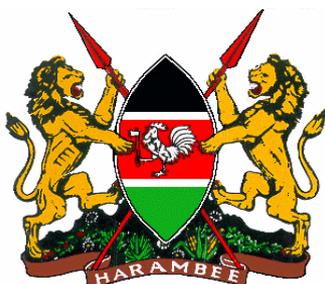


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BUDGET STATEMENT

FY 2024/25

Theme: "Sustaining Bottom - Up Economic Transformation Agenda, Fiscal Consolidation and Investing in Climate Change Mitigation and Adaptation for Improved Livelihoods"

STATEMENT DELIVERED TO THE NATIONAL ASSEMBLY ON 13TH JUNE 2024 BY PROF. NJUGUNA NDUNG’U, EGH, CABINET SECRETARY FOR THE NATIONAL TREASURY AND ECONOMIC PLANNING, REPUBLIC OF KENYA, WHILE PRESENTING THE BUDGET POLICY HIGHLIGHTS AND REVENUE RAISING MEASURES FOR THE FINANCIAL YEAR 2024/25 BUDGET

1ST JULY, 2024 TO 30TH JUNE, 2025

© Budget Statement 2024

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I. INTRODUCTION

1. Mr. Speaker, it is my honour and privilege to present to Honourable Members of this august House and the people of Kenya, the second budget of the Kenya Kwanza Administration under the leadership of His Excellency Honourable Dr. William Samoei Ruto, The President of the Republic of Kenya and Commander in Chief of the Defence Forces. This budget reaffirms the priority policies and strategies for achieving the Bottom-Up Economic Transformation Agenda (BETA) that is progressively improving the livelihoods of Kenyans.

2. This Statement is presented in fulfilment of the requirements of Standing Order No. 241 of the National Assembly and Section 40 of the Public Finance Management Act, 2012 that requires the

Cabinet Secretary for the National Treasury to make a public pronouncement of the budget policy highlights and revenue raising measures for the National Government.

3. Mr. Speaker, since 2020, our economy is unwinding from the effects of negative and persistent global and domestic shocks that have pushed the economy to its lowest activity level. These shocks include: **one,** Global COVID-19 pandemic; **two,** Global supply chain disruptions; and **three,** effects of climate change from the prolonged drought in 2021 to the current floods in 2024.

4. Mr. Speaker, since assuming office, the Kenya Kwanza Government has implemented bold policy measures to mitigate these negative shocks and embarked on structural reforms under the

Bottom-Up Economic Transformation Agenda (BETA). The efforts have reduced the cost of living and created vibrancy in the economy that has shown signs of strong recovery.

5. Mr. Speaker, in several regions, Kenyans had sunk into abject poverty largely because markets in their segments were interfered with or not properly governed. The failure to protect and regulate markets disrupted their development and more importantly curtailed further investments in various sectors such as coffee, sugar, cotton and pyrethrum. This institutional failure problem pushed policy and markets to fail. In this context, BETA interventions at the bottom of the pyramid, are targeted to ensure that markets are properly governed to work for everybody and especially the poor.

6. Mr. Speaker, for Kenya to transition from the lower-middle income status economy to an upper middle-income status as envisioned in the Kenya Vision 2030, two driving factors are important, that is, human capital development and increased production and productivity.

7. Mr. Speaker, the Kenyan economy is susceptible to the ravaging impact of climate change as demonstrated by the prolonged drought in 2021/22 – the severest in the last 40 years, and the recent floods that led to loss of lives and damage to property and infrastructure across the country. These extreme climate change events have emerged as key drivers of food insecurity and increased cost of living. Furthermore, the shocks have shifted budgetary resources from economic activity to saving lives

and rebuilding damaged infrastructure. This calls for urgent and decisive interventions, especially on our supply side, which I will later address in this Statement.

8. Mr. Speaker, our fiscal policy is geared towards supporting BETA through continued implementation of a fiscal consolidation plan designed towards slowing down growth of public debt without compromising economic growth. The fiscal consolidation efforts will continue to target domestic revenue mobilization and rationalization of spending through improved public financial management, while reallocating resources to priority areas.

9. Mr. Speaker, in this year's budget making process, we accorded Kenyans an opportunity to share their views on how to address the economic

challenges facing the country. Kenyans responded to our call and requested the Government to address, through this budget: the devastating effects of the ongoing floods; taxation concerns and cost of living; unemployment; protection of the poor and the vulnerable; and reduction of wastage in public expenditures at the National and County Governments.

10. Today, **Mr. Speaker,** I wish to assure Kenyans that we have listened to their concerns and have spelt out measures to address them through this budget. In this regard, this budget highlights the Government's plan to strengthen the resilience of our economy to navigate the global turbulence, accelerate economic transformation, and decisively address the

overarching developmental challenges in line with BETA.

11. Mr. Speaker, it is in this context that we have chosen the theme for this year's budget as: ***'Sustaining BETA, Fiscal Consolidation and Investing in Climate Change Mitigation and Adaptation for Improved Livelihoods'***.

12. Mr. Speaker, it is now my privilege and honour to present the economic policy context of this budget. Thereafter, I will broadly outline the policy priorities and structural reforms underpinning BETA, the proposed resource allocations as well as revenue raising measures that the Government will implement in the FY 2024/25 budget.

13. But Mr. Speaker, we have to remember we have a three-dimension problem here:

- Demands for increased expenditures that means more debt or increase in taxes;
- Limit and constraints imposed on public debt accumulation; => Debt carrying capacity has a limit; and,
- There are limitations of mobilising higher tax revenues.

II. ECONOMIC POLICY CONTEXT

Global Context

14. Mr. Speaker, the FY 2024/25 budget has been developed against a backdrop of improved global economic outlook. The world economy growth stood at 3.2% in 2023 and is projected to continue at the same pace in 2024 and 2025. The outlook reflects economic recovery in the Euro area and the United Kingdom, robust activity in

the United States of America and in many emerging markets and developing economies.

Domestic Economy

15. Mr. Speaker, on the domestic front, the Kenyan economy is now unwinding from layers of negative and persistent shocks that had a structural effect on economic activities.

16. Mr. Speaker, through focused interventions and structural reforms, the policies of Kenya Kwanza Government have started to yield some positive results. Economic recovery is evident, with real GDP growth of 5.6% in 2023 up from 4.9% in 2022, which is above the global and sub-Saharan Africa region average. The domestic growth in 2023 was mainly supported by a rebound in agricultural activities given the improved weather conditions and subsidized

inputs to farmers. The resilience of the services sector remained strong in 2023.

17. The overall inflation declined to its target level, 5.0% in April and 5.1% in May 2024 from a peak of 9.6% in October 2022. The decline was driven by easing of food and energy prices, pass-through effects from exchange rate appreciation and the impact of monetary policy actions. The tight monetary policy was complemented by fiscal measures implemented to enhance food production through subsidy program on fertilizer and seeds.

18. Mr. Speaker, in February this year, the Government took advantage of improved international financial market conditions to refinance the buy-back USD 1.5 billion of the 2024 Eurobond. The Government through this process,

successfully removed uncertainty on the settlement of the Eurobond. The Government also successfully issued an 8.5-year Infrastructure Bond, that attracted significant foreign investors, making it the most successful domestic bond issuance in the country's history.

19. Mr. Speaker, these two operations in February 2024, significantly improved market perception that together with a tight monetary policy stance and significant reforms in the interbank foreign exchange market, has brought stability to the foreign exchange market. As of 31st May 2024, the exchange rate was Ksh 130.2 to the US dollar, representing a significant appreciation of **18.7%**. The appreciation and stability of the exchange rate has created confidence and triggered inflows of foreign direct

investment and attracted investors to the Nairobi Securities Exchange.

20. In order to enhance monetary policy transmission, Central Bank of Kenya adopted a new monetary policy implementation framework. This is based on inflation targeting and introduces an interest rate corridor around the Central Bank Rate. The interbank rate is expected to be within this corridor.

21. In addition, the Central Bank of Kenya launched the *DhowCSD*, a Central Securities Depository infrastructure that delivers world class level of registry, custodial and settlement services for both primary and secondary market operations.

22. Mr Speaker, I wish to encourage Kenyans and investors to take advantage of the *DhowCSD*

to invest in risk free Treasury bills and bonds in order to grow their wealth and secure their financial future. We have simplified access to *DhowCSD* and investors can simply use the USSD *866# to log in and invest. A retail bond for amounts as low as Ksh 600 will soon be launched to make investment in Government securities all-inclusive.

23. Mr. Speaker, the strong economic fundamentals, together with the renewed investor confidence, is a signal for accelerated broad-based economic growth and creation of jobs for our youth. In 2023, the total new jobs generated in the economy increased to 848,200 jobs compared to 816,600 new jobs generated in 2022.

24. Looking ahead, **Mr. Speaker,** and considering the on-going reforms and additional measures the

Government is introducing through this Budget Statement, we project our economy to grow by 5.5% in 2024 and 2025. This strong growth will be supported by ongoing interventions under the BETA. In this regard, the Government will accelerate investments in: (i) human capital development and capital accumulation; (ii) market development, protection and regulation; (iii) domestic resource mobilization; (iv) reforming and restructuring of Government institutions; and (v) digitization to usher an era of efficiency in economic management to support economic recovery.

25. Mr. Speaker, in order to safeguard macroeconomic stability and protect the fragile economic recovery, monetary and fiscal policies will remain prudent. The Central Bank of Kenya

will ensure inflation rate remains within the target while maintaining a competitive exchange rate and stable interest rates. The Central Bank is further expected to safeguard improvements in the functioning of the interbank foreign exchange market and apply all its instruments to strengthen monetary policy transmission mechanism.

26. On the other hand, **Mr. Speaker**, fiscal policy stance over the medium term aims at supporting the Government's BETA **by delivering a strong fiscal consolidation** with the fiscal deficit declining to **3.3% of GDP** in FY 2024/25 from 5.7% of GDP in the FY 2023/24. This will improve the primary surplus to 2.3% of GDP in the FY 2024/25 from a primary deficit of 0.4% in the FY 2023/24. I will later in this Statement elaborate on policy measures to deliver the strong fiscal

consolidation. **Mr. Speaker,** this economic outlook is not without risks. We continue to witness external shocks and recurrence of extreme weather events that not only affects economic activities but also pose major fiscal risk. The Government will take appropriate interventions to cushion the economy from these risks.

27. Mr. Speaker, let me now expound on the policy priorities of the Government to promote economic transformation and improve livelihoods.

III. POLICY PRIORITIES AND STRUCTURAL REFORMS FOR ECONOMIC TRANSFORMATION AND IMPROVED LIVELIHOODS

The Bottom – Up Economic Transformation Agenda, BETA.

28. Mr. Speaker, to strengthen economic recovery, the Government will accelerate implementation of policies, programs, projects and interventions in BETA to: i) enhance agricultural transformation; ii) support Micro, Small and Medium Enterprises; iii) provide affordable housing and settlement; iv) achieve universal healthcare; and v) support growth of digital superhighway and creative economy for job creation.

29. Towards actualising development objectives to the public, the Government in March 2024

launched the Fourth Medium Term Plan (MTP IV) for the period 2023-2027. The MTP IV translates the BETA aspirations into concrete priority interventions to be implemented by both levels of Government. These are premised on the value chain approach targeting sectors with the highest impact to drive and sustain economic recovery and growth. The key priorities and interventions focus on the following value chains: i) leather and leather products, ii) textile and apparel, iii) dairy, iv) tea, v) rice, vi) edible oils, vii) blue economy, viii) natural resources (including minerals & forestry); and, ix) construction and building materials.

30. The value chain approach ensures rational resource allocation by eliminating wastage of resources occasioned by duplication, overlaps,

fragmentation and ineffective coordination in the implementation of programmes and projects, while promoting a 'Whole-of Government-Approach' to service delivery. To create employment, special focus has been given to investment in Special Economic Zones and County Aggregation and Industrial Parks; diversification of export markets and market access of goods and services from Micro, Small and Medium Enterprises.

31. Mr. Speaker, the Government will also undertake the following targeted strategic interventions to support economic transformation:

- **First,** continue to **maintain macroeconomic stability** and **enhance security** to foster a secure and conducive business environment

and protection of Kenyans and their properties;

- **Second**, scale up **development of critical infrastructure** in the country such as roads, rail, air and sea ports, energy and water to reduce the cost of doing business and ease movement of people and goods as well as promote competitiveness;
- **Third, enhance investment in key economic sectors** for broad based sustainable growth by promoting agricultural transformation, growth in manufacturing, environmental conservation and climate change mitigation, stimulating growth in tourism, and sustainable land use and management;
- **Fourth, enhance human capital development** through investment in health,

education and appropriate social safety nets for the vulnerable population for improved social and economic outcomes;

- **Fifth, support the youth, women and persons living with disability** through Government funded empowerment programs that leverage on partnerships with private sector organizations;
- **Sixth, support County Governments** through transfer of sharable revenues to strengthen their systems and capacity in service delivery; and,
- **Lastly,** implement various **policy, legal and institutional reforms** to enhance efficiency in public service delivery.

Investing in Climate Change Mitigation and Adaptation to Enhance Resilience

32. Mr. Speaker, the effects of climate change have become detrimental to economies across the globe with extreme weather events affecting lives and livelihoods of millions of people. The rising costs of adaptation are diverting funds from essential services like healthcare and education, potentially destabilizing economies.

33. Mr. Speaker, Kenya has not been spared by the negative effects of climate change. The recent unprecedented floods that our country faced, following the prolonged drought in 2021 and 2022, claimed lives, caused injuries to many people and wreaked havoc on property, infrastructure and livelihoods. The Government responded promptly and undertook short-term measures to mitigate the devastating impacts of

the drought and floods. Going forward, we shall formulate and implement long-term climate change adaptation and mitigation strategies, to generate strong resilience pathways.

34. Mr. Speaker, our climate action agenda is informed by the need to restore our degraded ecosystems, that include forests, rivers, and wetlands. It is for this reason that H.E. The President has rallied Kenyans to prioritise environmental conservation; implement aggressive reforestation, afforestation, and wetland restoration programmes; and reverse biodiversity loss and land degradation. In response to the President's call, the Government has stepped up climate adaptation and mitigation efforts including green energy, smart agriculture, de-carbonized manufacturing, e-mobility and

green building, all aimed at the attainment of zero carbon by 2050. I therefore urge all Kenyans to support the Government's response to the ecosystem restoration plan, that aims to grow 15 billion trees nationwide by 2030.

Policy, Legal and Institutional Reforms

35. Mr. Speaker, while we have made progress as a nation, we remain alive to structural constraints that impede the pace of economic development. Aware that sustainable economic transformation is predicated on timely implementation of appropriate policy, legal and institutional reforms, I propose the following interventions that will improve business environment, increase efficiency in public service delivery and strengthen accountability and transparency in public finance management.

First, Public Procurement Reforms

36. Mr. Speaker, in my last Budget Statement, I informed this House of the Government's plan to fully automate public procurement and disposal processes by implementing an end-to-end e-Government Procurement System. **Mr. Speaker,** Phase I of the e-Government Procurement System has successfully undergone User Acceptance Testing and Piloting in twelve selected MDAs and Counties. This piloting will continue up to December 2024. The System comprises among others, an ***e-market place*** for the common user items where prices from various outlets are visible allowing intense competition in procurement of these common user items.

37. Once the e-Government Procurement System is rolled out, all MDAs and Executive Offices of

County Governments will be required to fully transition to the system while State Agencies and Corporations, County Assemblies and County Agencies will be on-boarded in the second phase within the FY 2024/25. The system will reduce cost of goods, works and services by between 10% and 15%, maximize value for money and increase transparency in procurement.

Second, Restraining Growth of Public Sector Wage Bill

38. Mr. Speaker, the public sector wage bill continues to rise leaving few resources for development. Public sector wage bill stood at 38.2% as a ratio of total revenue in 2021. To contain the wage bill, the Government implemented a wage freeze in the financial years 2021/22 and 2022/23, in addition to eliminating

and streamlining a number of allowances. Further actions planned in relation to containing the wage bill include:

- i. **First**, all MDAs and County Governments should review and rationalize their staff establishments to ensure affordability, fiscal sustainability, with the right composition and skills set;
- ii. **Second**, the Government will roll out the Unified Human Resource Information System for the entire Public Service starting 1st July 2024. The System consolidates human resource and payroll data in the Public Service for access through a single warehouse. The System has been linked to Kenya Revenue Authority *i-tax* to facilitate filing of PAYE returns. This reform will eliminate the

multiple, manual and stand-alone payroll systems;

iii. **Third,** the Salaries and Remuneration Commission will continue streamlining allowances paid in the Public Service through harmonization and rationalization of the categories, rates, and rules for allowances; and,

iv. **Fourth,** the Salaries and Remuneration Commission will progressively review allowances and benefits in the future Collective Bargaining Agreements and align them to the provisions of the Allowances Policy Framework for the public service.

Third, State Corporations Reforms

39. Mr. Speaker, in order to address the challenges faced by State Corporations including, Government Owned Enterprises, the Government will:

- i. **One,** privatise Government-Owned Enterprises whose mandates are no longer relevant, those that require huge budgetary allocations for bail outs, and those producing goods and services that would more efficiently be produced by the private sector; and
- ii. **two,** restructure State Corporations through mergers and/or transfer back to parent ministries or relevant State Corporations to: remove duplication of functions; enhance efficiencies and synergies in operations so as

to optimize use of limited resources; ensure State Corporations are self-sustaining; generate additional revenue to the exchequer; and ensure quality service delivery to Kenyans.

40. In addition, Mr. Speaker, the Government is committed to implement policy changes to ensure Government Owned Enterprises realize their full potential. You will note that in 2023 the Cabinet approved the Ownership Policy for Government Owned Enterprises, a key governance reforms framework.

41. Mr. Speaker, to anchor the Policy in law and give effect to its operationalization, a draft Government Owned Enterprises Bill, 2024 has been finalized and is undergoing public participation. Once the process is completed and

an approval granted by Cabinet, the Bill will be submitted to this august House for consideration. I will be seeking the support of this House for approval of the Bill.

42. Mr. Speaker, we have also prepared draft Government Investment Regulations, 2024 to provide a framework for the efficient and effective management of Government Investments. The draft Regulations will be taken through public participation before submission to this august House for consideration.

Fourth, Pending Bills

43. Mr. Speaker, in the last Budget Statement, I informed this House of the Government's plan to establish a Pending Bills Verification Committee to carry out a thorough analysis of all stock of pending bills for the period 1st July 2005 to 30th

June 2022 and formulate measures to stop accumulation of pending bills going forward. **Mr. Speaker**, as you are aware, H.E the President inaugurated the Pending Bills Verification Committee in November, 2023.

44. The Committee received a total of **94,997** pending bill claims valued at **Ksh 662.3 billion**. Analysis of the pending bill claims submitted by MDAs is ongoing. The general public has also been given an opportunity to submit any pending bill claims owed by the National Government. The Committee is expected to complete its work and submit a report by October 2024 for implementation within the fiscal framework.

Fifth, National Assets and Inventory Management Reforms

45. Mr. Speaker, the National Treasury has initiated reforms geared towards automating assets and inventory management in MDAs as well as County Governments. In this regard, the National Treasury will operationalize the Assets and Inventory Management Modules in the IFMIS with the module for all MDAs scheduled for launch and go live in July 2024. The rollout to County Governments will commence thereafter. These reforms will enable Accounting Officers have visibility of all assets and inventory under their control and facilitate optimal assets utilization.

Sixth, Financial Sector Reforms

46. Mr. Speaker, the Kenya banking sector remains stable and resilient and continues to play

its role of mobilizing funds and channelling them to the deserving productive economic activities. The banking sector remained profitable with a growth in assets of 0.3% from **Ksh 7.72 trillion** in February 2023 to **Ksh 7.74 trillion** in February 2024.

47. Credit from commercial banks to the private sector stood at an annual growth rate of 6.9% in April 2024 and benefited key sectors of the economy. The Financial Inclusion Fund, popularly known as the Hustler Fund, and the de-risking of lending to the MSMEs through the Credit Guarantee Scheme have facilitated additional lending to the MSMEs sector.

48. Mr. Speaker, to position the banking sector to effectively play its role in Kenya's socio-

economic transformation, three recent key reforms have been implemented:

i) First, licensing and oversight of Digital Credit Providers to address inherent challenges including high cost of credit, unethical debt collection, inadequate disclosure and lack of transparency, breach of data privacy, and abuse of personal information. As at the end of March 2024, 51 Digital Credit Providers had been licensed;

ii) Secondly, on climate change, CBK in April 2024, issued the draft Kenya Green Finance Taxonomy for public participation that will serve as a tool to classify whether particular economic activities are 'green' or environmentally sustainable and serve as a guide for banking

sector and other market participants in making informed investment or financing decisions.

iii) Thirdly, to eliminate money laundering vulnerability in the banking sector, CBK has revised its Anti-Money Laundering, and Combating the Financing of Terrorism and Proliferation Financing supervisory framework through implementation of risk-based supervision, undertaking institutional and sectoral risk assessments, and enhancing staff complement and capacity for supervision.

49. Mr. Speaker, the Kenyan banking sector is exposed to dynamic global, regional, and local developments necessitating continuous reforms. In this respect, the following reforms are proposed:

- i) First,** the CBK intends to progressively increase the minimum core capital for banks from the current Ksh 1.0 billion to Ksh 10.0 billion. The CBK will engage the market for an appropriate time table to achieve this goal. This is intended to strengthen the resilience and increase the bank's capacity to finance large scale projects while creating sufficient capital buffer to absorb and withstand shocks posed by the continuous emerging risks associated with adoption of technology and innovations as institutions expand; and
- ii) Second,** CBK plans to amend the Banking Act to provide for stiff dissuasive penalties that are proportionate to the violations committed, support a strong compliance culture in banks, and align to international best practices.

Capital Markets Developments

50. Mr. Speaker, in order to enhance price discovery and boost income for coffee farmers, the Capital Markets Authority has licensed 14 coffee brokers and so far, 29 auctions have been conducted under the Capital Markets (Coffee Exchange) Regulations, 2020, at the Nairobi Coffee Exchange. In addition, the Authority has approved the direct settlement system which has been operationalized by one of the local commercial banks.

Pension Reforms

51. Mr. Speaker, majority of Kenyans remain uncovered with the retirement benefits coverage at about 26%. To address this challenge, the Cabinet approved the National Retirement Benefits Policy in November 2023, that requires all

entities to enrol all the employees both contractual, and permanent and pensionable to a registered retirement benefits scheme. To effectively implement the policy, we have initiated the review and harmonization of all laws governing the retirement benefits sector.

52. Mr. Speaker, to ensure sustainability of the public service pension system, we are revamping the public service pension administration through digitization and re-engineering of the pension management system which is expected to be completed by December 2024.

53. Mr. Speaker, the informal sector has about 17 million workers, accounting for 83% of the total workforce. This segment has remained excluded from pension coverage mainly due to its unique and heterogeneous needs. The National Treasury

established the Kenya National Entrepreneurs Savings Trust (KNEST) to handle pension from the informal sector and anchor the savings component of the Hustler Fund while providing a channel for voluntary savings.

Insurance Reforms

54. Mr. Speaker, to facilitate the growth of the insurance sector, the Government developed a National Insurance Policy. This Policy will guide the review of the Insurance Act which has served its purpose, albeit with progressive amendments, for the last thirty years. The Insurance Professionals Bill, 2024 currently under consideration by this august House will also strengthen the standards of practice in insurance and improve stability and performance of insurance companies.

IV. FISCAL FRAMEWORK

55. Mr. Speaker, the Government's fiscal policy is to enhance fiscal consolidation efforts to reduce debt vulnerabilities and rebuild fiscal buffers amid significant global and domestic challenges. The external and domestic shocks that Kenya has experienced serve as a reminder of the importance of fiscal buffers.

56. Mr. Speaker, the focus of our fiscal policy thus remains to reduce the deficit from 5.7% of GDP in the current financial year to 3.3% of GDP in the next FY 2024/25.

Domestic Revenue Mobilization

57. Mr. Speaker, effective implementation of the Government's plan for rapid and inclusive socio-economic transformation, largely depends on a

robust revenue growth rate. Indeed, despite significant Government investment in reforming the tax structure, **Kenya's tax gap** is estimated at **11.5% of GDP in FY 2022/23** against the estimated **potential of 25.0% of GDP**. We therefore, urgently need to address the challenges that negatively affect our revenue collection. Some of these challenges include:

- **First**, existence of hard to tax sectors. The economy is dominated by a large informal sector, that is mostly outside the current tax instruments leaving the country to rely on a narrow tax base. It is time to reverse this trend;
- **Second**, proliferation of tax expenditure over the years. Tax expenditures are estimated at

2.9% of GDP in 2022 thus eroding the tax base;

- **Third,** low tax compliance largely attributed to factors such as: the technical and complex nature of tax laws and procedures; taxpayer apathy due to perceived inefficient use of tax revenues; high compliance costs; and inadequate taxpayer education;
- **Fourth,** difficulties in taxing emerging digital economy. The tax system is not fully equipped to deal with emerging business models that leverage on digital technology;
- **Finally,** inadequate modern technological equipment for use at entry or exit border points; mis-declaration and misclassification of goods; inadequate customs border posts; infiltration of counterfeits, smuggling, and diversion of goods.

58. Mr. Speaker, in order to address these challenges and enhance revenue mobilization, we shall implement a combination of tax policy and administration reforms. The reforms are premised on the need to ensure that taxes are more supportive to economic activity, do not distort markets and have a predictable tax structure. The reforms include:

- i. **One,** implementation of tax policy and administration measures proposed in the Finance Bill, 2024;
- ii. **Two,** implementation of the Medium-Term Revenue Strategy (MTRS) to expand the tax base to 20% of GDP over the medium term;
- iii. **Three,** strengthening of tax administration for enhanced compliance through leveraging on technology to revolutionize tax processes,

sealing revenue loopholes and enhancing the efficiency of tax system; and,

- iv. **Finally**, focusing on unlocking additional non-tax revenue potential by MDAs through the services they offer to the public.

Improving Efficiency of Public Expenditure

59. Mr. Speaker, turning to expenditures, we should ensure that our scarce resources are used in the most efficient and effective way. **Mr. Speaker**, in order to move towards a balanced budget and further improve efficiency in public spending, the following bold actions and reforms have been outlined in the FY 2024/25:

- i. **One**, rationalization of transfers to SAGAs by at least 30% from the FY 2023/24 approved budget in line with the overall austerity

measures cutting across all Ministries, Departments and Agencies;

- ii. **Two**, curtailing spending on the following expenditure items: foreign travels; rationalization of all training expenses across Government and restricting all training to within Government institutions; rationalizing all allocations for purchase of motor vehicles and suspending purchase of furniture for a period of one year; and suspending all refurbishments and partitioning of Government offices;
- iii. **Three**, expenditure control measures that include: suspension of all new recruitment for the next one year; audit and cleanse all public payrolls, pension and transfers to the vulnerable, with a view to eliminate ghost

workers as well as enforce payment of salary scales as approved or recommended by the SRC; and consolidation of public procurement for common user items;

- iv. **Four**, minimizing Government expenditure by leveraging on technology. This will entail the use of Wi-Fi and emails for efficient communication;
- v. **Five**, reviewing insurance schemes (Edu Afya, Indigents, Public Service, Police and Prisons, Commissions and Independent Offices) under the Universal Health Coverage and align them to the Social Health Insurance Fund;
- vi. **Six**, suspending the policy of SAGAs investing surplus funds and enforce the requirements of PFM Act, 2012 and the PFM Regulations, 2015 to surrender such funds to the exchequer; and

vii. **Finally,** reviewing of the Regional Development Authorities to remove duplication of roles with those of County Governments and MDAs.

60. Since the beginning of this financial year, the Government has also implemented initiatives to contain growth of expenditures. **First,** the Government has undertaken measures to reduce spending on non-priority expenditures; **second,** the Public Private Partnerships framework targets commercially viable projects but also consider the contingent liabilities that come under this framework; and **third,** we are reviewing the portfolio of externally funded projects with a view to restructuring and re-aligning them with BETA. All these initiatives, **Mr. Speaker,** will help to lower our expenditures.

Revenue Projections

61. Mr. Speaker, with the policy measures and structural reforms highlighted above, we project total revenue collection, including appropriation-in-aid for the FY 2024/25 budget to be **Ksh 3,343.2 billion**, equivalent to **18.5%** of GDP. Of this, ordinary revenue is projected at **Ksh 2,917.2 billion**, equivalent to **16.2%** of **GDP**, Ministerial Appropriation-in-Aid is projected at **Ksh 426.0 billion**. Grants to this budget are projected at **Ksh 51.8 billion or 0.3% of GDP**.

Expenditure Projections

62. Mr. Speaker, total expenditure in the FY 2024/25 budget is projected at **Ksh 3,992.0 billion** or **22.1%** of **GDP**. Of this, recurrent expenditures will amount to **Ksh 2,840.0 billion** or **15.7%** of **GDP**. Development expenditures,

including allocations to domestic and foreign financed projects, Contingency Fund and Equalization Fund is **Ksh 707.4 billion** equivalent to **3.9%** of **GDP**. Total allocation to County Governments is projected at **Ksh 444.5 billion** of which equitable share is **Ksh 400.1 billion**.

Fiscal Balance

63. Mr. Speaker, given the projected revenue and grants against the projected expenditure, the fiscal deficit including grants is projected at **Ksh 597.0 billion**, equivalent to **3.3%** of GDP down from **Ksh 925.0 billion or 5.7%** of GDP in FY 2023/24. In this respect, the primary balance will improve to a surplus of **2.3%** of GDP from a deficit of **0.4%** of GDP in FY 2023/24. The fiscal deficit for FY 2024/25 will be financed by net external borrowing of **Ksh 333.8 billion** equivalent to

1.8% of GDP and net domestic borrowing of **Ksh 263.2 billion**, which is equivalent to **1.5%** of GDP.

Public Debt Management

64. Mr. Speaker, Kenya meets its debt obligations promptly and no debt arrears have been accumulated. Public debt is projected to remain within sustainable levels on account of fiscal consolidation path that reflects decline in the ratio of debt to GDP in present value terms over the medium term. To improve Kenya's debt sustainability and boost our credit rating position, the Government will continue to implement measures to enhance growth of foreign exchange earnings.

65. Our Medium-Term Debt Management Strategy aims at lowering the costs and risks in

the debt portfolio. In this regard, the Government will slow down uptake of new external commercial debt and undertake liability management operations through debt swaps and other innovative solutions. The Government will also diversify sources of financing through issuance of Panda, Samurai and Sukuk bonds in financial markets in China, Japan and the Gulf regions, respectively. The Government will maximize use of concessional financing from bilateral and multilateral institutions to improve debt sustainability and boost our credit rating position.

Public Private Partnerships Framework

66. Mr. Speaker, due to the limited fiscal space, the Government will continue to scale up the use of Public Private Partnerships financing for commercially viable projects. Currently, there are

37 projects at various stages of the PPP project cycle. In order to enhance viability of PPP projects, I will soon be proposing amendments to the PFM Act, 2012 to speed up the process of financial close as well as ensure that their related fiscal costs and contingent liabilities are within acceptable levels.

Public Investment Management

67. Mr. Speaker, in order to increase efficiency and effectiveness of the public spending, the Government will continue to implement Public Investment Management Regulations at the National Government and commence roll-out to the County Governments. The Regulations are aimed at streamlining initiation, execution and delivery of public investment projects. Further, the Government will roll out the Public Investment

Management Information System to all MDAs to improve the management of development projects in the country.

Strengthening Public Finance Management Reforms

Migration to Accrual Accounting

68. Mr. Speaker, the transition to accrual accounting from cash basis marks a significant milestone in our nation's journey to strengthen Public Finance Management. In recognition of this, the Cabinet in March 2024 approved the transition from cash to accrual basis of accounting to improve cash management and enhance financial and fiscal reporting. The accrual accounting will enable the Government to account for all assets and liabilities including all Government assets. With accrual accounting we will also be able to

account for all pending bills, public debt and pension liabilities.

69. Mr. Speaker, this is an important step to strengthen Public Finance Management, and I therefore direct all MDAs and County Governments to migrate to accrual accounting starting 1st July 2024. This effectively means that last financial statements to be prepared on cash basis by the National and County Governments will be for the FY 2023/24.

Treasury Single Account

70. Mr. Speaker, The PFM Act, 2012 and its attendant Regulations provides for the establishment of the Treasury Single Account (TSA) system at both the National and County Governments. Based on the experience over the last 10 years since the enactment of the PFM Act,

2012, the need to review the scope of TSA implementation has become apparent. To improve public cash management, it is necessary to operationalize other elements of the TSA system as envisaged in the law. The automation of Government payments through the Integrated Financial Management Information System (IFMIS) and Central Bank of Kenya's Internet Banking (IB) system, forms a good basis to widen the scope of the TSA system.

71. The National Treasury undertook an inventory of bank accounts and balances held by public entities in various financial institutions and established that as at 30th June 2023, these entities held Ksh 431.7 billion with various financial institutions. These large cash balances

were not immediately accessible at a time when the Government was cash strained.

72. Mr. Speaker, to address this challenge and underscore the Government's unwavering commitment to fiscal discipline, transparency, and efficiency in the management of public finances, the Cabinet approved the implementation of the TSA system in a clustered approach.

73. This system will consolidate Government cash resources into a single account held at the Central Bank of Kenya and sub-Treasury Single Account at the commercial banks. The National Treasury in this respect, will establish a Treasury Function to manage the TSA and TSA-Sub Accounts' structure so that everyday Government financial position is known and ascertained. The migration to the TSA system commences on 1st July 2024.

V. RESOURCE ALLOCATIONS UNDER THE BETA

74. Mr. Speaker, let me now turn to the highlights of the Government spending priorities in the coming financial year. In light of the revenue challenges and significant expenditure demands, spending in the FY 2024/25 will focus on BETA priorities on five core areas with the highest impact on the economy.

First, Agricultural Transformation and Inclusive Growth

75. Mr. Speaker, the Government focus will be on agricultural transformation and inclusive growth through the value chains approach. This aims at providing adequate and affordable working capital to all farmers through cooperative societies (the Aggregators) and deploy modern agricultural risk management instruments that

ensure farming is profitable and incomes are predictable.

76. In addition, it aims to transform farmers from food deficit to surplus producers through input finance, subsidies and intensive agricultural extension support; raise the productivity of key food value chains; reduce dependence on basic food imports; revamp under-performing export crops and expand to new high value emerging crops; and boost tea value chain through blending and branding.

77. Mr. Speaker, to attain food and nutrition security, I propose an allocation of **Ksh 54.6 billion** for various programs under this sector. This includes: **Ksh 10.0 billion** for the Fertilizer Subsidy Programme; **Ksh 6.1 billion** for the National Agricultural Value Chain Development

Project; **Ksh 2.5 billion** for Emergency Locust Response; **Ksh 2.4 billion** for the Enable Youth and Women in Agriculture; **Ksh 747.0 million** for Small Scale Irrigation and Value Addition Project; and **Ksh 642.5 million** for the Food Security and Crop Diversification Project.

78. Mr. Speaker, to improve livestock production, I propose: **Ksh 2.4 billion** for De-Risking, Inclusion and Value Enhancement of Pastoral Economies Programme; **Ksh 1.5 billion** for Livestock Value Chain Support Project; **Ksh 1.5 billion** for Kenya Livestock Commercialization Programme; and **Ksh 192.5 million** for the Embryo Transfer Project. I have also proposed **Ksh 300 million** for the Development Leather Industrial Park - Kenanie.

79. Mr. Speaker, to support the growth of the blue economy, I propose a total of **Ksh 11.3 billion** to the Blue Economy and Fisheries sub sector. This includes: **Ksh 3.7 billion** for Aquaculture Business Development Project; **Ksh 3.1 billion** to the Kenya Marine Fisheries & Socio-Economic Development Project; **Ksh 540 million** for rehabilitation of Fish Landing Sites; **Ksh 695.5 million** for Liwatoni Ultra-Modern Fish Hub; and **Ksh 600 million** for Marine Fish Assessment.

80. Mr. Speaker, to raise agricultural productivity and enhance resilience to climate change risks in targeted smallholder farming and pastoral communities, I propose an allocation of **Ksh 340 million** Towards Ending Drought Emergencies project.

81. Mr. Speaker, to ensure legitimacy of land ownership and settle the landless, I propose a sum of **Ksh 5.5 billion**. This allocation will cater for Processing and Registration of Title Deeds, Settlement of the Landless; Digitization of Land Registries; Geo Referencing of Land Parcels; and Construction of Land Registries.

Second, Transforming the Micro, Small and Medium Enterprise (MSME) Economy

82. Mr. Speaker, accessibility to affordable credit to most Kenyans at the bottom of the pyramid remains a challenge. To address this challenge the Government is proposing an additional allocation of **Ksh 5.0 billion** to the Financial Inclusion 'Hustlers' Fund to scale up access to credit for households and MSMEs. I also propose additional **Ksh 200 million** for the Youth

Enterprise Development Fund; **Ksh 162.5 million** for the Centre for Entrepreneurship Project; and **Ksh 1.9 billion** for Rural Kenya Financial Inclusion Facility.

Third, Housing and Settlement

83. Mr. Speaker, the Government's commitment is to turn the housing challenge into an economic opportunity to create quality jobs for the youth directly in the construction sector and indirectly through the production of building products. This will be achieved through among other measures facilitating delivery of 200,000 houses per annum and enabling low-cost housing mortgages.

84. To continue supporting this initiative, I have proposed an allocation of **Ksh 92.1 billion** for the Housing, Urban Development and Public Works. This includes: **Ksh 8.3 billion** under the Kenya

Urban Programme; **Ksh 3.0 billion** to Kenya Mortgage Refinance Company for enhancement of the company's capital as well as for on lending to primary mortgage lenders; **Ksh 32.5 billion** for construction of Affordable Housing Units; **Ksh 15 billion** for construction of Social Housing Units; and **Ksh 14.7 billion** for social and physical infrastructure.

85. Mr. Speaker, other proposed allocations to the Housing, Urban Development and Public Works sector include: **Ksh 11.3 billion** for the Kenya Informal Settlement Improvement Project -Phase II; **Ksh 1.0 billion** for construction of markets; **Ksh 1.0 billion** for the National Slum Upgrading Programme; **Ksh 1.0 billion** for the construction of Housing Units for the National Police and Kenya Prison; **Ksh 496.3 million** for

construction of foot bridges; and **Ksh 444.0 million** targeted to support construction of County Headquarters.

Fourth, Universal Health Coverage

86. Mr. Speaker, the Government is committed and determined to realise the constitutional right to health by promoting access to quality and affordable healthcare through the Universal Health Coverage Programme.

87. Towards this end, **Mr. Speaker,** I have proposed an allocation of **Ksh 127.0 billion** to the health sector to support various activities and programmes. This includes: **Ksh 4.2 billion** for Universal Health Coverage Coordination and Management Unit; **Ksh 2.0 billion** for Free Maternity Health Care; **Ksh 3.6 billion** for the Managed Equipment Services; **Ksh 861.5 million**

to provide medical cover for the orphans, elderly and severely disabled persons in our society: **Ksh 4.6 billion** to cater for the Stipend and acquisition of Specialized Medical Equipment for Community Health Promoters; and **Ksh 4.1 billion** for Primary Healthcare Fund.

88. Mr. Speaker, to lower cases of HIV/AIDS, malaria and tuberculosis, and enhance vaccines and immunization programme in the country, I have proposed **Ksh 28.7 billion** for the Global Fund; and **Ksh 4.6 billion** for Vaccines and Immunization Programme, respectively.

89. Mr. Speaker, to enhance early diagnosis and management of cancer, and reduce the burden of treatment among Kenyans, I have proposed an allocation of **Ksh 1.1 billion** to strengthen Cancer Management in Kenyatta National Hospital; and

Kisii Level 5 Hospitals. I have also proposed **Ksh 2.0 billion** to the Emergencies, Chronic and Critical Illness Fund.

90. Mr. Speaker, to improve health service delivery, I have proposed a sum of **Ksh 29.7 billion** for Kenyatta National Hospital and Moi Teaching and Referral Hospitals. This includes **Ksh 2.6 billion** for the construction of Kenyatta National Hospital Burns and Paediatrics Centre. I have also proposed: **Ksh 5.2 billion** for Kenya Medical Supplies Agency; **Ksh 2.5 billion** for the Kenya Medical Research Institute; **Ksh 1.0 billion** for procurement of family planning and reproductive health commodities; and **Ksh 760 million** for procurement of equipment at the National Blood Transfusion Services. Further, to strengthen the capacity of medical personnel, I

have proposed **Ksh 3.7 billion** for Medical Interns; **Ksh 406 million** for training of Health Personnel; and **Ksh 8.6 billion** for the Kenya Medical Training Centres.

Finally, Digital Superhighway and Creative Economy

91. Mr. Speaker, investment in digital superhighway and creative economy continues to play a critical role in enabling the Government achieve the objectives of BETA through increased productivity and competitiveness. On the creative economy, promotion of music, theatre, graphic design, digital animation, fashion and craft, among others, continues to create job opportunities for the youth.

92. Mr. Speaker, to support growth in the digital superhighway and creative economy, I have

proposed an allocation of **Ksh 16.3 billion** to fund initiatives in the Information, Communication and Technology sector. Specifically, this proposed allocation includes: **Ksh 1.1 billion** for Government Shared Services; **Ksh 704 million** for Digital Superhighway; **Ksh 2.3 billion** for the Construction of Kenya Advanced Institute of Science and Technology at Konza Technopolis; **Ksh 2.8 billion** for Kenya Digital Economy Acceleration Project; and **Ksh 2.8 billion** for maintenance and rehabilitation of Last Mile County Connectivity Network.

93. In order to fast track the development of the Konza Technopolis City, I have proposed an allocation of **Ksh 1.5 billion** for the Horizontal Infrastructure Phase I; and **Ksh 5.2 billion** for Konza Data Centre and Smart City Facilities.

Other Key Allocations to Critical Sectors Supporting BETA

Investing in Critical Infrastructure

94. Mr. Speaker, the Government continues to expand and maintain critical infrastructure in roads, railways, sea and airports to achieve socio-economic transformation, enhance Kenya's competitiveness and facilitate cross border trade and regional integration. Towards this end, I have proposed an allocation of **Ksh 193.4 billion** for development of Roads. This includes: **Ksh 86.2 billion** to support construction of roads and bridges; **Ksh 37.7 billion** for rehabilitation of roads; and **Ksh 69.5 billion** for road maintenance.

95. Mr. Speaker, to expand railway transport and associated infrastructure, I have proposed

Ksh 25.2 billion. I have also proposed **Ksh 2.4 billion** for Infrastructure Development at Dongo Kundu Special Economic Zone; **Ksh 1.0 billion** for Nairobi Bus Rapid Transport Project; **Ksh 316 million** for Promotion of E-Mobility Project; and **Ksh 239.4 million** for the Development of Nairobi Railway City. To facilitate movement of goods and people in our inland waters, I have proposed additional **Ksh 200 million** for Acquisition of Ferries for Lake Victoria.

96. Mr. Speaker, to scale up production of reliable and affordable energy, I have proposed an allocation of **Ksh 69.7 billion** to the energy sub-sector. This includes: **Ksh 27.8 billion** for the National Grid System; **Ksh 24.0 billion** for Rural Electrification; **Ksh 14.0 billion** for development of geothermal energy; **Ksh 2.2 billion** for

Alternative Energy Technologies; and **Ksh 920 million** for development of nuclear energy.

Improving Education Outcomes

97. Mr. Speaker, the Government continues to invest in education to improve education outcomes and create a level playing field for all children.

98. Mr. Speaker, from this end, I have proposed a total allocation of **Ksh 656.6 billion or 27.6 percent** of total expenditures to the Education Sector. This includes: **Ksh 358.2 billion** to the Teachers Service Commission; **Ksh 142.3 billion** for Basic Education; **Ksh 128.0 billion** for Higher Education & Research; and **Ksh 30.7 billion** for Technical Vocational Education and Training.

99. Mr. Speaker, the allocation to the education sector includes: **Ksh 9.1 billion** Free Primary Education; **Ksh 61.9 billion** for Free Day Secondary Education; **Ksh 30.7 billion** for Junior Secondary School Capitation; and **Ksh 5.0 billion** for examinations fee waiver. In addition, **Mr. Speaker,** I have proposed an allocation of **Ksh 13.4 billion** for conversion of 46,000 Junior Secondary School interns to Permanent and Pensionable terms; **Ksh 1.3 billion** for the training of teachers on Competency Based Curriculum; and **Ksh 360.0 million** for the Digital Literacy Programme and ICT Integration in our Secondary Schools.

100. Mr. Speaker, to support infrastructure development and ensure safe learning in our schools, I have proposed an allocation of: **Ksh 3.2**

billion for Primary and Secondary Schools' infrastructure; **Ksh 1 billion** for construction of class rooms for Junior Secondary Schools; and **Ksh 2.3 billion** for construction and equipping of Technical Training Institutes and Vocational Training Centres. Further, I have proposed **Ksh 11.1 billion** for the Kenya Primary Education Equity in Learning Program; **Ksh 1.8 billion** for Construction of Integrated Resource Centers; and **Ksh 1.5 billion** for Kenya Secondary Education Quality Improvement Project.

101. Mr. Speaker, other proposed allocations to the education sector include: **Ksh 1.1 billion** for the Research, Science, Technology and Innovation.

102. Mr. Speaker, the Government is implementing the new funding model for public

universities and TVET institutions through provision of Government scholarship and loans apportioned according to student's needs. The new funding framework seeks to offer students whose households are at the bottom of the pyramid equal opportunity in accessing university education as well as technical training.

103. Towards this end, **Mr. Speaker**, I have proposed an allocation of: **Ksh 35.9 billion** to the Higher Education Loans Board for provision of loans to University and TVET students; **Ksh 16.9 billion** for Scholarship for University Students; and **Ksh 7.7 billion** Capitation and Scholarship for TVET students.

Supporting Manufacturing for Job Creation

104. **Mr. Speaker**, to further promote local industries, I have proposed an allocation of **Ksh**

23.7 billion under various implementing Ministries, Departments and Agencies. Out of this, **Ksh 4.5 billion** will support Establishment of County Integrated Agro-Industrial Parks; **Ksh 1.9 billion** for the Supporting Access to Finance & Enterprise Recovery (SAFER) Project; **Ksh 1.1 billion** for construction of Investors Sheds in Athi River; **Ksh 1.9 billion** for establishment of six (6) Flagship Export Processing Zones Hubs; **Ksh 440.0 million** for the Development of SEZ Textile Park in Naivasha; and **Ksh 1.0 billion** for Kenya Jobs Economic Transformation (KJET).

105. In addition, **Mr. Speaker**, in order to revitalize and maximize the benefits from our cash crops, the Government will make further investments towards their revival and enhancement of output. In this respect, **Mr.**

Speaker, I have proposed **Ksh 2.0 billion** for Coffee Cherry Revolving Fund. This is in addition to **Ksh 4 billion** allocated in the current fiscal year; **Ksh 1.5 billion** for payment of debts owed to sugarcane farmers, arrears to employee and maintenance of Cane Testing Units; **Ksh 120 million** for the Cotton Industry Revitalization Project; and **Ksh 150 million** for Pyrethrum Industry Recovery.

106. Mr. Speaker, in order to reduce overreliance on the importation of edible oils and encourage local production and processing, I have proposed **Ksh 90 million** for the Coconut Industry Revitalization Project; **Ksh 260 million** for the National Edible Oil Crops Promotion Project; and allocation to the National Agricultural

Value Chain Development Project, which includes support for cashew nut development.

107. Mr. Speaker, to enhance milk processing, I have proposed **Ksh 1.5 billion** for excess milk mop-up; **Ksh 500 million** for modernization of KCC milk factories; and **Ksh 250 million** for construction of a milk factory in Narok.

108. Mr. Speaker, to equip our youth with essential training and internship opportunities, I have proposed an allocation of **Ksh 1.3 billion** for the Kenya Industry and Entrepreneurship Project; **Ksh 119.9 million** for the Construction of Industrial Research Laboratories; and **Ksh 114.3 million** for Constituency Industrial Development Centers.

Improving Security

109. Mr. Speaker, enhanced national security creates an enabling environment for business to thrive while aiding faster economic recovery. In this regard, I have proposed an allocation of **Ksh 377.5 billion** to support operations of the National Police Service, Defence, the National Intelligence Service and Prison Services.

110. Mr. Speaker, the proposed allocations include **Ksh 173.1 billion** for Defence; **Ksh 110.6 billion** for the National Police Service; **Ksh 46.3 billion** for the National Intelligence Service; and **Ksh 32.7 billion** for Prisons Services. I have proposed an allocation of **Ksh 13.9 billion** to cater for leasing of police motor vehicles and the Modernization Programme. **Mr. Speaker,** to step up war on crime and enhance support to

administration of justice, I have proposed **Ksh 918.4 million** to equip the National Forensic Laboratory.

Protecting the Vulnerable Groups

111. Mr. Speaker, as a caring Government we shall continue to protect the vulnerable members of our society, I have in this regard proposed an allocation of **Ksh 31.3 billion** for social protection and affirmative actions in this budget. **Mr. Speaker,** out of this allocation: **Ksh 18.6 billion** will cater for cash transfers to elderly persons; **Ksh 7.9 billion** for Orphans and Vulnerable Children; and **Ksh 1.2 billion** for persons living with severe disabilities.

112. Mr. Speaker, the proposed allocation also includes **Ksh 1.5 billion** for the Kenya Hunger Safety Net Programme; and **Ksh 1.9**

billion for the Kenya Social and Economic Inclusion Project. In addition: **Ksh 815 million** will go to the Child Welfare Society of Kenya; **Ksh 400 million** for the Presidential Bursary for the orphans; **Ksh 600.1 million** for National Council for Persons living with Disabilities; **Ksh 100 million** for the National Albinism Support Programme; and **Ksh 100 million** for the National Autism Support Programme.

Equity, Poverty Reduction, Women and Youth Empowerment

113. Mr. Speaker, the most pressing challenge in our country at the moment is lack of job opportunities for the youth. This has been exacerbated by the multiple shocks that have hit our economy. In order to empower the youth and support businesses owned by youth and women, I

have proposed **Ksh 89.5 billion** for these initiatives.

114. This allocation includes: **Ksh 10.4 billion** for the National Youth Service; **Ksh 1.1 billion** for the Kenya Youth Empowerment Program; **Ksh 200 million** for the Youth Enterprise Development Fund; **Ksh 162.5 million** for Centre for Entrepreneurship; **Ksh 230 million** for establishment of Youth Empowerment Centres; and **Ksh 2.7 billion** to National Youth Opportunity Towards Advancement (NYOTA). In addition, I have proposed **Ksh 649.8 million** to strengthen the film industry in Kenya.

115. Mr. Speaker, the Government is committed to ensuring increased income for our women, through employment creation and supporting women led enterprises. To further

empower our women, I have proposed **Ksh 182.8 million** for the Women Enterprise Fund; and **Ksh 3.5 billion** for the National Government Affirmative Action Fund.

116. Mr. Speaker, to promote regional equity, reduce poverty and enhance social development, I have proposed **Ksh 63.0 billion** for the National Government Constituency Development Fund as well as **Ksh 8.0 billion** for the Equalization Fund to finance programmes in identified marginal areas.

Stimulating Tourism Growth, Sports, Culture, Recreation and Arts

117. Mr. Speaker, the Government has prioritized expanding the space for creativity, including freedom of expression and protection of intellectual property rights. The Government will

also strengthen mainstreaming of arts and culture infrastructure and support cultural production and the creative economy. We are also cognizant of the brand value of Kenyans participating and excelling in international sports arena as incalculable.

118. To support Tourism, Sports, Culture and recreation, I have proposed an allocation of **Ksh 23.7 billion**. This includes an allocation of: **Ksh 16.5 billion** for the Sports, Arts and Social Development Fund; **Ksh 4.9 billion** for the Tourism Fund; and **Ksh 2.2 billion** for Tourism Promotion Fund.

Environmental Protection, Water and Natural Resources

119. Mr. Speaker, in order to support environment and water conservation and respond

to climate change, I have proposed an allocation of **Ksh 10.7 billion** for Forests Resources Conservation and Management; **Ksh 1.7 billion** for Forests Research and Development; **Ksh 2.7 billion** for Environment Management and Protection; **Ksh 5.9 billion** for the Kenya Financing Locally Led Climate Action Project; **Ksh 1.6 billion** for Meteorological Service; and **Ksh 13.1 billion** for wildlife security, conservation and management. In addition, **Mr. Speaker**, I have proposed **Ksh 1.0 billion** for wildlife research and development; **Ksh 1.2 billion** for Human Wildlife Conflict Compensation; and **Ksh 800 million** for Wildlife Insurance.

120. Mr. Speaker, to expand access to clean and adequate water for domestic and agricultural use, I have proposed an allocation of **Ksh 36.6**

billion for water and sewerage infrastructure development; **Ksh 12.5 billion** for water resources management; and **Ksh 1.9 billion** for water storage and flood control. In addition, I have proposed **Ksh 17.8 billion** for irrigation and land reclamation; and **Ksh 1.9 billion** for water harvesting and storage for irrigation.

Improving Governance and Sustaining the Fight against Corruption

121. Mr. Speaker, to enhance good governance and scale up fight against corruption, I have proposed **Ksh 4.2 billion** for the Ethics and Anti-Corruption Commission; **Ksh 4.0 billion** for the Office of the Director of Public Prosecutions; **Ksh 6.9 billion** to the State Law Office; and **Ksh 8.7 billion** for the Office of the Auditor General.

122. Additionally, **Mr. Speaker**, to enhance the oversight and legislative role of Parliament, I propose an allocation of **Ksh 44.6 billion** for Parliament.

123. To enable administration of justice, I propose an allocation of **Ksh 24.7 billion** for the Judiciary. This includes: **Ksh 900 million** for construction and refurbishment of Courts; and **Ksh 800 million** for automation of the Judiciary.

Allocations to County Governments

124. **Mr. Speaker**, the County Governments will receive a proposed allocation of **Ksh 400.1 billion** as equitable share in the FY 2024/25. This is equivalent to **25.48%** of the actual revenues raised nationally for the FY 2020/21 which is in compliance with Article 203(2) of the Constitution of Kenya.

125. In addition to the equitable share of revenue, a further **Ksh 44.4 billion** has been proposed as additional allocations to County Governments. This comprises: i) **Ksh 8.76 billion** from the National Government share of revenue; and ii) **Ksh 35.66 billion** from proceeds of external loans and grants.

Equalisation Fund

126. Mr. Speaker, we have proposed to allocate **Ksh 8.0 billion** to the Equalisation Fund being 0.5% of the actual revenues raised nationally in FY 2020/21.

Measures to Enhance County Governments' Own Source Revenue

127. Mr. Speaker, the National Treasury is implementing the Policy supporting the enhancement of own source revenue by County

Governments as we await the enactment of the National Rating Bill. This Bill will enable County Governments to collect more property rates, including the contribution in lieu of Rates.

128. In addition, **Mr. Speaker**, a multi-agency committee has been formed to manage the rollout of the proposed Integrated County Revenue Management System in the 47 County Governments. This system will increase transparency, accountability and efficiency in revenue collection.

VI. TAXATION MEASURES

129. **Mr. Speaker**, I will now turn to tax policy measures supporting the FY 2024/25 budget. In the course of this year, we embarked on tax policy review through a number of tax studies that will

support the development of a progressive tax system.

130. Mr. Speaker, the objective of these reforms is to develop an elaborate tax policy that will raise adequate revenue to finance recurrent as well as development budgets. For this to materialise we intend:

- i. **First,** to develop diverse methods to enlarge the tax base;
- ii. **Second,** to minimize the tax expenditures that amount to Ksh 396.9 billion or 2.9% of GDP as of 2022. Of the Ksh 396.9 billion, 63.1% is on VAT refunds on zero rated final consumer goods;
- iii. **Third,** to create a tax system that is not only predictable to taxpayers but also yields predictable revenues to Government; and

iv. **Fourth**, to develop a tax system that support markets, production, consumption and investments.

131. Mr. Speaker, the FY 2024/25 marks the beginning of these reforms through the proposed amendments in the various tax laws contained in the Finance Bill, 2024. **Mr. Speaker**, these reforms are part of the wider tax policy reforms contained in the Medium-Term Revenue Strategy and I will shortly be providing highlights of these reforms. Additionally, **Mr. Speaker**, during the East African Community (EAC) Pre-Budget consultations held in May 2024, the Ministers responsible for Finance and Economic Planning in the EAC region agreed on customs measures that will support and protect industries in the region.

132. Mr. Speaker, the tax measures proposed in the Finance Bill, 2024 and the said custom measures are expected to generate an additional **Ksh 346.7 billion** or **1.9% of GDP** to the exchequer for the FY 2024/25 budget.

Custom Duties

133. Mr. Speaker, allow me to provide highlights of some of the Custom measures agreed during the Pre-Budget Consultations with EAC Partner States. **Mr. Speaker,** the Ministers agreed on a number of measures for enhancing the competitiveness of locally manufactured products by allowing stays of application of the EAC Common External Tariff not to change the rates and where necessary adopt higher rates of duty to encourage local production in EAC. The Ministers also agreed on duty remission for raw

materials and inputs used by local manufacturers to facilitate EAC domestic production.

134. Mr. Speaker, in order to meet local demand and enhance food security on key staple foods, Kenya was granted an extension of the current stay of application to import rice at a duty rate of 35% or USD 200 per metric tonne whichever is higher for one year instead of EAC CET rate of 75% or USD 345 per metric tonne whichever is higher, and also to import wheat at a duty rate of 10% instead of 35% for one year under the EAC Duty Remission Scheme.

135. Mr. Speaker, Kenya has strong assembly of electronics industry, including mobile phones. In order to further open up the ICT sector to more investors, Kenya requested for duty remission on inputs for manufacture and assembly of Smart

Tele Communication Devices including mobile phones, laptops and tablets. This request was granted.

136. Mr. Speaker, the local assembly of automotives continues to facilitate job creation with positive ripple effects in other supportive sectors especially in the manufacturing of spare parts. In this regard, Kenya has continued to develop capacity in the assembly of prime movers, road tractors and trailers to meet both local and regional demand. In order to safeguard this capacity, Kenya was granted a stay of application of EAC CET rate of 10 percent, to apply a duty rate of 25% for prime movers and 35% for trailers for one year. Further, in order to continue supporting the assembly of motorcycles in the region, the EAC Ministers in the region agreed to extend the

duty remission on importation of raw materials for the manufacture of parts used in the assembly of motorcycles including leaf springs, and wiring harness. In addition, the Ministers agreed to extend duty remission for completely knocked down kits for assembly of motorcycles at the rate of 10%.

137. Mr. Speaker, the growth of investments in metal and allied sub sector has enhanced the capacity to manufacture various iron and steel products in the region. To safeguard gains in this sub sector, the Ministers agreed to retain a duty rate of 35% with the corresponding specific rates for imported iron and steel products for a further one year.

138. In order to promote and protect textile and apparel sector which is one of the nine BETA

value chains prioritized in this budget, Kenya was allowed to apply a rate of 25% on selected fabric products with corresponding specific duty rates in order to curb under-valuation and under-invoicing of imported products. Further, to ensure competitiveness of textile products that are produced locally in sufficient quantities, Kenya was granted a stay of application and will apply a higher duty rate of 35%.

139. Mr. Speaker, in order to reduce the production cost of animal feeds, Kenya was allowed to extend importation of inputs for manufacturers of animal feeds duty-free under the EAC Duty Remission Scheme.

140. Mr. Speaker, leather and leather products is one of the value chains under BETA. Kenya has sufficient supply of hides and skins to

meet the demand from local manufacturers of leather and leather products. In order to promote this industry and enhance incomes to our pastoral farmers, the Ministers agreed to retain a stay of application of import duty on imported leather bags at 35% for Kenya.

141. Mr. Speaker, I have just highlighted a few of the customs measures agreed by EAC Ministers of Finance, the complete list will be gazetted by the EAC Secretariat and will become effective starting 1st of July, 2024.

The Finance Bill, 2024

142. Mr. Speaker, allow me to highlight key tax policy measures proposed in the Finance Bill, 2024. I will begin with the proposed amendments to the Income Tax Act, followed by Value Added

Tax; Excise Duty Act; Tax Procedures Act; and Miscellaneous Fees and Levies Act.

Amendments to the Income Tax Act

143. Mr. Speaker, currently, retirement benefits are subject to tax. This taxation ceases at the age of 65 years. In order to support the retired employees, I propose to amend the Income Tax Act, to exempt all retirement benefits paid from a registered pension fund, registered provident fund, registered individual retirement fund of National Social Security Fund and the Public Pension Scheme, upon attainment of the retirement age.

144. Mr. Speaker, for the individuals that take early retirement, this exemption will only apply if the individual has contributed to the pension

schemes for a period of twenty years from the date of registration as a member.

145. Mr. Speaker, in addition, the annual limit of pension contribution that is exempt from tax is 30 percent of the individual income or Ksh 240,000 whichever is lower. Considering that this limit has not been reviewed since 2005 and to encourage saving for social security after retirement, I propose to increase this limit to Ksh 360,000 per annum. Further **Mr. Speaker,** I propose to allow as deduction, contributions to a post-retirement medical fund, subject to a limit of Ksh 10,000 per month. This will promote savings for post-retirement healthcare needs.

146. Mr. Speaker, currently, the threshold above which withholding tax applies on payments for management fees, professional fees, training

fees, and contractual fees is Ksh 24,000 per month. I propose to amend the Income Tax Act, to remove this threshold since it creates room for tax planning and is a challenge to tax administration.

147. Mr. Speaker, despite the Income Tax Act providing a corporate tax rate of 30%, some tax payers pay tax at an effective rate of less than 15%. This is due to vigorous tax planning and tax incentives provided under the Act. To prevent this practice, I propose to amend the Income Tax Act to introduce a Minimum Top-Up tax payable by a multinational group with a consolidated annual turnover of EUR 750 million whose effective corporate tax rate is below 15%.

148. Mr. Speaker, the spectrum license fees paid by telecommunication operators are

currently not tax-deductible creating unfairness in the tax system. In this regard, I propose to amend the Income Tax Act to allow telecommunications network operators to deduct the spectrum licenses fees over a period of 10 years.

149. Mr. Speaker, Advance Pricing Agreements have emerged as a valuable tool for preventing tax disputes related to transfer pricing of cross-border transactions. In this regard, I propose to empower the Commissioner to enter into Advance Pricing Agreement with taxpayers engaged in transactions with related entities.

150. Mr. Speaker, to attract international financial investors in Kenya and reinforce Kenya's position as a regional financial hub, I propose to reduce the rate of capital gains tax, from 15% to

5%, for firms certified by the Nairobi International Financial Centre Authority.

151. Mr. Speaker, a transfer of property between an individual and an entity where the individual holds 100 percent shareholding does not constitute a gain. In this respect I propose to exclude from capital gains tax this kind of transfer.

152. Mr. Speaker, the Digital Service Tax was introduced to prevent tax base erosion occasioned by migration of traditional businesses from physical shops to online platforms that is not visible by the Commissioner for tax purposes. It has been noted that the design of the tax does not capture all taxpayers leading not only to loss of revenue but unfairness in taxation. For this reason, and in line with international best practice, I propose to amend the Income Tax Act, to replace

the Digital Service Tax with the Significant Economic Presence Tax.

153. Mr. Speaker, to expand the tax base and make our country self-reliant, I propose to introduce an annual motor vehicle tax at the rate of 2.5% of the value of the vehicle subject to minimum amount of Ksh 5,000 per annum.

154. Mr. Speaker, currently, the tax-free amount on subsistence allowance paid to employees in the private sector for a period spent outside the usual place of work while on official duties is capped at Kshs 2,000 per day. This is quite low considering the inflation that has occurred over the years. To cushion employees in the private sector from high cost of living, I propose to review the threshold to an amount not

exceeding 5% of the employee's monthly gross earnings.

155. Mr. Speaker, the Affordable Housing Levy and Pay As You Earn are calculated from the same base leading to double taxation. To address this, I propose to make the Housing Levy a deductible expense.

156. Mr. Speaker, in order to encourage Kenyans to continue constructing their own houses, I propose to increase the limit of interest payments that qualify for mortgage relief from Ksh 300,000 to Ksh 360,000 per annum.

Amendments to Value Added Tax

157. Mr. Speaker, I will now highlight proposed amendments to the Value Added Tax Act.

158. Mr. Speaker, currently, registration for VAT is a requirement for a person who makes taxable supplies of Ksh 5 million or more. This threshold was last reviewed in 2007. In recognition of the effect of inflation over the years, and to enhance efficiency in tax administration, I propose to increase the threshold to Ksh 8 million.

159. Mr. Speaker, the VAT Act allows taxpayers making both taxable and exempt supplies to claim input tax where the proportion of exempt supplies is less than 10%. This has led to tax planning hence loss of Government revenue. To address this, I have proposed removal of the threshold so that only the input tax relating to taxable supplies are deductible.

160. Mr. Speaker, in support of the Government's effort to combat malaria, I propose

to remove VAT on mosquito repellents and raw materials used in the manufacture of the repellents. This will encourage local production of the repellents.

161. Mr. Speaker, Kenya's tax expenditure was estimated at **Ksh 393.6 billion or 2.9% of GDP** for the year 2022. Of this amount, VAT tax expenditure amounted to **Ksh 248.3 billion or 63.1% of the total estimate**, a large erosion of the VAT tax base. **Mr. Speaker,** tax expenditures create avenues for revenue leakage thus denying the Government revenue to support key priorities that benefit majority of the citizens.

162. Recognizing the importance of tax expenditure in the promotion of investment and addressing welfare challenges in the economy and in line with the Medium Term Revenue Strategy, I

propose the rationalization of the VAT tax expenditures as provided in the VAT Act in form of exemptions and zero rating based on the following criteria: **one;** that all finished goods currently exempt be subjected to VAT; **two;** zero rated finished goods and services be exempt from VAT; and, **three;** zero rating be restricted to goods and taxable services meant for export.

163. Based on the above criteria, **Mr. Speaker,** I have proposed several amendments to the **First Schedule** of the VAT Act in order to move some goods and services from exempt to taxable status. In addition, I have also proposed amendments to the **Second Schedule** of the VAT Act so as to move some goods and services from zero rating to either exempt status or taxable

status. This rationalization is expected to expand the VAT tax base and create fairness in taxation.

Amendments to Excise Duty Act

164. Mr. Speaker, I will now highlight the tax measures I have proposed under the Excise Duty Act.

165. Mr. Speaker, I propose to change the due date for payment of excise duty on alcoholic beverages from 24 hours to within 5 working days after removal from the stockroom. The 24 hours timeframe possess administrative and cash flow challenges to the taxpayers.

166. Mr. Speaker, to protect local assemblers and create fairness and equity in taxation, I propose introduction of excise duty on imported fully built motorcycles at the rate of 10% of the

Customs value in addition to the specific excise duty rate of Ksh 12,952.83 per unit whichever is higher.

167. Mr. Speaker, participation in betting, gaming, prize competition and lotteries continues to affect socio-economic fabric of our society given their addictive nature. **Mr. Speaker,** last year we raised excise duty on these activities from 7.5% to 12.5% to discourage participation. Despite this increase, participation rate in these activities by Kenyan Citizens especially school going children and young adults continues to persist. To further discourage this behaviour, I propose to increase the excise duty rates to 20%.

168. Mr. Speaker, in line with the research findings commissioned by the National Treasury on the taxation of alcoholic beverages, I propose

to review the excise duty structure on wines and beer from the specific rates per litre to the rate of Ksh 22.50 per centilitre of pure alcohol. Further, I propose to change excise duty rate on spirits from specific rates per litre to Ksh 16 per centilitre of pure alcohol. This new structure of taxation based on alcoholic content does not distort the markets and investment decisions and is expected to encourage responsible consumption behaviour of these alcoholic beverages.

169. Mr. Speaker, I also propose to review the excise duty structure on cigarettes in line with the research conducted and advise that recommends harmonization of the excise duty rates for cigarettes with and without filters at the rate of Ksh 4,100 per mile. This will reduce the incentive for mis-declaration and illicit trade.

170. Mr. Speaker, I propose to increase the excise duty rate from Ksh 1,594.50 per kg to Ksh 2,000 per kg on products containing nicotine or nicotine substitutes to address their adverse effects on human health. This excludes those approved medicinal products. Additionally, I propose to increase excise duty rate on liquid nicotine for electronic cigarettes from Ksh 70 per millilitre to Ksh 100 per millilitre.

171. Mr. Speaker, to provide fair treatment to both residents and non-residents offering excisable services, I propose to amend the Excise Duty Act to charge excisable services offered in Kenya by a non-resident through a digital platform.

172. Mr. Speaker, the Finance Act 2023 introduced excise duty on fees charged on

advertisement of alcoholic beverages, betting, gaming, lotteries and prize competition on TVs, print media, billboards and FM stations. This has resulted to shift in choice of advertisement platform from the traditional media to internet and social media. To create a level playing field and to achieve the intended purpose, I propose to expand the scope of this tax to include fees charged on internet and social media advertisement.

173. Mr. Speaker, in order to enhance administrative efficiency in the issuance of excise licenses to persons dealing with excisable goods or services, I have proposed an amendment to provide for issuance of licenses within 14 working days upon receipt of all required valid documents by the Commissioner.

174. Mr. Speaker, the Finance Act, 2023 introduced excise duty on imported eggs, potatoes, and onions at the rate of 25%. To promote trade across the EAC region, I propose the removal of excise duty on imported eggs, potatoes, and onions originating from EAC Partner States subject to goods meeting the EAC rules of origin.

175. Mr. Speaker, currently excise duty is 15% on the following: telephone and internet data services; fees charged on money transfer services by banks; fees charged on money transfer by agencies and other financial service providers; and fees charged by cellular phone service providers. I propose to retain the excise duty rate of 15 percent on fees charged on money transfer

services by cellular phone service providers to benefit retail electronic payments ecosystem.

Amendments to the Tax Procedures Act

176. Mr. Speaker, I will now highlight the proposed amendments to the Tax Procedures Act.

177. Mr. Speaker, currently, there is no validity period for agency notices issued for enforcement of collection of unpaid taxes. This gap often leads to tax disputes and delayed revenue collection. To address this, I propose to amend the Tax Procedures Act to provide a one-year validity period for agency notices.

178. Mr. Speaker, in order to align the timelines for claiming VAT refunds, in the Tax Procedures Act and VAT Act, I propose to delete the reference on timelines for claiming refunds

under the VAT Act so that the applicable time line is the six months that is provided under the Tax Procedures Act.

179. Mr. Speaker, currently registered manufacturers whose value of investment in the preceding three years is at least Ksh 3.0 billion are exempted from withholding VAT. In order to promote equity and create fairness to all manufacturers, I propose to amend the Tax Procedures Act to remove this exemption.

180. Mr. Speaker, I propose to amend the Tax Procedures Act to clarify that enforcement and collection of taxes will be undertaken where a decision of the Tribunal or Court is in favour of the Commissioner and stay orders have not been obtained against the decision.

181. Mr. Speaker, the 60 days provided to the Commissioner in the Tax Procedures Act to review documents submitted by the taxpayers in support of an objection of tax assessment by the Commissioner are not adequate to ensure comprehensive review. In order to give the Commissioner adequate time, I propose to extend the timeline to object decisions of the Commissioner from 60 days to 90 days.

Amendments to Miscellaneous Fees and Levies Act

182. Mr. Speaker, last year, a 17.5% Export and Investment Promotion Levy was introduced on imported goods that are also locally produced in adequate quantities. In the Finance Bill, 2024, the list of goods has been expanded and the rate

of the Levy reduced to 3% for most of the items and other 10%.

183. Mr. Speaker, in order to facilitate the National Intelligence Service to carry out its mandate, I propose to amend the Miscellaneous Fees and Levies Act to exempt the National Intelligence Service from payment of Import Declaration Fee and Railway Development Levy on security equipment and motor vehicles imported or purchased locally for official use.

184. Mr. Speaker, the high production and importation of hazardous goods, particularly electrical and electronic devices, into the country has led to a significant increase in electronic waste (e-waste) in Kenya. This surge in waste production poses a considerable risk to both the environment and human health. In this regard, I

propose to introduce Eco-Levy on various products to be payable in line with the *Polluter Pays Principle*. **Mr. Speaker**, the Levy will be imposed under the Miscellaneous Fees and Levies Act.

Amendments to Kenya Revenue Authority Act

185. Mr Speaker, to enhance public knowledge and literacy on tax matters, I propose to amend the Kenya Revenue Authority Act to enable the Kenya School of Revenue Administration collaborate with other institutions of higher learning, develop curriculum, assess, examine students and award certificates in tax matters. I have submitted this amendment in a separate Bill.

VII. CONCLUSION

186. In conclusion, **Mr. Speaker**, the Government, under the leadership of His Excellency the President Dr. William Samoei Ruto, has succeeded in steering the country through a difficult period of global and domestic challenges. Remarkably, the economy has recovered from the lagged effects of COVID-19 pandemic and unwinding from persistent and successive domestic and external shocks.

187. Mr. Speaker, the policies and structural reforms outlined in this budget have laid a firm foundation to protect this fragile recovery for a sustained socio-economic transformation. Financing development is critical to this economic transformation, that is why raising adequate tax revenues is a core pillar for this economic

transformation and growth. I am confident that these measures will create jobs, strengthen economic recovery and reduce the cost of living in the country thereby providing a much-needed relief to the common Mwananchi. I, therefore, urge Hon Members and all Kenyans to support the implementation of the measures contained in this Budget for our mutual prosperity.

188. Finally, **Mr. Speaker,** achieving a prosperous Kenya also requires leadership and support of every Kenyan. For this reason, I wish to thank His Excellency the President Dr. William Samoei Ruto, and His Excellency the Deputy President Honourable Rigathi Gachagua for their continued wise guidance and leadership.

189. My special appreciation goes to the Prime Cabinet Secretary, the Attorney General, my

fellow Cabinet Secretaries, respective Principal Secretaries and Accounting Officers, and staff in all MDAs for their support and contributions to the FY 2024/25 budget making process.

190. My sincere appreciation also goes:

- **First**, to you, **Honourable Speaker** of the National Assembly and your counterpart in the Senate, the Majority and Minority Leaders and the entire House Leadership including respective Clerks for overseeing the approval process of the budget estimates for FY 2024/25 and the related documents;
- **Second**, to Honourable Chairs and Members of both the Budget and Appropriations Committee and the Finance and National Planning Committee and all the other Departmental Committees of this House as well as the staff of

the Parliamentary Budget Office, for their constructive inputs and excellent leadership during the approval process of this budget;

- **Third**, my colleagues at the National Treasury and Economic Planning led by the Dr. Chris Kiptoo, the Principal Secretary for the National Treasury and Mr. James Muhati, the Principal Secretary for the State Department of Economic Planning for their commitment, dedication and support in the preparation process of this budget;
- **Fourth**, Management and Staff of the Central Bank of Kenya, Kenya Revenue Authority, Financial Sector Regulators and other MDAs for their contributions and advice during the budget process;

- **Fifth**, my gratitude goes to our Multilateral and Bilateral Development Partners for their continued technical and financial support. Further, I thank the private sector for its sustained contribution to the growth of our economy; and
- **Sixth**, I wish to appreciate the media and non-state actors for their active engagement and participation in the FY 2024/25 budget process.

191. Mr. Speaker, I remain immensely grateful to my family for their support and inspiration as I execute my duties at the National Treasury and Economic Planning.

192. Lastly, **Mr. Speaker**, my utmost gratitude goes to all Kenyans for their contributions, proposals and suggestions received during the finalization of the budget proposals.

The outcome of these measures are our benefits and a reward to perseverance in these difficult times.

Thank You and May God Bless Kenya.

Pause

193. Mr. Speaker, before I resume my seat, you will recall that I have already submitted to this House the budget estimates and the Finance Bill, 2024, together with the accompanying documents as required by the Public Finance Management Act, 2012. Today, I further submit the following documents to this august House and request that you graciously receive them:

- i) Budget Statement for the FY 2024/25;
- ii) The 2024 Budget Policy Statement;
- iii) Estimates of Revenue, Grants and Loans for the FY 2024/25 Budget;

- iv) Financial Statement for the FY 2024/25 Budget;
- v) Medium Term Debt Management Strategy 2024;
- vi) Budget Highlights – The “Mwananchi” Guide for the FY 2024/25 Budget; and
- vii) Statistical Annex to the Budget Statement for the FY 2024/25.

THANK YOU, HONOURABLE SPEAKER

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**THE NATIONAL TREASURY AND ECONOMIC
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