



Fact Sheet

Kenya's Budget - FY 2024/25

The overall estimated budget for FY 2024/25 and how it is financed

I. Budget Outturn

Fiscal Overturn 2014/2025 (Kshs. Billion)			
Item	Revised 2023/2024	Estimates 2024/25	% Change
Revenue			
Total Revenue and Grants	3,094.90	3,261.00	5.1%
Total Revenue	3,047.50	3,196.00	4.6%
Ordinary Revenue	2,576.70	2,724.00	5.4%
Total Local AIA ¹	470.80	472.00	0.3%
Grants	47.40	65.00	27.1%
Expenditure			
Total Discretionary Expenditure	2,538.10	2,849.44	10.9%
National Executive	2,044.00	2,322.74	12.0%
Equalization Fund	10.90	8.00	-36.3%
Parliament	39.20	44.60	12.1%
Contingency Fund	1.20	5.00	76%
Judiciary	18.90	24.60	23.2%
County Government	423.90	444.50	4.6%
Non Discretionary Expenditure	1,137.16	1,213.56	6.3%
<i>Interests</i>	946.16	1,009.90	6.3%
<i>Pension and other</i>	191.00	203.66	6.2%
Total Government Expenditure	3,675.26	4,063.00	9.5%
Overall Fiscal Deficit	(580.36)	(802.00)	27.6%

¹AIA -Ministries, Departments and Agencies impose levy or user charges for services offered. For example, fees paid for processing of passport.

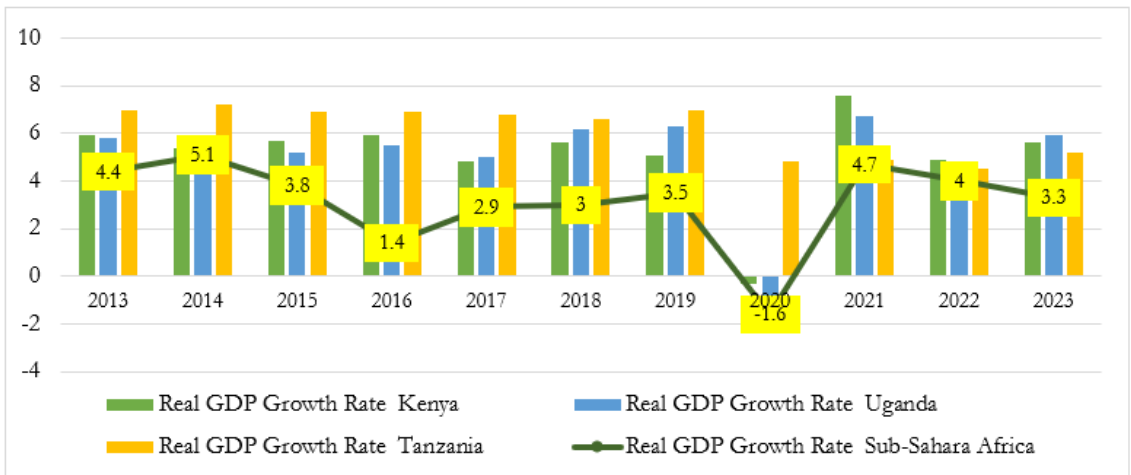
Deficit Financing:			
Net Foreign Financing	270.00	333.80	
Net Domestic Financing	272.00	263.20	
Programme Loans and other Concessional Loans	65.00	-	
Total	607.00	597.00	

Source: Estimates of Revenue and Expenditure 2024/25, Republic of Kenya

- In the FY 2024/25, the National Treasury projects to collect total revenue including Appropriation in Aid (AiA) of Ksh 3,219 billion (19% of GDP) up from actual revenue of Ksh 3,094 billion (20.4% of GDP) in FY 2023/24.
- Increase in revenue collection will be supported by increase in grants and ordinary revenue
- Total expenditure is projected to increase by 7.3 percent which is more than the projected increase in revenue
- Overall budget deficit for 2024/25 is expected to be higher relative to the previous financial year which will translate to increased borrowing and overall increase in public debt.

II. Macroeconomic Performance

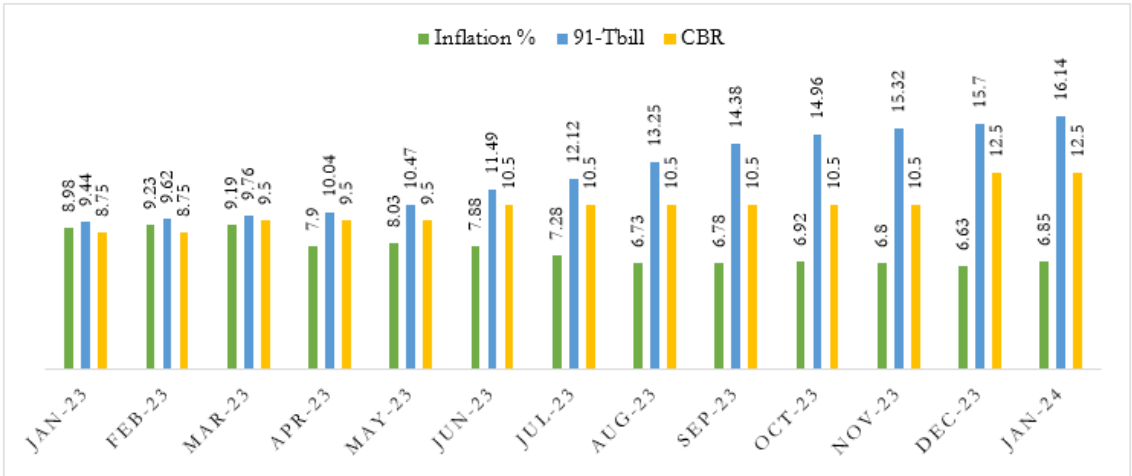
a) Kenya's Real GDP growth rates for the last 10 years and comparison with peers



Source: KNBS

- Kenya's economic growth has remained resilient growing above the sub-Saharan Africa average.
- Real GDP growth rate has remained above the 4 percent mark except for year 2020 when shocks resulting from the covid-19 pandemic pushed growth to negative rates.

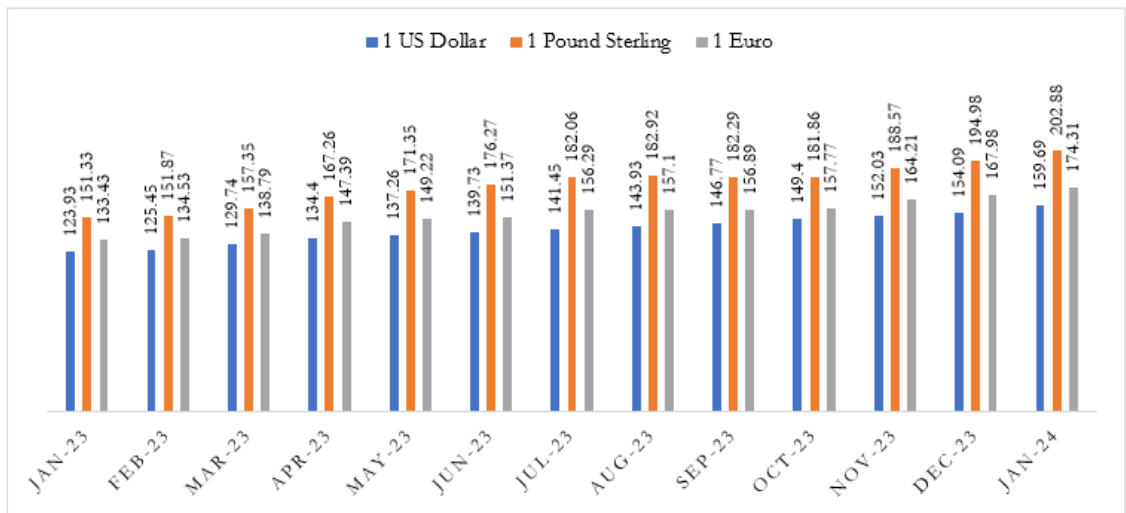
b) Monthly Inflation and Nominal Interest rates (%) Jan 2023-Jan 2024



Source: KNBS

- Inflation rate was very high and above the governments upper range of 7.5 due to high food and fuel prices.
- Unfavourable weather conditions reduced food production and the global tensions affected supply of important commodities
- Fuel prices also went up due to removal of fuel subsidy, increase in global murban crude oil prices and the depreciation of Kenya Shilling against major currencies
- CBK adjusted CBR to reduce the rise in consumer prices. This coupled with improvement in the exchange rate performance resulted to the decline of inflation from a rate of 8.98 percent in January 2023 to 6.85 percent in January 2023.

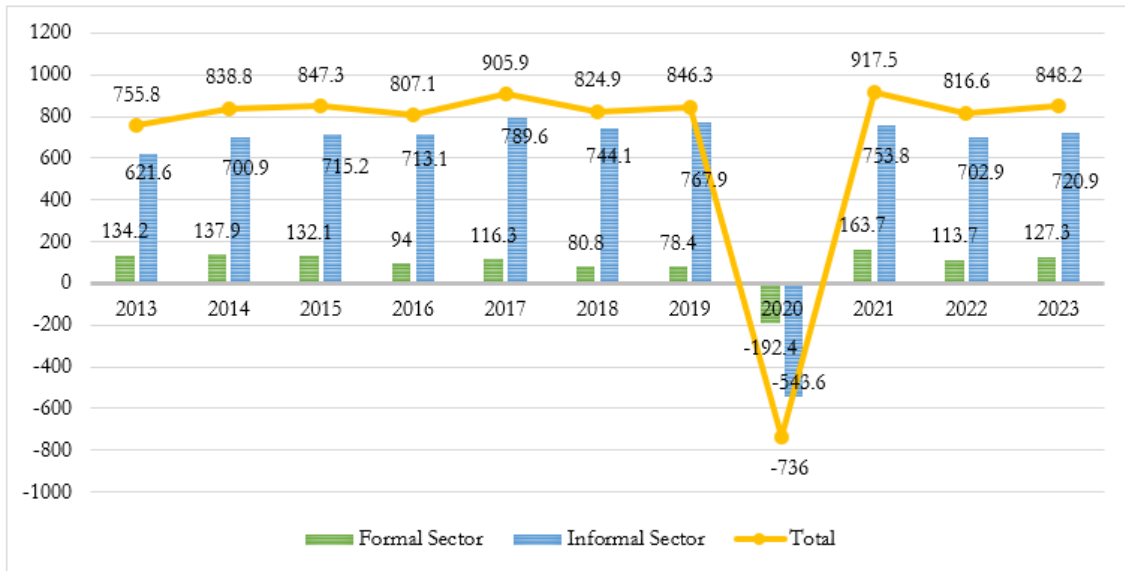
c) Monthly Exchange Rate of Ksh against major currencies



Source: CBK

- In the period ending January 2024, Kenya Shilling recorded poor performance against other major currencies.

d) Number of new jobs created in formal and informal sectors 2013-2023 (000)



Source: KNBS

- The informal sector consistently created more than twice as many jobs as the formal sector.
- The informal sector attracts workers with low skills and pays low wages.
- It reflects Kenya’s resilience and its failure to generate an educated work force and the absence of entrepreneurial activities in more formal, highly capitalised businesses.
- This persistent failure to transform at a structural level also bodes ill for state plans to raise tax rates. The growth rate of the tax base is negligible.

III. Consolidated Fund Services (CFS)

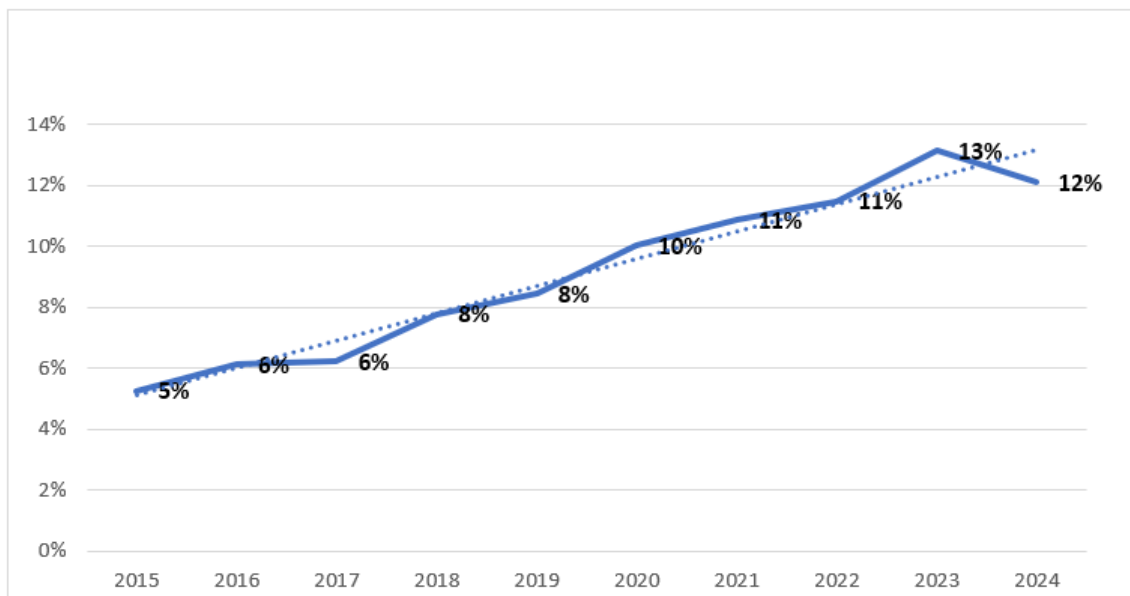
a) Trends in Consolidated Fund Services (CFS) (Ksh Million)

Item	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	% of total CFS 23/24	% of total CFS 24/25
Public Debt	324.92	417.20	466.51	649.40	768.850	958.400	1151.300	1,359.129	1,792.473	1,853.16	90.3%	90.1%
Pensions	32.36	43.00	55.69	71.90	92.500	111.140	153.640	171.829	187.564	199.37	9.5%	9.7%
Salaries & Allowances	4.07	4.44	4.00	4.15	3.960	4.170	4.500	4.373	4.034	4.16	0.2%	0.2%
Miscellaneous Service	0.13	0.13	0.13	0.13	0.016	0.016	0.016	0.016	0.053	0.05	0.0%	0.0%
Subscriptions to International Orgs	0.00	0.00	0.00	0.00	0.001	0.001	0.001	-	-	-	0.0%	0.0%
Guaranteed Debt	1.01	0.94	1.02	1.29	0.644	0.000	0.000	0.005	-	-	0.0%	0.0%
Total	362.49	465.71	527.35	726.860	865.970	1073.726	1309.456	1,535.352	1,984.124	2,056.74	100.0%	100%
GOK Budget	2112	2275	2615	2735	3119	3286	3998	3342	4449	4,733.44		
CFS % of GOK Budget	17%	20%	20%	27%	28%	33%	33%	46%	45%	43%		

Source: Budget Estimates 24/25

- Trends in the Table above shows that the flexibility in public spending in Kenya has reduced by an enormous margin due to the fact that the CFS portion of all spending rose from 17% in the financial year starting on July 2015 and peaked at 46% in the financial year starting in July 2022 before settling at 45% in the equivalent dates in 2023.
- This rapid change reveals that a higher slice of public spending was claimed by the non-discretionary budget.
- Most of the CFS spending was accounted for by the debt repayments and the pensions payments
- The rapid rise in the nominal amounts payable for obligations on public debt and pensions reveals that these obligations have been growing at a far faster rate than both the total revenues and overall spending.

b) Trends in Consolidated Fund Services (CFS) as a % of GDP



Source: Budget Estimates (Various Issues)

- The table above shows that the CFS has grown at a comparatively fast pace and that most of this growth is explained by the need to pay for debt in addition to obligations for public pensions.

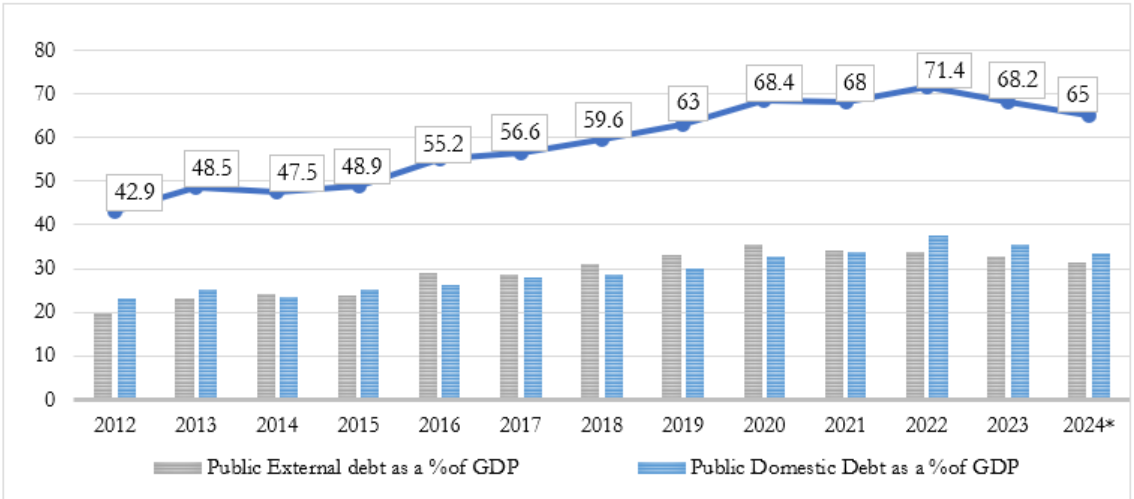
c) Interest and Redemption as a % of Total Debt Servicing (Kshs. Million)

Interest	167,372.99	250,787.24	252,073.07	433,680.00	458,740.00	560,262.00	643,464.00	695,085.00	846,316.20	1,009,877.37
Redemption	231,937.63	215,726.80	290,346.05	335,168.00	499,662.00	608,903.00	733,666.00	990,692.00	946,157.04	843,287.47
Total	399,310.62	466,514.04	542,419.12	768,848.00	958,402.00	1,169,165.00	1,377,130.00	1,685,777.00	1,792,473.24	1,853,164.84
Interest as a % of total debt	42%	54%	46%	56%	48%	48%	47%	41%	47%	54%
Redemption as a % of total debt	58%	46%	54%	44%	52%	52%	53%	59%	53%	46%

Source: Budget Estimates (Various Issues)

- The relative fractions dedicated to payment of interest and principal sums started at 42% and peaked at 56% in 2018 and is expected to constitute 54% of all debt repayments payments in the financial year commencing in July 2024.
- This change shows that a larger share of the allocations to debt are claimed by interest payments.

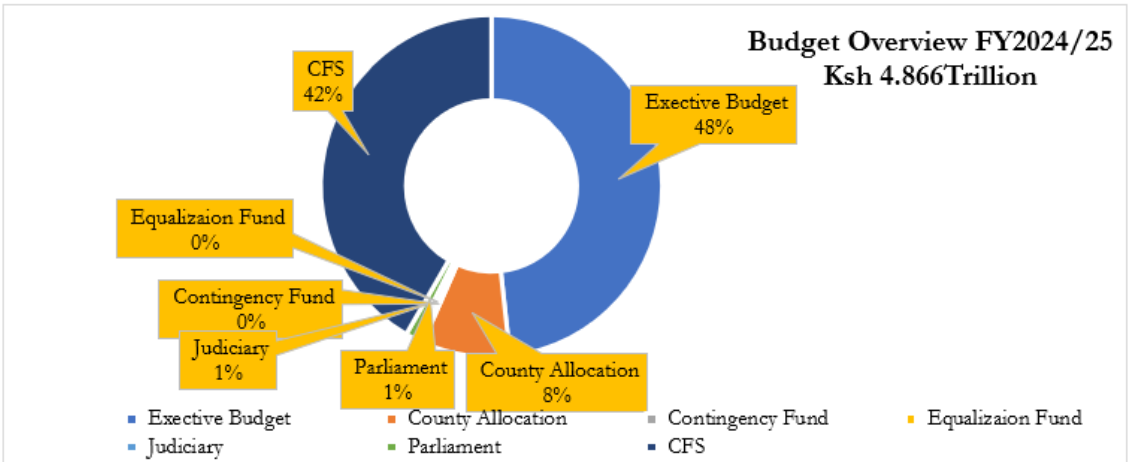
d) Total public debt as a % of GDP



Source: National Treasury

- The past decade has seen sharp increase in public debt rate as a percentage of GDP.
- Total public debt as a percentage of GDP has been rising steadily from a low rate of 42.9 percentage in 2012 to the highest rate recorded in the decade of 71.4 percent in 2022
- This results from government’s over reliance on debt to finance the ever growing fiscal deficit

IV. Trends in Budget Allocation



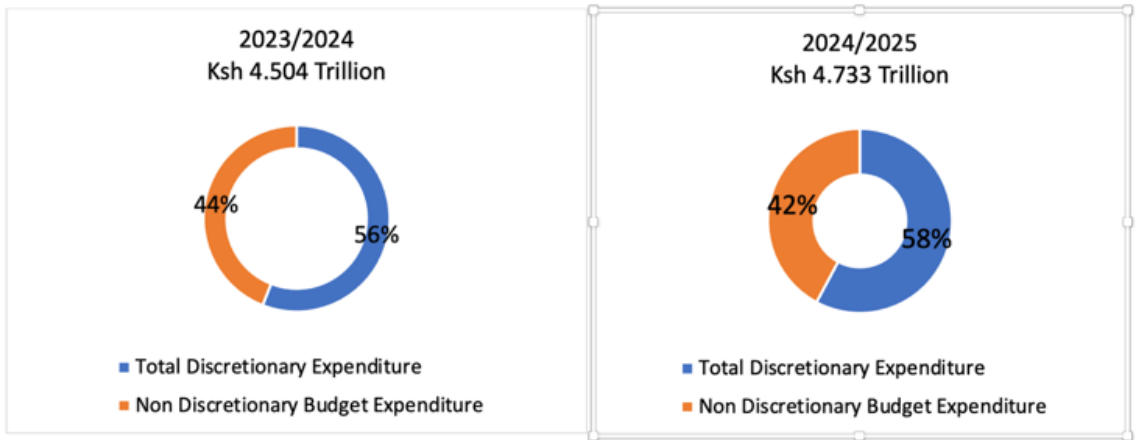
Source: The National Treasury/Budget estimates

V. The Size of the budget relative to the economy

	2022/2023	2023/2024	2024/2025
Total Budget (ksh billion)	3,342	4,504	4,063
Total Budget (as a share of GDP)	26%	24%	24%
Total Budget per person (ksh)	66,047	87,456	78,893
Total Budget per person (ksh), Adjusted for inflation	66,047	81,204	68,717

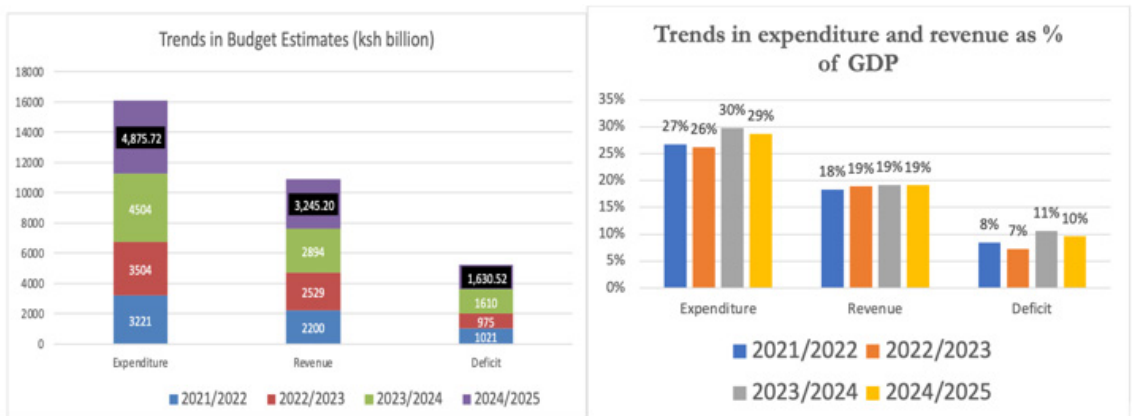
Source: The National Treasury/Budget estimates

VI. Percentage share of Mandatory and non-discretionary spending

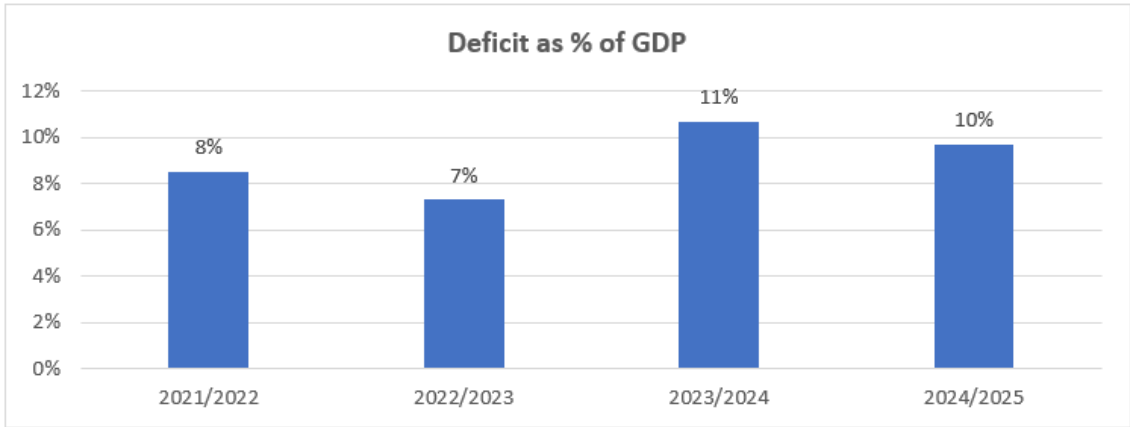


Source: The National Treasury/Budget estimates

VII. Budget Deficit



Source: The National Treasury/Budget estimates



Source: The National Treasury/Budget estimates

VIII. Pending Bills

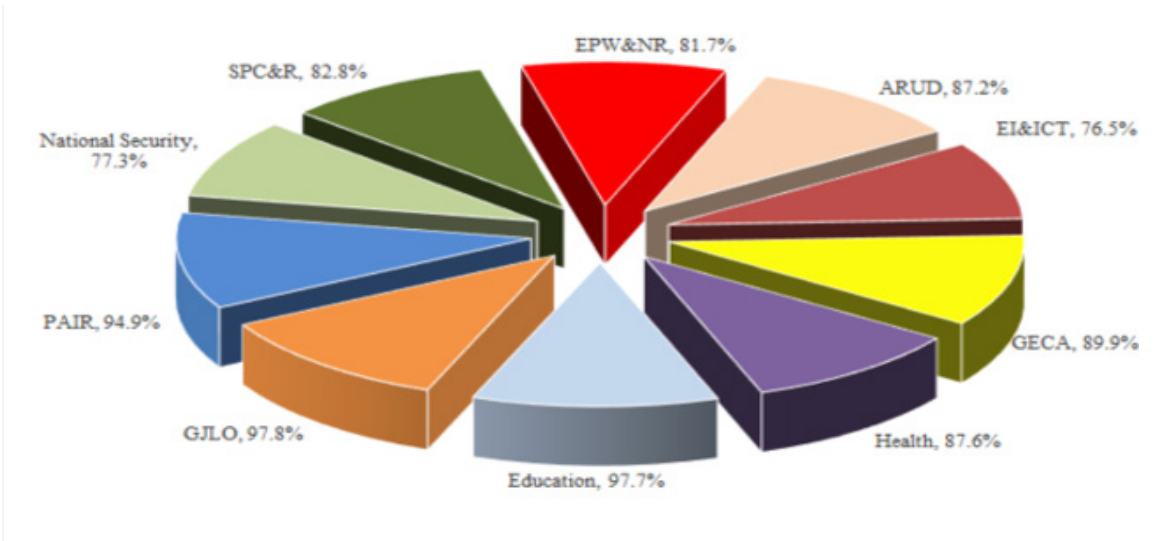
CATEGORY	31 st March 2024	30 th June 2023	Change Increase/ (Decrease)	Overall Change in %
Kshs				
a) MDAs				
Recurrent	63,027,944,397	86,974,748,826	(23,946,804,429)	(38)
Development	18,486,431,692	28,265,786,657	(9,779,354,965)	(53)
Sub-Total*	81,514,376,089	115,240,535,483	(33,726,159,394)	(41)
b) State Corporations (SC)/State Owned Enterprises (SOEs/SAGAs				
Recurrent				
Pay as you Earn	20,059,092,181	20,158,407,897	(99,315,716)	(1)
National Social Security Fund	495,609,065	182,522,530	313,086,535	63
National Hospital Insurance Fund	76,771,282	33,887,484	42,883,798	56
Unremitted Sacco Deductions	2,618,869,186	2,504,095,407	114,773,779	4
Unremitted Staff Loan Deductions	2,532,496,852	1,781,223,777	751,273,075	30
Pension Arrears	35,646,829,561	46,806,796,510	(11,159,966,948)	(31)
Others	62,906,892,097	85,595,784,996	(22,688,892,899)	(36)
Consumables and General Supplies	39,280,086,789	31,072,554,614	8,207,532,174	21
Subtotal (Recurrent)	163,616,647,013	188,135,273,215	(24,518,626,202)	(15)
Contractors/Projects (Development)	241,665,811,918.9	255,460,724,633	(13,794,912,715)	(6)
Sub-Total	405,282,458,932	443,595,997,848	(38,313,538,917)	(10)
Total (National Government)	486,796,835,021	558,836,533,331	(72,039,698,311)	(15)

Source: The National Treasury

- Between the end of FY2022/23 and 31st March 2024, overall pending bills for the national government reduced by Ksh.72 billion, equivalent of 14.8%.
- This shows that the National Government policy on clearance of pending bills continues to be in force. However, the rate of payment is very low.

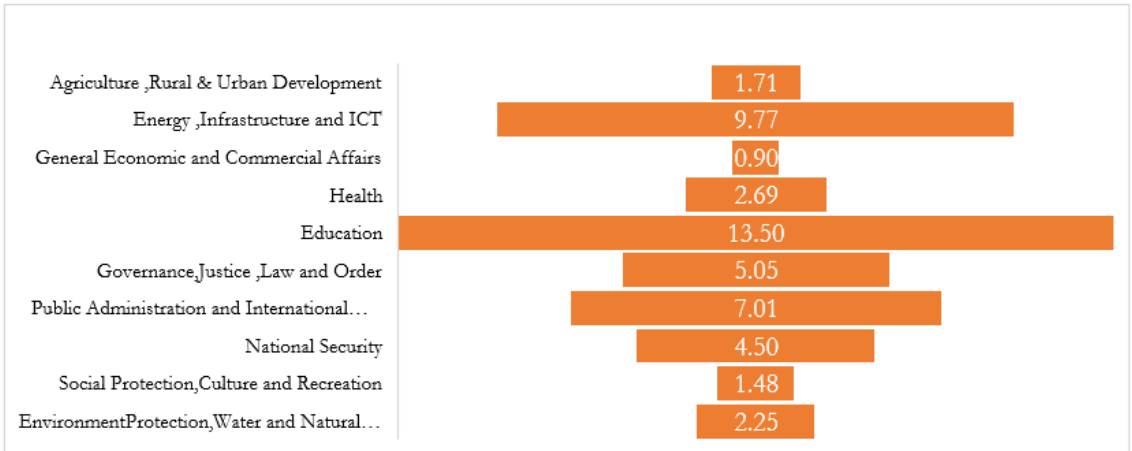
IX. Sector Budget

a. Sectoral Budget Absorption as at 31st March, 2024



Source: The National Treasury

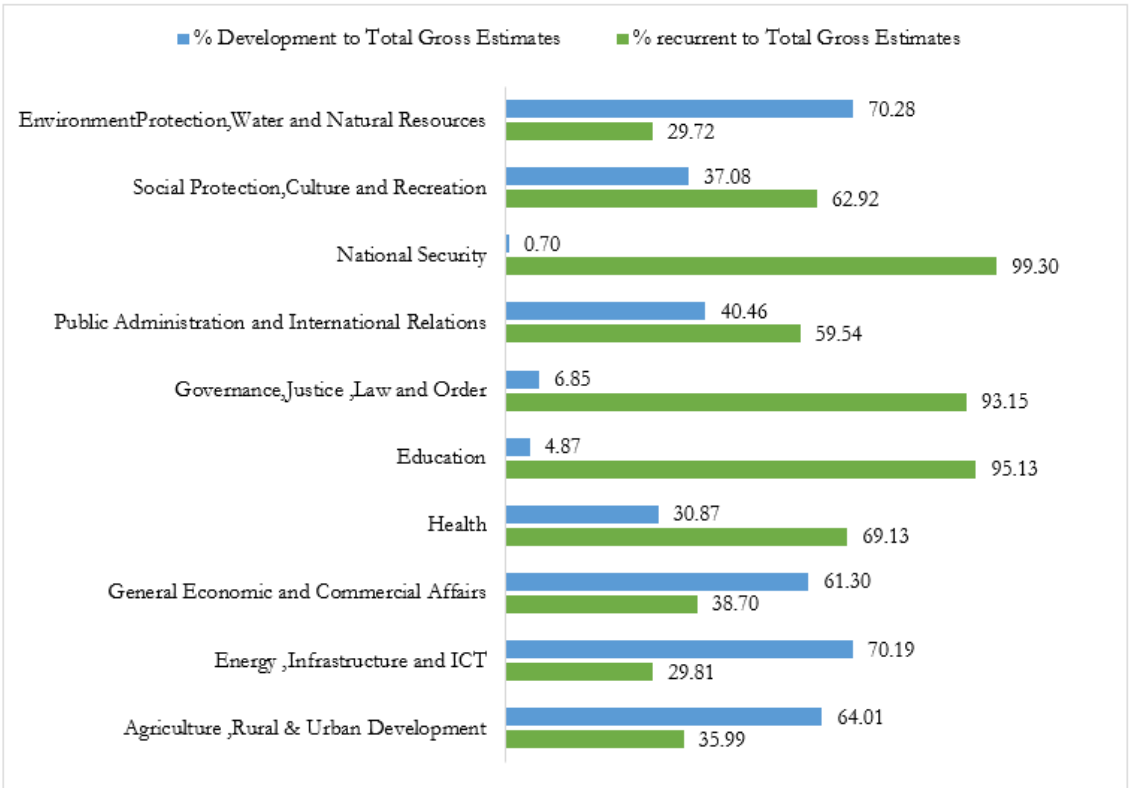
b. Sector Expenditure Estimates as a share of the Total Expenditure Estimates (%)



Source: The National Treasury

- Education sector is set to receive the highest budgetary allocation of 13.5 percent of the total budget followed by Energy, Infrastructure and ICT and Public administration and international relations sectors which will receive 9.77 and 7.01 percent of the total budget respectively

c. Sectors' share of allocation to Recurrent and Development Expenditure

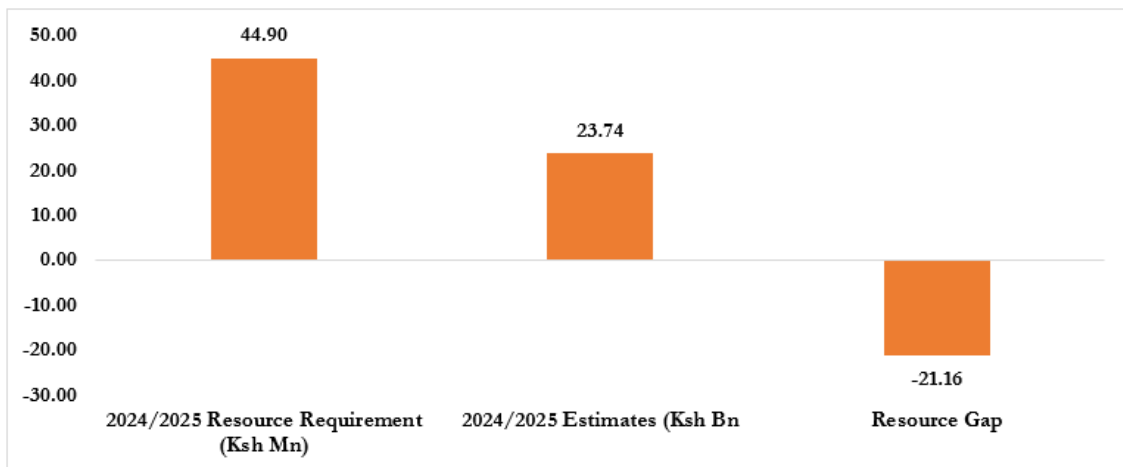


Source: National Treasury

- The sectors allocation to development expenditure is generally very low.
- Only three out of ten sectors have more budgetary allocations to development than recurrent expenditure.
- Sectors such as National security, GJLO and Education have less than 10 percent of their total budgets allocated to development.

X. Judiciary, Constitutional Commissions, and Independent

b. Sector Expenditure Estimates as a share of the Total Expenditure Estimates (%)



Source: FY 2024/25 Judiciary Draft Report Budget, National Assembly Budget and Appropriation Committee

- The severe underfunding of the Kenyan Judiciary presents a critical threat to access to justice, particularly for marginalized communities in remote areas who already face significant barriers.
- A chronically underfunded Judiciary risks its independence. Without adequate resources to operate effectively, the Judiciary may become more susceptible to external pressures and influences, potentially undermining its role as a crucial pillar of democracy.

Table Judiciary estimates

	Approved 2023/24 (Ksh bn)	2024/2025 Estimates (Ksh Bn)	% Change
Judiciary's Estimates	22.29	23.74	7%

Source: National Assembly Budget and Appropriation Committee

- The estimates for the Judiciary in the 2024/2025 of Ksh 23.74 billion is an increase of 7% compared to Ksh 22.29 billion allocated to the Judiciary in the 2023/2024 financial year
- The IEA Kenya published a study on the cost of the mandate of the Judiciary in Kenya and found that the cost indicative of running the Judiciary was Ksh 40 billion. This lends credence to the Judiciary's numbers

b. Parliament

Table Parliament Estimates 2024/25

Parliament Votehead	Subvote (Ksh Mn)	sub vote share of the total budget
Senate Legislation and Oversight	3236.65	7.3%
Senate Representation, Liaison and Intergovernmental Relations	2178.20	4.9%
Senate General Administration, Planning and Support Services	2595.15	5.8%
PSC General Administration, Planning and Support Services	1127.00	2.5%
PSC Human Resource Management and Development	40.00	0.1%
National Assembly National Legislation, Representation and Oversight	26775.00	60.0%
Parliamentary Joint Services General Administration, Planning and Support Services	8428.81	18.9%
Parliamentary Joint Services Legislative Training Research & Knowledge Management	217.19	0.5%
Total	44598.00	

- The total estimated budget for Parliament for the financial year 2024/2025 is Ksh 44.598 billion.
- Out of the entire budget, the National Assembly commands the lion's share of the budget, accounting for 60% of the total allocation (Ksh 26.775 billion) through its National Legislation, Representation, and Oversight function, and the number of legislators could explain this that the National Assembly has compared to the Senate.

c. Constitutional Commissions and Independent Offices

Budget Outturn: Independent Offices and Constitutional Commissions

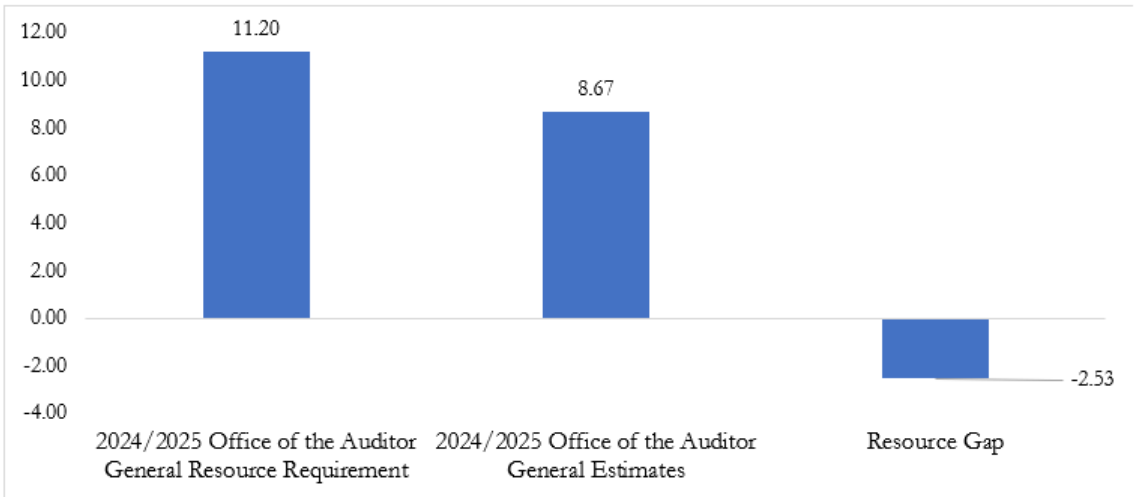
	Approved Estimates 2023/2024	Gross Estimates 2024/2025	% Change
Ethics and Anti-Corruption Commission	3,761.76	3,971.55	6%
Office of the Director of Public Prosecutions	4,062.04	3,907.52	-4%
Office of the Registrar of Political Parties	1,260.26	1,037.87	-18%
Witness Protection Agency	813.44	741.19	-9%
Kenya National Commission on Human Rights	539.80	478.07	-11%
Independent Electoral and Boundaries Commission	4,751.01	3,755.22	-21%
Judicial Service Commission	941.90	902.90	-4%
National Police Service Commission	2,805.87	2,876.99	3%
National Gender and Equality Commission	444.97	435.81	-2%
Independent Policing Oversight Authority	1,019.27	1,107.67	9%
The Commission on Revenue Allocation	516.82	413.47	-20%
Public Service Commission	3,565.54	3,667.53	3%
Salaries and Remuneration Commission	550.32	472.23	-14%
Auditor General	8,293.88	8,566.77	3%
Office of the Controller of Budget	707.37	652.22	-8%
The Commission on Administrative Justice	745.19	661.97	-11%

Source: National Assembly Budget and Appropriation Committee

- The budget outlook for Independent Offices and Constitutional Commissions in Kenya presents a mixed picture, with some organizations experiencing increases while others face reductions for the 2024/2025 fiscal year.
- This mixed bag of budgetary adjustments reflects a complex set of priorities and constraints facing the government

d. Office of the Auditor General

Chart: Office of the Auditor General Resource Gap



Source: National Assembly Budget and Appropriation Committee

- The Office of the Auditor General in Kenya faces a concerning funding gap of 2.53 billion Kenyan Shillings for the 2024/2025 fiscal year.
- This substantial gap raises concerns about the office's ability to fulfil its crucial role in ensuring transparency and accountability in the use of public funds
- Funding gap severely hampers the Auditor General's ability to conduct specialized audits, particularly those targeting procurement fraud, which are essential for tackling fiscal slippage
- This further creates a perception of reduced oversight, potentially emboldening individuals or entities involved in fraudulent activities.
- The perceived lower risk of detection and accountability could lead to an increase in procurement fraud, further undermining fiscal discipline and transparency.

Analysis of Budget Requirement by OAG versus Allocation

Year	Requirement (Kshs. Billions)	Budget Allocation (Kshs. Billions)	Budget Shortfall (Kshs. Billions)	Actual Expenditure (Kshs. Billions)	OAG Budget Absorption %
2018/2019	9.206	5.968	3.238	5.783	97
2019/2020	8.880	5.505	3.375	5.425	99
2020/2021	8.900	5.525	3.375	5.348	96
2021/2022	8.333	6.083	2.250	5.613	92
2022/2023	8.700	6.532	2.168	6.058	93

Source: Summary of the Auditor-General's Report on National Government 2022/2023

- The table above paints a stark picture of the chronic underfunding plaguing the Kenyan Office of the Auditor General.
- Year after year, the OAG faces significant budget shortfalls, with allocated funds falling dramatically short of its actual requirements.
- These persistent budget shortfalls have a direct impact on the OAG's ability to spend effectively. While the OAG demonstrates commendable efficiency in utilizing the limited resources it receives, evidenced by a consistently high budget absorption rate averaging around 95%, the reality is that its actual expenditure remains significantly lower than what's truly needed to fulfil its mandate.
- These chronic underfunding cripples the OAG's capacity to operate at full potential, hindering its ability to audit government spending and ensure accountability effectively.

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