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**OFFICE OF THE CONTROLLER OF BUDGET**

**NATIONAL GOVERNMENT**

**BUDGET IMPLEMENTATION REVIEW REPORT  
FOR FY 2017/18**

**SEPTEMBER, 2018**



**THE REPUBLIC OF KENYA**

**OFFICE OF THE CONTROLLER OF BUDGET**

**ANNUAL NATIONAL GOVERNMENT**

**BUDGET IMPLEMENTATION REVIEW REPORT**

**FOR FY 2017/18**

**SEPTEMBER, 2018**

## FOREWORD

The Office of the Controller of Budget (OCOB) is pleased to present the Annual National Government Budget Implementation Review Report (BIRR) for the Financial Year (FY) 2017/18, covering the period of July, 2017 to June, 2018. This report has been prepared in accordance with Article 228 (6) of the Constitution of Kenya (CoK), 2010 and Section 9 (1) of the Controller of Budget Act, 2016, which requires the Controller of Budget (COB) to submit to both Houses of Parliament quarterly budget implementation reports for both the National and County Governments.

This report provides valuable information on the National government budget and its performance for the FY 2017/18 and also compares budget performance in the current year with that attained in the previous financial year of 2016/17. The information contained in this report includes; annual budget allocation to National Government Ministries, Departments and Agencies (MDAs), analysis of budget allocation by sector and programmes, receipts into and withdrawals from the Consolidated Fund, and, expenditure by MDA, sector and programme. In the report, expenditure is categorized into development and recurrent components and is summarized by major economic items.

The information contained in this report is based on analysis of financial and non-financial reports received from MDAs in line with Section 83(4) of the Public Finance Management Act, 2012, expenditure data from the Integrated Financial Management Information System (IFMIS), and OCOB records on exchequer issues. It identifies the key issues that affected budget implementation during the reporting period and contains appropriate recommendations to address these issues in order to enhance future budget implementation.

I would like to thank all members of staff at OCOB who were involved in the preparation of this report and staff from MDAs who submitted financial and non-financial performance reports that formed the basis of this report. The report provides useful information on budget implementation to various stakeholders including policy makers, legislators, researchers, analysts and members of the public. It is my expectation that this information will be useful in making timely decisions relating to budget implementation, and also provide opportunity to members of the public to interrogate how public funds have been utilized. In addition, their contributions will enhance prudent use of public funds and delivery of services by the Government to the citizenry.



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



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## 2 ANALYSIS OF RECEIPTS AND EXCHEQUER ISSUES

### 2.1 Introduction

This chapter provides a summary of receipts into the Consolidated Fund and exchequer issues to the MDAs in FY 2017/18. The Exchequer issues are disaggregated into development, recurrent and issues to County Governments. Recurrent Exchequer issues towards CFS are categorised as recurrent.

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

This section presents an overview of the revenue estimates and actual receipts into the Consolidated Fund in FY 2017/18. The section also presents the trend of receipts into the Consolidated Fund over the last five years.

#### 2.2.1 Revenue Estimates

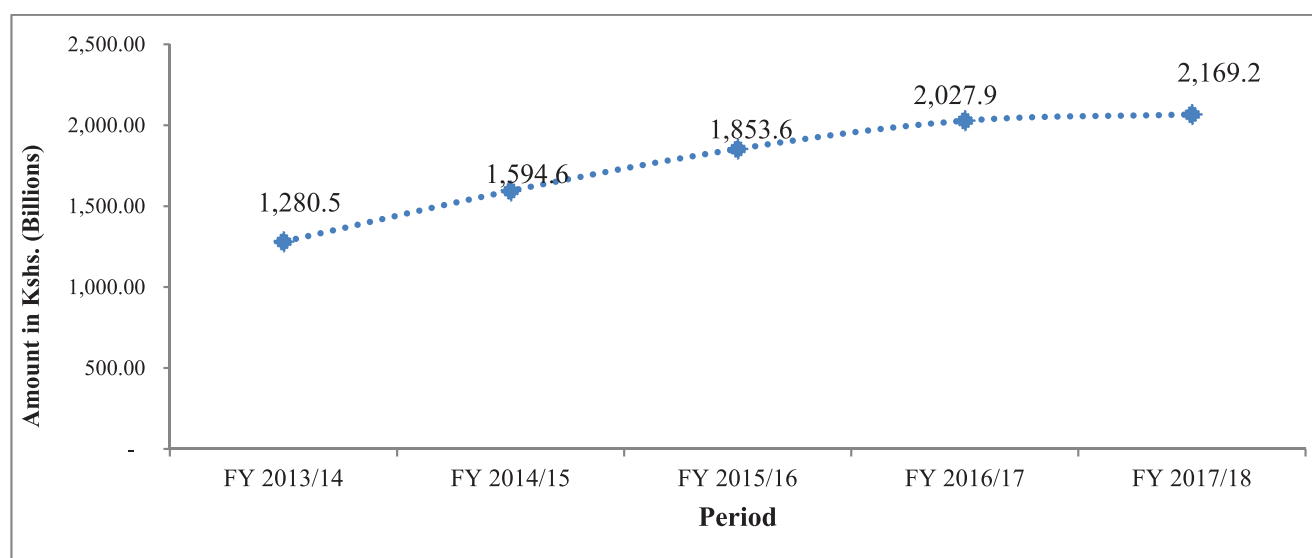
The revised revenue estimates for FY 2017/18 was Kshs.2.3 trillion, a slight increase compared to Kshs.2.1 trillion budgeted in the FY 2016/17. In financing the budget, the National Treasury expected to receive revenue from the following sources; Tax income (Kshs.1.4 trillion), Non-tax income (Kshs.73.7 billion), Net Domestic borrowing (Kshs.458.6 billion), Commercial Loan (Kshs.298.1 billion), Loans from Foreign Governments and International Organisations (Kshs.33.6 billion).

Other sources of exchequer revenue expected in the period under review included; Grants from Foreign Governments and International Organisations (Kshs.13 billion), Grants from Africa Mission in Somali -AMISON (Kshs.6.1 billion), Programme Loan -Budget Support (Kshs.7 billion) and Domestic Lending and on Lending (Ksh.4 billion).

#### 2.2.2 Receipts into the Consolidated Fund

The total receipts into the Consolidated Fund amounted to Kshs.2.2 trillion in FY 2017/18, a slight increase compared to Kshs.2 trillion recorded in FY 2016/17. This amount consisted of the balance brought forward from FY 2016/17, tax and non-tax income, domestic borrowing, loans and grants from foreign governments and international Organisations, programme loan for budget support, domestic lending and on-lending, grants from AMISON, commercial loans and unspent balances recovered from MDAs from the previous financial year, FY 2016/17.

Figure 2.1 shows the annual trend of receipts into the Consolidated Fund from FY 2013/14 to FY 2017/18.

**Figure 2.1: Receipts into the Consolidated Fund from FY 2013/14 to FY 2017/18**

Source: National Treasury

FY 2017/18.

presents a statement of receipts into the Consolidated Fund in the FY 2017/18.

**Table 2.1: Statement of Receipts into the Consolidated Fund in FY 2017/18 (Kshs. Billions)**

RECEIPTS	Revised Estimates FY 2017/18	Actual Receipts as at June 2018	Performance Against Annual Target (%)	Contribution by Category (%)	Actual Receipts as at June 2017	Increase/ (Decrease) in receipts over June 2017	Percentage change (%)
Opening Balance 01.07.2017	-	30.9	-	1.4	59.8	(28.9)	(48.3)
Total Tax Income	1,415.9	1,311.7	92.6	60.5	1,253.4	58.3	4.7
Total Non-Tax Income	73.7	53.4	72.5	2.5	52.8	0.6	1.1
Net Domestic Borrowing	458.6	421.0	91.8	19.4	415.0	6.0	1.4
Loans-Foreign Governments and International Organisations	33.6	24.1	71.7	1.1	31.4	(7.3)	(23.2)
Programme Loan- Budget Support	7.0	8.5	121.4	0.4	6.8	1.7	25.0
Domestic Lending and On-Lending	4.0	2.6	65.0	0.1	1.8	0.8	44.4
Grant-Foreign Governments and International Organisations	13.0	12.0	92.3	0.6	6.6	5.3	80.3
Grants-DANIDA support to County Health Facilities	-	-	-	-	0.4	(0.4)	(100)
Debt Swap	-	-	-	-	0.03	(0.03)	(100)
Grants from AMISOM	6.1	4.7	77.1	0.2	6.8	(2.1)	(30.9)
Commercial Loans	298.1	298.1	100	13.7	186.3	111.8	60.0
Unspent Balances	-	2.2	-	0.1	6.8	(4.6)	(67.6)
<b>Total Receipts</b>	<b>2,310.0</b>	<b>2,169.2</b>	<b>93.9</b>		<b>2,027.9</b>	<b>141.3</b>	<b>7.0</b>

Source: National Treasury

Figure 2.2 shows composition of receipts into the Consolidated Fund in the FY 2017/18.



**THE REPUBLIC OF KENYA**  
**OFFICE OF THE CONTROLLER OF BUDGET**



# **NATIONAL GOVERNMENT BUDGET IMPLEMENTATION REVIEW REPORT**

**FY 2021/22**

**AUGUST 2022**



**THE REPUBLIC OF KENYA**  
**OFFICE OF THE CONTROLLER OF BUDGET**



**NATIONAL GOVERNMENT**  
**BUDGET IMPLEMENTATION REVIEW REPORT**

**FY 2021/22**

**AUGUST 2022**

## FOREWORD

The Office of the Controller of Budget (OCoB) is established under Article 228 of the Constitution of Kenya to oversee the implementation of the budgets of the national and county governments by authorising withdrawals from public funds and reporting to each House of Parliament every four months. Article 228(6) of the Constitution and Section 9 of the Controller of Budget Act, 2016 require the Controller of Budget (CoB) to submit to Parliament quarterly budget implementation reports of the national and county governments within thirty days after the end of each quarter.

In line with the preceding, I am pleased to present the National Government's budget implementation review report for the financial year (FY) 2021/22. The report covers the period from July 2021 to June 2022. It aggregates budget performance in compliance with Section 9(5) of the Controller of Budget Act, 2016, which states that despite the year's first quarterly report submitted, each subsequent report shall contain cumulative amounts from the beginning of that year.

The report offers a comprehensive analysis of the Ministries, Departments, and Agencies (MDAs) budget performance. In reviewing budget implementation, the report considers actual performance compared to the budget estimates in FY 2021/22 and further compared to prior year performance. The information provided includes receipts into the Consolidated Fund Services, net exchequer issues, and expenditure disaggregated by development and recurrent activities. The report is prepared based on data from the approved budget and reports on financial and non-financial information submitted by MDAs in line with Section 83(4) of the Public Finance Management Act, 2012 and data from the Integrated Financial Management Information System. The report also contains the challenges that hampered effective budget implementation. It further provides recommendations to be considered to ensure seamless budget implementation.

The preparation of this report was made possible by the concerted effort of staff from MDAs and the OCoB. I am grateful to them all for their contribution to preparing this report. The report intends to inform the Legislature, policymakers, leaders, analysts, and the public about the National Government budget implementation status. I urge readers to take an interest in the budget process as the OCoB avails information on budget implementation to enhance accountability and prudence in using public resources.



**Dr. Margaret Nyakang'o, CBS**  
**CONTROLLER OF BUDGET**

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## 2 ANALYSIS OF RECEIPTS AND EXCHEQUER ISSUES

### 2.1 Introduction

This chapter summarises the receipts into the Consolidated Fund and exchequer issues in FY 2021/22. Exchequer issues comprise disbursements by the National Treasury towards development expenditure, recurrent expenditure, and transfers to the forty-seven Counties.

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

This section summarises the revenue estimates and receipts into the Consolidated Fund during FY 2021/22. The Consolidated Fund is established under Article 206(1) of the Constitution of Kenya and is the account into which all money raised or received by or on behalf of the national government is deposited. It excludes monies reasonably excluded by an Act of Parliament and payable into other public funds established for a specific purpose or is retained by the State organ that received it to defray its expenses.

#### 2.2.1 FY 2021/22 Revenue Estimates

The revenue estimates for FY 2021/22 were Kshs.3.19 trillion, revised to Kshs.3.28 trillion in Supplementary Budget I and Kshs.3.33 trillion in Supplementary Budget II compared to Kshs.2.94 trillion budgeted in FY 2020/21. To finance the budget, the government, through the National Treasury, budgeted to raise revenue from various sources, which included Tax revenue (Kshs.1.78 trillion), Non-tax revenue (Kshs.67.12 billion), Domestic borrowing (Kshs.1.02 trillion), External Loans and Grants (Kshs.421.19 billion) and other Domestic financings at Kshs.40.09 billion.

#### 2.2.2 Receipts into the Consolidated Fund

In FY 2021/22, receipts into the Consolidated Fund were Kshs.3.06 trillion, representing 91.7 per cent of the revised annual target, an increase compared to Kshs.2.82 trillion (95.6 per cent of the yearly target) recorded in FY 2020/21. The receipts comprised opening balances from the previous financial year (FY 2020/21), Tax and Non-Tax Revenue, Domestic borrowing, External Loans and Grants, and Other Domestic Financing, as presented in Table 2.1.

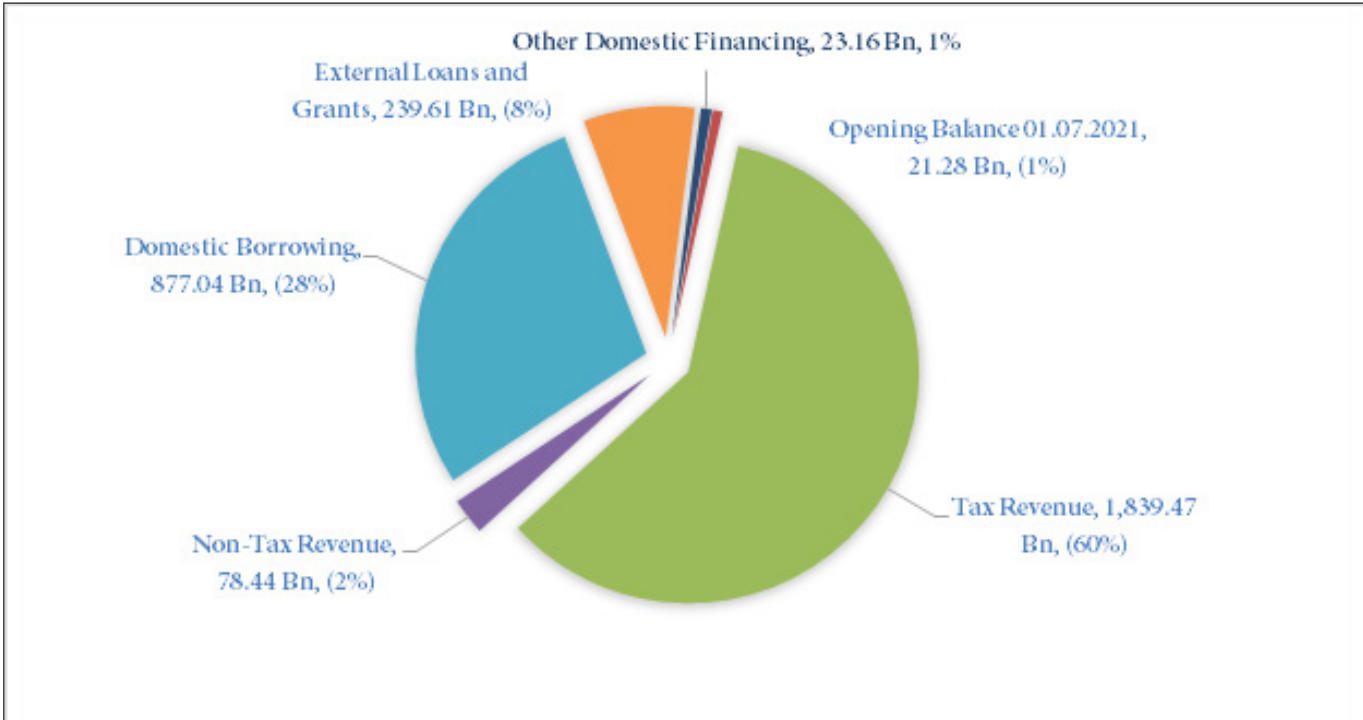
**Table 2.1: Statement of Receipts into the Consolidated Fund**

Receipts Category	Original Revenue Estimates	Revised Estimates	Receipts as of 30 <sup>th</sup> June 2022	Performance Against Annual Target (%)	Contribution by Category (%)
Opening Balance 01.07.2021	-	-	21,280,300,708.13	-	0.7
Tax Revenue	1,707,432,569,865.77	1,784,391,587,415.97	1,839,473,162,334.40	103.1	60.2
Non-Tax Revenue	68,191,603,994.11	67,118,160,282.00	78,437,652,838.92	116.9	2.6
Domestic Borrowing	1,008,428,584,928.72	1,022,022,208,979.77	877,038,741,180.00	85.8	28.7
External Loans and Grants	379,659,517,890.95	421,189,913,530.81	239,611,979,668.50	56.9	7.8
Other Domestic Financing	29,292,582,362.45	40,092,582,362.45	23,160,317,235.05	57.8	0.8
<b>Total</b>	<b>3,193,004,859,042.00</b>	<b>3,334,814,452,571.00</b>	<b>3,057,721,853,256.87</b>	<b>91.7</b>	<b>-</b>

Source: National Treasury

The tax revenue category contributed the highest proportion to total receipts at 60.2 per cent. It is worth noting that the tax and non-tax revenue surpassed the revised target at 103.1 per cent and 116.9 per cent, respectively, as shown in Figure 2.1.

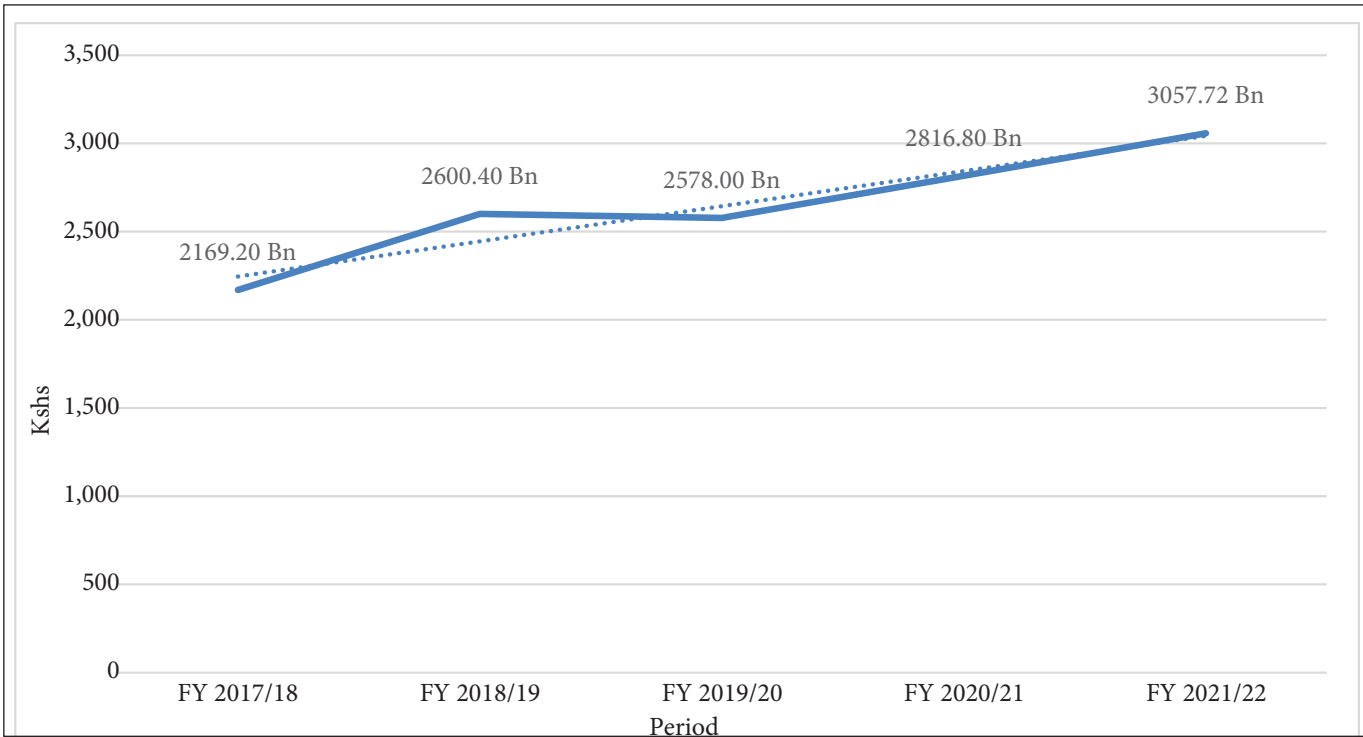
Figure 2.1: Contribution by Source to the Consolidated Fund



Source: National Treasury

Figure 2.2 shows the trend of receipts into the Consolidated Fund for the over five years from FY 2017/18 to FY 2021/22.

Figure 2.2: Receipts into the Consolidated Fund for the period between FY 2017/18 to FY 2021/22



Source: National Treasury



THE REPUBLIC OF KENYA  
OFFICE OF THE CONTROLLER OF BUDGET



# **NATIONAL GOVERNMENT BUDGET IMPLEMENTATION REVIEW REPORT**

**FOR THE FY 2020/21**

**AUGUST, 2021**



**THE REPUBLIC OF KENYA**  
**OFFICE OF THE CONTROLLER OF BUDGET**



**NATIONAL GOVERNMENT**  
**BUDGET IMPLEMENTATION REVIEW REPORT**  
**FOR THE FY 2020/21**

**AUGUST, 2021**

## FOREWORD

The Office of the Controller of Budget (OCoB) is established under Article 228 of the Constitution of Kenya with the key mandate to oversee implementation of the budget for both the national and county governments by approving the withdrawal of funds and reporting to each House of Parliament every four months. Specifically, Article 228(6) of the Constitution of Kenya and the Controller of Budget Act 2016, require that every four months, the Controller of Budget (COB), submit to each House of Parliament a report on the implementation of budgets of national and county governments.

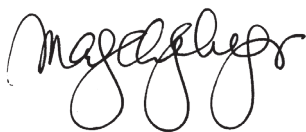
Against this backdrop, I present this National Government Budget Implementation Review Report (BIRR) for the Financial Year (FY) 2020/21, covering the period July 2020 to June 2021. The report presents budget implementation performance by the national government through Ministries, Departments and Agencies (MDAs) in the FY 2020/21. This is the fourth report, following the first, second and third quarterly reports that were submitted to both houses of Parliament for FY 2020/21, a period that was characterised by the prolonged effects of the Corona Virus Disease (COVID-19), which has adversely affected the social, health and economic environments.

Budget performance involves receipts into Consolidated Fund, exchequer issues and expenditure during the reporting period against the budget, while comparing performance with preceding year. The report is prepared based on data from the approved budget, reports on both financial and non-financial information received from the MDAs in line with Section 83(4) of the Public Finance Management Act, 2012, and expenditure data from the Integrated Financial Information System (IFMIS). The report identifies the key challenges that faced budget implementation, considers the emerging issues in the financial year and makes appropriate recommendations to address both the challenges and emerging issues to enhance budget execution.

In line with the Constitutional mandate, the OCoB underscores its commitment to promote prudent utilization of public funds through timely approval of withdrawal of funds and ensuring adherence to the law, while providing regular information on budget implementation. The OCoB remains steadfast in ensuring that budget performance is publicized through the BIRRs according to Section 39(8) of the Public Finance Management Act, 2012.

I, therefore, wish to urge all legislators and stakeholders to continue taking an active interest in the budgeting process, from formulation and implementation to the monitoring and evaluation phases. It is through such measures that all stakeholders will contribute to ensuring that the Government delivers on its objectives, pledges and priorities in line with the approved budget and planning documents, while ensuring expenditure is supported with value for money.

I appreciate the staff from both the MDAs and the OCoB who have made the publication of this report possible.



**Dr. Margaret Nyakang'o**  
**CONTROLLER OF BUDGET**

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## 2 ANALYSIS OF RECEIPTS AND EXCHEQUER ISSUES

### 2.1 Introduction

This chapter summarises receipts into the Consolidated Fund and analyses exchequer issues in the FY 2020/21. Exchequer issues comprise disbursements by the National Treasury towards development expenditure, recurrent expenditure and transfers to the forty-seven counties.

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

This section summarises the revenue estimates and receipts into the Consolidated Fund in the FY 2020/21. The Consolidated Fund is established under Article 206(1) of the Constitution of Kenya and is the account into which all money raised or received by or on behalf of the national government is paid. It excludes money that is reasonably excluded from the Fund by an Act of Parliament and payable into another public fund established for a specific purpose or is retained by the State organ that received it to defray its expenses. The section also provides the trend of receipts into the Consolidated Fund over similar periods in the last five financial years.

#### 2.2.1 FY 2020/21 Revenue Estimates

The revised revenue estimates for the FY 2020/21 amounted to Kshs.2.94 trillion, an increase compared to Kshs.2.65 trillion budgeted in the FY 2019/20. To finance the budget, the government, through the National Treasury, budgeted to raise revenue from various sources, which included: Tax revenue (Kshs.1.45 trillion), Non-tax revenue (Kshs.109.32 billion), Domestic borrowing (Kshs.875.09 billion), External Loans and Grants (Kshs.422.41 billion) and other Domestic financing at Kshs.22.81 billion.

#### 2.2.2 Receipts into the Consolidated Fund

In the FY 2020/21, receipts into the Consolidated Fund were Kshs.2.82 trillion, representing 95.6 per cent of the revised annual target, an increase compared to Kshs.2.58 trillion (97.8 per cent of the annual target) recorded in FY 2019/20. The receipts comprised of the opening balances from the previous financial year (FY 2019/20), Tax and non-tax revenues, Domestic borrowing, External Loans and Grants and other Domestic financing. Table 2.1 presents the statement of receipts into the Consolidated Fund in the FY 2020/21.

**Table 2.1: Statement of Receipts into the Consolidated Fund (Kshs. Billion)**

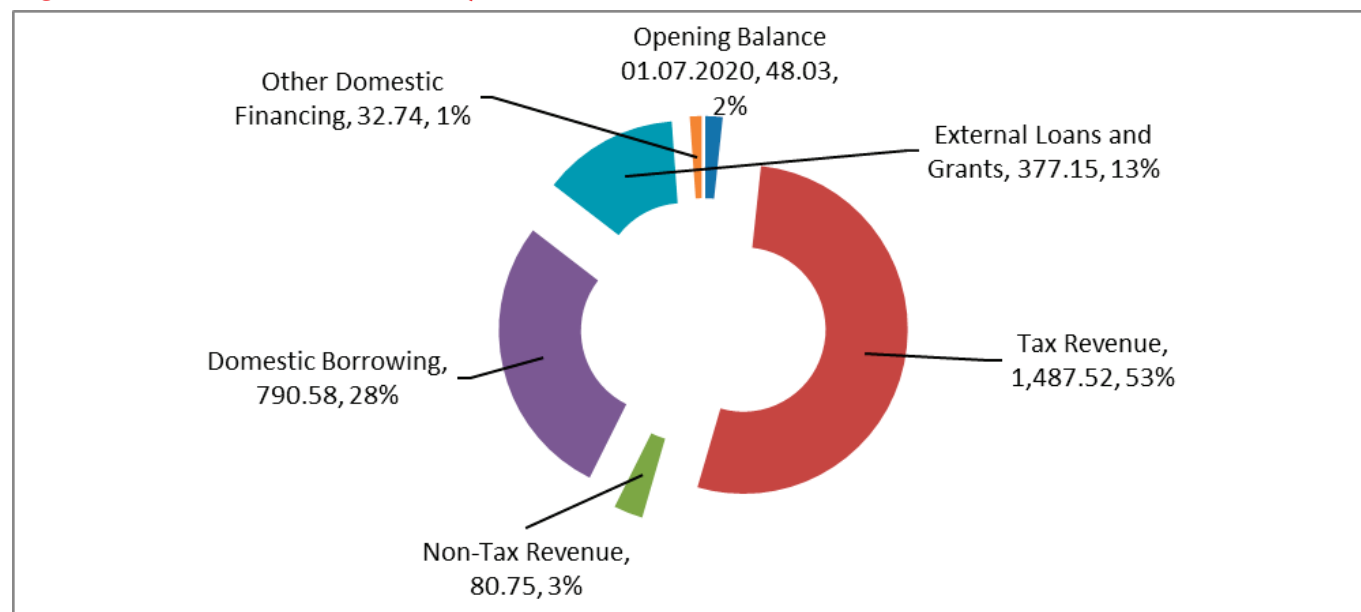
Receipts Category	Original Revenue Estimates	Revised Revenue Estimates	Actual Receipts as of 30 <sup>th</sup> June 2021	Performance Against Annual Target (%)	Contribution by Category (%)
Opening Balance 01.07.2020	-	48,028,919,425.79	48,028,919,425.79	100.0	1.7
Tax Revenue	1,567,632,123,908.99	1,469,466,601,139.49	1,487,519,775,689.25	101.2	52.8
Non-Tax Revenue	66,134,718,178.01	109,320,218,750.66	80,753,855,736.25	73.9	2.9
Domestic Borrowing	786,648,145,090	875,089,568,008.00	790,577,923,686.10	90.3	28.1
External Loans and Grants	373,196,540,683	422,423,389,258.85	377,149,967,766.70	89.3	13.4
Other Domestic Financing	36,816,500,886	22,811,162,263.21	32,742,755,441.79	143.5	1.2
<b>Total Receipts</b>	<b>2,830,428,028,746</b>	<b>2,947,139,858,846.00</b>	<b>2,816,773,197,745.88</b>	<b>95.6</b>	

Source: National Treasury



The tax revenue category contributed the highest proportion to total receipts at 52.8 per cent while other domestic financing surpassed the revised target at 143.5 per cent. Figure 2.1 shows contribution by category in the consolidated fund in the FY 2020/21.

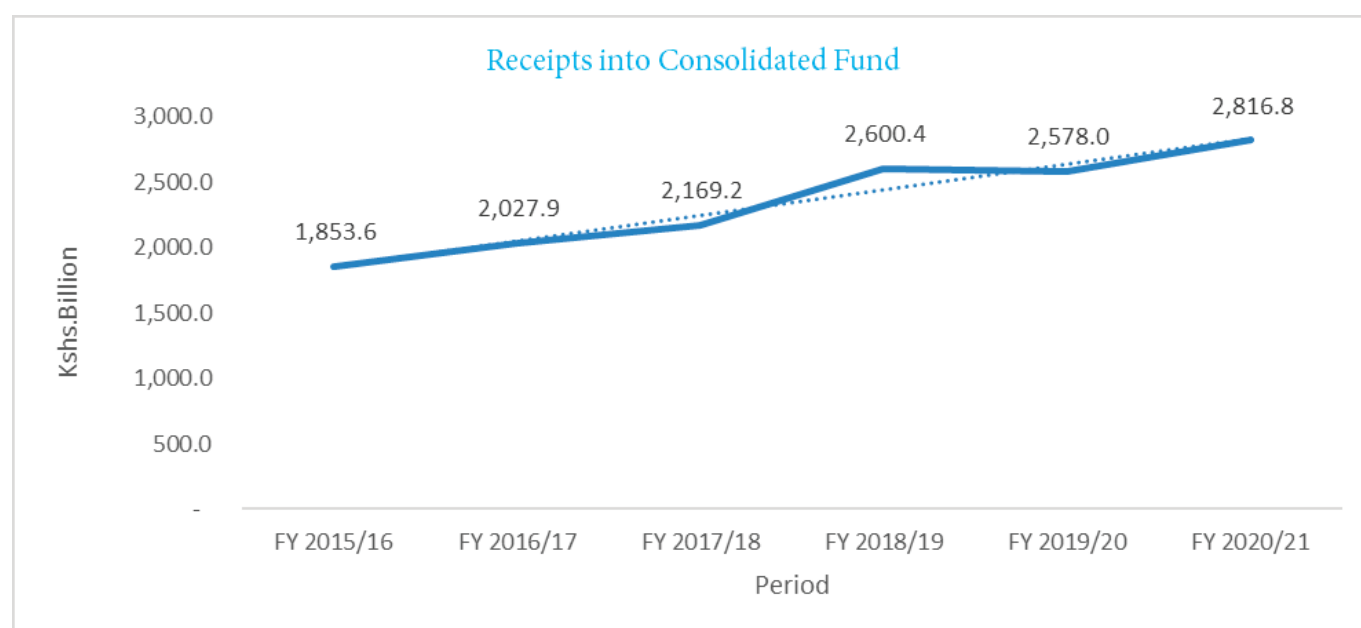
**Figure 2.1: Contribution by Source into the Consolidated Fund**



Source: National Treasury

Figure 2.2 shows the trend of receipts into the Consolidated Fund from FY 2015/16 to FY 2020/21.

**Figure 2.2: Receipts into the consolidated fund from FY 2015/16 to FY 2020/21**



Source: National Treasury

Trend analysis shows growth in receipts in the FY 2020/21 compared to a similar period of FY 2019/20. KRA has attributed the increase in revenue to sustained compliance efforts, revenue enhancement initiatives and improved voluntary compliance by taxpayers. The good performance is also attributed to tax base expansion where KRA recruited more taxpayers through the implemented taxes, including Digital Services Tax, Minimum Tax, and Voluntary Tax Disclosure, among others.