	0.3	31.8	31.2
Witness Protection Agency	-	-	-	-	-	-	0.4	0.4	0.2	0.2	51.4	51.9
Kenya National Commission on Human Rights	-	-	-	-	-	-	0.4	0.4	0.2	0.2	49.3	49.1
Independent Electoral and Boundaries Commission	0.8	0.1	-	-	-	-	18.6	18.6	2.0	1.8	10.9	9.4
Judicial Service Commission	-	-	-	-	-	-	0.5	0.5	0.2	0.1	36.7	28.3
National Police Service Commission	-	-	-	-	-	-	0.4	0.4	0.2	0.2	40.2	42.7
National Gender & Equality Commission	-	-	-	-	-	-	0.4	0.4	0.2	0.2	37.4	42.3
Independent Policing Oversight Authority	-	-	-	-	-	-	0.5	0.5	0.2	0.2	35.5	43.5
Total	29.7	28.5	12.3	9.3	43.0	31.4	165.8	165.0	73.6	59.2	44.6	35.7
Total for the Sector							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Development							29.7	28.5	12.3	9.3	43.0	31.4
Recurrent							165.8	165.0	73.6	59.2	44.6	35.7
Total							195.5	193.5	85.8	68.5	44.3	35.0

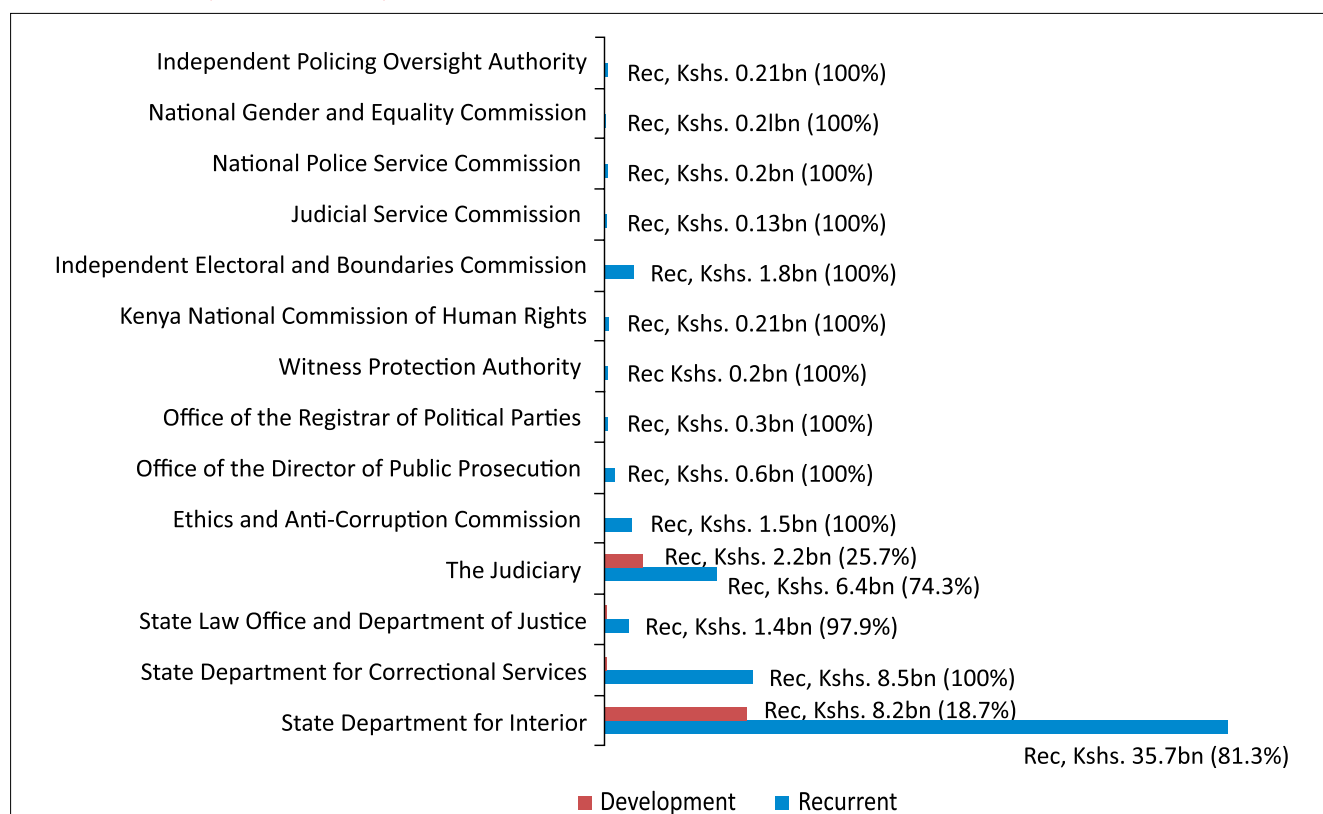
Source: MDAs and National Treasury

The State Department for Interior received the highest proportion of development exchequer issues to net development estimates at 49.9 per cent while State Department for Correctional Services received the lowest at 1.7 per cent among the MDAs which received exchequer issues. Ethics & Anti-Corruption Commission received

the highest proportion of recurrent exchequer issues to annual net recurrent estimates at 65.1 per cent while the Independent Electoral and Boundaries Commission received the least at 10.9 per cent.

Figure 4.12 shows the exchequer issues to the GJLOS Sector in the first half of FY 2016/17.

Figure 4.12: Exchequer Issues to the GJLOS Sector for the First Half of FY 2016/17 (Kshs. Billions)



Source: National Treasury

The total expenditure for the Sector during the first half of FY 2016/17 amounted to Kshs.68.5 billion, representing 35 per cent of the annual gross estimates. This expenditure comprised of Kshs.9.3 billion for development expenditure, accounting for 31.4 per cent of the annual gross development estimates and Kshs.59.2 billion for recurrent expenditure, representing 35.7 per cent of the annual gross recurrent estimates.

State Department for Interior had the highest absorption of development budget at 35.8 per cent while the State Department for Correctional Services recorded the lowest at 3.9 per cent. Ethics and Anti-Corruption Commission recorded the highest percentage of recurrent expenditure to annual recurrent estimates at 56.7 per cent while the Independent Electoral and Boundaries Commission recorded the lowest at 9.4 per cent.

4.8 Health Sector

The Health Sector consists of the Ministry of Health and seven Semi-Autonomous Government Agencies (SAGAs) namely; Kenyatta National Hospital (KNH), Moi Teaching and Referral Hospital (MTRH), Kenya Medical Research Institute (KEMRI), Kenya Medical Supplies Authority (KEMSA), Kenya Medical Training

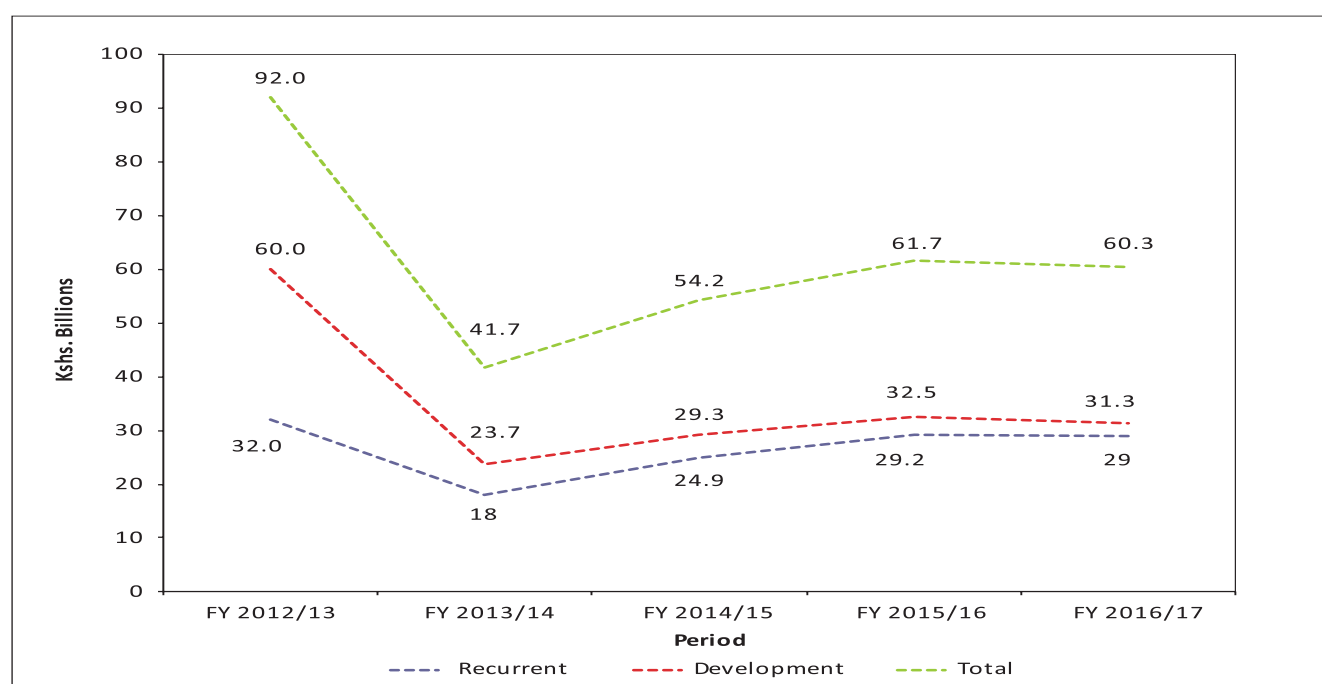
College (KMTC), the National AIDS Control Council (NACC), and the National Health Insurance Fund (NHIF).

The mandates of the national health Sector include referral facilities, policy formulation, capacity building, regulation and technical support, while service delivery is assigned to the County Governments. The County Governments are responsible for; County health facilities and pharmacies, ambulance services, promotion of primary health care, licensing and control of undertakings that sell food to the public, veterinary services (excluding regulation of the profession), cemeteries, funeral parlors and crematoria, and, refuse removal, refuse dumps and solid waste disposal.

The annual budgetary allocation to the Sector in FY 2016/17 was Kshs.60.3 billion representing 2 per cent of gross national budget, a slight decline from Kshs.61.7 billion allocated in FY 2015/16. The allocation comprised of Kshs.31.3 billion (51.9 per cent) for development expenditure and Kshs.29.0 billion (48.1 per cent) for recurrent expenditure.

Figure 4.13 shows the budgetary allocation trend for the Health Sector for the period FY 2012/13 to FY 2016/17.

Figure 4.13: Budgetary Allocation Trend for the Health Sector from FY 2012/13 to FY 2016/17 (Kshs. Billion)



Source: National Treasury

In the first half of FY 2016/17, the sector received exchequer issues of Kshs.20.1 billion, representing 43.9 per cent of the sectors' annual net estimates. This comprised of Kshs.8.9 billion for development expenditure, representing 42.9 per cent of the annual net development estimates and Kshs.11.2 billion representing 44.8 per cent of the annual net recurrent estimates. Table 4.7 shows the analysis of the Health sector exchequer issues and expenditure in the first half of FY 2016/17.

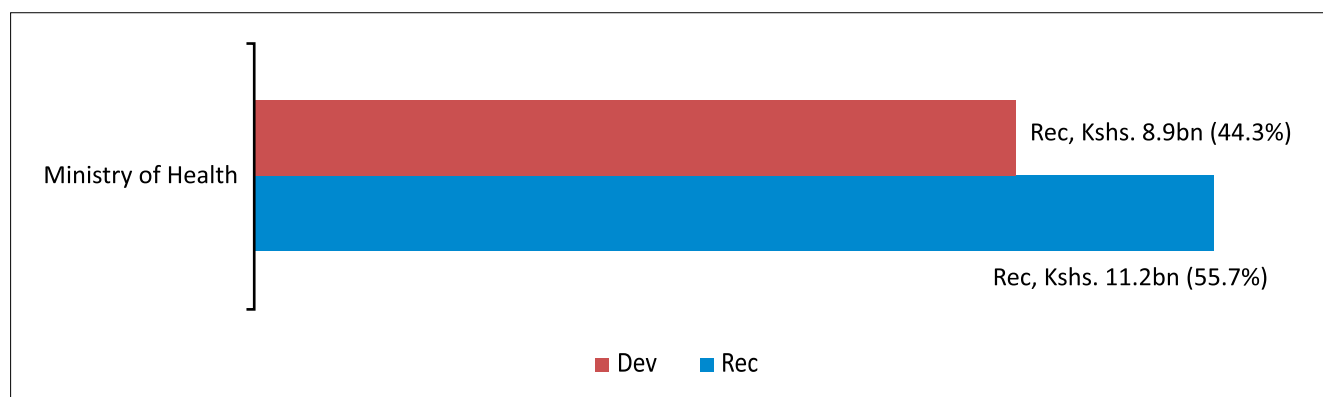
Table 4.7: Health Sector-Analysis of Exchequer Issues and Expenditure for the period July to December, 2016. (Kshs. Billions)

VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Ministry of Health	31.3	20.8	8.9	8.3	42.9	26.6	29.0	25.0	11.2	10.8	44.8	37.2
Total	31.3	20.8	8.9	8.3	42.9	26.6	29.0	25.0	11.2	10.8	44.8	37.2
Total for the Sector							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Development							31.3	20.8	8.9	8.3	42.9	26.6
Recurrent							29.0	25.0	11.2	10.8	44.8	37.2
Total							60.3	45.8	20.1	19.1	43.9	31.7

Source: MDAs and National Treasury

Figure 4.14 shows the exchequer issues to Health Sector in the first half of FY 2016/17.

Figure 4.14: Exchequer Issues to the Health Sector for the First Half of FY 2016/17 (Kshs. Billions)



Source: National Treasury

The total expenditure for the sector during the first half of FY 2016/17 amounted to Kshs.19.1 billion, representing 31.7 per cent of the annual gross estimates, an increase compared to 25.3 per cent (Kshs.15.0 billion) recorded in a similar period of FY 2015/16. The expenditure consists of Kshs.8.3 billion for development activities, representing an absorption rate of 26.6 per cent, an increase from 16.2 per cent (5.0 billion) recorded in a similar period of FY 2015/16 and Kshs.10.8 billion for recurrent expenditure, representing 37.2 per cent of the gross recurrent estimates, a slight increase from 35.1 per cent (Kshs.10 billion) reported in a similar period of FY 2015/16.

4.9 Public Administration and International Relations (PAIR) Sector

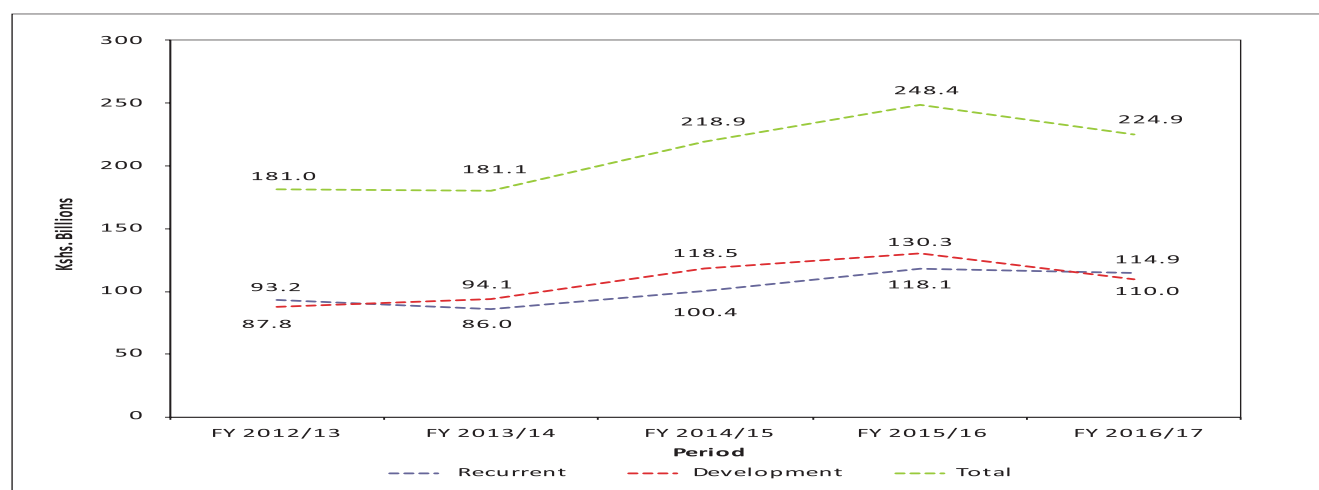
The Public Administration and International Relations Sector (PAIR) consists of 14 MDAs namely; The Presidency, State Department for Planning and Statistics, State Department for Devolution, Ministry of Foreign Affairs, National Treasury, State Department for Public Service and Youth Affairs, Parliamentary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

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

The annual budgetary allocation to the Sector in FY 2016/17 was Kshs.224.9 billion representing 9 per cent of gross national budget, a decrease from Kshs.248.5 billion allocated in FY 2015/16. The allocation comprised of Kshs.110 billion (49 per cent) for development expenditure and Kshs.114.9 billion (51 per cent) for recurrent expenditure. The National Treasury received the highest budgetary allocation of Kshs.82.3 billion (37 per cent of the Sector's allocation), while the Commission on Revenue Allocation (CRA) had the lowest at Kshs.0.4 billion (0.3 per cent of the Sector's allocation).

Figure 4.15 shows the budgetary allocation trend for the PAIR Sector for the period FY 2012/13 to FY 2016/17

Figure 4.15: Budgetary Allocation Trend for the PAIR Sector from FY 2012/13 to FY 2016/17 (Kshs. Billion)



Source: National Treasury

In the first half of FY 2016/17, the Sector received Kshs.81.4 billion, representing 40 per cent of the Sector's annual net estimates. This comprised of Kshs.30.2 billion for development programmes, representing 33.7 per

cent of the annual net development estimates, and Kshs.51.2 billion for recurrent activities representing 44.9 per cent of the annual net recurrent estimates. Table 4.8 shows PAIR Sector analysis of exchequer issues and expenditure in the first half of FY 2016/17.

Table 4.8: PAIR Sector-Analysis of Exchequer Issues and Expenditure for the period July to December, 2016. (Kshs. Billions)

VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
The Presidency	0.5	0.5	0.05	0.07	11.0	14.3	7.9	7.9	3.6	2.9	45.6	36.2
State Department for Devolution	2.4	2.3	0.1	0.1	6.0	5.1	0.6	0.6	0.3	0.3	44.7	40.5
State Department for Planning & Statistics	41.5	40.1	23.0	26.7	57.4	64.4	4.7	4.4	2.1	2.0	47.4	41.4
Ministry of Foreign Affairs and International Trade	3.0	3.0	1.92	1.9	63.9	64.1	17.2	17.0	8.3	8.4	48.9	48.7
The National Treasury	45.5	26.7	1.9	1.8	7.0	3.9	36.7	36.7	15.9	15.1	43.4	41.0
State Department for Public Service and Youth Affairs	12.6	12.6	2.6	4.9	20.6	39.0	13.0	12.9	6.1	6.3	47.1	48.4
Parliamentary Service Commission	4.2	4.2	0.6	1.0	14.4	25.0	10.4	10.4	4.2	3.9	40.5	37.4
National Assembly	-	-	-	-			16.9	16.9	7.4	7.8	43.5	46.0
The Commission on Revenue Allocation	-	-	-	-			0.4	0.4	0.1	0.1	39.4	32.7
Public Service Commission	0.04	0.04	0.01	0.01	25.6	14.7	1.2	1.2	0.6	0.6	51.2	52.3
Salaries & Remuneration Commission	-	-	-	-			0.5	0.5	0.2	0.2	37.5	33.4
Auditor General	0.2	0.2		0.03	13.4	13.2	4.2	4.0	2.0	2.0	49.2	47.6
Controller of Budget	-	-	-	-	-	-	0.6	0.6	0.2	0.2	32.1	29.6
The Commission on Administrative Justice	-	-	-	-	-	-	0.5	0.5	0.2	0.2	38.3	32.7
Total	110.0	89.6	30.2	36.6	33.7	33.3	114.9	114.1	51.2	49.8	44.9	43.3
Total for the Sector							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Development							110.0	89.6	30.2	36.6	33.7	33.3
Recurrent							114.9	114.1	51.2	49.8	44.9	43.3
Total							224.9	203.7	81.4	86.4	40	38.4

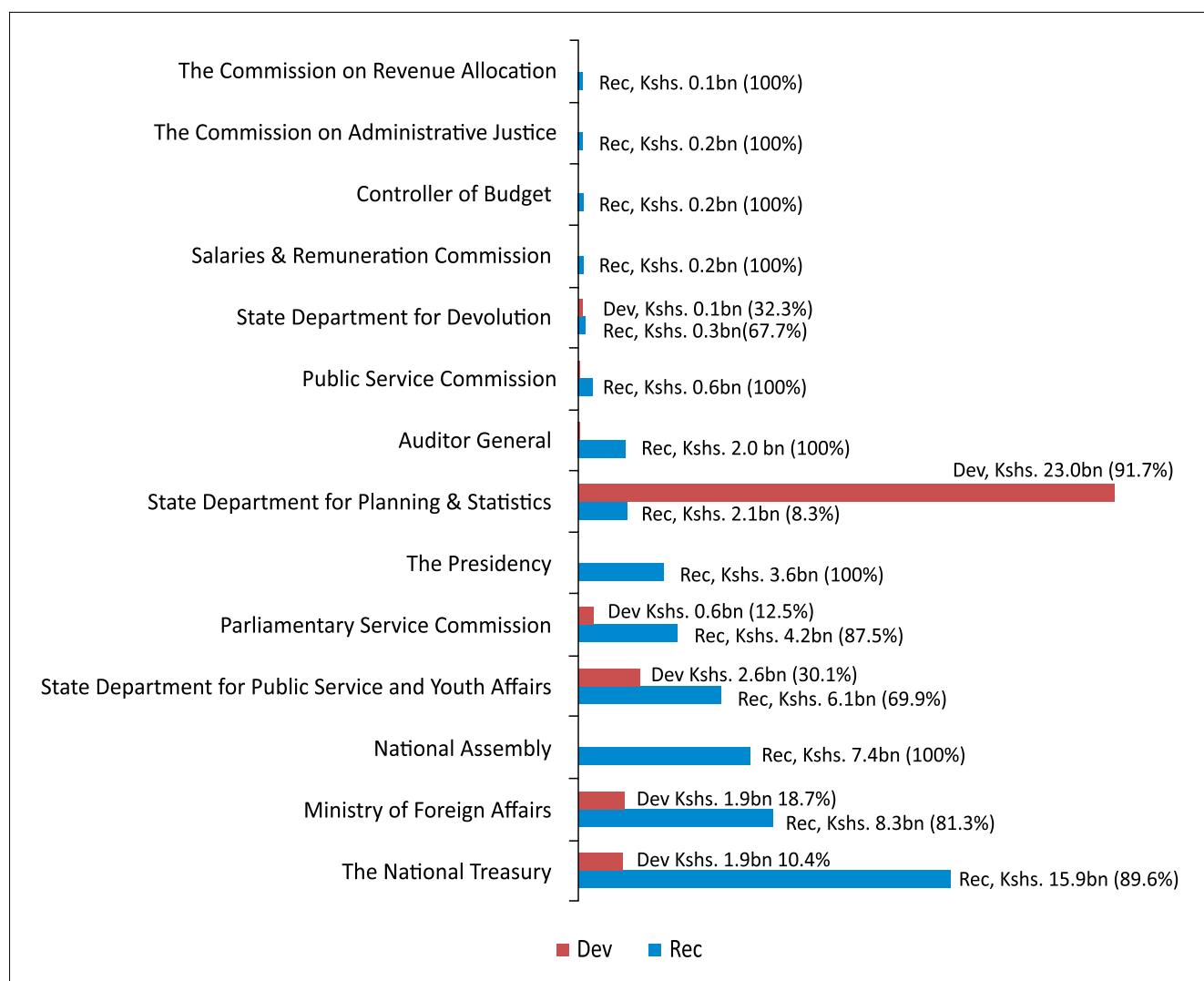
Source: MDAs and National Treasury

Ministry of Foreign Affairs and International Trade received the highest proportion of development exchequer issues to its annual development net estimates at 63.9 per cent while State Department for Devolution received

the least at 6.0 per cent. Public Service Commission received the highest proportion of recurrent exchequer issues to its annual recurrent net estimates at 51.2 per cent while the Controller of Budget received the lowest at 32.1 per cent.

Figure 4.16 shows the exchequer issues to the PAIR Sector in the first half of FY 2016/17.

Figure 4.16: Exchequer Issues to the PAIR Sector for the First Half of FY 2016/17
(Kshs. billions)



Source: National Treasury

The total expenditure for the sector during the first half of FY 2016/17 amounted to Kshs.86.4 billion. This accounted for 38.4 per cent of the annual gross estimates, an increase from 30.6 per cent recorded in a similar period of FY 2015/16. The expenditure comprised of Kshs.36.6 billion in development expenditure, representing an absorption rate of 33.3 per cent, an improvement from 28.3 per cent recorded in a similar period of FY 2015/16 and Kshs.49.8 billion for the recurrent expenditure, representing 43.3 per cent of the recurrent estimates and an increase from 33.2 per cent reported in a similar period of FY 2015/16.

The State Department for Planning and Statistics had the highest absorption of its development budget at 64.4 per cent while the National Treasury had the lowest absorption at 3.9 per cent. The Public Service Commission recorded the highest percentage of recurrent expenditure to its annual recurrent estimates at 52.3 per cent while the Controller of Budget had the lowest expenditure at 29.6 per cent of the annual recurrent estimates.

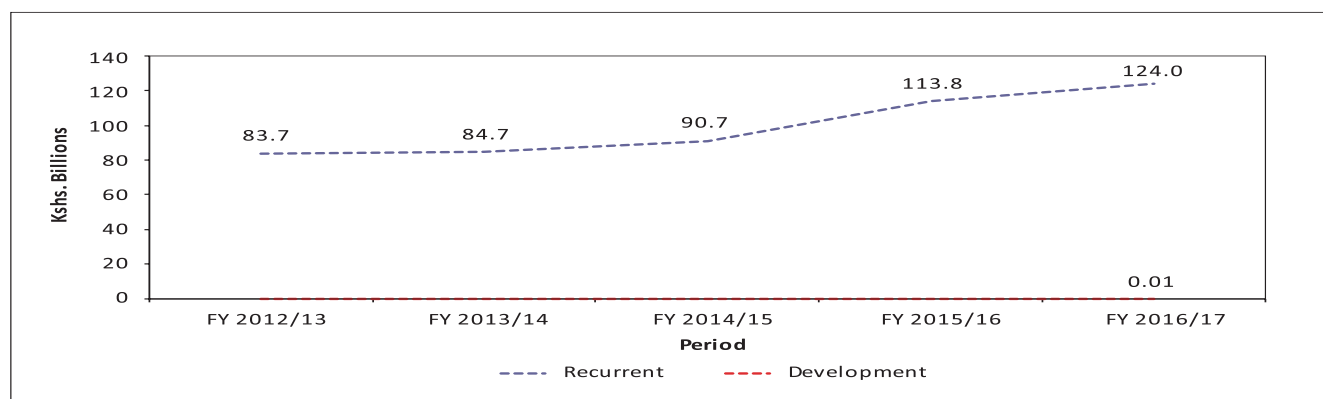
4.10 National Security Sector

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

The annual budgetary allocation to the Sector in the FY 2016/17 was Kshs.124.0 billion translating to 5 per cent of gross national budget, an increase from Kshs.113.8 billion allocated in FY 2015/16. The allocation comprised of Kshs.45 million (0.1 per cent) for development expenditure and Kshs.124.0 billion (99.9 per cent) for recurrent expenditure. Ministry of Defence received the highest budgetary allocation of Kshs.98.7 billion (80 per cent of the Sector's allocation), while National Intelligence Service received Kshs.25.3 billion (20 per cent of the Sector's allocation).

Figure 4.17 shows the budgetary allocation trend for the National Security Sector for the period FY 2012/13 to FY 2016/17.

Figure 4.17: Budgetary Allocation Trend for the National Security Sector from FY 2012/13 to FY 2016/17 (Kshs. Billion)



Source: National Treasury

In the first half of FY 2016/17, the Sector received Kshs.49 billion, representing 39.5 per cent of the Sector's annual net estimates. The Ministry of Defence received recurrent exchequer issues amounting to Kshs.37.0 billion representing 37.5 per cent of its annual recurrent net estimates. The National Intelligence Services (NIS) received exchequer issues amounting to Kshs.12 billion which represented 47.3 per cent of its recurrent net estimates. Table 4.9 shows the National Security sector analysis of exchequer issues and expenditure in the first half of FY 2016/17.

Table 4.9: National Security Sector-Analysis of Exchequer Issues and Expenditure for the period July to December, 2016. (Kshs. Billions)

VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Ministry of Defence	0.05	-	-	0.04	-	77.8	98.7	98.7	37.0	41.2	37.5	41.7
National Intelligence Service	-	-	-	-	-	-	25.3	25.3	12.0	12.4	47.3	49.0
Total	0.05			0.04		77.8	124.0	124.0	49.0	53.6	39.5	43.2
Total for the Sector							Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Development							0.05	-	-	0.04	-	77.8
Recurrent							124.0	124.0	49.00	53.6	39.5	43.2
Total							124.0	124.0	49.00	53.6	39.5	43.2

Source: MDAs and National Treasury

The total expenditure for the sector during the first Half of FY 2016/17 amounted to Kshs.53.6 billion, representing 43.2 per cent of the annual gross estimates, and a decline from 45.7 per cent recorded in a similar period FY 2015/16. The expenditure for the Ministry of Defence amounted to Kshs.41.2 billion, representing 41.7 per cent of the recurrent estimates, recording a decline compared to 45.5 per cent reported in a similar period FY 2016/17. The National Intelligence Service incurred expenditure amounting to Kshs.12.4 billion, representing 49.0 per cent of its annual recurrent estimates, an increase compared to 46.8 per cent reported in a similar period FY 2016/17.

4.11 Social Protection, Culture and Recreation Sector

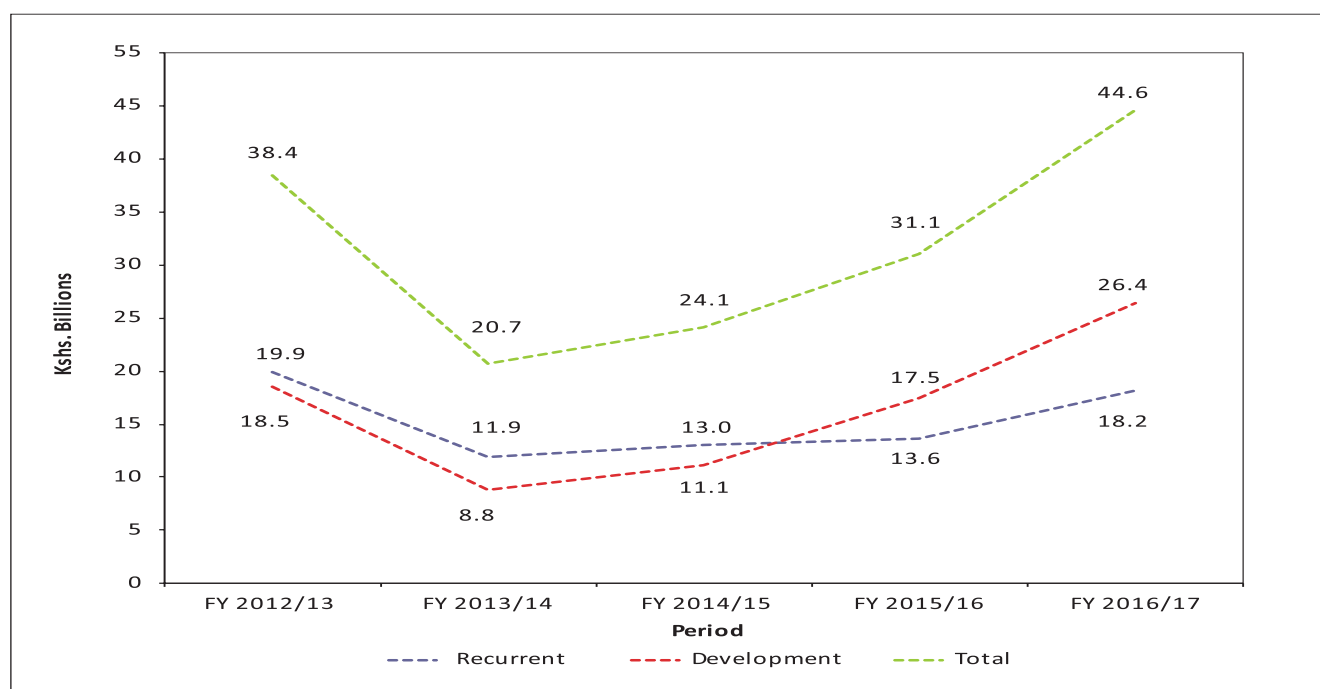
The Social Protection, Culture and Recreation Sector comprise of five MDAs namely; State Departments for Sports Development, Arts and Culture, Labour, Social Protection, Special Programmes, and Gender Affairs. The Sector plays a major role in the Country's transformation by promotion and exploitation of Kenya's diverse cultures and arts; enhancing a reading culture; regulation, development and promotion of sports, the film industry and music; and preservation of the country's heritage. It also promotes harmonious industrial relations, safety and health at workplaces, employment promotion, industrial training, regulation of trade unions, productivity improvement, manpower planning and development, social security, social assistance, children care and protection and vocational training for Persons Living with Disability (PLWDs) and development of community groups.

The annual budgetary allocation to the Sector in the FY 2016/17 was Kshs.44.6 billion, representing 2 per cent of gross national budget, an increase from Kshs.31.2 billion allocated in FY 2015/16. The allocation comprised of Kshs.26.4 billion (59 per cent) for development expenditure and Kshs.18.2 billion (41 per cent) for recurrent

expenditure. The State Department for Social Protection received the highest budgetary allocation of Kshs.22.9 billion (51 per cent of the Sector's allocation), while State Department for Labour had the lowest budgetary allocation of Kshs.1.8 billion (4 per cent of the Sector's allocation).

Figure 4.18 shows the budgetary allocation trend for the Social Protection, Culture Recreation Sector for the period FY 2012/13 to FY 2016/17.

Figure 4.18: Budgetary Allocation Trend for the Social Protection, Culture Recreation Sector from FY 2012/13 to FY 2016/17 (Kshs. Billion)



Source: National Treasury

During the first half of FY 2016/17, the Sector received exchequer issues amounting to Kshs.17.7 billion, representing 42.0 per cent of the Sector's annual net estimates. The exchequer issues comprised of Kshs.9.1 billion for development expenditure, representing 37.9 per cent of the annual net development estimates, and Kshs.8.6 billion for recurrent expenditure, representing 47.5 per cent of the annual net recurrent estimates.

Table 4.10 shows an analysis of exchequer issues and expenditure incurred by the Social Protection, Culture Recreation Sector in the first half of FY 2016/17.

Table 4.10: Social Protection, Culture Recreation Sector-Analysis of Exchequer Issues and Expenditure for the period July to December, 2016. (Kshs. Billions)

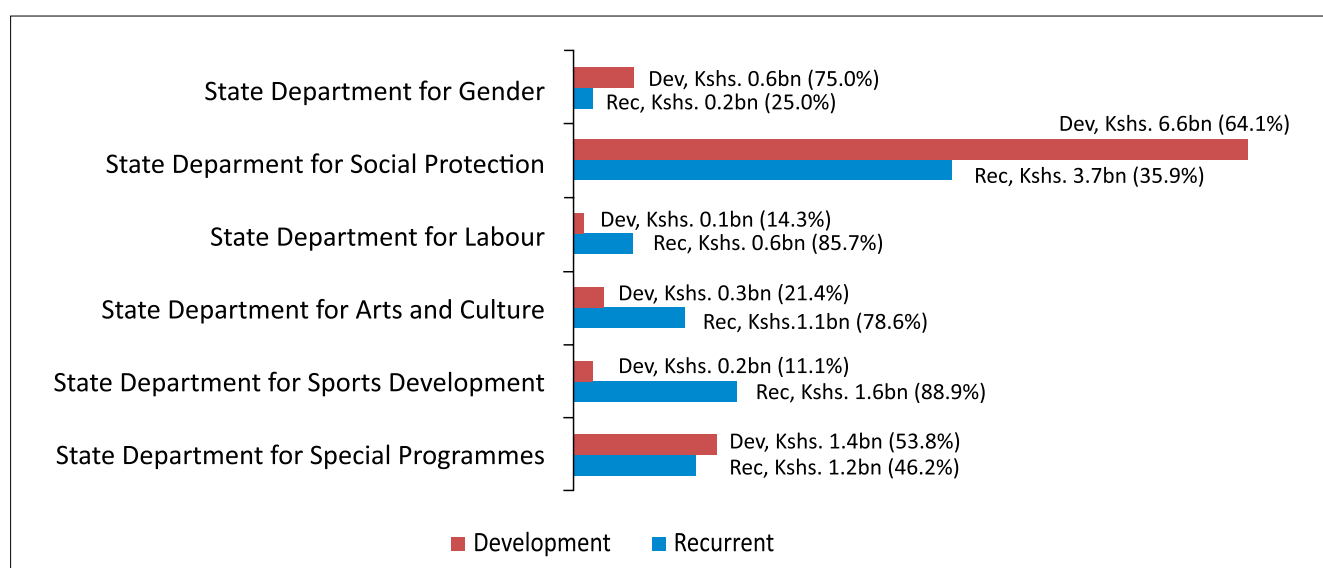
VOTE	Development						Recurrent					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
State Department for Special Programmes	5.1	2.7	1.4	2.5	53.5	49.2	1.4	1.4	1.2	1.5	86.6	104.7
State Department for Sports Development	1.6	1.6	0.2	0.6	9.8	36.1	3.6	3.6	1.6	1.4	45.6	39.6
State Department for Arts and Culture	1.0	1.0	0.3	0.3	30.6	31.1	2.7	2.6	1.1	1.1	43.4	40.8
State Department for Labour	0.5	0.5	0.1	0.1	13.7	28.6	1.3	1.3	0.6	0.5	50.1	36.1
State Department for Social Protection	14.8	14.8	6.6	6.6	44.5	44.2	8.1	8.1	3.7	3.0	46.1	36.6
State Department for Gender	3.5	3.5	0.6	1.7	16.0	49.0	1.1	1.1	0.2	0.2	20.7	21.5
Total	26.4	24.0	9.1	11.8	37.9	44.6	18.2	18.1	8.6	7.7	47.5	42.2
Total for the Sector							Gross Est	Net Est	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Development							26.4	24.0	9.1	11.8	37.9	44.6
Recurrent							18.2	18.1	8.6	7.7	47.5	42.2
Total							44.6	42.1	17.7	19.5	42.0	43.6

Source: MDAs and National Treasury

The State Department for Special Programmes received the highest proportion of development exchequer issues to net development estimates at 53.5 per cent while State Department for Sports Development received the lowest at 9.8 per cent. Equally, the State Department for Special Programmes received the highest proportion of recurrent exchequer issues to annual net recurrent estimates at 86.6 per cent while the State Department for Gender received the least at 20.7 per cent.

Figure 4.19 shows the exchequer issues to the Social Protection, Culture Recreation Sector in the first half of FY 2016/17.

Figure 4.19: Exchequer Issues to the Social Protection, Culture Recreation Sector for the First Half of FY 2016/17 (Kshs. Billions)



Source: National Treasury

The total expenditure for the Sector in the first half of FY 2016/17 amounted to Kshs.19.5 billion, representing 43.6 per cent of the annual gross estimates, an increase compared to 36.2 per cent recorded in similar period of FY 2015/16. This expenditure comprised of Kshs.11.8 billion for development, representing 44.6 per cent of the annual gross development estimates and Kshs.7.7 billion for recurrent expenditure, representing 42.2 per cent of the annual gross recurrent estimates.

The State Department for Special Programmes recorded the highest absorption of the development budget at 49.2 per cent (Kshs.2.5 billion), while the State Department for Labour recorded the lowest at 28.6 per cent (Kshs.0.1 billion). The State Department for Special Programmes recorded the highest absorption of recurrent expenditure to annual recurrent estimates at 104.7 per cent, while the State Department for Gender had the lowest at 21.5 per cent.



5 BUDGET PERFORMANCE BY PROGRAMMES, FIRST HALF OF FY 2016/17

5.1 Introduction

This chapter presents analysis of MDAs budget performance based on programmes to be implemented in FY 2016/17. The chapter also provides detailed information on how funds were allocated to the various programmes within the ministries/departments for both development and recurrent expenditure. It presents the implementation status of programmes under each MDA. The Sectors are presented in an alphabetical order.

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

In the FY 2016/17, the AR&UD sector was allocated Kshs.46.5 billion, comprising of Kshs.30.8 billion (66 per cent) for development activities and Kshs.15.8 billion (34 per cent) for recurrent expenditure to fund 10 programmes.

The analysis of Sector programmes for the period under the review is presented in table 5.1.

Table 5.1: AR & UD Sector's Programme Performance in the First Half of FY 2016/17 (Kshs. Billions)

VOTE	Programme	Dev. Est.	Rec. Est	Total Gross Est.	Dev. Exp	Rec. Exp	Total Exp	Programme Absorption Rate (%)
Ministry of Lands and Physical Planning	Land Policy and Planning	3.8	2.2	6.0	1.3	1.02	2.3	38.8
State Department for Agriculture	General Administration Planning and Support Services	0.9	2.6	3.4	0.5	1.17	1.7	48.4
	Crop Development and Management	10.9	5.8	16.7	2.8	1.85	4.7	27.9
	Agribusiness and Information Management	0.9	0.2	1.1	1.7	0.04	1.7	149.6
State Department for Livestock	Livestock Resources Management and Development	11.7	1.9	13.6	1.2	0.93	2.1	15.4
State Department for Fisheries and the Blue Economy	Fisheries Development and Management	2.5	1.7	4.2	1.5	0.71	2.2	52.0
National Land Commission	Land Administration and Management	-	0.2	0.2	-	0.10	0.1	61.3
	General Administration Planning and Support Services	-	1.1	1.1	-	0.40	0.4	36.2
	Land Disputes and Conflict Resolutions	-	0.1	0.1	-	0.05	0.1	38.3
	National Land Information Management Systems	-	0.04	0.04	0.1	0.02	0.1	314.7
Total		30.8	15.8	46.5	9.1	6.5	15.6	33.4

Source: MDAs and National Treasury

The Crop Development and Management Programme under the State Department for Agriculture received the highest budgetary allocation of Kshs.16.7 billion, which accounted for 35.9 per cent of the total budgetary allocation to the sector while the National Land Information Management System under the National Land Commission received the lowest allocation at Kshs. 0.04 billion, which accounted for 0.1 per cent of the total budgetary allocation for the sector.

The total expenditure for the programmes in the sector during the first half of FY 2016/17 amounted to Kshs.15.6 billion representing 33.4 per cent of the gross estimates. It comprised of Kshs.9.1 billion for development expenditure, accounting for 29.5 per cent of annual gross budget for the development programmes, and Kshs.6.5 billion for recurrent expenditure, representing 41 per cent of the annual gross budget for recurrent programmes. Analysis of the programme performance shows that the National Land Information Management Systems programme under the National Land Commission recorded the highest proportion of programme expenditure to its annual budget estimates at 314.7 per cent (This is attributed to development expenditure pending approval in the supplementary budget, but was authorised by the National Treasury), while the Livestock Resources Management and Development programme under the State Department for Livestock recorded the lowest proportion of its programme expenditure to the annual budget estimates at 15.4 per cent.

5.3 Education Sector

The Education sector was allocated Kshs.339.9 billion comprising of Kshs.24.2 billion (7.1 per cent) for development programmes and Kshs.315.7 billion (92.9 per cent) for recurrent programmes for the FY 2016/17 to fund 13 programmes. The analysis of Education Sector programmes for the period under the review is presented in Table 5.2.

Table 5.2: Education Sector's Programme Performance in the First Half of FY 2016/17 (Kshs. billions)

VOTE	Programme	Dev. Est.	Rec. Est	Total Gross Est.	Dev. Exp	Rec. Exp	Total Exp	Programme Absorption Rate (%)
State Department for Education	Primary Education	6.0	17.1	23.0	0.4	4.0	4.4	19.1
	Secondary Education	1.6	33.2	34.9	0.5	9.0	9.5	27.3
	Quality Assurance and Standards	0.4	4.1	4.5	0.1	1.1	1.2	26.7
	General Administration, Planning and Support Services	0.4	4.1	4.4	-	1.1	1.1	22.4
State Department for Vocational Training and Technical Training	Technical Vocational Education and Training	4.1	2.3	6.4	0.7	1.1	1.8	28.2
	Youth Training and Development	0.1	-	0.1	0.05	-	0.05	46.6
	General Administration, Planning and Support Services	-	0.1	0.1	-	0.01	0.01	24.5

State Department for University Education	University Education	11.4	56.5	68.0	3.3	21.4	24.7	36.3
	Research, Science, Technology and Innovation	0.04	3.4	3.5	0.01	0.2	0.2	6.2
	General Administration, Planning and Support Services	-	0.7	0.7	-	0.2	0.2	27.4
Teachers Service Commission	Teacher Resource Management	-	187.9	187.9	-	91.0	91.0	48.4
	Governance and Standards	-	0.1	0.1	-	0.02	0.02	37.4
	General Administration, Planning and Support Services	0.1	6.1	6.2	-	2.0	2.0	32.8
Total		24.2	315.7	339.9	5.1	131.7	136.9	40.3

Source: MDAs and National Treasury

The Teacher Resource Management programme under the Teacher Service Commission received the highest budgetary allocation at Kshs.187.9 billion (55.3 per cent of the total budget allocation for the sector) while the General Administration, Planning and Support Services programme for State Department for Vocational Training and Technical Training received the lowest allocation at Kshs.50 million (less than 1 per cent of the total budget allocation for the sector).

The total expenditure for the programmes in the sector during the reporting period amounted to Kshs.136.9 billion representing an absorption rate of 40.3 per cent. This expenditure comprised of Kshs.131.7 billion as recurrent expenditure, which represented 41.7 per cent of the annual budget estimates for recurrent programmes while development expenditure amounted to Kshs.5.1 billion, accounting for an absorption rate of 21.2 per cent of annual budget estimates for the development programmes.

Analysis of the programme performance shows that the Teacher Resource Management programme under the Teachers Service Commission recorded the highest proportion of programme expenditure to its annual gross budget at 48.4 per cent, while the Research, Science, Technology and Innovation programme under the State Department for Education recorded the lowest at 6.2 per cent.

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

In FY 2016/17, the EI & ICT sector was allocated Kshs.529.2 billion to implement 24 programmes. The analysis of the Energy, Infrastructure and Information Communications Technology Sector's programmes for the period under the review is presented in Table 5.3.

Table 5.3: EI & ICT Sector's Programme Performance in the First Half of FY 2016/17
(Kshs. Billions)

VOTE	Programme	Dev. Est.	Rec. Est	Total Gross Est.	Dev. Exp	Rec. Exp.	Total Exp	Programme Absorption Rate (%)
State Department of Transport	General Administration, Planning and Support Services	0.4	0.3	0.7	0.05	0.7	0.7	109.7
	Rail Transport	156.3	0.2	156.5	93.3	-	93.3	59.6
	Marine Transport	16.7	0.4	17.1	1.2	0.3	1.5	8.9
	Air Transport	2.1	4.4	6.5	0.3	2.8	3.0	46.8
	Road Safety	0.3	0.4	0.7	0.2	0.2	0.4	59.1
State Department of Infrastructure	Road Transport	147.7	29.0	176.8	19.3	13.5	32.8	18.6
State Department for Maritime Affairs	Marine Transport	-	0.2	0.2	-	0.1	0.1	30.0
State Department for Public Works	Government Buildings	1.9	0.4	2.3	0.5	0.1	0.6	27.0
	Coastline Infrastructure and Pedestrian Access	0.2	0.1	0.3	0.01	0.03	0.04	15.4
	General Administration, Planning and Support Services	-	0.4	0.4	-	0.1	0.1	36.9
State Department for Housing & Urban Development	Housing Development and Human Settlement	7.3	0.5	7.8	3.2	0.2	3.4	43.8
	Urban and Metropolitan Development	12.0	0.3	12.3	4.0	0.1	4.1	33.5
	General Administration, Planning and Support Services	-	0.1	0.1	-	0.04	0.04	41.5
State Department for Information Communications & Technology	General Administration Planning and Support Services	-	0.3	0.3	-	0.1	0.1	26.6
	ICT Infrastructure Development	22.3	0.1	22.4	15.0	0.05	15.0	67.0
	E-Government Services	-	0.5	0.5	-	0.2	0.2	38.3
State Department for Broadcasting & Telecommunication	General Administration Planning and Support Services	-	0.3	0.3	-	0.1	0.1	29.7
	Information and Communication Services	0.4	1.6	2.0	0.2	0.6	0.8	37.9
	Mass Media Skills Development	0.2	0.2	0.4	0.1	0.1	0.2	48.6
State Department for Energy	General Administration Planning and Support Services	0.1	0.3	0.5	0.02	0.1	0.1	23.6
	Power Generation	21.5	0.8	22.3	2.9	0.4	3.3	14.8
	Power Transmission and Distribution	92.7	0.8	93.5	14.6	0.4	14.8	15.8
	Alternative Energy Technologies	0.9	0.2	1.1	-	0.1	0.2	17.6
State Department for Petroleum	Exploration and Distribution of Oil and Gas	4.2	0.1	4.3	0.3	0.02	0.3	7.8
Total		487.2	41.9	529.2	163.8	20.3	184.1	34.8

Source: MDAs and National Treasury

The allocation comprised of Kshs. 487.2 billion (92 per cent) for development expenditure and Kshs.41.9 billion (8 per cent) as recurrent expenditure allocation. The Road Transport programme under the State Department for Infrastructure had the highest allocation of Kshs.176.8 billion (33.4 per cent of the total budget allocation for the sector) while the General Administration, Planning and Support Services programme under the State Department for Housing and Urban Planning had the lowest allocation of Kshs.0.1 billion (less than 1 per cent of the total budget allocation for the sector).

The total expenditure for the sector programmes in the first half of FY 2016/17 amounted to Kshs.184.1 billion representing 34.8 per cent of the gross estimates. This comprised of Kshs.163.8 billion as development expenditure, translating to an absorption rate of 33.6 per cent of the annual development budget estimates and Kshs.20.3 billion as recurrent expenditure, accounting for 48.3 per cent of the annual recurrent budget estimates for the sector.

Analysis of the programme performance shows that the General Administration Planning and Support Services Programme under the State Department of Transport registered the highest proportion of programme expenditure to its annual budget estimates at 109.7 per cent while the Alternative Energy Technologies programme under the State Department for Energy had the lowest programme expenditure rate of less than 1 per cent.

5.5 Environment Protection, Water and Natural Resources Sector

In the FY 2016/17, the budgetary allocation to the sector was Kshs.89.0 billion for implementing 11 programmes. The analysis of Environment Protection, Water and Natural Resources Sector programmes for the period under the review is presented in Table 5.4.

Table 5.4: Environment Protection, Water and Natural Resources Sector's Programme in the First Half of FY 2016/17 (Kshs. Billions)

VOTE	Programme	Dev. Est.	Rec. Est.	Total Gross Est.	Dev. Exp.	Rec. Exp.	Total Exp.	Programme Absorption Rate (%)
State Department for Water Services	General Administration, Planning and Support Services	0.1	0.6	0.6	-	0.1	0.1	23.0
	Water Resources Management	39.6	3.1	42.6	9.1	0.5	9.6	22.6
State Department for Irrigation	Irrigation and Land Reclamation	12.3	0.9	13.2	3.5	0.3	3.8	28.7
	Water Storage and Flood Control	5.8	-	5.8	0.8	-	0.8	13.4
State Department for Environment	Meteorological Services	1.1	1.1	2.2	0.7	0.4	1.2	53.6
	Environment Management and Protection	3.1	1.5	4.7	0.7	0.4	1.1	22.6
	General Administration, Planning and Support Services	-	0.4	0.4	-	0.2	0.2	54.8
State Department for Natural Resources	Natural Resource Management	3.6	11.3	14.9	0.8	2.3	3.1	20.7

Ministry of Mining	General Administration Planning and Support Services	-	0.3	0.3	-	0.1	0.1	34.4
	Resources Surveys and Remote Sensing	0.3	0.2	0.5	0.2	0.1	0.2	45.5
	Mineral Resources Management	3.6	0.2	3.8	0.4	0.1	0.5	12.4
Total		69.4	19.6	89.0	16.2	4.6	20.8	23.4

Source: MDAs and National Treasury

This comprised of Kshs.69.4 billion (78 per cent) for development programmes and Kshs.19.6 billion (22.0 per cent) for recurrent expenditure. The Water Resources Management programme under the State Department for Water received the highest budgetary allocation at Kshs.42.6 billion (47.9 per cent of the total budget allocation for the sector) while the General Administration, Planning and Support Services programme under the Ministry of Mining received the lowest budgetary allocation at Kshs.278.7 million (less than 1 per cent of the total budget allocation for the sector).

The total expenditure for the programmes in the period July to December 2016 amounted to Kshs.20.8 billion representing an absorption rate of 23.4 per cent. This expenditure comprised of Kshs.16.2 billion as development expenditure, accounting for an absorption rate of 23.4 per cent of annual budget estimates for the development programme and Kshs.4.6 billion as recurrent expenditure, which accounted for 23.4 per cent of the annual budget estimates for recurrent programmes.

The General Administration Planning and Support Services programme under the State Department for environment recorded the highest proportion of programme expenditure to its annual budget estimates at 54.8 per cent while the Mineral Resources Management programme under the Ministry of Mining had the lowest proportion of programme expenditure to its annual budget estimates at 12.4 per cent.

5.6 General Economic and Commercial Affairs (GECA) Sector

The analysis of General Economic and Commercial Affairs Sector programmes for the period under the review is presented in Table 5.5.

Table 5.5 GECA Sector's Programme Performance in the First Half of FY 2016/17
(Kshs. Billions)

VOTE	Programme	Dev. Est.	Rec. Est.	Total Gross Est.	Dev. Exp.	Rec. Exp.	Total Exp.	Programme Absorption Rate (%)
State Department for Industry and Investment	General Administration Planning and Support Services	0.4	0.5	0.9	-	0.2	0.2	19.6
	Industrial Development and Investments	3.8	1.2	5.0	1.9	0.5	2.4	46.8
	Standards and Business Incubation	1.2	0.9	2.1	0.5	0.5	0.9	43.6
State Department for Cooperatives	Cooperative Development and Management	0.5	3.1	3.7	0.3	0.7	1.0	26.9
State Department for Trade	Trade Development and Promotion	0.3	2.9	3.2	0.05	0.6	0.6	20.0
State Department for East African Integration	East African Affairs and Regional Integration	0.07	1.5	1.6	-	0.7	0.7	43.1
Ministry of Tourism	Tourism Development and Promotion	4.8	2.4	7.2	1.8	0.7	2.5	34.1
Total		11.1	12.6	23.7	4.4	3.8	8.2	34.7

Source: MDAs and National Treasury

In the FY 2016/17, the sector was allocated Kshs.23.7 billion for implementing 7 programmes. This allocation comprised of Kshs.11.1 billion (46.7 per cent) for development programmes and Kshs.12.6 billion (53.3 per cent) for recurrent programmes. Tourism Development and Promotion programme under the Ministry of Tourism received the highest budget allocation at Kshs.7.2 billion (30.4 per cent of the total budget allocation for the sector) while the General Administration, Planning and Support under the State Department for Industry and Investment received the lowest allocation at Kshs.0.9 billion (3.9 per cent of the total budget allocation for the sector).

The total expenditure for the sector programmes in the first half of FY 2016/17 amounted to Kshs.8.2 billion translating to an absorption rate of 34.7 per cent. The total expenditure comprised of Kshs.4.4 billion on development activities, translating to an absorption rate of 39.6 per cent of the annual development budget estimates and Kshs.3.8 billion incurred on recurrent activities representing 30.3 per cent of the total recurrent budget estimates.

Industrial Development and Investments programme under the State Department for Industry and Investment recorded the highest proportion of programme expenditure to its annual budget estimates at 46.8 per cent while its General Administration Planning and Support Services programme recorded the lowest at 19.6 per cent.

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

The GJLOS sector was allocated Kshs.195.5 billion in the FY 2016/17 to implement 21 programmes. Analysis of the Governance, Justice, Law and Order Sector programmes for the period under the review is presented in Table 5.6.

Table 5.6: GJLOs Sector's Programme Performance in the First Half of FY 2016/17
(Kshs. Billions)

VOTE	Programme	Dev. Est.	Rec. Est	Total Gross Est.	Dev. Exp	Rec. Exp.	Total Exp	Programme Absorption Rate (%)
State Department for Interior	Policing services	12.3	78.0	90.3	0.2	31.7	31.8	35.3
	Planning, policy Coordination and Support Services	8.9	18.7	27.5	7.5	5.2	12.8	46.4
	Government Printing Services	0.1	0.8	0.9	0.03	0.3	0.3	37.2
	Population Management Services	1.6	5.5	7.0	0.5	2.0	2.5	36.3
	Betting Control, Licensing and regulation Services	-	0.1	0.1	-	-	-	-
State Department for Correctional Services	Correctional services	1.0	18.9	20.0	0.04	8.4	8.5	42.4
	General Administration, Planning and Support Services	0.02	0.3	0.3	0.005	0.1	0.1	30.4
State Law Office and Department of Justice	Legal Services	0.009	1.6	1.6	-	0.4	0.4	26.6
	Governance, Legal Training And Constitutional Affairs	0.3	1.7	2.0	-	0.7	0.7	32.8
	General Administration, Planning and Support Services	0.1	0.7	0.7	0.003	0.2	0.2	29.5
The Judiciary	Dispensation of Justice	4.4	12.9	17.3	1.1	6.4	7.5	43.4
Ethics and Anti-Corruption Commission	Ethics and Anti-Corruption	0.1	2.7	2.8	-	1.5	1.5	54.6
Office of Director of Public Prosecutions	Public Prosecution Services	0.1	2.1	2.2	-	0.6	0.6	27.2
Office of the Registrar of Political Parties	Registration, Regulation and Funding of Political Parties	-	0.8	0.8	-	0.3	0.3	31.2
Witness Protection Authority	Witness Protection	-	0.4	0.4	-	0.2	0.2	51.9
Kenya National Commission on Human Rights	Protection and Promotion of Human Rights	-	0.4	0.4	-	0.2	0.2	49.1
Independent Electoral and Boundaries Commission	Management of Electoral Processes	0.8	18.6	19.3	-	1.8	1.8	9.1
Judicial Service Commission	Dispensation of Justice	-	0.5	0.5	-	0.1	0.1	28.3
National Police Service Commission	National Police Service Human Resource Management	-	0.4	0.4	-	0.2	0.2	42.7
National Gender and Equality Commission	Promotion of Gender Equality and Freedom from Discrimination	-	0.4	0.4	-	0.2	0.2	42.3
Independent Police Oversight Authority	Policing Oversight Services	-	0.5	0.5	-	0.2	0.2	43.5
Total		29.7	165.8	195.5	9.3	59.2	68.5	35.0

Source: MDAs and National Treasury

The allocation comprised of Kshs.29.7 billion (15.2 per cent) for development expenditure and Kshs.165.8 billion (84.8 per cent) for recurrent activities The Policing Services programme under the State Department for Interior

received the highest allocation of Kshs.90.3 billion which accounted for 46.2 per cent of the total annual budget for the sector while the Betting Control, Licencing and Regulation Services programme under the State Department for Interior received the lowest allocation at Kshs.57.1 million, translating to less than 1 per cent of the sector's budget.

The total expenditure for the sector programmes in the reporting period amounted to Kshs.68.5 billion, comprising of Kshs.9.3 billion as development expenditure, accounting for an absorption rate of 31.4 per cent of the total annual budget for development programmes in the sector and Kshs.59.2 billion as recurrent expenditure which accounted for 35.7 per cent of the total annual budget for recurrent programmes.

Analysis of the programme performance shows that the Ethics and Anti-Corruption under Ethics and Anti-Corruption Commission recorded the highest proportion of programme expenditure to its annual budget estimates at 54.6 per cent while the Management of Electoral Processes programme under the Independent Electoral and Boundaries Commission recorded the lowest proportion of programme expenditure to its annual budget estimates at 9.1 per cent.

5.8 Health Sector

The Health sector was allocated Kshs.60.3 billion to fund 5 programmes in the FY 2016/17. Table 5.7 presents an analysis of the health Sector programmes for the period July to December 2016.

Table 5.7: Health Sector's Programme Performance in the First Half of FY 2016/17 (Kshs. Billions)

VOTE	Programme	Dev. Est.	Rec. Est.	Total Gross Est.	Dev. Exp.	Rec. Exp.	Total Exp.	Programme Absorption Rate (%)
Ministry of Health	Preventive & Promotive Health Services	6.1	1.5	7.6	1.1	0.6	1.7	22.4
	National Referral & Specialized Services	7.0	16.5	23.6	4.2	6.4	10.6	44.9
	Health Research and Development	0.2	5.4	5.6	0.01	2.0	2.1	37.5
	General Administration, Planning & Support Services	9.9	5.5	15.4	1.2	1.7	2.9	18.8
	Health Policy, Standards and Regulations	8.0	0.05	8.1	1.8	0.1	1.9	23.5
Total		31.3	29.0	60.3	8.3	10.8	19.1	31.7

Source: MDAs and National Treasury

The allocation comprised of Kshs.31.3 billion (52 per cent) for development programmes and Kshs.29.0 billion (48 per cent) for recurrent programmes.

The National Referral & Specialized Services programme received the highest allocation at Kshs.23.6 billion

(39.1 per cent of the total annual allocation for the sector) while the Health Research and Development programme had the lowest allocation at Kshs.5.6 billion (9.3 per cent of the sector's total annual allocation).

The total expenditure for the sector programmes in the period under review amounted to Kshs.19.1 billion representing 31.7 per cent of the annual gross budget estimates. This comprised of Kshs.8.3 billion development expenditure recording an absorption rate of 26.6 per cent and Kshs.10.8 billion as recurrent expenditure which accounted for 37.2 per cent of the annual budget estimates for recurrent programmes.

Analysis of the programme performance shows that the National Referral & Specialized Services programme recorded the highest proportion of programme expenditure to its annual budget estimates at 44.9 per cent while the General Administration, Planning & Support Services registered the lowest proportion of programme expenditure to its annual budget estimates at 18.8 per cent.

5.9 Public Administration and International Relations (PAIR) Sector

The Public Administration and International Relations (PAIR) sector was allocated Kshs.224.9 billion in the FY 2016/17 to implement 33 programmes. This allocation comprised of Kshs.110 billion (49 per cent) for development programmes and Kshs.114.9 billion (51 per cent) for recurrent activities. The analysis of Public Administration and International Relations Sector programmes for the period under the review is presented in Table 5.8.

Table 5.8: PAIR Sector's Programme Performance in the First Half of FY 2016/17 (Kshs. Billions)

VOTE	Programme	Dev. Est.	Rec. Est.	Total Gross Est.	Dev. Exp.	Rec. Exp.	Total Exp.	Programme Absorption Rate (%)
The Presidency	Cabinet Affairs	0.1	1.7	1.8	-	0.3	0.4	19.0
	Government Advisory Services	-	1.0	1.0	-	0.4	0.4	38.0
	State House Affairs	0.3	3.0	3.3	0.05	1.3	1.3	39.8
	Deputy President Services	0.1	2.2	2.2	0.02	0.8	0.8	33.9
State Department for Planning and Statistics	Economic Policy and National Planning	37.1	1.1	38.2	25.16	0.5	25.6	67.2
	National Statistical Information Services	1.5	1.8	3.3	0.69	0.9	1.6	47.8
	Monitoring and Evaluation Services	0.1	0.1	0.2	-	0.02	0.02	9.9
	General Administration Planning and Support Services	0.03	0.6	0.6	-	0.1	0.1	23.1
	NGO Regulatory Services	0.0004	0.1	0.1	-	0.1	0.1	49.9
	Integrated Regional Development	2.8	1.0	3.9	0.83	0.4	1.2	31.5
State Department for Devolution	Devolution Services	2.3	0.5	2.8	0.25	0.2	0.4	15.2
	Accelerated ASAL Development	0.1	0.1	0.3	-	0.1	0.1	21.0
Ministry of Foreign Affairs	General Administration Planning and Support Services	0.2	4.8	5.0	-	1.4	1.4	28.1
	Foreign Relation and Diplomacy	2.8	12.4	15.2	1.92	7.1	9.0	59.1

The National Treasury	General Administration, Planning and Support Services	4.7	30.6	35.3	0.31	12.9	13.3	37.5
	Public Financial Management	39.5	4.6	44.1	1.20	1.6	2.8	6.3
	Economic and Financial Policy Formulation and Management	1.4	1.1	2.4	0.09	0.2	0.3	12.2
	Market Competition	-	0.3	0.3	-	0.2	0.2	50.0
	Government Clearing Services	-	0.1	0.1	-	0.02	0.02	21.5
State Department for Public Service and Youth Affairs	Public Service Transformation	1.7	5.5	7.2	1.36	3.9	5.2	72.5
	General Administration, Planning and Support Services	-	0.005	0.005	-	-	-	-
	Youth Empowerment	10.9	7.6	18.5	3.58	2.3	5.9	32.0
Parliamentary Service Commission	Senate Affairs	-	5.4	5.4	-	2.0	2.0	37.0
	General Administration, Planning and Support Services	4.2	5.0	9.1	1.02	1.9	2.9	32.3
National Assembly	National Legislation, Representation and Oversight	-	16.9	16.9	-	7.8	7.8	46.0
Commission on Revenue Allocation	Inter-Governmental Revenue and Financial Matters	-	0.4	0.4	-	0.1	0.1	32.7
Public Service Commission	General Administration, Planning and Support Services	0.04	0.9	0.9	0.01	0.5	0.5	52.0
	Human Resource management and Development	-	0.2	0.2	-	0.1	0.1	48.5
	Governance and National Values	-	0.1	0.1	-	0.1	0.1	47.8
Salaries and Remuneration Commission	Salaries and Remuneration Management	-	0.5	0.5	-	0.2	0.2	33.4
Auditor General	Audit Services	0.2	4.2	4.4	-	2.0	2.0	45.2
Controller of Budget	Control and Management of Public finances	-	0.6	0.6	-	0.2	0.2	29.6
Commission on Administrative Justice	Promotion of Administrative Justice	-	0.5	0.5	-	0.2	0.2	32.7
Total		110.0	114.9	224.9	36.6	49.8	86.4	38.4

Source: MDAs and National Treasury

Analysis of programme budget allocations indicates that the Public Financial Management programme under the National Treasury received the highest budgetary allocation at Kshs.44.1 billion which was 19.6 per cent of the sector's annual allocation while the General Administration, Planning and Support Services under the State Department for Public Service and Youth Affairs received the lowest allocation at Kshs.5.3 million, translating to less than 1 per cent.

The total expenditure for the sector in the reporting period amounted to Kshs.86.4 billion, representing 38.4 of the annual gross budget estimates. It comprised of Kshs.36.6 billion as development expenditure, representing an absorption rate of 33.3 per cent of the annual budget estimates for development programmes in the sector and Kshs.49.8 billion as recurrent expenditure, which represented 43.3 per cent for recurrent programmes.

Analysis of the programme performance indicated that the Economic Policy and National Planning programme

under the State Department for Planning and Statistics recorded the highest proportion of programme expenditure to its annual gross budget estimates at 67.2 per cent while the Public Finance Management programme under the National Treasury had the least with 6.3 per cent.

5.10 National Security Sector

The National Security Sector was allocated Kshs.124.0 billion in FY 2016/17. The analysis of National Security Sector programmes for the period under the review is presented in Table 5.9.

Table 5.9: National Security Sector's Programme Performance in the First Half of FY 2016/17 (Kshs. Billions)

VOTE	Programme	Dev. Est.	Rec. Est	Total Gross Est.	Dev. Exp	Rec. Exp.	Total Exp	Programme Absorption Rate (%)
Ministry of Defence	Defence	0.05	98.7	98.7	0.04	41.2	41.2	41.8
National Intelligence Service	National security intelligence	-	25.3	25.3	-	12.4	12.4	49.0
Total		0.05	124.0	124.0	0.04	53.6	53.6	43.2

Source: MDAs and National Treasury

This allocation comprised of Kshs.0.05 billion (less than 1 per cent) for development expenditure and Kshs.124.1 billion (99.96 per cent) for recurrent expenditure. The Defence and the National Security Intelligence programme under the Ministry of Defence and National Intelligence Service respectively received the highest and lowest allocation at Kshs.98.7 billion (79.6 per cent of the total allocation for the sector) and Kshs.25.3 billion (20.4 per cent of the total allocation for the sector) respectively.

The total recurrent expenditure for the sector programmes in the reporting period amounted to Kshs.56.3 billion, which represented 43.2 per cent of the annual budget estimates for recurrent programmes in the sector. Analysis of programme performance indicated that the National Intelligence Service under the National Intelligence Service recorded the highest proportion of programme expenditure to the annual budget for the programme at 49.0 per cent while Defence under the Ministry of Defence recorded 41.8 per cent.

5.11 Social Protection, Culture and Recreation Sector

The Social Protection, Culture and Recreation Sector was allocated Kshs.44.6 billion to fund 16 programmes in FY 2016/17. Table 5.10 presents an analysis of the Social Protection, Culture and Recreation Sector's programme for the period July to December 2016.

Table 5.10: Social Protection, Culture and Recreation Sector's Programme Performance in the First Half of FY 2016/17 (Kshs. Billions)

VOTE	Programme	Dev. Est.	Rec. Est.	Total Gross Est.	Dev. Exp.	Rec. Exp.	Total Exp.	Programme Absorption Rate (%)
State Department for Special Programmes	Special Initiatives	-	0.7	0.7	-	0.4	0.4	50.8
	Accelerated ASAL Development	5.1	0.7	5.8	2.5	1.1	3.6	62.4
State Department for Sports Development	Sports	1.6	3.0	4.6	0.6	1.2	1.7	37.8
	General Administration, Planning and Support Services	-	0.6	0.6	-	0.3	0.3	44.8
State Department for Arts and Culture	Culture	0.7	1.4	2.0	0.2	0.5	0.7	33.0
	The Arts	0.1	0.6	0.7	0.1	0.2	0.3	42.0
	Library Services	0.2	0.6	0.8	0.1	0.3	0.4	48.3
	General Administration, Planning and Support Services	-	0.1	0.1	-	0.01	0.01	21.0
State Department for Labour	Promotion of the Best Labour Practice	0.1	0.4	0.5	-	0.1	0.1	29.5
	Manpower Development, Employment and Productivity Management	0.4	0.5	0.9	0.1	0.1	0.2	26.0
	General Administration, Planning and Support Services	-	0.3	0.3	-	0.2	0.2	62.6
State Department for Social Protection	Social Development and Children Services	0.9	3.0	3.9	0.3	1.1	1.4	36.1
	National Social Safety Net	14.0	5.0	19.0	6.2	2.2	8.4	44.4
	General Administration, Planning and Support Services	0.004	0.1	0.1	-	0.007	0.007	13.0
State Department for Gender	Community Development	2.1	-	2.1	1.1	-	1.1	50.0
	Gender Empowerment	1.4	1.1	2.5	0.7	0.2	0.9	35.8
Total		26.4	18.2	44.6	11.8	7.7	19.5	43.6

Source: MDAs and National Treasury

The allocation comprised of Kshs.26.4 billion (59.2 per cent) for development programmes and Kshs.18.2 billion (41 per cent) for recurrent programmes.

The National Social Safety Net programme under the State Department for Social Protection received the highest budgetary allocation at Kshs.19.0 billion (42.6 per cent of the total annual budget allocation to the sector) while the General Administration, Planning and Support Services programme under the State Department for Arts and Culture received the lowest allocation at Kshs.50 million (less than 1 per cent of the total annual budget allocation to the sector).

The total expenditure for the sector programmes in the reporting period amounted to Kshs.19.5 billion representing 43.6 per cent of the annual gross budget estimates. This comprised of Kshs.11.8 billion for development expenditure representing an absorption rate of 44.6 per cent for the development programmes in the sector while Kshs.7.7

billion was spent as recurrent expenditure which accounted for 42.2 per cent.

Analysis of the programme performance showed that the Accelerated ASAL Development under the State Department for Special Programmes recorded the highest proportion of programme expenditure to its total annual budget estimates at 18.1 per cent while the General Administration, Planning and Support Services programme under the State Department for Social Protection recorded the least absorption at 13 per cent.

6 KEY ISSUES AND RECOMMENDATIONS

6.1 Introduction

This chapter presents the key challenges that affected budget implementation in the first half of FY 2016/17 and makes appropriate recommendations aimed at addressing the challenges in order to enhance smooth budget implementation.

6.2 Key Issues and Recommendation

In the course of overseeing budget implementation by the MDAs, the Office identified key issues which affected budget implementation as follows:

6.2.1 Delay in Uploading Budgets and Annual Procurement Plans into IFMIS

Section 12(1)(e) of the PFM Act 2012 requires the National Treasury to design and prescribe an efficient financial management system for the national and county governments to ensure transparent financial management and standard financial reporting. IFMIS is the prescribed financial system by the National Treasury for use by the MDAs to undertake financial transactions which includes both procurement and payments.

In the period under review, MDAs experienced delays in uploading of procurement plans and budgets in IFMIS, which interrupted their planned activities as work plans could not be implemented.

The Office recommends timely uploading of procurement plans and budgets in the IFMIS to ensure timely implementation of MDAs' planned activities.

6.2.2 Delay in release of Funds to MDAs

In the first half of FY 2016/17, the total exchequer released to MDAs amounted to Kshs.483.1 billion representing 40 per cent of the annual net estimates. This percentage is below the expected 50 percent projected to have been released as at end of the first half of FY 2016/17.

From the analysis of reports submitted by MDAs, low level of expenditure by MDAs has been attributed to delay in release of funds. The Office therefore, recommends that the National Treasury should release funds to the MDAs based on their work plans and cash flow projections as presented at the beginning of the financial year.

6.2.3 Delay in submission of the expenditure reports to OCOB

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

In order to meet the constitutional and legal requirements, all MDAs should ensure that quarterly expenditure reports are submitted to the Controller of Budget on time to allow timely preparation and publication of the Budget Implementation Review Reports.

6.2.4 Accounting for expenditure on Capital and Current Transfers

There are several SAGAs that are financed by capital and current transfers from parent Ministries. The transfers are treated as expenditure by the line Ministries once transferred. This accounting treatment is likely to result in overstatement of expenditure by the Ministries since amounts transferred are programmed to be spent by the SAGAs during the year.

It is recommended that the Public Sector Accounting Standards Board (PSASB) review this matter and develop guidelines in line with international best practice.

This Budget Implementation Review Report for the first half of FY 2016/17 seeks to provide information on budget implementation by the National Government, in fulfilment of Article 228 (6) of the Constitution of Kenya, 2010 and Section 9 of the Controller of Budget Act, 2016. It presents a summary of the receipts into the Consolidated Funds to finance the budget and compares performance against a similar period in the previous financial year. It further analyses exchequer issues and expenditure incurred by the MDAs and County Governments against the annual net and annual gross estimates.

The budget performance shows significant improvement in certain areas such as revenue collection and absorption of development budget. Total exchequer releases to MDAs and the County Governments amounted to Kshs.824.3 billion, representing 40.8 per cent of the annual net estimates, an improvement of 7 percentage points compared to Kshs.771.30 billion released in a similar period of FY 2015/16. MDAs' recurrent expenditure received the highest proportion of exchequer issues at 43.6 per cent (Kshs.345.2 billion), CFS expenditure received 42.7 per cent (Kshs.224.9 billion), development exchequer issues accounted for 33.1 per cent (Kshs.137.9 billion), while 14.1 per cent (Kshs.116.3 billion) of the exchequer issues went to County Governments.

The total expenditure by the National Government was Kshs.836.8 billion, representing 38 per cent of the annual gross estimates. This was an improvement from Kshs.684.5 billion (30.6 per cent) spent in the first half of FY 2015/16. Development expenditure amounted to Kshs.264.7 billion, or 32.3 per cent of the annual gross estimates, and an improvement from Kshs.166.2 billion incurred in FY 2015/16 (23 per cent of the gross estimates). Recurrent expenditure by the MDAs stood at Kshs.347.9 billion, representing 40.6 per cent, compared to Kshs.230.2 billion (44.4 per cent of gross estimate). The Consolidated Fund Services expenditure was Kshs.224.1 billion (42.5 per cent of gross estimates), a decline in absolute terms compared to Kshs.288.1 billion (55.6 per cent of the gross estimates) recorded in a similar period last financial year.

The report observed improvement in the overall expenditure but also notes the delay in release of funds to MDAs as a challenge that curtailed budget implementation. This was compounded by the delay in uploading of procurement plans and approved budgets in the IFMIS which should be addressed in the subsequent periods to ensure efficiency and effectiveness in the budget implementation.

ANNEX I: MDAs Development Expenditure – First Half of the FY 2016/17 (Kshs.)

MINISTRY/STATE DEPARTMENT	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% of Exch. To Net Est.	% of Expenditure to Gross. Estimates.
The Presidency	481,340,000	481,340,000	53,100,000	68,880,802	11.0%	14.3%
State Department for Interior	22,854,796,889	22,722,800,000	11,346,700,000	8,178,544,266	49.9%	35.8%
State Department for Correctional Services	1,050,000,000	1,050,000,000	18,100,000	41,298,254	1.7%	3.9%
State Department for Devolution	2,424,000,000	2,304,000,000	138,759,883	124,746,628	6.0%	5.1%
State Department for Special Programmes	5,111,345,330	2,678,000,000	1,432,755,901	2,514,973,773	53.5%	49.2%
State Department for Planning & Statistics	41,506,246,464	40,089,318,664	23,013,318,576	26,740,517,068	57.4%	64.4%
Ministry of Defence	45,000,000	-	-	35,000,000	-	77.8%
Ministry of Foreign Affairs	3,000,000,000	3,000,000,000	1,916,800,000	1,922,484,667	63.9%	64.1%
State Department for Basic Education	8,395,219,512	5,942,420,568	2,733,080,035	1,077,644,886	46.0%	12.8%
State Department for Vocational and Technical Training	4,200,999,358	2,450,999,370	757,000,000	785,222,730	30.9%	18.7%
State Department for University Education	11,479,095,026	8,503,750,630	2,169,424,000	3,265,626,668	25.5%	28.4%
The National Treasury	45,530,120,315	26,657,892,403	1,856,247,420	1,778,202,856	7.0%	3.9%
Ministry of Health	31,279,819,184	20,826,356,164	8,925,714,580	8,329,186,838	42.9%	26.6%
State Department for Infrastructure	147,711,782,851	84,782,200,000	12,818,696,716	19,292,084,446	15.1%	13.1%
State Department for Transport	175,806,596,000	15,345,000,000	2,815,517,558	95,016,768,389	18.3%	54.0%
State Department Housing and Urban Development	19,289,020,000	13,364,020,000	5,635,884,741	7,055,140,547	42.2%	36.6%
State Department of Public Works	2,047,000,000	2,047,000,000	588,600,000	608,511,207	28.8%	29.7%
State Department for Water Services	39,606,072,000	11,139,000,000	6,429,991,863	9,006,047,025	57.7%	22.7%
State Department for Irrigation	18,107,929,750	9,840,000,000	3,217,500,000	4,589,322,382	32.7%	25.3%
State Department for Environment	4,246,619,731	3,900,544,731	1,508,142,490	1,000,160,345	38.7%	23.6%
State Department for Natural Resources	3,592,000,000	2,146,000,000	799,000,000	1,044,931,997	37.2%	29.1%

MINISTRY/STATE DEPARTMENT	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% of Exch. To Net Est.	% of Expenditure to Gross. Estimates.
Ministry of Lands and Physical Planning	3,841,480,000	3,832,080,000	687,900,000	1,326,198,737	18.0%	34.5%
State Department of Information Communications & Technology & Innovation	22,313,000,000	19,501,000,000	14,422,756,336	17,945,337,768	74.0%	80.4%
State Department of Broadcasting and Telecommunications	658,000,000	658,000,000	292,000,000	-	44.4%	-
State Department for Sports Development	1,555,000,000	1,555,000,000	152,900,000	562,313,522	9.8%	36.2%
State Department for Arts and Culture	986,000,000	986,000,000	302,200,000	307,055,406	30.6%	31.1%
State Department for Energy	115,183,331,715	36,530,936,986	13,808,555,021	23,614,500,868	37.8%	20.5%
State Department of Petroleum	4,208,400,000	2,870,900,000	261,865,655	316,029,605	9.1%	7.5%
State Department for Agriculture	12,678,265,821	9,918,136,783	2,161,349,557	4,968,079,137	21.8%	39.2%
State Department for Livestock	11,742,135,480	4,003,031,164	1,152,328,089	1,166,789,853	28.8%	9.9%
State Department for Fisheries and Blue Economy	2,530,000,000	2,030,000,000	1,446,454,590	1,466,549,814	71.3%	58.0%
State Department for Investment and Industry	5,379,787,000	5,053,600,000	1,505,000,000	2,292,096,090	29.8%	42.6%
State Department for Cooperatives	530,000,000	530,000,000	250,000,000	250,000,000	47.2%	47.2%
State Department for Trade	245,000,000	245,000,000	79,100,000	47,252,540	32.3%	19.3%
State Department for East African Integration	65,000,000	-	-	-	-	-
State Department for Labour	477,200,000	477,200,000	65,400,000	136,304,949	13.7%	28.6%
State Department for Social Protection	14,821,800,000	14,820,400,000	6,591,600,340	6,553,560,225	44.5%	44.2%
Ministry of Mining	3,890,321,429	3,868,000,000	224,100,000	577,333,799	5.8%	14.8%
Ministry of Tourism	4,842,000,000	4,842,000,000	1,639,600,000	1,791,245,940	33.9%	37.0%
State Department for Public Service and Youth Affairs	12,648,065,996	12,648,065,996	2,608,610,600	4,935,700,000	20.6%	39.0%
State Department for Gender	3,496,900,000	3,472,400,000	553,900,000	1,715,000,000	16.0%	49.0%
State Law Office and Department of Justice	379,000,000	70,000,000	-	32,148,694	-	8.5%

MINISTRY/STATE DEPARTMENT	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% of Exch. To Net Est.	% of Expenditure to Gross Estimates.
The Judiciary	4,449,000,000	4,449,000,000	907,063,600	1,076,794,148	20.4%	24.2%
Ethics & Anti-Corruption Commission	100,000,000	100,000,000	-	-	-	-
Office of the Directorate of Public Prosecution	98,550,000	98,550,000	-	1,274,800	-	1.3%
National Land Commission	-	-	-	103,326,135	-	-
Independent Electoral and Boundaries Commission	765,209,700	53,000,000	-	-	-	-
Parliamentary Service Commission	4,150,000,000	4,150,000,000	598,500,000	1,037,214,383	14.4%	25.0%
Public Service Commission	39,000,000	39,000,000	10,000,000	5,738,600	25.6%	14.7%
Teachers Service Commission	100,000,000	100,000,000	-	-	-	-
Auditor General	224,000,000	224,000,000	30,000,000	29,462,769	13.4%	13.2%
TOTAL	820,161,449,551	416,395,943,459	137,925,517,551	264,732,603,556	33.1%	32.3%

ANNEX II: MDAs Recurrent Expenditure – First Half of FY 2016/17 (Kshs)

MINISTRY/STATE DEPARTMENT	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% of Exch. To Net Est.	% of Expenditure to Gross Estimate
The Presidency	7,943,324,669	7,934,692,595	3,621,363,000	2,876,635,099	45.6%	36.2%
State Department for Interior	102,907,039,319	102,533,302,319	50,974,050,000	39,093,295,694	49.7%	38.0%
State Department for Correctional Services	19,209,032,569	19,209,032,569	9,479,100,000	8,511,333,564	49.3%	44.3%
State Department for Devolution	649,451,492	649,451,492	290,350,000	262,981,305	44.7%	40.5%
State Department for Special Programmes	1,405,811,247	1,405,811,247	1,216,800,000	1,472,011,732	86.6%	104.7%
State Department for Planning & Statistics	4,717,330,425	4,391,330,425	2,081,500,000	1,950,890,723	47.4%	41.4%
Ministry of Defence	98,654,161,519	98,654,161,519	37,020,900,000	41,184,588,424	37.5%	41.7%
Ministry of Foreign Affairs	17,206,235,947	17,036,640,947	8,335,500,000	8,374,772,449	48.9%	48.7%
State Department for Basic Education	58,779,803,088	57,347,203,088	16,240,260,000	14,403,569,018	28.3%	24.5%
State Department for Vocational and Technical Training	2,324,529,852	2,324,529,852	1,105,900,000	1,074,905,299	47.6%	46.2%
State Department for University Education	60,652,433,681	43,969,833,681	20,169,088,000	23,234,428,442	45.9%	38.3%
The National Treasury	36,740,857,285	36,740,857,285	15,949,800,000	15,077,556,469	43.4%	41.0%
Ministry of Health	28,990,110,838	25,012,234,361	11,201,500,000	10,778,084,560	44.8%	37.2%
State Department for Infrastructure	29,039,085,190	1,839,085,190	752,900,000	13,521,718,838	40.9%	46.6%
State Department for Transport	5,780,740,412	1,403,740,412	667,408,000	3,990,746,083	47.5%	69.0%
State Department for Maritime Affairs	237,159,288	237,159,288	87,400,000	71,094,692	36.9%	3 - %
State Department for Housing & Urban Development	862,299,444	862,299,444	400,800,000	396,172,360	46.5%	45.9%
State Department for Public Works	897,187,546	893,187,546	331,400,000	301,637,179	37.1%	33.6%
State Department for Water Services	3,624,591,649	1,486,833,410	738,100,000	697,077,950	49.6%	19.2%
State Department for Irrigation	933,008,351	533,008,351	203,500,000	181,020,512	38.2%	19.4%
State Department for Environment	2,979,114,030	2,160,214,030	1,312,200,000	1,059,006,033	60.7%	35.5%

MINISTRY/STATE DEPARTMENT	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% of Exch. To Net Est.	% of Expenditure to Gross Estimate
State Department for Natural Resources	11,322,343,046	5,082,322,046	2,395,500,000	2,414,450,060	47.1%	21.3%
Ministry of Lands and Physical Planning	2,188,601,179	2,179,186,429	1,070,200,000	1,017,569,646	49.1%	46.5%
State Department of Information Communications & Technology & Innovation	909,425,207	909,425,207	249,823,000	314,574,419	27.5%	34.6%
State Department for Broadcasting & Telecommunications	2,050,126,830	1,870,126,830	749,500,000	758,092,681	40.1%	37.0%
State Department for Sports Development	3,606,950,551	3,606,550,551	1,645,364,000	1,427,662,455	45.6%	39.6%
State Department for Arts and Culture	2,651,046,449	2,640,446,449	1,145,000,000	1,081,786,822	43.4%	40.8%
State Department Energy	2,078,552,046	1,871,436,740	935,785,000	886,884,021	5 - %	42.7%
State Department of Petroleum	91,151,598	43,786,904	27,200,000	20,093,322	62.1%	22.0%
State Department for Agriculture	8,586,076,695	8,557,076,695	3,490,460,000	3,226,877,610	40.8%	37.6%
State Department for Livestock	1,889,938,320	1,865,938,320	984,000,000	1,009,921,448	52.7%	53.4%
State Department for Fisheries and the Blue Economy	1,653,196,791	1,653,196,791	801,000,000	706,791,004	48.5%	42.8%
State Department of Investment and Industry	2,668,815,153	2,646,315,153	1,371,400,000	1,125,637,214	51.8%	42.2%
State Department for Cooperatives	3,120,950,523	3,114,450,523	732,600,000	732,041,062	23.5%	23.5%
State Department for Trade	2,919,282,136	2,899,522,136	1,684,960,000	587,040,901	58.1%	20.1%
State Department for East African Integration	1,541,165,024	1,539,165,024	684,860,000	691,605,895	44.5%	44.9%
State Department for Labour	1,301,843,257	1,292,843,257	648,200,000	497,161,560	50.1%	38.2%
State Department for Social Protection	8,108,136,032	8,064,371,032	3,720,820,000	2,963,855,071	46.1%	36.6%
Ministry of Mining	697,364,217	683,364,217	276,815,000	225,446,474	40.5%	32.3%
Ministry of Tourism	2,354,228,209	1,375,553,209	691,750,000	685,204,740	50.3%	29.1%
State Department for Public Service and Youth Affairs	13,038,823,969	12,862,973,969	6,055,100,000	6,306,000,000	47.1%	48.4%
State Department for Gender	1,125,441,006	1,125,441,006	232,725,000	242,020,964	20.7%	21.5%

MINISTRY/STATE DEPARTMENT	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% of Exch. To Net Est.	% of Expenditure to Gross Estimate
State Law Office and Department of Justice	4,035,232,362	3,640,732,362	1,417,500,000	1,372,384,506	38.9%	34.0%
The Judiciary	12,859,460,378	12,859,460,378	5,830,625,000	4,945,216,533	45.3%	38.5%
Ethics & Anti-Corruption Commission	2,691,080,000	2,691,080,000	1,751,979,000	1,525,104,759	65.1%	56.7%
National Intelligence Service	25,346,000,000	25,346,000,000	11,981,630,000	12,428,067,695	47.3%	49.0%
Office of the Director of Public Prosecutions	2,125,584,100	2,125,584,100	753,749,000	604,593,453	35.5%	28.4%
Office of the Registrar of Political Parties	826,916,880	826,916,880	262,992,000	258,115,305	31.8%	31.2%
Witness Protection Agency	379,542,900	379,542,900	195,247,350	196,882,474	51.4%	51.9%
Kenya National Commission on Human Rights	428,785,600	428,785,600	211,400,000	210,446,747	49.3%	49.1%
National Lands Commission	1,434,548,504	1,434,548,504	592,100,000	575,875,321	41.3%	40.1%
Independent Electoral and Boundaries Commission	18,565,800,000	18,560,800,000	2,015,000,000	1,750,018,305	10.9%	9.4%
Parliamentary Service Commission	10,382,000,000	10,382,000,000	4,202,300,000	3,881,677,323	40.5%	37.4%
National Assembly	16,948,000,000	16,948,000,000	7,376,200,000	7,797,486,067	43.5%	46.0%
Judicial Service Commission	450,000,000	450,000,000	165,200,000	127,236,072	36.7%	28.3%
The Commission on Revenue Allocation	355,781,774	355,781,774	140,157,000	116,497,735	39.4%	32.7%
Public Service Commission	1,179,370,000	1,178,870,000	604,000,000	616,549,838	51.2%	52.3%
Salaries & Remuneration Commission	533,040,000	532,940,000	200,050,000	177,961,773	37.5%	33.4%
Teachers Service Commission	193,992,348,650	193,772,348,650	92,859,200,000	93,031,314,143	47.9%	48.0%
National Police Service Commission	435,340,000	435,340,000	175,200,000	186,003,733	40.2%	42.7%
Auditor General	4,182,880,000	4,032,880,000	1,984,400,000	1,992,240,205	49.2%	47.6%
Controller of Budget	561,269,850	561,269,850	180,000,000	166,397,796	32.1%	29.6%
The Commission on Administrative Justice	468,632,000	468,632,000	179,700,000	153,472,496	38.3%	32.7%
National Gender & Equality Commission	416,270,878	416,270,878	155,700,000	176,050,224	37.4%	42.3%
Independent Police Oversight Authority	491,338,899	491,338,899	174,410,000	213,549,334	35.5%	43.5%
TOTAL	857,525,988,854	790,827,224,314	345,181,620,350	347,937,385,631	43.6%	40.6%

ANNEX III: Sectoral Development Expenditure – First Half of FY 2016/17 (Kshs)

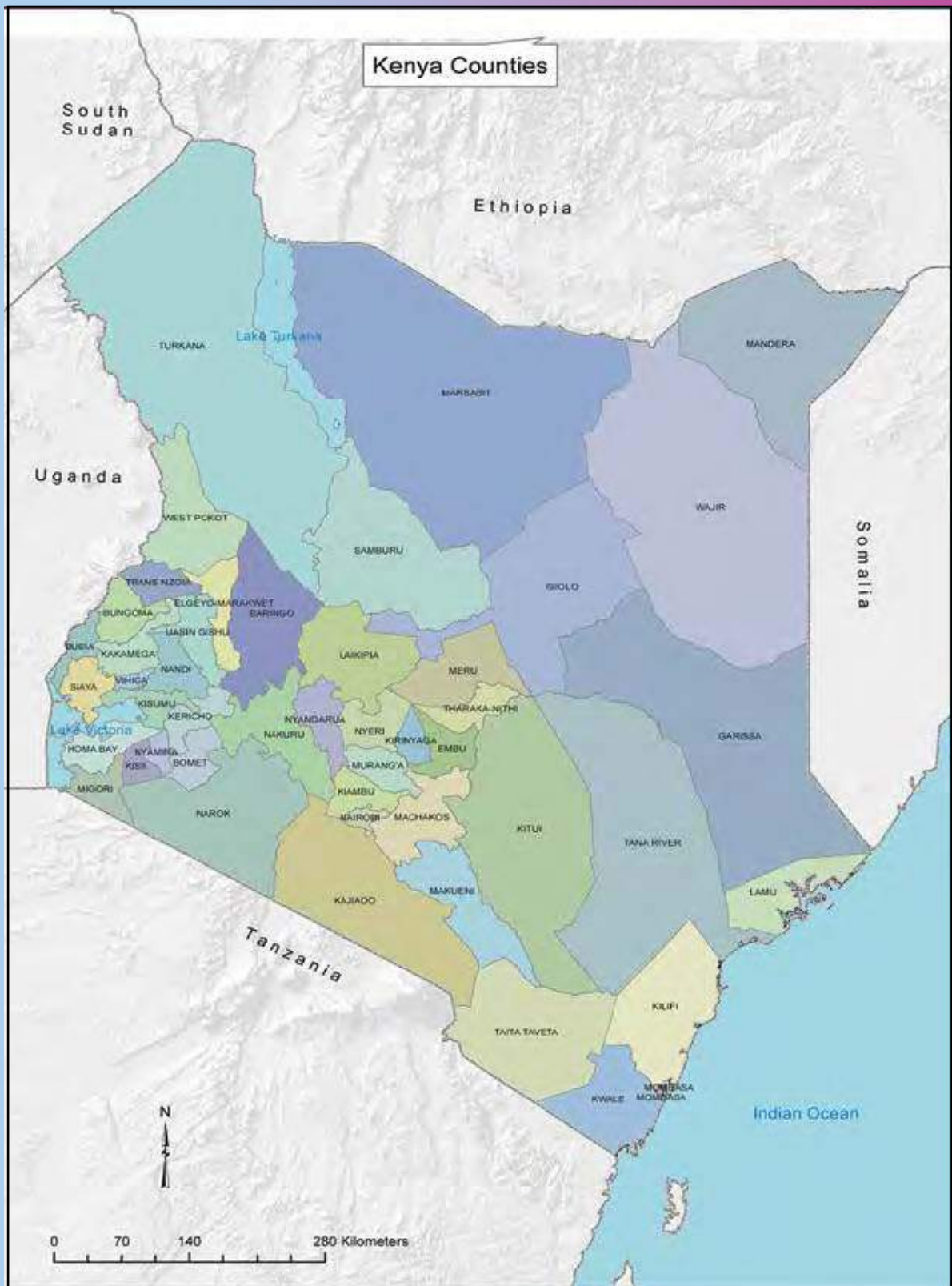
Sector	Gross Est.	Net Est.	Exch. Issues	Expenditure	% of Exch. to N. Est.	% Exp to G. Est.
Agriculture, Rural and Urban Development	30,791,881,301	19,783,247,947	5,448,032,236	9,030,943,676	27.5%	29.3%
Energy, Infrastructure and ICT	487,217,130,566	175,099,056,986	50,643,876,027	163,848,372,830	28.9%	33.6%
General Economics and Commercial Affairs (GECA)	11,061,787,000	10,670,600,000	3,473,700,000	4,380,594,570	32.6%	39.6%
Health	31,279,819,184	20,826,356,164	8,925,714,580	8,329,186,838	42.9%	26.6%
Education	24,175,313,896	16,997,170,568	5,659,504,035	5,128,494,284	33.3%	21.2%
Governance, Justice, Law and Order (GJLOS)	29,696,556,589	28,543,350,000	12,271,863,600	9,330,060,162	43.0%	31.4%
Public Administration and International Relations	110,002,772,775	89,593,617,063	30,225,336,479	36,627,644,874	33.7%	33.3%
National Security	45,000,000	-	-	35,000,000	-	77.8%
Social Protection, Culture and Recreation	26,448,245,330	23,989,000,000	9,098,756,241	11,789,207,875	37.9%	44.6%
Environment Protection, Water and Natural Resources	69,442,942,910	30,893,544,731	12,178,734,353	16,217,795,548	39.4%	23.4%
Total	820,161,449,551	416,395,943,459	137,925,517,551	264,732,603,556	33.1%	32.3%

ANNEX IV: Sectoral Recurrent Expenditure – First Half of FY 2016/17 (Kshs)

Sector	Gross Est.	Net Est.	Exch. Issues	Expenditure	% of Exch. to N. Est.	% Exp to G. Est.
Agriculture, Rural and Urban Development	15,752,361,489	15,689,946,739	6,937,760,000	6,537,035,029	44.2%	41.5%
Energy, Infrastructure and ICT	41,945,727,561	9,930,247,561	4,202,216,000	20,261,013,595	42.3%	48.3%
General Economics and Commercial Affairs (GECA)	12,604,441,045	11,575,006,045	5,165,570,000	3,821,529,812	44.6%	30.3%
Health	28,990,110,838	25,012,234,361	11,201,500,000	10,778,084,560	44.8%	37.2%
Education	315,749,115,271	297,413,915,271	130,374,448,000	131,744,216,902	43.8%	41.7%
Governance, Justice, Law and Order (GJLOS)	165,821,423,885	165,048,186,885	73,562,152,350	59,170,230,703	44.6%	35.7%
Public Administration and International Relations	114,906,997,411	114,076,320,337	51,200,420,000	49,751,119,278	44.9%	43.3%
National Security	124,000,161,519	124,000,161,519	49,002,530,000	53,612,656,119	39.5%	43.2%
Social Protection, Culture and Recreation	18,199,228,542	18,135,463,542	8,608,909,000	7,684,498,604	47.5%	42.2%
Environment Protection, Water and Natural Resources	19,556,421,293	9,945,742,054	4,926,115,000	4,577,001,029	49.5%	23.4%
Total	857,525,988,854	790,827,224,314	345,181,620,350	347,937,385,631	43.6%	40.6%

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