

# FY 24/25 Budget Performance

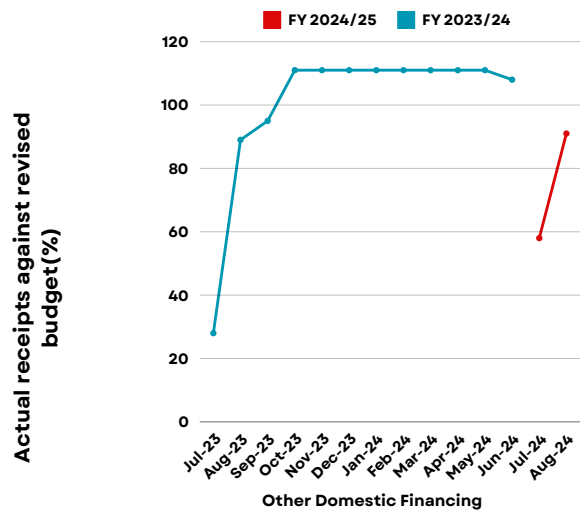
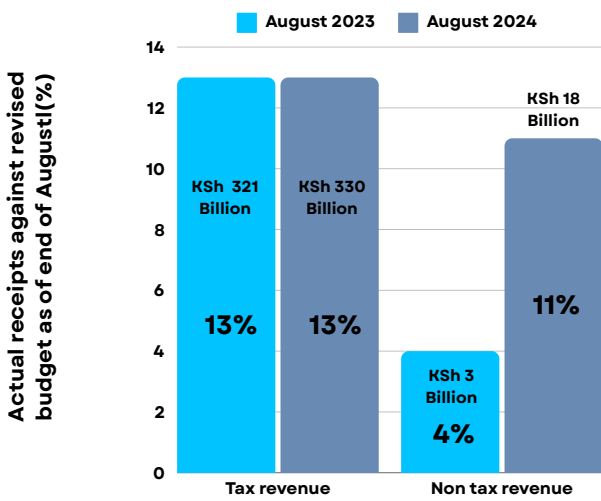
Exchequer releases August 2024

## No money for counties and a drop in borrowing and debt service

### Revenue in the second month of FY 2024/25 fell relative to the same period last year

- GOK met 13 percent of the annual revenue target by August 2024 with a total revenue collection (tax + non tax) of Ksh 330 billion, compared to Ksh 321 billion collected by August 2023.
- Tax revenues reduced by 1 percent compared to August 2023.
- Non-tax revenues grew by 445 percent from Ksh 3 billion collected in August 2023 to KSh 18 billion collected in August 2024. This could be due to the increases in administrative fees and charges such as fees for immigration visas, identity cards and others.

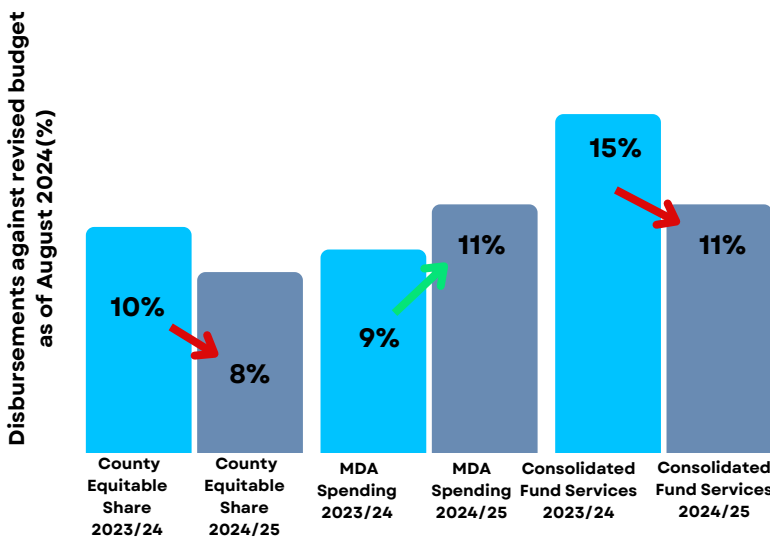
- While ordinary borrowing has fallen in 2024/25, the government is relying heavily on overdrafts from the Central Bank of Kenya, known as "other domestic financing" in government documents (and known usually as debt monetization).
- Last year, the government exceeded its target for such financing by October. This year, it is on target to do the same, having already reached 91 percent of target. In absolute terms, this is more than 50 percent higher than last year.



### Counties did not receive any money in the second month of FY 2024/25

- The counties did not receive any disbursement in August 2024. This could be due to the stalemate at the Senate in passing the Division of Revenue Amendment bill.
- The amount disbursed to counties in July 2024 (which are the only funds disbursed so far) was the undisbursed amount for the FY 2023/24, therefore they have yet to receive any of their allocation for FY 2024/25.
- Counties have received the outstanding amount of Ksh 30.8 Billion (8 percent of last year's allocation). Similarly, in FY 2022/23 and FY 2020/21, the counties received carryovers of Ksh 29.6 billion and 29.7 billion respectively from preceding years but these were disbursed at the end of the financial year.
- The counties were to receive approximately Ksh 100 billion in the first quarter of the financial year (July, August & September) from their FY 2024/25 allocation.

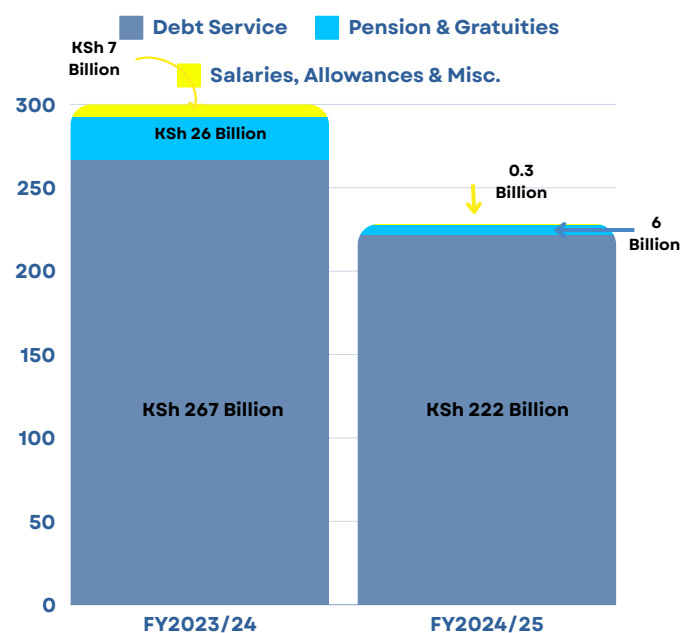
### Consolidated Fund expenditure against target has reduced compared to last year mainly driven by reduced payments for pensions & gratuities and salaries, allowances & miscellaneous



- County disbursements and Consolidated Fund expenditure against target dropped while MDA spending against target increased compared to last year.
- County disbursements against target lagged behind MDA spending and consolidated fund expenditure.
- In August last year, the amounts disbursed for pensions & gratuities were 14 percent of target while salaries & allowances to constitutional officeholders & miscellaneous were 28 percent of target.

### Debt service increased by 29 percent in August compared to July 2024, but still reduced significantly compared to the year before

Debt service draws away significant share of financing from other government spending. It reduced from 84 percent of tax revenue in August of FY 2023/24 to 71 percent in August of FY 2024/25. Only 29 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 20th September 2024