

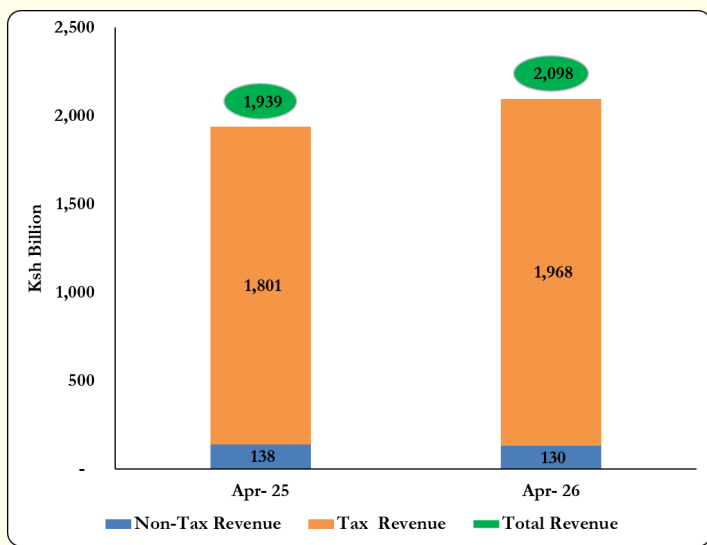
FY 25/26 Budget Performance

Exchequer releases April 2026

Key developments in the first 10 months of the FY 2025/26

- Service delivery in the devolved units is likely to be disrupted as the county disbursements continued to lag behind the approved cash disbursement schedule.
- With only two months remaining to the end of the financial year, 24 MDAs had received less than 50 percent of their revised annual development disbursements.
- By the 10th month of FY 2025/26, gross external borrowing had increased sharply by 73 percent compared to the same period last year.
- Debt service growth continued to outpace tax revenue growth compared to the same period last year.
- Revenue collections improved in April 2026, but the revised annual revenue target remains unlikely to be met.

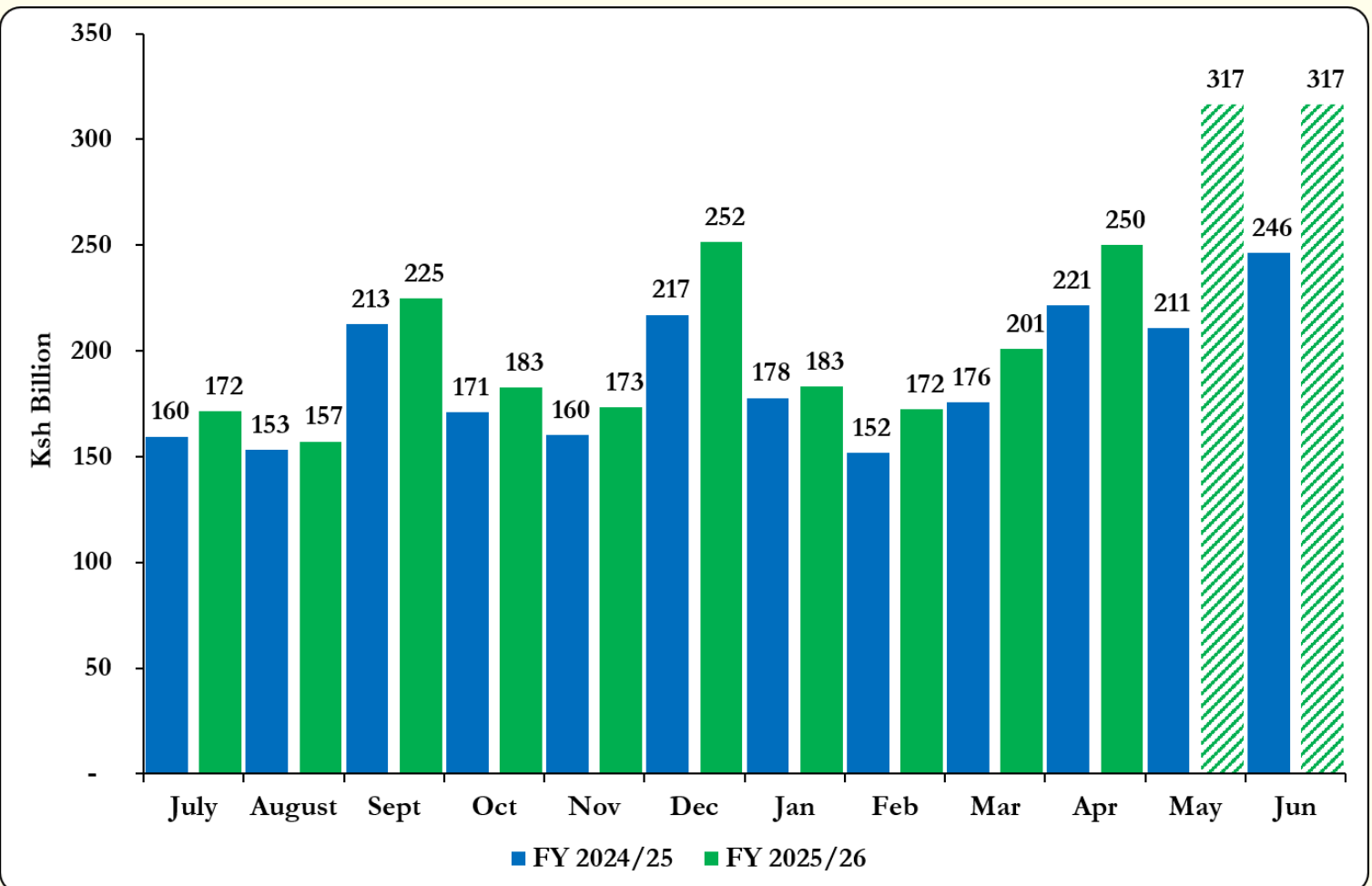
Total revenue recorded an 8 percent Year-on-Year growth in the first 10 months of FY 2025/26



- By the 10th month of FY 2025/26, the government had collected total revenue of KSh 2,098 billion accounting for approximately 75 percent of the revised target of KSh 2,784 billion. Monthly total revenue collections increased by about 14 percent from KSh 238 billion in April 2025 to approximately KSh 271 billion in April 2026, mainly supported by improved tax revenue collections.

- Despite this improvement, the revised total revenue target is still unlikely to be met as the government would need to collect approximately KSh 686 billion in the remaining two months of FY 2025/26, or about KSh 343 billion per month, which is significantly above the average monthly collection of about KSh 210 billion recorded during the first 10 months of the financial year.

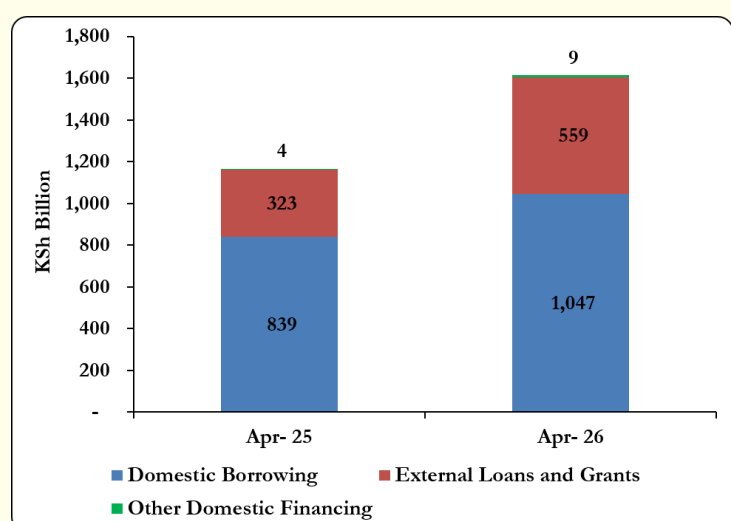
By the 10th month of FY 2025/26, average monthly tax revenue increased to KSh 197 billion, up from KSh 180 billion recorded over the same period in the previous year. However, the government is still likely to miss the revised target



- By the 10th month of FY 2025/26, tax revenue had reached about KSh 1,968 billion accounting for approximately 76 percent of the revised target of KSh 2,601 billion.
- Tax revenue collections improved in April 2026 recording the 2nd highest collection in FY 2025/26 and this was mainly attributable to the payment of installment tax for Corporate Income Tax.
- Additionally, Monthly tax revenue collections rose by about 13 percent, from KSh 221 billion in April 2025 to KSh 250 billion in April 2026, possibly reflecting improved domestic tax collections and stronger customs performance. However, the revised tax revenue target remains difficult to achieve, as the government must collect KSh 317 billion per month for the remaining two months.

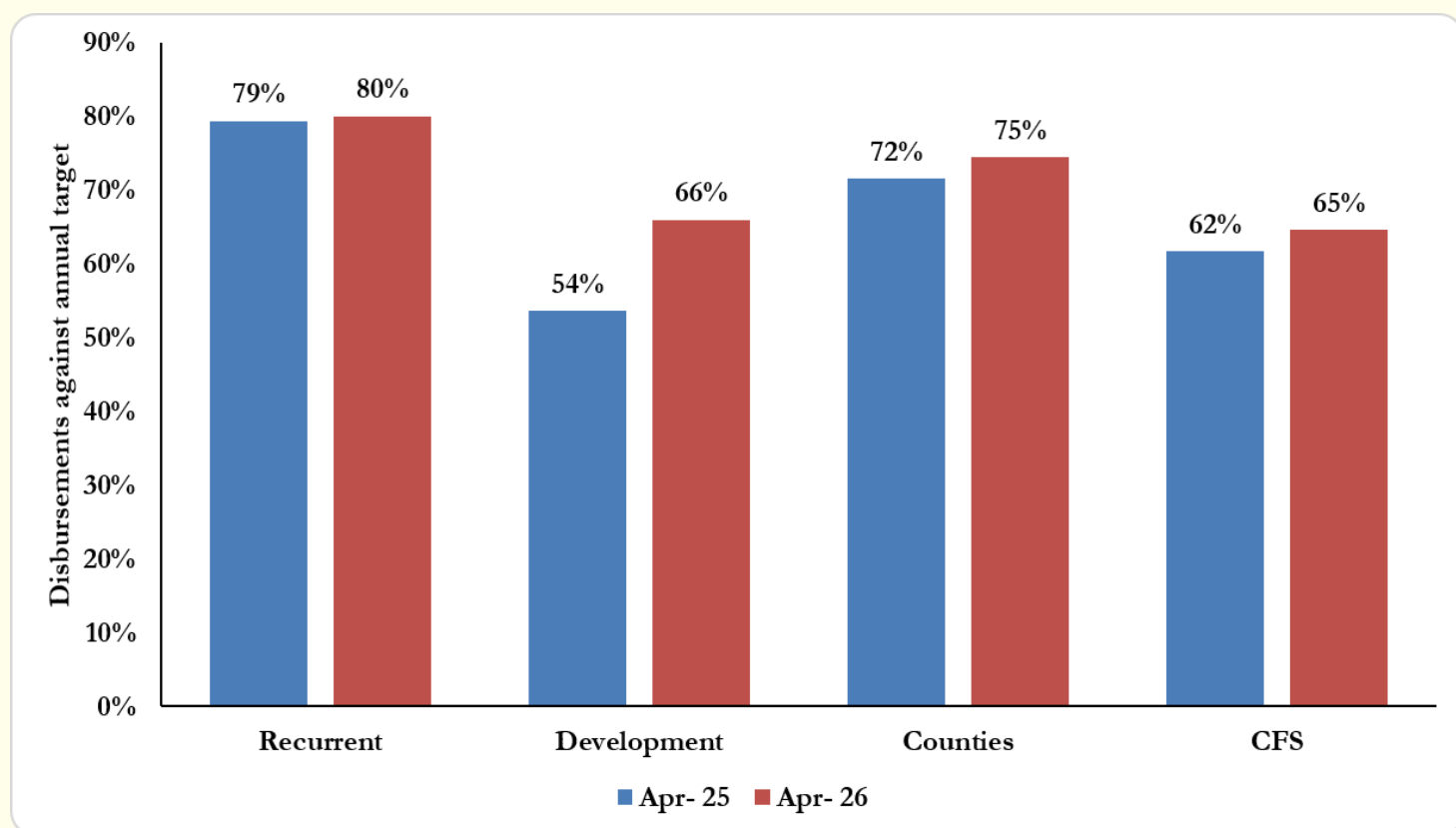
Source: Kenya Gazette (Vol. CXXVIII—No. 83)

In the first 10 months of FY 2025/26, gross external borrowing increased sharply, by 73 percent, while domestic borrowing recorded 25 percent growth



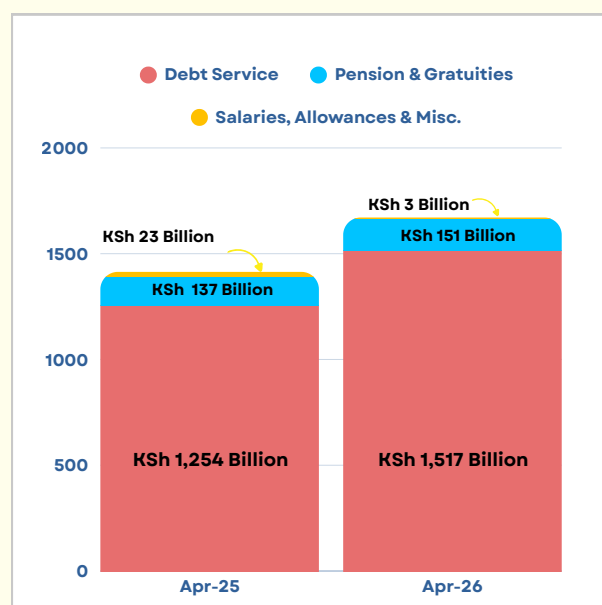
- Gross borrowing increased in the first 10 months of the FY 2025/26 compared to the same period in the last year illustrating increased reliance on debt financing amid persistent revenue shortfalls and expenditure pressures.
- Overall borrowing levels remained elevated, pointing to sustained fiscal pressures and rising future debt servicing obligations.

By April 2026, disbursements to the MDAs, counties and CFS had improved compared with the same period in the previous financial year, with development disbursements to the MDAs recording the largest increase



- Development expenditure disbursements reached about 66 percent of the revised annual target by April 2026 compared to 54 percent recorded in April 2025. However, 24 MDAs had still received less than 50 percent of their revised development budgets despite only two months remaining in the financial year, pointing to a high risk of delayed implementation, rushed spending, and low absorption of development projects.
- Notably, the Office of the Director of Public Prosecutions and the Independent Electoral and Boundaries Commission had not received any development disbursements at all by the 10th month of FY 2025/26.
- Recurrent expenditure disbursements reached about 80 percent of the revised annual target by April 2026 compared to 79 percent recorded over the same period last year, showing continued prioritization of recurrent spending within budget execution as the financial year approaches closure.
- County equitable share disbursements improved to about 75 percent of the revised annual target by April 2026, up from 72 percent in April 2025. However, based on the approved county cash disbursement schedule, counties were expected to have received about 84 percent of their annual equitable share allocation by April 2026, indicating continued delays in county transfers despite only two months remaining in the financial year.

By April 2026, consolidated fund services grew by 18 percent compared to the same period in FY 2024/25, driven by debt service



- By the 10th month of FY 2025/26, debt service had increased to KSh 1,517 billion, up from KSh 1,254 billion recorded in the same period last financial year, representing a 21 percent increase.
- The debt service increase significantly outpaced the growth in tax revenue, which rose by 9 percent from KSh 1,801 billion to KSh 1,968 billion over the same period.
- The sharp increase in debt service continued to absorb a substantial share of government revenue, constraining fiscal space for development and other public spending priorities.

Source: Kenya Gazette (Vol. CXXVIII–No. 83)