

3 OVERALL BUDGET PERFORMANCE

3.1 Introduction

This chapter presents a budget implementation performance summary in the first three months of FY 2023/24, comprising development and recurrent expenditure by the National Government and County Governments. The Consolidated Fund Services provides information on Public debt, Pensions, and Gratuities, as well as Salaries and Allowances to Constitutional Office holders and Miscellaneous services. The chapter further disaggregates expenditure by MDAs under major economic items for the development and recurrent votes, respectively.

3.2 FY 2023/24 Overall Budget

The Government's approved gross budget for the FY 2023/24 amounted to Kshs.4.87 trillion, presenting 13.7 per cent growth compared to Kshs.4.17 trillion in FY 2022/23. This comprised of Kshs.807.64 billion for ministerial development expenditure, Kshs.1.56 trillion for ministerial recurrent expenditures, Kshs.1.96 trillion for CFS and Kshs.534.63 billion for Counties. This recorded growth compared to Kshs.715.35 billion for ministerial development expenditure, Kshs.1.4 trillion for ministerial recurrent expenditure, and Kshs.1.57 trillion for CFS allocated in a similar period in FY 2022/23 (before the supplementary Budget I&II).

The National Government targeted to finance the budget through revenue of Kshs.3.16 trillion comprising of tax revenue of Kshs.2.5 trillion, Non-Tax Revenue of Kshs.75.33 billion, Other Domestic Financing of Kshs.3.19 billion, and MDAs Appropriation-in-Aid cumulating to Kshs.588.91 billion. The budget will also be funded by domestic borrowings amounting to Kshs.688.21 billion and External Loans and Grants amounting to Kshs.870.18 billion. The domestic borrowing comprises of net domestic borrowing of Kshs.313.68 billion and internal debt redemptions (roll-overs) of Kshs.374.54 billion. The actual receipts in the Consolidated Fund for the first three months of FY 2023/24 were Kshs.747.98 billion, including an opening balance of Kshs.2.62 billion brought forward from FY 2022/23.

In addition, MDAs also reported receipts of A-I-As amounting to Kshs.30.16 billion, comprising Kshs.24.63 for recurrent A-I-As and Kshs.5.53 billion for development A-I-As. Table 3.1 summarises receipts in the first three months of FY 2023/24.

Table 3.1: Summary of Receipts in to the Consolidated Fund and A-I-A

Description	Estimates	Actual	Performance
	Kshs	Kshs	%
Opening Balance	-	2,617,485,484	
Tax Revenue	2,495,825,165,065	514,264,884,193	20.6
Non-Tax Revenue	75,333,897,602	23,081,995,058	30.6
Domestic Borrowing	688,213,698,151	147,160,419,980	21.4
External Loans and Grants	870,178,136,085	57,809,496,045	6.6
Other Domestic Financing	3,190,000,000	3,043,591,359	95.4
Sub-Total	4,132,740,896,903	747,977,872,120	18.1
A-I-A			
MDA Recurrent A-I-A	262,083,546,254	24,625,809,080	9.4
MDA Development A-I-A	326,827,886,931	5,531,906,215	1.7
Sub-Total	588,911,433,185	30,157,715,295	5.1

Source: National Treasury and MDAs

County governments targeted to fund the budget from equitable shareable revenue Kshs.385.42 billion, Own Source revenue Kshs.78.61 billion, Balance brought forward from FY 2022/23 Kshs.27.96 billion and additional allocation/conditional grants Kshs. 42.64 billion.

Table 3.2 shows the overall budget performance of the national government and county governments in the first three months of FY 2023/24.

Table 3.2: Overall Budget Performance

VOTE	First Three months of FY 2023/24 (Kshs. Bn)						First three months of FY 2022/23 (Kshs. Bn)					
	Gross estimates	Net estimates	Cumulative Exchequer	Cumulative Expenditure	% of Exchequer to Net Estimates	Absorption Rate (%)	Gross estimates	Net estimates	Exchequer Issues	Cumulative Expenditure	% Exchequer to Net estimates	Absorption rate (%)
Recurrent	3,528.58	3,266.50	653.05	700.49	20.0	19.9	2,975.71	2,750.21	540.90	618.12	19.7	20.8
: MDAs	1,564.89	1,302.80	268.10	320.70	20.6	20.5	1,403.90	1,178.40	276.11	355.99	23.4	25.4
: CFS	1,963.70	1,963.70	384.95	379.79	19.6	19.3	1,571.81	1,571.81	264.79	262.14	16.8	16.7
Development	807.64	480.82	31.65	83.70	6.6	10.4	715.35	424.39	68.06	78.97	16.0	11.0
Sub-totals	4,336.23	3,747.32	684.7	784.19	18.9	18.1	3,691.07	3,174.60	608.96	697.10	19.2	18.9
County Governments	534.63	385.42	68.79	67.30	13.0	12.6	478.87	370.00	70.34	54.82	19.0	11.4
Grand Total	4,870.86	4,132.74	745.81	851.66	18.0	17.5	4,169.94	3,544.60	679.30	751.89	19.2	18.0

Source: National Treasury, OCOB, MDAs & County Treasuries

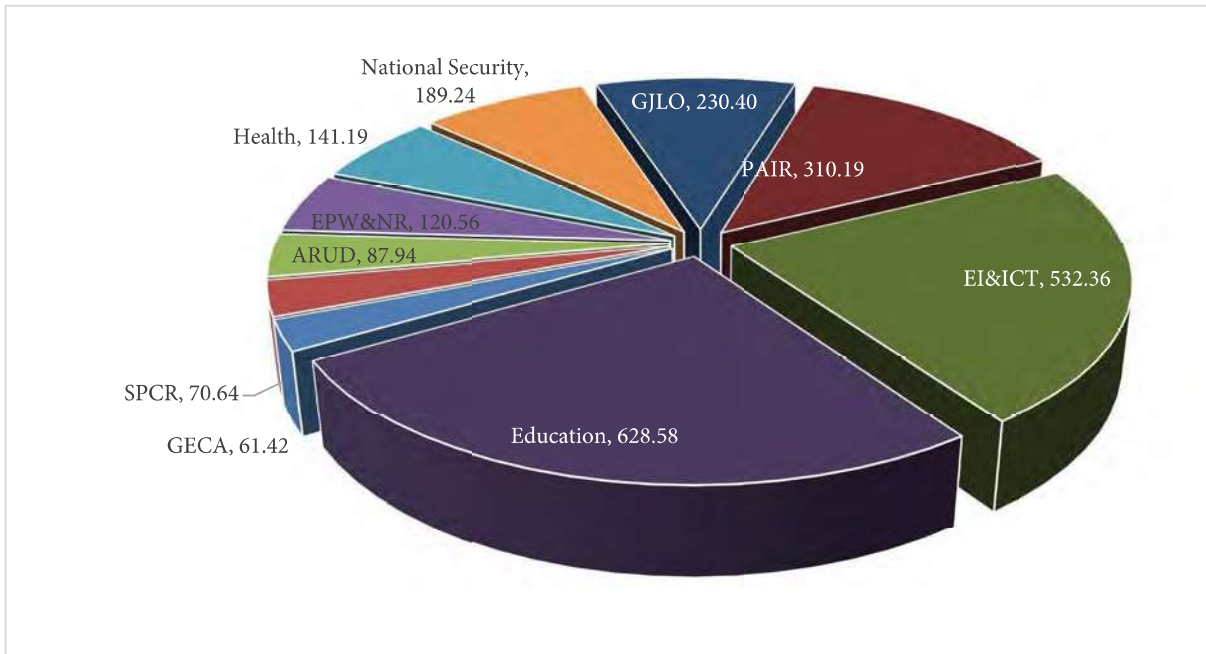
The total exchequer issued by the National Treasury and County Governments in the first three months of FY 2023/24 was Kshs.745.81 billion, representing 18.0 per cent of the net estimates, compared to 19.2 per cent (Kshs.679.30 billion) recorded in a similar period in FY 2022/23. County governments generated a total of Kshs.9.53 billion comprising Kshs.6.60 billion and Kshs.2.93 billion as Own Source Revenue and Facility Improvement Fund/A-IAs respectively.

The exchequer issues comprised Kshs.31.65 billion (6.6 per cent) for ministerial development expenditure, Kshs.268.10 billion (20.6 per cent) for ministerial recurrent expenditure, Kshs.384.95 billion (21.0 per cent) to CFS and Kshs.61.11 billion for the Counties (15.9 per cent). Gross expenditure for both the National and County governments was Kshs.851.66 billion, recording an absorption rate of 17.5 per cent, compared to Kshs.751.89 billion (18.0 per cent) recorded in a similar period FY 2022/23.

National government gross expenditure amounts to Kshs.784.18 billion, comprising ministerial development expenditure at Kshs.83.70 billion (absorption rate of 10.4 per cent), ministerial recurrent expenditure at Kshs.320.70 billion (absorption rate of 20.5 per cent), and Consolidated Fund Services at Kshs.379.79 billion (20.7 per cent). Gross expenditure for county governments amounted to Kshs.67.47 billion, recording an absorption rate of 12.6 per cent, compared to Kshs.54.83 billion recorded in a similar period of FY 2022/23 (an absorption rate of 11.4 per cent). This comprised development expenditure amounting to Kshs.6.92 billion (absorption rate of 3.7 per cent and recurrent expenditure at Kshs.60.56 billion, recording an absorption rate of 17.5 per cent.

Figure 3.1 presents the annual budget allocation by vote in the FY 2023/24.

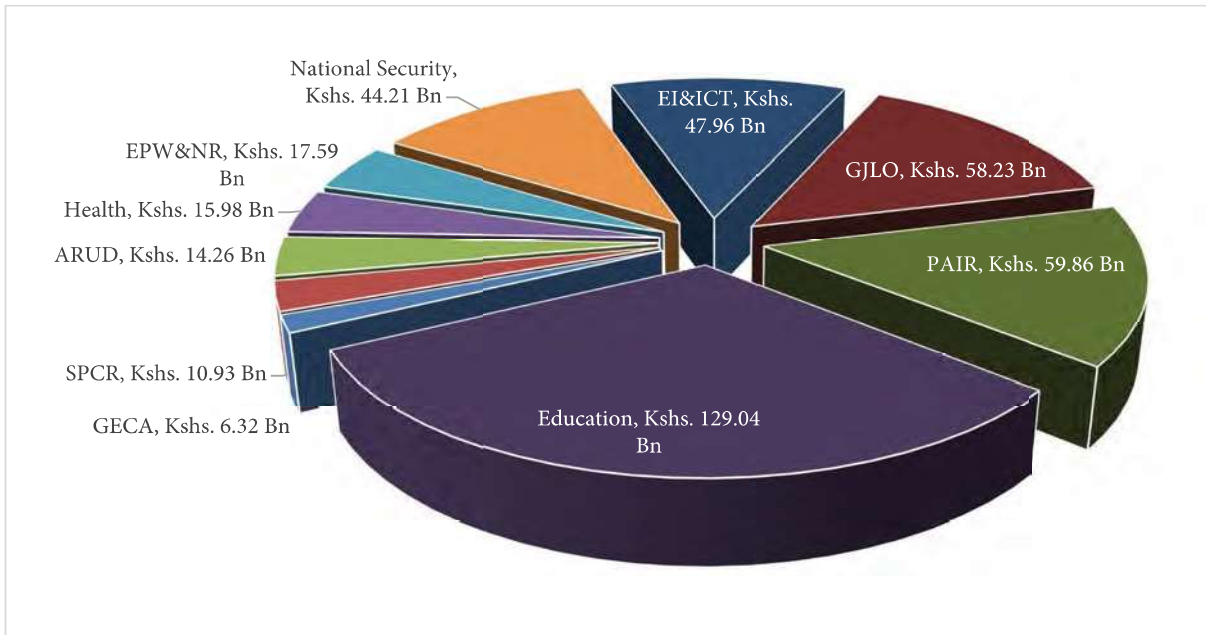
Figure 3.1: Annual Allocation by Sector FY 2023/24 (Kshs. Billion)



Source: National Treasury

Figure 3.2 shows expenditure by vote in the first three months of FY 2023/24.

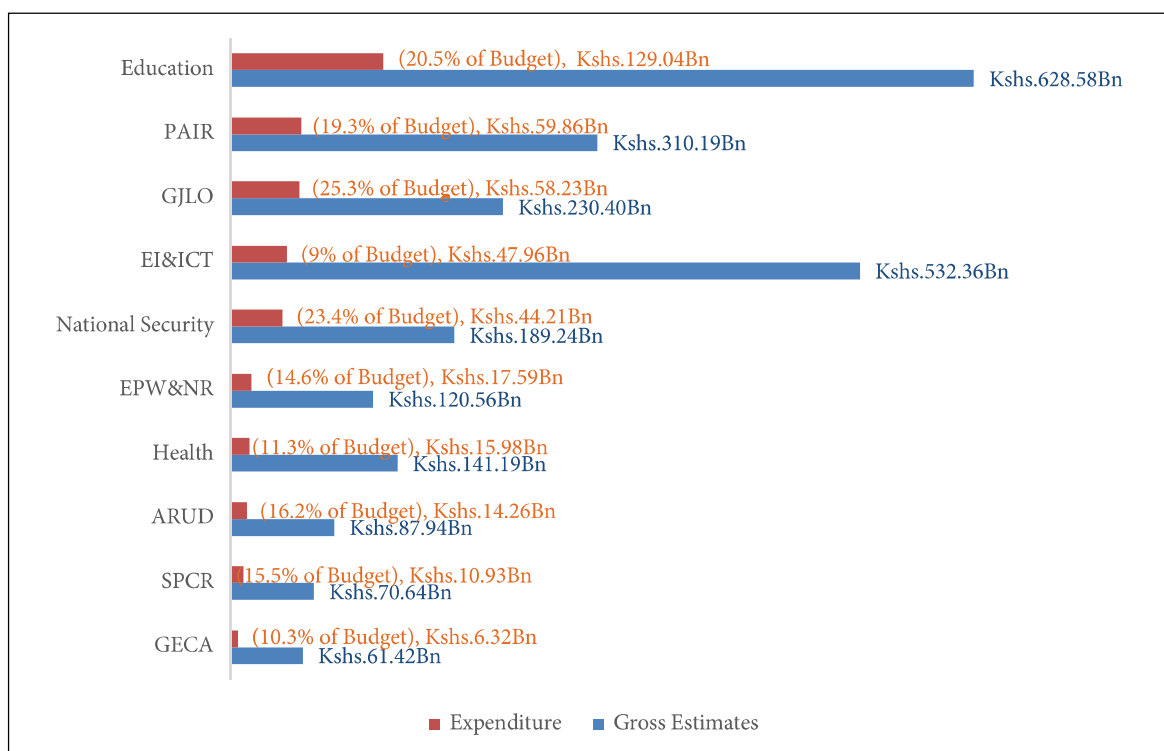
Figure 3.2: Expenditure by Sector



Source: MDAs & National Treasury

Figure 3.3 shows the proportion of expenditure by sector in the first three months of FY 2023/24.

Figure 3.3: Proportion of Expenditure by Sector in the FY 2022/23 (Kshs. Billion)



Source: MDAs & National Treasury

3.3 Consolidated Fund Services Budget Performance

Budget allocation to the CFS in FY 2023/24 amounted to Kshs.1.84 trillion, compared to Kshs.1.58 trillion allocated in FY 2022/23. Table 3.3 summarises CFS vote implementation status for the first three months of FY 2023/24.

Table 3.3: CFS Budget Performance

CFS Category	Estimates (Kshs. Million)	Exchequer Issues (Kshs. Million)	Expenditure (Kshs. Million)	Expenditure as % of estimates
Public Debt	1,751,704.45	347,222.89	345,425.23	19.7
Pensions and Gratuities	189,089.78	30,832.43	30,832.43	16.3
Salaries & Allowances and Miscellaneous Services	23,532.70	6,894.36	3,528.92	15.0
Total	1,963,696.93	384,949.69	379,786.58	19.3

Source: National Treasury

Total expenditure for CFS in the period under review amounted to Kshs.379.79 billion, representing 20.7 per cent of the CFS gross estimates, an increase of 44.9 per cent compared to Kshs.262.14 billion (16.7 per cent) recorded in a similar period FY 2022/23. The increase is attributed to the rise in public debt payments linked to maturing loans and a spike in the cost of servicing debt due to the weakening of the Kenya shilling against the major world currencies, specifically external debt.