



ANNUAL NATIONAL SHADOW BUDGET

FY2026/2027

From Optimism to Realism: Aligning Kenya's
Policy Commitments with the Budget



6th Edition

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Design and Layout: Isaiah Muthui

Preface

Welcome to the sixth edition of the Annual National Shadow Budget by the Institute of Public Finance (IPF) that has been published at a time when Kenya continues to face a tightening fiscal space, persistent debt-service pressures, rising social needs, and growing uncertainty from both domestic and external shocks. In light of these challenges, the need for credible budgeting, prudent resource allocation, and effective parliamentary oversight has become even more urgent. In this edition under the **“From Optimism to Realism: Aligning Kenya’s Policy Commitments with the Budget”**, our analysis focuses on five critical areas: the macro-fiscal context, health financing, Women Economic Empowerment (WEE), social protection, and climate adaptation. Across these areas, our analysis raises important questions about the realism of fiscal assumptions, the sustainability of financing, and the extent to which public resources are being aligned to the country’s most pressing needs.

This edition departs from the previous nine-sector approach and instead provides a deeper analysis of five thematic areas and highlights several cross-cutting concerns. Our analysis under the Macro and Fiscal Context flags over-optimistic growth and revenue assumptions, rigid expenditure pressures, duplication across programmes, and continued abuse of Article 223 of the Constitution of Kenya, 2010. On health, declining and unpredictable external support underscores the urgency of strengthening domestic financing for essential services. Under the Economic Empowerment Chapter, our analysis demonstrates that financing Women Economic Empowerment (WEE) remains fragmented and difficult to track, limiting accountability and weakening alignment between policy ambition and actual expenditure. In social protection, persistent fragmentation, uneven implementation, and financing gaps continue to limit the reach and effectiveness of programmes (such as bursaries, school feeding and Hunger Safety Net) intended to support poor and vulnerable households. In climate adaptation financing chapter, our analysis shows that financing remains uneven, project-based, and insufficiently sustained to match Kenya’s commitments under the Nationally Determined Contributions (NDC) and National Adaptation Plan (NAP).

Through this publication, we present evidence to inform public debate and strengthen oversight in the budget process to ensure public spending better advances equity, resilience, and value for money. As with all IPF publications, the views expressed herein are those of the Institute and do not necessarily reflect those of our funders.

Daniel Ndirangu
Chief Executive Officer
Institute of Public Finance

Acknowledgement

The preparation of the 2026/27 Annual National Shadow Budget (ANSB) was a consultative and collaborative effort between the Institute of Public Finance (IPF) and sector experts. We acknowledge the contributions of the IPF research team, under the leadership of Veronicah Ndegwa; Martin Kabaya, Charles Gichu, Vincent Kipkemoi, Earlvin Onyango, Gladys Wachira, Vivian Wanjiru, Collins Nzuya, Victoria Justus, Daniel Murakaru, Paula Asuke, Maryanne Wanjiku, Mulwa Kasangya, Timothy Kiprono, John Kiplagat, and Pauline Mwaura. Special appreciation to our data analysts; Muli Mulandi and Hillary Liech; and to our communications and advocacy team; Meshack Acholla and Isaac Wambua, whose efforts were instrumental in making this publication a success. We gratefully acknowledge our Senior Technical Advisor, Jason Lakin, PhD, for his thoughtful guidance and technical review throughout the development of this edition. We also thank all experts who participated in the validation process and contributed their valuable insights and expertise. We are grateful to our CEO, Daniel Ndirangu, for his strategic leadership and continued support throughout the drafting process. Finally, we extend our sincere gratitude to the Gates Foundation for providing the financial resources that made this research possible.

Veronicah Ndegwa
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Executive Summary

The Annual National Shadow Budget (ANSB) 2026 finds that **macroeconomic constraints, optimistic revenue assumptions and fragmented spending frameworks systematically undermine the effectiveness and sustainability of ambitious government commitments to health coverage, social protection, women's economic empowerment and climate adaptation.** We highlight structural weaknesses in how public resources are raised, allocated, and translated into outcomes and identify priority reforms to strengthen fiscal credibility, equity, and resilience.

1. Fragile macro fiscal framework limits Kenya's ability to deliver on policy priorities

Kenya's FY 2026/27 macro fiscal framework is built on optimistic growth and revenue assumptions that are not supported by recent performance or structural trends. Revenue projections assume tax buoyancy well above historical averages, despite the absence of reforms to address the narrow tax base, a largely untaxed agricultural sector, election cycle risks and growing exposure to emerging external shocks, which are causing geopolitical instability, thus affecting fuel prices and export markets.

On the expenditure side, **rigid recurrent obligations, particularly debt service, wages and intergovernmental transfers, are now absorbing over half of total spending,** crowding out public investment. In-year reallocations and additional spending through repeated use of Article 223 on supplementary budgets (which allows the national government to incur unappropriated spending before full parliamentary approval) have weakened budget credibility and parliamentary control, while overlapping mandates across sectors contribute to inefficiency and duplication.

As a result, fiscal consolidation is increasingly achieved by cutting development spending rather than addressing underlying structural rigidities. This approach undermines long-term growth, service delivery, and resilience.

2. Health financing is highly donor dependent and increasingly exposed to fiscal and transition risks

Kenya's health sector illustrates the tension between ambitious policy goals and constrained fiscal realities. Core programmes like **HIV/AIDS, malaria, and RMNCAH** have historically relied on external financing. In FY 2023/24 donor funds accounted for **approximately 73% of the total expenditure for these programs.** But donor support is declining, which has particularly impacted countries like Kenya that have transitioned to lower-middle-income status in recent years. Recent bilateral agreements have only partially offset these reductions, leaving annual external support significantly below earlier levels. The annual support from the U.S under the new cooperation framework is approximately 20% lower than the average annual support between 2020 and 2024.

Domestic allocations have not increased sufficiently to compensate for this decline, threatening service continuity and progress toward Universal Health Coverage. Without deliberate reprioritization and stronger domestic resource mobilization, including improved efficiency and consolidation of financing mechanisms such as the Social Health Insurance Fund, the health system risks becoming fiscally unsustainable and increasingly inequitable.

3. Social protection systems are expanding but fragmented, diluting impact

Kenya has made substantial progress in codifying social protection through the Social Protection Policy (2023) and Social Protection Act (2025). However, flagship interventions like **education bursaries, school feeding programmes and the Hunger Safety Net Programme (HSNP)** continue to suffer from fragmentation, weak coordination and inconsistent targeting.

Multiple bursary schemes across national and county governments generate duplication, leakages and unspent balances. This continues to happen even as secondary education remains underfinanced. School feeding programmes demonstrate strong links to enrolment and retention, particularly in ASAL and food poor areas, but suffer from volatile funding, limited coverage relative to need and absence of a harmonized beneficiary and monitoring framework.

HSNP remains central to shock responsive social protection in drought prone areas. However, they are **under scaled and reactive**, reaching only 22.5% of households in need and constrained by inconsistent beneficiary data and fluctuating allocations. Collectively, these weaknesses reduce the poverty and resilience potential of social spending.

4. Women's Economic Empowerment is policy strong but fiscally marginal

Kenya's approach to WEE is underpinned by a strong and comprehensive legal and policy architecture that aligns global commitment with domestic frameworks, including the Constitution and the National Policy on Women's Economic Empowerment (NPWEE). **Despite this robust policy foundation, WEE-related investments are dispersed across multiple ministries and sectors, limiting visibility, weakening expenditure tracking, and constraining the ability to assess whether public spending is translating into measurable economic outcomes for women.**

From a fiscal perspective, overall allocations to WEE remain low relative to total sector budgets, and the absence of clear budget tagging and sex-disaggregated indicators further complicates tracking. Although many WEE programmes demonstrate strong budget absorption rates (often exceeding 90%), this has not consistently translated into effective outcomes, with sub-programmes such as Ushanga Initiative redirecting resources meant to support women in bead craft production towards the construction of the Sekenani Gate Mall. Moreover, structural weaknesses in Kenya's gender-responsive PFM system, evidenced by low PEFA ratings and outdated GRB guidelines, continue to undermine accountability, coordination, and impact of the WEE initiatives.

5. Climate adaptation financing is declining and insufficiently embedded in the budget

Climate adaptation accounts for the majority of Kenya's estimated climate financing needs, yet adaptation-relevant spending remains episodic, donor-dependent, and project-based. Analysis of the Agriculture and Environment sectors shows a pattern of early investment followed by contraction, with major externally funded programmes ending without transition plans or domestic replacement. Of 32 funded initiatives tracked 2018/2029 to 2025/2026, 29 initiatives had no budgetary allocation in 2025/2026 budget signifying closure or discontinuation.

Domestic financing has not scaled up to anchor adaptation within core sector budgets. GoK funding accounts for about **44% of total allocations (KSh 21.7 billion of KSh 49.6 billion)**, with its share declining to **15–21% in recent years**, failing to offset reductions in external financing. As a result, total resources have contracted sharply from **KSh 11.6 billion in FY 2020/21 to KSh 4.3 billion in FY 2024/25**. This falls far short of Kenya's needs under the Nationally Determined Contribution (NDC) 2020–2030, which requires about **KSh 570 billion annually**. Current allocations, below KSh 7 billion per year, represent **less than 2% of required financing**.

Consequently, investments in drought resilience, water security, climate-smart agriculture, and ecosystem restoration remain underfunded and discontinuous. Without a scale-up in predictable domestic financing, Kenya is not on track to meet its commitments under the National Adaptation Plan (NAP) 2015–2030, and resilience gains risk erosion.

IPF's policy recommendations are anchored in the need to translate Kenya's policy ambition into durable delivery outcomes.

1. **Macro-Fiscal** - Fiscal planning must be anchored in realism and discipline by aligning growth and revenue assumptions with historical performance and tightening controls on supplementary budgeting, particularly the routine use of Article 223, which has weakened budget credibility and parliamentary oversight.

2. **Social Protection and Health** - Within a constrained fiscal space, spending must be decisively reprioritized toward high-impact, rules-based service financing—most urgently by consolidating fragmented bursary schemes and shifting resources toward predictable, formula-driven capitation in education, while strengthening domestic health financing to reduce donor dependency and protect essential services. To ensure that public spending delivers measurable results, the state must institutionalize tracking, coordination, and results-based budgeting through harmonized beneficiary registries across social protection and health programmes.
3. **Women Economic Empowerment** - Advancing Women's Economic Empowerment further requires moving beyond policy commitments to implementation, including the adoption of gender budget tagging and standardized indicators that allow progress to be systematically tracked and assessed.
4. **Climate Adaptation** - Financing must shift from episodic, donor-driven projects to sustained national investment by embedding priority adaptation programmes within sector baselines, enforcing clear transition plans for externally funded interventions, and progressively scaling domestic resources in line with Kenya's long-term climate and resilience risks.

Abbreviations and acronyms

ADP	Annual Development Plans
AGPO	Access to Government Procurement Opportunities
ALRMP	Arid Lands Resource Management Project
ANSB	Annual National Shadow Budget
ARUD	Agriculture Rural and Urban Development
ASALs	Arid and Semi-Arid Lands
BETA	Bottom-up Economic Agenda
BPS	Budget Policy Statement
BROP	Budget Review and Outlook Paper
CIDP	County Integrated Development Plan
CLIP	Community Livelihood Improvement Programme
CSAC	Constituency Social Assistance Committee
CSAPP	Climate Smart Agricultural Productivity Project
DRSLP	Drought Resilience and Sustainable Livelihood Programme in Horn of Africa
DU	Delivery Unit
ECDE	Early Childhood Development Education
EPWNR	Environment, Forestry and Wildlife
GBV	Gender Based Violence
GDP	Gross Domestic Product
GECA	General Economic and Commercial Affairs
GJLO	Governance, Justice, Law and Order
GoK	Government of Kenya
GRB	Gender Responsive Budgeting
GRPFM	Gender Responsive Public Financial Management
HSNP	Hunger Safety Net Programme
IFMIS	Integrated Financial Management Information Systems
IMF	International Monetary Fund
IPA	Intergovernmental Partnership Agreement
IPF	Institute of Public Finance
KCEP	Kenya Cereal Enhancement Programme
KCSAP	Kenya Climate Smart Agriculture Project
KDHS	Kenya Demographic and Health Survey
KMPDC	Kenya Medical Practitioners and Dental Council
KMTC	Kenya Medical Training College
KNBS	Kenya National Bureau of Statistics
KPIs	Key Performance Indicators
KWSCRP	Kenya Water Security and Climate Resilience Program
MDAs	Ministries, Departments and Agencies
MoH	Ministry of Health
MSME	Micro, Small and Medium Enterprise
MTP	Medium Term Plan
NAP	National Action Plan
NCCAP	National Climate Change Action Plan
NDC	Nationally Determined Contributions
NDMA	National Drought Management Authority
NG-CDF	National Government Constituency Development Fund
NGEC	National Gender and Equality Commission
NHIF	National Health Insurance Fund
NPWEE	National Policy on Women Economic Empowerment

NSMP	National School Meals and Nutrition Programme
OAG	Office of the Auditor General
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OOP	Out-Of-Pocket
OVCs	Orphans and Vulnerable Children
PAIR	Public Administration and International Relations
PBB	Programme Based Budget
PEFA	Public Expenditure and Financial Accountability
PEPFAR	President's Emergency Plan for AIDS Relief
PFM	Public Finance Management
PPPs	Public Private Partnerships
PSSB	Presidential Secondary School Bursary
RLACC	Rural Livelihoods Adaptation to Climate Change
RMNCAH	Reproductive, Maternal, Neonatal, Child and Adolescent Health
SDG	Sustainable Development Goal
SFP	School Feeding Programme
SHIF	Social Health Insurance Fund
SPCR	Social Protection, Culture and Recreation
SWG	Sector Working Groups
TWENDE	Towards Ending Drought Emergencies
UAE	United Arab Emirates
USG	United States government
WaTER	Water Tower Protection
WEE	Women's Economic Empowerment
WHO	World Health Organization

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1 Introduction

The 2026 Annual National Shadow Budget (ANSB) is structured around a thematic analysis of the FY 2026/27 national budget, allowing for deeper scrutiny of priority policy areas and crosscutting fiscal issues. The report begins with an assessment of the macro fiscal context, examining the realism of growth, revenue, expenditure, and borrowing assumptions, as well as key risks to fiscal sustainability and budget credibility. It then presents dedicated chapters on external health financing, Women's Economic

Empowerment, social protection, and climate adaptation financing, each analysing funding and spending trends, implementation performance, and alignment between policy commitments and actual spending. Each thematic chapter concludes with findings and recommendations aimed at improving efficiency, equity, and accountability. The report closes with an integrated conclusion that synthesizes cross cutting challenges and sets out consolidated recommendations for Parliament.

2 Macro and Fiscal Context



2.1 Macroeconomic Context

The chapter finds that the growth and revenue projections in the FY 2026/27 macro-fiscal framework are overly optimistic relative to Kenya's past performance. Expenditure remains rigid owing to recurrent and debt-service pressures that continue to crowd out fiscal space. Additionally, sector reallocation and programme duplication weaken budget efficiency. Fiscal consolidation is likely to be slower as it relies heavily on revenue growth, an outcome that is unlikely, given rising political risks and external shocks. Furthermore, concerns remain around the use of Article 223 of the Constitution of Kenya, 2010, which has led to spending occurring before parliamentary approval and a shift of financing away from the Contingency Fund.

2.1.1 Growth Assumptions and External Vulnerabilities

The 2026 Budget Policy Statement (BPS) projects real GDP growth of approximately 5.3 percent, supported by positive contributions from agriculture, services, and a gradual recovery in manufacturing. While these projections align with recent post-COVID trend growth, their credibility depends on the stability of both domestic conditions and external demand. However, significant downside risks have emerged on both fronts, with vulnerabilities arising from external shocks such as the Iran-USA-Israel conflict and domestic political dynamics.

Notably, Kenya maintains important trade relationships with Gulf countries, making its growth outlook sensitive to geopolitical developments in the Middle East. The ongoing Iran-USA-Israel conflict presents a significant risk to the stability of these export flows. According to World Trade Organization data, and the Economic Survey, Kenya's exports to Saudi Arabia amounted to approximately USD 130 million in 2025, and about USD 752.1 million to the UAE in 2024. Disruptions to these markets would disproportionately affect agriculture, one of the primary drivers of projected growth.

A second significant risk lies on the import side. The impact of the US-Israel-Iran conflict is already being felt through a significant increase in fuel prices; driven by an increase in the landing costs for super petrol and diesel. This is likely to widen Kenya's import bill, placing additional pressure on the current account and the shilling. On the domestic front, increase in fuel price will lead to increased production costs, higher

inflation, and subdued consumption, and as result slower GDP growth. Consistent with these risks, the International Monetary Fund (IMF) in the World Economic Outlook has lowered Kenya's projected GDP growth for 2026 from 4.9% to 4.5%, suggesting that the National Treasury should revise its projections accordingly.

In addition, the approaching electoral cycle introduces further downside risks to the macroeconomic framework. Election periods in Kenya are typically associated with heightened fiscal pressures, expenditure reprioritization, and potential delays in reform implementation as the administration's focus may shift toward campaigns, all of which may impact macroeconomic stability. Furthermore, the agriculture sector continues to account for a significant share of GDP and because the sector is mainly untaxed, growth in revenues has lagged nominal GDP growth. The sector accounted for between 21 and 23 percent of GDP over the past five years, while manufacturing has a much smaller share between 7.3 to 7.7 percent. These are the sectors the government's growth strategy primarily targets, however, relatively low taxability of the agriculture sector means that growth is unlikely to translate into significant improvements in revenue performance.

Together, these external and domestic risks represent significant and insufficiently integrated sources of vulnerability in the FY 2026/27 framework. Despite facing these inherent risks, Kenya's FY 2026/27 budget does not present a formal, rule-based stabilization mechanism such as a fiscal rule or an explicit revenue shortfall trigger that would provide a structured adjustment to expenditures if revenues underperform. It would therefore be prudent for the National Treasury to not only recalibrate its growth projections, but to also consider establishing clear expenditure adjustment rules that safeguard fiscal credibility under adverse scenarios.

2.2 Realism of revenue projections

The FY 2026/27 tax revenue projection of Ksh 2,767.4 billion is overly optimistic. While the target represents just a 6 percent growth over the FY 2025/26 revised target of Ksh 2,600.8 billion, the FY 2025/26 target is unlikely to be achieved. In the first nine months of FY 2025/26, the government collected Ksh 1,717.6 billion in tax revenues, implying that meeting the FY 2025/26 target would require average monthly collections of Ksh 294.4 billion in the last three months of the fiscal year.

Whereas revenue performance typically improves in the final quarter, achieving monthly collections at this level remains untenable considering historical revenue performance. In FY 2024/25, the average monthly revenue collection for the first 9 months was Ksh 175.5 billion and increased to Ksh 226.1 billion in the last three months. Assuming this trend continues and the 8.8 percent growth recorded in the first 9 months of this fiscal year is maintained, we estimate the monthly average for the last three months at Ksh 246 billion. This would result in total revenue collections of about Ksh 2,455.7 billion, which translates to a shortfall of Ksh 145.2 billion. This implies that meeting the projected revenue target of Ksh 2,767.4 billion in FY 2026/27 would require a growth rate of about 13 percent, which is significantly above an average growth rate of 8 percent achieved over the past nine years.

Further, this outlook is clouded by recent tax policy changes. The Cabinet Secretary for the National Treasury reduced the Value Added Tax rate on petroleum products from 16 percent to 8 percent, a measure that is likely to weaken projected VAT collections and place additional pressure on the attainment of the revenue targets.

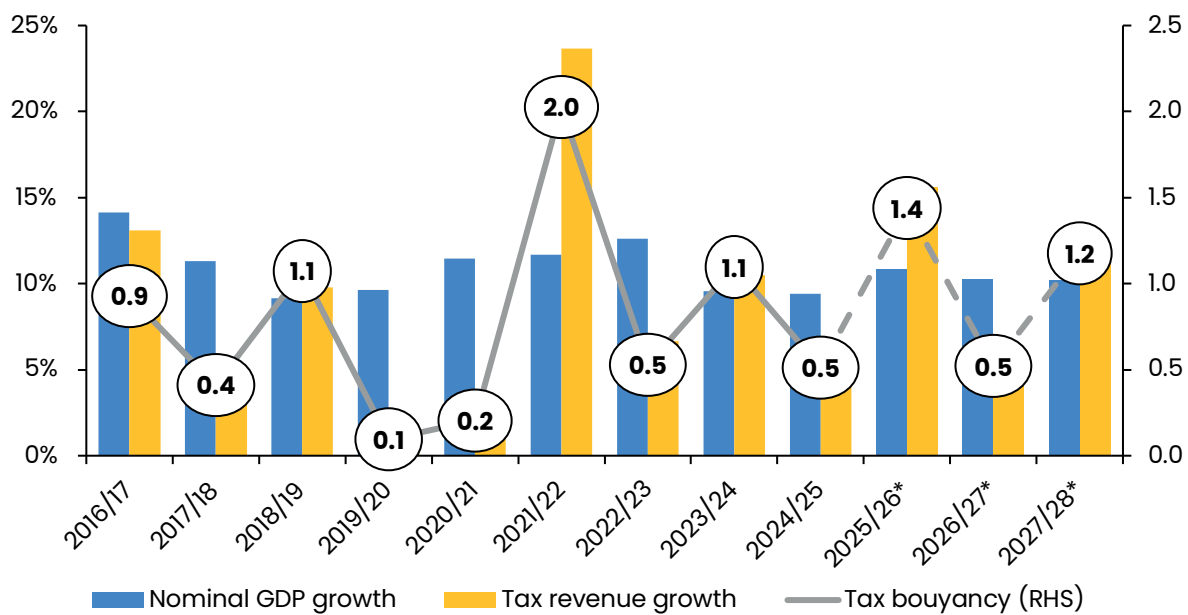
A second central technical weakness in the fiscal framework is the implicit assumption of a tax buoyancy

of approximately 1.3 for FY 2025/26. This means that for every projected one percent increase in nominal GDP, revenues are expected to grow by 1.3, which is ambitious owing to the fact that Kenya’s historical tax buoyancy has averaged 0.8. Achieving a buoyancy of 1.3 would require either the introduction of new taxes, significant compliance gains, or a structural shift toward more taxable sectors, none of which can result in significant revenue gains in the short term. In addition, there are significant deeps in tax buoyancy around election periods, casting further doubts on realism of the FY 2026/27 tax revenue target.

2.3 Expenditure

The expenditure side of the FY 2026/27 budget raises three interconnected concerns: the continued dominance of recurrent spending, the credibility of sector ceiling allocations relative to baseline projections, and the scope for efficiency gains through the elimination of cross-sectoral programme duplication. The overall expenditure has grown substantially, rising from Ksh 3,027.8 billion in FY 2021/22 to Ksh 4,269.6 billion in FY 2025/26, an increase of about 38.9 percent, and this growth has been primarily driven by recurrent spending, which in 2025/26 accounted for 73 percent of total budget.

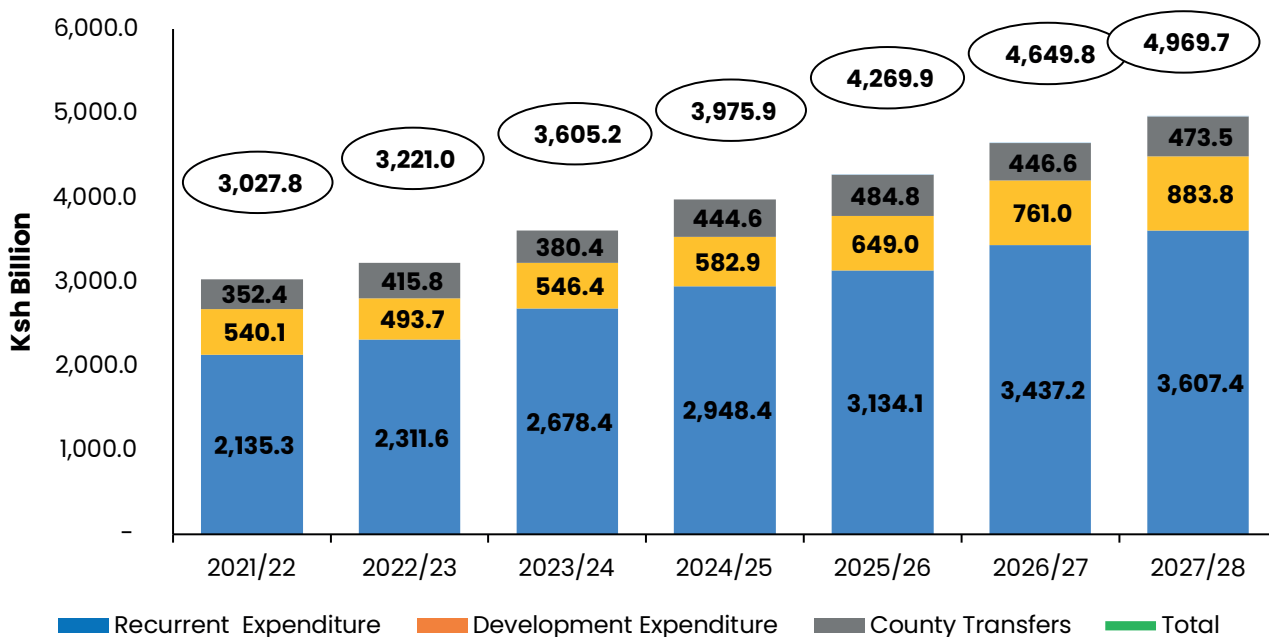
Figure 1: Tax revenue growth has historically lagged nominal GDP growth, except for a few years



Note: *indicates projections

Data Source: Exchequer releases and BPS

Figure 2: Trends in Total Expenditure and Allocation Across Spending Categories



Data Source: BROP and BPS

2.3.1 Sector Budget Ceilings

Worth noting is that the basis for the ceiling adjustments is not evident in the 2026 Budget Policy Statement (BPS). In a strict sense, Zero-Based Budgeting, which the government has claimed to follow, requires that all programmes be justified from zero; however, this is not reflected in the Sector Working Group reports, making it difficult to assess whether allocations are grounded in efficiency, performance, and necessity.

Table 1: Budget Allocations by Sector: Approved, Revised, and Projected Ceilings

Sector (Ksh Millions)	Approved Budget FY 2023/24	Revised Budget(Supp III) FY 2024/25	Approved Estimates FY 2025/26	FY 2026/27 BPS Ceilings
HEALTH	134,438	135,190	138,106	167,407
ARUD	96,094.36	81,434	82,408	97,007
Education	689,220	681,985	703,066	767,314
Energy	462,371	435,854	534,628	594,516
EPWNR	111,959.51	85,365	95,867	106,708
GECA	85,543.10	61,007	58,160	62,943
GJLO	229,988.88	217,819	283,042	329,689
PAIR	287,696.80	277,533	321,502	367,497
SCPR	72,778.29	83,934	78,994	87,225
TOTAL	2,170,090	2,060,120	2,295,773	2,580,307

Data source: 2026 Budget Policy Statement

An assessment of programme level data raises efficiency concerns due to significant overlaps and duplication of mandates across several sectors.

Table 2: Cases of duplication of programmes and mandates across sectors

Functional Area duplicated	Sectors	Under the Programme	Allocation (Ksh million)
Enterprise development and youth empowerment	GECA	Standards, business incubation and research- S.P Business financing and incubation for MSMEs	9,941
	SPCR	Youth Empowerment Services- S.P Youth Employment and Employability Scheme	4,782
	PAIR	National Youth Service -S. P-Commercial and Enterprise Development	25,249
Skills development and training	SPCR	Youth Development Services- S.P- Youth Entrepreneurship and Talent Development	4,782
	GECA	Digitalization and Financial Inclusion for MSMEs-S.P Women and PWDs empowerment	6,884.0
Government Coordination	PAIR	Public Service Performance Management & Delivery Services- Programme: Government Coordination and Supervision. S.P- Coordination and Supervision Services.	1,074.2
		Deputy President Service. S.P- Coordination and Supervision.	3,581.0
		Executive Office of the President- Programme: Leadership and coordination of Government Services. S.P- Leadership and Coordination.	1,077.9

Data source: Author's Compilation

Overall, the pattern suggests that multiple sectors are funding closely related programmes under different institutional labels, which may weaken clarity of mandate, raise administrative costs, and reduce value for money unless responsibilities are more clearly delineated and harmonized to eliminate duplication.

2.4 Fiscal deficit and borrowing

While the government through the BPS has acknowledged that it is working towards reducing the fiscal deficit as a percentage of GDP, the structural composition of expenditure leaves very little room for meaningful discretionary adjustment. For example, FY 2026/27, interest payments are projected at Ksh 1,203.1 billion, national government wages at Ksh 720.7 billion, and county transfers at Ksh 495.5 billion. These expenditure categories are largely insulated from discretionary adjustment. Together, they will consume Ksh 2,419.3 billion (51 percent of total expenditure) leaving the development budget and a small residual of non-wage recurrent spending as the only available adjustment variables. This is not a sustainable basis for consolidation because it forces repeated cuts to productive investment, the very spending that supports long-run growth and future revenue capacity without addressing the underlying rigidities that drive expenditure growth. In addition, with expected below target revenue performance, the projected fiscal deficit and the targeted fiscal consolidation path is overly ambitious. Meaningful consolidation would instead require measures such as debt service restructuring complemented by revenue measures that broaden the tax base rather than relying solely on expenditure cuts.

Also worth highlighting is the challenge of debt-funded recurrent spending. To illustrate this, in FY 2024/25, Kenya borrowed a total of Ksh 1,034.2 billion while development spending was only Ksh 582.9 billion, implying that approximately Ksh 451 billion of borrowed resources were used for recurrent spending. This is fiscally imprudent as it means Kenya is taking on long-term liabilities to meet short-term operational costs and breaches the Public Finance Management Act, 2012 which requires that all borrowing be for development spending. The National Treasury should therefore ring-fence borrowing strictly for capital and development expenditure in compliance with the PFM Act, 2012, while pursuing structural reductions in recurrent spending to ensure that ordinary revenues are sufficient to meet day-to-day government obligations over the medium term.

2.5 Efficiency Losses: Evidence from Audit and Budget Execution Reports

Special audit findings from the Office of the Auditor General (OAG) and budget execution analysis from the Office of the Controller of Budget (OCOB) provide convergent evidence of significant efficiency losses in the current expenditure system, concentrated in three areas: misuse of Article 223 of the Constitution, poor development budget absorption, and weak programme monitoring.

The Auditor-General's special audit on supplementary budget expenditure found that Article 223, the constitutional provision for in-year reallocation of funds has been used as a routine financing mechanism rather than focusing on unforeseen or urgent spending. Of particular concern is that spending under this provision has frequently occurred before parliamentary approval, thereby weakening Parliament's control over public expenditure. This suggests that this practice has led to spending that is beyond the constitutional limits, as evidenced by the 13,299 percent growth in expenditure under this provision between FY 2014/15 and FY 2022/23. The Auditor-General further notes that MDAs avoiding the contingency fund and preferring the use of Article 223 has led to a shift of financing away from the Contingency Fund and a distortion of the purpose of emergency financing. While the misuse of Article 223 does not by itself explain the full increase in the fiscal deficit, it reflects a broader pattern in which supplementary budgets weaken the credibility of the original budget and allow substantial divergence between approved and final fiscal deficits, especially because the government routinely revises expenditures upwards even with reported underperformance in revenues. This is evident in FY 2024/25 when the original fiscal deficit was Ksh 597 billion and rose to Ksh 1,019 billion at the close of the year.

Similarly, OCOB's analysis of budget execution in the first half of FY 2025/26 provides further evidence of budget inefficiency. Development budget absorption stood at only 37 percent in the first six months of FY 2025/26, compared to 48 percent for recurrent spending. The OCOB recommended that there be a reallocation from low-absorption projects to completion of near-finished, high-impact projects; that government adopt project readiness filters before budgeting; and that chronic non-performing capital lines be cut before cutting core services.

2.6 Strengthening parliamentary oversight of off budget and quasi-fiscal instruments

There is an observed significant shift towards off-budget and quasi-fiscal instruments such as public-private partnerships (PPPs), securitization, and privatization, which by their nature are less transparent. More recently, the government has been using securitization as a means of additional financing. The government so far has raised Ksh 335 billion from securitization by leveraging future revenue flows including a sports levy to build a new stadium, a fuel tax for road construction, and railway development levy for railway infrastructure. The IMF has flagged Kenya's use of securitization, noting that such proceeds should be recognized as a debt liability under international statistical standards, and recommending they be treated either as a loan to the securitization unit or as direct government borrowing. The National Treasury has previously held that financing through securitization sits off the government's balance sheet and should not be designated as debt. The IMF counters that securitization off-balance-sheet risks understating Kenya's true debt burden and undermines the transparency of Kenya's public finances a concern that is particularly acute given that Kenya remains at high risk of debt distress.

These recent developments underscore the need for Parliament to strengthen oversight of these instruments by mandating their full integration into the fiscal framework through comprehensive, standardized disclosure of contingent liabilities, future payment obligations, and associated fiscal risks across budget documents, debt reports, and the Medium-Term Debt Management Strategy. To curb the use of Public-Private Partnerships and other off-budget arrangements as vehicles for bypassing expenditure controls, ex-ante parliamentary approval for major PPP transactions and use securitization is needed. This should be complemented by institutionalized ex-post reviews and independent audits to ensure transparency and accountability in the management of contingent liabilities arising from such arrangements. Strengthening the technical capacity of oversight committees and embedding explicit fiscal risk limits aligned with debt sustainability objectives would

further ensure that these instruments are subject to rigorous scrutiny and contribute to prudent fiscal management.

2.7 Chapter conclusion and recommendation

The analysis shows that the FY 2026/27 fiscal framework is over-optimistic with respect to growth, revenue, and expenditure targets. Debt-service pressures and weak expenditure efficiency continue to constrain fiscal space. The budget needs to be anchored on more credible macro-fiscal assumptions, stronger parliamentary oversight, and firmer controls over in-year budget adjustments to Programmes across MDAs. A more disciplined and transparent budget framework, alongside better prioritization of development spending and elimination of duplication, will be essential if Kenya is to strengthen fiscal sustainability while protecting service delivery and growth-supporting investment.

- i. Require more realistic revenue projections, including a clear breakdown of projected gains into growth, policy, and compliance effects, so that Parliament can properly test the credibility of revenue assumptions.
- ii. Tighten control of supplementary budgeting made under article 223, by restricting their use to genuine unforeseen expenditures and strengthen parliamentary oversight. This is essential as the spending under article 223 has often occurred before parliamentary approval, weakening legislative control and allowing spending priorities to shift outside the approved budget. Also as noted, supplementary budgets have resulted to above target fiscal deficits limiting the reliability of the budget.
- iii. Improve expenditure efficiency, by making part of allocations conditional on basic performance reporting and by rationalizing overlapping or duplicated programmes across sectors.
- iv. Strengthen oversight of off budget and quasi-fiscal instruments by mandating their full integration into the fiscal framework through standardized disclosure of contingent liabilities and fiscal risks.

3 External Health Financing in Kenya: A Case for Increased Domestic Investment



Kenya’s health sector has historically received substantial external financial support for programs such as HIV/AIDS, TB and malaria, through both on- and off- budget channels. Our analysis, which focuses on on-budget support, shows that external financing for Kenya’s health sector has been declining in recent years. At the same time, it remains heavily concentrated among a small number of donors, with the United States (U.S) as the principal contributor. This support comes both directly and indirectly, through multilateral organizations such as Gavi, which channel resources to different programs in the country.

Emerging trends, such as shifting donor priorities and Kenya’s gradual transition to a higher economic status that reduces eligibility for certain forms of donor support, raise sustainability concerns for programs that have heavily relied on such funding. To sustain the health gains achieved over the years, Kenya must urgently strengthen domestic ownership and financing of healthcare provision.

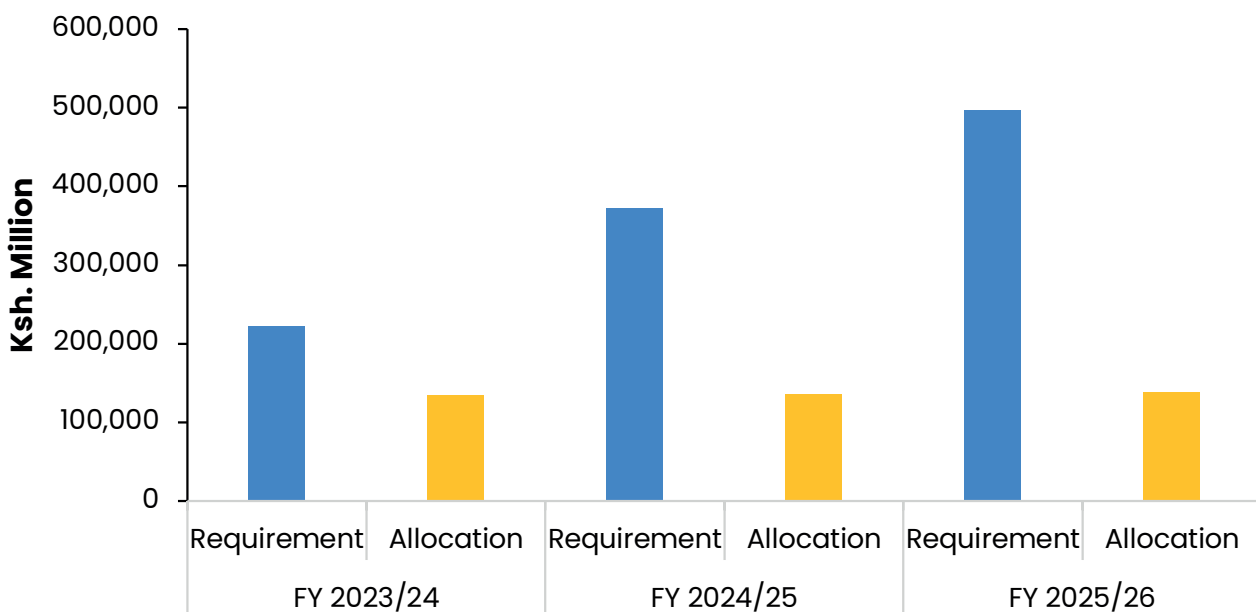
Addressing this challenge requires a mix of strategies. While immediate expansion of domestic fiscal space through tax policy reforms can be difficult to achieve, there are intermediate approaches that can improve efficiency and strengthen health financing in the

short run. Parliament should consider expenditure reprioritization in its deliberations on the FY 2026/27 budget by deferring less urgent projects such as construction of an examination center for the Kenya Medical Practitioners and Dental Council (KMPDC), and reducing non-essential expenses such as travel to free up funds for priority health programs such as Reproductive, Maternal, Neonatal, Child and Adolescent Health (RMNCAH), Malaria, Tuberculosis and HIV/AIDS.

3.1 Is the current funding mix for health sufficient to meet Kenya’s health needs?

Kenya’s health sector allocations remain inadequate to achieve the targets and indicators set for priority programs. Allocations in FY 2025/26 met only 27% of the total resource requirement for the health sector. This shortfall in financing key programs restricts the effective implementation of interventions, as the government is compelled to make difficult prioritization decisions. Consequently, this limits the achievement of intended health targets and outcomes.

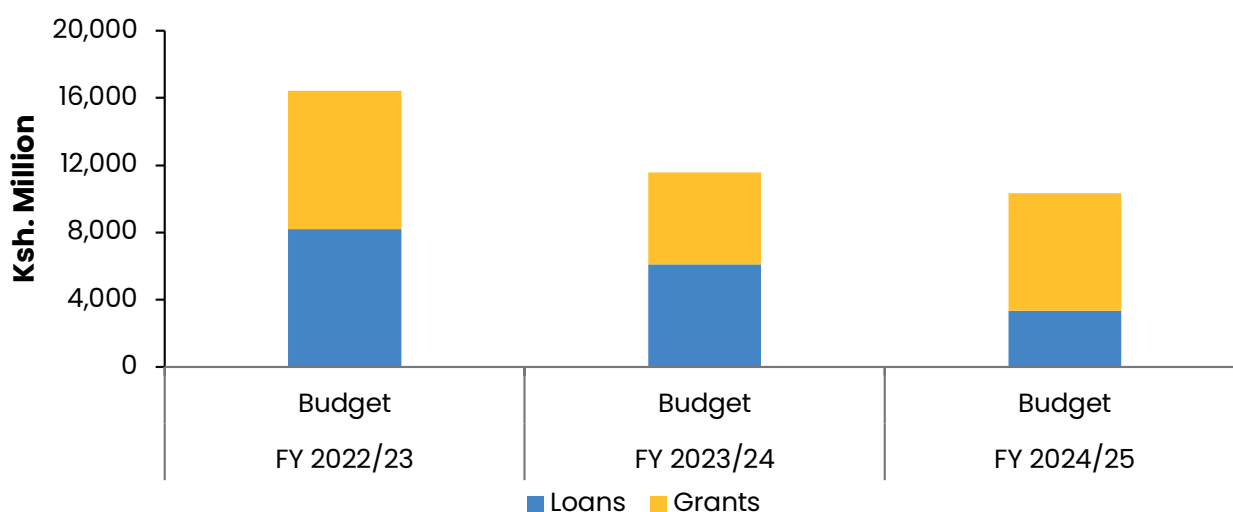
Figure 3: From FY 2023/24 to FY 2025/26, health sector allocations as a share of total resource requirements declined, with FY 2025/26 covering just 27.41%



Data source: Health Sector Reports

At the same time, there has been a decline in external financing which is likely to increase the existing resource gaps. Between FY 2022/23 and FY 2024/25, Official Development Assistance (ODA) to the health sector declined by 37% (Fig. 2). ODA data from FY 2025/26 is not yet available, as the estimates are drawn from the latest Health Sector Report, which tracks budget outturn until FY 2024/25. The significant decline in donor support, driven by shifting donor priorities, Kenya’s reclassification as a middle-income country and the growing emphasis on country ownership of development, signals a need for the government to prepare for greater reliance on domestic resources to sustain health programs.

Figure 4: Between FY 2022/23 to FY 2024/25, Official Development Assistance ODA allocations declined by 37%



Data source: Health Sector Report

Some of the programs that have been heavily dependent on external financing and therefore most susceptible to funding shocks are HIV/AIDS, Malaria and Reproductive, Maternal, Neonatal, Child and Adolescent Health (RMNCAH). In FY 2023/24, these programs accounted for approximately 24 % of overall health expenditure, with about 73% of their total program expenditure funded by external sources.¹ Breaking this down further by program, external funding accounted for 68%, 85%, and 71% of the total spending on the HIV/AIDS, Malaria, and RMNCAH programs, respectively.

Addressing the current funding gaps in Kenya’s health system will require substantial increases to current allocations. Using FY 2023/24 data, when the health sector budget was estimated at Ksh 134 billion, we illustrate the increase in the overall health budget needed under two scenarios. The first scenario estimates the increase required in the health budget to meet programs’ own estimated “resource requirements.” The second scenario estimates the increase required in the domestic health budget needed to meet these same “resource requirements” in the case that there is no external funding. The resource requirements estimates are obtained from multiple sources such as the Health Sector Working Group (SWG) reports and various program strategy documents.²

Depending on the scenario, Kenya requires an additional annual allocation ranging from Ksh 25 billion to Ksh 44 billion. Given that these figures cover only a subset of programs, the total costs for the entire health system are likely to be considerably higher.

¹ The source is Ministry of Health (MoH) data. FY 2023/24 is referenced as the most recent dataset with program-level disaggregation by funding source

² In March 2025, the Government of Kenya undertook a comprehensive assessment on the implications of the U.S Government’s stop work order. The assessment identified immediate disruptions of U.S withdrawal on HIV & AIDS and family planning. The disruptions in TB services delivery as a result of the U.S funding cuts were reported by WHO across 16 countries, including Kenya. For malaria, the disruptions in USG supported interventions are cited as the reason for the shortfall in the targets for distribution of malaria nets.



Table 3: Financing Gaps for Kenya’s Health Sector in FY 2023/24

Program (Ksh Million)	Resource requirement (Domestic and External) for program in FY 2023/24 ²	Domestic Allocations for program in FY 2023/24	External Allocations for program in FY 2023/24	Total Allocations (Domestic and External) for program in FY 2023/24	Scenario 1: Domestic resources to fill resource gap ³	Scenario 2: Domestic resources to fill gap if no external ⁴
HIV/AIDS	21,800	4,824	10,227	15,051	6,749	16,976
Malaria	17,631	1,136	6,298	7,434	10,196	16,494
RMNCAH	11,595	1,031	2,504	3,535	8,060	10,564
TOTAL	51,026	6,991	19,029	26,020	25,006	44,035

Data source: Author’s Compilation

Note: Allocation figures are sourced from the Ministry of Health (MoH) budget analysis for FY 2023/24, which is the most recent report with disaggregation of the funding sources across programs. Resource requirements estimates are sourced as indicated in footnote 2.

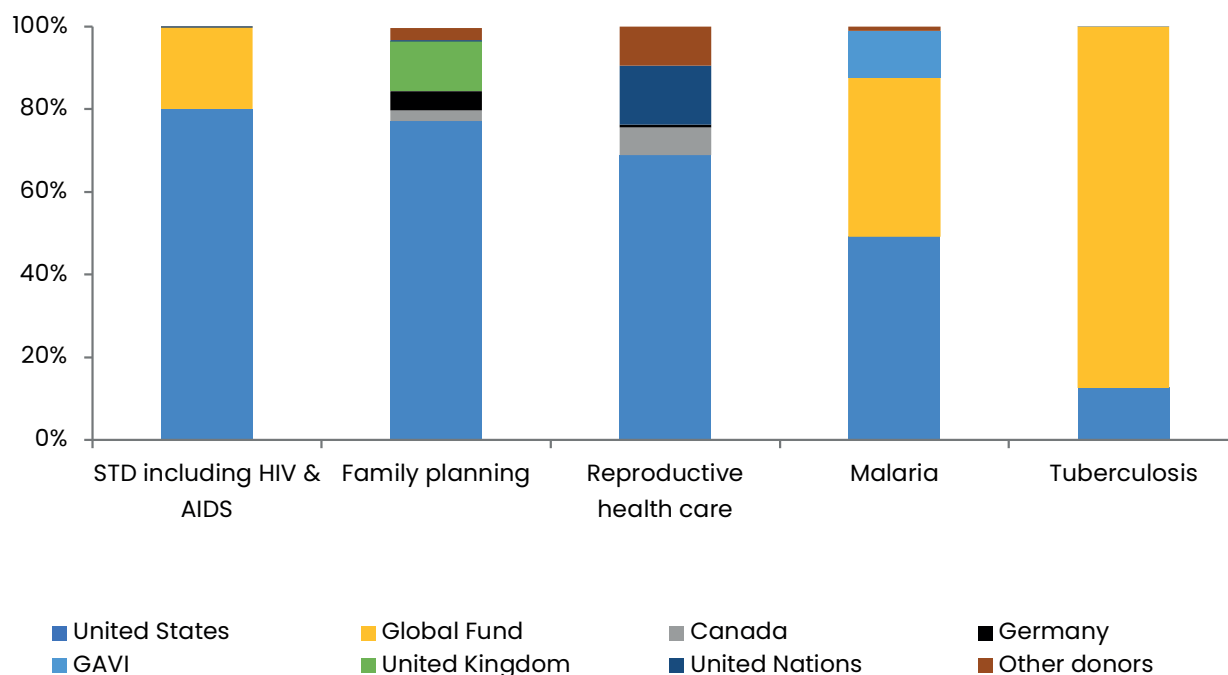
3.2 How susceptible is Kenya’s health system to shifts in foreign policy and the inherent unreliability of external aid?

As noted, Kenya’s external funding for health programs is largely concentrated among a few major donors. The United States government (USG) has historically been the primary funder across most programs, including STD control (including HIV & AIDS), family planning, reproductive health care and malaria. Other donors who have played critical roles include Gavi in immunization and Global Fund in TB. When a small number of donors finance the bulk of the health sector costs, the system becomes highly exposed to funding shocks. This vulnerability became evident in 2025 following the suspension of USG support, which led to widespread disruptions across the health system (discussed further below).

³ The increase in the health budget required to meet the programs’ requirements under current funding.

⁴ The increase required in health budget to meet programs requirements without any external funding.

Figure 5: In 2024, the United States (U.S) was the dominant contributor to key health programs in Kenya



Data Source: OECD creditor reporting system

U.S support to Kenya has primarily been towards STD control, including HIV & AIDS. Between 2020 and 2024, this accounted for an average of 83% of U.S total funding to Kenya's health system. This was followed by malaria control, which received an average of 9% of the funding. The remaining programs, family planning, reproductive health care, and tuberculosis control, accounted for relatively smaller shares, each averaging between 2% and 4%. The historically substantial allocation to STD control, particularly HIV & AIDS, is linked to the USG commitment to the global HIV & AIDS response that began in 2003 and has since contributed significantly to reducing new infections and supporting countries in advancing toward HIV epidemic control.^{8,9}

The recent policy shifts by USG have raised concerns on the potential erosion of Kenya's health gains made over decades. In January 2025, the US government issued a stop order on all foreign assistance pending reassessment, followed by the release of America First Global Health Strategy in September, which signals a de-prioritization of foreign assistance

for health.^{10,11} The scaling back of global health funding is driven by concerns of inefficiencies in resource use and the culture of dependency fostered in recipient counties. For example, between FY 2018/19 and FY 2023/24, the Kenyan government financed an average of only 17% of the HIV, tuberculosis and malaria programs, with donors covering the remaining 83%. These factors have undermined progress toward local ownership and sustainable health systems. According to the World Health Organization and Kenya's Ministry of Health, the impacts of this stop order were visible immediately (Table 2), disrupting service delivery and financing, while raising deeper concerns about the long-term implications for Kenya's health system and overall development.

Some studies have attempted to simulate the long-term implications of the funding freeze, revealing a particularly concerning outlook in the event of a complete withdrawal of external financing for HIV/AIDS and no immediate government intervention to fill the gap. The impact of the reduction in PEPFAR funding was estimated

Table 4: Immediate impact of USG reduction in funding.⁵

Program	Impact
HIV & AIDS	In March 2025, counties reported the loss of 10,982 staff out of the 41,547 personnel previously supported by PEPFAR. ¹²
Malaria	In FY 2024/25, the government missed distribution targets for Routine Long Lasting Insecticidal Nets by 36%. ¹³
Family planning	By March 2025, 4 family planning products were out of stock, 3 had less than two months of supply remaining and another 3 were projected to run out before June 2025. ¹⁴
TB	In the first half of 2025, reported TB cases declined by approximately 12 % compared to the same period in 2024 due to disruptions in case detection, diagnostic services and community-based screening. ¹⁵

Data source: Author’s Compilation

across 7 African countries, including Kenya.^{16,6} From the assessment, Kenya was projected to experience an estimated 9,800 to 13,900 additional HIV related deaths between 2025 and 2030 under a worst-case scenario in which the 90-day pause led to a complete collapse of the treatment delivery system. Kenya received a limited waiver, and in a more moderate scenario where the disruption lasted only four weeks, the projected impact declined significantly to approximately 2,200 to 3,700 additional deaths. However, even with this mitigation, recovery is expected to be gradual, with HIV treatment coverage projected to take approximately 1.5 to 2 years to return to pre-2025 levels. It is important to note that these estimates are conservative, as they assume funding fully resumed after the 90-day period.

While the U.S. stop order was abrupt, funding was gradually declining prior to this. Total U.S. allocation across the five programs discussed above, declined by 26% between 2020 and 2024, with steeper reductions in programs such as STD control (including HIV/AIDS), which recorded a 33% decline. The withdrawal is not limited to the U.S. government; similar trends are evident in other donor institutions, as Kenya also approaches a transition from Gavi with full exit anticipated in 2029.

Partial recovery of U.S. funding may be realized through the Health Cooperation Framework signed in December 2025 between the U.S and

Kenya. Over the next five years, USG is expected to contribute USD 1.6 billion, while Kenya increases its domestic allocation by USD 850 million. However, the U.S contribution translates to an annual investment of USD 320 million, which is below the average annual support of USD 410 million provided between 2020 and 2024. This therefore necessitates predictable and increased allocations towards the health sector by the government.

3.3 How predictable and reliable has external financing to these critical programs been?

Donor funding instability arises not only from the possibility of withdrawal, but also from delays in disbursements. Even when commitments are made, they do not consistently translate into actual disbursements. For example, data from Gavi indicates that while commitments generally translate into approved expenditures, often at levels equal to or even exceeding the initial commitments, the main deviation emerges at the disbursement stage. In 2024, for example, 99% of the commitments by Gavi to Kenya were approved, but only 52%⁷ of the approved was disbursed.

While the reasons for delays in disbursement remain unclear, an audit of Kenya’s management of

⁶ The other countries included in the assessment were Ethiopia, Malawi, South Africa, Tanzania, Zambia and Zimbabwe. Among the 7, the highest number of excess HIV-related deaths was projected in South Africa, followed by Tanzania and Kenya.

⁷ This is computed as a ratio of disbursements by calendar year (USD 62 million) to approvals (USD 120 million), as reported on the Gavi website.

Gavi support highlighted gaps in governance, data management and supply chain, which may have contributed to the partial disbursement.¹⁷ In some cases, disbursements are withheld when countries fail to meet co-financing conditions or other compliance requirements.¹⁸ For example, under Gavi's co-financing framework, countries that default on payments risk suspension of new approvals and if arrears are not cleared within a year, existing program support may also be halted.¹⁹ Currently, Kenya owes Ksh 1.6 billion to Gavi for its co-financing obligation for FY 2024/25.²⁰ Such delays or shortfalls in external funding means that programs planned around these commitments are forced to scale back or postpone activities, undermining efficiency and impact.

3.4 What steps is Kenya taking to strengthen domestic ownership of health financing?

The Kenyan government has demonstrated limited progress toward enhanced domestic ownership of health financing. While domestic financing for health has increased over the years, it had done so at a slower rate than the decline in external financing and remains only a fraction of the contributions by external partners.²¹ Despite the decline in US foreign assistance in 2025, the health budget increased by only 2% in FY 2025/26. This modest growth falls short of expectations, amounting to an increase of approximately Ksh 3 billion (around USD 23 million), compared to an average annual USG funding of about USD 410 million. Given that USG support was primarily off budget, its reduction should have prompted a more pronounced increase to the overall budget allocations to the health sector to compensate for the emerging financing gaps.

3.5 Conclusion and Recommendations

There is still significant progress to be made in allocating resources to the health sector. Addressing this requires both short-term measures to meet immediate needs and long-term strategies to ensure sustainability. In the short term, Parliament should review current allocations to health programs and explore opportunities for reprioritization within the existing budget. This includes assessing whether certain projects or activities, particularly those with less urgent timelines, can be deferred to the next financial year, thereby releasing funds to address pressing health

sector needs.

Some of these activities include construction of an examination center for the Kenya Medical Practitioners and Dental Council (KMPDC) and construction of tuition blocks and laboratories at Kenya Medical Training College (KMTTC). These projects, drawn from the Ministry of Health (MoH) sector report, were selected based on their significant resource requirements for FY 2026/27. Collectively, they require approximately Ksh. 3.47 billion, an amount which exceeds the current external support to RMNCAH. While these investments are important for strengthening institutional capacity, they do not have a direct or immediate impact on health outcomes. As such, they could be reasonably postponed or partially funded in the short term to prioritize more urgent service delivery needs.

Over the long term, however, more structural reforms aimed at increasing domestic revenues are necessary. To achieve this, taxation policies must be designed to maximize fairness and efficiency, ensuring that sufficient resources are available across all sectors, including health. Expanding the revenue base through wealth taxation is one option. While Kenya has introduced measures such as capital gains and rental income taxes, these are often levied at lower rates than income tax and have not yielded significant returns, yet evidence suggests that a well-structured wealth tax could raise over USD 1 billion annually in Kenya.²²

Other revenue sources include sin taxes such as tobacco excise duties and taxes on sugary drinks, which could provide a reliable source of revenue while simultaneously advancing public health objectives. The World Health Organization (WHO) recommends that tobacco taxes account for 70-75 percent of the retail price, yet Kenya's current rate accounts for just 32%.²³ Aligning with global best practices would discourage harmful consumption and unlock substantial fiscal space. In FY 2023/24, tobacco tax revenues were an estimated Ksh. 100 billion. Raising the tax share to 70% could nearly double collections to over Ksh. 200 billion annually, under the assumption that consumption remains constant.²⁴

Equally important is a critical re-examination of tax expenditures.²⁵ These exemptions often benefit a narrow segment of society, frequently higher income groups, while eroding the overall revenue base. The key questions are: who benefits and at what cost? By identifying and reducing inefficient or regressive tax expenditures, Kenya can recover substantial resources,

improve equity in the tax system and create fiscal space for investments in health and other essential sectors.

Alongside tax reform, Kenya must strengthen its Social Health Insurance Fund (SHIF) scheme.

When implemented effectively, SHIF can significantly reduce reliance on out-of-pocket (OOP) payments by shifting financing from point-of-service payments to a pre-paid and pooled mechanism that is supported by mandatory contributions from citizens and government subsidies for vulnerable populations. Current estimates suggest that SHIF could generate significant revenues. Assuming full enrolment of the formal sector, and that individuals in the informal sector each contribute the minimum amount of Ksh 300, SHIF could generate approximately Ksh. 86 billion if only a quarter of the informal sector enrolls, as was

the case under the National Health Insurance Fund (NHIF). This already exceeds NHIF's average annual collections of Ksh. 54 billion between FY 2018/19 and FY 2022/23. The revenue could increase to about Ksh. 125 billion with full informal sector enrolment.²⁶

Such revenues call for prudent fiscal management to ensure they are used effectively to expand access to care. However, the recent Auditor General's report highlights serious inefficiencies including payments to non-contracted facilities, reimbursement for unauthorized medical claims and settlement of claims exceeding allowable limits.²⁷ These weaknesses undermine the fund's financial position and raise concerns about accountability, governance and sustainability.

4

Economic Empowerment: A Focus on Women's Economic Empowerment (WEE)



Kenya's commitment to advancing WEE is anchored in a robust legal and policy framework that spans international, regional and domestic commitments. Kenya is a signatory to the Convention on the Elimination of All Forms of Discrimination Against Women, the Sustainable Development Goals and the Maputo Protocol, all of which highlight women's economic inclusion and financial independence. These commitments are reinforced domestically through the Constitution of Kenya (2010), the Kenya Vision 2030 and the National Gender and Development Policy. Furthermore, the 2014 National Gender and Equality Commission (NGEC)'s Gender Responsive Budgeting (GRB) Guidelines were introduced to institutionalize gender considerations throughout the budget cycle and ensure that sectoral allocations advance gender equality outcomes.

A significant milestone towards WEE in Kenya was the approval of National Policy on Women's Economic Empowerment (NPWEE) in March 2025. The policy provides an overarching framework for advancing gender equality and dismantling the structural and systemic barriers that limit women's participation in the economy. While there are visible allocations to WEE initiatives across key sectors, the alignment between these budgetary allocations, actual expenditures and the strategic direction outlined in national policies remains inconsistent and fragmented.

Despite these comprehensive legal and policy frameworks, our analysis shows that WEE financing remains fragmented across sectors and weakly linked to measurable economic outcomes. Analysis across sectors shows that WEE interventions are spread across numerous ministries, departments, and agencies (MDAs) and are often embedded within broader sector programmes rather than structured within a coherent financing framework. Whereas this dispersion reflects the cross-cutting nature of women's empowerment it has resulted in inconsistent expenditure tracking, limited visibility of total WEE investments and weak alignment between policy commitments and budget execution. In several instances, significant gaps exist between allocations and actual expenditure highlighting implementation bottlenecks that undermine the effectiveness of WEE programmes. This limits the ability to evaluate whether government spending is translating into measurable economic gains for women.

4.1 Defining WEE: Methodology Used in Tracking WEE Financing

Kenya's NPWEE provides a broad definition of WEE as enhancing women's economic agency, access to opportunities, and participation in economic decision-making through gender integration across sectors.²⁸ However, this definition



is not operationalized within the budget framework. It does not clearly map WEE to identifiable and trackable budget units, such as sectors, programmes, sub-programmes, delivery units, or KPIs, limiting its usefulness for fiscal analysis and expenditure tracking.

To address this gap, the analysis applies a structured keyword- and programme-based screening approach, with emphasis on KPIs, to identify budget lines that explicitly reference women or demonstrate clear economic empowerment outcomes. This approach distinguishes between (i) sub-programmes that directly support WEE and (ii) those that indirectly enable WEE by creating an environment for women to participate in economic activities through broader institutional or sectoral interventions.

Table 5: Distribution of Direct and Indirect WEE interventions in Programmes and Sub Programmes Across Sectors

Sector	Programme	Sub Programme
Direct Support to WEE		
Social Protection Culture and Recreation (SPCR)	Culture/Heritage	Cultural Product Diversification (<i>Supports beadwork enterprise in women from pastoral communities</i>)
	Gender Empowerment	Gender Socio-Economic Development (<i>Builds women capacity on financial literacy, climate smart agriculture, trade and supports entrepreneurship</i>)
PAIR	Deputy president’s services	OSDP Affirmative Action Interventions (<i>Widows are trained on economic empowerment</i>)
GECA	Digitization and Financial Inclusion for MSMEs	Youth, Women and PWDs Empowerment (Uwezo Fund)-(Provides financial support to and business development opportunities to various groups in society. WEE goals are mixed with those of Youth and Persons with Disabilities, making it hard to separate outcomes and emphasize women-specific benefits within the broader framework.)
TB	Deputy president’s services	OSDP Affirmative Action Interventions (<i>Widows are trained on economic empowerment</i>)
Indirect Support to WEE		
GJLO	Promotion of Gender Equality and Freedom from Discrimination	Legal Compliance and Redress (<i>Advances WEE through oversight, policy coordination and accountability mechanisms</i>)
		Mainstreaming and coordination (<i>Advances WEE through oversight, policy coordination and accountability mechanisms</i>)
		Public education, advocacy and research (<i>Advances WEE through oversight, policy coordination and accountability mechanisms</i>)
SPCR	Gender Empowerment	Gender mainstreaming (<i>Supports WEE through gender mainstreaming by capacity building, development of legal frameworks and strategies and anti-FGM awareness and advocacy</i>)

Source: Sector Budget Reports

Direct WEE support is observed in a limited number of sub-programmes. These include Gender Socio-Economic Development, which focuses on women’s capacity building in financial literacy, AGPO participation, climate-smart agriculture, and trade; the Women Enterprise Fund, which provides financial literacy and enterprise financing; and the Uwezo Fund, which targets vulnerable groups, including women, through skills development and financial support. Additionally, cultural value chain initiatives such as the Ushanga Initiative support women’s income generation through beadwork, representing targeted livelihood support.

Indirect support to WEE is more widespread and delivered through sub-programmes that strengthen the enabling environment. These include initiatives in modern agriculture that build women’s productive capacity; legal and compliance functions led by the NGEN, which promote gender equality through policy instruments and grievance redress; and public education, advocacy, and research programmes that advance gender mainstreaming, awareness, and institutional capacity (including GBV prevention and response and anti-FGM efforts) (Annex table 1).

4.2 Are we legislating policies that we do not finance?

Based on this methodological approach, the overall pattern of WEE-related funding across recent budget cycles reveals a mixed and somewhat fragmented fiscal trajectory. While certain programmes supporting women's enterprise development, financial inclusion, and social protection have received periodic increases, these allocations are often dispersed across multiple sectors such as social protection, trade, agriculture, and micro, small and medium enterprise (MSME) development. As a result, WEE spending does not consistently appear as a consolidated fiscal priority but rather as a set of scattered interventions embedded within broader development programmes. This fragmentation makes it difficult to determine whether WEE is experiencing a sustained increase in prioritization or whether observed changes reflect short-term programme adjustments rather than strategic fiscal commitment.

Looking ahead to the FY 2026/2027 budget, the central question is whether WEE is being meaningfully prioritized within Kenya's constrained fiscal space and whether allocations translate into actual delivery outcomes. Preliminary analysis suggests that although some programmes aligned with WEE continue to receive funding, the absence of a coherent budget classification framework limits the ability to clearly demonstrate growth in WEE investments over time. This raises important policy implications, particularly in the context of the NPWEE. First, it undermines the operationalization of a whole of government approach to WEE as envisioned by the NPWEE, by failing to link policy objectives to identifiable budget lines, programmes and KPIs. Second it limits the credibility of reporting on results, as expenditure data cannot be consistently mapped to outcomes affecting women's economic participation.

The ARUD sector illustrates this challenge. The NPWEE identifies key policy actions within the sector, including strengthening market linkages for women agricultural entrepreneurs and promoting value addition and agribusiness opportunities. However, within the ARUD programme structure, there is limited visibility of these commitments. Aside from the Youth and Women Empowerment in Modern Agriculture project, there are no clearly defined budget lines or sub-programmes that explicitly reflect these policy priorities. Moreover, even within this sub-programme,

the absence of sex-disaggregated performance data, such as the number of women reached, supported, or benefiting, or even their age makes it difficult to assess coverage, targeting efficiency, or impact.

This gap is further compounded by the design of KPIs which are not sufficiently specific. For example, indicators such as the "number of youths trained on enterprise development" do not distinguish how many beneficiaries are women, nor do they provide disaggregated data within the youth category. Moreover, despite the project requiring women to be trained, there lacks a KPI to show the number of women trained. As a result, it becomes challenging to track whether women are being meaningfully included or to evaluate the effectiveness of the interventions aimed at advancing WEE.

Generally, at the sector level, WEE initiatives account for only a tiny fraction of total allocations, signalling minimal prioritization. Within departments and programmes, Gender Mainstreaming for instance consistently captures the largest share of WEE resources, yet even here, the proportion fluctuates and in some years declines, reflecting inconsistent commitment. Overall, the data indicates that WEE programmes are under-resourced, meaning that despite some growth, these programmes are unlikely to achieve scale or fully advance their intended economic and social objectives without stronger budgetary prioritization and more consistent allocation patterns (table 6).

Diving deeper into the sectors, the General Economic and Commercial Affairs (GECA) sector hosts the most direct and consistently financed interventions for WEE. This is done particularly through enterprise development and financial inclusion programmes implemented by the State Department for Micro, Small, and Medium Enterprises Development. This includes initiatives implemented under the Programme on Digitization and Financial Inclusion for MSMEs. Within this programme, the sub-programme on Youth, Women and PWDs, widely known as Uwezo Fund, supports targeted enterprise financing to special interest groups including women. Its primary goal is to promote enterprise development and increase wealth creation through the MSMEs sector.

It is challenging to identify the WEE component within the Uwezo Fund because women's empowerment goals are mixed with those of youth and persons with disabilities, making it hard to separate outcomes and emphasize women-specific benefits within the broader

Table 6: Allocations and Absorption rates to Uwezo Fund, Digitization and Financial inclusion of MSMEs, Women Enterprise Fund and Cultural Product Diversification

Ksh Million	Total Approved Budget		Total Actual Expenditure	Absorption Rate	Budget projections	
	2024/25	2025/26	2024/25	2024/25	2026/27	2027/28
Youth, Women and PWDs Empowerment (Uwezo Fund)	149	177	149	100%	220	319
Digitization and Financial Inclusion for MSMEs	2559	686	2345	92%	740	1044
Women Enterprise Fund	352		352	100%		

Data Source: Sector Budget Reports

framework. Nonetheless, the Fund has disbursed more than KSh 7.2 billion and directly supported 1,124,221 beneficiaries, of which 69% are Female and 31% Male, through the provision of affordable and accessible credit, capacity building on entrepreneurship skills, basics on bookkeeping, and market linkages and networking. Complementary financing is also observed within the Social Protection, Culture, and Recreation (SPCR) sector through instruments such as the Women Enterprise Fund and the Ushanga Initiative, collectively representing the government’s primary fiscal channels for expanding women’s access to credit and supporting microenterprise growth.

Beyond direct financing interventions, a range of interventions across MDAs contribute to WEE by creating an enabling institutional, legal, and human capital environment, even though they are not explicitly designed or classified as WEE-focused expenditures. Within the GJLO sector, institutions such as the NGEC, allocated Ksh 557 million in FY 2025/26, play a critical role in advancing WEE through oversight, policy coordination, and accountability mechanisms. However, NGEC’s direct influence on the allocation and distribution of WEE financing is limited as it does not control sectoral budgets, which remain under line ministries and the National Treasury.

An assessment of expenditure performance indicates that most allocated resources for WEE-related programmes have been effectively utilized, suggesting strong budget absorption and relatively limited

Table 7: Budget Absorption Rates across WEE-related Programs

Ksh Million	Total Approved Budget			Total Actual Expenditure			Absorption Rate		
	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25
Social Protection Sector	65,275	72,778	83,934	59,375	65,450	81,467	91%	90%	97%
State Department for Culture and Heritage	3,288	2,785	3,299	3,160	2,748	3,121	96%	99%	95%
Culture/Heritage	2,460	2,571	2,194	2,342	2,544	2,085	95%	99%	95%
Cultural Product Diversification	-	-	479	-	-	477	-	-	100%
State Department for Gender and Affirmative Action	3,946	5,740	4,818	3,489	5,126	4,793	88%	89%	99%
Gender Empowerment	1,460	2,341	913	1,010	1,745	898	69%	75%	98%
Gender Mainstreaming	1,009	1,587	562	560	1,026	547	55%	65%	97%
Gender Socio-Economic Development	451	754	351	450	719	351	100%	95%	100%

Source: Sector Budget Reports

implementation constraints. Evidence from programme-level data shows that several initiatives, including gender economic empowerment, have consistently recorded high levels of expenditure relative to approved allocations. According to PEFA criteria, absorption rates above 90–95 percent are generally considered a strong indicator that implementing institutions possess strong budget reliability and credible implementation of planned expenditure.³⁰ This suggests that the primary constraint for scaling WEE initiatives may not lie in implementation capacity, but rather in the overall scale and prioritization of resources allocated to such programmes.

However, while expenditure performance appears strong, execution challenges undermine the effectiveness of WEE-related allocations. For example, in FY2024/25 the Cultural Product Diversification sub-programme within the Social Protection, Culture and Recreation (SPCR) sector received an allocation of Ksh 478.5 million intended to support 1,000 women in bead craft production. Although Ksh 476.6 million was spent, only 420 women were reached, representing 42% of the target. The sector report states that this

underperformance resulted from a policy directive requiring the Ushanga Initiative to redirect resources toward the construction of the Sekenani Gate Mall and its transition into a Social Business Enterprise. This shift reallocated funds from direct beneficiary support to capital and institutional transition activities, limiting progress in women’s economic empowerment. Similarly, the gender and socio-economic empowerment subprogram under the State Department for Gender and Affirmative Action achieved only 7% of its KPIs despite nearly fully utilizing its budget. High absorption indicates strong commitment and activity but the low KPI achievement points to inefficiencies in how resources are being deployed limiting their impact on WEE.

Moreover, programme-level data also raises important questions regarding the targeting and alignment of WEE resources with their intended beneficiaries. For instance, data from the Economic Survey 2025 on Women Enterprise Fund (2019/20–2023/24) indicates that while the majority of beneficiaries are women, a notable proportion of male beneficiaries also appear to have accessed the fund

Table 8: Women Enterprise Fund, 2020/21-2024/25

Financial Year	Number of Groups	Number of Beneficiaries						GoK Grant (KSh Million)		
		Female	Male	Total	Amount Disbursed (KSh Millions)	Amount Repaid (KSh millions)	Outstanding Loans	Development	Recurrent	Total
2020/21	12,264	107,931	26,983	134,914	3,248	2,940	3,280	75	152	227
2021/22	10,650	93,419	23,354	116,773	3,064	3,105	3,279	170	197	367
2022/23	5,444	41,646	17,848	59,494	1,795	2,674	2,502	170	197	367
2023/24	18,955	208,505	0	208,505	942	1,063	1,380	0	404	404
2024/25*	310	3,307	0	3,307	112	164	1,265	0	158	158

Source: Economic Survey 2025

in certain years.³¹ For example, available programme statistics show that in FY 2020/21 – 2022/23, male beneficiaries accessed loans under the scheme. This raises important policy questions regarding the design and targeting of a programme that is specifically intended to advance women’s economic empowerment. While it is possible that male participation occurs through mixed-group enterprises or household-level borrowing arrangements, the presence of male beneficiaries within a programme designed to support women’s economic empowerment suggests a potential misalignment between programme objectives and implementation outcomes.

4.3 Can harmonization of WEE financing yield better outcomes?

A review of WEE-related programmes across government illustrates that financing for WEE is distributed across several MDAs and different sectors. Consolidation, harmonization and stronger inter-sectoral coordination are needed to improve the impact of WEE-related funds. While consolidation may appear attractive for oversight,

it is not practical within Kenya's sector-based PBB system. This is because public funds are appropriated by vote and programme to specific ministries under the Public Finance Management Act CAP 412 A, making cross-sector pooling administratively complex and requiring significant restructuring of existing budget and accountability arrangements. However, harmonization of WEE initiatives is both feasible and necessary. Such a framework would include gender budget tagging across MDAs, centralized reporting of WEE expenditures and improved inter-sectoral coordination. These measures can help ensure that diverse initiatives work together to promote women's economic progress. At the same time, care must be taken to avoid duplication or fragmentation of efforts, which can be addressed through clear delineation of roles, harmonized indicators, and coordinated planning processes. Better coherence in planning and reporting would enable policymakers to identify funding gaps, minimize duplication and enhance the impact of public investments in women's economic empowerment.

4.4 Can improved tracking result in better outcomes for WEE?

The development of the NGEN GRB Guidelines in 2014 was a significant step forward in promoting gender equality providing a foundation for advancing WEE. However, various challenges have emerged over the decade since their establishment.³² For instance, the guidelines lack clear guidance for classifying, tagging, and tracking WEE-specific programs, resulting in inconsistencies in reporting across MDA's and counties. Furthermore, the guidelines have not been updated for over a decade to align with the IFMIS and performance-based reporting systems, limiting the ability of government agencies to monitor WEE allocations in real time. Accountability and oversight mechanisms are also weak, since the guidelines do not include standardized reporting templates or measurable indicators, making it difficult for parliament and civil society to effectively track implementation. Additionally, Kenya's gender equality commitments and priorities have evolved since 2014, but the guidelines have not been revised to reflect these new commitments. There is inconsistent application of the guidelines across MDAs leading to fragmented tracking of WEE allocation.

Evidence from the 2022 PEFA assessment highlights significant weaknesses in Kenya's GRPFM system, indicating that the current

framework remains largely gender unresponsive.³³

All nine GRPFM indicators were rated at the lowest score ('D'), reflecting the absence of systematic gender integration across the budget cycle. In particular, the assessment finds that gender analysis is not routinely undertaken in budget preparation, and public investment appraisals do not consider differential impacts on men and women. While the budget circular provides a potential entry point for GRB, it lacks clear and actionable guidance for MDAs on how to incorporate gender considerations. These findings point to the need for a more institutionalized and coordinated approach to GRB, including strengthened leadership by the National Treasury, supported by technical input from gender-focused institutions such as the State Department for Gender and the NGEN. Institutionalizing GRB through strengthened PFM guidelines and clearer direction in the budget circular would also incentivize compliance across MDAs and improve the consistency and quality of gender integration in budget processes.

International experience, particularly from Rwanda, demonstrates the value of tools such as Gender and Equity Budget Statements in linking policy commitments to costed interventions, indicators, and measurable results, while also strengthening accountability through structured oversight mechanisms. Adapting such approaches within Kenya's context would enhance the visibility and tracking of WEE financing, particularly under frameworks such as the NPWEE.

4.5 Chapter conclusion and recommendation

This chapter has examined the landscape of WEE financing in Kenya, highlighting key trends, gaps, and structural challenges that shape the effectiveness and impact of public investments in advancing women's economic participation. In summary, it has established that

- 1. Disconnect between policy ambition and financing structures.** WEE is strongly anchored in policy frameworks but weakly reflected in coherent financing structures. In Kenya, a robust legal and policy foundation for advancing WEE has been established through international commitments, constitutional provisions, and the recently approved National Policy on Women's Economic Empowerment. The policy explicitly articulates priority areas, strategic interventions,

and expected outcomes for enhancing women's access to economic opportunities, resources, and decision-making. However, this strong policy architecture is not matched by a coherent and aligned financing framework to support its implementation. As a result, a disconnect persists between the ambitions set out in the NPWEE and actual fiscal commitments, limiting the policy's transformative potential.

2. **WEE financing remains low and concentrated in limited programme areas.** Although WEE-related allocations are present across multiple sectors, they constitute a relatively small share of total budgets and are largely concentrated in enterprise financing instruments such as the Women Enterprise Fund and Uwezo Fund. While these programmes play a critical role in expanding access to credit, they reflect a narrow focus on microenterprise development and do not fully capture the broader scope of WEE as envisioned by the NPWEE. The limited scale and concentration of funding constrain the ability of these interventions to address structural barriers and drive inclusive, long-term economic transformation for women.
3. **Strong budget absorption contrasts with weak alignment between expenditure and outcomes.** The analysis finds that many WEE-related programmes demonstrate high budget absorption rates, indicating institutional capacity to utilize allocated resources. However, this strong expenditure performance is not consistently matched by the achievement of intended outputs and outcomes. In several cases, high levels of spending coexist with low performance against key indicators, suggesting inefficiencies in programme design, implementation, or targeting.
4. **The absence of clear, standardized and operational framework for defining, classifying, and tracking WEE related expenditures.** A key finding of this analysis is that Kenya's public financial management system lacks a clear and operational framework for defining, classifying, and tracking WEE-related expenditures. The absence of standardized indicators, budget tagging mechanisms, and comprehensive guidelines necessitates a manual and interpretive approach to identifying WEE investments across MDAs. This not only reduces transparency but also increases the likelihood that significant WEE-related spending remains unaccounted for within broader sectoral programmes, undermining effective monitoring and policy evaluation.
5. **Weak GRB systems limit accountability and the effectiveness of WEE financing.** Findings from

the PEFA assessment and broader analysis highlight systemic weaknesses in Kenya's gender-responsive public financial management framework, including limited gender mainstreaming, absence of gender analysis in budgeting, and weak legislative oversight. The outdated 2014 GRB Guidelines further exacerbate these challenges, as they do not provide clear mechanisms for tracking, reporting, and evaluating WEE expenditures. Strengthening and institutionalizing GRB, through updated guidelines, gender budget tagging, and improved oversight, emerges as a critical reform priority to enhance transparency, align resources with policy commitments, and ensure that public spending delivers tangible economic outcomes for women.

We therefore recommend that:

1. Parliament should call for explicit alignment of budget allocations with NPWEE priorities, assessing how proposed allocations directly contribute to the policy's priority areas, strategic interventions, and intended outcomes. This reinforces the expectation that the NPWEE is not only a policy commitment but also a financing priority.
2. Parliament should review budget performance to recommend the reallocation or reprioritization of resources, directing funding toward programmes that demonstrate stronger results or are better designed to deliver impactful outcomes. For example, cases where programmes have demonstrated weak performance despite high levels of spending, or persistent inefficiencies are identified. It should encourage the government to scale investments in areas that enable women to transition into higher-value economic activities, including participation in agricultural and industrial value chains, access to technology and digital markets, skills development and technical training, and support for women-owned medium and high-growth enterprises. This would ensure a more diversified and impactful approach to advancing women's economic empowerment.
3. Parliament should call for strengthened results-based budgeting, where allocations are linked to clear indicators, targets, and expected outcomes. This ensures that financing is not only aligned with policy but also oriented towards delivering measurable and transformative results for WEE.

5 Social Protection: A Focus on Bursary, School Feeding and Hunger Safety Net Programmes



The Social Protection Policy 2023 defines social protection as “A set of policies, programmes, interventions, and legislative measures aimed at cushioning all persons in Kenya against poverty, vulnerability, exclusion, risks, contingencies, and shocks throughout their life cycle, and promoting the realization of economic and social rights.” The policy frames social policy around four key pillars- Income Security, Social Health Protection, Shock- Responsive Social Protection, and Complementary Programmes.³⁴

Social Protection in Kenya has evolved and is now anchored in law. It has grown from mere relief intervention such as food aid and famine relief to more structured programs that are targeted towards social assistance for marginalized groups. The Constitution of Kenya Articles 21(3), 43(1), 43(3) and 53 guarantee social security and essential rights (including basic education, nutrition, shelter, healthcare and protection for children) and requires the State to support vulnerable groups and those unable to provide for themselves. The Social Protection Policy 2023 frames social policy around four key pillars- Income Security, Social Health Protection, Shock- Responsive Social Protection, and Complementary Programmes.

The Social Protection Act, 2025 provides a framework for the administration of non-contributory social protection interventions as well as establishing the National Board for Social Protection.³⁵ The Act provides a comprehensive and coordinated system to protect vulnerable citizens across their life cycle. The main objective of the Act is to cushion people in need against risk and promote the wellbeing of people in need. The Act also provides for different social protection benefits such as social assistance including cash transfers and social care services such as feeding programs, homebased care among others.

In this chapter, we review budgetary allocations and effectiveness of different social protection programmes including bursaries, schools feeding programmes, hunger safety nets.

5.1 Bursaries

Bursaries are a mechanism for supporting children from poor backgrounds to access education services. In Kenya, there are different bursaries issued to learners in basic education by both County and National government. At the County level, bursaries are administered by County governments to support mainly secondary and tertiary students, with awards

based on applications reviewed by local committees. The national government has two schemes, one through the National Government Constituency Development Fund (NG-CDF) where the Constituency Committee, with the approval of the Board, allocate funds to cater for education bursary schemes.

The Presidential Secondary School Bursary (PSSB), a Vision 2030 initiative, supports access to secondary education for orphans and vulnerable children (OVCs). The programme complements existing social protection programs and is implemented across all constituencies, each receiving equal funding. The bursary is administered at the Constituency level through a Presidential Bursary Sub-committee under the Constituency Social Assistance Committee (CSAC) with the MP as the committee patron.

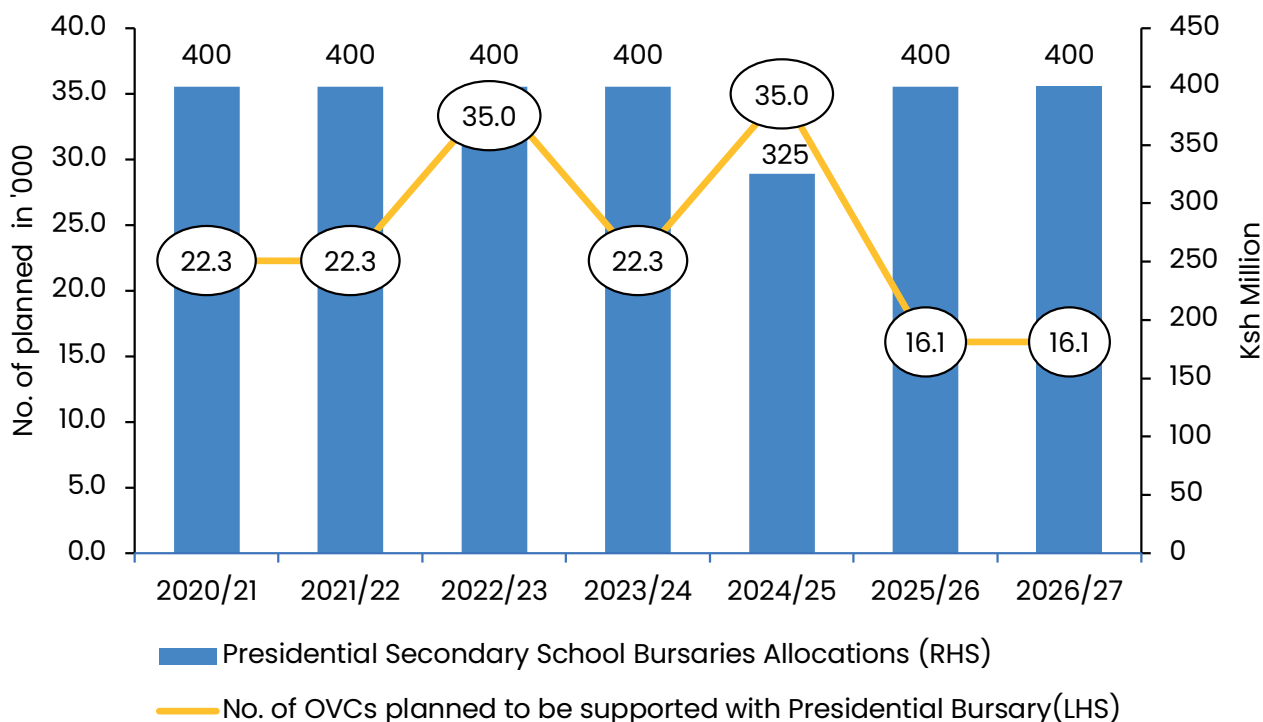
5.1.1 Public Resource Allocation and Expenditure on Bursary Schemes Across National and County Governments

The Presidential Secondary School Bursary (PSSB) is the most significant bursary programme and has consistently received an allocation of Ksh 400 million, before its allocation declined to Ksh 325 million in FY 2024/25. The programme was again allocated Ksh 400 million in FY 2025/26 and it is projected to receive an allocation of Ksh 400 million in FY 2026/27 as well.

Whereas there has been stability in allocations, there is considerable variation in the number of beneficiaries. Beneficiary numbers increased from 22,300 in 2020/21 and 2021/22 to 35,000 in 2022/23 before falling back to 22,300 in 2023/24. In 2024/25, allocations declined to Ksh 325 million while beneficiary numbers rose again to 35,000, suggesting a compression in per capita support.³⁶ Then, as the allocation rises again in 2025/26, the number of beneficiaries falls to 16,100. Increased per capita allocation may be a positive development, enabling the beneficiaries to study uninterrupted, but it will exclude more than half of those who were previously supported by the scheme. To offset this trade off, the government should increase allocations in FY 2026/27 beyond Ksh 400 million to accommodate more than 35,000 beneficiaries while maintaining adequate per capita support.

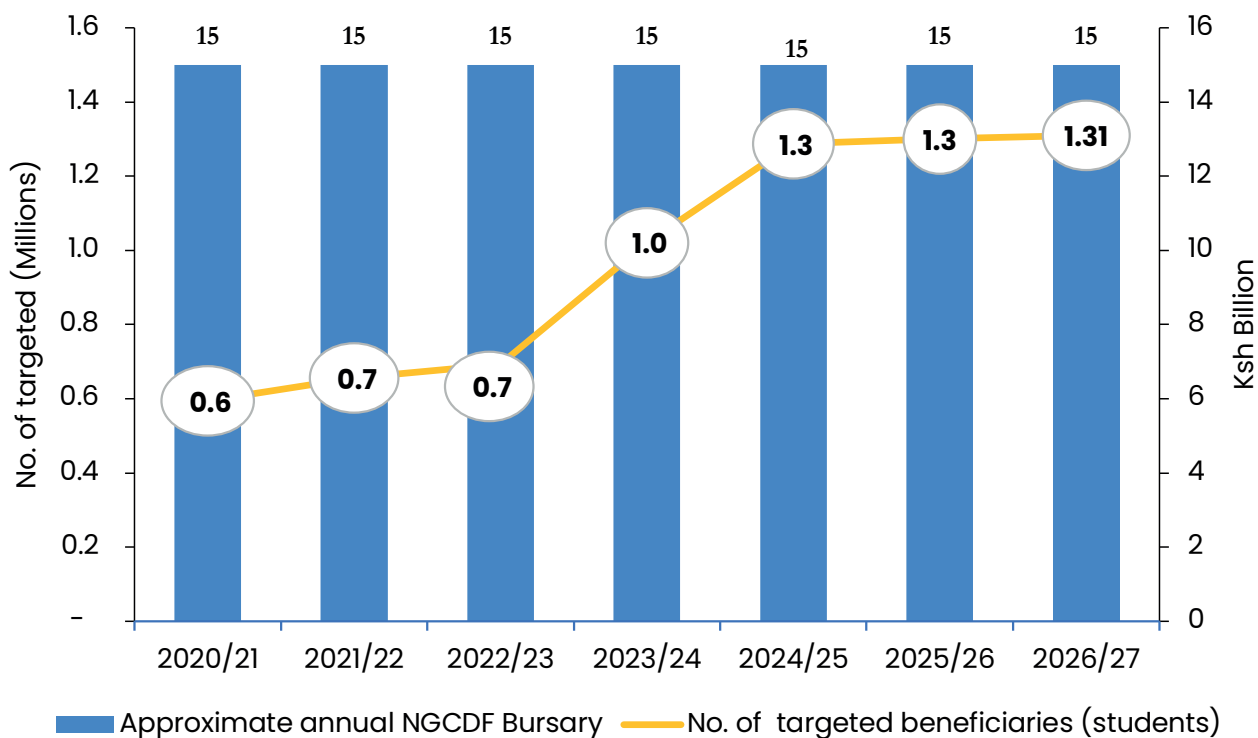
The NG-CDF bursary programme disbursed a substantial Ksh 60 billion between FY2021/22 and 2024/25 and supported between 0.7 million and 1.3 million learners each year. Beneficiary numbers exceeded targets in FY2022/23 which could mean lower per capita allocation, and declined in FY2024/25,

Figure 6: Sharp decline of targeted PSSB beneficiaries in 2025/26 and 2026/27 signals growing exclusion risks



Data Source: Sector Working Group Reports

Figure 7: NG-CDF allocation has remained constant despite the increased number of targeted beneficiaries



Source: Sector Working Group Reports

with only 1.14 million beneficiaries reached against a target of 1.29 million. (Figure 2). County governments in FY 2023/24 allocated Ksh 11.2 billion to bursaries, out of which 88.4% was absorbed, leaving a significant Kshs.1.29 billion unspent.

5.1.2 Should Bursary Funds be Consolidated into a Single Disbursement Channel for Greater Efficiency

Fragmentation of bursaries has led to significant duplication and weak targeting. An Auditor General Report (OAG) of the NG-CDF revealed about 73% of the sampled 570 beneficiaries received multiple bursaries from different schemes in the FY 2023/24, including National Government Affirmative Action, Presidential Secondary School Bursaries, county government schemes and Elimu Scholarship. Some students received more in support than the actual cost of their education, indicating substantial overlap and poor coordination.³⁷ Counties, too, faced uncollected bursary funds, highlighting weaknesses in fund disbursement and financial management, leading to reduced access to education for vulnerable beneficiaries. The coexistence of duplication and undisbursed funds is a clear sign of allocative inefficiency across schemes. Collectively, these patterns show that the current multi-channel approach does not prioritize efficiency, equity, and outcomes because inefficiencies in execution reduce the real impact of spending.

The Presidential Secondary School Bursary (PSSB) demonstrates stronger efficiency and accountability in fund allocation, with no reported cases of misuse by the Auditor General, in contrast to county and NG-CDF bursary schemes, which exhibit persistent weaknesses in administration, monitoring, and financial accountability; this disparity suggests that consolidating bursary funds under a unified framework modeled on the PSSB could strengthen governance, standardize processes, and improve overall efficiency and oversight. Between FY 2021/22 and 2024/25, NG-CDF alone recorded Ksh 2.1 billion in unsupported expenditures across 86 constituencies, while counties in FY 2023/24 recorded Ksh 886.7 million in unsupported disbursements in addition to widespread financial inconsistencies.³³

Despite NG-CDF Guidelines requiring transparent, inclusive, and community-based beneficiary identification, reliance on manual application processes in 282 out of 290 constituencies has created significant access barriers particularly for students outside their home constituencies, those in remote

areas, and persons with disabilities. While these challenges point to inconsistencies in administrative approaches across schemes, they also reflect broader system-wide weaknesses, as limitations in monitoring and implementation capacity are evident at both national and county levels. Additionally, constituency committees received very few acknowledgment receipts from learning institutions confirming the receipt of bursary funds, with nine constituencies recording compliance levels below 30%, thereby providing limited assurance that the funds actually reached the intended beneficiaries.³³ Such gaps illustrate how fragmented administration dilutes accountability, as no single system ensures end-to-end tracking of funds.

Similarly, county-level inefficiencies further demonstrate the costs of fragmentation. In the FY 2023/24 County governments absorbed 88.4%, leaving Ksh 1.29 billion unspent. Migori County alone accounted for over 83% of total unspent funds indicating that underspending is highly concentrated and driven by localized absorption challenges. During the same period there were unsupported bursary disbursements of Ksh 886.7 million (about 9% of total spending), financial inconsistencies of over Ksh 60 million across three counties (Isiolo, West Pokot and Nyandarua), and cases of misuse, including diversion of funds and uncollected cheques, all of which weaken targeting and service delivery underscoring weak financial controls at decentralized levels.³⁸

Taken together, the persistence of unsupported expenditures, weak monitoring, manual systems, and uneven absorption highlights significant governance and operational weaknesses across bursary schemes. While not all of these challenges stem directly from fragmentation, the existence of multiple, parallel schemes with differing administrative and oversight frameworks contributes to inconsistencies in accountability, duplication of processes, and uneven performance. In this context, consolidating bursary schemes into a harmonized, centrally coordinated framework could help address fragmentation-related inefficiencies by streamlining oversight, standardizing processes, and enabling integrated monitoring systems, thereby strengthening accountability, improving efficiency, and enhancing the equitable and effective use of resources for access to basic education.

5.1.3 Should Bursary Funds be Redirected to Capitation for Greater Efficiency and Access?

Capitation of secondary has shown consistently high absorption and budget credibility, with total spending

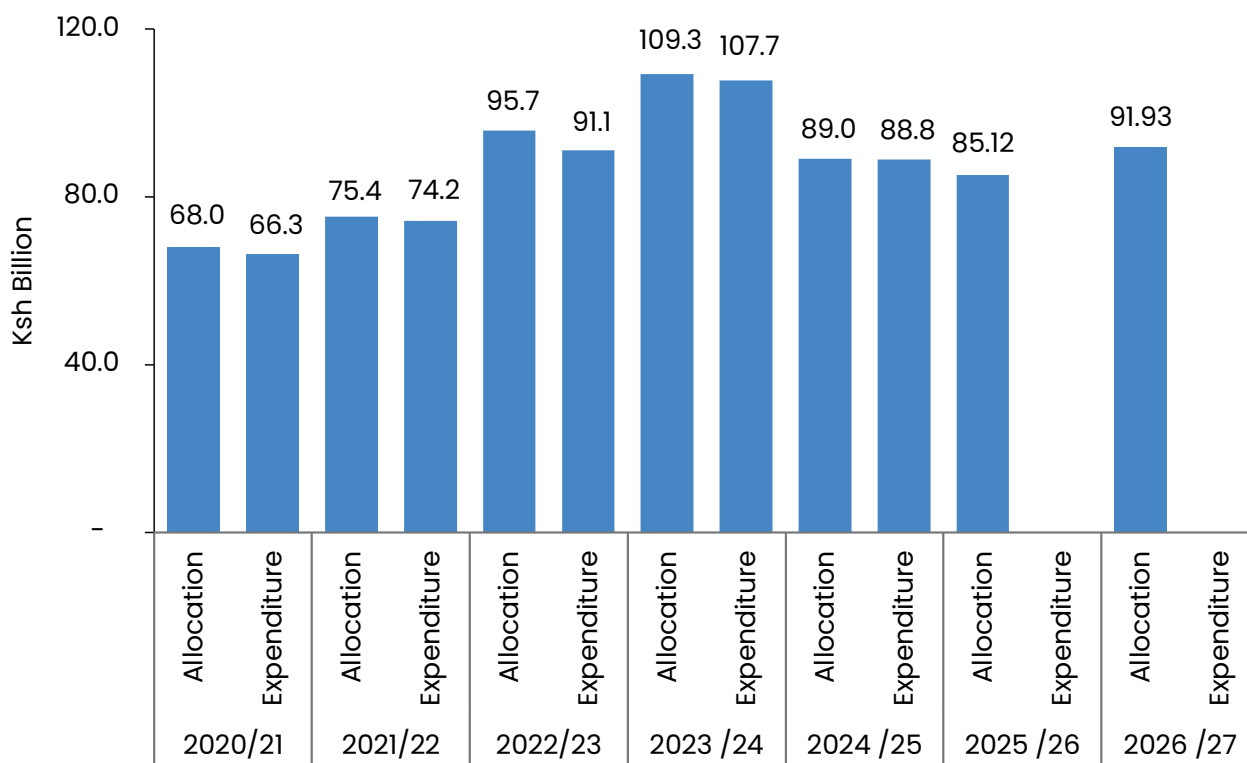
reaching over 95% of allocations across most years. This contrasts sharply with bursaries, where counties left 11.6% of allocated resources unspent, while the NG-CDF experienced major inefficiencies such as Ksh 722.6 million in unpresented cheques and Ksh 14.17 million in stale cheques. Transparency gaps also persist; between FY2021/22 and 2024/25 there were unsupported disbursements of Ksh 2.12 billion across 86 constituencies and duplication of benefits where 73% of sampled beneficiaries in an audit received funding from other schemes indicating weak financial controls and delayed impact on beneficiaries.³³

In the financial year 2025/26, the resource requirement for free secondary education was Ksh 131.1 billion, but the programme received an allocation of Ksh 85.1 billion, leaving a deficit of Ksh 46 billion. Availing all bursary funds (Ksh 26.5 billion in case of 2023/24) would reduce this deficit to Ksh 20 billion. Interestingly, FY 2026/27 has a resource deficit of Ksh 5.2 billion which means if all bursaries were to be reallocated to capitation there would be a surplus of over Ksh 20 billion while making secondary education free. This would be in line with global frameworks such as the United Nations Sustainable Development

Goals particularly SDG 4 which commits countries to ensure inclusive and equitable quality education for all and also grounded in the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights, both of which recognize education as a fundamental right and call for free primary education and progressively free secondary education.³⁹

In addition, capitation delivers greater equity and coverage because it is formula-based and benefits all learners directly and equally, unlike bursaries which are fragmented and poorly targeted. Evidence shows that under NG-CDF, 73% of beneficiaries received multiple bursaries, while others are excluded, and up to 69-100% of students in some schools receive uniform allocations regardless of need, diluting impact. ⁱⁱ Similarly, the Presidential Bursary reflects mismatches between funding and beneficiary targets, implying declining per-student support. In contrast, capitation ensures a minimum, predictable level of funding per learner, reducing inequality at source. Bursaries suffer from systemic governance and accountability failures, including unsupported disbursements, weak vetting, duplication, and political interference. ⁱⁱ

Figure 8: Capitation towards Secondary education has always gone short of the allocation affecting efficiency in learning



Source: Education Sector Working Group Report

5.1.4 Conclusion and recommendation

From our analysis we observe that:

- i. Poor targeting and oversight have enabled misuse of funds, including allocations to ineligible or non-existent beneficiaries bringing about inefficiency.
- ii. Fragmentation undermines impact where multiple bursary schemes operate with weak coordination, leading to duplication, inequitable allocation, and limited transparency.
- iii. Misaligned financing priorities through heavy reliance on selective bursaries alongside underfunded capitation reduces system-wide efficiency and limits progress toward equitable basic education access.

We therefore recommend:

- i. A shift from fragmented bursary schemes toward a consolidated, rules-based financing framework is critical to improving efficiency, equity, and accountability in education spending. Integrating bursary funds into a centralized system, alongside strengthened capitation financing, would reduce leakages, enhance targeting accuracy, and lower administrative costs.
- ii. More fundamentally, rebalancing resources toward capitation by design minimizes discretion and leakages by channeling funds directly to schools using established formulas, thereby reducing opportunities for misallocation. Therefore, addressing secondary education financing gaps, ensuring that public funds deliver maximum impact in supporting universal access, retention, and quality in basic education.

5.2 School Feeding Programme

Access to food is one of the major challenges facing school-going children particularly those from poor households. When food is a challenge, school attendance, retention and completion are affected. The school feeding programmes are implemented to encourage learner retention and completion rates, especially in the arid and semi-arid areas. According to the School Meals Food and Safety Quality Guidelines 2019, the programme has been key in enhancing educational priorities such as access, equity, enrolment, attendance, retention, and quality.⁴⁰ It further notes that the program has improved the enrolment and

retention of children, particularly girls in basic education schools in the arid and semi-arid area

Kenya's Social Protection Policy acknowledges school feeding programmes as a safety net aimed at vulnerable school going children and their households. The programme is anchored in international and national frameworks that guarantee children's rights to education, nutrition, and wellbeing including the Convention on the Rights of the Child, the SDGs, the African Charter on the Rights and Welfare of the Child, and Kenya's constitutional and policy provisions.

School Feeding Programme (SFP) has evolved over the years since it was introduced in the mid-1960s; it has grown from a donor supported program to a government led initiative. The 2010 Constitution of Kenya paved way for the institutionalization and expansion of the SFP with both levels of government being involved in its implementation. The program has been integrated in the National and County budgeting processes though challenges of targeting, transparency and accountability exist. Today, the school feeding program has become an integral part of the educational and social protection frameworks. Currently, there are various SFPs that are implemented by both levels of government. The national government is currently implementing the National School Meals and Nutrition Programme. The programme covers school-going children in 11 counties in the arid areas, 15 semi-arid counties, those in informal settlements as well as those in refugee centers.

Various Counties run their own SFPs such as Mombasa, Murang'a, Busia, Kisii among others in compliance with the National Meals and Nutrition Strategy 2017.⁴¹ The most prominent programme is Nairobi's County's SFP dubbed *Dishi na County* that is implemented in collaboration with Food 4 Education (a non-government organization) and the National Government. Nairobi County entered an Intergovernmental Partnership Agreement (IPA) through the Ministry of Education with the National Government to provide school meals to learners in ECDE centers and public primary schools.⁴² Under the IPA, the National Government shall build the capacity for the County Government on management, administration and implementation of the programme and provide 50 percent of the funding for the programme. On its part, Nairobi County is obligated to provide at least one meal of high quality to public school-going children, earmark money for the programme and ensure timely payment to suppliers.

5.2.1 How have budgetary allocations for school feeding programmes evolved over the five years at both levels of government?

Budgetary allocations towards the SFP at the National level have fluctuated over the last five years reflecting changing priorities, with a notable spike in the FY 2023/24. The highest allocation to the program was Ksh. 6.0 billion in FY 2023/24 which was an increase of 48 percent from the previous year’s budget. The allocation has since declined to Ksh. 3 billion FY 2025/26 and is projected to increase to Ksh 4 billion in the medium term.

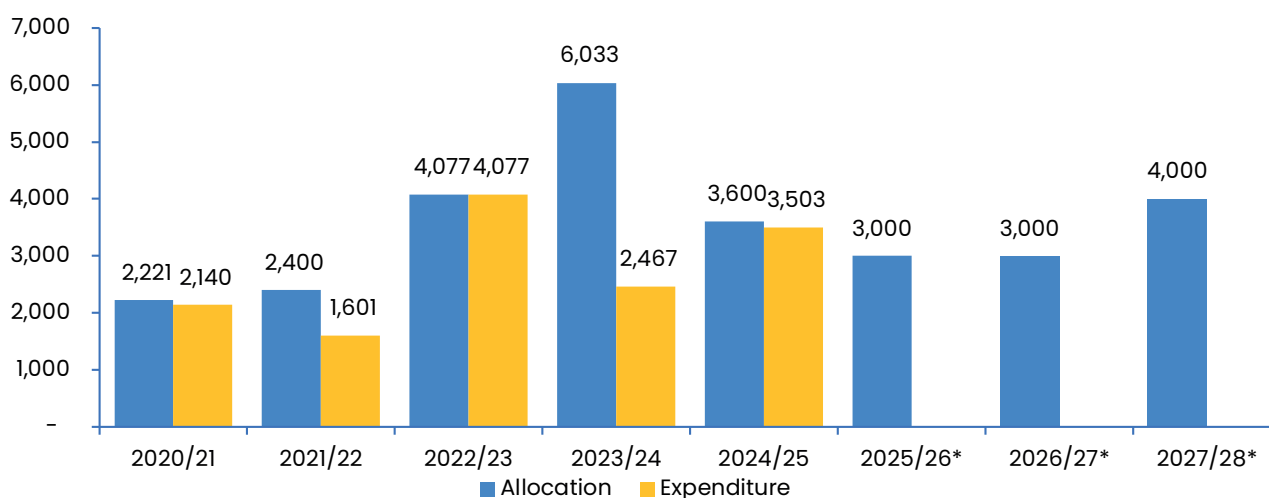
The fluctuations cast doubt on the program’s ability to meet its objectives. It also brings uncertainty about its expansion and growth to target more children from poor households. This also means that the government’s priorities have been changing over the years. The OAG report 2023, notes that the government has not factored in changing food prices as it allocates money to the SFP.⁴³ The rising price of food leads to less being purchased, affecting the number of children being fed and/or the number of days that the program runs as well as the quality of the food. Another challenge is late disbursement of funds or cases where the monies are not disbursed at all. This leads to interruption of meals and or a reduction of the number of school days that the program runs. This results in a drop in attendance and retention rates, yet there is evidence that provision of meals boosted school attendance.

Nonetheless, SFP in most counties is a sub-program within a larger programme either in the Education or Health Sectors, making it hard to track implementation and expenditure. From the counties sampled in this analysis, Nairobi County stands out as having made implementation reports available that contain the financial performance of the program. The rest of the counties have mainly provided this information in their planning documents, and the implementation reports do not provide more details on execution. Counties should provide information on the SFP in their planning, budgeting and implementation of reports to allow for oversight and scrutiny by the County Assemblies and the public.

5.2.2 Have school feeding programmes contributed to improved retention of learners at school, particularly in counties prone to drought?

Available data from both the national Programme Based Budgets (PBBs) and Sector Working Groups Reports for the periods under review and county governments Annual Development Plans (ADPs) show that the school feeding programme has been key in improving retention of learners particularly in drought prone areas. In the ASALs and in poor households that are often faced with food shortages at home, provision of meals at school incentivizes learners to attend classes. At the national level, at least 2 million learners are provided with meals, reducing absenteeism and risk of dropping out.

Figure 9: Allocations towards School Health, Nutrition and Meals program has since declined from FY 2023/24



Source: SWG Reports

At the county level, Mombasa County notes that the program has helped increase attendance by 21 percent. Mandera County in its CIDP 2023-27 indicates that the enrolment in ECDE centers increased by 29 percent from 18,200 in 2018 to 23,449 pupils in 2022. The County attributes this change to the SFP.

The OAG assessment also indicates that the provision of meals at school boosted attendance, especially in the ASALs and in drought prone areas. However, despite the efforts at both levels of government to implement the program, it is still faced with challenges of coverage and budget constraints. According to the Kenya Poverty Report 2022, there were at least 7.5 million food poor children nationally, out of which 2.6 million are covered under the SFP⁴⁴. Despite Nairobi County having the highest number of food-poor children at 1.8 million, only 314,136 children are covered under its school feeding programmes.

A Report of the Presidential Working Party on Education Reform in 2023 calculated the cost of feeding one learner using the 2023 market prices.⁴⁵ The cost was Ksh 5,594 annually with the daily cost being Ksh 20 per child per day for 200 school days. Using this proposed cost per child of Ksh 20 per child per day for 180-200 school days, the government would need between Ksh 9.3 billion and Ksh 10.4 billion annually to cover the current target of Ksh 2.6 million learners. This implies that the current programme with a budget of Ksh 3.6 billion runs for lesser school days with the target being 118 days. Further, to fully cover the 7.5 million food poor children, the government would need a budget of approximately Ksh 30 billion annually. The government also intends to cover 10 million learners annually and this requires at least Ksh 40 billion annually. This calls for a clear and phased financing approach towards the programme.

In Nairobi County FY 2024/25 for instance, a total of Ksh 515 million was spent to feed 314,136 children, translating to Ksh 1638 shillings per child in that year. This also means that to feed all the food poor children, Nairobi County would require a budget of at least Ksh 2.9 billion annually. This difference implies a financing gap by both levels of government as the current and past allocations have not been adequate to cover all the food poor children. Bridging this gap and achieving national coverage would require increased allocations and the development of a costing framework to determine the feeding cost per child as well as the total funds required to reach all learners in need of school feeding.

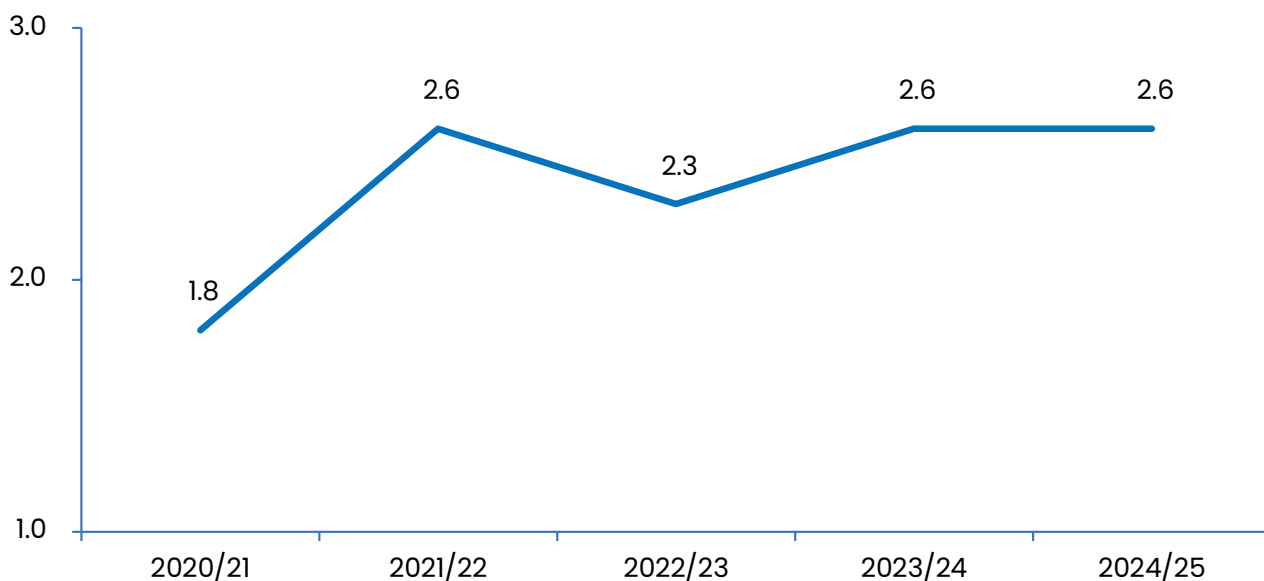
The failure by the governments at both levels to consistently cover food for all poor children has ripple effects. Lack of food at schools, especially in the ASAL and drought prone areas, leads to reduced class attendance. This affects the enrolment, retention, completion and transition rates at the schools. This is because provision of food at schools has been reported to be an incentive for improved enrolment, retention and completion of learners in schools. Failure to complete school implies limits the future potential of the children to secure employment, trapping them in poverty. The SFPs have also been associated with health outcomes such as improved nutrition among children therefore, lack of food can result in cases of malnutrition and illnesses. Furthermore, this also implies that Kenya will not achieve its 2030 vision of reducing illiteracy as well as improving the transition of learners from primary schools to Junior Secondary Schools

5.2.3 How have the targets, in terms of the number of children benefiting from the programme, changed over the period under review?

There are various factors that are used to identify the beneficiaries of the school feeding programme with the main considerations being vulnerability and equity in the access of education. Largely, the beneficiaries are picked through geographical considerations such as those in ASALs, areas with high food poverty, malnutrition among children and areas with low school enrolment. Different counties also give their own criteria and the objectives of the school feeding program. For example, the *Dishi na County* in Nairobi County's objective is to improve the nutrition of school going children and improve health and nutrition status of school going children. Murang'a County on the other hand, indicates that the program is a safety net that provides both health and educational outcomes to the most vulnerable children.

Overall, the number of children benefiting from the programme has been increasing slightly over the years under review with the expectation of FY 2022/23 when the number of beneficiaries declined. The programme targeted 1.8 million children, the number grew to 2.6 million children in FY 2021/22 and had a decline to 2.3 million children fed in 135 school days in FY 2022/23. In FY 2023/24 and FY 2024/25 the programme fed 2.6 million children in 110 and 118 school days, respectively.

Figure 10: Number of Children Fed through the NSMP has increased from 1.8 million in FY 2020/21 to 2.6 million in FY 2024/25



Source: SWG Reports

Data on the number of children benefitting from the program is not available for most counties. For example, Nairobi County had a target of 230,294 children in FY 2021/22, the target increased slightly to 314,136 children in FY 2023/24. The target was reduced to 257,500 learners across ECDE, primary schools, and junior secondary schools. The change in the number of children benefitting from programme reflects at least in part a reduction in budget allocation from Ksh 1,040 million in FY 2023/24 to Ksh 807 million in FY 2024/25.

There is, however, limited publicly available data on how different parameters such as poverty, food insecurity and educational outcomes are applied in determining the beneficiaries. Further, the absence of a unified and harmonized framework to help identify the beneficiaries and track the implementation of the school feeding programme limits the level of scrutiny on its progress. The Office of the Auditor General in its report on the National School Meals and Nutrition Programme, 2023, noted that the programme lacks a framework to measure impact. The report also notes that lack of monitoring and evaluation of the programme denies the government an opportunity to assess and resolve challenges and learn from the successes of the programme.

Our analysis demonstrates some level of collaboration between the two levels of government and other stakeholders is critical in reaching and covering more

vulnerable children. While the NSMP run by the National Government targets learners in primary and secondary schools, counties play a complementary role by providing meals to pre-primary learners. This collaboration calls for better coordination between the two levels, Nairobi County provides a good approach in this regard. Nairobi County’s collaboration with Food 4 Education also shows there is value in collaborating with non-state actors. These partnerships improve efficiency in the delivery of meals and can also assist in the expansion of the SFP.

5.2.4 Conclusion and recommendations

School feeding has been a critical element in protecting the children from ASAL communities, food poor households, and children from marginalized areas. While available data show that the program has been beneficial, it is also faced with various challenges. There are fiscal pressures and the ever-changing financing priorities, gaps in the targeting of the beneficiaries that risk the achievement of its objectives. There is need for improved transparency in the implementation of the program as well as ensuring that it is aligned with the actual needs of the vulnerable children.

We observe that:

- i. There is no harmonized framework that can be used to identify the beneficiaries and measure the desired educational outcomes. In most instances

information about the impacts of the program is reported by third parties with the governments at both levels making such information unavailable publicly.

- ii. Financial constraints have impacted on the growth and expansion of the program. The program has remained sustainable in the period under review but not grown to cover vulnerable children from the ASALs and those in food insecure areas.
- iii. Counties that are implementing the school feeding programmes are not providing their information in a consistent manner. Further, there is fragmentation of the program across counties making it hard to track the finances and progress. For example, Murang'a county's school feeding program is financed through the education budget while Nairobi County's program is financed through the health budget.
- iv. The school feeding program does not cover all the vulnerable children. The current target is 2.6 million children, which is only a proportion of the children facing food poverty and those from poor families.

Based on the gaps observed, we recommend:

- i. There is a need for a framework to help identify the beneficiaries, track progress as well as areas of coordination between the national and county governments. Policy documents such as the National School Meals and Nutrition Strategy 2017- 2022 highlight the importance of a harmonized framework to help in the identification of beneficiaries, track the programme's impacts and strengthen the coordination between the two levels of government. However, as the OAG in the 2023 audit of the programme notes that this is yet to happen. Some countries such as Brazil have unified social registers that are used to identify low-income households. The registry helps in eligibility verification for social protection and the consolidated beneficiary information helps to minimize duplication and ensures benefits reach intended recipients.
- ii. To bridge the financing gap in the school feeding program, the government should explore the enhancement of the health taxes on products such as sugar sweetened beverage and other products with negative impacts. Further, the government should ringfence part of that revenue for the school feeding program.

Our key questions to Parliament are:

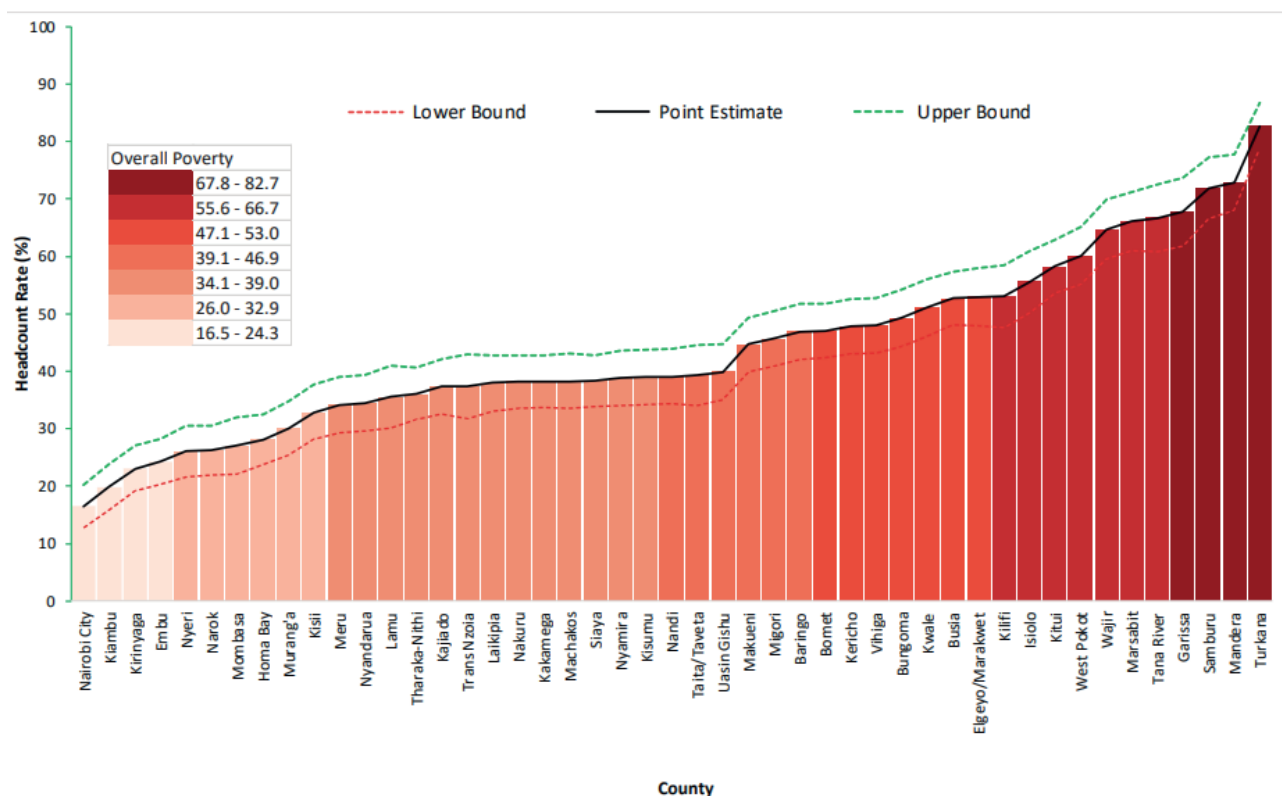
- i. To what extent is data used to determine the beneficiaries of the school feeding program and to ensure that it reflects the needs of the children?
- ii. How does Parliament receive feedback from parents and school administrators and how is that feedback used to improve the school feeding program?
- iii. Has Parliament discussed any assessments on the impact of school feeding programmes on learner retention, attendance, and academic performance? What did the assessment reveal? If the assessment is not there, how does Parliament track the progress of SFP regarding learning outcomes?

5.3 Hunger Safety Nets Programme

The Hunger Safety Net Programme (HSNP), one of four major cash transfer initiatives under Kenya's National Safety Net Programme, provides regular and emergency cash assistance to poor and food insecure households across eight arid and semi-arid counties. Alongside the Older Persons Cash Transfer, the Persons with Severe Disability Cash Transfer, and the Cash Transfer for Orphans and Vulnerable Children, HSNP supports regions identified by national data systems as having the highest levels of poverty (as shown in figure 6) and chronic food insecurity. The counties of Garissa, Isiolo, Marsabit, Mandera, Samburu, Tana River, Turkana, and Wajir face persistent droughts and unpredictable climate conditions that severely affect agriculture and livestock, which remain the primary sources of livelihood for local communities.

Since its launch as a pilot in 2007, HSNP has expanded significantly through Phase Two and Phase Three under the Kenya Social Economic Inclusion Project. The programme has strengthened both routine cash assistance and emergency payments designed to respond quickly to declared shocks. Despite these efforts, repeated climate related disasters, especially prolonged droughts and floods, continue to deepen vulnerability across arid and semi-arid regions. In response, the National Drought Management Authority has incorporated flood mitigation measures into HSNP operations to enhance preparedness and provide a more comprehensive disaster response.⁴⁶

Figure 11: Northern Kenya Counties have the highest Poverty rates



Source: KNBS 2022

HSNP program provides regular cash transfers to food-insecure households, enabling them to cope with both chronic food insecurity and the short-term shocks caused by droughts. This aligns with the World Bank’s recommendation to focus on vulnerable populations, particularly in the face of increasing climatic risks. Further, HSNP complements other national programs, such as the Arid Lands Resource Management Project (ALRMP) and the Kenya Climate Smart Agriculture Project (KCSAP), which aim to build resilience and enhance livelihoods in these counties. However, the HSNP goes beyond building long-term resilience by providing immediate financial support during climatic shocks, thus offering a timely response to emergencies.

5.3.1 Drought Management Sub programme budget performance for the past 5 years

An assessment of the last five financial years shows significant volatility in Drought Management Sub

programme (which hosts HSNP) budget allocations and spending. Allocations rose from Ksh 4.73 billion in 2020/21 to a peak of Ksh 17.3 billion in 2023/24, before declining sharply to Ksh 8.96 billion in 2024/25. Expenditure followed a similar trajectory, increasing from Ksh 4.25 billion in 2020/21 to a high of Ksh 15.37 billion in 2023/24, then falling to Ksh 8.59 billion in 2024/25. Despite periods of high funding, absorption was uneven, with the lowest performance recorded in 2022/23 at 66.0 percent, against a five-year average of about 87.5 percent. Moreover, the reduced allocations of Ksh 6.7 billion for the current 2025/26 financial year and Ksh 7.37 billion for 2026/27 raise concerns about the strength and consistency of government commitment to the programme (table 9).⁴⁷

However, the observed Disaster Management budget performance does not correspond with the number of HSNP beneficiaries supported or with prevailing drought conditions. In per-beneficiary terms, the

Table 9: Drought Management Sub programme allocations expenditure and absorption rates

Fiscal year	Allocation (Ksh million)	Expenditure (Ksh million)	Absorption Rate (percent)
2020/21	4,735	4,250	90%
2021/22	6,432	6,239	97%
2022/23	17,200	11,350	66%
2023/24	17,312	15,371	89%
2024/25	8,959	8,592	96%
2025/26	6,698	-	-
2026/27	7,372	-	-
2027/28	7,526	-	-

Data source: Sector Working Group Reports

programme allocated about **Ksh 36,526** for each beneficiary in **2021/22**. By **2023/24**, this had risen to about **Ksh 138,876** per supported household, which was not accompanied by a commensurate rise in the number of households reached. A review of reported drought trends shows that the drought reached its peak in 2022/23, with the number of people in need of food assistance rising from 3.5 million in July 2022 to 4.3 million in February 2023. In addition, there are significant disparities in the reported number of beneficiaries across different government documents as shown in the table below.

Table 10: Households reached as reported in SWGs and KNBS

Fiscal year	Households reached (SWG)	Households reached (KNBS)	Difference
2020/21	159,978	133,722	26,256
2021/22	161,753	176,044	-14,291
2022/23	178,454	123,928	54,526
2023/24	129,000	124,568	4,432
2024/25	-	-	-

Data source: Author's Compilation

The two data sources show a clear inconsistency in the reported number of households supported through cash transfers under the regular and emergency scale-up programmes over the four-year period. Despite these inconsistencies, the number of households reached remains far below the population in need of food assistance as shown in table 11.

Table 11: Households in need vs Households reached

Fiscal year	Households Requiring Assistance (adjusted to KNBS average household)	Households reached (SWG)	Difference
2020/21	567,568	159,978	407,590
2021/22	–	161,753	–
2022/23	1,162,162	178,454	983,708
2023/24	540,541	129,000	411,541
2024/25	581,081	–	–

Source: NDMA Annual Reports and Financial Statements and SWG reports

The actual NDMA Annual Reports and Financial Statements indicate that approximately 2.1 million people required assistance in June 2021, 4.3 million in 2022/23, about 2.0 million by February 2024, and 2.15 million by February 2025 adjusted to Kenya's average household size of 3.7 persons per household from the 2022 Kenya Demographic and Health Survey (KDHS 2022) as shown in Table 11 above. From the table, there is a huge disconnect between the scale of households in need and the households reached. This shows that Hunger and Safety Net Programme has remained reactive and insufficient, hence the need for a stronger, more predictable, and shock-responsive financing framework.⁴⁸

5.3.2 Conclusion and recommendation

The assessment of the Hunger Safety Net Programme (HSNP) reveals several systemic gaps that undermine equitable targeting, effective planning, and accountability. First, the programme excludes counties experiencing similar shocks to those counties covered under the programme. Makueni, Taita Taveta, Kajiado, Baringo, and Kitui face climate-related shocks, but food-poor households in these counties do not benefit from the programme. Second, the observed expenditure and beneficiaries' trends

fluctuate significantly and arbitrarily inconsistent with meaningful policy responses to citizen needs. Third, inconsistencies between KNBS Economic Survey data and SWG reports raise concerns about data accuracy and hinder meaningful budget accountability. Collectively, these issues highlight misalignment between planning, resource allocation, data systems, and intergovernmental collaboration.

We therefore recommend that Parliament pushes NDMA to:

- i. Develop a transparent, evidence-based framework that includes all counties experiencing similar shocks, using NDMA early warning data, vulnerability indices, and climate risk assessments. This framework can draw on Commission on Revenue Allocation's approach to identifying regions that benefit from the equalization fund.
- ii. Harmonize HSNP budget with NDMA needs assessments and beneficiary data, allowing flexibility for mid-year adjustments based on evolving food security conditions.
- iii. Standardize reporting across KNBS, NDMA, and the SWG, and establish a unified national database to reconcile social protection beneficiary information.



6

Climate Adaptation Financing in the National Budget



6.1 Introduction

This chapter examines how adaptation-relevant allocations across key programmes in selected sectors have evolved from FY 2018/19 to FY 2025/26, building on Bajeti Hub and IPF's 2024 Budget Adaptation Paper.⁴⁹ It assesses whether recent budget trends reflect credible, consistent, and sustained commitment to climate adaptation, and the extent to which allocations and execution align with Kenya's priorities under the Nationally Determined Contribution (NDC) 2020–2030 and National Adaptation Plan (NAP) 2015–2030.

As climate impacts increasingly strain public finances, service delivery, and livelihoods, adaptation is now an immediate fiscal priority. Kenya's NDC 2020 outlines substantial financing needs, estimating total climate investment requirements of approximately Ksh 8 trillion (USD 62 billion) by 2030, of which about Ksh 5.7 trillion (USD 43.9 billion), roughly 70%, is required for adaptation. This reflects the centrality of adaptation across key sectors such as agriculture, water, and disaster risk management.⁵⁰ Similarly, the NAP underscores the scale of the challenge, estimating adaptation financing needs at approximately USD 44 billion by 2030.⁵¹ Importantly, the NDC and NAP frame adaptation not in terms of a set of stand-alone projects, but as a long-term process of reducing vulnerability and strengthening resilience systems. These include sustained investments in climate-smart agriculture, water resource management, ecosystem restoration, nature-based solutions, and climate information systems.

Despite these commitments, emerging evidence from Kenya's national budget points to a different pattern. Adaptation financing appears to be largely project-based, externally driven, and uneven over time, with limited transition into sustained domestic investment. Rather than showing a trajectory of progressive scale-up, financing is characterized by periods of expansion linked to major programmes, followed by contraction as these programmes end or external funding declines. This raises a central question for this chapter: whether Kenya is financing adaptation as a continuous, system-level investment aligned with its NDC and NAP commitments, or as a series of time-bound projects with limited continuity. The analysis that follows examines this question by tracking programme-level allocations, financing composition, and execution trends over time.

The analysis in this chapter therefore does not assess adaptation financing in abstract terms. Instead, it examines whether budget allocations are supporting and sustaining the specific priority actions identified in these frameworks over time. The chapter analyzes trends in allocations, financing composition, and execution to assess whether budget decisions are translating policy commitments into sustained and system-oriented investment. It provides Parliament evidence to evaluate alignment between climate priorities and public spending, and to strengthen oversight, prioritization, and accountability in financing national resilience.

6.2 Analytical Approach

The analysis adopts a programme-based tracking approach, consistent with Bajeti Hub and IPF's 2024 Budget Adaptation Paper and aligned with international guidance on identifying climate adaptation activities/initiatives, including the OECD Rio Markers framework and related operational approaches used in public expenditure analysis (for example World Bank Budget Adaptation Paper 2024).⁵²

The primary unit of analysis is the Delivery Unit. In Kenya's programme-based budget, activities are uniquely identified within a structured hierarchy that moves from programmes to sub-programmes and further down to Delivery Units. Delivery Units provide the most consistent basis for identifying and tracking government activities over time. In practice, however, many Delivery Units correspond to what are commonly referred to as "projects" (particularly externally financed interventions such as KCSAP or KCEP), and in some cases share naming conventions with broader budget programmes. This creates potential ambiguity between Delivery Units, programmes, and projects.

For clarity, this chapter applies the following conventions:

- i. Delivery Unit (DU): the specific budget line or activity/initiative being tracked (primary unit of analysis);
- ii. Programme: the broader budget classification under which Delivery Units are organized;
- iii. Project: a specific intervention (often externally financed), typically implemented through one or more Delivery Units.

Unless otherwise stated, all quantitative analysis (allocations, expenditure, and trends) is conducted at the Delivery Unit level, while references to

“programmes” or “projects” reflect naming conventions or policy descriptions rather than a change in the unit of analysis. The figure below provides an illustrative example from sector working groups reports, showing how programmes and their corresponding Delivery Units are presented within the programme-based budget structure.

Figure 12: Snippet of Programme and Delivery Unit Alignment in Sector Working Groups (SWGs) Report 2026/27

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Planned Targets			Achieved Target			Remarks
				2022/23	2023/24	2024/25	2022/23	2023/24	2024/25	
	Development Project (ADC)									cuts led to slowed planting, unsynchronized production and high post-harvest losses.
		Commercial maize	Bags of Commercial maize (90 Kgs bags) produced	30,000	30,000	30,000	18,513	17,607	26,388	During the period, low yields were obtained due to inadequate planting machinery, high post-harvest losses due to excess rainfall during harvesting and lack of drying machinery
	MSMEs Agricultural Credit -AFC	Agricultural Financial Services	No. of MSMEs accessing agri-credit	-	712	1,431	-	724	311	Underachievement was due to reduced budget allocation
SP2.2: Food Security Initiatives	Building Resilience for Food and Nutrition Security in the Horn of Africa (BREFON)	Water harvesting structures	No. of borehole constructed	20	15	32	0	10	26	Delay in the procurement process affected the achievement.
	Capacity Building Project for Enhancement of Rice Production (CADREP)	Rice production technologies	No. of farmers trained to take up technologies	2,500	2,500	2,500	1,681	1,500	500	In 2022/23, water shortage delayed implementation in Kirinyaga and Kisumu schemes. In 2023/24, reduced funding affected the trainings. In 2024/25, delayed kick-off of phase two affected the trainings
	Kenya Cereal Enhancement Programme (KCEP-CRAL)	Inputs subsidy	No. of smallholder farmers accessing e-voucher scheme	50,000	75,024	56,130	75,024	58,897	47,726	In 2022/23, there was drought recovery fertilizer that was given to the ASAL counties which boosted the No. of farmers accessing the inputs. In 2023/24 and 2024/25, low contributing capacity by farmers affected the achievement.

Adaptation-relevant Delivery Units were identified using three criteria:

1. Relevance to adaptation objectives: Activities whose primary or significant purpose is to reduce climate vulnerability or strengthen resilience, consistent with the core objectives of the NDC and NAP (for example, drought resilience, water resource management, climate-smart agriculture, and ecosystem restoration);
2. Alignment with international approaches: Activities broadly consistent with climate adaptation classifications under the OECD Rio Markers, adapted to reflect the structure and terminology of Kenya’s budget;
3. Continuity and traceability: Delivery Units that can be consistently tracked across financial years despite changes in naming, structure, or institutional placement.

These criteria are grounded in Kenya’s adaptation policy frameworks. The selected Delivery Units correspond directly or indirectly to priority actions outlined in the NDC and NAP, including climate-smart agriculture (P3–P5), forest and ecosystem restoration (P6–P10), nature-based solutions and livelihoods (P11–P15), and climate information systems (P16). This linkage ensures that the analysis reflects not only fiscal patterns,

but also the extent to which financing is aligned with nationally defined adaptation priorities.

While adaptation-related spending occurs across multiple sectors, this analysis focuses on Agriculture, Rural and Urban Development (ARUD) and Environment Protection, Water, and Natural Resources (EPWNR). These sectors were selected because they contain the most visible and traceable adaptation-related allocations and correspond directly to core adaptation priority areas identified in the NDC and NAP, particularly in relation to livelihoods, water systems, ecosystem resilience, and climate risk management.

The analysis covers an eight-year period (FY 2018/19–2025/26), comparing baseline years (2018/19–2022/23) with more recent trends (2023/24–2025/26). It focuses on identifying financing patterns, including:

- i. The stability and continuity of allocations to select Delivery Units/initiatives
- ii. Shifts in the balance between domestic and external financing; and
- iii. The extent to which adaptation investments are sustained over time.

This approach does not estimate the full universe of adaptation spending in the national budget. Instead, it evaluates a consistent and adaptation-relevant subset of Delivery Units to provide a directional but robust assessment of how adaptation financing is evolving, and whether it reflects the long-term, resilience-building logic of Kenya's climate commitments. The sectoral analysis examines how financing trends affect these priority adaptation areas in practice, particularly whether investments in agriculture, water systems, and ecosystem resilience are sustained over time, scaled, and embedded within sector systems, or remain fragmented and project-based.

6.3 Sector-Level Financing Trends

Adaptation financing has been highly variable, episodic, and heavily reliant on external resources, with total allocations declining sharply in the outer years (FY 2023/24–2025/26). High-value, funded initiatives such as Drought and Sustainable Livelihood Programme in Horn of Africa, Kenya Cereal Enhancement Programme (KCEP), Kenya Water Security and Climate Resilience Program (KWSCRIP), and Rural Livelihoods Adaptation to Climate Change (RLACC), achieved strong completion of planned outputs, demonstrating effective delivery where funding was sustained. However, many ongoing or newly initiated adaptation interventions, including Crop Insurance, Towards Ending Drought Emergencies (TWEENDE), and Community Livelihood Improvement Programme (CLIP), show low absorption and uneven execution, while several ecosystem and community-based initiatives have been discontinued or operate at minimal levels. In both the Agriculture, Rural and Urban Development (ARUD) and Environment Protection, Water, and Natural Resources (EPWNR) sectors, domestic financing remains insufficient to replace declining external support, leaving critical adaptation areas (such as water security, climate-smart agriculture, drought resilience, and ecosystem restoration) underfunded. Consequently, Kenya's adaptation investments are not yet aligned with the scale, consistency, or sustainability required to meet NDC and NAP targets.

6.3.1 Agriculture, Rural and Urban Development (ARUD) Sector

The Agriculture, Rural and Urban Development (ARUD) sector implements a diverse portfolio of funded initiatives aimed at strengthening climate resilience, enhancing agricultural productivity, and supporting sustainable livelihoods. These initiatives

span key areas such as climate-smart agriculture, drought resilience, food security, natural resource management, and institutional capacity building, with financing drawn from both Government of Kenya and external partners. Together, they form the core of adaptation-related interventions within the sector. Total allocations to adaptation-relevant initiatives under Agriculture, Rural and Urban Development (ARUD) sector between FY 2018/19 to FY 2025/26 amount to approximately Ksh 81 billion, with external financing accounting for a slightly larger share than domestic: 58 percent external compared to 42 percent domestic.

Although it appears that adaptation financing is substantial at the aggregate level, it masks significant year-to-year instability in allocation. Climate adaptation allocation reduced from a peak of KSh. 20.3 billion to Ksh 2.1 billion in FY2025/26 (table 1). At the peak years of investment, external financing was larger (93% and 85% of total funding) in 2020/2021 and 2021/2022.

The composition of financing between GoK and external across years has also fluctuated dramatically, alternating between the two sources during the rest of the years as shown. Adaptation financing in the ARUD sector shows significant year-to-year variation in composition, rather than consistent dominance by either external or domestic sources. While external resources account for a larger share of total financing over the period, this average mask important shifts across years.

GoK financing dominates in FY 2018/19, FY 2019/20, and FY 2022/23. These years correspond to periods when domestically financed or co-financed initiatives components played a larger role, either during early implementation phases or where government-funded interventions were more prominent. For example, in the initial years, programmes such as Crop Insurance and domestically financed components of climate-smart agriculture initiatives contributed a larger share of total allocations. Similarly, in FY 2022/23, GoK dominance reflects a relative decline in external disbursements rather than a structural increase in domestic financing, resulting in a higher proportional share of government funding within a reduced overall resource envelope.

By contrast, years in which external financing dominates such as FY 2020/21 are associated with peak disbursement periods of large externally funded programmes, including the Kenya Climate Smart Agriculture Project (KCSAP) and related resilience

Table 12: ARUD Sector – Adaptation Financing by Source and Year (Ksh Billion)

Fy	Total	Gok	External	Gok Share As A Percentage Of The Total	External Share As A Percentage Of The Total
2018/19	9.3	6.0	3.3	64%	36%
2019/20	12.3	10.7	1.7	87%	13%
2020/21	20.3	1.2	17.1	7%	93%
2021/22	16.7	2.4	13.3	15%	85%
2022/23	12.7	8.7	3.3	73%	27%
2023/24	4.9	1.6	3.3	33%	67%
2024/25	2.8	1.3	1.4	49%	51%
2025/26	2.1	1.4	0.7	67%	33%
Total	81	33	44	42%	58%

Source: Sector Working Group (SWG) Reports

initiatives. This indicates that external financing is closely tied to the lifecycle and disbursement patterns of major donor-supported interventions, rather than reflecting a stable financing structure.

However, the financing trends presented in Table 12 should be interpreted with caution due to gaps in the disaggregation of funding sources. Specifically, for six initiatives between FY 2020/21 and 2022/23, total allocations are reported without a corresponding breakdown between Government of Kenya (GoK) and external financing, so these are excluded from the analysis. As a result, significant portions (10%, 14% and 17% in 2020/2021, 2021/2022 and 2022/2023 respectively) of sector spending are not attributed to either source or do not fully account for the years' total allocation, potentially distorting the observed shifts in financing shares, particularly the sharp rise in external financing in FY 2020/21 and 2021/22, and the subsequent rebound in GoK financing in FY 2022/23. Therefore, the trends present only a partial view. The full set of details for these programmes is provided in Annex 3.

Overall, the observed pattern suggests that adaptation financing in the ARUD sector is not anchored in a predictable mix of domestic and external resources but instead fluctuates depending on phases of the intervention particularly the timing of external disbursements and the presence or absence of large-scale projects. This reinforces the broader finding

that adaptation financing remains project-driven rather than programmatically sustained.

At the same time, total financing from both sources declines in the outer years. While part of this reflects the completion of time-bound initiatives such as the Drought Resilience and Sustainable Livelihood Programme in the Horn of Africa, the Rural Livelihoods Adaptation to Climate Change (RLACC), and the Climate Smart Agricultural Productivity Project (CSAPP), a substantial portion is associated with declining external financing that is not replaced by domestic resources. Even where interventions continue—such as Crop Insurance—allocations remain significantly lower than earlier high-value interventions.

Whether driven by intervention completion or declining funding flows, the result is the same: adaptation investments are not sustained over time. This raises concerns about the continuity of financing in key priority areas such as climate-smart agriculture, drought resilience, and water management, which correspond directly to adaptation priorities under the Nationally Determined Contribution (NDC) 2020–2030 and National Adaptation Plan (NAP) 2015–2030.

6.3.2 Programme-Level Trends for ARUD

An initial pattern shows significant variation in budget absorption rates over time for major adaptation

initiatives in the sector (Table 4). In this table, the absorption rate is calculated as total spending based on June 2025 data against cumulative allocations since the start of 2018/2019. Completion rates refer to stated implementation of initiatives at the end of the initiative, according to Sector Working Groups (SWG) reports.

On that basis, Kenya Climate Smart Agriculture is among the delivery units with the highest absorption rate of 88%, and a completion rate of 83%. In contrast, initiatives such as Crop Insurance recorded a relatively low absorption rate of 41% with a completion rate of 43%. The Mainstreaming Sustainable Land Management in Agro-pastoral Production Systems in Kenya programme also shows mixed performance, with a relatively high absorption rate of 78% but very low completion at 16%. Similarly, the Food Security and Crop Diversification Project recorded an absorption rate of 91% and completion of 56%, reflecting moderate implementation progress.

A key factor behind the recent decline in adaptation financing is the closure of several large, externally funded initiatives without corresponding replacement funding. This in part explains the decline in adaptation financing in recent years. Several major initiatives, including the Drought Resilience and Sustainable Livelihood Programme (DRLP) in the Horn of Africa (2013–2023), Climate Smart Agricultural Productivity Project CS-APP (2018–2023), and Rural Livelihoods Adaptation to Climate Change RLACC (2018–2023) reached their formal closure timelines according to sectors reports, with completion rates of 100, 83 and 94 percent respectively. The DRSLP aimed to strengthen drought resilience through investments in irrigation and water infrastructure.

Overall, performance against targets is mixed but generally positive. Except for Water Structures outputs which missed the target in the first year, the two Delivery Units of Drought Resilience and Sustainable Livelihood Programme in Horn of Africa (DRSLP) and Rural Livelihoods Adaptation to Climate Change met and/or exceeded their targets indicating strong delivery in these areas.

While delivery of targets can justify discontinuation of initiatives, it is unclear whether by achieving these targets, the government will have exhaustively addressed the challenge it sought to address. For example, the demand for expanded land under irrigation and water infrastructure remains high across the country thus, the closure of the interventions that sought to expand them and failure for the government to sustain their financing raises concerns about Kenya's resilience agenda.

Ongoing initiatives are characterized by uneven and inconsistent funding levels. For example, the Kenya Cereal Enhancement Programme (KCEP, 2014–2027) and Food Security and Crop Diversification Project (2014-2025) have received substantial funding over the period under review albeit with fluctuation in terms of level of annual funding. The allocations for KCEP program ranged from a high allocation of Ksh 4.2 billion in 2020/2021 to an allocation of Ksh 0.6 billion in 2025/2026. While the government consistently made allocations to Food Security and Crop Diversification Project, the funding levels experienced fluctuations. Reduced funding levels, combined with weak implementation, points to deeper challenges in sustaining adaptation initiatives. The Crop Insurance (2016–2030) illustrates this clearly. While cumulative allocations amount to approximately Ksh 5.1 billion,

Table 13: Non-Financial Performance for Completed Interventions (anchored on Delivery Units).

Delivery Unit	Key Outputs	KPIs	Planned Targets		Achieved	
			2021/22	2022/23	2021/22	2022/23
Drought Resilience and Sustainable Livelihood Programme in Horn of Africa (DRSLP)	Irrigation Schemes	Area of irrigation infrastructure rehabilitated (Ha)	300	180	300	250
	Water Structures	No. of water structures constructed (earth dams, boreholes, water pans)	100	5	66	76
Rural Livelihoods Adaptation to Climate Change	Climate change adaptation	No. of beneficiaries mobilized and trained on	1,500	1,500	2,020	1,700

Source: Sector Working Group (SWG) Reports

broadly in line with its estimated cost, only about 41 percent has been absorbed, indicating that the constraint is not funding alone but inefficiencies in execution.

Table 14: Trends in Allocation for the Kenya Cereal Enhancement Programme (KCEP) and Food Security and Crop Diversification Project, 2018/19–2025/26

DELIVERY UNIT	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Kenya Cereal Enhancement Programme (KCEP)	1,888	2,153	4,185	2,765	1,746	2,076	1,213	556
Food Security and Crop Diversification Project	907	800	730	490	570	1,121	1,221	1350

Source: Sector Working Group (SWG) Reports

Budgetary allocations to the initiative have also been highly uneven, peaking at about Ksh 3.7 billion in FY 2019/20 before declining sharply, with no allocation in FY 2025/26. This suggests that resources are neither consistently disbursed nor effectively utilized, resulting in limited and uneven coverage for farmers and weakening its contribution to resilience-building under the Nationally Determined Contribution (NDC) 2020–2030 and National Adaptation Plan (NAP) 2015–2030. This pattern extends beyond a single intervention. For several initiatives, cumulative allocations exceed initial project cost estimates such as the Kenya Climate Smart Agriculture Project (KCSAP), the Kenya Cereal Enhancement Programme (KCEP), and the Drought Resilience and Sustainable Livelihood Programme (DRSLP) suggesting scale-up or expanded scope during implementation. However, higher allocations do not consistently translate into effective utilization, as absorption rates vary significantly across programmes.

A further concern is the mismatch between initiative completion and absorption of funds. In some cases, programmes reach completion without fully utilizing allocated resources. For example, sector working reports record full completion for KCEP while absorption is only about 76 percent of cumulative allocations, indicating that planned investments were not fully executed. In other cases, the inverse pattern emerges: the Mainstreaming Sustainable Land Management programme shows relatively high absorption (about

78 percent) despite very low completion (around 16 percent), suggesting that spending is not translating into commensurate implementation progress. These contrasting patterns point to deeper inefficiencies in planning, sequencing, and execution where neither spending nor completion alone provides a reliable indication of performance or the delivery of adaptation outcomes.

These imbalances in allocation and execution are compounded by a broader issue of continuity and predictability. Despite allocating over Ksh 81 billion across the assessed programmes since FY 2018/19, financing fluctuates and declines over time, particularly in core areas such as climate-smart agriculture, drought resilience, and rural livelihoods, which correspond to priority adaptation actions under the NDC and NAP (P3–P5).

Taken together, these trends indicate that adaptation investments are not systematically embedded within sector budgets but remain tied to project cycles and external financing. As a result, financing does not consistently support sustained, scalable, and system-level resilience-building, raising concerns about the credibility of long-term adaptation commitments.

Note: Rows represent **Delivery Units (DUs)**, which in many cases correspond to named programmes or projects as used in policy and implementation documents. Source data is Sector Working Group (SWG) Reports [FY 2026/2027]

Table 15: Delivery Units allocations, Expenditure, and Completion Status as of June 2025

Delivery Unit	Total Estimated Cost of the Initiative over its life	Total Cumulative Allocation as of June 2025	Cumulative expenditure as of June 2025	Cumulative Absorption Rates as of June 2025	Project Duration	Status of completion
Kenya Climate Smart Agriculture Project (KCSAP)	30,970	33,137	29,097	88%	2017-2023	83%
Drought Resilience and Sustainable Livelihood Programme in Horn of Africa	5,481	6,545	5,418	83%	2013-2023	100%
Kenya Cereal Enhancement Programme (KCEP)	12,227	16,026	12,249	76%	2014-2027	100%
Crop Insurance	4,900	5,099	2,101	41%	2016-2030	43%
Regional Pastoral Livelihood Resilience project	8,500	4,044	8529	211%	2014-2021	100%
Mainstreaming Sustainable Land Management in Agro0pastoral Production Systems of Kenya	2,210	448	349	78%	2016-2023	16%
Blue Economy Smart Climate (1166001100 Marine Fisheries Research Institute)	-	4,202	-	-	-	-
1071110400 Green Climate Fund Readiness Project	-	68	-	-	-	-
169107700 Climate Smart Agricultural Productivity Project (CS0APP)	806	841	666	79%	2018-2023	83%
1169005000 Research and Innovation Management Department	-	110	-	-	-	-
Rural Livelihoods Adaptation to Climate Change (RLACC)	396	590	374	63%	2018-2023	94%
1162104800 Towards Ending Drought Emergencies in Kenya (TWEENDE)	1,338	992	872	88%	2021-2026	65%
1169001000 Headquarters Land and Crop Development Services	-	1,125	-	-	-	-
Food Security and Crop Diversification Project	102	5,839	5,317	91%	2014-2025	59%
Total	66,930	79,066	56,094	71%		

Source: Sector Working Group (SWG) Reports

6.3.3 The Environment Protection, Water, and Natural Resources (EPWNR) Sector

The select programmes in this sector comprise a broad portfolio focused on strengthening water security, protecting water towers, supporting drought and flood resilience, promoting climate-resilient and low-emission development, restoring degraded ecosystems, and enhancing community livelihoods. The portfolio also includes capacity-building initiatives, research and innovation, and regionally coordinated efforts aimed at improving adaptation outcomes for smallholder farmers, pastoralists, and vulnerable communities across Kenya. The EPWNR allocated a total of Ksh 48.9 billion to adaptation-relevant programmes with external financing contributing 56 percent and government of Kenya (GoK) resources 44 percent of the total (table 16). External financing dominates the overall financing of the target programs with significant, year-to-year financing levels and sources across programs.⁵⁴

Table 16: Trends in Adaptation Financing in the Environment (EPWNR) Sector by Source, FY 2018/19–2024/25 (Ksh Billions)

FY	Total	GOK	External	Share of GOK	Share of External
2018/2019	8.4	4.2	4.1	51%	49%
2019/2020	5.2	2.7	2.5	52%	48%
2020/2021	11.6	4.6	7	40%	60%
2021/2022	7.0	4.3	2.8	61%	39%
2022/2023	7.7	4.1	3	58%	42%
2023/2024	5.4	1.1	4.2	21%	79%
2024/2025	4.3	0.66	3.7	15%	85%
TOTAL	49.6	21.7	27.3	44%	56%

Source: Sector Working Group (SWG) Reports

Total allocations to adaptation-relevant spending in the EPWNR sector show significant volatility over time and a decline in recent years. Three patterns emerge. First, overall financing is not sustained: after peaking in FY 2020/21, total allocations decline steadily, indicating limited financing stability. Second, the financing mix becomes more externally dependent over time. In recent years, external sources account for a dominant share of over 50 percent of total funding, while domestic contributions fall sharply. Third, evidence points to limited scaling of domestic financing to offset fluctuations or declines in external support. Instead, both sources weaken over time, resulting in a shrinking overall resource envelope.

Overall, these trends suggest that adaptation financing in the EPWNR sector is not anchored in stable, programmatic budget allocations, but remains

influenced by changing external flows and shifting budget priorities. The absence of a clear transition from external to sustained domestic financing raises concerns about the continuity, predictability, and long-term credibility of adaptation investments.

6.3.4 Programme-Level Trends for EPWNR

At the Delivery Units (initiative) level, adaptation financing exhibits a pattern of high initial investment followed by sharp declines and partial programme discontinuation. Total estimated cost of the target initiatives between FY 2018/19 and FY 2024/25 amount to Ksh 52.4 billion, and total allocations amounting to Ksh 49.6 billion, with cumulative expenditures of Ksh 36.3 billion (69 percent), reflecting an overall underutilization of allocated resources.



Table 17: Delivery Units Allocation, Expenditure, and Completion Status as of June 2025

Delivery Unit	Total Estimated Cost of the Initiative over its life	Total Cumulative Allocation as of June 2025	Cumulative expenditure as of June 2025	Cumulative Absorption Rates as of June 2025	Project Duration	Status of Completion
Kenya Water Security and Climate Resilience Program (KWSCRIP)	19,170	29,835	19,965	67%	2012-2025	91%
Water Security and Climate Resilience (Project Advanced)	-	4,445	-	-		
Water Tower Protection and Climate Change Mitigation and Adaptation (WaTER)	-	2,803	-	-		
Drought Resilience in Northern Kenya	3,901	2,141	1,218	57%	2019-2027	35%
Upper Tana Natural Resources Management Project	8,660	3,535	8,376	237%	2012-2023	100%
Development Of Drought Tolerant Trees for Adaptation to Climate Chan	-	914	-	-		
Flood Control Works 0 ESP	3,500	1,795	2,392	133%	2005-2027	78%
Ending Drought Emergencies: Support to Drought Risk Management	2,825	1,555	2,141	138%	2016-2026	90%
Low Emission And Climate Resilient Development In Kenya	-	290	-	-	-	-
Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region	460	330	320	97%	2022-2028	50%
Lake Victoria Environmental Management Programme Phase II	6,600	116	26	22%	2022-2030	5%
The Project on Capacity Development For Effective Flood Management I	-	60	-	-	-	-
Lake Victoria Environmental Management Programme Phase	-	10	-	-	-	-
Suswa Lake Magadi 0 Migori Environment Restoration Project	4,000	112	120	107%	2014-2026	3%
Green Innovation Award Project 0 NetFund	463	181	303	167%	2015-2027	65%
Mitigation & Management of Soil Loss Under Kenya Water Towers Agency	1,346	526	636	121%	2017-2026	47%
Community Livelihood Improvement Programme (CLIP)	1,500	813	828	102%	2017-2028	56%
Flood Control Works Nyando, Narok, Turkana, Budalangi, Migori & Homa	-	150	-	-	-	-
TOTAL	52,425	49,611	36,325	-	-	-

Source: Sector Working Group (SWG) Reports

Note: Rows represent **Delivery Units (DUs)**, which in many cases correspond to named programmes or projects as used in policy and implementation documents. Source data is Sector Working Group Reports 2025

Adaptation financing for the select interventions in the EPWNR sector is characterized by discontinuity, contraction, and limited sustainability. A significant number of initiatives active during the baseline period are no longer financed in the outer years, particularly large, externally funded interventions. For example, major initiatives such as the Upper Tana Natural Resources Management Project and the Water Security and Climate Resilience Project (Advanced), which accounted for substantial investments during the baseline period—are either fully discontinued in the outer years or have their funding significantly reduced. This points to a pattern where adaptation investments are closely tied to time-bound project cycles and unpredictable funding levels rather than sustained budget commitments.

Among the initiatives that continue, most operate at substantially reduced levels. Long-running programmes such as the Water Tower Protection (WaTER) Programme, Community Livelihood Improvement Programme (CLIP), and Soil Loss Management under the Water Towers Agency show sharp declines in allocations over time, despite being financed over multiple years.

Given that Sector Working Group (SWG) priorities and national climate policy frameworks continue to identify water tower protection, ecosystem restoration, and community-based adaptation as ongoing priorities, suggesting sustained programmatic need, the reduction in funding is not consistent with the government's policy position. It is also important to note that an alternative interpretation is that some of these initiatives may have achieved their intended objectives and are being deliberately wound down; however, the continued presence of related priorities in SWG reports and adaptation planning documents suggests that residual needs remain, particularly in ecosystem rehabilitation and community resilience-building. Only a few exceptions exist. The Ending Drought Emergencies (Phase II) programme shows relatively stable funding, while Flood Control Works (Nyando and related areas) records a late surge in domestic financing. However, these are limited cases and do not offset the broader pattern of financing decline observed across initiatives.

Overall, Delivery Units (programme-level) funding trends suggest that adaptation investments are not systematically embedded within the budget but instead fluctuate with project lifecycles and external funding availability. This weakens continuity in critical areas such as water security, ecosystem restoration, and

climate resilience areas that correspond directly to priority actions under the NDC and NAP, including forest rehabilitation, nature-based solutions, and resilience-building interventions (P6–P16). As a result, the sustainability of adaptation outcomes remains uncertain.

6.4 Cross-cutting synthesis: how project-based financing impact Kenya's ongoing adaptation objectives

Across both sectors, initiative timelines reveal a broader structural issue in how adaptation is financed. Many adaptation-relevant initiatives are time-bound, with defined implementation periods, even though the underlying adaptation objectives remain ongoing. This is particularly evident in agriculture and rural livelihoods initiatives aligned with NDC priorities (P3–P5). For example, the Kenya Climate Smart Agriculture Project (KCSAP) (2017–2023), the Drought Resilience and Sustainable Livelihood Programme (ending in 2023), and the Rural Livelihoods Adaptation to Climate Change (RLACC) project (2018–2023) were all designed to build long-term resilience in agricultural and pastoral systems.

While these initiatives contribute to critical adaptation outcomes, their completion does not imply that the underlying objectives (such as climate-resilient agricultural systems, sustainable land and water management, and reduced vulnerability of rural livelihoods) have been achieved. These are inherently long-term, system-level goals under the NDC and NAP, requiring sustained and continuous investment beyond individual project cycles.

However, the financing patterns observed across both ARUD and Environment sectors indicate that when initiatives end or external funding decline, there is often no clear transition or replacement within the budget. This suggests that adaptation financing remains project-driven rather than embedded within a continuous, programmatic framework. This pattern is also evident in the portfolio of initiatives tracked across the two sectors. Of the 32 initiatives assessed, only three retain funding in FY 2025/26, indicating that many programmes have effectively been phased out as allocations declined. While a small number (such as the Kenya Cereal Enhancement Programme (KCEP), Towards Ending Drought Emergencies (TWENDE), and the Food Security and Crop Diversification

Project) continue to receive funding, several major initiatives that previously supported adaptation objectives have dropped to zero allocations. This reinforces the observation that financing is closely tied to project cycles, with limited continuity once these initiatives conclude.

As a result, there is a risk that gains achieved through time-bound investments are not safeguarded and sustained, undermining progress toward the long-term resilience objectives set out in Kenya's climate commitments.

6.5 Implication for Adaptation Financing

The analysis across the ARUD and Environment sectors indicates that while Kenya has made measurable investments in climate adaptation and demonstrated the ability to deliver results the current financing trajectory is not aligned with the scale, continuity, and system-level investment required to meet its commitments under the Nationally Determined Contribution (NDC) 2020–2030 and National Adaptation Plan (NAP) 2015–2030.

Kenya's NDC estimates adaptation financing needs at approximately Ksh 5.7 trillion by 2030, with a strong emphasis on sustained investments in priority areas such as climate-smart agriculture (P3–P5), water systems, ecosystem restoration, and nature-based solutions (P6–P16). However, the evidence shows that financing in these same areas is declining in the outer years, with several initiatives discontinued while remaining ones operate at reduced funding levels. This creates a widening gap between stated adaptation priorities and actual budget allocations.

Crucially, the pattern observed is not one of progressive scale-up toward NDC targets, but one of time-bound investment cycles. Many initiatives aligned with core adaptation priorities, particularly in climate-smart agriculture and rural livelihoods, have defined end periods, yet the underlying objectives remain ongoing. The absence of clear transition or replacement mechanisms means that financing does not persist beyond project lifecycles. As a result, adaptation investments are not compounding over time, even though the NDC and NAP assume sustained and cumulative investment to reduce vulnerability and build resilience.

The financing structure further reinforces this misalignment. While the NDC anticipates significant reliance on external resources, it also assumes predictability and continuity in financing flows. In practice, external financing appears episodic and project-based, with limited evidence of structured transition into domestic funding. At the same time, domestic allocations are not increasing at a level sufficient to anchor adaptation within core sector budgets.

For Parliament, the implication is clear: Kenya is not currently on a financing path consistent with delivering its adaptation commitments under the NDC and NAP. The challenge is not only the adequacy of resources, but the absence of a financing approach that sustains priority investments over time. Without deliberate action to ensure continuity of initiatives, manage transitions from external to domestic financing, and embed adaptation within sector budgets, there is a significant risk that gains achieved through past investments will not be sustained, undermining both the credibility of national commitments and the resilience outcomes they are intended to deliver.

6.6 Conclusion and recommendations

Kenya's adaptation financing trajectory reflects important progress in mobilizing resources and delivering results, particularly through externally supported initiatives aligned with priority areas under the Nationally Determined Contribution (NDC) 2020–2030 and National Adaptation Plan (NAP) 2015–2030. However, the evidence across sectors shows that this model remains fragile, episodic, and insufficiently anchored within the national budget. Financing is not sustained over time; several major initiatives are discontinued or decline without transition, and domestic resources are not scaling up to match the country's growing climate risks.

More fundamentally, the current financing approach is misaligned with the nature of adaptation itself. While Kenya's climate commitments require sustained, cumulative investment in systems such as climate-smart agriculture, water management, and ecosystem resilience, financing remains largely project-based and time-bound. As a result, gains achieved through individual interventions are not consistently sustained or scaled, limiting their contribution to long-term resilience.

Addressing this gap requires a deliberate shift from project-based financing to a coherent, programmatic, and domestically anchored framework. This includes strengthening domestic allocations to reduce over-reliance on external support; ensuring continuity of critical programmes beyond project lifecycles; establishing clear transition pathways from donor-funded interventions to domestic financing; and strengthening monitoring, execution, and absorption to maximize the impact of allocated resources.

Parliament and sectoral MDAs have a central role in driving this shift. By safeguarding continuity of priority investments, improving predictability of financing, and aligning annual budget decisions with NDC and NAP priorities, they can ensure that adaptation financing supports sustained reductions in vulnerability rather than short-term interventions.

Without these reforms, Kenya risks falling short of its adaptation commitments—not due to a lack of ambition, but due to a financing model that does not sustain them. With them, the country can translate its climate commitments into credible, financed, and enduring resilience outcomes.

6.6.1 Recommendation

Parliament should take decisive action to shift adaptation financing from short-term, project-based investments to sustained, programmatic, and domestically anchored funding, ensuring that Kenya's commitments under the Nationally Determined Contribution (NDC) 2020–2030 and National Adaptation Plan (NAP) 2015–2030 are not only stated but financed and delivered. In essence, Parliament's role is to correct a structural mismatch: while Kenya's adaptation commitments are long-term and cumulative, financing remains short-term and project based. Addressing this requires ensuring that adaptation is financed as a continuous, accountable, and nationally owned investment system capable of delivering sustained resilience outcomes.

To operationalize this shift, Parliament should:

i. Reinstate and safeguard priority initiatives to address discontinuity of major initiatives.

Major initiatives aligned with core adaptation priorities (for example climate-smart agriculture, water systems, ecosystem restoration) are discontinued or funding decline without replacement. This undermines Kenya's

commitments under the Nationally Determined Contribution (NDC) 2020–2030 and National Adaptation Plan (NAP) 2015–2030, which require sustained investment in these areas. To address this, Parliament should ensure that commitments are translated into outcomes by requiring high-impact initiatives in these priority areas to be reinstated where discontinued and protected from further cuts, including setting minimum funding thresholds to prevent erosion of critical adaptation investments.

ii. Enforce continuity and transition planning.

Many adaptation initiatives are time-bound and end without clear transition mechanisms, even though the underlying adaptation objectives remain ongoing. This results in loss of gains and weakens long-term resilience outcomes. To address this, Parliament should require MDAs to demonstrate clear continuity or transition plans for all major initiatives, especially those financed externally showing how activities will be sustained domestically or providing justification where discontinuation is proposed.

iii. Anchor adaptation within core sector budgets to address fragmented financing.

Adaptation financing remains fragmented and largely project-based, rather than embedded within core sector programmes and budget frameworks. This limits predictability and prevents adaptation from being institutionalized as sustained public investment. To address this, Parliament should direct the National Treasury and MDAs to integrate adaptation priorities into core sector programmes and Medium-Term Expenditure Frameworks, ensuring that key investments are programmatic, continuous, and not dependent on stand-alone or donor-driven initiatives.

iv. Strengthen oversight of implementation and execution.

While some initiatives achieve outputs, there are persistent gaps in execution, including delays in disbursement, procurement bottlenecks, and inconsistencies between planned and achieved results. This reduces the effectiveness of allocated resources. To address this, Parliament should strengthen oversight beyond allocations by systematically scrutinizing execution performance, requiring MDAs to report on implementation progress, bottlenecks, and outcomes to ensure that financing translates into tangible resilience gains.

v. Align budgets with NDC and NAP financing pathways.

Budget allocations are not consistently linked to NDC and NAP priorities, making it difficult to assess whether financing decisions are aligned with national adaptation commitments and targets. To address this, Parliament should require the National Treasury to explicitly map budget allocations to NDC and NAP priority areas, including sector-level financing pathways and expected outcomes, to ensure that annual and medium-term budgets support delivery of climate commitments.

vi. Scale domestic financing to sustain adaptation investments.

External financing for adaptation is declining or episodic, and domestic resources are not increasing at a level sufficient to sustain or replace these investments. This leads to contraction in total financing and threatens the continuity of key programmes. To address this, Parliament should

push for a deliberate and progressive increase in GoK financing for adaptation, particularly in areas where external support is phasing out, to ensure continuity, reduce vulnerability to external shocks, and strengthen national ownership.

vii. Institutionalize tracking and accountability mechanisms to addressing transparency and data gaps.

The absence of a functional climate budget tagging and tracking system limits visibility of adaptation financing and makes it difficult to monitor trends, continuity, and alignment with policy commitments. To address this, Parliament should mandate standardized reporting on adaptation financing—including programme duration, allocation trends, financing composition, and performance—and support the operationalization of climate budget tagging to enable systematic tracking and accountability.

7 Conclusion and Recommendations

Kenya's FY 2026/27 budget reflects a set of cross cutting structural weaknesses that go beyond individual sectors and point to deeper challenges in fiscal credibility, financing design and public financial management. At the macro level, the fiscal framework relies on optimistic GDP growth and revenue assumptions that do not match past performance. Our assessment finds that the FY 2026/27 macro-fiscal framework fails to adequately account for external shocks like geopolitical tensions in the middle east and domestic electoral pressures, as well as institutional weaknesses in budget implementation. Another risk to the fiscal framework is the increased dependence of Article 223 of the Constitution of Kenya, 2010 as a tool to bypass the standard budget approval procedures, reducing parliamentary oversight.

A central cross cutting issue emerging from the analysis is the fragmentation of financing and duplication across government, where resources are dispersed across multiple institutions, programmes and sectors without a coherent framework for coordination, tracking or accountability. This is particularly evident in Women's Economic Empowerment (WEE), where interventions are spread across several ministries and embedded within broader programmes making it difficult to quantify total spending or link resources to outcomes. A similar pattern is observed in climate adaptation financing, where investments are distributed across sectors such as ARUD and EPWNR but remain project-based, externally driven and weakly integrated into a sustained national domestic financing framework. Fragmentation is also reflected in social protection programmes such as bursaries, where multiple schemes at national and county level operate with overlapping mandates, resulting in duplication, uneven targeting and inefficiencies in government spending.

Closely linked to fragmentation is the broader issue of weak alignment between policy commitments, budget allocations and actual expenditure outcomes.

Across sectors, there is consistent evidence that strong policy frameworks are not matched by coherent financing strategies or effective implementation. In climate adaptation, despite clear priorities under national plans including the Nationally Determined Contribution (NDC) and National Climate Change Action Plan (NCCAP), financing remains volatile and insufficiently sustained. In WEE, high levels of policy ambition coexist with low and narrowly concentrated funding that does not adequately address structural barriers to women's economic participation. This disconnect undermines the ability of public spending to yield measurable and sustained outcomes.

Another recurring issue is the imbalance between resource allocation and effectiveness, where high levels of expenditure or absorption do not consistently translate into results. In WEE programmes, strong absorption rates coexist with weak performance against key performance indicators, reflecting inefficiencies in programme design, targeting and execution. Similarly, in social protection programmes such as school feeding and the Hunger Safety Net Programme, fluctuations in funding, delays in disbursement and weak targeting systems limit coverage and impact despite continued investment. In health, governance challenges within financing mechanisms further constrain the effectiveness of already limited resources.

The analysis also highlights a broader challenge of financing sustainability and predictability. Some sectors such as health and climate finance adaptation are heavily dependent on external or time-bound financing that is not replaced by stable domestic resources. In health, heavy reliance on declining external financing for critical programmes such as HIV AIDS and malaria has not been matched by a commensurate increase in domestic resources, leaving significant financing gaps and exposing the system to external shocks. Similarly, in climate adaptation the reduction in external financing has led to a contraction in overall resources rather than a transition to domestically anchored

financing. Social protection programmes on the other hand exhibit unstable and fluctuating allocations that are not clearly aligned with levels of need, undermining their reliability as safety nets.

Weaknesses in data, tracking mechanisms and accountability frameworks also cut across sectors and limit effective oversight. The absence of standardized approaches to tracking expenditures such as in WEE, inconsistencies in beneficiary data in programmes like the Hunger Safety Net Programmes and gaps in monitoring and reporting across sectors reduce transparency and make it difficult to assess performance or inform policy decisions. In practice, this leads to weak accountability, making it unclear if resources reach intended beneficiaries, if implementing agencies fulfill their mandates and who should be held responsible for underperformance. Together, these challenges point to a need for a more integrated, credible and disciplined approach to public finance management, where budgets are realistically formulated, resources are coherently allocated and tracked, and spending is consistently linked to measurable outcomes.

As such, we recommend Parliament to:

- i. Strengthen fiscal discipline and budget credibility by tightening control over supplementary budgeting under Article 223, restricting its use to genuine unforeseen expenditures and reinforcing ex ante parliamentary oversight. Parliament should ensure that deviations introduced through supplementary budgets do not systematically lead to fiscal deficits exceeding the approved level, thereby preserving the credibility and reliability of the original budget framework.
- ii. Improve expenditure efficiency and coherence across government by rationalizing overlapping and duplicated programmes and linking allocations more explicitly to performance. This includes requiring basic performance reporting as a condition for funding and addressing fragmentation observed across sectors.
- iii. Address fragmentation and weak prioritization in cross-cutting areas by establishing clearer financing frameworks and minimum allocation thresholds where appropriate. For example, in Women Economic Empowerment, Parliament should require explicit alignment of budget allocations with the National Policy on Women Economic Empowerment, alongside consideration of a minimum allocation benchmark to enhance visibility, predictability and scale of investment. This should be supported by improved budget tagging, standardized reporting and coordinated planning across MDAs to ensure that dispersed interventions collectively deliver measurable outcomes.'
- iv. Strengthen targeting, responsiveness and data alignment in social protection programmes by harmonizing the Hunger Safety Net Programme budget with NDMA needs assessments and beneficiary data, while allowing for in year adjustments based on evolving food security conditions. This approach should be extended to similar programmes (such as bursaries) where weak data systems and inconsistent targeting undermine equity and coverage.
- v. Enhance financing sustainability and reduce vulnerability to external shocks by strengthening domestic resource mobilization. In the short term, Parliament should reprioritize spending by deferring non-urgent projects to fund high-impact areas such as health. Over the medium to long term, this requires structural revenue reforms, including broadening the tax base (through such measures as wealth and health taxes) and rationalizing inefficient tax expenditures. Strengthening pooled mechanisms like the Social Health Insurance Fund is also critical to reduce out-of-pocket spending and improve financial protection.
- vi. Strengthen the alignment between policy commitments, budget allocations, and outcomes by institutionalizing results-based budgeting across sectors. This includes requiring that allocations are linked to clear indicators, targets and measurable outcomes, particularly in areas such as Women's Economic Empowerment where high absorption has not translated into commensurate results and in social protection programmes where spending does not consistently align with coverage or impact.
- vii. Improve continuity, predictability and domestic anchoring of climate adaptation financing by requiring MDAs to present clear transition and sustainability plans for all major programmes, particularly those previously supported by external partners. Adaptation financing should be progressively integrated into core sector programs and medium-term expenditure frameworks, supported by a deliberate scale-up of domestic resources to offset declining external funding and ensure sustained investment in priority areas such as water security, agriculture and ecosystem resilience.
- viii. Strengthen transparency, tracking and accountability in public spending by mandating consistent and comprehensive reporting frameworks across sectors. This includes requiring

the National Treasury to clearly demonstrate how annual and medium-term budgets align with national policy commitments such as the Nationally Determined Contributions (NDC) and National Adaptation Plan (NAP) in climate and establishing standardized systems for tracking expenditures, performance and outcomes in areas such as Women's Economic Empowerment and social protection, where current data limitations constrain effective oversight and decision making.



Annexures

Annex table 1: WEE Sector, programmes and subprogrammes with a WEE perspectives

Ksh Million	Total Approved Budget				Total Actual Expenditure			Absorption Rate			Absorption Rate	
	2022/23	2023/24	2024/25	2025/26	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25	2026/27	2027/28
GJLO	217,824	229,989	236,284	255,263	213,394	224,931	235,010	98%	98%	99%	300,855	308,394
National Gender and Equality Commission	408	452	438	556	404	445	437	99%	98%	100%	728	711
Promotion of Gender Equality and Freedom from Discrimination	408	452	438	556	404	445	437	99%	98%	100%	728	711
Legal Compliance and Redress	11	15	16	39	10	15	16	96%	99%	99%	52	54
Mainstreaming and coordination	20	11	14	91	14	11	14	73%	100%	99%	117	108
Public education, advocacy and research	13	18	20	27	13	17	19	94%	99%	96%	37	38
Social Protection Sector	65,275	72,778	83,934	78,994	59,375	65,450	81,467	91%	90%	97%	87,225	83,382
State Department for Culture and Heritage	3,288	2,785	3,299	3,585	3,160	2,748	3,121	96%	99%	95%	2,985	3,077
Culture/Heritage	2,460	2,571	2,194	1,773	2,342	2,544	2,085	95%	99%	95%	1,702	1,817
Cultural Product Diversification	-	-	479	64	-	-	477	-	-	100%	73	67
State Department for Gender and Affirmative Action	3,946	5,740	4,818	6,344	3,489	5,126	4,793	88%	89%	99%	6,252	6,084
Gender Empowerment	1,460	2,341	913	1,162	1,010	1,745	898	69%	75%	98%	1,080	904
Gender Mainstreaming	1,009	1,587	562	809	560	1,026	547	55%	65%	97%	668	531
Gender Socio-Economic Development	451	754	351	353	450	719	351	100%	95%	100%	353	372
PAIR	286,900	287,697	277,533	273,512	232,924	234,845	257,797	81%	82%	93%	328,462	334,203
Office of the Deputy President	1,017	4,762	3,219	3,072	928	4,735	3,217	91%	99%	100%	3,281	3,624
Deputy president's services	1,017	4,762	3,219	3,072	928	4,735	3,217	91%	99%	100%	3,281	3,624
OSDP Affirmative Action Interventions		592				589			99%			
GECA	72,523	85,543	61,007	58,359.9 7	54,316	57,123	57,532	75%	67%	94%	62,765.8 7	70,492.0 2

Ksh Million	Total Approved Budget				Total Actual Expenditure			Absorption Rate			Absorption Rate	
	2022/23	2023/24	2024/25	2025/26	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25	2026/27	2027/28
State Department for Micro, Small and Medium Enterprise Development	680	8,020	6,508	5,092	634	3,187	6,100	93%	40%	94%	6,884	7,388
Digitization and Financial Inclusion for MSMEs	46	5,866	2,559	686	46	1,488	2,345	100%	25%	92%	740	1,044
Youth, Women and PWDs Empowerment (Uwezo Fund)	46	396	149	177	46	242	149	100%	61%	100%	220	319

Source: Sector Budget Reports

Key: Sector State Department Programme Sub-programme

Annex table 2: ARUD Sector – Programme-Level Allocations and Execution (FY 2023/24–2025/26)

DELIVERY UNIT	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Kenya Climate Smart Agriculture Project (KCSAP)	3,641	2,900	10,590	8,969	7,022	15	0	0
Drought Resilience and Sustainable Livelihood Programme in Horn of Africa	1,321	1,113	1,073	1,163	850	1,025	0	0
Kenya Cereal Enhancement Programme (KCEP)	1,888	2,153	4,185	2,765	1,746	2,076	1,213	556
Crop Insurance	372	3,715	300	281	281	150	0	0
Regional Pastoral Livelihood Resilience project	1,002	1,257	1,297	488	0	0	0	0
Mainstreaming Sustainable Land Management in AgroPastoral Production Systems of Kenya	201	247	0	0	0	0	0	0
Blue Economy Smart Climate (1166001100 Marine Fisheries Research Institute)	0	0	1,394	1,404	1,404	0	0	0
1071110400 Green Climate Fund Readiness Project	0	0	0	37	31	0	0	0
169107700 Climate Smart Agricultural Productivity Project (CS0APP)	0	0	339	280	147	75	0	0
1169005000 Research and Innovation Management Department	0	0	32	33	45	0	0	0
Rural Livelihoods Adaptation to Climate Change (RLACC)	0	134	115	168	50	123	0	0
1162104800 Towards Ending Drought Emergencies in Kenya (TWEENDE)	0	0	0	178	178	318	318	318

DELIVERY UNIT	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
1169001000 Headquarters Land and Crop Development Services	0	0	273	456	396	0	0	0
Food Security and Crop Diversification Project	907	800	730	490	570	1,121	1,221	1350
	9,331	12,319	20,328	16,711	12,719	4,903	2,752	2,224

Annex table 3: Delivery Unit Allocation Trends in the Environment (EPWNR) Sector, FY 2018/19 – 2024/25 KSh Millions)

DELIVERY UNIT	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Kenya Water Security and Climate Resilience Program (KWSCRIP)	0	4,780	7,820	4,780	6,109	3,346	3,000
Water Security and Climate Resilience (Project Advanced)	4,445	0	0	0	0	0	0
Water Tower Protection and Climate Change Mitigation and Adaptation (WaTER)	1,309	30	1,314	120	30	0	0
Drought Resilience in Northern Kenya	0	0	345	415	455	310	616
Upper Tana Natural Resources Management Project	1,100	0	900	850	680	5	0
Development Of Drought Tolerant Trees for Adaptation to Climate Chan	0	0	537	377	0	0	0
Flood Control Works 0 ESP	0	0	400	315	150	530	400
Ending Drought Emergencies: Support to Drought Risk Management	454	0	0	0	0	960	141
Low Emission And Climate Resilient Development In Kenya	290	0	0	0	0	0	0
Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region	0	0	0	0	127	83	120
Lake Victoria Environmental Management Programme Phase II	26	30	10	10	10	20	10
The Project on Capacity Development For Effective Flood Management I	30	0	30	0	0	0	0
Lake Victoria Environmental Management Programme Phase	0	0	0	0	10	0	0
Suswa Lake Magadi 0 Migori Environment Restoration Project	40	0	0	15	36	21	0
Green Innovation Award Project 0 NetFund	62	40	25	10	20	15	9
Mitigation & Management of Soil Loss Under Kenya Water Towers Agency	159	119	100	55	55	28	10
Community Livelihood Improvement Programme (CLIP)	300	179	161	65	60	38	10
Flood Control Works Nyando, Narok, Turkana, Budalangi, Migori & Homa	150	0	0	0	0	0	0
TOTAL	8,365	5,178	11,642	7,012	7,742	5,356	4,316

Annex table 4: Initiatives for which there are only totals and no split between external and GOK in the ARUD FY 2020/21–2022/23 KSh Millions.

DELIVERY UNIT	2020/21 Total Allocation	GOK	EXT	2021/22 Total Allocation	GOK	EXT	2022/23 Total Allocation	GOK	EXT
1071110400 Green Climate Fund Readiness Project	0	0	0	37	0	0	31	0	0
1169005000 Research and Innovation Management Department	32	0	0	33	0	0	45	0	0
1162104800 Towards Ending Drought Emergencies in Kenya (TWEENDE) TWEENDE	0	0	0	178	0	0	178	0	100
1169001000 Headquarters Land and Crop Development Services	273	0	0	456	0	0	396	0	0
Blue Economy Smart Climate (1166001100 Marine Fisheries Research Institute)	1,394	0	0	1,404	1,394	10	1,404	1,394	10
169107700 Climate Smart Agricultural Productivity Project (CS0APP)	339	0	0	280	0	0	147	0	0
Total for the 6 delivery units	2,038	0	0	2,387	1,394	10	2,200	1,394	110
Total for the 14 delivery units	20,328	1,206	17,084	16,711	2,404	13,324	12,719	8,735	3,288
% share of the total allocation	10%	0%	0%	14%	58%	0%	17%	16%	3%

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