IPF
INSTITUTE OF PUBLIC FINANCE

FY 23/24 Budget Performance

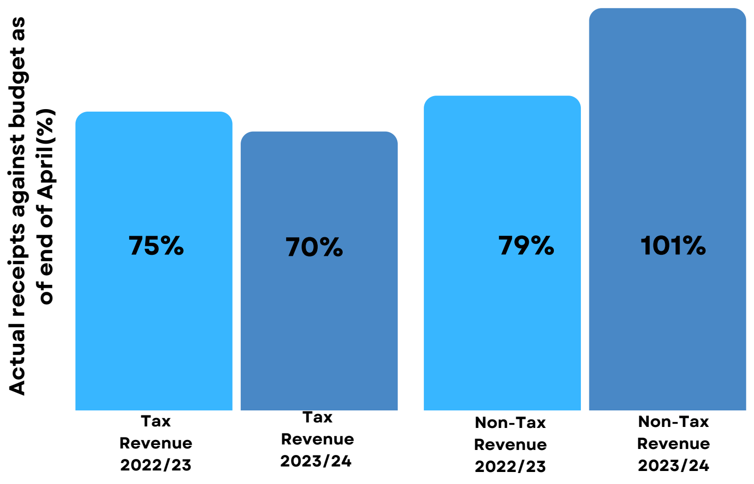
More borrowing and debt service, less money for counties

Revenue shortfall persists, 2 months to the end of the financial year

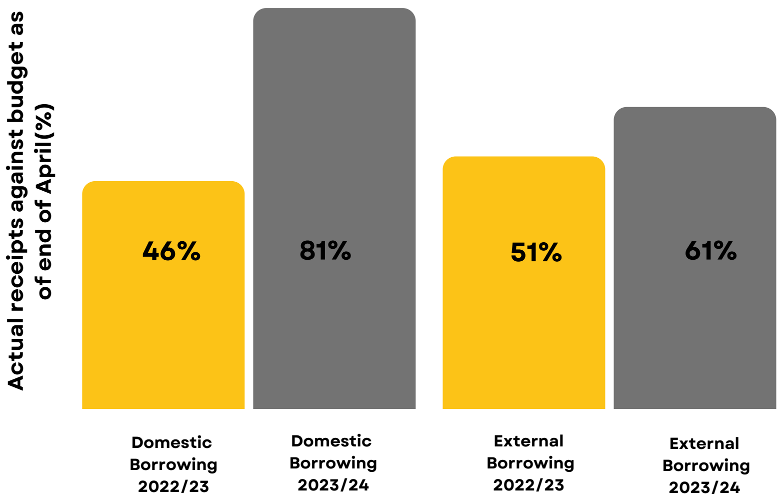
- GOK has only met 70 percent of the annual revenue target by April 2024, 2 months to the end of the financial year.
- Given that last year the government collected 75 percent of the annual revenue target by this period but still fell short of the annual target by 6 percent, it seems unlikely they will meet this year's targets.

- Domestic borrowing, although 19 percent below annual targets, has increased by 35 percent compared to the same period last year.
- External borrowing, while 39 percent below annual targets, has increased by 10 percent compared to last year.

- Non tax revenue has surpassed targets for the year, and performed better than last year in the same period. The government has attributed this performance to timely reporting by Semi-Autonomous Government Agencies



- Domestic borrowing increases faster than external borrowing

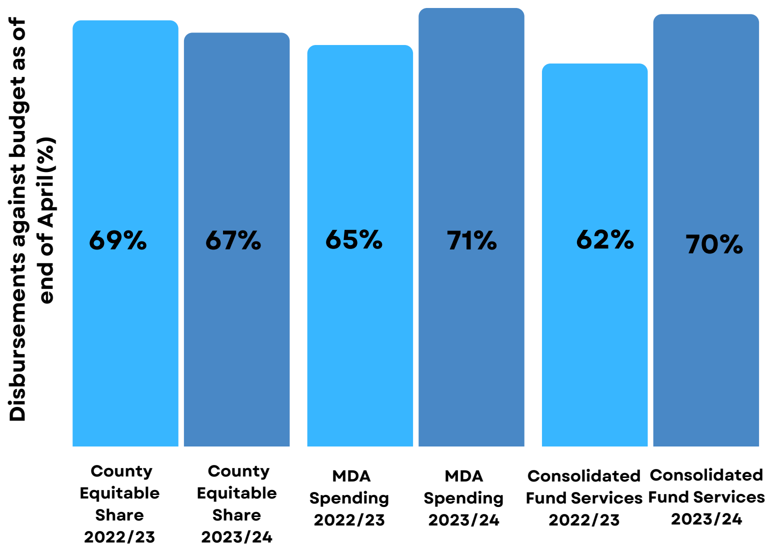


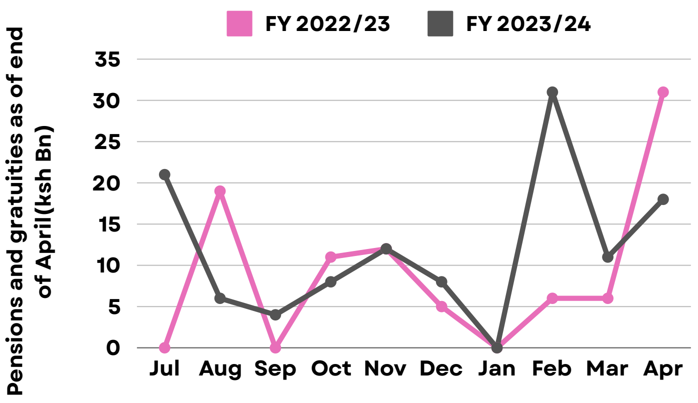
Will counties receive their money in time to spend it?

- The county disbursements are 67 percent of the annual target, at 2 months to the end of the financial year.
- This is a slight decline from the same period last year, when the equitable share disbursements to counties were at 69 percent of the annual target.
- County disbursements are trailing behind other government spending such as MDA and Consolidated Fund.

- Pensions and gratuities are currently at 63% of annual targets, having increased by 85% compared to the same period last year, despite a 72% reduction in monthly disbursements in April 2024 compared to April 2023.
- It is not clear why the government reported zero payments in pensions and gratuities in January 2024, yet it is part of CFS and ought to be a first charge.
- Increased payments between July and October could be as a result of settlement of arrears while the increases between February to April might be due to a surge in government activities including CFS spending and addressing previous delays.

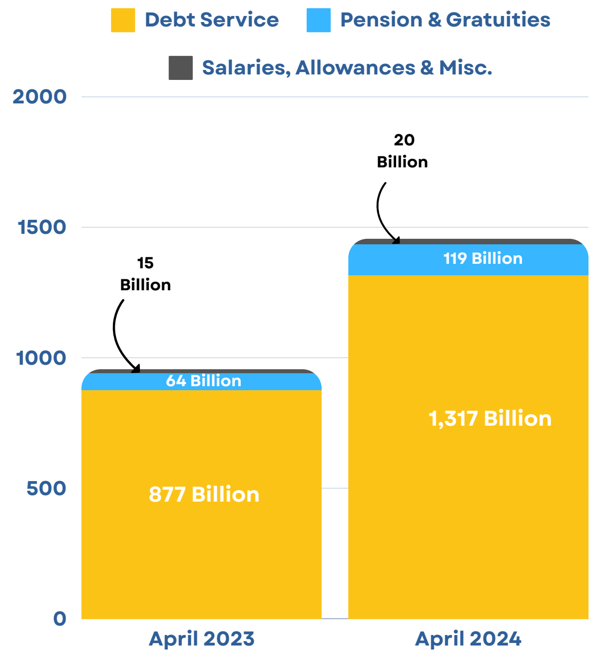
- While county expenditure is below last year, MDA and CF have risen relative to the same period in 2022/23





Debt service is consistently the largest share of CFS, but has increased by 50 percent compared to the same period last year

Debt service amounts to 75 percent of tax revenue as at April 2024, leaving only 25 percent of tax revenue for the rest of government spending, both recurrent and development. In a similar period in the last financial year, the government spent 56 percent of its tax revenue to service debt.



Source: Exchequer Release Gazette Notice issued on 17th May 2024

ipf_global
Institute of Public Finance
www.ipfglobal.or.ke