

KENYA REVENUE AND EXPENSE ANALYSIS

This analysis examines Kenya's financial performance over the period from 2005 to 2024 by evaluating trends in revenue generation, government expenditure, and the resulting fiscal balance — whether surplus or deficit. The goal is to assess how effectively the country has managed its public finances over the past two decades, highlighting patterns of growth, stress, and fiscal discipline. By comparing revenue against expenditure year over year, this review offers insights into Kenya's budgetary health, the sustainability of its spending, and the implications for borrowing and economic policy. The findings aim to support data-driven decision-making for future financial planning and policy formulation.

Kenya has accumulated a total of **KES 235.01 trillion** in revenue between 2005 and 2024, with all figures adjusted for inflation using the Consumer Price Index (CPI). Over this two-decade period, revenue has shown a consistent upward trend, reaching its highest level in 2024. This growth reflects improvements in collection efficiency and expansion of the tax base. The revenue has been generated from a variety of sources, including income tax, value-added tax (VAT), and other government levies, illustrating a diversified approach to domestic resource mobilization.

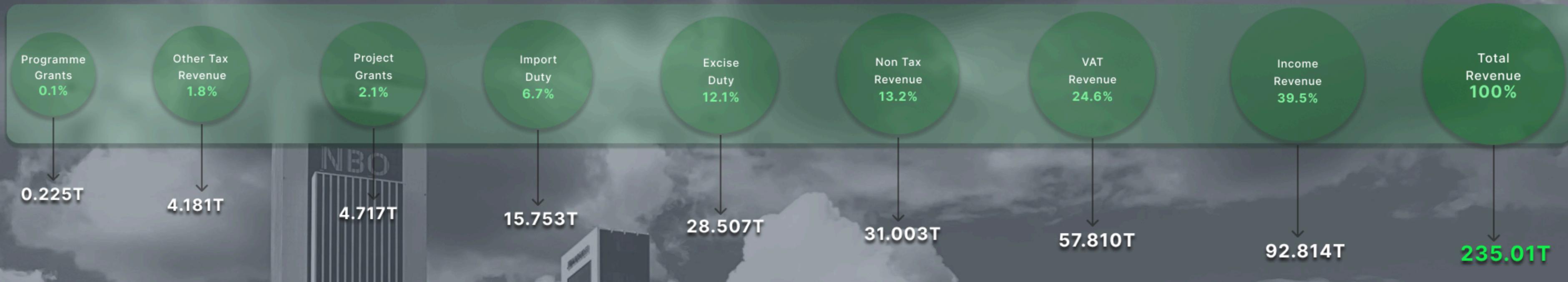


From 2005 to 2024, Kenya's total government expenditure amounted to **KES 299.74 trillion**, with all figures adjusted for inflation using the CPI. Over this 20-year period, spending showed a steady upward trend — starting at KES 7.45 trillion in 2005 and reaching a peak of KES 21.46 trillion in 2024. This consistent growth in expenditure highlights the increasing scale of government operations and investment across the years.



Between 2005 and 2024, Kenya consistently operated under a fiscal deficit, accumulating a total shortfall of **KES 64.73 trillion**. This persistent imbalance, where government spending has continually outpaced revenue, reflects ongoing fiscal pressure. Over time, this pattern has likely contributed to the country's growing public debt, as deficits are increasingly financed through borrowing — raising concerns around long-term fiscal sustainability and debt servicing capacity.

Trillions in Revenue → 235.01 ← Trillions in Expenses → 299.74



Kenya has generated revenue of **KES 235.01 trillion**, primarily sourced from Income tax (39.5%), VAT (24.6%), and Non-Tax Revenue (13.2%). These three streams account for over three-quarters of the government's revenue base, reflecting a heavy reliance on internal taxation rather than external aid or grants. Notably, grants contribute a combined total of just 2.2%, underscoring minimal external fiscal support.

Total government spending stands at **KES 299.74 trillion**, significantly outpacing the revenue collected. Recurrent Expenditure (28.88%), Wages & Salaries (22.35%), and Development Expenditure (21.45%) consume the bulk of the budget, with recurrent costs slightly edging out capital investments. This imbalance between spending and revenue is a clear indication of persistent fiscal pressure contributing to Kenya's rising debt levels.

Interest payments reveals a concerning trend. Domestic interest payments account for 12.24%, while foreign interest expenditure stands at 3.3%. This implies that a sizable portion of government resources is being used to service existing debt rather than fund new development, further tightening fiscal space. In contrast, county transfers (6.7%) and recurrent pensions (3.6%) show the state's ongoing obligations beyond core government functions.

The consistent **overspending** relative to revenue raises sustainability concerns. While **tax collection efforts seem strong**, especially with VAT and income taxes leading, the **high expenditure on recurrent items and debt servicing** may limit future fiscal flexibility. This widening gap between income and spending underscores the urgency for fiscal reforms, improved efficiency, and a renewed focus on domestic revenue mobilization to avoid deepening Kenya's debt dependency.

