



REPUBLIC OF KENYA

THE NATIONAL TREASURY AND ECONOMIC PLANNING

OPENING REMARKS BY DR. CHRIS KIPTOO, CBS, THE PRINCIPAL SECRETARY/NATIONAL TREASURY DURING THE LAUNCH OF THE FY 2024/25 AND THE MEDIUM-TERM BUDGET PREPARATION PROCESS – KENYA SCHOOL OF MONETARY STUDIES, NAIROBI, 18TH AUGUST, 2023

Cabinet Secretary/the National Treasury and Economic Planning;

Chairperson Budget and Appropriations Committee;

Principal Secretaries and Accounting Officers;

Development Partners;

Members of the Media;

Distinguished Guests;

Ladies and Gentlemen;

1. Good morning. I wish to welcome and thank you all for finding time to be with us during this important event in our budget making process.
2. CS before I invite the Chairperson the Budget and Appropriations Committee allow me to make the following remarks touching on the just concluded FY 2022/23 Budget, the Implementation of the Budget for this Fiscal Year, and the Preparation of the FY 2024/25 and the Medium Term.

- **Implementation of the FY 2022/23 Budget**

3. The FY2022/23 marked the transition from the previous administration to the current one. The first half of the FY2022/23 was marked by slow implementation of programmes and projects due to inadequate revenue resources and transition related challenges. There was a general slowdown of economic activities.
4. This was occasioned by external shocks including supply chain problems and prolonged Covid-19 impacts in the global arena; climate change (worst drought in 40 years) and the ongoing Russia - Ukraine conflict.
5. The Government undertook reprioritization and cost-cutting measures to ensure smooth implementation of priority programmes for the remainder of the financial year.
6. Consequently, we managed to bring the fiscal deficit from the planned 6.2% under the previous administration to about 5.3% of the GDP by the closure of FY2022/23. Moving forward in the FY2023/24, the fiscal deficit is planned to come further down to 4.4% of the GDP.
7. In addition, the Government was able to meet most of its obligations including debt repayment and releasing funds due to MDAs, County Governments, NG-CDF and other Semi-Autonomous Government Agencies.
8. We closed FY2022/2023 on a positive note, having collected and disbursed a total of **Ksh.3.24Trn** out of the revised estimates **Ksh.3.62Trn** - an overall performance of 89.6%.
9. It's also worth noting of the following:
 - (i) We disbursed 100% of Equitable Share to the Counties **Ksh.399.6bn**, including **Ksh. 29.6bn** arrears carried forward from previous year;

- (ii) We disbursed the entire allocation for NGCDF **Ksh.47.2bn**;
 - (iii) We funded **Ksh.16bn** arrears for cash transfers to OVCs. Going forward, this will be funded on a monthly basis as directed by the H.E. the President; and
 - (iv) As per previous years, the Kenya Government is fully up-to-date in terms of servicing public debt. Indeed, today we have funded significant external debts falling due amounting to **Ksh.63bn**.
10. Given challenges in resource mobilisation, Exchequer closed with unfunded requests amounting to **Ksh.77.5bn**, which included **Ksh.12.6bn** for Pensions. We have subsequently cleared all arrears for Pensions.
11. All MDAs have been directed to prioritize payment of pending bills in FY2023/2024, before embarking in new expenditures.
- **Implementation of the FY 2023/24 Budget**
12. Implementation of FY2023/24 has started in earnest and we are looking forward to the smooth implementation of planned programmes during the remainder of the financial year. We have so far released **KSh. 279.6 Billion** Exchequer to support Government Operations at both the National and County Governments.
- **Preparation of the FY 2024/25 and the Medium Term Budget**
13. The budget preparation process for the FY2024/25 and the Medium-Term will involve engagement of stakeholders but will be spearheaded by respective Sector Working Groups.
14. The Sector Working Groups are consultative fora that provide a platform for formulation and prioritization of sector budget proposals.

15. Sector Working Groups should therefore involve and consult their stakeholders in the development of sector priorities and document the same as guided by the National Treasury.
16. I wish to also emphasize that the available resources are all allocated to the sectors, and once this is done no balance is left at the Treasury. MDAs should therefore present their resource needs in the sectors, for prioritization and budgetary allocation.
17. Let us avoid dismal prioritization, leading to less than optimal budgetary allocation which is often followed with requests for additional funding, and distortion of the agreed Sector Budget Proposals.
18. The outcome of this process will be documented in key policy documents including the Budget Review and Outlook Paper (BROP), Sector Reports and the Budget Policy Statement which will form the basis for the FY2024/25 and Medium Term Budget.
19. The process will conclude with the passage of the Appropriation Bill, 2024 and the Finance Act, 2024.
20. The process is guided by strict legal timelines. MDAs are expected to observe the timelines indicated in the National Treasury's circular guiding this process. I urge Sector Chairpersons and Accounting Officers to give this process personal attention.
21. With those remarks, it is now my humble duty to invite the Chairperson Budget and Appropriations Committee of the National Assembly **Hon. Ndindi Nyoro** to give his remarks.

THANK YOU