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**REPUBLIC OF KENYA**  
**THE NATIONAL TREASURY AND PLANNING**

**2022 PRE-ELECTION ECONOMIC AND FISCAL REPORT**

The National Treasury

Treasury Building

P.O Box 30007 – 00100

Nairobi, Kenya

Email: [psfinance@treasury.go.ke](mailto:psfinance@treasury.go.ke)

Website: <http://www.treasury.go.ke>

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## FOREWORD

I am pleased to present the third Pre-Election Economic and Fiscal Report in accordance with the Public Finance Management Act, 2012. This report provides a summary of all proposed election related spending including direct expenses, indirect expenses, and any other expense related to the election. Further, the report contains a statement with some policy decisions which are of economic and /or fiscal material implications to the Government.

The report is being prepared against a global economic outlook which remains uncertain, taking into account the ongoing Russia-Ukraine conflict and the uncertainties in the containment of COVID-19 if we were to go with the recent upsurge of cases in China. Kenya's economy has demonstrated strong resilience and recovery due to the proactive measures by the Government to support households and businesses through the COVID-19 crisis and the diversified nature of the economy. The economy continues to register macroeconomic stability with low and stable interest rates and competitive exchange rate to support exports.

As we head into the 2022 General Elections, we recognize that the Country continues to face challenges relating to drought and increasing cost of living as a result of external shocks. The Government remains committed to addressing these challenges to ensure macro-economic stability and improving the lives of Kenyans. The Government has provided adequate support to the Independent Electoral and Boundaries Commission (IEBC) and all MDAs involved in the electoral process to ensure free and fair elections and smooth transition to the next administration after the General Elections.



**HON. (AMB) UKUR K. YATANI, EGH**  
**CABINET SECRETARY/NATIONAL TREASURY & PLANNING**

## CERTIFICATION BY THE PRINCIPAL SECRETARY

In accordance with Section 27 of the Public Finance Management Act, 2012, I certify that the National treasury has prepared the 2022 Pre-Election Economic and Fiscal Report and to the fullest extent possible, provided the required information in the Report for which we are responsible. The 2022 Report includes the following:

- (i) all policy decisions with material economic or fiscal implications that the national government made before the day on which the contents of this updates were finalized;
- (ii) all other circumstances with material economic or fiscal implications of which the National Treasury was aware before those days; and
- (iii) the economic and fiscal updates have been prepared using the best professional judgment and information available before the economic and fiscal updates were finalized.

The FY 2021/22 Supplementary Estimates No.1, the FY 2022/23 Budget, the 2022 Budget Policy Statement (2022 BPS) and the Medium Term Debt Management Strategy are the main references for the information contained in this Report.



**JULIUS MUIA, PhD, CBS**  
**PRINCIPAL SECRETARY/ NATIONAL TREASURY**

## **LIST OF ABBREVIATIONS**

<b>A-I-A</b>	Appropriations-In-Aid
<b>BPS</b>	Budget Policy Statement
<b>FY</b>	Financial Year
<b>GDP</b>	Gross Domestic Product
<b>IEBC</b>	Independent Electoral and Boundaries Commission
<b>IPOA</b>	Independent Policing Oversight Authority
<b>EACC</b>	Ethics and Anti-Corruption Commission
<b>KSh.</b>	Kenya Shilling
<b>MDA</b>	Ministries, Departments and Agencies
<b>PFMA</b>	Public Finance Management Act, 2012
<b>PAYE</b>	Pay-As-You-Earn
<b>PFM</b>	Public Finance Management
<b>VAT</b>	Value Added Tax
<b>DoRA</b>	Division of Revenue Act
<b>DoRB</b>	Division of Revenue Bill

## TABLE OF CONTENT

FOREWORD .....	2
CERTIFICATION BY THE PRINCIPAL SECRETARY .....	3
LIST OF ABBREVIATIONS .....	4
PART ONE .....	6
INTRODUCTION .....	6
Legal Basis.....	6
Background.....	7
PART TWO .....	9
MACRO-ECONOMIC AND FISCAL UPDATES .....	9
Recent Economic Developments.....	9
Macroeconomic Outlook.....	11
Risk to the outlook .....	14
Fiscal Performance and Emerging Challenges .....	14
Fiscal and Macro-economic Risks.....	17
County Governments’ Fiscal Performance and Policy Measures.....	19
The Status of Public Debt in Kenya .....	23
The size of Public Debt.....	23
PART THREE .....	27
ELECTION EXPENDITURE .....	27
Overall Budget.....	27
Composition of Election Related Budget .....	35
Direct Election Expenses .....	35
Indirect Election Expenses .....	36
Unfunded Requirements for Election Related Expenditure .....	37
PART FOUR.....	39
CONCLUSION.....	39

## PART ONE

### INTRODUCTION

#### Legal Basis

##### Legal Basis for the Publication of the Pre-Election Report

Section 27 (1) of the PFM Act 2012, states that: The National Treasury shall arrange to be published-

(a) a pre-election economic and fiscal update not earlier than four months before the polling day for any general election.

(2) The pre-election economic and fiscal update shall—

(a) detail all election related spending including-

(i) direct election expenses such as those for the Independent Electoral and Boundaries Commission for costs of elections and election materials;

(ii) indirect election expenses such as allocations to police and security forces for the election year; and

(iii) any other expenses related to the election specified in regulations or instructions; and

(b) be accompanied by a statement signed by the Principal Secretary stating that the economic and fiscal updates include—

(i) all policy decisions with material economic or fiscal implications that the national government made before the day on which the contents of the economic and fiscal updates were finalized; (ii) all other circumstances with material economic or fiscal implications of which the National Treasury was aware before those days; and

(iii) a confirmation that the economic and fiscal updates were prepared using the best professional judgment and information available before the economic and fiscal updates were finalized.

(3) If the day of dissolution of Parliament is less than two months before the day appointed as polling day for the general election, the Cabinet Secretary shall arrange for the pre-election economic and fiscal update required under this section to be published not later than fourteen days after the day of the dissolution of Parliament.

## **Background**

1. The social pillar of Vision 2030 envisions building a just and cohesive society that enjoys equitable social development. This involves investing in the people of Kenya including political systems that ensures democracy through free and fair elections. Towards this end, the Kenya Constitution (2010) provides for a General Election after every five years to elect a Government through a democratic process. Prior to a General Election, the PFM Act, 2012 requires the National Treasury to publish a Pre-Election Economic and Fiscal Report not earlier than four months before the polling day. The report is expected to detail all election related spending which is accompanied by a statement with any policy decisions and prior circumstances with fiscal or economic implications.

2. The National Treasury in collaboration with the Ministries, Departments and Agencies (MDAs) involved in election preparedness and the undertaking of election related activities for the 2022 General Elections have prepared this Pre-Election Report. The MDAs involved in the preparation of this Report include the Independent Electoral and Boundaries Commission, State Department for Interior and Citizen Services, the Executive Office of the President, Office of the Registrar of Political Parties, Ethics and Anti-Corruption Commission, Independent Police Oversight Authority and the Judiciary.

3. The Independent Electoral and Boundaries Commission (IEBC) is mandated by the Constitution to conduct General Elections. The mandate of IEBC includes conducting or supervising referenda and elections to any elective body or office established by the Constitution; continuous registration of voters and revision of the voter's roll; delimitation of constituencies and wards; settlement of electoral disputes; registration of candidates for elections; voter education; monitoring and evaluation of elections; regulation of money spent by a candidate or party in

respect of any election; development of a code of conduct for candidates and parties; and monitoring of compliance with legislation on nomination of candidates by Parties. Execution of this mandate involves activities that attract direct costs.

4. The conduct of the 2022 General of Elections requires that the IEBC works with other stakeholders in the electoral process. The IEBC is collaborating with other agencies, and other stakeholders to ensure that the electoral process right from voter registration, voter education, during and after the General Election is conducted in line with the best practice.

5. To effectively undertake the 2022 General Election, the Commission will undertake intensive voter education to create awareness. During the mass registration, voters were also sensitized on the need to register and vote during the General Election. The Commission has invested heavily in ICT in areas such as biometric voter register and electronic collation and collection and transmission of election results to improve on efficiency and transparency in the electoral process.



## PART TWO

### MACRO-ECONOMIC AND FISCAL UPDATES

#### Recent Economic Developments

6. As the country approaches the 2022 General Elections, the global economic outlook remains uncertain, reflecting worries about the geopolitical conflicts like the ongoing Russia-Ukraine conflict, COVID-19 pandemic among other risks to growth. According to the April 2022 report by the IMF, global growth is projected to moderate from 5.9 percent in 2021 to 4.4 percent in 2022 largely reflecting the geopolitical conflict and the likelihood of spillover effects in other countries.

7. Consistent with forecast in other regions, economic growth in Sub-Saharan Africa region is projected to slow down in 2022 to 3.8 percent from 4.5 percent in 2021. This is as a result of a slowdown in South Africa's growth due to a weaker outlook for investment as business sentiment remains subdued.

8. On the domestic scene, Kenya's economy has demonstrated a strong resilience and recovery due to the proactive measures by the Government to support households and businesses throughout the COVID-19 crisis and the diversified nature of the economy. The economy is estimated to have grown by 7.5 percent in 2021 from a contraction of 0.3 percent in 2020. This growth was supported by continued recovery in manufacturing, transport and storage, education, accommodation and food services, financial and insurance activities and wholesale and retail trade. Agricultural production was constrained during the period due to unfavorable weather conditions in most parts of the country. In 2022, the economy is projected to stabilize at 6.0 percent supported by the prevailing stable macroeconomic environment, favorable weather conditions to support agricultural output and drive food processing, and the continued recovery in

industry and services. This growth will also be supported by the vibrant and dynamic private sector in our country.

9. With regard to interest and exchange rate, our economy continues to register macroeconomic stability with low and stable interest rates and competitive exchange rate to support exports. The year-on-year inflation rate increased to 6.5 percent in April 2022 from 5.8 percent in April 2021 mainly due to higher food and fuel prices. Short-term interest rates have remained low and stable supported by ample liquidity. The interbank rate remained low at 4.7 percent in April 2022 from 5.1 percent in April 2021 while the 91-day Treasury Bills rate was at 7.4 percent compared to 7.1 percent over the same period.

10. The Central Bank Rate has been remained at 7.0 percent since April 2020. The accommodative monetary policy stance remained appropriate given that inflationary expectations are well anchored within target range and is in line with the ongoing economic recovery. As such, lending to the private sector has remained strong with the credit expanding by 9.1 percent in the 12 months to February 2022 from 9.6 percent in February 2021. All economic sectors registered positive credit growth rates reflecting improved demand as economic activities picked up. Strong credit growth was mainly observed in transport and communication, manufacturing, trade, consumer durables and business services. Growth of credit is expected to remain resilient supported by the continued operationalization of the Credit Guarantee Scheme for the vulnerable Micro, Small and Medium Enterprises (MSMEs).

11. The external sector has largely remained stable despite the tight global financial conditions attributed to strengthening US Dollar and uncertainties surrounding the ongoing Russian-Ukraine conflict. The current account deficit was at USD 6,239.3 million (5.3 percent of GDP) in the period to February 2022

compared to USD 4,357.1 million (3.9 percent of GDP) in February 2021 reflecting increased imports of oil and other intermediate goods which offset the increased receipts from horticultural and manufactured exports, and strong remittances. The official reserves continue to fulfill the Government requirement to maintain reserves at minimum of 4.0 months of import cover to provide adequate buffer against short term shocks in the foreign exchange market. The official foreign exchange reserves increased to USD 8,668.7 million (5.1 months of import cover) in February 2022 compared to USD 7,802.3 million (4.8 months of import cover) in February 2021.

12. The Governments' prudent policies and targeted stimulus interventions have helped the Country during the health crisis and will continue to anchor a stronger and stable growth. The fiscal policy has ensured checks and balances in the management of public resources to foster more transparency and accountability, while the monetary policy has ensured price stability and prudent monetary stance to support economic recovery.

### **Macroeconomic Outlook**

13. The macroeconomic framework underpinning the FY 2022/23 budget takes into account the global and economic developments including risks associated with new COVID-19 variants and the Russian-Ukraine conflict that may affect the projected economic growth. The macroeconomic outlook for the FY 2022/23 therefore, points to a continued economic recovery, price stability with inflation within target range and a gradual improvement in the external balance.

14. The Real GDP is projected to expand by 6.8 percent in FY 2021/22 mainly due to the lower base effect, moderating to 5.9 percent in FY 2022/23 and stabilizing at 6.0 percent over the medium term. This outlook will be supported by

favorable weather conditions to support agricultural output and drive food processing (manufacturing), and the continued recovery in industry and services. From an expenditure perspective, private consumption is expected to support aggregate demand, supported by the ongoing labour market recovery, improved consumer confidence, and resilient remittances.

15. The outlook will be reinforced by the ongoing implementation of the strategic priorities of the Government under the “Big Four” Agenda” of universal healthcare, food and nutrition, housing and expanding manufacturing and the interventions under the third Economic Stimulus Programme. Additionally, the Government is implementing the Economic Recovery Programme supported by the IMF so as to mitigate the adverse impact of the COVID-19 Pandemic and reposition the economy on a steady and sustainable growth trajectory thereby creating jobs and economic opportunities across all regions of the country with a view to tackling social and income inequalities.

16. To further support this growth outlook, monetary policy will aim at maintaining macroeconomic stability. Inflation is expected to remain within the 5.0 percent target range, due to muted demand pressures and the policy interventions by the Government. Interest rates will be expected to remain low and stable supporting growth of private sector credit. The foreign exchange market is expected to largely remain stable with adequate foreign exchange reserves providing buffer against short-term shocks in the foreign exchange market.

17. To anchor macro stability, the fiscal policy aims to pursue growth friendly fiscal consolidation to preserve debt sustainability. This will be achieved through enhancing revenue collection and curtailing non-core expenditures while prioritizing high impact social and investment expenditure. Growth in revenue collection is expected to play a major role in the realization of fiscal consolidation.

In this regard, the Government is developing the National Tax Policy and the Medium-Term Revenue Strategy which boosts revenues and reinforces the fiscal consolidation plan.

18. Therefore, the fiscal deficit is projected to decline from 8.1 percent of GDP in FY 2021/22 to 6.2 percent of GDP in FY2022/23 and further to 3.2 percent of GDP in FY 2025/26. This will stabilize the growth of public debt and create fiscal space for implementation of the “Big Four” Agenda, Economic Recovery Strategy and other priority programmes as outlined in the MTP III.

19. The Macro-Economic indicators for the FY2022/23 and the medium term are shown in **Table 1**.

**Table 1: Medium Term Macro Economic Indicators**

	2020/21	2021/22		2022/23	2023/24	2024/25	2025/26
	Pre. Act	Approved Budget	Approved Revised 1	Budget	Proj.	Proj.	Proj.
	<i>Annual percentage change</i>						
<b>National Account and Prices</b>							
Real GDP	3.7	6.8	6.8	5.9	5.9	6.0	6.0
GDP Deflector	5.0	4.8	4.8	4.9	5.3	5.2	6.0
CPI Index (eop)	5.4	5.2	5.2	5.0	5.0	5.0	5.0
CPI Index (avg)	5.5	5.4	5.4	5.0	5.0	5.0	5.0
Terms of trade (-Deterioration)	-2.6	0.2	1.1	0.2	0.2	0.3	0.4
	<i>in percentage of GDP,</i>						
<b>Investment and Saving</b>							
Investments	23.4	23.9	23.9	21.1	21.2	21.4	21.1
Central Government	5.3	4.7	4.7	4.8	4.8	4.9	4.9
Other	18.1	19.1	19.1	16.4	16.4	16.5	16.2
Gross National savings	18.9	19.1	19.1	16.0	15.6	15.4	15.0
Central Government	-4.6	-5.3	-5.3	-3.8	-2.2	-1.6	-1.1
Other	23.5	24.4	24.4	19.7	17.8	17.0	16.1
<b>Central Government Budget</b>							
Total revenue	15.7	16.1	16.8	17.5	18.1	18.1	18.0
Total expenditure and net lending	24.2	24.0	25.4	23.9	22.8	22.2	21.6
Overall fiscal balance, excl. grants	-8.5	-7.8	-8.6	-6.4	-4.7	-4.2	-3.5
Overall fiscal balance, incl. grants, cash basis	-8.2	-7.4	-8.1	-6.2	-4.4	-3.9	-3.2
Primary Budget Balance	-3.8	-2.9	-3.3	-1.2	0.2	0.5	0.8
<b>External Sector</b>							
Current Account incl. official transfers	-4.5	-4.8	-4.8	-5.1	-5.5	-5.9	-6.1
Gross reserves in months of this yr's import	5.8	5.8	5.8	5.8	5.8	5.9	5.9
<b>Memorandum Items:</b>							
Nominal GDP (in Ksh Billion)	11,353	12,646	12,646	14,002	15,617	17,420	19,581

Source: The National Treasury

## **Risk to the outlook**

20. There are risks to this macroeconomic outlook emanating from domestic as well as external sources. On the domestic scene, the risks emanate from unfavorable weather conditions that could affect agricultural production and the adverse impact of new variants of COVID-19 Pandemic and potential restrictive measures.

21. On the external front, uncertainties in the global economic outlook could increase and heavily impact on the domestic economy. These risks include: possible worsening of geopolitical conflicts which could affect global supply chain and raise oil and commodity prices thus causing inflationary pressures. The continued lock down in China due to spikes of new cases of COVID-19 could further disrupt the global supply chains. Global monetary tightening, especially in the United States is likely to increase volatility in the financial markets.

22. The Kenyan Government continues to monitor the domestic and external environment and will take appropriate policy measures to safeguard the economy against the adverse effects of the risks if they were to materialize.

- **Political and Security Developments**

23. The Government is committed to making sure the 2022 General Elections are undertaken in a peaceful and conducive environment and are free and fair. Plans have been put in place to beef up security across the Country during and after the General Elections.

## **Fiscal Performance and Emerging Challenges**

24. Execution of the FY 2021/22 Budget is on course. This has been supported by strong revenue collection recorded in the first three quarters of the FY 2021/22 and mainly driven by continued economic recovery following easing of COVID-19

related restrictions and implementation of targeted Economic Stimulus Programmes by the Government. The Government will continue to monitor the performance and take appropriate corrective measures given the uncertain economic environment.

- **Revenues**

25. Total revenue collection to March 2022 grew by 20.0 percent compared to a contraction of 6.5 percent recorded in similar period in the FY 2020/21. Cumulatively, total revenue collection including Ministerial Appropriation in Aid (A-i-A) for the period July 2021 to March 2022 amounted to **Ksh.1,494.6 billion** compared to a target of **Ksh.1,506.6 billion**. The revenue performance was below target by **Ksh.12.0 billion** on account of underperformance registered in Ministerial A-i-A of **Ksh.33.7 billion**. (Table 2).

26. Ordinary revenue collection to March 2022 amounted to **Ksh.1,327.5 billion** against a target of **Ksh.1,305.9 billion** recording an above target collection of **Ksh.21.7 billion**. This surplus was on account of above target collection registered in VAT of **Ksh.10.8 billion** and income tax of **Ksh.17.8 billion**. 'Other revenue' category' was short of the revised target by **Ksh.6.8 billion** while Excise taxes and Import duty were largely on target. Ordinary revenue therefore registered an annual growth of 20.0 percent compared to a contraction of 9.0 percent in similar period in the FY 2020/21.

**Table 2: Cumulative Revenue Performance FY 2021/22 (Ksh. billions)**

	Mar-21	Mar-22			% Growth
	Actual	Target	Prel.	Deviation	
<b>TOTAL REVENUE (1+2)</b>	1,245.3	1,506.6	1,494.6	(12.0)	20.0%
1. Ordinary revenue	1,106.6	1,305.9	1,327.5	21.7	20.0%
Import Duty	80.1	85.0	85.0	(0.0)	6.0%
Excise Duty	162.1	185.9	185.8	(0.1)	14.7%
Income Tax	455.3	562.8	580.6	17.8	27.5%
VAT	292.2	371.6	382.3	10.8	30.8%
Other Revenue <sup>1</sup>	116.9	100.6	93.8	(6.8)	-19.8%
2. Ministerial Appropriation in Aid o/w RDL	138.6	200.7	167.0	(33.7)	20.5%
B. External Grants	18.4	24.7	20.0	(4.6)	9.1%
<b>TOTAL REVENUE AND EXTERNAL GRANTS (A+B)</b>	1,263.6	1,531.3	1,514.6	(16.7)	19.9%
<b>TOTAL REVENUE AND EXTERNAL GRANTS (% of GDP)</b>	11.1%	12.1%	12.0%		
<b>GDP</b>	11,353.0	12,646.2	12,646.2		

1/ includes rent on land/buildings, fines and forfeitures, other taxes, loan interest receipts reimbursements and other fund contributions, fees, and miscellaneous revenue.

Source: *The National Treasury*

- **Expenditure**

27. Total expenditure and net lending for the period July 2021 to March 2022 amounted to **Ksh.1,991.4 billion**, which was below the target of **Ksh.2,089.8 billion** by **Ksh.98.4 billion**. This was largely on account of below target disbursement of recurrent expenditure by **Ksh.51.0 billion** and development expenditure by **Ksh.23.3 billion**.

28. Disbursement to County Governments was **Ksh.216.3 billion** against a target of **Ksh.240.4 billion**, which related to equitable share. During the period



under review, there were no conditional grants disbursed to counties due to lack of legislative framework.

- **Fiscal balance**

29. Overall, fiscal deficit including grants (on cash basis) for the period ending March 2022 was **Ksh.476.8 billion** (3.8 percent of GDP) against a target of **Ksh.558.5 billion** (4.4 percent of GDP). The Grants for the period were **Ksh.20.0 billion** against a target of **Ksh.24.7 billion**. The below target of **Ksh.4.6 billion** in grants was mainly on account of Grants to NMS by **Ksh.3.4 billion** and External grants (Revenue) by **Ksh.1.6 billion**.

- **Financing**

30. Cumulative external financing for the period to March 2022 of the FY 2021/22 amounted to a net repayment of **Ksh.19.4 billion** which constituted disbursements (inflows) of **Ksh.125.4 billion** and external repayments (outflows) of principal debt of **Ksh.144.7 billion**. Net domestic borrowing amounted to **Ksh.472.5 billion** against a target of **Ksh.560.3 billion**.

### **Fiscal and Macro-economic Risks**

31. **The emergence of new COVID-19 variants** could lead to disruptions of key economic activities by reinstatement of containment measures in the country and our trading partners. This could further increase the debt burden and directly affect the fiscal capacities by impacting on the tax bases and spending programme.

32. **Geo political tensions:** Supply chain disruption due to Russia-Ukraine conflict especially on import of wheat and meslin and semi-finished products of iron or non-alloy steel will be reflected in higher domestic prices of these products. This might negatively impact revenue collection.

33. **Uncertain operating environment** due to the upcoming 2022 general elections and change in regime could affect the operating environment by weakening foreign and local investor confidence and slow down projected growth of the economy.

34. **Fiscal risk associated with debt service.** High debt service levels associated with past high fiscal deficits expose the fiscal plan to risks arising from market shocks. Debt markets instability both domestic and international may lead to increased cost of debt through elevated interest rates. To cushion the country, the Government is deepening reforms in the domestic debt market to ensure stable and strong financial system capable of funding a significant share of the fiscal deficit. About 52 percent of Kenya's debt is held in foreign currencies and this poses a fiscal risk in the event of depreciation of the Kenya shilling. Exchange rate depreciation could lead to increase in debt service beyond what is budgeted for in the Consolidated Fund Services (CFS). To ensure the stability of the exchange rate, prudent macroeconomic management will be maintained.

35. **Pressure for additional resources.** Requests for additional resources above what has been appropriated by Parliament by MDAs continue pose challenges in the implementation of the Budget. These include unfunded requirements for the conduct of the 2022 General Elections. These are likely to pose fiscal risks in view of the fiscal consolidation strategy being implemented.

36. The Government continues to monitor the fiscal space and will undertake appropriate policy measures to safeguard macroeconomic stability and adjust accordingly the fiscal plan were the risks to materialize to ensure that the development agenda remains sustainably funded. At the same time, the Government shall limit in-year adjustments of the budget for new projects except those of emergency in nature. This will enhance certainty in the budget process and

improve implementation of Government programmes and projects while adhering to the fiscal consolidation plan.

## **County Governments' Fiscal Performance and Policy Measures**

- **Cumulative disbursements to County Governments**

37. In the past 8 years since the advent of devolution, over Ksh.2.4 trillion has been disbursed to the County Governments in form of equitable share from revenue raised nationally, conditional allocations from the national government share of revenue as well as from proceeds of loans and grants from our development partners. This figure is expected to rise further in the Financial Year 2021/22 where County Governments have been allocated **Ksh.370 billion** as equitable share.

- **Enhancement of County Governments' Own-Source-Revenue**

38. In FY 2020/21, County Governments collected a total of **Ksh.34.4 billion** in Own Source Revenue (OSR) against an annual target of **Ksh.53.7 billion**. This represents 64.1 percent of the annual OSR target in FY 2020/21. Only five County Governments were able to collect more than one hundred percent of their annual OSR target in FY 2020/21.

39. In order to support County Governments' enhance their OSR, the National Treasury through a Multi-Agency Team developed the National Policy to Support Enhancement of County Governments' OSR and the County Governments (Revenue Raising Process) Bill 2018. The Policy proposes strategies to address challenges in collection and administration of decentralized taxes, fees and charges. The Bill, which is currently before Parliament for legislation, will regulate the manner in which Counties introduce/vary fees and charges. The legislation

once passed will address the problem of multiplicity of fees and charges within and across counties in line with Article 209(5) of the Constitution.

40. In order to support implementation of this Policy, a range of national level legislative reforms have been proposed. To this end, the National Treasury in collaboration with the Ministry of Lands and Physical Planning developed the National Rating Bill 2022 to replace the outdated Valuation for Rating Act (Cap. 266) and Rating Act (Cap. 267). The proposed Bill which was submitted to Parliament in January 2022 is expected to guide valuation for rating and imposition of rates on ratable property in the County Governments.

41. The National Treasury and Planning constituted a Multi-Agency taskforce to evaluate and recommend a single integrated revenue management system for County Governments in line with the Presidential Directive of February 2019. The Taskforce has identified three viable integrated revenue management systems and prepared a report for consideration by the Steering Committee. The approval of a viable Integrated County Revenue Management System (ICRMS) by the Steering Committee will pave way for piloting and roll out of the revenue system to the County Governments.

- **Equalization Fund**

42. Since FY 2013/14 to FY 2022/23, cumulative allocations to the Equalization Fund amount to Ksh.54.5 billion. In line with Article 204(1) of the Constitution of Kenya, County Governments have been allocated **Ksh.7.1 billion** under the Equalization Fund in the Financial Year 2022/23, which represents 0.55% of the most recent audited accounts of revenue received.

- **Transfer of Functions and Cooperation between levels of Government**

43. Article 187 of the Constitution envisages that a function or power of Government at one level may be transferred to a government at the other level by

agreement between the Governments while Article 189 provides that Government at each level, and different governments at the county level, shall co-operate in the performance of functions and exercise of powers. In this regard, and in order to ensure that the process of such a transfer of functions is clearly provided for in law, the National Treasury in collaboration with other institutions has made a significant progress in developing a legislation to operationalize Articles 187 and 189. The proposed legislative framework will provide transparency on the administration of intergovernmental transfers in respect to transferred functions and cooperation between Governments. Once completed, the legislative proposal will be submitted to Parliament for enactment into law.

- **Pending Bills**

44. The Office of the Auditor General (OAG) conducted a special audit to verify the stock of pending bills by County Governments as at 30<sup>th</sup> June 2020. The special audit indicated that out of a total of **Ksh.155.7 billion** pending bills presented for audit, bills amounting to Ksh.43.8 billion were reported as payable while Ksh.108.1 billion lacked sufficient documentations to support services rendered or work done and therefore were not recommended for payment.

- **Sharing of Mineral Royalty Revenues between National Government, County Governments and Communities**

45. The Government collected a total of **Ksh.5.5 billion** in royalties between FY 2016/17 and 2019/20 from extractive activities throughout the country. This collection translates to an average of **Ksh.1.4 billion** annually. Although mineral royalties are currently being received from 15 Counties, 91 percent of the payments are derived from extractive activities in only three Counties, namely Kilifi, Kwale and Kajiado. Currently, mineral revenue in Kenya is limited

however, Kenya has a wealth of mineral deposits hence potential for more resource revenues in future.

46. Currently, Kenya lacks a framework for transferring Mineral Royalty Revenues to the County Governments and Communities in accordance with the provisions of the Mining Act 2016. Following a Presidential Directive that National Treasury establishes a framework for sharing of mineral royalty revenues, a Taskforce was established. The Taskforce has since developed a draft Framework which provides for mechanisms for sharing of revenue from mineral royalties among the National Government, County Governments and Communities in line with Section 183 of the Mining Act, 2016. The framework which is currently being subjected to stakeholder consultation will provide a basis for ensuring that revenues raised from mineral royalties trickle down to the County Governments and Communities where mining is taking place.

- **Conditional Grants to County Governments**

47. Before FY 2021/22, conditional grants were allocated through Division of Revenue Act and administered pursuant to provisions of Regulation 129-135 of the Public Finance Management (National Government) Regulations, 2015 and the Treasury Circular No. 8 of 2017.

48. However, the High Court Ruling on Petition No. 252 of 2016 in December, 2020 directed that the conditional or non-conditional allocations are not items to be provided for in the DoRA and consequently the Senate approved the Division of Revenue Bill (DoRB), 2021 without the conditional grants for FY 2021/22.

49. The Court also directed the development of an alternative mechanism for disbursement of conditional grants to counties. In this regard, the Senate developed the County Governments Grants Bill, 2021 which is currently undergoing a mediation process between the National Assembly and Senate. The Bill is expected

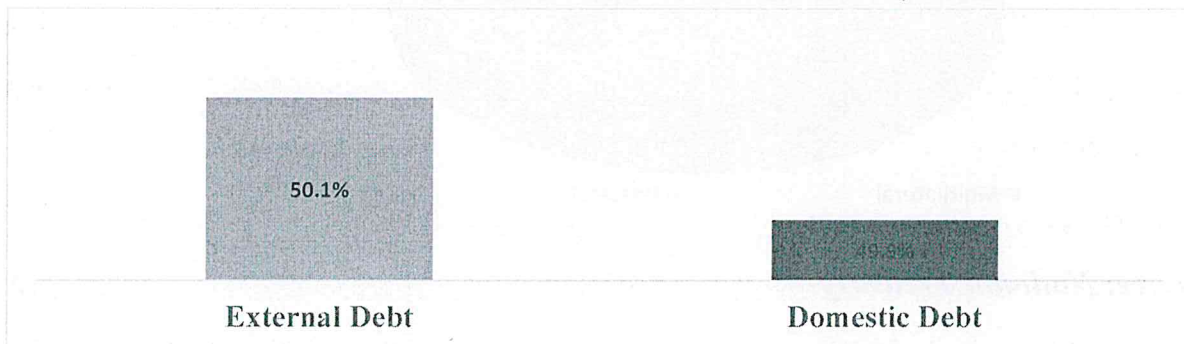
to provide mechanisms for disbursing, accounting and oversight for the additional conditional allocations to County Governments going forward.

## The Status of Public Debt in Kenya

### The size of Public Debt

50. As at end March 2022, the provisional nominal public debt stock (including guaranteed debt) stood at **Ksh.8,402 billion** (USD 73.09 billion) equivalent to 67.8 per cent of GDP. This is against the Public Finance Management Act (PFM) 2012 public debt ceiling of Ksh.9000 billion.

**Chart1. Structure of Public Debt as at end March, 2022**



*Source: National Treasury*

- **Domestic debt**

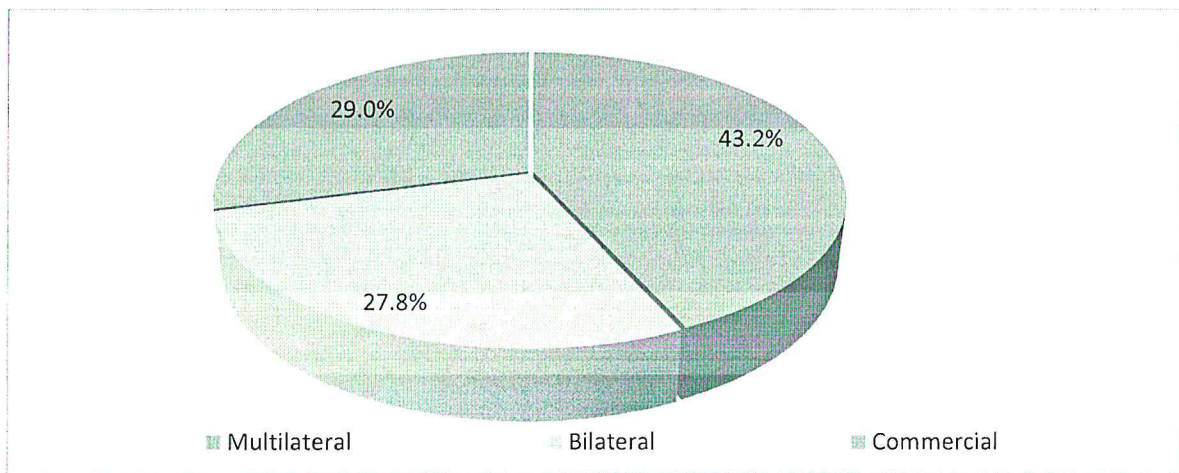
51. Domestic debt stock stands at **Ksh.4,192.3 billion** (USD 36.47 billion) equivalent to 33.8 per cent of GDP and attracts an average interest cost of 12.21 per cent per annum..

52. The current ratio Treasury bonds and bills holding is 84:16 percent. The refinancing risk in the domestic debt portfolio has continued to decline as reflected in the Treasury bonds and bills ratio.

- **External debt**

53. External debt stands at **Ksh.4,209.7billion** (USD 36.64 billion) equivalent to 34.0 per cent of GDP. Outstanding Government Guaranteed debt stands at **Ksh.159.9 billion** mainly to Kenya Airways, Kenya Power & Lighting Company, KenGen, Kenya Railways and Kenya Ports Authority.

**Chart 2: Structure of External Debt as at end of March, 2022**



*Source: National Treasury*

54. The Kenya's major external creditors include; the World Bank (27.8%), African Development Bank (9.1%), International Monetary Fund (5%) and China (18.7%). The Public debt stock is projected to be **Ksh.8,600 billion** as at end June 2022 against the current debt ceiling of **Ksh.9,000 billion**.

- **Amendments to the Debt Ceiling**

55. There are plans to replace the public debt numerical ceiling with a debt anchor expressed as a percentage of GDP in Present Value terms. This will enhance transparency and accountability in public finance management in line with the Constitution of Kenya and international best practices.



56. The Government has prepared the proposed amendments bills to the PFM Act 2012 and its attendant Regulations and submitted to the Cabinet for approval. Public participation has been ongoing and the comments are being consolidated to be tabled in Parliament by the CS/NT&P.

- **2022-Medium-Term Debt Strategy (MTDS)**

57. The 2022 Medium-Term Debt Strategy is aligned to the debt management objectives of reducing costs of public debt. It seeks to lower present value (PV) of debt to GDP on the existing public debt portfolio over the medium term and thus improve debt sustainability indicators.

- **Public Debt Sustainability**

58. The December 2021 Kenya's Sustainability Report indicates that our public debt is sustainable but faces high risks worsened by the global COVID – 19 shocks. Kenya's Debt Carrying Capacity is Medium, based on the Composite Indicator Index, with a sustainability threshold in Present Value (PV) of debt to GDP of 55 per cent.

59. The current PV of public debt to GDP ratio is at 61.7 percent and is projected to remain above the debt threshold over the medium term period before declining (as shown in **Table 3**).

**Table 3: Public Sector Debt Sustainability (Percent of GDP)**

Sustainability indicators/ Year	2021	2022	2023	2024	2025	2026	2031	2041
PV of Public Debt to GDP ratio (55%)	61.7	62.2	61.2	59.2	56.2	53.2	40.7	19.3

*Source: World Bank/IMF*

60. The Government is committed to implement liability management operation once the global market conditions stabilize will improve the overall debt profile.

## PART THREE

### ELECTION EXPENDITURE

61. The expenditures for the 2022 General Election have been budgeted in the Financial Year 2021/22 for preparatory activities and in the Financial Year 2022/23 for the actual conduct of the Elections. These activities are undertaken by various MDAs with respect to their specific mandates in ensuring free, fair and peaceful Elections.

62. The preparatory activities towards the 2022 General Elections involves the continuous registration of voters and revision of the voter's roll, regulation of political parties process, settlement of electoral disputes, registration of candidates for elections, voter education, facilitation of the observation, monitoring and evaluation of elections, regulation of money spent by a candidate or party in respect of any election, development of a code of conduct for candidates and parties, monitoring of compliance with legislation on nomination of candidates by parties and procurement of strategic election materials.

63. The actual conduct of the General Elections involve activities of undertaking the election including Presidential Run-off should need arise, and the swearing in of the elected leaders.

#### **Overall Budget**

64. The Overall budgetary allocations for the 2022 General Election is KSh.44,177,960,285 billion comprising of KSh.22,057,843,752 (50.2 percent) in the FY 2021/22 and Ksh.22,120,116,533 (49.8 percent) in FY 2022/23. A summary of these allocations is as indicated in **Table 4** below.

**Table 4: Summary of Election Related Budgetary Allocations**

MDA	ALLOCATION		TOTAL
	FY 2021/22	FY 2022/23	
Independent Electoral and Boudaries Commission	20,886,188,434	21,686,870,000	42,573,058,434
State Department for Interior and Citizen Services	500,000,000	-	500,000,000
Office of the Registra of Political Parties	384,024,100	69,360,000	453,384,100
The Judiciary:	156,073,518	104,099,533	260,173,051
The Executive Office of the President	-	200,000,000	200,000,000
Ethics and Anti Corruption Commission	18,696,200	39,787,000	58,483,200
Ministry of Defence	100,000,000	-	100,000,000
Independent Policing Oversight Authority:	12,861,500	20,000,000	32,861,500
<b>TOTAL</b>	<b>22,057,843,752</b>	<b>22,120,116,533</b>	<b>44,177,960,285</b>

*N/B: The allocation of Ksh.200 million under the Executive Office of the President is provided for in the National Treasury for Assumption of Office activities*

*Source: Compilation, National Treasury*

65. The specific budgets for MDAs involved in the 2022 General Elections are as discussed below.

**(i) Independent Electoral and Boundaries Commission (IEBC)**

66. Independent Electoral and Boundaries Commission (IEBC) is established through Article 88 of the Constitution and is responsible for conducting or supervising referenda and elections to any elective body or office established by the Constitution, and any other elections as prescribed by an Act of Parliament. In this regard, IEBC is the principal agency that is mandated to conduct elections in the Country.

67. In order to enable it conduct a credible and fair General Elections, the IEBC has allocated KSh.42,573,058,434. This is composed of KSh.20,886,188,434 in the FY 2021/22 and KSh.21,686,870,000 in FY 2022/23 to be funded through the exchequer as indicated in **Table 5** below.

**Table 5: Budgetary allocation for Elections for IEBC**

ACTIVITY	ALLOCATION		TOTAL
	FY 2021/22	FY 2022/23	
Mass Voter Registration	2,564,158,917	-	2,564,158,917
Register of Voters Verification	1,334,923,528	-	1,334,923,528
Nomination and Candidate Registration	347,471,000	77,150,000	424,621,000
Diaspora Voter Registration	255,820,000	-	255,820,000
Planning Meetings	102,270,000	-	102,270,000
Training of Poling Officials	94,517,000	2,415,502,530	2,510,019,530
Training Materials	196,997,380	-	196,997,380
Voter Education, Partnership and Coordination	1,242,076,800	457,079,000	1,699,155,800
General Election Materials	6,322,125,230	1,246,928,255	7,569,053,485
2022 General Election Activities	3,914,640,361	12,997,768,653	16,912,409,014
Diaspora Polling Activities		70,735,000	70,735,000
Commission Normal Activities	4,511,188,218	4,421,706,562	8,932,894,780
<b>TOTAL</b>	<b>20,886,188,434</b>	<b>21,686,870,000</b>	<b>42,573,058,434</b>

*Source: Compilation, National Treasury*

## **(ii) State Department for Interior and Citizen Services**

68. The State Department for Interior and Citizen Services is charged with responsibilities that may be indirectly related to the General Elections. These include: National Cohesion and Reconciliation Management; Citizenship and Immigration Policy and Service; Registration of Persons Services; Management of Refugee policy and Internal Security Affairs. During the 2022 General Election, the State Department for Interior will continue to provide security in the whole Country and at the polling stations during the actual polling day.

69. Due to heightened activities in the run up to the elections including campaigns, nomination of candidates by the various political parties, there is need to enhance security operations against any disturbances and therefore the need to ensure security of our citizens is not compromised as they exercise their constitutional rights. To make sure security is not compromised, the State

Department for Interior will deploy adequate security personnel during the election period.

70. The State Department has provided Ksh.500,000,000 in FY 2021/22 to enhance security operations in identified hot spot areas. This includes an allocation of Ksh.100,000,000 to the National Cohesion and Integration Commission. The Commission plays a key role during the preparation and execution of the General Election to ensure there is existence of peaceful coexistence during and after the general election.

### **(iii) The Executive Office of the President**

71. The primary role of the Presidency is the organization and coordination of Government business. As part of this role, the Presidency will be coordinating the transition activities relating to Assumption of Office for the new President after the 2022 General Elections.

72. Ksh.200 million has been provided in the FY 2022/23 Budget to undertake Assumption of Office activities to ensure smooth transition to the next administration after the General Elections.

### **(iv) Ministry of Defence**

73. The Ministry of Defence is mandated to defend and protect the sovereignty and territorial integrity of the Country against external aggression. In this regard, the Ministry plays a key role in ensuring integrity of our territorial borders. The Ministry has allocated adequate resources to enhance security operations along the borders and other identified hot spots to ensure elections are not affected by external security threats.

**(v) The Judiciary**

74. The Judiciary is a key stakeholder in the Election process and plays critical roles in ensuring elections are free, fair and credible through hearing and determination of electoral disputes.

75. To enhance preparedness for the 2022 General Elections, the Judiciary has established the Judiciary Committee on Elections to advise the Judiciary on legal and administrative arrangements for efficient election dispute resolution, capacity building of Judges, Judicial Officers and Judicial Staff, monitoring and evaluation of election petitions and election related disputes and offences, stakeholder engagement and advising the Judiciary on avenues for public information on election dispute resolution. There is also the Political Parties Dispute Tribunal (PPDT) to hear and determine matters related to Political Parties affairs.

76. In order to enable it conduct a credible and fair General Elections, the Judiciary has allocated Ksh.260,173,051. This is composed of Ksh.156,073,518 in the FY 2021/22 and Ksh.104,099,533 in FY 2022/23 as tabulated in **Table 6** below.

**Table 6: Budgetary Allocation for Elections for the Judiciary**

ACTIVITY	ALLOCATION		TOTAL
	FY 2021/22	FY 2022/23	
Judiciary Committee on Elections - Training of judges, judicial officers and staff	50,835,200	45,000,000	95,835,200
Political Parties Disputes Tribunal	65,238,318	19,099,533	84,337,851
Renovation and upscaling of the main courtroom for Supreme Court	10,000,000	10,000,000	20,000,000
Court of Appeal	10,000,000	10,000,000	20,000,000
High Court	20,000,000	20,000,000	40,000,000
<b>TOTAL</b>	<b>156,073,518</b>	<b>104,099,533</b>	<b>260,173,051</b>

*Source: Compilation, National Treasury*

77. Out of this allocation, KSh.95,835,200 has been earmarked for the Judicial Committee on Election to cater for election related activities for the two financial years.

**(vi) Office of the Registrar of Political Parties**

78. The Office of the Registrar of Political Parties perform the following activities that are related to General Election: regulate, monitor, investigate and supervise political parties to ensure compliance with the law; administer the Political Parties Fund; verify and make publicly available the list of all members of political parties; maintain a register of political parties and the symbols of the political parties ensure and verify that no person is a member of more than one political party and notify the Commission of his findings.

79. In order to enable it conduct a credible and fair General Elections, the Office of the Registrar of Political Parties has allocated Ksh.453,384,100. This is composed of Ksh.384,024,100 in the FY 2021/22 and Ksh.69,360,000 in FY 2022/23 as tabulated in **Table 7** below.



**Table 7: Allocation to ORPP for Elections**

Activity	Allocation		TOTAL
	FY2021/22	FY2022/23	
Recruitment of County and Constituency Monitors for monitoring political parties activities	66,300,000	69,360,000	135,660,000
Review and printing of training manuals	18,000,000	-	18,000,000
Development and printing of Sanctions and enforcement procedures on compliance with the Political Parties code;	18,500,000	-	18,500,000
Upgrade the Integrated Political Parties Management (IPPMS)	13,550,200	-	13,550,200
Automation of county offices to decentralize management of political parties' database and improved collaborations between headquarters and county offices.	4,700,000	-	4,700,000
Clearance of Independent Candidates	9,500,000	-	9,500,000
Training of Trainer of Trainers (TOTs)	6,361,800	-	6,361,800
Sensitization of Political Parties Aspirants and County Assembly Forum Members	44,016,910	-	44,016,910
Training of Political Parties	33,750,000	-	33,750,000
Training of County and Constituency Monitors	26,550,000	-	26,550,000
Promotion and Inclusion of Special Interest Groups (Women, Youth and PWDs) and Training of Young Women	7,500,000	-	7,500,000
Sensitization of Stakeholders (Civil Society Organizations (CSOs), Faith Based Organizations (FBOs) etc)	2,800,000	-	2,800,000
Monitoring party nominations	39,143,000	-	39,143,000
Statutory publications in print and electronic media of national-wide reach and gazette notices	15,300,900	-	15,300,900
Media Engagement	4,500,000	-	4,500,000
Printing of Party Registers	13,840,000	-	13,840,000
Procurement of election items (mobile phones, Branded Items, Stationery etc)	30,588,500	-	30,588,500
Legal fees	10,000,000	-	10,000,000
Dialogue platform for Political Parties Liaison Committee	19,122,790	-	19,122,790
<b>Total</b>	<b>384,024,100</b>	<b>69,360,000</b>	<b>453,384,100</b>

*Source: Compilation, National Treasury*

### **(vii) Ethics and Anti-Corruption Commission**

80. The Ethics and Anti-Corruption Commission (EACC) anticipates increased level of activities in line with its mandate to safeguard public resources at risk of misappropriation and embezzlement due to the anticipated transition both at

National and County Governments. During the electioneering period, there is anticipated surge in corruption activities and unethical conduct requiring immediate intervention and proactive investigations by the Commission.

81. In order to fulfill the Commissions’ mandate during the electioneering period, the EACC has allocated Ksh.58,483,200. This is composed of Ksh.18,696,200 in the FY 2021/22 and Ksh.39,787,000 in FY 2022/23 as indicated in **Table 8** below.

**Table 8: Allocation to EACC for Elections**

ACTIVITY	ALLOCATION		
	FY 2021/22	FY 2022/23	TOTAL
Media Engagement in Elections	3,000,000	1,200,000	4,200,000
Development of Database for State Officers	2,045,000	2,000,000	4,045,000
Pre-Election Monitoring & Investigation of Bribery Incidences	1,300,000	2,700,000	4,000,000
Motor Vehicle Costs for Election Related Activities	10,000,000	30,000,000	40,000,000
Other Election Related Activities	2,351,200	3,887,000	6,238,200
<b>TOTAL</b>	<b>18,696,200</b>	<b>39,787,000</b>	<b>58,483,200</b>

*Source: Compilation, National Treasury*

**(viii) Independent Policing Oversight Authority (IPOA)**

82. The Independent Policing Oversight Authority was established through the Independent Policing Oversight Authority Act No.35 of 2011 to provide for civilian oversight over the work of the Police in Kenya. Some of the functions of the Authority include investigating deaths and serious injuries caused by police action; investigate police misconduct; monitor and investigate policing operations and deployment among others.

83. In view of increased police deployment during the electioneering period, IPOA has been allocated Ksh.32,861,500. This is composed of KSh.12,861,500 in the FY 2021/22 and KSh.20,000,000 in FY 2022/23 as indicated in **Table 9** below.

**Table 9: Allocation to IPOA for Elections**

ACTIVITY	ALLOCATION		
	FY 2021/22	FY 2022/23	TOTAL
Rapid response and forensic Investigations		5,000,000	5,000,000
Specialized Investigation, Surveillance and Security Equipment		1,000,000	1,000,000
Temporary Witness Protection		2,000,000	2,000,000
Monitoring Police operations in Pre-Election Period	10,169,000		10,169,000
Monitoring Police operations in August 2022 Election Period		9,000,000	9,000,000
Planning and Reporting		2,000,000	2,000,000
Staff Training	2,692,500		2,692,500
Awareness Creation and Outreach services		1,000,000	1,000,000
<b>TOTAL</b>	<b>12,861,500</b>	<b>20,000,000</b>	<b>32,861,500</b>

*Source: Compilation, National Treasury*

### **Composition of Election Related Budget**

84. The budgetary allocation for the 2022 General Elections is Ksh.43,977,960,285 which comprise direct election allocation of Ksh.42,628,490,434 and indirect election allocation of Ksh.1,349,469,851.

- **Direct Election Expenses**

85. The total allocation for direct expenditures for the 2022 General Election is Ksh.42,628,490,434. Of this allocation, IEBC has been allocated Ksh.42,573,058,434 in the FY 2021/22 and FY 2022/23. While the Ethics and Anti-Corruption Commission has been allocated Ksh.55,432,000.

86. The direct election expenses for the IEBC are to cater for mass voter registration, verification of the voters register, nomination and candidate registration, diaspora voter registration, planning meetings, recruitment of election officials, training of polling officials, procurement of training materials, voter education, procurement of election materials and equipment, package and distribute election materials, hire of transport, essential equipment, facilities and other services.

- **Indirect Election Expenses**

87. The total budgetary allocation to indirect expenses for the 2022 General Elections is Ksh.1,349,469,851 for FY 2021/22 and FY 2022/23 relating to State Department for Interior and Citizen Services, Office of the Registrar of Political Parties, Ethics and Anti-Corruption Commission, Independent Policing Oversight Authority, the Judiciary and the Ministry of Defence.

88. The summary of the direct and indirect election related budgetary allocations is summarized in **Table 10** below.

**Table 10: Composition of Election Related Expenditures**

MDA	NATURE OF ALLOCATION		TOTAL
	DIRECT	INDIRECT	
Independent Electoral and Boudaries Commission	42,573,058,434	-	42,573,058,434
State Department for Interior and Citizen Services	-	500,000,000	500,000,000
Office of the Registra of Political Parties	-	453,384,100	453,384,100
The Judiciary	-	260,173,051	260,173,051
The Executive Office of the President	-	200,000,000	200,000,000
Ethics and Anti Corruption Commission	55,432,000	3,051,200	58,483,200
Ministry of Defence	-	100,000,000	100,000,000
Independent Policing Oversight Authority	-	32,861,500	32,861,500
<b>TOTAL</b>	<b>42,628,490,434</b>	<b>1,549,469,851</b>	<b>44,177,960,285</b>

*N/B: The allocation of Ksh.200 million under the Executive Office of the President is provided for in the National Treasury for Assumption of Office activities*

*Source: Compilation, National Treasury*

### **Unfunded Requirements for Election Related Expenditure**

89. MDAs involved in the 2022 General Elections have submitted financial requirements for various activities amounting to **Ksh.67.7 billion** for FY 2021/22 and FY 2022/23. Out of these requirements, they have allocated **Ksh.43.9 billion** for the two financial years. In view of this, the unfunded requirements for the 2022 General Elections is **Ksh.23.7 billion** as indicated in **Table11** below.

**Table 11: Requirements vs Allocations for the Elections**

MDA	REQUIREMENT	ALLOCATION	VARIANCE
	TOTAL	TOTAL	
Independent Electoral and Boudaries Commission	49,939,965,529	42,573,058,434	(7,366,907,095)
State Department for Interior and Citizen Services	9,990,625,825	500,000,000	(9,490,625,825)
Office of the Registra of Political Parties	1,253,698,100	453,384,100	(800,314,000)
The Judiciary	1,488,000,000	260,173,051	(1,227,826,949)
The Executive Office of the President	445,855,000	200,000,000	(245,855,000)
Ethics and Anti Corruption Commission	161,527,000	58,483,200	(103,043,800)
Ministry of Defence	1,000,000,000	100,000,000	(900,000,000)
Independent Policing Oversight Authority	434,743,980	32,861,500	(401,882,480)
<b>TOTAL</b>	<b>64,714,415,434</b>	<b>44,177,960,285</b>	<b>(20,536,455,149)</b>

*N/B: The allocation of **Ksh.200 million** under the Executive Office of the President is provided for in the National Treasury for Assumption of Office activities*

*Source: Compilation, National Treasury*

90. In view of fiscal constraints, MDAs involved in the conduct of the 2022 General Elections have however been advised to rationalize their activities and to fit within the available resources. In addition, they will be required to ensure prudence through efficiency and effectiveness to realize value for money in undertaking electoral activities.

## **PART FOUR**

### **CONCLUSION**

91. The Government is committed to ensuring a stable micro-economic environment as we head into the 2022 General Elections by sustaining sound and sustainable economic and fiscal policies. To support this objective, emphasis will be put on ensuring a free and fair electoral process and focus on maintaining peace and security through increased vigilance to protect livelihoods and life of the citizenry.

92. This Report has therefore brought to the fore the critical areas of expenditure in relation to the 2022 General Election. Most of the election related expenditures are to cater for the direct activities with additional expenditure catering for indirect and other related expenses. The Government will continue to monitor and address the challenges including the drought situation in some parts of the Country, threats to security and slowdown in the global economy. Under these circumstances, we remain steadfast in maintaining macroeconomic stability, even in the face of expenditure pressures associated with the conduct of the 2022 General Elections.

93. As the General Elections draw close, the Government will continue to facilitate the transition process while maintaining a stable fiscal discipline within the economy. In particular, greater transparency, accountability, and prudent management of public finances at both levels of government will be critical to achieve our vision of being a middle income country by the year 2030.

94. Looking forward, we do recognize that the actual expenditures would be reflected after the General Elections when we shall be preparing the Post-Election Economic and Fiscal report according to the PFM Act, 2012 clause 2(b). The National Treasury and its affiliate bodies responsible for the management of public

finance would ensure that public funds are prudently used and there is value for taxpayers' money even as we conduct the general elections.