



REPUBLIC OF KENYA
THE NATIONAL TREASURY AND ECONOMIC PLANNING

2022 POST-ELECTION ECONOMIC AND FISCAL REPORT

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| THE NATIONAL ASSEMBLY | |
| DATE: | 19 APR 2023 Wednesday |
| TABLED BY: | Hon. Owen Baya Deputy leader of the Majority Party |
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FOREWORD

This Post-Election Fiscal and Economic Update is the third Report since the enactment of the Constitution of Kenya, 2010 and is prepared in accordance with the Public Finance Management Act, 2012. It also marks the second transition to a New Administration following the just concluded 2022 General Elections.

This report provides a summary of all election related spending including direct expenses, indirect expenses, and any other expense related to the election. Further, the report contains a statement with policy decisions which are of economic and /or fiscal material implications to the Government.

The 2022 General Elections was conducted at a time when the country was experiencing one of the worst droughts in our recent history which has affected agricultural output. This was in addition to the impact of the Ukraine – Russia conflict and the negative effects of the COVID-19 Pandemic. The Government in partnership with the Development Partners and the Private Sector under the auspices of the National Steering Committee on Drought Response has provided response to adverse impact of the ongoing drought to affected persons, regions and communities. The Committee will work with both the National and County Governments in strengthening the national capacity for resilient recovery to protect development gains from recurrent drought.

In spite of these challenges, Kenya's economy has demonstrated strong resilience by recording positive growth momentum in the first half of 2022 with the economy expanding by a remarkable 6.0 percent supported by the ongoing recovery in the services and industry sectors. The economy is projected to grow by 5.5 percent in 2022 and above 6.0 percent over the medium term. This growth will be reinforced by the Government's development agenda geared towards economic turnaround and inclusive growth.

The economic turnaround programme will seek to increase investments in at least five sectors envisaged to have the biggest impact on the economy as well as on household welfare. These include Agriculture; Micro, Small and Medium

Enterprise (MSME); Housing and Settlement; Healthcare; and Digital Superhighway and Creative Industry. To kick off the process, the Government has launched the Hustlers Fund, as an intervention to correct market failure problems at the bottom of the pyramid. This program aims to lift those at the bottom of the pyramid through structured products in personnel finance that includes savings, credit, insurance and investment.

Finally, I wish to express my appreciation to all the Ministries, Departments and Agencies who actively participated in the just concluded General Elections for their professionalism, commitment and efforts in ensuring a peaceful election and smooth transition into the new administration.

A handwritten signature in black ink, appearing to read 'Njuguna Ndung'u', with a stylized flourish at the end.

NJUGUNA NDUNG'U, CBS
CABINET SECRETARY

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 Post-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 Approved Budget, 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.



DR. CHRIS KIPTOO, CBS
PRINCIPAL SECRETARY

LIST OF ABBREVIATIONS

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

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PART ONE

INTRODUCTION

Legal Basis

Legal Basis for Publication of Post-Election and Economic and Financial Report

The Post-Election and Economic and Financial Report (PEFR) is published in accordance with Section 27 of the Public Finance Management Act, 2012. The law states that:

1. The National Treasury shall arrange to publish a Post-Election Economic and Fiscal update not later than four months after the polling day of the general election.
2. The Post-Election Economic and Fiscal update shall:
 - a) detail all election related spending including:-
 - i. direct election expenses such as those for the Independent Election and Boundaries Commission (IEBC) for the cost 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.
 - b) be accompanied by a Statement signed by the Principal Secretary stating that the economic and fiscal updates include:-
 - iv. all policy decisions with material economic or fiscal implication that the Government made before the day on which the contents of the economic and fiscal updates were finalized;
 - v. all other circumstances with material economic and fiscal implications of which the National Treasury was aware before those days; and
 - vi. a confirmation that the economic and fiscal update were prepared using the best professional judgment and information available before the economic and fiscal update were finalized.

BACKGROUND

1. Following the conduct of the 2022 General Elections on 9th August, 2022 the Public Financial Management Act (PFMA), 2012 requires the National Treasury to arrange to be published a Post-Election Economic and Fiscal Report (PEFR) not later than four months after the polling day. The reports details all election related spending, both direct and indirect, and shall be accompanied by a statement stating any policy decisions, circumstances with material economic or fiscal implications and a confirmation that the economic and fiscal update were prepared using the best professional judgment.
2. The objective of the PEFR is to provide a review of election related expenditure and evaluate economic performance and how this impacts the financial objectives and fiscal responsibility principles set out in the Budget Policy Statement (BPS). It also seeks to promote transparency and accountability in the financing of the general elections as well as how this has impacted the economic performance of the country.
3. This update is organized as follows: Section I gives the background, Section II highlights recent economic and political developments and outlook in the country focusing on the policy decisions and other circumstances that have economic and fiscal implications. Section III provides an overview on budget implementation with a detailed account of all the direct and indirect election-related expenditures. Section IV concludes.

PART TWO

MACRO-ECONOMIC AND FISCAL UPDATES

I. RECENT ECONOMIC DEVELOPMENTS

4. This Post-Election Economic and Fiscal report has been prepared against a background of persistent global economic slowdown reflecting the impact of the ongoing Russia-Ukraine conflict, effects of COVID-19 containment measures, higher-than-expected inflation worldwide triggered by higher global oil and food prices and the impact of the contractionary monetary policy in the advanced economies that has created tighter financial conditions. As a result, the International Monetary Fund projects global growth to slow down to 3.2 percent in 2022 and 2.7 percent in 2023 from 6.0 percent in 2021.

5. On the domestic scene, the Kenyan economy has demonstrated remarkable resilience and recovery from COVID-19 shock due to the diversified nature of the economy and the proactive Government measures to support businesses. Consequently, the economy grew by 7.5 percent in 2021 following a contraction of 0.3 percent in 2020. The growth momentum continued in the first half of 2022 with the economy expanding by 6.0 percent supported by the ongoing recovery in the services and industry sectors despite the contraction in the agricultural sector as a result of the prolonged drought.

6. Taking into account the adverse impact of the drought conditions, inflationary pressures as well other external pressures, the economy is projected to grow by 5.5 percent in 2022 from the initial projection of 6.0 percent in the 2022 Budget Policy Statement (BPS). The economy is

projected to recover in 2023 to 6.1 percent and maintain that momentum over the medium-term.

7. The economy continues to register macroeconomic stability. The year-on-year inflation rate was above the 7.5 percent upper target for the fifth consecutive month in November 2022. Inflation rate was at 9.5 percent in November 2022 from 5.8 percent in November 2021 mainly due to higher international food and fuel prices. Inflation is expected to remain elevated in the near term, due in part to the scaling down of the Government price support measures, resulting in increases in fuel and electricity prices, the impact of tax measures in the FY 2022/23 Budget, and global inflationary pressures.

8. Monetary policy stance remains tight to anchor inflation expectations due to the elevated risk of high inflation outlook as a result of increased global commodity prices and supply chain disruptions. Towards this end, the Central Bank Rate (CBR) was raised to 8.75 percent from 8.25 percent in November, 2022. The interbank rate remained stable at 4.6 percent in November 2022 compared to 5.0 percent in November 2021 while the 91-day Treasury Bills rate was at 9.2 percent compared to 7.1 percent over the same period. The low (below 10 percent) and stable interest rates were supported by ample liquidity in the money market.

9. Lending to the private sector has remained strong with the credit expanding by 13.3 percent in the 12 months to October 2022 compared to a growth of 8.1 percent over the same period in 2021. Strong credit growth was observed in manufacturing (17.5 percent), trade (15.3 percent), business services (13.2 percent), and consumer durables (14.0 percent). All economic

sectors registered positive growth rates reflecting improved demand as economic activities picked up.

10. The external sector has largely remained stable despite the tight global financial conditions attributed to the strengthening US Dollar and uncertainties regarding the ongoing Russian-Ukraine conflict. The current account deficit was generally stable at USD 6,020.6 million (5.4 percent of GDP) in September 2022 compared to USD 5,739.5 million (5.2 percent of GDP) in September 2021. The current account balance was mainly supported by improved receipts from service exports and resilient remittances.

11. The official foreign exchange reserves stood at USD 7,787.5 million (4.4 months of import cover) in September 2022 compared to USD 9,632.2 million (5.9 months of import cover) in September 2021. The official reserves continue to fulfill the requirement to maintain it at minimum of 4.0 months of imports cover providing adequate buffer against short-term shocks in the foreign exchange market.

12. Due to the strong US dollar, the exchange rate to the Kenya Shilling like all world currencies has weakened. The Kenya Shilling to the US Dollar exchanged at Ksh.121.9 in November 2022 compared to Ksh.111.9 in November 2021. Over the same period, the Kenyan Shilling strengthened against other major international currencies. The Euro exchanged at Ksh.124.2 in November 2022 compared to Ksh.127.9 in November 2021 while the Sterling Pound exchanged at Ksh.143.0 compared to Ksh.151.0 over the same period.

13. 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 economic 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

14. The macroeconomic framework underpinning the FY 2023/24 Budget takes into account the global and domestic economic developments including risks associated with elevated domestic inflation due to high commodity prices, subdued agricultural performance due to depressed rainfall, as well as increased global risks including inflation, recession, and the continued Russian-Ukraine conflict that may hamper the projected global economic recovery.

15. The economy is projected to grow by 5.5 percent in 2022 and above 6.0 percent over the medium term (in terms of fiscal years the economic growth is projected at 5.8 percent in the FY 2022/23 and 6.1 percent in the FY 2023/24). Growth over the medium term will be supported by a broad-based private sector growth, including recoveries in agriculture while the public sector consolidates. 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.

16. The growth outlook will be reinforced by the Government's development agenda geared towards economic turnaround and inclusive growth. Special focus will be placed on increased employment, more equitable distribution of income, social security while also expanding the tax revenue base, and increased foreign exchange earnings. The economic turnaround programme will seek to increase investments in at least five sectors envisaged to have the biggest impact on the economy as well as on household welfare. These include Agriculture; Micro, Small and Medium Enterprise (MSME); Housing and Settlement; Healthcare; and Digital Superhighway and Creative Industry.

17. In furtherance of the agenda on inclusive growth and innovation in Micro, Small, and Medium Enterprises (MSMEs), the Government has launched the Hustlers Fund, as an intervention to correct market failure problems at the bottom of the pyramid. This program aims to lift those at the bottom of the pyramid through structured products in personnel finance that includes savings, credit, insurance and investment. To address the adverse impact of the ongoing drought, the Government in partnership with the Development Partners and the private sector under the auspices of the National Steering Committee on Drought Response has provided response to affected persons, regions and communities. The Committee will work with both the National and County Governments in strengthening the national capacity for resilient recovery to protect development gains from recurrent drought.

18. To further support this growth outlook, monetary policy will aim at maintaining macroeconomic stability. Inflation is expected to gradually

decline and remain within the 5.0 percent target range, due to muted demand pressures and the policy interventions by the Government. Interest rates are 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.

19. 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 boost revenues and reinforce the fiscal consolidation plan.

20. Therefore, the fiscal deficit is projected to decline from 6.2 percent of GDP in FY 2021/22 to 5.8 percent of GDP in FY2022/23 and further to 4.3 percent of GDP in FY 2023/24. This will stabilize the growth of public debt and create fiscal space for implementation of the Government policy priorities.

21. The Macroeconomic indicators for the FY2023/24 and the medium term are shown in **Table 1**.

Table 1: Medium Term Macroeconomic Indicators

| | 2020/21 | 2021/22 | | 2022/23 | | 2023/24 | | 2024/25 | | 2025/26 | | 2026/27 |
|---|-----------|---------------------|-----------------|-----------------|--------|---------|---------|---------|---------|---------|---------|---------|
| | Prel. Act | Approved Revised II | Prel. Act | Budget | Proj. | BPS'22 | BROP'22 | BPS'22 | BROP'22 | BPS'22 | BROP'22 | BROP'22 |
| <i>annual percentage change, unless otherwise indicated</i> | | | | | | | | | | | | |
| National Account and Prices | | | | | | | | | | | | |
| Real GDP | 3.6 | 6.8 | 6.5 | 5.8 | 5.8 | 5.9 | 6.1 | 6.0 | 6.2 | 6.1 | 6.1 | 6.2 |
| GDP deflator | 5.0 | 4.8 | 6.2 | 6.1 | 6.9 | 5.3 | 5.8 | 5.2 | 4.8 | 6.0 | 5.9 | 6.0 |
| CPI Index (eop) | 6.3 | 5.2 | 6.9 | 5.5 | 6.4 | 5.0 | 5.4 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| CPI Index (avg) | 5.7 | 5.4 | 6.8 | 6.0 | 7.0 | 5.0 | 5.8 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Terms of trade (-deterioration) | -3.6 | 1.1 | 1.1 | -0.4 | 1.1 | 0.2 | -0.6 | 0.3 | -1.8 | 0.4 | -0.7 | 0.6 |
| <i>in percentage of GDP, unless otherwise indicated</i> | | | | | | | | | | | | |
| Investment and Saving | | | | | | | | | | | | |
| Investment | 20.1 | 23.9 | 18.8 | 19.3 | 17.9 | 20.7 | 18.9 | 21.1 | 18.9 | 21.2 | 18.6 | 18.6 |
| Central Government | 4.9 | 4.7 | 4.2 | 4.7 | 3.9 | 4.9 | 4.7 | 5.0 | 4.8 | 5.0 | 5.2 | 4.9 |
| Other | 15.2 | 19.1 | 14.6 | 14.6 | 14.1 | 15.7 | 14.2 | 16.1 | 14.1 | 16.2 | 13.4 | 13.6 |
| Gross National Saving | 14.1 | 19.1 | 12.9 | 14.2 | 13.1 | 15.4 | 13.6 | 15.4 | 13.5 | 15.4 | 13.3 | 13.2 |
| Central Government | -2.2 | -5.3 | -1.5 | -0.7 | -1.1 | -2.2 | 1.1 | -1.6 | 1.6 | -1.1 | 2.1 | 1.7 |
| Other | 16.3 | 24.4 | 14.5 | 14.9 | 14.2 | 17.6 | 12.5 | 17.0 | 11.9 | 16.5 | 11.2 | 11.5 |
| Central Government Budget | | | | | | | | | | | | |
| Total revenue | 15.9 | 17.1 | 17.3 | 17.6 | 17.3 | 18.1 | 17.8 | 18.1 | 17.8 | 18.1 | 18.0 | 18.3 |
| Total expenditure and net lending | 24.4 | 25.6 | 23.8 | 24.0 | 23.3 | 22.8 | 22.4 | 22.2 | 21.8 | 21.5 | 21.7 | 22.3 |
| Overall Fiscal balance excl. grants | -8.5 | -8.5 | -6.5 | -6.4 | -6.0 | -4.7 | -4.6 | -4.1 | -4.1 | -3.5 | -3.7 | -3.9 |
| Overall Fiscal balance, incl. grants, cash basis | -8.2 | -8.0 | -6.2 | -6.2 | -5.8 | -4.4 | -4.3 | -3.9 | -3.8 | -3.2 | -3.5 | -3.6 |
| Primary budget balance | -3.8 | -3.3 | -1.6 | -1.2 | -1.1 | 0.2 | 0.3 | 0.5 | 0.7 | 0.9 | 0.8 | 0.7 |
| External Sector | | | | | | | | | | | | |
| Current external balance, including official transfers | -6.0 | -4.8 | -5.9 | -5.0 | -4.8 | -5.3 | -5.2 | -5.7 | -5.4 | -5.9 | -5.3 | -5.4 |
| Gross reserves in months of this yr's imports | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.9 | 5.9 | 5.9 | 5.9 | 6.0 |
| Memorandum Items: | | | | | | | | | | | | |
| Nominal GDP (in Ksh Billion) | 11,370 | 12,646 | 12,736 | 14,002 | 14,522 | 15,605 | 16,290 | 17,402 | 18,180 | 19,577 | 20,437 | 22,872 |

Source: The National Treasury

Risk to the outlook

22. There are down side risks to this macroeconomic outlook emanating from domestic as well as external sources. On the domestic front, the emergence of new COVID-19 variants may occasion restrictive measures. Other risks emanate from unfavorable weather conditions that could affect agricultural production, the rising inflationary pressures and market failures that restrict access to credit.

23. On the external front, uncertainties in the global economic outlook have also increased which could impact on the domestic economy. These risks include: the possible worsening of the Russia - Ukraine conflict which could heighten the risk of oil and commodity price volatility and elevated inflationary pressures; the continued COVID-19 restrictions in China could further disrupt the global supply chains; and global monetary policy tightening, especially in the United States, could increase volatility in the financial markets.

24. The Government continues to respond to the adverse impact of these emerging issues through fiscal measures, among them fertilizer subsidies to lower the cost of production, targeted intervention to persons and communities affected by the ongoing drought and establishment of the Hustler Fund to support growth of MSMEs and individual traders that will correct the market failures of the vast majority of Kenya's at the bottom of the pyramid.

25. The upside risk to the domestic economy relate to faster than projected rebound in economic activities that would result in higher

Government revenues providing fiscal space that would support fiscal consolidation. 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.

Fiscal Performance and Emerging Challenges

26. Budget implementation during the first four months of the FY 2022/23 has progressed smoothly. However, there has been expenditure pressures due to in part, the ongoing drought as well as the need to cushion farmers with subsidized fertilizers and other emerging spending priorities.

Revenues

27. Cumulatively, total revenue collection including ministerial appropriation in aid (A-i-A) for the period July 2022 to October 2022 amounted to Ksh.731.3 billion compared to a target of Ksh.733.1 billion recording a shortfall of Ksh.1.9 billion. The below target performance was on account of shortfall registered in ordinary revenue of Ksh.19.3 billion despite the surplus collection of Ksh.17.4 billion registered in ministerial A-i-A. Total revenue for the period grew by 11.9 percent compared with a growth of 29.3 percent in a similar period in FY 2021/22. The slowdown in growth is mainly attributed to the fact that last FY's growth was a recovery from a contraction (lower base) registered in FY 2020/21 due to the impact of the COVID-19 pandemic and the associated mitigation measures (**Table 2**).

Table 2: Cumulative Revenue Performance for the period ending October 2022 (Ksh Billions)

| Revenue (Ksh billions) | Oct-21 | | Oct-22 | | | | | |
|------------------------------|-----------------|-------------|----------------|---------------|---------------|---------------|------------------|--------------|
| | Prel. Issues | % of GDP | Printed Target | Prel. Issues | Deviation | % of GDP | Performance Rate | Growth |
| TOTAL REVENUE | 653.6 | 5.1% | 733.1 | 731.3 | (1.9) | 5.2% | 99.7% | 11.9% |
| Ordinary revenue | 576.6 | 4.5% | 654.7 | 635.5 | (19.3) | 4.5% | 97.1% | 10.2% |
| Import Duty | 35.9 | 0.3% | 45.2 | 43.7 | (1.5) | 0.3% | 96.6% | 21.7% |
| Excise Taxes | 78.8 | 0.6% | 88.2 | 85.1 | (3.1) | 0.6% | 96.5% | 8.0% |
| Income Tax | 253.2 | 2.0% | 306.1 | 279.4 | (26.6) | 2.0% | 91.3% | 10.3% |
| o/w PAYE | 144.1 | 1.1% | 159.4 | 148.6 | (10.7) | 1.1% | 93.3% | 3.2% |
| o/w Other Income Tax | 109.2 | 0.9% | 146.7 | 130.8 | (15.9) | 0.9% | 89.2% | 19.8% |
| Value Added Tax (VAT) | 159.7 | 1.3% | 181.5 | 175.6 | (5.8) | 1.3% | 96.8% | 10.0% |
| o/w VAT (Domestic) | 78.5 | 0.6% | 93.9 | 84.9 | (9.0) | 0.6% | 90.4% | 8.3% |
| o/w VAT (Imports) | 81.2 | 0.6% | 87.5 | 90.7 | 3.2 | 0.6% | 103.6% | 11.7% |
| Other Revenue | 49.0 | 0.4% | 33.8 | 51.7 | 17.8 | 0.4% | 152.7% | 5.5% |
| Ministerial AIA | 77.0 | 0.6% | 78.4 | 95.8 | 17.4 | 0.7% | 122.2% | 24.4% |
| Recurrent | 51.0 | 0.4% | 53.6 | 69.1 | 15.6 | 0.5% | 129.1% | 35.5% |
| Development | 26.0 | 0.2% | 24.9 | 26.7 | 1.8 | 0.2% | 107.4% | 2.7% |
| GDP | 12,752.2 | 100% | 14,038 | 14,038 | - | 100.0% | 100.0% | 10.1% |

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

28. Ordinary revenue for the period to October 2022 was Ksh.635.5 billion against a target of Ksh.654.7 billion translating into a shortfall of Ksh.19.3 billion. The performance was on account of below target collection of main tax heads with income tax recording a shortfall of Ksh.26.6 billion, VAT (Ksh.5.8 billion), excise taxes Ksh.3.1 billion and Import duty Ksh.1.5 billion. Ordinary revenues recorded a growth of 10.2 percent in October 2022 compared to a growth of 25.8 percent in October 2021. All tax

revenue categories recorded positive growths, an indication of continued recovery in revenue collection.

Expenditure

29. Total expenditure and net lending for the period July 2022 to October 2022 amounted to Ksh.868.8 billion against a target of Ksh.937.8 billion and translating to a shortfall in expenditure of Ksh.69.0 billion. This was largely on account of below target recurrent expenditure by Ksh.26.8 billion and disbursement to County Governments by Ksh.46.0 billion. Development expenditure was above target by Ksh.3.7 billion to amount to Ksh.128.4 billion by end October 2022.

Fiscal balance and financing

30. Overall, fiscal deficit including grants (on cash basis) for the period July 2022 to October 2022 was Ksh.135.4 billion (1.0 percent of GDP) against a target of Ksh.202.4 billion (1.4 percent of GDP). The Grants for the period were Ksh.2.1 billion against a target of Ksh.2.3 billion registering a shortfall of Ksh.0.2 billion.

31. The deficit was funded as follows:

- Net Domestic Financing of Ksh.10.2 billion or 0.8 percent of GDP.
- Net Foreign repayment of Ksh.44.3 billion or 0.3 percent of GDP - which constituted of disbursements (inflows) of Ksh.126.6 billion and external repayments (outflows) of principal debt of Ksh.82.2 billion.

Revision of the FY 2022/23 Budget

32. The FY 2022/23 Budget has been revised to cater for the emerging expenditure pressures due to in part, the ongoing drought as well as the need to cushion farmers with subsidized fertilizers. Additionally, the revision is consistent with the Government's strong commitment to fiscal consolidation while safeguarding against contracting economic activity in order to create fiscal space and sustain the reduction in fiscal deficit.

33. Therefore, total revenues for the FY 2022/23 are projected at Ksh.2,512.7 billion (17.3 percent of GDP) with ordinary revenues at Ksh.2,191.9 billion (15.1 percent of GDP). Total expenditures are projected at Ksh.3,390.0 billion (23.3 percent of GDP) with recurrent expenditures projected at Ksh.2,352.7 billion (16.2 percent of GDP), development expenditures are projected at Ksh.596.6 billion (4.1 percent of GDP) and an allocation of Ksh.4.0 billion to Contingency Fund. Transfer to County Governments is projected at Ksh.436.6 billion (3.0 percent of GDP).

34. The resulting fiscal deficit of Ksh.849.2 billion (5.8 percent of GDP) will be financed by a net external financing of Ksh.298.4 billion and a net domestic borrowing of Ksh.550.9 billion.

II. COUNTY GOVERNMENTS' FISCAL PERFORMANCE AND POLICY MEASURES

• Cumulative disbursements to County Governments

35. In the past 8 years since the advent of devolution, over **Ksh.2.7 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 proceeds of loans and grants from our development partners.

36. In FY 2022/23, County Governments were allocated **Ksh.370 billion** as equitable share from the projected share of revenue raised nationally. In the last two quarters of the financial year before election for the period January to June 2022, counties received a total of **Ksh.195.42 billion** which represents 52.8% of the total allocations (**Ksh.370 billion**).

37. In the first two quarters of the financial year after elections up to 30th November, 2022 a total of **Ksh.122.1 billion** was disbursed to counties. This represents 33% of total allocation to counties. The lower disbursement in the 1st quarter of the new financial year was occasioned by slowed economic growth due to under-performance of revenue collection attributed to high inflation, global challenges such as Russia Ukraine war which has led to high global crude oil and food prices.

38. Further, the National Treasury proposed to allocate and transfer to county governments additional conditional allocations amounting to **Ksh.22.52 billion** in FY 2022/23. The allocations comprise of **Ksh.5.36 billion** from the National Government share of Revenue raised nationally pursuant to Article 202 (2) of the Constitution, and; **Ksh.17.16 billion** from proceeds of loans and grants from development partners. These allocations are contained in County Governments Additional Allocations Bill, 2022 which has been passed by Parliament and is now awaiting Presidential ascent.

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

39. In order to support the County Governments to enhance their Own Source Revenue, the National Treasury in consultation with the County Governments and other stakeholders developed the National Rating Bill and the County Governments (Revenue Raising Process), Bill. The objective of the National Rating Bill is to unlock more revenues for the county governments from property taxes. On the other hand, the County Governments (Revenue Raising Process), Bill outlines the process to be followed by counties in exercising their power under Articles 209 and 210 of the Constitution to impose, vary or waiver taxes, fees, levies and other charges.

40. Since the two bills lapsed in the 12th Parliament, the National Rating Bill is being resubmitted to Parliament while the County Governments (Revenue Raising Process), Bill will first be resubmitted to Cabinet before its re-submission to the 13th Parliament for consideration and enactment into law.

- **Pending Bills**

41. The Office of the Controller of Budget (COB) reported that as at 25th November 2022, a total of **Ksh.23.3 billion** had been paid by the county governments to settle pending bills leaving an outstanding balance of **Ksh.132.84 billion** consisting of both eligible and ineligible bills. This is an improvement in comparison with the pending bills paid as at 30th June 2022 which were a total of **Ksh.20.7 billion** leaving an outstanding balance of **Ksh.134.9 billion**. This also shows that pending bills have reduced

cumulatively since the end of the previous financial year. This is an indication of the continued commitment by the new government to support businesses in the small and medium scale enterprises and enhancing recovery after suffering the negative effects of the COVID-19 pandemic by ensuring timely payment and clearing of pending bills by all State agencies as well as by the County Governments.

III. PUBLIC DEBT

- **Total Public and Publicly Guaranteed Debt**

42. The total nominal public debt and public guaranteed debt stock as at end July 2022 (Pre-election period) stood at Kshs.8,637.77 billion (61.5 percent of GDP). The external debt amounted to Kshs.4,327.02 billion (30.8 percent of the GDP) whereas the domestic debt was Kshs.4,335.27 billion (30.7 percent of GDP).

43. As at end October 2022 (Post election period), the nominal public debt amount to Kshs.8,745.66 billion (62.30 percent of GDP). Domestic debt stock was Kshs.4,386.09 billion (31.24 percent of GDP) whereas external debt stock was Kshs.4,359.67 billion (31.05 percent of GDP). Domestic and external debt stock accounted for 50.15 percent and 49.85 percent of total debt stock, respectively.

- **Size of Public and Publicly Guaranteed External Debt**

44. External public debt increased to Kshs.4,359.57 billion as at end October 2022 from Kshs.4,327.02 billion as at end July 2022. This comprised of debt owed to bilateral lenders that amounted to Kshs.1,085.77

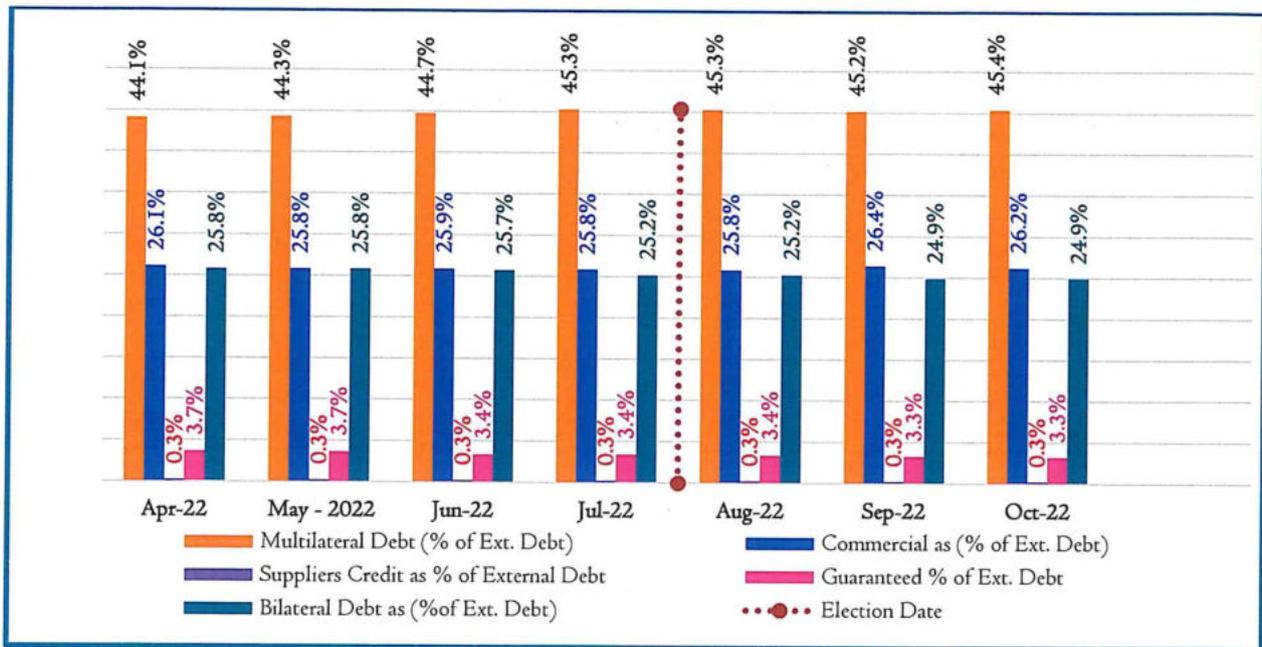
billion (24.91%), multilateral creditors Kshs.1,978.65 (45.39 percent), commercial creditors Kshs.1,153.06 billion (26.17 percent). The supplier credit and guaranteed debt totaled to Kshs.12.05 billion (0.28 percent) and Kshs.142.08 billion (3.26 percent) as provided in **Table 3**. Generally, debt owed to commercial creditors have been reducing, which is consistent with the 2022 Medium-Term Debt Management Strategy whose objective is to optimize concessional borrowing and reduce commercial borrowing.

Table 3: Size of Public and Publicly Guaranteed External Debt

| CREDITOR | PRE-ELECTION PUBLIC DEBT STATUS | | | | POST-ELECTION PUBLIC DEBT STATUS | | |
|---|---------------------------------|---------------------------|----------------------------|----------------------------|----------------------------------|---------------------------------|-------------------------------|
| | Stock at the End April 2022 | Stock at the End May 2022 | Stock at the End June 2022 | Stock at the End July 2022 | Stock at the End August 2022 | Stock at the End September 2022 | Stock at the End October 2022 |
| BILATERAL | 1,097,074 | 1,110,208 | 1,105,737 | 1,089,031 | 1,092,173 | 1,078,956 | 1,085,775 |
| MULTILATERAL | 1,876,457 | 1,904,345 | 1,923,444 | 1,959,880 | 1,959,809 | 1,957,899 | 1,978,647 |
| COMMERCIAL | | | | | | | |
| Commercial Bank | 287,966 | 281,343 | 276,646 | 274,264 | 264,802 | 286,509 | 279,550 |
| International Sovereign Bond | 821,992 | 828,841 | 836,610 | 843,480 | 852,092 | 857,200 | 861,460 |
| Suppliers Credit | 12,009 | 12,231 | 12,154 | 11,949 | 11,945 | 11,760 | 12,054 |
| Sub Total | 1,121,967 | 1,122,416 | 1,125,410 | 1,129,693 | 1,128,838 | 1,155,469 | 1,153,064 |
| Total Central Government | 4,095,498 | 4,136,968 | 4,154,591 | 4,178,603 | 4,180,820 | 4,192,324 | 4,217,487 |
| GUARANTEED | | | | | | | |
| Sub Total | 156,684 | 159,189 | 145,357 | 148,422 | 147,110 | 142,467 | 142,083 |
| CENTRAL GOVERNMENT + GUARANTEED TOTAL DEBT | 4,252,182 | 4,296,158 | 4,299,948 | 4,327,025 | 4,327,931 | 4,334,791 | 4,359,569 |

Source: Monthly Bulletin, National Treasury

Figure 1: Composition of External Creditor Category



Source: Monthly Bulletin, National Treasury

- **Debt Service**

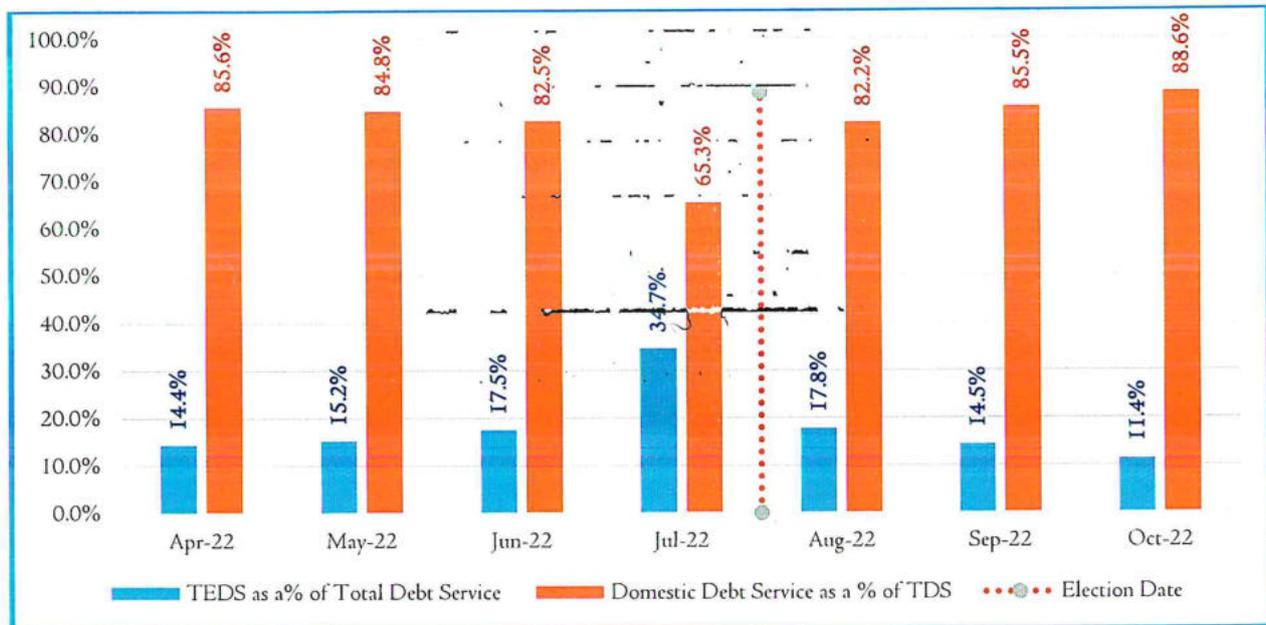
45. The total public debt service increased by 5.28 percent from Kshs.158.13 billion as at end July to Kshs.166.48 billion as at end October 2022. This comprises domestic debt service at Kshs.147.53 billion and external debt service at Kshs.18.95 billion. As at end of October 2022, the cumulative debt service to external creditors amounted to Kshs.18,949.38 billion. This comprised principal payment and interest payment of Kshs.3,718.93 billion and Kshs.15,230.45 billion. The actual cumulative debt service to external creditors comprised 22.6 percent to multilateral creditors, 18.1 percent to bilateral creditors and 59.3 percent to commercial lenders as provided in **Table 4** below.

Table 4: Total Public Debt Service (Kshs. Millions)

| | 22-Apr | 22-May | 22-Jun | 22-Jul | 22-Aug | 22-Sep | 22-Oct |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| External Principal | 15,002 | 15,333 | 10,257 | 38,636 | 16,246 | 12,127 | 15,230 |
| External Interest | 3,609 | 14,716 | 9,945 | 16,206 | 15,551 | 4,268 | 3,719 |
| Total External Debt Service | 18,611 | 30,049 | 20,201 | 54,843 | 31,797 | 16,395 | 18,949 |
| TEDS as a % of Total Debt Service | 14 | 15 | 17 | 35 | 18 | 14 | 11 |
| Total Domestic Interest | 39,272 | 55,963 | 29,384 | 33,626 | 48,770 | 32,417 | 44,333 |
| Redemption | 71,103 | 111,172 | 66,036 | 69,665 | 98,472 | 64,312 | 103,200 |
| Total Domestic Service | 110,375 | 167,135 | 95,420 | 103,291 | 147,242 | 96,729 | 147,533 |
| Domestic Debt Service as a % of TDS | 86 | 85 | 83 | 65 | 82 | 86 | 89 |
| Total Debt Service | 128,986 | 197,185 | 115,621 | 158,134 | 179,039 | 113,124 | 166,482 |

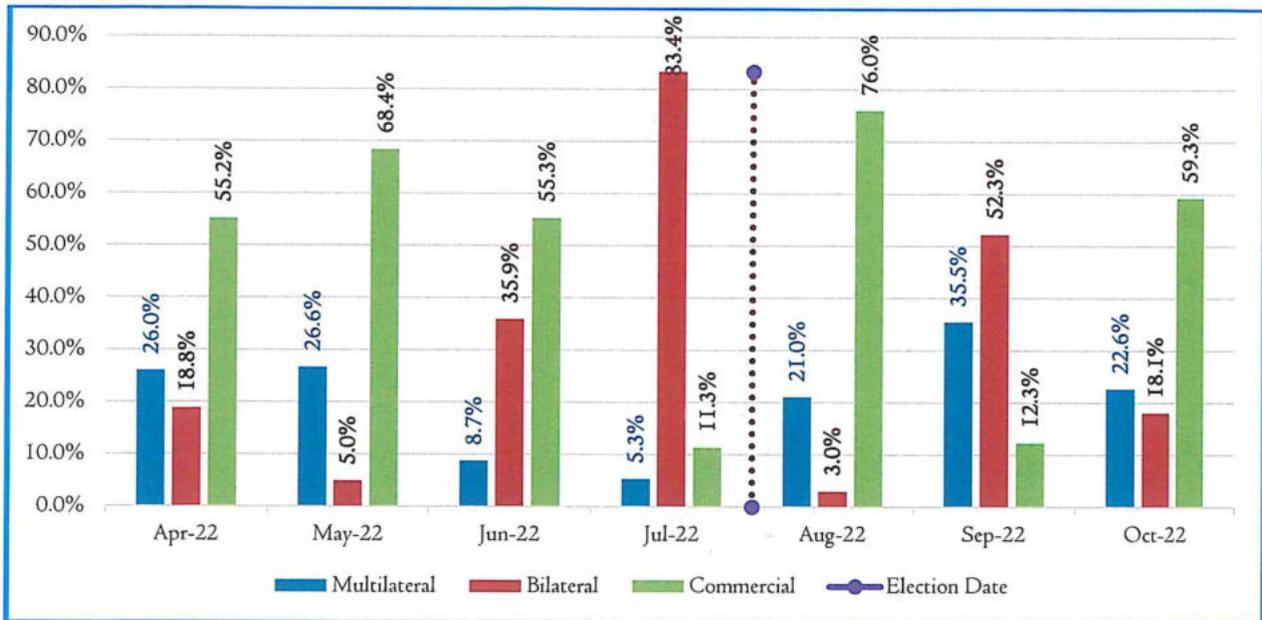
Source: Monthly Bulletin, National Treasury.

Figure 2: Percentage Composition of Total Debt Service



Source: Monthly Bulletin, National Treasury

Figure 3: Composition of External Debt Service

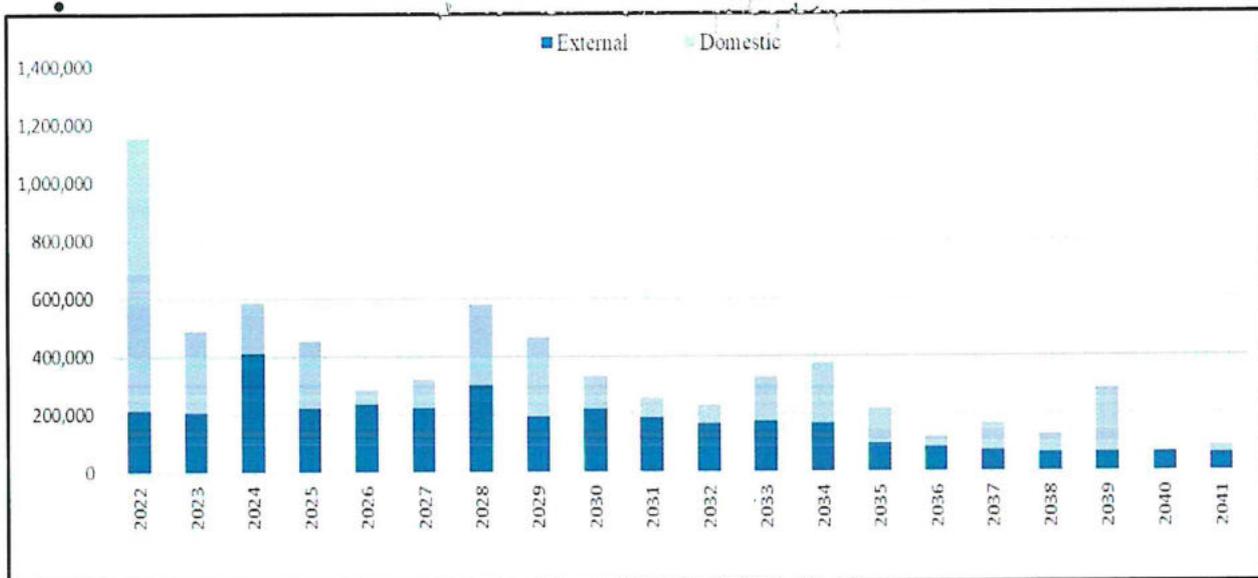


Source: Monthly Bulletin, National Treasury

- **Redemption Profile Domestic and External Debt**

46. The redemption profile of total debt as at end of June 2022 is shown in Figure 4 below. Domestic debt accounts for Kshs.943.08 billion or 81.5 per cent of the total amortization in 2022 mainly comprising of Treasury bills, while external debt accounts for Kshs.213.89 billion or 18.5 per cent of the total amortization. The profile shows a relatively smooth repayment structure, with maturities spread out in future years except for spikes in 2024, 2028, and 2048 whereas the international sovereign bonds are maturing.

Figure 4: Redemption Profile (Kshs. millions) as at End June 2021



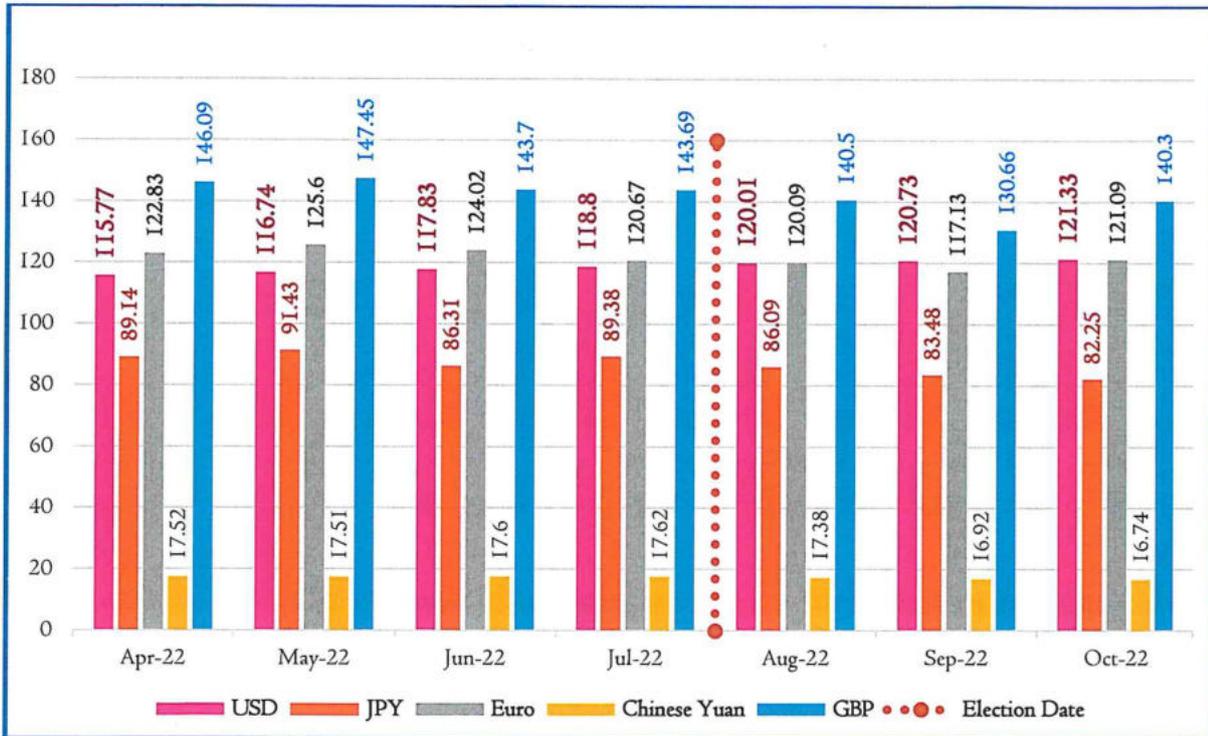
Source: Monthly Bulletin, National Treasury

- **Movement in Exchange Rates Pre and Post-Election Period**

47. Public debt is mainly denominated in five currencies, which include USD, Euro, Yen, Yuan and Sterling Pound. From end of July 2022 to end of October 2022, the Kenya shillings depreciated against USD and Euro by 2.1 percent and 0.3 percent, respectively.

48. During the same period, it strengthened against Japanese Yen, Chinese Yuan and Sterling Pound by 8.0 percent, 5.0 percent and 2.4 percent, respectively. Currently, USD, Euro, Japanese Yen, Chinese Yuan and Sterling Pound are trading at Kshs.121.33, Kshs.121.09, Kshs.82.25, Kshs.16.74 and Kshs.140.30, respectively.

Figure 5: Movements in Exchange Rates

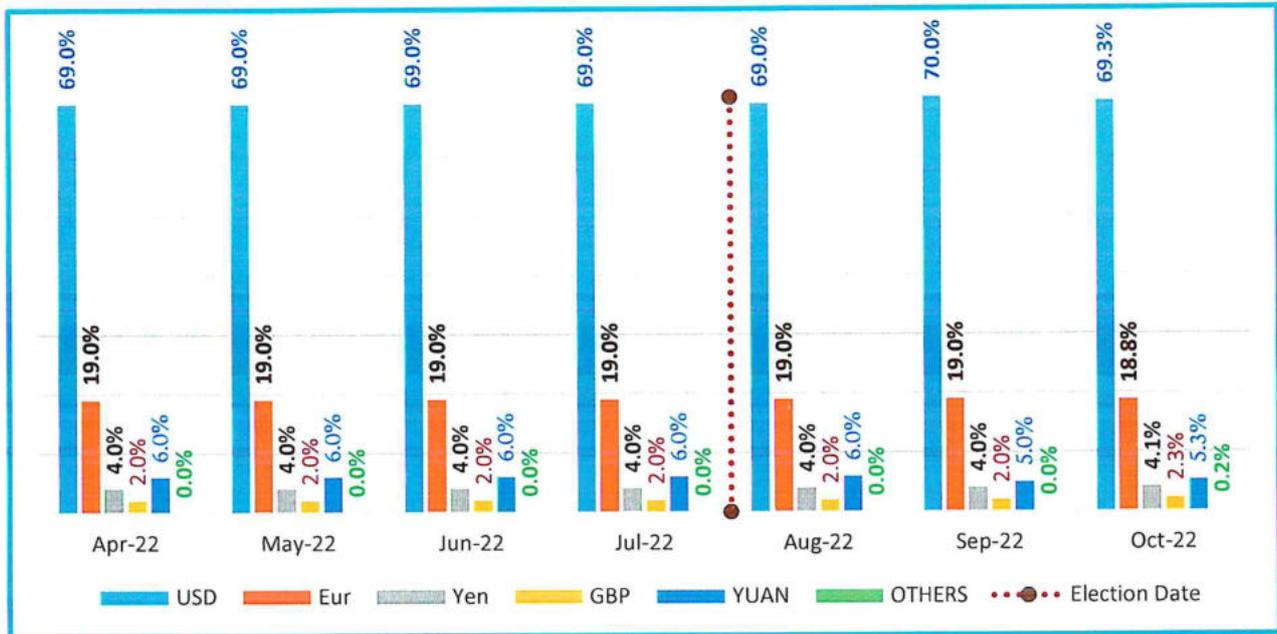


Source: Monthly Bulletin, National Treasury

Currency Composition of the External Debt

49. The proportion of external debt denominated in USD, Euro, Yen, Yuan and Sterling Pound was 69.3 percent, 18.8 percent, 4.1 percent, 5.3 percent and 2.3 percent respectively. Other currencies accounted for 0.2 percent of total external debt (Chart 6). The Government is currently exercising currency diversification with an aim of mitigating the exchange rate risk on external debt.

Figure 6 Currency Composition of the External Debt



Source: Monthly Bulletin, National Treasury

PART THREE

ELECTION EXPENDITURE

Overall Budget and Expenditure

50. The expenditures for the 2022 General Election were 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 were undertaken by various MDAs with respect to their specific mandates in ensuring free, fair and peaceful Elections.

51. The total approved estimates for the 2022 General Election is KSh.46,922,889,376 comprising KSh.24,405,157,364 in the FY 2021/22 and KSh.22,527,211,012 in FY 2022/23. The total expenditure is KSh.36,432,443,153 which comprise Ksh.20,762,051,224 in FY 2021/22 and Ksh.15,670,391,929 in FY 2022/23. A summary of these allocations and expenditure is as indicated in **Table 5** below.

Table 5: Summary of Election Related Expenditure

| MDA | APPROVED BUDGET | | | ACTUAL EXPENDITURE | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | FY 2021/22 | FY 2022/23 | TOTAL | FY 2021/22 | FY 2022/23 | TOTAL |
| Independent Electoral and Boudaries Commission | 23,165,591,776 | 21,686,840,000 | 44,852,431,776 | 19,682,558,582 | 14,859,142,966 | 34,541,701,548 |
| Ministry for Interior and National Administration | 524,990,090 | - | 524,990,090 | 524,990,090 | - | 524,990,090 |
| Office of the Registra of Political Parties | 372,205,780 | 103,657,480 | 475,863,260 | 241,765,651 | 92,217,291 | 333,982,942 |
| The Judiciary | 156,073,518 | 369,929,396 | 516,523,914 | 139,968,232 | 359,929,396 | 499,897,628 |
| The Executive Office of the President | - | 330,711,647 | 330,711,647 | | 330,711,647 | 330,711,647 |
| Ethics and Anti Corruption Commission | 85,296,200 | 23,572,489 | 108,868,689 | 71,845,044 | 20,270,169 | 92,115,213 |
| Ministry of Defence | 100,000,000 | - | 100,000,000 | 100,000,000 | - | 100,000,000 |
| Independent Policing Oversight Authority | 1,000,000 | 12,500,000 | 13,500,000 | 923,625 | 8,120,460 | 9,044,085 |
| TOTAL | 24,405,157,364 | 22,527,211,012 | 46,922,889,376 | 20,762,051,224 | 15,670,391,929 | 36,432,443,153 |

N/B: The allocation of Ksh.330.7 million under the Executive Office of the President is provided for in the National Treasury for Assumption of Office activities

Source: Compilation, National Treasury

52. The specific allocations and actual expenditures for MDAs involved in the 2022 General Elections are as discussed below.

(i) Independent Electoral and Boundaries Commission (IEBC)

53. To enable the conduct of a credible and fair General Elections, IEBC was allocated a total of KSh.44,852,431,776. This is composed of KSh.23,165,591,776 in the FY 2021/22 and KSh.21,686,840,000 in FY 2022/23 wholly funded through the exchequer. The total actual expenditure amounted to Ksh.34,541,701,548 which comprise Ksh.19,682,558,582 in FY 2021/22 and Ksh.14,859,142,966 in FY 2022/23.

54. IEBC has however indicated that some payments in regards to the 2022 General Elections are still being processed and the actual expenditures will increase upon finalization and capturing of these expenditure including emerging issues such as forex losses, transport services, re-print of ballot papers due to court rulings, payments to Mobile Network Operators for results transmission and legal fees.

55. The detail of the allocation and actual expenditure is provided in Table 6 below.

Table 6: Election Expenditure for IEBC

| ACTIVITY | APPROVED BUDGET | | | ACTUAL EXPENDITURE | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | FY 2021/22 | FY 2022/23 | TOTAL | FY 2021/22 | FY 2022/23 | TOTAL |
| Mass Voter Registration | 2,564,158,917 | - | 2,564,158,917 | 2,359,158,917 | | 2,359,158,917 |
| Register of Voters Verification | 1,334,923,528 | - | 1,334,923,528 | 1,244,974,355 | | 1,244,974,355 |
| Transport | 557,961,759 | 3,124,059,321 | 3,682,021,080 | 551,412,683 | 2,748,248,345 | 3,299,661,028 |
| Nomination and Candidate Registration | 347,471,000 | 77,150,000 | 424,621,000 | 302,471,000 | 47,150,000 | 349,621,000 |
| Tallying Center Activities- County & Constituency | 107,821,000 | 69,540,000 | 177,361,000 | 107,821,000 | 69,540,000 | 177,361,000 |
| National Tallying & Election Center | 108,360,000 | 219,760,000 | 328,120,000 | 88,360,000 | 219,760,000 | 308,120,000 |
| Wages | | 6,075,200,000 | 6,075,200,000 | | 5,401,005,303 | 5,401,005,303 |
| Diaspora Voter Registration | 255,820,000 | - | 255,820,000 | 236,037,000 | | 236,037,000 |
| Planning Meetings | 102,270,000 | - | 102,270,000 | 102,270,000 | | 102,270,000 |
| Training of Polling Officials | 94,517,000 | 2,415,502,530 | 2,510,019,530 | 94,517,000 | 2,351,310,868 | 2,445,827,868 |
| Training Materials | 196,997,380 | - | 196,997,380 | 156,997,380 | | 156,997,380 |
| Voter Education, Partnership and Coordination | 1,242,076,800 | 457,079,000 | 1,699,155,800 | 1,120,978,309 | 307,079,000 | 1,428,057,309 |
| General Election Materials | 6,322,125,230 | 896,928,255 | 7,219,053,485 | 4,543,774,729 | 249,156,148 | 4,792,930,877 |
| Diaspora Polling Activities | | 70,735,000 | 70,735,000 | | 50,817,775 | 50,817,775 |
| Legal and Compliance | 201,180,521 | 1,031,685,382 | 1,232,865,903 | 201,180,521 | 516,747,181 | 717,927,702 |
| ICT | 4,555,599,568 | 1,148,530,000 | 5,704,129,568 | 4,530,678,921 | 819,173,417 | 5,349,852,338 |
| Boundary Delimitation | 69,132,000 | | 69,132,000 | 59,132,000 | | 59,132,000 |
| Other Election Related Expenditures | 580,385,297 | 1,678,993,950 | 2,259,379,247 | 414,750,897 | 1,315,023,500 | 1,729,774,397 |
| Commission Normal Activities | 4,524,791,776 | 4,421,676,562 | 8,946,468,338 | 3,568,043,870 | 764,131,429 | 4,332,175,299 |
| TOTAL | 23,165,591,776 | 21,686,840,000 | 44,852,431,776 | 19,682,558,582 | 14,859,142,966 | 34,541,701,548 |

Source: Compilation, National Treasury

56. Some of the milestones for the 2022 General Elections include:

- (i) Registered 2,550,939 new voters and undertook 3,280,930 walk-in verifications;
- (ii) Successfully conducted a total of 1,882 electoral positions, 9 postponed elections and 9 by-elections;
- (iii) Mapped 5,346 new polling stations;
- (iv) Recruited and trained 423,781 poll officials on electoral process;
- (v) Reviewed and published 18 electoral training manuals
- (vi) Registered, verified and conducted elections in 27 Diaspora Polling Stations;
- (vii) Received and resolved 325 complaints and disputes arising from the General Elections;
- (viii) Vetted 21,863 aspirants for the elections and registered 16,098 candidates for the elections;
- (ix) Held 4,155 stakeholder forums accredited 15,226 observers and 160 media personnel and trained 635 journalists on elections; and
- (x) Purchased 14,100 KIEMS kits.

(ii) Ministry of Interior and National Administration

57. Due to heightened activities in the run up to the elections including campaigns, nomination of candidates by the various political parties, and during the General Election, security operations were enhanced to protect citizens and their properties as they exercised their constitutional rights. To

make sure security was not compromised, the Ministry deployed adequate security personnel during the election period.

58. The Ministry was allocated and spent a total of Ksh.524,000,000 in FY 2022/23 to enhance security operations in identified hot spot areas. This includes expenditures of Ksh.424,990,090 to the National Police Service and Ksh.100,000,000 to the National Cohesion and Integration Commission.

59. The allocation to the National Police Service was utilized in feeding of officers deployed for the elections, fuel expenses, repair and maintenance of motor vehicles and payment of applicable allowances. The Cohesion Commission played a key role during the preparation and execution of the General Election to ensure peaceful coexistence during and after the General Election.

(iii) The Executive Office of the President

60. As part of its key role in the 2022 General Election, the Presidency coordinated transition activities relating to Assumption of Office for the new Administration.

61. A total of Ksh.330,714,647 million was provided and spent under the National Treasury in the FY 2022/23 Budget to undertake Assumption of Office activities for smooth transition to the next administration after the 2022 General Elections.

62. These activities were implemented jointly with the Ministry of Foreign Affairs, State Department for Sports, State Department for Interior, State Department for Culture and Heritage, State Department for Broadcasting, State Department for ICT & Innovation and the Judiciary.

(iv) Ministry of Defence

63. 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 during elections. The Ministry was 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

64. 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.

65. To enable the Judiciary fulfill its mandate in the conduct of the 2022 General Elections, a total of KSh.516,523,914 was allocated which comprise KSh.156,073,518 in the FY 2021/22 and KSh.369,929,396 in FY 2022/23.

66. The actual expenditure for the period amounted to Ksh.499,897,628 which comprise Ksh.139,968,232 in FY 2021/22 and Ksh.359,929,396 in FY 2022/23. These expenditures were supported by the Exchequer and Development Partners funds. The detail of the approved budget and actual expenditures is provided in **Table 7** below.

Table 7: Elections Expenditure for the Judiciary

| ACTIVITY | APPROVED BUDGET | | | ACTUAL EXPENDITURE | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | FY 2021/22 | FY 2022/23 | TOTAL | FY 2021/22 | FY 2022/23 | TOTAL |
| Judiciary Committee on Elections - Training of Judges, Judicial Officers and Staff | 50,835,200 | 65,000,000 | 115,835,200 | 45,924,631 | 65,000,000 | 110,924,631 |
| Election Dispute Resolution | | 7,292,000 | 7,292,000 | | 7,292,000 | 7,292,000 |
| Political Parties Disputes Tribunal | 65,238,318 | 29,549,766 | 94,788,084 | 65,233,487 | 29,549,766 | 94,783,253 |
| Benchmarking by Judges of the Supreme Court and JCE | | 21,972,000 | 21,972,000 | | 21,972,000 | 21,972,000 |
| Supreme Court: Preparation, Hearing and Determination of Presidential Election Petition | | 90,651,630 | 90,651,630 | | 90,651,630 | 90,651,630 |
| Swearing in Ceremony for President and Deputy | | 9,479,000 | | | 9,479,000 | 9,479,000 |
| Renovation and upscaling of the main courtroom for Supreme Court | 10,000,000 | 10,000,000 | 20,000,000 | 9,310,114 | | 9,310,114 |
| Court of Appeal: Hearing and Determination of Appeals | 10,000,000 | 80,485,000 | 90,485,000 | - | 80,485,000 | 80,485,000 |
| High Court: Election Petition Hearing and Determination | 20,000,000 | 55,500,000 | 75,500,000 | 19,500,000 | 55,500,000 | 75,000,000 |
| Swearing in Ceremony for Governors and Deputies | | 4,161,000 | 4,161,000 | | 4,161,000 | 4,161,000 |
| TOTAL | 136,073,518 | 369,929,396 | 516,523,914 | 139,968,232 | 359,929,396 | 499,897,628 |

Source: Compilation, National Treasury

67. The major activities undertaken by the Judiciary include:

- (i) Training of Judges, Judicial Officers and ICT staff on Election Dispute Resolution (EDR);
- (ii) Hearing and determination of matters relating to political parties;
- (iii) Preparation, hearing and determination of the Presidential Election petition;

- (iv) Hearing and determination of electoral cases in the High Court and Courts of Appeal;
- (v) Swearing in of the President, Deputy President, Governors and Deputy Governors.

(vi) Office of the Registrar of Political Parties

68. The Office of the Registrar of Political Parties was allocated Ksh.475,863,260 which comprise Ksh.372,205,780 in the FY 2021/22 and Ksh.103,657,480 in FY 2022/23. The actual expenditure is Ksh.333,982,942 comprising Ksh.241,765,651 in FY 2021/22 and Ksh.92,217,291 in FY 2022/23 as tabulated in **Table 8** below.

Table 8: Elections Expenditure for ORPP

| ACTIVITY | APPROVED BUDGET | | | ACTUAL EXPENDITURE | | |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|--------------------|
| | FY2021/22 | FY2022/23 | TOTAL | FY2021/22 | FY2022/23 | TOTAL |
| Indirect Election Expenditures | | | | | | |
| Recruitment of County and Constituency Monitors for monitoring political parties activities | 49,491,680 | 69,120,000 | 118,611,680 | 49,491,680 | 69,120,000 | 118,611,680 |
| Development and printing of Sanctions and enforcement procedures on compliance with the Political Parties code | 18,500,000 | - | 18,500,000 | 17,340,000 | | 17,340,000 |
| Upgrade the Integrated Political Parties Management (IPPMS) | 13,550,200 | - | 13,550,200 | 12,434,966 | | 12,434,966 |
| Automation of county offices to decentralize management of political parties' database | 4,700,000 | - | 4,700,000 | 4,180,000 | | 4,180,000 |
| Clearance of Independent Candidates | 9,500,000 | - | 9,500,000 | 8,817,000 | | 8,817,000 |
| Election Related Trainings and Sensitization | 128,978,710 | 18,037,480 | 147,016,190 | 39,623,140 | 15,685,326 | 55,308,466 |
| Monitoring party nominations | 39,143,000 | - | 39,143,000 | 9,044,600 | | 9,044,600 |
| Statutory publications in print and electronic media | 15,300,900 | - | 15,300,900 | 14,704,877 | | 14,704,877 |
| Media Engagement | 4,500,000 | - | 4,500,000 | 3,547,223 | | 3,547,223 |
| Printing of Party Registers | 13,840,000 | - | 13,840,000 | 8,797,440 | | 8,797,440 |
| Procurement of election items (mobile phones, Branded Items, Stationery etc) | 30,588,500 | - | 30,588,500 | 29,802,340 | | 29,802,340 |
| Legal fees | 10,000,000 | - | 10,000,000 | 13,976,540 | | 13,976,540 |
| Dialogue platform for Political Parties Liaison Committee | 34,112,790 | - | 34,112,790 | 30,005,845 | | 30,005,845 |
| Monitoring of Political Parties activities and the General Elections. | - | 7,600,000 | 7,600,000 | | 6,870,925 | 6,870,925 |
| Post evaluation activities/evaluation, data collection and reporting | - | 3,850,000 | 3,850,000 | | | - |
| Post-election stakeholder engagement for report dissemination | - | 4,250,000 | 4,250,000 | | | - |
| Establishment of a call center and a situation room for 2022 general election | - | 800,000 | 800,000 | | 541,040 | 541,040 |
| TOTAL | 372,205,780 | 103,657,480 | 475,863,260 | 241,765,651 | 92,217,291 | 333,982,942 |

Source: Compilation, National Treasury

69. Some of the Activities undertaken by the Registrar included:

- (i) Monitored political parties activities at County and Constituency levels;
- (ii) Trained political parties' aspirants, political parties' chief agents, county and constituency agents and trainer of trainers;
- (iii) Upgraded the Integrated Political Parties Management System (IPPMS) to facilitate public verification of membership status, resignations and registration; and
- (iv) Automated County offices to decentralize management of political parties database for improved service delivery.

(vii) Ethics and Anti-Corruption Commission

70. The Ethics and Anti-Corruption Commission (EACC) participated in election related activities in line with its mandate to safeguard resources at risk of misappropriation and embezzlement due to the anticipated transitions in both County and National Governments.

71. In order to fulfill its mandate, the Commission allocated a total of Ksh.108,868,689 for the electoral process. This comprised Ksh.85,296,200 in the FY 2021/22 and Ksh.23,572,489 in FY 2022/23. The overall actual expenditure for the period is Ksh.92,115,213 which comprise Ksh.71,845,044 in FY 2021/22 and Ksh.20,270,169 in FY 2022/23 as indicated in **Table 9** below.

Table 9: Elections Expenditure for EACC

| ACTIVITY | APPROVED BUDGET | | | ACTUAL EXPENDITURE | | |
|---|-------------------|-------------------|--------------------|--------------------|-------------------|-------------------|
| | FY 2021/22 | FY 2022/23 | TOTAL | FY 2021/22 | FY 2022/23 | TOTAL |
| Integrity Programmes for youth in Tertiary Colleges and Universities | 1,403,200 | 504,000 | 1,907,200 | 1,631,441 | 309,250 | 1,940,691 |
| Development and printing of IEC materials - Intensify public education and awareness. | 4,000,000 | 1,500,000 | 5,500,000 | 3,784,143 | | 3,784,143 |
| Stakeholder Workshops (Private Sector, Civil Society & Faith Based) | 2,911,000 | 3,120,000 | 6,031,000 | 1,067,800 | 1,229,100 | 2,296,900 |
| Media Engagement | - | 1,950,000 | 1,950,000 | 200,000 | 1,851,702 | 2,051,702 |
| Development of a data base for state officers | 2,045,000 | 2,000,000 | 4,045,000 | 1,689,080 | 868,620 | 2,557,700 |
| Pre-election monitoring of bribery incidents through surveillance | 1,300,000 | 700,000 | 2,000,000 | | 4,254,086 | 4,254,086 |
| Motor Vehicles running costs (Fuel and maintenance) | 72,000,000 | 8,598,489 | 80,598,489 | 62,390,000 | 8,598,489 | 70,988,489 |
| Other Election Related Activities | 1,637,000 | 5,200,000 | 6,837,000 | 1,082,580 | 3,158,922 | 4,241,502 |
| TOTAL | 85,296,200 | 23,572,489 | 108,868,689 | 71,845,044 | 20,270,169 | 92,115,213 |

Source: Compilation, National Treasury

(viii) Independent Policing Oversight Authority (IPOA)

72. To effectively oversight police operations during the 2022 General elections, IPOA allocated a total of Ksh.13,500,000 for the 2022 General Election which comprise KSh.1,000,000 in the FY 2021/22 and KSh.12,500,000 in FY 2022/23. The actual expenditure for the period is Ksh.9,044,085 which comprise Ksh.923,625 in FY 2021/22 and Ksh.8,120,460 in FY 2022/23 as indicated in **Table 10** below.

Table 10: Elections Expenditure for IPOA

| ACTIVITY | ALLOCATION | | | ACTUAL EXPENDITURE | | |
|--|------------------|-------------------|-------------------|--------------------|------------------|------------------|
| | FY 2021/22 | FY 2022/23 | TOTAL | FY 2021/22 | FY 2022/23 | TOTAL |
| Monitoring of Party Primaries and General Elections | 1,000,000 | 7,547,840 | 8,547,840 | 923,625 | 6,698,880 | 7,622,505 |
| Report Writing | | 1,200,000 | 1,200,000 | | 1,191,580 | 1,191,580 |
| Printing of Reflector Branded Vests | | 150,000 | 150,000 | | 150,000 | 150,000 |
| Printing of Branded Posters | | 24,000 | 24,000 | | 24,000 | 24,000 |
| Purchase of Power Banks | | 56,000 | 56,000 | | 56,000 | 56,000 |
| Monitoring Post Elections, By-Elections and Report Writing | | 3,522,160 | 3,522,160 | | | - |
| TOTAL | 1,000,000 | 12,500,000 | 13,500,000 | 923,625 | 8,120,460 | 9,044,085 |

Source: Compilation, National Treasury

73. In FY 2021/22, the Authority utilized Ksh.923,625 in monitoring the party primaries from its domestic travel allocation and Ksh.6,698,880 in FY 2022/23 to monitor the conduct of the General Elections. The balance of the allocations was utilized in report writing and validation of the reports by stakeholders and acquisition of other election related materials.

Composition of Election Related Budget

- **Direct Expenditure**

74. The total allocation for direct expenditure for the 2022 General Election is Ksh.44,852,431,776 under IEBC. Actual expenditure for direct expenses amount to Ksh.34,541,701,548.

- **Indirect Election Expenses**

75. The total budgetary allocation to indirect expenses for the 2022 General Elections is Ksh.2,070,457,600 while the actual expenditures on indirect expenses is Ksh.1,890,741,548.

76. The summary of the direct and indirect election related budgetary allocations is summarized in **Table 11** below.

Table 11: Composition of Election Related Expenditures

| MDA | APPROVED BUDGET | | | ACTUAL EXPENDITURE | | |
|--|-----------------------|----------------------|-----------------------|-----------------------|----------------------|-----------------------|
| | DIRECT | INDIRECT | TOTAL | DIRECT | INDIRECT | TOTAL |
| Independent Electoral and Boudaries Commission | 44,852,431,776 | - | 44,852,431,776 | 34,541,701,548 | | 34,541,701,548 |
| Ministry for Interior and Coordination | - | 524,990,090 | 524,990,090 | | 524,990,090 | 524,990,090 |
| Office of the Registra of Political Parties | - | 475,863,260 | 475,863,260 | | 333,982,942 | 333,982,942 |
| The Judiciary | - | 516,523,914 | 516,523,914 | | 499,897,628 | 499,897,628 |
| The Executive Office of the President | | 330,711,647 | 330,711,647 | | 330,711,647 | 330,711,647 |
| Ethics and Anti Corruption Commission | | 108,868,689 | 108,868,689 | | 92,115,213 | 92,115,213 |
| Ministry of Defence | | 100,000,000 | 100,000,000 | | 100,000,000 | 100,000,000 |
| Independent Policing Oversight Authority | | 13,500,000 | 13,500,000 | | 9,044,085 | 9,044,085 |
| TOTAL | 44,852,431,776 | 2,070,457,600 | 46,922,889,376 | 34,541,701,548 | 1,890,741,605 | 36,432,443,153 |

N/B: The allocation of Ksh.330.7 million under the Executive Office of the President is provided for in the National Treasury for Assumption of Office activities

Source: Compilation, National Treasury

PART FOUR CONCLUSION

77. The conduct of the 2022 General Election was mostly peaceful. Political Parties and candidates had the opportunity to campaign freely due to measure put in place by the Government including adequate deployment by security agencies to enhance vigilance and protect livelihoods and life of the citizenry. To support the 2022 General Elections, the Government also allocated adequate resources to the MDAs involved in the exercise.

78. Following the peaceful elections and the smooth transition to the new administration, and notwithstanding the adverse impact of the drought conditions, inflationary pressures as well other external pressures; the economy is projected to grow by 5.5 percent in 2022 from the initial projection of 6.0 percent in the 2022 Budget Policy Statement (BPS). The economy is projected to recover in 2023 to 6.1 percent and maintain that momentum over the medium-term. This will sustain a stable micro-economic environment supported by sound and sustainable economic and fiscal policies.

79. 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.

80. As we usher in the new administration, our focus will be on the Government will pursue fiscal consolidation policy in pursuit of attaining debt sustainability. The policy's main objective is to free resources to

growth-enhancing programmes by gradually reducing the overall fiscal deficit and the pace of debt accumulation. The fiscal consolidation policy will be supported by enhanced revenue mobilization, sustained rationalization of non-priority recurrent expenditure and redirecting resources to finance priority growth-supporting capital projects with high return on investment.

81. In addition, the government is committed to pursuing an all-inclusive growth model using the bottom-up approach. The bottom-up approach will involve initiation of government interventions that benefit lower income people through schemes that ensure benefits of growth are distributed and shared fairly across all clusters of the society by creating opportunities for all.

