THE REPUBLIC OF KENYA

OFFICE OF THE CONTOLLER OF BUDGET

BUDGET IMPLEMENTATION REVIEW REPORT

First Quarter
2012 / 2013

October 2012

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Foreword

It gives me great pleasure to present the first quarter Budget Implementation Review report for the period July to September 2012 which is the first in the series of budget implementation reports for the financial year 2012/2013. This report provides information on the execution of the budget of the national government for the period July to September 2012. It highlights the performance of revenue collection, exchequer issues released and expenditure of Ministries, Departments and Agencies (MDAs). It also provides highlights of the macroeconomic environment under which the budget implementation was executed.

This Report is prepared pursuant to Article 228 of the Constitution of Kenya 2010 which established and mandates the Office of the Controller of Budget to oversee implementation of the budgets of the national and county governments by authorizing withdrawals from the Consolidated Fund **(Article 206)**, Revenue Fund **(Article 207)** and Equalization Fund **(Article 204)**. Further, the office is required to prepare quarterly budget implementation reports for both national and county governments.

Reporting on budget implementation will create awareness among stakeholders and enable them identify any financial or policy slip-up. Further, this in-year reporting function is part of government's efforts to promote budget openness, transparency and credibility as key components of our public financial management reforms.

Consequently, I urge the readers of this report to continue to take active interest in carefully monitoring the implementation of the national budgets and in scrutinizing government's delivery on its promises as these provide the necessary impetus for the optimal utilization of public resources for the benefit of all Kenyans.

Mrs. Agnes N. Odhiambo
CONTROLLER OF BUDGET

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Executive Summary

This is the first Budget Implementation Review Report for the financial year 2012/2013. It outlines the performance of the Ministries, Departments and Agencies (MDAs) for the period July to September 2012. It also outlines the government's macroeconomic performance, revenue inflows, exchequer issues released and expenditure. This is aimed at informing the Parliament, the Executive and the general public in-year on budget execution as mandated by the Constitution under Article 228.

Chapter two of the report briefly outlines the macroeconomic highlights under which the budget is being implemented. The Gross Domestic Product (GDP) grew by 3.3 per cent in the period March to June 2012 compared to 3.4 per cent over the same period in 2011. Kenya's overall inflation has been declining since the beginning of this year. The inflation rate for the period July to September averaged 6.4 per cent compared to 16.5 per cent in over the same period last year. The Kenya shilling strengthened against major world currencies. For instance, from March to June 2012 the exchange rate averaged Kshs 84.75 against the US dollar compared to Kshs. 94.85 during the same period last year.

Chapter three of the report outlines the revenue performance, exchequer issues released and the sectoral expenditure analysis for both recurrent and development expenditure for the period July to September 2012. According to the figures released by the Kenya Revenue Authority (KRA) revenue collections stood at Kshs. 168.9 billion against a target of Kshs. 193.6 billion. The under performance in revenue collection was attributed to macroeconomic under performance.

The Office of the Controller of Budget (OCOB) during the period under review released exchequer issues totalling Kshs. 232.8 billion for recurrent, development and CFS expenditure representing 21.7 per cent of the total net estimates compared to 19 per cent over the same period last financial year. Exchequer issues amounting to Kshs. 122.9 billion was released for recurrent expenditure which represents 21.4 per cent of the net estimates while Kshs. 61.2 billion was released as exchequer issues for development expenditure which represents 22.3 per cent of the net estimates compared to 14.5 per cent over the same period last financial year.

The total recurrent expenditure for MDAs for the period under review stood at Kshs. 121.8 billion which represents an absorption rate of 18.6 per cent compared to 14.7 per cent for the same period last financial year. The total development expenditure for the period under review was Kshs. 57.8 billion which represents an absorption rate of 12.7 per cent compared to 8.6 per cent in the last financial year.

Chapter four highlights some of the issues affecting budget implementation and chapter five gives recommendations on the way forward. Some of the main challenges noted are; inadequate monitoring and evaluation framework for MDAs to ensure supervision of programmes and projects, low absorption

of development resources by MDAs, delay in roll out of management information systems to the counties and delay in enacting enabling legislation for county structures. To improve budget execution for MDAs the Controller of Budget recommends that the enabling legal framework should be put in place to ensure harmonious transition to the decentralized system. Secondly, MDAs should ensure they have an effective and efficient monitoring framework that ensures there is adequate supervision of the budgeted programmes and project activities to enhance accountability and absorption of resources.

In conclusion, the OCOB notes that despite the slight improvement in the absorption of resources by MDAs, this is still below the targeted rate of 25 per cent for the quarter. The resolutions reached during the meeting of Accounting Officers organized by the office of the Prime Minister, Treasury and our office on low absorption held in July 2012 should be fully implemented.

Acronyms

AIA	Appropriation in Aid
AIE	Authority to Incur Expenditure
AG	Auditor General
BSD	Budget Supply Department
CAJ	Commission on Administrative Justice
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CFS	Consolidated Fund Services
CIC	Commission on Implementation of the Constitution
CRR	Cash Reserve Ratio
CoB	Controller of Budget
EI&ICT	Energy Infrastructure and Information and Communication Technology
GDP	Gross Domestic Product
GECLA	General Economic and Commercial and Labour Affairs
GJLOS	Governance Justice Law and Order Sector
GOK	Government of Kenya
IFMIS	Integrated Financial Management Information System
KNBS	Kenya National Bureau of Statistics
KRA	Kenya Revenue Authority
MDAs	Ministries Departments and Agencies
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NPSC	National Police Service Commission
NSIS	National Security Intelligence Service
OCoB	Office of the Controller of Budget

OPM	Office of Prime Minister
ODPM	Office of Deputy Prime Minister
OVP	Office of Vice President
PAIR	Public Administration and International Relations
RIT	Research Innovation and Technology
TTI	Trade Tourism and Industry

1. Introduction

The Quarterly Budget Implementation Review Report is prepared pursuant to Article 228(6) of the Constitution, which requires the Controller of Budget to submit quarterly reports to each house of the Parliament on the implementation of the budgets of the national and county governments. This first quarter report for 2012/2013 outlines the performance of the Ministries, Departments and Agencies (MDAs) for the period July to September 2012. It also outlines the macroeconomic performance, revenue inflows, exchequer releases and expenditures of the government.

The budget execution for the financial year is based on the policies, programmes and projects outlined in the Budget Policy Statement 2012. The Office of the Controller of Budget intends to use this regular reporting to inform and advise the government on the implementation of the budget and how absorption of resources can be enhanced among others. In particular, emphasis will be put on streamlining of the flow of resources from the public funds to MDAs by ensuring that the approval of funds is done in accordance with cash flow projections of MDAs and in compliance with the law.

The report is intended to inform Parliament and the Executive on the correct position of budget execution in-year. This will ensure the MDAs execute their budgets as planned for the benefit of the citizenry. This report will also be useful in informing Parliament, the Executive and MDAs on areas that need improvement in budget implementation.

The report has been prepared based on targets set out in the Budget Policy Statement, which also sets the theme of the budget for the year 2012/2013 budget. The current budget was formulated as a policy tool to facilitate the delivery of government's developmental goals as entrenched in the Kenya's Vision 2030 and the Millennium Development Goals. The budget is informed by Government's commitment to improve the socio-economic status of the Kenyan people by strategically implementing plans and programmes to boost economic activity and launch the nation onto a path of sustained development.

The revenue and expenditure estimates in the current Budget approved by Parliament were largely based on the 2012/2013 to 2014/2015 Medium Term Expenditure Framework (MTEF), which sets out the government's fiscal policies over the medium-term. The Budget Policy Statement also affirms that the FY2012/2013 will witness the ushering in of a new dawn as to how we will now govern ourselves and manage our political and socio-economic affairs. The FY2012/2013 Budget has funding for elections and initial resources for setting up county governments. The county governments will be operationalized immediately after the next general elections.

This report covers the implementation of the 2012/2013 Budget in the first quarter of the financial year and evaluates the performance of revenue inflows, expenditure and exchequer issues released to the MDAs to implement their budgets. The report also compares the performance of the first quarter of the current financial year to the same period last financial year. The rest of this Report is structured as follows: Chapter 2 presents a brief review of the macroeconomic environment within which the budget was implemented

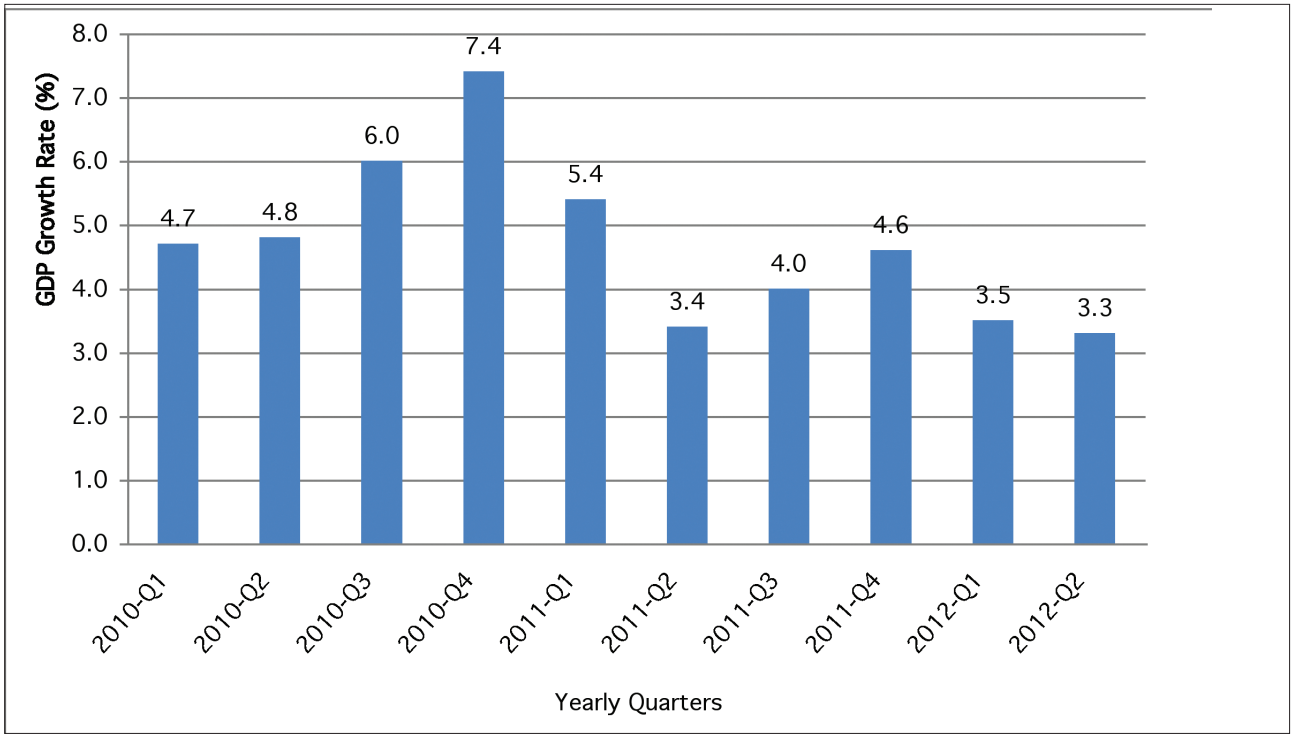
during the period under review; Chapter 3 provides a detailed analysis of government's revenue receipts and expenditure in the first quarter of 2012/2013 for each sector. Chapter 4 covers some of the key challenges affecting implementation of the budget; while Chapter 5 and 6 provides recommendations and the conclusion respectively.

2. Macroeconomic Development Highlights

2.1 Economic Growth

The Gross Domestic Product (GDP) for the year 2012 is targeted to grow at 5.2 per cent as stipulated in the Budget Policy Statement 2012. The GDP for April to June 2012 was 3.3 per cent compared to 3.5 per cent that was recorded over the same period last year. The unfavourable performance of the economy is likely to impact negatively on the implementation of the budget as it will affect revenue inflows. Figure 1 shows the quarterly growth rates from 2008 to quarter two of 2012.

Figure 1: Quarterly GDP Growth for the Period 2010-2012

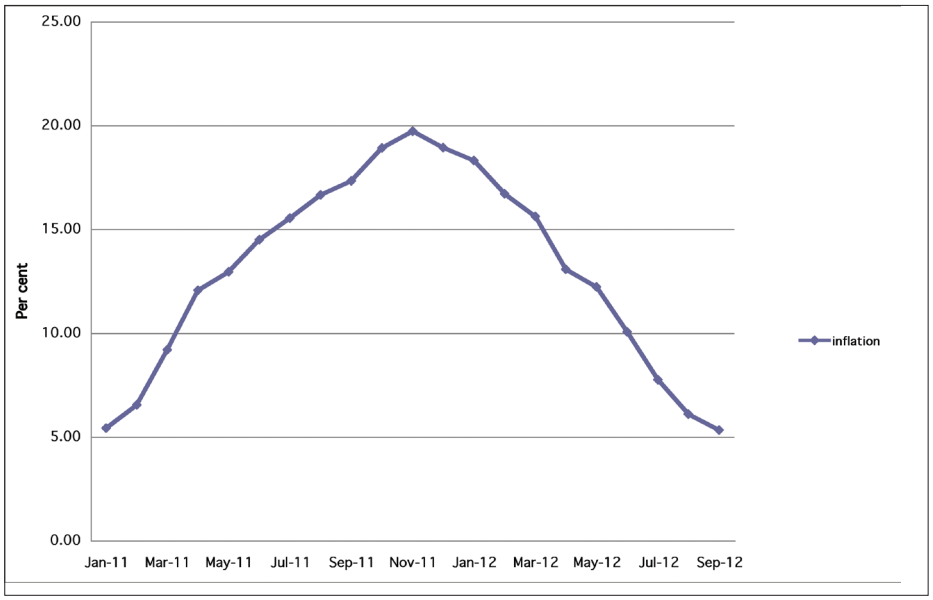


Source: KNBS, 2012

2.2 Inflation

Kenya's overall inflation has been declining since the beginning of the year 2012. The inflation rate for the period July to September averaged 6.4 per cent compared to 16.5 per cent in the same period last year. The ease in inflation is attributed to the mechanisms and strategies put in place by the Central Bank of Kenya (CBK) to manage the volatility of the Kenya shilling against major world currencies. The inflation rates for August and September were 6.1 and 5.3 per cent respectively which meets the government's short- term target of single digit overall inflation rate as stipulated in the 2012 Budget Policy Statement (BPS). Figure 2 shows the trend of the country's overall inflation.

Figure 2: Overall Inflation Rate for the Period January 2011- September 2012

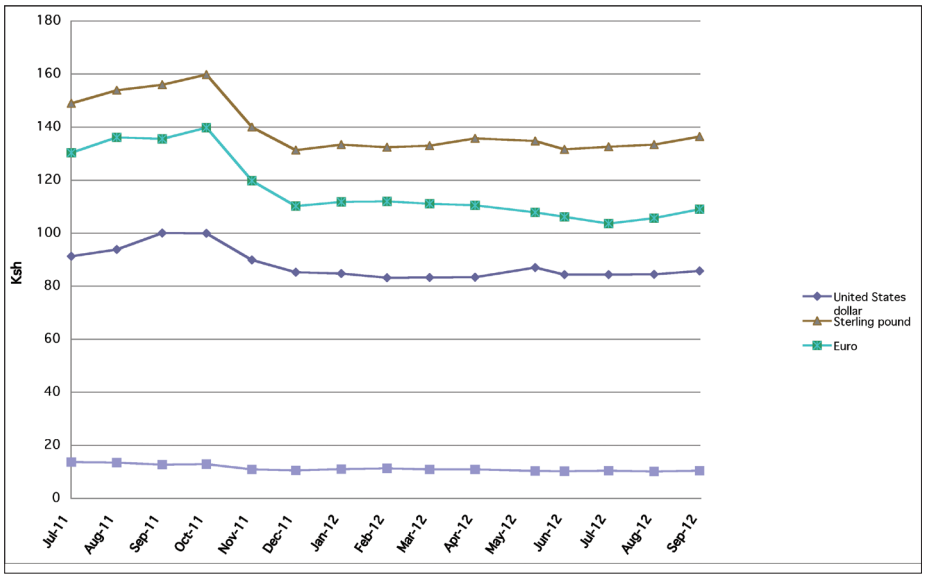


Source: KNBS, 2012

2.3 Exchange Rate

The exchange rate for the period July to September 2012 averaged Kshs. 84.75 against the US dollar compared to Kshs. 94.85 during the same period last year representing a strengthening of 11 per cent. The sterling pound was trading at an average of Kshs. 133.92 in the period under review compared to Kshs. 152.75 in the same period last year, representing strengthening of 12 per cent. Figure 3 indicates the trend of the Kenya shilling exchange rate against selected world currencies since January 2011 to September 2012.

Figure 3: The Kenya Shilling Exchange Rate Trends with Selected International Currencies



Source: Central Bank of Kenya, 2012

3. Financial Analysis of the FY 2012/2013 Budget Implementation

3.1 Analysis of Revenue Performance

The ordinary revenue for the fiscal year 2012/2013 was estimated at Kshs. 956.9 billion, which comprise of ordinary revenue of Kshs. 870.5 billion, Appropriations-in Aid (A.I.A) of Kshs. 84.8 billion and LATF adjustment of Kshs. 1.3 billion. The revenue as a percentage of the GDP is estimated at 24.7 per cent in 2012/2013 same as the previous financial year. The total revenue meant to fund the budget is estimated at Kshs. 1,180.9 billion which gives a budget deficit of Kshs. 279 billion to be financed through domestic and foreign borrowing.

An assessment of revenue collection figures provided by Kenya Revenue Authority (KRA) for the period July to September 2012 shows that none of the targets were met for the budgeted quarterly revenue collections. The total revenue collected by KRA stood at Kshs. 168.9 billion against a target of Kshs. 193.6 billion in the first quarter of 2012/2013 financial year, which represents an underperformance of 12.8 per cent.

According to KRA, the underperformance in revenue collection is attributed to the unfavorable macroeconomic performance. This will negatively affect budget implementation forcing the government to seek additional donor funding or domestic borrowing. KRA is expected to collect a total of Kshs. 676.5 billion for the remaining period of the year in order to meet the revenue annual targets. Table 1 shows the performance of revenue collection by broad category, the details are indicated in Annex 2.

Table 1: Revenue Performance for July to September 2012 (in Kshs. Millions)

Revenue Category	Actual 2012/2013	Target	Variance	Performance Rate (%)	Actual 2011/12	Growth Rate Over 2011/12 %
Custom Services	53,037	65,863	(12,826)	80.5	52,585	0.9
Domestic Taxes	115,259	126,253	(10,993)	91.3	99,467	15.9
Road Transport	568	1,496	(928)	38.0	580	(2.1)
Total	**168,865**	**193,613**	**(24,748)**	**87.2**	**152,632**	**10.6**

Source: Kenya Revenue Authority

3.2 Exchequer Issues

The total exchequer issues for the period under review for both recurrent, development and CFS expenditure stood at Kshs. 232.8 billion which represents 21.7 per cent of the net estimates. This is a 2.7 per cent increase over the same period last financial year. The Public Administration and International Relations

sector received exchequer issues amounting to Kshs. 32.5 billion which represents 30.0 per cent of the net estimates. The Environment and Protection, Water and Housing sector received exchequer issues amounting to Kshs. 5.7 billion which represents 14.0 per cent of the net estimates. The analysis of all sectors is shown in Annex 5.

During the period under review, exchequer issues amounting to Kshs. 122.9 billion for recurrent expenditure representing 21.4 per cent of the net estimates was released. This is an increment of 0.2 per cent over the same period last financial year. The General Economic, Commercial and Labour Affairs received exchequer issues of Kshs. 2.4 billion representing 26.4 per cent of the net estimates compared to 24.5 per cent over the same period last financial year. The Governance Justice Law and Order Sector (GJLOs) sector received exchequer issues of Kshs. 22.2 billion representing 17.2 per cent of the net estimates.

The total exchequer issues released for development expenditure for the period under review was Kshs. 61.2 billion representing 22.3 per cent of the net estimates which is an improvement of 7.8 per cent over the same period last financial year. The Public Administration and International Relations sector received exchequer issues amounting to Kshs. 20.7 billion representing 34.9 per cent of the net estimates compared to 9.7 per cent over the same period last financial year. The Health sector on the other hand received exchequer issues amounting to Kshs. 2.0 billion representing 11.1 per cent of the net estimates which is an improvement of 3.1 per cent compared to the same period last financial year.

3.3 Donor Releases

According to the Printed Estimates of 2012/2013 financial year the development partners had committed to release Kshs. 226.0 billion to budget support which comprises of: Loans Revenue of Kshs. 37.6 billion, Grants Revenue of Kshs. 14.7 billion, Loans A.I.A of Kshs 132.2 billion and Kshs. 41.5 as Grants A.I.A.

During the period under review, a total of Kshs. 13.9 billion was disbursed by development partners representing 6.2 per cent of the total commitments. The Loans revenue disbursed amounted to Kshs. 4.9 billion which is 13 per cent of the expected disbursement. The loans A.I.A disbursed for the same period was Kshs. 6.3 billion which represents 4.8 per cent of the expected disbursement. This is likely to negatively affect implementation of the planned projects. Table 2 shows the details of the performance of the other categories.

Table 2: Summary of Grants and Loans Disbursement Status (In Kshs. Billions)

Funding Type	Printed Estimates 2012/2013	Cumulative Disbursement as at 30-09-2012	
		Disbursements	% Disbursed against Printed Estimates
Loans Revenue	37.6	4.9	13.0
Grants Revenue	14.7	1.3	8.8
Loans A.I.A	132.2	6.3	4.8
Grants A.I.A	41.5	1.4	3.4
Totals	**226.0**	**13.9**	**6.2**

Source: Ministry of Finance

3.4 Consolidated Fund Services (CFS)

The Consolidated Fund Services (CFS) was allocated Kshs. 346.0 billion in the financial year 2012/2013. This represents 23.8 per cent of the total budget for the financial year. Out of the total allocation for CFS, Kshs. 171.6 billion and Kshs. 94.5 billion was to cater for domestic interest and redemption respectively, while Kshs. 11.3 billion and Kshs. 26.2 billion was to cater for foreign interest and principal repayment respectively. A total of Kshs. 1.34 billion was allocated for payment of guaranteed loans while Kshs. 3.1 billion was set aside for salaries and allowances for constitutional office holders.

During the period under review, a total of Kshs. 48.7 billion was released as exchequer issues representing 14.1 per cent of the net estimates. Guaranteed loans received exchequer issues amounting to Kshs. 975 million representing 68.1 per cent of the net estimates while redemption of public debt received exchequer issues amounting to Kshs. 41.3 billion representing 13.2 per cent of the net estimates. The total expenditure for CFS for the period July to September 2012 was Kshs. 47.6 billion representing an absorption rate of 13.8 per cent. The performance of each sub sector under the CFS is highlighted in the following sub section.

3.4.1 Domestic Debt

In the financial year 2012/2013 Budget, the government proposed to borrow from the domestic market Kshs. 106.7 billion to finance the budget deficit. During the first quarter of the financial year, a total of Kshs. 44.9 billion was targeted. However, Kshs. 41.8 billion was realized representing 94 per cent of the targeted amount. The actual repayment of domestic debt for the period under review was Kshs. 29.1 billion which represents 10.9 per cent of the gross estimates.

Government Overdraft Charges

In the financial year 2012/2013, the overdraft limit was set at Kshs. 25.4 billion. As at 30th September 2012, the overdraft however stood at Kshs. 27.0 billion which is in excess of the authorized limit. Measures

should be put in place to ensure that the set ceilings are not surpassed as this may lead to excessive interest charges and therefore impact negatively on available resources for other programmes.

3.4.2 Foreign Debt

In 2012/2013, a total of Kshs. 37.5 billion was allocated to facilitate the payment of principal and interest on external loans. A total of Kshs. 12.2 billion was released as exchequer issues to pay principal and interest on external loans for the first quarter of the financial year. However, for the period under review a total of Kshs. 11.4 billion was paid out.

Payment for Ineligible Expenditures

During the period under review, Kshs. 753 million was refunded to World Bank in respect to ineligible expenditure for two projects, namely Kenya Youth Empowerment Project (KYEP) and Arid Lands Resource Management Project (ALMP). This was as a result of accountability issues detected after audits by the Government and the Bank. It was established that the implementing Ministries, Departments and Agencies had not executed the projects as per the financing agreements. For projects prone to implementation challenges such as KYEP and ALMP, effective internal control mechanisms should be incorporated at the design stage so as to enhance transparency and accountability.

3.4.3 Pensions and Gratuities

Pensions and gratuities for the financial year 2012/2013 was allocated Kshs. 37.8 billion. For the period under review, exchequer issues amounting to Kshs. 6.4 billion were released to pay pensioners which represent 16.8 per cent of the net estimates. The total expenditure for the period stood at Kshs. 6.13 billion which represents of 16.2 per cent of the annual allocation.

3.4.4 Salaries and Allowances

The allocation for salaries and allowances for constitutional office holders was Kshs. 3.1 billion for 2012/2013. A total of Kshs. 1.1 billion was released from the exchequer which represents 35.9 per cent of the net estimates. During the period under review, a total of Kshs. 441.4 million was paid as salaries and allowances which represent an absorption rate of 14.2 per cent.

3.4.5 Guaranteed Loans

During the financial year 2012/2013, guaranteed loans was allocated a total of Kshs. 1.3 billion to cater for repayment of defaulted loans. During the first quarter of 2012/2013 Kshs. 0.98 billion had been released from the exchequer for loans defaulted by; City Council of Nairobi, Kshs. 39 million, Tana and Athi

Regional Development Authority (TARDA), Kshs. 264.9 million, Kenya Broadcasting Corporation (KBC) Kshs. 671.2 million.

Table 3: Analysis of CFS Expenditure (in Kshs. Millions)

CFS	Gross Estimates	A.I.A	Net Estimates	Exchequer Issues	Actual Expenditure	Exchequer Issues as % Net Est.	Expenditure as a % of Gross Estimates
Public Debt	303,633	-	303,633	41,258	40,112	13.6	13.2
Pensions and Gratuities	37,847	-	37,847	6,350	6,130	16.8	16.2
Salaries and Allowances	3,104	-	3,104	1,115	441.4	35.9	14.2
International Organisations	500	-	500	0	0	0	0
Miscellaneous Services	60	-	60	0	0	0	0
Guaranteed Loans	1,343	-	1,343	975	915	68.1	68.1
Total	**345,988**	**-**	**345,988**	**48,723**	**47,598**	**14.1**	**13.8**

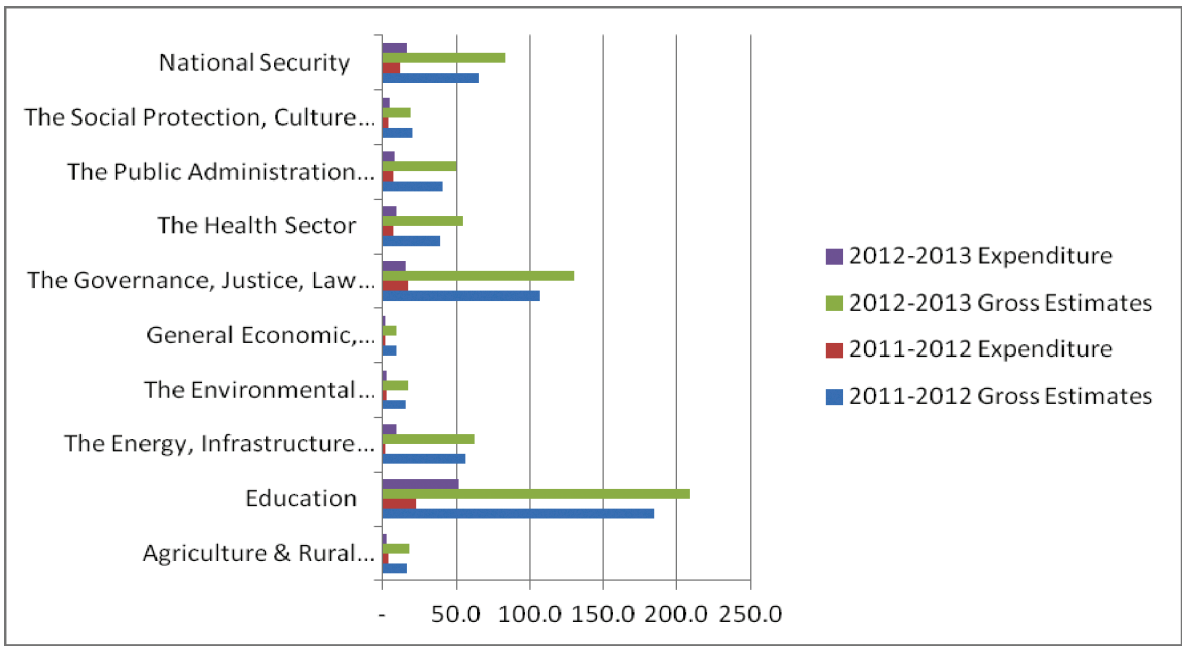
Source: Ministry of Finance and MDAs

3.5 Recurrent Expenditure Analysis by Sector

The projected recurrent expenditure for the financial year 2012/2013 is estimated at Kshs. 1,003.2 billion. The total expenditure for MDAs for the period under review was Kshs. 121.8 billion which represents an absorption rate of 18.6 per cent compared to 14.7 per cent over the same period last financial year. The absorption rate in the first quarter of the financial year 2012/2013 was generally low in all sectors for recurrent expenditure.

The Education sector spent Kshs. 51.7 billion and achieved the highest rate of absorption of 24.7 per cent compared to 12.6 per cent over the same period the previous financial year. The GJLOs sector spent Kshs. 15.5 billion and had the lowest rate of absorption of 11.7 per cent compared to 6.9 per cent achieved over the same period. Figure 7 shows a comparison of actual expenditure and gross estimates.

Figure 4: Sectoral Comparison of Recurrent Actual Expenditure and Gross Estimates (in Ksh. Billions)



Source: Office of the Controller of Budget and Ministry of Finance

3.5.1 Agricultural and Rural Development Sector

The Agricultural and Rural Development sector comprises of the following sub-sectors: Agriculture, Livestock Development, Fisheries Development, Lands, Cooperative Development and Marketing, Forestry and Wildlife, National Land Commission and Research and Development (R&D). The sector has been a key driver of economic growth in Kenya for the last four decades and remains the main source of livelihood for majority of the Kenyans. The sector directly contributes about 24 per cent of the GDP annually. The total recurrent budget for the sector for the FY 2012/2013 was estimated at Kshs. 18.4 billion which represents 1.8 per cent of the total recurrent budget.

For the period under review the sector received exchequer issues amounting to Kshs. 3.8 billion which represents 20.8 per cent of the net estimates compared to 19.8 per cent over the same period last financial year. The Lands sub sector received exchequer issues amounting to Kshs. 0.6 billion representing 25.7 per cent of the net estimates compared to 16.1 per cent over the same period last financial year. The Fisheries Development sub sector received exchequer issues of Kshs. 0.1 billion representing 10.2 per cent of the net estimates. This is a reduction of 5.9 per cent compared to the same period last financial year.

The total expenditure for Agriculture and Rural Development sector for the period July to September 2012 was Kshs. 3.2 billion which represents a 17.5 per cent absorption rate which is a reduction of 6.1 per cent over the same period in the last financial year. The Lands sub sector achieved the highest absorption rate of 25.0 per cent which is a slight improvement of 0.3 per cent over the same period last financial year. On the other hand, the Livestock Development sub sector had the lowest absorption rate of 1.9 per cent a reduction

of 22.8 per cent compared to the same period last financial year. Most sub sectors performed poorly in comparison to the same period last financial year. The performance of the other sub sectors is shown in Table 4.

Table 4: Analysis of Recurrent Expenditure and Net Exchequer Issues for Agriculture and Rural Development Sector (in Kshs. Billions)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to Net Est.	% of Exp. to G. Est.
Agriculture	9.2	9.0	2.0	2.2	22.4	23.4	8.5	8.4	2.2	2.0	25.9	23.6
Livestock Development	4.3	4.3	0.7	0.1	17.0	1.9	3.7	3.7	0.6	0.9	17.1	24.3
Cooperative Development and Marketing	1.2	1.2	0.3	0.2	23.5	17.9	1.1	1.1	0.3	0.3	24.3	22.9
Lands	2.4	2.4	0.6	0.6	25.7	25.0	2.2	2.2	0.3	0.5	16.1	24.7
Fisheries Development	1.3	1.3	0.1	0.2	10.2	12.2	1.3	1.3	0.2	0.2	16.1	19.6
Total	**18.4**	**18.2**	**3.8**	**3.2**	**20.8**	**17.5**	**16.8**	**16.6**	**3.6**	**4.0**	**21.8**	**23.6**

Source: Ministry of Finance & MDAs

3.5.2 Education Sector

The Education Sector comprises of the following sub sectors; Education (MOE), Higher Education, Science and Technology (MoHEST) and the Teachers Service Commission (TSC). Under the Kenya's Vision 2030, the government recognizes that Kenya's main potential is in its people; their creativity, education, and entrepreneurial skills. The Sector has a major responsibility of facilitating the process of inculcating knowledge and skills necessary for catapulting Kenya to a globally competitive country. The sector's recurrent budget was estimated at Kshs. 209.3 billion which represents 20.9 per cent of the total recurrent budget.

The sector received exchequer issues totalling to Kshs. 45.7 billion which represents 24.0 per cent of the net estimates which is a 1.4 per cent reduction over the same period last financial year. The Education sub sector received exchequer issues of Kshs. 12.3 billion which represents 30.1 per cent of the net estimates whereas the Teacher Service Commission sub sector received exchequer issues of Kshs. 26.5 billion which represents 22.1 per cent of the net estimates.

The total expenditure for the period under review for the Education sector stood at Kshs. 51.7 billion which represents 24.7 per cent of the gross estimates, this is an improvement of 12.6 per cent over the same period in the previous financial year. The Education sub sector had the highest absorption rate of 29.5 per cent of the gross estimates although this was a 9.4 percentage lower than the same period last financial year. The Higher Education Science and Technology had the least absorption rate of 20.1 per cent of the gross estimates which is an improvement of 1.3 percentage points higher than the same period last financial year.

The government in January 2012, released funds for Free Primary and Secondary education totalling to Kshs. 7 billion under Article 223 of the Constitution of Kenya as the funds had not been included in the Supplementary Budget. These funds were to be regularized by Parliament through a supplementary Appropriation Bill, but available information indicates that to date this has not been done.

Table 5: Analysis of Recurrent Expenditure and Net Exchequer Issues for Education Sector (in Kshs. Billions)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Education	43.8	40.8	12.3	12.9	30.1	29.5	37.5	34.3	15.0	14.6	43.6	38.9
Higher Education, Science and Technology	45.7	29.6	6.9	9.2	23.2	20.1	41.3	25.9	7.8	7.8	30.0	18.8
Teachers Service Commission	119.8	119.7	26.5	29.6	22.1	24.7	105.9	105.8	19.5	-	18.4	0.0
Total	**209.3**	**190.1**	**45.7**	**51.7**	**24.0**	**24.7**	**184.7**	**166.0**	**42.2**	**22.4**	**25.4**	**12.1**

Source: Ministry of Finance & MDAs

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

The Energy, Infrastructure and Information Communications Technology (EI & ICT) sector consists of Energy, Roads, Public Works, Transport, Local Government, Nairobi Metropolitan Development and Information & Communications Technology sub sectors. The Kenya's Vision 2030 identifies infrastructure development as an enabler for sustained development of the economy. The recurrent budget for the sector was estimated at Kshs. 62.9 billion which represents 6.3 per cent of the total recurrent budget for the FY 2012/2013.

Exchequer issues amounting to Kshs. 2.4 billion was released to the sector during the period under review.

This represents 19.0 per cent of the net estimates compared to 12.5 per cent over the same period last financial. The Public Works sub sector received exchequer issues of Kshs. 0.6 billion representing 29.0 per cent of the net estimates, compared to 5.1 per cent over same period in the last financial year. The Roads sub sector received exchequer issues of Kshs. 0.3 billion representing 9.3 per cent of the net estimates which is a reduction of 2.1 per cent compared to the same period last financial year.

The total expenditure for Energy, Infrastructure and Information Communications Technology sector for the period July to September 2012 was Kshs. 9.1 billion which represents a 14.5 per cent absorption rate compared 4.1 per cent over the same period last financial year. The Roads sub sector spent Kshs. 7.5 billion and had the highest absorption rate of 26.3 per cent compared to 2.6 per cent over the same period last financial year. On the other hand, the Local Government sub sector spent Kshs. 0.2 billion and recorded the lowest absorption rate of 0.8 per cent compared to 2.3 per cent over the same period last financial year. The analysis of the other sub sectors is shown in Table 6.

Table 6: Analysis of Recurrent Expenditure and Net Exchequer Issues for Energy, Infrastructure and Information Communications Technology Sector (in Kshs. Billions)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Local Government	23.0	1.5	0.4	0.2	25.4	0.8	18.4	1.1	0.2	0.4	17.0	2.3
Roads	28.4	2.7	0.3	7.5	9.3	26.3	27.4	2.3	0.3	0.7	11.4	2.6
Transport	4.2	1.6	0.4	0.4	24.8	9.2	4.0	4.0	0.2	0.2	6.1	5.8
Energy	2.7	2.5	0.4	0.4	14.7	16.3	2.4	2.4	0.4	0.4	16.4	16.3
Information and Communications	2.3	2.3	0.4	0.5	18.1	20.4	1.8	1.8	0.5	0.4	24.5	22.7
Nairobi Metropolitan Development	0.3	0.3	0.1	0.1	21.6	23.3	0.3	0.3	0.1	0.1	21.7	23.9
Public Works	2.0	1.9	0.6	0.1	29.0	4.8	1.5	1.5	0.1	0.1	5.1	5.4
Total	**62.9**	**12.8**	**2.4**	**9.1**	**19.0**	**14.5**	**55.9**	**13.4**	**1.7**	**2.3**	**12.5**	**4.1**

Source: Ministry of Finance & MDAs

3.5.4 The Environmental Protection, Water and Housing Sector

The Environmental Protection, Water and Housing Sector consist of Environment and Mineral Resources, Water and Irrigation and Housing sub sectors. The sector's main goal is to ensure that every person has access to decent and affordable housing with access to potable water in a clean and secure environment.

The sector was allocated Kshs. 17.6 billion to cater for its recurrent activities which represents 1.8 per cent of the total recurrent budget for the financial year.

The Environmental Protection, Water and Housing Sector received exchequer issues amounting to Kshs. 2.4 billion representing 19.5 per cent of the net estimates compared to 19.1 per cent over the same period last financial year. The Forestry and Wildlife sub sector received exchequer issues amounting to Kshs. 0.6 billion which represents 15.7 per cent of the net estimates compared to 16.4 per cent over the same period last financial year.

During the period under review, the sector spent a total of Kshs. 3.0 billion which represents an absorption rate of 17.0 per cent compared to 16.2 per cent over the same period last financial year. The Housing sub sector spent Kshs. 0.6 billion and had the highest absorption rate of 25.2 per cent compared to 8.7 per cent over the same period last financial year. The Forestry and Wildlife sub sector spent Kshs. 0.9 billion and had the lowest rate of absorption of 14.9 per cent compared to 18.3 per cent over the same period last financial.

Table 7: Analysis of Recurrent Expenditure and Net Exchequer Issues for Environmental Protection, Water and Housing Sector (in Kshs. Billions)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Water and Irrigation	6.1	4.2	0.8	1.0	18.9	16.6	6.0	4.1	0.9	0.8	20.9	14.2
Environment and Mineral Resources	3.0	2.5	0.5	0.5	18.5	16.4	2.5	2.3	0.6	0.6	23.5	23.5
Housing	2.2	1.7	0.5	0.6	30.9	25.2	1.7	1.2	0.2	0.1	14.2	8.7
Forestry and Wildlife	6.2	3.9	0.6	0.9	15.7	14.9	5.2	4.1	0.7	0.9	16.4	18.3
Total	**17.6**	**12.3**	**2.4**	**3.0**	**19.5**	**17.0**	**15.4**	**11.7**	**2.2**	**2.5**	**19.1**	**16.2**

Source: Ministry of Finance & MDAs

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

The General Economic, Commercial and Labour Affairs (GECLA) sector comprises of sub-sectors namely: Regional Development Authorities, Labour, Trade, East Africa Community (EAC), Tourism and Industrialization. The sector aims at creating employment opportunities, poverty reduction, overseeing the fast tracking of the EAC regional integration initiatives, creation of human resource base for global

competitiveness and promotion of equity among the Kenyan citizens. The sector was allocated Kshs. 9.6 billion to cater for its recurrent activities which is 1 per cent of the total recurrent budget for the financial year.

The exchequer issues released to the sector for the first quarter of the current financial year totalled Kshs. 2.4 billion which represents 26.4 per cent of the net estimates compared to 24.5 per cent over the same period last financial year. The Tourism sub sector received exchequer issues of Kshs. 0.6 billion which represents 37.6 per cent of the net estimates compared to 23.4 per cent over the same period last financial year. The Labour sub sector received exchequer issues of Kshs. 0.2 billion which is 13.3 per cent of the net estimates.

The total expenditure for the sector during the period under review was Kshs. 1.9 billion which represents an absorption rate 20.2 per cent compared to 20.5 per cent over the same period last financial year. The East African Community sub sector spent Kshs. 0.4 billion and recorded the highest absorption rate of 33.9 per cent. Trade sub sector spent Kshs. 0.3 billion and had the least absorption rate of 13.6 per cent compared to 18.6 per cent over the same period last financial year. The analysis of other sub sectors is shown in Table 8.

Table 8: Analysis of Recurrent Expenditure and Net Exchequer Issues for General Economic, Commercial and Labour Affairs Sector (in Kshs. Billions)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Regional Development Authorities	0.8	0.8	0.2	0.2	27.6	23.1	0.8	0.8	0.2	0.2	26.6	25.9
Labour	1.7	1.6	0.2	0.2	13.3	14.3	1.7	1.6	0.2	0.2	11.3	12.0
Trade	2.3	2.0	0.6	0.3	29.9	13.6	1.8	1.6	0.5	0.3	31.0	18.6
East African Community	1.2	1.2	0.4	0.4	34.3	33.9	1.0	1.0	0.4	0.3	36.0	33.9
Tourism	1.5	1.5	0.6	0.4	37.6	26.8	1.6	1.6	0.4	0.3	23.4	20.9
Industrialization	2.1	2.0	0.4	0.4	20.2	18.5	1.9	1.8	0.4	0.4	24.0	21.7
Total	**9.6**	**9.1**	**2.4**	**1.9**	**26.4**	**20.2**	**8.8**	**8.4**	**2.0**	**1.8**	**24.5**	**20.5**

Source: Ministry of Finance & MDAs

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

The Governance, Justice, Law and Order Sector (GJLOS) comprises of the following sub sectors; Provincial Administration and Internal Security, Immigration and Registration of Persons, Home Affairs, Justice, National Cohesion and Constitutional Affairs, State Law Office, Director of Public Prosecutions, Judiciary, Ethics and Anti-Corruption Commission, Human Rights Commission, Registrar of Political Parties, Commission of Administrative Justice, National Police Service Commission, Independent Electoral and Boundaries Commission and Commission for Implementation of the Constitution (CIC). The Sector plays a significant role in providing a stable environment for the thriving of political, social and economic development of the country. The sector's recurrent budget was estimated at Kshs. 130.1 billion which represents 13 per cent of the recurrent budget for the financial year.

The Office of the Controller of Budget approved exchequer issues amounting to Kshs. 22.2 billion which is 17.2 per cent of the net estimates compared to 16.9 per cent released over the same period last financial year. The Registrar of Political Parties received exchequer issues amounting to Kshs. 0.2 billion which represents 43.4 per cent of the net estimates. The Commission of Administrative Justice received exchequer issues of Kshs. 31 million which is 9.9 per cent of the net estimates.

The GJLOs sector spent a total of Kshs. 15.3 billion for the period under review which is 17.2 per cent of the net estimates compared to 16.5 per cent over the same period last financial year. The CIC recorded the highest rate of absorption in the sector of 40.6 per cent. However, the Commission spent Kshs. 207 million which is above the exchequer issues of Kshs. 167 million it received. The Home Affairs sub sector Kshs. 0.8 billion and recorded the least rate of absorption at 5.5 per cent compared to 11.4 per cent over the same period last financial year. The analysis of other sub sectors is shown in Table 9.

Table 9: Analysis of Recurrent Expenditure and Net Exchequer Issues for GJLOs (Kshs. Billions)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Provincial A.I. Security	60.5	59.8	11.6	8.1	19.4	13.4	55.9	55.9	10.4	11.3	18.6	20.2
Home Affairs	14.2	14.2	2.7	0.8	18.9	5.5	13.7	13.7	3.0	1.6	22.1	11.4
Justice, Nat. C.C. Affairs	1.8	1.7	0.5	0.3	29.5	17.7	2.1	1.9	0.5	0.5	25.8	23.5
State Law	1.6	1.6	0.5	0.5	29.3	28.9	1.3	1.3	0.4	0.4	31.6	30.5
The Judiciary	12.1	12.1	1.8	1.1	14.9	9.2	6.4	6.4	0.9	1.3	14.8	21.1
EACC	1.6	1.6	0.4	0.3	25.9	19.8	1.6	1.6	0.4	-	21.8	0.0
Immigration & R. Persons	4.3	4.3	1.2	0.8	28.7	17.9	3.9	3.9	-	0.6	-	16.1

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
DPP	0.9	0.9	0.1	0.1	10.1	9.6	0.4	0.4	0.1	0.0	16.9	3.1
CIC	0.5	0.5	0.1670	0.21	32.7	40.6	0.5	0.5	0.1	-	12.4	0.0
Registrar of Political Parties	0.4	0.4	0.2	0.0	43.4	10.5	-	-	-	-	-	-
Witness Protection Agency	0.2	0.2	0.0	0.0	4.6	15.5	-	-	-	-	-	-
K.N.H.R & Equality Commission	0.3	0.3	0.1	0.1	19.9	19.9	0.3	0.3	0.1	-	29.3	0.0
I. E.B.C	17.6	17.5	1.1	1.4	6.0	7.7	11.4	11.4	0.5	0.4	4.5	3.1
Parliamentary Service Commission	13.4	13.4	1.9	1.6	14.2	11.9	8.9	8.9	1.7	1.4	18.9	16.3
NPSC	0.3	0.3	-	-	-	-	0.3	0.3	-	-	-	0.0
The CAJ	0.3	0.3	0.030	0.031	9.9	10.1	-	-	-	-	-	-
Total	**130.1**	**129.2**	**22.2**	**15.3**	**17.2**	**11.8**	**106.7**	**106.6**	**18.0**	**17.6**	**16.9**	**16.5**

Source: Ministry of Finance &MDAs

3.5.7 The Health Sector

The Health Sector comprises of Medical Services and Public Health and Sanitation sub sectors. The sector's main agenda is to ensure that Kenya is a healthy nation. Good health is a prerequisite for enhanced economic growth and poverty reduction and a precursor to realization of the Kenya's Vision 2030. Further, the Constitution under the Bill of Rights recognizes access to equitable healthcare as a right to every Kenyan. The sector's recurrent budget was estimated at Kshs. 54.6 billion which is 5.4 per cent of the recurrent budget.

This sub sector received exchequer issues amounting to Kshs. 10.0 billion which represents 19.7 per cent of the net estimates compared to 16.2 per cent over the same period last financial year. The Public Health and Sanitation sub sector received exchequer issues of Kshs. 1.6 billion representing 27.8 per cent compared to 16.5 per cent over the same period last financial year. Medical Services sub sector received exchequer issues of Kshs. 5.9 billion representing 16.4 per cent of the net estimates compared to16.0 per cent over the same period last financial year.

The total expenditure for the sector during the period under review was Kshs 8.9 billion which represents a 16.3 per cent absorption rate compared to 17.9 per cent over the same period last financial year. Medical

services sub sector had the highest absorption rate of 18.4 per cent compared to 21.3 per cent over the same period last financial year. The Public Health and Sanitation sub sector spent Kshs. 1.6 billion and recorded the lowest absorption rate of 10.7 per cent compared to 9.6 per cent over the same period last financial year. The analysis of other sub sectors is shown in Table 10.

Table 10: Analysis of Recurrent Expenditure and Net Exchequer Issues for Health Sector (in Kshs. Billions)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Medical Services	39.9	36.1	5.9	7.3	16.4	18.4	27.6	23.8	3.8	5.9	16.0	21.3
Public Health and Sanitation	14.7	14.6	4.1	1.6	27.8	10.7	11.0	10.9	1.8	1.1	16.5	9.6
Total	**54.6**	**50.7**	**10.0**	**8.9**	**19.7**	**16.3**	**38.6**	**34.7**	**5.6**	**6.9**	**16.2**	**17.9**

Source: Ministry of Finance & MDAs

3.5.8 The Public Administration and International Relations Sector

The Public Administration and International Relations Sector comprises of the following sub sectors namely:- State House, Cabinet Office, Office of the Prime Minister, Finance, Foreign Affairs, Planning, National Development and Vision 2030, Public Service, Public Service Commission, Controller of Budget, the National Assembly, Commission on Revenue Allocation and the Kenya National Audit Office. The Public Administration and International Relations Sector plays a key role in national policy formulation and implementation, monitoring and evaluation. The sector was allocated Kshs. 50.2 billion for its recurrent activities which represents 5.0 per cent of the recurrent expenditure for the financial year 2012/2013.

The sector received a total of Kshs. 11.8 billion as exchequer issues which is 24.1 per cent of the net estimates compared to 19.6 per cent over the same period last financial year. The Planning, National Development and Vision 2030 sub sector received exchequer issues of Kshs. 0.8 billion representing 30.2 per cent compared to 15.9 per cent over the same period last financial year. The Controller of Budget sub sector received exchequer issues amounting to Kshs. 5 million which represents 0.9 per cent of the net estimates.

The total expenditure for the sector for the first quarter of the financial year 2012/2013 was Kshs. 8.0 billion which represents 15.9 per cent absorption rate compared to 18.3 per cent over the same period last financial year. The State House sub sector spent Kshs. 0.5 billion which represents 34.0 per cent absorption rate compared to 27.7 per cent over the same period last financial year. The Office of the Controller of Budget recorded the lowest rate of absorption of 3.3 per cent during the period under review due to relatively low staff costs as the office is in the process of recruiting staff.

Table 11: Analysis of Recurrent Expenditure and Net Exchequer Issues for Public Administration and International Relations Sector (in Kshs. Billions).

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
State House	1.4	1.4	0.4	0.5	28.9	34.0	1.3	1.3	0.3	0.4	25.1	27.7
Public Service	9.1	9.1	2.6	1.3	28.2	13.8	5.1	5.1	0.3	0.3	5.7	5.2
Foreign Affairs	9.6	8.6	2.3	0.5	26.8	5.4	8.1	7.3	2.1	1.6	28.9	19.6
Planning, N.D& V. Vision 2030	2.7	2.6	0.8	0.6	30.2	22.6	2.8	2.8	0.4	0.6	15.9	20.6
Finance	20.6	20.6	4.5	3.9	21.7	19.1	17.9	17.9	3.5	3.7	19.5	20.5
Cabinet Office	1.3	1.3	0.3	0.2	20.1	18.0	1.3	1.3	0.3	0.3	21.9	22.8
Prime Minister	1.6	1.6	0.5	0.5	29.3	29.8	1.8	1.8	0.4	0.4	24.3	22.2
C.R.A	0.4	0.4	0.1	0.1	24.5	13.2	0.4	0.4	0.1	-	27.2	0.0
P.S.C	0.6	0.6	0.1	0.1	17.2	19.1	0.6	0.6	0.1	0.1	15.0	
Salaries and Remuneration Commission	0.4	0.4	0.1	0.0	19.0	3.4	-	-	-	-	-	-
Auditor-General	1.9	1.7	0.3	0.3	14.3	16.4	1.5	1.4	0.3	0.2	17.7	14.8
Controller of Budget	0.6	0.6	0.0	0.0	0.9	3.3	-	-	-	-	-	-
Total	**50.2**	**49.0**	**11.8**	**8.0**	**24.1**	**16.0**	**40.9**	**39.9**	**7.8**	**7.5**	**19.6**	**18.3**

Source: Ministry of Finance & MDAs

3.5.9 The Social Protection, Culture and Recreation Sector

The Social Protection, Culture and Recreation sector consist of the following sub sectors: National Heritage and Culture, Gender, Children and Social Development, Special Programmes, Youth Affairs and Sports, and Development of Northern Kenya & other Arid Lands and the National Gender and Equality Commission. The Sector's main role is formulating and implementing national and cultural heritage policies, youth empowerment, gender, children and social development, disaster management and coordination of development activities in arid and semi arid areas which cuts across all the three pillars of the Kenya Vision 2030. The sector was allocated Kshs. 19.5 billion to cater for its recurrent activities for the financial year which represents 1.9 per cent of the total recurrent budget.

For the period under review the sector received exchequer issues amounting to Kshs. 4.4 billion which represents 22.7 per cent of the net estimates compared to 28.8 per cent over the same period last financial year. The National Gender and Equality Commission sub sector received exchequer issues amounting to Kshs. 20 million representing 33.9 per cent of the net estimates. The Gender, Children and Social Services sub sector received exchequer issues of Kshs. 0.8 billion which represents 15.1 per cent compared to 14.1 per cent over the same period last financial year.

The total expenditure for the Social Protection, Culture and Recreation Sector for the period under review was Kshs. 4.4 billion which represents 22.2 per cent absorption rate compared to 21.2 per cent over the same period last financial year. Special Programmes sub sector had the highest absorption rate of 42.9 per cent compared to 32.5 per cent over the same period last financial year. Development of Northern Kenya and other Arid Lands recorded the lowest absorption rate of 6.7 per cent. The analysis of the other sub sectors is presented in Table 12.

Table 12: Analysis of Recurrent Expenditure and Net Exchequer Issues for Social Protection, Culture and Recreation Sector (in Kshs. Billions)

Name of the sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Gender, Children and Social Development	5.2	5.2	0.8	0.8	15.1	15.8	4.0	4.0	0.6	0.5	14.1	13.3
Special Programmes	5.4	5.4	1.4	2.3	26.1	42.9	7.9	7.9	3.3	2.6	41.7	32.5
National Heritage and Culture	1.7	1.7	0.5	0.5	28.6	27.2	1.8	1.7	0.5	0.4	26.7	24.1
Youth Affairs and Sports	6.3	6.2	1.5	0.7	24.1	10.8	5.9	5.8	1.3	0.7	22.3	11.7
Development of Northern Kenya and Other Arid Lands	0.6	0.6	0.2	0.04	23.8	6.7	0.3	0.3	0.1	-	21.2	-
National Gender and Equality Commission	0.2	0.2	0.1	0.02	33.9	11.2	-	-	-	-	-	-
Total	**19.5**	**19.4**	**4.4**	**4.4**	**22.7**	**22.2**	**19.9**	**19.8**	**5.7**	**4.2**	**28.8**	**21.2**

Source: Ministry of Finance & MDAs

3.5.10 National Security Sector

The National Security sector comprises of Defence and National Security Intelligence Services (NSIS) sub sectors. The sector's main responsibility is to ensure the internal and external security of the country.

The sector was allocated Kshs. 83.7 billion to cater for its recurrent activities for the financial year which represents 8.4 per cent of the recurrent budget.

The sector received exchequer issues amounting to Kshs. 17.8 billion for the period under review which is 21.3 per cent of the net estimates compared to 20.5 per cent over the same period last financial year. The Defence sub sector received exchequer issues amounting to Kshs. 15.4 billion representing 21.9 per cent of the net estimates compared to 20.0 per cent over the same period last financial year. The NSIS received exchequer issues amounting to Kshs. 2.4 billion which represents 18.2 per cent of the net estimates compared to 22.6 per cent over the same period last financial year.

The expenditure for the sector for the period under review was Kshs. 16.4 billion which represents a rate of absorption of 19.6 per cent. The N.S.I.S sub sector spent Kshs 2.9 billion which represents an absorption rate of 21.3 per cent whereas the Defence sub sector spent Kshs.13.5 billion which represent an absorption rate of 19.2 per cent.

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

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Defence	70.3	70.3	15.4	13.5	21.9	19.2	52.0	52.0	10.4	-	20.0	-
N.S.I.S	13.4	13.4	2.4	2.9	18.2	21.3	13.1	13.1	3.0	-	22.6	-
Total	**83.7**	**83.7**	**17.8**	**16.4**	**21.3**	**19.6**	**65.2**	**65.2**	**13.4**	**-**	**20.5**	**-**

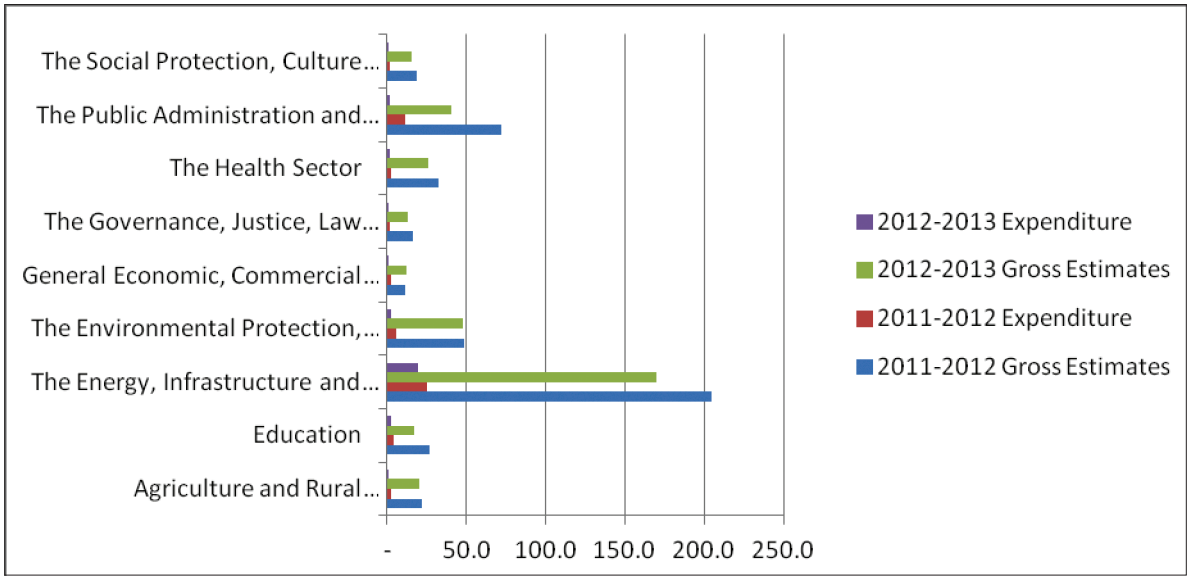
Source: Ministry of Finance & MDAs

3.6 Development Expenditure Analysis by Sector

The development expenditure for the financial year 2012/2013 was estimated at Kshs. 451.7 billion which represents 31 per cent of the total budget. The total development expenditure for the period under review was Kshs. 57.8 billion which represents an absorption rate of 12.7 per cent of this year's budget compared to 8.8 per cent over the same period last financial year.

The General Economic, Commercial and Labour Affairs sector spent Kshs. 2.7 billion out of Kshs. 3.0 billion that was released to fund development activities. The sector had the highest rate of absorption of 23.8 per cent compared to 10.3 per cent over the same period last financial year. The Health sector spent Kshs. 2.4 billion and had the least absorption rate of 7.5 per cent compared to 5.8 per cent over the same period last financial year. Figure 8 and Annex 2 shows a sectoral analysis of expenditures and exchequer issues.

Figure 5: Comparison of Development Gross Estimates and Actual Expenditure (in KShs. Billions)



Source: Office of the Controller of Budget and Ministry of Finance

3.6.1 Agricultural and Rural Development Sector

The Agricultural and Rural Development sector aims at raising agricultural productivity, exploiting irrigation potential, increasing commercialization of agriculture, improving the legal and policy framework for agriculture, improving governance of agricultural institutions, and land development as well as promotion of sustainable management of fisheries, forestry and wildlife resources. To achieve the planned activities the sector's development budget was estimated at Kshs. 22.2 billion which represents 4.9 per cent of the development budget for the financial year 2012/2013.

During the period under review, the sector received exchequer issues amounting to Kshs. 2.6 billion which represents 13.2 per cent of the net estimates compared to 17.0 per cent for the same period last financial year. The Livestock sub sector received exchequer issues amounting to Kshs. 0.9 billion representing 22.7 per cent of the net estimates compared to 16.6 per cent over the same period last financial year. The Agricultural sub sector received exchequer issues of Kshs. 0.9 billion representing 9.2 per cent of the net estimates compared to 17.6 per cent over the same period last fiscal year.

The total expenditure for Agriculture and Rural Development for the period July to September 2012 was Kshs. 2.8 billion which represents a 12.7 per cent rate of absorption compared to 6.4 per cent over the same period last financial year. The Co-operative Development and Marketing sub sector spent Kshs. 10 million and had the highest absorption rate of 27.5 per cent compared to 4.0 per cent over the same period last financial year. The Agriculture sub sector spent Kshs. 1.4 billion and had the lowest absorption rate of 11 per cent compared to 7.8 per cent over the same period last financial year. The performance of the other sub sectors is shown in Table 14.

Table 14: Analysis of Development Expenditure and Net Exchequer Issues for Agricultural and Rural Development (in Kshs. Billions)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Agriculture	12.8	10.2	0.9	1.4	9.2	11.0	11.3	9.2	1.6	0.9	17.6	7.8
Livestock Development	4.3	4.1	0.9	0.5	22.7	12.6	4.4	4.1	0.7	0.2	16.6	4.5
Cooperative Development and Marketing	0.2	0.2	0.0	0.1	20.2	27.5	0.4	0.4	0.0	0.01	4.1	4.0
Lands	2.4	2.3	0.4	0.4	15.2	15.2	1.3	1.2	0.3	0.2	21.3	16.1
Fisheries Development	2.5	2.4	0.3	0.4	11.5	17.9	3.3	2.9	0.5	0.0134	15.6	0.4
Total	**22.2**	**19.3**	**2.6**	**2.8**	**13.2**	**12.7**	**20.7**	**17.8**	**3.0**	**1.3**	**17.0**	**6.4**

Source: Ministry of Finance & MDAs

3.6.2 Education Sector

The sector's main activities for the current financial year include: developing infrastructure for training institutions, recruitment of teachers to reduce the current deficit in primary and secondary schools, improving the ICT for schools and accelerated admissions to university. The sector was allocated Kshs. 26.7 billion to undertake its development activities which represents 5.9 per cent of the development budget.

The sector received exchequer issues amounting to Kshs. 4.0 billion which represents 26.5 per cent of the net estimates compared to 15.8 per cent over the same period last financial year. The Education sub sector received exchequer issues of Kshs. 2.7 billion which represents 38.9 per cent of the net estimates whereas the Higher Education Science and Technology sub sector received exchequer issues amounting to Kshs. 1.6 billion which represents 15.7 per cent of the net estimates.

The sector's total expenditure for the period under review amounted to Kshs. 4.0 billion which represents an absorption rate of 15.1 per cent compared to 14.2 per cent over the same period last financial year. The Education sub sector spent Kshs. 2.5 billion with an absorption rate of 22.0 per cent compared to 23.7 per cent over the same period last financial year. The Higher Education Science and Technology sub sector spent Kshs. 1.6 billion and had an absorption rate of 10.1 per cent compared to 9.8 per cent over the same period last financial year.

Table 15: Analysis of Development Expenditure and Net Exchequer Issues for Education (in Kshs. Billions)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Education	11.2	7.1	2.7	2.5	38.9	22.0	5.6	3.9	0.9	1.3	22.4	23.7
Higher Educ. Sci. Tech.	15.5	8.1	1.3	1.6	15.7	10.1	11.9	6.7	0.8	1.2	11.9	9.8
Total	**26.7**	**15.2**	**4.0**	**4.0**	**26.5**	**15.1**	**17.5**	**10.7**	**1.7**	**2.5**	**15.8**	**14.2**

Source: Ministry of Finance & MDAs

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

The sector's priority areas for the current financial year include: accelerating on-going infrastructure development, modernizing provision of electricity, developing modern national ICT infrastructure, and reforming ports and railway transport. To implement the priority activities outlined, the sector was allocated Kshs. 205.0 billion which represents 45.2 per cent of the development budget for the current financial year.

During the period under review the sector received exchequer issues amounting to Kshs. 21.8 billion which represents 23.0 per cent of net estimates compared to 18.9 per cent over the same period last financial year. The Local Government sub sector received exchequer issues amounting to Kshs. 1.5 billion which represents 34.9 per cent of the net estimates compared to 4.5 per cent over the same period last financial year. The Transport sub sector received exchequer issues amounting to Kshs. 0.2 billion representing a 2.2 per cent of the net estimates compared to 16.9 per cent over the same period last financial year.

The sector spent Kshs. 25.2 billion which represents an absorption rate of 12.3 per cent compared to 11.3 per cent over the same period last financial year. The Local Government sub sector spent Kshs. 1.4 billion and had the highest rate of absorption of 27.6 per cent compared to 12.2 per cent over the same period last financial year. The Energy sub sector spent Kshs. 4.9 billion and had the lowest rate of absorption of 6.3 per cent compared to 3.8 per cent over the same period last financial year.

Table 16: Analysis of Development Expenditure and Net Exchequer Issues for EI & ICT (in Kshs. Billions)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Local Government	5.0	4.4	1.5	1.4	34.9	27.6	6.1	5.5	0.2	0.7	4.5	12.2
Roads	96.2	45.2	12.8	14.9	28.3	15.5	73.4	41.6	10.0	12.3	24.0	16.7
Transport	14.5	7.5	0.2	1.5	2.2	10.7	14.3	7.3	1.2	0.5	16.9	3.2
Energy	77.5	25.8	5.1	4.9	19.7	6.3	63.8	23.9	2.3	2.4	9.6	3.8
Information &. Comm.	4.6	4.6	0.8	0.8	18.5	18.4	5.4	5.4	1.3	1.4	24.6	25.5
Nairobi Metropolitan Development	1.8	1.8	0.3	0.3	16.2	16.3	2.0	2.0	0.4	0.5	21.7	23.9
Public Works	5.3	5.3	1.1	1.3	20.1	24.7	5.0	5.0	1.6	1.5	31.2	29.3
Total	**205.0**	**94.7**	**21.8**	**25.2**	**23.0**	**12.3**	**169.9**	**90.6**	**17.1**	**19.2**	**18.9**	**11.3**

Source: Ministry of Finance & MDAs

3.6.4 The Environmental Protection, Water and Housing Sector

Over the current financial year, the sector aims to achieve expansion of water coverage and sewerage facilities, scaling up water storage to improve water security, scaling up irrigation to reduce dependence on rain fed agriculture, protection, conservation and management of catchment areas, mitigation and adaptation measures on climate change, modernization of meteorological services, mineral exploration and mining, enhancing housing development. For the sector to achieve these objectives it was allocated at Kshs. 48.8 billion which represents 10.8 per cent of the development budget for the current financial year.

During the period under review the sector received exchequer issues amounting to Kshs. 3.3 billion which represents 11.7 per cent of net estimates compared to 11.6 per cent over the same period last financial year. Forestry and Wildlife sub sector received exchequer issues amounting to Kshs. 0.5 billion representing 13 per cent of the net estimates compared to 15.6 per cent over the same period last financial year. Environment and Mineral Resources sub sector received exchequer issues amounting to Kshs. 0.4 billion which represents 8.1 per cent of the net estimates compared to 6.1 per cent over the same period last financial year.

The total expenditure for the sector for the period July to September 2012 amounted to Kshs. 5.4 billion, which represents an absorption rate of 11.1 per cent, compared 5.5 per cent over the same period last financial year. Environment and Mineral Resources sub sector spent Kshs. 0.8 billion which represents an absorption rate of 18.7 per cent compared to 8.3 per cent over the same period last fiscal year. Forestry and Wildlife sub sector spent Kshs. 0.5 billion which represents an absorption rate of 8.9 per cent compared

to 12.6 per cent over the same period last financial year. The analysis of the other sub sectors is shown in Table 17.

Table 17: Analysis of Development Expenditure and Net Exchequer Issues for Environmental Protection, Water and Housing Sector (in Kshs. Billions)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Water and Irrigation	35.8	16.3	2.1	3.6	12.7	10.1	37.9	20.8	2.6	1.6	12.4	4.3
Environment and Mineral Resources	4.4	4.3	0.4	0.8	8.1	18.7	4.1	4.0	0.2	0.3	6.1	8.3
Housing	3.5	3.5	0.3	0.6	9.5	15.7	2.3	2.3	0.2	0.2	8.2	9.8
Forestry and Wildlife	5.1	3.8	0.5	0.5	13.0	8.9	3.5	3.0	0.5	0.4	15.6	12.6
Total	**48.8**	**28.0**	**3.3**	**5.4**	**11.7**	**11.1**	**47.8**	**30.0**	**3.5**	**2.6**	**11.6**	**5.5**

Source: Ministry of Finance & MDAs

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

During the financial year, the sector plans to create an enabling business environment for trade and investment, deepen regional integration, promote best labour practices, manpower planning, development and utilization, tourism development and marketing, undertake policy, legal and institutional reforms for the development of the sector, support entrepreneurship and industrial development, and promote exports and sustainable tourism. The sector was allocated Kshs. 11.4 billion which represents 2.5 per cent of the total development budget to achieve its development agenda.

The exchequer issues released to the sector for the first quarter for the current financial year totalled Kshs. 3.0 billion which represents 32.1 per cent of the net estimates compared to 14.1 per cent over the same period last financial year. The Tourism sub sector received exchequer issues amounting to Kshs. 0.4 billion which represents 47.6 per cent compared to 23.2 per cent over the same period last financial year. The Trade sub sector received exchequer issues of Kshs. 0.1 billion which is 10.5 per cent of the net estimates compared to 29.1 per cent over the same period last financial year.

The total expenditure for the period under review for the sector was Kshs. 2.7 billion which represents an absorption rate of 23.8 per cent compared to 10.3 per cent over the same period last financial year. The Tourism sub sector recorded the highest absorption rate of 44.3 per cent compared to 23.8 per cent over

the same period last financial year. Labour sub sector had the least rate of absorption of 6.0 per cent. The analysis of the other sub sector is as shown in Table 18.

Table 18: Analysis of Development Expenditure and Net Exchequer Issues for GECLA Sector (in Kshs. Billions)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Regional Development Authorities	5.6	3.8	1.4	1.3	36.7	22.9	6.3	3.9	0.4	0.3	9.6	5.1
Labour	0.6	0.6	-	0.0	0.0	6.0	1.2	0.6	-	0.0	-	0.8
Trade	0.9	0.8	0.1	0.1	10.5	8.7	0.6	0.4	0.1	0.1	29.1	19.6
East African Community	0.1	0.0	-	0.0	0.0	0.0	0.1	0.0	-	0.0	-	1.7
Tourism	0.9	0.9	0.4	0.4	47.6	44.3	1.2	1.2	0.3	0.3	23.2	23.8
Industrialization	3.4	3.3	1.1	0.9	34.2	27.5	2.7	2.7	0.5	0.5	17.1	18.4
Total	**11.4**	**9.4**	**3.0**	**2.7**	**32.1**	**23.8**	**12.1**	**8.7**	**1.2**	**1.2**	**14.1**	**10.3**

Source: Ministry of Finance & MDAs

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

The sector aims to facilitate the implementation of the new Constitution, improve access to judicial and legal services for all Kenyans, enhance the security of identification, registration and travel documents; prevent and combat the occurrence of corruption and economic crimes including tracing, recovering and restitution of corruptly acquired assets and ensure public safety and security, reform and modernization of the electoral processes to deliver free, fair and credible elections, promotion of national values and ethics and registration and funding of political parties. To implement these policies the sector was allocated Kshs. 16.1 billion which represents 3.5 per cent of the total development budget for the current financial year.

The Controller of Budget released exchequer issues amounting to Kshs. 1.9 billion to the sector which represents 12.8 per cent of the net estimates compared to 13.4 over the same period last financial year. Justice, National Cohesion and Constitutional Affairs sub sector received exchequer issues amounting to Kshs. 0.1 billion representing 35.3 per cent of the net estimates compared to 43.5 per cent over the same period last financial year. State Law office subsector received exchequer issues amounting to Kshs. 8.2 million which represents 3.6 per cent of the net estimates compared to 11.7 per cent over the same period last financial year.

The overall expenditure for the sector stood at Kshs. 2.1 billion which represents an absorption rate of 12.8 per compared to 7.1 per cent over the same period last financial year. Provincial Administration spent Kshs. 1.7billion representing an absorption rate of 28.5 per cent compared to 11.3 per cent over the same period last financial year. The analysis of other sub sectors is indicated in Table 19.

Table 19: Analysis of Development Expenditure and Net Exchequer Issues for GJLOS Sector (in Kshs. Billions)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Provincial Administration and Internal Security	5.8	5.6	1.2	1.7	22.0	28.5	4.7	4.6	0.8	0.5	16.6	11.3
Home Affairs	1.9	1.9	0.2	0.2	9.4	9.3	1.9	1.9	0.6	0.2	32.6	9.7
Justice, N. Cohesion and Constitutional Affairs	0.9	0.2	0.1	0.1	35.3	6.5	1.0	0.1	0.1	0.1	43.5	5.1
State Law	0.2	0.2	0.008	0.016	3.6	7.1	0.04	0.04	0.005	0.006	11.7	14.9
The Judiciary	2.9	2.9	0.2	0.1	6.9	3.0	2.5	2.5	0.1	0.1	2.2	5.0
Ethics and Anti-Corruption Commission	0.2	0.2	-	-	-	-	0.2	0.2	-	-	-	-
Immigration and Registration of Persons	4.1	4.1	0.3	0.1	6.2	1.2	2.4	2.4	0.1	0.0	3.3	0.4
Directorate of Public Prosecutions	0.1	0.1	0.0	0.0	6.3	0.0	-	-	-	-	-	-
Total	**16.1**	**15.2**	**1.9**	**2.1**	**12.8**	**12.8**	**12.9**	**11.8**	**1.6**	**0.9**	**13.4**	**7.1**

Source: Ministry of Finance & MDAs

3.6.7 The Health Sector

The sector's goal is to provide equitable and affordable health care to the Kenyan citizens. For the current financial year, the sector aims at improving mortality rates, health infrastructure, recruit qualified health personnel and provide medicine and medical supplies to the health facilities. To achieve these goals the sector was allocated Kshs. 32.4 billion which represents 7.1 per cent of the development budget.

This sub sector received exchequer issues amounting to Kshs. 2.0 billion which represents 11.1 per cent of the net estimates compared to 8.0 per cent over the same period last financial year. The Medical Services

sub sector received exchequer issues totalling to 0.6 billion representing 14.0 per cent of the net estimates compared to 13.7 per cent over the same period last financial year. Public Health and Sanitation sub sector received exchequer issues of Kshs. 1.4 billion representing 10.2 per cent of the net estimates compared to 7.0 per cent over the same period last financial year.

The total expenditure for the Health sector during the period under review was Kshs. 2.4 billion which represents an absorption rate 7.5 per cent compared to 5.8 per cent over the same period last financial year. Medical Services sub sector spent Kshs.1.1 billion which represents an absorption rate of 18.4 per cent compared to 6.3 per cent over the same period last financial year. The Public Health and Sanitation sub sector spent Kshs. 1.3 billion representing an absorption rate of 4.9 per cent, compared to 5.7 per cent over the same period last financial year. The analysis of other sub sectors is indicated in Table 20.

Table 20: Analysis of Development Expenditure and Net Exchequer Issues for The Health Sector (in Kshs. billions)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Medical Services	6.2	4.5	0.6	1.1	14.0	18.4	4.4	2.3	0.3	0.3	13.7	6.3
Public Health and Sanitation	26.2	13.4	1.4	1.3	10.2	4.9	21.3	13.0	0.9	1.2	7.0	5.7
Total	**32.4**	**18.0**	**2.0**	**2.4**	**11.1**	**7.5**	**25.7**	**15.3**	**1.2**	**1.5**	**8.0**	**5.8**

Source: Ministry of Finance & MDAs

3.6.8 The Public Administration and International Relations Sector

The sector's priority areas for the current financial year 2012/2013 will be to oversee the implementation of the new Constitution, provide leadership and policy direction in the governance of the country, coordinate and supervise government affairs, promote sound public financial and economic management for socioeconomic development, articulate and implement Kenya's foreign policy for national development, promote macroeconomic stability, mainstream MDGs into the national policy, planning and budgetary process, implementation, monitoring and evaluation, promote efficient and effective human resource management and development for improved public service delivery and promote public service integrity. The sector's development budget for the current financial year was estimated at Kshs. 72.2 billion which represents 15.9 per cent of the development budget.

The sector received a total of Kshs. 20.7 billion as exchequer issues which is 34.9 per cent of the net estimates compared to 9.7 per cent over the same period last financial year. The Planning, National Development and Vision 2030 sub sector received exchequer issues of Kshs. 13.6 billion representing 57.3 per cent of the

net estimates compared to 8.6 per cent over the same period last financial year. The Parliamentary Service Commission sub sector received exchequer issues of Kshs. 0.1 billion which is 4.4 per cent of the net estimates compared to 12.1 per cent over the same period last financial year.

The total expenditure for the sector was Kshs. 11.2 billion which represents an absorption rate of 15.5 per cent compared to 4.5 per cent over the same period last financial year. The Planning, National Development and Vision 2030 sub sector spent Kshs. 7.3 billion which represents an absorption rate of 27.7 per cent compared to 6.9 per cent over the same period last financial year. The Public Service Commission sub sector spent Kshs. O.6 million which is an absorption rate of 0.1 per cent compared to 0.5 per cent over the same period last financial year. The analysis of other sub sectors is indicated in Table 21.

Table 21: Analysis of Development Expenditure and Net Exchequer Issues for Public Administration and International Relations Sector (in Kshs. Billions)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
State House	0.3	0.3	0.1	0.03	16.7	11.4	1.3	1.3	0.02	0.0	1.6	1.7
Public Service	0.5	0.4	0.2	0.001	43.5	0.1	5.1	5.1	0.02	0.0	3.6	0.5
Foreign Affairs	0.9	0.9	0.1	0.008	9.1	0.9	8.1	7.3	0.13	0.1	2.5	1.6
Planning, National Development & V. 2030	26.2	23.8	13.6	7.3	57.3	27.7	2.8	2.8	0.2	0.2	8.6	6.9
Finance	39.0	29.8	6.5	3.5	21.9	9.0	17.9	17.9	3.0	1.2	16.6	6.7
Cabinet Office	1.7	0.8	0.1	0.1	8.0	3.7	1.3	1.3	-	-	-	-
Prime Minister Office	0.7	0.3	0.1	0.1	31.9	13.6	1.8	1.8	0.0	0.1	2.5	4.7
Parliamentary Service Commission	2.9	2.9	0.1	0.2	2.4	8.4	1.6	1.6	0.2	0.2	12.1	10.4
Public Service Commission	0.1	0.1	-	0.0	0.0	0.0	0.6	0.6	-	-	-	-
Total	**72.2**	**59.2**	**20.7**	**11.2**	**34.9**	**15.5**	**40.5**	**39.7**	**3.8**	**1.8**	**9.7**	**4.5**

Source: Ministry of Finance & MDAs

3.6.9 The Social Protection, Culture and Recreation Sector

The sector intends to fund the following activities during the current financial year: resettle the Internally Displaced Persons (IDPs), disaster mitigation; increase coverage of cash transfers for the vulnerable groups

in the country, develop the cultural and heritage infrastructure, improve and construct water and sanitation, rehabilitate and equip the Youth Polytechnics and empowerment centres. The sector was allocated Kshs. 18.5 billion which represents 4.1 per cent of the development budget to accomplish these activities.

During the period under review the sector received exchequer issues amounting to Kshs. 1.9 billion which represents 12.0 per cent compared to 10.1 per cent over the same period last financial year. The National Heritage and Culture sub sector received exchequer issues amounting to Kshs. 0.1 billion representing 41.1 per cent of the net estimates compared to 30.8 per cent over the same period last financial year. The Special Programmes sub sector received exchequer issues of Kshs. 0.6 billion which represent 5.9 per cent compared to 2.3 per cent over the same period last financial year.

The total expenditure for the sector was Kshs.1.9 billion which represents an absorption rate 10.4 per cent compared to 4.6 per cent over the same period last financial year. The Gender, Children and Social Development spent Kshs. 0.7 billion which represents an absorption rate of 15.0 per cent compared to 4.4 per cent over the same period last financial year. Development of Northern Kenya and other Arid Lands sub sector spent Kshs. 0.1 billion and had the lowest absorption rate of 4.1 per cent. The analysis of other sub sectors is indicated in Table 22.

Table 22: Analysis of Development Expenditure and Net Exchequer Issues for the Social Protection, Culture and Recreation Sector (in Kshs. Billions)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Gender, Children and Social Development	4.6	4.1	0.4	0.7	10.8	15.0	4.0	3.3	0.0	0.2	0.9	4.4
Special Programmes	6.0	5.0	0.3	0.6	5.9	9.9	5.1	3.6	0.1	0.1	2.3	1.7
National Heritage and Culture	0.6	0.6	0.3	0.1	41.1	14.1	0.7	0.7	0.2	0.2	30.8	32.0
Youth Affairs and Sports	4.5	4.2	0.6	0.4	14.5	10.0	3.8	3.8	0.8	0.2	21.8	6.5
Development of Northern Kenya and Other Arid Lands	2.8	1.9	0.3	0.1	15.7	4.1	2.2	2.1	0.2	-	10.4	-
Total	**18.5**	**15.8**	**1.9**	**1.9**	**12.0**	**10.4**	**15.7**	**13.4**	**1.4**	**0.7**	**10.1**	**4.6**

Source: Ministry of Finance & MDAs

4. Key Issues Affecting Implementation of the Budget

The Office of the Controller of Budget in monitoring the implementation of the budget has observed the following challenges that are likely to affect the smooth implementation of the budget if not addressed in time.

- The Integrated Financial Management Information System (IFMIS) has still not been rolled out to the counties to facilitate the tracking of expenditure in the field.
- The inadequate monitoring and evaluation framework in some MDAs to assist in monitoring implementation of the projects and evaluating performance.
- The demand for higher wages from the health and education sectors has put pressure on resources which is likely to affect resource allocation to other key sectors.
- The governance and accountability structures in place for tracking expenditures for grant transfers to state corporations are weak (i.e. one line reporting).
- Procurement processes, and donor conditionalities are among factors contributing to low absorption of resources in some sectors and delay in budget implementation.
- Shortfall in revenue collection has adverse impact on budget implementation.
- The financial management information systems in place are not adequate resulting in under reporting due to incomplete data and delays in analysis of information.
- The use of overdraft in excess of the authorized levels will lead to an increase in interest charges.
- Delay in enacting adequate legislation for the county structures is likely to affect budget implementation at the county level i.e. delay in enacting legislation to allow for collection of revenue in the counties.

5. Recommendations

The Office of the Controller of Budget proposes the following recommendations, for consideration by the relevant government agencies in order to improve budget implementation.

- The government should fast track the roll out of IFMIS to the counties to facilitate the tracking of expenditure and revenue.
- All MDAs should put in place an effective and efficient monitoring framework that ensures adequate supervision of the budgeted programmes and project activities to enhance accountability and absorption of resources.
- The expedition of the harmonization of salaries and development of clear negotiation strategy for the salary increases in the public sector will go a long way in reducing labour unrests which often disrupt service delivery to the public. This will also ensure the salary increases are properly budgeted for and are sustainable.
- The government needs to come up with a strategy to monitor grant transfers to other state organs in particular state corporations to enhance accountability and transparency in use of public funds.
- In order to support anticipated economic growth at 10 per cent, the government should provide adequate allocation of resources to the productive sectors in the budget to enable them achieve the targets in the Kenya's Vision 2030.
- The government should ensure that there is adequate legislation to facilitate the setting up and operationalizing of the county governments.
- The government should endeavor to operate within the overdraft limits authorized by law.

6. Conclusion

The absorption of resources in the first quarter of the financial year 2012/2013 is generally low for all sectors for recurrent expenditure. The MDAs absorbed 18.5 per cent of the recurrent expenditure compared to 19.6 per cent achieved over the same period in the last financial year. The MDAs also absorbed 12.7 per cent for development resources, which is an improvement when compared to 8.8 per cent over the same period last financial year. This is still below the expected absorption rate of 25 per cent for the quarter. The MDAs therefore, need to improve their absorption rates in the next quarter to ensure all the programmed and budgeted activities are implemented.

The Office of the Controller of Budget has noted with concern the recent labour unrest in the public sector and calls for the harmonization of salaries of public servants in a well-coordinated manner to minimize its impact on budget implementation.

In conclusion, it is noted that the absorption of resources by the MDAs is still low. In order to improve the absorption rate, the government should ensure the resolutions agreed upon during a meeting of Accounting Officers organized by the Office of the Prime Minister, the Treasury and our office on low absorption are fully implemented.

Annexes

Annex 1: Revenue Collections by Category, July 2012 to September 2012 (in Kshs. Millions)

Category	Cumulative Figures: July 2012 - September 2012				Cumulative (Jul '11 - Sept '11) Actual	Growth (%) over Jul '11 - Sept '11	Treasury Target	
	Actual	Target	Variance	Perf. Rate (%)			Annual Target	Balance To June 2013
Customs Services								
Net Import Duty	14,177	17,169	(2,991)	82.6	13,206	7.4	67,384	(53,207)
Net Excise Duty	9,856	10,444	(588)	94.4	9,023	9.2	45,543	(35,687)
VAT - Imports	23,169	30,212	(7,043)	76.7	23,995	(3.4)	118,866	(95,697)
Import Declaration Fees	5,835	8,039	(2,204)	72.6	6,361	(8.3)	31,399	(25,564)
Total Customs Services	53,037	65,863	(12,826)	80.5	52,585	.9	263,192	(210,155)
Domestic Taxes								
VAT Domestic	20,218	23,884	(3,666)	84.6	19,827	2.0	112,989	(92,771)
P. A. Y. E	43,437	48,582	(5,145)	89.4	36,863	17.8	216,856	(173,419)
Other Income Taxes	39,537	39,779	(243)	99.4	31,484	25.6	187,638	(148,102)
Turnover Tax	47	42	6	113.4	33	45.1	558	(511)
Excise Duty Domestic	7,525	8,192	(667)	91.9	7,055	6.7	35,239	(27,714)
Excise Tax on Airtime	2,437	2,642	(205)	92.2	1,956	24.6	10,569	(8,132)
Stamp Duty	1,885	2,885	(1,000)	65.3	2,062	(8.6)	10,800	(8,915)
Land Rent	173	246	(73)	70.3	187	(7.4)	1,550	(1,377)
TOTAL DOMESTIC TAXES	115,259	126,253	(10,993)	91.3	99,467	15.9	576,201	(460,942)
ROAD TRANSPORT								
TOTAL ROAD TRANSPORT	568	1,496	(928)	38.0	580	(2.1)	5,976	(5,408)
GRAND TOTAL	**168,865**	**193,613**	**(24,748)**	**210**	**152,632**	**15**	**845,369**	**(676,504)**

Source: Kenya Revenue Authority

Annex 2: Analysis of Recurrent Expenditure and Exchequer Releases of MDAs (in Kshs. Billions)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Ministry of State for Provincial Administration and Internal Security	60.5	59.8	11.6	8.1	19.4	13.4	55.9	55.9	10.4	11.3	18.6	20.2
State House	1.4	1.4	0.4	0.5	28.9	34.0	1.3	1.3	0.3	0.4	25.1	27.7
Ministry of State for Public Service	9.1	9.1	2.6	1.3	28.2	13.8	5.1	5.1	0.3	0.3	5.7	5.2
Ministry of Foreign Affairs	9.6	8.6	2.3	0.5	26.8	5.4	8.1	7.3	2.1	1.6	28.9	19.6
Office of the Vice-President and Ministry of Home Affairs	14.2	14.2	2.7	0.8	18.9	5.5	13.7	13.7	3.0	1.6	22.1	11.4
Ministry of State for Planning, National Development and Vision 2030	2.7	2.6	0.8	0.6	30.2	22.6	2.8	2.8	0.4	0.6	15.9	20.6
Ministry of Finance	20.6	20.6	4.5	3.9	21.7	19.1	17.9	17.9	3.5	3.7	19.5	20.5
Ministry of State for Defence	70.3	70.3	15.4	13.5	21.9	19.2	52.0	52.0	10.4	9.6	20.0	18.4
Ministry of Regional Development Authorities	0.8	0.8	0.2	0.2	27.6	23.1	0.8	0.8	0.2	0.2	26.6	25.9
Ministry of Agriculture	9.2	9.0	2.0	2.2	22.4	23.4	8.5	8.4	2.2	2.0	25.9	23.6
Ministry of Medical Services	39.9	36.1	5.9	7.3	16.4	18.4	27.6	23.8	3.8	5.9	16.0	21.3
Minister and Ministry of Local Government	23.0	1.5	0.4	0.2	25.4	0.8	18.4	1.1	0.2	0.4	17.0	2.3
Ministry of Roads	28.4	2.7	0.3	7.5	9.3	26.3	27.4	2.3	0.3	0.7	11.4	2.6
Ministry of Transport	4.2	1.6	0.4	0.4	24.8	9.2	4.0	4.0	0.2	0.2	6.1	5.8
Ministry of Labour	1.7	1.6	0.2	0.2	13.3	14.3	1.7	1.6	0.2	0.2	11.3	12.0
Ministry of Trade	2.3	2.0	0.6	0.3	29.9	13.6	1.8	1.6	0.5	0.3	31.0	18.6

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Ministry of Justice, National Cohesion and Constitutional Affairs	1.8	1.7	0.5	0.3	29.5	17.7	2.1	1.9	0.5	0.5	25.8	23.5
Ministry of Gender, Children and Social Development	5.2	5.2	0.8	0.8	15.1	15.8	4.0	4.0	0.6	0.5	14.1	13.3
Ministry of Livestock Development	4.3	4.3	0.7	0.1	17.0	1.9	3.7	3.7	0.6	0.9	17.1	24.3
Ministry of Water and Irrigation	6.1	4.2	0.8	1.0	18.9	16.6	6.0	4.1	0.9	0.8	20.9	14.2
Ministry of Environment and Mineral Resources	3.0	2.5	0.5	0.5	18.5	16.4	2.5	2.3	0.6	0.6	23.5	23.5
Ministry of Cooperative Development and Marketing	1.2	1.2	0.3	0.2	23.5	17.9	1.1	1.1	0.3	0.3	24.3	22.9
Cabinet Office	1.3	1.3	0.3	0.2	20.1	18.0	1.3	1.3	0.3	0.3	21.9	22.8
Ministry of East African Community	1.2	1.2	0.4	0.4	34.3	33.9	1.0	1.0	0.4	0.3	36.0	33.9
State Law Office	1.6	1.6	0.5	0.5	29.3	28.9	1.3	1.3	0.4	0.4	31.6	30.5
The Judiciary	12.1	12.1	1.8	1.1	14.9	9.2	6.4	6.4	0.9	1.3	14.8	21.1
Ministry of Energy	2.7	2.5	0.4	0.4	14.7	16.3	2.4	2.4	0.4	0.4	16.4	16.3
Ministry of Education	43.8	40.8	12.3	12.9	30.1	29.5	37.5	34.3	15.0	14.6	43.6	38.9
Ministry of Information and Communications	2.3	2.3	0.4	0.5	18.1	20.4	1.8	1.8	0.5	0.4	24.5	22.7
Ethics and Anti-Corruption Commission	1.6	1.6	0.4	0.3	25.9	19.8	1.6	1.6	0.4	-	21.8	-
Ministry of State for Special Programmes	5.4	5.4	1.4	2.3	26.1	42.9	7.9	7.9	3.3	2.6	41.7	32.5
Ministry of Lands	2.4	2.4	0.6	0.6	25.7	25.0	2.2	2.2	0.3	0.5	16.1	24.7

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Ministry of State for Immigration and Registration of Persons	4.3	4.3	1.2	0.8	28.7	17.9	3.9	3.9	-	0.6	-	16.1
Ministry of State for National Heritage and Culture	1.7	1.7	0.5	0.5	28.6	27.2	1.8	1.7	0.5	0.4	26.7	24.1
Ministry of Youth Affairs and Sports	6.3	6.2	1.5	0.7	24.1	10.8	5.9	5.8	1.3	0.7	22.3	11.7
Ministry of Higher Education, Science and Technology	45.7	29.6	6.9	9.2	23.2	20.1	41.3	25.9	7.8	7.8	30.0	18.8
Ministry of Housing	2.2	1.7	0.5	0.6	30.9	25.2	1.7	1.2	0.2	0.1	14.2	8.7
National Security Intelligence Service	13.4	13.4	2.4	2.9	18.2	21.3	13.1	13.1	3.0	2.6	22.6	19.8
Ministry of Tourism	1.5	1.5	0.6	0.4	37.6	26.8	1.6	1.6	0.4	0.3	23.4	20.9
Office of the Prime Minister	1.6	1.6	0.5	0.5	29.3	29.8	1.8	1.8	0.4	0.4	24.3	22.2
Ministry of Public Health and Sanitation	14.7	14.6	4.1	1.6	27.8	10.7	11.0	10.9	1.8	1.1	16.5	9.6
Ministry of Forestry and Wildlife	6.2	3.9	0.6	0.9	15.7	14.9	5.2	4.1	0.7	0.9	16.4	18.3
Ministry of Fisheries Development	1.3	1.3	0.1	0.2	10.2	12.2	1.3	1.3	0.2	0.2	16.1	19.6
Ministry of Nairobi Metropolitan Development	0.3	0.3	0.1	0.1	21.6	23.3	0.3	0.3	0.1	0.1	21.7	23.9
Ministry of Development of Northern Kenya and Other Arid Lands	0.6	0.6	0.2	0.0	23.8	6.7	0.3	0.3	0.1	-	21.2	-
Ministry of Public Works	2.0	1.9	0.6	0.1	29.0	4.8	1.5	1.5	0.1	0.1	5.1	5.4
Ministry of Industrialization	2.1	2.0	0.4	0.4	20.2	18.5	1.9	1.8	0.4	0.4	24.0	21.7
Directorate of Public Prosecutions	0.9	0.9	0.1	0.1	10.1	9.6	0.4	0.4	0.1	0.0	16.9	3.1
Commission for the Implementation of the Constitution	0.5	0.5	0.2	0.2	32.7	40.6	0.5	0.5	0.1	-	12.4	-
Registrar of Political Parties	0.4	0.4	0.2	0.0	43.4	10.5	-	-	-	-		
Witness Protection Agency	0.2	0.2	0.0	0.0	4.6	15.5	-	-	-	-		
Kenya National Human Rights and Equality Commission	0.3	0.3	0.1	0.1	19.9	19.9	0.3	0.3	0.1	-	29.3	-

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Independent Electoral and Boundaries Commission	17.6	17.5	1.1	1.4	6.0	7.7	11.4	11.4	0.5	0.4	4.5	3.1
Parliamentary Service Commission	13.4	13.4	1.9	1.6	14.2	11.9	8.9	8.9	1.7	1.4	18.9	16.3
Commission on Revenue Allocation	0.4	0.4	0.1	0.1	24.5	13.2	0.4	0.4	0.1	-	27.2	-
Public Service Commission	0.6	0.6	0.1	0.1	17.2	19.1	0.6	0.6	0.1	0.1	15.0	17.0
Salaries and Remuneration Commission	0.4	0.4	0.1	0.0	19.0	3.4	-	-	-	-	-	-
Teachers Service Commission	119.8	119.7	26.5	29.6	22.1	24.7	105.9	105.8	19.5	-	18.4	-
National Police Service Commission	0.3	0.3	-	-	-	0.0	0.3	0.3	-	-	-	-
Auditor-General	1.9	1.7	0.3	0.3	14.3	16.4	1.5	1.4	0.3	0.2	17.7	14.8
Controller of Budget	0.6	0.6	0.0	0.0	0.9	3.3	-	-	-	-	-	-
The Commission on Administrative Justice	0.3	0.3	0.0	0.0	9.9	10.1	-	-	-	-	-	-
National Gender and Equality Commission	0.2	0.2	0.1	0.0	33.9	11.2	-	-	-	-	-	-
Total	**655.8**	**574.4**	**122.9**	**121.9**	**21.4**	**18.6**	**552.9**	**482.2**	**102.4**	**81.4**	**21.2**	**14.7**

Source: Office of the Controller of Budget and Ministry of Finance

Annex 3: Summary of Sectoral Recurrent Expenditures and Exchequer Issues of MDAs (in Kshs. Billions)

Name of the sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Agriculture & Rural development	18.4	18.2	3.8	3.2	20.8	17.5	16.8	16.6	3.6	4.0	21.8	23.6
Education	209.3	190.1	45.7	51.7	24.0	24.7	184.7	166.0	42.2	22.4	25.4	12.1
The Energy, Infrastructure and Information Communications Technology (EI & ICT) Sector	62.9	12.8	2.4	9.1	19.0	14.5	55.9	13.4	1.7	2.3	12.5	4.1
The Environmental Protection, Water and Housing Sector	17.6	12.3	2.4	3.0	19.5	17.0	15.4	11.7	2.2	2.5	19.1	16.5
General Economic, Commercial and Labour Affairs (GECLA) Sector	9.6	9.1	2.4	1.9	26.4	20.2	8.8	8.4	2.0	1.8	24.5	20.8
The Governance, Justice, Law and Order Sector (GJLOS)	130.1	129.2	22.2	15.3	17.2	11.8	106.7	106.6	18.0	17.6	16.9	16.5
The Health Sector	54.6	50.7	10.0	8.9	19.7	16.3	38.6	34.7	5.6	6.9	16.2	18.0
The Public Administration and International Relations Sector	50.2	49.0	11.8	8.0	24.1	16.0	40.9	39.9	7.8	7.5	19.6	18.3
The Social Protection, Culture and Recreation Sector	19.5	19.4	4.4	4.4	22.7	22.3	19.9	19.8	5.7	4.2	28.8	21.2
National Security	83.7	83.7	17.8	16.4	21.3	19.6	65.2	65.2	13.4	12.2	20.5	18.7
TOTAL	**655.8**	**574.4**	**122.9**	**121.9**	**21.4**	**18.6**	**552.9**	**482.2**	**102.4**	**81.4**	**21.2**	**14.7**

Source: Office of the Controller of Budget and Ministry of Finance

Annex 4: Analysis of Development Expenditure and Exchequer Releases of MDAs (in Kshs. Billions)

Name of the Sub - sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp.. to G. Est.
Ministry of State for Provincial Administration and Internal Security	5.8	5.6	1.2	1.7	22.0	28.5	4.7	4.6	0.8	0.5	16.6	11.3
State House	0.3	0.3	0.1	0.03	16.7	11.4	1.3	1.3	0.02	0.0	1.6	1.7
Ministry of State for Public Service	0.5	0.4	0.2	0.001	43.5	0.1	5.1	5.1	0.2	0.0	3.6	0.5
Ministry of Foreign Affairs	0.9	0.9	0.1	0.01	9.1	0.9	8.1	7.3	0.2	0.1	2.5	1.6
Office of the Vice-President and Ministry of Home Affairs	1.9	1.9	0.2	0.2	9.4	9.3	1.9	1.9	0.6	0.2	32.6	9.7
Ministry of State for Planning, National Development and Vision 2030	26.2	23.8	13.6	7.3	57.3	27.7	2.8	2.8	0.2	0.2	8.6	6.9
Ministry of Finance	39.0	29.8	6.5	3.5	21.9	9.0	17.9	17.9	3.0	1.2	16.6	6.7
Ministry of Regional Development Authorities	5.6	3.8	1.4	1.3	36.7	22.9	6.3	3.9	0.4	0.3	9.6	5.1
Ministry of Agriculture	12.8	10.2	0.9	1.4	9.2	11.0	11.3	9.2	1.6	0.9	17.6	7.8
Ministry of Medical Services	6.2	4.5	0.6	1.1	14.0	18.4	4.4	2.3	0.3	0.3	13.7	6.3
Ministry of Local Government	5.0	4.4	1.5	1.4	34.9	27.6	6.1	5.5	0.2	0.7	4.5	12.2
Ministry of Roads	96.2	45.2	12.8	14.9	28.3	15.5	73.4	41.6	10.0	12.3	24.0	16.7
Ministry of Transport	14.5	7.5	0.2	1.5	2.2	10.7	14.3	7.3	1.2	0.5	16.9	3.2
Ministry of Labour	0.6	0.6	-	0.04	0.0	6.0	1.2	0.6	-	0.0	-	0.8
Ministry of Trade	0.9	0.8	0.1	0.1	10.5	8.7	0.6	0.4	0.1	0.1	29.1	19.6
Ministry of Justice, National Cohesion and Constitutional Affairs	0.9	0.2	0.1	0.1	35.3	6.5	1.0	0.1	0.1	0.1	43.5	5.1

Name of the Sub - sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp.. to G. Est.
Ministry of Gender, Children and Social Development	4.6	4.1	0.4	0.7	10.8	15.0	4.0	3.3	0.03	0.2	0.9	4.4
Ministry of Livestock Development	4.3	4.1	0.9	0.5	22.7	12.6	4.4	4.1	0.7	0.2	16.6	4.5
Ministry of Water and Irrigation	35.8	16.3	2.1	3.6	12.7	10.1	37.9	20.8	2.6	1.6	12.4	4.3
Ministry of Environment and Mineral Resources	4.4	4.3	0.4	0.8	8.1	18.7	4.1	4.0	0.2	0.3	6.1	8.3
Ministry of Cooperative Development and Marketing	0.2	0.2	0.05	0.1	20.2	27.5	0.4	0.4	0.02	0.0	4.1	4.0
Cabinet Office	1.7	0.8	0.1	0.1	8.0	3.7	1.3	1.3	-	0.0	-	0.0
Ministry of East African Community	0.1	0.0	-	-	0.0	0.0	0.1	0.0	-	0.0	-	1.7
State Law Office	0.2	0.2	0.0	0.02	3.6	7.1	0.0	0.0	0.01	0.0	11.7	14.9
The Judiciary	2.9	2.9	0.2	0.1	6.9	3.0	2.5	2.5	0.1	0.1	2.2	5.0
Ministry of Energy	77.5	25.8	5.1	4.9	19.7	6.3	63.8	23.9	2.3	2.4	9.6	3.8
Ministry of Education	11.2	7.1	2.7	2.5	38.9	22.0	5.6	3.9	0.9	1.3	22.4	23.7
Ministry of Information and Communications	4.6	4.6	0.8	0.8	18.5	18.4	5.4	5.4	1.3	1.4	24.6	25.5
Ethics and Anti-Corruption Commission	0.2	0.2	-	0.0	0.0	0.0	0.2	0.2	-	-	-	0.0
Ministry of State for Special Programmes	6.0	5.0	0.3	0.6	5.9	9.9	5.1	3.6	0.1	0.1	2.3	1.7
Ministry of Lands	2.4	2.3	0.4	0.4	15.2	15.2	1.3	1.2	0.3	0.2	21.3	16.1
Ministry of State for Immigration and Registration of Persons	4.1	4.1	0.3	0.1	6.2	1.2	2.4	2.4	0.1	0.0	3.3	0.4
Ministry of State for National Heritage and Culture	0.6	0.6	0.3	0.1	41.1	14.1	0.7	0.7	0.2	0.2	30.8	32.0

Name of the Sub - sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp.. to G. Est.
Ministry of Youth Affairs and Sports	4.5	4.2	0.6	0.4	14.5	10.0	3.8	3.8	0.8	0.2	21.8	6.5
Ministry of Higher Education, Science and Technology	15.5	8.1	1.3	1.6	15.7	10.1	11.9	6.7	0.8	1.2	11.9	9.8
Ministry of Housing	3.5	3.5	0.3	0.6	9.5	15.7	2.3	2.3	0.2	0.2	8.2	9.8
Ministry of Tourism	0.9	0.9	0.4	0.4	47.6	44.3	1.2	1.2	0.3	0.3	23.2	23.8
Office of the Prime Minister	0.7	0.3	0.1	0.1	31.9	13.6	1.8	1.8	0.0	0.1	2.5	4.7
Ministry of Public Health and Sanitation	26.2	13.4	1.4	1.3	10.2	4.9	21.3	13.0	0.9	1.2	7.0	5.7
Ministry of Forestry and Wildlife	5.1	3.8	0.5	0.5	13.0	8.9	3.5	3.0	0.5	0.4	15.6	12.6
Ministry of Fisheries Development	2.5	2.4	0.3	0.4	11.5	17.9	3.3	2.9	0.5	0.0	15.6	0.4
Ministry of Nairobi Metropolitan Development	1.8	1.8	0.3	0.3	16.2	16.3	2.0	2.0	0.4	0.5	21.7	23.9
Ministry of Development of Northern Kenya and Other Arid Lands	2.8	1.9	0.3	0.1	15.7	4.1	2.2	2.1	0.2	-	10.4	0.00
Ministry of Public Works	5.3	5.3	1.1	1.3	20.1	24.7	5.0	5.0	1.6	1.5	31.2	29.3
Ministry of Industrialization	3.4	3.3	1.1	0.9	34.2	27.5	2.7	2.7	0.5	0.5	17.1	18.4
Directorate of Public Prosecutions	0.1	0.1	0.01	-	6.3	0.0	-	-	-	-		-
Parliamentary Service Commission	2.9	2.9	0.1	0.2	2.4	8.4	1.6	1.6	0.2	0.2	12.1	10.4
Public Service Commission	0.1	0.1	-	-	0.0	0.0	0.6	0.6	-	-	-	0.0
Grand Total	**453.2**	**274.8**	**61.2**	**57.8**	**22.3**	**12.7**	**362.9**	**238.0**	**34.5**	**31.8**	**14.5**	**8.8**

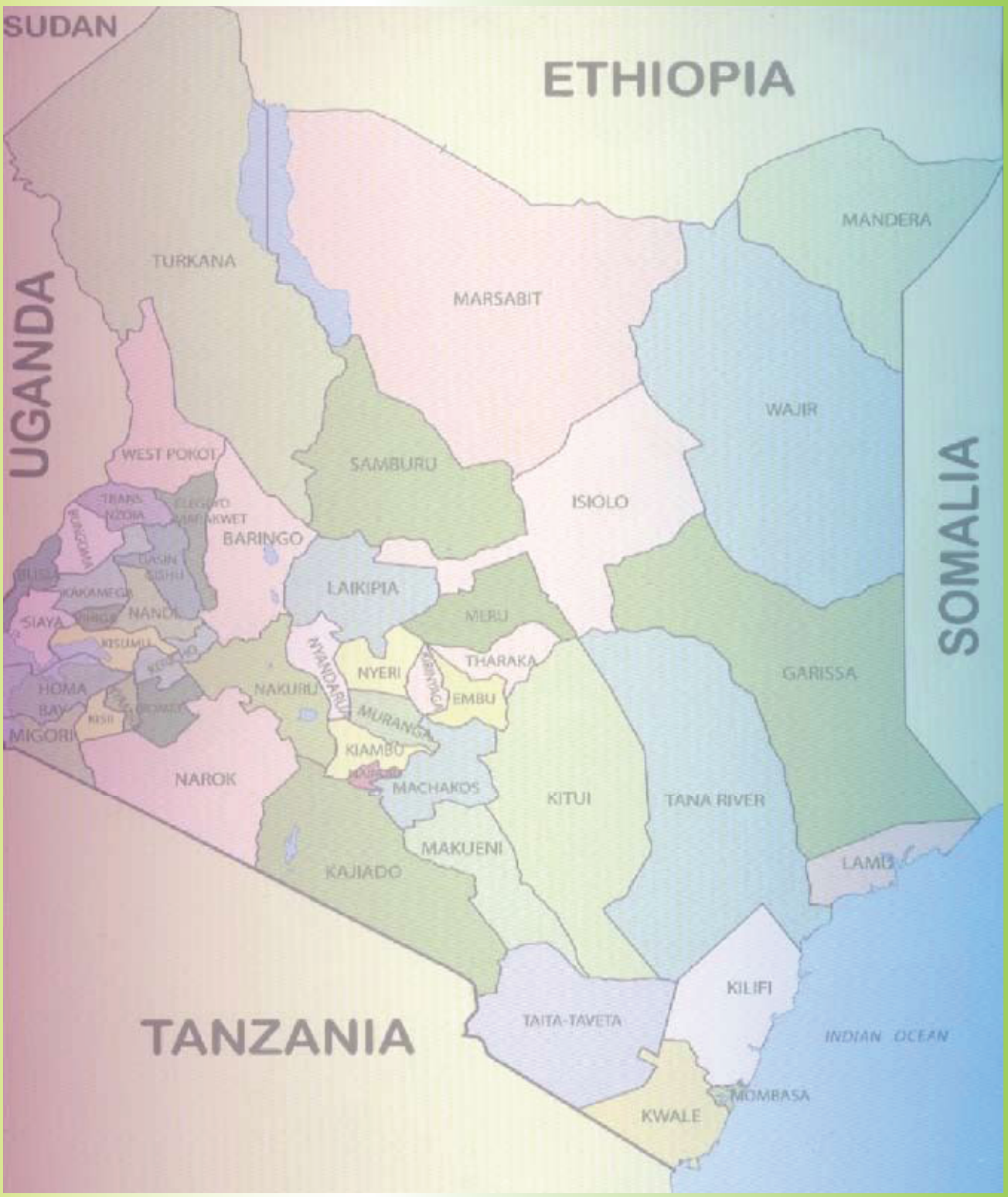
Annex 5: Summary of Sectoral Development Expenditures and Exchequer Issues of MDAs (in Kshs. Billions))

Name of the sector	2012/2013 Financial Year						2011/2013 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Agriculture and Rural Development	22.2	19.3	2.6	2.8	13.2	12.7	20.7	17.8	3.0	1.3	17.0	6.4
Education	26.7	15.2	4.0	4.0	26.5	15.1	17.5	10.7	1.7	2.5	15.8	14.2
The Energy, Infrastructure and Information Communications Technology (EI & ICT) Sector	205.0	94.7	21.8	25.2	23.0	12.3	169.9	90.6	17.1	19.2	18.9	11.3
The Environmental Protection, Water and Housing Sector	48.8	28.0	3.3	5.4	11.7	11.1	47.8	30.0	3.5	2.6	11.6	5.5
General Economic, Commercial and Labour Affairs (GECLA) Sector	11.4	9.4	3.0	2.7	32.1	23.8	12.1	8.7	1.2	1.2	14.1	10.3
The Governance, Justice, Law and Order Sector (GJLOS)	16.1	15.2	1.9	2.1	12.8	12.8	12.9	11.8	1.6	0.9	13.4	7.1
The Health Sector	32.4	18.0	2.0	2.4	11.1	7.5	25.7	15.3	1.2	1.5	8.0	5.8
The Public Administration and International Relations Sector	72.2	59.2	20.7	11.2	34.9	15.5	40.5	39.7	3.8	1.8	9.7	4.5
The Social Protection, Culture and Recreation Sector	18.5	15.8	1.9	1.9	12.0	10.4	15.7	13.4	1.4	0.7	10.1	4.6
Grand Total	**453.2**	**274.8**	**61.2**	**57.8**	**22.3**	**12.7**	**362.9**	**238.0**	**34.5**	**31.8**	**14.5**	**8.8**

Source: Office of the Controller of Budget and Ministry of Finance

Annex 6. Summary of Sectoral of Both Development and Recurrent Expenditure and Exchequer Analysis of MDAs (in Kshs. Billions)

Name of the sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Agriculture & Rural development	40.6	37.5	6.3	6.0	16.9	14.9	37.5	34.4	6.6	5.3	19.3	14.1
Education	236.0	205.3	49.7	55.8	24.2	23.6	202.2	176.7	43.9	24.9	24.9	12.3
The Energy, Infrastructure and Information Communications Technology (EI & ICT) Sector	267.9	107.5	24.2	34.3	22.5	12.8	225.8	104.0	18.8	21.5	18.0	9.5
The Environmental Protection, Water and Housing Sector	66.3	40.3	5.7	8.4	14.0	12.7	63.2	41.7	5.7	5.2	13.7	8.2
General Economic, Commercial and Labour Affairs (GECLA) Sector	21.0	18.5	5.4	4.6	29.3	22.1	20.9	17.1	3.3	3.1	19.2	14.7
The Governance, Justice, Law and Order Sector (GJLOS)	146.1	144.4	24.2	17.4	16.7	11.8	119.6	118.3	19.6	18.5	16.6	15.5
The Health Sector	87.0	68.7	12.0	11.3	17.4	13.0	64.3	50.0	6.8	8.4	13.7	13.1
The Public Administration and International Relations Sector	122.4	108.2	32.5	19.2	30.0	15.7	81.4	79.6	11.7	9.3	14.7	11.4
The Social Protection, Culture and Recreation Sector	38.0	35.1	6.3	6.3	17.9	16.5	35.6	33.2	7.1	5.0	21.3	13.9
National Security	83.7	83.7	17.8	16.4	21.3	19.6	65.2	65.2	13.4	12.2	20.5	18.7
TOTAL	**1,109.0**	**849.2**	**184.1**	**179.7**	**21.7**	**16.2**	**915.8**	**720.2**	**136.9**	**113.2**	**19.0**	**12.4**



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