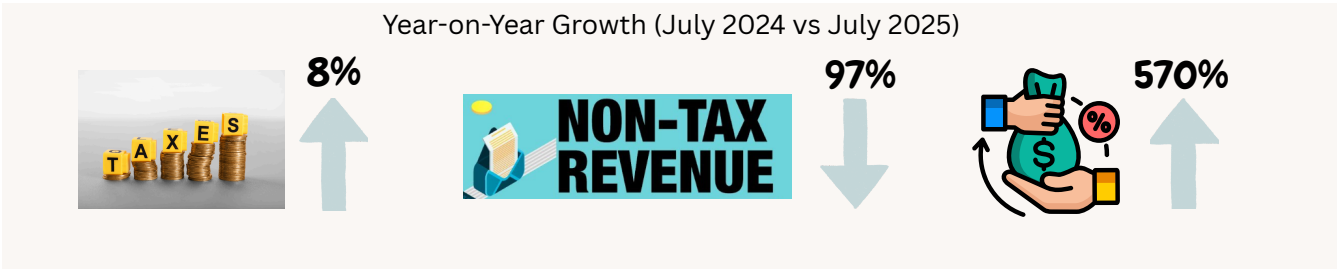


FY 2025/26 Budget Performance

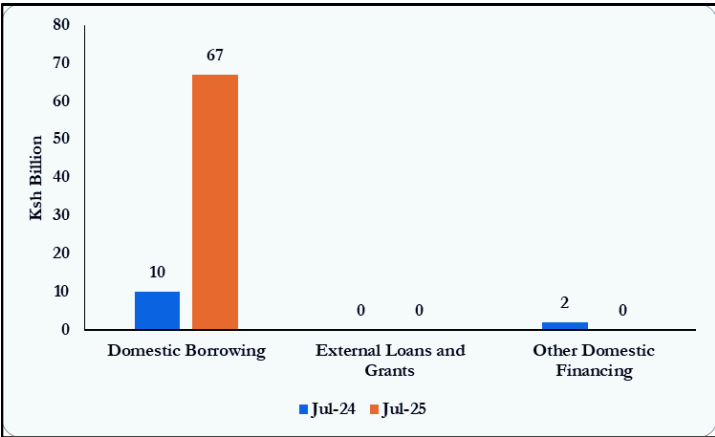
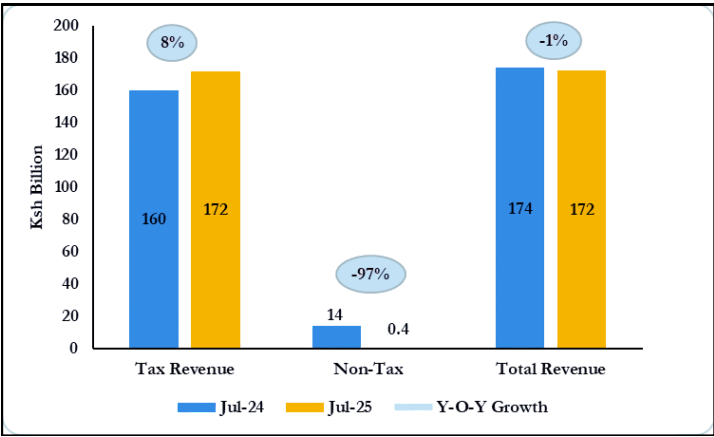
Exchequer releases July 2025

Tax revenues grew modestly, non-tax collections fell significantly, no money for counties and a surge in domestic borrowing



July 2025 recorded a 1 percent year-on-year decline in total revenue (tax + non-tax), reversing the 11 percent growth achieved in July 2024

- Tax revenues rose by 8 percent in July 2025 to KSh 172 billion, compared to 3 percent growth in July 2024. This represented 7 percent of the annual target.
- Non-tax revenues dropped by 97 percent from 13.7 billion in July 2024 to KSh 415 million in July 2025. This may be due to the significant concerns raised by the Auditor General in a special audit report published in August 2025, which highlighted the potential misuse of billions of shillings within key government agencies through the government’s digital payments platform (eCitizen).
- Domestic borrowing increased to KSh 67 billion in July 2025, from KSh 10 billion a year earlier. The increase came amid weaker revenue performance and the government’s continued reliance on the domestic market, a trend that started last year.
- In contrast, the Treasury avoided using the Central Bank overdraft in July 2025, compared to KSh 2 billion drawn at the same time in 2024.
- The government did not borrow externally in July 2025.



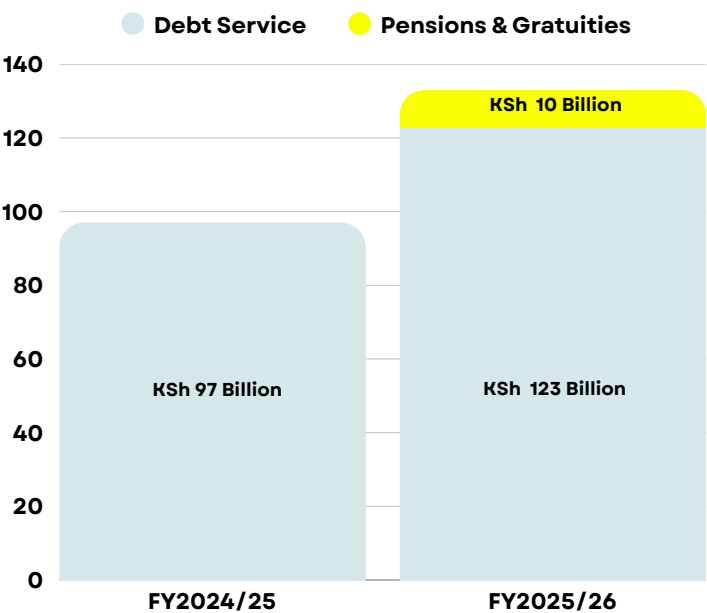
Counties did not receive any disbursement in July 2025. This delay may be linked to the late commencement of the Division of Revenue Act (DORA) 2025, which was assented to on 8th July but only came into effect on 25th July

- A similar case occurred in July 2024, when transfers only cleared pending FY 2023/24 balances. At the time, Treasury cited legal and administrative hurdles over whether disbursements could proceed without DORA and County Allocation of Revenue Act (CARA).
- For FY 2024/25, all equitable share disbursements were eventually completed at the end of the Financial year.



No funds were disbursed for salaries and allowances to constitutional office holders and miscellaneous in the first month of the year

- Consolidated Fund Services (CFS) allocation increased to KSh 2,141 billion FY 2025/26 from KSh 2,114 FY 2024/25.
- There was no reported spending on salaries and allowances and miscellaneous expenses under CFS in July 2025, nonetheless, the government spent KSh 10 billion on pensions and gratuities, a shift from July 2024.
- Debt service rose to KSh 123 billion in July 2025 from KSh 97 billion a year earlier. This means that 72 percent of tax revenue was used to service debt, up from 61 percent in June 2024, leaving only 28 percent for all other government spending.

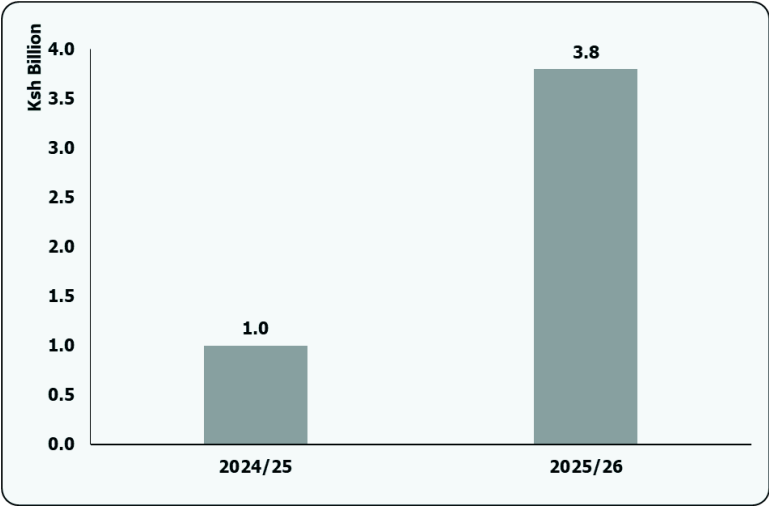


Consolidated Fund Services (CFS) = Debt Repayment + Salaries & Allowances and Miscellaneous Services (including Guaranteed Debt) + Pensions and Gratuities



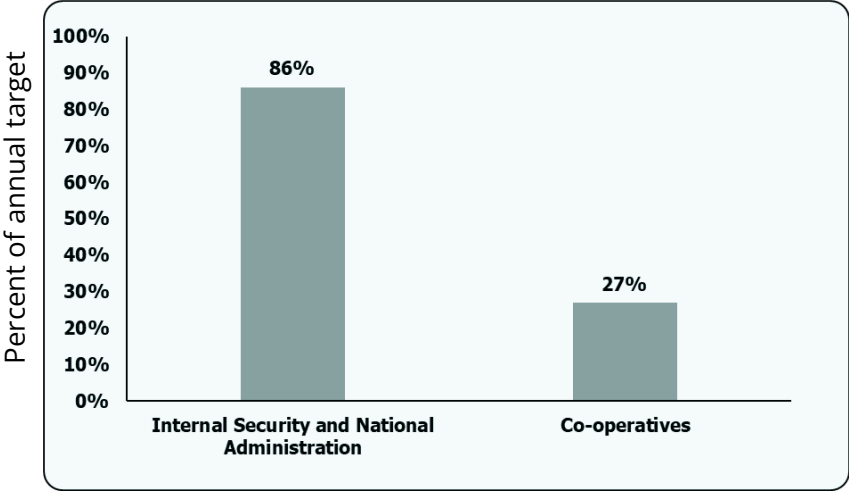
In July 2025, only two Ministries, Departments, and Agencies (MDAs) received disbursement for development spending

Development expenditure increased by 280 percent compared to the previous year.



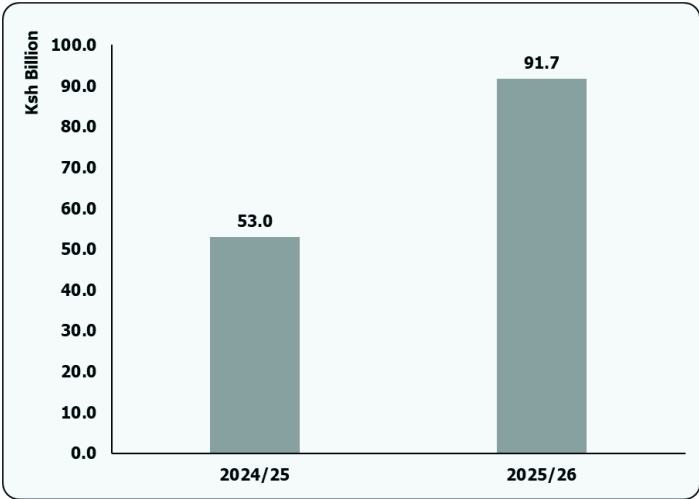
- The National Treasury disbursed KSh 3.8 billion to State department for Cooperatives and State department for Internal Security and National Administration under their development votes compared to KSh 1 billion disbursed in July 2024 to Cooperatives, Micro, Small and Medium Enterprises, Social Protection and Senior Citizen Affairs.

FY 2025/26 Development spending as at July 2025



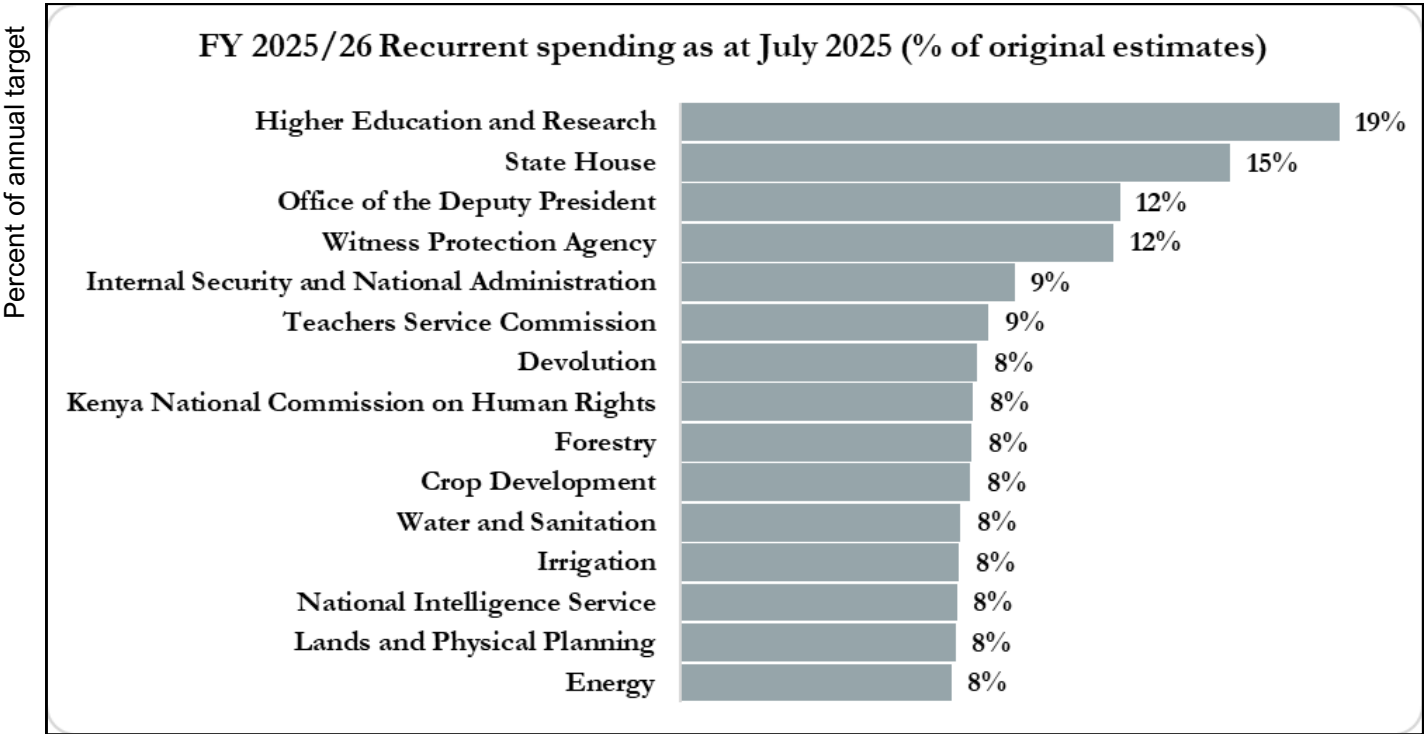
- State Department for Internal Security and National Administration received 86 percent of its annual development allocation in the first month of the financial year yet over the same most MDAs did not receive any disbursement.

The National Treasury disbursed 6 percent of the annual recurrent budget to MDAs, with the State department for higher education a significant disbursement of 19 percent



- MDAs recurrent spending grew by 73 percent compared to the same period last year.

- State Department of Higher education and research, State House and Office of the Deputy President received the highest disbursement as a percent of annual target.
- Only 15 MDAs received more than 8 percent of their annual recurrent budget in July 2025.



Source: <https://new.kenyalaw.org/gazettes/>