

OFFICE OF THE CONTROLLER OF BUDGET



NATIONAL GOVERNMENT BUDGET IMPLEMENTATION REVIEW REPORT

FIRST SIX MONTHS
FY 2023/24

FEBRUARY, 2024

3 OVERALL BUDGET PERFORMANCE

3.1 Introduction

This chapter presents the budget implementation summary for the National Government in the first six months of FY 2023/24. The summary is disaggregated by development and recurrent expenditure. Consolidated Fund Services is classified as recurrent expenditure and 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 National government original gross budget for FY 2023/24 amounted to Kshs.4.34 trillion, revised to Kshs.4.54 trillion in Supplementary Budget I, compared to Kshs.3.67 trillion in FY2022/23. This comprised of Kshs.807.64 billion for ministerial development expenditure, revised to Kshs.783.22 billion in Supplementary Budget I (see Annex I, referenced on page 167) and Kshs.1.56 trillion for ministerial recurrent expenditures, revised to Kshs.1.68 trillion in Supplementary Budget I (see Annex II referenced on page 170) and Kshs.1.96 trillion for CFS revised to Kshs.2.08 trillion in Supplementary Budget I. This recorded growth compared to Kshs.715.35 billion for ministerial development expenditure, Kshs.1.40 trillion for ministerial recurrent expenditure, and Kshs.1.57 trillion for CFS allocated in FY 2022/23.

To fund the budget, the Government targeted to raise Kshs.4.13 trillion revised to Kshs.4.28 trillion in Supplementary Budget I, comprising of tax revenue of Kshs.2.5 trillion, Non-Tax Revenue of Kshs.80.93 billion, and Other Domestic Financing of Kshs.3.19 billion. The budget will also be funded by domestic borrowings amounting to Kshs.851.89 billion and External Loans and Grants amounting to Kshs.849.76 billion. The domestic borrowing comprises of net domestic borrowing of Kshs.471.36 billion and internal debt redemptions (roll-overs) of Kshs.380.54 billion. The actual receipts in the Consolidated Fund for the first six months of FY 2023/24 were Kshs.1.44 trillion, including an opening balance of Kshs.2.62 billion brought forward from FY 2022/23.

Table 3.1 shows the overall budget performance of the National Government in the first six months of FY 2023/24.

Table 3.1: Overall Budget Performance

VOTE	First six months of FY 2023/24 (Kshs. Bn)						First six months of FY 2022/23 (Kshs. Bn)					
	Revised Gross Estimates	Revised Net estimates	Cumulative Exchequer	Cumulative Expenditure	% of Exchequer to Revised Net Estimates	Absorption Rate (%)	Approved Gross estimates	Net estimates	Exchequer Issues	Cumulative Expenditure	% Exchequer to Revised Net Estimates	Absorption rate (%)
Recurrent	3,760.08	3,438.97	1,228.38	1,421.27	35.7	38.3	2,975.71	2,750.21	1,106.39	1,270.69	40.2	42.7
: MDAs	1,681.23	1,360.12	560.99	752.92	41.2	44.8	1,403.90	1,178.40	550.57	677.04	46.7	48.2
: CFS	2,078.85	2,078.85	667.95	688.35	32.1	33.1	1,571.81	1,571.81	555.81	593.65	35.4	37.8
Development	783.22	457.22	70.41	197.41	15.4	25.2	715.35	424.39	121.75	171.61	28.7	24
Total	4,543.30	3,896.19	1,299.34	1,638.67	33.3	36.1	3,691.06	3,174.60	1,228.14	1,442.30	38.7	39.1

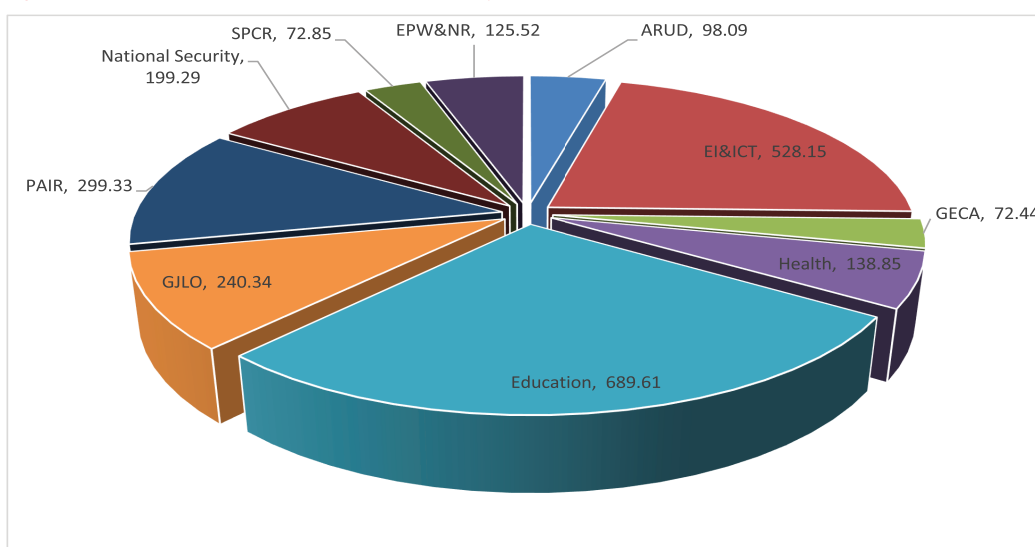
Source: National Treasury, OCoB and MDAs

The total exchequer issues by the National treasury to National government in the first six months of FY 2023/24 were Kshs.1.30 trillion, representing 33.7 per cent of the revised net estimates, compared to 38.6 per cent (Kshs.1.23 trillion) recorded in a similar period in FY 2022/23. The exchequer issues comprised Kshs.70.41 billion (15.4 per cent) for ministerial development expenditure, Kshs.560.99 billion (41.2 per cent) for ministerial recurrent expenditure and Kshs.667.95 billion (32.1 per cent) to CFS.

Gross expenditure for the National government was Kshs.1.64 trillion, recording an absorption rate of 36.1 per cent, compared to Kshs.1.44 trillion (39.1 per cent) recorded in a similar period FY 2022/23. This comprised ministerial development expenditure at Kshs.197.41 billion (absorption rate of 25.2 per cent), ministerial recurrent expenditure at Kshs.752.92 billion (absorption rate of 44.8 per cent), and Consolidated Fund Services at Kshs.668.35 billion (32.1 per cent).

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

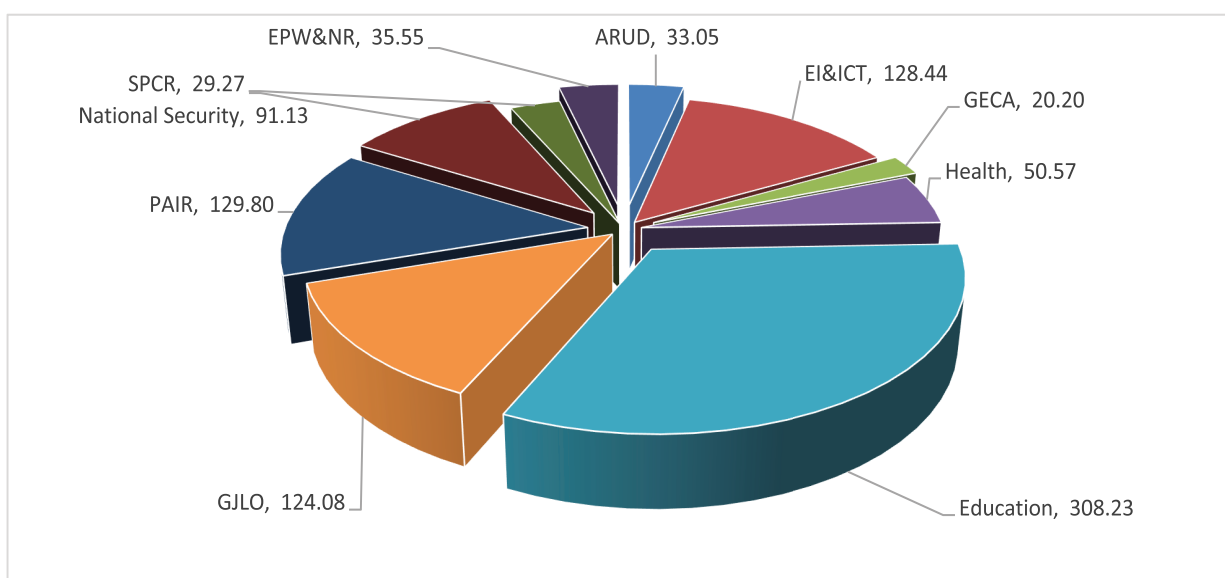
Figure 3.1: Revised Annual Allocation by Sector FY 2023/24 (Kshs. Billion)



Source: National Treasury

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

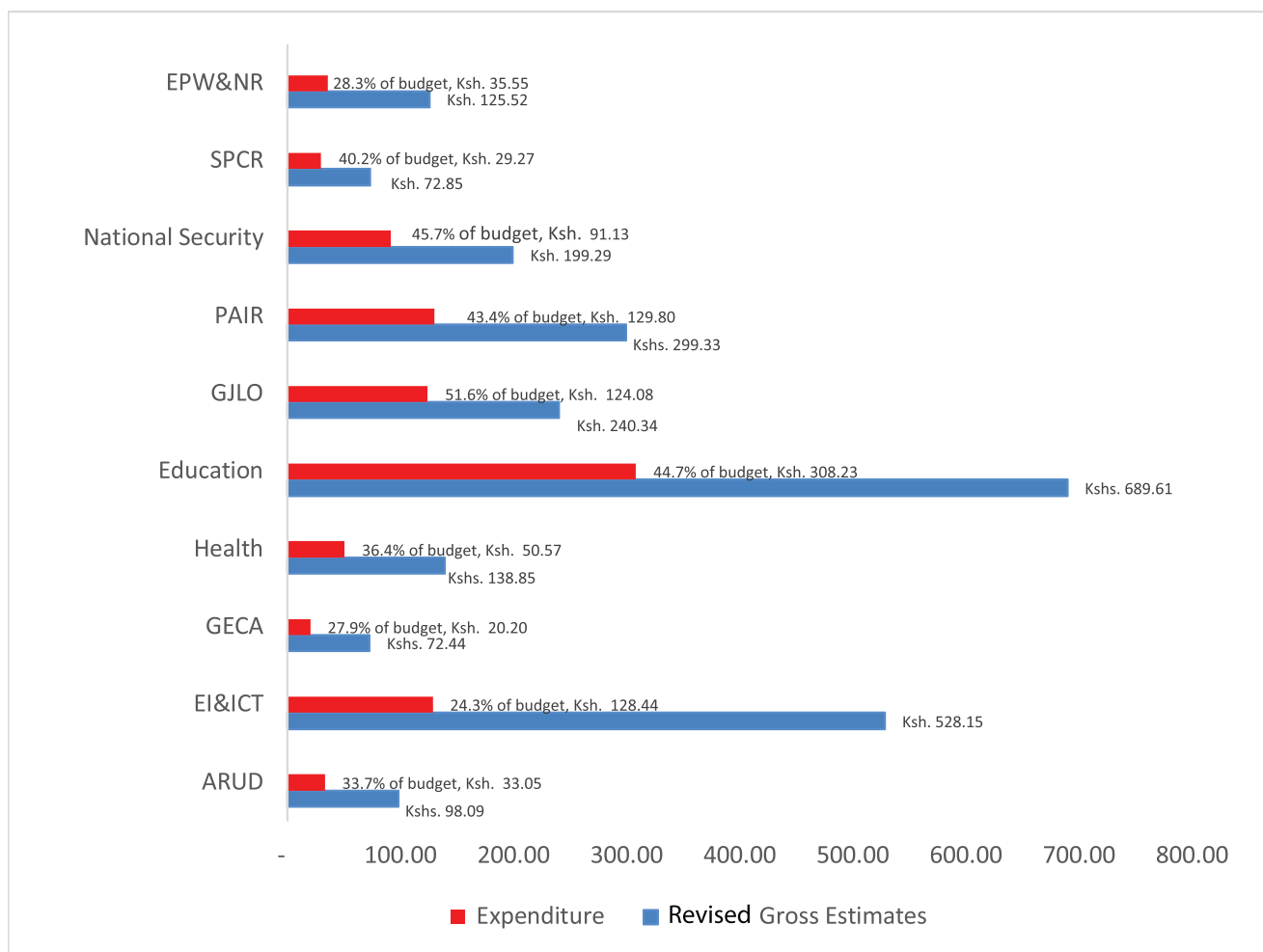
Figure 3.2: Expenditure by Sector (Kshs. Billion)



Source: MDAs and National Treasury

Figure 3.3 shows the proportion of expenditure by sector in the first six 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

The initial budget allocation for CFS in FY 2023/24 amounted to Kshs.1.96 trillion. This amount was revised to Kshs.2.08 trillion in Supplementary Budget I, an increase compared to Kshs.1.57 trillion allocated in FY 2022/23. Table 3.2 summarises the CFS vote implementation status for the first six months of FY 2023/24.

Table 3.2: CFS Budget Performance (Kshs. Millions)

CFS Category	First Six Months FY 2023/24						First Six-Month FY 2022/23				
	Original Estimates	Revised Estimates	Exchequer Issues	Expenditure	Exchequer Issues as % of Estimates	Expenditure as % of Estimates	Net Estimates	Exchequer Issues	Expenditure	Exchequer Issues as % of Estimates	Expenditure as % of Estimates
Public Debt	1,751,074.45	1,866,038.32	600,734.07	597,577.40	32.2	32.0	1,393,126.15	503,798.69	526,024.81	36.2	37.8
Pensions and Gratuities	189,089.78	189,089.78	59,005.44	82,302.03	31.2	43.5	171,828.28	47,573.61	63,183.67	27.7	36.8
Salaries & Allowances and Miscellaneous Services (includes Guaranteed Debts)	23,532.70	23,721.82	8,207.26	8,486.27	34.6	35.8	6,866.33	4,441.73	4,441.55	64.7	64.7
Total	1,963,696.93	2,078,849.92	667,946.77	688,345.70	32.1	33.1	1,571,820.76	555,814.03	593,650.03	35.4	37.8

Source: National Treasury

Total expenditure for CFS in the period under review amounted to Kshs.557.41 billion, representing 33.1 per cent of the revised estimates for CFS, compared to Kshs.593.65 billion (37.8 per cent) recorded in a similar period FY 2022/23.

3.3.1 Public Debt

As of 31st December 2023, the Public debt stock stood at Kshs.11.14 trillion, comprising of Kshs.6.09 trillion (54.7 per cent) dues to external lenders and Kshs.5.05 trillion (45.3 per cent) dues to domestic lenders. Table 3.3 represents the public debt position as of 31st December 2023.

Table 3.3: Public and Publicly Guaranteed Debt Stock Debt as of 31st December 2023 (Kshs. Million)

Category	As of 30 th June, 2023	First six months of FY 2023/24		As of 31 st December, 2023	Percentage Change (%)	Composition (%) of Loan Portfolio
		Loans disbursed	Loan paid (Principal)			
External Debt						
Bilateral	1,339,502.61	10,816.98	76,799.12	1,422,179.86	6.2	12.8
Multilateral	2,654,934.26	96,959.69	27,524.66	3,061,107.96	15.3	27.5
Commercial Banks	1,437,275.86	34,125.48	30,288.72	1,588,655.72	10.5	14.3
Suppliers Credits	14,848.21	-	-	17,641.45	18.8	0.2
Sub-Total External Debt	5,446,560.94	141,902.15	134,612.50	6,089,584.98	11.8	54.7
Domestic Debt						
Central Bank	102,592.26	17,670.58	39.39	120,223.45	17.2	1.1
Commercial Banks	2,095,068.99	72,779.56	58,128.10	2,109,720.45	0.7	18.9
Sub-total: Banks	2,197,661.25	90,450.14	58,167.49	2,229,943.89	1.5	20.0
Non-bank	2,506,969.82	185,097.24	9,696.45	2,682,370.61	7.0	24.1
IMF SDR* Funds On-Lent to Government	95,721.40	-	5,099.35	104,244.60	8.9	0.9
Others (Non-residents)	31,965.43	1,677.00	93.00	33,549.43	5.0	0.3
Sub-Total Domestic	4,832,317.91	277,224.38	73,056.30	5,050,108.54	4.5	45.3
Grand Total	10,278,878.84	419,126.53	207,668.80	11,139,693.52	8.4	100.0

Source: National Treasury

*IMF SDR-International Monetary Fund Special Drawing Rights