



PARLIAMENTARY SERVICE COMMISSION

PARLIAMENTARY BUDGET OFFICE

2025/26 BUDGET EXPLAINER

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ACRONYMS AND ABBREVIATIONS

ABDP	Aquaculture Business Development Programme
ACT	Artemisinin Combination Therapy
AFA	Agriculture and Food Authority
AFC	Agricultural Finance Corporation
AFD	French Development Agency
AiA	Appropriations-in-Aid
AIDS	Acquired immune deficiency syndrome
ART	Antiretroviral Therapy
BPO	Business process outsourcing
CAIPs	County Aggregated and Industrial Parks
CAJ	Commission for Administration of Justice
CBK	Central Bank of Kenya
CFS	Consolidated Funds Services
CHPs	Community Health Promoters
CPST	Centre for Parliamentary Studies and Training
CRA	Commission on Revenue Allocation
DANIDA	Danish International Development Agency
Dev	Development
DP	Deputy President
DRPNK	Drought Resilience Programme in Northern Kenya
EACC	Ethics and Anti-Corruption Commission
ELRB	Emergency Locust Response Projects
FSRP	Food Systems Resilience Project
GDP	Gross domestic product
GoK	Government of Kenya
Govt	Government
HELB	Higher Education Loans Board
HIV	Human Immunodeficiency Viruses
ICT	Information Communication and Technology
ICTA	Information and Communication Technology Authority
IDA	International Development Association
IEBC	Independent Electoral and Boundaries Commission
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
KABDP	Kenya Agriculture Business Development Project
KALRO	Kenya Agricultural and Livestock Research Organization
KDF	Kenya Defence Forces
KDSP	Kenya Devolution Support Programme
KeLCoP	Kenya Livestock Commercialization project
KEMFRI	Kenya Marine and Fisheries Research Institute
KENHA	Kenya National Highways Authority
KEPHIS	Kenya Plant Inspectorate Services

ACRONYMS AND ABBREVIATIONS

KeRRA	Kenya Rural Roads Authority
KFS	Kenya Forest Service
KISIP	Kenya Informal Settlement Improvement Project
KMTC	Kenya Medical Training College
KNH	Kenyatta National Hospital
KNHRC	Kenya National Commission on Human Rights Commission
KNTC	Kenya National Trading Company
KRA	Kenya Revenue Authority
KRC	Kenya Railways Corporation
KSG	Kenya School of Government
Kshs	Kenya Shillings
KUCCPS	Kenya Universities and Colleges Central Placement
KURA	Kenya Urban Roads Authority
KUSP	Kenya Urban Support Project
KUTRRH	Kenyatta University Teaching, Referral and Research Hospital
KWS	Kenya Wildlife Service
LPG	Liquefied Petroleum Gas
MDA	Ministries, Departments and Agencies
MGR	Meter Gauge Railway
MT	Metric Ton
MTRH	Moi Teaching and Referral Hospital
NAVCDP	National Agricultural Value Chain Development Project
NCIC	National Cohesion and Integration Commission
NDMA	National Drought Management Authority
NGAAF	National Government Affirmative Action Fund
NG-CDF	National Government Constituency Development Fund
NGEC	National Gender and Equality Commission
NHC	National Housing Corporation
NHIF	National Hospital Insurance Fund
NIA	National Irrigation Authority
NIS	National Intelligence Service
NKPCU	New Kenya Planters Cooperative Union
NLC	National Lands Commission
NOFBI	National Optic Fibre Network Backhaul Initiative
NPSC	National Police Service Commission
NPSC	National Police Service Commission
NYOTA	National Youth Opportunities Towards Advancement
NYS	National Youth Service
OVCs	Orphans and Vulnerable Children
PBO	Parliamentary Budget Office
PPP	Public Private Partnership
PSC	Public Service Commission
PSSS	Public Service Superannuation Scheme
PWSD	People With Severe Disability
RDA	Regional Development Authorities

ACRONYMS AND ABBREVIATIONS

RMLF	Road Maintenance Levy Fund
RMNCAH	Reproductive Maternal, Newborn, Child and Adolescent Health
SAGA	Semi-Autonomous Government Agency
SDG	Sustainable Development Goals
SRC	Salaries and Remuneration Commission
STEM	Science, Technology, Engineering, and Mathematics
TB	Tuberculosis
TPF	Tourism Promotion Fund
TSC	Teachers Service Commission
TVET	Technical and Vocational Education and Training
UHC	Universal Health Care
UIG	Urban Institutional Grant
UK	United Kingdom
UNFPA	United Nations Population Fund
WB	World Bank
WSDP	Water and Sanitation Development Project
YCTC	Youth Correction and Training Centre

FOREWORD

In the FY 2025/26 budget, the National Assembly approved Kshs. 4.3 trillion expenditure plans, balancing recurrent and development expenditure. The budget is categorized into Sectoral Expenditure, Consolidated Fund Services (CFS), and County Equitable Share. Sectoral Expenditure at Kshs. 2.55 trillion is divided into Kshs. 1.8 trillion for recurrent expenditure, which covers essential services like salaries for public servants and operations for Ministries, Departments and Agencies (MDAs), and Kshs. 744.8 billion for development projects focusing on infrastructure and technological advancement. CFS at Kshs. 1.34 trillion, mainly addressing public debt servicing, pensions, and constitutional obligations. County Equitable Share received Kshs. 415 billion to support equitable regional development.

The allocation for Sectoral Expenditure reflects a priority on sectors vital to national progress. The funds will be utilized by MDAs in the national government, emphasizing support for key ministries and major development initiatives. Significant recurrent funding is directed towards the Education and National Security sectors, while development funds target Energy, Infrastructure, and ICT to boost the country's infrastructure and technology.

CFS expenditures show the heavy financial burden of public debt, with Kshs. 1.1 trillion being allocated for debt servicing — Kshs. 851.4 billion for internal debt and Kshs. 246.27 billion for external debt. Additionally, Kshs. 239.6 billion is earmarked for pensions and remuneration of constitutional officeholders. This allocation highlights the ongoing challenge of managing debt while ensuring fiscal stability, with a notable portion of internal debt interest directed towards long-term treasury bonds.

County Equitable Share, amounting to Kshs. 415 billion, aims to enhance local governance and development, focusing on infrastructure, healthcare, and community services. Conditional and Unconditional allocation from the National Government amounts to Kshs. 12.99 billion, targeting county aggregated and industrial parks (CAIPs), community health promoters (CHPs) and other support to county government infrastructure development. Grants and loans from development partners contribute Kshs. 56.91 billion, targeting sectors like healthcare, agriculture, and urban development. Effective management of these funds is crucial for achieving sustainable development and poverty reduction, ensuring that resources are utilized transparently to maximize benefits and support Kenya's long-term growth objectives.

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INTRODUCTION

01

This document serves as a summary of the budget, highlighting key spending priorities in the National Government for the financial year 2025/26. This document is a crucial tool for enhancing transparency, accountability and public participation in the budget process. It serves as a bridge between the Government and the general public by making it easier to understand the allocation of resources and the Government's spending priorities and also enabling the public to grasp the key aspects of the budget.

02

In essence, this budget explainer aims to promote fiscal transparency by providing a clear and concise overview of the government's financial plans. This transparency fosters accountability and encourages public participation in shaping the direction of the nation's economy. The document will enhance and strengthen social audit by the general public. In addition, this document will be able to shed light on key performance indicator and outputs that the government aims to achieve at the end of FY 2025/26.

03

Further, the document will enlighten the general public on the Consolidated Fund Services (CFS), shedding light on government debt services, remuneration of constitutional office holders and pensions. The source and types of internal and external debts will be highlighted as well as types of government pensions.

04

The document will underline the equitable share showing the allocations to the counties, additional allocations from National Government and finally loans and grant from development, highlighting the County Allocation of Revenue Bill determine allocations to each county using the formular proposed by the Commission of Revenue Allocation (CRA), County Government Additional Allocation Bill contains additional allocation both Conditional and unconditional from National government and finally allocation from development partners in form of loans and grants.

OVERVIEW OF THE FY 2025/26 EXPENDITURE ESTIMATES

KES 4.3 Trillion

I. Overview of the FY 2025/26 Budget

1. The total revenue for FY 2025/26 amounts to Kshs. 3.32 trillion and is equivalent to 17.2 percent of GDP. This comprises of the following:
 - a) **Ordinary Revenue Kshs. 2.76 trillion (14.31 percent of GDP)** – This is the money the government collects regularly, primarily through taxes and other non-tax revenues, to fund its core functions and meet its obligations. The tax revenues include income tax which is tax on individual's and cooperations' incomes, Value Added Tax (VAT) which is tax on sale of goods and services, Excise Tax which is a tax on the production or import of specific goods and services, and Import Duty which is a tax on imported goods. The non-tax revenue includes fees and charges levied on government services, revenue from government-owned property, revenue from sale of goods and services produced by government entities, and fines and penalties imposed from violations of law and regulations. In FY 2025/26, the ordinary revenue is made up of Income Tax of Kshs. 1.28 trillion, Value Added Tax (VAT) of Kshs. 771.7 billion, Import Duty of Kshs. 162.9 billion, Excise Duty of Kshs. 335.5 billion and Other Tax Revenue of Kshs. 202.1 billion.
 - b) **Appropriations-in-Aid of Kshs. 566.9 billion (2.94 percent of GDP)** – This is money collected by government agencies themselves through fees, charges, or other sources in the course of delivering services which they are authorized to use to offset their own expenditures. Instead of these revenues going directly to the National Treasury, they are retained by the respective agency and used to reduce the amount of public funds they need to draw from the government's main budget.

2. The total expenditures for FY 2025/26 amounts to Kshs. 4.3 trillion and is equivalent to 22.32 percent of GDP. This comprises of the following:
 - a) **Recurrent Expenditure of Kshs. 1.8 trillion (9.36 percent of GDP)** – The allocation funds ongoing costs that the government incurs regularly, such as salaries, pensions, and other operational costs. This large allocation indicates a significant focus on maintaining and supporting the day-to-day operations of government departments and services.
 - b) **Development Expenditure of Kshs. 744.84 billion (3.86 percent of GDP)** – The allocation funds new and ongoing projects and initiatives aimed at economic development and infrastructure improvement. It includes investments in sectors such as education, health, transportation, and technology, which are crucial for long-term national growth.
 - c) **Consolidated Funds Services (CFS) of Kshs. 1.34 trillion (6.94 percent of GDP)** – The allocation funds expenses related to servicing public debt, pension and salaries of State Officers and Constitutional office holders, and other statutory financial commitments. The significant allocation reflects the ongoing responsibility of managing the country's debt and ensuring financial stability.
 - d) **County Equitable Share of Kshs. 415 billion (2.15 percent of GDP)** - The allocation funds the devolved system of government so as to support regional development and provision of public services. The allocation aims to enhance local governance and empower counties to address their unique development needs. County Equitable Share demonstrates an effort to ensure equitable distribution of resources and support decentralized governance.
3. The grants for FY 2025/26 amounts to Kshs. 46.94 billion and is equivalent to 0.24 percent of GDP. Grants are funds provided to the government or its agencies by donors, international organizations, or foreign governments to finance specific projects or programs. These grants are often aimed at addressing development challenges, promoting good governance, and improving public services. Unlike loans, grants do not need to be repaid, making them a preferred source of funding for developmental projects
4. The fiscal deficit for FY 2025/26 amounts to Kshs. 931.06 billion and is equivalent to 4.83 percent of GDP. Fiscal deficit occurs when the government's total expenditure exceeds the total revenue and grants. The fiscal deficit is funded through domestic and external borrowing.

Table 1: Fiscal Framework for FY 2025/26

Details	Amount (Kshs. Billions)	As a share of GDP (%)
Total Revenue	3,323.85	17.25
Ordinary Revenue	2,757.00	14.31
<i>Income tax</i>	<i>1,284.80</i>	<i>6.67</i>
<i>VAT</i>	<i>771.70</i>	<i>4.00</i>
<i>Import duty</i>	<i>162.90</i>	<i>0.85</i>
<i>Excise duty</i>	<i>335.50</i>	<i>1.74</i>
<i>Other tax revenue</i>	<i>202.10</i>	<i>1.05</i>
Appropriation-in-Aid	566.85	2.94
Total Expenditures	4,301.85	22.32
Recurrent Expenditure	1,804.71	9.36
Development Expenditure	744.84	3.86
Consolidated Funds Services	1,337.30	6.94
County Equitable Share	415.00	2.15
Overall Balance excluding Grants	(978.00)	(5.07)
Grants	46.94	0.24
Overall balance including Grants	(931.06)	(4.83)
Nominal GDP	19,272.8	

Source: National Treasury

SECTORAL EXPENDITURE

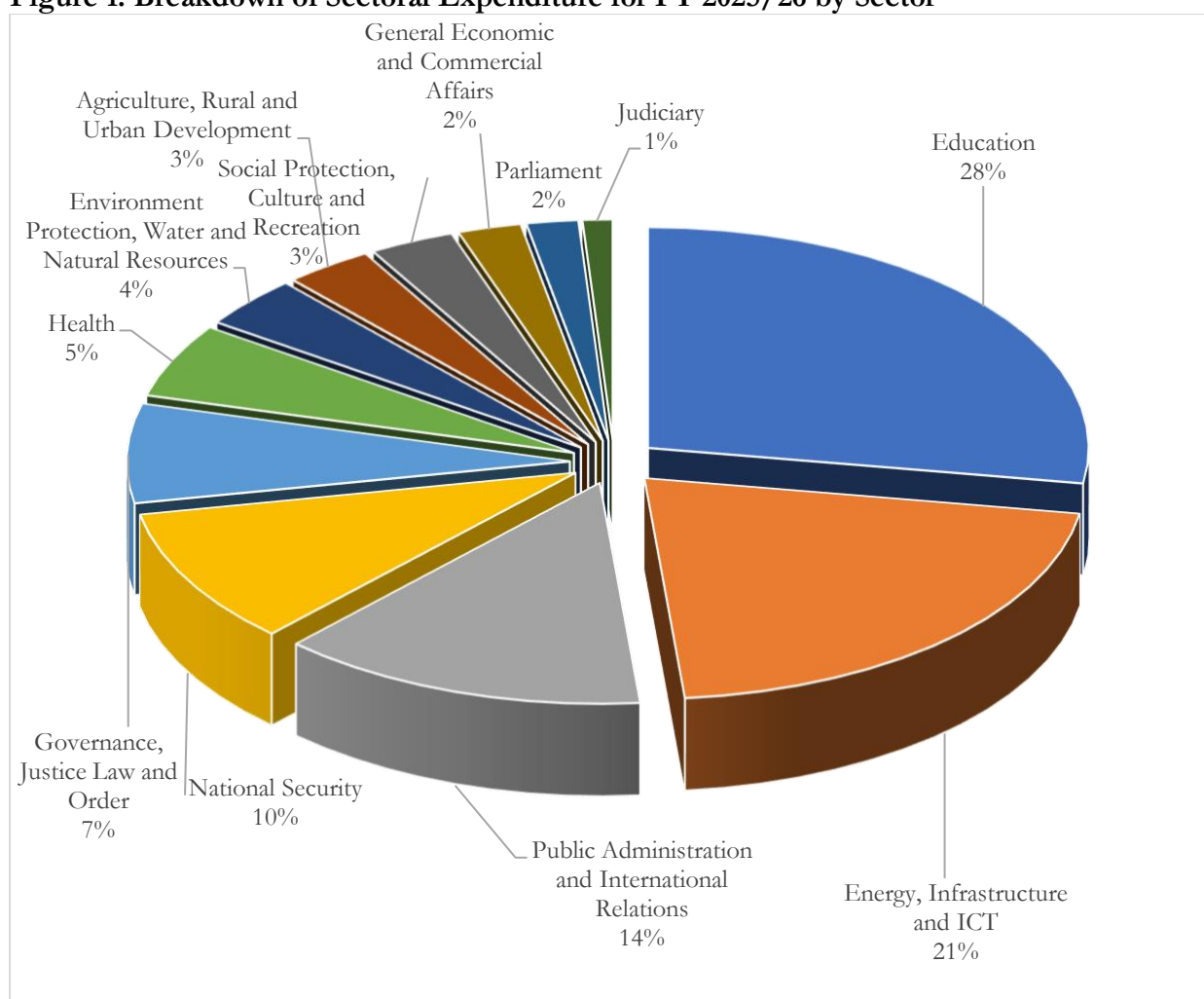
KES 2.55 Trillion

II. Sectoral Expenditure

5. Sectoral Expenditure comprises of total amount of resources allocated to Ministries, Department and Agencies (MDA) for expenditure. Each MDA is allocated funding to cater for recurrent and development expenditure. Sectoral Expenditure can be grouped in accordance with the following sectors:
- a) Education Sector has an allocation of Kshs. 703.07 billion which is 27.58 percent of total sectoral expenditure. This comprises of Kshs. 673.29 billion for recurrent expenditure and Kshs. 29.78 billion for development expenditure.
 - b) Energy, Infrastructure and ICT Sector has an allocation of Kshs. 534.63 billion which is 20.97 percent of total sectoral expenditure. This comprises of Kshs. 154.19 billion for recurrent expenditure and Kshs. 380.44 billion for development expenditure.
 - c) Public Administration and International Relations Sector has an allocation of Kshs. 343.07 billion which is 13.46 percent of total sectoral expenditure. This comprises of Kshs. 203.34 billion for recurrent expenditure and Kshs. 139.73 billion for development expenditure.
 - d) National Security Sector has an allocation of Kshs. 253.77 billion which is 9.95 percent of total sectoral expenditure. This comprises of Kshs. 248.84 billion for recurrent expenditure and Kshs. 4.93 billion for development expenditure.
 - e) Governance, Justice Law and Order Sector has an allocation of Kshs. 185.05 billion which is 7.26 percent of total sectoral expenditure. This comprises of Kshs. 182.46 billion for recurrent expenditure and Kshs. 2.59 billion for development expenditure.
 - f) Health Sector has an allocation of Kshs. 138.11 billion which is 5.42 percent of total sectoral expenditure. This comprises of Kshs. 110.61 billion for recurrent expenditure and Kshs. 27.5 billion for development expenditure.
 - g) Environment Protection, Water and Natural Resources Sector has an allocation of Kshs. 95.87 billion which is 3.76 percent of total sectoral expenditure. This comprises of Kshs. 33.88 billion for recurrent expenditure and Kshs. 61.99 billion for development expenditure.

- g) Agriculture, Rural and Urban Development Sector has an allocation of Kshs. 82.41 billion which is 3.23 percent of total sectoral expenditure. This comprises of Kshs. 34.41 billion for recurrent expenditure and Kshs. 48 billion for development expenditure.
- h) Social Protection, Culture and Recreation Sector has an allocation of Kshs. 78.99 billion which is 3.1 percent of total sectoral expenditure. This comprises of Kshs. 54.15 billion for recurrent expenditure and Kshs. 24.85 billion for development expenditure.
- i) General Economic and Commercial Affairs Sector has an allocation of Kshs. 58.81 billion which is 2.31 percent of total sectoral expenditure. This comprises of Kshs. 37.05 billion for recurrent expenditure and Kshs. 21.77 billion for development expenditure.
- j) Parliament has an allocation of Kshs. 47.99 billion which is 1.88 percent of total sectoral expenditure. This comprises of Kshs. 46.43 billion for recurrent expenditure and Kshs. 1.57 billion for development expenditure.
- k) Judiciary has allocation of Kshs. 27.78 billion which is 1.09 percent of total sectoral expenditure. This comprises of Kshs. 26.08 billion for recurrent expenditure and Kshs. 1.7 billion for development expenditure.

Figure 1: Breakdown of Sectoral Expenditure for FY 2025/26 by Sector



Source: National Treasury

3.1 Agriculture, Rural and Urban Development Sector

5. The Sector's overall mandate is to attain national food and nutrition security and ensure sustainable development and utilization of land and blue economy resources. To achieve its overall mandate, the sector has 5 MDAs with a total allocation of Kshs. 82.41 billion comprising of Kshs. 34.41 billion for recurrent expenditure and Kshs. 48.0 billion for development expenditure as detailed in Table 3. The allocation for the respective MDAs is as follows:
 - a) **State Department for Agriculture** – This is the largest MDA under the sector and accounts for 60.61 percent of total allocation for the sector. It has an allocation of Kshs. 49.95 billion comprising of Kshs. 17.79 billion for recurrent expenditure and Kshs. 32.15 billion for development expenditure.
 - b) **State Department for Lands and Physical Planning** – It has an allocation of Kshs. 10.76 billion comprising of Kshs. 5.78 billion for recurrent expenditure and Kshs. 4.98 billion for development expenditure.
 - c) **State Department for Livestock Development** – It has an allocation of Kshs. 10.11 billion comprising of Kshs. 5.04 billion for recurrent expenditure and Kshs. 5.08 billion for development expenditure.
 - d) **State Department for Blue Economy and Fisheries** – It has an allocation of Kshs. 8.23 billion comprising of Kshs. 3.0 billion for recurrent expenditure and Kshs. 5.23 billion for development expenditure.
 - e) **National Land Commission** – It has an allocation of Kshs. 3.36 billion comprising of Kshs. 2.8 billion for recurrent expenditure and Kshs. 0.56 billion for development expenditure.

Table 2: Votes under the Agriculture, Rural and Urban Development Sector

MDA	Recurrent	Development	Total
	(Kshs. Millions)		
State Department for Agriculture	17,793	32,152	49,945
State Department for Lands and Physical Planning	5,780	4,982	10,763
State Department for Livestock Development	5,035	5,076	10,111
State Department for Blue Economy and Fisheries	2,998	5,232	8,230
National Land Commission	2,803	556	3,359
Total	34,410	47,998	82,408

Source: National Treasury

3.2 Education Sector

6. The Sector's overall mandate is to provide, promote and coordinate competency based inclusive and equitable quality education, training and research for sustainable development. To achieve its overall mandate, the sector has 5 MDAs as detailed in Table 4. The allocation for the respective MDAs is as follows:
 - a) **Teachers Service Commission (TSC)** – This is the largest MDA under the sector and accounts for 55.07 percent of total allocation for the sector. It has an

allocation of Kshs. 387.18 billion comprising of Kshs. 386.51 billion for recurrent expenditure and Kshs. 0.67 billion for development expenditure.

- b) **State Department for Higher Education and Research** – It has an allocation of Kshs. 143.74 billion comprising of Kshs. 140.95 billion for recurrent expenditure and Kshs. 2.78 billion for development expenditure.
- c) **State Department for Basic Education** – It has an allocation of Kshs. 127.91 billion comprising of Kshs. 109.42 billion for recurrent expenditure and Kshs. 18.49 billion for development expenditure.
- d) **State Department for Technical Vocational Education and Training** – It has an allocation of Kshs. 43.25 billion comprising of Kshs. 35.41 billion for recurrent expenditure and Kshs. 7.84 billion for development expenditure.
- e) **State Department for Science, Innovation and Research** – It has an allocation of Kshs. 993 million wholly for recurrent expenditure.

Table 3: Votes under the Education Sector

MDA	Recurrent	Development	Total
	(Kshs. Millions)		
Teachers Service Commission	386,510	671	387,181
State Department for Higher Education and Research	140,953	2,782	143,735
State Department for Basic Education	109,422	18,490	127,912
State Department for Technical Vocational Education and Training	35,408	7,836	43,245
State Department for Science, Innovation and Research	993	-	993
Total	673,286	29,780	703,066

Source: National Treasury

3.3 Energy, Infrastructure and ICT Sector

7. The Sector's overall mandate is to provide efficient, affordable and reliable infrastructure and services for sustainable economic growth and development. To achieve its overall mandate, the sector has 10 MDAs as detailed in Table 5. The allocation for the respective MDAs is as follows:

- a) **State Department for Roads** – This is the largest MDA under the sector and accounts for 41.49 percent of total allocation for the sector. It has an allocation of Kshs. 221.8 billion comprising of Kshs. 71.54 billion for recurrent expenditure and Kshs. 150.25 billion for development expenditure.
- b) **State Department for Housing and Urban Development** – It has an allocation of Kshs. 123.83 billion comprising of Kshs. 7.1 billion for recurrent expenditure and Kshs. 116.73 billion for development expenditure.
- c) **State Department for Energy** – It has an allocation of Kshs. 63.47 billion comprising of Kshs. 11.99 billion for recurrent expenditure and Kshs. 51.49 billion for development expenditure.
- d) **State Department for Transport** – It has an allocation of Kshs. 47.46 billion comprising of Kshs. 7.12 billion for recurrent expenditure and Kshs. 40.33 billion for development expenditure.

- e) **State Department for Petroleum** – It has an allocation of Kshs. 30.69 billion comprising of Kshs. 25.38 billion for recurrent expenditure and Kshs. 5.31 billion for development expenditure.
- f) **State Department for Information Communication Technology and Digital Economy** – It has an allocation of Kshs. 16.19 billion comprising of Kshs. 3.55 billion for recurrent expenditure and Kshs. 12.64 billion for development expenditure.
- g) **State Department for Aviation and Aerospace Development** – It has an allocation of Kshs. 14.52 billion comprising of Kshs. 14.16 billion for recurrent expenditure and Kshs. 0.36 billion for development expenditure.
- h) **State Department for Broadcasting and Telecommunication** – It has an allocation of Kshs. 6.55 billion comprising of Kshs. 6.2 billion for recurrent expenditure and Kshs. 0.36 billion for development expenditure.
- i) **State Department for Shipping and Maritime Affairs** – It has an allocation of Kshs. 5.68 billion comprising of Kshs. 3.46 billion for recurrent expenditure and Kshs. 2.23 billion for development expenditure.
- j) **State Department for Public Works** – It has an allocation of Kshs. 4.45 billion comprising of Kshs. 3.69 billion for recurrent expenditure and Kshs. 0.75 billion for development expenditure.

Table 4: Votes under the Energy, Infrastructure and ICT Sector

Vote	Recurrent	Development	Total
	(Kshs. Millions)		
State Department for Roads	71,541	150,253	221,795
State Department for Housing & Urban Development	7,099	116,729	123,829
State Department for Energy	11,988	51,486	63,474
State Department for Transport	7,122	40,334	47,456
State Department for Petroleum	25,378	5,311	30,689
State Department for Information Communication Technology & Digital Economy	3,554	12,635	16,189
State Department for Aviation and Aerospace Development	14,156	359	14,515
State Department for Broadcasting & Telecommunications	6,197	356	6,553
State Department for Shipping and Maritime Affairs	3,459	2,225	5,683
State Department for Public Works	3,692	753	4,445
Total	154,186	380,441	534,628

Source: National Treasury

3.4 Environment Protection, Water and Natural Resources Sector

8. The Sector's overall mandate is to promote sustainable utilization and management of environment and natural resources for socio- economic development. To achieve its overall mandate, the sector has 6 MDAs as detailed in Table 6. The allocation for the respective MDAs is as follows:

- a) **State Department for Water and Sanitation** – This is the largest MDA under the sector and accounts for 56.28 percent of total allocation for the sector. It has an allocation of Kshs. 53.95 billion comprising of Kshs. 6.78 billion for recurrent expenditure and Kshs. 47.18 billion for development expenditure.

- b) **State Department for Wildlife** – It has an allocation of Kshs. 14.36 billion comprising of Kshs. 11.96 billion for recurrent expenditure and Kshs. 2.4 billion for development expenditure.
- c) **State Department for Forestry** – It has an allocation of Kshs. 12.54 billion comprising of Kshs. 8.93 billion for recurrent expenditure and Kshs. 3.61 billion for development expenditure.
- d) **State Department for Irrigation** – It has an allocation of Kshs. 7.55 billion comprising of Kshs. 0.96 billion for recurrent expenditure and Kshs. 6.59 billion for development expenditure.
- e) **State Department for Environment and Climate Change** – It has an allocation of Kshs. 5.83 billion comprising of Kshs. 3.9 billion for recurrent expenditure and Kshs. 1.94 billion for development expenditure.
- f) **State Department for Mining** – It has an allocation of Kshs. 1.63 billion comprising of Kshs. 1.36 billion for recurrent expenditure and Kshs. 0.27 billion for development expenditure.

Table 5: Votes under the Environment Protection, Water and Natural Resources Sector

Vote	Recurrent	Development	Total
	(Kshs. Millions)		
State Department for Water & Sanitation	6,778	47,176	53,954
State Department for Wildlife	11,956	2,404	14,360
State Department for Forestry	8,932	3,612	12,544
State Department for Irrigation	955	6,593	7,548
State Department for Environment & Climate Change	3,895	1,935	5,830
State Department for Mining	1,363	267	1,631
Total	33,879	61,988	95,867

Source: National Treasury

3.5 General Economic and Commercial Affairs Sector

9. The Sector's overall mandate is to promote economic transformation through implementing integrated socio-economic policies and programmes for a rapidly industrializing economy. To achieve its overall mandate, the sector has 9 MDAs as detailed in Table 7. The allocation for the respective MDAs is as follows:
 - a) **State Department for Tourism** – This is the largest MDA under the sector and accounts for 28.11 percent of total allocation for the sector. It has an allocation of Kshs. 16.54 billion comprising of Kshs. 11.53 billion for recurrent expenditure and Kshs. 5.01 billion for development expenditure.
 - b) **State Department for ASAL and Regional Development** – It has an allocation of Kshs. 10.88 billion comprising of Kshs. 7.07 billion for recurrent expenditure and Kshs. 3.81 billion for development expenditure.
 - c) **State Department for Industry** – It has an allocation of Kshs. 9.4 billion comprising of Kshs. 3.58 billion for recurrent expenditure and Kshs. 5.82 billion for development expenditure.

- d) **State Department for Cooperatives** – It has an allocation of Kshs. 7.35 billion comprising of Kshs. 5.88 billion for recurrent expenditure and Kshs. 1.47 billion for development expenditure.
- e) **State Department for Micro, Small and Medium Enterprise** – It has an allocation of Kshs. 5.09 billion comprising of Kshs. 2.03 billion for recurrent expenditure and Kshs. 3.06 billion for development expenditure.
- f) **State Department for Trade** – It has an allocation of Kshs. 4.35 billion comprising of Kshs. 3.98 billion for recurrent expenditure and Kshs. 0.37 billion for development expenditure.
- g) **State Department for Investment and Promotion** – It has an allocation of Kshs. 3.51 billion comprising of Kshs. 1.45 billion for recurrent expenditure and Kshs. 2.06 billion for development expenditure.
- h) **State Department for East African Community** – It has an allocation of Kshs. 1.04 billion wholly for recurrent expenditure.
- i) **State Department for Special Programmes** – It has an allocation of Kshs. 0.65 billion comprising of Kshs. 0.49 billion for recurrent expenditure and Kshs. 0.17 billion for development expenditure.

Table 6: Votes under the General Economic and Commercial Affairs Sector

Vote	Recurrent	Development	Total
	(Kshs. Millions)		
State Department for Tourism	11,525	5,010	16,535
State Department for the ASALs and Regional Development	7,074	3,805	10,879
State Department for Industry	3,580	5,822	9,402
State Department for Cooperatives	5,878	1,471	7,349
State Department for Micro, Small and Medium Enterprises Development	2,032	3,062	5,093
State Department for Trade	3,984	370	4,354
State Department for Investment Promotion	1,451	2,061	3,512
State Department for East African Community	1,035	-	1,035
State Department for Special Programmes	488	166	654
Total	37,046	21,767	58,814

Source: National Treasury

3.6 Governance, Justice, Law and Order Sector

10. The Sector's overall mandate is to ensure effective and accountable leadership, promote a just, democratic and secure environment with strong governance structures to achieve inclusive economic, social and political development. To achieve its overall mandate, the sector has 10 MDAs as detailed in Table 8. The allocation for the respective MDAs is as follows:

- a) **National Police Service (NPS)** – This is the largest MDA under the sector and accounts for 68.68 percent of total allocation for the sector. It has an allocation of Kshs. 127.09 billion comprising of Kshs. 125.38 billion for recurrent expenditure and Kshs. 1.71 billion for development expenditure.

- b) **State Department for Correctional Services** – It has an allocation of Kshs. 38.15 billion comprising of Kshs. 37.84 billion for recurrent expenditure and Kshs. 0.31 billion for development expenditure.
- c) **State Law Office** – It has an allocation of Kshs. 5.39 billion comprising of Kshs. 5.09 billion for recurrent expenditure and Kshs. 0.3 billion for development expenditure.
- d) **Ethics and Anti-Corruption Commission (EACC)** – It has an allocation of Kshs. 4.5 billion comprising of Kshs. 4.32 billion for recurrent expenditure and Kshs. 0.18 billion for development expenditure.
- e) **Office of the Director of Public Prosecutions (ODPP)** – It has an allocation of Kshs. 4.48 billion comprising of Kshs. 4.4 billion for recurrent expenditure and Kshs. 0.09 billion for development expenditure.
- f) **Office of the Registrar of Political Parties (ORPP)** – It has an allocation of Kshs. 2.49 billion wholly for recurrent expenditure.
- g) **State Department for Justice, Human Rights and Constitutional Affairs** – It has an allocation of Kshs. 1.02 billion wholly for recurrent expenditure.
- h) **Witness Protection Agency** – It has an allocation of Kshs. 0.84 billion wholly for recurrent expenditure.
- i) **National Gender and Equality Commission** – It has an allocation of Kshs. 0.56 billion wholly for recurrent expenditure.
- j) **Kenya National Commission on Human Rights** – It has an allocation of Kshs. 0.53 billion wholly for recurrent expenditure.

Table 7: Votes under the Governance, Justice, Law and Order Sector

Vote	Recurrent	Development	Total
	(Kshs. Millions)		
National Police Service	125,379	1,713	127,091
State Department for Correctional Services	37,844	309	38,153
State Law Office	5,087	300	5,387
Ethics and Anti-Corruption Commission	4,320	180	4,500
Office of the Director of Public Prosecutions	4,396	86	4,482
Office of the Registrar of Political Parties	2,487	-	2,487
State Department for Justice Human Rights and Constitutional Affairs	1,020	-	1,020
Witness Protection Agency	841	-	841
National Gender and Equality Commission	556	-	556
Kenya National Commission on Human Rights	530	-	530
Total	182,461	2,588	185,048

Source: National Treasury

3.7 Health Sector

11. The Sector's overall mandate is to build a progressive, responsive and sustainable Health care system for accelerated attainment of the highest standard of health to all Kenyans. To achieve its overall mandate, the sector has 2 MDAs as detailed in Table 9. The allocation for the respective MDAs is as follows:

- a) **State Department for Medical Services** – It has an allocation of Kshs. 105.95 billion comprising of Kshs. 84.02 billion for recurrent expenditure and Kshs. 21.94 billion for development expenditure.
- b) **State Department for Public Health and Professional Standards** – It has an allocation of Kshs. 32.15 billion comprising of Kshs. 26.59 billion for recurrent expenditure and Kshs. 5.56 billion for development expenditure.

Table 8: Votes under the Health Sector

Vote	Recurrent	Development	Total
	(Kshs. Millions)		
State Department for Medical Services	84,017	21,936	105,953
State Department for Public Health and Professional Standards	26,591	5,561	32,152
Total	110,608	27,497	138,106

Source: National Treasury

3.8 National Security Sector

12. The Sector's overall mandate is to implement national security policies and strategies and to protect the country's sovereignty and promote peace and stability. To achieve its overall mandate, the sector has 2 MDAs with a total allocation of Kshs. 253.77 billion comprising of Kshs. 248.84 billion for recurrent expenditure and Kshs. 4.93 billion for development expenditure as detailed in Table 10. The allocation for the respective MDAs is as follows:
 - a) **Ministry of Defence** – It has an allocation of Kshs. 202.32 billion comprising of Kshs. 197.39 billion for recurrent expenditure and Kshs. 4.93 billion for development expenditure.
 - b) **National Intelligence Service** – It has an allocation of Kshs. 51.45 billion wholly for recurrent expenditure.

Table 9: Votes under the National Security Sector

Vote	Recurrent	Development	Total
	(Kshs. Millions)		
Ministry of Defence	197,389	4,934	202,323
National Intelligence Service	51,447	-	51,447
Total	248,836	4,934	253,770

Source: National Treasury

3.9 Public Administration and International Relations Sector

13. The Sector's overall mandate is to provide overall leadership, coordination, policy direction and oversight in financial, economic, and devolution management; public sector transformation and performance management in service delivery; resource mobilization and allocation; alignment of policies and legislation with national development agenda; management of Kenya's foreign policy and diaspora affairs for global competitiveness and national prosperity. To achieve its overall mandate, the sector has 25 MDAs as detailed in Table 11. The allocation for the respective MDAs is as follows:
 - a) **National Treasury** – This is the largest MDA under the sector and accounts for 31.15 percent of total allocation for the sector. It has an allocation of Kshs.

106.88 billion comprising of Kshs. 64.38 billion for recurrent expenditure and Kshs. 42.5 billion for development expenditure.

- b) **State Department for Economic Planning** – It has an allocation of Kshs. 63.04 billion comprising of Kshs. 3.68 billion for recurrent expenditure and Kshs. 59.36 billion for development expenditure.
- c) **State Department for Internal Security and National Administration** – It has an allocation of Kshs. 35.83 billion comprising of Kshs. 31.87 billion for recurrent expenditure and Kshs. 3.97 billion for development expenditure.
- d) **State Department for Foreign Affairs** – It has an allocation of Kshs. 25.36 billion comprising of Kshs. 23.02 billion for recurrent expenditure and Kshs. 2.35 billion for development expenditure.
- e) **State Department for Immigration** – It has an allocation of Kshs. 22.35 billion comprising of Kshs. 11.7 billion for recurrent expenditure and Kshs. 10.64 billion for development expenditure.
- f) **State Department for Public Service** – It has an allocation of Kshs. 21.61 billion comprising of Kshs. 19.75 billion for recurrent expenditure and Kshs. 1.86 billion for development expenditure.
- g) **State Department for Devolution** – It has an allocation of Kshs. 17.25 billion comprising of Kshs. 1.33 billion for recurrent expenditure and Kshs. 15.92 billion for development expenditure.
- h) **Independent Electoral and Boundaries Commission (IEBC)** – It has an allocation of Kshs. 9.33 billion comprising of Kshs. 9.3 billion for recurrent expenditure and Kshs. 0.03 billion for development expenditure.
- i) **Auditor General** – It has an allocation of Kshs. 8.69 billion comprising of Kshs. 8.36 billion for recurrent expenditure and Kshs. 0.33 billion for development expenditure.
- j) **State House** – It has an allocation of Kshs. 8.56 billion comprising of Kshs. 7.68 billion for recurrent expenditure and Kshs. 0.9 billion for development expenditure.
- k) **Executive Office of the President** – It has an allocation of Kshs. 5.57 billion comprising of Kshs. 4.54 billion for recurrent expenditure and Kshs. 1.03 billion for development expenditure.
- l) **State Department for Investment and Asset Management** – It has an allocation of Kshs. 3.91 billion comprising of Kshs. 3.17 billion for recurrent expenditure and Kshs. 0.74 billion for development expenditure.
- m) **Public Service Commission (PSC)** – It has an allocation of Kshs. 3.56 billion wholly for recurrent expenditure.
- n) **Office of the Deputy President** – It has an allocation of Kshs. 3.07 billion comprising of Kshs. 2.97 billion for recurrent expenditure and Kshs. 0.1 billion for development expenditure.
- o) **National Police Service Commission (NPSC)** – It has an allocation of Kshs. 1.39 billion wholly for recurrent expenditure.
- p) **Independent Policing Oversight Authority (IPOA)** – It has an allocation of Kshs. 1.32 billion wholly for recurrent expenditure.

- q) **State Department for National Government Coordination** – It has an allocation of Kshs. 1.04 billion comprising of Kshs. 1.02 billion for recurrent expenditure and Kshs. 0.02 billion for development expenditure.
- r) **Controller of Budget (CoB)** – It has an allocation of Kshs. 0.83 billion wholly for recurrent expenditure.
- s) **Salaries and Remuneration Commission (SRC)** – It has an allocation of Kshs. 0.75 billion wholly for recurrent expenditure.
- t) **State Department for Diaspora Affairs** – It has an allocation of Kshs. 0.72 billion wholly for recurrent expenditure.
- u) **Commission on Administrative Justice (CAJ)** – It has an allocation of Kshs. 0.67 billion wholly for recurrent expenditure.
- v) **Commission on Revenue Allocation (CRA)** – It has an allocation of Kshs. 0.37 billion wholly for recurrent expenditure.
- w) **State Department for Parliamentary Affairs** – It has an allocation of Kshs. 0.36 billion wholly for recurrent expenditure.
- x) **Office of the Prime Cabinet Secretary** – It has an allocation of Kshs. 0.36 billion wholly for recurrent expenditure.
- y) **State Department for Cabinet Affairs** – It has an allocation of Kshs. 0.23 billion wholly for recurrent expenditure.

Table 10: Votes under the Public Administration and International Relations Sector

Vote	Recurrent	Development	Total
	(Kshs. Millions)		
The National Treasury	64,380	42,500	106,879
State Department for Economic Planning	3,680	59,360	63,040
State Department for Internal Security & National Admin.	31,865	3,966	35,830
State Department for Foreign Affairs	23,018	2,346	25,364
State Department for Immigration and Citizen Services	11,704	10,640	22,345
State Department for Public Service	19,752	1,856	21,609
State Department for Devolution	1,331	15,915	17,246
Independent Electoral and Boundaries Commission	9,302	30	9,332
Auditor General	8,359	330	8,689
State House	7,684	895	8,579
Executive Office of the President	4,535	1,034	5,569
State Department for Investments and Assets Management	3,172	736	3,908
Public Service Commission	3,562	-	3,562
Office of the Deputy President	2,972	100	3,072
National Police Service Commission	1,391	-	1,391
Independent Policing Oversight Authority	1,316	-	1,316
State Department for National Government Coordination	1,022	22	1,044
Controller of Budget	834	-	834
Salaries and Remuneration Commission	752	-	752
State Department for Diaspora Affairs	718	-	718
Commission on Administrative Justice	674	-	674
Commission on Revenue Allocation	370	-	370
State Department for Parliamentary Affairs	364	-	364
Office of the Prime Cabinet Secretary	357	-	357
State Department for Cabinet Affairs	229	-	229
Sub-Total	203,342	139,731	343,073

Source: National Treasury

3.10 Social Protection, Culture and Recreation Sector

14. The Sector's overall mandate is to promote sustainable employment, best labour practices, sports, gender equality and equity, empowerment of communities and vulnerable groups, diverse cultures, heritage and arts. To achieve its overall mandate, the sector has 7 MDAs as detailed in Table 12. The allocation for the respective MDAs is as follows:
- State Department for Social Protection and Senior Citizen Affairs** – This is the largest MDA under the sector and accounts for 37.12 percent of total allocation for the sector. It has an allocation of Kshs. 29.32 billion comprising of Kshs. 29.13 billion for recurrent expenditure and Kshs. 0.19 billion for development expenditure. The
 - State Department for Sports** – It has an allocation of Kshs. 17.46 billion comprising of Kshs. 15.84 billion for recurrent expenditure and Kshs. 1.63 billion for development expenditure.
 - State Department for Children Welfare Services** – It has an allocation of Kshs. 12.32 billion comprising of Kshs. 12.07 billion for recurrent expenditure and Kshs. 0.24 billion for development expenditure.
 - State Department for Gender and Affirmative Action** – It has an allocation of Kshs. 6.34 billion comprising of Kshs. 2.02 billion for recurrent expenditure and Kshs. 4.33 billion for development expenditure.
 - State Department for Labour and Skills Development** – It has an allocation of Kshs. 5.06 billion comprising of Kshs. 4.3 billion for recurrent expenditure and Kshs. 0.77 billion for development expenditure.
 - State Department for Youth Affairs and Creative Economy** – It has an allocation of Kshs. 4.9 billion comprising of Kshs. 2.23 billion for recurrent expenditure and Kshs. 2.67 billion for development expenditure.
 - State Department for Culture and Heritage** – It has an allocation of Kshs. 3.59 billion comprising of Kshs. 2.77 billion for recurrent expenditure and Kshs. 0.81 billion for development expenditure.

Table 11: Votes under the Social Protection, Culture and Recreation Sector

Vote	Recurrent	Development	Total
	(Kshs. Millions)		
State Department for Social Protection and Senior Citizens Affairs	29,133	187	29,320
State Department for Sports	1,627	15,835	17,462
State Department for Children Welfare Services	12,074	244	12,318
State Department for Gender and Affirmative Action	2,015	4,329	6,344
State Department for Labour and Skills Development	4,295	769	5,064
State Department for Youth Affairs and Creative Economy	2,229	2,672	4,901
State Department for Culture and Heritage	2,773	813	3,586
Total	54,145	24,849	78,994

Source: National Treasury

3.11 Parliament

15. The Sector's overall mandate is to effectively and efficiently discharge the constitutional mandate of representation, legislation and oversight. To achieve its overall mandate, the

sector has 4 MDAs as detailed in Table 13. The allocation for the respective MDAs is as follows:

- a) **National Assembly** – It has an allocation of Kshs. 28.57 billion wholly for recurrent expenditure.
- b) **Parliamentary Joint Services (PJS)** – It has an allocation of Kshs. 8.38 billion comprising of Kshs. 6.82 billion for recurrent expenditure and Kshs. 1.57 billion for development expenditure.
- c) **Senate** – It has an allocation of Kshs. 8.2 billion wholly for recurrent expenditure.
- d) **Parliamentary Service Commission (PSC)** – It has an allocation of Kshs. 2.84 billion wholly for recurrent expenditure.

Table 12: Votes under the Parliament

Vote	Recurrent	Development	Total
	(Kshs. Millions)		
National Assembly	28,569	-	28,569
Parliamentary Joint Services	6,818	1,565	8,383
Senate	8,199	-	8,199
Parliamentary Service Commission	2,840	-	2,840
Total	46,426	1,565	47,991

Source: National Treasury

3.12 Judiciary

16. The Sector's overall mandate is to handle disputes in a just manner, with a view to protecting the rights and liberties of all, thereby facilitating the attainment of the ideal rule of law. To achieve its overall mandate, the sector has 2 MDAs as detailed in Table 14. The allocation for the respective MDAs is as follows:

- a) **Judiciary** – It has an allocation of Kshs. 26.94 billion comprising of Kshs. 25.24 billion for recurrent expenditure and Kshs. 1.7 billion for development expenditure.
- b) **Judicial Service Commission (JSC)** – It has an allocation of Kshs. 0.84 billion wholly for recurrent expenditure.

Table 13: Votes under the Judiciary

Vote	Recurrent	Development	Total
	(Kshs. Millions)		
Judiciary	25,237	1,700	26,937
Judicial Service Commission	842	-	842
Total	26,080	1,700	27,780

Source: National Treasury

CONSOLIDATED FUND SERVICES EXPENDITURE

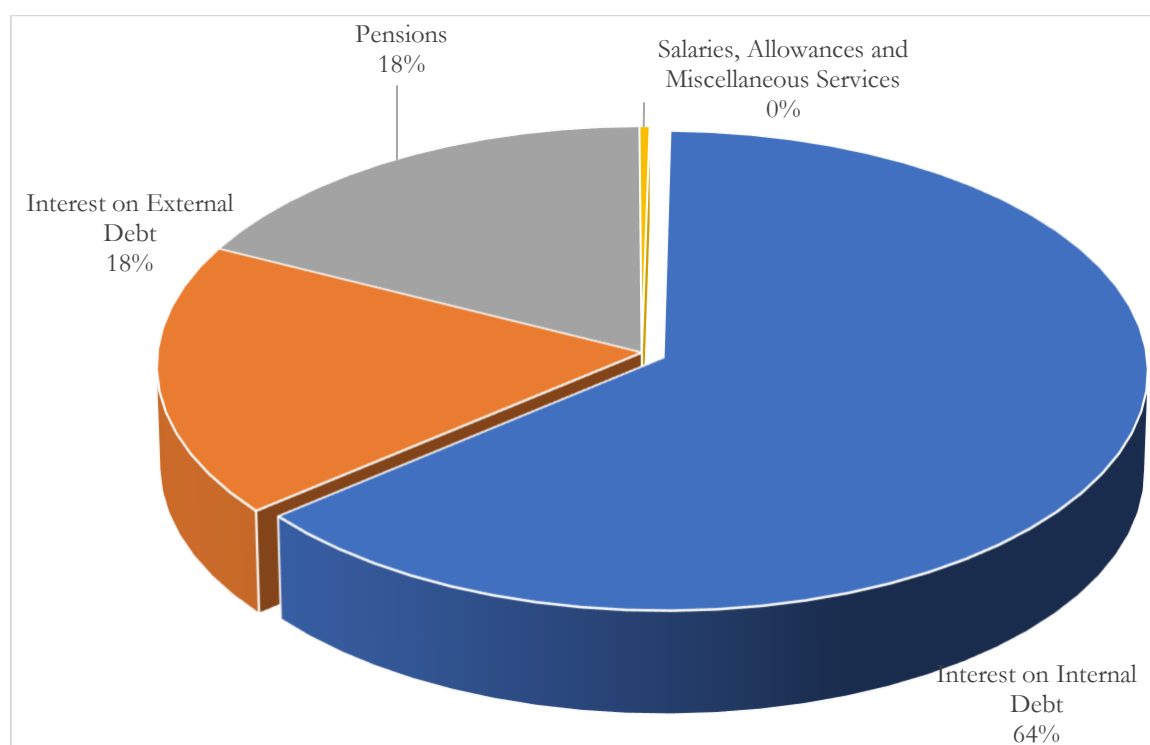
KES 1.34 Trillion

4.1 Overview

18. Consolidated Fund Services (CFS) expenditure are charged against the Consolidated Fund as authorized by the Constitution or other Acts of Parliament pursuant to Article 206(2c) of the Constitution. CFS expenditures are non-discretionary (mandatory) since they are exempt from being included in the Appropriations Act for a financial year pursuant to Article 221(7) of the Constitution. These expenditures include:
 - a) **Public Debt** – payment of the interest and redemptions on loans raised or guaranteed and securities issued or guaranteed by the National Government as provided in Article 214 of the Constitution. The public debt comprises of both internal debt which are monies borrowed from within the country and external debt which are monies borrowed from outside the country.
 - b) **Remuneration of Constitutional Office Holders** – The salaries and allowances of the President, Deputy President, Judges, Commissioners of Constitutional Commissions and Holders of Independent Offices established by the Constitution as provided in Articles 151(1), 160(3), and 250(7) of the Constitution.
 - c) **Pensions** – All pensions and gratuities as provided in Section 4 of the Pensions Act, CAP. 189, Section 13(2) of the retirement benefits (Deputy President and Designated State Officers) Act Cap 197B and Section 9(2) of the President Retirement Benefits Act Cap 197A.
19. Despite redemptions being included as part of public debt, it's always exempted when calculating the total CFS expenditures since government always resorts to debt rollover as a form of payment of redemptions. When a public loan matures, the government has the option of either to repay the principal from its revenues (liquidating the loan) or to renew the debt by purchasing a new loan to pay the matured one (debt rollover). So in a situation where the government opts for a rollover, it enters into a new loan agreement of a similar amount as the original loan with either the same lender or a different lender.

20. Taking this into consideration, the CFS expenditures (exclusive of public debt redemptions) for the FY 2025/26 amount to **Kshs. 1.34 trillion**. Payment of interest on public debt amounts to Kshs. 1.1 trillion and comprises of Kshs. 851.4 billion for internal debt and Kshs. 246.27 billion for external debt. Pension amounts to Kshs. 234.9 billion, salaries and allowances of constitutional office holders amounts to Kshs. 4.67 billion and Miscellaneous services will amount to Kshs. 71 million.
21. Payments of redemptions on public debt for the FY 2025/26 amounts to Kshs. 803.7 billion. This comprised of internal debt redemptions amounting to Kshs. 463.51 billion and external debt redemptions amounting to Kshs. 340.19 billion. Therefore, if the government opts to liquidate all its maturing loans instead of rollover, the CFS expenditure obligations will amount to Kshs. 1.9 trillion.

Figure 2: Summary of CFS Expenditures for FY 2025/26



Source: National Treasury

4.1 Interest on Internal Debt

21. Internal debt consists of treasury bonds, treasury bills and borrowings through the government overdraft facility at the Central Bank of Kenya (CBK). Treasury bond is a medium to long term internal debt instrument issued by the CBK with a maturity of more than 1 year. Treasury bills are short-term debt instruments issued by the CBK with a maturity of between 91-days and one year. Lastly, the government overdraft facility in the CBK is a short-term debt instrument available for the national government. All the internal debt instruments are denominated in Kenya shillings.
22. Internal debt interest payments for FY 2025/26 amounts to Kshs. 851.4 billion. Interest payments on treasury bonds amounts to Kshs. 744.79 billion, interest payments for treasury

bills amounts to Kshs. 90.22 billion, interest payments for government overdraft facility amounts to Kshs. 12.83 billion, CBK Commission amounts to Kshs. 3 billion and interest payment of pre-1998 government overdraft debt amounts to Kshs. 583.61 million.

Table 14: Summary of Internal Debt Interest Payments for FY 2025/26

Details	Amount (Kshs. billions)	Share of Total (%)
Treasury Bonds	744.79	87.48%
Treasury Bills	90.22	10.60%
Government Overdraft	12.83	1.51%
Commission to CBK	3.00	0.35%
Pre-1997 Government Overdraft Debt	0.58	0.07%
Total	851.42	100%

Source: National Treasury

4.2 Interest on External Debt

23. External debt consists of bilateral debt, multilateral debt and commercial debt. Bilateral debt is as a result of loans negotiated between Kenya and single lending country. The biggest bilateral partners for Kenya include China, India, Japan and France. Multilateral debt is as a result of loans negotiated between Kenya and multilateral agencies like African Development Bank and the World Bank. Finally, Commercial debt is as a result of loans negotiated between Kenya and international commercial lending institutions in the form of Eurobonds and Syndicate Loans. All external debt instruments are denominated in foreign currencies and are long term. Kenya's external debt portfolio is largely constituted in the United States Dollars and Euro as at June 2024 the external debt portfolio comprised of United States Dollar debt at 67% and Euro at 22.5%.
24. External debt interest payments for FY 2025/26 amounts to Kshs. 246.27 billion. Commercial debt interest amounts to Kshs. 102.43 billion with the largest payments going to International Sovereign Bonds at Kshs. 85.41 billion, followed by syndicated loans from the Trade and Development Bank (Kshs. 14.72 billion) and Standard Bank (Kshs. 2.3 billion).
25. Multilateral debt interest amounts to Kshs. 76.1 billion with the largest payments going to World Bank's IDA (Kshs. 26.73 billion), African Development Bank (Kshs. 16.0 billion) and IMF (Kshs. 14.74 billion). Bilateral debt interest amount to Kshs. 45.62 billion with the largest payments going to Exim Bank of China (Kshs. 34.26 billion), Italy (Kshs. 3.15 billion) and France (Kshs. 1.88 billion). Finally, interest payments for new loans to be procured in FY 2025/26 is projected at Kshs. 22.12 billion.

Table 15: Summary of External Debt Interest Payments for FY 2025/26

Details	Amount (Kshs. billions)	Share of total (%)
Bilateral Debt	45.62	19%
Multilateral Debt	76.1	31%
Commercial Debt	102.43	42%
New Loans	22.12	9%
Total	246.27	100.0%

Source: National Treasury

4.3 Pensions

26. Pension refer to regular payment of an amount to a retired employee to cover their expenses once they are no longer earning a Salary. Pensions provide a critical financial life line to retirees and the law prioritizes its payment to ensure there is a reliable financial cushion for retirees who are often vulnerable and with no other meaningful income. Pensions payments for FY 2025/26 amount to Kshs. 234.9 billion and comprises of the following:
- a) **Ordinary pension** – It amount to Kshs. 100.32 billion and accounting for 42.71% of the total pensions. This refers to monthly payments made to support public servants upon retirement and until death under the defined benefit Scheme. The monthly pensions for Civil Servants, Members of Parliament, Military Officers and State Officers amount to Kshs.85.89 billion. The government also extends payment of ordinary pensions to dependents or Widows and Children of public servants for a defined period after the death of the primary beneficiary. Pensions to dependents will amount to Kshs.5.40 billion, military quarterly injury pensions amount to Kshs. 76.89 million, Refund Ex-gratia and Other Service Gratuities amount to Kshs.249,750, while Widows and Children’s Pensions for civil servants and military will amount to Kshs.8.85 billion.
 - b) **Commuted pension** amount to Kshs. 93.50 billion which accounts for 39.80% in the financial year 2025/26, which represents 39.8% of the total pension budget. This is a lump sum payment that is awarded to public servants upon retirement or at the conclusion of their service contracts as a token of appreciation for their service. Civil servants account for the largest share of this provision, receiving Kshs. 67.67 billion, followed by military personnel who are allocated Kshs. 25.81 billion. Meanwhile, gratuity for Members of Parliament is set at Kshs. 20 million, a relatively small amount due to the current parliamentary term running until August 2027, meaning most gratuity payments for MPs will fall into the subsequent fiscal period.
 - c) **Public Service Superannuation Scheme (PSSS) contribution** It’s amounts to Kshs. 34.44 billion, representing 14.66% of overall pension expenditure. The PSSS is a defined contribution Scheme, requiring public servants to remit 7.5% of their pensionable income, while the government contributes at least 15%, as mandated by the Public Service Superannuation Act, Section 6(2). This contribution is a direct charge on the Consolidated Fund, as outlined in Section 6(3).
 - d) **Other pension schemes** - It amounts to Kshs. 6.63 billion which represents 2.82% of the total pensions. This comprises of refund of pensions to UK government which amounts to Kshs. 39. million, refund of contribution to WCPS and other ex-gratia which amount to Kshs. 92.10 million. Finally, pensions of accrued benefit for PSSS upon early exits which amounts to Kshs. 6.50 billion to cater for public servants who are retiring under the Public Servants Super Annuation Scheme.

Table 16: Summary of Pension Expenditures for FY 2025/26

Details	Amount (Kshs. billions)	Share of total (%)
Ordinary Pension	100.32	42.71%
Commuted Pension	93.5	39.81%
Public Service Superannuation Scheme	34.44	14.66%
Other Pension Schemes	6.63	2.82%
Total	234.89	100%

Source: National Treasury

4.4 Salaries, Allowances and Miscellaneous Services

27. The remuneration for Constitutional and Independent office holders in FY 2025/26 will amount to Kshs. 4.65 billion. This total includes Kshs. 2.87 billion in salaries, Kshs. 1.61 billion in allowances, and Kshs. 171.86 million in gratuities. These benefits are set by the Salaries and Remuneration Commission (SRC), in accordance with Article 230(4)(a) of the Constitution, which mandates the SRC to determine and review salaries and benefits for State officers.
28. The highest expenditure is attributed to the Judiciary, specifically the Chief Justice and other Judges, whose combined compensation totals Kshs. 3.65 billion—comprising Kshs. 2.36 billion in salaries and Kshs. 1.28 billion in allowances. Gratuity payments, totalling Kshs. 171.86 million, is allocated to office holders whose terms are ending during the financial year, which are commissioners from the Teachers Service Commission (TSC), Kenya National Commission on Human Rights (KNCHR), National Land Commission (NLC), and the National Cohesion and Integration Commission (NCIC).

Table 17: Summary of Salaries and Allowances for Constitutional Office Holders for FY 2024/25 (Kshs. millions)

Details	Salaries	Allowances	Gratuity	Total
President and DP	47.03	30.99	18.71	96.73
Attorney General	29.75	17.51	23.61	70.88
Chief Justice and Judges	1,825.20	1,287.87	-	3,113.06
Auditor General	14.51	8.17	-	22.68
PSC Commissioners	34.82	23.57	64.77	123.16
TSC Commissioners	39.68	27.75	-	67.43
KNHRC Commissioners	56.2	37.47	-	93.67
Former President	44.53	30.93	64.77	140.22
NCIC Commissioners	5.71	3.85	-	9.56
CRA Commissioners	32.97	21.28	-	54.25
SRC Commissioners	5.71	3.8	-	9.51
NLC Commissioners	18.3	1.69	-	19.99
Controller of Budget	15.41	12.57	-	27.99
NPSC Commissioners	25.12	17.54	-	42.66
Director of Public Prosecutions	5.71	3.80	-	9.51
EACC Commissioners	52.6	36.06	-	88.66
CAJ Commissioners	47.03	30.99	18.71	96.73
NGEC Commissioners	29.75	17.51	23.61	70.88
IEBC Commissioners	52.60	36.06	-	88.66
Total	2,874.45	1,619.40	171.86	4,665.70

Source: National Treasury

29. Under Miscellaneous Services, an allocation of Kshs. 71 million has been made. Of this, Kshs. 68 million represents the government's statutory contribution to the Housing Levy Fund, while Kshs. 3 million is earmarked for the employer's contribution to the National Social Security Fund (NSSF), specifically for Constitutional and Independent Office holders whose remuneration is a direct charge to the Consolidated Fund.

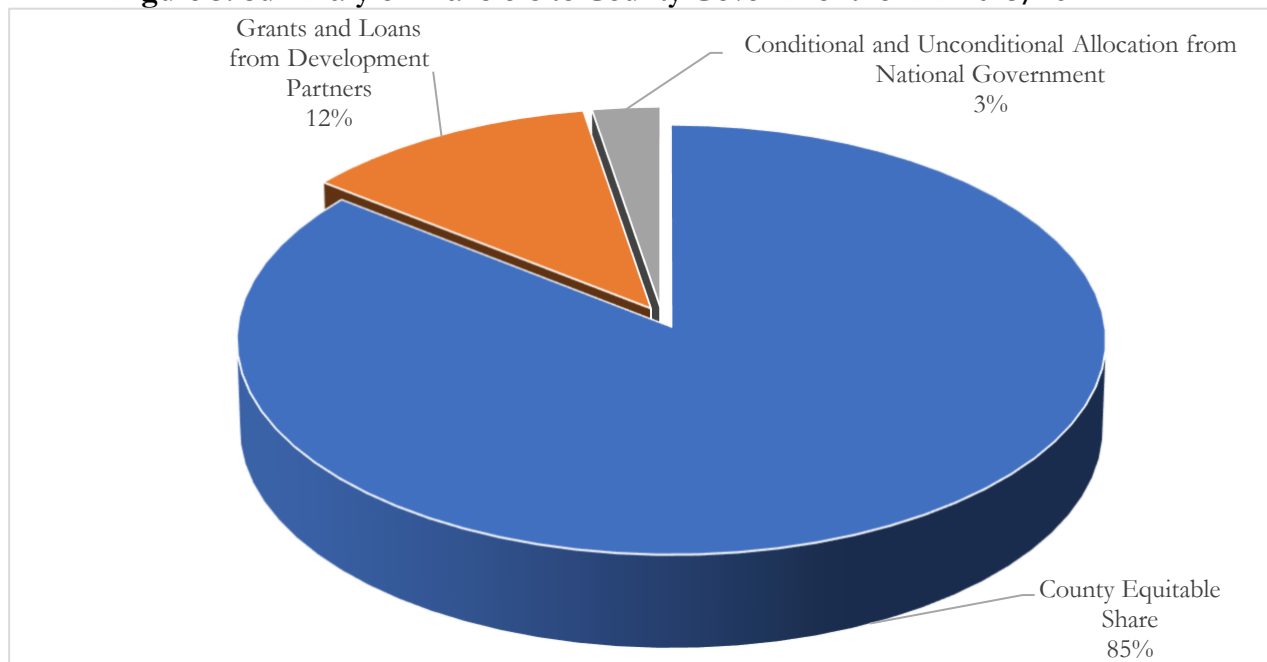
TRANSFERS TO COUNTY GOVERNMENTS

KES 484.90 Billion

5.1 Overview

30. There are 3 main distinct transfers to county governments from the national government. This comprises of the county equitable share which is the portion of national raised revenue shared equitably among the county governments, conditionally or unconditionally additional allocation from the national government share of revenue and proceeds of Grants and Loans from development partners required for functions that are implemented by county governments.
31. In the FY 2025/26, the total transfers to county government amounted to **Kshs. 484.90 billion**. This is broken down to the 3 district transfers to county governments as follows:
- The equitable share amounts to Kshs. 415 billion and it constitutes 85.6% of the total transfers.
 - The Grants and Loans from Development Partners amounts to Kshs. 56.91 billion and it constitutes 11.7% of the total transfers.
 - The Conditional and Unconditional allocation from the National Government amounts to Kshs. 12.99 billion and it constitutes 2.7% of the total transfers.

Figure 3: Summary of Transfers to County Government for FY 2025/26



Source: National Treasury

5.2 Equitable Share

32. The equitable share amounts to Kshs. 415 billion and it constitutes 89.1% of the total transfers. The funds are first vertically divided between the national and county governments through the Division of Revenue Act based on the criteria provided in Article 203 of the Constitution. Thereafter, the county government share is horizontally divided among the 47 county governments through the County Allocation of Revenue Act in accordance with the basis of revenue sharing provided in Article 217 of the Constitution.
33. The vertical sharing of revenue for FY 2025/26 takes into account the criteria set out in Article 203(1) of the Constitution. The criteria includes the following factors:
- a) **National Interest** – these are expenditures related to project and programmes that are critical to the achievement of the country’s economic development objectives and have significant resources investment requirement and whose benefits accrue nationwide.
 - b) **Public debt** – These are the interest payment related costs for both domestic and external debt.
 - c) **Other National Obligations** - these are essential funding for mandatory pension contributions, financing of constitutional offices, financing of Parliament and Judiciary as well as expenses relating to other statutory bodies.
 - d) **Fiscal Capacity and Efficiency of County Governments** – The vertical sharing formula has taken into consideration the need to support county governments grow their own source revenue.
 - e) **County governments’ ability to perform their functions assigned to them and meet other developmental needs of the county governments** – The vertical sharing formula has been informed by the costing of expenditures for devolved functions done at the onset of devolution, which has been the basis for equitable sharing of national revenue over the years.
34. The horizontal sharing of revenue for FY 2025/26 uses the fourth basis for revenue sharing which was determine by Parliament in June 2025. The implementation of the fourth basis provided that Kshs. 387.425 billion of the share of national revenue allocated to county government was to be shared among the counties based on the aggregate allocation ratio of the third basis formula, Kshs. 4.46 billion was to be shared by 12 small counties¹ as Affirmative Action, while Kshs. 23.115 billion was to be shared based on the allocation ratio of the fourth basis. The parameters considered in the fourth basis of revenue sharing among counties are: Population Index (0.45), Equal Share Index (0.35), Poverty Index (0.12), Geographical Size Index (0.08).

5.3 Conditional and Unconditional Allocations from National Government

35. The Conditional and Unconditional allocation from the National Government amounts to Kshs. 12.99 billion and it constitutes 2.7% of the total transfers. The funds are used to support strategic county-level programs aimed at enhancing service delivery and accelerating

¹ Elgeyo Marakwet, Embu, Isiolo, Kirinyaga, Laikipia, Lamu, Nyamira, Nyandarua, Samburu, Taita/Taveta, Tharaka-Nithi and Vihiga.

socio-economic development across the country. The funds are appropriated to the respective State Departments of the National Government then transferred to County Governments through the annual County Government Additional Allocation Act. In FY 2025/26, there are 6 conditional and unconditional allocations from the national government:

- a) **Supplement for Construction of County Headquarters** – This is a conditional allocation meant to support construction of offices for the counties which did not inherit adequate facilities that could accommodate the new administration. **Ksh. 454 million** has been allocated to **5 counties**² to continue the National Government's support of the construction of county headquarters for these counties. These counties did not inherit sufficient administrative infrastructure during the 2013/14 transition to devolution.
- b) **County Aggregated and Industrial Parks (CAIPs)** – This is a conditional allocation meant to support counties develop their Agro-Industries and enhance productivity of agriculture sector in a sustainable manner. In the FY 2024/25, **Kshs. 4.5 billion** will be utilized for CAIPs in 18 counties under phase two of the programme. The sharing of the money will be based on the percentage level of completion, with priority given to those who are at advanced stages.
- c) **Community Health Promoters (CHPs)** – This is a conditional allocation meant for the monthly stipends of CHPs who provide primary health services including prenatal care, immunisation, nutrition education and treatment of common illnesses. The programme is intended to strengthen community-level health care services under the Universal Health Care coverage. An allocation of **Ksh. 3.23 billion** has been made to **47 counties** for payment of monthly stipends to Community Health Promoters (CHPs). The sharing of the money to the counties is based on the number of CHPs per county.
- d) **Payment of Basic Salary Arrears of County Health Workers:** This is a conditional allocation to settle basic salary arrears for county health workers. Allocation of **Kshs. 1.76 billion** to all the 47 counties has been provided and is divided based on the average number of health workers per county between 2017 and 2024.
- e) **Court Fines** – This is an unconditional allocation transferred to beneficiary counties from fines collected by the Judiciary as a result of contravention of county government legislation. An amount of **Kshs. 11.52 million** has been allocated to **10 counties** as transfers of court fines collected by the Judiciary under the contravention of county laws.
- f) **Share of Mineral Royalties** – This is an unconditional allocation transferred to beneficiary counties from royalties paid by the holders of mineral rights. The Mining Act, 2016 requires that royalties be shared as follows; 70% for national government 20% for county governments and 10% for communities. A total of **Kshs. 2.93 billion** has been allocated to **32 counties** in which mining operations took place between 2016 and 2024.

² Isiolo, Lamu, Tana River, Tharaka Nithi, and Nyandarua

- g) **County Rural and Urban Affordable Housing Committees** – This is a conditional allocation meant for the administrative expenditures of the county committees. The Affordable Housing At, 2024 requires that 0.5% of the collections from the Housing Levy in each financial year be allocated to the county committees. A total of **Kshs. 93.42 million** has been allocated and will be divided equally to each of the 47 counties.

5.4 Grants and Loans from Development Partners

36. The Grants and Loans from Development Partners amounts to Kshs. 56.9 billion and it constitutes 11.7% of the total transfers. These are the proceeds of Grants and Loans from development partners required for functions that are implemented by county governments. The funds are appropriated to the respective State Departments of the National Government then transferred to County Governments through the annual County Government Additional Allocation Act. In FY 2025/26, the following 17 projects and programmes are funded through grants and loans from development partners:

- a) **WB-IDA's Financing Locally- Led Climate Action Program-County Climate Institutional Support (FLLOCA-CCIS)** – This is a grant to kickstart County Governments to be ready for participation in the FLLOCA Program by putting in place institutional arrangements. In FY 2025/26, Kshs. 121 million will be shared among 7 counties³.
- b) **WB-IDA's Financing Locally- Led Climate Action Program-County Climate Resilience Investment (FLLOCA-CCRI)** – This is a grant to encourage and financially facilitate County Governments to implement the County Climate Action Plans (CCAPs) and incentivize them to increase County contributions into the County Climate Change Fund (CCCCF) and mainstream climate action into the regular operations of the county departments. In FY 2025/26, Kshs. 6.19 billion has been allocated to be shared to selected beneficiary county government once they meet all set conditions of the grant.
- c) **German Development Bank (KfW) Financing Locally- Led Climate Action Program-County Climate Resilience Investment (FLLOCA-CCRI)** - This is a grant to encourage and financially facilitate County Governments to implement the County Climate Action Plans (CCAPs) AND incentivize them to increase County contributions into the County Climate Change Fund (CCCCF) and mainstream climate action into the regular operations of the county departments. In FY 2025/26, Kshs. 1.2 billion has been allocated to be shared to selected beneficiary county government once they meet all set conditions of the grant.
- d) **IFAD's Aquaculture Business Development Programme (ABDP)** – This is a loan to increase the incomes, food security and nutritional status of the wider communities of poor rural households involved in aquaculture in the targeted

³ Kiambu, Kilifi, Mandera, Mombasa, Nairobi, Siaya, Tharaka Nithi

Counties. In FY 2025/26, Kshs. 200 million will be shared among the 15 counties⁴.

- e) **WB-IDA's Food Systems Resilience Project (FSRP)** – This is a loan to increase preparedness against food insecurity and improve the resilience of food systems in targeted project areas of Kenya. In FY 2025/26, Kshs. 3.2 billion will be shared equally among 13 counties⁵.
- f) **KfW's Drought Resilience Programme in Northern Kenya (DRPNK)** – This is a grant to ensure that drought resilience and climate change adaptive capacities of the pastoral and agro-pastoral production systems and livelihoods in selected counties are strengthened on a sustainable basis by constructing and rehabilitating relevant infrastructure. In FY 2025/26, Kshs. 1.28 billion will be allocated to Turkana and Marsabit Counties.
- g) **WB-IDA's Kenya Devolution Support Programme II (KDSP Level I Grant)** – This is a grant to be used by **counties** to finance capacity-building institutional strengthening activities. The grants will incentivize counties to set up core governance and institutional arrangements for management of public resources, which will enhance capacity, facilitate achievement of Program results, and support Program coordination. In FY 2025/26, Kshs. 1.76 billion will be shared equally among all the 47 counties.
- h) **WB-IDA's Kenya Devolution Support Programme II (KDSP Level II Grant)** – The purpose of the Grant is to provide financing for investments in county infrastructure and service delivery to incentivize enhanced performance of counties. In FY 2025/26, Kshs. 13.04 billion has been allocated to be shared equally to 47 counties once the respective county governments meet all set conditions of the grant.
- i) **IFAD's Kenya Livestock Commercialization project (KeLCoP)** – This is a grant that contributes to the Government's agriculture transformation Agenda of increasing rural small-scale farmers' incomes, food and nutrition security. In FY 2025/26, Kshs. 634.5 million will be shared among the 10 counties⁶.
- j) **WB-IDA's Kenya Urban Support Project Urban Development Grant (KUSP - UDG)** – This is a grant to provide support to participating County Governments for development of waste management, storm water drainage infrastructure, roads and NMT connectivity, fire and disaster management facilities/equipment and urban socio-economic infrastructure such as markets. In FY 2025/26, Kshs. 10.3 billion has been allocated to be shared to selected beneficiary county government once they meet all set conditions of the grant.
- k) **WB-IDA's Kenya Urban Support Project Urban Institutional Grant (KUSP - UIG)** – This is a grant to provide support to participating County Governments for the formulation of urban development plans including the establishment and operation of urban institutional arrangements such as

⁴ Busia, Embu, Homa Bay, Kajiado, Kakamega, Kiambu, Kirinyaga, Kisii, Kisumu, Machakos, Meru, Migori, Nyeri, Siaya, Tharaka Nithi

⁵ Baringo, Elgeyo Marakwet, Garissa, Isiolo, Laikipia, Lamu, Mandera, Marsabit, Samburu, Tana River, Turkana, Wajir, West Pokot

⁶ Baringo, Bungoma, Busia, Elgeyo Marakwet, Kakamega, Marsabit, Nakuru, Samburu, Siaya, Trans Nzoia

charters, boards administrations and operation of Urban Institutional arrangements and for the initial preparation of urban infrastructure investments. In FY 2025/26, Kshs. 1.3 billion has been allocated to be shared to selected beneficiary county government once they meet all set conditions of the grant.

- l) **World Bank (WB) Kenya Water, Sanitation and Hygiene (K-WASH)** – This is a loan to increase access to improved water and sanitation services, eliminate open defecation and improve the operational and financial performance of Water Service Providers in the participating Counties, including refugee Host Counties. In FY 2025/26, Kshs. 4.6 billion has been allocated to be shared to selected beneficiary county government once they meet all set conditions of the grant.
- m) **WB-IDA's National Agricultural Value Chain Development Project (NAVCDP)** - This is a loan to increase market participation and value addition for targeted farmers in selected **value** chains in project areas. In FY 2025/26, Kshs. 7.7 billion will be shared equally among 34 counties⁷.
- n) **DANIDA's Primary Healthcare in Devolved System Program** – This is a grant to improve primary healthcare focusing mainly on maternal newborn, reproductive child and adolescent health services in counties. In FY 2024/25, Kshs. 510 million will be shared among the 47 counties in accordance with the revenue sharing formula approved by Parliament.
- o) **WB-IDA's Water and Sanitation Development Project (WSDP)** – This is a loan for implementation of Water and Sanitation activities to increase water and sanitation coverage in select Coastal and Northeastern Counties. In FY 2025/26, Kshs. 3 billion will be allocated to 6 counties⁸.
- p) **AFD's Kenya Informal Settlement Improvement Project II (KISIP)** – This is a grant to develop **sustainable** infrastructure in selected informal settlement in selected urban areas as part of slum upgrading. In FY 2025/26, Kshs. 1 billion will be shared among the 8 counties⁹.
- q) **WB-IDA's Kenya Informal Settlement Improvement Project II (KISIP)** – This is a grant to develop sustainable infrastructure in selected informal settlement in selected urban areas as part of slum upgrading. In FY 2025/26, Kshs. 840 million will be shared among the 11 counties¹⁰.

⁷ Bomet, Bungoma, Busia, Embu, Homa Bay, Kajiado, Kakamega, Kericho, Kiambu, Kilifi, Kirinyaga, Kisii, Kisumu, Kitui, Kwale, Machakos, Makueni, Meru, Migori, Mombasa, Murang'a, Nairobi City, Nakuru, Nandi, Narok, Nyamira, Nyandarua, Nyeri, Siaya, Taita/Taveta, Tharaka-Nithi, Trans Nzoia, Uasin Gishu, Vihiga

⁸ Garissa, Kilifi, Kwale, Mombasa, Taita Taveta and Wajir

⁹ Elgeyo Marakwet, Kajiado, Kilifi, Kwale, Nairobi, Nakuru, Taita Taveta, Uasin Gishu

¹⁰ Bungoma, Elgeyo Marakwet, Homa Bay, Kilifi, Mombasa, Nairobi, Nandi, Nyamira, Nyandarua, Trans Nzoia, Uasin Gishu

ANNEXURE

Annex 1: Total Allocations for Counties FY 2025/26 (Kshs. Millions)

S/ No	County	Equitable share	National Govt. Conditional & Unconditional Allocation	Development Partners (Loans and Grants)		Total Allocation*
				Shared	Not- Shared ¹¹	
1	Baringo	7,084	335	357		7,776
2	Bomet	7,447	97	278		7,822
3	Bungoma	11,838	149	369		12,356
4	Busia	7,957	92	352		8,401
5	Elgeyo/ Marakwet	5,515	305	530		6,350
6	Embu	6,077	95	286		6,458
7	Garissa	8,878	110	445		9,433
8	Homa Bay	8,646	117	400		9,164
9	Isiolo	5,631	96	290		6,018
10	Kajiado	8,894	1,006	328		10,228
11	Kakamega	13,675	424	366		14,465
12	Kericho	7,179	341	277		7,797
13	Kiambu	13,072	231	311		13,614
14	Kilifi	12,813	1,376	1,447		15,636
15	Kirinyaga	6,152	58	287		6,497
16	Kisii	9,820	413	297		10,530
17	Kisumu	8,902	167	292		9,362
18	Kitui	11,504	370	283		12,157
19	Kwale	9,079	1,249	771		11,099
20	Laikipia	6,104	318	290		6,712
21	Lamu	3,858	149	288		4,294
22	Machakos	10,179	146	293		10,618
23	Makueni	8,976	146	281		9,403
24	Mandera	12,265	290	311		12,867
25	Marsabit	8,106	79	945		9,129
26	Meru	10,554	157	299		11,010
27	Migori	8,884	122	292		9,298
28	Mombasa	8,383	184	932		9,499
29	Murang'a	7,969	105	279		8,353
30	Nairobi City	21,417	341	546		22,304
31	Nakuru	14,455	193	586		15,234
32	Nandi	7,772	181	302		8,255
33	Narok	9,770	350	282		10,403
34	Nyamira	6,073	66	302		6,441
35	Nyandarua	6,663	431	317		7,410
36	Nyeri	6,896	381	294		7,572
37	Samburu	6,337	62	361		6,760
38	Siaya	7,754	89	363		8,206
39	Taita/Taveta	5,760	377	766		6,903

¹¹ Allocation under various donor projects will be shared to the beneficiary county governments once they meet the set conditions: FLLOCA-CCIS - Ksh.6.2 billion; FLLOCA-CCRI - Ksh.1.2 billion; KDSP Level II - Ksh.13.04 billion; KUSP-UDG - Ksh.10.3 billion; KUSP-UIG - Ksh.1.3 billion; KWASH - Ksh.4.61 billion.

S/ No	County	Equitable share	National Govt. Conditional & Unconditional Allocation	Development Partners (Loans and Grants)		Total Allocation*
				Shared	Not- Shared ¹¹	
40	Tana River	7,222	409	293		7,924
41	Tharaka-Nithi	5,058	346	286		5,689
42	Trans Nzoia	7,991	116	429		8,536
43	Turkana	13,893	101	997		14,991
44	Uasin Gishu	8,977	79	519		9,575
45	Vihiga	6,009	310	276		6,595
46	Wajir	10,508	333	858		11,699
47	West Pokot	7,002	93	292		7,388
	Total	415,000	12,988	20,245	36.663	448,233

* Excludes Loans and Grants not-shared