



THE REPUBLIC OF KENYA

OFFICE OF THE CONTROLLER OF BUDGET

**NATIONAL GOVERNMENT  
BUDGET IMPLEMENTATION REVIEW REPORT**

**THIRD QUARTER  
FY 2016/17**



**MAY, 2017**





**OFFICE OF THE CONTROLLER OF BUDGET**

**NATIONAL GOVERNMENT  
BUDGET IMPLEMENTATION REVIEW REPORT**

**THIRD QUARTER  
FY 2016/17**

**MAY, 2017**

## FOREWORD

I am pleased to present the third quarter Budget Implementation Report (BIRR) for FY 2016/17. The report has been prepared in line with Article 228 (6) of the Constitution of Kenya 2010 and the Controller of Budget Act, 2016, which require the Office of the Controller of Budget (OCOB) to submit to each house of parliament a report on the implementation of the budgets of National and County government every four months.

This report focuses on budget implementation by the National Government Ministries, Departments and Agencies (MDAs). It provides overall revenue performance and expenditure performance by programmes in the first nine months of the FY 2016/17, covering the period July 2016 to March 2017. The detailed analysis presented in this report on is based on OCOB records on exchequer issues, expenditure reports from the Integrated Financial Management Information System (IFMIS) and financial reports from the MDAs.

Through the publication and release of this report, the Office aims at providing information to members of the public on the status of budget implementation by national government entities in line with Section 39 (8) of the PFM Act, 2012, which requires the Controller of Budget to ensure that the public has access to information on budget implementation. The Office is committed to continuously publish and publicize reports on budget implementation regularly.

I urge readers of this report to use the information contained in the report to inform their participation in the budget formulation, implementation and monitoring and evaluation of the programs undertaken in the first nine months of FY 2016/17. By actively getting involved in the budget cycle, the general public will be able to guarantee transparency and accountability in the use of public resources, and hence ensure that the government fulfils its promises to the citizenry.



**Mrs. Agnes Odhiambo, CBS**  
**CONTROLLER OF BUDGET**

## TABLE OF CONTENTS

|  |             |
|--|-------------|
| <b>FOREWORD</b>  | <b>ii</b>   |
| <b>TABLE OF CONTENTS</b>   | <b>iii</b>  |
| <b>LIST OF TABLES</b>  | <b>v</b>    |
| <b>LIST OF FIGURES</b>   | <b>vii</b>  |
| <b>LIST OF ABBREVIATIONS AND ACRONYMS</b>  | <b>ix</b>   |
| <b>EXECUTIVE SUMMARY</b>   | <b>xi</b>   |
| <b>KEY HIGHLIGHTS</b>  | <b>xiii</b> |
| <br>   |             |
| <b>1 INTRODUCTION</b>  | <b>1</b>    |
| <br>   |             |
| <b>2 ANALYSIS OF RECEIPTS AND EXCHEQUER ISSUES</b>   | <b>3</b>    |
| 2.1 Introduction   | 3           |
| 2.2 Analysis of Revenue Estimates and Receipts into the Consolidated Fund                        | 3           |
| 2.2.1 FY 2016/17 Revenue Estimates   | 3           |
| 2.2.2 Receipts into the Consolidated Fund  | 3           |
| 2.3 FY 2016/17 Overall Budget  | 4           |
| 2.4 Exchequer Issues to the MDAs and County Governments  | 4           |
| 2.4.1 Recurrent Exchequer Issues by Sector   | 6           |
| 2.4.2 Exchequer Issues to Consolidated Fund Services in the First Nine Months of FY 2016/17      | 7           |
| 2.4.3 Development Exchequer Issues by Sector   | 8           |
| <br>   |             |
| <b>3 NATIONAL GOVERNMENT OVERALL EXPENDITURE ANALYSIS</b>  | <b>9</b>    |
| 3.1 Introduction   | 9           |
| 3.2 Overall Government Budget Performance  | 9           |
| 3.3 Consolidated Fund Services (CFS)   | 11          |
| 3.3.1 Public Debt  | 11          |
| 3.3.2 Guaranteed Debt to State Parastatals   | 11          |
| 3.3.3 Salaries and Allowances for Constitutional Office Holders                                  | 11          |
| 3.3.4 Pensions and Gratuities  | 12          |
| 3.4 MDAs Expenditure Analysis  | 12          |
| 3.4.1 MDAs Recurrent Expenditure Analysis  | 12          |
| 3.4.2 MDAs Development Expenditure Analysis  | 17          |
| <br>   |             |
| <b>4 DEVELOPMENT AND RECURRENT EXPENDITURE ANALYSIS BY SECTOR, FIRST NINE MONTHS, FY 2016/17</b> | <b>23</b>   |
| 4.1 Introduction   | 23          |
| 4.2 Agriculture, Rural and Urban Development (AR&UD) Sector                                      | 23          |
| 4.3 Education Sector   | 26          |

|                 |  |           |
|-----------------|--|-----------|
| 4.4             | Energy, Infrastructure and Information Communications Technology (EI & ICT) Sector ..... | 29        |
| 4.5             | Environmental Protection, Water and Natural Resource Sector .....                        | 33        |
| 4.6             | General Economic and Commercial Affairs (GECA) Sector .....                              | 35        |
| 4.7             | Governance, Justice, Law and Order Sector (GJLOS) .....                                  | 38        |
| 4.8             | Health Sector .....  | 42        |
| 4.9             | Public Administration and International Relations (PAIR) Sector .....                    | 44        |
| 4.10            | National Security Sector .....   | 48        |
| 4.11            | Social Protection, Culture and Recreation Sector .....                                   | 49        |
| <b>5</b>        | <b>BUDGET PERFORMANCE BY PROGRAMMES,</b>   |           |
|                 | <b>FIRST NINE MONTHS OF FY 2016/17 .....</b>   | <b>53</b> |
| 5.1             | Introduction .....   | 53        |
| 5.2             | Agriculture, Rural and Urban Development (AR&UD) Sector .....                            | 53        |
| 5.3             | Education Sector .....   | 54        |
| 5.4             | Energy, Infrastructure and Information Communications Technology (EI & ICT) Sector ..... | 55        |
| 5.5             | Environment Protection, Water and Natural Resources Sector .....                         | 57        |
| 5.6             | General Economic and Commercial Affairs (GECA) Sector .....                              | 58        |
| 5.7             | Governance, Justice, Law and Order (GJLOS) Sector .....                                  | 59        |
| 5.8             | Health Sector .....  | 61        |
| 5.9             | Public Administration and International Relations (PAIR) Sector .....                    | 62        |
| 5.10            | National Security Sector .....   | 64        |
| 5.11            | Social Protection, Culture and Recreation Sector .....                                   | 64        |
| <b>6</b>        | <b>KEY ISSUES AND RECOMMENDATIONS .....</b>  | <b>67</b> |
| 6.1             | Introduction .....   | 67        |
| 6.2             | Key Issues and Recommendation .....  | 67        |
| 6.2.1           | Delay in Uploading Budgets and Annual Procurement Plans into IFMIS .....                 | 67        |
| 6.2.2           | Accounting for expenditure on Capital and Current Transfers .....                        | 67        |
| 6.2.3           | Delay in submission Quarterly Reports on Financial and Non-Financial Performance .....   | 67        |
| <b>7</b>        | <b>CONCLUSION .....</b>  | <b>69</b> |
| <b>ANNEXES:</b> | <b>MDAs Development Expenditure – First Nine Months of the FY 2016/17 (Kshs.) .....</b>  | <b>70</b> |

## LIST OF TABLES

|                   |  |    |
|-------------------|--|----|
| <b>Table 2.1:</b> | Statement of Receipts into the Consolidated Fund in the First Nine Months of FY 2016/17 (Kshs. Billions) .....   | 4  |
| <b>Table 2.2:</b> | Summary of Exchequer Issues for the Period July 2016 to March 2017 (Kshs. Billions) .....  | 5  |
| <b>Table 2.3:</b> | Annual Estimates and Exchequer Issues by Sector for the Period July 2016 to March 2017 (Kshs. Billions) .....  | 5  |
| <b>Table 2.4:</b> | Sectoral Recurrent Estimates and Exchequer issues, July 2016 to March 2017 (Kshs. Billions) .....  | 6  |
| <b>Table 2.5:</b> | CFS Estimates and Exchequer Issues for the period July 2016 to March 2017 (Kshs. Millions) .....   | 7  |
| <b>Table 2.6:</b> | Sectoral Development Estimates and Exchequer Issues for the Period July 2016 to March 2017 (Kshs. Billions) .....  | 8  |
| <b>Table 3.1:</b> | Overall Government Budget Performance for the First Nine Months of FY 2016/17 in Comparison to FY 2015/16 (Kshs. Billion) .....  | 9  |
| <b>Table 3.2:</b> | FY 2016/17 Annual Budget for CFS and Cumulative Expenditure for the First Nine Months of FY 2016/17 (Kshs. Millions) .....   | 11 |
| <b>Table 3.3:</b> | Breakdown of Recurrent Expenditure by MDAs for the Period July 2016 to March 2017 (Kshs. Millions) .....   | 13 |
| <b>Table 3.4:</b> | Breakdown of Development Expenditure by MDAs for the Period July 2016 to March 2017 (Kshs. Millions) .....   | 18 |
| <b>Table 4.1:</b> | AR & UD Sector-Analysis of Exchequer Issues and Expenditure for the period July 2016 to March 2017 (Kshs. Billions) .....  | 25 |
| <b>Table 4.2:</b> | Education Sector-Analysis of Exchequer Issues and Expenditure for the period July 2016 to March, 2017. (Kshs. Billions) .....  | 28 |
| <b>Table 4.3:</b> | EI & ICT-Analysis of Exchequer Issues and Expenditure for the period July 2016 to March 2017. (Kshs. Billions) .....   | 31 |
| <b>Table 4.4:</b> | Environmental Protection, Water and Natural Resources Sector-Analysis of Exchequer Issues and Expenditure for the period July 2016 to March 2017. (Kshs. Billions) ..... | 34 |
| <b>Table 4.5:</b> | GECA Sector-Analysis of Exchequer Issues and Expenditure for the period July 2016 to March 2017. (Kshs. Billions) .....  | 37 |
| <b>Table 4.6:</b> | GJLOS Sector-Analysis of Exchequer Issues and Expenditure for the period July 2016 to March 2017. (Kshs. Billions) .....   | 40 |
| <b>Table 4.7:</b> | Health Sector-Analysis of Exchequer Issues and Expenditure for the period July 2016 to March, 2017. (Kshs. Billions) .....   | 43 |
| <b>Table 4.8:</b> | PAIR Sector-Analysis of Exchequer Issues and Expenditure for the period July 2016 to March 2017. (Kshs. Billions) .....  | 46 |
| <b>Table 4.9:</b> | National Security Sector-Analysis of Exchequer Issues and Expenditure for the period July 2016 to March, 2017. (Kshs. Billions) .....                                    | 49 |

|                    |  |    |
|--------------------|--|----|
| <b>Table 4.10:</b> | Social Protection, Culture Recreation Sector-Analysis of Exchequer Issues and Expenditure .....  | 51 |
| <b>Table 5.1:</b>  | AR &UD Sector's Programme Performance in the First Nine Months of FY 2016/17 .....   | 53 |
| <b>Table 5.2:</b>  | Education Sector's Programme Performance in the First Nine Months of FY 2016/17 .....  | 54 |
| <b>Table 5.3:</b>  | EI & ICT Sector's Programme Performance in the First Nine Months of FY 2016/17 .....   | 56 |
| <b>Table 5.4:</b>  | Environment Protection, Water and Natural Resources Sector's Programme in the First Nine Months of FY 2016/17 (Kshs. Billions) .....   | 57 |
| <b>Table 5.5:</b>  | GECA Sector's Programme Performance in the First Nine Months of FY 2016/17 (Kshs. Billions) .....                                      | 58 |
| <b>Table 5.6:</b>  | GJLOs Sector's Programme Performance in the First Nine Months of FY 2016/17 (Kshs. Billions) .....                                     | 60 |
| <b>Table 5.7:</b>  | Health Sector's Programme Performance in the First Nine Months of FY 2016/17 (Kshs. Billions) .....                                    | 61 |
| <b>Table 5.8:</b>  | PAIR Sector's Programme Performance in the First Nine Months of FY 2016/17 (Kshs. Billions) .....                                      | 62 |
| <b>Table 5.9:</b>  | National Security Sector's Programme Performance in the First Nine Months of FY 2016/17 .....  | 64 |
| <b>Table 5.10:</b> | Social Protection, Culture and Recreation Sector's Programme Performance in the First Nine Months of FY 2016/17 (Kshs. Billions) ..... | 65 |



## LIST OF FIGURES

|              |  |    |
|--------------|--|----|
| Figure 3.1:  | Comparison of FY 2016/17 Annual Budget and Expenditure by Sector for the First Nine Months of FY 2016/17 .....                                       | 10 |
| Figure 3.2:  | FY 2016/17 Annual Budget and Expenditure by Sector for the First Nine Months of FY 2016/17 .....   | 10 |
| Figure 3.3:  | Summary Analysis of MDAs' Recurrent Expenditure in the First Nine Months of FY 2016/17 .....   | 17 |
| Figure 3.4:  | Summary Analysis of MDAs' Development Expenditure for the First Nine Months of FY 2016/17 (Kshs. Million) .....                                      | 22 |
| Figure 4.1:  | Budgetary Allocation Trend for the AR &UD Sector from FY 2012/13 to FY 2016/17 (Kshs. billion) .....   | 24 |
| Figure 4.2:  | Exchequer Issues to the AR & UD Sector for the First Nine Months of FY 2016/17 (Kshs. Billions) .....  | 26 |
| Figure 4.3:  | Budgetary Allocation Trend for the Education Sector from FY 2012/13 to FY 2016/17 (Kshs. Billion) .....  | 27 |
| Figure 4.4:  | Exchequer Issues to the Education Sector for the First Nine Months of FY 2016/17 .....   | 29 |
| Figure 4.5:  | Budgetary Allocation Trend for the EI & ICT Sector from FY 2012/13 to FY 2016/17 (Kshs. Billion) .....   | 30 |
| Figure 4.6:  | Exchequer Issues to the EI & ICT Sector for the First Nine Months of FY 2016/17 .....  | 32 |
| Figure 4.7:  | Budgetary Allocation Trend for the Environmental Protection, Water and Natural Resources Sector from FY 2012/13 to FY 2016/17 (Kshs. Billions) ..... | 33 |
| Figure 4.8:  | Exchequer Issues to the Environmental Protection, Water and Natural Resources Sector for the First Nine Months of FY 2016/17 (Kshs. Billions) .....  | 35 |
| Figure 4.9:  | Budgetary Allocation Trend for the GECA Sector from FY 2012/13 to FY 2016/17 (Kshs. Billion) .....   | 36 |
| Figure 4.10: | Exchequer Issues to the GECA Sector for the First Nine Months of FY 2016/17 .....  | 38 |
| Figure 4.11: | Budgetary Allocation Trend for the GJLOS Sector from FY 2012/13 to FY 2016/17 (Kshs. Billion) .....  | 39 |
| Figure 4.12: | Exchequer Issues to the GJLOS Sector for the first nine months of FY 2016/17 (Kshs. Billions) .....  | 41 |
| Figure 4.13: | Budgetary Allocation Trend for the Health Sector from FY 2012/13 to FY 2016/17 (Kshs. Billion) .....   | 43 |
| Figure 4.14: | Exchequer Issues to the Health Sector for the First Nine Months of FY 2016/17 (Kshs. Billions) .....   | 44 |
| Figure 4.15: | Budgetary Allocation Trend for the PAIR Sector from FY 2012/13 to FY 2016/17 (Kshs. Billion) .....   | 45 |
| Figure 4.16: | Exchequer Issues to the PAIR Sector for the First Nine Months of FY 2016/17 .....  | 47 |

|              |  |    |
|--------------|--|----|
| Figure 4.17: | Budgetary Allocation Trend for the National Security Sector from FY 2012/13 to FY 2016/17<br>(Kshs. Billion) .....                     | 48 |
| Figure 4.18: | Budgetary Allocation Trend for the Social Protection, Culture Recreation Sector<br>from FY 2012/13 to FY 2016/17 (Kshs. Billion) ..... | 50 |
| Figure 4.19: | Exchequer Issues to the Social Protection, Culture Recreation Sector for the Period<br>July 2016 to March 2017 (Kshs. Billions) .....  | 52 |

## LIST OF ABBREVIATIONS AND ACRONYMS

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

|                |   |
|----------------|---|
| <b>O&amp;M</b> | Operations and Maintenance                        |
| <b>PAIR</b>    | Public Administration and International Relations |
| <b>PFM Act</b> | Public Finance Management Act                     |
| <b>SAGAs</b>   | Semi-Autonomous Government Agencies               |
| <b>TSC</b>     | Teachers Service Commission                       |
| <b>WPA</b>     | Witness Protection Agency                         |

## EXECUTIVE SUMMARY

This is the third quarter National Government Budget Implementation Review Report for FY 2016/17 and covers the period July 2016 to March 2017. 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 predisposed spending. Receipts into the consolidated fund and expenditure are broken down and analysed against targets based on the Approved Budget Estimates for FY 2016/17 and compared to a similar period in the previous year, FY 2015/16. The report also shows trends in budgetary allocation towards the various sectors with an aim to inform policy makers on resource allocation with focus on the government development agenda in the Medium Term Expenditure Framework (MTEF) and Kenya Vision 2030.

In the period under review, receipts into the exchequer account amounted to Kshs.1,339 billion, representing 65.2 per cent of the revised annual target (Kshs.2.05 trillion). This translates to 8.1 per cent growth compared to Kshs.1,239 billion received into the exchequer account in a similar period of FY 2015/16.

Total exchequer issues to MDAs, Consolidated Funds Service (CFS) and County Governments amounted to Kshs.1,254.8 billion, representing 61.1 per cent of the revised annual net estimates. The exchequer issues comprised of Kshs.532 billion for MDAs' recurrent expenditure, Kshs.222 billion for development expenditure, Kshs.315.6 billion towards CFS and Kshs.185.2 billion to the County Governments.

The total expenditure for the MDAs amounted to Kshs.1,002.5 billion, representing 55.5 per cent of the revised gross estimates. Analysis of recurrent expenditure by MDAs shows that Kshs.602.4 billion was spent on recurrent programmes representing 65.6 per cent of the revised gross estimates, a 25.6 per cent growth from Ksh.479.8 billion (61.2 per cent absorption rate) recorded in the same period of FY 2015/16. Analysis of recurrent expenditure shows that, a total of Kshs.274.3 billion was spent on personnel emoluments.

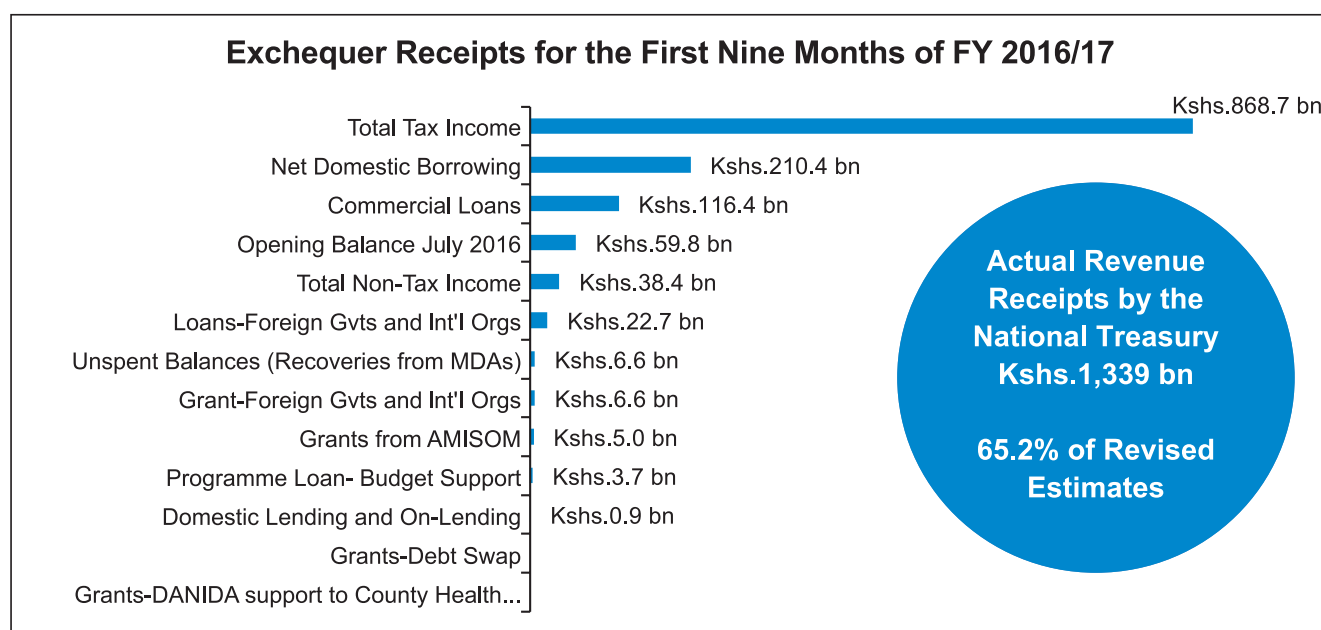
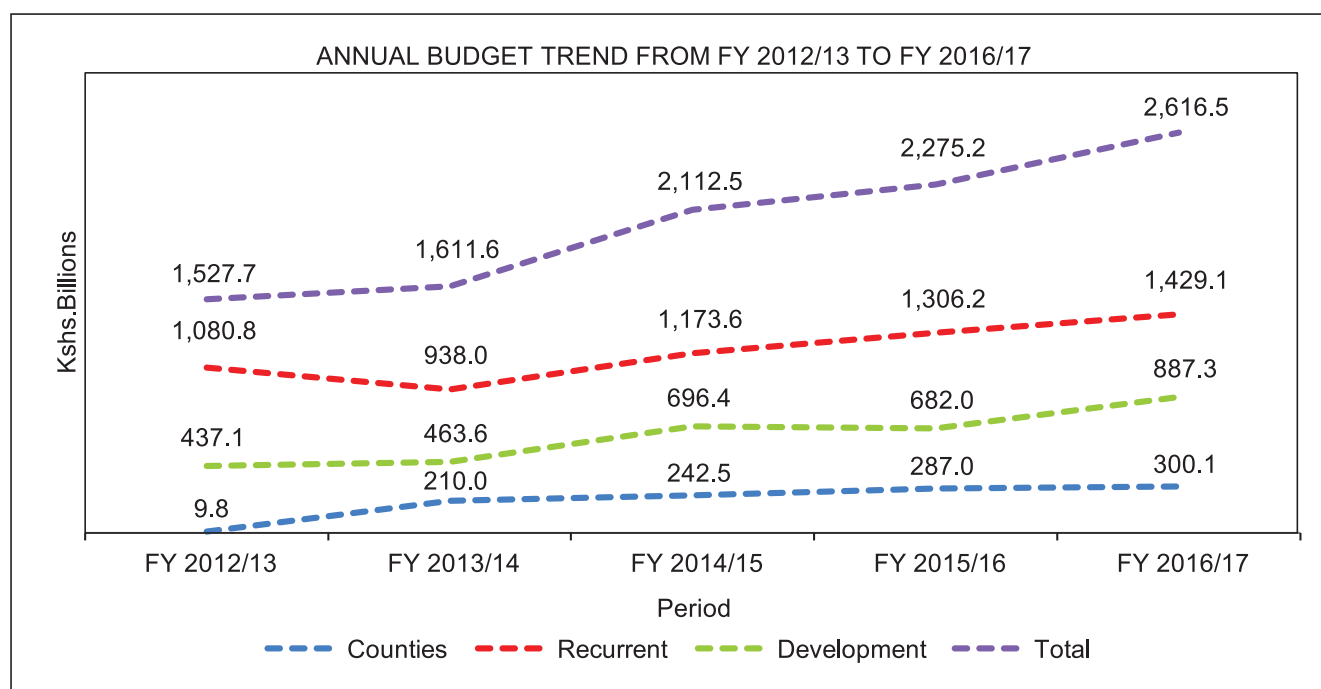
Further analysis of the recurrent expenditure shows that the Teachers Service Commission (TSC) had the highest expenditure on Personnel Emoluments (PE) at Kshs.142.5 billion, which translated to 52 per cent of the total PE expenditure by the MDAs. This could be explained by the fact that the bulk of the TSC's budget is for teachers' salaries. The second highest expenditure item was current transfers to Semi-Autonomous Government Agencies (SAGAs) at Kshs.237.2 billion, or 39.4 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.6.9 billion and Kshs.4.6 billion respectively.

The gross development expenditure was Kshs.400.1 billion, representing an absorption rate of 45.1 per cent, an increase from 34.3 per cent achieved in the same period the previous financial year. Under the development

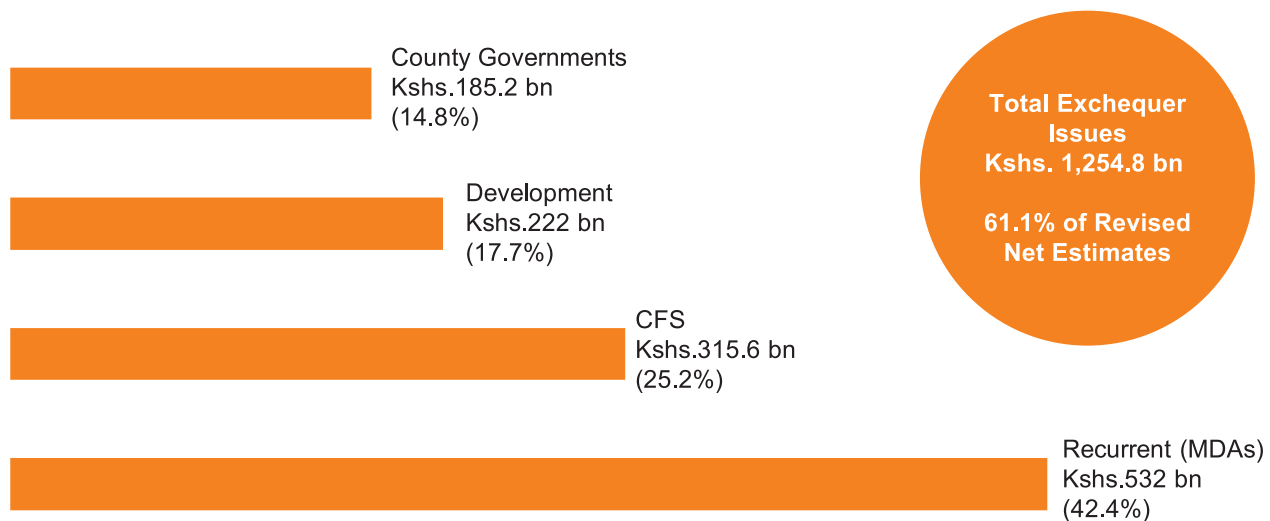
expenditure, Capital Transfers to SAGAs recorded the highest spending category at Kshs.203.3 billion, followed by refurbishment of buildings at Kshs.98.7 billion, representing 50.8 per cent and 24.7 per cent of the gross development expenditure respectively.

During the first nine months of FY 2016/17, a number of challenges were faced in the implementation of the budget. These included; delays in uploading of procurement plans and budgets onto IFMIS, which interrupted implementation of MDAs' planned activities as work plans could not be executed, challenges in accounting for expenditure on capital and current transfers by MDAs and delays in submission of financial reports by some MDAs, which affected the timely reporting on budget implementation.

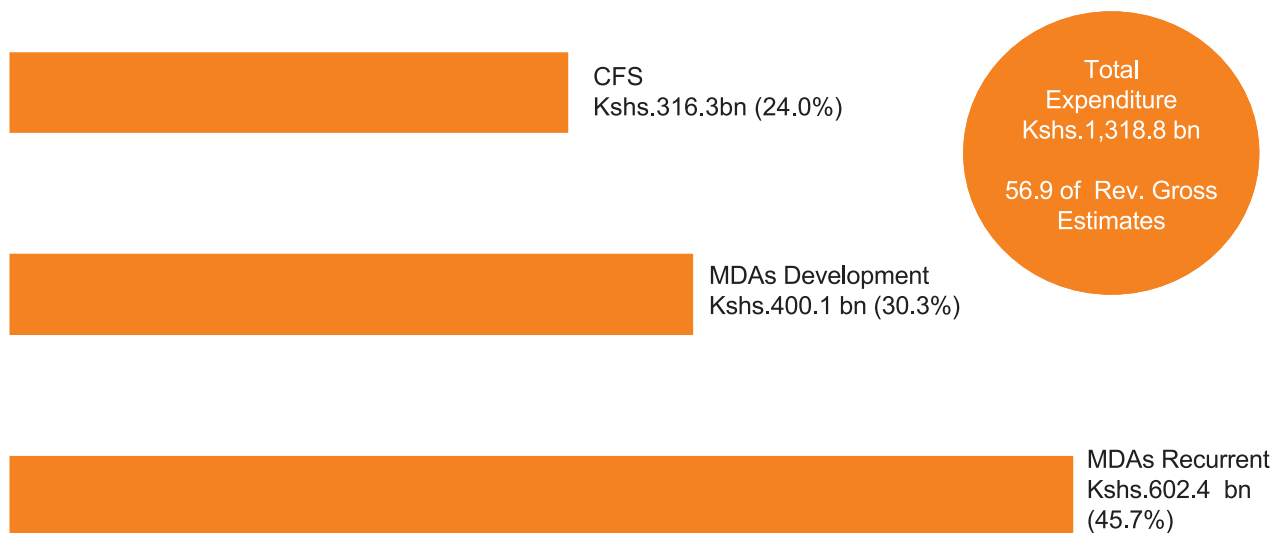
## KEY HIGHLIGHTS



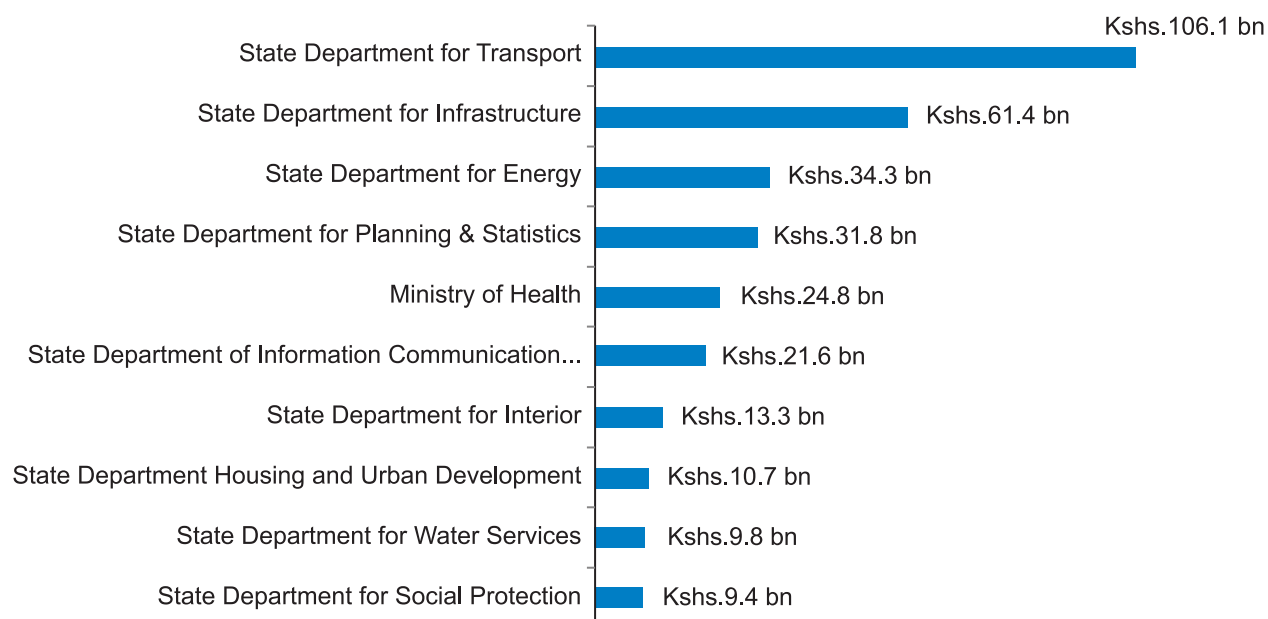
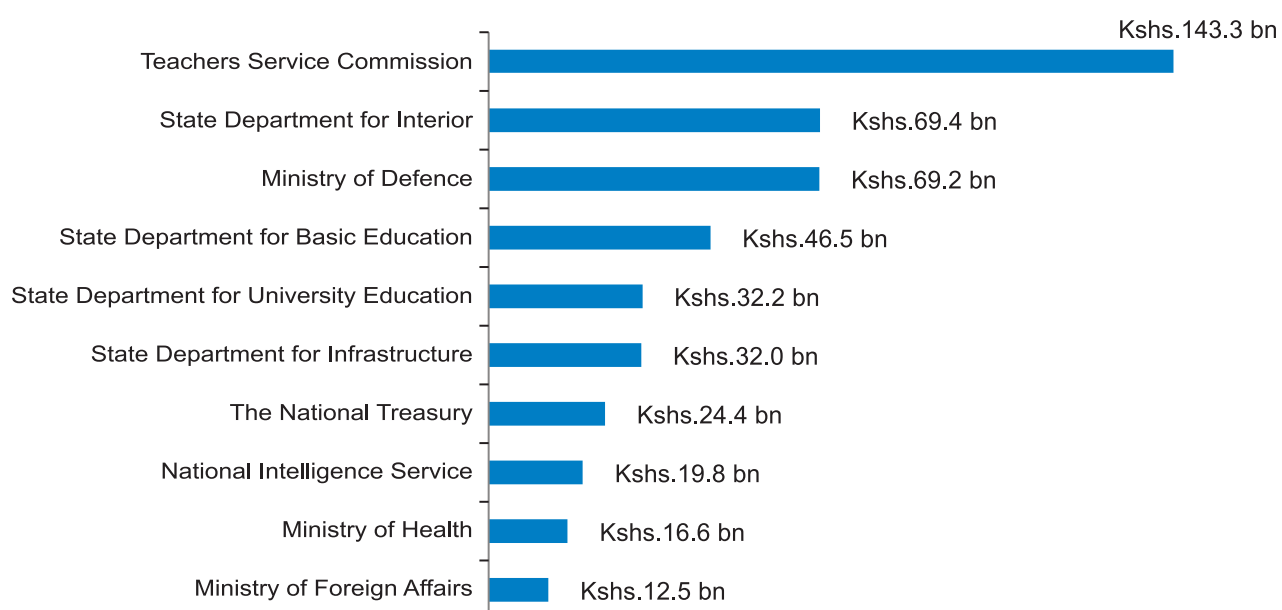
## EXCHEQUER ISSUES IN THE FIRST NINE MONTHS OF FY 2016/17

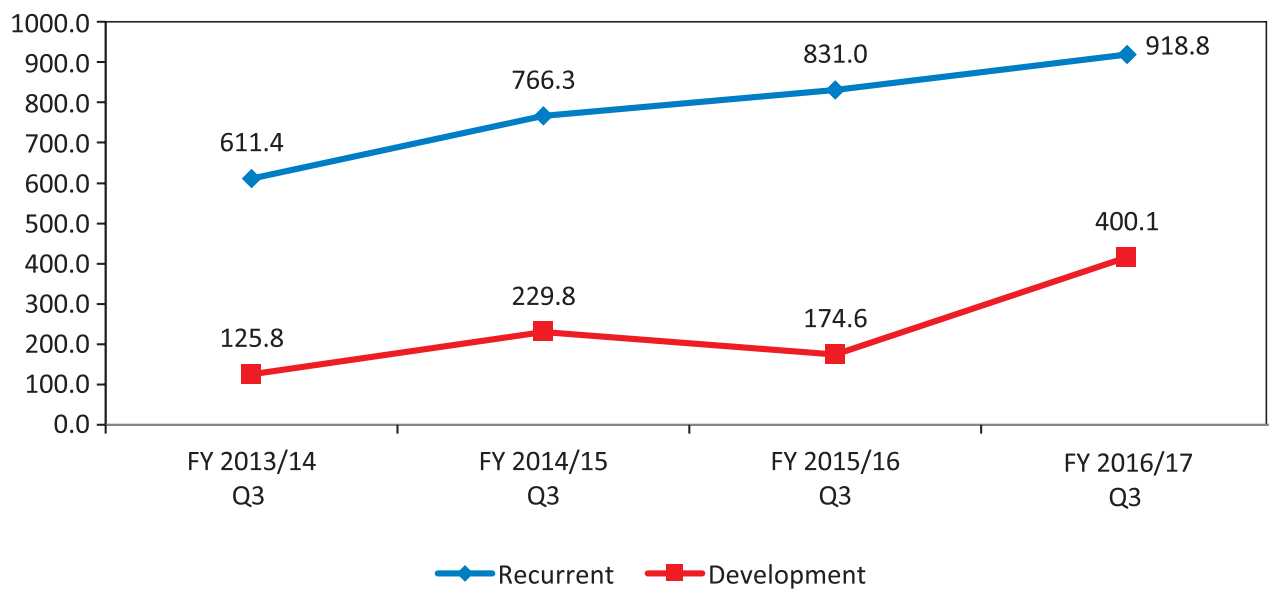
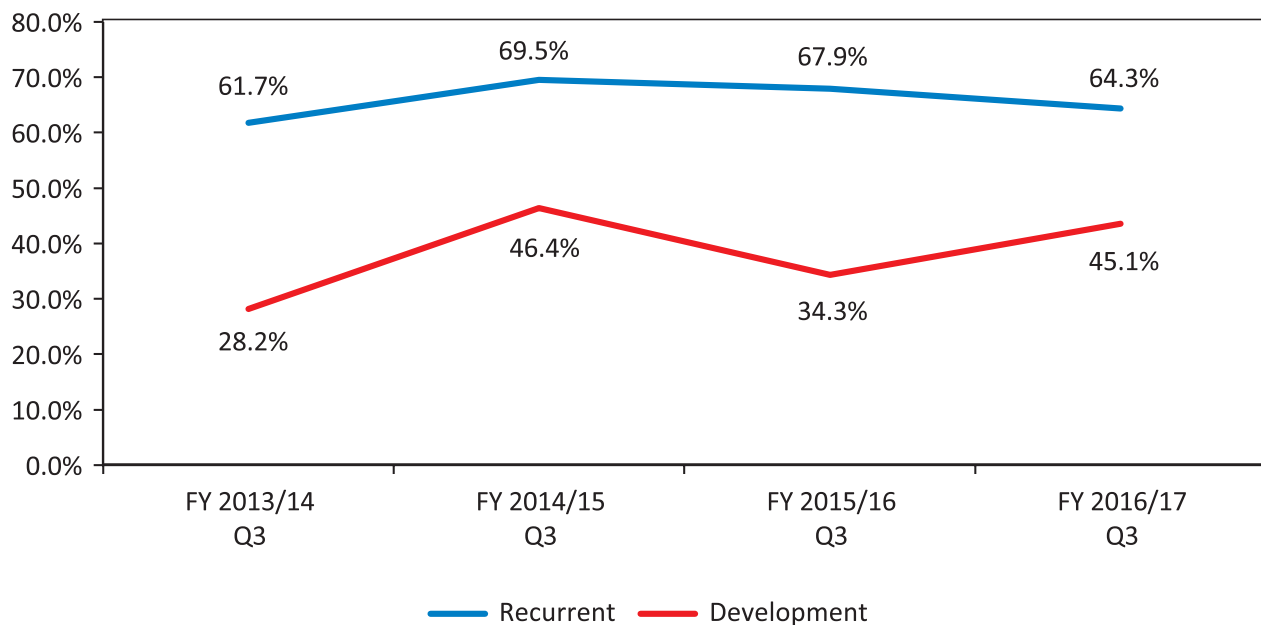


## TOTAL EXPENDITURE IN THE FIRST NINE MONTHS OF FY 2016/17





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

**TREND IN DEVELOPMENT AND RECURRENT EXPENDITURE FY 2013/14 TO FY 2016/17****QUARTERLY TREND IN RECURRENT AND DEVELOPMENT EXPENDITURE ABSORPTION RATES IN THE FIRST NINE MONTHS 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 by authorizing withdrawals from public funds and to report on budget implementation to each House of Parliament every four months.

The third quarter National Government Budget Implementation Review Report (BIRR) for the FY 2016/17 covers the period July 2016 to March 2017. The report provides cumulative information on budget implementation highlighting receipts into the consolidated fund and an analysis of the exchequer issues and expenditure by the spending units. The report also identifies the various challenges that affected budget implementation during the period under review and suggests ways of addressing the challenges in order to improve budget execution.

The report is spread into seven chapters; Chapter two provides analysis of receipts into the consolidated fund and exchequer issues. Exchequer issues are clustered into sectors whose current year performance is compared against last financial year (FY 2015/16) performance. Chapter three provides a review on the performance of the national government budget performance. It also presents performance of the Consolidated Funds Services which includes public debt, pensions and gratuities, salaries and allowances to constitutional office holders and guaranteed debts to Parastatals. It also provides a breakdown of recurrent and development expenditure per economic item in the period under review.

Further, the report presents an analysis of the highest spending economic items for both recurrent and development. Recurrent expenditure is disaggregated by the major economic items which includes Personnel Emoluments, Domestic and Foreign travel, Hospitality and Training among others. Development expenditure is classified into the major economic items which include; Capital transfers to Semi-Autonomous Government Agencies (SAGAs), Refurbishment of buildings and infrastructure, Construction and other civil works among others.

Chapter four presents detailed analysis of development and recurrent expenditure by sectors while chapter five presents detailed budget performance by programme for each of the MDAs. Budget performance is expressed as a percentage by comparing the current expenditure to the revised gross estimates. Chapter six highlights issues that affected budget implementation in the period under review and suggests recommendations to overcome them. Chapter seven provides the conclusion of the report.



## 2 ANALYSIS OF RECEIPTS AND EXCHEQUER ISSUES

### 2.1 Introduction

This chapter provides a summary of budget financing in the first nine months of the FY 2016/17. It also provides a breakdown of how the received funds are released to the MDAs for both development and recurrent expenditure through their respective sectors. This is in fulfilment of Article 228 (4) of the Constitution that provides that, the Controller of Budget shall oversee the implementation of the budgets of the national and county governments by authorizing withdrawals from public funds provided for under Articles 204, 206 and 207 of the Constitution of Kenya, 2010.

### 2.2 Analysis of Revenue Estimates and Receipts into the Consolidated Fund

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

#### 2.2.1 FY 2016/17 Revenue Estimates

The revised revenue estimates for FY 2016/17 was Kshs.2.05 trillion. The National Treasury projected to finance the budget through ordinary revenue, grants, and loans from both internal and external sources. To finance the revised budget, from the following revenue categories; Tax income (Kshs.1.3 trillion), Non-tax income (Kshs.104.3 billion), Net Domestic borrowing (Kshs.423.6 billion), Commercial Loan (Kshs.186 billion), Loans from Foreign Governments and International Organisations (Kshs.40.5 billion) and Grants from Foreign Governments and International Organisations (Kshs.15 billion).

Other sources of exchequer revenue for the period include; Grants from AMISOM (6.4 billion) Domestic lending and on-lending (Kshs.2.6 billion) and Kshs.8.4 billion which comprise of Kshs.7.4 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 receipts into the Consolidated Fund in the first nine months of FY 2016/17 amounts to Kshs.1,339 billion and comprises of 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 from the previous financial year, FY 2015/16.

Table 2.1 presents a statement of receipts into the Consolidated Fund for the period July 2016 to March 2017.



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

| RECEIPTS  | Revised Estimates FY 2016/17 | Actual Receipts as at 31st March 2017 | Performance Against Annual Target (%) | Contribution by Category (%) | Actual Receipts March 2016 | Increase/ Decrease in receipts over March 2016 |
|---|------------------------------|---------------------------------------|---------------------------------------|------------------------------|----------------------------|--|
| Opening Balance 01.07.2016                                | -                            | 59.8                                  | -                                     | 4.5                          | 0.2                        | 59.6   |
| Total Tax Income  | 1,267.20                     | 868.7                                 | 68.6                                  | 64.9                         | 775.9                      | 92.8   |
| Total Non-Tax Income                                      | 104.3                        | 38.4                                  | 36.8                                  | 2.9                          | 29.0                       | 9.4  |
| Net Domestic Borrowing                                    | 423.6                        | 210.4                                 | 49.7                                  | 15.7                         | 319.0                      | (108.6)  |
| Loans-Foreign Governments and International Organisations | 40.5                         | 22.7                                  | 56.0                                  | 1.7                          | 19.4                       | 3.3  |
| Programme Loan- Budget Support                            | 7.4                          | 3.7                                   | 50.0                                  | 0.3                          | 6.5                        | (2.8)  |
| Domestic Lending and On-Lending                           | 2.6                          | 0.9                                   | 34.6                                  | 0.1                          | 1.6                        | (0.7)  |
| Grant-Foreign Governments and International Organisations | 15.0                         | 6.6                                   | 44.0                                  | 0.5                          | 8.3                        | (1.7)  |
| Grants-DANIDA support to County Health Facilities         | 0.4                          | -                                     | -                                     | -                            | 0.1                        | 0.1  |
| Grants-Debt Swap  | 0.5                          | -                                     | -                                     | -                            | -                          | -  |
| Grants from AMISOM  | 6.4                          | 5.0                                   | 78.1                                  | 0.4                          | 4.3                        | 0.7  |
| Commercial Loans  | 186.0                        | 116.4                                 | 62.6                                  | 8.7                          | 74.3                       | 42.1   |
| Unspent Balances  | -                            | 6.6                                   | -                                     | 0.5                          | 0.4                        | 6.2  |
| <b>Total Receipts</b>                                     | <b>2,054.10</b>              | <b>1,339.0</b>                        | <b>65.2</b>                           | <b>100</b>                   | <b>1,239.0</b>             | <b>100.0</b>                                   |

Source: National Treasury

### 2.3 FY 2016/17 Overall Budget

The revised budget estimates for FY 2016/17 amounted to Kshs.2, 616.5 billion an increase by Kshs.111.4 billion or 4.4 per cent of the original budget. The budget comprises of Kshs.1,429.1 billion for recurrent expenditure, Kshs.887.3 billion for development expenditure and Kshs.300.1 billion as equitable share to County Governments.

### 2.4 Exchequer Issues to the MDAs and County Governments

During the period under review, total exchequer issues amounted to Kshs.1,254.8 billion representing 61.1 per cent of the revised net estimates. Table 2.2 presents a summary of the exchequer issues for the period July 2016 to March 2017 against the revised annual net estimates.

**Table 2.2: Summary of Exchequer Issues for the Period July 2016 to March 2017 (Kshs. Billions)**

| Vote                      | Revised Gross Estimates | Revised Net Estimates | Exchequer Issues | % of Exch. Issues to revised Net Estimates | % of Exchequer issues to total Issues |
|---------------------------|-------------------------|-----------------------|------------------|--|---------------------------------------|
| <b>Recurrent</b>          | 1,429.1                 | 1,341.6               | 847.6            | 63.2                                       | 67.5                                  |
| : (MDAs)                  | 918.3                   | 830.9                 | 532.0            | 64.0                                       | 42.4                                  |
| : CFS                     | 510.7                   | 510.7                 | 315.6            | 61.8                                       | 25.2                                  |
| <b>Development (MDAs)</b> | 887.3                   | 427.7                 | 222.0            | 51.9                                       | 17.7                                  |
| <b>County Governments</b> | 300.1                   | 284.7                 | 185.2            | 65.1                                       | 14.8                                  |
| <b>Total</b>              | <b>2,616.5</b>          | <b>2,054.1</b>        | <b>1,254.8</b>   | <b>61.1</b>                                | <b>100.0</b>                          |

*Source: National Treasury & OCOB*

From the analysis, County Governments received the highest proportion of exchequer issues to revised net estimates at 65.1 per cent whereas the development vote received the lowest proportion at 51.9 per cent. From the total exchequer issues, recurrent expenditure vote received the highest proportion of the total exchequer issues at 67.5 per cent whereas the County Governments received the least proportion at 14.8 per cent.

Table 2.3 shows a summary of exchequer issues by sector for the period July 2016 to March 2017 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 March 2017 (Kshs. Billions)**

| Name of the Sector  | Third Quarter, FY 2016/17 |                       |                  |                             | Third Quarter, FY 2015/16 |               |                  |                                 |
|---|---------------------------|-----------------------|------------------|-----------------------------|---------------------------|---------------|------------------|---------------------------------|
|   | Revised Gross Estimates   | Revised Net Estimates | Exchequer Issues | % of Exch. To Net Estimates | Gross Estimates           | Net Estimates | Exchequer Issues | % of Exchequer To Net Estimates |
| Agriculture, Rural & Urban Development                                      | 48.3                      | 37.2                  | 23.1             | 62.0                        | 79.7                      | 66.6          | 35.66            | 53.5                            |
| Education   | 346.4                     | 320.9                 | 225.3            | 70.2                        | 336.3                     | 313.2         | 214.35           | 68.4                            |
| Energy, Infrastructure and Information Communications Technology (EI & ICT) | 613.8                     | 200.6                 | 96.5             | 48.1                        | 404.7                     | 109.6         | 65.73            | 60.0                            |
| Environmental Protection, Water and Natural Resources                       | 94.3                      | 43.6                  | 25.2             | 57.8                        | 63                        | 34.9          | 14.62            | 41.9                            |
| General Economic & Commercial Affairs (GECA)                                | 24.4                      | 19.7                  | 13.5             | 68.5                        | 21.3                      | 20.8          | 9.64             | 46.3                            |
| Governance, Justice, Law and Order (GJLOS)                                  | 205.4                     | 203.1                 | 119.3            | 58.8                        | 154                       | 152.9         | 101.67           | 66.5                            |
| Health  | 73.6                      | 59.2                  | 35.1             | 59.3                        | 59.2                      | 44.2          | 30.59            | 69.2                            |

|   |                |                |                |             |                 |                 |                 |             |
|---|----------------|----------------|----------------|-------------|-----------------|-----------------|-----------------|-------------|
| Public Administration and International Relations | 216.8          | 194.6          | 111.7          | 57.4        | 243.4           | 220.1           | 113.91          | 51.7        |
| Social Protection, Culture and Recreation         | 53.7           | 50.7           | 26.5           | 52.3        | 31.5            | 31.2            | 13.38           | 42.8        |
| National Security                                 | 129.0          | 129.0          | 77.7           | 60.2        | 112.5           | 112.5           | 75.66           | 67.3        |
| <b>Sub -Total for MDAs</b>                        | <b>1,805.7</b> | <b>1,258.6</b> | <b>754.0</b>   | <b>59.9</b> | <b>1,505.50</b> | <b>1,106.10</b> | <b>675.21</b>   | <b>61.0</b> |
| <b>Consolidated Fund Services (CFS)</b>           | 510.7          | 510.7          | 315.6          | 61.8        | 441.5           | 441.5           | 352.3           | 79.5        |
| <b>County Governments</b>                         | 300.1          | 284.7          | 185.2          | 65.1        | 287             | 264.2           | 161.60          | 61.2        |
| <b>Grand Total</b>                                | <b>2,616.5</b> | <b>2,054.0</b> | <b>1,254.8</b> | <b>61.1</b> | <b>2,234.00</b> | <b>1,811.80</b> | <b>1,189.02</b> | <b>65.6</b> |

*Source: National Treasury & OCOB*

Exchequer issued in the first nine months of FY 2016/17 recorded a growth of Kshs.65.8 billion compared to the amount issued in a similar period of FY 2015/16 (Kshs.1,189 billion). The Education sector received the highest proportion of exchequer issues to revised net estimates at 70.2 per cent, while the Energy, Infrastructure and Information Communications Technology sector (EI & ICT) received the lowest proportion to its revised net estimates at 48.1 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.532.0 billion, representing 64.0 per cent of the revised net recurrent estimates, a decrease compared to 69.8 per cent (Kshs.500.5 billion) recorded in the same period of FY 2015/16.

Table 2.4 shows sectoral recurrent estimates and exchequer issues for the period July 2016 to March 2017.

**Table 2.4: Sectoral Recurrent Estimates and Exchequer issues, July 2016 to March 2017**  
(Kshs. Billions)

| Name of the Sector  | Third Quarter, FY 2016/17 |                       |                  |                             | Third Quarter, FY 2015/16 |               |                  |                                 |
|---|---------------------------|-----------------------|------------------|-----------------------------|---------------------------|---------------|------------------|---------------------------------|
|   | Revised Gross Estimates   | Revised Net Estimates | Exchequer Issues | % of Exch. To Net Estimates | Gross Estimates           | Net Estimates | Exchequer Issues | % of Exchequer To Net Estimates |
| Agriculture, Rural & Urban Development                                      | 18.5                      | 18.5                  | 11.2             | 60.9                        | 16.7                      | 16.2          | 9.4              | 58.0                            |
| Education   | 317.9                     | 299.6                 | 213.7            | 71.3                        | 299.6                     | 280.6         | 210.7            | 75.1                            |
| Energy, Infrastructure and Information Communications Technology (EI & ICT) | 65.5                      | 12.7                  | 6.8              | 53.4                        | 40.8                      | 7.9           | 5.3              | 66.8                            |
| Environmental Protection, Water and Natural Resources                       | 23.0                      | 13.3                  | 8.3              | 62.5                        | 17.8                      | 9.4           | 6.8              | 72.6                            |



|  |              |              |              |             |              |              |              |             |
|--|--------------|--------------|--------------|-------------|--------------|--------------|--------------|-------------|
| General Economic and Commercial Affairs (GECA)           | 13.3         | 12.3         | 9.0          | 73.0        | 7.1          | 7.0          | 5.1          | 72.6        |
| Governance, Justice, Law and Order (GJLOS)               | 171.1        | 170.3        | 105.4        | 61.9        | 133.5        | 132.7        | 92.0         | 69.3        |
| Health   | 34.1         | 30.2         | 15.5         | 51.5        | 28.5         | 24.5         | 19.3         | 78.7        |
| Public Administration and International Relations (PAIR) | 120.7        | 119.9        | 72.3         | 60.3        | 115.5        | 114.1        | 69.3         | 60.7        |
| Social Protection, Culture and Recreation                | 25.1         | 25.1         | 11.9         | 47.4        | 12.3         | 12.1         | 7.0          | 57.6        |
| National Security  | 129.0        | 129.0        | 77.7         | 60.2        | 112.5        | 112.5        | 75.7         | 67.3        |
| <b>Total</b>   | <b>918.4</b> | <b>830.9</b> | <b>532.0</b> | <b>64.0</b> | <b>784.2</b> | <b>717.0</b> | <b>500.5</b> | <b>69.8</b> |

*Source: National Treasury & OCOB*

Analysis of the approved withdrawals to MDAs recurrent activities shows that, the General Economic and Commercial Affairs (GECA) sector received the highest percentage of exchequer releases to revised net estimates at 73 per cent while Social Protection, Culture and Recreation sector recorded the lowest proportion at 47.4 per cent, a decline compared to 57.6 per cent recorded in a similar period of FY 2015/16.

#### 2.4.2 Exchequer Issues to Consolidated Fund Services in the First Nine Months of FY 2016/17

In FY 2016/17, Consolidated Fund Services allocation in the revised budget amounted to Kshs.510.7 billion from the original budget of Kshs.527.3 billion. Table 2.5 shows the annual allocation and exchequer issues for CFS in the period July 2016 to March 2017.

**Table 2.5: CFS Estimates and Exchequer Issues for the period July 2016 to March 2017 (Kshs. Millions)**

| Consolidated Fund Services (CFS)             | Revised Net Estimates | Exchequer Issues | % to the Net Estimates |
|--|-----------------------|------------------|------------------------|
| Public Debt                                  | 449,437.7             | 273,643.7        | 60.9                   |
| Pensions and Gratuities                      | 55,691.1              | 39,155.6         | 70.3                   |
| Salaries, Allowances & Miscellaneous         | 5,615.8               | 2,755.6          | 49.1                   |
| Subscriptions to International Organizations | 0.5                   | -                | -                      |
| <b>Total</b>                                 | <b>510,745.1</b>      | <b>315,555.0</b> | <b>61.8</b>            |

*Source: National Treasury and OCOB*

In the period under review, the total exchequer issues for CFS amounted to Kshs.315.6 billion, representing 61.8 per cent of the revised net estimates. Pensions and Gratuities received the highest proportion of exchequer issues to net estimates at 70.3 per cent while Salaries, Allowances and Miscellaneous had the lowest at 49.1 per cent. Subscriptions to International Organizations expenditure did not receive exchequer issues in the period

under review.

### 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.222 billion, representing 51.9 per cent of the revised net development estimates, an increase compared to 44.9 per cent (Kshs.174.6 billion) recorded in a similar period of FY 2015/16. Table 2.6 shows Sectoral development estimates and exchequer issues for the period July 2016 to March 2017.

**Table 2.6: Sectoral Development Estimates and Exchequer Issues for the Period July 2016 to March 2017 (Kshs. Billions)**

| Name of the Sector  | Third Quarter, FY 2016/17 |                       |                  |                             | Third Quarter, FY 2015/16 |               |                  |                                 |
|---|---------------------------|-----------------------|------------------|-----------------------------|---------------------------|---------------|------------------|---------------------------------|
|   | Revised Gross Estimates   | Revised Net Estimates | Exchequer Issues | % of Exch. To Net Estimates | Gross Estimates           | Net Estimates | Exchequer Issues | % of Exchequer To Net Estimates |
| Agriculture, Rural & Urban Development                                      | 29.8                      | 18.8                  | 11.8             | 63.0                        | 63.0                      | 50.4          | 26.3             | 52.1                            |
| Education   | 28.5                      | 21.3                  | 11.6             | 54.5                        | 36.7                      | 32.6          | 3.7              | 11.3                            |
| Energy, Infrastructure and Information Communications Technology (EI & ICT) | 548.2                     | 188.0                 | 89.6             | 47.7                        | 363.8                     | 101.7         | 60.5             | 59.4                            |
| Environmental Protection, Water and Natural Resources                       | 71.3                      | 30.3                  | 16.9             | 55.7                        | 45.2                      | 25.5          | 7.8              | 30.5                            |
| General Economic and Commercial Affairs (GECA)                              | 11.1                      | 7.3                   | 4.5              | 60.9                        | 14.2                      | 13.8          | 4.5              | 32.8                            |
| Governance, Justice, Law and Order (GJLOS)                                  | 34.3                      | 32.8                  | 14.0             | 42.5                        | 20.6                      | 20.2          | 9.7              | 48.0                            |
| Health  | 39.4                      | 29.0                  | 19.6             | 67.5                        | 30.7                      | 19.6          | 11.3             | 57.4                            |
| Public Administration and International Relations (PAIR)                    | 96.1                      | 74.7                  | 39.4             | 52.8                        | 127.9                     | 106.1         | 44.6             | 42.1                            |
| Social Protection, Culture and Recreation                                   | 28.5                      | 25.6                  | 14.6             | 57.1                        | 19.2                      | 19.1          | 6.4              | 33.5                            |
| <b>Total</b>  | <b>887.3</b>              | <b>427.7</b>          | <b>222.0</b>     | <b>51.9</b>                 | <b>721.3</b>              | <b>389.1</b>  | <b>174.6</b>     | <b>44.9</b>                     |

*Source: National Treasury & OCOB*

The Health Sector received the highest development exchequer issues to revised net estimates at 67.5 per cent while Governance, Justice, Law and Order (GJLOS) Sector received the lowest at 42.5 per cent, a decline from 48.0 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 nine months of FY 2016/17 for both development and recurrent expenditure by MDAs and the Consolidated Fund Services (CFS). CFS is discussed under recurrent expenditure and 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 revised aggregate budget for the government was Kshs.2.6 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, FY 2015/16.

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

| VOTE                      | FY 2016/17              |                       |                             |                        |   |                     | FY 2015/16      |                |                  |                |                              |                     |
|---------------------------|-------------------------|-----------------------|-----------------------------|------------------------|---|---------------------|-----------------|----------------|------------------|----------------|------------------------------|---------------------|
|                           | Revised Gross Estimates | Revised Net Estimates | Cumulative Exchequer Issues | Cumulative Expenditure | % of Exchequer to revised Net Estimates | Absorption Rate (%) | Gross Estimates | Net Estimates  | Exchequer Issues | Expenditure    | % Exchequer to Net Estimates | Absorption rate (%) |
| <b>Recurrent</b>          | 1,429.1                 | 1,341.6               | 847.6                       | 918.8                  | 63.2                                    | 64.3                | 1,225.7         | 1,158.5        | 852.8            | 831.1          | 73.6                         | 67.9                |
| :MDAs                     | 918.3                   | 830.9                 | 532.0                       | 602.4                  | 64.0                                    | 65.6                | 784.2           | 717.0          | 500.5            | 479.8          | 69.8                         | 61.2                |
| :CFS                      | 510.7                   | 510.7                 | 315.6                       | 316.3                  | 61.8                                    | 61.9                | 441.5           | 441.5          | 352.3            | 351.2          | 79.5                         | 72.7                |
| <b>Development</b>        | 887.3                   | 427.7                 | 222.0                       | 400.1                  | 51.9                                    | 45.1                | 721.3           | 389.1          | 174.6            | 247.4          | 44.9                         | 34.3                |
| <b>County Governments</b> | 300.1                   | 284.7 *               | 185.2                       | 210.4**                | 65.1                                    | 70.1                | 287.0           | 264.2          | 161.6*           | 183.8          | 61.2                         | 63.9                |
| <b>Total</b>              | <b>2,616.5</b>          | <b>2,054.0</b>        | <b>1,254.8</b>              | <b>1,529.3</b>         | <b>61.1</b>                             | <b>58.4</b>         | <b>2,234.0</b>  | <b>1,811.8</b> | <b>1,189.0</b>   | <b>1,262.2</b> | <b>65.6</b>                  | <b>56.5</b>         |

Source: NT, OCOB, MDAs & County Treasuries

\* Refers to shareable revenue exchequer issues.

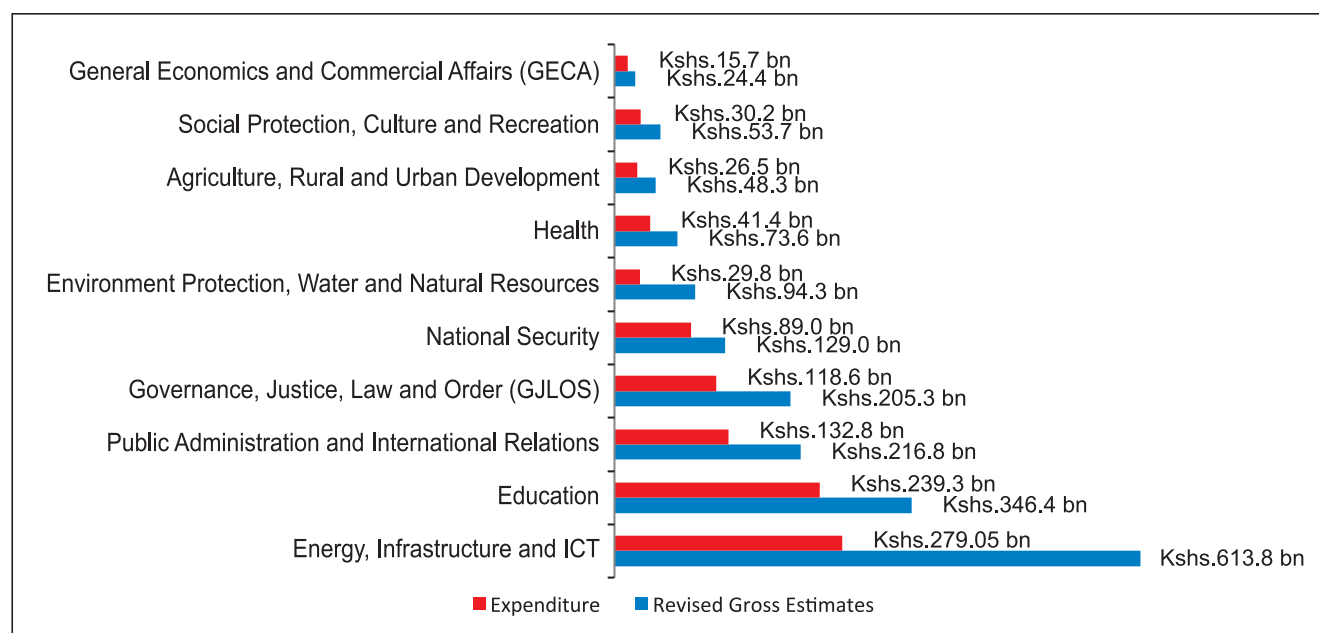
\*\* The difference between the exchequer issues of Kshs.185.2 billion and expenditure of Kshs.210.4 billion was financed by revenue from local sources and opening cash balance.

The total exchequer issues in the first nine months of FY 2016/17 amounted to Kshs.1,254.8 billion, representing 61.1 per cent of the revised net estimates, (a decline from 65.6 per cent issued in a similar period in FY 2015/16). The exchequer issues comprised of Kshs.847.6 billion for recurrent expenditure, Kshs.222 billion for development expenditure, and Kshs.185.2 billion for the County governments. Overall expenditure for both the National and County Governments was Kshs.1.5 trillion (Kshs.918.8 billion on recurrent, Kshs.400.1 billion on development,

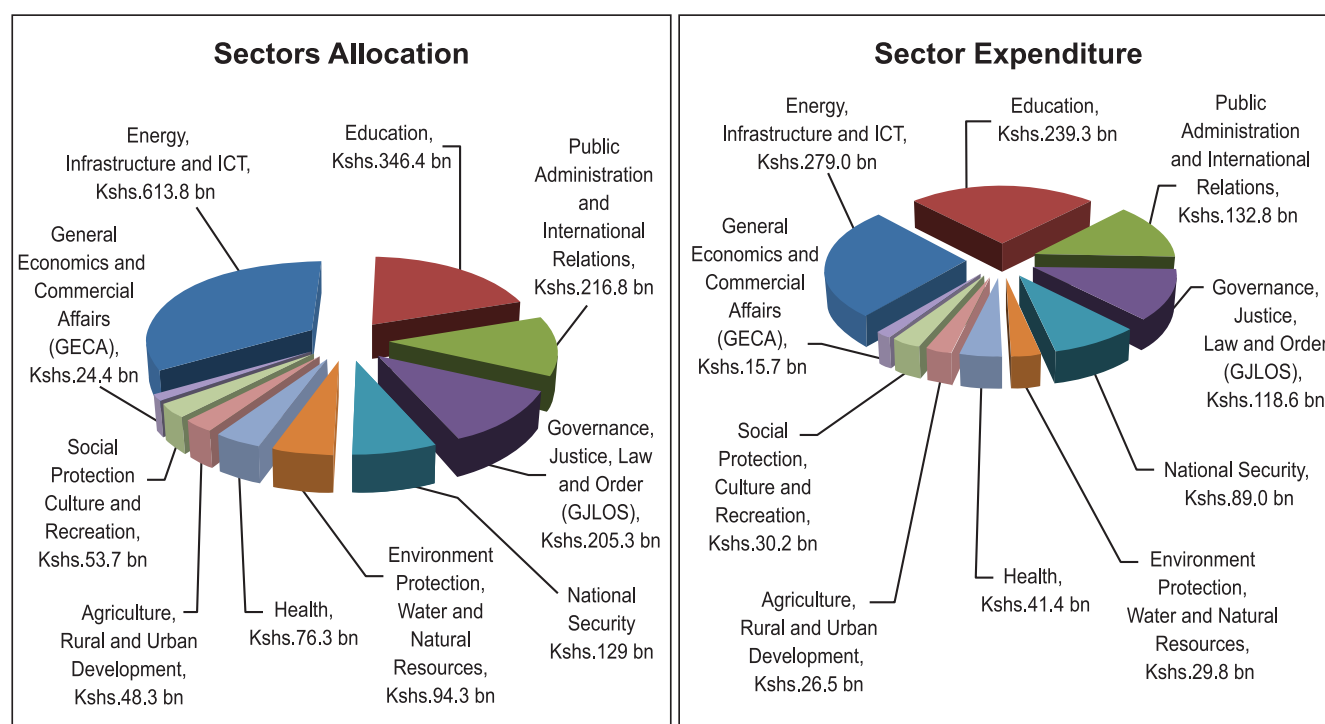
and Kshs.210.4 billion by County Governments), representing an overall absorption rate of 58.4 per cent, an increase compared to 56.5 per cent recorded in a similar period of FY 2015/16.

Figure 3.1 and 3.2 shows comparison of sectors annual budget allocations and total expenditure in the First Nine Months of FY 2016/17.

**Figure 3.1: Comparison of FY 2016/17 Annual Budget and Expenditure by Sector for the First Nine Months of FY 2016/17.**



**Figure 3.2: FY 2016/17 Annual Budget and Expenditure by Sector for the First Nine Months 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 nine months of FY 2016/17.

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

| Consolidated Fund Services (CFS)             | Printed Estimates | Revised Estimates | Exchequer Releases | Nine Months Expenditure | Expenditure as a % of revised gross Estimates |
|--|-------------------|-------------------|--------------------|-------------------------|---|
| Public Debt                                  | 466,514.0         | 449,437.7         | 273,643.7          | 274,346.2               | 61.0  |
| Pensions and Gratuities                      | 55,691.1          | 55,691.1          | 39,155.6           | 39,155.6                | 70.3  |
| Salaries & Allowances                        | 3,956.0           | 4,271.4           | 1,605              | 1,784.5                 | 41.8  |
| Subscriptions to International Organizations | 0.5               | 0.5               | -                  | -                       | -   |
| Miscellaneous Services                       | 128.0             | 128.0             | -                  | -                       | -   |
| Guaranteed Debt                              | 1,017.2           | 1,216.4           | 1,150.6            | 1,061.0                 | 87.2  |
| <b>Total</b>                                 | <b>527,306.8</b>  | <b>510,745.1</b>  | <b>315,555.0</b>   | <b>316,347.3</b>        | <b>61.9</b>                                   |

*Source: National Treasury & OCOB*

In the period under review, the total exchequer releases to CFS amounted to Kshs.315.6 billion, representing 61.9 percent of the revised estimates. The overall CFS expenditure amounted to Kshs.316.3 billion, a decline of 10 per cent from Kshs.351.2 billion spent in a similar period of FY 2015/16.

#### 3.3.1 Public Debt

The revised allocation towards settlement of public debt in the FY 2016/17 amounted to Kshs.449.4 billion. The total exchequer issues for the first nine months amounted to Kshs.273.6 billion representing 60.9 per cent of the revised estimates. Actual expenditure during the period was Kshs.274.3 billion, representing 61 per cent of the revised annual estimates.

#### 3.3.2 Guaranteed Debt to State Parastatals

The revised allocation towards the repayment of guaranteed loans to state agencies in the FY 2016/17 was Kshs.1.2 billion. Guaranteed loans received Kshs.1.1 billion as exchequer issues in the period under review with a total expenditure of Kshs.1.1 billion, representing 87.2 per cent of the revised annual estimates.

#### 3.3.3 Salaries and Allowances for Constitutional Office Holders

The revised budget for payment of salaries and allowances for Constitutional Office holders in the FY 2016/17

was Kshs.4.3 billion. The total exchequer issues released in the period under review amounted to Kshs.1.6 billion representing 37.6 per cent of the revised annual estimates. Actual expenditure in the period under review was Kshs.1.8 billion representing 41.8 per cent of the revised annual 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 the FY 2015/16. The exchequer issues for the period under review amounted to Kshs.39.2 billion, representing 70.3 per cent of the annual net estimates, while expenditure was Kshs.39.2 billion an increase from Kshs.32.3 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 nine months of FY 2016/17. 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.

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 MDAs Recurrent Expenditure Analysis**

In the FY 2016/17, the revised allocation for MDAs recurrent expenditure amounted to Kshs.918.4 billion. In the first nine months of the financial year, the gross recurrent expenditure by MDAs amounted to Kshs.602.4 billion representing 65.6 per cent of the revised gross 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 2016 to March 2017 (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 Expenses | Gross Expenditure | AIA      | Net Expenditure |
|--|----------------------|-----------------|----------------|--------------------------|------------------------------------|----------|-------------|--------------------------------------|------------------------------------|-------------------|----------------|-------------------|----------|-----------------|
| The Presidency   | 1,014.0              | 436.9           | 180.2          | 14.9                     | 17.8                               | 32.7     | 714.8       | 145.7                                | 32.9                               | 204.7             | 2,461.3        | 5,256.0           | 13.6     | 5,242.3         |
| State Department for Interior                          | 66,822.8             | 629.1           | 30.3           | 2.6                      | 563.2                              | 456.9    | 52.1        | 199.2                                | 59.4                               | 540.6             | -              | 69,356.2          | -        | 69,356.2        |
| State Department for Correctional Services             | 9,021.0              | 127.6           | 11.6           | 0.3                      | 66.9                               | 77.8     | 36.1        | 33.8                                 | 2.0                                | -                 | 3,151.2        | 12,528.3          | -        | 12,528.3        |
| State Department for Devolution                        | 119.9                | 14.2            | 1.5            | 1.7                      | 20.6                               | 3.7      | 13.7        | 3.3                                  | 1.1                                | 296.3             | 23.4           | 499.5             | -        | 499.5           |
| State Department for Special Programmes                | 71.4                 | 13.5            | 2.8            | 0.5                      | 30.4                               | 7.8      | 9.9         | 2.8                                  | 1.4                                | 602.7             | 2,649.0        | 3,392.2           | -        | 3,392.2         |
| State Department for Planning & Statistics             | 335.0                | 39.6            | 23.9           | 9.4                      | 22.9                               | 62.2     | 66.7        | 13.0                                 | 3.6                                | 4,218.0           | 586.2          | 5,380.5           | -        | 5,380.5         |
| Ministry of Defence                                    | 582.0                | 30.4            | 11.6           | 0.4                      | -                                  | 20.9     | 7.5         | 6.2                                  | 3.8                                | 68,473.0          | 68.6           | 69,204.4          | -        | 69,204.4        |
| Ministry of Foreign Affairs and International Trade    | 5,342.5              | -               | 1,210.7        | 18.5                     | 852.6                              | 20.1     | 346.8       | 84.4                                 | 125.8                              | 2,137.1           | 2,404.1        | 12,542.8          | 306.5    | 12,236.3        |
| State Department for Basic Education                   | 1,635.7              | 52.9            | 16.5           | 5.7                      | 14.3                               | 29.1     | 24.8        | 7.6                                  | 19.7                               | 15,326.8          | 29,316.9       | 46,450.1          | 1,327.0  | 45,123.1        |
| State Department for Vocational and Technical Training | -                    | 11.2            | 4.9            | 1.3                      | 0.2                                | 0.8      | 5.1         | 2.9                                  | 1.0                                | 1,609.8           | 12.2           | 1,649.5           | -        | 1,649.5         |
| State Department for University Education              | 256.7                | 11.3            | 3.4            | 1.1                      | 42.1                               | 6.0      | 3.8         | 0.9                                  | 1.8                                | 31,777.9          | 104.5          | 32,209.4          | 3,121.2  | 29,088.2        |
| The National Treasury                                  | 3,152.3              | 18.3            | 25.5           | 0.9                      | 7.2                                | 37.1     | 152.0       | 2.4                                  | 5.8                                | 14,802.3          | 6,176.9        | 24,380.5          | -        | 24,380.5        |
| Ministry of Health                                     | 3,058.5              | 39.5            | 3.4            | 76.0                     | -                                  | 167.3    | 21.4        | 14.5                                 | 34.0                               | 12,263.7          | 911.2          | 16,589.3          | 6.1      | 16,583.2        |
| State Department for Infrastructure                    | 648.9                | 20.4            | 3.4            | 1.3                      | -                                  | 4.8      | 16.5        | 6.0                                  | 15.2                               | 31,154.8          | 82.7           | 31,953.9          | 31,173.4 | 780.5           |
| State Department for Transport                         | 136.7                | 5.8             | 1.3            | -                        | 0.8                                | 3.1      | 2.4         | 3.0                                  | 62.9                               | 4,431.9           | 38.3           | 4,686.3           | 3,602.1  | 1,084.2         |
| State Department for Maritime Affairs                  | 17.4                 | 11.9            | 2.8            | 0.6                      | -                                  | 3.5      | 6.3         | 0.5                                  | 1.4                                | 30.0              | 82.5           | 157.0             | -        | 157.0           |
| State Department for Housing & Urban Development       | 395.3                | 25.4            | 7.6            | 3.4                      | 70.9                               | 14.1     | 15.8        | 6.7                                  | 5.9                                | 410.0             | 1,138.4        | 2,093.4           | -        | 2,093.4         |
| State Department for Public Works                      | 403.0                | 15.1            | 1.4            | 0.5                      | 65.9                               | 3.6      | 7.1         | 1.2                                  | 8.1                                | 36.5              | -              | 542.3             | 0.2      | 542.1           |
| State Department for Water Services                    | 462.9                | 19.4            | 5.0            | 1.8                      | 0.1                                | 7.3      | 2.4         | 3.2                                  | 7.2                                | 2,122.8           | -              | 2,632.2           | -        | 2,632.2         |
| State Department for Irrigation                        | 40.5                 | 6.5             | 4.2            | 0.9                      | -                                  | 4.7      | 2.5         | 0.6                                  | 0.4                                | 230.9             | 8.7            | 299.8             | 143.6    | 156.2           |
| State Department for Environment                       | 714.2                | 61.5            | 43.4           | 0.5                      | 56.6                               | 9.9      | 38.8        | 2.2                                  | 3.1                                | 551.6             | 337.6          | 1,819.5           | 10.8     | 1,808.7         |
| State Department for Natural Resources                 | 55.6                 | 13.8            | 18.7           | 0.7                      | 45.7                               | 2.7      | 4.1         | 1.2                                  | 1.0                                | 3,522.5           | 592.6          | 4,258.6           | -        | 4,258.6         |
| Ministry of Lands and Physical Planning                | 1,428.0              | 7.9             | 2.1            | 1.0                      | 0.6                                | 4.4      | 3.1         | 2.5                                  | 4.0                                | -                 | 75.8           | 1,529.3           | -        | 1,529.3         |



| MINISTRY/STATE DEPARTMENT  | Personnel Emoluments | Domestic Travel | Foreign Travel | Printing and Advertising | Rentals and Rates- Non Residential | Training | Hospitality | Maintenance Expenses- Motor Vehicles | Maintenance Expenses- Other Assets | Current Transfers | Other Expenses | Gross Expenditure | AIA   | Net Expenditure |
|--|----------------------|-----------------|----------------|--------------------------|------------------------------------|----------|-------------|--------------------------------------|------------------------------------|-------------------|----------------|-------------------|-------|-----------------|
| State Department of Information Communications & Technology & Innovation | 69.3                 | 17.0            | 8.4            | 2.5                      | 24.4                               | 3.9      | 12.0        | 2.9                                  | 1.0                                | 565.7             | 74.8           | 782.1             | -     | 782.1           |
| State Department for Broadcasting & Telecommunications                   | 251.0                | 28.9            | 11.8           | 468.9                    | 44.3                               | 10.6     | 22.5        | 5.5                                  | 1.0                                | 444.2             | -              | 1,288.5           | -     | 1,288.5         |
| State Department for Sports Development                                  | 249.2                | 112.5           | 612.7          | 0.7                      | 36.2                               | -        | 374.1       | 4.4                                  | 1.2                                | 1,365.7           | 87.5           | 2,844.2           | -     | 2,844.2         |
| State Department for Arts and Culture                                    | 41.0                 | 21.6            | 8.7            | 8.0                      | 22.8                               | 42.8     | 18.5        | 5.5                                  | 5.4                                | 1,997.7           | 120.6          | 2,292.4           | -     | 2,292.4         |
| State Department Energy  | 320.8                | 22.8            | 0.8            | 0.3                      | -                                  | 29.4     | 15.0        | 3.8                                  | 1.7                                | 1,145.7           | 201.2          | 1,741.5           | 641.4 | 1,100.1         |
| State Department of Petroleum  | 26.2                 | 10.6            | 2.0            | 0.7                      | 3.8                                | 1.6      | -           | -                                    | 0.2                                | -                 | 0.8            | 46.1              | 7.9   | 38.2            |
| State Department for Agriculture   | 548.4                | 23.1            | 6.8            | 4.5                      | 15.2                               | 9.2      | 3.2         | 5.2                                  | 2.4                                | 3,480.2           | 1,758.1        | 5,856.2           | -     | 5,856.2         |
| State Department for Livestock   | 1,579.7              | 19.3            | 1.0            | 0.2                      | 28.2                               | 4.7      | 3.8         | 1.7                                  | 0.8                                | 2,002.9           | -              | 3,642.2           | 5.2   | 3,637.0         |
| State department for Fisheries and the Blue Economy                      | 29.1                 | 10.8            | 3.2            | 0.6                      | -                                  | 9.4      | 7.0         | 1.0                                  | 0.8                                | -                 | 1,125.2        | 1,187.1           | -     | 1,187.1         |
| State Department of Investment and Industry                              | 644.3                | 24.3            | 17.5           | 2.5                      | 84.0                               | 20.1     | 12.5        | 3.4                                  | 5.2                                | 1,415.0           | 243.3          | 2,472.1           | 0.1   | 2,472.1         |
| State Department for Cooperatives  | -                    | 4.0             | 1.2            | 1.0                      | -                                  | 2.5      | 1.9         | 0.5                                  | -                                  | 138.2             | 2,786.3        | 2,935.6           | 3.7   | 2,931.9         |
| State Department for Trade   | 129.8                | 126.4           | 78.4           | 107.9                    | 228.9                              | 2.6      | 251.3       | 2.3                                  | 1.2                                | 1,135.9           | 777.1          | 2,841.7           | 3.6   | 2,838.2         |
| State Department for East African Integration                            | 255.2                | 17.2            | 55.0           | 4.0                      | 39.2                               | 9.3      | 26.6        | 2.4                                  | 0.7                                | 877.1             | -              | 1,286.7           | -     | 1,286.7         |
| State Department for Labour  | 388.5                | 23.7            | 16.7           | 3.1                      | 168.1                              | 10.8     | 15.8        | 1.3                                  | 1.4                                | 235.6             | 37.2           | 902.0             | 10.2  | 891.8           |
| State Department for Social Protection                                   | 1,410.8              | 85.7            | 2.4            | 3.3                      | 1.7                                | 9.0      | 70.7        | 19.8                                 | 19.4                               | 2,443.0           | -              | 4,065.7           | 8.4   | 4,057.3         |
| Ministry of Mining   | 216.1                | 16.7            | 8.9            | 4.6                      | 4.1                                | 19.1     | 4.7         | 4.5                                  | 4.0                                | -                 | 178.4          | 461.0             | -     | 461.0           |
| Ministry of Tourism  | 285.5                | 2.6             | 4.0            | 0.2                      | 45.6                               | 2.6      | 4.7         | 0.8                                  | 0.4                                | 669.3             | -              | 1,015.7           | -     | 1,015.7         |
| State Department for Public Service and Youth Affairs                    | 8,306.3              | 71.1            | 15.8           | 9.0                      | 106.7                              | 348.2    | 71.9        | 7.9                                  | 20.2                               | 495.4             | -              | 9,452.6           | -     | 9,452.6         |
| State Department for Gender  | 58.7                 | 14.6            | 6.5            | -                        | 10.3                               | 6.6      | 4.8         | 1.5                                  | 0.1                                | 292.6             | 58.4           | 454.0             | -     | 454.0           |
| State Law Office and Department of Justice                               | 646.6                | 34.1            | 32.8           | 1.1                      | 62.8                               | 25.1     | 14.3        | 2.2                                  | 0.5                                | 1,158.7           | 12.8           | 1,991.1           | -     | 1,991.1         |
| The Judiciary  | 4,713.6              | 216.0           | 41.7           | 38.1                     | 14.6                               | 15.2     | 90.0        | 133.6                                | 18.3                               | 228.2             | 2,360.6        | 7,869.8           | -     | 7,869.8         |
| Ethics & Anti-Corruption Commission                                      | -                    | -               | -              | -                        | -                                  | -        | -           | -                                    | -                                  | 2,383.7           | -              | 2,383.7           | -     | 2,383.7         |
| National Intelligence Service  | -                    | -               | -              | -                        | -                                  | -        | -           | -                                    | -                                  | 19,771.1          | -              | 19,771.1          | 18.5  | 19,752.6        |
| Office of the Director of Public Prosecutions                            | 866.5                | 73.9            | 7.0            | 5.4                      | 95.8                               | 27.9     | 34.4        | 12.4                                 | 5.1                                | -                 | 194.1          | 1,322.5           | -     | 1,322.5         |



| MINISTRY/STATE DEPARTMENT                         | Personnel Emoluments | Domestic Travel | Foreign Travel | Printing and Advertising | Rentals and Rates- Non Residential | Training       | Hospitality    | Maintenance Expenses- Motor Vehicles | Maintenance Expenses- Other Assets | Current Transfers | Other Expenses  | Gross Expenditure | AIA             | Net Expenditure  |
|---|----------------------|-----------------|----------------|--------------------------|------------------------------------|----------------|----------------|--------------------------------------|------------------------------------|-------------------|-----------------|-------------------|-----------------|------------------|
| Office of the Registrar of Political Parties      | 166.5                | 11.6            | 0.4            | 2.3                      | 12.3                               | 11.8           | 4.5            | 0.8                                  | 0.2                                | 212.6             | -               | 423.0             | 13.0            | 410.0            |
| Witness Protection Agency                         | 125.6                | 4.0             | 1.1            | 0.8                      | 9.7                                | 4.3            | 8.1            | 4.5                                  | 0.8                                | -                 | 125.1           | 283.9             | -               | 283.9            |
| Kenya National Human Rights & Equality Commission | 162.8                | 22.4            | 8.2            | 5.1                      | 35.0                               | 5.1            | 6.0            | 4.7                                  | 0.2                                | 35.1              | 41.0            | 325.6             | -               | 325.6            |
| National Lands Commission                         | 524.7                | 61.9            | 19.4           | 27.4                     | 19.7                               | 16.9           | 177.6          | 5.9                                  | 2.7                                | -                 | 134.4           | 990.8             | -               | 990.8            |
| Independent Electoral and Boundaries Commission   | 2,780.4              | 504.9           | 47.8           | -                        | -                                  | 169.6          | 160.0          | 51.4                                 | 5.0                                | -                 | 2,164.7         | 5,883.8           | -               | 5,883.8          |
| Parliamentary Service Commission                  | 2,500.7              | 774.5           | 751.3          | 91.3                     | -                                  | 259.6          | 205.8          | 32.1                                 | 50.6                               | 5.0               | 1,682.2         | 6,353.2           | -               | 6,353.2          |
| National Assembly                                 | 5,437.1              | 2,315.5         | 1,130.2        | 36.6                     | -                                  | 115.5          | 196.7          | 23.9                                 | 15.2                               | -                 | 1,076.8         | 10,347.5          | -               | 10,347.5         |
| Judicial Service Commission                       | -                    | 39.5            | 20.6           | 8.8                      | 7.0                                | 82.2           | 70.9           | 0.2                                  | 0.3                                | -                 | 14.7            | 244.1             | -               | 244.1            |
| The Commission on Revenue Allocation              | 114.8                | 8.6             | 0.2            | 2.7                      | 33.4                               | 5.8            | 7.3            | 2.3                                  | 0.4                                | -                 | 35.1            | 210.5             | -               | 210.5            |
| Public Service Commission                         | 422.5                | 49.5            | 11.3           | 21.6                     | 6.0                                | 24.8           | 47.2           | 3.6                                  | 4.6                                | -                 | 330.2           | 921.5             | 0.7             | 920.7            |
| Salaries & Remuneration Commission                | 165.2                | 10.3            | 1.3            | 4.1                      | 14.8                               | 3.4            | 53.1           | 1.9                                  | 2.3                                | -                 | 41.0            | 297.5             | -               | 297.5            |
| Teachers Service Commission                       | 142,493.4            | 70.8            | 5.9            | 7.0                      | 13.0                               | 60.8           | 20.8           | 22.6                                 | 39.8                               | -                 | 543.4           | 143,277.5         | -               | 143,277.5        |
| National Police Service Commission                | 151.5                | 33.8            | -              | 2.0                      | 41.3                               | 3.4            | 25.7           | 13.2                                 | 1.2                                | -                 | 56.8            | 328.8             | -               | 328.8            |
| Auditor General                                   | 1,868.6              | 307.6           | 32.9           | 9.4                      | 105.4                              | 54.2           | 18.9           | 14.1                                 | 5.8                                | -                 | 589.8           | 3,006.6           | 119.9           | 2,886.7          |
| Controller of Budget                              | 199.3                | 9.1             | 2.7            | 29.0                     | 0.3                                | 8.0            | 9.0            | 2.0                                  | 0.4                                | -                 | 34.4            | 294.2             | -               | 294.2            |
| The Commission on Administrative Justice          | 157.8                | 8.0             | 4.7            | 3.5                      | 33.4                               | 8.5            | 4.3            | 1.7                                  | 2.0                                | -                 | 95.2            | 319.0             | -               | 319.0            |
| National Gender & Equality Commission             | 105.1                | 18.8            | 5.1            | 3.4                      | 40.5                               | 18.1           | 4.9            | 4.2                                  | 0.5                                | -                 | 91.7            | 292.2             | -               | 292.2            |
| Independent Police Oversight Authority            | 165.2                | 22.2            | 1.5            | 2.9                      | 25.2                               | 2.6            | 20.9           | 2.0                                  | 1.2                                | -                 | 75.0            | 318.8             | -               | 318.8            |
| <b>Total</b>                                      | <b>274,291.9</b>     | <b>6,861.8</b>  | <b>4,603.9</b> | <b>1,068.7</b>           | <b>3,312.6</b>                     | <b>2,445.7</b> | <b>3,655.1</b> | <b>957.5</b>                         | <b>625.7</b>                       | <b>237,242.5</b>  | <b>67,370.0</b> | <b>602,434.9</b>  | <b>40,537.1</b> | <b>561,897.8</b> |

**Source:** MDAs and National Treasury (IFMIS Directorate)

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

Analysis of recurrent expenditure by MDAs in the first nine months of the FY 2016/17 shows that, the highest spending category was Personnel Emoluments (PE) at Kshs.274.3. billion representing 45.5 per cent of the gross recurrent expenditure. Current transfers to Semi-Autonomous Government Agencies (SAGAs) amounted to Kshs.237.2 billion or 39.4 per cent of gross recurrent expenditure. Other economic items with high expenditures includes; Kshs.6.9 billion and Kshs.4.6 billion spent on domestic travel and on foreign travel respectively, Kshs.3.7 billion on hospitality, Kshs.3.3 billion on rentals and rates for non-residential, and Kshs.2.4 billion on training.

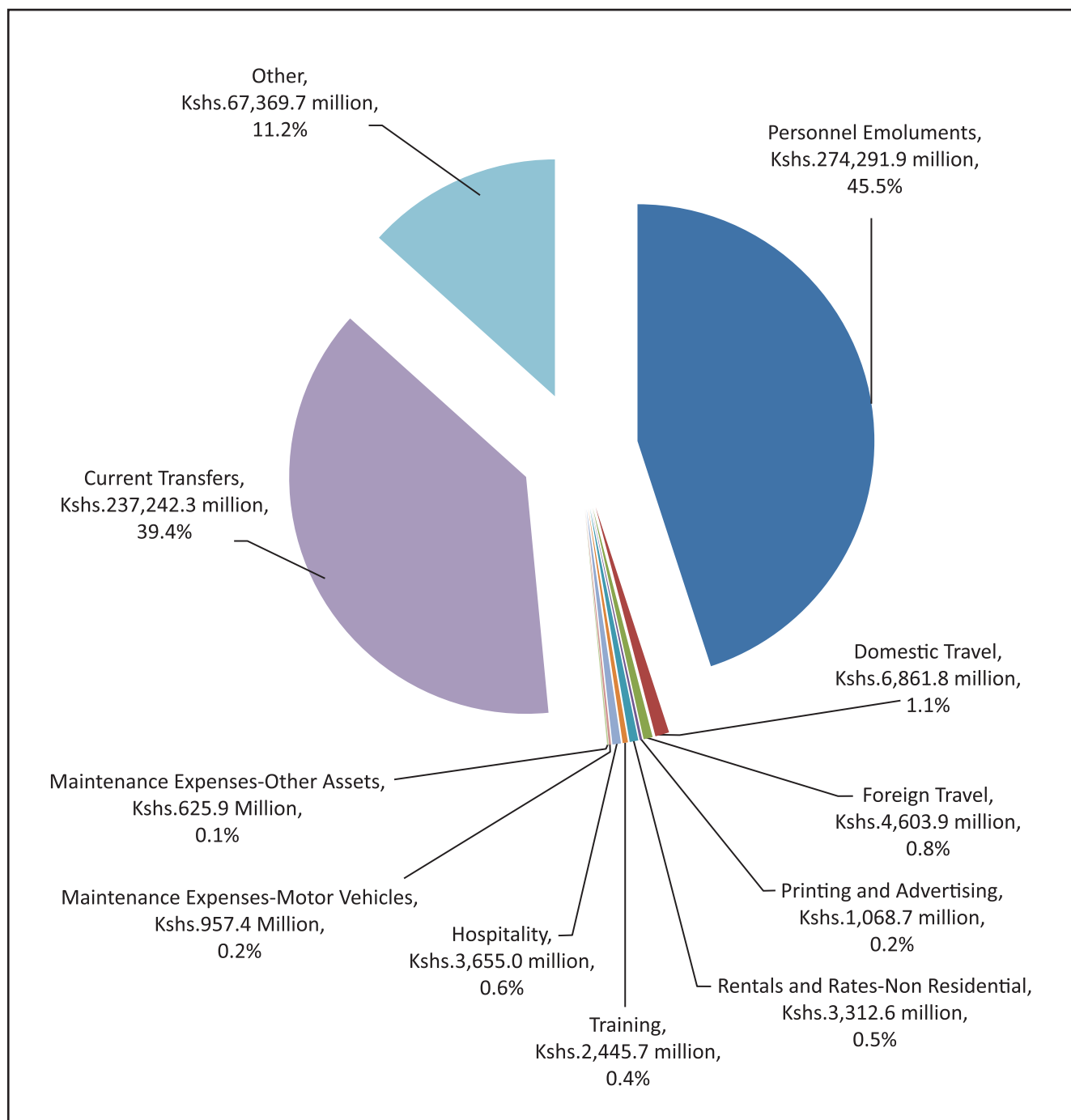
The highest expenditure on PE was incurred by Teachers Service Commission at Kshs.142.5 billion, which was 52 per cent of the total PE expenditure by MDAs while the highest transfers to SAGAs was in the Ministry of Defence at Kshs.68.3 billion.

The highest expenditure by MDAs in other categories included Kshs.2.3 billion on domestic travel by the National Assembly, Kshs.1.2 billion and Kshs.1.1 billion by the Ministry of Foreign Affairs and International Trade and the National Assembly respectively on foreign travel, and Kshs.788.6 million on hospitality by the Office of the President.

Other Operations and Maintenance (O&M) expenditure amounted to Kshs.67.4 billion, accounting for 11.2 per cent of gross recurrent expenditure.

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

**Figure 3.3: Summary Analysis of MDAs' Recurrent Expenditure in the First Nine Months of FY 2016/17**



*Source: MDAs and National Treasury*

### 3.4.2 MDAs Development Expenditure Analysis

In the FY 2016/17, the revised allocation to MDAs development expenditure amounted to Kshs.887.3 billion. In the first nine months of the FY 2016/17, gross development expenditure amounted to Kshs.400.1 billion translating to an absorption rate of 45.1 per cent, an increase from 34.3 per cent reported in a similar period last financial year, FY 2015/16.

Table 3.4 shows breakdown of development expenditure by MDAs for the period July 2016 to March 2017.

Table 3.4: Breakdown of Development Expenditure by MDAs for the Period July 2016 to March 2017 (Kshs. Millions)

| MINISTRY/STATE DEPARTMENT  | Mof Motor Vehicles (Projects & Programs) | Maintenance of other Assets | Capital Transfers | Construction of Building | Refurbishment of Buildings/ Infrastructure | Residential (Including Hostels) | Construction and Civil Works | Purchase of Specialised Plant, Equipment and Machinery | Pre-Feasibility and Appraisal Studies | Other Expenses | Gross Expenditure | (A-I-A)  | Net Expenditure |
|--|--|-----------------------------|-------------------|--------------------------|--|---------------------------------|------------------------------|--|---------------------------------------|----------------|-------------------|----------|-----------------|
| The Presidency   | -  | -                           | 150.9             | -                        | 26.6                                       | -                               | 54.5                         | -  | -                                     | -              | 232.0             | -        | 232.0           |
| State Department for Interior  | -  | 17.3                        | 22.7              | 429.5                    | 1.5  | -                               | 5.6                          | 8,612.2  | -                                     | 4,222.5        | 13,311.4          | -        | 13,311.4        |
| State Department for Correctional Services                               | -  | -                           | -                 | -                        | -  | -                               | -                            | 100.3  | -                                     | 11.0           | 111.3             | -        | 111.3           |
| State Department for Devolution  | -  | -                           | 77.8              | -                        | -  | -                               | -                            | -  | -                                     | 209.9          | 287.7             | -        | 287.7           |
| State Department for Special Programmes                                  | -  | -                           | -                 | -                        | -  | -                               | -                            | -  | -                                     | 2,866.8        | 2,866.8           | -        | 2,866.8         |
| State Department for Planning & Statistics                               | -  | 0.1                         | 31,286.1          | -                        | 8.2  | -                               | 140.3                        | -  | 92.7                                  | 271.3          | 31,798.7          | 15.3     | 31,783.4        |
| Ministry of Defence  | -  | -                           | -                 | -                        | -  | -                               | -                            | -  | -                                     | 35.0           | 35.0              | -        | 35.0            |
| Ministry of Foreign Affairs  | -  | -                           | 61.7              | -                        | -  | -                               | 1,800.0                      | -  | -                                     | 392.5          | 2,254.2           | -        | 2,254.2         |
| State Department for Basic Education                                     | -  | -                           | 8,783.4           | -                        | -  | -                               | -                            | -  | -                                     | 0.1            | 8,783.6           | -        | 8,783.6         |
| State Department for Vocational and Technical Training                   | -  | -                           | 1,352.2           | 45.0                     | -  | -                               | -                            | 442.2  | 7.7                                   | 5.7            | 1,852.8           | -        | 1,852.8         |
| State Department for University Education                                | 0.4                                      | -                           | 3,883.4           | 938.3                    | -  | -                               | -                            | -  | -                                     | 279.1          | 5,101.1           | 1,176.1  | 3,925.1         |
| The National Treasury  | 0.1                                      | -                           | 6,778.0           | -                        | -  | -                               | -                            | 192.4  | 204.0                                 | 1,528.4        | 8,703.0           | 277.7    | 8,425.3         |
| Ministry of Health   | -  | -                           | 14,421.7          | 71.7                     | -  | -                               | -                            | -  | -                                     | 10,314.7       | 24,808.0          | 50.8     | 24,757.3        |
| State Department for Infrastructure                                      | -  | 219.7                       | 60,186.8          | 53.0                     | 132.1                                      | -                               | 50.0                         | 1.9  | 86.9                                  | 701.1          | 61,431.5          | 14,337.2 | 47,094.4        |
| State Department for Transport   | -  | -                           | 8,749.7           | -                        | 97,288.8                                   | -                               | -                            | -  | 103.7                                 | -              | 106,142.2         | 31,231.0 | 74,911.3        |
| State Department Housing and Urban Development                           | -  | -                           | 37.8              | 199.2                    | 86.9                                       | -                               | 9,853.4                      | -  | 32.4                                  | 448.3          | 10,658.0          | 1,949.0  | 8,709.1         |
| State Department of Public Works   | -  | -                           | -                 | 604.3                    | -  | -                               | 57.9                         | -  | 4.3                                   | -              | 666.6             | -        | 666.6           |
| State Department for Water Services                                      | 7.0                                      | -                           | 2,741.3           | 1,311.3                  | -  | -                               | -                            | -  | 11.3                                  | 5,692.8        | 9,763.5           | -        | 9,763.5         |
| State Department for Irrigation  | -  | -                           | 5,966.7           | -                        | -  | -                               | 311.0                        | -  | -                                     | 685.6          | 6,963.3           | -        | 6,963.3         |
| State Department for Environment   | -  | 3.1                         | 325.0             | -                        | 113.0                                      | -                               | -                            | 526.8  | 27.4                                  | 210.7          | 1,206.0           | -        | 1,206.0         |
| State Department for Natural Resources                                   | -  | -                           | 1,294.0           | -                        | -  | -                               | -                            | -  | -                                     | 2.4            | 1,296.5           | 175.1    | 1,121.3         |
| Ministry of Lands and Physical Planning                                  | -  | 6.3                         | 3.4               | -                        | 14.0                                       | -                               | -                            | 50.4   | 559.6                                 | 1,445.2        | 2,078.9           | -        | 2,078.9         |
| State Department of Information Communications & Technology & Innovation | -  | -                           | 21,648.9          | -                        | -  | -                               | -                            | -  | -                                     | -              | 21,648.9          | 2,947.6  | 18,701.3        |

| MINISTRY/STATE DEPARTMENT                               | Mof Motor Vehicles (Projects & Programs) | Maintenance of other Assets | Capital Transfers | Construction of Building | Refurbishment of Buildings/ Infrastructure | Residential (Including Hostels,) | Construction and Civil Works | Purchase of Specialised Plant, Equipment and Machinery | Pre-Feasibility and Appraisal Studies | Other Expenses | Gross Expenditure | (A-I-A)  | Net Expenditure |
|---|--|-----------------------------|-------------------|--------------------------|--|----------------------------------|------------------------------|--|---------------------------------------|----------------|-------------------|----------|-----------------|
| State Department of Broadcasting and Telecommunications | -  | -                           | 305.5             | -                        | -  | -                                | -                            | -  | -                                     | -              | 305.5             | -        | 305.5           |
| State Department for Sports Development                 | -  | -                           | 923.2             | -                        | -  | -                                | -                            | -  | -                                     | -              | 923.2             | -        | 923.2           |
| State Department for Arts and Culture                   | -  | -                           | 387.7             | 6.5                      | 24.0                                       | -                                | -                            | 22.7   | -                                     | -              | 440.8             | -        | 440.8           |
| State Department for Energy                             | -  | -                           | 15,790.8          | -                        | 12.8                                       | -                                | 15,880.1                     | 5.8  | 302.7                                 | -2,262.0       | 34,254.2          | 18,556.7 | 15,697.5        |
| State Department of Petroleum                           | -  | -                           | 20.3              | -                        | -  | 1.2                              | -                            | 71.2   | 87.9                                  | 390.2          | 570.7             | -        | 570.7           |
| State Department for Agriculture                        | -  | -                           | 1,955.1           | -                        | -  | -                                | 18.6                         | 10.4   | 8.1                                   | 5,891.8        | 7,884.0           | 306.8    | 7,577.2         |
| State Department for Livestock                          | -  | -                           | 1,396.1           | 10.0                     | 50.9                                       | -                                | -                            | -  | -                                     | 65.4           | 1,522.4           | 587.1    | 935.3           |
| State department for Fisheries and Blue Economy         | -  | -                           | 945.0             | -                        | 315.6                                      | -                                | -                            | -  | -                                     | 481.0          | 1,741.6           | -        | 1,741.6         |
| State Department for Investment and Industry            | -  | -                           | 2,444.0           | -                        | -  | -                                | -                            | -  | -                                     | 56.2           | 2,500.2           | -        | 2,500.2         |
| State Department for Cooperatives                       | -  | -                           | 500.0             | -                        | -  | -                                | -                            | -  | -                                     | -              | 500.0             | -        | 500.0           |
| State Department for Trade                              | -  | -                           | 50.0              | -                        | -  | -                                | -                            | -  | 3.5                                   | -              | 53.5              | -        | 53.5            |
| State Department for East African Integration           | -  | -                           | -                 | -                        | -  | -                                | -                            | -  | -                                     | -              | -                 | -        | -               |
| State Department for Labour                             | -  | -                           | 49.6              | 30.0                     | -  | -                                | -                            | 6.2  | 54.9                                  | 53.7           | 194.4             | -        | 194.4           |
| State Department for Social Protection                  | 8.7                                      | 3.4                         | 6,265.3           | -                        | -  | -                                | -                            | -  | 85.9                                  | 3,081.8        | 9,445.1           | -        | 9,445.1         |
| Ministry of Mining                                      | -  | 18.4                        | -                 | 6.0                      | -  | -                                | 18.0                         | 416.8  | 209.6                                 | 463.8          | 1,132.6           | -        | 1,132.6         |
| Ministry of Tourism                                     | -  | -                           | 1,565.8           | -                        | -  | -                                | -                            | -  | 491.7                                 | -              | 2,057.5           | -        | 2,057.5         |
| State Department for Public Service and Youth Affairs   | -  | 220.9                       | 305.3             | 341.4                    | 163.3                                      | -                                | 118.1                        | 848.6  | -                                     | 6,622.4        | 8,620.0           | -        | 8,620.0         |
| State Department for Gender                             | -  | -                           | 2,572.5           | -                        | -  | -                                | -                            | -  | -                                     | -              | 2,572.5           | -        | 2,572.5         |
| State Law Office and Department of Justice              | -  | -                           | -                 | -                        | -  | -                                | -                            | -  | -                                     | 2.9            | 2.9               | -        | 2.9             |
| The Judiciary   | -  | -                           | 11.4              | 176.7                    | 36.2                                       | -                                | -                            | 2.8  | -                                     | 1,359.7        | 1,586.8           | -        | 1,586.8         |
| Ethics & Anti-Corruption Commission                     | -  | -                           | -                 | -                        | -  | -                                | -                            | -  | -                                     | -              | -                 | -        | -               |
| Office of the Directorate of Public Prosecution         | -  | -                           | -                 | 7.5                      | 8.8  | -                                | -                            | -  | -                                     | 2.6            | 18.9              | -        | 18.9            |
| National Land Commission                                | -  | -                           | -                 | -                        | -  | -                                | -                            | 21.3   | 82.0                                  | -              | 103.3             | -        | 103.3           |
| Independent Electoral and Boundaries Commission         | -  | -                           | -                 | -                        | -  | -                                | -                            | -  | -                                     | -              | -                 | -        | -               |
| Parliamentary Service Commission                        | -  | -                           | -                 | 1,202.9                  | 339.2                                      | -                                | -                            | -  | -                                     | -              | 1,542.2           | -        | 1,542.2         |

| MINISTRY/STATE<br>DEPARTMENT | Mof Motor<br>Vehicles<br>(Projects &<br>Programs) | Maintenance<br>of other<br>Assets | Capital<br>Transfers | Construction<br>of Building | Refurbishment<br>of Buildings/<br>Infrastructure | Residential<br>(Including<br>Hostels,) | Construction<br>and Civil<br>Works | Purchase of<br>Specialised<br>Plant,<br>Equipment<br>and<br>Machinery | Pre-<br>Feasibility<br>and<br>Appraisal<br>Studies | Other<br>Expenses | Gross<br>Expenditure | (A-I-A)         | Net<br>Expenditure |
|------------------------------|---|-----------------------------------|----------------------|-----------------------------|--|--|------------------------------------|---|--|-------------------|----------------------|-----------------|--------------------|
| Public Service Commission    | -   | -                                 | -                    | 22.0                        | 56.9   | -                                      | -                                  | -   | -  | -53.9             | 25.0                 | -               | 25.0               |
| Teachers Service Commission  | -   | -                                 | -                    | -                           | -  | -                                      | -                                  | -   | -  | -                 | -                    | -               | -                  |
| Auditor General              | -   | -                                 | -                    | -                           | 0.1  | -                                      | -                                  | -   | 0.1  | 62.4              | 62.6                 | -               | 62.6               |
| <b>Total</b>                 | <b>16.2</b>                                       | <b>489.3</b>                      | <b>203,258.8</b>     | <b>5,455.3</b>              | <b>98,679.2</b>                                  | <b>1.2</b>                             | <b>28,307.5</b>                    | <b>11,332.1</b>   | <b>2,456.5</b>                                     | <b>50,065.0</b>   | <b>400,060.9</b>     | <b>71,610.2</b> | <b>328,450.7</b>   |

**source:** MDAs and National Treasury (IFMIS Directorate)

Analysis of MDAs development expenditure by economic item in the first nine months of FY 2016/17 shows that, Capital Transfers to Semi-Autonomous Government Agencies (SAGAs) had the highest expenditure at Kshs.203.3 billion, an equivalent of 50.8 per cent of the gross development expenditure by the MDAs. The second highest spending category was refurbishment of buildings/infrastructure at Kshs.98.7 billion representing 24.5 per cent of the gross development expenditure. Other categories with notable expenditures include; Construction and civil works at Kshs.28.3 billion and purchase of specialised plant, equipment and machinery at Kshs.11.3 billion.

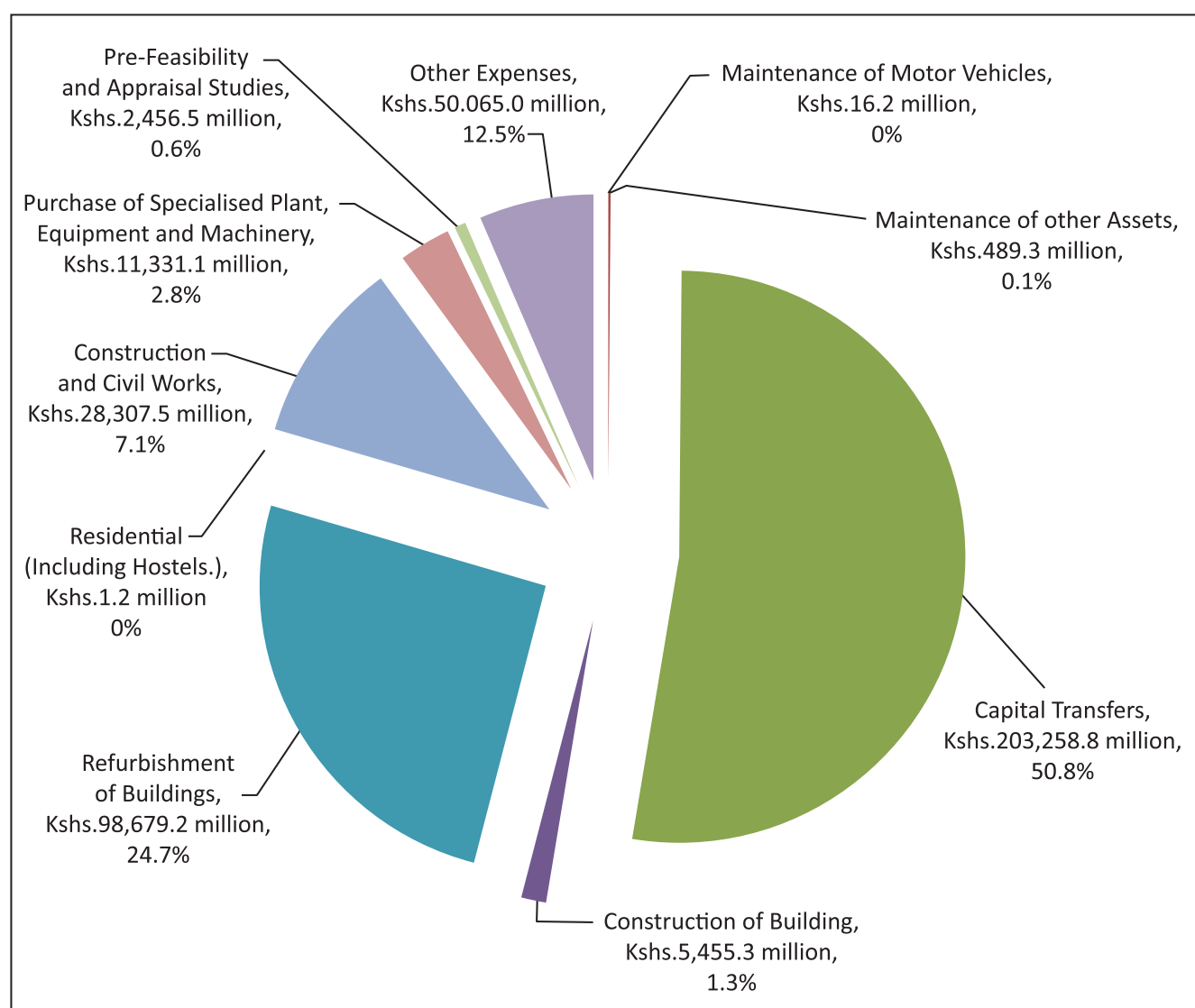
A review of the development expenditure by the MDAs during the period under review shows that the State Department for Infrastructure had the highest capital transfers to its SAGAs at Kshs.60.2 billion representing 29.6 per cent of the total capital transfers seconded by the State Department for Planning and Statistics at Kshs.31.3 billion representing 15.4 per cent of the total capital transfers by the MDAs.

In the same period, State Department for Energy reported the highest expenditure on construction and civil works at Kshs.15.9 billion translating to 56.1 per cent of the total MDA expenditure under this category. This was followed by State Department for Housing and Urban Development which spent Kshs.9.8 billion representing 34.8 per cent of the cumulative MDA expenditure on construction and civil works.

During the July 2016 to March 2017 period, MDAs reported Kshs.71.6 billion as A-I-A while Kshs.50.1 billion was spent on other development activities as shown in table 3.4

Figure 3.4 shows the composition of MDAs development expenditure for the first nine months, FY 2016/17.

**Figure 3.4: Summary Analysis of MDAs' Development Expenditure for the First Nine Months of FY 2016/17 (Kshs. Million)**



*Source; MDAs and National Treasury*



## 4 DEVELOPMENT AND RECURRENT EXPENDITURE ANALYSIS BY SECTOR, FIRST NINE MONTHS, FY 2016/17

### 4.1 Introduction

This chapter presents analysis of performance by Sector for both development and recurrent expenditure in the first nine months 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 (EWNR); Governance, Justice, Law and Order (GJLO); Health, Public Administration and International Relations (PAIR); National Security, and Social Protection, Culture and Recreation Sector.

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

The Agriculture Rural and Urban Development (AR&UD) 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.

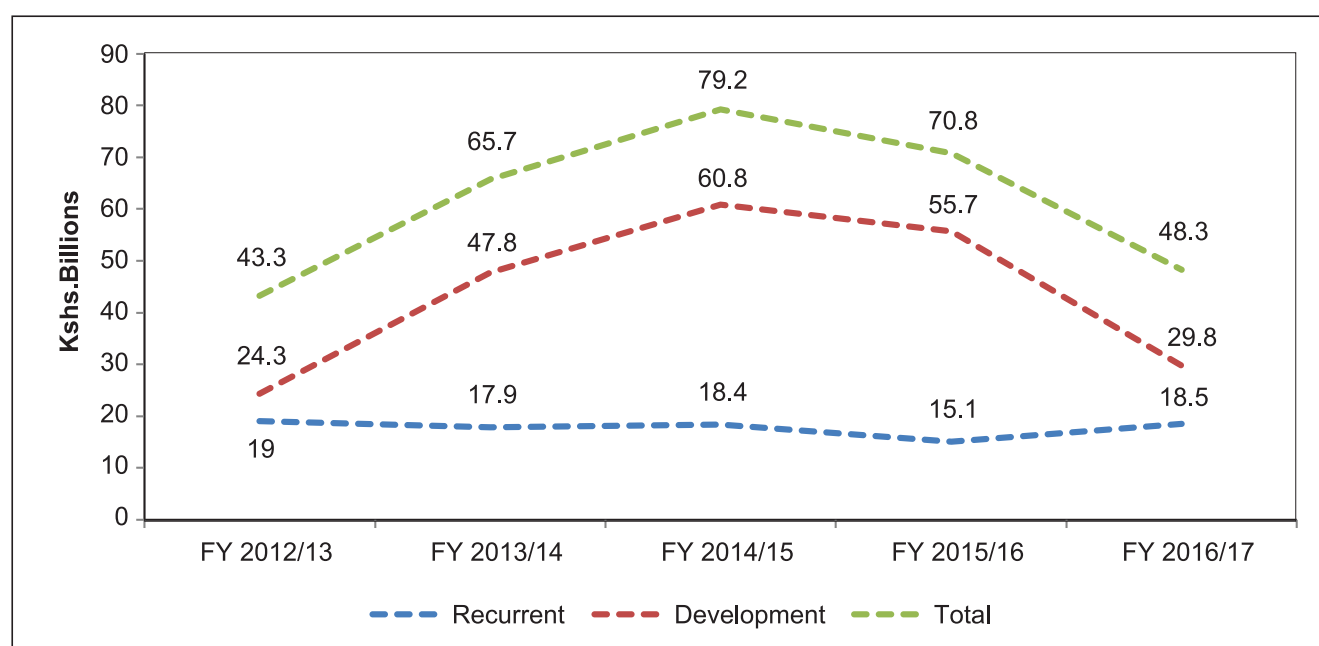
The Sector contributes significantly to the economy through the provision of raw materials for agro-based industries, agricultural exports as well as ensuring there is adequate food to the Kenyan population. The goal of this Sector is to attain national food security and sustainable management of land,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

The revised annual budgetary allocation to the Sector in the FY 2016/17 was Kshs.48.3 billion representing 1.8 per cent of gross national budget, a significant decrease from Kshs.79.9 billion allocated in FY 2015/16. This decline is attributed to the government re-organization 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 revised allocation comprised of Kshs.29.8 billion (61.7 per cent) for development activities and Kshs.18.5 billion (38.3 per cent) for recurrent expenditure. The State Department for Agriculture received the highest budgetary allocation of Kshs.19.5 billion (40.4 per cent of the Sector's allocation), while National Land Commission (NLC) had the lowest budgetary allocation of Kshs.1.4 billion (2.8 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 nine months of FY 2016/17, the sector received exchequer issues amounting to Kshs.23.1billion, representing 62.0 per cent of the sector's revised annual net estimates. This comprised of Kshs.11.8 billion for development expenditure, (63.0 per cent of the revised annual development net estimates) and Kshs.11.2 billion for recurrent expenditure or 60.9 per cent of the revised annual recurrent net estimates.

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

**Table 4.1: AR & UD Sector-Analysis of Exchequer Issues and Expenditure for the period July 2016 to March 2017 (Kshs. Billions)**

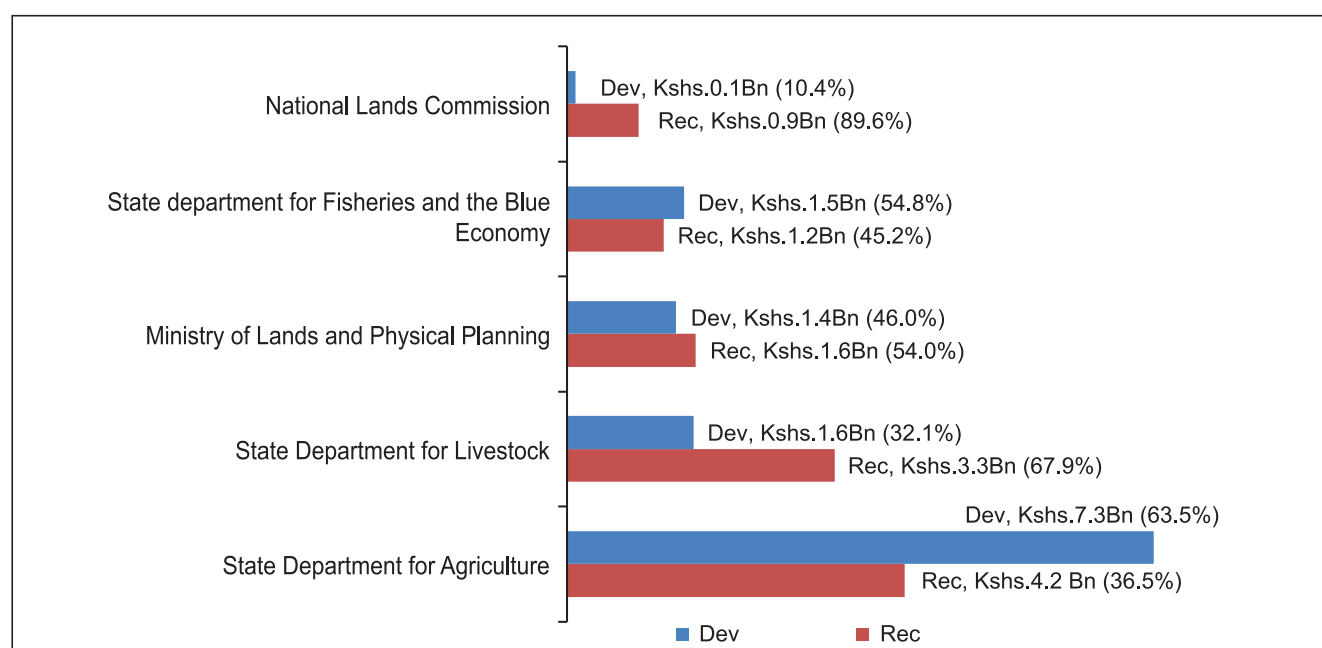
| VOTE  | Development        |                  |              |             |                        |                              | Recurrent          |                  |              |             |                                |                              |
|---|--------------------|------------------|--------------|-------------|------------------------|------------------------------|--------------------|------------------|--------------|-------------|--------------------------------|------------------------------|
|   | Revised Gross Est. | Revised Net Est. | Exch. Issues | Exp.        | % of Exch. to Net Est. | % of Exp. to Rev. Gross Est. | Revised Gross Est. | Revised Net Est. | Exch. Issues | Exp.        | % of Exch. to Rev. Net Est.    | % of Exp. to Rev. Gross Est. |
| Ministry of Lands and Physical Planning         | 3.4                | 3.4              | 1.4          | 2.1         | 40.5                   | 61.6                         | 2.3                | 2.3              | 1.6          | 1.5         | 69.9                           | 65.5                         |
| State Department for Agriculture                | 11.9               | 9.2              | 7.3          | 7.9         | 79.9                   | 66.2                         | 7.6                | 7.5              | 4.2          | 5.9         | 55.7                           | 77.3                         |
| State Department for Livestock                  | 11.2               | 3.5              | 1.6          | 1.5         | 45.2                   | 13.6                         | 5.5                | 5.5              | 3.3          | 3.6         | 60.7                           | 65.9                         |
| State department for Fisheries and Blue Economy | 3.2                | 2.7              | 1.5          | 1.7         | 55.1                   | 55.2                         | 1.8                | 1.8              | 1.2          | 1.2         | 65.4                           | 64.3                         |
| National Land Commission                        | 0.1                | 0.1              | 0.1          | 0.1         | 100                    | 100.0                        | 1.3                | 1.3              | 0.9          | 1.0         | 70.1                           | 77.8                         |
| <b>Total</b>                                    | <b>29.8</b>        | <b>18.8</b>      | <b>11.8</b>  | <b>13.3</b> | <b>63.0</b>            | <b>44.8</b>                  | <b>18.5</b>        | <b>18.5</b>      | <b>11.2</b>  | <b>13.2</b> | <b>60.9</b>                    | <b>71.3</b>                  |
| <b>Total for the Sector</b>                     |                    |                  |              |             |                        |                              | Revised Gross Est. | Revised Net Est. | Exch. Issues | Exp.        | % of Exch. to Revised Net Est. | % of Exp. to Rev. Gross Est. |
| Development                                     |                    |                  |              |             |                        |                              | 29.8               | 18.8             | 11.8         | 13.3        | 63.0                           | 44.8                         |
| Recurrent                                       |                    |                  |              |             |                        |                              | 18.5               | 18.5             | 11.2         | 13.2        | 60.9                           | 71.3                         |
| <b>Total</b>                                    |                    |                  |              |             |                        |                              | <b>48.3</b>        | <b>37.3</b>      | <b>23.0</b>  | <b>26.5</b> | <b>62.0</b>                    | <b>54.9</b>                  |

*Source: MDAs and National Treasury*

In the period under review, the National Land Commission received the highest proportion of exchequer issues to revised net estimates for both development and recurrent expenditure at 100 per cent and 70.1 per cent respectively. Ministry of Lands and Physical Planning received the lowest proportion at 40.5 per cent for development expenditure while the State Department for Agriculture received the lowest at 55.7 per cent for recurrent expenditure.

Figure 4.2 shows the exchequer issues to the AR&UD Sector in the first Nine Months FY 2016/17.

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



*Source: National Treasury*

The total expenditure for the sector during the first nine months FY 2016/17 was Kshs.26.5 billion, representing 54.9 per cent of the annual gross estimates, an improvement compared to 45.6 per cent recorded in the same period FY 2015/16. However, this expenditure was lower in absolute terms than the Kshs.36.4 billion spent in a similar period the previous Financial Year. The expenditure consisted of Kshs.13.3 billion spent on development activities and Kshs.13.2 billion in the recurrent activities. The Development expenditure represents an absorption rate of 44.8 per cent, an increase from 42.2 per cent recorded in the same period in FY 2015/16 while the recurrent expenditure represents 71.3 per cent of the recurrent estimates, an increase from 58.7 per cent (Kshs.9.8 billion) recorded in the same period FY 2016/17.

National Land Commission recorded highest absorption of development and recurrent budget at 100 per cent and 77.8 per cent respectively. State Department for Livestock recorded the lowest absorption of development fund at 13.6 per cent while State Department for Fisheries and Blue Economy had the lowest percentage of recurrent expenditure to annual recurrent estimates at 64.3 per cent.

### 4.3 Education Sector

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

The sector envisions a globally competitive education, training, research and innovation for sustainable development. In order to realize this, the sector undertakes to provide, promote and coordinate quality education for sustainable development. The sector's overall goal is to increase access to education and training; improve

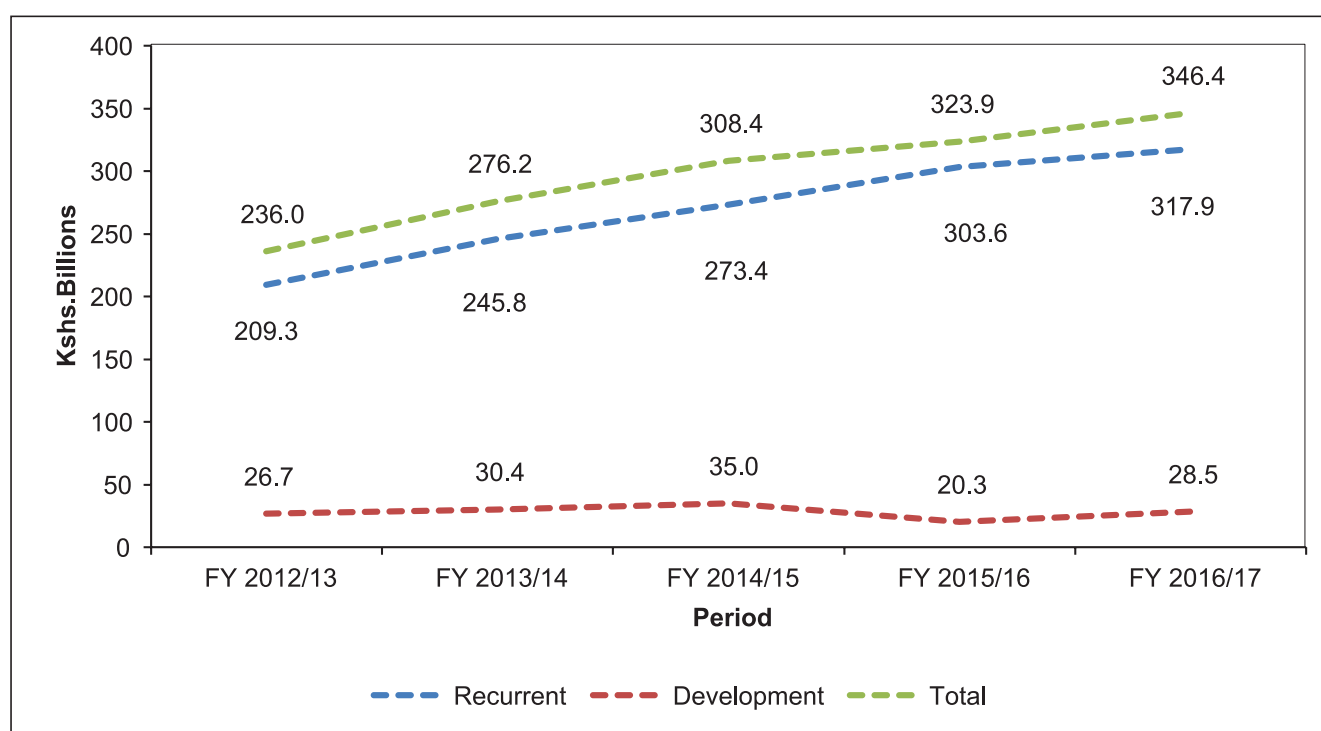
quality and relevance of education; reduce inequality as well as leverage on knowledge and skills in Science, Technology, and Innovation for global competitiveness.

The sector's goals and objectives have been aligned to the Constitution of Kenya and the Vision 2030 as well as to international commitments and policies; legal and regulatory reforms aimed at achieving the objects of the Constitution with regard to education and training. 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 revised annual budgetary allocation to the sector in the FY 2016/17 was Kshs.346.4 billion representing 13.2 per cent of gross national budget, an increase from Kshs.323.9 billion allocated in FY 2015/16. The allocation comprised of Kshs.28.5 billion (8.2 per cent) for development expenditure and Kshs.317.9 billion (91.8 per cent) for recurrent expenditure. The Teachers Service Commission received the highest budgetary allocation of Kshs.194.0 billion (56 per cent of the sector's allocation), while State Department for Vocational and Technical Training had the lowest budgetary allocation of Kshs.6.6 billion (1.9 per cent of the sector's allocation).

Figure 4.3 below 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 nine months of FY 2016/17, the sector received exchequer issues of Kshs.225.3 billion representing

70.2 per cent of the sectors' revised annual net estimates. This comprised of Kshs.11.6 billion for development expenditure representing 54.5 per cent of the revised annual development net estimates and Kshs.213.7 billion to recurrent expenditure representing 71.3 per cent of the revised recurrent annual net estimates.

Table 4.2 shows Education sector analysis of exchequer issues and expenditure in the First Nine Months of FY 2016/17.

**Table 4.2: Education Sector-Analysis of Exchequer Issues and Expenditure for the period July 2016 to March, 2017. (Kshs. Billions)**

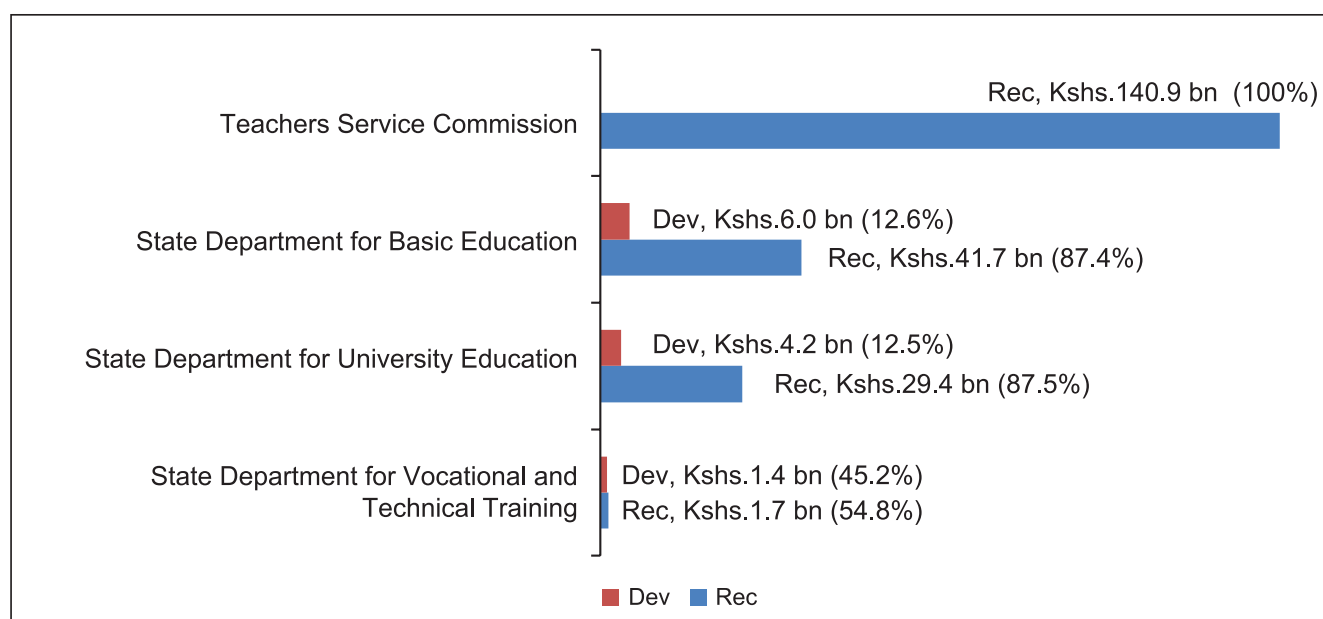
| VOTE   | Development        |                  |              |             |                        |                              | Recurrent          |                  |              |              |                                |                              |
|--|--------------------|------------------|--------------|-------------|------------------------|------------------------------|--------------------|------------------|--------------|--------------|--------------------------------|------------------------------|
|  | Revised Gross Est. | Revised Net Est. | Exch. Issues | Exp.        | % of Exch. to Net Est. | % of Exp. to Rev. Gross Est. | Revised Gross Est. | Revised Net Est. | Exch. Issues | Exp.         | % of Exch. to Rev. Net Est.    | % of Exp. to Rev. Gross Est. |
| State Department for Basic Education                   | 13.6               | 11.2             | 6.0          | 8.8         | 54.0                   | 64.4                         | 58.1               | 56.7             | 41.7         | 46.5         | 73.6                           | 79.9                         |
| State Department for Vocational and Technical Training | 4.2                | 2.5              | 1.4          | 1.9         | 55.7                   | 44.1                         | 2.4                | 2.4              | 1.7          | 1.6          | 72.4                           | 69.6                         |
| State Department for University Education              | 10.5               | 7.6              | 4.2          | 5.1         | 55.6                   | 48.4                         | 63.6               | 46.9             | 29.4         | 32.2         | 62.8                           | 50.7                         |
| Teachers Service Commission                            | 0.1                | 0.1              | -            | -           | -                      | -                            | 193.9              | 193.6            | 140.9        | 143.3        | 72.7                           | 73.9                         |
| <b>Total</b>   | <b>28.5</b>        | <b>21.3</b>      | <b>11.6</b>  | <b>15.7</b> | <b>54.5</b>            | <b>55.3</b>                  | <b>317.9</b>       | <b>299.6</b>     | <b>213.7</b> | <b>223.5</b> | <b>71.3</b>                    | <b>70.3</b>                  |
| <b>Total for the Sector</b>                            |                    |                  |              |             |                        |                              | Revised Gross Est. | Revised Net Est. | Exch. Issues | Exp.         | % of Exch. to Revised Net Est. | % of Exp. to Rev. Gross Est. |
| Development  |                    |                  |              |             |                        |                              | 28.5               | 21.3             | 11.6         | 15.7         | 54.5                           | 55.3                         |
| Recurrent  |                    |                  |              |             |                        |                              | 317.9              | 299.6            | 213.7        | 223.5        | 71.3                           | 70.3                         |
| <b>Total</b>   |                    |                  |              |             |                        |                              | <b>346.4</b>       | <b>320.9</b>     | <b>225.3</b> | <b>239.2</b> | <b>70.2</b>                    | <b>69.1</b>                  |

*Source: MDAs and National Treasury*

State Department for Vocational and Technical Training received the highest proportion of development exchequer issues to the revised development net estimates at 55.7 per cent while State Department for Basic Education had the lowest at 54 per cent. Teachers Service Commission did not receive exchequer issues for development activities. State Department for Basic Education received the highest proportion of recurrent exchequer issues to the revised recurrent net estimates at 73.6 per cent while State Department for University Education received the lowest at 62.8 per cent.

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

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



*Source: National Treasury*

The total expenditure for the sector during the first nine months of FY 2016/17 amounted to Kshs.239.2 billion, representing 69.1 per cent of the revised annual estimates, an increase compared to 64.1 per cent (Kshs.215.6 billion) recorded in a similar period FY 2015/16. The expenditure comprised of Kshs.15.7 billion for development activities, representing an absorption rate of 55.3 per cent, and Kshs.223.5 billion, representing 70.3 per cent of the revised annual recurrent estimates.

State Department for Basic Education recorded the highest absorption of development budget at 64.4 per cent (Kshs.3.3 billion) while Teachers Service Commission did not spend funds on development activities. State Department for Basic Education again recorded the highest percentage of recurrent expenditure to revised annual recurrent estimates at 79.9 per cent while State Department for University Education had the lowest at 50.7 per cent.

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

This sector consists of 9 MDAS namely State Department for Infrastructure, Transport, Maritime and Shipping Affairs, Housing and Urban Development, Public Works, Information Communications Technology and Innovation, Broadcasting and Telecommunication, Petroleum and Energy.

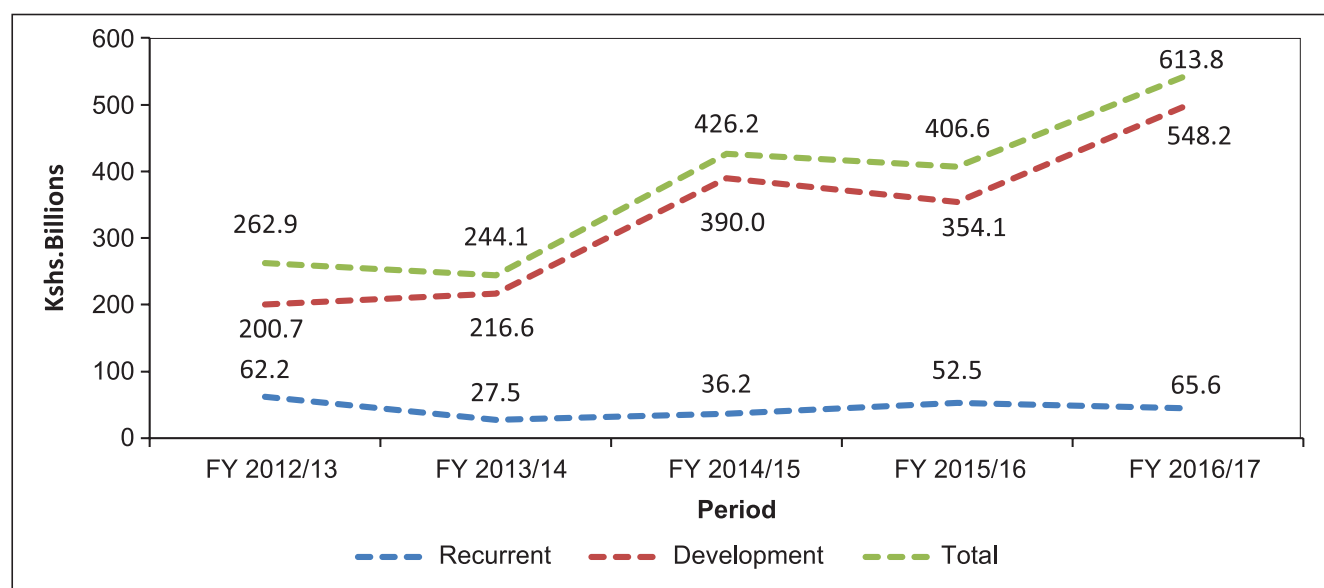
The Energy, Infrastructure and ICT Sector is a key enabler for sustained economic growth, development and poverty reduction. The sector aims at sustaining and expanding physical infrastructure to support a rapidly-growing economy in line with the priorities in the Constitution of Kenya 2010 and Kenya Vision 2030.

The revised annual budgetary allocation to the sector in the FY 2016/17 was Kshs.613.8 billion representing 23.5

per cent of gross national budget, a significant increase from Kshs.404.7 billion allocated in FY 2015/16. This increase is attributed to the government reorganization and newly created state departments which increased from four (4) to nine (9) in the sector. The allocation comprised of Kshs.548.2 billion (89.3 per cent) for development expenditure and Kshs.65.6 billion (10.7 per cent) for recurrent expenditure. State Department for Infrastructure received the highest budgetary allocation of Kshs.210.8 billion (34.3 per cent of the sector's allocation) while State Department for Maritime and Shipping Affairs had the lowest budgetary allocation of Kshs.0.3 billion of the sectors allocation, (recurrent only).

Figure 4.5 below 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 nine months of FY 2016/17, the sector received exchequer issues of Kshs. 96.5 billion representing 48.1 per cent of the sectors' revised annual net estimates. This comprised of Kshs.89.7 billion for development expenditure representing 47.7 per cent of the revised development net estimates and Kshs.6.8 billion for recurrent expenditure representing 53.4 per cent of the revised annual recurrent net estimates.

Table 4.3 shows EI&ICT sector analysis of exchequer issues and expenditure in the First Nine Months period of FY 2016/17.



**Table 4.3: EI & ICT-Analysis of Exchequer Issues and Expenditure for the period July 2016 to March 2017. (Kshs. Billions)**

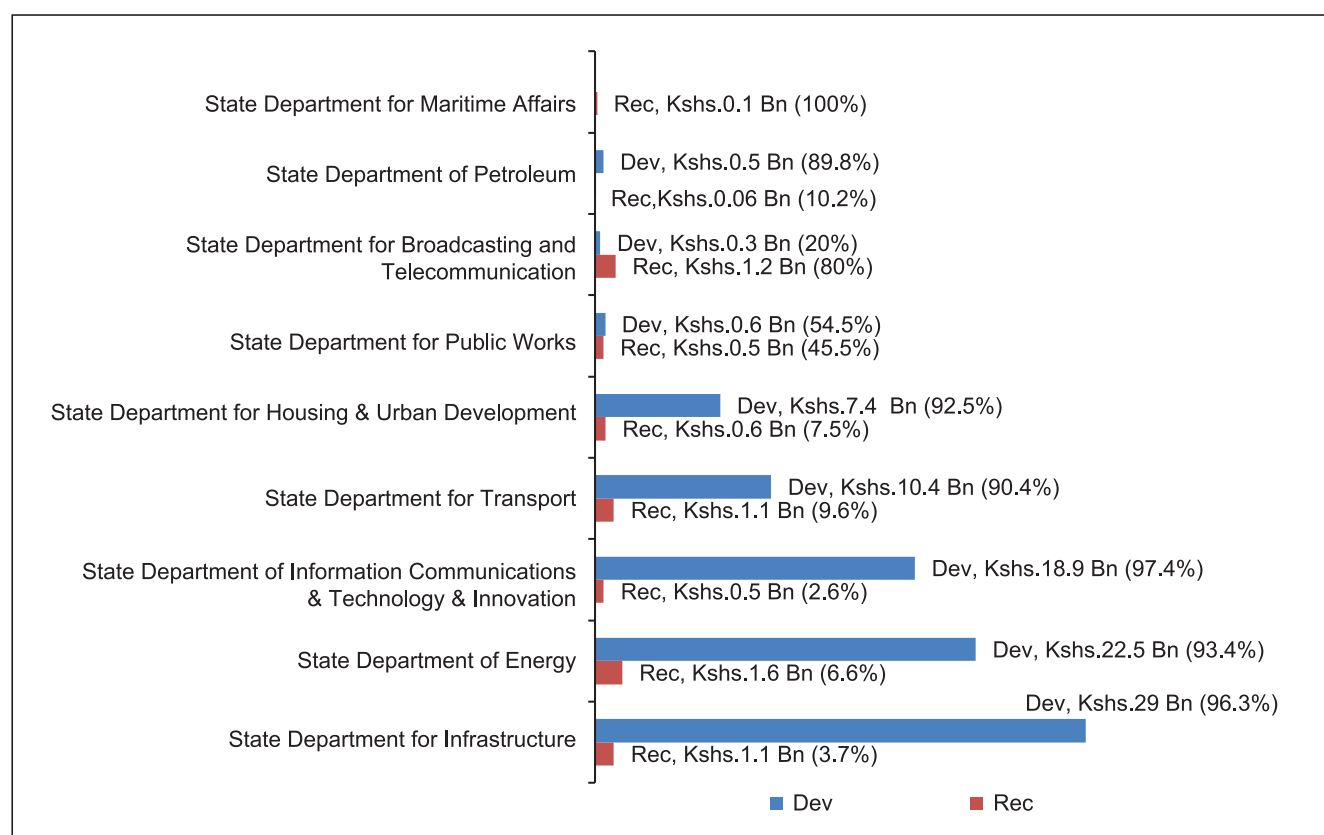
| VOTE   | Development        |                  |              |              |                        |                              | Recurrent               |                       |              |              |                                |                              |
|--|--------------------|------------------|--------------|--------------|------------------------|------------------------------|-------------------------|-----------------------|--------------|--------------|--------------------------------|------------------------------|
|  | Revised Gross Est. | Revised Net Est. | Exch. Issues | Exp.         | % of Exch. to Net Est. | % of Exp. to Rev. Gross Est. | Revised Gross Est.      | Revised Net Est.      | Exch. Issues | Exp.         | % of Exch. to Rev. Net Est.    | % of Exp. to Rev. Gross Est. |
| State Department for Infrastructure                    | 160.8              | 94.9             | 29.0         | 61.4         | 30.6                   | 38.2                         | 50.0                    | 2.0                   | 1.1          | 32.0         | 56.0                           | 64.0                         |
| State Department for Transport                         | 189.1              | 15.8             | 10.4         | 106.1        | 65.9                   | 56.1                         | 5.8                     | 1.4                   | 1.1          | 4.7          | 73.4                           | 80.4                         |
| State Department for Maritime & Shipping Affairs       | -                  | -                | -            | -            | -                      | -                            | 0.3                     | 0.3                   | 0.1          | 0.2          | 46.6                           | 61.8                         |
| State Department for Housing & Urban Development       | 17.7               | 11.7             | 7.4          | 10.7         | 63.4                   | 60.3                         | 2.3                     | 2.3                   | 0.6          | 2.1          | 27.7                           | 90.3                         |
| State Department for Public Works                      | 1.2                | 1.2              | 0.6          | 0.7          | 53.8                   | 57.0                         | 0.8                     | 0.8                   | 0.5          | 0.5          | 67.9                           | 69.9                         |
| State Department of ICT & Innovation                   | 26.0               | 21.1             | 18.9         | 21.6         | 89.4                   | 83.3                         | 1.2                     | 1.2                   | 0.5          | 0.8          | 43.8                           | 67.9                         |
| State Department for Broadcasting & Telecommunications | 0.3                | 0.3              | 0.3          | 0.3          | 92.9                   | 92.9                         | 3.0                     | 2.8                   | 1.2          | 1.3          | 43.7                           | 43.2                         |
| State Department Energy                                | 150.4              | 41.4             | 22.5         | 34.3         | 54.4                   | 22.8                         | 2.1                     | 1.9                   | 1.6          | 1.7          | 83.9                           | 83.8                         |
| State Department of Petroleum                          | 2.9                | 1.5              | 0.5          | 0.6          | 32.3                   | 19.9                         | 0.2                     | 0.2                   | 0.06         | 0.05         | 36.8                           | 22.7                         |
| <b>Total</b>   | <b>548.2</b>       | <b>188.0</b>     | <b>89.7</b>  | <b>235.7</b> | <b>47.7</b>            | <b>43.0</b>                  | <b>65.6</b>             | <b>12.7</b>           | <b>6.8</b>   | <b>43.3</b>  | <b>53.4</b>                    | <b>66.0</b>                  |
| <b>Total for the Sector</b>                            |                    |                  |              |              |                        |                              | Revised Gross Estimates | Revised Net Estimates | Exch. Issues | Exp.         | % of Exch. to Revised Net Est. | % of Exp. to Rev. Gross Est. |
| Development  |                    |                  |              |              |                        |                              | 548.2                   | 188.0                 | 89.7         | 235.7        | 47.7                           | 43.0                         |
| Recurrent  |                    |                  |              |              |                        |                              | 65.6                    | 12.7                  | 6.8          | 43.3         | 53.4                           | 66.0                         |
| <b>Total</b>   |                    |                  |              |              |                        |                              | <b>613.8</b>            | <b>200.7</b>          | <b>96.5</b>  | <b>279.0</b> | <b>48.1</b>                    | <b>45.5</b>                  |

**Source:** MDAs and National Treasury

State Department for Broadcasting and Telecommunication received the highest proportion of development exchequer issues to revised development net estimates at 92.9 per cent while State Department for Infrastructure had the lowest at 30.6 per cent. State Department for Energy received the highest proportion of recurrent exchequer issues to revised recurrent net estimates at 83.9 per cent while State Department for Housing and Urban Development had the lowest at 27.7 per cent.

Figure 4.6 shows the exchequer issues to the EI & ICT Sector in the First Nine Months of FY 2016/17.

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



*Source: National Treasury*

The total expenditure for the sector during the first Nine Months FY 2016/17 amounted to Kshs.279 billion, representing 45.5 per cent of the revised annual gross estimates, an increase compared to 32.4 per cent (Kshs.131 billion) recorded in the same period of FY 2015/16. The expenditure comprised of Kshs.235.7 billion in development expenditure, representing an absorption rate of 43 per cent, a decline from 59.4 per cent recorded in the same period of FY 2015/16 and Kshs.43.3 billion in recurrent expenditure, representing 66 per cent of the revised recurrent estimates, recording a slight decline compared to 67.1 per cent reported in the same period of FY 2016/17.

State Department for Broadcasting and Telecommunication recorded the highest absorption of development expenditure at 92.9 per cent while the State Department for Petroleum had the lowest at 19.9 per cent. State Department for Housing and Urban Development recorded the highest percentage of recurrent expenditure to revised annual recurrent estimates at 90.3 per cent while State Department of Petroleum had the lowest at 22.7 per cent.

#### 4.5 Environmental Protection, Water and Natural Resource Sector

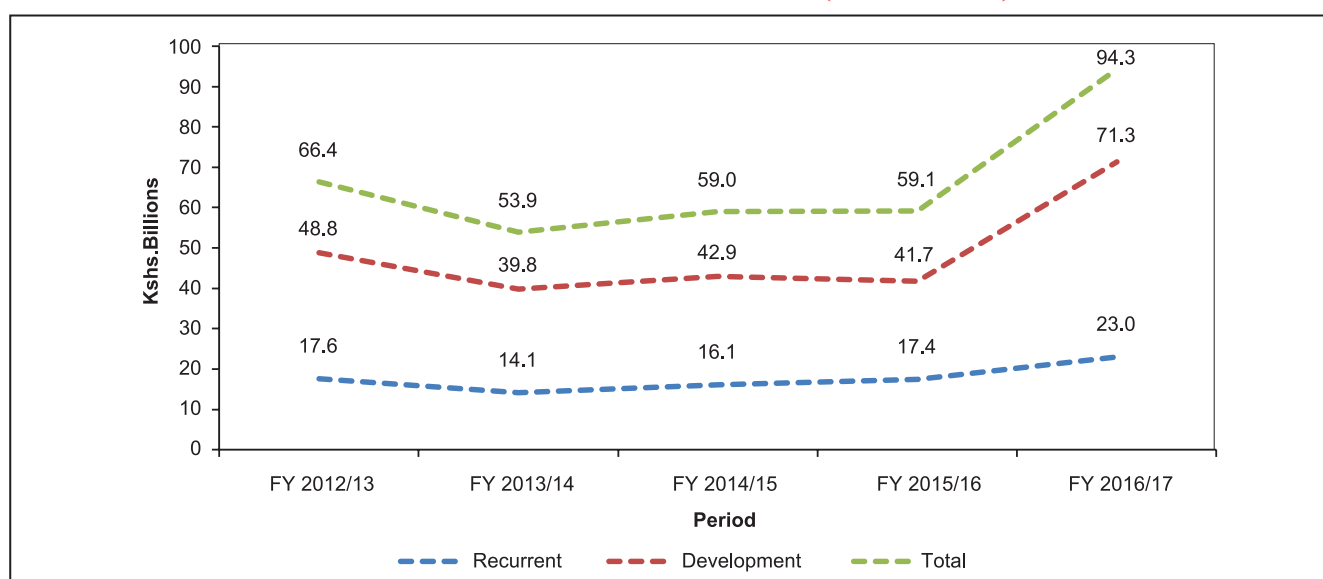
The Environmental Protection, Water and Natural Resources Sector consists of five MDAs namely the State Department for; Environment, Natural Resources, Water Services, Irrigation and Ministry of Mining with a total of 26 semi-autonomous government agencies.

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 revised annual budgetary allocation to the sector in FY 2016/17 was Kshs.94.3 billion, representing 3.6 per cent of gross national budget, a significant increase from Kshs.63 billion allocated in FY 2015/16. The allocation comprised of Kshs.71.3 billion (75.6 per cent) for development expenditure and Kshs.23 billion (24.3 per cent) for recurrent expenditure. The State Department for Water Services received the highest budgetary allocation of Kshs.49.6 billion (52.6 per cent of the Sector's allocation), while the Ministry of Mining had the lowest budgetary allocation of Kshs.5.2 billion (5.5 per cent of the Sector's allocation).

Figure 4.7 below 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. Billions)**



*Source: National Treasury*

In the first nine months of FY 2016/17, the sector received exchequer issues of Kshs.25.2 billion representing 57.8 per cent of the sectors' revised annual net estimates. This comprised of Kshs.16.9 billion for development expenditure representing 55.7 per cent of the revised development net estimates and Kshs.8.3 billion for recurrent expenditure representing 62.5per cent of the revised annual recurrent net estimates.

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

**Table 4.4: Environmental Protection, Water and Natural Resources Sector-Analysis of Exchequer Issues and Expenditure for the period July 2016 to March 2017. (Kshs. Billions)**

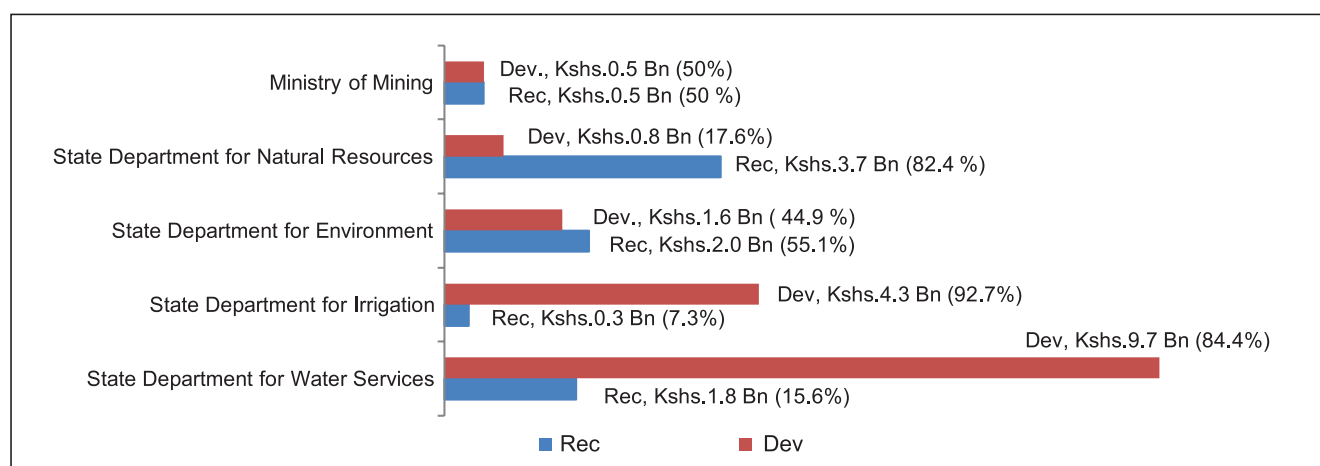
| VOTE                                   | Development        |                       |              |             |                        |                              | Recurrent               |                  |              |             |                                |                              |
|--|--------------------|-----------------------|--------------|-------------|------------------------|------------------------------|-------------------------|------------------|--------------|-------------|--------------------------------|------------------------------|
|  | Revised Gross Est. | Revised Net Estimates | Exch. Issues | Exp.        | % of Exch. to Net Est. | % of Exp. to Rev. Gross Est. | Revised Gross Est.      | Revised Net Est. | Exch. Issues | Exp.        | % of Exch. to Rev. Net Est.    | % of Exp. to Rev. Gross Est. |
| State Department for Water Services    | 45.2               | 16.7                  | 9.7          | 9.8         | 57.9                   | 21.6                         | 4.5                     | 2.3              | 1.8          | 2.6         | 76.7                           | 59.0                         |
| State Department for Irrigation        | 17.0               | 8.7                   | 4.3          | 7.0         | 48.7                   | 40.9                         | 0.9                     | 0.5              | 0.3          | 0.3         | 64.9                           | 32.7                         |
| State Department for Environment       | 2.3                | 2.0                   | 1.6          | 1.2         | 81.3                   | 52.3                         | 3.7                     | 2.9              | 2.0          | 1.8         | 68.4                           | 49.5                         |
| State Department for Natural Resources | 3.0                | 1.5                   | 0.8          | 1.3         | 51.7                   | 43.3                         | 12.6                    | 6.3              | 3.7          | 4.3         | 59.2                           | 33.9                         |
| Ministry of Mining                     | 3.9                | 1.3                   | 0.5          | 1.1         | 41.0                   | 29.1                         | 1.3                     | 1.3              | 0.5          | 0.5         | 40.2                           | 34.4                         |
| <b>Total</b>                           | <b>71.4</b>        | <b>30.3</b>           | <b>16.9</b>  | <b>20.4</b> | <b>55.7</b>            | <b>28.5</b>                  | <b>23.0</b>             | <b>13.3</b>      | <b>8.3</b>   | <b>9.5</b>  | <b>62.5</b>                    | <b>41.3</b>                  |
| <b>Total for the Sector</b>            |                    |                       |              |             |                        |                              | Revised Gross Estimates | Revised Net Est. | Exch. Issues | Exp.        | % of Exch. to Revised Net Est. | % of Exp. to Rev. Gross Est. |
| Development                            |                    |                       |              |             |                        |                              | 71.4                    | 30.3             | 16.9         | 20.4        | 55.7                           | 28.5                         |
| Recurrent                              |                    |                       |              |             |                        |                              | 23.0                    | 13.3             | 8.3          | 9.5         | 62.5                           | 41.3                         |
| <b>Total</b>                           |                    |                       |              |             |                        |                              | <b>94.3</b>             | <b>43.6</b>      | <b>25.2</b>  | <b>29.8</b> | <b>57.8</b>                    | <b>31.6</b>                  |

**Source:** MDAs and National Treasury

State Department for Environment received the highest proportion of development exchequer issues to the revised annual development net estimates at 81.3 per cent while Ministry of Mining received the lowest at 41 per cent. State Department for Water Services received the highest proportion of recurrent exchequer issues to the revised recurrent net estimates at 76.7 per cent while Ministry of Mining received the lowest at 40.2 per cent.

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

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



Source: National Treasury

The total expenditure for the sector during the first nine months of FY 2016/17 amounted to Kshs.29.8 billion, representing 31.6 per cent of the revised annual estimates, an increase compared to 22.5 per cent (Kshs.14.2 billion) recorded in the same period of FY 2015/16. The expenditure comprised of Kshs.20.4 billion in development expenditure and Kshs.9.5 billion in the recurrent expenditure. The development expenditure represents an absorption rate of 28.5 per cent, an improvement from 17.9 per cent recorded in the same period FY 2015/16 while the recurrent expenditure represents 41.3 per cent of the revised recurrent estimates, recording an increase compared to 34.3 per cent (Kshs.6.1 billion) reported in the same period of FY 2016/17.

State Department for Environment recorded the highest absorption of development expenditure at 52.3 per cent while State Department for Water Services recorded the lowest at 21.6 per cent. State Department for Water Services recorded the highest percentage of expenditure on its recurrent budget at 59 per cent while the State Department for Irrigation recorded the lowest expenditure at 32.7 per cent.

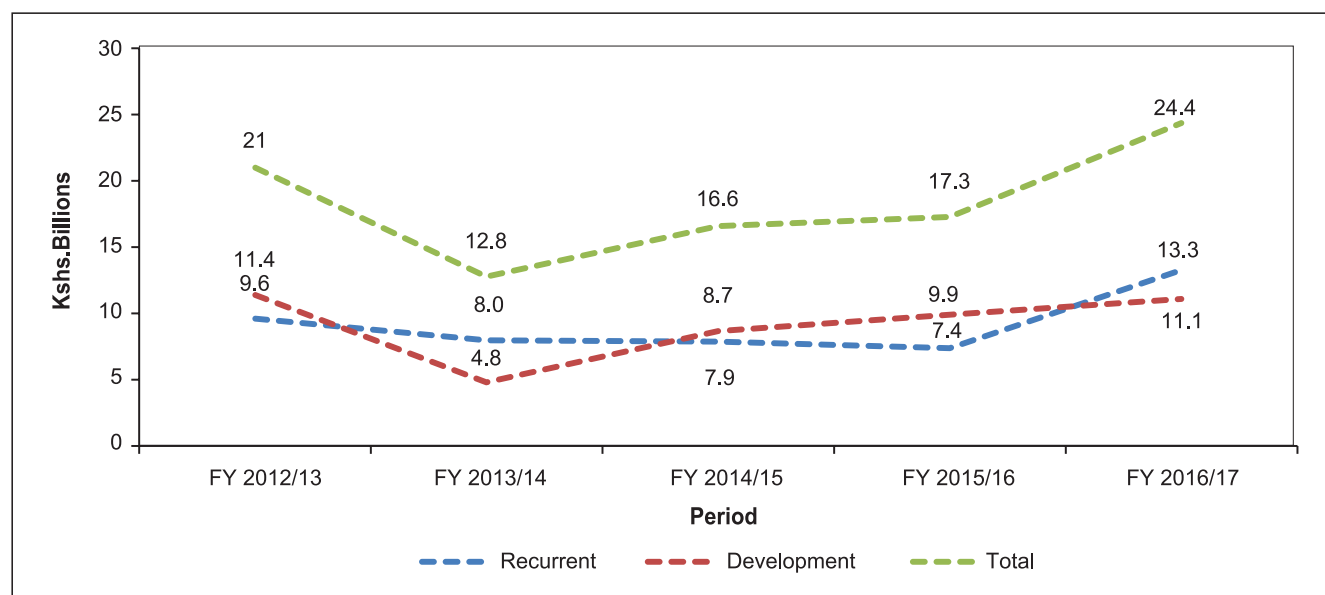
#### 4.6 General Economic and Commercial Affairs (GECA) Sector

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

The revised annual budgetary allocation to the sector in FY 2016/17 was Kshs.24.4 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 (45.5 per cent) for development expenditure and Kshs.13.3 billion (54.5 per cent) for recurrent expenditure. State Department for Investment and Industry received the highest budgetary allocation of Kshs.8.1 billion (33.3 per cent of the sector's allocation), while State Department for East African Integration had the lowest allocation at Kshs.1.6 billion (6.5 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 Nine months of FY 2016/17, the Sector received exchequer issues amounting to Kshs.13.5 billion, representing 68.5 per cent of the sector's revised net estimates. The exchequer issues comprised of Kshs.4.5 billion for development expenditure, representing 60.9 per cent of the revised annual development net estimates, and Kshs. 9 billion for recurrent expenditure, representing 73 per cent of the recurrent annual net estimates.

Table 4.5 presents analysis of exchequer issues to the Sector and expenditure in the First Nine Months of FY 2016/17.

**Table 4.5: GECA Sector-Analysis of Exchequer Issues and Expenditure for the period July 2016 to March 2017. (Kshs. Billions)**

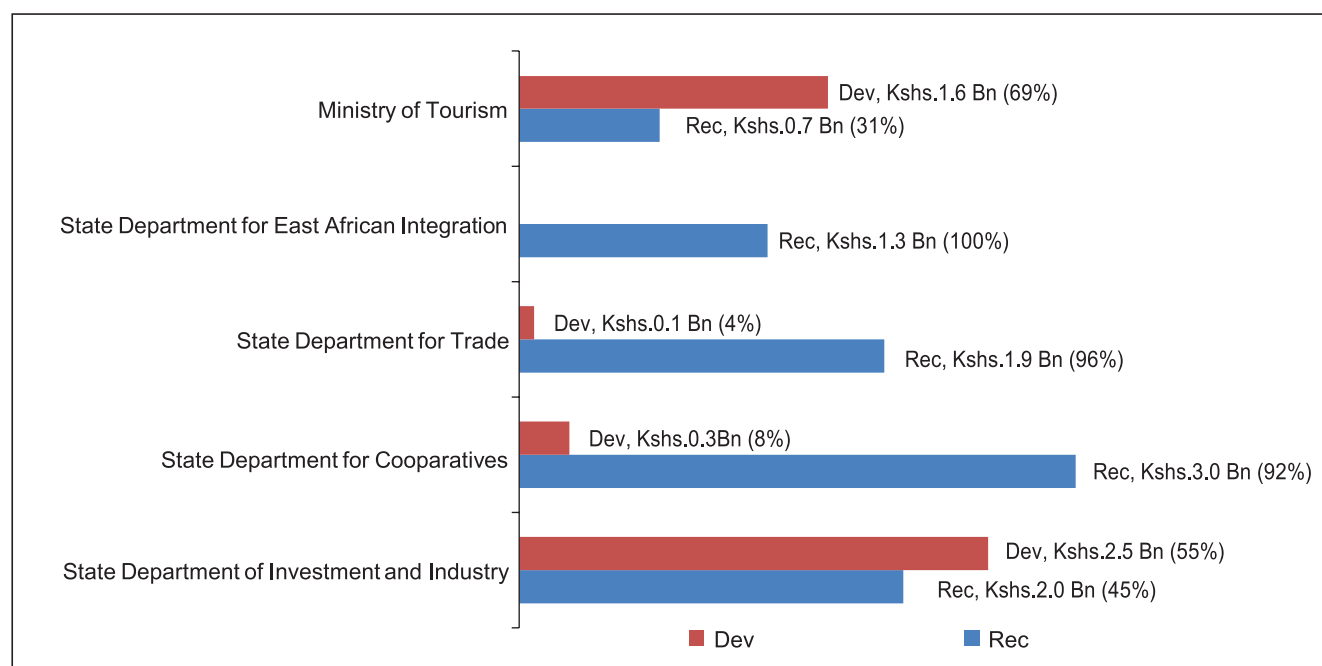
| VOTE  | Development        |                  |              |      |                        |                              | Recurrent          |                  |              |      |                                |                              |
|---|--------------------|------------------|--------------|------|------------------------|------------------------------|--------------------|------------------|--------------|------|--------------------------------|------------------------------|
|   | Revised Gross Est. | Revised Net Est. | Exch. Issues | Exp. | % of Exch. to Net Est. | % of Exp. to Rev. Gross Est. | Revised Gross Est. | Revised Net Est. | Exch. Issues | Exp. | % of Exch. to Rev. Net Est.    | % of Exp. to Rev. Gross Est. |
| State Department of Investment and Industry   | 5.4                | 3.1              | 2.5          | 2.5  | 80.3                   | 46.5                         | 2.7                | 2.7              | 2.0          | 2.5  | 74.9                           | 90.1                         |
| State Department for Cooperatives             | 0.5                | 0.5              | 0.3          | 0.5  | 50.0                   | 94.3                         | 3.3                | 3.3              | 3.0          | 2.9  | 90.7                           | 89.9                         |
| State Department for Trade                    | 0.2                | 0.1              | 0.1          | 0.05 | 64.6                   | 21.8                         | 3.4                | 3.4              | 1.9          | 2.8  | 56.7                           | 82.6                         |
| State Department for East African Integration | 0.1                | -                | -            | -    | -                      | 0.0                          | 1.5                | 1.5              | 1.3          | 1.3  | 87.1                           | 85.0                         |
| Ministry of Tourism                           | 4.8                | 3.6              | 1.6          | 2.1  | 45.6                   | 42.5                         | 2.4                | 1.4              | 0.7          | 1.0  | 52.7                           | 43.1                         |
| Total   | 11.1               | 7.3              | 4.5          | 5.1  | 60.9                   | 46.2                         | 13.3               | 12.3             | 9.0          | 10.6 | 73.0                           | 79.2                         |
| <b>Total for the Sector</b>                   |                    |                  |              |      |                        |                              | Revised Gross Est. | Revised Net Est. | Exch. Issues | Exp. | % of Exch. to Revised Net Est. | % of Exp. to Rev. Gross Est. |
| Development                                   |                    |                  |              |      |                        |                              | 11.1               | 7.3              | 4.5          | 5.1  | 60.9                           | 46.2                         |
| Recurrent                                     |                    |                  |              |      |                        |                              | 13.3               | 12.3             | 9.0          | 10.6 | 73.0                           | 79.1                         |
| Total   |                    |                  |              |      |                        |                              | 24.4               | 19.7             | 13.5         | 15.7 | 68.5                           | 64.2                         |

**Source:** MDAs and National Treasury

State Department of Investment and Industry received the highest proportion of development exchequer issues to the revised annual development net estimates at 80.3 per cent while State Department for East African Integration didn't receive any exchequer for development activities. State Department for Cooperatives received the highest proportion of recurrent exchequer issues to the revised recurrent net estimates at 90.7 per cent while Ministry of Tourism received the lowest at 52.7 per cent.

Figure 4.10 shows the exchequer issues to GECA sector in the First Nine Months of FY 2016/17.

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



*Source: National Treasury*

The total expenditure for the sector during the first nine months FY 2016/17 amounted to Kshs.15.7 billion, representing 64.2 per cent of the revised annual estimates, an increase compared to 58.2 per cent (Kshs.12.4 billion) recorded in the same period of FY 2015/16. The expenditure consisted of Kshs.5.1 billion in development expenditure and Kshs.10.6 billion in the recurrent expenditure. The development expenditure represents an absorption rate of 46.2 per cent, a decline from 53.8 per cent recorded in the same period FY 2015/16 while the recurrent expenditure represents 79.2 per cent of the revised recurrent estimates, an improvement compared to 69.0 per cent (Kshs.4.9 billion) reported in the same period FY 2016/17.

State Department for Cooperatives recorded the highest absorption of development budget at 94.3 per cent (Kshs.0.5 billion) while the State Department for East African Integration did not incur any expenditure on development activities. State Department for Investment and Industry recorded the highest percentage of recurrent expenditure to revised annual recurrent estimates at 90.1 per cent while Ministry of Tourism had the lowest at 43.1 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: State Department for Interior, State Department for Correctional Services, State Law Office and Department of Justice, The Judiciary, Ethics and Anti-Corruption Commission (EACC), Office of the Director of Public Prosecutions, Office of the Registrar of Political Parties, Witness Protection Agency (WPA), Kenya National Commission on Human Rights (KNCHR), Independent Electoral and Boundaries



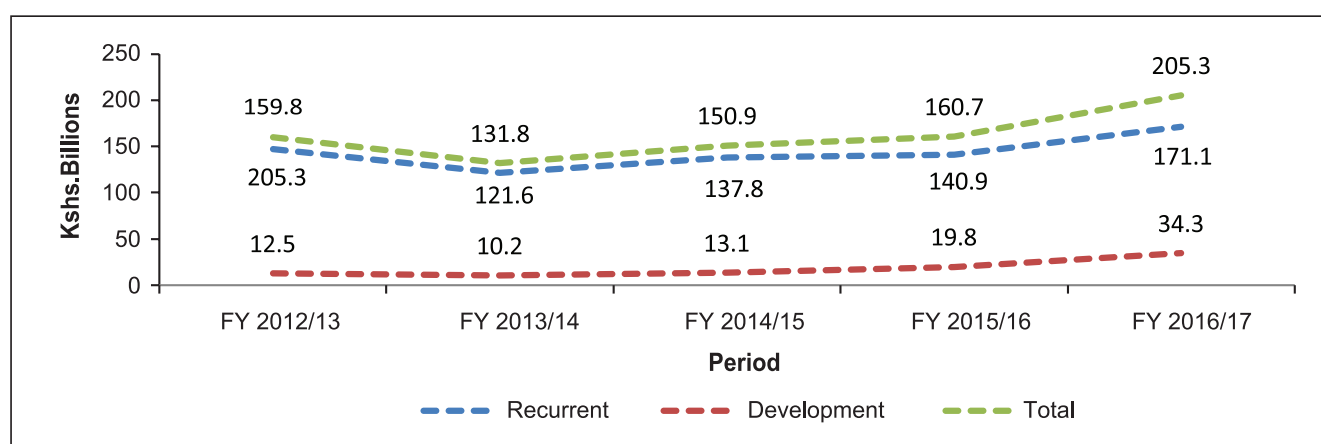
Commission (IEBC), Judicial Service Commission (JSC), National Police Service Commission (NPSC), National Gender and Equality Commission (NGEC), and the Independent Policing Oversight Authority (IPOA).

The role of the sector includes; provision of security, correctional services, legal advisory services to government agencies, and administration of justice. It also plays a major role in promoting integrity and the fight against corruption, provision of prosecution services, 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 revised annual budgetary allocation to the sector in FY 2016/17 was Kshs.205.3 billion representing 7.8 per cent of gross national budget, an increase from Kshs.160.7 billion allocated in FY 2015/16. The allocation comprised of Kshs.34.3 billion (16.7 per cent) for development expenditure and Kshs.171.1 billion (83.3 per cent) for recurrent expenditure. State Department for Interior received the highest budgetary allocation of Kshs.131.5 billion (64.1 per cent of the sector's allocation), while Witness Protection Agency had the lowest at Kshs.0.4 billion (0.2 per cent of the sector's allocation). Figure 4.11 below 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 nine months of FY 2016/17, the sector received exchequer issues amounting to Kshs.119.3 billion, representing 58.8 per cent of the Sectors' revised annual net estimates. This amount comprised of Ksh.13.9 billion for development expenditure representing 42.5 of the revised development net estimates. The recurrent exchequer issues amounted to Ksh.105.4 billion and represented 61.9 per cent of the revised recurrent net estimates.

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

**Table 4.6 GJLOS Sector-Analysis of Exchequer Issues and Expenditure for the period July 2016 to March 2017. (Kshs. Billions)**

| VOTE  | Development        |                  |              |             |                        |                              | Recurrent         |                  |              |              |                             |                              |
|---|--------------------|------------------|--------------|-------------|------------------------|------------------------------|-------------------|------------------|--------------|--------------|-----------------------------|------------------------------|
|   | Revised Gross Est. | Revised Net Est. | Exch. Issues | Exp.        | % of Exch. to Net Est. | % of Exp. to Rev. Gross Est. | Revised Gross Est | Revised Net Est. | Exch. Issues | Exp.         | % of Exch. to Rev. Net Est. | % of Exp. to Rev. Gross Est. |
| State Department for Interior                   | 27.5               | 27.4             | 12.3         | 13.3        | 45.1                   | 48.3                         | 103.9             | 103.5            | 70.2         | 69.4         | 67.8                        | 66.7                         |
| State Department for Correctional Services      | 0.5                | 0.5              | 0.2          | 0.1         | 33.8                   | 21.2                         | 20.2              | 20.2             | 13.2         | 12.5         | 65.4                        | 62.0                         |
| State Law Office and Department of Justice      | 0.4                | 0.1              | 0.01         | 0.003       | 15.7                   | 0.8                          | 4.8               | 4.4              | 2.2          | 2.0          | 49.8                        | 41.8                         |
| The Judiciary                                   | 4.4                | 4.2              | 1.4          | 1.6         | 34.1                   | 35.7                         | 13.0              | 13.0             | 9.1          | 7.9          | 70.1                        | 60.5                         |
| Ethics & Anti-Corruption Commission             | 0.5                | 0.5              | -            | -           | -                      | -                            | 3.0               | 3.0              | 2.4          | 2.4          | 81.8                        | 79.7                         |
| Office of the Director of Public Prosecutions   | 0.1                | 0.1              | -            | 0.02        | -                      | 19.2                         | 2.2               | 2.2              | 1.1          | 1.3          | 51.9                        | 60.9                         |
| Office of the Registrar of Political Parties    | -                  | -                | -            | -           | -                      | -                            | 0.8               | 0.8              | 0.4          | 0.4          | 51.5                        | 51.2                         |
| Witness Protection Agency                       | -                  | -                | -            | -           | -                      | -                            | 0.4               | 0.4              | 0.3          | 0.3          | 73.2                        | 72.0                         |
| Kenya National Commission on Human Rights       | -                  | -                | -            | -           | -                      | -                            | 0.4               | 0.4              | 0.3          | 0.3          | 72.2                        | 71.2                         |
| Independent Electoral and Boundaries Commission | 0.8                | 0.1              | -            | -           | -                      | -                            | 20.6              | 20.6             | 5.0          | 5.9          | 24.4                        | 28.6                         |
| Judicial Service Commission                     | -                  | -                | -            | -           | -                      | -                            | 0.5               | 0.5              | 0.3          | 0.2          | 58.9                        | 54.3                         |
| National Police Service Commission              | -                  | -                | -            | -           | -                      | -                            | 0.4               | 0.4              | 0.3          | 0.3          | 66.4                        | 75.6                         |
| National Gender & Equality Commission           | -                  | -                | -            | -           | -                      | -                            | 0.4               | 0.4              | 0.2          | 0.3          | 61.3                        | 75.5                         |
| Independent Policing Oversight Authority        | -                  | -                | -            | -           | -                      | -                            | 0.5               | 0.5              | 0.3          | 0.3          | 56.4                        | 64.9                         |
| <b>Total</b>                                    | <b>34.3</b>        | <b>32.8</b>      | <b>13.9</b>  | <b>15.0</b> | <b>42.5</b>            | <b>43.9</b>                  | <b>171.1</b>      | <b>170.3</b>     | <b>105.4</b> | <b>103.5</b> | <b>61.9</b>                 | <b>60.5</b>                  |

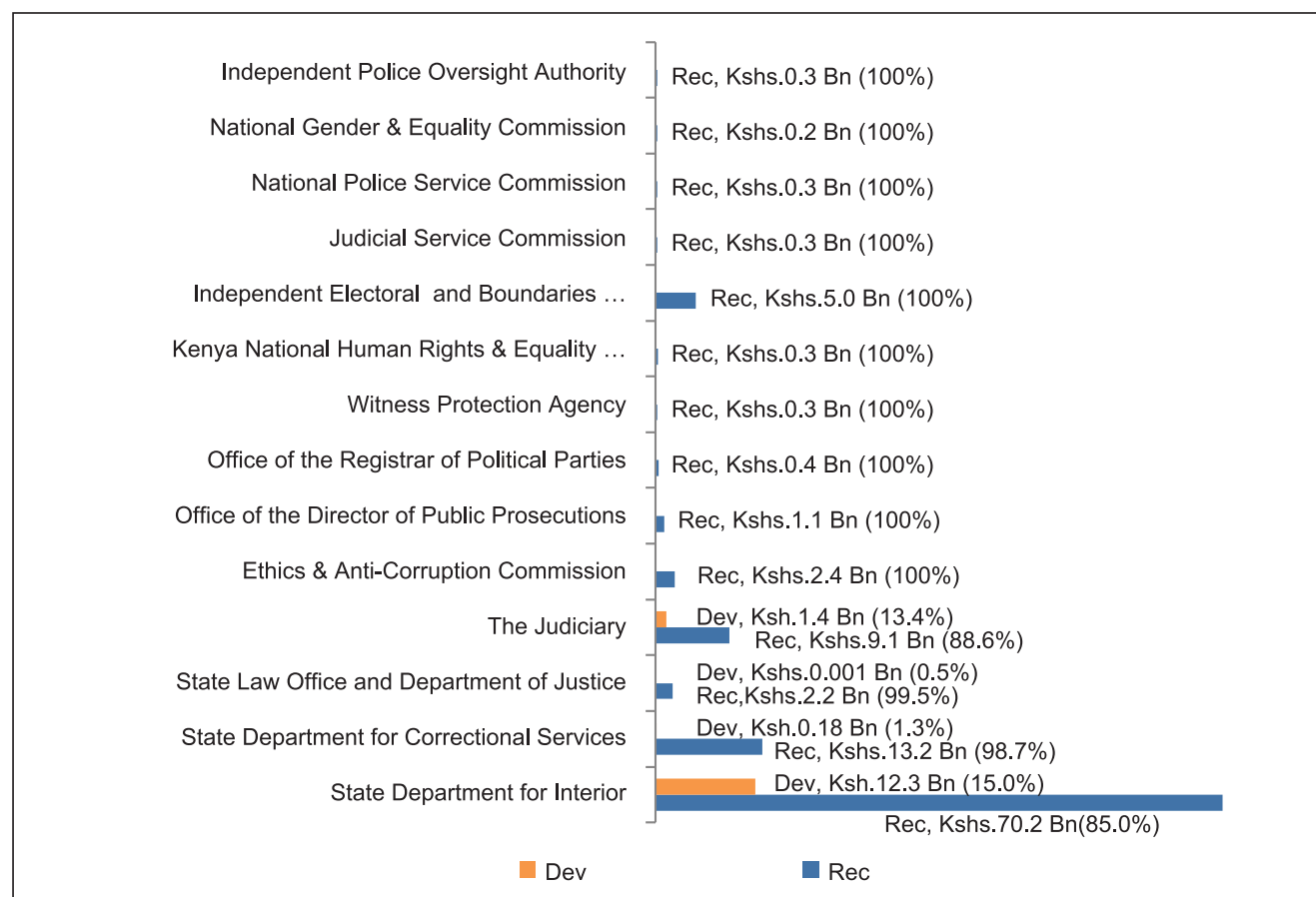
|                      | Revised<br>Gross<br>Est. | Revised<br>Net Est. | Exch.<br>Issues | Exp.         | % of<br>Exch.<br>to<br>Revised<br>Net Est. | % of<br>Exp.<br>to<br>Rev.<br>Gross<br>Est. |
|----------------------|--------------------------|---------------------|-----------------|--------------|--|---|
| Total for the Sector |                          |                     |                 |              |  |   |
| Development          | 34.3                     | 32.8                | 13.9            | 15.0         | 42.5                                       | 43.9  |
| Recurrent            | 171.1                    | 170.3               | 105.4           | 103.5        | 61.9                                       | 60.5  |
| <b>Total</b>         | <b>205.3</b>             | <b>203.1</b>        | <b>119.3</b>    | <b>118.6</b> | <b>58.8</b>                                | <b>57.7</b>                                 |

*Source: MDAs and National Treasury*

The State Department for Interior received the highest proportion of development exchequer issues to revised development net estimates at 45.1 per cent, while State Law Office recorded the lowest at 15.7 per cent. The Ethics & Anti-Corruption Commission received the highest proportion of recurrent exchequer issues to revised recurrent net estimates at 81.8 per cent, while the Independent Electoral and Boundaries Commission received the least at 24.4 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 nine months of FY 2016/17 (Kshs. Billions)**



*Source: National Treasury*

The total expenditure for the sector during the first nine months of FY 2016/17 amounted to Kshs.118.6 billion, representing 57.7 per cent of the revised annual gross estimates. The development expenditure was Kshs.15 billion, representing an absorption rate of 43.9 per cent while total recurrent expenditure was Kshs.103.5 billion, representing 60.5 per cent of the revised recurrent gross estimates. State Department for Interior recorded the highest absorption rate of development expenditure at 48.3 per cent while State Law Office and Department of Justice was the least with 0.8 per cent. The Ethics and Anti-Corruption Commission recorded the highest proportion of recurrent expenditure to annual estimates at 79.7 per cent while Independent Electoral and Boundaries Commission recorded the lowest at 28.6 per cent.

#### 4.8 Health Sector

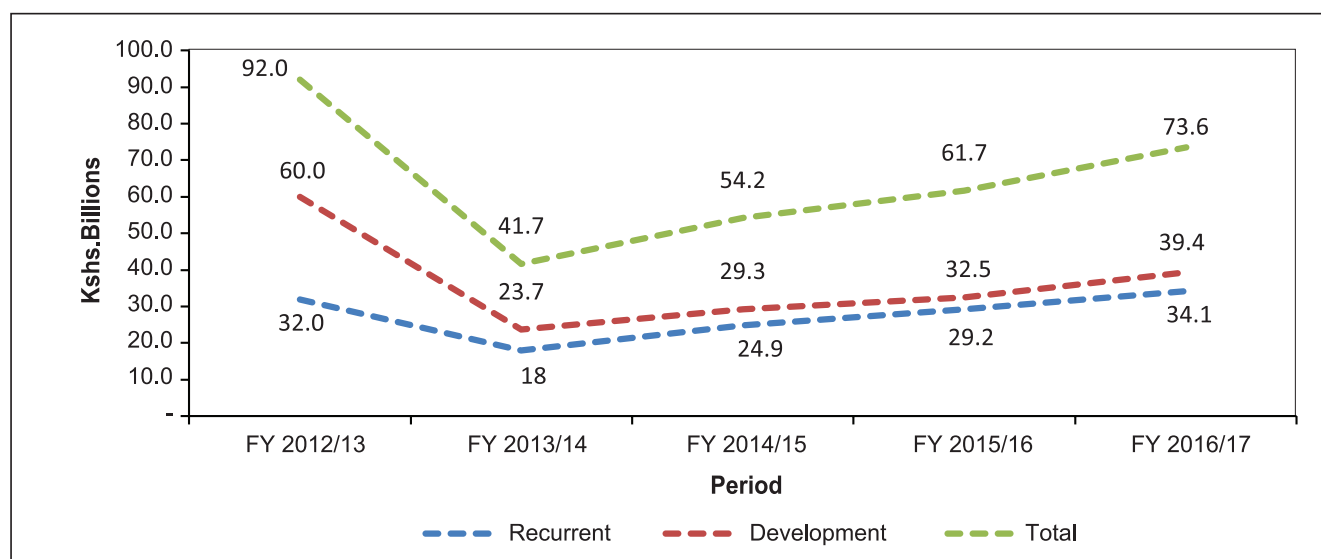
The Health Sector consists of Ministry of Health and seven Semi-Autonomous Government Agencies (SAGAs) namely; Kenyatta National Hospital (KNH), Moi Teaching and Referral Hospital (MTRH), Kenya Medical Research Institute (KEMRI), Kenya Medical Supplies Authority (KEMSA), Kenya Medical Training College (KMTC), 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 revised annual budgetary allocation to the Sector in FY 2016/17 was Kshs.73.6 billion representing 2.8 per cent of gross national budget, an increase from Kshs.61.7 billion allocated in FY 2015/16. The allocation comprised of Kshs.39.4 billion (53.6 per cent) for development expenditure and Kshs.34.1 billion (46.4 per cent) for recurrent expenditure.

Figure 4.13 below 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 nine months of FY 2016/17, the sector received exchequer issues of Kshs.35.1 billion, representing 59.3 per cent of the sectors' revised annual net estimates. This comprised of Kshs.19.6 billion for development expenditure, representing 67.5 per cent of the revised development net estimates and Kshs.15.5 billion for recurrent expenditure, representing 51.5 per cent of the revised annual net recurrent estimates. Table 4.7 shows Health sector analysis of exchequer issues and expenditure in the first nine months of FY 2016/17.

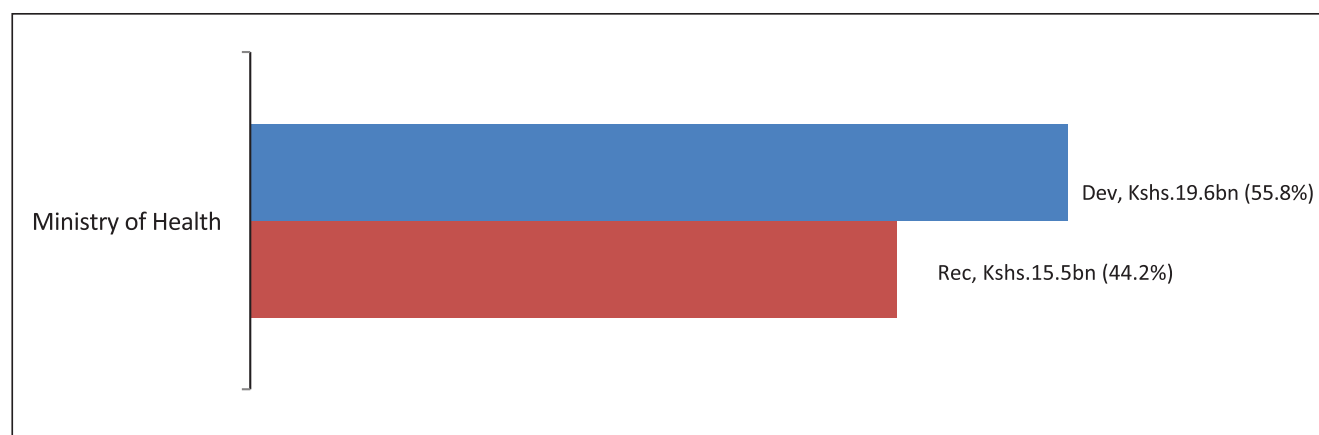
**Table 4.7: Health Sector-Analysis of Exchequer Issues and Expenditure for the period July 2016 to March, 2017. (Kshs. Billions)**

| VOTE                        | Development        |                  |              |             |                        |                              | Recurrent                 |                         |                     |             |                                       |                                     |
|-----------------------------|--------------------|------------------|--------------|-------------|------------------------|------------------------------|---------------------------|-------------------------|---------------------|-------------|---------------------------------------|-------------------------------------|
|                             | Revised Gross Est. | Revised Net Est. | Exch. Issues | Exp.        | % of Exch. to Net Est. | % of Exp. to Rev. Gross Est. | Revised Gross Est.        | Revised Net Est.        | Exch. Issues        | Exp.        | % of Exch. to Rev. Net Est.           | % of Exp. to Rev. Gross Est.        |
| Ministry of Health          | 39.4               | 29.0             | 19.6         | 24.8        | 67.5                   | 62.9                         | 34.1                      | 30.2                    | 15.5                | 16.6        | 51.5                                  | 48.6                                |
| <b>Total</b>                | <b>39.4</b>        | <b>29.0</b>      | <b>19.6</b>  | <b>24.8</b> | <b>67.5</b>            | <b>62.9</b>                  | <b>34.1</b>               | <b>30.2</b>             | <b>15.5</b>         | <b>16.6</b> | <b>51.5</b>                           | <b>48.6</b>                         |
| <b>Total for the Sector</b> |                    |                  |              |             |                        |                              | <b>Revised Gross Est.</b> | <b>Revised Net Est.</b> | <b>Exch. Issues</b> | <b>Exp.</b> | <b>% of Exch. to Revised Net Est.</b> | <b>% of Exp. to Rev. Gross Est.</b> |
| Development                 |                    |                  |              |             |                        |                              | 39.4                      | 29.0                    | 19.6                | 24.8        | 67.5                                  | 62.9                                |
| Recurrent                   |                    |                  |              |             |                        |                              | 34.1                      | 30.2                    | 15.5                | 16.6        | 51.5                                  | 48.6                                |
| <b>Total</b>                |                    |                  |              |             |                        |                              | <b>73.6</b>               | <b>59.2</b>             | <b>35.1</b>         | <b>41.4</b> | <b>59.3</b>                           | <b>56.3</b>                         |

*Source: MDAs and National Treasury*

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

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



**Source:** National Treasury

The total expenditure for the sector during the first nine months of FY 2016/17 amounted to Kshs.41.4 billion, representing 56.3 per cent of the revised annual estimates, a decline compared to 69.2 per cent recorded in a similar period of FY 2015/16. The expenditure consists of Kshs.24.8 billion for development activities, representing an absorption rate of 62.9 per cent, an increase from 57.7 per cent (11.3 billion) recorded in a similar period of FY 2015/16 and Kshs.16.6 billion for recurrent expenditure, representing 48.6 per cent of the revised gross recurrent estimates, a decline from 78.7 per cent (Kshs.24.5 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 Commission on Administrative Justice.

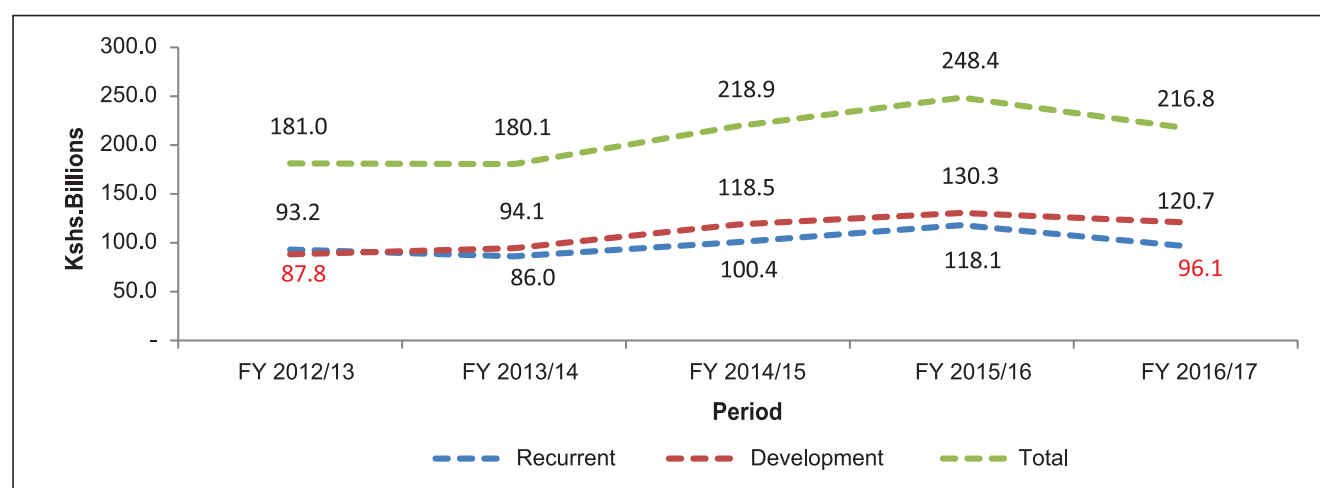
The sector provides overall policy and leadership direction to the country, oversees national legislation as well as the human resource function in the public service. It further coordinates national policy formulation, implementation, and, monitoring and evaluation. Other key mandates undertaken by 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 revised annual budgetary allocation to the sector in FY 2016/17 was Kshs.216.8 billion representing 8.3 per cent of gross national budget, a decrease from Kshs.284.4 billion allocated in FY 2015/16. The

allocation comprised of Kshs.96.1 billion (44 per cent) for development expenditure and Kshs.120.7 billion (56 per cent) for recurrent expenditure. The National Treasury received the highest budgetary allocation of Kshs.79.4 billion (36.6 per cent of the sector's allocation), while Commission on Revenue Allocation (CRA) had the lowest at Kshs.0.4 billion (0.2 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 nine months of FY 2016/17, the sector received exchequer issues of Kshs.111.7 billion, representing 57.4 per cent of the sector's revised annual net estimates. This comprised of Kshs.39.4 billion for development programmes, representing 52.8 per cent of the revised development net estimates, and Kshs.72.3 billion for recurrent activities representing 60.3 per cent of the revised recurrent net estimates. Table 4.8 shows PAIR Sector analysis of exchequer issues and expenditure in the first nine months of FY 2016/17.

**Table 4.8 PAIR Sector-Analysis of Exchequer Issues and Expenditure for the period July 2016 to March 2017. (Kshs. Billions)**

| VOTE  | Development        |                  |              |             |                        |                              | Recurrent          |                  |              |              |                                |                              |
|---|--------------------|------------------|--------------|-------------|------------------------|------------------------------|--------------------|------------------|--------------|--------------|--------------------------------|------------------------------|
|   | Revised Gross Est. | Revised Net Est. | Exch. Issues | Exp.        | % of Exch. to Net Est. | % of Exp. to Rev. Gross Est. | Revised Gross Est. | Revised Net Est. | Exch. Issues | Exp.         | % of Exch. to Rev. Net Est.    | % of Exp. to Rev. Gross Est. |
| The Presidency  | 0.5                | 0.5              | 0.1          | 0.2         | 16.1                   | 49.3                         | 9.2                | 9.2              | 5.7          | 5.3          | 62.1                           | 57.6                         |
| State Department for Devolution                       | 1.2                | 1.0              | 0.2          | 0.3         | 14.7                   | 24.7                         | 0.8                | 0.8              | 0.5          | 0.5          | 62.4                           | 63.3                         |
| State Department for Planning & Statistics            | 32.1               | 30.6             | 27.4         | 31.8        | 89.5                   | 99.2                         | 5.3                | 5.0              | 3.4          | 5.4          | 67.6                           | 101.7                        |
| Ministry of Foreign Affairs and International Trade   | 2.8                | 2.8              | 2.2          | 2.3         | 81.2                   | 82.0                         | 17.8               | 17.6             | 11.8         | 12.5         | 67.2                           | 70.6                         |
| The National Treasury                                 | 40.8               | 21.9             | 3.3          | 8.7         | 15.0                   | 21.4                         | 38.6               | 38.6             | 20.2         | 24.4         | 52.3                           | 63.1                         |
| State Department for Public Service and Youth Affairs | 14.5               | 14.5             | 5.0          | 8.6         | 34.6                   | 59.5                         | 14.4               | 14.2             | 7.9          | 9.5          | 55.7                           | 65.7                         |
| Parliamentary Service Commission                      | 4.2                | 3.2              | 1.1          | 1.5         | 36.5                   | 37.2                         | 10.5               | 10.5             | 6.6          | 6.4          | 62.8                           | 60.8                         |
| National Assembly                                     | -                  | -                | -            | -           | -                      | -                            | 16.9               | 16.9             | 11.3         | 10.3         | 66.8                           | 61.1                         |
| The Commission on Revenue Allocation                  | -                  | -                | -            | -           | -                      | -                            | 0.4                | 0.4              | 0.2          | 0.2          | 58.5                           | 59.2                         |
| Public Service Commission                             | 0.04               | 0.04             | 0.02         | 0.02        | 59.0                   | 64.1                         | 1.2                | 1.2              | 0.9          | 0.9          | 75.8                           | 76.8                         |
| Salaries & Remuneration Commission                    | -                  | -                | -            | -           | -                      | -                            | 0.5                | 0.5              | 0.3          | 0.3          | 55.4                           | 55.8                         |
| Auditor General                                       | 0.2                | 0.2              | 0.1          | 0.1         | 30.1                   | 27.9                         | 4.2                | 4.0              | 2.9          | 3.0          | 72.6                           | 71.9                         |
| Controller of Budget                                  | -                  | -                | -            | -           | -                      | -                            | 0.5                | 0.5              | 0.3          | 0.3          | 51.7                           | 54.3                         |
| The Commission on Administrative Justice              | -                  | -                | -            | -           | -                      | -                            | 0.5                | 0.5              | 0.3          | 0.3          | 69.2                           | 70.6                         |
| <b>Total</b>  | <b>96.1</b>        | <b>74.7</b>      | <b>39.4</b>  | <b>53.5</b> | <b>52.8</b>            | <b>55.7</b>                  | <b>120.7</b>       | <b>119.9</b>     | <b>72.3</b>  | <b>79.3</b>  | <b>60.3</b>                    | <b>65.7</b>                  |
| <b>Total for the Sector</b>                           |                    |                  |              |             |                        |                              | Revised Gross Est. | Revised Net Est. | Exch. Issues | Exp.         | % of Exch. to Revised Net Est. | % of Exp. to Rev. Gross Est. |
| Development   |                    |                  |              |             |                        |                              | 96.1               | 74.7             | 39.4         | 53.5         | 52.8                           | 55.7                         |
| Recurrent   |                    |                  |              |             |                        |                              | 120.7              | 119.9            | 72.3         | 79.3         | 60.3                           | 65.7                         |
| <b>Total</b>  |                    |                  |              |             |                        |                              | <b>216.8</b>       | <b>194.6</b>     | <b>111.7</b> | <b>132.8</b> | <b>57.4</b>                    | <b>61.3</b>                  |

**Source:** MDAs and National Treasury

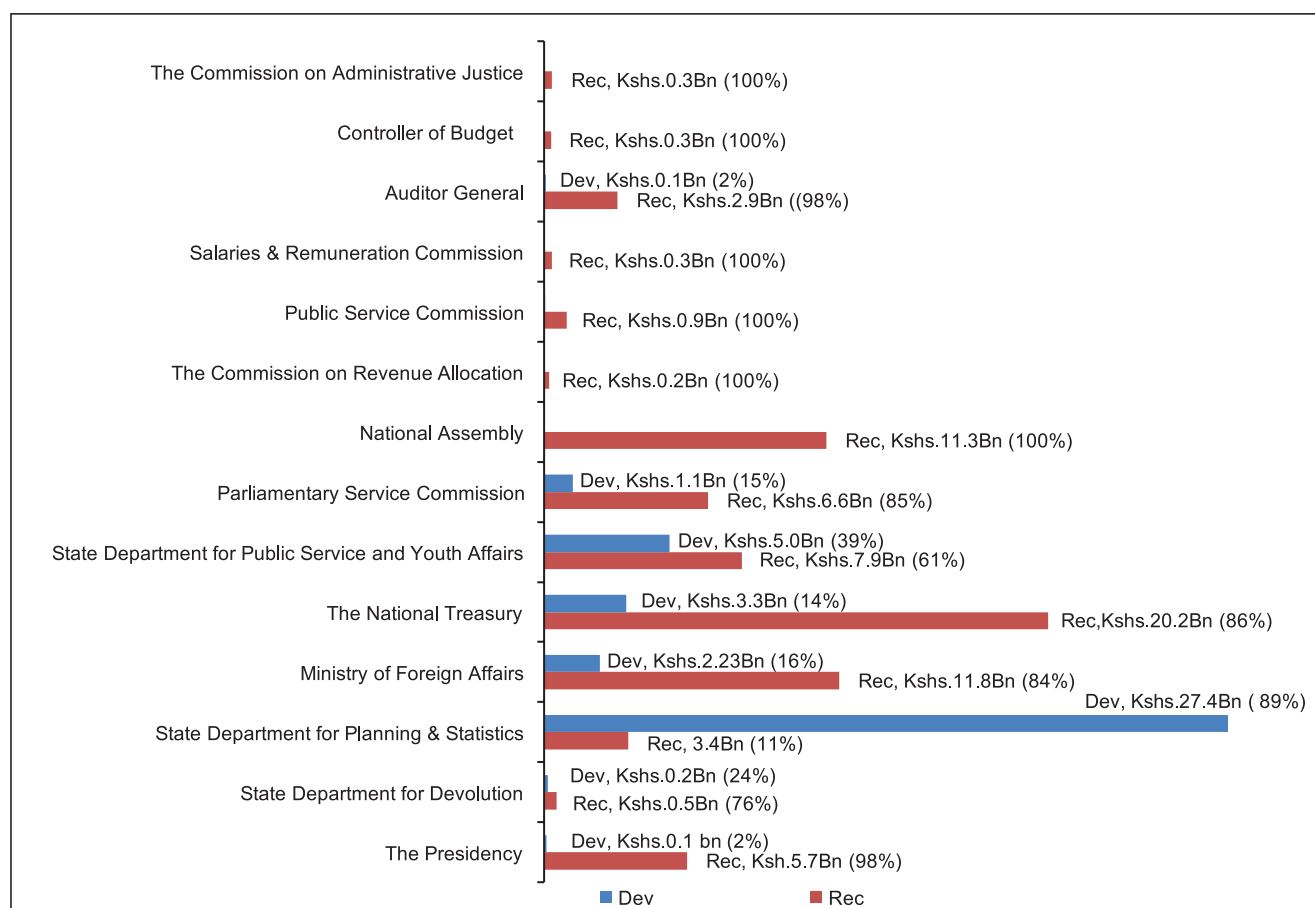
The State Department for Planning and Statistics received the highest proportion of development exchequer issues to the revised development net estimates at 89.5 per cent while State Department for Devolution received the lowest at 14.7 per cent. Public Service Commission received the highest proportion of recurrent exchequer issues to the revised annual recurrent net estimates at 75.8 per cent



while the Controller of Budget received the lowest at 51.7 per cent.

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

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



**Source:** National Treasury

The total expenditure for the sector during the first nine months FY 2016/17 amounted to Kshs.132.8 billion, representing 61.3 per cent of the revised annual gross estimates, an increase compared to 45.5 per cent (Kshs.110.8 billion) recorded in the same period FY 2015/16. The expenditure consisted of Kshs.53.5 billion in development expenditure, representing an absorption rate of 55.7 per cent, an increase from 39.2 cent recorded in the same period of FY 2015/16 and Kshs.79.3 billion for recurrent expenditure, representing an absorption rate of 65.6per cent and an improvement compared to 52.6 per cent (Kshs.60.7 billion) reported in the same period of FY 2016/17.

The State Department for Planning and Statistics recorded the highest absorption of development budget at 99.2 per cent (Kshs.31.8 billion) while the State Department for Devolution had the lowest at 24.7 per cent (0.3billion). State Department for Planning and Statistics recorded the highest percentage of recurrent expenditure to annual recurrent estimates at 100 per cent while the Office of the Controller of

Budget had the lowest at 54.3 per cent.

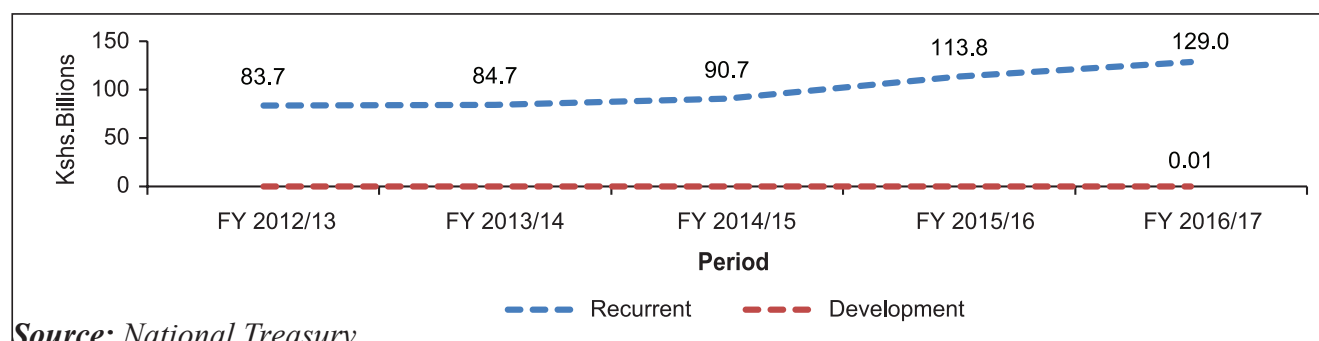
#### 4.10 National Security Sector

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

The annual budgetary allocation to the sector in the FY 2016/17 was Kshs.129.0 billion translating to 4.9 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 for development expenditure and Kshs.129.0 billion for recurrent expenditure. Ministry of Defence received the highest budgetary allocation of Kshs.101.1 billion (78.4 per cent of the sector's allocation), while National Intelligence Service received Kshs.27.8 billion (21.6 per cent of the sector's allocation).

Figure 4.17 below 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)**



In the first nine months of FY 2016/17, the sector received Kshs.77.7 billion, representing 60.2 per cent of the sector's revised annual net estimates. The Ministry of Defence received recurrent exchequer issues amounting to Kshs.59.7 billion representing 59.0 per cent of its annual recurrent net estimates. The National Intelligence Services (NIS) received exchequer issues amounting to Kshs.18 billion which represented 64.7 per cent of its recurrent net estimates. Table 4.9 shows the National Security sector analysis of exchequer issues and expenditure in the first nine months of FY 2016/17.

**Table 4.9: National Security Sector-Analysis of Exchequer Issues and Expenditure for the period July 2016 to March, 2017. (Kshs. Billions)**

| VOTE                          | Development        |                  |              |             |                        |                              | Recurrent          |                  |              |             |                                |                              |
|-------------------------------|--------------------|------------------|--------------|-------------|------------------------|------------------------------|--------------------|------------------|--------------|-------------|--------------------------------|------------------------------|
|                               | Revised Gross Est. | Revised Net Est. | Exch. Issues | Exp.        | % of Exch. to Net Est. | % of Exp. to Rev. Gross Est. | Revised Gross Est. | Revised Net Est. | Exch. Issues | Exp.        | % of Exch. to Rev. Net Est.    | % of Exp. to Rev. Gross Est. |
| Ministry of Defence           | 0.05               | -                | -            | 0.04        | -                      | 77.8                         | 101.1              | 101.1            | 59.7         | 69.2        | 59.0                           | 68.4                         |
| National Intelligence Service | -                  | -                | -            | -           | -                      | -                            | 27.8               | 27.8             | 18.0         | 19.8        | 64.7                           | 71.0                         |
| <b>Total</b>                  | <b>0.05</b>        |                  |              | <b>0.04</b> |                        | <b>77.8</b>                  | <b>129.0</b>       | <b>129.0</b>     | <b>77.7</b>  | <b>89.0</b> | <b>60.2</b>                    | <b>69.0</b>                  |
| <b>Total for the Sector</b>   |                    |                  |              |             |                        |                              | Revised Gross Est. | Revised Net Est. | Exch. Issues | Exp.        | % of Exch. to Revised Net Est. | % of Exp. to Rev. Gross Est. |
| Development                   |                    |                  |              |             |                        |                              | 0.05               | -                | -            | 0.04        | -                              | 77.8                         |
| Recurrent                     |                    |                  |              |             |                        |                              | 129.0              | 129.0            | 77.7         | 89.0        | 60.2                           | 69.0                         |
| <b>Total</b>                  |                    |                  |              |             |                        |                              | <b>129.0</b>       | <b>129.0</b>     | <b>77.7</b>  | <b>89.0</b> | <b>60.2</b>                    | <b>69.0</b>                  |

*Source: MDAs and National Treasury*

The total expenditure for the sector during the first nine months of FY 2016/17 amounted to Kshs.89 billion, representing 69 per cent of the revised annual gross estimates, and a decline from 70.4 per cent recorded in a similar period of FY 2015/16. Expenditure for the Ministry of Defence amounted to Kshs.69.2 billion, representing 69 per cent of the recurrent estimates, a decline compared to 69.7 per cent reported in a similar period FY 2015/16. National Intelligence Service incurred expenditure amounting to Kshs.19.8 billion, representing 71.0 per cent of its revised annual recurrent estimates, a decline compared to 73.1 per cent reported in a similar period of FY 2015/16.

#### 4.11 Social Protection, Culture and Recreation Sector

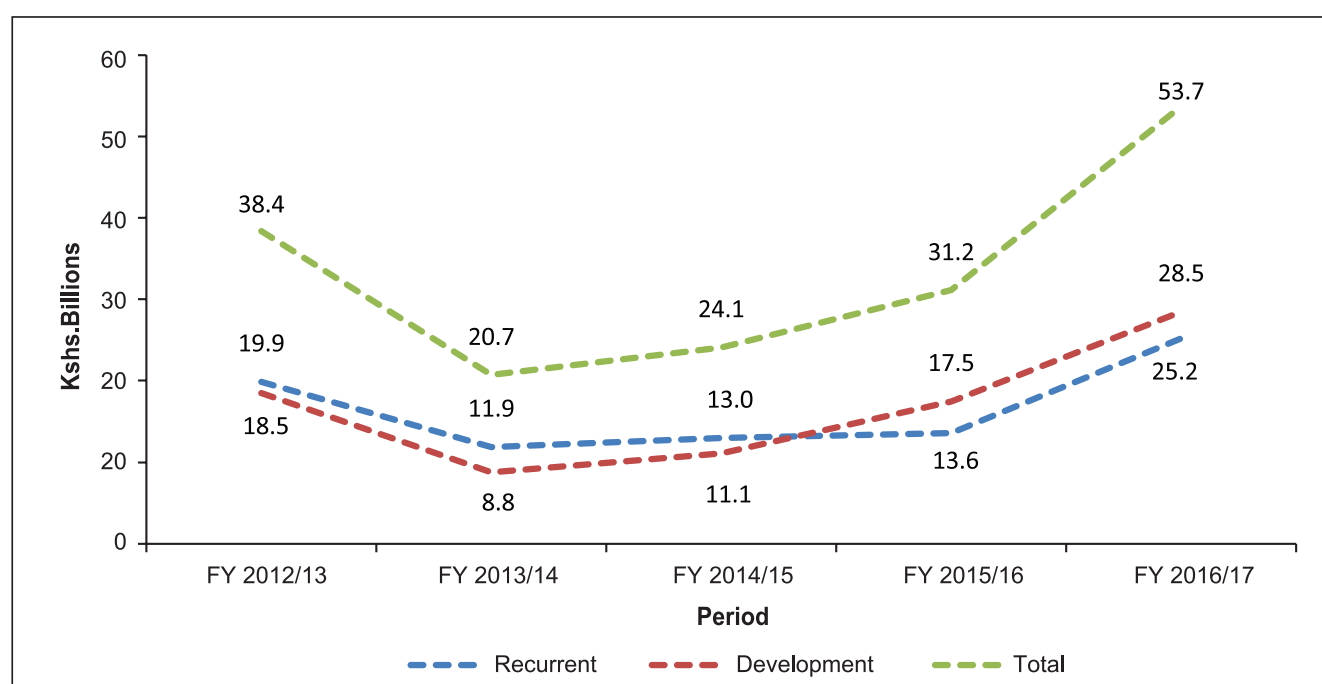
The Social Protection, Culture and Recreation Sector comprise of five MDAs namely; State Departments for Sports Development, Arts and Culture, Labour, Social Protection, Special Programmes, and Gender Affairs. The sector plays a major role in the country's transformation by promoting and exploiting Kenya's 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 revised annual budgetary allocation to the sector in the FY 2016/17 was Kshs.53.7 billion,

representing 2.1 per cent of gross national budget, an increase from Kshs.31.5 billion allocated in FY 2015/16. The allocation comprised of Kshs.25.2 billion (48.7 per cent) for development expenditure and Kshs.28.5 billion (51.3 per cent) for recurrent expenditure. State Department for Social Protection received the highest budgetary allocation of Kshs.22.8 billion (42.5 per cent of the Sector's allocation), while State Department for Labour had the lowest budgetary allocation of Kshs.2.1 billion (3.9 per cent of the Sector's allocation).

Figure 4.18 below 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 nine months of FY 2016/17, the sector received exchequer issues amounting to Kshs.26.5 billion, representing 93 per cent of the sector's revised annual net estimates. The exchequer issues comprised of Kshs.14.6 billion for development expenditure, representing 57.1 per cent of the revised annual development net estimates, and Kshs.11.9 billion for recurrent expenditure, representing 47.4 per cent of the revised recurrent annual net estimates.

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

**Table 4.10: Social Protection, Culture Recreation Sector-Analysis of Exchequer Issues and Expenditure for the period July 2016 to March, 2017. (Kshs. Billions)**

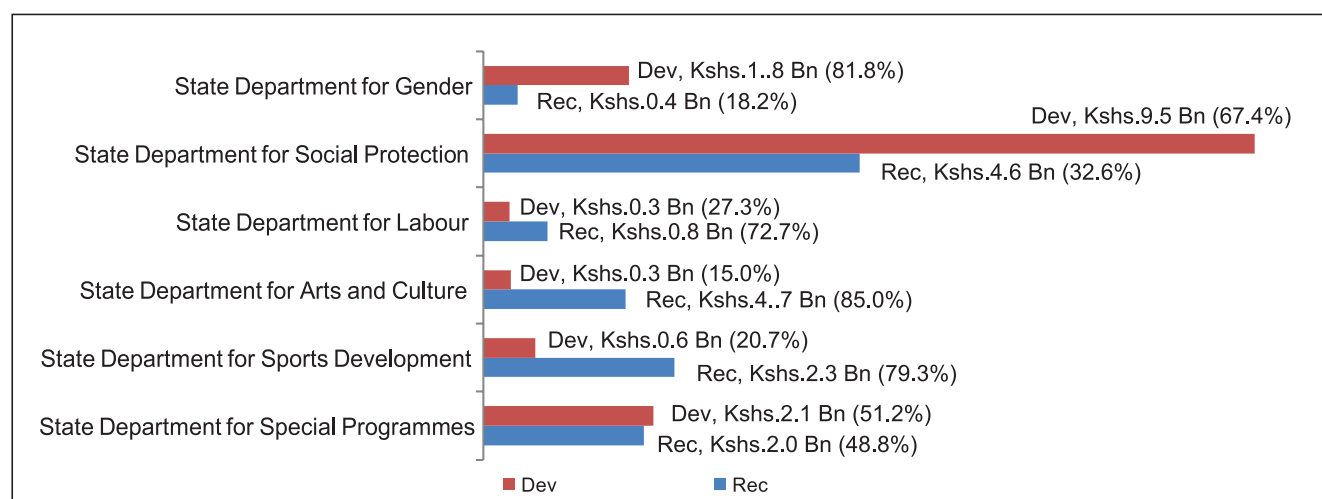
| VOTE                                    | Development        |                  |              |             |                        |                              | Recurrent          |                  |              |             |                                |                              |
|---|--------------------|------------------|--------------|-------------|------------------------|------------------------------|--------------------|------------------|--------------|-------------|--------------------------------|------------------------------|
|   | Revised Gross Est. | Revised Net Est. | Exch. Issues | Exp.        | % of Exch. to Net Est. | % of Exp. to Rev. Gross Est. | Revised Gross Est. | Revised Net Est. | Exch. Issues | Exp.        | % of Exch. to Rev. Net Est.    | % of Exp. to Rev. Gross Est. |
| State Department for Special Programmes | 7.2                | 4.8              | 2.1          | 2.9         | 43.6                   | 39.7                         | 8.3                | 8.3              | 2.0          | 3.4         | 23.7                           | 40.7                         |
| State Department for Sports Development | 2.0                | 2.0              | 0.6          | 0.9         | 31.8                   | 45.9                         | 3.5                | 3.5              | 2.3          | 2.8         | 66.7                           | 80.9                         |
| State Department for Arts and Culture   | 0.5                | 0.5              | 0.3          | 0.4         | 68.3                   | 88.9                         | 2.9                | 2.9              | 1.7          | 2.3         | 60.9                           | 79.9                         |
| State Department for Labour             | 0.5                | 0.4              | 0.3          | 0.2         | 76.5                   | 36.9                         | 1.6                | 1.6              | 0.8          | 0.84        | 50.0                           | 53.2                         |
| State Department for Social Protection  | 14.8               | 14.5             | 9.5          | 9.4         | 65.4                   | 63.7                         | 8.0                | 7.9              | 4.6          | 4.1         | 58.3                           | 51.0                         |
| State Department for Gender             | 3.5                | 3.4              | 1.8          | 2.6         | 52.0                   | 73.6                         | 0.9                | 0.9              | 0.4          | 0.5         | 47.9                           | 51.8                         |
| <b>Total</b>                            | <b>28.5</b>        | <b>25.6</b>      | <b>14.6</b>  | <b>16.4</b> | <b>57.1</b>            | <b>57.6</b>                  | <b>25.2</b>        | <b>25.1</b>      | <b>11.9</b>  | <b>14.0</b> | <b>47.4</b>                    | <b>55.5</b>                  |
| <b>Total for the Sector</b>             |                    |                  |              |             |                        |                              | Revised Gross Est. | Revised Net Est. | Exch. Issues | Exp.        | % of Exch. to Revised Net Est. | % of Exp. to Rev. Gross Est. |
| Development                             |                    |                  |              |             |                        |                              | 28.5               | 25.6             | 14.6         | 16.4        | 57.1                           | 57.6                         |
| Recurrent                               |                    |                  |              |             |                        |                              | 25.2               | 25.1             | 11.9         | 14.0        | 47.4                           | 55.5                         |
| <b>Total</b>                            |                    |                  |              |             |                        |                              | <b>53.7</b>        | <b>50.7</b>      | <b>26.5</b>  | <b>30.4</b> | <b>52.32</b>                   | <b>56.6</b>                  |

**Source:** MDAs and National Treasury

The State Department for Labour received the highest proportion of development exchequer issues to revised development net estimates at 76.5 per cent while State Department for Sports Development received the lowest at 31.8 per cent. State Department for Sports Development received the highest proportion of recurrent exchequer issues to revised annual recurrent net estimates at 66.7 per cent while State Department for Special Programmes received the lowest at 23.7 per cent.

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

**Figure 4.19: Exchequer Issues to the Social Protection, Culture Recreation Sector for the Period July 2016 to March 2017 (Kshs. Billions)**



*Source: National Treasury*

The total expenditure for the sector during the first nine months of FY 2016/17 amounted to Kshs.30.4 billion, representing 56.6 per cent of the revised annual gross estimates, an increase compared to 46.6 per cent recorded in the same period of FY 2015/16.

The State Department for Arts and Culture recorded the highest absorption rate of its revised development budget at 88.9 per cent while State Department for Labour recorded the lowest rate at 36.9 per cent. On recurrent activities, State Department for Sports Development recorded the highest proportion expenditure to its revised gross recurrent budget at 80.9 per cent while the State Department for Special Programmes recorded the least at a rate of 40.7 per cent.

## 5 BUDGET PERFORMANCE BY PROGRAMMES, FIRST NINE MONTHS 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.

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

In the FY 2016/17, the AR&UD sector revised allocation was Kshs.48.3 billion comprising of Kshs.29.8 billion (61.7 per cent) for development activities and Kshs.18.5 billion (38.3 per cent) for recurrent expenditure to fund 10 programmes. The analysis of Sector programmes for the period under review is presented in table 5.1.

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

| VOTE  | Programme  | Rev. Dev. Est. | Rev. Rec. Est. | Rev. Gross Est. | Dev. Exp.   | Rec. Exp.   | Total Exp.  | Programme Absorption Rate (%) |
|---|--|----------------|----------------|-----------------|-------------|-------------|-------------|-------------------------------|
| Ministry of Lands and Physical Planning             | Land Policy and Planning                             | 3.4            | 2.3            | 5.7             | 2.1         | 1.5         | 3.6         | 63.2                          |
| State Department for Agriculture                    | General Administration Planning and Support Services | 0.8            | 2.5            | 3.3             | 0.5         | 1.9         | 2.3         | 69.6                          |
|   | Crop Development and Management                      | 10.3           | 4.8            | 15.2            | 7.4         | 3.9         | 11.3        | 74.5                          |
|   | Agribusiness and Information Management              | 0.8            | 0.2            | 1.0             | 0.03        | 0.1         | 0.1         | 11.9                          |
| State Department for Livestock                      | Livestock Resources Management and Development       | 11.2           | 5.5            | 16.8            | 1.5         | 3.6         | 5.1         | 30.4                          |
| State Department for Fisheries and the Blue Economy | Fisheries Development and Management                 | 3.2            | 1.8            | 5.0             | 1.7         | 1.2         | 2.9         | 58.5                          |
| National Land Commission                            | Land Administration and Management                   | -              | 0.2            | 0.2             | -           | 0.2         | 0.2         | 72.8                          |
|   | General Administration Planning and Support Services | -              | 1.0            | 1.0             | -           | 0.7         | 0.7         | 69.6                          |
|   | Land Disputes and Conflict Resolutions               | -              | 0.1            | 0.1             | -           | 0.1         | 0.1         | 91.5                          |
|   | National Land Information Management Systems         | 0.1            | 0.0            | 0.1             | 0.1         | 0.01        | 0.1         | 85.7                          |
| <b>Total</b>  |  | <b>29.8</b>    | <b>18.5</b>    | <b>48.3</b>     | <b>13.3</b> | <b>13.2</b> | <b>26.5</b> | <b>54.9</b>                   |

*Source: MDAs and National Treasury*

The Livestock Resources Management and Development under the State Department for Livestock received the highest budgetary allocation at Kshs.16.8 billion, which accounted for 34.7 per cent of the total budgetary allocation to the sector while the Agribusiness and Information Management under the State Department for Agriculture received the lowest allocation at Kshs.0.1 billion, less than 1 per cent of the sector total budgetary allocation.

The total expenditure for the programmes in the first nine months of FY 2016/17 amounted to Kshs.26.5 billion representing 54.9 per cent of the revised gross estimates. It comprised of development expenditure of Kshs.13.3 billion, recording an absorption rate of 44.8 per cent and Kshs.13.2 billion for recurrent expenditure representing 71.3 per cent of the revised annual estimates for recurrent programmes.

Analysis of programme performance shows that Land Disputes and Conflict Resolutions programme under the National Lands Commission registered the highest proportion of programme expenditure to its revised annual estimates at 91.5 per cent while the Agribusiness and Information Management programme under State Department for Agriculture recorded the lowest proportion of its programme expenditure to the revised annual estimates at 11.9 per cent.

### 5.3 Education Sector

The Education Sector revised allocation in the FY 2016/17 was Kshs.346.4 billion comprising of Kshs.28.5 billion (8.2 per cent) for development programmes and Kshs.317.9 billion (91.8 per cent) for recurrent programmes to fund 13 programmes. The analysis of Sector programmes for the period under review is presented in table 5.2.

**Table 5.2: Education Sector's Programme Performance in the First Nine Months 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                                     | 7.6       | 16.9      | 24.5             | 1.1      | 14.4     | 15.5      | 63.2                          |
|   | Secondary Education                                   | 8.6       | 32.3      | 40.9             | 7.3      | 28.3     | 35.6      | 87.1                          |
|   | Quality Assurance and Standards                       | 0.4       | 4.1       | 4.5              | 0.3      | 1.8      | 2.1       | 46.6                          |
|   | General Administration, Planning and Support Services | 0.4       | 4.0       | 4.4              | -        | 2.0      | 2.0       | 46.1                          |
| State Department for Vocational Training and Technical Training | Technical Vocational Education and Training           | 4.1       | 2.3       | 6.4              | 1.8      | 1.6      | 3.4       | 53.6                          |
|   | Youth Training and Development                        | 0.1       | -         | 0.1              | 0.1      | -        | 0.1       | 63.4                          |
|   | General Administration, Planning and Support Services | -         | 0.1       | 0.1              | -        | 0.03     | 0.03      | 31.3                          |



|   |   |             |              |              |             |              |              |             |
|---|---|-------------|--------------|--------------|-------------|--------------|--------------|-------------|
| State Department for University Education | University Education                                  | 10.5        | 61.6         | 72.1         | 5.1         | 31.5         | 36.6         | 50.8        |
|   | Research, Science, Technology and Innovation          | 0.03        | 5.8          | 5.8          | 0.01        | 0.3          | 0.4          | 6.2         |
|   | General Administration, Planning and Support Services | -           | 0.9          | 0.9          | -           | 0.3          | 0.3          | 37.9        |
| Teachers Service Commission               | Teacher Resource Management                           | -           | 187.9        | 187.9        | -           | 140.7        | 140.7        | 74.9        |
|   | Governance and Standards                              | -           | 0.1          | 0.1          | -           | 0.04         | 0.04         | 78.6        |
|   | General Administration, Planning and Support Services | 0.1         | 5.9          | 6.0          | -           | 2.5          | 2.5          | 42.0        |
| <b>Total</b>                              |   | <b>28.5</b> | <b>317.9</b> | <b>346.4</b> | <b>15.7</b> | <b>223.6</b> | <b>239.3</b> | <b>69.1</b> |

*Source: MDAs and National Treasury*

The Teacher Resource Management programme under Teachers Service Commission received the highest budgetary allocation at Kshs.187.9 billion (54.2 per cent of the total budget allocation for the sector) while its' Governance and Standard Programme received the lowest at Kshs.51.3 million (less than 1 per cent).

The total expenditure for the programmes in the sector during the reporting period amounted to Kshs.239.3billion representing an absorption rate of 69.1 per cent. This comprised of Kshs.15.7 billion as development expenditure, representing 55.3 per cent of the revised annual estimates for development programmes and Kshs.223.6 billion for recurrent expenditure, representing an absorption rate of 70.3 per cent of revised annual estimates for the recurrent programmes.

Analysis of the programmes performance shows that, Secondary Education programme under State Department for Education recorded the highest proportion of programme expenditure to their annual budget estimates at 87.1 per cent while Research, Science, Technology and Innovation under the State Department for University Education recorded the lowest and 6.2 per cent.

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

In FY 2016/17, the EI & ICT Sector revised allocation was Kshs.613.8 billion to implement 24 programmes. The allocation comprised of Kshs.548.2 billion (89.3 per cent) for development expenditure and Kshs.65.6 billion (10.7 per cent) as recurrent expenditure. The analysis of the Energy, Infrastructure and Information Communications Technology Sector's programmes for the period under review is presented in Table 5.3.

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

| VOTE   | Programme   | Revised Dev. Est. | Revised Rec. Est | Total Gross Est. | Dev. Exp     | Rec. Exp.   | Total Exp    | Programme Absorption Rate (%) |
|--|---|-------------------|------------------|------------------|--------------|-------------|--------------|-------------------------------|
| State Department of Transport                                | General Administration, Planning and Support Services | 0.5               | 0.3              | 0.8              | 0.1          | 0.4         | 0.5          | 68.1                          |
|  | Rail Transport  | 159.7             | 0.2              | 159.9            | 97.3         | -           | 97.3         | 60.8                          |
|  | Marine Transport                                      | 19.7              | 0.4              | 20.1             | 7.6          | 0.5         | 8.0          | 39.9                          |
|  | Air Transport   | 2.2               | 4.4              | 6.6              | 0.6          | 3.4         | 4.1          | 61.7                          |
|  | Road Safety   | 0.6               | 0.4              | 1.0              | 0.6          | 0.3         | 0.9          | 87.4                          |
| State Department of Infrastructure                           | Road Transport  | 160.8             | 50.0             | 210.8            | 61.4         | 32.0        | 93.4         | 44.3                          |
| State Department for Maritime Affairs                        | Marine Transport                                      | 0.0               | 0.3              | 0.3              | 0.0          | 0.2         | 0.2          | 61.8                          |
| State Department for Public Works                            | Government Buildings                                  | 1.1               | 0.4              | 1.5              | 0.0          | 0.1         | 0.2          | 10.8                          |
|  | Coastline Infrastructure and Pedestrian Access        | 0.1               | 0.1              | 0.1              | 0.03         | 0.04        | 0.1          | 51.6                          |
|  | General Administration, Planning and Support Services | 0.6               | 0.2              | 0.8              | 0.5          | 0.1         | 0.7          | 82.1                          |
| State Department for Housing & Urban Development             | Housing Development and Human Settlement              | 6.4               | 1.9              | 8.3              | 3.8          | 1.3         | 4.5          | 53.8                          |
|  | Urban and Metropolitan Development                    | 11.3              | 0.3              | 11.6             | 6.8          | 0.8         | 4.8          | 41.3                          |
|  | General Administration, Planning and Support Services | -                 | 0.1              | 0.1              | -            | 0.1         | 0.1          | 74.1                          |
| State Department for Information Communications & Technology | General Administration Planning and Support Services  | -                 | 0.3              | 0.3              | -            | 0.1         | 0.1          | 42.0                          |
|  | ICT Infrastructure Development                        | 24.0              | 0.3              | 24.3             | 21.6         | 0.3         | 21.9         | 90.3                          |
|  | E-Government Services                                 | -                 | 0.6              | 0.6              | -            | 0.4         | 0.4          | 63.8                          |
| State Department for Broadcasting & Telecommunication        | General Administration Planning and Support Services  | -                 | 0.4              | 0.4              | -            | 0.2         | 0.2          | 44.9                          |
|  | Information and Communication Services                | 0.2               | 2.3              | 2.5              | 0.2          | 1.1         | 1.3          | 51.7                          |
|  | Mass Media Skills Development                         | 0.1               | 0.2              | 0.3              | 0.1          | 0.1         | 0.3          | 81.1                          |
| State Department for Energy                                  | ***   | 150.4             | 2.1              | 152.5            | 34.3         | 1.7         | 35.0         | 23.0                          |
| State Department for Petroleum                               | Exploration and Distribution of Oil and Gas           | 2.9               | 0.2              | 3.1              | 0.6          | 0.04        | 0.6          | 20.1                          |
| <b>Total</b>   |   | <b>548.2</b>      | <b>65.6</b>      | <b>613.8</b>     | <b>235.7</b> | <b>43.3</b> | <b>279.0</b> | <b>45.5</b>                   |

**Source:** MDAs and National Treasury

\*\*\* Programme Returns not provided by the State Department for Energy

The Road Transport programme under State Department for Infrastructure had the highest allocation of Kshs.210.8 billion (34.3 per cent of the total budget allocation for the sector) while the General Administration, Planning and Support Services programmes under State Department for Housing and Urban Development 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 nine months of FY 2016/17 amounted to Kshs.279 billion representing 45.5 per cent of the revised annual estimates. It comprised of Kshs.235.7 billion for development expenditure representing an absorption rate of 43 per cent and Kshs.43.3 billion for recurrent expenditure which represented 66 per cent of the revised annual estimates for recurrent programmes in the sector.

Analysis of the programme performance shows that the ICT Infrastructure Development Programme under the State Department for Information Communication and Technology registered the highest proportion of programme expenditure to its annual budget estimates at 90.3 per cent while the government buildings programme under the State Department for Public Works had the lowest programme expenditure rate of 10.8 per cent.

### 5.5 Environment Protection, Water and Natural Resources Sector

In the FY 2016/17, the revised budgetary allocation to the sector was Kshs.94.3 billion for implementing 11 programmes. This comprised of Kshs.71.3 billion (75.7 per cent) for development programmes and Kshs.23 billion (24.3 per cent) for recurrent expenditure. 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 Nine Months of FY 2016/17 (Kshs. Billions)**

| VOTE                                   | Programme   | Rev. Dev. Est. | Rev. Rec. Est. | Rev. Gross Est. | Dev. Exp.   | Rec. Exp.  | Total Exp.  | Programme Absorption Rate (%) |
|--|---|----------------|----------------|-----------------|-------------|------------|-------------|-------------------------------|
| State Department for Water Services    | General Administration, Planning and Support Services | 0.3            | 0.6            | 0.9             | 0.05        | 0.4        | 0.4         | 48.7                          |
|  | Water Resources Management                            | 44.9           | 3.9            | 48.8            | 9.7         | 2.3        | 12.0        | 24.6                          |
| State Department for Irrigation        | Irrigation and Land Reclamation                       | 11.2           | 0.9            | 12.1            | 6.1         | 0.3        | 6.4         | 52.3                          |
|  | Water Storage and Flood Control                       | 5.8            | -              | 5.8             | 0.9         | -          | 0.9         | 15.8                          |
| State Department for Environment       | Meteorological Services                               | 1.1            | 1.1            | 2.2             | 0.5         | 0.8        | 1.3         | 61.4                          |
|  | Environment Management and Protection                 | 1.4            | 1.9            | 3.3             | 0.59        | 0.6        | 1.2         | 36.2                          |
|  | General Administration, Planning and Support Services | -              | 0.7            | 0.7             | 0.1         | 0.4        | 0.5         | 68.3                          |
| State Department for Natural Resources | Natural Resource Management                           | 3.0            | 12.6           | 15.6            | 1.3         | 4.3        | 5.6         | 35.7                          |
| Ministry of Mining                     | General Administration Planning and Support Services  | -              | 0.3            | 0.3             | -           | 0.3        | 0.3         | 92.5                          |
|  | Resources Surveys and Remote Sensing                  | 0.3            | 0.2            | 0.5             | 0.4         | 0.1        | 0.5         | 94.3                          |
|  | Mineral Resources Management                          | 3.6            | 0.2            | 3.8             | 0.76        | 0.1        | 0.8         | 22.3                          |
| <b>Total</b>                           |   | <b>71.4</b>    | <b>23.0</b>    | <b>94.3</b>     | <b>20.4</b> | <b>9.5</b> | <b>29.8</b> | <b>31.6</b>                   |

*Source: MDAs and National Treasury*

The Water Resources Management programme under the State Department for Water Services received the highest budgetary allocation at Kshs.48.8 billion (51.7 per cent of the total budget allocation for the sector) while the General Administration, Planning and Support Services programme under the Ministry of Mining received the lowest budgetary allocation at Kshs.0.3 billion (less than 1 per cent of the total budget allocation for the sector).

The total expenditure for the programmes in the period under review amounted to Kshs.29.8 billion representing an absorption rate of 31.6 per cent. This expenditure comprised of Kshs.20.4 billion for development expenditure, representing an absorption rate of 28.5 per cent of revised annual estimates for the development programmes and Kshs.9.5 billion for recurrent expenditure, representing 41.3 per cent of the revised annual estimates for recurrent programmes.

The Resources Surveys and Remote Sensing programme under Ministry of Mining recorded the highest proportion of programme expenditure to its' revised annual estimates at 94.3 per cent while the Water Storage and Flood Control programme under State Department for Irrigation registered the lowest proportion of programme expenditure to its' revised annual estimates at 15.8 per cent.

## 5.6 General Economic and Commercial Affairs (GECA) Sector

In the FY 2016/17, the sector revised allocation was Kshs.24.4 billion for implementing 7 programmes. This comprised of Kshs.11.1 billion (45.5 per cent) for development programmes and Kshs.13.3 billion (54.5 per cent) for recurrent programmes. The analysis of General Economic and Commercial Affairs Sector programmes for the period under review is presented in Table 5.5.

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

| VOTE  | Programme  | Rev. Dev. Est. | Rev. Rec. Est. | Rev. Gross Est. | Dev. Exp.  | Rec. Exp.   | Total Exp.  | Programme Absorption Rate (%) |
|---|--|----------------|----------------|-----------------|------------|-------------|-------------|-------------------------------|
| State Department for Industry and Investment  | General Administration Planning and Support Services | 0.17           | 0.5            | 0.7             | 0.1        | 0.4         | 0.6         | 78.4                          |
|   | Industrial Development and Investments               | 2.1            | 1.2            | 3.3             | 1.6        | 1.0         | 2.6         | 69.3                          |
|   | Standards and Business Incubation                    | 1.2            | 1.4            | 2.6             | 0.7        | 0.9         | 1.6         | 64.8                          |
| State Department for Cooperatives             | Cooperative Development and Management               | 0.5            | 3.3            | 3.8             | 0.5        | 2.9         | 3.4         | 90.5                          |
| State Department for Trade                    | Trade Development and Promotion                      | 0.1            | 3.8            | 3.9             | 0.05       | 2.8         | 2.9         | 69.2                          |
| State Department for East African Integration | East African Affairs and Regional Integration        | 0.07           | 1.6            | 1.7             | -          | 1.3         | 1.3         | 71.5                          |
| Ministry of Tourism                           | Tourism Development and Promotion                    | 3.6            | 2.4            | 6.0             | 2.1        | 1.2         | 3.2         | 53.8                          |
| <b>Total</b>                                  |  | <b>11.1</b>    | <b>13.3</b>    | <b>24.4</b>     | <b>5.1</b> | <b>10.6</b> | <b>15.6</b> | <b>64.2</b>                   |

**Source:** MDAs and National Treasury

The Tourism Development and Promotion programme under the Ministry of Tourism received the highest budget allocation at Kshs.6 billion (24.6 per cent of the total budget allocation for the sector) while the General Administration, Planning and Support programme under State Department for Industry and Investment received the lowest allocation at Kshs.0.7 billion (2.9 per cent of the total budget allocation for the sector).

The total expenditure for the sector programmes in the first nine months of FY 2016/17 amounted to Kshs.15.6 billion representing to an absorption rate of 64.2 per cent. This comprised of Kshs.5.1 billion for development activities, an absorption rate of 46.2 per cent of the revised annual estimates and Kshs.10.6 billion incurred on recurrent activities representing 79.2 per cent of the revised recurrent estimates.

The Cooperative Development and Management programme under the State Department for Cooperatives recorded the highest proportion of programme expenditure to its revised annual estimates at 90.5 per cent while Tourism Development and Promotion programme under the Ministry of Tourism recorded the lowest at 53.8 per cent.

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

The GJLOS sector revised allocation in the FY 2016/17 was Kshs.205.3 billion to implement 21 programmes. The allocation comprised of Kshs.34.3 billion (16.7 per cent) for development expenditure and Kshs.171.1 billion (83.3 per cent) for recurrent activities. Analysis of the Governance, Justice, Law and Order Sector programmes for period under the review is presented in Table 5.6.

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

| VOTE  | Programme  | Rev. Dev. Est. | Rev. Rec. Est. | Rev. Gross Est. | Dev. Exp.   | Rec. Exp.    | Total Exp.   | Programme Absorption Rate (%) |
|---|--|----------------|----------------|-----------------|-------------|--------------|--------------|-------------------------------|
| State Department for Interior                   | Policing services  | 13.3           | 80.7           | 93.9            | 0.8         | 56.1         | 56.9         | 60.6                          |
|   | Planning, policy Coordination and Support Services           | 14.4           | 22.3           | 36.7            | 11.4        | 9.5          | 20.9         | 57.0                          |
|   | Government Printing Services                                 | 0.2            | 0.8            | 1.0             | 0.14        | 0.3          | 0.4          | 38.4                          |
|   | Population Management Services                               | 1.8            | 5.6            | 7.3             | 1.1         | 3.3          | 4.5          | 61.1                          |
|   | Betting Control, Licensing and regulation Services           | -              | 0.1            | 0.1             | -           | 0.01         | 0.01         | 9.3                           |
| State Department for Correctional Services      | Correctional services  | 0.5            | 19.9           | 20.4            | 0.1         | 12.3         | 12.4         | 60.7                          |
|   | General Administration, Planning and Support Services        | 0.0            | 0.3            | 0.3             | 0.01        | 0.2          | 0.2          | 74.8                          |
| State Law Office and Department of Justice      | Legal Services   | 0.0            | 2.2            | 2.2             | -           | 0.8          | 0.8          | 33.6                          |
|   | Governance, Legal Training And Constitutional Affairs        | 0.3            | 1.8            | 2.1             | -           | 0.7          | 0.7          | 33.0                          |
|   | General Administration, Planning and Support Services        | 0.1            | 1.3            | 1.4             | 0.003       | 0.5          | 0.6          | 39.8                          |
| The Judiciary                                   | Dispensation of Justice                                      | 4.2            | 13.0           | 17.2            | 1.6         | 7.9          | 9.5          | 55.1                          |
| Ethics and Anti-Corruption Commission           | Ethics and Anti-Corruption                                   | 0.5            | 2.7            | 3.2             | -           | 2.4          | 2.4          | 74.7                          |
| Office of Director of Public Prosecutions       | Public Prosecution Services                                  | 0.1            | 2.2            | 2.3             | 0.02        | 1.3          | 1.4          | 59.1                          |
| Office of the Registrar of Political Parties    | Registration, Regulation and Funding of Political Parties    | -              | 0.8            | 0.8             | -           | 0.4          | 0.4          | 51.2                          |
| Witness Protection Authority                    | Witness Protection   | -              | 0.4            | 0.4             | -           | 0.3          | 0.3          | 72.0                          |
| Kenya National Commission on Human Rights       | Protection and Promotion of Human Rights                     | -              | 0.4            | 0.4             | -           | 0.3          | 0.3          | 71.2                          |
| Independent Electoral and Boundaries Commission | Management of Electoral Processes                            | 0.8            | 20.6           | 21.3            | -           | 5.9          | 5.9          | 27.6                          |
| Judicial Service Commission                     | Dispensation of Justice                                      | -              | 0.5            | 0.5             | -           | 0.2          | 0.2          | 54.3                          |
| National Police Service Commission              | National Police Service Human Resource Management            | -              | 0.4            | 0.4             | -           | 0.3          | 0.3          | 75.6                          |
| National Gender and Equality Commission         | Promotion of Gender Equality and Freedom from Discrimination | -              | 0.4            | 0.4             | -           | 0.3          | 0.3          | 75.5                          |
| Independent Police Oversight Authority          | Policing Oversight Services                                  | -              | 0.5            | 0.5             | -           | 0.3          | 0.3          | 64.9                          |
| <b>Total</b>                                    |  | <b>34.3</b>    | <b>171.1</b>   | <b>205.3</b>    | <b>15.0</b> | <b>103.6</b> | <b>118.6</b> | <b>57.8</b>                   |

*Source: MDAs and National Treasury*

The Policing Services programme under State Department for Interior received the highest allocation at Kshs.93.9 billion ( 45.7 per cent of the revised annual estimates for the sector) while Betting Licensing

and Regulations Services received the lowest allocation at Kshs.0.1 billion, translating to less than 1 per cent.

The total expenditure for the sector programmes in the reporting period amounted to Kshs.118.6 billion representing 57.8 per cent of the sector revised annual estimates. This comprised of Kshs.15 billion for development expenditure, an absorption rate of 43.9 per cent and Kshs.103.5 billion for recurrent expenditure representing 60.5 per cent of the revised annual estimates for recurrent programmes.

Analysis of the programme performance shows that the National Police Service Human Resource programme under the National Police Service Commission recorded the highest proportion of programme expenditure to its revised annual estimates at 75.6 per cent while the Betting Control, Licencing and Regulation Services programme under State Department for Interior had the lowest proportion of programme expenditure to its annual budget estimates at 9.3 per cent.

## 5.8 Health Sector

The Health sector revised allocation in the FY 2016/17 was Kshs.73.6 billion to fund 5 programmes. The allocation comprised of Kshs.39.4 billion (53.5 per cent) for development programmes and Kshs.34.1 billion (46.5 per cent) for recurrent programmes. Table 5.7 presents an analysis of the Health sector programmes for the period July 2016 to March 2017.

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

| VOTE               | Programme   | Rev. Dev. Est. | Rev. Rec. Est. | Rev. Gross Est. | Dev. Exp.   | Rec. Exp.   | Total Exp.  | Programme Absorption Rate (%) |
|--------------------|---|----------------|----------------|-----------------|-------------|-------------|-------------|-------------------------------|
| Ministry of Health | Preventive & Promotive Health Services              | 6.3            | 2.1            | 8.5             | 2.1         | 1.1         | 3.2         | 38.0                          |
|                    | National Referral & Specialized Services            | 13.6           | 17.3           | 30.9            | 12.2        | 9.4         | 21.6        | 69.8                          |
|                    | Health Research and Development                     | 0.3            | 5.6            | 5.9             | 0.3         | 3.4         | 3.7         | 63.3                          |
|                    | General Administration, Planning & Support Services | 10.2           | 9.0            | 19.3            | 5.1         | 2.7         | 7.8         | 40.4                          |
|                    | Health Policy, Standards and Regulations            | 9.6            | 0.1            | 9.6             | 5.1         | 0.02        | 5.1         | 53.3                          |
| <b>Total</b>       |   | <b>39.4</b>    | <b>34.1</b>    | <b>73.6</b>     | <b>24.8</b> | <b>16.6</b> | <b>41.4</b> | <b>56.3</b>                   |

*Source: MDAs and National Treasury*

The National Referral & Specialized Services programme received the highest allocation at Kshs.30.9 billion (42 per cent of the revised annual allocation for the sector) while the Health Research and Development programme had the lowest allocation at Kshs.5.9 billion (8 per cent of the sector's revised annual allocation).



The total expenditure for the sector programmes in the period under review amounted to Kshs.41.4 billion, representing an absorption rate of 56.3 per cent. This expenditure comprised of Kshs.24.8 billion for development programmes, representing an absorption rate of 62.9 per cent, and Kshs.16.6 billion for recurrent programmes representing an absorption rate of 48.6 per cent.

Analysis of the programme performance shows that the National Referral & Specialized Services programme registered the highest proportion of programme expenditure to its annual budget estimates at 69.8 per cent while the Preventive and Promotive Health Services programme recorded the lowest proportion at 38.0 per cent.

## 5.9 Public Administration and International Relations (PAIR) Sector

The Public Administration and International Relations (PAIR) sector revised allocation in the FY 2016/17 to implement 33 programmes Kshs.216.8 billion. It comprised of Kshs.96.1 billion (44.3 per cent) for development programmes and Kshs.120.7 billion (55.7 per cent) for recurrent programmes. The analysis of Public Administration and International Relations Sector programmes for the period under review is presented in Table 5.8.

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

| VOTE   | Programme  | Rev. Dev. Est. | Rev. Rec. Est. | Rev. Gross Est. | Dev. Exp. | Rec. Exp. | Total Exp. | Programme Absorption Rate (%) |
|--|--|----------------|----------------|-----------------|-----------|-----------|------------|-------------------------------|
| The Presidency                               | Cabinet Affairs                                      | 0.1            | 1.9            | 2.0             | 0.05      | 0.7       | 0.8        | 38.1                          |
|  | Government Advisory Services                         | -              | 1.0            | 1.0             | -         | 0.6       | 0.6        | 60.4                          |
|  | State House Affairs                                  | 0.3            | 4.0            | 4.4             | 0.14      | 2.7       | 2.9        | 65.5                          |
|  | Deputy President Services                            | 0.1            | 2.3            | 2.3             | 0.04      | 1.2       | 1.3        | 55.2                          |
| State Department for Planning and Statistics | Economic Policy and National Planning                | 26.6           | 1.1            | 27.7            | 18.40     | 1.1       | 19.5       | 70.3                          |
|  | National Statistical Information Services            | 1.4            | 1.8            | 3.3             | 0.85      | 1.1       | 2.0        | 61.3                          |
|  | Monitoring and Evaluation Services                   | 0.1            | 0.1            | 0.1             | 0.05      | 0.04      | 0.1        | 62.7                          |
|  | General Administration Planning and Support Services | -              | 0.7            | 0.7             | -         | 0.4       | 0.4        | 62.3                          |
|  | NGO Regulatory Services                              | -              | 0.1            | 0.1             | -         | 0.1       | 0.1        | 62.0                          |
|  | Integrated Regional Development                      | 1.7            | 1.7            | 3.4             | 1.21      | 1.1       | 2.3        | 67.3                          |
| State Department for Devolution              | Devolution Services                                  | 1.0            | 0.6            | 1.6             | 0.29      | 0.4       | 0.7        | 43.0                          |
|  | Accelerated ASAL Development                         | 0.1            | 0.2            | 0.4             | 0.001     | 0.2       | 0.2        | 48.3                          |
| Ministry of Foreign Affairs                  | General Administration Planning and Support Services | 0.1            | 5.6            | 5.7             | -         | 2.7       | 2.7        | 46.5                          |
|  | Foreign Relation and Diplomacy                       | 2.6            | 12.7           | 15.3            | 2.2       | 11.1      | 13.3       | 86.6                          |



|   |  |             |              |              |             |             |              |             |
|---|--|-------------|--------------|--------------|-------------|-------------|--------------|-------------|
| The National Treasury                                 | General Administration, Planning and Support Services    | 4.7         | 30.6         | 35.3         | 1.46        | 20.2        | 21.6         | 61.1        |
|   | Public Financial Management                              | 39.5        | 4.6          | 44.1         | 11.82       | 3.4         | 15.2         | 34.4        |
|   | Economic and Financial Policy Formulation and Management | 1.4         | 1.1          | 2.4          | 0.60        | 0.7         | 1.3          | 54.2        |
|   | Market Competition                                       | -           | 0.3          | 0.3          | -           | 0.2         | 0.2          | 73.0        |
|   | Government Clearing Services                             | -           | 0.05         | 0.05         | -           | 0.03        | 0.03         | 67.1        |
| State Department for Public Service and Youth Affairs | Public Service Transformation                            | 1.8         | 5.7          | 7.4          | 2.10        | 1.6         | 3.7          | 50.3        |
|   | General Administration, Planning and Support Services    | -           | 0.01         | 0.01         | 0.01        | -           | 0.01         | 57.6        |
|   | Youth Empowerment  | 12.7        | 8.7          | 21.4         | 5.93        | 7.5         | 13.4         | 62.7        |
| Parliamentary Service Commission                      | Senate Affairs   | -           | 5.4          | 5.4          | -           | 2.9         | 2.9          | 53.7        |
|   | General Administration, Planning and Support Services    | 3.2         | 5.1          | 8.2          | 1.5         | 3.5         | 5.0          | 61.0        |
| National Assembly                                     | National Legislation, Representation and Oversight       | -           | 16.9         | 16.9         | -           | 10.3        | 10.3         | 61.1        |
| Commission on Revenue Allocation                      | Inter-Governmental Revenue and Financial Matters         | -           | 0.4          | 0.4          | -           | 0.2         | 0.2          | 59.2        |
| Public Service Commission                             | General Administration, Planning and Support Services    | 0.04        | 0.9          | 1.0          | 0.02        | 0.7         | 0.7          | 68.4        |
|   | Human Resource management and Development                | -           | 0.2          | 0.2          | -           | 0.2         | 0.2          | 94.4        |
|   | Governance and National Values                           | -           | 0.1          | 0.1          | -           | 0.1         | 0.1          | 92.5        |
| Salaries and Remuneration Commission                  | Salaries and Remuneration Management                     | -           | 0.5          | 0.5          | -           | 0.3         | 0.3          | 55.8        |
| Auditor General                                       | Audit Services   | 0.2         | 4.2          | 4.4          | 0.06        | 3.0         | 3.1          | 69.6        |
| Controller of Budget                                  | Control and Management of Public finances                | -           | 0.5          | 0.5          | -           | 0.3         | 0.3          | 54.3        |
| Commission on Administrative Justice                  | Promotion of Administrative Justice                      | -           | 0.5          | 0.5          | -           | 0.3         | 0.3          | 70.6        |
| <b>Total</b>  |  | <b>96.1</b> | <b>120.7</b> | <b>216.8</b> | <b>53.5</b> | <b>79.3</b> | <b>132.8</b> | <b>61.3</b> |

*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 20.3 per cent of the sector's revised annual allocation while the General Administration, Planning and Support Services under State Department for Public Service and Youth Affairs received the lowest allocation at Kshs.10.6 million, translating to less than 1 per cent.

The total expenditure for the sector in the period under review amounted to Kshs.132.8 billion, representing 61.3 of the revised annual estimates. It comprised of Kshs.53.5 billion as development expenditure, representing an absorption rate of 55.7 per cent and Kshs.79.3 billion as recurrent expenditure, which represented 65.7 per cent for recurrent programmes.

Analysis of the programme performance indicated that the Human Resource Management and Development programme under the Public Service Commission recorded the highest proportion of

programme expenditure to its revised annual estimates at 94.4 per cent while the Public Financial Management programme under the National Treasury had the lowest at 34.4 per cent.

### 5.10 National Security Sector

The National Security sector revised allocation to fund 2 programmes in FY 2016/17 was Kshs.129.0 billion. This comprised of Kshs.45 million (less than 1 per cent) for development expenditure and Kshs.129 billion (99.9 per cent) for recurrent expenditure. The analysis of National Security Sector programmes for the period July 2016 to March 2017 is presented in Table 5.9.

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

| VOTE                          | Programme                      | Rev. Dev. Est. | Rev. Rec. Est. | Rev. Gross Est. | Dev. Exp.   | Rec. Exp.   | Total Exp.  | Programme Absorption Rate (%) |
|-------------------------------|--------------------------------|----------------|----------------|-----------------|-------------|-------------|-------------|-------------------------------|
| Ministry of Defence           | Defence                        | 0.05           | 101.1          | 101.1           | 0.04        | 69.2        | 69.2        | 68.4                          |
| National Intelligence Service | National Security Intelligence | -              | 27.8           | 27.8            | 0           | 19.8        | 19.8        | 71.0                          |
| <b>Total</b>                  |                                | <b>0.05</b>    | <b>129.0</b>   | <b>129.0</b>    | <b>0.04</b> | <b>88.7</b> | <b>89.0</b> | <b>69.0</b>                   |

*Source: MDAs and National Treasury*

The Sector has two programs namely the Defence and the National Security Intelligence programme. Defence programme under Ministry of Defence received the highest and lowest allocation at Kshs. 101.1 billion (78.4 per cent of the total allocation for the sector) and National Intelligence Service under National Intelligence Service received Kshs.27.8 billion (21.6 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.89 billion, which represented 69 per cent of the revised annual estimates. Analysis of programme performance indicated that National Intelligence Service recorded the highest proportion of programme expenditure to the revised annual estimates for the programme at 71.1 per cent while the Defence programme under the Ministry for Defence recorded 68.4 per cent.

### 5.11 Social Protection, Culture and Recreation Sector

The Social Protection, Culture and Recreation Sector revised allocation to fund 16 programmes in FY 2016/17 was Kshs.53.6 billion. Table 5.10 presents an analysis of the Social Protection, Culture and Recreation Sector's programme for the period July 2016 to March 2017.

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

| VOTE                                    | Programme  | Rev. Dev. Est. | Rev. Rec. Est | Rev. Gross Est. | Dev. Exp.   | Rec. Exp.   | Total Exp   | Programme Absorption Rate (%) |
|---|--|----------------|---------------|-----------------|-------------|-------------|-------------|-------------------------------|
| State Department for Special Programmes | Special Initiatives  | -              | 7.6           | 7.6             | 2.9         | 0.5         | 3.4         | 44.5                          |
|   | Accelerated ASAL Development                                 | 7.2            | 0.7           | 8.0             | -           | 4.1         | 2.9         | 51.3                          |
| State Department for Sports Development | Sports   | 1.6            | 2.9           | 4.4             | 0.9         | 2.6         | 3.5         | 79.5                          |
|   | General Administration, Planning and Support Services        | -              | 0.5           | 0.5             | -           | 0.3         | 0.3         | 49.1                          |
| State Department for Arts and Culture   | Culture  | 0.2            | 1.4           | 1.6             | 0.2         | 1.1         | 1.3         | 73.0                          |
|   | The Arts   | 0.1            | 0.6           | 0.7             | 0.1         | 0.5         | 0.6         | 78.8                          |
|   | Library Services   | 0.1            | 0.6           | 0.8             | 0.1         | 0.6         | 0.7         | 78.0                          |
|   | General Administration, Planning and Support Services        | -              | 0.3           | 0.3             | -           | 0.1         | 0.2         | 70.5                          |
| State Department for Labour             | Promotion of the Best Labour Practice                        | -              | 0.5           | 0.5             | -           | 0.3         | 0.3         | 55.9                          |
|   | Manpower Development, Employment and Productivity Management | 0.4            | 0.5           | 0.9             | 0.2         | 0.3         | 0.5         | 51.1                          |
|   | General Administration, Planning and Support Services        | -              | 0.6           | 0.6             | -           | 0.4         | 0.4         | 58.0                          |
| State Department for Social Protection  | Social Development and Children Services                     | 0.8            | 2.9           | 3.8             | 0.5         | 1.6         | 2.1         | 55.1                          |
|   | National Social Safety Net                                   | 13.6           | 4.9           | 18.5            | 9.0         | 2.6         | 11.6        | 62.6                          |
|   | General Administration, Planning and Support Services        | -              | 0.1           | 0.1             | -           | 0.03        | 0.03        | 54.1                          |
| State Department for Gender             | Community Development  | 2.1            | -             | 2.1             | 1.6         | -           | 1.6         | 75.0                          |
|   | Gender Empowerment   | 1.3            | 0.9           | 2.2             | 1.0         | 0.5         | 1.4         | 64.6                          |
| <b>Total</b>                            |  | <b>28.5</b>    | <b>25.2</b>   | <b>53.6</b>     | <b>16.4</b> | <b>14.0</b> | <b>30.4</b> | <b>56.6</b>                   |

**Source:** MDAs and National Treasury

The allocation comprised of Kshs.28.5 billion (53.2 per cent) for development programmes and Kshs.25.2 billion (46.8 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.18.5 billion (34.5 per cent of the revised annual 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.30 million (less than 1 per cent of the revised annual allocation to the sector).

The total expenditure for the sector programmes in the reporting period amounted to Kshs.30.4 billion representing 56.6 per cent of the revised annual estimates. This comprised of Kshs.16.4 billion for

development expenditure representing an absorption rate of 57.6 per cent while Kshs.14 billion was spent as recurrent expenditure which accounted for 55.5 per cent.

Analysis of the programme performance showed that the Sports programme under the State Department for Sports Development recorded the highest proportion of programme expenditure to its total annual budget estimates at 79.5 per cent while the Special Initiatives programme under the State Department for Special Programmes recorded the least absorption at 44.5 per cent.

## 6.1 Introduction

This chapter presents the key challenges that affected budget implementation in the first nine months 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 period under review, the Office of the Controller of Budget identified some key issues which affected budget implementation by MDAs 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 management system by the National Treasury for use by the MDAs to undertake financial transactions including procurement and payment.

In the period under review, MDAs experienced delays in uploading of procurement plans and budgets onto IFMIS, which interrupted implementation of the planned activities.

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

### 6.2.2 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) should review this matter and develop guidelines in line with international best practice.

### 6.2.3 Delay in submission Quarterly Reports on Financial and Non-Financial Performance

Section 83 of the PFM Act, 2012 requires an accounting officer for a national government entity to prepare a report on the financial and non-financial performance of the entity for each quarter of the finance year. A copy of the same should be forwarded to the Controller of Budget not later than fifteen days after the end of each quarter.

Despite the above requirement, the Office has noted continued delays in submission of quarterly reports by some MDAs, which has affected timely reporting on budget implementation.

It's recommended that all MDAs should ensure that quarterly financial and non-financial reports are submitted to the Controller of Budget in compliance with Section 83 of the PFM Act, 2012.

This Budget Implementation Review Report for the first nine months of FY 2016/17 sought 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. The report compares performance against a similar period in the previous financial year and identifies the challenges that faced MDAs and negatively affected budget execution.

In the first nine months of FY 2016/17, total exchequer issues by the National Treasury to the MDAs, County Governments and for CFS amounted to Kshs.1.25 trillion, representing 61.1 per cent of the revised net estimates, an improvement of 5.5 percentage points compared to Kshs.1.19 trillion released in a similar period of FY 2015/16. County Governments received the highest proportion of exchequer issues to net estimates at 65.1 per cent (Kshs.185.2 billion). The MDAs received 64 per cent (Kshs.532 billion) and 51.9 per cent (Kshs.222 billion) for recurrent and development expenditure respectively, while CFS received 61.8 per cent (Kshs.315.6 billion).

The total expenditure by the National Government was Kshs.1.32 trillion, representing 56.9 per cent of the revised annual gross estimates. This was an improvement from Kshs.1.07 trillion (55.4 per cent) spent in the first nine months of FY 2015/16. Development expenditure amounted to Kshs.400.1 billion, or 45.1 per cent of the annual gross estimates, and an improvement from Kshs.247.4 billion incurred in a similar period of FY 2015/16 (34.3 per cent of the gross estimates). Recurrent expenditure by the MDAs stood at Kshs.602.4 billion, representing 65.5 per cent, compared to Kshs.479.8 billion (61.2 per cent of gross estimate). The Consolidated Fund Services expenditure was Kshs.316.3 billion (61.9 per cent of gross estimates), a decline in absolute terms compared to Kshs.351.2 billion (72.7 per cent of the gross estimates) recorded in a similar period of FY 2015/16.

The report observed improvement in the overall expenditure but also identified a number of challenges that curtailed budget implementation such as; delays in uploading of budgets and annual procurement plans in IFMIS, which should be addressed in order to ensure efficiency and effectiveness in budget implementation. Another challenge was the delay in submission of financial reports by some MDAs, which affected timely reporting on budget implementation.

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

| MINISTRY/STATE DEPARTMENT                              | Gross Estimates | Revised Gross Estimates I | Net Estimates  | Revised Net Estimates I | Exchequer Issues | Expenditure     | % of Exch. To Net Est. | % of Exp. To Revised G. Est. |
|--|-----------------|---------------------------|----------------|-------------------------|------------------|-----------------|------------------------|------------------------------|
| The Presidency   | 481,340,000     | 470,640,000               | 481,340,000    | 470,640,000             | 75,800,000       | 232,022,251     | 16.1%                  | 49.3%                        |
| State Department for Interior                          | 22,854,796,889  | 27,534,566,889            | 22,722,800,000 | 27,402,570,000          | 12,345,800,000   | 13,311,356,958  | 45.1%                  | 48.3%                        |
| State Department for Correctional Services             | 1,050,000,000   | 525,000,000               | 1,050,000,000  | 525,000,000             | 177,600,000      | 111,289,229     | 33.8%                  | 21.2%                        |
| State Department for Devolution                        | 2,424,000,000   | 1,164,809,000             | 2,304,000,000  | 1,044,809,000           | 153,759,883      | 287,712,965     | 14.7%                  | 24.7%                        |
| State Department for Special Programmes                | 5,111,345,330   | 7,221,345,330             | 2,678,000,000  | 4,788,000,000           | 2,086,755,901    | 2,866,846,105   | 43.6%                  | 39.7%                        |
| State Department for Planning & Statistics             | 41,506,246,464  | 32,063,978,364            | 40,089,318,664 | 30,647,050,564          | 27,433,309,191   | 31,798,666,938  | 89.5%                  | 99.2%                        |
| Ministry of Defence                                    | 45,000,000      | 45,000,000                | -              | -                       | -                | 35,000,000      |                        | 77.8%                        |
| Ministry of Foreign Affairs                            | 3,000,000,000   | 2,750,000,000             | 3,000,000,000  | 2,750,000,000           | 2,232,800,000    | 2,254,153,244   | 81.2%                  | 82.0%                        |
| State Department for Basic Education                   | 8,395,219,512   | 13,637,034,486            | 5,942,420,568  | 11,184,235,542          | 6,038,638,251    | 8,783,569,914   | 54.0%                  | 64.4%                        |
| State Department for Vocational and Technical Training | 4,200,999,358   | 4,203,049,358             | 2,450,999,370  | 2,453,049,370           | 1,367,000,000    | 1,852,773,185   | 55.7%                  | 44.1%                        |
| State Department for University Education              | 11,479,095,026  | 10,541,345,026            | 8,503,750,630  | 7,566,000,630           | 4,206,624,000    | 5,101,149,278   | 55.6%                  | 48.4%                        |
| The National Treasury                                  | 45,530,120,315  | 40,754,528,315            | 26,657,892,403 | 21,882,300,403          | 3,278,096,017    | 8,702,955,084   | 15.0%                  | 21.4%                        |
| Ministry of Health                                     | 31,279,819,184  | 39,441,680,757            | 20,826,356,164 | 28,988,217,737          | 19,570,084,563   | 24,808,048,094  | 67.5%                  | 62.9%                        |
| State Department for Infrastructure                    | 147,711,782,851 | 160,789,917,596           | 84,782,200,000 | 94,880,480,370          | 28,994,760,824   | 61,431,534,086  | 30.6%                  | 38.2%                        |
| State Department for Transport                         | 175,806,596,000 | 189,058,396,000           | 15,345,000,000 | 15,774,800,000          | 10,394,576,343   | 106,142,219,740 | 65.9%                  | 56.1%                        |
| State Department Housing and Urban Development         | 19,289,020,000  | 17,661,835,000            | 13,364,020,000 | 11,736,835,000          | 7,442,550,021    | 10,658,036,177  | 63.4%                  | 60.3%                        |
| State Department of Public Works                       | 2,047,000,000   | 1,168,500,000             | 2,047,000,000  | 1,168,500,000           | 628,600,000      | 666,607,419     | 53.8%                  | 57.0%                        |



| MINISTRY/STATE DEPARTMENT  | Gross Estimates | Revised Gross Estimates I | Net Estimates  | Revised Net Estimates I | Exchequer Issues | Expenditure    | % of Exch. To Net Est. | % of Exp. To Revised G. Est. |
|--|-----------------|---------------------------|----------------|-------------------------|------------------|----------------|------------------------|------------------------------|
| State Department for Water Services                                      | 39,606,072,000  | 45,168,531,281            | 11,139,000,000 | 16,701,459,281          | 9,669,363,654    | 9,763,500,000  | 57.9%                  | 21.6%                        |
| State Department for Irrigation  | 18,107,929,750  | 17,007,547,250            | 9,840,000,000  | 8,739,617,500           | 4,256,294,345    | 6,963,311,556  | 48.7%                  | 40.9%                        |
| State Department for Environment   | 4,246,619,731   | 2,306,337,800             | 3,900,544,731  | 1,960,262,800           | 1,594,494,932    | 1,206,027,501  | 81.3%                  | 52.3%                        |
| State Department for Natural Resources                                   | 3,592,000,000   | 2,991,500,000             | 2,146,000,000  | 1,545,500,000           | 799,000,000      | 1,296,458,484  | 51.7%                  | 43.3%                        |
| Ministry of Lands and Physical Planning                                  | 3,841,480,000   | 3,375,480,000             | 3,832,080,000  | 3,366,080,000           | 1,362,400,000    | 2,078,936,615  | 40.5%                  | 61.6%                        |
| State Department of Information Communications & Technology & Innovation | 22,313,000,000  | 25,999,316,269            | 19,501,000,000 | 21,147,895,788          | 18,900,356,336   | 21,648,935,693 | 89.4%                  | 83.3%                        |
| State Department of Broadcasting and Telecommunications                  | 658,000,000     | 329,000,000               | 658,000,000    | 329,000,000             | 305,500,000      | 305,500,000    | 92.9%                  | 92.9%                        |
| State Department for Sports Development                                  | 1,555,000,000   | 2,010,500,000             | 1,555,000,000  | 2,010,500,000           | 639,900,000      | 923,208,816    | 31.8%                  | 45.9%                        |
| State Department for Arts and Culture                                    | 986,000,000     | 495,820,660               | 986,000,000    | 495,820,660             | 338,500,000      | 440,824,450    | 68.3%                  | 88.9%                        |
| State Department for Energy  | 115,183,331,715 | 150,355,905,685           | 36,530,936,986 | 41,381,497,490          | 22,508,069,558   | 34,254,200,000 | 54.4%                  | 22.8%                        |
| State Department of Petroleum  | 4,208,400,000   | 2,870,250,000             | 2,870,900,000  | 1,532,750,000           | 495,594,695      | 570,687,075    | 32.3%                  | 19.9%                        |
| State Department for Agriculture   | 12,678,265,821  | 11,917,209,404            | 9,918,136,783  | 9,157,080,366           | 7,315,992,993    | 7,884,009,720  | 79.9%                  | 66.2%                        |
| State Department for Livestock   | 11,742,135,480  | 11,231,635,480            | 4,003,031,164  | 3,492,531,164           | 1,580,012,965    | 1,522,397,879  | 45.2%                  | 13.6%                        |
| State Department for Fisheries and Blue Economy                          | 2,530,000,000   | 3,155,946,460             | 2,030,000,000  | 2,655,946,460           | 1,463,754,590    | 1,741,600,135  | 55.1%                  | 55.2%                        |
| State Department for Investment and Industry                             | 5,379,787,000   | 5,379,787,000             | 5,053,600,000  | 3,100,000,000           | 2,490,038,889    | 2,500,191,444  | 80.3%                  | 46.5%                        |
| State Department for Cooperatives  | 530,000,000     | 530,000,000               | 530,000,000    | 530,000,000             | 265,000,000      | 500,000,000    | 50.0%                  | 94.3%                        |
| State Department for Trade   | 245,000,000     | 245,000,000               | 245,000,000    | 122,500,000             | 79,100,000       | 53,490,940     | 64.6%                  | 21.8%                        |
| State Department for East African Integration                            | 65,000,000      | 65,000,000                | -              | -                       | -                | -              | -                      | 0.0%                         |

| MINISTRY/STATE DEPARTMENT                             | Gross Estimates        | Revised Gross Estimates I | Net Estimates          | Revised Net Estimates I | Exchequer Issues       | Expenditure            | % of Exch. To Net Est. | % of Exp. To Revised G. Est. |
|---|------------------------|---------------------------|------------------------|-------------------------|------------------------|------------------------|------------------------|------------------------------|
| State Department for Labour                           | 477,200,000            | 477,200,000               | 477,200,000            | 418,610,000             | 320,322,824            | 194,384,933            | 76.5%                  | 40.7%                        |
| State Department for Social Protection                | 14,821,800,000         | 14,821,800,000            | 14,820,400,000         | 14,457,898,000          | 9,460,700,340          | 9,445,138,454          | 65.4%                  | 63.7%                        |
| Ministry of Mining                                    | 3,890,321,429          | 3,890,321,429             | 3,868,000,000          | 1,321,134,978           | 541,100,000            | 1,132,602,238          | 41.0%                  | 29.1%                        |
| Ministry of Tourism                                   | 4,842,000,000          | 4,842,000,000             | 4,842,000,000          | 3,592,000,000           | 1,639,600,000          | 2,057,495,176          | 45.6%                  | 42.5%                        |
| State Department for Public Service and Youth Affairs | 12,648,065,996         | 14,483,065,996            | 12,648,065,996         | 14,483,065,996          | 5,016,610,600          | 8,620,000,000          | 34.6%                  | 59.5%                        |
| State Department for Gender                           | 3,496,900,000          | 3,496,900,000             | 3,472,400,000          | 3,442,200,000           | 1,788,900,000          | 2,572,500,000          | 52.0%                  | 73.6%                        |
| State Law Office and Department of Justice            | 379,000,000            | 379,000,000               | 70,000,000             | 70,000,000              | 11,000,000             | 2,851,306              | 15.7%                  | 0.8%                         |
| The Judiciary   | 4,449,000,000          | 4,449,000,000             | 4,449,000,000          | 4,153,000,000           | 1,414,200,392          | 1,586,763,614          | 34.1%                  | 35.7%                        |
| Ethics & Anti-Corruption Commission                   | 100,000,000            | 500,000,000               | 100,000,000            | 500,000,000             | -                      | -                      | 0.0%                   | 0.0%                         |
| Office of the Directorate of Public Prosecution       | 98,550,000             | 98,550,000                | 98,550,000             | 98,550,000              | -                      | 18,885,000             | 0.0%                   | 19.2%                        |
| National Land Commission                              | -                      | 103,326,135               | -                      | 103,326,135             | 103,300,000            | 103,326,135            | 100.0%                 | 100.0%                       |
| Independent Electoral and Boundaries Commission       | 765,209,700            | 765,209,700               | 53,000,000             | 53,000,000              | -                      | -                      | 0.0%                   | 0.0%                         |
| Parliamentary Service Commission                      | 4,150,000,000          | 4,150,000,000             | 4,150,000,000          | 3,150,000,000           | 1,149,600,000          | 1,542,185,683          | 36.5%                  | 37.2%                        |
| Public Service Commission                             | 39,000,000             | 39,000,000                | 39,000,000             | 39,000,000              | 23,000,000             | 24,980,492             | 59.0%                  | 64.1%                        |
| Teachers Service Commission                           | 100,000,000            | 100,000,000               | 100,000,000            | 100,000,000             | -                      | -                      | 0.0%                   | 0.0%                         |
| Auditor General                                       | 224,000,000            | 224,000,000               | 224,000,000            | 224,000,000             | 67,500,000             | 62,580,191             | 30.1%                  | 27.9%                        |
| <b>TOTAL</b>  | <b>820,161,449,551</b> | <b>887,285,766,670</b>    | <b>416,395,943,459</b> | <b>427,736,715,234</b>  | <b>222,025,962,107</b> | <b>400,060,914,197</b> | <b>51.9%</b>           | <b>45.1%</b>                 |

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

| MINISTRY/STATE DEPARTMENT                              | Gross Estimates | Revised Gross Estimates I | Net Estimates   | Revised Net Estimates I | Exchequer Issues | Expenditure    | % of Exch. To Net Est. | % of Exp. To Revised G. Est. |
|--|-----------------|---------------------------|-----------------|-------------------------|------------------|----------------|------------------------|------------------------------|
| The Presidency   | 7,943,324,669   | 9,221,755,462             | 7,934,692,595   | 9,213,123,388           | 5,717,063,000    | 5,255,963,491  | 62.1%                  | 57.0%                        |
| State Department for Interior                          | 102,907,039,319 | 103,923,034,741           | 102,533,302,319 | 103,549,297,741         | 70,172,250,000   | 69,356,172,217 | 67.8%                  | 66.7%                        |
| State Department for Correctional Services             | 19,209,032,569  | 20,220,920,720            | 19,209,032,569  | 20,220,920,720          | 13,220,100,000   | 12,528,345,484 | 65.4%                  | 62.0%                        |
| State Department for Devolution                        | 649,451,492     | 789,465,766               | 649,451,492     | 789,465,766             | 492,650,000      | 499,499,203    | 62.4%                  | 63.3%                        |
| State Department for Special Programmes                | 1,405,811,247   | 8,341,211,404             | 1,405,811,247   | 8,341,211,404           | 1,974,800,000    | 3,392,169,632  | 23.7%                  | 40.7%                        |
| State Department for Planning & Statistics             | 4,717,330,425   | 5,290,829,891             | 4,391,330,425   | 4,964,829,891           | 3,356,900,000    | 5,380,530,640  | 67.6%                  | 101.7%                       |
| Ministry of Defence                                    | 98,654,161,519  | 101,149,926,564           | 98,654,161,519  | 101,149,926,564         | 59,685,900,000   | 69,204,442,963 | 59.0%                  | 68.4%                        |
| Ministry of Foreign Affairs                            | 17,206,235,947  | 17,759,129,758            | 17,036,640,947  | 17,589,534,758          | 11,821,700,000   | 12,542,776,011 | 67.2%                  | 70.6%                        |
| State Department for Basic Education                   | 58,779,803,088  | 58,135,511,960            | 57,347,203,088  | 56,702,911,960          | 41,731,760,000   | 46,450,062,882 | 73.6%                  | 79.9%                        |
| State Department for Vocational and Technical Training | 2,324,529,852   | 2,369,661,570             | 2,324,529,852   | 2,369,661,570           | 1,715,900,000    | 1,649,460,772  | 72.4%                  | 69.6%                        |
| State Department for University Education              | 60,652,433,681  | 63,554,179,787            | 43,969,833,681  | 46,871,579,787          | 29,418,588,000   | 32,209,395,548 | 62.8%                  | 50.7%                        |
| The National Treasury                                  | 36,740,857,285  | 38,621,862,525            | 36,740,857,285  | 38,621,862,525          | 20,195,300,000   | 24,380,481,790 | 52.3%                  | 63.1%                        |
| Ministry of Health                                     | 28,990,110,838  | 34,144,020,339            | 25,012,234,361  | 30,166,143,862          | 15,536,500,000   | 16,589,308,904 | 51.5%                  | 48.6%                        |
| State Department for Infrastructure                    | 29,039,085,190  | 49,965,690,901            | 1,839,085,190   | 1,961,318,901           | 1,097,850,000    | 31,953,920,500 | 56.0%                  | 64.0%                        |
| State Department for Transport                         | 5,780,740,412   | 5,825,225,133             | 1,403,740,412   | 1,448,225,133           | 1,063,108,000    | 4,686,265,542  | 73.4%                  | 80.4%                        |
| State Department for Maritime Affairs                  | 237,159,288     | 254,159,288               | 237,159,288     | 254,159,288             | 118,400,000      | 156,995,418    | 46.6%                  | 61.8%                        |
| State Department for Housing & Urban Development       | 862,299,444     | 2,317,662,844             | 862,299,444     | 2,317,662,844           | 642,800,000      | 2,093,406,511  | 27.7%                  | 90.3%                        |

| MINISTRY/STATE DEPARTMENT  | Gross Estimates | Revised Gross Estimates I | Net Estimates | Revised Net Estimates I | Exchequer Issues | Expenditure   | % of Exch. To Net Est. | % of Exp. To Revised G. Est. |
|--|-----------------|---------------------------|---------------|-------------------------|------------------|---------------|------------------------|------------------------------|
| State Department for Public Works  | 897,187,546     | 775,867,268               | 893,187,546   | 771,867,268             | 524,400,000      | 542,318,661   | 67.9%                  | 69.9%                        |
| State Department for Water Services                                      | 3,624,591,649   | 4,461,292,556             | 1,486,833,410 | 2,323,534,317           | 1,782,100,000    | 2,632,177,749 | 76.7%                  | 59.0%                        |
| State Department for Irrigation  | 933,008,351     | 916,429,978               | 533,008,351   | 516,429,978             | 335,000,000      | 299,811,814   | 64.9%                  | 32.7%                        |
| State Department for Environment   | 2,979,114,030   | 3,679,367,951             | 2,160,214,030 | 2,860,467,951           | 1,956,000,000    | 1,819,509,641 | 68.4%                  | 49.5%                        |
| State Department for Natural Resources                                   | 11,322,343,046  | 12,563,069,746            | 5,082,322,046 | 6,323,048,746           | 3,742,300,000    | 4,258,555,645 | 59.2%                  | 33.9%                        |
| Ministry of Lands and Physical Planning                                  | 2,188,601,179   | 2,301,636,094             | 2,179,186,429 | 2,292,221,344           | 1,602,200,000    | 1,529,321,310 | 69.9%                  | 66.4%                        |
| State Department of Information Communications & Technology & Innovation | 909,425,207     | 1,150,923,022             | 909,425,207   | 1,150,923,022           | 503,723,000      | 782,051,117   | 43.8%                  | 67.9%                        |
| State Department for Broadcasting & Telecommunications                   | 2,050,126,830   | 2,982,431,277             | 1,870,126,830 | 2,762,431,277           | 1,207,500,000    | 1,288,546,463 | 43.7%                  | 43.2%                        |
| State Department for Sports Development                                  | 3,606,950,551   | 3,517,631,688             | 3,606,550,551 | 3,517,231,688           | 2,347,264,000    | 2,844,198,009 | 66.7%                  | 80.9%                        |
| State Department for Arts and Culture                                    | 2,651,046,449   | 2,867,352,359             | 2,640,446,449 | 2,867,352,359           | 1,747,500,000    | 2,292,376,729 | 60.9%                  | 79.9%                        |
| State Department Energy  | 2,078,552,046   | 2,078,552,046             | 1,871,436,740 | 1,871,436,740           | 1,569,585,000    | 1,741,500,000 | 83.9%                  | 83.8%                        |
| State Department of Petroleum  | 91,151,598      | 202,851,598               | 43,786,904    | 155,486,904             | 57,200,000       | 46,066,207    | 36.8%                  | 22.7%                        |
| State Department for Agriculture   | 8,586,076,695   | 7,573,855,989             | 8,557,076,695 | 7,544,855,989           | 4,205,460,000    | 5,856,193,867 | 55.7%                  | 77.3%                        |
| State Department for Livestock   | 1,889,938,320   | 5,524,845,571             | 1,865,938,320 | 5,500,845,571           | 3,338,600,000    | 3,642,225,176 | 60.7%                  | 65.9%                        |
| State Department for Fisheries and the Blue Economy                      | 1,653,196,791   | 1,846,575,736             | 1,653,196,791 | 1,846,575,736           | 1,207,000,000    | 1,187,082,949 | 65.4%                  | 64.3%                        |
| State Department of Investment and Industry                              | 2,668,815,153   | 2,745,244,807             | 2,646,315,153 | 2,722,744,807           | 2,038,400,000    | 2,472,145,709 | 74.9%                  | 90.1%                        |
| State Department for Cooperatives  | 3,120,950,523   | 3,265,899,320             | 3,114,450,523 | 3,259,399,320           | 2,955,500,000    | 2,935,596,437 | 90.7%                  | 89.9%                        |
| State Department for Trade   | 2,919,282,136   | 3,441,383,402             | 2,899,522,136 | 3,421,623,402           | 1,939,560,000    | 2,841,748,359 | 56.7%                  | 82.6%                        |

| MINISTRY/STATE DEPARTMENT                             | Gross Estimates | Revised Gross Estimates I | Net Estimates  | Revised Net Estimates I | Exchequer Issues | Expenditure    | % of Exch. To Net Est. | % of Exp. To Revised G. Est. |
|---|-----------------|---------------------------|----------------|-------------------------|------------------|----------------|------------------------|------------------------------|
| State Department for East African Integration         | 1,541,165,024   | 1,513,815,010             | 1,539,165,024  | 1,511,815,010           | 1,317,360,000    | 1,286,736,093  | 87.1%                  | 85.0%                        |
| State Department for Labour                           | 1,301,843,257   | 1,583,088,629             | 1,292,843,257  | 1,583,088,629           | 792,200,000      | 901,988,058    | 50.0%                  | 57.0%                        |
| State Department for Social Protection                | 8,108,136,032   | 7,967,457,605             | 8,064,371,032  | 7,923,692,605           | 4,621,320,000    | 4,065,702,904  | 58.3%                  | 51.0%                        |
| Ministry of Mining                                    | 697,364,217     | 1,338,352,146             | 683,364,217    | 1,324,352,146           | 531,815,000      | 461,014,019    | 40.2%                  | 34.4%                        |
| Ministry of Tourism                                   | 2,354,228,209   | 2,354,228,209             | 1,375,553,209  | 1,414,598,534           | 745,550,000      | 1,015,653,836  | 52.7%                  | 43.1%                        |
| State Department for Public Service and Youth Affairs | 13,038,823,969  | 14,388,085,124            | 12,862,973,969 | 14,212,235,124          | 7,921,100,000    | 9,452,600,000  | 55.7%                  | 65.7%                        |
| State Department for Gender                           | 1,125,441,006   | 876,137,207               | 1,125,441,006  | 876,137,207             | 419,250,000      | 454,005,620    | 47.9%                  | 51.8%                        |
| State Law Office and Department of Justice            | 4,035,232,362   | 4,767,232,362             | 3,640,732,362  | 4,372,732,362           | 2,176,200,000    | 1,991,125,873  | 49.8%                  | 41.8%                        |
| The Judiciary   | 12,859,460,378  | 13,006,160,378            | 12,859,460,378 | 13,006,160,378          | 9,123,440,000    | 7,869,752,190  | 70.1%                  | 60.5%                        |
| Ethics & Anti-Corruption Commission                   | 2,691,080,000   | 2,991,080,000             | 2,691,080,000  | 2,991,080,000           | 2,446,179,000    | 2,383,704,643  | 81.8%                  | 79.7%                        |
| National Intelligence Service                         | 25,346,000,000  | 27,846,000,000            | 25,346,000,000 | 27,846,000,000          | 18,020,930,000   | 19,771,119,916 | 64.7%                  | 71.0%                        |
| Office of the Director of Public Prosecutions         | 2,125,584,100   | 2,187,393,129             | 2,125,584,100  | 2,187,393,129           | 1,136,149,000    | 1,322,515,482  | 51.9%                  | 60.5%                        |
| Office of the Registrar of Political Parties          | 826,916,880     | 826,916,880               | 826,916,880    | 826,916,880             | 425,992,000      | 423,012,782    | 51.5%                  | 51.2%                        |
| Witness Protection Agency                             | 379,542,900     | 394,440,000               | 379,542,900    | 394,440,000             | 288,747,350      | 283,932,129    | 73.2%                  | 72.0%                        |
| Kenya National Human Rights & Equality Commission     | 428,785,600     | 428,785,600               | 428,785,600    | 428,785,600             | 309,400,000      | 325,573,674    | 72.2%                  | 75.9%                        |
| National Lands Commission                             | 1,434,548,504   | 1,273,476,968             | 1,434,548,504  | 1,273,476,968           | 892,600,000      | 990,772,627    | 70.1%                  | 77.8%                        |
| Independent Electoral and Boundaries Commission       | 18,565,800,000  | 20,565,800,000            | 18,560,800,000 | 20,560,800,000          | 5,025,000,000    | 5,883,837,552  | 24.4%                  | 28.6%                        |
| Parliamentary Service Commission                      | 10,382,000,000  | 10,451,736,000            | 10,382,000,000 | 10,451,736,000          | 6,563,300,000    | 6,353,158,464  | 62.8%                  | 60.8%                        |

| MINISTRY/STATE DEPARTMENT                | Gross Estimates        | Revised Gross Estimates I | Net Estimates          | Revised Net Estimates I | Exchequer Issues       | Expenditure            | % of Exch. To Net Est. | % of Exp. To Revised G. Est. |
|--|------------------------|---------------------------|------------------------|-------------------------|------------------------|------------------------|------------------------|------------------------------|
| National Assembly                        | 16,948,000,000         | 16,948,000,000            | 16,948,000,000         | 16,948,000,000          | 11,315,200,000         | 10,347,530,729         | 66.8%                  | 61.1%                        |
| Judicial Service Commission              | 450,000,000            | 450,000,000               | 450,000,000            | 450,000,000             | 265,200,000            | 244,126,527            | 58.9%                  | 54.3%                        |
| The Commission on Revenue Allocation     | 355,781,774            | 355,781,774               | 355,781,774            | 355,781,774             | 208,157,000            | 210,478,848            | 58.5%                  | 59.2%                        |
| Public Service Commission                | 1,179,370,000          | 1,199,370,000             | 1,178,870,000          | 1,198,870,000           | 909,000,000            | 921,463,479            | 75.8%                  | 76.8%                        |
| Salaries & Remuneration Commission       | 533,040,000            | 533,040,000               | 532,940,000            | 532,940,000             | 295,050,000            | 297,497,094            | 55.4%                  | 55.8%                        |
| Teachers Service Commission              | 193,992,348,650        | 193,865,010,342           | 193,772,348,650        | 193,645,010,342         | 140,865,900,000        | 143,277,526,020        | 72.7%                  | 73.9%                        |
| National Police Service Commission       | 435,340,000            | 434,998,700               | 435,340,000            | 434,998,700             | 288,700,000            | 328,774,320            | 66.4%                  | 75.6%                        |
| Auditor General                          | 4,182,880,000          | 4,182,880,000             | 4,032,880,000          | 4,032,880,000           | 2,927,400,000          | 3,006,565,620          | 72.6%                  | 71.9%                        |
| Controller of Budget                     | 561,269,850            | 542,061,656               | 561,269,850            | 542,061,656             | 280,000,000            | 294,183,012            | 51.7%                  | 54.3%                        |
| The Commission on Administrative Justice | 468,632,000            | 451,989,051               | 468,632,000            | 451,989,051             | 312,700,000            | 318,991,171            | 69.2%                  | 70.6%                        |
| National Gender & Equality Commission    | 416,270,878            | 386,970,435               | 416,270,878            | 386,970,435             | 237,200,000            | 292,159,578            | 61.3%                  | 75.5%                        |
| Independent Police Oversight Authority   | 491,338,899            | 491,338,899               | 491,338,899            | 491,338,899             | 277,010,000            | 318,781,092            | 56.4%                  | 64.9%                        |
| <b>TOTAL</b>                             | <b>857,525,988,854</b> | <b>918,381,085,165</b>    | <b>790,827,224,314</b> | <b>830,896,593,950</b>  | <b>531,958,910,350</b> | <b>602,434,906,702</b> | <b>64.0%</b>           | <b>65.6%</b>                 |

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

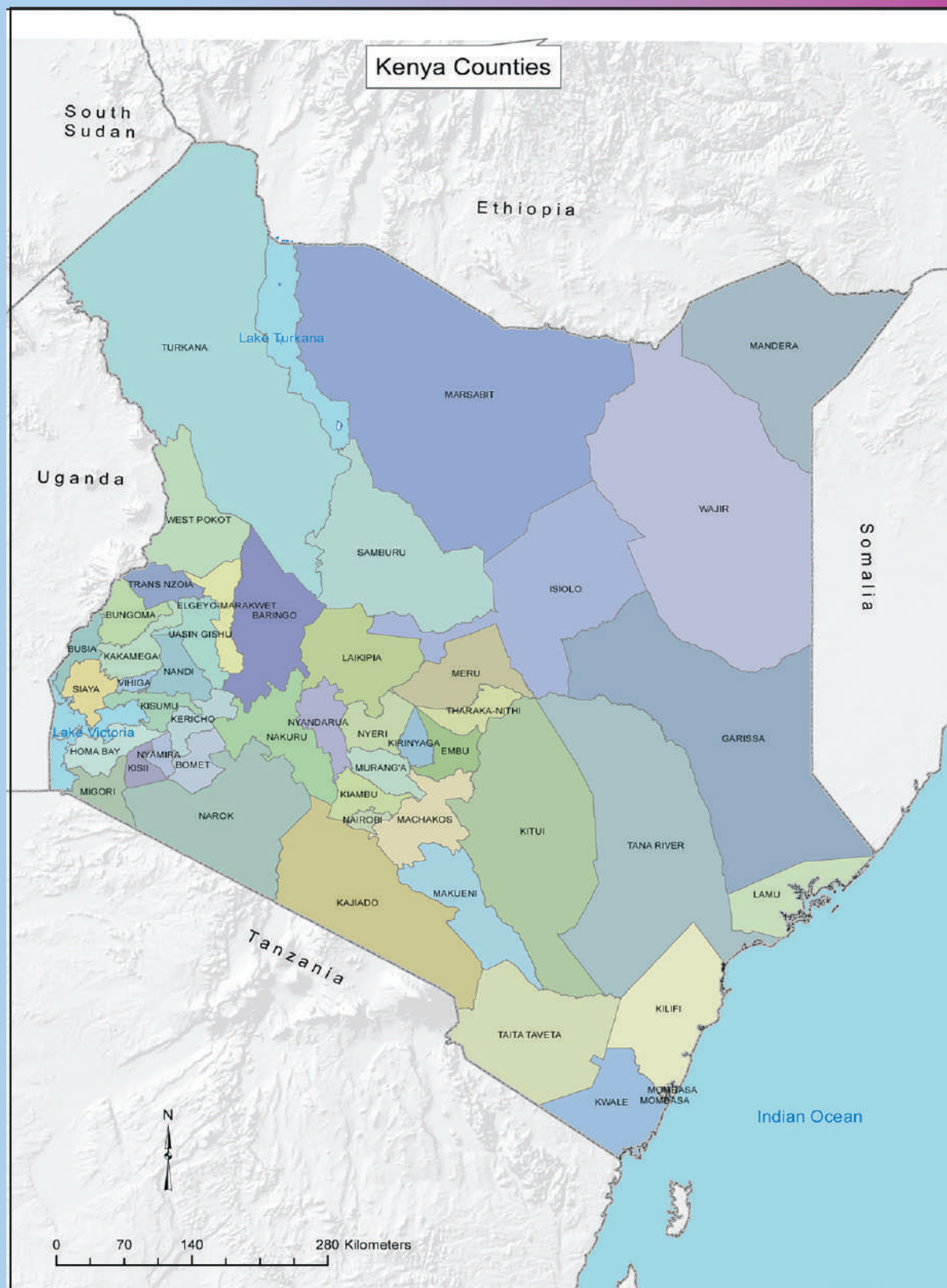
| Sector  | Revised Gross Estimates I | Revised Net Estimates I | Exchequer Issues       | Expenditure            | % of Exch. To Rev N. Est. | % Exp to Rev G. Est. |
|---|---------------------------|-------------------------|------------------------|------------------------|---------------------------|----------------------|
| Agriculture, Rural and Urban Development            | 29,783,597,479            | 18,774,964,125          | 11,825,460,548         | 13,330,270,484         | 63.0%                     | 44.8%                |
| Energy, Infrastructure and ICT                      | 548,233,120,550           | 187,951,758,648         | 89,670,007,777         | 235,677,720,190        | 47.7%                     | 43.0%                |
| General Economics and Commercial Affairs (GECA)     | 11,061,787,000            | 7,344,500,000           | 4,473,738,889          | 5,111,177,560          | 60.9%                     | 46.2%                |
| Health  | 39,441,680,757            | 28,988,217,737          | 19,570,084,563         | 24,808,048,094         | 67.5%                     | 62.9%                |
| Education   | 28,481,428,870            | 21,303,285,542          | 11,612,262,251         | 15,737,492,377         | 54.5%                     | 55.3%                |
| Governance, Justice, Law and Order (GJLOS)          | 34,251,326,589            | 32,802,120,000          | 13,948,600,392         | 15,031,146,107         | 42.5%                     | 43.9%                |
| Public Administration and International Relations   | 96,100,021,675            | 74,690,865,963          | 39,430,475,691         | 53,525,256,848         | 52.8%                     | 55.7%                |
| National Security                                   | 45,000,000                | -                       | -                      | 35,000,000             | -                         | 77.8%                |
| Social Protection, Culture and Recreation           | 28,523,565,990            | 25,613,028,660          | 14,635,079,065         | 16,442,902,758         | 57.1%                     | 57.6%                |
| Environment Protection, Water and Natural Resources | 71,364,237,760            | 30,267,974,559          | 16,860,252,931         | 20,361,899,779         | 55.7%                     | 28.5%                |
| <b>Total</b>  | <b>887,285,766,670</b>    | <b>427,736,715,234</b>  | <b>222,025,962,107</b> | <b>400,060,914,197</b> | <b>51.9%</b>              | <b>45.1%</b>         |

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

| Sector  | Revised Gross Estimates I | Revised Net Estimates I | Exchequer Issues       | Expenditure            | % of Exch. to N. Est. | % Exp to G. Est. |
|---|---------------------------|-------------------------|------------------------|------------------------|-----------------------|------------------|
| Agriculture, Rural and Urban Development            | 18,520,390,358            | 18,457,975,608          | 11,245,860,000         | 13,205,595,929         | 60.9%                 | 71.3%            |
| Energy, Infrastructure and ICT                      | 65,553,363,377            | 12,693,511,377          | 6,784,566,000          | 43,291,070,419         | 53.4%                 | 66.0%            |
| General Economics and Commercial Affairs (GECA)     | 13,320,570,748            | 12,330,181,073          | 8,996,370,000          | 10,551,880,434         | 73.0%                 | 79.2%            |
| Health  | 34,144,020,339            | 30,166,143,862          | 15,536,500,000         | 16,589,308,904         | 51.5%                 | 48.6%            |
| Education   | 317,924,363,659           | 299,589,163,659         | 213,732,148,000        | 223,586,445,222        | 71.3%                 | 70.3%            |
| Governance, Justice, Law and Order (GJLOS)          | 171,075,071,844           | 170,301,834,844         | 105,391,567,350        | 103,551,813,543        | 61.9%                 | 60.5%            |
| Public Administration and International Relations   | 120,735,987,007           | 119,905,309,933         | 72,315,520,000         | 79,261,719,552         | 60.3%                 | 65.6%            |
| National Security                                   | 128,995,976,564           | 128,995,926,564         | 77,706,830,000         | 88,975,562,879         | 60.2%                 | 69.0%            |
| Social Protection, Culture and Recreation           | 25,152,878,892            | 25,108,713,892          | 11,902,334,000         | 13,950,440,952         | 47.4%                 | 55.5%            |
| Environment Protection, Water and Natural Resources | 22,958,512,377            | 13,347,833,138          | 8,347,215,000          | 9,471,068,868          | 62.5%                 | 41.3%            |
| <b>Total</b>  | <b>918,381,085,165</b>    | <b>830,896,593,950</b>  | <b>531,958,910,350</b> | <b>602,434,906,702</b> | <b>64.0%</b>          | <b>65.6%</b>     |



[illegible]



**Bima House, 12th Floor, Harambee Avenue**  
**P.O. Box 35616-00100 Nairobi, Kenya**  
**Tel: +254 (0) 20 318939, 2211056**  
**Fax: +254 (0) 20 2211920**  
**Email: [cob@cob.go.ke](mailto:cob@cob.go.ke) Website: [www.cob.go.ke](http://www.cob.go.ke)**