

# Memorandum on the National Budget Estimates FY 2025/26 to the National Assembly's Budget and Appropriations Committee (BAC)

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## Introduction

Bajeti Hub (formerly International Budget Partnership Kenya) is a Kenyan non-profit dedicated to enhancing transparency, accountability, participation, and equity in national and county budgeting processes. We focus on empowering civil society and citizens through sustained engagement, offering technical assistance, evidence generation, capacity building, and networking opportunities to strengthen budget advocacy and influence budget outcomes across both levels of governance in Kenya. This memorandum builds on the input of 270 people who participated in an open public virtual forum via zoom on 15 May 2025<sup>1</sup>. They were drawn from 70 national and county-based organizations and representing 30 counties in Kenya.

The FY 2025/26 budget is developed within a context of global economic slowdown, the shifts in donor funding, i.e. the US Government's stop work order, lack of an IMF programme, and additional World Bank requirements on the DPO IV, which while the deficit is intended to reduce, it remains significantly high. In addition, revenue collection has faced challenges in the current FY and the government intends to improve revenue collection while rationalising expenditure to achieve fiscal consolidation over the medium term. Similarly, balancing the proposed revenue targets with the continued high cost of living affects many vulnerable citizens.

The government has also continued to indicate that starting from FY 2025/26, the National Treasury has **adopted the ZBB** approach, but we are not able to justify this in the Programme-Based Budget. While the government has indicated that the National Treasury has developed a Costing Tool that is now integrated into the IFMIS (Integrated Financial Management Information System) to facilitate the implementation of Zero-Based Budgeting, it is paramount to show the public the implication that may come as result of ZBB, especially on the social service sectors.

Additionally, the Higher Education Funding model reforms will be an area of focus, while it previously faced multiple challenges, the Department for Higher Education is implementing the recommendations. This is not the only reform, but also, the country is still catching up with the health reforms through the Social Health Authority (SHA). The FY 2025/26 budget shows that while cuts were anticipated due to expenditure rationalization, there are several cuts in 53 Ministries, Departments and Agencies compared to 29 MDAs receiving more resources. Some of the cuts will affect the programmes in social service sectors for example basic education, irrigation, and social protection. Therefore, this Memorandum outlines the options for the national government's expenditure priorities, revenue projections, and the fiscal framework for

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<sup>1</sup> The complete list of participants is available upon request.

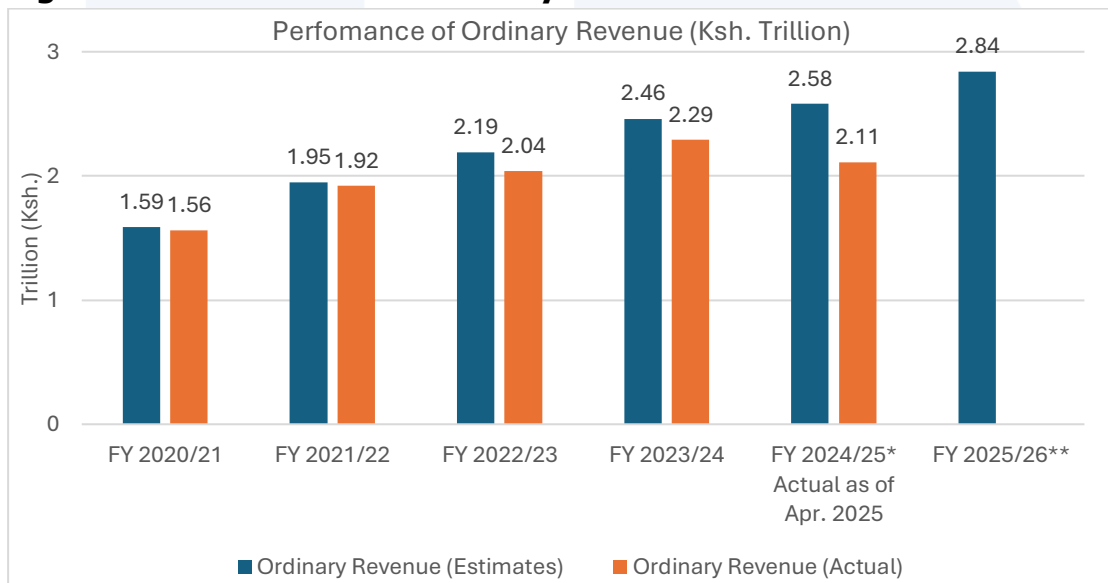
devolution, directly impacting resource allocation to counties and the equitable delivery of public services.

## General Submissions

### Revenue Projections

1. The government aims to raise Ksh 3.36 trillion in the fiscal year 2025/26. This total includes Ksh 2.76 trillion from ordinary revenue and Ksh 550 billion from Appropriations in Aid. Additionally, the government plans to secure Ksh 47 billion in project-related grants. This represents a Ksh 250 billion increase in projected revenue collection from ordinary revenue and Appropriations in Aid, despite the current underperformance in revenue collection. The expected growth consists of a 7% increase in ordinary revenue (Ksh 176 billion) and a 15% increase in Ministerial Appropriations in Aid (Ksh 73 billion), resulting in an overall revenue collection increase of 8%.

**Figure 1: Performance of Ordinary Revenue**



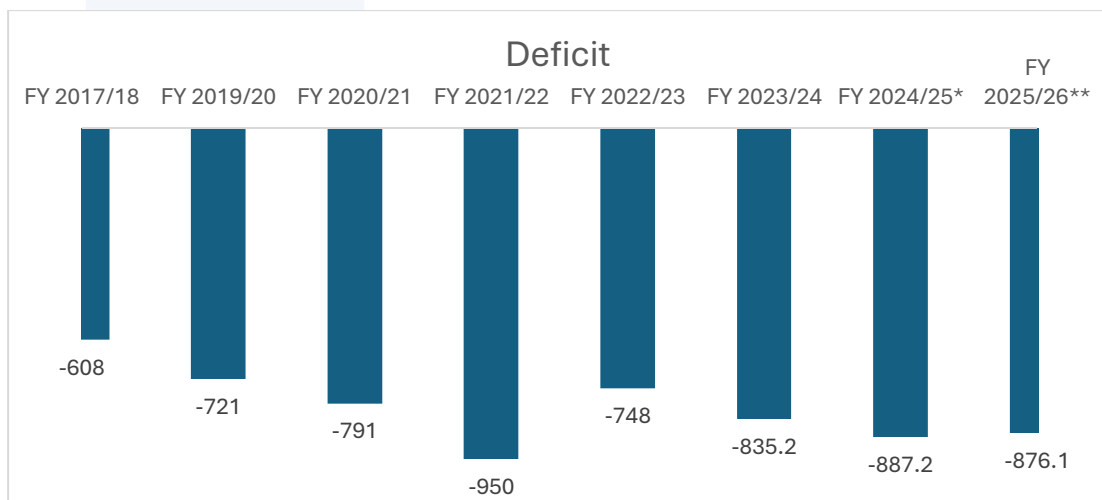
2. Over the last few years, most of the tax revenue streams have registered year-on-year growth, while the government projects that in the coming FY, GDP will remain resilient with slow growth. In 2024, Kenya’s real Gross Domestic Product (GDP) grew by 4.7 per cent compared to a growth of 5.7 per cent in 2023. **Considering this slow projected economic growth, we are cognizant that this revenue target is overly ambitious, and the country may not**

**be able to raise it, this also borrows from previous FYs where the government has always missed its revenue targets.**

### Deficit and Public Debt

- In the last few years, the deficit has remained significantly high. In FY 2021/22, it was above 900 billion, the highest, when the shortfall was Kshs. 934.4 billion. As a share of GDP, the deficit decreased from approximately 7.3% in FY 2018/19 to 5.7% by the end of FY 2022/23.

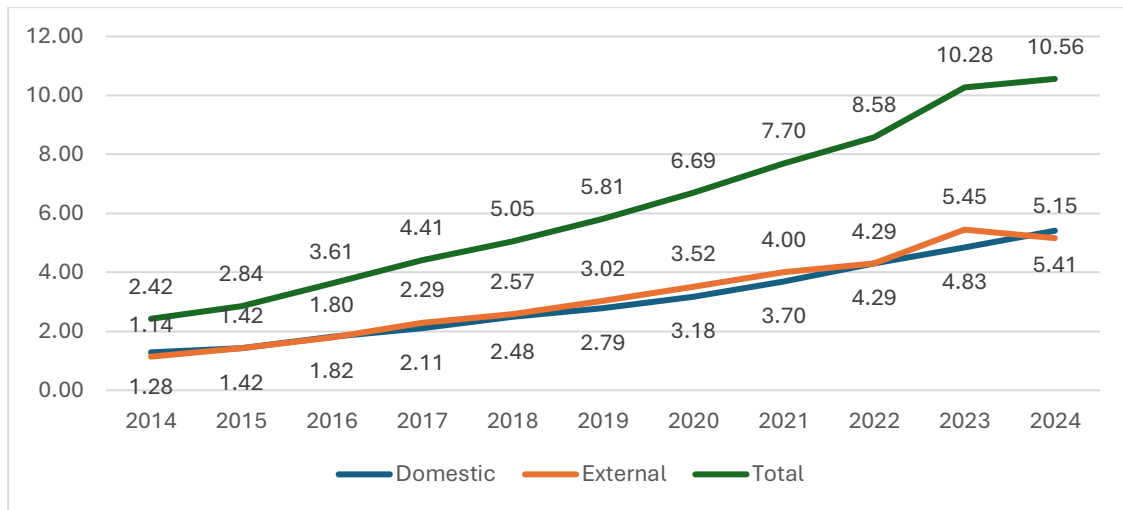
**Figure 2: Budget Financing – Deficit has mostly been more than 700 billion**



Source: National Treasury

- Kenya’s public debt stood at **KES 10.58 trillion** as of the end of June 2024, 51% of which was owed to domestic lenders, while 49% was owed to foreign lenders. Having grown 335% between 2014 and 2024, Kenya’s debt burden remains a significant threat to Kenya’s economy and the delivery of public services over time.

**Figure 3: Trend in Kenya's Public Debt Stock 2014-2024**



Source: Central Bank of Kenya

The impact on service delivery is due to the ordinary revenue that must be forked out to make interest and redemption payments during the financial year. **In the budget estimates from FY 2025/26, public debt interest and redemption payments are proposed to increase to KES 1.901 trillion from a projected KES 1.606 trillion in the BPS 2025.** Compared to FY 2024/25, the public debt servicing burden is proposed to decrease by 7% or Ksh 141 billion on account of lower external public debt interest and redemptions in FY 2025/26.

**Table 1: Public Debt Servicing – Interests and Redemption (Ksh. Trillion)**

	Supp. 2024/2025	II BPS 2025/2026	Estimates 2025/2026	Deviation	
<b>Public Debt Redemption</b>	1.046	0.477	0.804	0.243	23%
<b>Public Debt Interest</b>	0.996	1.129	1.098	-0.102	-10%
<b>Total Public Debt Servicing</b>	<b>2.042</b>	<b>1.606</b>	<b>1.901</b>	<b>0.141</b>	<b>7%</b>

Source: PBB FY 2025/26

In the Special Audit Report by the Auditor-General on the Utilization of Commercial Loans in Kenya for the period from July 1, 2010 to December 31, 2021, the findings indicated that some proceeds from commercial borrowings are not being used exclusively for development expenditure as required. The Office of the Auditor-General provided recommendations to address these gaps and therefore, Parliament and specifically the Public Debt and Privatization Committee should ensure that all borrowing processes are adhered to strictly.

## Overall expenditure

5. The overall projected expenditure for FY 2025/26 is Ksh. 4.24 trillion. This figure has been revised downwards compared to the amount initially adopted in the BPS 2025 at Ksh. 4.3 trillion. Compared to the latest Supplementary Budget (II), the budget for FY 2025/26 will increase by about 6 percent, from Ksh. 4 trillion to Ksh. 4.24 trillion. **Given the downward revision, we recommend that the Budget Appropriation Committee ensure that allocations towards the social services (health, education, social protection, Wash) programmes are shielded from cuts. The analysis already indicates that even the basic education department will face significant cuts, without sufficient justification provided in the PBB.**
6. Explanations of the changes between the BPS 2025 and the allocations in the Programme-Based Budget. While we understand the role of BPS in firming up the final ceilings and budget allocations for sectors, as well as those for ministries, departments, and agencies in the Budget Estimates (which we expect changes in), we have noted sectors that received significant reductions compared to what was initially allocated in the Budget Policy Statement. **We recommend that the BAC seek justifications for and explanations of the significant changes, especially considering the impact on the initial priorities set in the Budget Policy Statement.**
7. The Ministerial recurrent spending is expected to be Ksh. 1.72 trillion, while development funding will amount to Ksh. 0.7 trillion. Twenty-four MDAs are receiving at least Ksh. 1 billion more compared to the current fiscal year 2024/25. Similarly, thirteen MDAs will experience cuts of at least Ksh. 1 billion in FY 2025/26 compared to FY 2024/25. **We recommend that BAC ask questions regarding how these increases or cuts were determined. Is this a result of the Zero-Based Budgeting that the government claims to have started implementing in FY 2025/26? Furthermore, there is a need for more information on how the ZBB will relate to the PBB. The Budget and Appropriations Committee (BAC) must scrutinize the rationale behind these increases and cuts, especially in light of the government's adoption of Zero-Based Budgeting (ZBB) for FY 2025/26, which requires all expenditures to be justified from scratch. The BAC should seek clarity on whether these adjustments stem from ZBB's emphasis on aligning resources with current priorities.**

Some of the MDAs will receive significant cuts and an increase in the proposed budget under approval compared to the previous FY include.

**Table 2: Change between Supplementary II 2024/25 & Budget Estimates 2025/26 (Ksh. billion) – Top and Bottom MDAs**

	MDA Vote	Current	Capital	Gross
1	1094 State Department for Housing & Urban Development	(479)	45,428	44,948
2	2091 Teachers Service Commission	21,660	(164)	21,496
3	1041 Ministry of Defence	19,218	1,400	20,618
4	1097 State Department for Aviation and Aerospace Development	14,156	359	14,515
5	1152 State Department for Energy	2,033	12,234	14,267
6	1032 State Department for Devolution	(160)	14,349	14,190
7	1109 State Department for Water & Sanitation	(230)	12,511	12,281
8	1186 State Department for Children Welfare Services	11,373	144	11,517
74	1092 State Department for Transport	(12,530)	9,465	(3,065)
75	1104 State Department for Irrigation	(58)	(3,577)	(3,635)
76	1036 State Department for the ASALs and Regional Development	(1,734)	(2,455)	(4,189)
77	1281 National Intelligence Service	(4,204)	-	(4,204)
78	1166 State Department for the Blue Economy and Fisheries	(138)	(4,390)	(4,527)
79	1185 State Department for Social Protection and Senior Citizens Affairs	(3,895)	(1,620)	(5,516)
80	1072 State Department for Economic Planning	(251)	(11,070)	(11,321)
81	1066 State Department for Basic Education	(9,365)	(3,361)	(12,726)
82	1091 State Department for Roads	(455)	(12,916)	(13,371)

Source: PBB 2025/26 and Supplementary Budget 2024/26. Bajeti Hub Analysis

8. Over the years, the government has been effective in the planning and approval stages, but it has consistently struggled to meet its commitments, especially regarding the capital side of the budget. For instance, budget absorption issues remain significant challenges that need to be addressed, as they directly impact service delivery. The BPS 2025 shows that by the end of December 2024, recurrent expenditures exceeded their target by Ksh 40.9 billion, while development expenditures and County transfers fell short of their respective targets. Some highlighted issues include the under-absorption of foreign-financed development projects. **In this regard, the Budget and Appropriations Committee (BAC) to closely examine the sources of funding for the capital budget. Additionally, where counterpart funding is required, the government must be tasked with ensuring that resources are disbursed according to the established schedules.**

**9. Pending bills create the need for budget changes.** While we acknowledge the efforts made by the government to address the issues related to pending bills, the task force, which has had its term extended for another six months, has cleared pending bills amounting to Sh206 billion. During the parliamentary debate on the Supplementary Budget II Estimates 2024/25 financial recommendations, it was noted that most of the increases in the budget were intended to offset these pending bills. **The Budget Appropriations Committee (BAC) needs to provide the current status of the pending bills, scrutinize them for eligibility for settlements, and outline how the government intends to settle these pending bills. This issue could lead to unnecessary changes in the budget, which should have been addressed during the approval process of the budget.**

## Sectoral/ Thematic- Ministry, Department and Agency Submissions

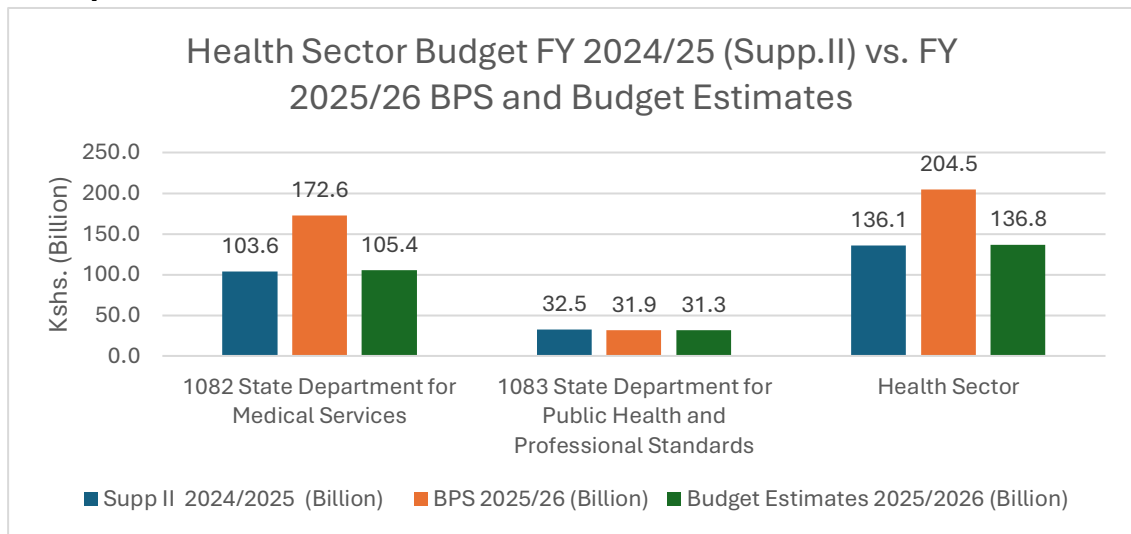
### 1. Health

Healthcare is one of the five core pillars of BETA. The Ministry of Health (MoH) consists of two key MDAs: the State Department for Medical Services, which focuses on health promotion, universal health insurance, human resource management, primary healthcare financing, digitization, county collaboration, and improved health financing; and the State Department for Public Health and Professional Standards, which prioritizes strengthening healthcare delivery, enhancing public health management and disease surveillance, expanding preventive healthcare, increasing workforce capacity, improving policies and regulations, and implementing targeted interventions for diseases like malaria and tuberculosis.

### Key submissions in Health

**1. The overall allocation towards the health sector for FY 2025/26 has increased** compared to the Supplementary Budget II FY 2024/25. We note that the net increase towards the health sector is about Ksh 700 million. A closer look reveals that the allocations to the State Department for Medical Services increased by Ksh. 1.8 billion, while the State Department for Public Health and Professional Standards dropped by Ksh 1.2 billion.

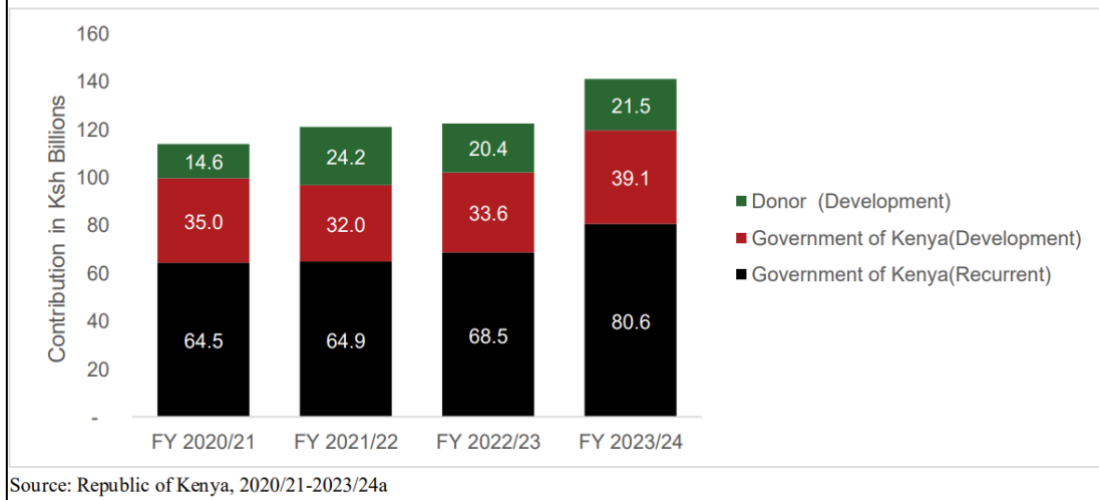
**Figure 4: Health Sector Budget FY 2024/25 (Supp II) Versus FY 2025/26**



**2. Heavy reliance on Donor funding for the health sector, especially the development Budget.** Over the years, the Ministry of Health has relied heavily on donors to support numerous aspects of the development budget. This has been on critical health interventions such as Malaria, TB and Immunization. The donors have also been supporting critical information management systems that help to run the supply chain. This is of concern because the government is not allocating enough resources to deliver the essential health services to the citizens of Kenya. Whereas the Government contribution to development expenditure has been growing over time, we note that the donor contribution has also been growing at an almost similar rate. As seen in the figure below, the donor support has grown over time. Whereas the contribution by donors has been increasing, the donor contribution still accounts for a small percentage of the entire health budget.

**Figure 5: Government Versus Donor Contribution to the Health Sector**

Figure 4: MOH budget allocation in KES billions, FY 2020/21-2023/24



**In addition, the United States Government's Stop Work Order** following the adoption of Executive Order Number 14169 on January 20, 2025, has had great implications on the provision of basic health services for the most vulnerable members of society. Whereas this order affected many African countries, Kenya was affected significantly. According to a report by the Ministry of Health<sup>2</sup> on the Impact of the US Government stop work order, basic health services such as immunization will see a funding gap of approximately Ksh. 2.5 billion. Other areas affected include HIV, Tuberculosis and Family planning.

Apart from the direct service delivery that has been affected, key health information systems have been significantly impacted. The impact

**Table: Impact of the US Government Stop Work Order**

<sup>2</sup> <https://drive.google.com/file/d/1rDyWI65z2upRWNEsh3xiMaYTXZ9dhjWZ/view?usp=sharing>

Diseases	Annual Requirement	Sources of Funding			Funding Gap
		Government of Kenya	Global Fund to Fight AIDS, Tuberculosis and Malaria	U.S. Government Support	
HIV	28,000,000,000.00	3,096,744,043.99	6,553,298,790.17	8,930,421,429.80	9,396,755,420.00
Tuberculosis	17,748,514,940.00	2,917,490,810.00	1,393,215,070.00	63,835,905.90	12,189,809,190.00
Malaria	3,807,068,720.00	260,000,000.00	955,490,569.26	3,252,016,040.00	-
Blood	4,000,000,000.00	-	-	2,700,000,000.00	-
Immunization	11,585,000,000.00	2,000,000,000.00	6,500,000,000.00 [J1]	585,000,000.00	2,500,000,000.00
Family Planning	2,473,129,620.00	503,875,968.70	222,244,451.00 [J2]	598,000,000.00	1,747,009,200.30
Nutrition	4,962,412,348.00	2,081,523,427.00	-	2,880,888,921.00	-
Other HPTs (Oxygen Lab, Cancer, COVID19)	-	-	-	3,668,472,492.10	-
Estimated Incountry Logistical costs	7,257,612,562.80	1,085,963,424.97	1,562,424,888.04	2,267,863,478.88	2,583,357,381.03
<b>Total</b>	<b>79,833,738,190.80</b>	<b>11,945,597,674.66</b>	<b>17,186,673,768.48</b>	<b>24,946,498,267.68</b>	<b>28,416,931,191.33</b>

3. **On the positive side**, under the Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH programme, the allocation to the vaccine programme has been increased by Ksh 2.6 billion. This could be in response to the funding gap under immunization occasioned by the funding gap occasioned by the stop work order.
4. **Under the National Aids control programme**, we note that there is no change in the budget allocations despite the Kshs 9.4 billion gap in HIV funding due to the USG stop work order. We anticipated to see an increase in the allocations as HIV drugs are an essential commodity that its absence can be detrimental to the country.
5. Whereas one of the **priority areas** under the Ministry of Health is **increasing the capacity of healthcare workers and enhancing health promotion through community-driven approaches** to reduce preventable disease burden, we note that there is no allocation towards specialized medical equipment and no allocations for Community Health Promoters (CHPs). This is very concerning for a government that Universal Health Coverage as one of its flagship programmes.
6. The **Free Maternity Program (Strategic Intervention)**, popularly known as Linda Mama, which has been an intervention that led to an increase in the number of women who delivered in health facilities under the care of skilled birth attendants, has received no allocation in FY2025/26. This has been a strategic intervention particularly at Health Centers across the country, aimed

at increasing the number of safe deliveries for all pregnant women across the country.

7. The **General Administration programme under the state department for Medical Services has a KES 10.8 billion increase in its allocation**, a big portion of which is a KES 6 billion increase to the PHC fund, and a KES 5 billion increase to the Emergency, Chronic and Critical Illness Fund. The allocation to Health Insurance Subsidy Program for Orphans Vulnerable Children has been doubled from KES 0.361 billion to KES 0.76 billion. These increases are reflective to the strategic interventions and the priorities listed under the state department.

## **Recommendations to the National Assembly Budget and Appropriation Committee on Health**

1. The impact of US Government stop-work order comes at a critical time when there has been notable progress in programs addressing HIV/AIDS, malaria, and tuberculosis (TB). Treatment success rates for these diseases have improved significantly, with the TB treatment success rate now at 89%. However, immunization services for Penta 3 have stagnated at 84%, indicating a need to address existing gaps to achieve better performance. **The Budget and Appropriation Committee should evaluate the effects of reduced donor funding for the health sector and investigate how the current budget for FY 2025/26 is addressing the gaps created by the stop-work orders. It is essential to ensure that funding for these programs is sustainable. This situation affects critical areas of basic services, and inadequate resourcing could have catastrophic consequences for the population.**
2. Whereas we applaud the increase in budget in the FY 2025/26 compared to the Supplementary II 2024/25, it is not commensurate with the lost resources occasioned by various donor decisions. Further, we note that Ksh 6.1 billion in development spending has been reduced from the State Department for Medical Services. **Further looking closely at the numbers, there was a significant drop between what was proposed in the BPS 2025 vis-à-vis what has been finally allocated to the health sector (i.e. both state departments). The National Assembly Budget Appropriation Committee needs to interrogate why this change considering the emerging issues in the health sector.**

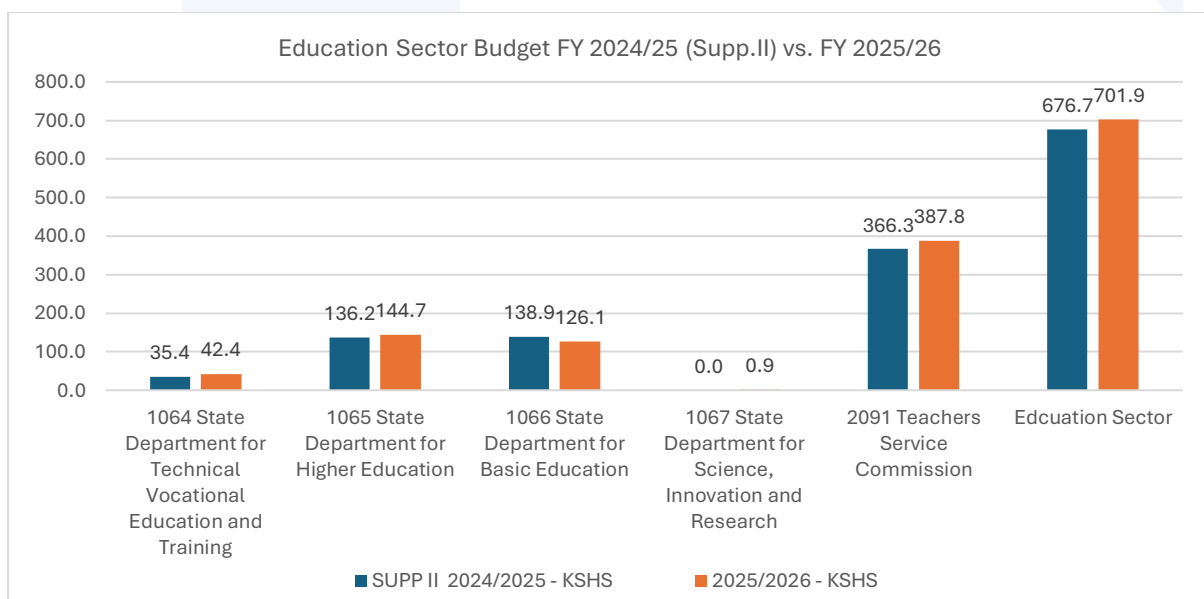
3. The National Assembly to compel the National Treasury to consider increasing the resources towards increasing the capacity of health workers in order to bridge the workforce gaps.
4. The National Assembly to compel the Ministry of Health to allocate resources according to the needs of the sector as outlined in the priorities section.

## 2. Education

The education sector is one of the key enablers of the government's Bottom-up Economic Transformation Agenda (BETA), divided into four sub-sectors: Basic Education, Technical Vocational Education and Training, Higher Education and Research, and Teachers Service Commission and 37 sub-programmes. It is the sector that continues to receive the highest budgetary allocations and continues to implement substantial changes, such as Competency Based Curriculum (CBC) and the introduction of a new department, the State Department for Science, Innovation and Research. **The proposed allocation for the Education sector in FY 2025/26 is 701.9 billion, a 3.7 % increase from the previously approved second supplementary estimates for FY 2024/25 at Ksh 676.67 billion.** This is 27.9% of the total allocation across all national MDAs, an increase from the previous 27% of the entire budget in FY 2024/25.

Notably, the State Department for Basic Education is the only sub-sector faced with a budget cut of up to Ksh 12.7 billion, as in Figure 6.

**Figure 6: Education Sector Budget Changes Between FY 2024/25 and FY 2025/26**



Source: PBB and Supp. II 2024/25

## 1. Primary and Secondary School Infrastructure

Basic education continues to report an increase in the number of learners being enrolled at both primary and secondary schools, as shown in the 2025 Economic Survey.

	2021		2022		2023		2024*	
	Girls	Boys	Girls	Boys	Girls	Boys	Girls	Boys
Primary & Junior School	5,042	5,244	5,116	5,248	5,120	5,277	5,234	5,499
Secondary Schools	1,869	1,823	1,996	1,925	2,085	2,025	2,172	2,150

Source: Economic Survey 2025

In addition to the increase in learners, the sub-sector is still faced with the implementation of the Competency-Based Curriculum that is highly dependent on adequate infrastructure, especially with the reported 100% transition of learners into Junior Secondary Schools. Among the hurdles in basic education, as mentioned in the 2024 Education Sector Report, was the dilapidated infrastructure in Basic Education, and this was mentioned as an area of priority on the 2025 Budget Policy Statement.

255. In the FY 2025/26 and the Medium Term the sector focuses on reaching important benchmarks in education's relevance, quality, equity, and accessibility. Basic education is currently implementing the Competency-Based Curriculum (CBC), which will necessitate increased funding for instructional materials, teacher preparation, and infrastructure. In support

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Despite basic education infrastructure remaining a priority area in the sector, it has a budget cut of up to 0.34 billion in the proposed FY 2025/26 Budget Estimates. With an outlook of previous years, there is a poor trend in meeting infrastructure targets at both primary and secondary school levels. In FY 2023/24, not only did infrastructure targets not get achieved, but there were no developments made according to the education report, as seen below. The reasons given for such underachievement are budgetary constraints and yet the allocations continue to face proposed cuts, raising concerns about what this means for learners.

Key Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
		2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	
Primary schools' infrastructure facilities improved	Number of Primary schools with infrastructure facilities improved	200	200	210	191	132	0	Budgetary Constraints
Result Based School Grants under the KPEEL program provided	Number of target Primary schools receiving RBS grants	-	-	5,422	-	-	5,422	Target achieved
Public primary schools' infrastructures facilities rehabilitated constructed	Number of new classrooms constructed	110	120	100	109	64	0	Budgetary Constraints
	Number of classrooms rehabilitated	60	65	30	58	16	0	
	Number of Toilets/WASH facilities constructed	25	10	55	21	49	0	
	Number of administration blocks constructed	5	5	15	2	0	0	
Low-cost boarding (LCB's) primary Schools infrastructures Renovated	Number of LCB's primary Schools infrastructures Renovated	40	40	40	43	21	0	Budgetary Constraints

Source: Education Sector Report MTEF 2025/26-2027/28

## 2. School Feeding Programme

The school feeding programme has seen several impactful changes in its implementation over time. With previous concerns on the complete transfer of the school feeding programme to NACONEK that exclusively deals with ASAL counties, there seems to have been a reversion of this with all its allocations under basic education being cut on recurrent and development expenditure, having been cut from the previous 0.9 billion and 0.2 billion, respectively. In FY 2025/26, the feeding programme is to face a 0.6 billion budget cut from the previous 3.6 billion in FY 2024/25, with an adverse effect on learners that are depending on the programme.

According to research by KIPPRA<sup>3</sup>, the average cost of a school meal at both primary and secondary schools is roughly Ksh. 37 per meal. One meal a day for 20 school days a month is Ksh. 740. This means that with the cut of 600 million, at least 810,000 learners will have limited or no access to the nutrition programme. With the concern that NACONEK was previously unable to reach close to half of its targets in the reported FY 2023/24, there is a need for this programme to be protected from cuts.

Programs	Delivery Unit	Key Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
				2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	
		Increase the number of adult learners	Number of ACE learners Enrolled.	215,627	215,627	190,500	138,628	127,892	126,525	Due to shortage of staff
SP I.B. School health Nutrition and meals	NACONEK	Hot day meals for learners in target public primary schools provided	Number of learners in target public primary schools provided with Hot day meal	2,100,000	1,900,000	4,000,000	2,257,963	2,300,000	2,600,000	Increased unit costs

## 3. Student Loans in the State Department for Higher Education

According to the Education Report 2024, there is a reported 9.5% growth in student enrollment in both private and public universities within the review period of FY 2021/22 to FY 2023/24. With such growth, the sub-sector faces an increase in demand for student financing through available sources such as HELB. The BPS 2025 highlighted that the sector aims to prioritize the funding to both HELB and bursaries for university and TVET learners. With arising issues in some learners being locked out of loan bands and wrong placements, the government seems to be prioritizing the financing of learners in higher education with a notable 5 billion increase in allocations for the upcoming financial year. This indicates a notable responsiveness to the higher Education Funding reforms. However, there is a need to ensure that despite the increase in proposed allocations, the issues of band placements are fair, and needy students are not locked out of receiving loans.

## 4. Examination and Quality Assurance Allocations

<sup>3</sup> The average cost of a school meal is roughly KES 33.8 shillings per meal. One meal a day for a month is KES 1014 bob, KES 600M is 500k students per month.

There have been significant cuts in the allocations towards examination and certification budget lines, as well as curriculum development that supports the effective implementation of CBC. With a concerning cut of up to 8 billion in quality assurance and standards, this will adversely affect the service delivery linked with this allocation, especially for the upcoming examinations such as KCSE, with a majority of the cut under examination and certification. Aside from this, there is no clear justification for such a significant cut. The allocation is also responsible for the achievement of key indicators such as training of teachers, the development of curriculum, co-curricular activities as curriculum support for special needs learners.

Programme	Baseline	Estimates	Projected Estimates	
	2024/2025	2025/2026	2026/2027	2027/2028
	KShs.	KShs.	KShs.	KShs.
0503010 Curriculum Development	1,258,221,559	995,399,403	1,098,221,559	1,892,891,190
0503020 Examination and Certification	9,796,814,577	1,743,514,317	1,792,714,317	1,792,714,317
0503030 Co-Curriculum Activities	1,329,508,180	1,335,763,272	1,360,486,036	1,374,542,881
<b>0503000 Quality Assurance and Standards</b>	<b>12,384,544,316</b>	<b>4,074,676,992</b>	<b>4,251,421,912</b>	<b>5,060,148,388</b>

Source: Programme Based Budget 2025/26

To top this, the proposed recurrent allocation to KNEC, standing at 1.7 billion significantly, lies within AIA, a huge sum that if not achieved will cripple the significant function of the body.

1066000700 Kenya National Examination Council	-	1,718,514,317	1,050,714,317	667,800,000	1,792,714,317	1,792,714,317
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## 5. Scholarships and Bursaries outside the Education Sector

There has been a notable and significant increase in the proposed allocations to bursaries and scholarships that are not within the education sector. In the upcoming financial year, there is a significant allocation increase in the affirmative action from 3.7 billion in FY 2024/25 to a proposed 4.9 billion. On the other hand, under the state department of Children Welfare Services, the Presidential Bursary for OVC has been cut by 225 million. These are examples of scholarships and bursaries outside the education sector, raising the question of fragmentation and the need to streamline this funding within the education sector to benefit learners.

## Recommendations to the National Assembly Budget and Appropriation Committee On Education

1. While Basic Education was one of the key areas facing significant budget cuts, with BPS 2025 proposing Kshs. 149 billion, which was more than the allocation in 2024/25 for this state department, the reductions require justification and

an assessment of their impact on Basic Education. In recent years, this sector has encountered several challenges, including issues related to capitation. In addition, the implementation of CBC heavily relies on sufficient and proper infrastructure. **We recommend that the National Assembly ensure proper and clear justifications are provided, particularly for substantial cuts like the proposed Kshs. 12 billion reductions in Basic Education funding. Such cuts have adversely affected essential allocations that support service delivery for learners in public institutions.** Further, the National Assembly should compel the National Treasury to increase the allocation proposed to fund infrastructure under basic education.

2. The National Assembly should ensure that the school feeding programme is protected from further budgetary cuts and that it is comprehensive enough to support learners who are both within and outside the ASAL counties.
3. The National Assembly should compel the National Treasury to increase the allocation towards Exams and Certification, Quality assurance and Standards, as well as KNEC, to protect critical services such as the efficient implementation of CBC and the upcoming critical examinations such as KCSE.
4. The National Assembly should ensure that funding towards vulnerable groups in the sector, such as OVCs, is protected, as well as push for a more harmonized and coordinated provision of bursaries to ensure that the funds can be accounted for and benefit the learners that need them the most.

### 3. Social Protection and Disaster Response

According to the National Social Protection Policy of 2023, social protection in Kenya is based on four pillars: income security, social health protection, Shock-Responsive Social Protection and Complementary Programmes.<sup>4</sup> The government currently positions Social Protection as an enabler to the realization of its Bottom-Up Economic Agenda (BETA). It commits to continued support for vulnerable members of society through existing cash transfer programmes and expanded Social Health Insurance coverage. At the request of the National Assembly, the government has committed to protect public financial allocations for social protection as it carries out its fiscal consolidation efforts given that social protection reaches the most vulnerable individuals and households in society.

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<https://www.socialprotection.go.ke/sites/default/files/Downloads/KENYA%20SOCIAL%20PROTECTION%20POLICY.pdf>

Social Protection Culture and Recreation Sector houses the majority of Kenya's social protection initiatives. These include the government's social safety net programmes clustered under the Kenya Hunger Safety Net Programme (HSNP) and the Kenya National Safety Net Programme (NSNP). In addition, the sector houses a number of the financial inclusion programs under the State Department for Gender, including the women empowerment fund and the Youth Enterprise Development Fund. As such, the sector is instrumental to Kenya's Vision 2030 by reducing poverty, inequality and vulnerability among Kenya's population, especially poor and marginalized groups, and enhancing the productivity, resilience and well-being of beneficiaries - contributing to economic growth and social cohesion.

A vast wealth of evidence from Kenya and globally repeatedly demonstrates how social protection measures, especially social cash transfer programmes, not only protect people from immediate poverty but allow them to play a more active role in the labour market and make productive investments.<sup>5</sup> This explains the wide range of studies showing that for every \$1 invested in cash transfer programmes return between \$1.3 and \$2.5 in local economy multiplier effects.<sup>6</sup>

## **Analysis and Recommendations**

- 1. The government has largely protected the allocations to social protection and related disaster management in the proposed budget for 2025/26.** In its May 2025 submission to Parliament, the National Treasury committed to safeguarding social protection programmes from funding cuts. This pledge comes amid growing pressure on the government to rationalize spending and reduce expenditure to manage its debt obligations. Analysis of the proposed budget shows that most key social protection programmes have either received increased allocations or maintained their 2024/25 funding levels. However, some critical programmes, such as the health subsidy for children, face proposed reductions in funding and others like the school feeding programme whose targeted beneficiary numbers have been reduced significantly.

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<sup>5</sup> [Unconditional Cash Transfers: A Bayesian Meta-Analysis of Randomized Evaluations in Low and Middle Income Countries | NBER](#)[Unconditional Cash Transfers: A Bayesian Meta-Analysis of Randomized Evaluations in Low and Middle Income Countries | NBER](#); [Cash transfers: what does the evidence say? | ODI: Think change](#)

<sup>6</sup> <https://www.fao.org/3/a-i5375e.pdf>

**Table 1: Budget Changes in Key Social Protection and Disaster-Related Programmes**

	Programme/Sub-Programme	Approved Budget 2024/25 (Supp 2)			Budget Estimates 2025/26			% Change
		Current	Capital	Total	Current	Capital	Total	
State Department for Social Protection and Senior Citizen Affairs	Social Assistance to Vulnerable Groups	28.41	1.81	30.22	27.75	0.15	27.90	23%
State Department for Children Welfare Services	Cash Transfer to OVCs	-	-	(Allocation under SDSP)	9.31	-	9.31	
Health	Subsidy Program for Orphans Vulnerable Children	0.36	-	0.36	0.76	-	0.76	110%
State Department for the ASALS and Regional Development	Kenya Hunger Safety Net Programme	1.53	-	1.53	4.92	-	4.92	221%
State Department for Basic Education	School Feeding Programme	3.60	-	3.60	3.00	-	3.00	-17%
State Department for the ASALS and Regional Development	National Drought Management Authority	2.35	-	2.35	5.67	-	5.67	141%
State Department for Internal Security & National Administration	Disaster Risk Reduction	-	-	0.04	-	-	0.04	9%
State Department for Special Programmes	National Drought Emergency Fund (NDEF)	-	-	(New Budget Line)	-	-	0.45	

Source: Programme-Based Budgets 2024/26 and 2025/26, National Treasury

- 2. The budget for the State Department for Social Assistance to Vulnerable Groups is proposed to grow in 2025/26.** These changes may not be due to a reduction in allocation but due to programmatic re-organization with the creation of the State Department for Children Affairs, which is now responsible for the cash transfer programs of orphans and vulnerable children. As shown in Table 1, the total allocation to the programmes as they were under the State Department for Social Assistance to Vulnerable Groups has increased from Ksh. 30.29 billion in 2024/45 to Ksh 37.21 billion in the tabled budget estimates. This is a 23% increase in the allocation for these cash transfer programmes. However, this funding is still below the resource requirement of Ksh 63.37 billion according to the sector report for the year 2025/26. In particular, the allocations fall below what is required to provide coverage for the target beneficiaries in the performance section for the budget. For example, for OVCs, to cover 741,000 in 2025/26 the government should allocate Ksh 17.79 billion.
- 3. The government has to increase the number of beneficiaries by 844,000 people if the set target of reaching 2.4 million beneficiaries under the Linda Jamii programme in 2025/26 is to be achieved.** According to the sector report, cash transfer programmes reached 1.56 million people in the 2023/24 financial year. This means that within the next two years, the number of beneficiaries will need to grow significantly to reach or exceed that level.

4. **Children under the age of 18, between the ages of 0-17 years, account for 49.8% of poor people who are in multi-dimensional poverty, poor according to the Kenya National Bureau of Statistics.** Children make up 48.7% of the poor, youths and adults make up 43% of the poor in Kenya, while the elderly contribute only 8.3% of the share of the poor in Kenya. However, social protection programmes in the sector are focused disproportionately on the elderly, with 69.3% of the Inua Jamii cash transfer allocation. Children are only allocated 4.5% of the resources under the same programme. This indicates that the government is investing more in older age programmes. However, it's time from a policy perspective that the government should invest more in the OVCs to reduce the later age dependencies.
5. **The social protection for health is unclear in the budget based on prior presentation in the programme-based budgets and the new structures under the Social Health Authority.** The State Department for Medical Services has a delivery unit under its social protection for health sub-programme focused on a "Subsidy Program for Orphans and Vulnerable Children". However, the indicator is broader and has a goal of covering just under 127,000 indigent households. From the budget, it's not clear if this is ringfenced funding for OVCs or it's for vulnerable households with a wider definition. The proposed allocation of Ksh 730 million, which is slightly lower than the approved budget of Ksh 831 million in 2024/25 which was slashed in the supplementary budget to Ksh 362 million. Therefore, the funding for the programme has been erratic in the past year, but still much lower than the Ksh 1.7 billion in 2023/24 and 1.8 billion in 2022/23 and 2021/22. Therefore, the programme is funded below historical levels, and the budget should come with reasons that explain why there has been a decline in funding and the number of beneficiaries from over 200,000 households to 127,000.
6. **The government has started to provide disaggregated performance data in some social protection programmes.** This is an important step that will help capture the composition of beneficiaries of these programmes. For example, beneficiaries of the cash transfer programmes are now organized by male or female. In addition, it will provide data that can help check whether allocations and target beneficiaries align with the needs of coverage.

1185 State Department for Social Protection and Senior Citizens Affairs					
PART E. SUMMARY OF PROGRAMME OUTPUTS AND PERFORMANCE INDICATORS FOR 2025/2026 - 2027/2028					
Sub Programme: 0909010 Social Assistance to Vulnerable Groups					
Delivery Unit	Key Output (KO)	Key Performance Indicators (KPIs)	Targets 2025/2026	Targets 2026/2027	Targets 2027/2028
1185000300 Social Protection Secretariat	Social Services	Upgraded and maintained Enhanced Single Registry	1	1	1
		No. of counties rolling out & implementing the On- Demand Registration under the Enhanced Single Registry	-	15	22
		% of vulnerable households registered under the ESR	73	75	77
1185001200 Cash Transfers-BETA	Social Services	No. of male older persons receiving cash transfers	599,735	737,141	737,141
		No. of female older persons receiving cash transfers	938,046	1,152,965	1,152,965
		No. of households with male PWSDs care givers receiving cash	56,013	56,013	56,013
		No. of households with female PWSDs care givers receiving cash	45,829	45,829	45,829

7. **The school feeding programme continues to face allocation cuts and that poses great challenges to access to education for Kenyan children.** The programme has been allocated Ksh 3 billion which is lower than historical spending before 2024/25 and lower than the Ksh 3.5 billion in the supplementary budget 2 of 2024/25. In addition, the number of students targeted by the programme has also reduced from an approved figure of 4 million children at the beginning of 2024/25 to 2.8 million children.

The Second Supplementary Budget for FY2024/25 has reduced the target for the school feeding programme from 4 million to 2.6 million learners. This creates confusion, as the revised allocation of Ksh 3.6 billion was tied to the higher target of 2.6 million children. With the reduced budget of Ksh 3 billion, the government now proposes to reach more learners (2.8 billion) and that raises the question of the realism of the budget for the programme. This misalignment raises concerns about credibility in budget planning and performance reporting. Additionally, from a policy perspective, it is important to assess the national school feeding programme alongside similar initiatives being rolled out by individual counties to ensure coordination, avoid duplication, and promote equity in coverage.

8. **The government is also prioritizing the Kenya Hunger Safety Net Programme with a 221% jump in its allocation for 2025/26.** The allocation to the programme is proposed to increase twofold between the two

years. However, the allocation of Ksh 4.92 billion still falls short of the level of funding for the programme in 2023 at Ksh 7.54 billion. The increase in allocation should be accompanied by a growth in the number of beneficiaries going into 2025/26. However, the performance measurement between the two years has changed from the actual number of people to the number of households. So, it's not possible to evaluate what the change is in the reach of the programme.

- 9. Key disaster risk reduction programmes and agencies are getting higher allocations in the proposed budgets.** Government agencies such as the National Drought Management Authority (NDMA) and the new National Drought Emergency Fund (NDEF) are primarily focused on dealing with the effects of droughts. The NDMA budget is proposed to increase by 141% in 2025/26. In terms of budget presentation, NDEF is supposed to be an agency managed under NDMA, and it's not clear why it's presented separately in the budget and with its own allocation. In the budget summary to Parliament, the National Treasury indicates that the NDEF will be part of reforms on state corporations, indicating it has not been set up or at least it's not up and running. Both allocations on NDMA and NDEF are primarily focused on drought management, and therefore, there is an important step to clarify the current relation in the budget to avoid duplications of roles, if any.

In addition, the establishing law indicates that the fund will have a Ksh 2 billion dollars and continuously funded through the exchequer. The NDEF is appearing in the budget for the first time, but the allocation is less than the amount prescribed in its legal policy.

During the implementation of the budget in the current FY 2024/25, the government was forced to make changes to revise the targets of the beneficiaries that will receive relief assistance services upwards on specific interventions towards drought management, which means the budget was revised upward by Ksh. 4.4 billion.

Sub Programme: 0733020 Drought Management				
Delivery Unit	Key Output (KO)	Key Performance Indicators (KPIs)	Targets 2024/2025	Revised 2024/2025 Targets
1036000200 Relief and Rehabilitation	Relief Assistance Services	No. of beneficiaries supported with relief food	200,000	2,000,000
		No. of beneficiaries receiving non-food items	30,000	150,000
		No. of persons receiving relief assistance during flood and other disasters	500,000	1,500,000
1036000800 Conservation Department - Regional Development	Regional Development Services	No. of fruit tree seedlings propagated	250,000,000	500,000,000

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Source: Supplementary Budget II 2024/25.

## Recommendations to the National Assembly Budget and Appropriation Committee

- i. **Protect and Increase Funding for Core Social Protection Programs.** The National Assembly should safeguard current allocations and progressively increase funding—particularly for Inua Jamii, with a focus on Orphans and Vulnerable Children (OVC). This includes raising the total allocation to at least Ksh 40 billion in FY2025/26 and considering an increase in the per capita transfer from Ksh 2,000.
- ii. **Ensure Coherence and Clarity in Budget Information and Policy Targets.** Parliament should strengthen the alignment between financial allocations and non-financial performance targets in budget estimates. This includes requiring Programme-Based Budgets (PBBs) to reflect detailed policy targets, such as age, disability status, and geographic distribution.
- iii. **Clarify and Coordinate School Feeding Initiatives.** Allocate at least Ksh 25 billion to provide school meals for 2.8 million learners at Ksh 50 per child and establish clear national policy guidelines to coordinate school feeding programmes at both national and county levels.
- iv. **Strengthening Social Health Protection Frameworks.** Earmark a portion of Universal Health Coverage (UHC) funds from the Sports Fund for social protection targeting indigent populations. Additionally, the National Treasury and Ministry of Health should clarify budget lines and program definitions under the Social Health Authority to ensure proper alignment with social protection goals.
- v. **Improve Disaster Risk Management Financing and Coordination.** Allocate Ksh 2 billion to the National Drought Emergency Fund (NDEF) in

line with its legal framework and recommend consolidation of disaster-related funding across MDAs to minimize duplication and enhance efficiency. Parliament should also evaluate resource needs for emergency response, given recent increases in both budget and targeted beneficiaries

#### 4. Agriculture and climate change

Agriculture is one of the five core pillars of the Bottom-Up Economic Transformation Agenda (BETA). Regarding employment, as per the Central Bank of Kenya Agriculture Sector Survey of January 2024, the sector employs 40% of the total population and 70% of the rural population. The Agriculture, Rural and Urban Development sector has 5 departments, namely the State Department of Land and Physical Planning, State Department of Livestock Development, State Department of Blue Economy and Fisheries, State Department of Agriculture, Land Commission. Of the 5 state departments named above, the State Department of Agriculture continues to receive the highest allocation compared to the other state departments.

##### Budget Cuts in Agriculture

Additionally, the State Department of Agriculture, the State Department of Land and Physical Planning, and the National Land Commission are expected to receive an increase in their budget allocation for the fiscal year 2025/2026 compared to fiscal year 2024/2025. In contrast, other departments will experience slight budget cuts. Consequently, the overall budget for the Agriculture, Rural Development, and Urban Development (ARUD) sector will decrease from Ksh. 89 billion to Ksh 85 billion. Despite this reduction from the supplementary allocation for the fiscal year 2024/2025, the estimates are still higher than the ceilings set in the Budget Policy Statement, which was established at shillings 77,671.5 million.

**Table 4: Change from Supplementary II 2024/26 to Budget Estimates 2025/26**

Change between Supplementary II 2024/25 & Budget Estimates 2025/26 (Ksh.Billion)			
ARUD MDAs / Vote	Current	Capital	Gross
1162 State Department for Livestock Development	(400)	(1,035)	(1,435)
1166 State Department for the Blue Economy and Fisheries	(138)	(4,390)	(4,527)
1169 State Department for Agriculture	(372)	2,984	2,612
2021 National Land Commission	345	556	901
1112 State Department for Lands and Physical Planning	1,241	(1,172)	69

Source: PBB 2025/26 and Supp II 2024/25 Analysis

##### Food Security

Food security continues to be a significant challenge in Kenya, despite the various measures implemented to tackle the issue. The government seems to lack a clear strategy, as evidenced by inconsistent support for key initiatives that are meant to

assist farmers. For example, the fertilizer subsidy program has experienced frequent disruptions, and in the FY 2025/26 budget, its allocation has been reduced to KSh 8 billion, down from KSh 14 billion in FY 2024/25. This raises critical concerns about the impact on beneficiaries, as the proposed target for the number of farmers accessing fertilizer is set to double, even though the funding will be significantly cut. Despite these challenges, Kenya’s economy is projected to remain resilient and stable in 2025 amidst slowdown compared to the current FY 2024/25. Economic growth is expected to be driven by a strong services sector and improved agricultural productivity, which will be supported by favorable weather conditions and the distribution of subsidized fertilizer and seeds by the government. However, if no bold steps are taken, there might be continued decline in the production of some crops that support hunger, for example, maize, which in 2024 the production declined to 44 million bags from 47 million in 2023.

**Table 7.6: Estimated Production of Selected Agricultural Commodities, 2020– 2024**

Crop	Unit <sup>1</sup>	2020	2021	2022	2023	2024*
Maize	Million bags	42.1	36.7	34.3	47.6	44.7
Beans	Million bags	8.6	7.4	8.3	9.6	10.0
Potatoes	Million tonnes	1.9	2.1	1.8	2.3	2.2
Sorghum	Million bags	3.5	1.5	1.3	2.2	2.7
Millet	Million bags	1.7	0.7	0.7	1.0	0.7

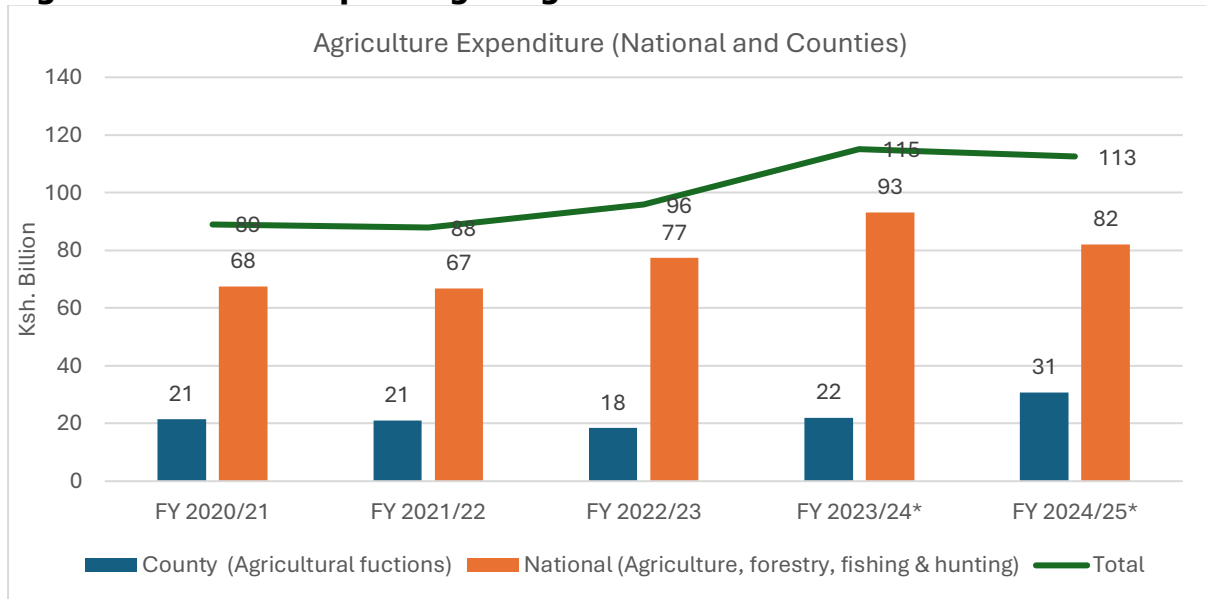
Source: Ministry of Agriculture and Livestock Development: State Department for Crops

\* Provisional

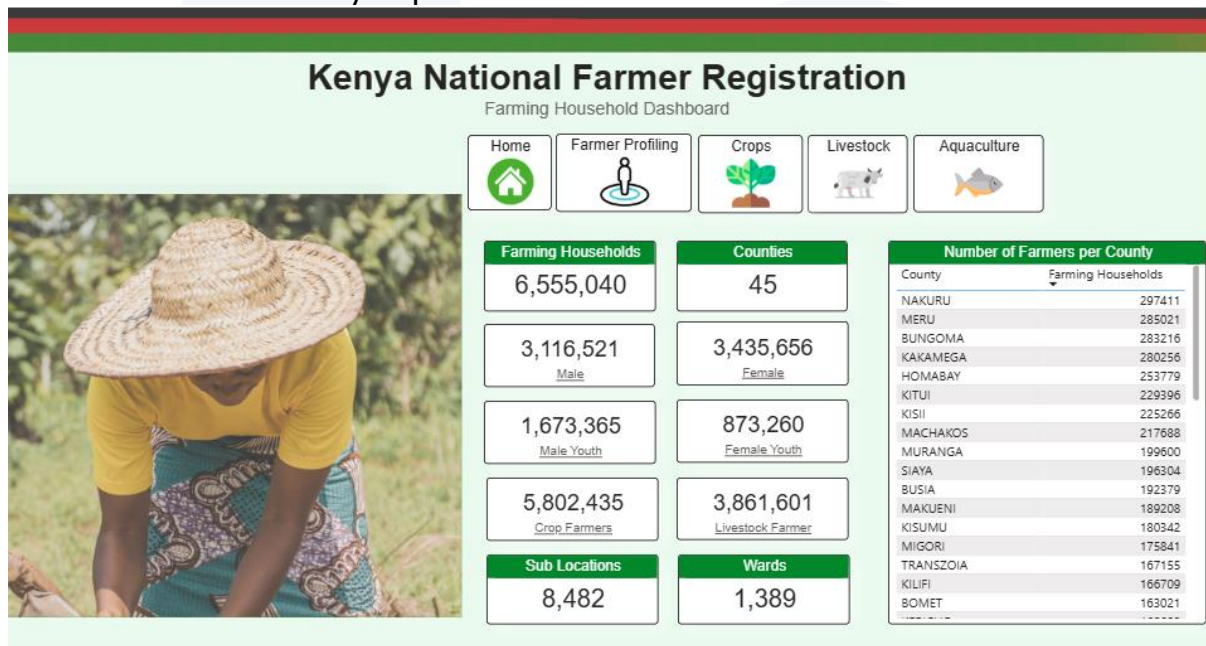
<sup>1</sup> Refers to a 90Kg bag

Moreover, the obstacles confronting the agricultural sector are deeply intertwined with the difficulties experienced by farming households. To gain a comprehensive understanding of these challenges, it is crucial to thoroughly investigate relevant data from both levels of government. This analysis will provide valuable insights into the unique circumstances and needs of rural communities, ultimately guiding more effective policy decisions and support programs and providing clarity on what counties support in Agriculture versus what the national government supports.

**Figure 6: Trends in Spending in Agriculture Between National and Counties**



Source: Economic Survey Report 2024 & 2025



**Recommendations to the National Assembly Budget and Appropriation Committee**

1. While the government pins the Agriculture as the main driver of economic growth and a big driver of employment, it is not clear on how the government is supporting the intervention in Agriculture in a sustainable manner. The parliament should interrogate various reforms that have been done in Agriculture and what it has yielded in the previous years.
2. One of the crops that is mostly affected by post-harvest losses is potatoes. But the PBB does not address this, yet it is a crucial challenge that not only leads

to food insecurity but also losses to the farmers. The national assembly should in the budget provide interventions that the government is putting in place to address post-harvest losses.

3. In the BPS 2025/26, the Settlement of Land disputes was highlighted to be one of the government's main focuses in the coming year. However, the PBB does not allocate any finances to the Processing and registration of title deeds in the coming financial year. While the recurrent budget has some allocation for settling historic land injustices, it would be prudent to allocate more resources towards processing title deeds.
4. Fertilizer subsidies programme should be enhanced. In the budget estimates, the number of farmers targeted to get the fertilizer subsidies has been reduced, and so the allocation has reduced from 14.1 billion to 8 billion. The National assembly should ensure that there is a clear framework through which farmers have access to affordable inputs, high-quality and timely delivery of inputs, especially since the ministry noted that cereal production reduced in 2024 compared to 2023.

## 5. Water and sanitation (WASH)

The State Department of Water and Sanitation is a division within the Ministry of Water, Sanitation, and Irrigation, established in accordance with Executive Order No. 1 of 2023. This department is responsible for several key functions, including: Water Resources Management Policy and Standards, Water Resources Management Policy and Standards, Water Catchment Area Conservation, Control and Protection, Water and Sewerage Services Management Policy, Wastewater Treatment and Disposal Policy, Water Quality and Pollution Control, Sanitation Management, Management of Public Water Schemes and Community Water Projects and Water Harvesting and Storage for Domestic and Industrial Use.

We welcome the increased budget allocation to this State Department for the fiscal year 2025/2026, which is set to receive Kshs. 42 billion, up from the approved supplementary budget II allocation of Kshs. 30.1 billion. However, it is crucial for the National Assembly to ensure that resources in this sector are not de-prioritized by supplementary budgets and budget rationalizations.

**Table 7: Water, Sanitation and Irrigation Budget Changes FY 2024/25 and FY 2025/26**

VOTE CODE TITLE (KSH. BILLION)	PROGRAMME CODE AND TITLE	FY 2024/25 (SUPP II)	FY 2025/26 (ESTIMATES)	Change (FY 2024/25 -FY 2025/26)
1104 State Department for Irrigation	1014000 Irrigation and Land Reclamation	17,179	14,125	(3,054)
	1015000 Water Storage and Flood Control	1,608	2,172	564
	1022000 Water Harvesting and Storage for Irrigation	2,131	965	(1,167)
	1023000 General Administration, Planning and Support Services	151	173	21
	<b>Total</b>	<b>21,069</b>	<b>17,434</b>	<b>(3,635)</b>
1109 State Department for Water & Sanitation	1001000 General Administration, Planning and Support Services	778	939	161
	1004000 Water Resources Management	6,395	16,598	10,203
	1017000 Water and Sewerage Infrastructure Development	22,980	24,897	1,917
	<b>Total</b>	<b>30,153</b>	<b>42,434</b>	<b>12,281</b>

Source: PBB 2025/26 and Supp II 2024/25

From the above table, all the programmes in the State Department of Water and Sanitation receive additional resources, with Water Resources Management getting Kshs. 10.2 billion.

**High reliance on donor grants raises sustainability concerns:** Out of the Kshs. 42 billion allocated to the State Department for Water and Sanitation, approximately Kshs. 17 billion (40%) is expected to come from external donor sources. This heavy reliance is a cause for concern, particularly in light of recent experiences in the health sector, where the withdrawal of donor support led to major funding gaps and service disruptions. Without a clear strategy for domestic resource mobilization and sustainable financing, the water and sanitation sector risks facing similar vulnerabilities jeopardizing long-term service delivery and progress.

TABLE - I : SUMMARY OF DEVELOPMENT EXPENDITURE AND SOURCE OF FINANCE 2025/2026

Vote Title	Net Approved	Gross Estimates	Appropriations in Aid	Net Estimates	Composition of Appropriations in Aid 2025/2026			External Revenue 2025/2026	
	2024/2025	2025/2026	2025/2026	2025/2026	Grants	Loans	Local	Grants	Loans
	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.
1092 State Department for Transport	4,309,750,000	40,074,236,808	36,012,000,000	4,062,236,808	862,000,000	900,000,000	34,250,000,000	100,000,000	300,000,000
1093 State Department for Shipping and Maritime Affairs	370,000,000	2,224,602,460	2,059,000,000	165,602,460	-	-	2,059,000,000	-	-
1094 State Department for Housing & Urban Development	5,749,500,000	116,704,355,362	95,839,000,000	20,865,355,362	-	-	95,839,000,000	900,000,000	19,731,303,885
1095 State Department for Public Works	224,000,000	688,000,000	50,000,000	638,000,000	-	-	50,000,000	-	-
1097 State Department for Aviation and Aerospace Development	-	358,805,330	-	358,805,330	-	-	-	-	-
1104 State Department for Irrigation	12,462,590,000	16,107,076,951	7,430,000,000	8,677,076,951	142,000,000	7,288,000,000	-	602,000,000	2,402,000,000
1109 State Department for Water & Sanitation	15,292,961,126	36,028,475,017	10,359,400,000	25,669,075,017	664,000,000	9,695,400,000	-	722,117,366	16,188,000,000
1112 State Department for Lands and Physical Planning	1,699,000,000	2,977,390,000	1,477,000,000	1,500,390,000	-	-	1,477,000,000	-	-

**Declining budget allocations undermine water sector commitments:** Allocations in the water sector have been declining from Kshs. 66 billion in FY 2022/23 to Kshs. 51 billion in FY 2023/24 and now Kshs. 42 billion in FY 2024/25. This downward trend raises serious questions about the government's ability to meet its stated goals in the water sector. The reduction in funding not only slows down the completion of ongoing infrastructure projects but also threatens access to safe water and sanitation, especially for underserved communities.

**Budget cuts during the development of supplementary budgets:** The state department of water is one of the departments that has been facing significant budget cuts when in year budget revisions are made. For instance, in FY 2024/25, the budget was reduced by Kshs. 19.6 billion, while in FY 2023/24 the budget was revised downwards by Kshs. 13.4 Billion. This raises a worrying trend of water and sanitation being deprioritized despite it being an enabling department for other departments.

#### **PART C. Performance Overview and Justification for Supplementary Funding**

The gross Approved Estimates for the State Department for Water and Sanitation for the FY2024/25 amounts to KSh.49.8 billion comprising KSh.5.7 billion and KSh.44.1 billion for Current and Capital expenditure respectively.

The Estimates have been revised from KSh.49.8 billion to KSh.30.1 billion in the FY2024/25 Supplementary Estimates No.II which comprises KSh.6.6 billion and KSh.23.5 billion for Current and Capital expenditure respectively. This reflects a decrease of KSh.19.7 billion on account of budget rationalization for both GOK and Donor funds.

Source: Approved Supplementary II PBB

Access to better water services went up from 70% in 2021/22 to 73% in 2023/24, and safely managed sanitation increased from 27.7% to 33% over the same period. However, though access is above 70%, there are significant inequalities being experienced in the regions. Water projects stalled, moving slowly or never started.

#### **Public-Private Partnerships Water Funded Projects**

During the FY 2025/26, the National Treasury will develop procurement tools to standardize the procurement process in the sectors that include water. To improve the disclosure and transparency framework, thorough public engagements will be undertaken during all critical stages of the PPP project implementation processes. Contracting Authorities shall also be required to publish all intended and ongoing projects in line with Sections 43 and 69 of the PPP Act of 2021. The Public Private Partnerships, if done right, could be a good solution. Needs to be discussed, and public participation done.

#### **Rationale for the distribution of the projects to be implemented in the counties.**

While the National Government is implementing several projects in various counties, there is a need to assess the justification for the distribution of these projects. It is essential to compare this distribution with data from the Kenya National Bureau of Statistics (KNBS) on water access to determine whether regions lacking access to water are indeed the primary beneficiaries of the water projects. Despite the improvements in water access, which may result from the competition among these projects, the equity component must be considered. Counties with lower access to water should be prioritized to benefit from these initiatives. Furthermore, there are numerous projects that the government intends to implement in the coming year, but specific locations or counties for these projects have not yet been indicated.

**PART E. SUMMARY OF PROGRAMME OUTPUTS AND PERFORMANCE INDICATORS FOR 2025/2026 - 2027/2028**

1109102000 Lake Victoria Water Supply & Sanitation Programme Phase II	Water and sanitation services	% access to water services	100	-	-
		% access to sanitation services			
1109102300 Garissa Sewerage Project	Sewerage Services	% sewerage	100	-	-
1109102700 Itare Dam Water Project	Water and Sanitation services	% completion of project	30	50	70
1109103300 Migori- Homa bay Wastewater (Trilateral Program)	Water and sanitation services	% completion of project	20	40	70
1109103400 Kisumu water supply LVWATSAN	Access to water and sanitation services	% completion of project	45	70	85
1109103500 Water Harvesting Program (LVSWSB)	Water Supply services	No. of water projects	6	10	-
1109104400 Kiambere - Mwingi Water Supply and sanitation project	Water Supply Services	% completion of project	54	80	100
1109104700 Masinga-Ikalakala-Ikaatine Water Supply Project	Water Supply Services	% completion of project	-	-	-
1109104800 Drilling and equipping of 40 no boreholes	Water Supply Services	No. of Boreholes drilled and Equipped	12	6	-
1109105000 Water Supply and Sanitation for the Urban Poor	Water and Sanitation services	No. of additional people accessing water services	3,800	2,400	1,500
		No. of additional people accessing sanitation services	800	800	800

## Recommendations to the National Assembly Budget and Appropriation Committee

1. Parliament should scrutinize and focus on completing projects that have started and stalled or are experiencing slow implementation to ensure efficient use of public resources and access to water for deserving communities. Fast-track implementation of mega projects, for instance, Kimwarer and Aror dams, whose progress has been slow or stalled. This will improve access to water in the targeted regions, aligning with the government's commitment to improve access to water from 73% to 80%.
2. Leveraging on Public-Private Partnerships (PPPs) is a strategic move to ensure sustainable financing for the water sector. The government envisages mobilizing Ksh 70 billion within the next FY 2025/26 through Private investments in PPPs by working with the private sector to develop projects in priority areas. **The National Assembly should scrutinize this emerging source of funding and provide clarity, including the equity of the projects that are funded through PPPs. In addition, scrutinize the potential fiscal risks associated with the Public Private Partnerships projects, including breach of contract obligations, unfunded additional obligations and those stemming from movements in inflation and exchange rate.**
3. **The National Assembly should follow up on the devolved functions, in particular the projects related to water and sanitation that the national government is implementing in the counties.** There is a critical need to build the capacity of county governments on their water functions, given their central role in the distribution and management of water resources.

4. There is a growing need to promote climate-smart water programmes that prioritize sustainability through initiatives such as solar-powered water systems, harvesting rainwater, and the protection and rehabilitation of catchment areas.

