FY 24/25 Budget Performance

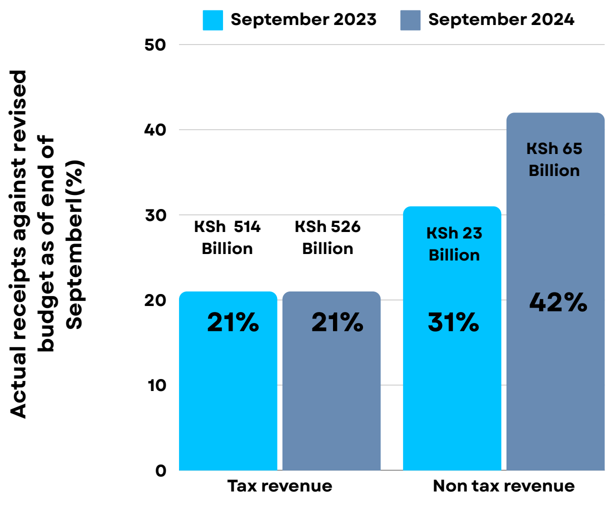
Exchequer releases September 2024

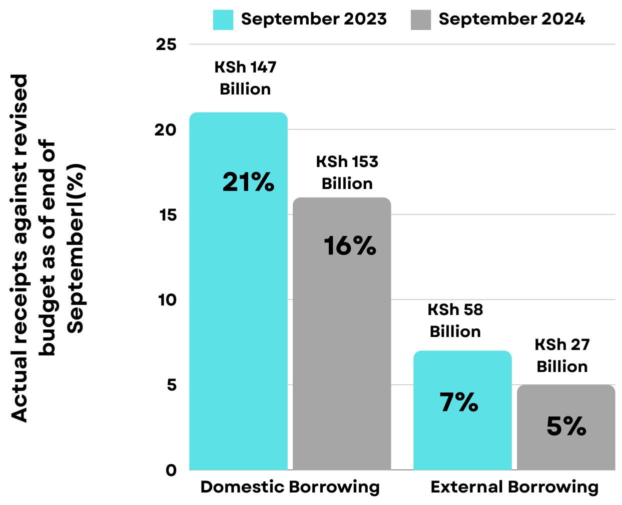
A modest 2 percent increase in tax revenues, significant rise in MDAs development spending, and some money for counties

Revenues(tax +non-tax) in the first quarter of FY 2024/25 increased by 10 percent relative to the same period last year

- GOK met 22 percent of the annual revenue target by September 2024 with a total revenue collection (tax + non tax) of Ksh 591 billion, compared to Ksh 537 billion collected by September 2023.
- Tax revenues grew by 2 percent compared to September 2023, whereas September 2023 saw revenue up 11 percent more than September 2022.
- Non-tax revenues grew by 183 percent from Ksh 23 billion collected by September 2023 to KSh 65 billion collected by September 2024. This could be due to the increases in administrative fees and charges such as fees for immigration visas, identity cards and others.

- While domestic borrowing increased slightly compared to last year, external borrowing dropped by more than half from Ksh 58 billion in the first quarter of FY 2023/24, to Ksh 27 billion in the first quarter of FY 2024/25.
- Against the revised budget, however, both domestic and external borrowing are declining relative to last year



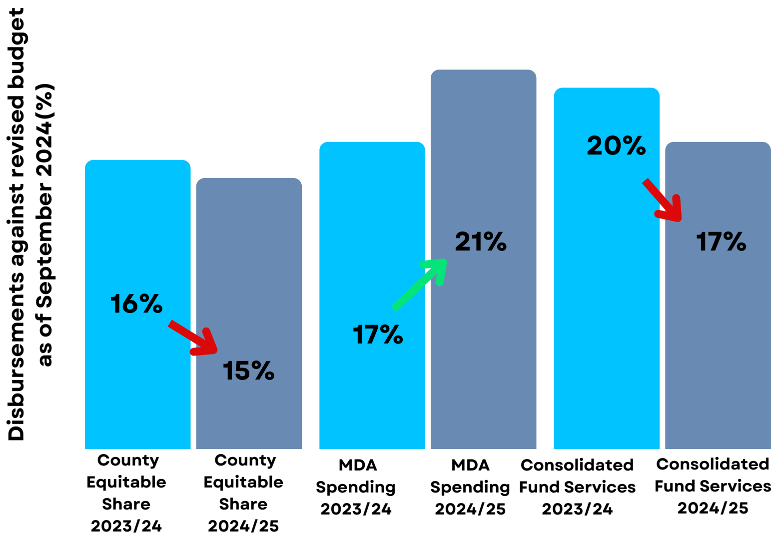


Read more on Non-tax revenues in Kenya : https://ipfglobal.or.ke/wp-content/uploads/2023/12/Policy-Brief_Harnessing-Non-Tax-Revenue-Potential-for-Improved-revenue-mobilization-in-Kenya-1.pdf

Will counties receive their money in time to spend it?

- Counties received Ksh 32.8 billion in September 2024, even though the Division of Revenue (Amendment) Bill, 2024 has yet to be passed. This is the first allocation for FY 2024/25 since the amount disbursed to counties in July 2024 was the undisbursed amount for the FY 2023/24 while they did not receive any disbursement in August 2024.
- The Senate and National Assembly are in mediation over the bill, with the Senate pushing for KSh 400 billion in equitable share and the National Assembly proposing KSh 380 billion.
- Some key areas that have been affected by the cut include reduction in money that was allocated for Community Health Promoters (CHPs), construction of the county headquarters, and proceeds from the Road Maintenance Levy Fund among others.

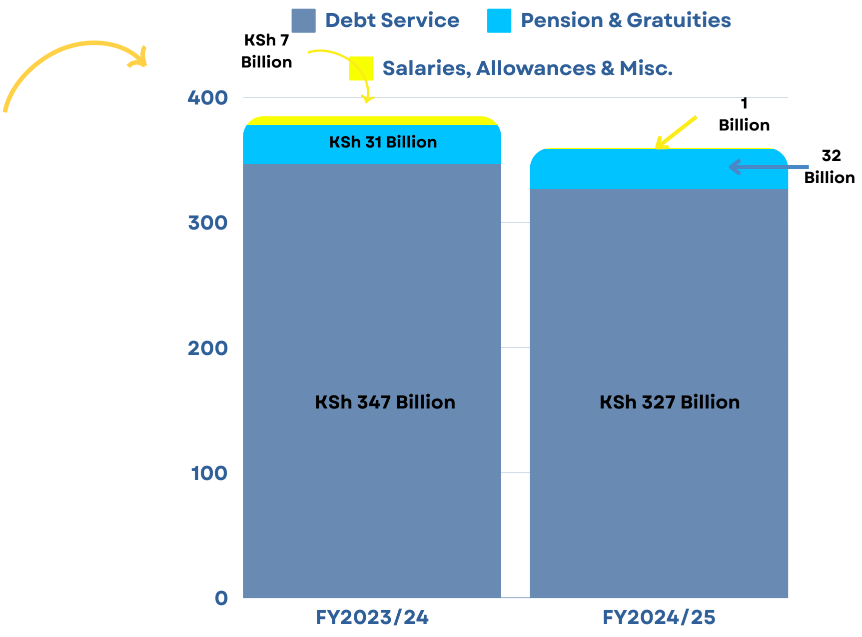
MDAs development spending increased significantly in the first quarter of the FY 2024/25 compared to the same period last year



- County disbursements and Consolidated Fund expenditure against target dropped while MDA spending against target increased compared to last year.
- MDA spending on development increased by 117 percent compared to last year, while recurrent spending only increased by 4 percent.

Though declining compared to last year, debt servicing continues to account for the largest portion of Consolidated Fund Services (CFS), constituting 91 percent of the total CFS

Debt service draws away significant share of financing from other government spending. It reduced from 68 percent of tax revenue in September of FY 2023/24 to 62 percent in September of FY 2024/25. Only 38 percent of the tax revenue was left for the rest of the government spending, both recurrent and development



Source: Exchequer Release Gazette Notice issued on 21st October 2024

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