



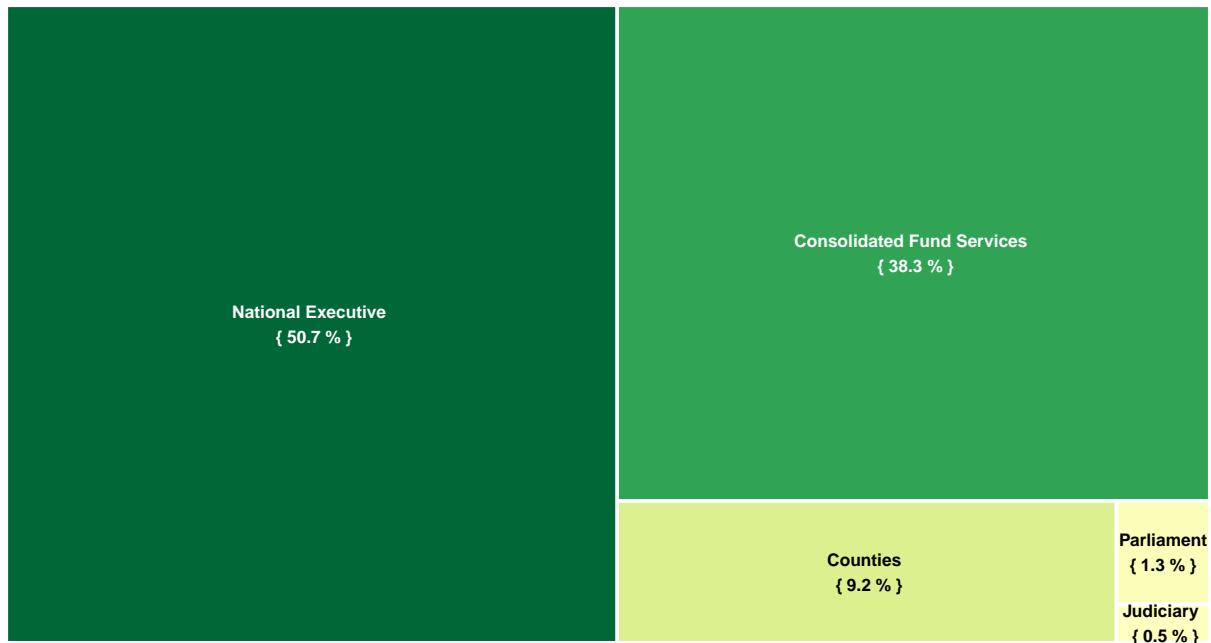
Institute of
Economic Affairs

FACT SHEET

KENYA'S BUDGET, 2022/23

Budget Overview

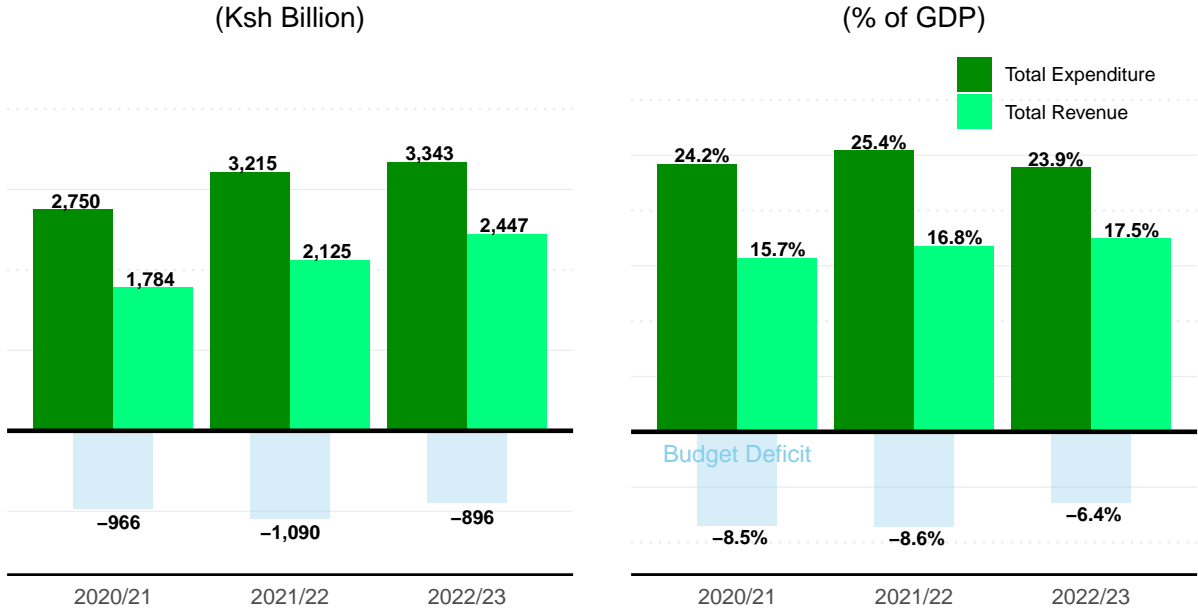
(Ksh 3.34 Trillion)



	2020/21	2021/22	2022/23
Total Budget (Ksh Billion)	2,750	3,215	3,343
Total Budget (as a share of GDP)	24.2%	25.4%	23.9%
Total Budget per person (Ksh)	55,738	63,646	64,623
Total Budget per person (Ksh), adjusted for inflation	43,540	46,208	43,867

Source: The National Treasury / Budget Estimates

Total Expenditure versus Total Revenue



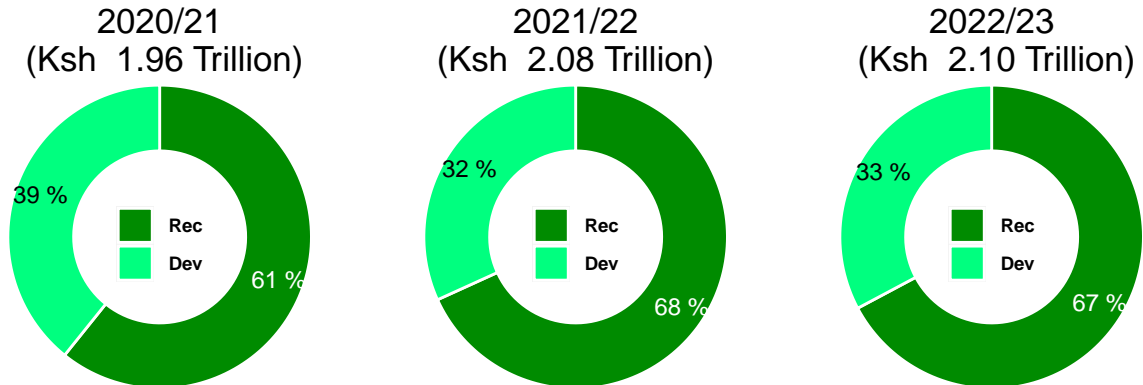
Discretionary versus Non Discretionary Budget

Type	Ksh Billion			as a % of Total Budget		
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Discretionary [†]	1,676	1,906	1,807	61	59	54
Non Discretionary [‡]	1,074	1,309	1,535	39	41	46
Total Budget	2,750	3,215	3,343	100	100	100

[†] Budget whose spending is not mandatory e.g. construction of a road

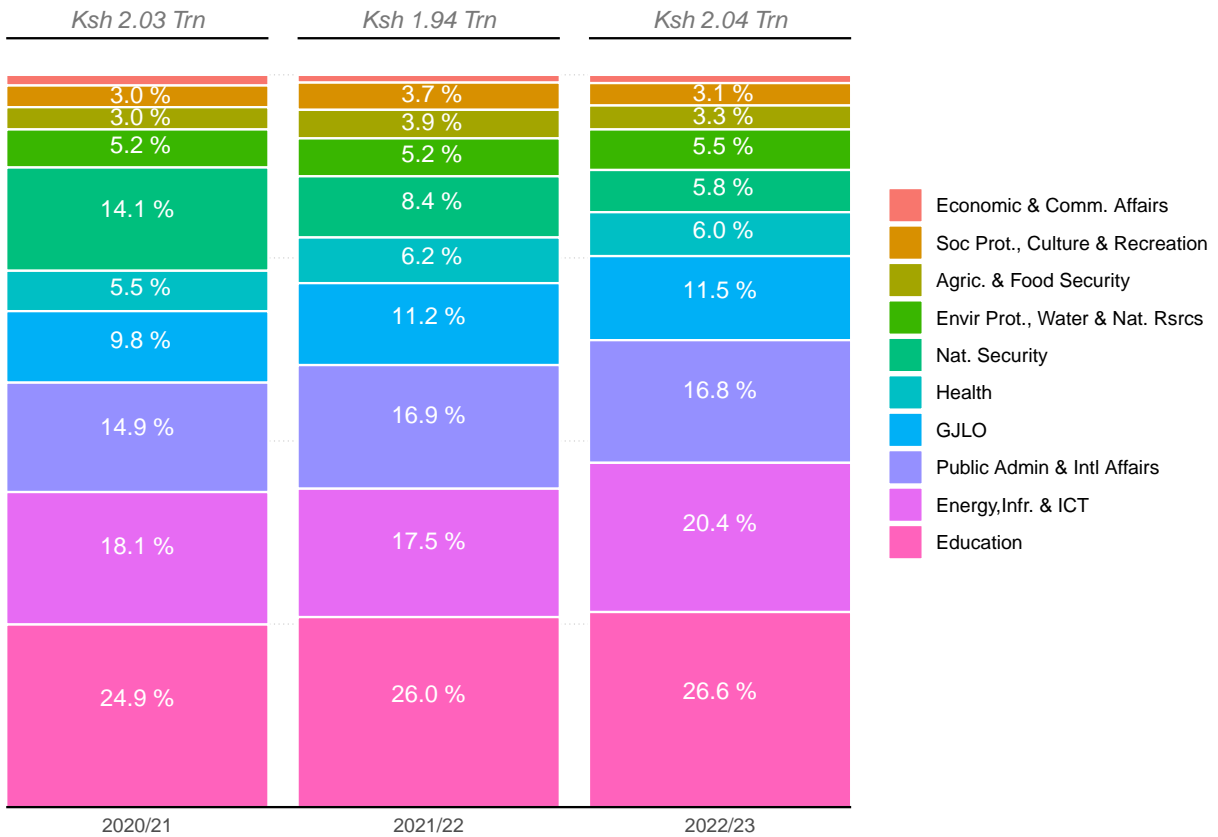
[‡] Budget whose spending is mandatory e.g. debt obligations

Ministries, Departments and Agencies budget allocation

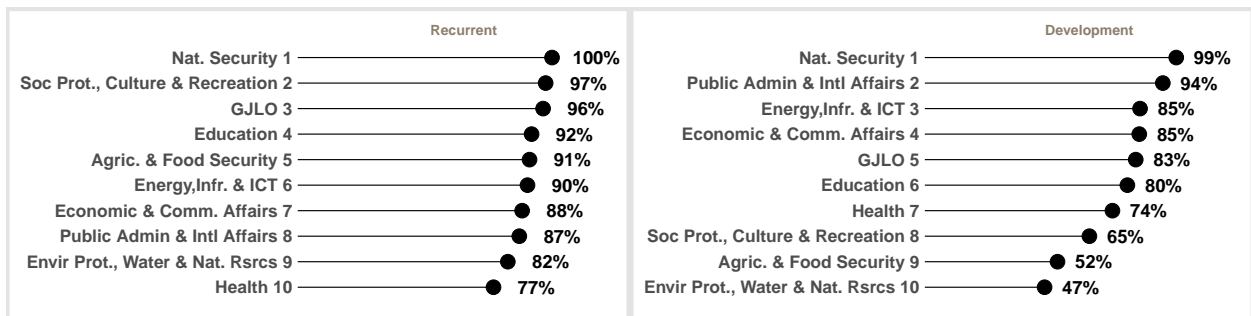


Source: The National Treasury / Budget Estimates

Sectoral Comparison: Budget Estimates, Disbursement and Expenditure

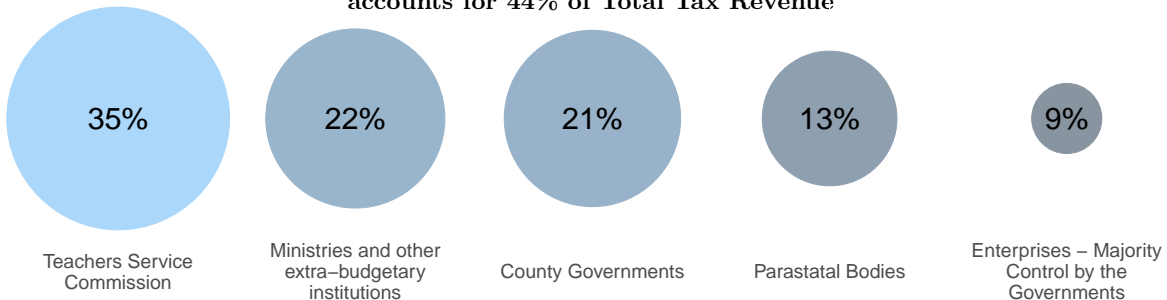


Absorption rates across sectors (2020/21) (an indicator for the extent to which budgets have been spent)



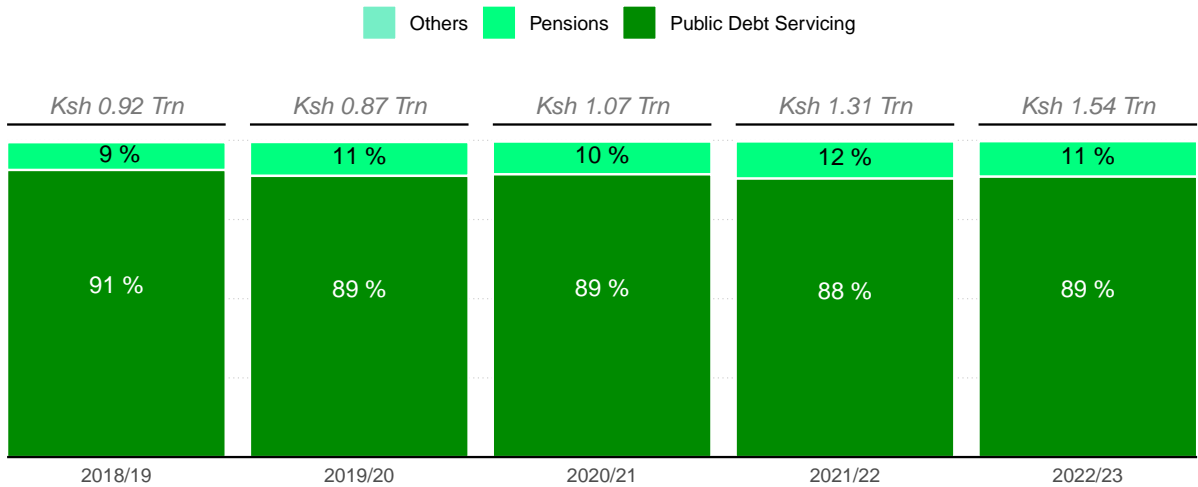
Total Wage Payments in the Public Sector, (2020) (Ksh 694 Billion)

accounts for 44% of Total Tax Revenue



Source: Budget Estimates and Economic Survey

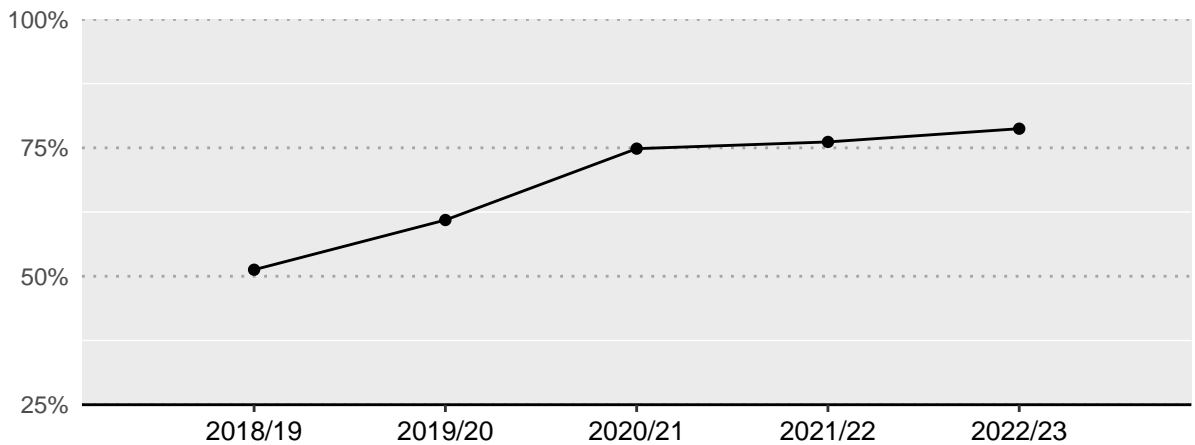
Consolidated Fund Services (CFS)



Composition of Public Debt Servicing

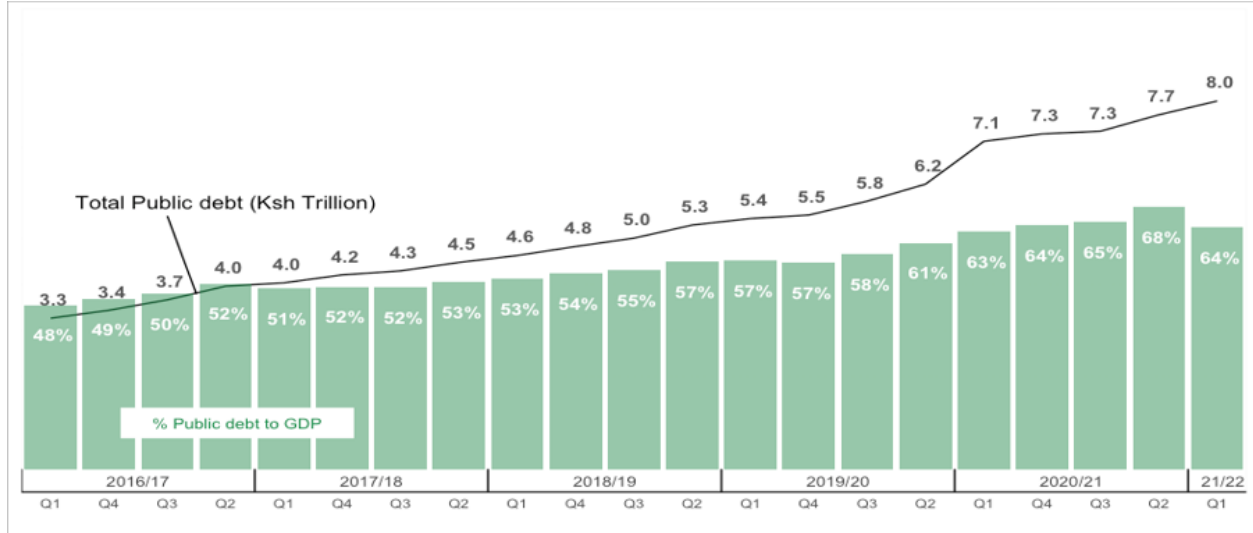
		Ksh Billion					as a % of Sub Total				
		18/19	19/20	20/21	21/22	22/23	18/19	19/20	20/21	21/22	22/23
Interest	Domestic	302	340	422	482	508	70	74	75	75	73
	External	132	119	138	161	187	30	26	25	25	27
	Total	434	459	560	643	695	100	100	100	100	100
Redemption	Domestic	214	362	347	437	457	64	72	57	60	46
	External	121	138	262	297	534	36	28	43	40	54
	Total	335	500	609	734	991	100	100	100	100	100

Total Debt Servicing as a share of Ordinary Revenue



Source: The National Treasury | Budget Estimates

Trends in Total Public debt



Is Kenya's public debt level sustainable?

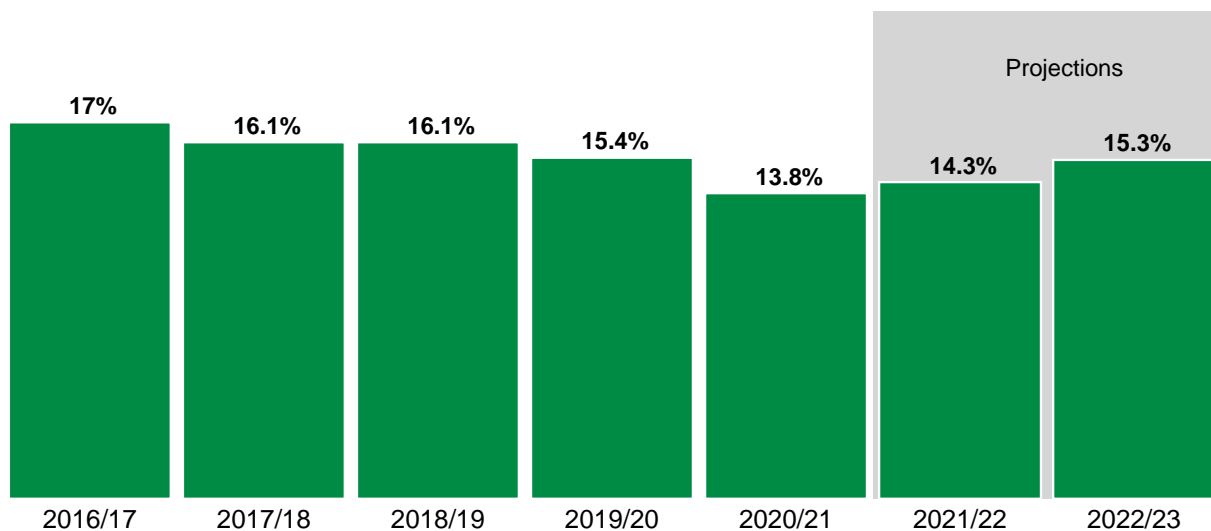
Debt Sustainability Analysis

	Threshold	2020	2021	2022	2023	2024	2025
PV of Public Debt to GDP ratio	55	62.4	63	64.2	63.4	62.9	61.1
PV of Public Debt to revenue and grants ratio	300	360	372.6	370.8	348.7	339.2	324
PV of PPG External Debt to GDP ratio	40	28.7	28.7	28.3	27.3	26.3	25.7
PV of PPG External Debt to Exports ratio	180	288.3	255.8	239.2	219.8	204.2	193.6
PPG debt service to exports	15	26.5	19.1	22.7	20.1	29.7	18.4
PPG debt service to revenue	18	15.5	13	15.8	14	21	13.1

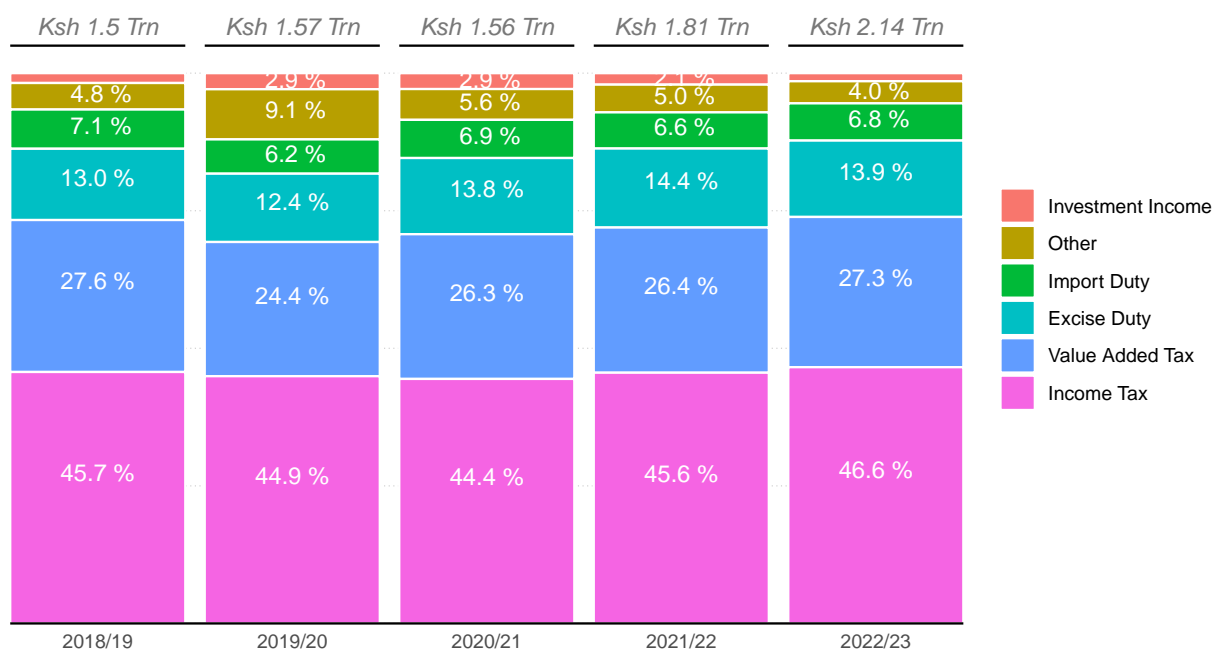
Source- IMF March 2021

- Debt Sustainability Assessment – assesses impact of Kenya's current debt level and ability to meet future debt service obligations
- DSA analysis show that Kenya has breached key solvency indicators (PV of PPG External debt to GDP and export ratios) and liquidity indicators (external debt service to revenue and export ratios)
- Overall, DSA results - Kenya's public debt remains sustainable over the medium term BUT with high risk of debt distress
- Risks associated with SOEs financial challenges, slowdown in exports and adverse effect of COVID 19 pandemic

Ordinary Revenue as a share of GDP



Composition of Ordinary Revenue



	Ksh Billion					as a % of Total Revenue					as a % of GDP				
	18/19	19/20	20/21	21/22	22/23	18/19	19/20	20/21	21/22	22/23	18/19	19/20	20/21	21/22	22/23
A.I.A [†]	205	164	222	316	305	12	9	12	15	12	2.2	1.6	2.0	2.5	2.2
Ordinary Revenue [‡]	1,500	1,573	1,562	1,808	2,142	88	91	88	85	88	16.0	15.2	13.8	14.3	15.3
Total	1,704	1,737	1,784	2,125	2,447	100	100	100	100	100	18.2	16.7	15.7	16.8	17.5

[†] Appropriation in Aid; constitutes revenue collected as user fees e.g. hospital bills

[‡] Ordinary revenue is tax from ordinary taxes, levies duties e.t.c.

Source: The National Treasury / Quarterly Budget and Economic Review