REPUBLIC OF KENYA

OFFICE OF THE CONTROLLER OF BUDGET

BUDGET IMPLEMENTATION REVIEW REPORT

FOURTH QUARTER
2012 /2013

August 2013

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FOREWORD

It is my pleasure to present the fourth quarter budget implementation review report covering the period ending June 2013. The report has been prepared after the successful elections in March 2013 and the subsequent transfer of power which ushered in a new political dispensation, which will guide the devolved structure of governance.

The Controller of Budget is mandated by the Constitution to oversee the implementation of the budgets of both national and county governments, authorize withdrawals from the public funds under articles 204, 206 and 207. Further, the Office of the Controller of Budget is required by the Constitution under article 228(6) to submit a report to the Executive and Parliament, on the implementation of the budget of both the national and county governments every four months.

The current report has been prepared at a time when the devolved governments became functional. The Office of the Controller of Budget authorized the release of funds to the county governments as voted by the tenth Parliament with recommendations from the Commission on Revenue Allocation and the National Treasury. The report gives an insight into the macroeconomic environment under which the budget was implemented. In addition, the office proposes recommendations to overcome the challenges identified in budget implementation. For consistency, the report classified MDAs as they were voted in the FY 2012/2013 which formed the basis of their spending.

The Government has well stipulated budget policy statements with high expectations from the public towards realizing their economic empowerment. This therefore gives the impetus to focus on budget implementation in order to realize value for expenditure of public funds and provide an opportunity to engage the public in the budget execution process. Comprehensive budgets have been formulated over the years but the problem has been the execution of the same where in some sectors, the absorption has been quite low resulting to dismal economic growth.

The office together with other stakeholders in the public finance management take cognisance of the recurrent expenditure burden that unless checked, could lead to stagnation in economic growth.

Mrs. Agnes N. Odhiambo

CONTROLLER OF BUDGET

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EXECUTIVE SUMMARY

One of the functions of the Office of the Controller of Budget (OCOB) as stipulated in the Constitution (Article 228(4), is to oversee the implementation of the budgets of both national and county governments. The current report has been prepared at a time when the government is experiencing a number of challenges in budget implementation including the competing needs for resources. The report which covers the period ending June 2013 assesses the macroeconomic environment against which the budget is implemented, the fiscal responsibility of MDAs, challenges facing budget execution in Kenya and the main recommendations to overcome the challenges and improve budget implementation.

The FY 2012/13 was relatively tough for Kenya's economy especially the fourth quarter on account of anxiety associated with electioneering period. The new government took office at a time when Kenyans are optimistic for improved service delivery as well as transparency and accountability in administration of public funds at both national and county level.

During the FY 2012/13, the overall GDP growth rate for the year 2012 was 4.7 per cent against projected 5.2 per cent contained in 2012/13 Budget Policy Statement. However, the economy recorded significant growth in the first half of the year 2013, growing at a rate of 5.2 per cent. This was attributed to the peaceful election and the successful transfer of power. Inflationary pressure has been well managed through contractionary monetary policy in addition to the stability in the international oil prices and improved food production due to favorable weather condition. Inflation rate remained low at 4.36 per cent in the fourth quarter compared to 11.78 per cent recorded in the same period last financial year while the Kenya shilling stabilized against the world major currencies over the period.

Domestic tax remains the main source of government income. The cumulative exchequer revenue for the FY 2012/13 collected by Kenya Revenue Authority (KRA) was Kshs. 759.5 billion against budgeted amount of Kshs. 845.4 billion representing a performance rate of 89.8 per cent. This was a growth of 13.2 per cent compared to previous financial year. To bridge revenue deficit, the government borrowed from the domestic market a total of Kshs. 176.7 billion compared to Kshs 79.4 billion borrowed the same period last financial year.

The total exchequer issues authorized by the Office of the Controller of Budget for the FY 2012/13 amounted to Kshs 1,144.9 trillion. This comprised of Kshs 922.7 billion for recurrent, Kshs 212.4 billion for development and Kshs 9.8 billion to the Counties. This represented 91.7 per cent of the revised net estimates for the entire financial year.

The report underscores key challenges on budget implementation and makes recommendations on how to overcome such challenges in order to achieve value for money in the public sector. There is need to fast-track the operationalization of Integrated Financial Management Information System (IFMIS) at the county level so as to improve public financial management reforms. With the County Governments under the devolved system of governance, there is an upward trend in recurrent expenditures which is likely slow down budget implementation especially on development. The office will continue to publish and publicize quarterly reports for both levels of government and guarantee public participation in the budget implementation through monitoring and evaluation of projects and programmes undertaken

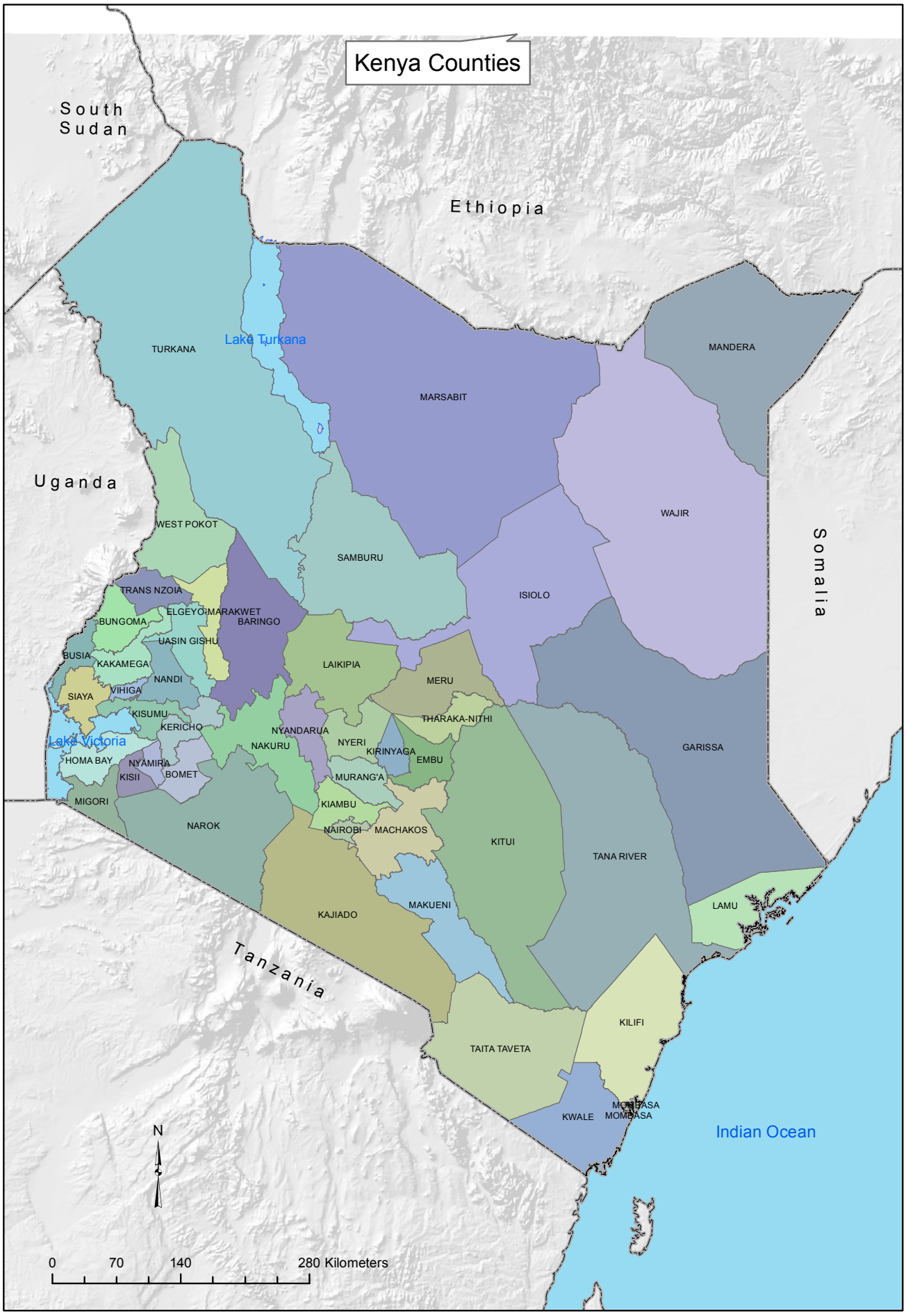
both at national and county level.

In order to augment budget implementation, the government should come up with mechanisms to improve on revenue collection while instituting cost cutting measures to address the dependence on borrowing. The available resources should be channelled towards development activities aimed at fostering economic growth. Correspondingly, there is need to control expenditures on non-core activities and seal revenue leakages at both levels of government.

ACRONYMS

AG	Auditor General
AIA	Appropriation-In-Aid
AIE	Authority to Incur Expenditure
ARD	Agriculture and Rural Development Sector
BPS	Budget Policy Statement
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
COB	Controller of Budget
CRA	Commission on Revenue Allocation
CRR	Cash Reserve Ratio
CSD	Customs Services Department
DTD	Double Tax Deduction
EAC	East Africa Community
EACC	Ethics and Anti-Corruption Commission
EI&ICT	Energy Infrastructure and Information and Communication Technology
FY	Financial Year
GDP	Gross Domestic Product
GECLA	General Economic and Commercial and Labour Affairs
GJLOS	Governance Justice Law and Order Sector
GOK	Government of Kenya
G-PAY	Government Payment System
IDP	Internally Displaced Persons
IEBC	Independent Electoral and Boundaries Commission
IFMIS	Integrated Financial Management Information System
KAA	Kenya Airports Authority
KNBS	Kenya National Bureau of Statistics

KNHR	Kenya National Human Rights
KRA	Kenya Revenue Authority
MDAs	Ministries Departments and Agencies
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
ND &V	National Development and Vision 2030
NPSC	National Police Service Commission
NSIS	National Security Intelligence Service
OCOB	Office of the Controller of Budget
ODPM	Office of Deputy Prime Minister
OPM	Office of Prime Minister
OVP	Office of Vice President
PAIR	Public Administration and International Relations
PAYE	Pay As You Earn
PSC	Public Service Commission
RIT	Research Innovation and Technology
TTI	Trade Tourism and Industry
VAT	Value Added Tax


Kenya Counties
South Sudan
Ethiopia
Uganda
Somalia
Tanzania
Indian Ocean
Lake Turkana
Lake Victoria
TURKANA
MARSABIT
MANDERA
WAJIR
WEST POKOT
SAMBURU
ISIOLO
TRANS NZOIA
ELGEYO-MARAKWET
BARINGO
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1. INTRODUCTION

The budget implementation review report gives an account of how public funds were released to Ministries, Departments and Agencies (MDAs), how they were utilized and underlines challenges experienced in the budget implementation. The report also makes recommendations on how to improve budget execution.

The report reviews FY2012/13 budget estimates, revenue performance, exchequer issues released and expenditure patterns of MDAs. The information used to compile the report has been obtained from the Ministries, Government Departments and Agencies.

For Kenya to grow economically there is need for appropriate execution of the budget which will lead to improved economic development. MDAs and County government entities should embark on sincere service delivery to the public and assign at least thirty percent of the total budget to development expenditures.

In preparation of this report, the OCOB experienced challenges in obtaining accurate data generated from the IFMIS. Consequently, there is need for the respective MDAs to check their accounting records for accuracy of data and the timely submission of returns. There is need for continuous training of users of the system to make sure that public finance information is accurately reported

2. MACROECONOMIC DEVELOPMENT HIGHLIGHTS

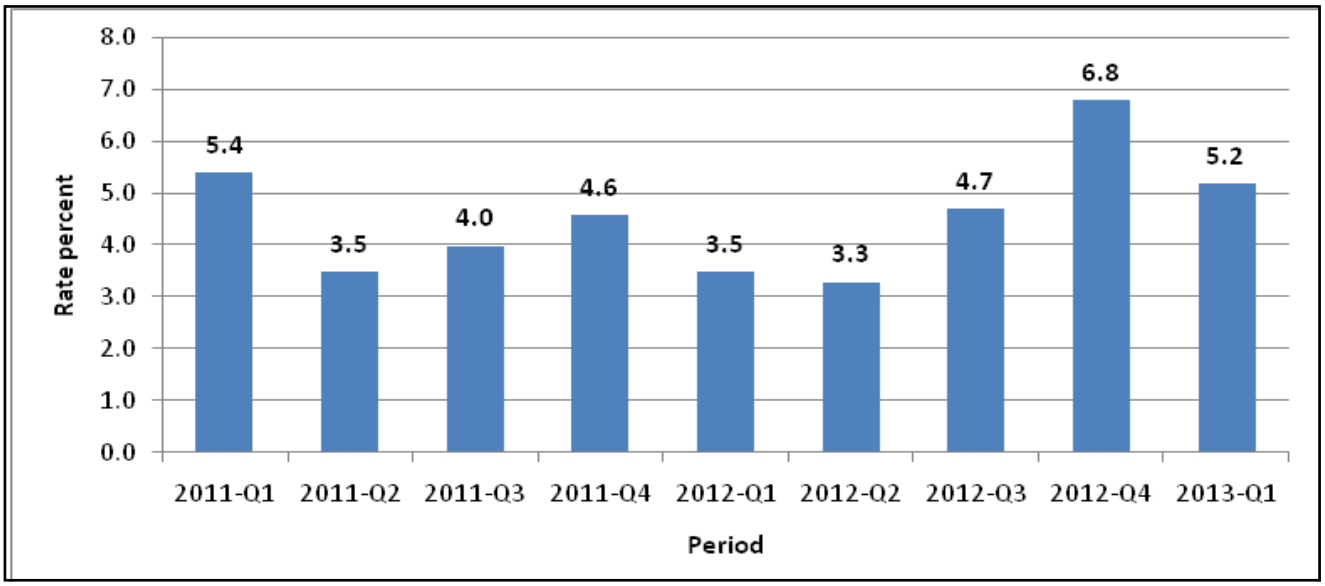
The world economic recovery slowed in 2012, growing at 3.2 per cent compared to 3.9 per cent that was achieved in 2011 according to World Bank 2013 report. This was due to the economic recession in the Euro Zone and the unexpected reduction in economic activities of the emerging market economies. These had an impact in the developing countries although the Kenyan economy has shown some resilience. The East Africa Community's real GDP remained constant at 5.5 per cent in 2012. This is happening at a time when the devolution process is taking shape in Kenya with high expectations that it will accelerate overall economic growth through spill over effect once development is achieved at the counties.

2.1 Economic Growth

The country's economic outlook depicted signs of improvement as the economy grew by 5.2 per cent during the period January to March 2013 compared to 3.5 per cent realized in the same period last financial year as indicated in the Kenya National Bureau of Statistics quarterly report of June 2013. The economic growth is attributed to peaceful electioneering period and conducive weather conditions that resulted to better performance in the agriculture, wholesale and retail sectors.

To facilitate economic growth to the economy and in line with BPS growth projections, there should be a continuous improvement in the implementation of the budget by releasing funds on a timely basis to both national and county governments. This will boost capital investments and as incentive to the private sector in supporting the growth of the economy.

Figure 1: Quarterly GDP growth for the period 2011-2012

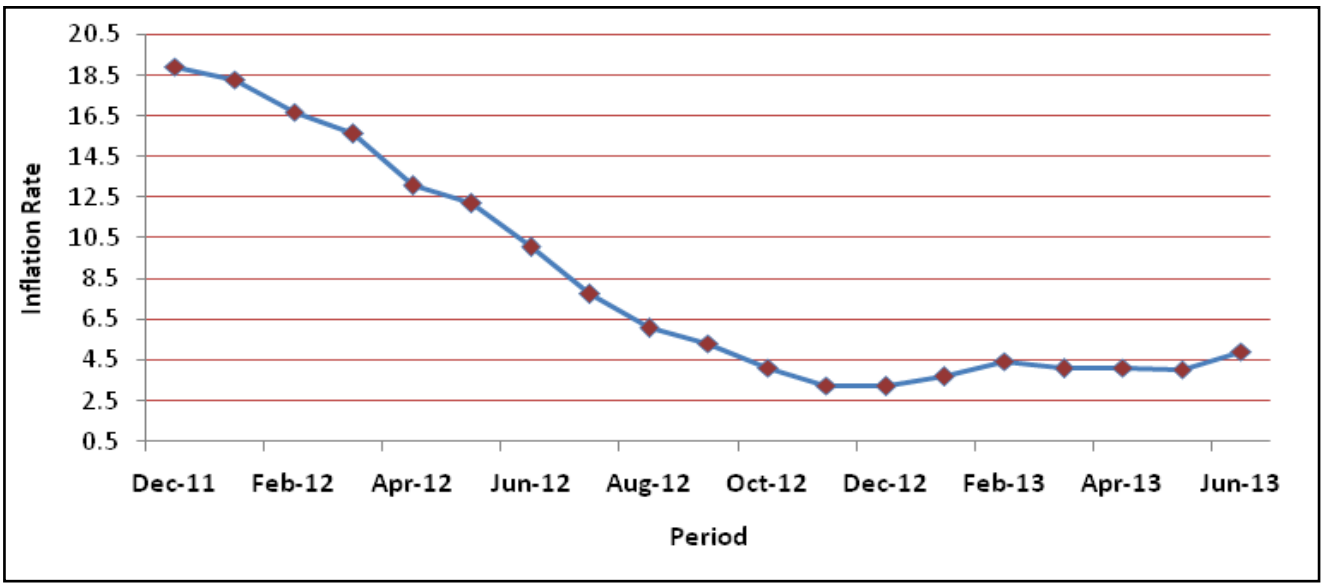


Source: KNBS, 2013

2.2 Inflation

The overall inflation remained generally stable in the period under review as shown in figure 2. Information released by the Kenya National Bureau of Statistics in June 2013 indicate that for the period March to June 2013 the overall inflation stood at 4.36 per cent compared to 11.78 per cent recorded in the same period last year. This was associated with tightening of monetary policies and continued political stability as well as favorable weather conditions, impacting budget implementation positively. As stipulated in the Budget Policy Statement, the overall inflation had been targeted at 5 per cent which was achieved in the medium term.

Figure 2: Overall inflation rate for the period January 2012- June 2013

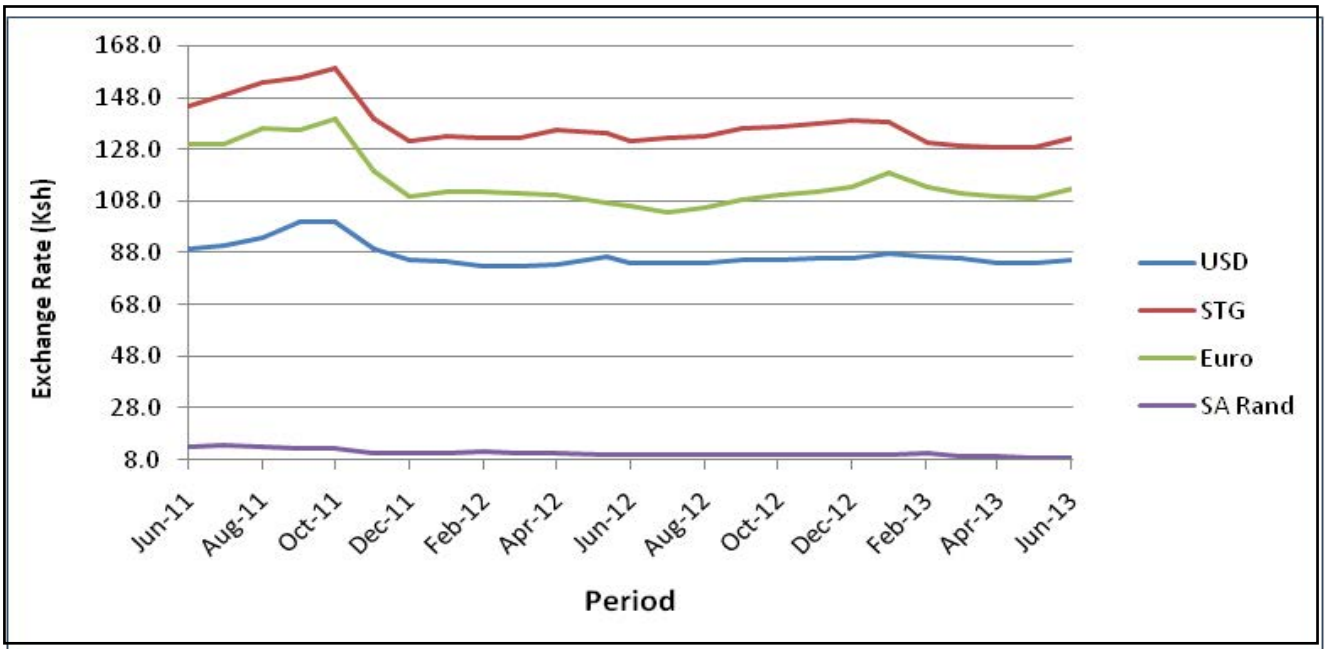


Source: KNBS, 2013

2.3 Exchange Rate

The Kenyan Shilling exchange rate has remained relatively stable against world major currencies over the period under review. For the period April to June 2013 the US dollar exchanged at an average of Kshs. 84.61, a marginal appreciation compared to Kshs. 84.76 the same period last financial year. The Sterling Pound exchanged at an average of Kshs. 129.99 compared to Kshs. 133.81 that was recorded the same period last financial year. The Euro and South African Rand exchanged at Kshs. 110.52 and Kshs. 8.92 compared to Kshs. 107.96 and Kshs. 10.32 respectively over the same period last financial year as shown in figure 3. The stability of the shilling against major currencies is important as it will positively affect the budget implementation by translating to cheaper debt service among others.

Figure 3: The Kenya Shilling Exchange Rate Trends June 2011 to June 2013



Source: Central Bank of Kenya, 2013

3. BUDGET IMPLEMENTATION ANALYSIS FOR FY2012/13

3.1 Revenue Estimates

The total revenue earmarked to fund the budget in FY 2012/2013 was estimated at Kshs. 1,180.9 billion comprising of Kshs. 870.8 billion as ordinary revenue, Kshs. 84.8 billion as Appropriations-in-Aid (A-in-A) and Kshs. 1.3 billion as LATF adjustment. The estimated total revenue collections accounted for 24.7 per cent of the GDP, same as the previous financial year. The budget deficit of Kshs. 279 billion was to be financed through domestic and foreign borrowing.

3.1.1 Revenue Receipts by National Treasury

In the period from July 2012 to June 2013, the National Treasury received a total of Kshs. 1,143.9 billion as revenue against a target of Kshs. 1,200.4 billion. This represents a performance rate of 95.3 per cent or a shortfall in revenue collection of Kshs. 55.55 billion. Table 1 shows that revenue collection in all categories fell below their targets for the FY 2012/2013 except the receipts from domestic borrowing and repayments, which surpassed the target by 19.5 per cent. The tax income category contributed the highest amount, at Kshs. 738.21 billion against a target of Kshs. 817.46 billion; representing a shortfall of Kshs. 79.25 billion. External loans contributed Kshs. 23.57 billion representing 63 per cent of the targeted amount which was the least performing category as shown in table 1.

Table 1: Statement of the Actual Revenue as at end of June 2013 (Kshs. Billions)

Receipts by Category	Printed Est. 2012/2013	Actual Receipts 30/06/2013	Target for July 12 to June 13	Performance rate %
Total Tax Income	817.46	738.21	817.46	90.3
Total Non-Tax Income	51.36	39.26	51.36	76.4
Total Domestic Borrowing & Repayment	277.75	331.83	277.75	119.5
Loans – External	37.42	23.57	37.42	63.0
Grants – External	5.99	5.19	5.98	86.8
Grants from International Organizations	8.72	5.83	8.72	66.9
Grants from Other Level of Government	0.05	0	0.05	0.0
Repayment From Domestic Lending & On Lending	1.7	0	1.7	0.0
TOTAL	**1,200.45**	**1,143.89**	**1,200.44**	**95.3**

Source: Ministry of Finance

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

The Kenya Revenue Authority (KRA) had targeted to collect a total of Kshs. 845.4 billion for the financial year 2012/2013. KRA collected a total of Kshs. 759.5 billion as the exchequer revenue, a performance rate of 89.8 per cent which is a shortfall of Kshs. 85.9 billion. The domestic taxes stood

at Kshs. 536.8 billion which was the best performing category at 93.2 percent against a target of Kshs. 576.2 billion, a shortfall of Kshs. 39.4 billion. The revenues from road transport category was the lowest at Kshs. 2.4 billion against a target of Kshs. 6.0 billion, a performance rate of 39.9 per cent as shown in table 2. The shortfall in revenue collections for the financial year under review negatively affected the budget implementation as the budget was not fully funded as anticipated. The government resorted to borrowing from the domestic market in order to bridge the shortfall, which comes in handy with a cost.

The National Treasury therefore needs to put in place appropriate measures to ensure there is enough generation of revenue such that budgets for both national and county government are funded as planned.

Table 2: Revenue Performance for July 2012 to June 2013 (Kshs. Billions)

Revenue Category	Actual 2012/2013	Target	Variance	Performance Rate (%)	Actual 2011/12	Growth Rate Over 2011/12 %
Customs Services	220.3	263.2	(42.9)	83.7	210.5	4.7
Domestic Taxes	536.8	576.2	(39.4)	93.2	458.4	17.1
Road Transport	2.4	6.0	(3.6)	39.9	2.2	7.8
Total	**759.5**	**845.4**	**(85.9)**	**89.8**	**671.1**	**13.2**

Source: Kenya Revenue Authority

The KRA's collections were below the target set by the National Treasury for the financial year. According to KRA, this was attributed to the following reasons; non passage of the Value Added Tax bill, hurdles in implementing excise taxes on financial services, the uncertainties in the run up to the March general elections, shift in import patterns towards goods of low or zero duty tariffs among others. KRA has targeted to collect Kshs. 912 billion in the financial year 2013/14 with anticipated stability in macro-economic parameters as projected in the 2013/2014 Budget Statement.

3.2 Exchequer Issues Released to National and County Governments

For the period under review the Controller of Budget released a total Kshs. 1,144.9 billion exchequer issues to both national and county governments to undertake their budgeted activities for the financial year 2012/2013 for both recurrent and capital expenditure. The national government agencies received exchequer issues amounting to Kshs. 1,135.1 billion which represents 90.3 per cent of the net estimates while the county governments received 100 per cent of their allocation amounting to Kshs. 9.8 billion.

The exchequer issues released to fund the recurrent budget stood at Kshs. 922.7 billion which represents 94.1 per cent of the revised net estimates. The exchequer issues released to fund the development budget amounted to Kshs. 212.4 billion representing 82.2 per cent of the revised net estimates and Kshs. 9.8 billion was released to counties representing 100 per cent of the county allocation.

Table 3: Recurrent and Development Exchequer issues for July 2012- June 2013 (Kshs. Billions)

Name of the Sub Sector	2012/2013 Financial Year			2011/2012 Financial Year		
	Revised Net Est.	Exch. Issues	% of Exch. To N. Est.	Net Est.	Exch. Issues	% of Exch. To N. Est.
Agriculture and Rural Development	40.2	34.0	84.6	40.7	37.0	90.9
Education	229.9	216.0	94.0	228.1	214.5	94.0
The Energy, Infrastructure and Information Communications Technology (EI & ICT)	102.5	81.8	79.8	98.8	87.9	89.0
The Environmental Protection, Water and Housing	42.0	36.6	87.1	40.1	37.9	94.5
General Economic, Commercial and Labour Affairs (GECLA)	16.7	15.6	93.4	16.3	16.0	98.2
The Governance, Justice, Law and Order (GJLOS)	157.9	152.4	96.5	156.0	150.4	96.4
The Health	73.7	67.0	90.9	69.1	66.8	96.7
The Public Administration and International Relations	103.5	100.6	97.2	103.8	91.5	88.2
The Social Protection, Culture and Recreation	35.4	31.1	87.9	33.5	32.2	96.1
National Security	91.3	86.8	95.1	91.3	86.8	95.1
Sub-Total MDAs	**893.1**	**821.8**	**92.0**	**877.9**	**820.8**	**93.5**
County governments	**9.8**	**9.8**	**100**	-	-	-
Sub-Total Consolidated Fund Services	**364.4**	**313.3**	**86.0**	**346.0**	**203.3**	**58.8**
Grand Total	**1,267.3**	**1,144.9**	**90.3**	**1,223.9**	**1,024.1**	**83.7**

Source: Office of the Controller of Budget

From table 3, the GJLOs sector received a total of Kshs. 152.4 billion representing 96.5 per cent of the revised net estimates, the highest percentage among the sectors. The Energy, Infrastructure and Information and Communications Technology sector received Kshs. 81.8 billion representing 79.8 per cent of the revised net estimates, which was the lowest percentage among the sectors. The Consolidated Fund Services received exchequer issues amounting to Kshs. 313.3 billion representing 86.0 per cent of the revised net estimates.

3.2.1 Sectoral Recurrent Exchequer Issues

This report is being prepared during the transitional period when the government is shifting to a devolved system from a centralized one. There was a major reorganization of government during the fourth quarter in which ministries were merged to eighteen from forty two under the Jubilee coalition government. For the purposes of consistency, the report will classify MDAs as they were before the merging of ministries as this was the basis of their spending.

The revised net recurrent budget for the financial year 2012/2013 was estimated at Kshs. 634.7 billion. The exchequer released for the period under review was Kshs. 609.4 billion which represents 96 per cent of the revised net estimates. This is an underperformance of 2.7 per cent compared to the same period last financial year.

Table 4: Sectoral Recurrent Net Estimates and Exchequer issues (Kshs. Billions)

Name of the Sector	2012/2013 Financial Year			2011/2012 Financial Year		
	Revised Net Est.	Exch. Issues	% of Exch. to N. Est.	Net Est.	Exch. Issues	% of Exch. to N. Est.
Agriculture and Rural Development	18.8	18.5	98	17.3	17.1	99
Education	216.9	204.8	94.4	171.6	176.6	102.9
The Energy, Infrastructure and Information Communications Technology (EI & ICT)	12.1	11.5	94.7	10.3	10.2	98.7
The Environmental Protection, Water and Housing	12.5	11.9	95.4	11.5	11.5	99.7
General Economic, Commercial and Labour Affairs (GECLA)	8.7	8.5	97.4	8.5	8.4	98.1
The Governance, Justice, Law and Order (GJLOS)	146.4	141.7	96.8	103.9	98.6	94.8
The Health	56.1	55.5	99.0	39.9	39.2	98.1
The Public Administration and International Relations	52.1	50.7	97.1	41.3	40.1	97.1
The Social Protection, Culture and Recreation	19.7	19.6	99.3	20.9	20.5	98.4
National Security	91.3	86.8	94.9	78.6	75.3	95.9
Total	**634.7**	**609.4**	**96**	**503.9**	**497.5**	**98.7**

Source: Office of the Controller of Budget

3.2.2 Sectoral Development Exchequer Issues

The revised development expenditure budget was estimated at Kshs. 258.4 billion. The exchequer released for the financial year stood at Kshs. 212.4 billion representing 82.2 per cent of the revised net estimates, this was a reduction of 4.7 per cent compared to the same period last financial year. The Public Administration and International Relations sector received Kshs. 50.7 billion representing 97.1 per cent of the revised net estimates, the highest percentage among the sectors, which was an increase by 18 percentage points from the same period last financial year. The Health sector received the least exchequer releases of 65.1 per cent of the net estimates amounting to Kshs. 11.5 billion which is a reduction of 22 per cent achieved the same period last financial year as shown in table 5.

Table 5: Sectoral Development Net Estimates and Exchequer issues (Kshs. Billions)

Name of the Sector	2012/2013 Financial Year			2011/2012 Financial Year		
	Rev. Net Est.	Exch. Issues	% of Exch. to N. Est.	Net Est.	Exch. Issues	% of Exch. to N. Est.
Agriculture and Rural Development	21.4	15.5	72.6	21.9	18.5	84.5
Education	13	11.2	85.9	11.2	9.7	85.9
The Energy, Infrastructure and Information Communications Technology (EI & ICT)	90.4	70.3	77.8	86.7	76.4	88.1
The Environmental Protection, Water and Housing	29.5	24.7	83.8	27.6	26	93.9
General Economic, Commercial and Labour Affairs (GECLA)	8	7.1	88.8	7.6	7.5	99.1
The Governance, Justice, Law and Order (GJLOS)	11.5	10.7	93.2	9.6	8.7	89.9
The Health	17.6	11.5	65.1	13	11.3	87.1
The Public Administration and International Relations	51.4	49.9	97.1	51.7	40.8	78.9
The Social Protection, Culture and Recreation	15.7	11.5	73.3	13.8	12.6	91.3
Total	**258.4**	**212.4**	**82.2**	**243.2**	**211.4**	**86.9**

Source: Office of the Controller of Budget

3.3 Exchequer Released to Counties

The government had set aside Kshs. 9.78 billion to operationalize the county governments which came into operation after the first general elections under the new constitution dispensation. The Office of the Controller of Budget released Kshs. 9.8 billion to the counties which represents the total amount appropriated from the national budget. The Transition Authority also supported the counties with their initial set up of office renovation, inauguration ceremonies for the governors and swearing in of the county assembly representatives. The total amount released by the Transition Authority to undertake the above activities was Kshs. 2.89 billion.

The funds from the Transition Authority were equally distributed to all the counties although some counties had inherited well developed infrastructure from the defunct local authorities and county council headquarters. By the end of the 2012/13 financial year, most counties had not spent these funds due to lack of prerequisite procurement plans and work plans.

3.4 Donor Releases

According to the revised estimates of 2012/2013 financial year the government budgeted to receive Kshs 209.6 billion from the development partners which comprised of: Loans Revenue of Kshs. 43.0 billion, Grants Revenue of Kshs. 13.9 billion, Loans A.I.A of Kshs 111.3 billion and Kshs. 41.4 as Grants A.I.A. The actual disbursements in FY 2012/13 were Kshs 102 billion representing 48.7 per cent of the revised net estimates. Grants revenues registered the lowest performance of Kshs 4.4 billion in the period under review.

Table 6: Summary of Grants and Loans Disbursement Status (In Kshs. Billion)

Funding Type	Revised Estimates 2012/2013	Cumulative Disbursement as at 30-06-2013	
		Disbursements	% Disbursed against Printed Estimates
Loans Revenue	43.0	23.2	54.06
Grants Revenue	13.9	4.4	31.54
Loans A.I.A	111.3	59.6	53.55
Grants A.I.A	41.4	14.8	35.78
Totals	**209.6**	**102.0**	**48.66**

Source: Ministry of Finance

3.5 Consolidated Fund Services (CFS)

The Consolidated Fund Services (CFS) was allocated Kshs. 364.4 billion in the revised budget for the financial year 2012/2013 representing 24.3 per cent of the total budget for the financial year. The following payments are made out of the Consolidated Fund Services: Public debt, salaries for constitutional office holders, pensions and gratuities to government pensioners, payment to international organisations and other miscellaneous payments by the government. For the period under review a total of Kshs. 313.2 billion was released as exchequer issues to CFS account which represents 86.0 per cent of the net estimates. The total expenditure for the same period stood at Kshs. 311.2 billion which represents absorption rate of 85.4 per cent as shown in table 7 and figure 4.

Figure 4: Composition of CFS Cummulative Expenditures

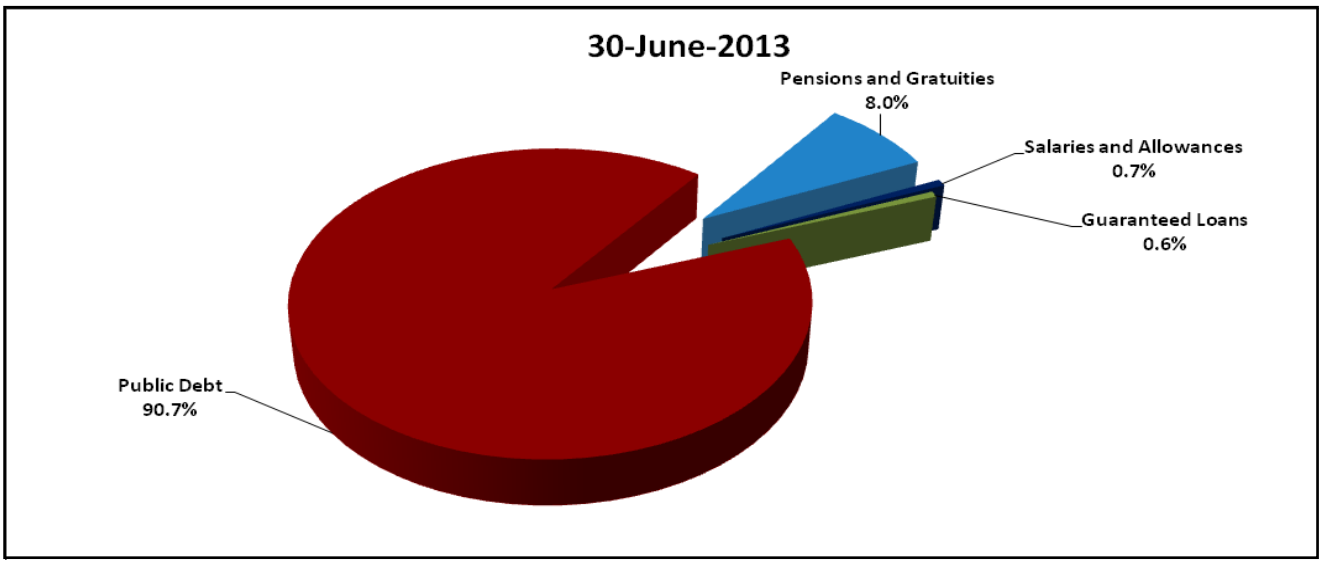


Table 7: Cumulative Expenditures from CFS (in Kshs. Millions)

CFS	Revised Gross Estimates	Rev. Net Estimates	Exchequer Issues	Actual Expen-diture	Exchequer Issues as % Net Est.	Expenditure as a % of Revised G. Estimates
Public Debt	322,115	322,115	284,109	282,181	88.2	87.6
Pensions and Gratuities	28,147	28,147	25,030	24,848	88.9	88.3
Salaries and Allowances	3,348	3,348	2,212	2,201	66.1	65.7
International Organisations*	9,163	9,163	-	-	-	-
Miscellaneous Services	128	128	-	-	0.00	0.00
Guaranteed Loans	1,458	1,458	1,928	1,928	132.2	132.2
Total	**364,359**	**364,359**	**313,279**	**311,158**	**86.0**	**85.4**

Source: Ministry of Finance and MDAs

**International organisation subscriptions to IMF*

3.5.1 Public Debt

The total public and publicly guaranteed debt comprises of domestic borrowing, foreign borrowing and guaranteed loans by the government to state parastatals. The cummulative stock of public and publicly guaranteed debt was Kshs 1.89 trillion representing 49.5 per cent of GDP as at end June 2013 comprising of Kshs 1.05 trillion and Kshs 843.56 billion from domestic and foreign borrowing respectively.

3.5.2 Domestic Borrowing

The cummulative gross domestic borrowing through treasury bills, treasury bonds, government overdraft and others stood at Kshs 1.05 trillion at the end of FY 2012/13. The government borrowed a total of Kshs 176.7 billion through treasury bills and treasury bonds from the domestic market in the financial year 2012/2013 against the budgeted amount of Kshs 165.5 billion representing a performance rate of 106.8 per cent. The exchequer allocated Kshs 171.6 billion and Kshs 112.0 billion for principal redemption and interest payments respectively for the period under review. The actual cummulative domestic debt service for the period was Kshs. 246.9 billion which represents 87.1 per cent of the gross estimates.

3.5.3 Foreign Borrowing

The government had budgeted to borrow a total of Kshs. 144.1 billion externally to finance the budget deficit in the FY 2012/13. The total public and publicly guaranteed external debt stock stood at Kshs 832.24 billion at end June 2013 from Kshs.790.77 billion recorded in the same period last financial year. During the 2012/2013 financial year, Kshs. 38.6 billion was allocated for principal and interest payments against the cummulative external payments of Kshs 37.2 billion towards external debt service.

3.5.4 Government Overdraft

The government overdraft facility from the Central Bank was set at Kshs 25.4 billion at the beginning of the FY 2012/2013. The overdraft facility was revised to Kshs 34.19 billion in April 2013 to support the government expenditures in the period ending June 2013. However, the government borrowing through this facility was maintained within the statutory limit. The total interest amount paid on the facility was Kshs 2.95 billion.

3.5.5 Pre-1997 Outstanding Loans

The government entered into an arrangement with the Central Bank of Kenya to convert all the outstanding debt owed by the government prior to 1997 into a long term loan facility repayable over a period of 37 years with half year principal payments of Kshs 555 million and monthly interest payments at 3 per cent per annum on the outstanding balance. In the FY 2012/13, Kshs 1.1 billion and Kshs 891.7 million was paid out of the Consolidated Fund Services account as principal and interest respectively as service costs. As at the end of the FY2012/13, the closing balance of the loan stood at Kshs.28.9 billion.

3.5.6 Pension and Gratuities

The government allocated a total of Kshs. 28.1 billion in the financial year 2012/2013 for payment of pensions and gratuities representing 7.71 per cent of the CFS gross estimates. The total cumulative exchequer issues were Kshs 25.03 billion and the actual cumulative expenditure on pensions and gratuities to end of June 2013 was Kshs 24.8 billion representing 88.3 per cent absorption rate. This is an improvement from the 83.5 per cent achieved last financial year.

3.5.7 Salaries and allowances to Constitutional Office Holders

The cummulative budgetary allocation for salaries and allowances for Constitutional Office Holders was Kshs. 3.35 billion. The cummulative exchequer released for the period under review was Kshs 2.21 billion against the actual cummulative expenditures of Kshs 2.20 billion during the FY 2012/13.

3.5.8 Guaranteed Loans to State Parastatals

The cummulative allocation to pay for the guaranteed debt due to state corporations was Kshs 1.46 billion against the cummulative exchequer releases of Kshs 1.93 billion to service principal and interest on guaranteed debt on behalf of the state corporations listed in table 4. The variance between the budget allocation and the exchequer issues is attributed to payment of Kshs 664.1 million installment on guaranteed loan to Nairobi City Council paid in arrears in the current financial year. In the fourth quarter, the government paid Kshs 656.5 million to Japanese International Corporation Agency (JICA) on behalf of KBC which defaulted in honouring its debt obligations for the period ending June 30th 2013.

Table 8: Cumulative Actual and Budgeted Payments on Guaranteed Debt for the Period Ending 30th June 2013 (In Kshs. Millions)

Borrower	Quarter I		Quarter II		Quarter III		Quarter IV		Cumm. June 2013	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
NCC	39.66	1,343	0.00		39.53	1,458	0.00	1,458	79.19	
TARDA	264.85		0.00		261.40		0.00		526.25	
KBC	1.62*		664.85		0.00		656.49		1,322.96	
TOTAL	**306.13**	**1,343**	**664.85**	**1,343**	**300.93**	**1,458**	**656.49**	**1,458**	**1,928.4**	**1,458**

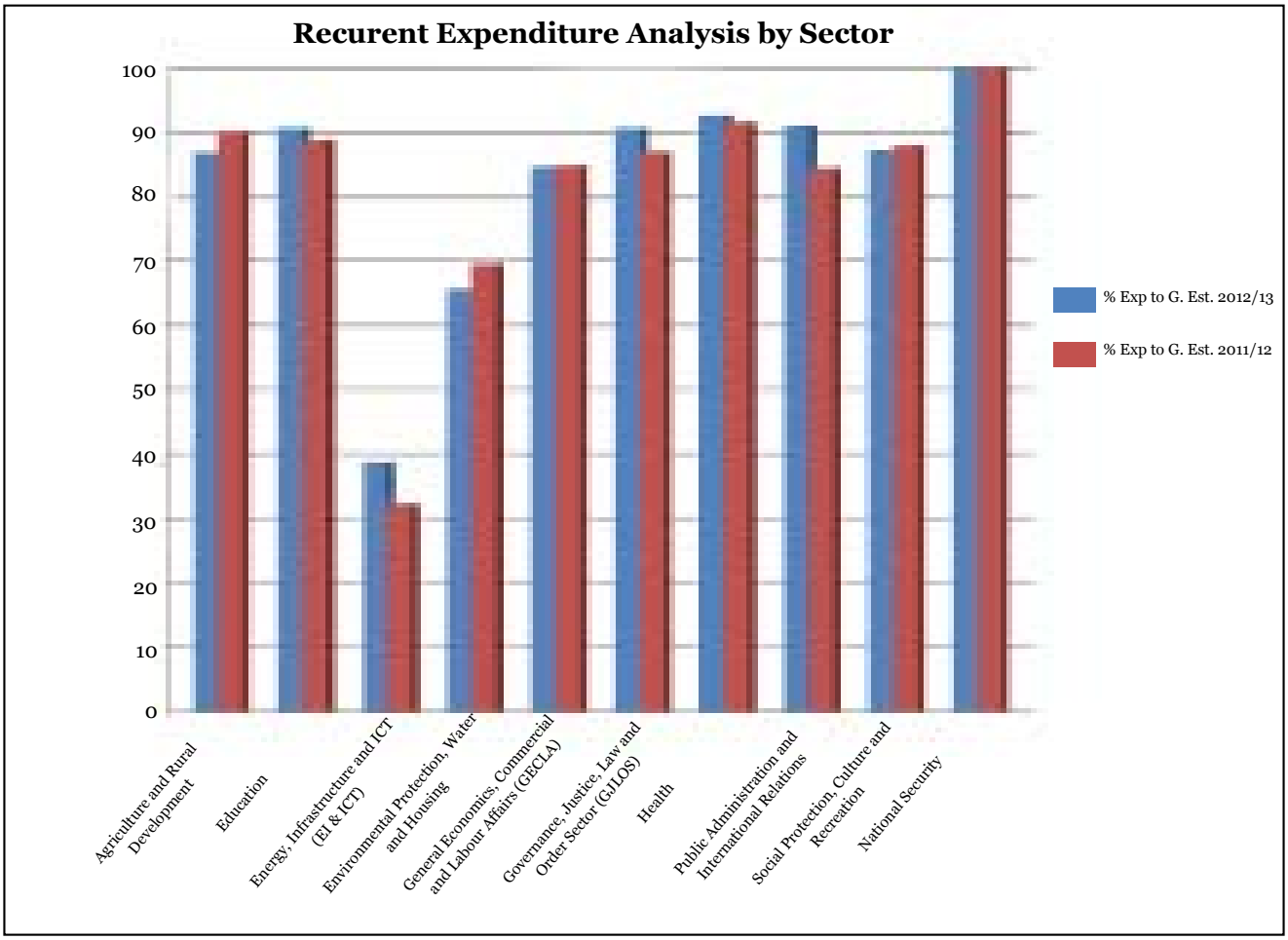
Source: OCOB

**Penalty for late payment due June 2012*

3.6 Recurrent Expenditure Analysis by Sector

In the financial year 2012/13, the estimated revised gross recurrent expenditure budget was Kshs. 716.5 billion compared to Kshs. 578.4 billion in the previous financial year. The exchequer issues released to MDAs was Kshs. 609.4 billion representing 96.0 per cent of the revised net estimates. The total recurrent expenditure was Kshs. 621.1 representing an absorption rate of 86 per cent, a slight improvement compared to 84 per cent achieved in the previous financial period. The National Security sector had the highest absorption rate of 100 per cent whereas the Energy, Infrastructure and Information Communication and Technology recorded the lowest absorption rate of 38.8 per cent.

Figure 5: Comparison Actual Recurrent Expenditure to Gross Estimates (in Percentage)



3.6.1 Agriculture and Rural Development (ARD) Sector

This sector comprises of the following sub-sectors: Agriculture; Livestock Development; Fisheries Development; Lands; Cooperative Development and Marketing; and Forestry and Wildlife. The Agricultural and Rural Development Sector has been a significant contributor to the country's economic growth. In the FY2012/13, the sector was allocated Kshs. 18.4 billion to cater for its recurrent activities which was revised to Kshs. 19.0 billion in the Supplementary Budget.

In the 2012/13 financial year, the sector received exchequer issues amounting to Kshs. 18.5 billion which represents 98.0 per cent of the net revised estimates. This was a slight decline compared to 99.0 per cent that had been issued to the sector in the same period last financial year. The Cooperative Development and Marketing sub-sector received the highest proportion of exchequer issues to revised net estimates which stood at 99.8 per cent. This was an improvement from 96.6 per cent received in the same period last financial year. On the other hand, the Lands sub sector received the lowest proportion of exchequer issues to revised net estimates of 93.0 per cent, a decline compared to 96.6 per cent received in 2011/2012 financial year.

The total recurrent expenditure for the sector was Kshs. 16.5 billion in the period under review representing an absorption rate of 86.9 per cent. This absorption rate was a decline compared to 90.2 per cent recorded in the same period last financial year. The Lands sub sector spent Kshs. 2.5 billion recording the highest absorption rate of 93.4 per cent, an improvement from 89.3 per cent recorded in the previous financial year. The Livestock Development subsector had the lowest absorption rate at 78.9 per cent which was a decline from 95.0 per cent achieved in the previous financial year.

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

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Rev. Gross Est.	Rev. 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	9.3	9.1	9.1	8.2	99.7	88.4	8.8	8.7	8.7	7.9	100.0	89.4
Livestock Development	4.6	4.5	4.4	3.6	98.3	78.9	4.0	4.0	4.0	3.8	98.7	95.0
Cooperative Develop-ment and Marketing	1.2	1.2	1.2	1.1	99.8	85.2	1.1	1.1	1.1	1.0	96.6	86.9
Lands	2.7	2.7	2.5	2.5	93.0	93.4	2.2	2.2	2.1	2.0	96.2	89.3
Fisheries Develop-ment	1.3	1.3	1.2	1.2	94.4	91.6	1.3	1.3	1.3	1.1	99.9	85.3
Total	**19.0**	**18.8**	**18.5**	**16.5**	**98.0**	**86.9**	**17.5**	**17.3**	**17.1**	**15.8**	**99.0**	**90.2**

Source: Ministry of Finance & MDAs

3.6.2 Education Sector

The Education Sector comprises of the following subsectors: Education; Higher Education; Science and Technology and Teachers Service Commission (TSC). The overall goal of this sector is to increase access to education, raise the quality and relevance of education, reduce inequality as well as exploit knowledge and skills in science, technology and innovation for global competitiveness. The sector continues to undertake policy, legal and regulatory reforms aimed at aligning it to the Constitution and Vision 2030 as well as international commitments like the MDGs. In the 2012/13 financial year, the sector was allocated Kshs. 209.3 billion to cater for its recurrent activities which was revised to Kshs. 236.4 billion in the Supplementary Budget (see Table 10).

During the period under review, the sector received exchequer issues amounting to Kshs. 204.8 billion which was 94.4 per cent of the revised net estimates. This was a slight decline compared to 102.9 per cent achieved in the previous financial year. The Higher Education, Science and Technology sub-sector received the highest proportion of exchequer issues to revised net estimates at 99.7 per cent compared to 100 per cent received in the previous financial period. The Teachers Service Commission received the lowest exchequer issues to revised net estimate at 91.8 per cent compared to 99.1 per cent received in 2011/2012 financial year.

The sector's total recurrent expenditure for the period under review increased to Kshs. 214.4 billion representing an absorption rate of 90.7 per cent. The Teachers Service Commission sub sector spent Kshs. 140.4 billion recording the highest absorption rate of 100 per cent. The Higher Education, Science and Technology subsector spent Kshs. 34.2 billion, the lowest absorption rate at 67.7 per cent. The performance of the sector is summarized in table 10.

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

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Education	45.5	42.5	41.9	39.8	98.7	87.5	37	33.9	40	31.6	117.8	85.5
Higher Education, Science and Technology	50.5	34.5	34.4	34.2	99.7	67.7	41.1	25.7	25.7	25.6	100	62.4
Teachers Service Commission	140.4	140	128.5	140.4	91.8	100	112	112	110.9	111.9	99.1	99.8
Total	**236.4**	**216.9**	**204.8**	**214.4**	**94.4**	**90.7**	**190.1**	**171.6**	**176.6**	**169.1**	**102.9**	**89**

Source: Ministry of Finance & MDAs

3.6.3 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. In the 2012/13 financial year, the sector was allocated Kshs. 62.9 billion to cater for its recurrent activities which was revised to Kshs. 62.2 billion in the Supplementary Budget.

The total exchequer issues received by the sector amounted to Kshs. 11.5 billion which translates to 94.7 per cent of the revised net estimates. The Nairobi Metropolitan Development sub- sector received the highest proportion of exchequer issues to revised net estimates at 100 per cent. The Roads sub sector received the lowest share of the exchequer issues to revised net estimates at 87.9 per cent which was a decline from 96.6 per cent recorded last financial year.

The sector's total recurrent expenditure was Kshs. 24.1 billion representing an absorption rate of 38.8 per cent. The Information and Communication sub sector spent Kshs. 2.2 billion achieving the highest absorption rate of 95.5 per cent, a marginal increase compared to 95.0 per cent recorded in the previous financial year. The Local Government subsector spent Kshs. 1.3 billion attaining the lowest absorption rate of 5.9 per cent, a decline from 6.1 per cent achieved in the same period last financial year.

Table 11: Analysis of Recurrent Expenditure and Net Exchequer Issues for Energy, Infrastructure and Information Communications Technology (Kshs. Billions)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Local Government	22.9	1.4	1.3	1.3	91.8	5.9	18.5	1.2	1.2	1.1	100	6.1
Roads	28.1	2.4	2.1	16.3	87.9	57.8	27.2	1.8	1.8	9.7	96.6	35.8
Transport	4.2	1.5	1.5	1.5	99.7	35.9	4.0	1.4	1.4	1.4	100	35.7
Energy	2.5	2.2	2.2	1.9	99.9	76.5	2.3	2.3	2.3	2.2	100	98.5
Information & Communi-cations	2.3	2.3	2.3	2.2	99.9	95.5	1.8	1.8	1.8	1.7	99.3	95.0
Nairobi Metropolitan Development	0.3	0.3	0.3	0.3	100	91.9	0.3	0.3	0.3	0.3	100	95.9
Public Works	2.0	2.0	1.7	0.7	88.4	35.2	1.5	1.5	1.5	1.4	96.5	91.5
Total	**62.2**	**12.1**	**11.5**	**24.1**	**94.7**	**38.8**	**55.6**	**10.3**	**10.2**	**18.0**	**98.7**	**32.3**

Source: Ministry of Finance & MDAs

3.6.4 Environmental Protection, Water and Housing Sector

This Sector comprises of the following sub sectors: Environment and Mineral Resources; Housing; Water and Irrigation; and Forestry and Wildlife. The sector endeavors to provide decent and affordable housing as well as access to potable water, and secure environment. For the financial year 2012/13,

the sector was allocated Kshs. 17.7 billion which was revised to Kshs. 12.5 billion in the Supplementary Budget.

The sector received exchequer issues amounting to Kshs. 11.9 billion representing 95.4 per cent of the revised net estimates compared to 99.7 per cent received in the same period last financial year. All the subsectors recorded over 99 per cent of exchequer issues to revised net estimates except the Housing subsector which attained the lowest at 68. 3 per cent.

The total recurrent expenditure for this sector amounted to Kshs 9.7 billion representing an absorption rate at 54.5 per cent which was a decline from 69.5 per cent over the same period last financial year. The Environment and Mineral Resources sub sector spent Kshs. 2.5 billion achieving the highest absorption rate of 81.5 per cent. The Forestry and Wildlife sub-sector spent Kshs. 1.9 billion achieving the lowest absorption rate of 30.0 per cent which was a decline from 71.3 per cent achieved in the previous financial year as shown in table 12.

Table 12: Analysis of Recurrent Expenditure and Net Exchequer Issues for Environmental Protection, Water and Housing Sector (Kshs. Billion)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Water and Irrigation	6.3	4.3	4.3	4.0	99.4	62.8	6.1	4.2	4.1	3.8	99.1	62.0
Environment and Mineral Resources	3.0	2.5	2.5	2.5	99.9	81.5	2.8	2.3	2.3	2.3	100.0	81.5
Housing	2.2	1.7	1.2	1.4	68.3	62.6	1.7	1.3	1.3	1.2	100.0	71.4
Forestry and Wildlife*	6.2	3.9	3.9	1.9	99.9	30.0	5.3	3.8	3.8	3.8	100.0	71.3
Total	**17.7**	**12.5**	**11.9**	**9.7**	**95.4**	**54.5**	**16.0**	**11.5**	**11.5**	**11.1**	**99.7**	**69.5**

Source: Ministry of Finance & MDAs

** Provisional.*

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

The General Economic, Commercial and Labour Affairs (GECLA) sector comprises of the following sub-sectors: 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 which was revised to Kshs. 9.3 billion in the Supplementary Budget to cater for its recurrent activities.

In the FY 2012/13, the sector received exchequer issues amounting to Kshs. 8.5 billion representing 97.4 per cent of the revised net estimates, a slight decline compared to 98.1 per cent recorded in the same period last financial year. Regional Development Authorities and Tourism sub sectors received Kshs. 0.8 billion and Kshs. 1.4 billion respectively representing 100 per cent of their revised net estimates. Industrialization sub sector was the lowest recipient of the exchequer issues amounting to Kshs. 1.8 billion which was 92.1 per cent of the revised net estimates.

The sector's recurrent expenditure stood at Kshs. 7.9 billion, representing an absorption rate of 84.7 per cent compared to 85.0 per cent recorded the same period last financial year. The East African Community sub sector spent Kshs. 1.3 billion and had the highest absorption rate of 99.3 per cent down from 100 per cent achieved the same period last financial year. The Trade sub sector had the lowest absorption rate of 77.4 per cent an increase from 69.5 per cent achieved in the last financial year as shown in table 13.

Table 13: Analysis of Recurrent Expenditure and Net Exchequer Issues for General Economic, Commercial and Labour Affairs (Kshs. Billions)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Regional Development Authorities	0.8	0.8	0.8	0.7	100.0	89.3	0.8	0.8	0.8	0.8	100.0	98.5
Labour	1.6	1.5	1.4	1.2	95.4	78.5	1.8	1.7	1.6	1.4	93.4	76.5
Trade	2.2	1.9	1.9	1.7	99.6	77.4	1.9	1.7	1.6	1.3	97.3	69.5
East African Community	1.3	1.3	1.3	1.3	99.7	99.3	1.0	1.0	1.0	1.0	100.0	99.3
Tourism	1.5	1.4	1.4	1.4	100.0	94.5	1.6	1.6	1.6	1.5	100.0	94.8
Industrialization	2.1	1.9	1.8	1.6	92.1	79.5	1.9	1.8	1.8	1.7	100.0	87.5
Total	**9.3**	**8.7**	**8.5**	**7.9**	**97.4**	**84.7**	**9.1**	**8.5**	**8.4**	**7.7**	**98.1**	**85.0**

Source: Ministry of Finance & MDAs

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

The Governance, Justice, Law and Order Sector (GJLOS) comprises of the Ministry of State for Provincial Administration and Internal Security, Ministry of Immigration and Registration of Persons, Office of the Vice President and Home Affairs, Ministry of Justice, National Cohesion and Constitutional Affairs, State Law Office, Director of Public Prosecutions, The Judiciary, Ethics and Anti-Corruption Commission, Human Rights Commission, Registrar of Political Parties, Commission on Administrative Justice, National Police Service Commission, Independent Electoral and Boundaries Commission and Commission for Implementation of the Constitution (CIC) sub sectors. The sector plays a significant role in providing a stable environment for political, social and economic development of the country. The sector aims to facilitate the implementation of the new Constitution and improve access to judicial and legal services for all Kenyans. The sector further enhances the security of identification; registration and travel documents; prevention of corruption and economic crimes and ensuring public safety, among other functions. During the 2012/2013 financial year, the GJLOS sector was allocated Kshs. 130.1 billion to cater for its recurrent activities which was revised to Kshs. 147.3 billion in the Supplementary Budget.

The sector received exchequer issues amounting to Kshs. 141.7 billion representing 96.8 per cent of the revised net estimates which was an improvement from 94.8 per cent received in the previous financial year. The Provincial Administration and Internal Security sub sector received the highest exchequer issues amounting to Kshs. 67.6 billion which was 96.6 per cent of the net revised estimates a decline from 99.7 per cent received during the previous financial year. The following subsectors received 100

per cent of exchequer issues to revised net estimates: Home Affairs; Immigration and Registration of Persons; Witness Protection Agency; IEBC; and CAJ. The Parliamentary Service Commission sub sector received the lowest proportion of exchequer issues to revised net estimates, at 85.9 per cent, a decline from 98.2 per cent received in the previous financial year.

The overall expenditure for the sector in 2012/2013 financial year was Kshs. 132.9 billion representing an absorption rate of 90.2 per cent, an increase from an 87.0 per cent absorbed in the last financial year. The Independent Electoral and Boundaries Commission sub sector spent Kshs. 25.2 billion achieving the highest absorption rate of 99.8 per cent, an increase from 43.8 per cent for the previous financial year. The Office of the Vice President and Home Affairs sub sector had the lowest absorption rate, at 78.0 per cent, a decrease from 84.1 per cent recorded in the previous financial year. Table 14 presents an analysis of all the sub sectors under the GJLOS.

Table 14: 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					
	Revised Gross Est.	Revised 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 & & l. Security	70.7	70.0	67.6	63.2	96.6	89.4	57.4	57.4	57.3	52.6	99.7	91.6
Home Affairs	15.1	15.1	15.1	11.8	100.0	78.0	13.8	13.8	13.7	11.6	99.2	84.1
Justice, Nat. C.C. Affairs	2.6	2.5	2.5	2.4	99.9	93.7	2.3	2.1	2.1	2.2	99.8	95.0
State Law	1.6	1.6	1.5	1.5	96.0	92.9	1.3	1.3	1.3	1.3	100.0	98.6
The Judiciary	10.2	10.2	10.1	10.0	98.5	98.1	6.1	6.1	6.1	6.1	100.0	100.0
EACC	1.4	1.4	1.2	1.3	88.1	90.9	1.4	1.4	1.3	1.2	92.0	88.4
Immigration & R. Persons	4.6	4.6	4.6	3.9	100.0	84.3	4.3	4.3	3.8	3.4	89.5	79.7
DPP	1.0	1.0	0.9	0.9	93.1	85.6	0.5	0.5	0.5	0.4	91.8	78.7
CIC	0.5	0.5	0.5	0.4	96.5	87.4	0.4	0.4	0.4	0.4	100.0	89.5
Registrar of Political Parties	0.4	0.4	0.4	0.3	91.4	88.9	0.0	0.0	0.0	0.0		
Witness Protection Agency	0.2	0.2	0.2	0.2	100.0	95.8	0.0	0.0	0.0	0.0		
K.N.H.R & Equality Commission	0.3	0.3	0.3	0.2	99.8	97.4	0.3	0.3	0.3	0.3	99.2	98.5
I. E.B.C	25.2	25.2	25.2	25.2	100.0	99.8	7.4	7.4	3.2	3.3	42.8	43.8
Parliamentary Service Commission	13.0	13.0	11.2	11.1	85.9	85.2	8.8	8.8	8.6	7.8	98.2	89.3
NPSC	0.3	0.3	0.3	0.3	99.3	95.4	0.1	0.1	0.0	0.0	0.0	0.0
The CAJ	0.2	0.2	0.2	0.2	100.0	99.7	0.0	0.0	0.0	0.0	-	-
Total	**147.3**	**146.4**	**141.7**	**132.9**	**96.8**	**90.2**	**104.2**	**103.9**	**98.6**	**90.7**	**94.8**	**87.0**

Source: Ministry of Finance &MDAs

3.6.7 Health Sector

This sector comprises of Ministries of Medical Services and Public Health and Sanitation sub-sectors. The overall goal of this sector is to ensure that there is provision of equitable and affordable health care to citizenry at the highest affordable standards. In the current financial year, the sector was allocated Kshs. 54.6 billion to cater for its recurrent activities which was revised to Kshs. 60.0 billion in the Supplementary Budget.

In the period under review, the sector received recurrent exchequer issues amounting to Kshs. 55.5 billion representing 99.0 per cent of the net revised estimate, an improvement both in absolute terms and as a percentage of revised net estimates compared to the previous financial year. The Public Health and Sanitation sub-sector received a higher proportion of exchequer issues of 99.8 per cent than the Medical Services subsector which received 98.6 per cent of its net revised estimates.

The total recurrent expenditure for the sector in the period under review rose to Kshs. 55.7 billion from Kshs. 40.2 billion recorded during the same period last financial year. The absorption rate for the sector also registered an improvement to 92.8 per cent in the period under review from 91.7 per cent in the same period last financial year. The Public Health and Sanitation sub sector had an absorption rate of 98 per cent which was higher than that of the Medical services subsector which stood at 90.9 per cent during the period under review.

Table 15: Analysis of Recurrent Expenditure and Net Exchequer Issues for Health Sector (Kshs. Billions)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. To R.G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Medical Services	43.4	39.6	39.0	39.4	98.6	90.9	31.5	27.7	26.9	27.9	97.3	88.7
Public Health and Sanitation	16.6	16.6	16.5	16.3	99.8	98.0	12.3	12.3	12.3	12.3	99.9	99.5
Total	**60.0**	**56.1**	**55.5**	**55.7**	**99.0**	**92.8**	**43.8**	**39.9**	**39.2**	**40.2**	**98.1**	**91.7**

Source: Ministry of Finance & MDAs

3.6.8 Public Administration and International Relations Sector

This sector comprises of the following sub sectors: State House, Presidency and 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 Office of the Auditor General. The Public Administration and International Relations Sector (PAIR) plays' key role in national policy formulation and implementation, monitoring, and evaluation. Table 16 shows that the sector's total budget for 2012/2013 financial year was Kshs. 50.2 billion which was revised to Kshs. 53.4 billion in the Supplementary Budget.

The sector's cumulative exchequer issues for the period under review amounted to Kshs. 50.7 billion which is an increase from Kshs. 40.1 billion recorded in the same period last financial year. In the

period under review, the sector's proportion of exchequer issues to revised net estimates was 97.1 per cent, same as the previous financial year. The subsectors with the highest exchequer issues to revised net estimates, at 100 per cent were: Ministry of Finance; Office of the Prime Minister; Commission on Revenue Allocation; and Transition Authority. The Independent Police Oversight Authority received the lowest exchequer issues to revised net estimates, at 61.0 per cent.

In the period under review, the sector's total recurrent expenditure increased to Kshs. 48.8 billion from Kshs. 35.9 billion over the same period in the last financial year. The sector also recorded an absorption rate of 91.5 per cent, an increase from 84.5 per cent recorded during the same period last financial year. The Office of the Prime Minister sub-sector had the highest absorption rate at 100 per cent and The Controller of Budget had the lowest absorption rate at 63.9 per cent in the period under review.

Table 16: Analysis of Recurrent Expenditure and Net Exchequer Issues for Public administration and International Relations (Kshs. Billions)

	2012/2013						2011/2012					
Name of the subsector	Rev. Gross Est.	Rev. Net Est.	Exche-quer Issues	Expe-ndit-ure	% Excheq. To Net. Est.	% Exp to Rev. G. Est.	Gross Esti-mates	Net Esti-mates	Exche-quer Issues	Expen-diture	% Excheq. To Net. Est.	% Exp to G. Est.
State House	1.9	1.9	1.9	1.9	96.6	97.7	1.4	1.4	1.4	1.4	99.7	99.3
Public Service	5.6	5.6	5.6	5.4	99.9	95.4	3.6	3.5	3.5	3.3	100	91.6
Min. of Foreign Affairs	11.1	10.1	9.6	9.2	94.4	82.4	10.0	9.0	8.7	6.2	96.5	61.7
Planning, N.D& V. Vision 2030	2.7	2.7	2.7	2.5	99.9	92.1	2.8	2.8	2.8	2.6	99.9	91.8
Ministry of Finance	22.7	22.7	22.7	21.4	100.0	94.3	18.7	18.7	18.1	17.3	96.6	92.1
Cabinet Office	2.0	2.0	1.8	1.8	89.7	90.4	1.4	1.4	1.3	1.3	96.1	94.4
Prime Minister	2.3	2.3	2.3	2.3	100.0	100	1.9	1.9	1.9	1.9	100	99.0
CRA	0.4	0.4	0.4	0.3	100.0	74.5	0.3	0.3	0.3	0.0	99.8	0.0
PSC	0.8	0.8	0.7	0.7	98.2	97.2	0.7	0.7	0.7	0.7	99.0	99.3
SRC	0.5	0.5	0.4	0.3	87.6	70.0	0.0	0.0	0.0	0.0	0.0	0.0
Auditor-General	2.0	1.9	1.5	1.9	80.7	93.6	1.5	1.4	1.3	1.3	89.2	83.1
Controller of Budget	0.4	0.4	0.3	0.2	72.2	63.9	0.1	0.1	0.0	0.0	0.0	48.4
Ind. Police Oversight Authority	0.2	0.2	0.2	0.2	61.0	72.0	0.0	0.0	0.0	0.0	0.0	0.0
T.A	0.8	0.8	0.8	0.8	100.0	99.6	0.0	0.0	0.0	0.0	0.0	0.0
Total	**53.4**	**52.2**	**50.7**	**48.8**	**97.1**	**91.5**	**42.5**	**41.3**	**40.1**	**35.9**	**97.1**	**84.5**

Source: Ministry of Finance & MDAs

3.6.9 Social Protection, Culture and Recreation Sector

The Social Protection, Culture and Recreation sector consists of the following sub sectors: National Heritage and Culture; Gender, Children and Social Development; Special Programmes; Youth Affairs and Sports; Development of Northern Kenya & other Arid Lands; and the National Gender and Equality Commission. In the FY 2012/13, the sector was allocated Kshs. 19.5 billion to cater for its recurrent activities which was revised to Kshs. 19.9 billion in the Supplementary Budget.

During the FY 2012/13, the total exchequer issues to the sector declined to Kshs 19.6 billion from Kshs. 20.5 billion issued in the previous financial year. The Gender, Children and Social sub sector had the highest proportion of exchequer issues to revised net estimates of 100 per cent. The Special Programmes and National Heritage and Culture sub sectors had the lowest proportion at 98.4 per cent of the revised net estimates a decline from 100 per cent issued to each of the sectors in the same period last financial year.

The total recurrent expenditure for the sector dropped to Kshs 17.3 billion from Kshs. 18.5 billion compared to the same period last financial year. The absorption rate declined slightly to 87.8 per cent from 88.1 per cent achieved in the last financial year. The National Heritage and Culture sub sector had the highest absorption rate of 98.3 per cent of the revised gross estimates which was an improvement from 97.9 per cent attained in the preceding period. The Development of Northern Kenya and Other Arid Lands sub sector recorded the lowest absorption rate of 35.0 per cent.

Table 17: Analysis of Recurrent Expenditure and Net Exchequer Issues for Social Protection, Culture and Recreation Sector (Kshs. Billion)

Name of the sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to Rev. G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Gender, Children and Social Development	5.3	5.3	5.3	4.8	100.0	90.3	4.2	4.1	4.1	3.6	99.9	85.6
Special Programmes	5.5	5.5	5.4	5.2	98.4	96.1	8.4	8.4	8.4	8.3	100.0	98.2
National Heritage and Culture	1.8	1.7	1.7	1.7	98.4	98.3	1.8	1.7	1.7	1.7	100.0	97.9
Youth Affairs and Sports	6.4	6.3	6.3	5.1	99.8	79.1	6.1	6.0	5.7	4.9	94.4	80.8
Development of Northern Kenya and Other Arid Lands	0.6	0.6	0.6	0.2	98.8	35.0	0.6	0.5	0.5	-	100.0	-
National Gender and Equality Commission	0.3	0.3	0.3	0.2	99.8	91.2	-	-	-	-	-	-
Total	**19.9**	**19.7**	**19.6**	**17.3**	**99.3**	**87.8**	**21.0**	**20.9**	**20.5**	**18.5**	**98.4**	**88.1**

Source: Ministry of Finance & MDAs

3.6.10 National Security Sector

This sector is made up of two sub sectors namely Defense and National Security Intelligence Services (NSIS). The major obligation of this sector is to ensure the internal and external security of the country. In the 2012/13 financial year, the sector was allocated Kshs. 83.7 billion to cater for its recurrent activities which was revised to Kshs. 91.3 billion in the Supplementary Budget.

The exchequer issues released to the sector amounted to Kshs. 86.8 billion representing 95.1 per cent of the revised net estimates, an increase from Kshs. 75.3 billion for the previous financial year. The National Security Intelligence Service sub sector received exchequer issues amounting to Kshs. 13.7 billion representing 100 per cent of its revised net estimates. The exchequer issue to the Defence sub sector was Kshs. 73 billion representing 94.2 per cent of exchequer issues to revised net estimates.

The recurrent expenditure for the sector for the period under review was Kshs. 91.3 billion representing an absorption rate of 100 per cent, a similar rate the sector achieved in the last financial year.

Table 18: Analysis of Recurrent Expenditure and Net Exchequer Issues for National Security Sector (Kshs. billions)

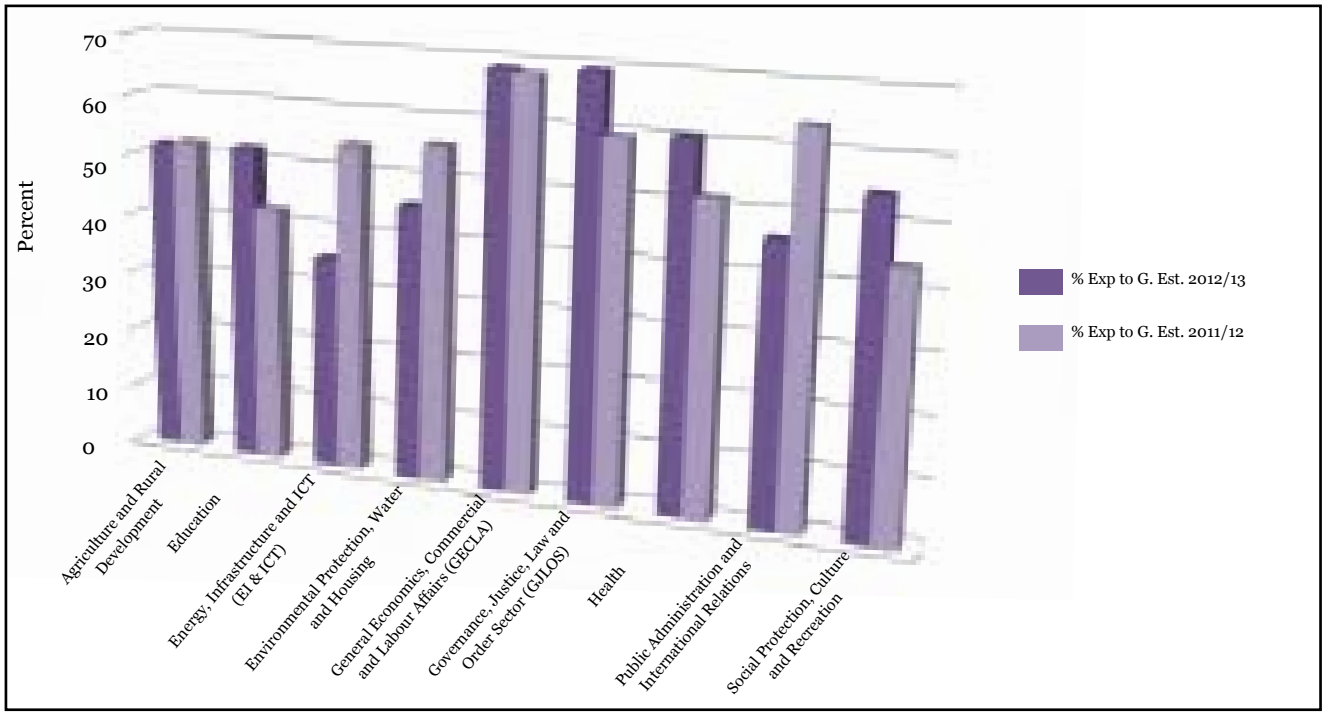
Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Defence	77.5	77.5	73.0	77.5	94.2	100.0	64.5	64.5	61.3	64.7	95.0	100.2
N.S.I.S	13.7	13.7	13.7	13.7	100.0	100.0	14.0	14.0	14.0	14.0	99.9	99.9
Total	**91.3**	**91.3**	**86.8**	**91.3**	**95.1**	**100.0**	**78.6**	**78.6**	**75.3**	**78.7**	**95.9**	**100.2**

Source: Ministry of Finance & MDAs

3.7 Development Expenditure Analysis by Sector

A total of Kshs. 453.2 billion was set aside in the 2012/2013 financial year to meet development expenditure by MDAs. This amount was revised to Kshs. 437.1 billion which represented 14.2 per cent growth from the previous financial year. The total amount spent by MDAs on development activities for the period under review was Kshs. 193.9 billion. This amount represents an absorption rate at 44.4 per cent of the FY 2012/2013 budget which is a decline compared to 55.1 per cent recorded over the same period last financial year.

Figure 6: Comparison Actual Development Expenditure to Gross Estimate (Percent)



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

3.7.1 Agriculture and Rural Development Sector

This sector aims at improving livelihoods of citizens through promotion of competitive agriculture and innovative research, sustainable livestock and fisheries development, growth of a viable cooperatives sub sector, equitable distribution and sustainable management of land resources. The Sector is a key driver of economic growth in Kenya and remains the main source of livelihood for the majority of the Kenyan people. It has also been identified as one of the six sectors critical in delivering the 10 per cent economic growth under the Vision 2030. To achieve the planned activities, the ARD sector was allocated Kshs. 22.2 billion which was revised to Kshs. 24.3 billion in the Supplementary Budget.

The ARD sector received exchequer issues amounting to Kshs. 15.5 billion during the 2012/2013 financial year. This amount represents 72.6 per cent of the net revised estimates, a reduction from 84.5 per cent recorded during the same period last financial year. The Cooperative sub sector received the highest proportion of exchequer issues which was 99.0 per cent of the net revised estimates, an improvement from 98.3 per cent that the sub sector received in the same period last financial year. The Agriculture sub sector received the least proportion of exchequer issues to the revised net estimate which was 64.9 per cent representing a decline from 73.8 per cent recorded in the same period last financial year.

The total expenditure for the Agriculture and Rural Development Sector for the 2012/2013 financial year was Kshs. 12.6 billion representing an absorption rate of 51.8 per cent compared to 52.4 per cent recorded during the 2011/2012 financial year. The Lands subsector spent Kshs. 1.7 billion and had the highest absorption rate of 78.9 per cent, a decline from 91.6 per cent recorded in the same period last financial year. The Agriculture subsector spent Kshs 6.5 billion and had the lowest absorption rate of 43.8 per cent. Table 19 shows a breakdown of the performance of other subsectors.

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

Name of the Sub Sector	2012-2013						2011-2012					
	Rev. Gross Esti-mates	Rev. Net Esti-mates	Exche-quer Issues	Expen-diture	% Excheq. To Net. Est.	% Exp to Rev. G. Est.	Gross Esti-mates	Net Esti-mates	Exche-quer Issues	Exp-endi-ture	% Excheq. To Net. Est.	% Exp to G. Est.
Agriculture	15	12.4	8	6.5	64.9	43.8	16	12.2	9	7	73.8	44
Livestock Development	4.3	4.2	3.8	2.6	90.5	59.2	3.8	3.5	3.5	2.4	99.9	64.5
Cooperative Development and Marketing	0.2	0.2	0.2	0.1	99	70	0.2	0.2	0.2	0.2	98.3	94.9
Lands	2.2	2.1	1.5	1.7	71.4	78.9	3.9	3.8	3.7	3.6	97.1	91.6
Fisheries Development	2.6	2.6	2.1	1.6	79.9	61.3	2.3	2.2	2.1	0.5	96.7	19.9
Total	**24.3**	**21.4**	**15.5**	**12.6**	**72.6**	**51.8**	**26.2**	**21.9**	**18.5**	**13.7**	**84.5**	**52.4**

Source: Ministry of Finance & MDAs

3.7.2 Education Sector

The Education sector's overall goal is to increase access to education, raise the quality and relevance of education, reduce inequality as well as exploit knowledge and skills in science, technology and innovation for global competitiveness. The sector continues to undertake policy, legal and regulatory reforms aimed at aligning the sector to the Constitution and Vision 2030 as well as international targets like the MDGs. These reforms have necessitated increased investment in order to expand access and equity in education; improve quality, transition and relevance; and integrate science and technology in the production sectors of the economy as well as addressing human capital needs of the nation. This sector was allocated Kshs. 26.7 billion in 2012/2013 financial year for its development expenditure which was revised to Kshs. 24.5 billion in the Supplementary Budget.

As at the end of the 2012/2013 financial year, the sector had received exchequer issues amounting to Kshs. 11.2 billion representing 85.91 per cent of its revised net estimates compared to 85.94 per cent recorded in 2011/2012 financial year. The Education sub sector received a higher proportion of exchequer issues to revised net estimates at 96.7 per cent compared to Higher Education, Science and Technology subsector which received 76.5 per cent.

The actual expenditure by the Education sector, as at the end of 2012/2013 financial year, was Kshs. 12.8 billion. This amount represents an absorption rate of 52.4 per cent which is an increase from 42.5 per cent achieved in the previous financial year. The Education subsector spent Kshs. 6.0 billion on development programs, recording an absorption rate of 58.4 per cent, an increase from 45.7 per cent achieved in the previous financial year. The Higher Education, Science and Technology subsector's total development expenditure was Kshs. 6.9 billion, an absorption rate of 48.1 per cent (see Table 20).

Table 20: Analysis of Development Expenditure and Net Exchequer Issues for Education (Kshs. Billions)

Name of the Sub Sector	2012/2013 Financial Year						2011/2012 Financial Year					
	Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to R.G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% of Exch. to N. Est.	% of Exp. to G. Est.
Education	10.2	6.1	5.8	6.0	96.7	58.4	7.8	4.9	4.2	3.6	86.3	45.7
Higher Education, Science and Technology	14.3	6.9	5.3	6.9	76.5	48.1	15.3	6.4	5.5	6.2	85.7	40.8
Total	**24.5**	**13**	**11.2**	**12.8**	**85.91**	**52.4**	**23.1**	**11.2**	**9.7**	**9.8**	**85.94**	**42.5**

Source: Ministry of Finance & MDAs

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

This sector has been pursuing a number of strategies and measures which include; supporting the development of infrastructure initiatives around flagship projects; strengthening the institutional framework for infrastructure development; raising the efficiency and quality of infrastructure as well as promoting Private Sector participation in the provision of infrastructure services through the Public-Private-Partnerships (PPPs) framework. The government has continued to commit more financial resources for infrastructural development in the last three years. The sector was initially allocated Kshs. 205.0 billion to cater for its development programmes for the financial year 2012/2013 which was later revised downwards to Kshs. 200.7 billion in the Supplementary Budget.

In the FY 2012/13, the sector received exchequer issues amounting to Kshs. 70.3 billion which was 77.8 per cent of the net revised estimates. This was a decline from 88.1 per cent issued in the same period last financial year. The Local Government sub sector received the highest proportion exchequer issues to revised net estimates at 93.6 per cent, an improvement from 80.1 per cent issued in the same period last financial year. The Transport subsector received the least exchequer issues to net estimates at 52.8 per cent a decline from 58.9 per cent recorded same period last financial year.

The sector's total expenditure was Kshs. 70.9 billion representing an absorption rate of 35.3 per cent, a significant decline from 54.4 per cent attained in the same period last financial year. The Information and Communication subsector recorded the highest absorption rate of 83.8 per cent, an improvement from 74.2 per cent for the FY 2011/2012. The energy sub sector spent Kshs.14.4 billion attaining the lowest absorption rate at 18.6 percent, which was a decrease from 58.3 percent achieved in the FY2011/12.

Table 21: Analysis of Development Expenditure and Net Exchequer Issues for EI & ICT (Kshs. billion)

	2012-2013						2011-2012					
Name of the Sub-sector	Rev. Gross Esti-mates	Rev. Net Est.	Exche-quer Issues	Expen-diture	% Excheq. To Net. Est.	% Exp to G. Est.	Gross Esti-mates	Net Esti-mates	Exch-equer Issues	Expen-diture	% Excheq. To Net. Est.	% Exp to G. Est.
Local Government	5.4	4.9	4.6	4.5	93.6	82.9	4.3	3.8	3	3.2	80.1	74.7
Roads	91.9	40.9	34.2	38.8	83.6	42.2	77.1	41.3	39.1	39.4	94.8	51.1
Transport	13.7	6.7	3.6	4.5	52.8	33.1	13.9	6.7	3.9	4.2	58.9	30.1
Energy	77.4	25.7	18.5	14.4	72	18.6	55.2	23.1	19.9	32.2	86.3	58.3
Information and Commun-ications	4.3	4.3	3.7	3.6	87	83.8	5	5	3.5	3.7	71.2	74.2
Nairobi Metropolitan Development	3.3	3.3	1.9	1.6	57.6	49.8	2	2	1.9	1.8	93.7	92
Public Works	4.7	4.7	3.9	3.4	83.3	72.8	5	5	5	3.8	100	76.8
Total	**200.7**	**90.4**	**70.3**	**70.9**	**77.8**	**35.3**	**162.4**	**86.7**	**76.4**	**88.3**	**88.1**	**54.4**

Source: Ministry of Finance & MDAs

3.7.4 Environmental Protection, Water and Housing Sector

The goals of the sector include: development of irrigation infrastructure; facilitation of adequate housing in sustainable human environment; mineral development; provision of clean and safe drinking water; and protection of biodiversity resources among others. During the financial year 2012/2013, the sector was allocated Kshs. 48.8 billion for development programmes. This amount was revised to Kshs. 50.3 billion in the Supplementary Budget.

The total exchequer issues released to the sector for the FY 2012/2013 was Kshs. 24.7 billion representing 83.8 per cent of the revised net estimates. The Water and Irrigation sub sector received the highest exchequer issues of Kshs. 15.7 billion representing 82.5 per cent of the revised net estimates. The Housing sub sector received the lowest exchequer issues during the FY 2012/13 of Kshs. 2.1 billion representing 88.1 per cent of the revised net estimates.

The sector's total development expenditure was Kshs. 22.6 billion, representing an absorption rate of 44.9 per cent which was a decline from 55.6 per cent achieved in the previous financial year. The Housing sub sector spent Kshs. 2.0 billion and had highest absorption rate of 84.3 per cent, a slight decline from 85.1 per cent achieved previous financial year. The Water and Irrigation sub sector spent Kshs. 13.9 billion and had the least absorption rate of 36.0 per cent. Table 22 summarizes the performance of the sector.

Table 22: Analysis of Development Expenditure and Net Exchequer Issues for Environmental Protection, Water and Housing Sector (Kshs. Billions)

	2012-2013						2011-2012					
Name of the Sub-sector	Rev. Gross Esti-mates	Rev. Net Est.	Exch-equer Issues	Expen-diture	% Excheq. To Net. Est.	% Exp to G. Est.	Gross Estim-ates	Net Estim-ates	Exche-quer Issues	Expen-diture	% Excheq. To Net. Est.	% Exp to G. Est.
Water and Irrigation	38.5	19.1	15.7	13.9	82.5	36.0	31.1	19.4	18.7	15.4	96.7	49.5
Environment and Mineral Resources	4.3	4.3	3.3	3.5	76.8	79.7	3.7	3.6	3.1	3.3	87.3	88.3
Housing	2.4	2.4	2.1	2.0	88.1	84.3	2.1	2.1	2.0	1.8	95.0	85.1
Forestry and Wildlife	5.0	3.8	3.6	3.2	95.2	69.7	3.7	2.6	2.1	2.1	81.4	56.8
Total	**50.3**	**29.5**	**24.7**	**22.9**	**83.8**	**44.9**	**40.7**	**27.6**	**26.0**	**22.6**	**93.9**	**55.6**

Source: Ministry of Finance & MDAs

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

The sector aims at creating employment opportunities, reducing poverty, promoting private sector led growth, deepening and widening regional integration, creation of human resource base for global competitiveness and promotion of equity among Kenyan citizens. Key outputs expected from the sector are: improved management and conservation of basin-based resources; harmonious industrial relations; competitive and efficient workforce; increased contribution to GDP through increase in export earnings, diverse tourism products and internationally competitive standards; enhanced institutional framework for efficient and effective service delivery; and competitive goods and services. During the 2012/13 financial year, the sector's allocation for its development programmes was Kshs. 11.4 billion which was revised downwards to Kshs. 9.9 billion in the Supplementary Budget.

For the period under review, the total exchequer issues released to the sector was Kshs. 7.1 billion representing 88.8 per cent of the revised net estimates, a reduction from 99.1 per cent recorded in the previous financial year. The Labour sub sector received the highest proportion of exchequer issues to revised net estimates at 95.5 per cent of the revised net estimates, a reduction from 100 per cent achieved in the same period last financial year. The Trade sub sector had the lowest proportion of exchequer issues to revised net estimates at 70.6 per cent.

The sector's development expenditure amounted to Kshs. 6.8 billion representing an absorption rate of 68.7 per cent a slight decrease from 68.2 per cent the same period last financial year. The Tourism subsector spent Kshs 0.7 billion recording the highest absorption rate of 97.9 per cent for the period under review. Regional Development Authorities subsector had the lowest absorption rate of 58.7 per cent. Table 23 summarizes the performance of the sector.

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

Name of the sub-sector	2012-2013					2011-2012					
	Rev. Gross Esti-mates	Rev. Net Est.	Exch-equer Issues	Expen-diture	% Excheq. To Net. Est.	% Exp to G. Est.	Gross Esti-mates	Net Esti-mates	Exch-equer Issues	Expe-nditure	% Excheq. To Net. Est.	% Exp to G. Est.
Regional Develo-pment Authorities	5.5	3.7	3.3	3.2	87.4	58.7	5.1	3.3	3.3	3.0	100.0	59.0
Labour	0.5	0.5	0.5	0.4	95.5	77.9	1.1	0.5	0.4	0.3	87.5	25.9
Trade	0.6	0.5	0.4	0.5	70.6	81.7	0.7	0.4	0.4	0.4	99.4	52.4
East African Community	0.1	0.0	0.0	0.0		0.0	0.1	0.0	0.0	0.0	100.0	8.8
Tourism	0.7	0.7	0.7	0.7	91.5	97.9	1.1	1.0	1.0	1.1	99.9	108.3
Industria-lization	2.5	2.5	2.3	2.0	92.4	79.2	2.4	2.4	2.4	2.3	99.7	95.6
Total	9.9	8.0	7.1	6.8	88.8	68.7	10.4	7.6	7.5	7.1	99.1	68.2

Source: Ministry of Finance & MDAs

3.7.6 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. It also aims to 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. During the 2012/2013 financial year, the sector was allocated Kshs. 16.1 billion to cater for its development activities which was revised downwards to Kshs. 12.5 billion in the Supplementary Budget.

During this period, the sector received exchequer issues amounting to Kshs. 10.7 billion representing 93.3 per cent of the revised net estimates which was an improvement from 89.9 per cent received in 2011/2012 financial year. The Provincial Administration and Internal Security sub sector received the highest exchequer issues amounting to Kshs. 5.1 billion which was 91.9 per cent of the net revised estimates, a decline from 100 per cent received during the previous financial year. The Office of the Vice President and Home Affairs sub sector had the highest proportion of exchequer issues of Kshs. 1.6 billion, 99.4 per cent of the net revised estimates, a marginal decline from 100 per cent received in 2011/2012 financial year. The State Law Office subsector received the lowest proportion of exchequer releases to revised net estimates at 57.9 per cent, a decline from 98.3 per cent received in the previous financial year.

The overall expenditure for the sector in financial year 2012/2013 was Kshs. 8.7 billion representing an absorption rate of 69.4 per cent, an improvement from 59.7 per cent recorded during the 2011/2012 financial year. The Judiciary sub sector spent Kshs. 2.0 billion achieving the highest absorption rate of 103.5 per cent during the period under review. The Directorate of Public Prosecution had the lowest absorption rate of 51.6 per cent after spending Kshs. 0.03 billion in the period under review. Table 24

presents an analysis of all the sub sectors under the GJLOS.

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

Name of the Sub Sector	2012-2013						2011-2012					
	Rev. Gross Est.	Rev. Net Est.	Exch. Issues	Exp	% Exch. To Net. Est.	% Exp. to G. Est.	Gross Est.	Net Est	Exch. Issues	Exp.	% Exch. To Net. Est.	% Exp to G. Est.
State for Provincial Administration and Internal Security	5.9	5.5	5.1	3.6	91.9	61.8	4.5	4.3	4.3	2.5	100.0	55.1
Office of the Vice-President and Home Affairs	1.6	1.6	1.6	1.0	99.4	61.5	1.5	1.5	1.5	0.8	100.0	52.6
Justice, National Cohesion and Constitutional Affairs	0.8	0.1	0.1	0.1	71.4	11.1	1.0	0.2	0.2	0.1	99.2	14.3
State Law Office	0.2	0.2	0.1	0.2	57.9	92.4	0.0	0.0	0.0	0.0	98.3	99.0
The Judiciary	1.9	1.9	1.9	2.0	99.1	103.5	1.4	1.4	1.0	1.2	73.9	86.9
Ethics and Anti-Corruption Commission	0.03	0.01	0.01	0.03	80.0	80.2	0.0	0.0	0.0	0.0	48.1	14.9
State for Immigration and Registration of Persons	2.1	2.1	1.9	1.8	91.4	86.9	2.3	2.3	1.7	1.7	73.6	77.3
Directorate of Public Prosecutions	0.06	0.06	0.06	0.03	99.3	51.6	0.0	0.0	0.0	0.0	0.0	0.0
Total	**12.5**	**11.5**	**10.7**	**8.7**	**93.3**	**69.5**	**10.7**	**9.6**	**8.7**	**6.4**	**89.9**	**59.7**

Source: Ministry of Finance & MDAs

3.7.7 Health Sector

The Health Sector's overall goal is to provide equitable and affordable health care to the Kenyan people at the highest affordable standards. Good health is a pre-requisite for enhanced economic growth, poverty reduction and a precursor to realization of the Kenya Vision 2030 social goals. It is against this background that the Health Sector is re-positioning itself to fulfill the expectations of Kenyans through various strategic interventions such as infrastructure and service delivery. For the period under review, the sector was allocated Kshs. 32.4 billion to cater for its development programmes which was revised downwards to Kshs. 32.0 billion in the Supplementary Budget.

The total exchequer issues for the sector in financial year 2012/2013 was Kshs. 11.5 billion representing 65.1 per cent of the revised net estimates which was a decline from 87.1 per cent recorded in the same period last financial year. The Public Health and Sanitation subsector received a higher proportion of exchequer issues at 66.4 per cent of the net revised estimate compared to Medical Services sub sector which had received exchequer issues of Kshs.3.6 billion which was 62.5 per cent of the net revised estimate.

The sector's total expenditure for the financial year 2012/2013 was Kshs. 19.4 billion representing an absorption rate of 60.5 per cent which was an improvement compared to 51.5 per cent absorption registered in the same period of the last financial year. The absorption rate of each of the two sub sectors improved compared with the absorption rate recorded in the previous year. Table 25 summarizes the sector's performance.

Table 25: Analysis of development expenditure and net exchequer issues for the Health Sector (Kshs. billions)

Name of the sub-sector	2012-2013						2011-2012					
	Rev. Gross Estimates	Rev. Net Est.	Exchequer Issues	Expenditure	% Excheq. To Net. Est.	% Exp to G. Est.	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% Excheq. To Net. Est.	% Exp to G. Est.
Medical Services	7.5	5.8	3.6	4.6	62.5	61.5	3.9	2.6	2.5	2.3	98.0	57.7
Public Health and Sanitation	24.6	11.8	7.9	14.8	66.4	60.2	25.0	10.4	8.8	12.6	84.4	50.6
Total	**32.0**	**17.6**	**11.5**	**19.4**	**65.1**	**60.5**	**28.9**	**13.0**	**11.3**	**14.9**	**87.1**	**51.5**

Source: Ministry of Finance & MDAs

3.7.8 Public Administration and International Relations Sector

In the current financial year, the sector was allocated Kshs. 72.2 billion to cater for its development activities which was revised to Kshs. 64.4 billion in the Supplementary Budget.

The total exchequer issues released to the sector during the 2012/2013 financial year was Kshs. 49.9 billion which is a marginal increase compared to Kshs. 40.8 billion released in the same period last financial year. The sector's proportion of exchequer issues to revised net estimates for the period under review was 97.1 per cent, an improvement from 78.9 per cent released in the same period last financial year. The Public Service Commission sub sector had the highest proportion of exchequer issues to revised net estimates, at 148.6 per cent while the Foreign Affairs subsector had the lowest proportion, at 59.1 per cent.

Table 26 shows that the Sector's total development expenditure for the 2012/2013 financial year was Kshs. 29.8 billion representing an absorption rate of 46.3 per cent, a reduction from 63.8 per cent registered in the previous financial year. The Public Service Commission subsector had the highest absorption rate of 134.33 per cent having spent Kshs. 0.05 billion. The Foreign Affairs sub sector had the lowest absorption rate at 27.0 per cent having spent Kshs. 0.1 billion. Table 26 summarizes the performance of each sub sector.

Table 26: Analysis of Development Expenditure and Net Exchequer Issues for Public Administration and International Relations Sector (Kshs. Billions)

Name of the sub-sector	2012-2013						2011-2012					
	Rev. Gross Estimate	Rev. Net Estimates	Exchequer Issues	Expenditure	% Excheq. To Net. Est.	% Exp to G. Est.	Gross Estimates	Net Estimates	Exchequer Issues	Expenditure	% Excheq. To Net. Est.	% Exp to G. Est.
State House	0.3	0.3	0.3	0.3	95.9	99.8	0.4	0.4	0.4	0.4	98.7	99.6
State for Public Service	0.38	0.34	0.30	0.05	86.71	12.64	0.62	0.60	0.59	0.23	97.6	37.18
Foreign Affairs	0.4	0.4	0.3	0.1	59.1	27.0	0.8	0.8	0.8	0.3	100	40.0
State for Planning, National Development and Vision 2030	26.4	24.0	23.9	17.4	99.8	65.9	26.8	24.5	17.8	23.5	72.7	87.7
Finance	29.7	20.5	19.8	9.6	96.6	32.5	27.4	23.3	20.2	14.5	86.8	52.8
Cabinet Office	1.6	0.7	0.4	0.5	64.2	32.8	4.7	0.3	0.1	0.3	40.7	6.0
Office of the Prime Minister	0.7	0.3	0.3	0.3	95.0	41.4	1.0	0.4	0.4	0.4	97.4	42.1
Parliamentary Service Commission	1.6	1.6	1.3	1.4	84.5	92.7	1.4	1.4	0.5	0.7	36.5	47.4
Public Service Commission	0.04	0.04	0.05	0.05	148.6	134.3						
Total	**64.4**	**51.4**	**49.9**	**29.8**	**97.1**	**46.3**	**63.1**	**51.7**	**40.8**	**40.3**	**78.9**	**63.8**

Source: Ministry of Finance & MDAs

3.7.9 Social Protection, Culture and Recreation Sector

The sector had planned to fund the following activities during the financial year among others; resettle the Internally Displaced Persons (IDPs) and disaster mitigation. In the 2012/2013 financial year, the sector was allocated Kshs. 18.5 billion to cater for its development activities.

The total exchequer issues released to the sector during the period under review was Kshs 11.5 billion which was 73.3 per cent of the revised net estimates and was a decline from 91.3 per cent received in the same period last financial year. The National Heritage and Culture sub sector received the highest exchequer issues to revised net estimates at 98.2 per cent. The Special Programmes Sub sector received the least proportion of exchequer issues to revised net estimates at 61.8 per cent, a decline from 72.3 per cent achieved in the previous period.

The sector's total expenditure for the 2012/2013 financial year was Kshs 10.1 billion representing an absorption rate of 54.5 per cent .This was an improvement from 44.1 per cent achieved in the previous year. The National Heritage and Culture sub sector spent Kshs 0.5 billion to attain the highest absorption rate of 87.0 per cent, a decline from 95.8 per cent achieved in the same period last financial

year. The Development of Northern Kenya and other Arid Lands sub sector spent Kshs 0.5 billion and had the lowest absorption rate of 18.2 per cent.

Table 27: Analysis of Development Expenditure and Net Exchequer Issues for Social Protection, Culture and Recreation Sector (Kshs. Billions)

Name of the sub-sector	2012-2013						2011-2012					
	Rev. Gross Estim-ates	Rev. Net Est.	Exch-equer Issues	Expen-diture	% Excheq. To Net. Est.	% Exp to G. Est.	Gross Esti-mates	Net Esti-mates	Exche-quer Issues	Expen-diture	% Excheq. To Net. Est.	% Exp to G. Est.
Gender, Children and Social Development	4.8	4.3	3.0	3.3	70.0	69.8	4.5	3.7	3.7	2.2	100.0	49.3
Special Programmes	6.4	5.4	3.3	3.3	61.8	51.6	5.5	3.9	2.8	2.9	72.3	53.1
National Heritage and Culture	0.6	0.6	0.6	0.5	98.2	87.0	0.6	0.6	0.6	0.6	98.8	95.8
Youth Affairs and Sports	4.0	3.7	3.2	2.4	86.9	61.5	4.0	3.5	3.3	1.8	96.7	44.4
Development of Northern Kenya and Other Arid Lands	2.8	1.9	1.5	0.5	80.0	18.2	2.4	2.1	2.1	0.0	0.0	0.0
Total	**18.5**	**15.7**	**11.5**	10.1	**73.3**	54.5	**17.1**	**13.8**	**12.6**	7.5	**91.3**	44.1

Source: Ministry of Finance & MDAs

4. KEY ISSUES AND RECOMENDATIONS IN BUDGET IMPLEMENTATION

This section covers key issues that affected budget implementation for the 2012/13 financial year and recommendations that require attention by the national government in future so as to improve budget implementation at the national government level.

4.1 Low Absorption of Development Funds

The absorption of development funds by MDAs in the FY 2012/13 was 44.4 per cent. This performance is quite low if the country is to meet the targeted economic growth rate envisioned in the Kenya Vision 2030. This was attributed to among others, the length procurement procedures, stringent donor conditionalities, weak reporting, accountability, monitoring and tracking systems, and inadequate project supervision. Consequently, funds allocated to development projects were not fully utilized hence affecting budget implementation and delivery of services to the public. There is a need to ensure proper coordination, efficient monitoring and tracking of projects and timely approval of work plans as well as the corresponding cash flows.

4.2 Inadequate Capacity by IFMIS Users

Although there has been a deliberate effort to operationalise the Integrated Financial Management System to all MDAs through IFMIS re-engineering, there still exists a challenge on reporting budget implementation. In the period under review, the information on expenditure from MDAs had glaring discrepancies on the data obtained from the System some of which have not been resolved at the time of compiling this report. These discrepancies have resulted to delays in reporting. This challenge was attributed to inadequate capacity on the users of the system. The OCOB recommends continuous capacity building of IFMIS users at MDAs level to avoid errors being experienced as they misrepresent the true financial position of the various MDAs.

4.3 Shortfall in Revenue Targets

Despite the revenue collected by the Kenya Revenue Authority increasing over the years, there has been a 10.2 per cent underperformance in the set target for the 2012/13 financial year. The shortfall in revenue collection leads to increased borrowing and hence increases the public debt that currently stands at Kshs. 1.91 trillion, an equivalent of 50.6 per cent of the country's GDP. The government should endeavor to widen the tax base as well as legislate and implement the proposed reforms on enhancing revenue collection to address this challenge.

4.4 Demands for Increase in Salaries and Allowances

The 2012/13 financial year was characterized by widespread demands for increase in salaries and allowances by public officers and civil servants. This trend affects equitable allocation of budget as more funds are channeled to personal emolument costs thus leading to decrease in allocation to priority programmes during the financial year.

It is crucial that harmonization of salaries is undertaken urgently to reduce labor unrest in the country and contain the ever-rising wage bill.

5. CONCLUSION

The FY 2012/2013 Budget was a transitional budget during the period the counties became operational amidst innumerable teething problems. The office observed that a number of challenges in budget implementation identified in the previous budget implementation reports are yet to be addressed. These challenges include low absorption of development funds by MDAs; lengthy procurement procedures; shortfall in revenue; heightened salary demands by civil servants and operationalization of IFMIS at the county level.

There is need to improve the low absorption of development funds by ensuring that there are effective monitoring units in MDAs. Project preparation and design should be completed before securing finances with accounting officers ensuring project implementers adhere to the set deadlines. The legal framework governing the lengthy procurement processes need to be reviewed. There is need to harmonize the procurement procedures and rules of donors and other government procedures to shorten the procurement process. Accounting officers should enforce compliance with financial regulations in order to avoid ineligible expenditures.

The shortfall in revenue collection has resulted into rise in the public debt and by end of May 2013, the public debt stood at Kshs. 1.91 trillion. Although this is within the government borrowing threshold, there is a need to contain the sprawling public debt which may not be sustained if the trend is not contained.

The frequent agitation by public officers and civil servants for salary and allowance increment needs to be diligently addressed as the rise in wage bill may not be sustainable in the long run. There should be a deliberate effort to synchronize salaries in order to motivate the government employees to deliver quality services to the public.

Lastly, there is need to fast-track the Integrated Financial Management Systems connectivity to the counties to foster the use of other related financial systems such as the G-Pay for smooth management of public resources. This will further enable timely monitoring and reporting on budget execution.

6. ANNEXES

Annex 1: Revenue collections by category, July 2012 to June 2013(Kshs. Millions)

Receipts by Category	Printed Est. 2012/2013	Actual Receipts 30/06/2013	Target for July 12 to June 13	Performance rate %
Total Tax Income	817.46	738.21	817.46	90.3
Total Non-Tax Income	51.36	39.26	51.36	76.4
Total Domestic Borrowing & Repayment	277.75	331.83	277.75	119.5
Loans – External	37.42	23.57	37.42	63.0
Grants – External	5.98	5.19	5.98	86.8
Grants from International Organizations	8.72	5.83	8.72	66.9
Grants from Other Level of Government	0.05	0	0.05	0.0
Repayment From Domestic Lending & On Lending	1.7	0	1.7	0.0
TOTAL	**1,200.44**	**1,143.89**	**1,200.44**	**95.3**

Source: Kenya Revenue Authority

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

	2012/13								2011/12					
Vote Title	Gross Estimates	Rev. Gross Est.	Final Rev. Gross Est.	Net Esti-mates	Exch. Issues	Expe-nditure	% Exch. To Net. Est.	% Exp to G. Est.	Gross Esti-mates	Net Estimates	Exch. Issues	Expen-diture	% Exch. To Net. Est.	% Exp to G. Est.
Ministry of State for Provincial Administration and Internal Security	60.5	67.1	70.7	70.0	67.6	63.2	96.6	94.2	57.4	57.4	57.3	52.6	99.7	91.6
State House	1.4	1.7	1.9	1.9	1.9	1.9	96.6	110.2	1.4	1.4	1.4	1.4	99.7	99.3
Ministry of State for Public Service	9.1	5.7	5.6	5.6	5.6	7.5	99.9	133.3	3.6	3.5	3.5	3.3	100.0	91.6
Ministry of Foreign Affairs	9.6	10.8	11.1	10.1	9.6	9.2	94.4	82.4	10.0	9.0	8.7	6.2	96.5	61.7
Office of the Vice-President and Ministry of Home Affairs	14.2	15.1	15.1	15.1	15.1	11.8	100.0	77.9	13.8	13.8	13.7	11.6	99.2	84.1
Ministry of State for Planning, National Development and Vision 2030	2.7	2.7	2.7	2.7	2.7	2.5	99.9	91.9	2.8	2.8	2.8	2.6	99.9	91.8
Ministry of Finance	20.6	22.8	22.7	22.7	22.7	21.4	100.0	93.7	18.7	18.7	18.1	17.3	96.6	92.1
Ministry of State for Defence	70.3	76.0	77.5	77.5	73.0	77.5	94.2	102.0	64.5	64.5	61.3	64.7	95.0	100.2
Ministry of Regional Development Authorities	0.8	0.8	0.8	0.8	0.8	0.7	100.0	89.3	0.8	0.8	0.8	0.8	100.0	98.5

	2012/13								2011/12					
Vote Title	Gross Estimates	Rev. Gross Est.	Final Rev. Gross Est.	Net Esti-mates	Exch. Issues	Expe-nditure	% Exch. To Net. Est.	% Exp to G. Est.	Gross Esti-mates	Net Estimates	Exch. Issues	Expen-diture	% Exch. To Net. Est.	% Exp to G. Est.
Ministry of Agriculture	9.2	9.3	9.3	9.1	9.1	8.2	99.7	88.0	8.8	8.7	8.7	7.9	100.0	89.4
Ministry of Medical Services	39.9	42.6	43.4	39.6	39.0	39.4	98.6	92.6	31.5	27.7	26.9	27.9	97.3	88.7
Minister and Ministry of Local Government	23.0	23.0	22.9	1.4	1.3	1.3	91.8	5.8	18.5	1.2	1.2	1.1	100.0	6.1
Ministry of Roads	28.4	28.2	28.1	2.4	2.1	16.3	87.9	57.6	27.2	1.8	1.8	9.7	96.6	35.8
Ministry of Transport	4.2	4.2	4.2	1.5	1.5	1.5	99.7	35.8	4.0	1.4	1.4	1.4	100.0	35.7
Ministry of Labour	1.7	1.6	1.6	1.5	1.4	1.2	95.4	78.6	1.8	1.7	1.6	1.4	93.4	76.5
Ministry of Trade	2.3	2.2	2.2	1.9	1.9	1.7	99.6	77.4	1.9	1.7	1.6	1.3	97.3	69.5
Ministry of Justice, National Cohesion and Constitutional Affairs	1.8	2.3	2.6	2.5	2.5	2.4	99.9	108.3	2.3	2.1	2.1	2.2	99.8	95.0
Ministry of Gender, Children and Social Development	5.2	5.3	5.3	5.3	5.3	4.8	100.0	90.3	4.2	4.1	4.1	3.6	99.9	85.6
Ministry of Livestock Development	4.3	4.6	4.6	4.5	4.4	3.6	98.3	78.9	4.0	4.0	4.0	3.8	98.7	95.0
Ministry of Water and Irrigation	6.1	6.3	6.3	4.3	4.3	4.0	99.4	62.8	6.1	4.2	4.1	3.8	99.1	62.0

Vote Title	2012/13 Gross Estimates	Rev. Gross Est.	Final Rev. Gross Est.	Net Esti-mates	Exch. Issues	Expe-nditure	% Exch. To Net. Est.	% Exp to G. Est.	2011/12 Gross Esti-mates	Net Estimates	Exch. Issues	Expen-diture	% Exch. To Net. Est.	% Exp to G. Est.
Ministry of Environment and Mineral Resources	3.0	3.1	3.0	2.5	2.5	2.5	99.9	79.5	2.8	2.3	2.3	2.3	100.0	81.5
Ministry of Cooperative Development and Marketing	1.2	1.2	1.2	1.2	1.2	1.1	99.8	85.2	1.1	1.1	1.1	1.0	96.6	86.9
Cabinet Office	1.3	1.9	2.0	2.0	1.8	1.8	89.7	97.7	1.4	1.4	1.3	1.3	96.1	94.4
Ministry of East African Community	1.2	1.3	1.3	1.3	1.3	1.3	99.7	99.3	1.0	1.0	1.0	1.0	100.0	99.3
State Law Office	1.6	1.7	1.6	1.6	1.5	1.5	96.0	86.7	1.3	1.3	1.3	1.3	100.0	98.6
The Judiciary	12.1	11.8	10.2	10.2	10.1	10.0	98.5	85.1	6.1	6.1	6.1	6.1	100.0	100.0
Ministry of Energy	2.7	2.5	2.5	2.2	2.2	1.9	99.9	75.5	2.3	2.3	2.3	2.2	100.0	98.5
Ministry of Education	43.8	43.6	45.5	42.5	41.9	39.8	98.7	91.3	37.0	33.9	40.0	31.6	117.8	85.5
Ministry of Information and Communications	2.3	2.3	2.3	2.3	2.3	2.2	99.9	95.5	1.8	1.8	1.8	1.7	99.3	95.0
Ethics and Anti-Corruption Commission	1.6	1.4	1.4	1.4	1.2	1.3	88.1	87.8	1.4	1.4	1.3	1.2	92.0	88.4
Ministry of State for Special Programmes	5.4	6.1	5.5	5.5	5.4	5.2	98.4	85.4	8.4	8.4	8.4	8.3	100.0	98.2

	2012/13								2011/12					
Vote Title	Gross Estimates	Rev. Gross Est.	Final Rev. Gross Est.	Net Esti-mates	Exch. Issues	Expe-nditure	% Exch. To Net. Est.	% Exp to G. Est.	Gross Esti-mates	Net Estimates	Exch. Issues	Expen-diture	% Exch. To Net. Est.	% Exp to G. Est.
Ministry of Lands	2.4	2.7	2.7	2.7	2.5	2.5	93.0	93.4	2.2	2.2	2.1	2.0	96.2	89.3
Ministry of State for Immigration and Registration of Persons	4.3	4.7	4.6	4.6	4.6	3.9	100.0	82.2	4.3	4.3	3.8	3.4	89.5	79.7
Ministry of State for National Heritage and Culture	1.7	1.7	1.8	1.7	1.7	1.7	98.4	98.3	1.8	1.7	1.7	1.7	100.0	97.9
Ministry of Youth Affairs and Sports	6.3	6.4	6.4	6.3	6.3	5.1	99.8	79.1	6.1	6.0	5.7	4.9	94.4	80.8
Ministry of Higher Education, Science and Technology	45.7	50.5	50.5	34.5	34.4	34.2	99.7	67.7	41.1	25.7	25.7	25.6	100.0	62.4
Ministry of Housing	2.2	2.2	2.2	1.7	1.2	1.4	68.3	62.6	1.7	1.3	1.3	1.2	100.0	71.4
National Security Intelligence Service	13.4	13.7	13.7	13.7	13.7	13.7	100.0	100.0	14.0	14.0	14.0	14.0	99.9	99.9
Ministry of Tourism	1.5	1.5	1.5	1.4	1.4	1.4	100.0	94.5	1.6	1.6	1.6	1.5	100.0	94.8
Office of the Prime Minister	1.6	2.0	2.3	2.3	2.3	2.3	100.0	113.7	1.9	1.9	1.9	1.9	100.0	99.0
Ministry of Public Health and Sanitation	14.7	16.5	16.6	16.6	16.5	16.3	99.8	98.8	12.3	12.3	12.3	12.3	99.9	99.5

Vote Title	2012/13 Gross Estimates	Rev. Gross Est.	Final Rev. Gross Est.	Net Esti-mates	Exch. Issues	Expe-nditure	% Exch. To Net. Est.	% Exp to G. Est.	2011/12 Gross Esti-mates	Net Estimates	Exch. Issues	Expen-diture	% Exch. To Net. Est.	% Exp to G. Est.
Ministry of Forestry and Wildlife	6.2	6.2	6.2	3.9	3.9	1.9	99.9	30.0	5.3	3.8	3.8	3.8	100.0	71.3
Ministry of Fisheries Development	1.3	1.3	1.3	1.3	1.2	1.2	94.4	92.6	1.3	1.3	1.3	1.1	99.9	85.3
Ministry of Nairobi Metropolitan Development	0.3	0.3	0.3	0.3	0.3	0.3	100.1	91.5	0.3	0.3	0.3	0.3	100.0	95.9
Ministry of Development of Northern Kenya and Other Arid Lands	0.6	0.6	0.6	0.6	0.6	0.2	98.8	35.0	0.6	0.5	0.5	-	100.0	-
Ministry of Public Works	2.0	2.0	2.0	2.0	1.7	0.7	88.4	35.2	1.5	1.5	1.5	1.4	96.5	91.5
Ministry of Industrialization	2.1	2.0	2.1	1.9	1.8	1.6	92.1	82.0	1.9	1.8	1.8	1.7	100.0	87.5
Directorate of Public Prosecutions	0.9	1.2	1.0	1.0	0.9	0.9	93.1	72.0	0.5	0.5	0.5	0.4	91.8	78.7
Commission for the Implementation of the Constitution	0.5	0.5	0.5	0.5	0.5	0.4	101.5	97.1	0.4	0.4	0.4	0.4	100.0	89.5
Registrar of Political Parties	0.4	0.4	0.4	0.4	0.4	0.3	91.4	87.8	-	-	-	-	-	-

Vote Title	2012/13 Gross Estimates	Rev. Gross Est.	Final Rev. Gross Est.	Net Estimates	Exch. Issues	Expenditure	% Exch. To Net. Est.	% Exp to G. Est.	2011/12 Gross Estimates	Net Estimates	Exch. Issues	Expenditure	% Exch. To Net. Est.	% Exp to G. Est.
Witness Protection Agency	0.2	0.2	0.2	0.2	0.2	0.2	100.0	95.8	-	-	-	-	-	-
Transition Authority	-	0.7	0.8	0.8	0.8	0.8	100.0	116.2	-	-	-	-	-	-
Kenya National Human Rights and Equality Commission	0.3	0.3	0.3	0.3	0.3	0.2	99.8	97.4	0.3	0.3	0.3	0.3	99.2	98.5
Independent Electoral and Boundaries Commission	17.6	24.3	25.2	25.2	25.2	25.2	100.0	95.4	7.4	7.4	3.2	3.3	42.8	43.8
Parliamentary Service Commission	13.4	13.0	13.0	13.0	11.2	11.1	85.9	85.2	8.8	8.8	8.6	7.8	98.2	89.3
Commission on Revenue Allocation	0.4	0.4	0.4	0.4	0.4	0.3	100.0	74.5	0.3	0.3	0.3	-	99.8	-
Public Service Commission	0.6	0.6	0.8	0.8	0.7	0.7	98.2	131.3	0.7	0.7	0.7	0.7	99.0	99.3
Salaries and Remuneration Commission	0.4	0.8	0.5	0.5	0.4	0.5	87.6	63.1	-	-	-	-	-	-
Teachers Service Commission	119.8	137.5	140.4	140.0	128.5	140.4	91.8	102.1	112.0	112.0	110.9	111.9	99.1	99.8
National Police Service Commission	0.3	0.3	0.3	0.3	0.3	-	99.3	0.0	0.1	0.1	-	-	-	-
Auditor-General	1.9	2.0	2.0	1.9	1.5	1.9	80.7	93.6	1.5	1.4	1.3	1.3	89.2	83.1

2012/13									2011/12					
Vote Title	**Gross Estimates**	**Rev. Gross Est.**	**Final Rev. Gross Est.**	**Net Esti-mates**	**Exch. Issues**	**Expe-nditure**	**% Exch. To Net. Est.**	**% Exp to G. Est.**	**Gross Esti-mates**	**Net Estimates**	**Exch. Issues**	**Expen-diture**	**% Exch. To Net. Est.**	**% Exp to G. Est.**
Controller of Budget	0.6	0.5	0.4	0.4	0.3	0.2	72.2	51.7	0.1	0.1	0.0	0.0	48.4	48.4
The Commission on Administrative Justice	0.3	0.3	0.2	0.2	0.2	0.2	100.0	83.1	-	-	-	-	-	-
National Gender and Equality Commission	0.2	0.2	0.3	0.3	0.3	0.2	99.8	91.2	-	-	-	-	-	-
Independent Police Oversight Authority	-	0.2	0.2	0.2	0.2	0.2	61.0	72.0	-	-	-	-	-	-
Total	655.8	**706.6**	**716.5**	**634.7**	**609.4**	**621.1**	**96.0**	**87.9**	578.4	503.9	497.5	485.7	98.7	84.0

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)

	2012/13								2011/12					
Sector	**Gross Estimates**	**Rev. Gross Est.**	**Final Rev. Gross Est.**	**Net Estimates**	**Exch. Issues**	**Exp.**	**% Exch. To Net. Est.**	**% Exp to G. Est.**	**Gross Estimates**	**Net Estimates**	**Exch. Issues**	**Exp.**	**% Exch. To Net. Est.**	**% Exp to G. Est.**
Agriculture and Rural Development	18.4	19.1	19.0	18.8	18.5	16.5	98.0	86.9	17.5	17.3	17.1	15.8	99.0	90.2
Education	209.3	231.7	236.4	216.9	204.8	214.4	94.4	90.7	190.1	171.6	176.6	169.1	102.9	89.0
Energy, Infrastructure and Information Communications Technology (EI & ICT) Sector	62.9	62.5	62.2	12.1	11.5	24.1	94.7	38.8	55.6	10.3	10.2	18.0	98.7	32.3
Environmental Protection, Water and Housing Sector	17.6	17.8	17.7	12.5	11.9	9.7	95.4	54.5	16.0	11.5	11.5	11.1	99.7	69.5
General Economic, Commercial and Labour Affairs (GECLA)	9.6	9.2	9.3	8.7	8.5	7.9	97.4	84.7	9.1	8.5	8.4	7.7	98.1	85.0
The Governance, Justice, Law and Order (GJLOS)	130.1	144.4	147.3	146.4	141.7	132.6	96.8	90	104.2	103.9	98.6	90.7	94.8	87.0
Health	54.6	59.1	60.0	56.1	55.5	55.7	99.0	92.8	43.8	39.9	39.2	40.2	98.1	91.7
Public Administration and International Relations	50.2	52.7	53.4	52.2	50.7	48.8	97.1	91.5	42.5	41.3	40.1	35.9	97.1	84.5
Social Protection, Culture and Recreation	19.5	20.4	19.9	19.7	19.6	17.3	99.3	87.3	21.0	20.9	20.5	18.5	98.4	88.1
National Security	83.7	89.7	91.3	91.3	86.8	91.2	95.1	100.0	78.6	78.6	75.3	78.7	95.9	100.2
Grand Total	**655.8**	**706.6**	**716.5**	**634.7**	**609.4**	**621.1**	**96.0**	**86.7**	**578.4**	**503.9**	**497.5**	**485.7**	**98.7**	**84.0**

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)

	2012/13								2011/12					
Vote Title	Gross Estimates	Rev. Gross Est.	Final Rev. Gross Est.	Net Estimates	Exch. Issues	Exp.	% Exch. To Net. Est.	% Exp to G. Est.	Gross Estimates	Net Estimates	Exch. Issues	Exp.	% Exch. To Net. Est.	% Exp to G. Est.
Ministry of State for Provincial Administration and Internal Security	5.8	6.1	5.9	5.5	5.1	3.6	91.9	61.8	4.5	4.3	4.3	2.5	100.0	55.1
State House	0.3	0.3	0.3	0.3	0.3	0.3	95.9	104.5	0.4	0.4	0.36	0.4	98.7	99.6
Ministry of State for Public Service	0.5	0.4	0.4	0.3	0.3	0.0	86.7	12.6	0.6	0.6	0.6	0.2	97.6	37.2
Ministry of Foreign Affairs	0.9	0.5	0.4	0.4	0.3	0.1	59.1	27.0	0.8	0.8	0.8	0.3	100.0	40.0
Office of the Vice-President and Ministry of Home Affairs	1.9	1.8	1.6	1.6	1.6	1.0	99.4	61.5	1.5	1.5	1.5	0.8	100.0	52.6
Ministry of State for Planning, National Development and Vision 2030	26.2	26.4	26.4	24.0	23.9	17.4	99.8	65.9	26.8	24.5	17.8	23.5	72.7	87.7
Ministry of Finance	39.0	41.8	29.7	20.5	19.8	9.6	96.6	32.5	27.4	23.3	20.2	14.5	86.8	52.8
Ministry of Regional Development Authorities	5.6	5.5	5.5	3.7	3.3	3.2	87.4	58.7	5.1	3.3	3.3	3.0	100.0	59.0
Ministry of Agriculture	12.8	12.4	15.0	12.4	8.0	6.5	64.9	43.8	16.0	12.2	9.0	7.0	73.8	44.0
Ministry of Medical Services	6.2	6.9	7.5	5.8	3.6	4.6	62.5	61.5	3.9	2.6	2.5	2.3	98.0	57.7
Ministry of Local Government	5.0	4.8	5.4	4.9	4.6	4.5	93.6	82.9	4.3	3.8	3.0	3.2	80.1	74.7
Ministry of Roads	96.2	96.1	91.9	40.9	34.2	38.8	83.6	42.2	77.1	41.3	39.1	39.4	94.8	51.1
Ministry of Transport	14.5	14.3	13.7	6.7	3.6	4.5	52.8	33.1	13.9	6.7	3.9	4.2	58.9	30.1
Ministry of Labour	0.6	0.6	0.5	0.5	0.5	0.4	95.5	77.9	1.1	0.5	0.4	0.3	87.5	25.9
Ministry of Trade	0.9	0.7	0.6	0.5	0.4	0.5	70.6	81.7	0.7	0.4	0.4	0.4	99.4	52.4

	2012/13								2011/12					
Vote Title	Gross Estimates	Rev. Gross Est.	Final Rev. Gross Est.	Net Estimates	Exch. Issues	Exp.	% Exch. To Net. Est.	% Exp to G. Est.	Gross Estimates	Net Estimates	Exch. Issues	Exp.	% Exch. To Net. Est.	% Exp to G. Est.
Ministry of Justice, National Cohesion and Constitutional Affairs	0.9	0.8	0.8	0.1	0.1	0.1	71.4	11.1	1.0	0.2	0.2	0.1	99.2	14.3
Ministry of Gender, Children and Social Development	4.6	4.6	4.8	4.3	3.0	3.3	70.0	69.8	4.5	3.7	3.74	2.2	100.0	49.3
Ministry of Livestock Development	4.3	4.2	4.3	4.2	3.8	2.6	90.5	59.2	3.8	3.5	3.5	2.4	99.9	64.5
Ministry of Water and Irrigation	35.8	39.0	38.5	19.1	15.7	13.9	82.5	36.0	31.1	19.4	18.7	15.4	96.7	49.5
Ministry of Environment and Mineral Resources	4.4	4.3	4.3	4.3	3.3	3.5	76.8	79.7	3.7	3.6	3.1	3.3	87.3	88.3
Ministry of Cooperative Development and Marketing	0.2	0.2	0.2	0.2	0.2	0.1	99.0	70.0	0.2	0.2	0.21	0.2	98.3	94.9
Cabinet Office	1.7	1.6	1.6	0.7	0.4	0.5	64.2	32.8	4.7	0.3	0.1	0.3	40.7	6.0
Ministry of East African Community	0.1	0.1	0.1	-	-	-	-	0.0	0.1	0.0	0.0	0.0	100.0	8.8
State Law Office	0.2	0.2	0.2	0.2	0.1	0.2	57.9	92.4	0.0	0.0	0.03	0.0	98.3	99.0
The Judiciary	2.9	2.8	1.9	1.9	1.9	2.0	99.1	103.5	1.4	1.4	1.0	1.2	73.9	86.9
Ministry of Energy	77.5	80.7	77.4	25.7	18.5	14.4	72.0	18.6	55.2	23.1	19.9	32.2	86.3	58.3
Ministry of Education	11.2	11.2	10.2	6.1	5.8	6.0	96.7	58.4	7.8	4.9	4.2	3.6	86.3	45.7
Ministry of Information and Communications	4.6	4.5	4.3	4.3	3.7	3.6	87.0	83.8	5.0	5.0	3.5	3.7	71.2	74.2
Ethics and Anti-Corruption Commission	0.2	0.1	0.0	0.0	0.0	0.0	80.0	80.2	0.0	0.0	0.0	0.0	48.1	14.9
Ministry of State for Special Programmes	6.0	6.7	6.4	5.4	3.3	3.3	61.8	51.6	5.5	3.9	2.8	2.9	72.3	53.1

	2012/13								2011/12					
Vote Title	Gross Estimates	Rev. Gross Est.	Final Rev. Gross Est.	Net Estimates	Exch. Issues	Exp.	% Exch. To Net. Est.	% Exp to G. Est.	Gross Estimates	Net Estimates	Exch. Issues	Exp.	% Exch. To Net. Est.	% Exp to G. Est.
Ministry of Lands	2.4	2.2	2.2	2.1	1.5	1.7	71.4	78.9	3.9	3.8	3.7	3.6	97.1	91.6
Ministry of State for Immigration and Registration of Persons	4.1	2.5	2.1	2.1	1.9	1.8	91.4	86.9	2.3	2.3	1.7	1.7	73.6	77.3
Ministry of State for National Heritage and Culture	0.6	0.6	0.6	0.6	0.6	0.5	98.2	87.0	0.6	0.6	0.6	0.6	98.8	95.8
Ministry of Youth Affairs and Sports	4.5	4.3	4.0	3.7	3.2	2.4	86.9	61.5	4.0	3.5	3.3	1.8	96.7	44.4
Ministry of Higher Education, Science and Technology	15.5	14.7	14.3	6.9	5.3	6.9	76.5	48.1	15.3	6.4	5.5	6.2	85.7	40.8
Ministry of Housing	3.5	2.6	2.4	2.4	2.1	2.0	88.1	84.3	2.1	2.1	2.0	1.8	95.0	85.1
Ministry of Tourism	0.9	0.8	0.7	0.7	0.7	0.7	91.5	97.9	1.1	1.0	1.0	1.1	99.9	108.3
Office of the Prime Minister	0.7	0.7	0.7	0.3	0.3	0.3	95.0	41.4	1.0	0.4	0.4	0.4	97.4	42.1
Ministry of Public Health and Sanitation	26.2	25.6	24.6	11.8	7.9	14.8	66.4	60.2	25.0	10.4	8.8	12.6	84.4	50.6
Ministry of Forestry and Wildlife	5.1	5.0	5.0	3.8	3.6	3.2	95.2	63.7	3.7	2.6	2.1	2.1	81.4	56.8
Ministry of Fisheries Development	2.5	2.9	2.6	2.6	2.1	1.6	79.9	61.3	2.3	2.2	2.1	0.5	96.7	19.9
Ministry of Nairobi Metropolitan Development	1.8	3.4	3.3	3.3	1.9	1.6	57.6	49.8	2.0	2.0	1.9	1.8	93.7	92.0
Ministry of Development of Northern Kenya and Other Arid Lands	2.8	2.8	2.8	1.9	1.5	0.5	80.0	18.2	2.4	2.1	2.1	-	100.0	0.0

	2012/13								2011/12					
Vote Title	Gross Estimates	Rev. Gross Est.	Final Rev. Gross Est.	Net Estimates	Exch. Issues	Exp.	% Exch. To Net. Est.	% Exp to G. Est.	Gross Estimates	Net Estimates	Exch. Issues	Exp.	% Exch. To Net. Est.	% Exp to G. Est.
Ministry of Public Works	5.3	4.9	4.7	4.7	3.9	3.4	83.3	72.8	5.0	5.0	5.0	3.8	100.0	76.8
Ministry of Industrialization	3.4	3.2	2.5	2.5	2.3	2.0	92.4	79.2	2.4	2.4	2.4	2.3	99.7	95.6
Directorate of Public Prosecutions	0.1	0.1	0.1	0.1	0.1	0.0	99.3	51.6	-	-	-	-		
Transition Authority	-	3.2	3.2	3.2	3.2	-	100.0	0.0	-					
Parliamentary Service Commission	2.9	2.3	1.6	1.6	1.3	1.4	84.5	92.7	1.4	1.4	0.5	0.7	36.5	47.4
Public Service Commission	0.1	0.1	0.035	0.035	0.052	0.047	148.6	134.3	-	-	-	-		
Grand Total	**453.2**	**461.5**	**437.1**	**258.4**	**212.4**	**193.9**	**82.2**	**44.4**	**382.6**	**243.2**	**211.4**	**210.7**	86.9	**55.1**

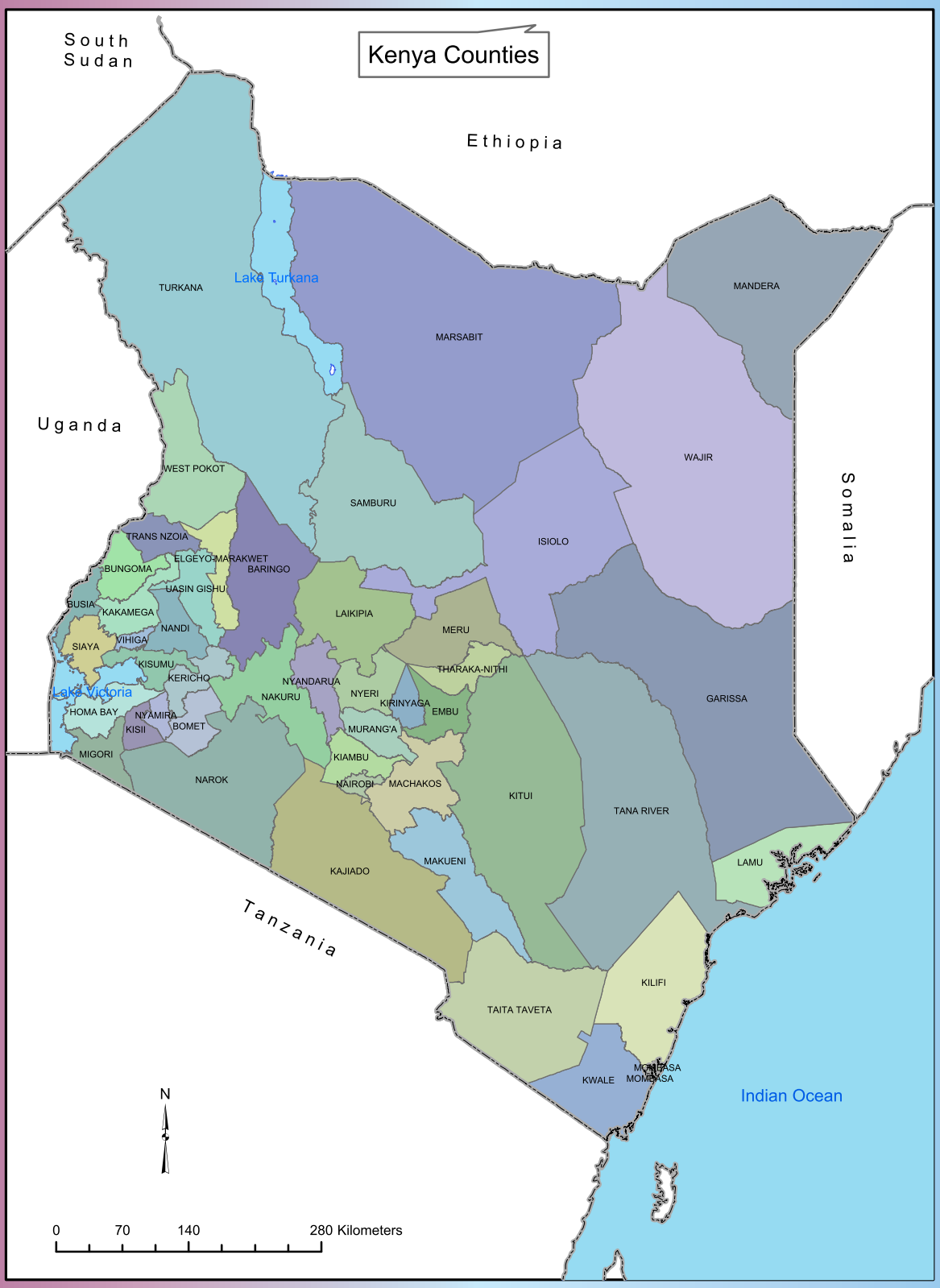
Annex 5: Summary of Sectoral Development Expenditures and Exchequer Issues of MDAs (in Kshs. billions)

	2012/13								2011/12					
Sector	Gross Esti-mates	Rev. Gross Est.	Final Rev. Gross Est.	Net Es-timates	Exch. Issues	Exp.	% Exch. To Net. Est.	% Exp to G. Est.	Gross Est.	Net Est.	Exch. Issues	Exp.	% Exch. To Net. Est.	% Exp to G. Est.
Agriculture and Rural Development	22.2	22.0	24.3	21.4	15.5	12.6	72.6	51.8	26.2	21.9	18.5	13.7	84.5	52.4
Education	26.7	26.0	24.5	13.0	11.2	12.8	85.9	52.4	23.1	11.2	9.7	9.8	85.9	42.5
Energy, Infrastructure and Information Communications Technology (EI & ICT)	205.0	208.5	200.7	90.4	70.3	70.9	77.8	35.3	162.4	86.7	76.4	88.3	88.1	54.4
Environmental Protection, Water and Housing	48.8	50.9	50.3	29.5	24.7	22.6	83.8	44.9	40.7	27.6	26.0	22.6	93.9	55.6
General Economic, Commercial and Labour Affairs (GECLA)	11.4	10.9	9.9	8.0	7.1	6.8	88.8	68.7	10.4	7.6	7.5	7.1	99.1	68.2
Governance, Justice, Law and Order (GJLOS)	16.1	14.3	12.5	11.5	10.7	8.7	93.3	69.5	10.7	9.6	8.7	6.4	89.9	59.7
Health	32.4	32.5	32.0	17.6	11.5	19.4	65.1	60.5	28.9	13.0	11.3	14.9	87.1	51.5
Public Administration and International Relations	72.2	77.4	64.4	51.4	49.9	29.8	97.1	46.3	63.1	51.7	40.8	40.3	78.9	63.8
Social Protection, Culture and Recreation	18.5	18.9	18.5	15.7	11.5	10.1	73.3	54.5	17.1	13.8	12.6	7.5	91.3	44.1
Grand Total	**453.2**	**461.5**	**437.1**	**258.4**	**212.4**	**193.9**	**82.2**	**44.4**	**382.6**	**243.2**	**211.4**	**210.7**	**86.9**	**55.1**

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

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

	2012/13								2011/12					
Name of the Sector	**Gross Est.**	**Rev. Gross Est.**	**Final Rev. Gross Est.**	**Net Est**	**Exch. Issues**	**Exp.**	**% Exch. Issues to N. Est.**	**% Exp to G. Est.**	**Gross Est.**	**Net Est.**	**Exch. Issues**	**Exp.**	**% Exch. Issues to N. Est.**	**% Exp to G. Est.**
Agriculture and Rural Development	40.6	41.0	43.3	40.2	34.0	29.1	84.5	67.2	43.7	39.2	35.6	29.5	90.9	67.5
Education	236.0	257.6	260.9	229.9	216.0	227.2	93.9	87.1	213.3	182.8	186.3	179.0	101.9	83.9
Energy, Infrastructure and Information Communications Technology (EI & ICT)	267.9	271.0	262.9	102.5	81.7	95.0	79.8	36.1	218.0	97.1	86.6	106.3	89.2	48.7
Environmental Protection, Water and Housing	66.3	68.7	68.0	42.0	36.6	34.5	87.2	50.8	56.7	39.2	37.5	33.8	95.6	59.5
General Economic, Commercial and Labour Affairs (GECLA)	21.0	20.2	19.2	16.7	15.6	14.7	93.3	76.5	19.5	16.1	15.9	14.8	98.6	76.0
Governance, Justice, Law and Order (GJLOS)	146.1	158.8	159.8	157.9	152.5	142.0	96.6	88.8	114.9	113.6	107.2	97.1	94.4	84.5
Health	87.0	91.6	92.0	73.7	67.0	75.1	90.9	81.6	72.8	52.9	50.5	55.1	95.4	75.7
Public Administration and International Relations	122.4	130.1	117.8	103.5	100.6	78.5	97.1	66.6	105.6	93.0	80.9	76.2	87.0	72.2
Social Protection, Culture and Recreation	38.0	39.3	38.3	35.5	31.1	27.4	87.8	71.5	38.1	34.7	33.2	26.0	95.5	68.3
National Security	83.7	89.7	91.3	91.3	86.8	91.2	95.1	100.0	78.6	78.6	75.3	78.7	95.9	100.2
Grand Total	**1109.0**	**1168.1**	**1153.6**	**893.2**	**821.8**	**814.7**	**92.0**	**70.6**	**961.0**	**747.2**	**708.9**	**696.4**	**94.9**	**72.5**



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