

REPUBLIC OF KENYA



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REPORT

DATE: 12 FEB 2026 *Tuesday*

TABLED BY:	OF	<i>Hon George Mungara</i>
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		<i>Handa T.</i>

**THE AUDITOR-GENERAL**

**ON**

**RECEIVER OF REVENUE - RECURRENT**

**FOR THE YEAR ENDED  
30 JUNE, 2025**

**THE NATIONAL TREASURY**



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**THE NATIONAL TREASURY AND ECONOMIC PLANNING**

**NATIONAL GOVERNMENT**

**RECEIVER OF REVENUE ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2025**

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**Prepared in accordance with the Accrual Basis of Accounting Method under the  
International Public Sector Accounting Standards (IPSAS)**

RECEIVER OF REVENUE(RECURRENT)-THE NATIONAL TREASURY  
 REVENUE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2025

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I. ACRONYMS AND DEFINITION OF KEY TERMS

A. Acronyms and Abbreviations

AGPO:	Access to Government Procurement Opportunities
A-in-A	Appropriations in Aid
BETA:	Bottom-Up Economic Transformation Agenda
CARB:	County Allocation of Revenue Bill
CCF:	Climate Change Fund
CGS:	Credit Guarantee Scheme
CSD:	Central Securities Depository
DORB:	Division of Revenue Bill
IPSAS:	International Public Sector Accounting Standards (IPSAS)
IRMF:	Institutional Risk Management Framework
KRA:	Key Result Areas
MCDAs:	Ministries, Counties, Departments and Agencies
MDAs:	Ministries, Departments and Agencies
MSME:	Micro, Small and Medium Enterprises
NIFC:	Nairobi International Financial Centre
NHIF:	National Hospital Insurance Fund
NSSF:	National Social Security Fund
PFM:	Public Finance Management
PSSS:	Public Service Superannuation Scheme
RK-FINFA:	Rural Kenya Financial Inclusion Facility
RTPs:	Restrictive Trade Practices
SACCOs:	Saving and Credit Cooperative Organizations
SAGAs:	Semi-Autonomous Government Agencies
VFM:	Value for Money

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**B. Definition of Key Terms**

**Appropriation in Aid:** Revenue collected by various Government Ministries, Departments and Agencies (MDAs) and spent at source after appropriation.

**Career Development Guidelines:** A policy document that provides clearly defined career structures, well-defined job descriptions and specifications, standards for recruitment, training, advancement, career planning, and succession management.

**Carbon Credits:** Are financial instruments where the buyer compensates another entity to undertake measures aimed at lowering its greenhouse gas emissions. The purchaser then receives recognition for these emissions reductions.

**County Allocation of Revenue Bill:** A Bill for an Act of Parliament, prepared in fulfilment of the requirements of Article 218(2) of the Constitution and Section 191 of the Public Finance Management Act, 2012, to provide for the equitable allocation of revenue raised nationally among the county governments in every financial year and the responsibilities of national and county governments pursuant to such allocation and for connected purposes.

**County Governments Additional Allocation Bill:** A Bill for Act of Parliament to provide for additional allocations (conditional and unconditional) to county governments; the responsibilities of National t and county governments pursuant to such allocations; and for connected purposes.

**Evaluation:** Refers to a systematic and objective assessment of ongoing or completed activities. The aim is to determine the relevance and level of achievement of activity objectives, effectiveness, efficiency, impact and sustainability. Evaluations also feed lessons learnt into the decision-making process.

**Emerging Issues:** This refers to recent occurrences /events /phenomena which might impact the sector negatively or positively. They include environmental, policy, legal, technological, economic, political, social and cultural.

**Monitoring:** Is a continuous assessment that aims at providing all stakeholders with early detailed information on the progress or delay of the ongoing assessed activities. It is an oversight of the activity's implementation stage.

**Public Financial Management Reforms:** These are reforms aimed at strengthening Public Finance Management (PFM) systems to enhance effectiveness of the budget processes, improve transparency and deployment of Public Private Partnership arrangements in funding infrastructural projects, among others.

**Risk:** The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

**Value for Money (VFM) Audits:** To give assurance on prudent utilization of public resources and establish whether funds have been used economically, efficiently and effectively.

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2. KEY NATIONAL TREASURY INFORMATION AND MANAGEMENT

a) **Background Information**

The National Treasury was established vide the Executive Order No. 1 of 2025. The basis for establishment of the National Treasury is found in Article 225 (1) of the Constitution of Kenya which states that an Act of Parliament shall provide for the establishment, functions and responsibilities of the National Treasury. This has been actualized in Section 11 and 12 of the Public Finance Management (PFM) Act 2012.

At Cabinet level, the National Treasury is represented by the Cabinet Secretary for National Treasury, who is responsible for the general policy and strategic direction of the Ministry.

b) **Mandate of the National Treasury**

The National Treasury derives its mandate from Article 225 of the Constitution, Public Finance Management Act 2012 and the Executive Order No.1 of 2025. The National Treasury exercises its mandate in consistency with any other legislation as developed or reviewed by Parliament from time to time.

The core functions of the National Treasury as derived from the above legal provisions include;

- i. Overall Economic Policy Management;
- ii. Management of Public Finance;
- iii. Formulation of National Budget;
- iv. Public Debt Management;
- v. Formulation and Maintenance of Government Accounting Standards;
- vi. Bilateral and Multi-Lateral Financial Relations;
- vii. Capital Markets Policy;
- viii. Oversight of Revenue Collection as prescribed;
- ix. Competition Policy Management;
- x. Insurance Policy and Regulation;
- xi. Development and Enforcement of Financial Governance Standards;
- xii. Financial Sector Analysis and Management including SACCOs, NSSF and SHA;
- xiii. Financial Institutions Oversight;
- xiv. Management of National and County Governments Financial Management System and Standards;
- xv. Development of Kenya as an International Financial Centre;
- xvi. Anti-Money Laundering Policy; and
- xvii. Development and promotion of carbon trading (carbon credit markets) as an emerging asset class within the capital markets.

Vision

“Excellence in economic and public finance management, and development planning for Kenya’s socio-economic transformation.”

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**Mission**

“To provide leadership in prudent economic and public finance management and development planning through formulation, implementation and monitoring of policies for Kenya’s inclusive growth”.

**Core Values**

The National Treasury is guided by the following STRICT core values:

- Stakeholder participation;
- Transparency and accountability;
- Results oriented;
- Integrity;
- Customer focus; and
- Teamwork and commitment;

**Role of the National Treasury in the Devolved System of Government**

The National Treasury is mandated by law to: -

- i. Strengthen financial and fiscal relations between the National Government and County Governments and support County Governments in performing their functions;
- ii. Issue guidelines on the preparation of county development planning;
- iii. Prepare the annual legislative proposals on intergovernmental fiscal transfers;
- iv. Provide logistical support to intergovernmental institutions overseeing intergovernmental fiscal relations;
- v. Coordinate the development and implementation of financial recovery plans for County Governments that are in financial distress;
- vi. Build capacity of County Governments on public finance management matters for efficient, effective and transparent financial management as well as planning, monitoring and evaluation; and
- vii. Administer the Equalization Fund.

**c) Key Management**

The National Treasury’s day-to-day management is bestowed on following key offices.

**Office of the Principal Secretary**

The Principal Secretary is responsible for the day-to-day administration of the National Treasury operations and is the Accounting Officer and Authorized Officer. In addition, the Principal Secretary is charged with the responsibility of advising the Cabinet Secretary on policy, technical and administrative functions in the National Treasury.

**Organizational Structure of the National Treasury**

The National Treasury is organized into four (4) technical Directorates headed by Directors General and one (1) Administrative and Support Services Directorate headed by a Principal Administrative Secretary.

Each Director General is responsible for a Directorate comprising a cluster of Departments responsible for related policy functions. In addition, the National Treasury has two independent

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departments namely Public Procurement and Internal Audit headed by a Director and Internal Auditor General respectively. The National Treasury also has a Public Finance Management Reforms Secretariat headed by a Programme Coordinator.

The Directorates and Departments are as follows:

**Directorate of Budget, Fiscal and Economic Affairs**

The Directorate is headed by a Director General, reporting to the Principal Secretary, National Treasury. It is organized into the following four (4) Technical Departments each headed by a Director:

- (a) Budget Department;
- (b) Macro and Fiscal Affairs Department;
- (c) Financial and Sectoral Affairs Department; and
- (d) Inter-Governmental Fiscal Relations Department.

**Directorate of Accounting Services**

The Directorate is headed by a Director General reporting to the Principal Secretary, National Treasury. It is organized into the following four (4) Technical Departments each headed by a Director:

- (a) Government Accounting Services;
- (b) Information Financial Management Systems (IFMIS);
- (c) National Sub-County Treasuries; and
- (d) Government Digital Payments Unit.

**Directorate of Public Debt Management Office**

The Directorate is headed by a Director General, reporting to the Principal Secretary. It is organized into the following three (3) Technical Departments each headed by a Director:

- (a) Resource Mobilization (Front Office),
- (b) Debt Policy, Strategy and Risk Management (Middle Office); and
- (c) Debt Recording and Settlement (Back Office).

**Directorate of Administrative and Support Services (Common Shared Services)**

The Directorate is headed by a Principal Administrative Secretary, reporting to the Principal Secretary. It is organized into ten (10) specialized functions offering common shared services. The common shared services of the National Treasury consist of functions that are not core to the National Treasury but offer critical support services to the National Treasury. The functions include:

- (a) Accounting;
- (b) Finance;
- (c) Human Resource Management and Development;
- (d) Central Planning and Project Monitoring;
- (e) Supply Chain Management;
- (f) Legal;
- (g) Public Communications;
- (h) General Administration;
- (i) Internal Audit; and
- (j) ICT.

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**Directorate of Public Investment and Portfolio Management**

The Directorate is headed by a Director General, reporting to the Principal Secretary. It is organized into the following five (5) Technical Departments each headed by a director:

- (a) Government Investment and Public Enterprises;
- (b) National Assets and Liabilities Management;
- (c) Parastatal Reforms;
- (d) Pensions Department; and
- (e) Public Investment Management.

**Directorate of Public Private Partnership**

The Directorate is headed by a Director General, reporting to the Principal Secretary on matters relating to Public Private Partnership.

Note: Directorate of Public Investment and Portfolio Management and Directorate of Public Private Partnership have since been transferred from the National Treasury to the new State Department for Public Investment and Assets Management vide Executive Order No. 1/ 2025 dated June, 2025.

**d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

S/No.	Designation	Name
1.	Principal Secretary	Dr. Chris Kiptoo, CBS
2.	Principal Administrative Secretary	Mr. Samson Wangusi, OGW
3.	Director General, BFEA	Mr. Albert Mwenda, MBS
4.	Director General, Accounting Services	F CPA. Bernard Ndung'u, MBS
5.	Director General, PIPM	Mr. Lawrence Kibet, EBS
6.	Director General, PDMO	Mr. Raphael O. Otieno
7.	Director General, PPP	Eng. Kefa Seda
8.	Director, Macro and Fiscal Affairs Department	Mr. Musa Kathanje, OGW
9.	Director, Budget Department	Mr. Francis Anyona, OGW
10.	Director, Financial and Sectoral Affairs Department	Mr. Ronald Inyangala, OGW
11.	Director, Public Procurement Department	Mr. Eric Korir
12.	Director, Intergovernmental Fiscal Relations Department	Mr. Samuel Kiptorus
13.	Internal Auditor General	Dr. CPA. Sammy Kimunguyi, CFE, CISA
14.	Director, Government Accounting Services Department	CPA, FA. Jona Wala
15.	Director, National Sub County Treasuries	CPA. Francis Kariuki, OGW
16.	Director, Integrated Financial Management Information System	Mr. Mboni Kyallo
17.	Director, National Assets and Liability Management	CPA. Geoffrey Malombe, ndc(k)
18.	Director, Government Investment and Public Enterprises	CPA. Kennedy Ondieki, EBS
19.	Director, Pensions Department	Mr. Michael Kagika, EBS
20.	Director, Parastatal Reforms	Dr. Karen Kardie, DBA
21.	Director, Public Investment Management Unit	Mr. Crumci Jonah
22.	Director, Resource Mobilization Department	Mr. Amos Cheptoo

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23.	Director, Debt Policy, Strategy and Risk Management Department	Mr. Daniel Ndolo
24.	Director, Debt Recording and Settlement Department	Mr. Jeremiah Tomno
25.	Director Administration (Ag.)	Mr. Denis Kirui
26.	Director Accounting Services/Head, Accounts Division	CPA. George K. Gichuru
27.	Head, Finance Unit	Mr. Ambrose Ogango
28.	Director/Head, Supply Chain Management Unit	Mr. Caleb Ogot
29.	Senior Deputy Internal Auditor General/Head, Internal Audit Unit	CPA. Lucy Mugwe
30.	Principal State Law Counsel, Legal Unit	Ms. Faith Chirchir
31.	Director, Human Resource Management and Development	Mr. Benson Giuthua, OGW
32.	Director, Information Communication and Technology	Mr. Edward Ruteere
33.	Director, Central Planning and Project Monitoring Department	Mr. John Olela
34.	Director, Public Communications Unit	Mr. Godfrey Isiye
35.	Ag. Director Government Digital Payments Unit	Mr. Silas Oswe
36.	Director, Exchequer Services	CPA. Jane Wacuka, OGW
37.	Program Coordinator, Public Financial Management Reform Secretariat	Mr. Joel Bett

e) **Fiduciary Oversight Arrangements**

To manage the fiduciary risk, the National Treasury has put in place fiduciary oversight arrangements including setting up committees. The key oversight arrangements include:

i. **Audit Committee**

In line with the Public Finance Management Act 2012, the National Treasury has established a Ministerial Audit Committee comprising five members, four of whom are independent. The Committee provides overall oversight and quality assurance including follow up on the effectiveness of implementation of audit recommendations.

The committee support the Accounting Officer with regard to the responsibilities on issues of risk management, internal controls, governance and associated assurance. The Committee also follow up on the implementation of the recommendations of internal and external auditors.

ii. **Public Finance Management Committees**

**Budget Implementation Steering Committee**

In order to effectively monitor the implementation of the National Government budget, the National Treasury has established a steering Committee chaired by the Cabinet Secretary, National Treasury. The Principal Secretaries for the National Treasury and State Department for Economic Planning provide general oversight in the Budget implementation.

**Budget Implementation Technical Committee**

The Committee is chaired by the Principal Administrative Secretary and comprises the Directors General and various Heads of Department. The Committee is responsible for monitoring the actual

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implementation of the identified measures and programmes and reporting detailed progress on the same regularly.

**Budget Implementation Ministerial Committee**

To monitor the implementation of the Ministry's budget, programmes and activities, the National Treasury has appointed a committee comprising of officers from all the Departments of the Ministry. The Committee reviews and analyses the progress made by Departments in the implementation of budget and the planned programmes and activities and advises the management accordingly.

**Public Finance Management Standing Committee (PFMSC)**

Established to provide strategic guidance on Public Finance Management according to the Public Finance Management (National Government) Regulations. The committee is crucial for ensuring prudent financial management and accountability at the National Treasury.

**Project Implementation Committee**

To monitor the implementation of the Government's Infrastructure Projects, the National Treasury has established a Project Steering Committee comprising Principal Secretaries from implementing Ministries and appointed a technical committee comprising officers from the technical departments of the Ministry. The Committees review and analyse the progress made by ministries in the implementation of domestically and externally funded projects and advises accordingly.

**Development Partner Oversight**

To effectively manage Official Development Assistance to the Government, the National Treasury has, under the Public Debt Management, a department responsible for all matters relating to Development Partners. The Department has various Units that coordinate different development partner activities in the Country.

**Public Financial Management Sector Working Group**

To facilitate the implementation of financial management reforms, the National Treasury has appointed senior officers to the Public Financial Management Sector Working Group. The Committee plays an oversight role in the implementation of financial reforms in the public service in collaboration with the development partners.

**iii. Top Management Committee**

To monitor the implementation of the Ministry's programmes and performance, the National Treasury has appointed Senior Management Committee comprising of Directors General. The Committee receives reports from departments, build consensus on National Treasury responses to emerging issues, challenges and risks and ensures that the decisions made are implemented in a timely manner. Additionally, the Treasury constituted Ad hoc Committees to handle specific assignments in the Financial Year 2024/25.

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iv. The National Treasury Monitoring and Evaluation Technical Committee (NTPMEC)  
The National Treasury undertakes monitoring and evaluation exercises to establish progress made in the implementation of various programmes and projects including those that are funded by the development partners.

The National Treasury Monitoring and Evaluation Technical Committee (NTPMEC) is a dedicated technical committee which was established by PS/NT on 28<sup>th</sup> May, 2024 to mainstream PM&E practices within the National Treasury and ensure effective oversight and evaluation of fiscal policies, budgetary allocations, and public investments.

The Committee is mandated to enhance the efficiency, transparency, and accountability of the planning, budgeting, financial management, and M&E practices within the National Treasury. It aims to provide systematic oversight, evaluation, and evidence-based recommendations for functional and operational efficiency and realization of intended strategic outcomes.

**The National Treasury Headquarters**

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Harambee, Avenue  
NAIROBI, KENYA

**The National Treasury Contacts**

Telephone: (254)020-2252299  
Email: [Communication@treasury.go.ke](mailto:Communication@treasury.go.ke)  
Website: [www.treasury.go.ke](http://www.treasury.go.ke)

**The National Treasury Bankers**

Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
NAIROBI, KENYA

**Independent Auditors**

Auditor General  
Office of the Auditor General  
Anniversary Towers; University Way  
P.O Box 30084  
GPO 00100  
NAIROBI, KENYA

**Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
NAIROBI, KENYA

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3. PROFILE OF CABINET SECRETARY, THE NATIONAL TREASURY



**HON. FCPA. JOHN MBADI NG'ONGO, EGH** is the Cabinet Secretary (CS) for The National Treasury. Before his appointment, Hon. Mbadi had an extensive career in public service, most recently serving as a nominated Member of Parliament (MP) and the Chairperson of the Public Accounts Committee in the National Assembly.

The CS has a rich history in legislative leadership, having served as the elected MP for Suba South Constituency. His experience extends to roles such as Assistant Minister in the Office of the Prime Minister and Leader of Minority in the National Assembly. Throughout his parliamentary tenure, he was a member of numerous key committees, including the House Business Committee, Liaison Committee, Budget and Appropriations Committee, Selection Committee, Appointments Committee, Public Accounts Committee, Public Investments Committee, Constitutional Implementation Committee, the Ad Hoc Committee on the Cost of Living, and the Defence and Foreign Relations Committee. Notably, he was also a member of the Legislative Taskforce responsible for drafting the Public Finance Management Act of 2012.

In addition to his political and legislative accomplishments, the CS is a seasoned finance professional with 28 years of experience. He has held the position of Accountant at the University of Nairobi and served as the Chair of Medair East Africa. Hon. Mbadi holds a Bachelor of Commerce degree with a specialization in Accounting from the University of Nairobi and is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). His professional affiliations extend to the Architectural Association of Kenya (AAK), the Institute of Quantity Surveyors of Kenya, and the Chartered Institute of Arbitration.

His contributions have been recognized with honours such as the Chief of the Order of the Burning Spear (CBS) and Elder of the Order of the Golden Heart of Kenya (EGH). His skills span planning, budgeting, financial analysis, accounting, economics, and community development, complemented by strong leadership, effective communication, and interpersonal skills.

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4. PROFILE OF PRINCIPAL SECRETARY, THE NATIONAL TREASURY



**DR. CHRIS K. KIPTOO, CBS** is the Principal Secretary, the National Treasury. He was appointed Principal Secretary by H.E the President William Samoei Ruto on 1<sup>st</sup> December, 2022. Since his appointment, Dr Kiptoo has been at the forefront in implementing Fiscal consolidation, Public Debt management including the Eurobond, expenditure rationalization, revenue mobilization as well as reform of state-owned enterprises (SOEs).

Dr. Kiptoo is the immediate former Principal Secretary, Ministry of Environment and Forestry. Before that, he also served as a Principal Secretary at the State Department of Trade, Ministry of Industry, Trade & Cooperatives.

In his working career, Dr. Kiptoo has acquired a rich wealth of experience in economic policy analysis, mainly gained at the Central Bank of Kenya, Capital Market Authority and the International Monetary Fund, where he served in various capacities. His expertise especially relates to the design and implementation of monetary policy; balance of payments and exchange rates; fiscal operations and policy; financial sector matters including capital markets; national accounts/real sector; macroeconomic accounting, modelling and forecasting.

Additionally, Dr. Kiptoo has proven experience in environment and climate change policies, trade policy and regional integration, private sector development and advocacy, infrastructure development, institutional development of Government institutions and organisational management, all mainly gained at the Ministry of Environment and Forestry, State Department of Trade as well as Trade Mark East Africa.

Noteworthy, he also has four years of experience in economic policy coordination gained while working at the then Office of the Prime Minister.

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5. STATEMENT BY THE CABINET SECRETARY, THE NATIONAL TREASURY

In accordance with Section 12 of the Public Finance Management Act, 2012, the National Treasury is responsible for coordinating the country's economic and financial management. Overall, the National Treasury has continued to maintain a policy environment that is conducive to economic growth and development of the country.

The FY 2024/25 marked the third year following the transition from the previous administration to the current one. The FY 2024/25 was manifested by accelerated implementation of programs. However, revenue performance into the year fell short of target resulting in deployment of austerity measures and reprioritizations of activities.

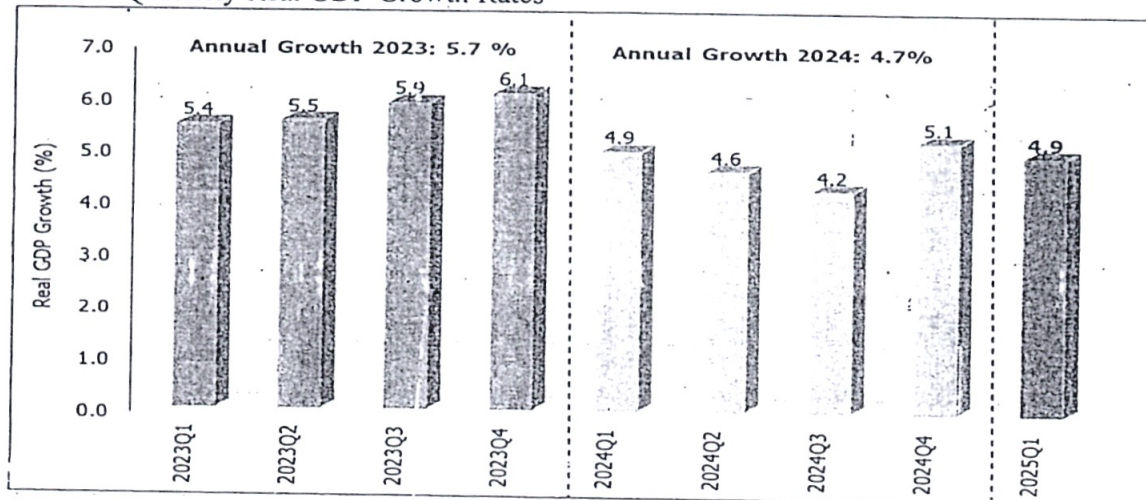
Economic Growth

In 2024, the economy grew by 4.7 percent supported by positive growths in all sectors except construction and mining. This growth was lower compared to 5.7 percent in 2023 mainly due to adverse effects of floods in the second quarter and the anti-Finance Bill protests in the third Quarter of 2024 that disrupted economic activities.

The economy remained strong and resilient in the first quarter of 2025 with a growth of 4.9 percent, a similar growth compared to the corresponding quarter of 2024 (Chart 1). This growth was primarily underpinned by strong performance in the agriculture sector, a recovery of industrial activities, and the resilience of services sector.

All economic sectors recorded positive growth rates in the first quarter of 2025, though the magnitudes varied across activities. The diversified structure of the economy remains a key source of resilience for the economy to domestic and external shocks.

Chart 1: Quarterly Real GDP Growth Rates



Source of Data: Kenya National Bureau of Statistics

The primary sector grew by 6.2 percent in the first quarter of 2025 compared to a growth of 4.5 percent in the first quarter of 2024 (Table 1). This was as a result of the robust growth in the agriculture, forestry and fishing sub-sector and a recovery in the mining and quarrying sub sector. Activities in the agriculture, forestry and fishing sub-sector expanded by 6.0 percent in the first quarter of 2025 compared to a growth of 5.6 percent in a similar quarter in 2024. This performance was driven by favorable weather conditions experienced in most parts of the country involved in

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crop and animal production. This was evident in the significant increase in production of sugarcane, milk deliveries and increased coffee exports. The sector's performance was further supported by improved external demand of cut flowers and vegetables. However, the sector's performance was somewhat curtailed by a decline in tea production.

The mining and quarrying sub-sector contributed to the overall primary sector performance with a strong rebound of 10.0 percent during the quarter, reflecting increased activity and renewed investment following a period of subdued performance in the previous year.

The industry sector recorded a growth of 2.6 percent in the first quarter of 2025, improving from 1.5 percent in the same quarter of 2024. This growth was driven by positive performance across manufacturing, electricity and water supply, and construction.

The manufacturing sub-sector grew by 2.1 percent compared to a growth of 1.9 percent in the first quarter of 2024. This growth was supported by both food and non-food manufacturing activities. In food manufacturing, the sector benefitted from strong increases in coffee auctions, milk deliveries, sugar production, and soft drink output. Non-food manufacturing also performed well, with increased production in cement and galvanized sheets. However, the sector faced some constraints due to a decline in credit to manufacturing enterprises.

The electricity and water supply sub-sector grew by 3.6 percent, compared to 2.8 percent in Q1 2024, largely due to a rise in total electricity generation. Renewable energy sources contributed significantly, with solar and wind generation increasing. Growth in the sector was curtailed by an increase in Thermal power generation while hydro and geothermal generation declined.

Construction sub-sector grew by 3.0 percent in the first quarter of 2025, up from 0.4 percent in Q1 2024, driven by increased consumption of key inputs such as cement and iron and steel. However, imported bitumen volumes declined, suggesting a potential slowdown in road construction activities.

In the first quarter of 2025, the services sector recorded a real GDP growth of 4.8 percent, a slowdown from the 6.8 percent growth posted in the corresponding quarter of 2024. The decline can be attributed to a combination of factors including rising prices, a slowdown in manufacturing, and the lingering effects of the COVID-19 pandemic. The Transportation and Storage sub-sector expanded by 3.8 percent, slightly lower than the 4.1 percent growth in Q1 2024, supported by increased land transport and port activity.

Accommodation and Food Service activities grew by 4.1 percent in the first quarter of 2025, a slowdown, compared to a growth of 38.1 percent in the first quarter of 2024. The growth is due to several factors, including the recovery from the COVID-19 pandemic, increased domestic tourism, and a growing middle class with more disposable income. The number of visitor arrivals via the two major airports, the Jomo Kenyatta International Airport (JKIA) and Mombasa International Airport (MIA) increased by 0.5 percent in the first quarter of 2025 compared to a 10.4 percent growth in the first quarter of 2024. This is due to Government initiatives geared towards promoting domestic tourism and improving infrastructure also contribute to this growth.

The Information and Communication sub-sector grew by 5.8 percent in the first quarter of 2025, compared to 9.2 percent growth in the corresponding quarter of 2024. This performance was supported by an increase in the volume of outgoing domestic voice traffic, use of domestic Short Messaging Services (SMSs) and mobile money transactions. Similarly, the total utilized international bandwidth increased in the first quarter of 2025, mainly attributed to the launch of an additional internet service provider in the country.

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The Financial and Insurance sub-sector recorded a slower growth of 5.1 percent in the first quarter of 2025 compared to 9.6 percent growth in the corresponding quarter of 2024. Despite the overall slowdown, the sector remained buoyed by increased activity in financial transactions and improved credit conditions.

Table 1: Sectoral Real GDP Growth rate (Percent)

Sectors	Annual Growth Rates		Quarterly Growth Rates		
	2023	2024	2023 Q1	2024 Q1	2025 Q1
<b>1. Primary Industry</b>	5.7	3.9	5.4	4.5	6.2
1.1. Agriculture, Forestry and Fishing	6.6	4.6	6.5	5.6	6.0
1.2. Mining and Quarrying	(6.5)	(9.2)	(10.6)	(16.1)	10.0
<b>2. Secondary Sector (Industry)</b>	2.6	1.5	2.1	1.5	2.6
2.1. Manufacturing	2.2	2.8	2.1	1.9	2.1
2.2. Electricity and Water supply	3.2	1.9	3.8	2.8	3.6
2.3. Construction	3.0	(0.7)	1.4	0.4	3.0
<b>3. Tertiary sector (Services)</b>	6.8	6.1	6.6	6.8	4.8
3.1. Wholesale and Retail trade	3.3	3.8	3.7	3.6	5.4
3.2. Accommodation and Restaurant	33.6	25.7	46.3	38.1	4.1
3.3. Transport and Storage	5.5	4.4	6.8	4.1	3.8
3.4. Information and Communication	10.3	7.0	10.4	9.2	5.8
3.5. Financial and Insurance	10.1	7.6	4.7	9.6	5.1
3.6. Public Administration	5.0	8.2	8.4	7.5	6.5
3.7. Others	6.1	5.2	5.7	5.8	4.4
of which: Professional, Admin & Support Services	9.4	9.4	8.6	9.4	4.6
Real Estate	7.3	5.3	6.6	6.9	5.3
Education	2.9	3.9	3.6	2.4	2.9
Health	4.5	6.3	4.8	5.4	4.8
Taxes less subsidies	3.2	4.4	2.7	2.9	5.7
<b>Real GDP</b>	5.7	4.7	5.4	4.9	4.9
of which Non-Agriculture	5.8	4.8	5.5	5.0	4.5

Source of Data: Kenya National Bureau of Statistics

The implementation of the FY 2024/25 budget faced notable challenges, primarily following the withdrawal of the Finance Bill 2024. Its withdrawal, alongside the associated public demonstrations, adversely affected economic activity and disrupted business operations across the country, compounding the fiscal pressures facing the Government. In response, the Government undertook a revision of the fiscal framework through Supplementary Estimates No. I in August 2024. This revision reflected a lower revenue base following the preliminary outcomes of FY 2023/24, while also addressing immediate cash flow constraints. These adjustments were critical to ensuring the continuity of public service delivery. In addition to the mid-year economic disruptions, the budget execution has been further constrained by shortfalls in revenue and emerging expenditure pressures.

Notably, the implementation of Collective Bargaining Agreements and funding requirements under the new university education financing model placed significant demands on the available fiscal space. These challenges led to cash flow pressures and a build-up of pending obligations, which necessitated careful fiscal management and reprioritization. To address these evolving dynamics, the Government prepared Supplementary Budget Estimates to accommodate revenue shortfalls

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experienced during the current fiscal year and accommodated expenditure pressures.

In this regard, the FY 2024/25, the fiscal balance (on commitment basis and excluding grants) amounted to KSh 1,044.5 billion (5.8 percent of GDP) against a targeted deficit of KSh. 648.8 billion (3.6 percent of GDP). The fiscal balance (on a commitment basis and including grants) in FY 2024/25 stood at 5.8 percent of GDP against a target deficit of 3.3 percent of GDP.

Total revenue collection by the end of June 2025, stood at KSh. 2,918.6 billion against a target of KSh 3,343.2 billion, resulting to a shortfall of KSh 424.6 billion. The shortfall was on account of below collection ordinary revenue of Ksh 497.0 billion. Ministerial A-I-A, however, was above the target collection by Ksh 72.5 billion. Total revenue inclusive of the ministerial A-I-A grew by 8.0 percent, an increase from a growth of 14.5 percent recorded in June 2024. Ordinary revenue collection in FY 2024/25 was KSh 2,420.2 billion against a target of KSh 2,917.2 billion, which was KSh 497.0.0 billion below the target.

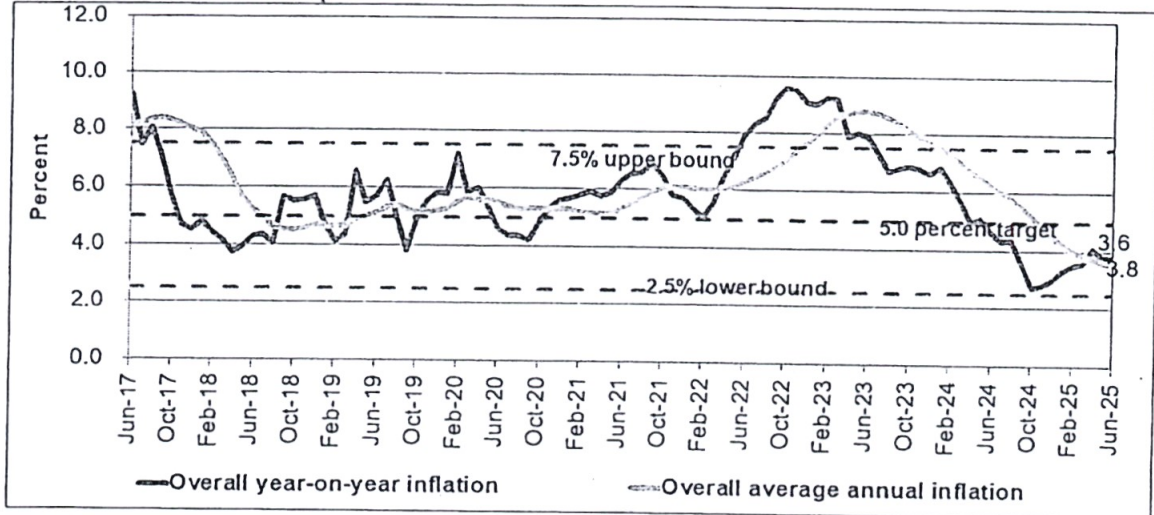
The total expenditure and net lending for the period under review amounted to KSh 3,963.1 billion, against a target of KSh 3,992.0 billion. The resultant under expenditure of KSh 28.9 billion is attributed to below target absorption of development expenditures by the National Government. Recurrent expenditure for National Government amounted to KSh 2,937.2 billion against a target of KSh 2,841.9 billion leading to a above target expenditure of KSh 95.2 billion. The above target expenditure in recurrent category is mainly attributed to above target expenditure on Operation and Maintenance (O&M) and domestic interest payments.

#### Inflation

The overall year-on year inflation remained under control and within the Government target range of  $5\pm 2.5$  percent. Inflation declined to 3.8 percent in June 2025 from 4.6 percent in June 2024 (Chart 2). Easing inflation has been supported by abundant supply of food arising from favorable weather conditions, lower fuel inflation attributed to appreciation of the exchange rate and lower international oil prices, and the decline in non-food non-fuel (NFNF) inflation reflecting impact of previous monetary policy tightening. Overall average inflation declined from 6.2 percent in June 2024 to 3.6 percent in June 2025 and has remained below the mid-point of the target band of 5.0 percent since June 2024.

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Chart 2: Inflation Development

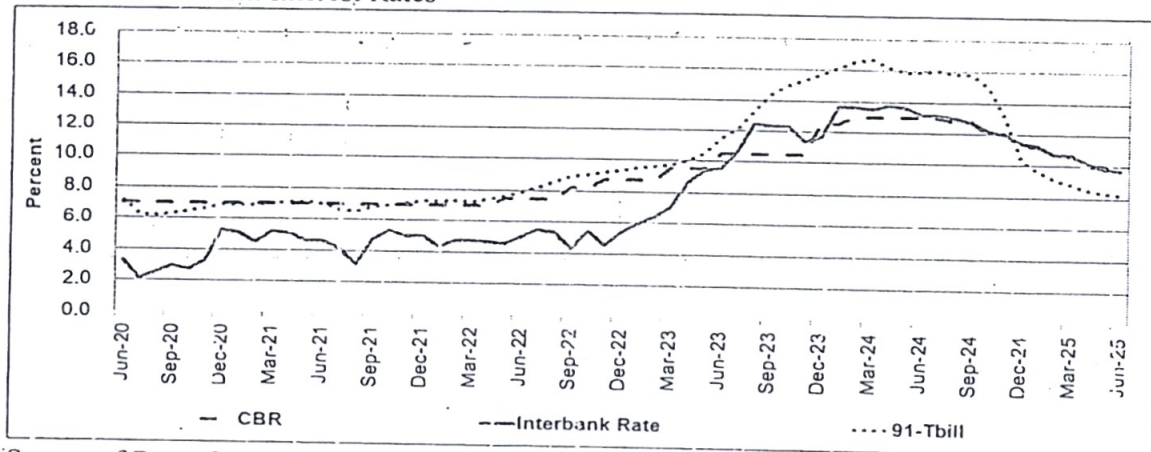


Source of Data: KNBS

Given that inflation was below the mid-point of the target range and the exchange rate had stabilized, the Central Bank of Kenya through the Monetary Policy Committee (MPC) gradually eased monetary policy by lowering the Central Bank Rate (CBR) from 13 percent in August 2024 to 11.25 percent in December 2024 and further to 9.75 percent in June 2025. The easing of the monetary policy stance supported lowering of interest rates to boost lending by banks to the private sector thereby supporting economic activities.

Interest rates declined in line with the easing of the monetary policy. The interbank rate declined to 9.7 percent in June 2025 compared to 13.1 percent in June 2024 and remained within the prescribed corridor around the CBR (set at  $CBR \pm 150$  basis points). The 91-day Treasury Bills rate also declined to 8.2 percent in June 2025 from 16.0 percent in June 2024.

Chart 3: Short-Term Interest Rates



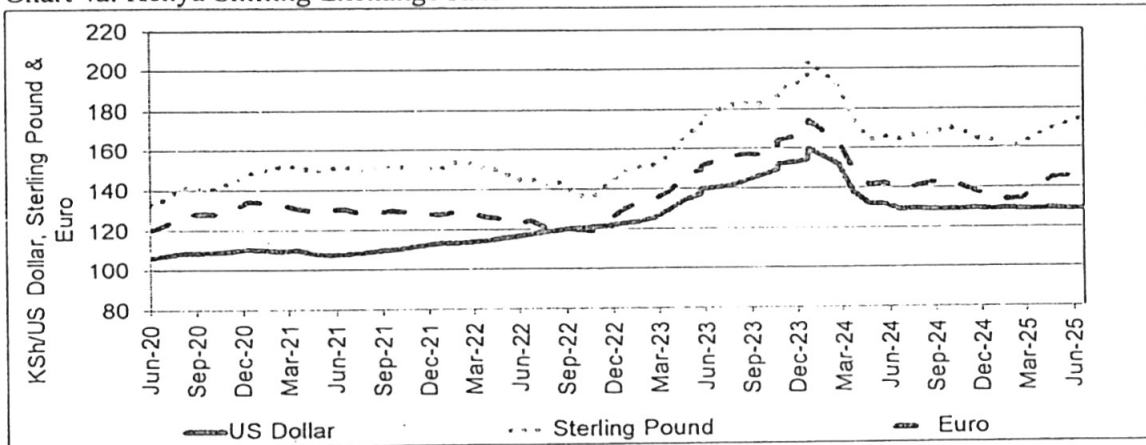
Source of Data: Central Bank of Kenya

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Exchange Rates

The Kenya Shilling exhibited mixed performance against major international currencies. It remained relatively stable against the US Dollar, strengthening marginally by approximately 0.08 percent, indicating steady demand for the US Dollar and minimal volatility in the exchange rate. However, the Shilling weakened notably against the Euro and the Sterling Pound, depreciating by about 7.11 percent and 6.69 percent, respectively. In June 2025, it exchanged at an average of KSh 129.3 per US Dollar compared with KSh 129.4 per US Dollar in June 2024. Against the Euro, the Shilling traded at an average of KSh 149.2 by end of June 2025 compared to KSh 139.3 by end of June 2024, while against the Sterling Pound, it exchanged at an average of KSh 175.5 compared to KSh 164.5 over the same period.

Chart 4a: Kenya Shilling Exchange Rate

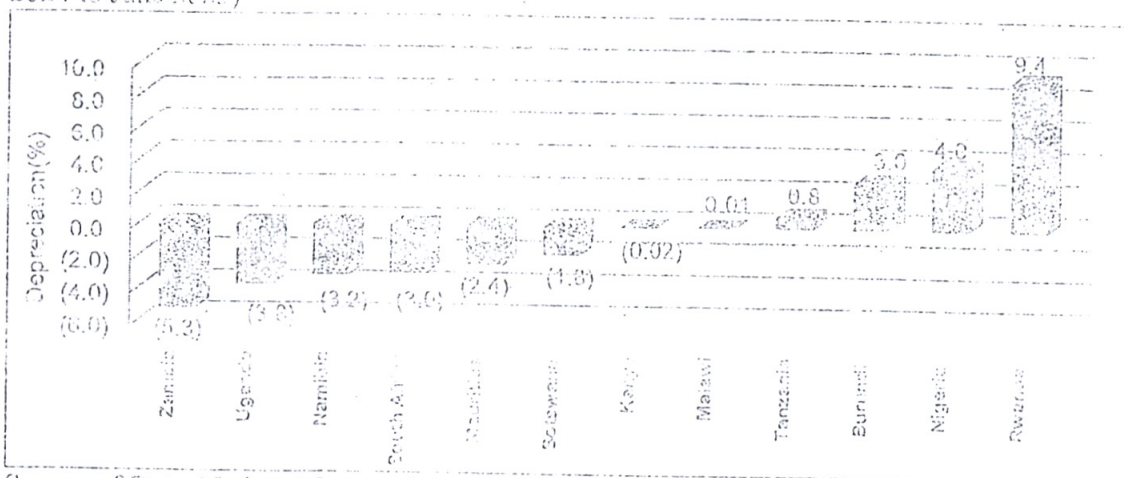


Source of Data: Central Bank of Kenya

In comparison to Sub-Saharan Africa currencies, the volatility of the Kenya Shilling exchange rate has remained relatively low amid high demand for the US dollar in the international markets. The Kenya Shilling remained stable supported by resilient remittances, adequate foreign exchange reserves and strong exports receipts. Majority of other Sub-Saharan Africa Currencies depreciated during the same period, particularly: Malawian Kwacha, Tanzanian Shilling, Burundi Franc, Nigeria Naira, and Rwanda Franc (chart 4b).

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Chart 4b: Performance of Selected Sub-Saharan Countries Currencies against the US Dollar (June 2024 to June 2025)



Source of Data: National Central Banks

#### Pending Bills

The total outstanding National Government pending bills as at 31<sup>st</sup> March, 2025 amounted to KSh. 421.5 billion. These comprise recurrent bills of KSh. 162.0 billion (38.4 percent) and development pending bills of KSh. 259.7 billion (61.6 percent). The pending bills include payment to contractors/projects, suppliers, committed statutory and other deductions, pension arrears for Local Authorities Pension Trust, and others. The highest percentage of the SG's pending bills belong to Contractor/Projects and Suppliers. Ministries/State Departments and other Government Agencies pending bills constitutes mainly of historical pending bills.

The National Government policy on clearance of pending bills continues to be in force. All MDAs are therefore, expected to continue with prioritization of payment of the pending bills by settling them as a first charge in the current financial year Budget in line with the Treasury guidelines for implementation of the financial year 2024/25 and the medium-term budget, Treasury Circular No. 7/2023.

#### Bottom-Up Economic Transformation Agenda (BETA)

MDAs continued to prioritize attention towards the achievement of the BETA priorities while addressing the policy, legal, regulatory, and governance issues to ensure optimal use of resources in execution of the planned interventions. BETA is geared towards economic turn around and inclusive growth and aims to increase investments in at least five sectors with high potential impact on the economy as well as household welfare.

These include

- i. Agricultural Transformation
- ii. Micro, Small and Medium Enterprises (MSME)
- iii. Industrial Incentives
- iv. Health care and
- v. Digital superhighway and Creative industry.

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Fiscal policy for FY 2024/25 and the medium-term budget aimed to support the Bottom-Up Economic Transformation Agenda (BETA) through a growth friendly fiscal consolidation plan. The consolidation was supported by enhanced revenue mobilization, rationalization and prioritization of expenditure while protecting essential social and development budget. As part of the process, the Government embarked on the implementation of the National Tax Policy and the Medium-Term Revenue Strategy (MTRS) that further strengthened tax revenue mobilization efforts during the period under review and going forward.

Signature: .....



Date .....

18<sup>th</sup> August, 2025

HON. MCPA JOHN MBADI NG'ONGO, EGH  
CABINET SECRETARY

THE NATIONAL TREASURY AND ECONOMIC PLANNING

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6. STATEMENT BY THE PRINCIPAL SECRETARY

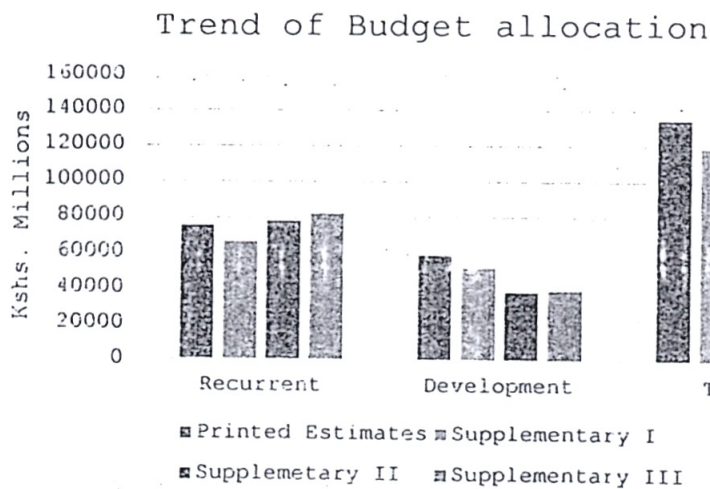
Budget performance

The National Treasury expenditure for the FY 2024/25 stood at Ksh. 93.50 billion against an approved budget of Ksh. 122.18 billion as per supplementary III, translating to an overall absorption rate of 76.53%. This shows a minimal decline of 0.23% from 76.76% recorded in the financial year 2023/24. The National Treasury' printed estimate, supplementary estimates, expenditure and absorption rates are demonstrated in the summary table below:

Table on Budget and Expenditure for FY 2024/25 as at 30<sup>th</sup> June 2025

Vote	Printed Estimates FY 2024/25	Supplementary I Estimates FY 2024/25	Supplementary II Estimates FY 2024/25	Supplementary III Estimates FY 2024/25	Expenditure as at 30th June, 2025	Absorption rate (%)
	Kshs. million					
Recurrent	75,596.0	66,721.4	78,013.0	82,266.0	66,988.5	8
Development	59,526.2	52,504.4	39,039	39,910.3	26,508.3	6
Total Budget	135,122.1	119,225.8	117,051.8	122,176.4	93,496.8	7

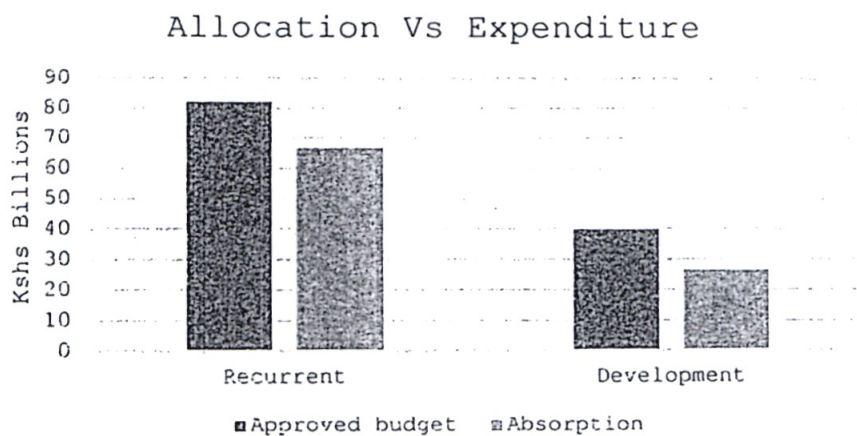
The Chart 1 below represents the trend of budget allocation trend through supplementary in 2024/25 FY



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Chart 2 below presents the National Treasury total budget execution for the FY 2024/25.

Chart 2: Allocation against Total Expenditure



When disaggregated by recurrent and development expenditure, the budget execution indicates that the recurrent budget allocation of Ksh.66.99 billion was absorbed at 81.4% against an approved budget of 82.27 billion. This marked a decline from the absorption rate of 92.70% recorded in FY 2023/24.

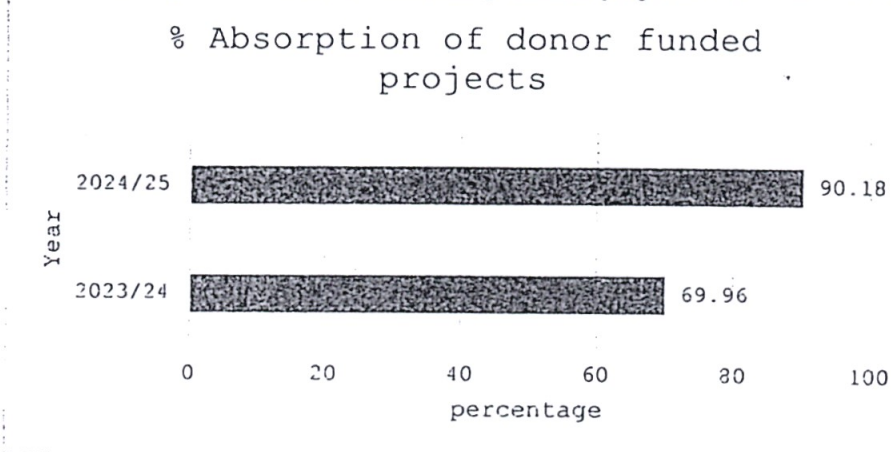
On the other hand, development expenditure absorption was Ksh .26.51 billion against an allocation of Ksh 39.91billion recording an absorption rate of 66.52 %. The under absorption in development expenditure is attributed to exchequer challenges.

**Budget execution for externally funded resources for FY 2024/2025**

The externally funded projects recorded an absorption of Ksh. 29.61 billion against an allocation of Ksh. 32.84 billion translating to an absorption rate of 90.18%. This is a marked improvement from the 69.96% recorded in 2023/24. The improvement is attributed to increased commitments by donors. Absorption of Externally-Funded Projects was affected by delays during preliminary processes e.g. in procurement resulting to delayed commencement. Also, delays in receiving of No Objection from Development Partners on implementation of most activities, inadequate GoK counterpart funding, budget cuts and weak performance by implementers as disbursement depends on milestones achieved.

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Chart 3: Budget execution for externally funded projects for FY 2024/25



**Budget Execution by Programme**

The National Treasury implemented the 2024/25 FY budget within four economic programmes. These were: General Administration, Planning and Support Services; Public Financial Management; Economic and Financial Policy Formulation and Management; and Market Competition.

**Key Achievements under programmes**

The National Treasury registered Key Achievements during the Financial Year 2024/2025 as follows:

Electronic Government Procurement (e-GP) System. The National Treasury is set to fully roll out the system across all Procuring Entities within both the National and County Governments. This move is part of ongoing Public Finance Management Reforms aimed at enhancing efficiency, transparency, and value for money in public procurement. All Suppliers are required to Register for E-Government Procurement (e-GP) System by July 1, 2025. The implementation of the e-GP system follows a directive by His Excellency the President during the State of the Nation address delivered on 21st November 2024. In his speech, the President directed that the National Treasury to ensure the complete deployment of the e-GP system by the first quarter of 2025.

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The National Treasury undertook training of users and suppliers in Q3 and Q4 of 2024/25 FY as shown in the summary table below:

ITEM	Targeted figures	Number of Persons Trained	No of Procuring Entities benefitted	% achievement	Remarks	
A	No.of Users Trained					
1	Ministries and State Departments	840	807	53	96%	All MDAs to have been trained by 30th June 2025
2	Counties and County Assemblies	705	700	46	99%	All County /County Assemblies to have been trained by 30th July 2025
3	State Corporations	6,400	3,297	306	52%	Webinar Trainings (9th - 13th June, 2025)
	Total		4804	405		
B	Trainers of Trainers (ToTS)					
	Number of ToTs	160	60			New TOTs to be recruited in July 2025
C	Suppliers	Targeted Figures	No of Suppliers trained			
	No of Suppliers Trained	xxxxxxx	1,786			Suppliers to register for weekly webinars on the e-GP website
D	Registration of Procuring Entities	Targeted Figures	No of PEs Registered			
	No of PEs Registered	xxxxxxx xxx	358			Registration ongoing
E	NO. OF SUPPLIERS REGISTERED	Targeted Figures	No. of Registered Suppliers			
	TOTAL No of Suppliers Registered	xxxxxxx xxx	999			Suppliers to self-register on e-GP System

General Administration, Planning and Support Services programme, the National Treasury leased 3,546 security vehicles for the National Police Service towards enhancing security;

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The Public Financial Management programme, Total revenue collection by the end of June 2025, is estimated at KSh. 2,918.6 billion against a target of KSh 3,343.2 billion, resulting to a shortfall of KSh 424.6 billion. The shortfall was on account of below collection ordinary revenue of Ksh 497.0 billion. Ministerial A-I-A, however, was above the target collection by Ksh 72.5 billion. Total revenue inclusive of the ministerial A-I-A grew by 8.0 percent, an increase from a growth of 14.5 percent recorded in June 2024. Ordinary revenue collection in FY 2024/25 was KSh 2,420.2 billion against a target of KSh 2,917.2 billion, which was KSh 497.0 billion below the target.

The total expenditure and net lending for the period under review amounted to KSh 3,963.1 billion, against a target of KSh 3,992.0 billion. The resultant under expenditure of KSh 28.9 billion is attributed to below target absorption of development expenditures by the National Government. Recurrent expenditure for National Government amounted to KSh 2,937.2 billion against a target of KSh 2,841.9 billion leading to a above target expenditure of KSh 95.2 billion. The below target expenditure in recurrent category is mainly attributed to above target expenditure on Operation and Maintenance (O&M) and domestic interest payments

Economic and Financial Policy Formulation and Management programme, the National Treasury developed the Framework for verification and payment of outstanding Contribution in Lieu of Rate (CILOR) for County Governments. In addition, the National Treasury implemented measures to attract three (3) NIFC firms. These include (i) facilitating discussions with regulators to introduce large scale global insurance provider into the market, (ii) collaborating with the Department of Immigration to facilitate fast-tracked investor and work permit issuance and (iii) supporting a foreign incoming Venture Capital firm with business registration.

Mobilization of resources, funds amounting to over Kshs 466,575 million were mobilized from external sources while domestic resources amounting to Kshs 294, 937 million from internal sources to support the budget.

Market Competition and Creation of an Enabling Business Environment programme, the National Treasury through the SAFER project transferred Kshs. 5.5 billion to Kenya Development Corporation (KDC) for onward lending to PFIs which will then lend to qualified MSMEs. With respect to access to justice, the National Treasury through the Competition Tribunal determined 100% of Appeals on Competition.

Implementation of Digital Superhighway, the National Treasury established Contact Centre Services to manage payment related queries from e-Citizen clients.

#### Emerging Issues

The emerging issues that impacted on the operations the National Treasury include: -

- i. Technological advancement in the ICT sector present opportunities to leverage ICT innovations in the conduct of business as well as risks relating to governance and data security. As the financial systems increasingly go digital, there is the associated risks with cyber-attacks;
- ii. The proliferation of fake news on social media platforms, which have a wider audience and faster response time sometimes portrayed the National Treasury in a negative manner;

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- iii. Green Finance: with climate change concerns, there is the pressing need to integrate environmental, social, and governance (ESG) considerations into fiscal policies and investments;
- iv. Development of Sector specific Project Appraisal Manuals continues to be a priority to guide sector specific analysis. The National Treasury is required to develop over 40 sector specific appraisal manuals to guide the over 40 sectors on the nuanced appraisal process; and
- v. Debt sustainability concerns. Ensuring that debt levels remain sustainable while funding essential services is a critical challenge that continues to face the National Treasury.

### Challenges

Some of the challenges the National Treasury faced while implementing the 2024/25 budget include:-

- i. Resource Constraint persisted and affected implementation of budgets;
- ii. The rationalization of the budget, occasioned by underperformance of revenue collection and emerging government priorities affected the implementation of programmes. In the FY 2024/25, the National Treasury faced a total revenue collection shortfall of KSh 424.6 billion on account of shortfalls in both ordinary revenue;
- iii. Shortage of Key Technical Staff continues to affect operational efficiency in the core mandate:
  - (a) Despite recruitment of staff across certain cadres, the National Treasury continues to experience staff shortage across all cadres against authorized establishment. As indicated in the operational performance on human resource, the current staff capacity is at 55% This is mainly attributed to natural attrition. The planned recruitment and promotion of staff by the appointing authorities has been slow hence affecting service delivery and succession management initiatives; and
  - (b) Operating environment is manifested, among others, by shortage of office space especially for key technical staff and, Inadequate resourcing of the Monitoring and Evaluation function.
- iv. Civil unrest occasioned by regular protests disrupted implementation of various activities thus disrupting service delivery. Business investment were destroyed and life lost thus impacting heavily on economic development of the country.

To manage the above emerging issues and challenges and ensure successful implementation of the National Treasury goals and objectives, the Ministry undertook the following: -

- i. Raised domestic resources to support implementation of various ongoing programme through development of diverse methods for domestic resource mobilization;
- ii. Continued to implement succession planning towards progressively filling in staff shortage, continued training and timely promotions; and
- iii. Engaged other development partners for concessional loans and grants as well as pursued strategies to finance government projects.

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**Recommendations**

In order to address the challenges and emerging issues, the following measures should be undertaken: -

- i. Sustain efforts for effective mobilization of resources to finance public expenditure particularly towards facilitation and implementation of the Bottom-Up Economic Transformation Agenda and emerging Government priorities. Key in this respect is the need for adequate resourcing of Kenya Revenue Authority to deploy innovative tax administration for efficient and optimal collection of taxes.

In addition, the National Treasury will leverage on the digitization of all critical Government processes with a view to bringing convenience to citizens and raising revenue efficiently for Government services that are paid for electronically;

- ii. Reforms in Public Financial Management and taxation should be sustained to enable the National Treasury expand the fiscal space and enhance absorption capacity. This includes reforming institutions and restructuring of parastatals to wean some from reliance on exchequer;
- iii. Strengthening Tax Administration, The National Treasury will enhance KRA's capacity to leverage on technology to seal leakages; enhancements of iTax and Integrated Customs Management System (iCMS); and use of e-TIMS (Tax Invoice Management System). These policy strategies will expand the primary surplus in the fiscal framework and stabilize the growth of public debt thereby boosting the country's debt sustainability position;
- iv. Continued implementation of succession planning, especially with respect to recruitment of key technical staff to achieve optimal staffing levels for enhanced operational efficiency;
- v. Strengthening Monitoring and Evaluation Framework and capacity through automation of the Planning and M&E processes;
- vi. Continued leveraging on ICT to ensure timely delivery of targets and foster efficiency; and
- vii. Implementing the recommendations arising from the 2023/24 project rationalization review to achieve optimal project portfolio and increase fiscal space.

Going forward, the National Treasury will support the Government's priority on scaling up efforts on policy interventions and structural reforms under BETA so as to navigate the global turbulence, accelerate economic recovery, and address overarching development challenges namely creating jobs, eradicating poverty and mitigating climate change. As part of the efforts, the National Treasury will accelerate investments in: (i) reforming markets (ii) domestic resource mobilization and application of those resources to development projects; (iv) reform and restructure of State-Owned Entities and (v) digitization of government services.

Signature .....



Date .....

12/8/25

DR. CHRIS KIPTOO, CBS

PRINCIPAL SECRETARY/ NATIONAL TREASURY

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7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES  
FOR THE FY 2024/2025

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of the National Treasury's 2023-2027 Strategic Plan are to:

- (a) Strengthen organization capacity for efficient service delivery;
- (b) Enhance mobilization, allocation and utilization of public resources;
- (c) Ensure stable and sustainable macro-economic environment; and
- (d) Ensure market structures that encourage competition and orderly conduct of business.

Progress on Attainment of Strategic Development Objectives

For purpose of implementing and cascading the above development objectives to specific sectors, all the development objectives were made Specific, Measurable, Achievable, Realistic and Time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for tracking progress and performance measurement.

Below is the progress implementation of the above objectives: -

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Table 1: Programme Performance

a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
THE NATIONAL TREASURY							
Programme 1: General Administration, Planning and Support Services							
Programme Outcome: Efficient and effective service delivery							
SP 1. Administration Services	Administration	Records management automated	% of implementation of activities	100	100	0	Target achieved. Contractor on boarded and digitization process ongoing
		Vehicles Leased	No. of vehicles leased	3,548	3,548	0	Target fully met
		National Treasury Media Centre Operationalized	% Operationalization of the Media Centre	60	60	0	Target fully met
	State Corporations Appeals	Appeal cases determined	No. of appeal cases determined	1	13	12	Target surpassed

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cummulative 12 months)	Variance	Remarks
	Tribunal (SCAT)	New Tribunal Court registries /circuit hearing established in counties	No. of court registries	2	1	-1	Target not achieved. Section 22(12) of State Corporations Act Cap 446 provides that the Tribunal can only hold sittings in Nairobi. However, the tribunal held virtual hearings from all regions.
SP 2. Human Resources Management Services	Administration	Reorganized Structure of the TNT	Reorganized Structure of the TNT	1	1	0	Target achieved. Currently attending to appeals by respective departments on the approved structure
		Career Guidelines for TNT	Approved Career Guidelines	1	0	-1	Target not achieved. The activity is planned for 2025/26 FY

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cummulative 12 months)	Variance	Remarks
SP 3. Financial Services	Public Service Superannuation Scheme (PSSS)	Onboarding of Public Servants onto PSSS	% level of eligible Public Servants on-boarded onto PSSS	100	100	0	Eligible public servants are on boarded in real-time, while current employees are supported through ongoing contributions to the PSSS. The numbers per quarter grew by 534 in Q 1; 521 in Q2 and 46,442 in Q3, and 1023 in Q4 . Current membership is 489,589.
	Pensions Department	Processed pension claims	% Pension claims received & processed	100	85	-15	Claims paid per quarter: 233 in Q1;196 in Q2; 232 in Q3; 90 in Q4 and 112 claims received in June 2025 are pending : Total Claims received in the Year were 863
			No. of days taken to process	60	60	0	Target achieved

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
			and pay pensions claims				
		Acquire and operationalize a new Pensions Management Information System (PMIS)	% level of operationalization of PMIS system	100	75	-25	Training on the system is planned to be undertaken in FY 2025/26
	Kenya Revenue Authority	Ordinary revenue collected	Revenue collected (Kshs Trillion)	3.34	2.92	(0.42)	Target not fully met.
Programme 2: Public Financial Management							
Programme Outcome: Transparent and accountable management of public resources							
SP 5. Resource Mobilization	Resource Mobilization Department	Donor Funds Disbursed	Funds disbursed to MDAs as a % of the external resources mobilized	100	86	-14	Target not achieved due to low absorption by MDAs
			External resources mobilized as a % of fiscal gap	55	53	-2	Target not fully achieved due to non-disbursement of the 7th Development Policy Operation

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
							(DPO7) by the World Bank.
		Annual Borrowing Plan	No of Annual Borrowing Plans	1	1	0	Target achieved
	Debt Policy Strategy and Risk Management	Bonds Issued	No. of Sovereign/ Green bonds issued	1	2	1	Target achieved, the government issued 1.5 billion dollar, whose proceeds were used to buy back part of USD 2 billion Eurobond Maturing in June 2024
			No. of benchmark bonds issued	12	6		First Quarter Target achieved, this was due to 3 new benchmark bonds were issued and 3 early issued were re-opened to new investors.
	PPP Directorate	Government Projects under PPP framework	No. of PPP projects approved	12	11	-1	Target not fully met

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cummulative 12 months)	Variance	Remarks
	Global Fund	Anti-Retroviral Therapy (ART) Supplies	No. of patients receiving ART (Millions)	1.37	1.37	0	Target achieved
		Artemisinin-Based Combination Therapy (ACT) Supplies	No. of People receiving ACT (Millions)	5.9	5.7	-0.2	The total number of confirmed malaria cases annually is about 6 million. The number of doses of ACT distributed to ensure continuous supply at facility is 7 million doses annually. On a quarter about 1.5 million doses are expected to be issued to facilities.
		Tuberculosis (TB) Supplies	% of TB patients treated and tested for HIV	100	100	0	Target achieved
SP 6. Budget Formulation Coordination	Macro and fiscal Affairs Department	National Budget	Budget Review and Outlook Paper	1	1	0	Target achieved

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
and Management			Budget Policy Statement	1	1	0	Target achieved
			Finance Bill	1	1	0	Target achieved. To boost revenues, three bills were prepared: i) Tax Laws (Amendment) Bill, 2024; ii) Tax Procedures (Amendment) Bill, 2024; and iii) Business Laws (Amendment) Bill, 2024 which were enacted in December 2024.
	Budget Department	National Budget	Annual Appropriation Bill	1	1	0	Target achieved
			Supplementary Appropriation Bills	2	2	0	Target achieved
			Guidelines for FY 2025/2026 MTEF Budget	1	1	0	Treasury Circular No. 11/2024 issued on 23 <sup>rd</sup> August, 2024

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cummulative 12 months)	Variance	Remarks
			issued by 30th August 2024.				
			FY 2025/26 Budget Estimates finalized and submitted to Parliament by 30th April 2025.	1	1	0	Target achieved
SP 7. Audit Services	Internal Audit Department	Value for Money Audits	No. of Value for Money (VFM) Audits reports	30	45	15	Target surpassed due to MDAs requests
		Government Entities capacity built on IRMF	No. of Government Entities capacity built on IRMF	5	13	8	Target surpassed due to more requests from MDAs to be trained.
		Audit Committees Capacity Built	No. of Audit Committees Capacity Built.	5	7	2	Target overachieved due to more requests from MDAs
SP 8. Accounting Services	Accounting Services Department	Consolidated Financial Statements	No. of Consolidated Financial Statements prepared	4	4	0	Target achieved

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
		Officers trained on International Public Sector Accounting Standards (IPSAS)	No. of officers trained on International Public Sector Accounting Standards (IPSAS)	200	221	21	Target achieved.
		Transition and re-engineer the system to Accrual Accounting	Percentage of transition	100			To be reported in subsequent FY
		Treasury Single Account designed and documented	Percentage of achievement	50	50	0	Target achieved
		Capacity Built Accounting Personnel on implementation of transition to accrual	No. of Accounting Personnel Capacity Built on implementation of transition to accrual	1000	850	150	Training will be undertaken once TSA is rolled out

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cummulative 12 months)	Variance	Remarks
		accounting and TSA	accrual and TSA				
	National Sub-County Treasuries	Operational Vote book Mangement System for National sub-County Treasurues roled out	No. of sub-County Treasuries with Operational Vote book Mangement System	315	315	0	Target achieved
		Sensitized National sub-County Accountants on Migration from Cash accounting to accrual accounting	No. of NSC Accountants sensitized	1000	663	-337	Target not achieved due to budget constraints
	IFMIS Department	PFM users trained on IFMIS Modules	No. of PFM users trained on IFMIS Modules	2,000	2,100	100	Target surpassed due to government digitizing most of its services

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cummulative 12 months)	Variance	Remarks
		IFMIS upgrade to the latest version	No of IFMIS versions running on version 12.2.10	1	1	0	Target achieved
		Exchequer rollout to the counties	Number of counties requisitioning online	10	10	0	Target achieved
		Treasury single account designed and documented	Percentage of achievement	100	100	0	Target achieved
		Exchequer release process to MDACs automated	Percentage of automation	100	75	-25	Requirement gathering and design completed
		IFMIS integrated with Debt Management Systems	Percentage of integration	100	25	-75	Requirements and integration design completed

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cummulative 12 months)	Variance	Remarks
	Kenya Accountants and Secretaries National Examinations Board (KASNEB)	Offering financial support to trainees pursuing financial management courses	No. of Trainees offered financial Support Services	106,000,000	163,232,888	57,232,888	Significant increase in financial support recieved by trainees relative to the annual target due to high demand for financial support and strealined application processes
		Engaging training institutions offering kasneb courses	No of Trainees trained in KASNEB Foundation Financial management & Literacy Programs	500	10	-490	Only 10 trainees inducted in Phase I. This was due to delays in finalizing the financial literacy curriculum and pilotim=ng of the programme.
		Institutions and schools sensitized on financial management	No of Institutions / schools sensitized on financial support services	50	68	18	Target achieved. An increase in the number of institutions sensitized is due to implementationof a marketing plan targeting training institutions

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cummulative 12 months)	Variance	Remarks
		Institutions and schools sensitized on Financial Support Services	No. of Trainees offered financial Support Services	5000	4338	-662	4,338 trainees recieved financial support services occasioned by the continous award model and aggressive promotion of the KASNEB Foundation financial Aid Program to training institutions and students
SP 9. Supply Chain Management Services (SCMs)	Public Procurement Department	AGPO enterprises registered	No. of AGPO enterprises registered	21,000	21,335	335	Target surpassed due to enhanced sensitization
		AGPO beneficiaries trained	No. of AGPO beneficiaries trained	2,000	2,235	235	Target surpassed due to partnerships with other Government Institutions to train more beneficiaries.
		PFM staff trained on Public Procurement and Asset Disposal System	Percentage of achievement	100	60.5	-39.5	4,804 of 7,945 targeted officers trained on EGP system

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cummulative 12 months)	Variance	Remarks
		e- Government Procurement System Government deployed in Government institutions	No. of government procuring Entities on e- Government Procurement System	12	358	346	Process hastened after completion of pilot phase with 12 entities
		Reviewed Public Procurement Legal Frameworks	No. of Reviewed Public Procurement Legal Frameworks	1	1	0	Public Procurement and Asset Disposal Act reviewed, approved by Cabinet & awaiting Parliamentary approval
		Public Procurement and Asset Disposal Manuals /guidelines developed	No. of Public Sector entities monitored for compliance with IPSAS	1	1	0	Sustainable public procurement frameworks/guidelines developed, undergone public participation and awaiting Cabinet approval
	Public Procurement Administrativ	Procurement Services	% of Public Procurement dispute cases	150	160	10	Target surpassed. More cases filed at the Review Board were

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cummulative 12 months)	Variance	Remarks
	e Review Board (PPARB)		resolved within 21 days				heard and determined within 21 days
	Public Procurement Regulatory Authority (PPRA)	Procurement Services	No of MCDAs monitored on compliance with Public Procurement and Asset Disposal Act, 2015	2650	5540	2890	Annual target exceedingly met
SP 10. Public Financial Management Reforms	Public Finance Management Reforms (PFMR) Secretariat	Skills and capacity building in PFM	No. of officers trained on Public Finance Management	8,000	8,900	900	Target overachieved due to high reforms uptake by the MDAs
			Cummulative % of PFM reforms implemented in PFMR Strategy 2023-2028	40	35	-5	Target underachieved due to budget cuts
SP 11. Government Investment and Assets	Government Investment and Public Enterprises	Govt. Investment Management Services	% of State Corporations Budgets reviewed	100	100	0	Target achieved, relevant Budgets for SC reviewed

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
			No. of national government investment reports prepared	1	1	0	Target Achieved. Report prepared and sent to Parliament.
	National Assets and Liabilities Management Unit	MDAs sensitized on Government Assets and Liabilities management policy and guidelines	No. of MDAs sensitized	100	82	-18	Target not fully achieved due to budget constraints
		Asset registers from MDAs analyzed	Percentage of analyzed asset registers	100	100	0	Target achieved
		Asset and Inventory Management Modules to rolled out to 40 MDAs and 24 Counties	Percentage of MDAs and Counties rolled out	2.5	2.38	-0.12	Target not fully met due to budgetary constraints
		Quarterly feedback	Percentage of achievement	2.5	2.5	0	Target fully achieved

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cummulative 12 months)	Variance	Remarks
		provided to MDAs					
	Privatisation Commission	Government Privatization Services	No. public entities privatized	4.00	-	-4	Implementation of Kenya Wine Agencies Limited (KWAL) – EOI was advertised on 12th August 2024 and RFP sent to the shortlisted bidders on 5th September 2024 with a closure date of 26th September 2024. The process was scuttled by the court ruling on Privatisation Act, 2023 on 24th September 2024.
			No. of specific privatisation proposals developed	2.00	2.00	-	Two specific privatization proposals were prepared. These proposals were for the Kenya Meat Commission (KMC) and the Ark Limited and both were

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cummulative 12 months)	Variance	Remarks
							submitted to the National Treasury.
	Kenya Trade Network Agency	Cargo dwelling time at ports of entry reduced	No. of days taken to clear goods at the ports of entry	3	3	0	Target Achieved
Programme 3: Economic and Financial Policy Formulation and Management							
Programme Outcome: Stable macroeconomic environment for economic growth							
SP 12. Fiscal Policy Formulation, Development and Management	Macro and Fiscal Affairs	Stable Inflation	Inflation rate (%)	5 ± 2.5	3.8	0	Target met due to tight monetary policy measures. The main drivers of inflation were increases in cost of food and non-alcoholic beverages, transport, housing water electricity , gas & other fuels
	Financial Reporting Centre	Complete Terrorism Financing	TF Risk assessment report	1	1	0	TF Risk assessment completed in Q2

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cummulative 12 months)	Variance	Remarks
		risk assessment					
		Update national Anti-Money Laundering and Countering Financing of Terrorism strategies	Updated AML/CFT strategies	1	2	1	Updated AML strategy adopted in Q1 and updated CFT strategy adopted in Q3
		Onsite and offsite inspections of DNFBPs and Non-Banking Financial Institutions	Number of onsite & Off site inspections on DNFBPs	98	98	0	Target achieved
		Outreach sessions of Customer Due Dilligence, Enhanced Due Dilligence,	Number of sessions for CDD, EDD, BO and PEPs on DNFBPs	40	40	0	Target achieved. The training covered preventive measures including CDD/EDD/BO/PEPS and STR Reporting

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
		Beneficial Ownership and Politically Exposed Persons on DNFBPs					
		Registration of Reporting entities	Number of registered reporting entities	600	600	0	Target achieved
	Inter-Governmental Fiscal Relations	County Allocation of Revenue Bill (CARB) Division of Revenue Bill (DORB) & County Governments Additional Allocations Bill prepared	County Allocation of Revenue Bill (CARB) & Division of Revenue Bill (DORB), County Governments Additional Allocations Bill prepared (CGAAB), and Cash Disbursement Schedule	4	4	0	Target timely met

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
		Inter-Governmental Fiscal Relations Repository System	% level of Inter-Governmental Fiscal Relations Repository System development	50	100	50	The portal link is <a href="https://igfr.treasury.go.ke">https://igfr.treasury.go.ke</a>
		Draft review of PFM (PIM) Regulations, 2022 produced	Percentage of review	100	10	-90	Target not fully achieved due to budget constraints
		Public Investment Management/ Public Private Partnership (PIM/PPP) Framework developed	% level of development of PIM/PPP Framework	100	80	-20	Work in Progress - currently undertaking consultations with senior management
	Nairobi International Financial Centre Authority	Investments and Regional Financial Institutions certified with NIFC	No. of Certified NIFC firms	3	0	-3	Target not achieved

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cummulative 12 months)	Variance	Remarks
	Financial and Sectoral Affairs	Legislative framework in financial & Sectoral developed.	No. of legal frameworks developed (three Capital Markets Regulations, and Unclaimed Financial Assets Regulations)	3	3	0	Target achieved
		Kenya Credit Guarantee Company (KCGC) incorporated and operationalized	% level of guarantee company operationalized	100	90	-10	Target partially achieved
		Green Financing Facility (GFF) loans disbursed	No of farmers benefiting from the GFF loans	3,000	354	-2,646	Target partially achieved whereby, GFF operations manual along with the green taxonomy developed.
SP 13. Debt Management	Debt Policy, Strategy and	Medium Term Debt	No. of Medium-Term debt	1	1	0	Target achieved

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
	Risk Management Department	Strategy Developed	strategy developed				
		Published Annual Debt Report	No. of Annual Debt Reports Published	1	1	0	Target achieved
		Annual Public Debt Management Performance report	No. of developed Annual Public Debt Management performance report	1	1	0	Target achieved
	Debt Recording and Settlement Department	Mature serviceable public debt serviced	% of mature serviceable public debt serviced	100	100	0	Target achieved
		Published External Public Debt Register on the TNT website	No. of Published External Public Debt Stock & Register on the TNT website	1	1	0	Target achieved
SP 14. Microfinance Sector	Financial and Sectoral Affairs	Operationalize the Credit Guarantee	Capital injected into the Credit Guarantee	1	0	-1	Target not achieved

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
Support and Development		Scheme (CGS)	Scheme in KSh. (Billions)				
Programme 4: Market Competition and Creation of Enabling Business Environment							
Programme Outcome: Sustained high productivity and competitive markets							
SP 15. Elimination of Restrictive Trade Practices	Competition Authority of Kenya	Consumer Protection and Regulatory Services	% of consumer complaints investigated and concluded	70	48	22	485 cases handled out of which 332 were finalized.
			% of Merger and acquisitions applications determined	100	96	4	26 out of 27 received mergers finalized
			Cases of Deterrence of Abuse of Buyer Power concluded as a % of total investigations	65	23	42	43 cases received out of which 15 were finalized
			% of cases on restrictive trade practices	100	29	71	52 cases handled out of which 15 were finalized

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cummulative 12 months)	Variance	Remarks
			investigated and finalized				
SP 17. Access to Justice.	State Corporations Appeals Tribunal (SCAT)	Improve access to courts and reduction of average distance to courts	No. of registries operationalized	2	1	-1	Operationalized the Nairobi registry and started receiving cases
		Appeal cases received & determined	Number of appeal cases determined	10	16	6	The Tribunal had targeted to receive 10 cases but it received 16 cases and 5 cases were determined and the rest are scheduled to be determined
	Competition Tribunal	Cases on restrictive trade practices investigated, finalised and determined	% of cases on restrictive trade practices investigated, finalised and determined	100	93	7	25 out 27 cases finalized

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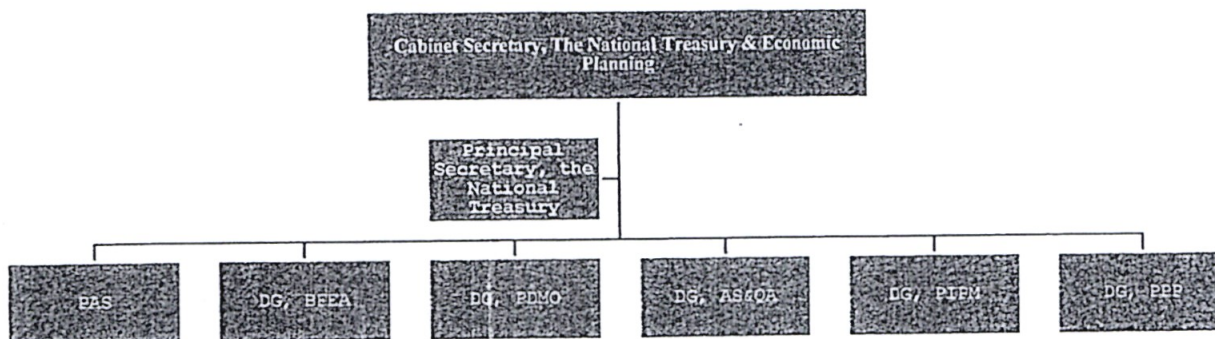
8. STATEMENT OF GOVERNANCE

i. Brief of Key Leadership Structure

The National Treasury and Economic Planning is divided into three entities: The National Treasury, the State Department for Economic Planning and the State Department for Public Investment and Assets Management. It is represented by the Cabinet Secretary who is responsible for the general policy and strategic direction of the Ministry.

At the top management level, the National Treasury is headed by the Principal Secretary who is the accounting officer and is responsible to the Cabinet Secretary in the performance of his duties. The National Treasury has six Directorates headed by Directors General and a Principal Administrative Secretary who is responsible for Administration and Support Services.

The National Treasury Leadership Structure



PAS : Principal Administrative Secretary, Directorate of Administrative Services;  
 DG, BFEA: Director General, Directorate of Budget, Fiscal and Economic Affairs;  
 DG, PDMO : Director General, Directorate of Public Debt Management Office;  
 DG, AS&QA: Director General, Directorate of Accounting Services & Quality Assurance;  
 DG, PIPM: Director General, Directorate of Public Investment & Portfolio Management;  
 DG, PPP: Director General, Directorate of Public, Private Partnership.  
 Note: The Directorate of Public Investment & Portfolio Management and Directorate of Public, Private Partnership have since been transferred to the State Department for Public Investment and Assets Management.

ii. Management Committees Established and Their Roles

The National Treasury has appointed managements committees to monitor the implementation of programmes, projects and report on their performance. They include:

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Top Management Committee

Top Management Committee comprises of Cabinet Secretary, Principal Secretary and Directors General. The Committee receives reports from departments, build consensus on National Treasury responses to emerging issues, challenges and risks and ensures that the decisions made are implemented in a timely manner.

iii. The Audit Committee

In line with the Public Finance Management Act 2012, the National Treasury has established a Ministerial Audit Committee comprising of the Chairperson and four members, of which four are independent. The members were appointed on 15<sup>th</sup> December, 2022.

The Committee provides overall oversight and quality assurance including follow up on the effectiveness of implementation of audit recommendations. The Committee is active and meets on a quarterly basis to deliberate on their functions.

iv. Risk Management, compliance, conflict of interest

The National Treasury embarked on the development of its Risk Management Policy Framework. Risk Champions for all Directorates were appointed and trained and Risk registers have been developed.

v. Recent Trainings and development in governance for those in key leadership

The National Treasury supported those in key leadership positions to attend leadership and strategic management courses at the Kenya school of Government and other reputable international institutions.

vi. Public participation activities

The National Treasury underscores the importance for public participation as provided for under the Constitution of Kenya and Public Finance Management (PFM) Act, 2012 by giving Kenyans opportunities to interrogate proposed amendments to the PFM Act, 2012 and make submissions on their views for consideration in policy making and implementation so as to strengthen and deepen good governance.

The National Treasury carried out Public Sector Hearings for the Proposed Budget for the FY 2025/26 and the medium term by holding both physical meetings and virtual hearings. The National Treasury provided an opportunity to all Kenyans across the country to interrogate the Public Finance Management Act 2012 Amendments that aimed at aligning the debt anchor to international best practices.

vii. Compliance with laws and regulations

The National Treasury complies with the Constitution of Kenya, all applicable laws and regulations in line with acceptable national and international standards as well as its internal policies.

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In order to enhance compliance to existing legislations and regulations, the National Treasury, through the Legal Unit has lined up a series of interventions to be progressively implemented. To begin with, in the FY 2023/24, the National Treasury being a data recipient and a data controller, initiated efforts to ensure compliance to the Data Protection Act 2019 and the right to privacy as per Article 31 of the Constitution. The effort entailed undertaking a precursor training on data protection for auditees. The training benefited thirty-six (36) the National Treasury staff as part of the steps for comprehensive legal and regulatory compliance audit.

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9. MANAGEMENT DISCUSSION AND ANALYSIS

Report on Operational and financial performance of the organization for the last three-to-five-year period

Operational Performance

Operational performance is examined from two main indicators. These are: (i) performance contract management (ii) human resource staff capacity.

Performance Contract Management

In the Financial Year 2020/ 21, the National Treasury and Planning was ranked 5<sup>th</sup> in the Top Five Performing Ministries with an Average Composite Score of 3.2124 which is a good performance. There was a decline in performance compared to that of 2019/2020 whereby TNT&P was ranked the best performing Ministry with a Composite Score of 3.0209.

In the FY 2021/2022 the National Treasury and Economic Planning retained a ranking of position 5 with a composite score of 3.1173 representing 'good performance'. The composite score was an improvement from the 3.2124 recorded in 2020/21.

In the FY 2022/2023 the National Treasury and Economic Planning was ranked position 9 with a composite score of 3.3158 representing 'good performance'. Compared to the performance of the previous years, there was a slight decline since the Ministry had a composite score of 3.1173 in 2021/22 FY and 3.2124 in 2020/2021 FY.

In the FY 2023/2024 the National Treasury and Economic Planning had a composite score of 3.2296 representing 'good performance'. This is an improvement from the FY 2022/23 composite score of 3.3158.

Note: The Performance Contract for FY 2024/25 has not been evaluated.

A summary of performance contract indicators for two years and ranking for the last five years are given in the table below.

Table 2: Summary of performance of the National Treasury and Economic Planning in ranking of Ministries Departments and Agencies over five Financial Years

2019/2020 FY	2020/2021 FY	2021/2022 FY	2022/2023 FY	2023/24 FY
Overall Score: 3.0209	Overall Score: 3.2124	Overall Score: 3.1173	Overall Score: 3.3158	Overall Score: 3.2296
Overall Rank: Position 1	Overall Rank: Position 5	Overall Rank: Position- 5	Overall Rank: Position - 9	Overall Rank: Position - Not published
Overall Grade: 70-100%	Overall Grade: 70-100%			

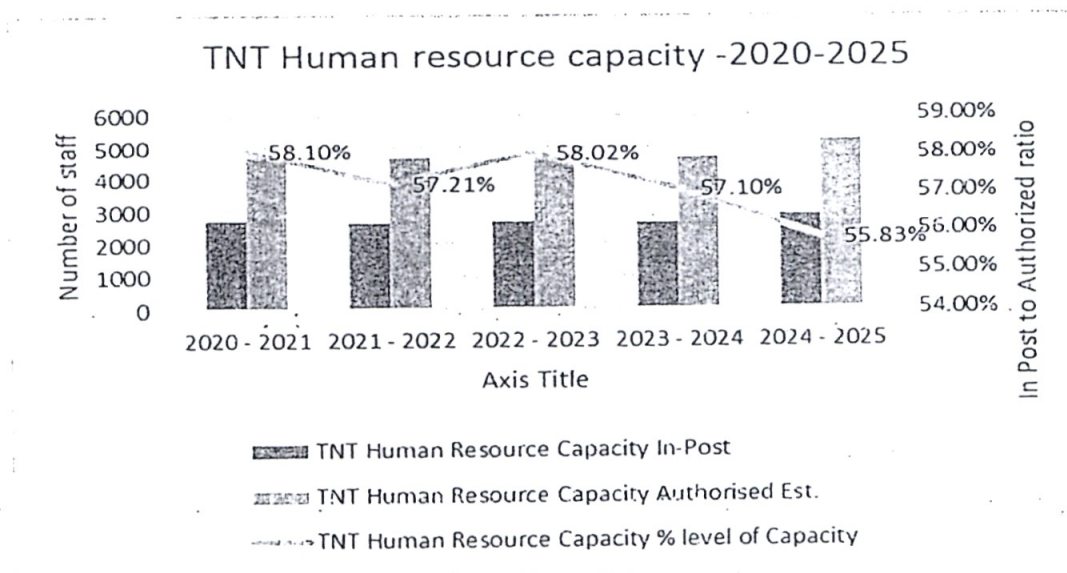
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Performance category: Good Core Mandate Score: 1.8089	Performance category: Good Core Mandate Score: Not measured	Overall Grade: 70-100% Performance category: Good	Overall Grade: 70-100% Performance category: Good	Overall Grade: 70-100% Performance category: Good
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Human resource staff capacity.

Human resource capacity is a component of operational efficiency in the National Treasury. In this regard, the National Treasury currently operates at 55.80 per cent staff capacity in relation to authorized establishment. This is a decline from staff operational capacity of 57.1% in 2023/24 FY and 58% FY in 2022/23. The decline in staff capacity is attributed to slow succession management in relation to increasing staff requirement as indicated by authorized establishment. Chart below illustrates the current staff capacity against authorised establishment.

Human resource capacity for the period FY 2020/21 to 2024/25



In terms of cadre, the National Treasury ratio of technical to support staff currently stands at 70.83 and 29.17 per cent of in-post staff.

The National Treasury trained 933 staff of different carders on relevant skills sets during the period under review.

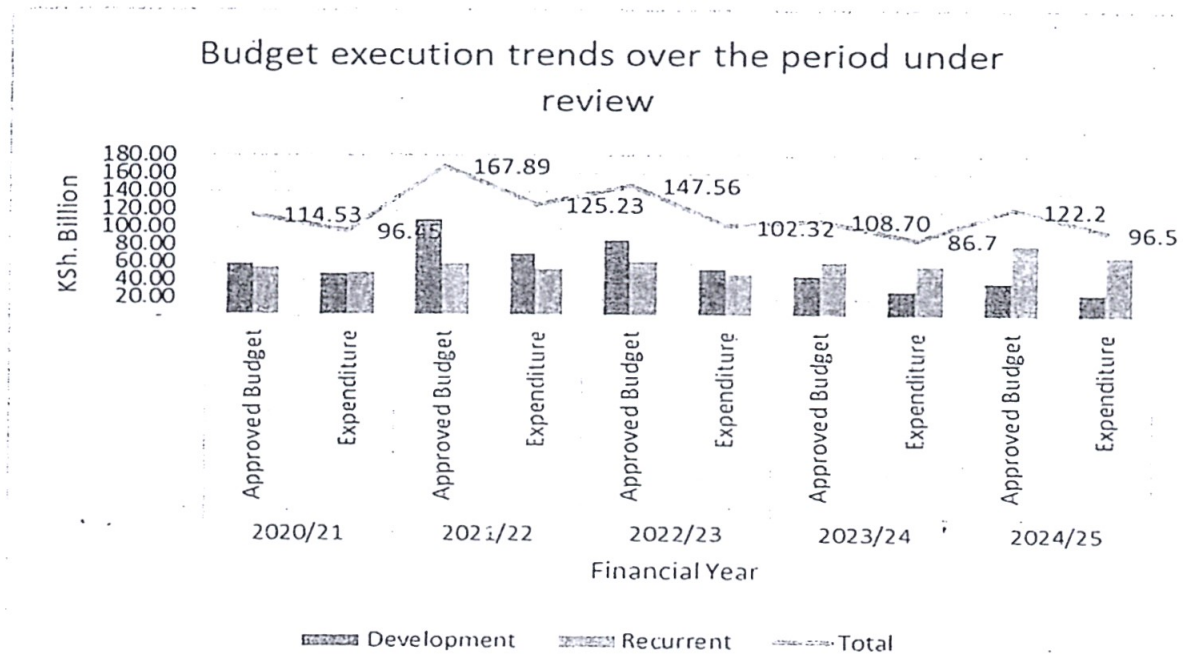
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Financial Performance

Over the last five-year period, the National Treasury recorded mixed trend in performance in financial stewardship relating to absorption of GoK funds. Chart below illustrates the National Treasury financial performance in relation to expenditure for the period 2020/21- 2024/25FY.

The allocations to the National Treasury recorded increasing trend with highest allocations recorded in the FY 2021/22. The increase in allocation is attributed to transferring of marine and transport functions to the National Treasury. These functions were transferred back to the Ministry of Transport and Infrastructure in the FY 2023/24.

The National Treasury total budget against expenditure for 2020/21- 2024/25 (Ksh. Billions)



The table below illustrates budget allocations vs expenditure per program.

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Table 5: Allocation Per Program Vote 1071 FY 2024/25

Program	Printed Estimates FY 2024/25	Supplementary I Estimates 2024/25	Supplementary II Estimates FY 2024/25	Supplem entary III Estimates FY 2024/25	Expend iture as at 30th June, 2025
(Kshs. Million)					
1. General Administration, Planning and Support Services	76,480.3	58,740.1	78,019.2	84,150.9	36,919.9
Administration Services	42,499.5	25,508.2	36,349.6	42,080.2	35,025.2
Human Resource Management Services	121.4	114.8	114.8	114.8	112.5
Financial Services	33,204.6	33,070.9	41,008.5	40,909.5	736.5
ICT Services	654.8	46.3	546.3	1,046.3	1,045.7
2. Public Financial Management	46,862.9	49,502.2	31,699.2	26,448.2	24,393.2
Resource Mobilization	24,696.4	24,716.2	13,088.9	14,403.5	14,311.5
Budget formulation, Coordination and Management	12,522.2	17,143.6	9,231.9	2,024.9	2,020.0
Audit Services	901.4	861.2	861.2	904.2	859.7
Accounting Services	3,058.4	2,342.0	3,150.0	3,425.0	3,298.8
Supply Chain Management	900.6	1,129.2	2,089.2	2,389.2	2,274.9
Public Financial Management	827.0	526.4	594.4	564.4	422.0
Government Investment and Assets	3,957.0	2,783.6	2,683.6	2,737.0	1,206.2

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3. Economic and Financial Policy Formulation and Management	11,270.5	10,475.0	6,715.3	10,959.3	9,886.6
Policy Formulation and Management	9,003.3	8,217.7	5,536.1	9,930.1	8,927.3
Debt Management	155.4	148.4	148.4	148.4	145.4
Micro Finance Sector Support and Development	2,111.8	2,108.9	1,030.9	880.9	813.9
4. Market Competition	508.5	508.5	618.0	618.0	618.0
Elimination of Restrictive Trade	508.5	508.5	618.0	618.0	618.0
Grand Total	135,122.1	119,225.8	117,051.8	122,176.4	71,817.6

#### Major Risks Facing the National Treasury

The National Treasury faces several key risks, including high debt levels, climate change impacts, and challenges in revenue mobilization. These factors can strain the country's fiscal stability and limit its ability to invest in priority programs.

##### 1. High Public Debt:

- Kenya's public debt, both domestic and external, is a significant concern, with a high proportion of it held by multilateral and bilateral lenders. The National Treasury aims to manage debt levels by gradually reducing the stock of Treasury bills and lengthening the maturity of public debt instruments. Challenges in revenue collection can exacerbate debt sustainability issues, potentially leading to cash flow problems and the accumulation of unpaid bills.

##### 2. Climate Change Impacts:

- Climate change poses a major risk to key sectors like agriculture and tourism, impacting economic resilience and potentially affecting government revenue. The National Treasury is prioritizing climate resilience as a crucial aspect of development and economic growth. Climate-related disasters also lead to increased government spending on disaster relief and recovery efforts, further straining the budget.

##### 3. Revenue Mobilization Challenges:

- Difficulties in mobilizing sufficient revenue to meet budgetary needs are a recurring issue. Economic downturns, high inflation, and exchange rate depreciation can negatively impact

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revenue collection. The National Treasury is working to enhance fiscal consolidation efforts and rebuild fiscal buffers to mitigate revenue shortfalls.

4. Fiscal Risks from State Corporations:

- Many state corporations face liquidity challenges and have accumulated significant arrears, posing a fiscal risk to the government. A significant number of state corporations are loss-making, further straining public finances. The National Treasury is working to improve the management and oversight of state corporations to mitigate these risks.

Addressing these risks requires a multi-pronged approach, including sound macroeconomic policies, effective debt management strategies, investment in climate resilience, improved revenue collection, and enhanced fiscal discipline across all government entities.

Material Arrears in Statutory and other Financial Obligations

As at 30th June, 2025, the organization had minimal material arrears in statutory and other financial obligations. The status is summarized as follows:

a) Statutory Deductions

All mandatory statutory deductions, including PAYE, NHIF, NSSF, and pension contributions, were remitted in full and on time to the respective institutions during the financial year. There were no outstanding arrears reported in relation to employee benefit remittances.

b) Pending Bills

The organization recorded pending bills], mainly related to: Unsettled invoices for supplies and services already rendered, delays in processing payments due to procurement documentation gaps or budget absorption constraints and a small portion attributed to late exchequer releases in the last quarter.

These pending bills are fully recognized in the financial statements and have been prioritized for settlement in the first quarter of the FY 2025/26.

The National Treasury Key Projects/ Investments implemented or ongoing

The Table below indicates a summary of 18 key projects for the National Treasury indicating project cost, cumulative expenditure, Absorption rate and project status.

Table 3: Key projects implemented by the National Treasury in 2024/25 FY

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S/No.	Project	Project Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate	Remarks
1.	National Treasury Special Global Fund - Malaria Grant - KEN-M (NFM3) - BETA	547,823,464.00	312,819,406.00	57.10%	Project Completed
2.	National Treasury Special Global Fund - HIV-AIDS Grant - KEN-H (NFM3) - BETA	6,143,272,199.00	5,478,371,242.00	89.18%	Project Completed
3.	National Treasury Special Global Fund - TB Grant - KEN-T (NFM3) - BETA	579,301,743.00	359,292,987	62.02%	Project Completed in March 2025
4.	National Treasury Special Global Fund - Malaria Grant - KEN-M (NFM4) - BETA	244,335,971.00	215,917,579.00	88.37%	Project ongoing
5.	National Treasury Special Global Fund - HIV-AIDS Grant - KEN-H (NFM4) - BETA	4,186,572,056.00	4,186,572,056.00	100.00%	Project ongoing
6.	National Treasury Special Global Fund - TB Grant - KEN-T (NFM4) - BETA	593,269,152.00	197,347,205.00	33.26%	Project ongoing
7.	National Treasury Infrastructure Finance and Public Private Partnerships Project (IFPPP), Credit/Grant No.: 51570-KE - BETA	43,000,000.00	43,000,000.00	100.00%	Project Completed

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8.	National Treasury Infrastructure Finance Public Private Partnerships-Additional Financing (IFPPP2-AF), Credit/Grant No.: 61201-KE - BETA	689,086,883.00	689,086,883.00	100.00%	Project Completed
9.	National Treasury support to Public Financial Management (PFMR)	150,000,000.00	26,386,200.00	17.59%	Project ongoing
10.	National Treasury Regional Integration Implementation Program	116,553,557)	115,553,557.00	99.14%	Project ongoing
11.	National Treasury Public Debt Management Support Project	59,000,000.00	34,811,027.00	59.00%	Project ongoing
12.	National Treasury Capacity Strengthening Project	50,000,000.00	6,415,211.00	12.83%	Project ongoing
13.	National Treasury Green Climate Fund Readiness Project	22,600,000.00	16,002,597	70.81%	Project ongoing
14.	National Treasury Kenya Affordable Housing Project - BETA	8,150,000,000.00	8,150,000,000.00	100.00%	Project ongoing
15.	National Treasury Supporting Access to Finance & Enterprise Recovery (SAFER) - BETA	5,900,000,000.00	5,006,270,769.00	84.85%	Project ongoing

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16.	Kenya Financing Locally Led Climate Action Programme (FLLCoA) - BETA	2,000,000,000	1,525,157,868.00	76.26%	Project ongoing
17.	National Treasury Rural Kenya Financial Inclusion Facility (RK-FINFA) - BETA	650,000,000.00	604,241,997.00	92.96%	Project ongoing
18.	Operationalization of Kenya Mortgage Refinancing Company (KMRC) - BETA	2,717,000,000.00	2,717,000,000.00	100.00%	Project Completed

Future Developments and other information

In the next five (5) Year period, the National Treasury plans to implement the following Four (4) Key Result areas and attendant strategies as stipulated in the Strategic Plan for the period 2023-2027:

1. Stable and sustainable macroeconomic environment

Under this Key Result Area, the National Treasury plans to:

- i. Develop and implement macroeconomic and fiscal policies that support stable macroeconomic environment and stimulate economic recovery to 5.6 percent growth in FY 2027/28; boost the ratio of gross national savings to GDP to 13.3 percent in the FY 2027/28; increase the ratio of national investments to 18.6 percent GDP in the FY 2027/28;
- ii. Oversee implementation of monetary policy that targets to maintain inflation rate at 5 percent +/-2.5 percent; low and stable lending interest rates; stable and competitive exchange rates; and strong official foreign exchange reserves;
- iii. Establish the Kenya Credit Guarantee Company to administer CGS – This will entail establishing a functional Credit Guarantee Company to administer Credit Guarantee Scheme (CGS);
- iv. Agricultural and Rural Financial Inclusion (RK- FINFA) – this will enhance access, efficiency and stability of agricultural and rural finance by smallholder farmers and agribusiness MSME;

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- v. Implement the Green Financial Markets program to enhance access to green finance and strengthen the enabling environment to attract green finance and investments needed to transition to a low-carbon, climate resilient and green economy;
- vi. The National Treasury has embarked to redesign the taxation instruments to make them more supportive to economic activity without distorting the market and eroding investment incentives. This will boost revenue collection and raise tax effort from the current 16.0 percent of GDP in FY 2023/24 to where it was previously, above 20 percent of GDP. This will be done through the implementation of the National Tax Policy and the Medium-Term Revenue Strategy for the period FY 2024/25 - 2026/27 that will provide a combination of tax administration and policy measures to enhance revenue mobilization; and
- vii. Operationalize Nairobi International Financial Centre (NIFC) to develop a more predictable, efficient and globally competitive financial environment

2. Resource mobilization for financing public expenditure

Under this Key Result Area, the National Treasury plans to:

- i. Broaden the tax base and enhance tax compliance;
  - ii. Digitization of government payment services;
  - iii. Mobilization of external and domestic resources;
  - iv. Diversification of borrowing sources;
  - v. Undertake periodical portfolio review, assessment and reporting;
  - vi. Enhance public debt management efficiency and transparency;
  - vii. Support contracting authorities in preparation of PPP projects and procurement of private investors;
  - viii. Support contracting authorities in the management of PPPs in operation;
  - ix. Enhance mobilization of resources for the Project Facilitation Fund (PFF);
  - x. Establish and sustain relations with investors in PPPs;
  - xi. Enhance PPP legal and regulatory framework;
  - xii. Enhance the capacity of County Governments on tax analysis and revenue forecasting; and
  - xiii. Development of legal framework for County Government tax processes.
3. Policy, legal and institutional frameworks for development planning, budgeting, and intergovernmental and stakeholder relations

Under this key Result Area, the National Treasury plans to: -

- i. Enhance uptake of government procurement opportunities by the marginalized groups;
- ii. Promote value for money in public procurement;
- iii. Enforce compliance on public sector accounting standards and other government regulations;

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- iv. Support effective implementation and reporting of reform interventions in the PFM Reforms Strategy 2023-2028;
- v. Prepare and disseminate guidelines on PFM with County Governments;
- vi. Enhance compliance with PFM laws by County Governments;
- vii. Enhance compliance of all public sector entities with assets and liabilities policies and guidelines;
- viii. Prepare legislative proposals on sharing of resources between the two levels of governments and among the counties are in place;
- ix. Enhance the capacity of SCs in budgeting, performance contracting, financial reporting, and monitoring;
  - x. Develop Public Investment Policy and Guidelines;
  - xi. Digitalize and automate the budget process;
  - xii. Improve efficiency and effectiveness in pensions administration and management;
- xiii. To strengthen transparency and accountability in public investment management; and
- xiv. Provide objective assurance on Management of resources in public sector entities.

4. Strengthened institutional capacity and internal business processes

Under this Key Result Area; the National Treasury will implement the following;

- i. Scale up efforts to towards optimal staffing levels;
- ii. Undertake Employee capacity building and development;
- iii. Institutionalize knowledge management;
- iv. Restructure the Organizational for enhanced productivity;
- v. Enhancement of communication mechanism and brand identity; and
- vi. Enhance the efficiency and effectiveness of planning and project monitoring.

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10. STATEMENT OF RECEIVER OF REVENUE

The Principal Secretary, The National Treasury, presents this statement on the revenue performance for the financial year ended 30th June 2025. This statement is prepared in accordance with Section 82(1) of the Public Finance Management Act, 2012, which mandates the preparation of annual revenue accounts.

The fiscal year 2024/25 presented a challenging economic landscape. The withdrawal of the Finance Bill 2024, which had been projected to generate an additional KSh 344.3 billion in revenue, created immediate fiscal pressures. This decision, triggered by widespread public demonstrations, that disrupted economic activity across key sectors. Business operations were adversely affected, leading to subdued economic performance in the first half of the financial year. Despite these challenges, the economy exhibited resilience. Revenue collection grew by 7.7% year-on-year, reaching KSh 2,918.6 billion. While this fell short of the revised target (KSh 2,985.6 billion), it demonstrated the underlying strength of Kenya's revenue mobilization framework.

The total revenue collected amounted to 16.7% of GDP, which was below the target of 17.1%. The shortfall was primarily attributed to underperformance in ordinary revenue, which missed its target by KSh 76.0 billion. Key observations from revenue collection include:

- i) **Income Tax:** Collections grew by 4.8% to KSh 1,093.0 billion, though this was KSh 32.1 billion below target. PAYE, which constitutes over half of income tax receipts, grew modestly by 1.1%, reflecting subdued formal sector employment growth.
- ii) **Value Added Tax (VAT):** VAT receipts marginally exceeded the target, reaching KSh 660.7 billion. This was driven by strong performance in VAT on imports (KSh 333.1 billion), which offset weaker domestic VAT growth (4.6%). The weak growth in domestic VAT reflects persistent compliance challenges.
- iii) **Excise Duty:** Collections grew by 5.7% to KSh 292.5 billion, though a KSh 4.4 billion shortfall was recorded. The growth was supported by improved collections of excise on imports, financial transactions, airtime and betting services which more than offset the negative growth in excise on other domestic products.

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- iv) **Import Duty:** Import duty receipts grew by 17.3% to KSh 157.1 billion, surpassing the target by KSh 3.6 billion. The performance was buoyed by improved oil volumes as well as higher volumes and values of certain goods of higher import duty bands.
- v) **Appropriations-in-Aid (A-I-A):** Collections exceeded expectations by KSh 9.1 billion, reaching KSh 498.4 billion. Development A-I-A outperformed significantly (KSh 203.8 billion), due to higher collection of Road Maintenance Levy on account of increased rate. Recurrent A-I-A fell short by KSh 26.8 billion, most likely due to reporting challenges by some spending units.

The year's revenue performance was constrained by a number of factors among them:

- i) **Policy Uncertainty:** The withdrawal of the Finance Bill 2024 disrupted revenue projections and necessitated supplementary budgets to align expenditures with revised revenue estimates;
- ii) **Economic Disruptions:** Protests and social unrest dampened business activity, particularly in trade and services, affecting tax compliance; and
- iii) **Expenditure Pressures:** Unanticipated spending on wage bills and education financing strained fiscal resources, limiting flexibility in revenue allocation.

To address these challenges, the National Treasury implemented mitigating measures among them:

- i) **Expenditure Rationalization:** Through Supplementary Estimates I, II, and III, non-priority spending was curtailed to preserve fiscal sustainability;
- ii) **Policy Adjustments:** The enactment of the Tax Laws (Amendment) Act, 2024, and related statutes bolstered revenue; and
- iii) **Enhanced Compliance:** Targeted enforcement efforts, particularly in VAT and import duty, helped mitigate revenue leakage.

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While revenue growth was below target, the resilience of Kenya's tax system ensured that critical government functions remained funded. Going forward, structural reforms to broaden the tax base, enhance compliance, and stabilize revenue streams will be employed. These efforts will be critical in achieving sustainable fiscal consolidation and supporting Kenya's long-term economic growth



Signature .....

Date ..... 28/8/25 .....

DR. CHRIS KIPTOO, CBS  
PRINCIPAL SECRETARY/NATIONAL TREASURY

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**11. STATEMENT OF RECEIVER OF REVENUE'S RESPONSIBILITIES**

Section 82 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, a receiver of revenue shall prepare an account of the revenue received and collected by that receiver during that financial year.

The Principal Secretary / the designated receiver of revenue in charge of The National Treasury is responsible for the preparation and presentation of the receiver of revenue account, which gives a true and fair view of the state of affairs of the receiver of revenue for and as at the end of the financial year 2024/2025 ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the The National Treasury; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Principal Secretary/ designated receiver of revenue in charge of The National Treasury accepts responsibility for The National Treasury receiver of revenue accounts, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Principal Secretary is of the opinion that The National Treasury receiver of revenue account gives a true and fair view of the state of The National Treasury receiver of revenue transactions during the financial year ended June 30, 2025 and of the The National Treasury financial position as at that date. The Principal Secretary in charge of The National Treasury further confirms the completeness of the accounting records maintained for The National Treasury, which have been relied upon in the preparation of the receiver of revenue account as well as the adequacy of the systems of internal financial control.

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The Principal Secretary in charge of The National Treasury confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, the Principal Secretary confirms that The National Treasury accounts have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the Revenue Statements**

The revenue statements were approved and signed on 28/8 2025 by:



.....  
**Dr. CHRIS KIPTOO, CBS  
PRINCIPAL SECRETARY**

# REPUBLIC OF KENYA



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## REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE - RECURRENT FOR THE YEAR ENDED 30 JUNE, 2025 – THE NATIONAL TREASURY

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### PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Receiver of Revenue - Recurrent set out on pages 1 to 20, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory

information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the revenue position of Receiver of Revenue-Recurrent as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of The National Treasury Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

### **Emphasis of Matter**

#### **1. Doubtful Arrears of Revenue**

As previously reported, and as disclosed in Appendix 2 of the financial statements, the statement of arrears of revenue reflects arrears of tax receipts of Kshs.2,724,054,087,254 and Government Investment and Public Enterprise (GIPE) arrears of Kshs.511,443,265,844 which, as disclosed in Table 4 of the revenue statements, includes arrears totalling Kshs.2,416,781,574,017 referred as either being under validation, uncollectable, under reconciliation, under resolution or awaiting updating for taxpayers' ledgers as detailed below.

<b>Category</b>	<b>Amount (Kshs.)</b>
Debts under ledger reconciliation	152,298,200,682
Migrated Legacy system debts	759,237,250,910
Penalties and Interest	538,801,143,491
Debt Under Tax Appeal Processes (Objections, ADR, Court, TAT)	334,511,017,468
Debts under validation process	17,137,838,024
Debts under Resolved disputes not updated in taxpayers' ledgers	613,996,626,659
<b>Total</b>	<b>2,415,982,077,234</b>

Although Management provided measures to address the arrears of revenue, the outstanding arrears remained uncollected as at 30 June, 2025.

## 2. Long Outstanding Arrears of Revenue

As reported previously, the statement of arrears of revenue reflects non-tax revenue arrears from Government Investment and Public Enterprises (GIPE) of Kshs.511,443,265,844. The balance comprises of Kshs.338,363,270,967 and Kshs.173,079,994,877 in respect of loan redemption and loan interest out of which, as disclosed in Appendix 3(ii) to the financial statements, Kshs.168,459,830,387 and Kshs.79,079,462,463 respectively have been outstanding for more than three years.

In addition, and, as disclosed in GIPE schedule of arrears of revenue, the non-tax revenue arrears include principal loan arrears of Kshs.330,907,208,211 as listed below due from State Corporations and private companies that are operational.

S/no	Description	Total Arrears (Kshs.)
1	National Water Conservation	2,134,726,553
2	Athi Water Services Board	10,535,748,168
3	Tanathi Water Services Board	1,584,961,434
4	Coast Water Services Board	5,996,337,407
5	National Irrigation Board	329,141,977
6	Lake Victoria North Water Service Board	3,877,770,941
7	Lake Victoria South Water Service Board	2,590,502,831
8	Tana Water Service Board	1,456,466,064
9	Central Rift Valley Water Services Board	410,041,273
10	Water Resources Management Authority	105,760,665
11	Lake Basin Development Authority	617,647,059
12	Agricultural Finance Corporation	304,797,714
13	Moi University	231,250,000
14	Agro-Chemical and Food Co. Ltd	2,941,884,000
15	Co-operative Bank of Kenya	72,915,185
16	Catering Levy Trustee/Utalii College	122,000,000
17	Kenya Meat Commission	338,000,000
18	Kenya Electricity Transmission Co. Ltd.	2,346,365,655
20	Kenyatta University	6,216,056,544
21	Kenya Railways Corporation	288,694,834,741
	<b>TOTAL</b>	<b>330,907,208,211</b>

Although Management provided various reasons for the non-receipt of the revenues and explained measures in place to improve the outstanding debt arrears position, it is not clear why some unrecovered long outstanding balances continue to be retained in the revenue statements.

My opinion is not modified in respect of these matters.

### **Other Information**

Management is responsible for the Other Information set out on page iv to lxxii which comprise of Key National Treasury Information and Management, Profile of the Cabinet Secretary, Profile of the Principal Secretary, Statement by the Cabinet Secretary, Statement by the Principal Secretary, Statement of Performance Against Predetermined Objectives, Statement of Governance, Management Discussion and Analysis, Statement of Receiver of Revenue and Statement of Receiver of Revenue's responsibility. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Receiver of Revenue-Recurrent financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **Responsibilities of the Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the National Treasury's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

## **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of

assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**28 November, 2025**

RECEIVER OF REVENUE-THE NATIONAL TREASURY  
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13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025

Revenue from non-exchange transactions		
Taxes on Income, Profits and Capital Gains	5	1,099,268,979,795.00
Taxes on Property	6	164,787,061.00
Taxes on Goods and Services	7	954,197,676,952.00
Taxes on International Trade and Transactions	8	204,180,219,655.00
Miscellaneous Revenue	9	219,766,537
Sub-total		2,258,031,430,000.
Revenue from exchange transactions		
Fees on Use of Goods & Services	10	29,029,897,889.00
Property Income	11	73,023,849,644.00
Social Security Benefits	12	292,898,493.00
Proceeds from Domestic Borrowings	13	12,669,645,784.00
Sub-total		115,016,291,810.00
Total revenue		2,373,047,721,810.00
Expenses		
Disbursements to Exchequer Account	14	(2,347,540,466,053.00)
Disbursements to PDL holding Account	14	(25,507,255,707.00)
Total expenses		(2,373,047,721,740.00)
Increase/Decrease in Disbursements Due to Exchequer	16	50

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 25/8/2025 and signed by:



Dr. CHRIS KIPTOO, CBS  
PRINCIPAL SECRETARY

(Ref: FFM ACT section 82,2(a))



GEORGE K GICHURU  
HEAD OF ACCOUNTING  
UNIT  
ICPAK NO. 9262

RECEIVER OF REVENUE-THE NATIONAL TREASURY  
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14 STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2025

Description	Notes	2024/2025	
		2024/2025	2024/2025
		Shs	Shs
<b>Current Assets</b>			
Cash and Cash Equivalents	15	51.00	1.00
<b>Total Current Assets</b>		51.00	-
<b>Total Assets</b>			1.00
<b>Current Liabilities</b>			
Dues to Exchequer	16	51.00	1.00
Dues to MDA		-	
<b>Total Current Liabilities</b>		51.00	1.00

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 28/6/25 2025 and signed by:



.....  
 Dr. CHRIS KIPTOO, CBS  
 PRINCIPAL SECRETARY  
 (Ref: PFM ACT section 82,2(a))



.....  
 GEORGE K GICHURU  
 HEAD OF ACCOUNTING UNIT  
 ICPAK No 9262

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15. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2025

Description	Note	2024/2025 (R)
		Kshs.
<b>Operating Activities</b>		
<b>Receipts</b>		
Taxes on Income, Profits and Capital Gains	5	1,099,268,979,795.00
Taxes on Property	6	154,787,061.00
Taxes on Goods and Services	7	954,197,676,952.00
Taxes on International Trade & Transactions	8	204,180,219,655.00
Miscellaneous receipts	9	219,766,537.00
Fees on use of Goods/Services	10	29,029,897,889.00
Property income	11	73,023,849,644.00
Social security contributions	12	292,898,493.00
Proceeds from domestic borrowings	13	12,669,645,765.00
<b>Total Receipts</b>		<b>2,373,047,721,810.00</b>
<b>Payments</b>		
Disbursements To Exchequer Account	14	2,347,540,466,053.00
Disbursements To MDA	14	25,507,255,707.00
<b>Total Payments</b>		<b>2,373,047,721,760.00</b>
<b>Net Cash from operating Activities</b>		<b>50.00</b>
Cash and Cash Equivalent as at 1 <sup>st</sup> July 24		1.00
Cash and Cash Equivalent as at 30 <sup>th</sup> June 25		51.00

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16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2025

Description	Original Targets	Adjustments	Final Targets	Actual	% Realized
	Kshs	Kshs	Kshs	Kshs	
<b>Revenue from non-exchange transactions</b>					
Taxes on Income, Profits and Capital Gains	1,238,094,212,945	(67,137,650,029)	1,170,956,562,916	1,099,268,979,795	94%
Taxes on Property	19,767,837,750	(5,930,732,009)	13,837,105,741	164,787,061	1%
Taxes on Goods and Services	1,246,338,163,468	(236,020,208,790)	1,010,317,954,678	954,197,676,952	94%
Taxes on International Trade and Transactions	245,565,517,763	(47,237,483,376)	198,328,034,386	204,180,219,655	103%
Miscellaneous Revenue	3,331,689,921	(1,655,825,579)	1,675,864,342	219,766,537	13%
<b>Sub Total</b>	<b>2,753,097,421,846</b>	<b>(352,051,167,774)</b>	<b>2,395,115,522,063</b>	<b>2,258,031,430,000</b>	<b>94%</b>
<b>Revenue from exchange transactions</b>					
Fees on Use of Goods & Services	32,971,253,828	(2,718,661,256)	30,252,592,572	29,029,897,889	95%
Property Income	66,661,882,104	33,258,710,431	99,920,592,535	73,023,849,644	73%
Social Security Benefits	260,422,782	8,999,072	269,421,854	292,898,493	108%
Proceeds from Domestic Borrowings	5,796,909,550	(3,835,398,765)	9,632,308,315	12,669,645,784	131%
<b>Sub Total</b>	<b>99,893,558,714</b>	<b>30,540,049,175</b>	<b>130,442,606,961</b>	<b>115,016,291,810</b>	<b>88%</b>
<b>Total Revenues</b>	<b>2,852,990,980,560</b>	<b>(321,511,118,599)</b>	<b>2,525,558,129,024</b>	<b>2,373,047,721,810</b>	<b>93%</b>

Budget Notes:

## A. TAX RECEIPTS

### 1. Taxes on Income, Profits and Capital Gains: includes PAYE and other income taxes

PAYE and other income tax recorded a shortfall. The shortfall in other income tax is attributed to a slowdown in economic activity at the beginning of the financial year following social unrest against the Finance Bill 2024. **PAYE collection** and **withholding income taxes** were below target on due to shortfalls in remittance from the public sector mainly affected by below optimal disbursements to various Government entities. Further, the shortfall in PAYE was attributed to utilization of adjustment vouchers by taxpayers to offset tax liabilities and policy impacts, which included adjustment of SHIF and Housing Levy from relief to allowable deductions before tax computation.

### 2. Stamp Duty

Taxes on property is majorly composed of stamp duty. The responsibility for the assessment, accounting, and collection of Stamp Duty and Land Rent was moved from the Kenya Revenue Authority (KRA) to the Ministry of Lands and Physical Planning. The Ministry is now the designated collector of these revenues through its ARDHISASA platform. As a result, collections are often reported under the broader category of "other land revenue" instead of being itemized specifically as stamp duty affecting performance of stamp duty.

### 3. Taxes on Goods and Services

Taxes on Goods and services include Value Added Tax (VAT) and Excise Duty. VAT shortfall is explained by the performance of domestic VAT following a shortfall in the remittance of VAT remittance from a number of sectors (Accommodation, Administrative & Support, Electricity, Oil & Gas, Finance & Insurance, ICT, Professional & Scientific, and Transport & Storage) declined by an average of 3.5%. VAT performance was impacted by two primary factors. First, a deterioration in the business environment following social unrest that led to a significant slowdown in business activity earlier in the financial year. Second, several large private businesses settled their current tax liabilities by applying tax credits accrued from previous periods. This was executed through refund adjustment vouchers totaling Kshs 6.5 billion in FY 2024/25, which directly reduced net VAT collections.

The excise duty shortfall stems from a major policy change which moved the remittance deadline from 24 hours to the 5<sup>th</sup> of the following month. This caused revenues that would have been booked in January 2025 to be collected in December 2024, creating a one-month dip. The decline was further driven by falling remittances from major sectors (e.g., Beer -13.9%, Tobacco -11.2%) and a new tax structure for alcohol that bases the rate on alcohol strength, reducing the levy on beer and wine with lower alcohol content.

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4. Taxes on International Trade and Transaction:

Revenue items under this category are custom duty and import declaration fees (IDF). Custom duties were on target and therefore a shortfall in this category is explained by a decline in oil import values by 10.2% driven by appreciation of the Kenya Shilling against the US dollar by 10.2% and drop in international oil prices by 12.7% in the same period.

**B NON TAX RECEIPTS**

1. Property Income

i. Loan Redemption

Revised estimates of Kshs. 5,796 million against actual receipts of Kshs. 12,669 million, shows an over collection of Kshs. 6,872 million. This was mainly caused by repayment of Kenya Power currently they are servicing the loans after the end of Moratorium period that was granted in FY 2019/2020 Kenya power repaid Kshs 6,025 million during the year. In overall, Kenya Power and KENGEN contributed the main component of loan redemption being 93% of the amount of total loan repayment received

Loan Interest

Revised estimates of Kshs. 1,621 million against actual receipts of Kshs. 3,191 million shows an over collection of Kshs. 1,569 million. The Estimate had been based on previous receipts of 2023/24 FY. However, Kenya Power started servicing the loans after the end of Moratorium that was granted in FY 2019/20. During the FY 2024/25, Kenya Power paid Kshs 1,408 million as interest.

Other Income

(a) Dividends from Central Bank of Kenya (CBK)

The budgeted dividend from CBK in FY 2024/2025 revised estimates of Kshs 6,000 million against actual receipts of Kshs. 30,000 million shows a variance of Kshs 24,000 million. The variance is due to CBK remitted Kshs 24,000 million which is the amount of dividend that was for FY 2023/24 but remitted in FY 2024/25.

(b) Other Profits & Dividends

The revised estimates of dividend and other profit amount to Kshs 66,340 million against actual receipts of Kshs. 39,740 million which shows an under collection of Kshs. 26,600 million. The estimate of revenue was based on an expected cash call and rationalization of State Corporations Budget which has been an annual exercise for the past two years. However, during the FY 2024/205, the exercise was not carried out since the budget of the respective entities had been rationalized in FY 2023/24.

**1. MISCELLANEOUS RECEIPTS**

Miscellaneous Receipts Miscellaneous receipts collections are bound to fluctuations and shortfalls because of improvements in the classification of revenue items.

**2. Social Security Contribution**

Social security contribution performance was on target following improved remittance.

**3. Fees on use of Goods/Services**

The shortfall in this category is mainly because of under collection in the petroleum development levy attributed to decline in volumes petroleum products.

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**17. NOTES TO THE FINANCIAL STATEMENTS**

**1. General Information**

The National Treasury Receiver of Revenue was appointed by the Cabinet Secretary, National Treasury in accordance with section 75 of the PFM Act. The National Treasury Receiver of Revenue principal activity is collection of revenue as outlined in the appointment letter and section 75 of the PFM Act.

**2. Statement of Compliance and Basis of Preparation**

The revenue statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) and Section 82 of the Public Finance Management Act, 2012. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the National Treasury and all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

The revenue statements have been prepared on the Accrual Basis of accounting.

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3. Adoption of New and Revised Standards.

i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

Standard	Effective date and impact:
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p> <p><b>Not applicable to this entity</b></p>
IPSAS 44:	<b>Applicable 1<sup>st</sup> January 2025</b>
Non- Current Assets Held for Sale and Discontinued Operations	<p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><b>Not applicable to this entity</b></p>
IPSAS 45-	<b>Applicable 1<sup>st</sup> January 2025</b>
Property Plant	The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure

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Standard	Effective date and impact
and Equipment	<p>assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46	<p><b>Not applicable to this entity</b>  <b>Applicable 1<sup>st</sup> January 2025</b></p>
Measurement	<p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li data-bbox="485 1061 1430 1196">i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li data-bbox="485 1223 1374 1310">ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li data-bbox="485 1337 1406 1473">iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b>State the expected impact of the standard to the Entity if relevant</b></p>
IPSAS 47- Revenue	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial</p>

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Standard	Effective date and impact:
	statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
	<b>State the expected impact of the standard to the Entity if relevant</b>
IPSAS 48-	<b>Applicable 1<sup>st</sup> January 2026</b>
Transfer Expenses	The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
	<b>State the expected impact of the standard to the Entity if relevant</b>
IPSAS 49-	<b>Applicable 1<sup>st</sup> January 2026</b>
Retirement Benefit Plans	The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
	<b>Not applicable to this entity</b>
IPSAS 50:	<b>Applicable 1<sup>st</sup> January 2027</b>
Exploration For &	The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:
Evaluation of Mineral Resources	<ul style="list-style-type: none"> <li data-bbox="363 1447 1353 1536">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li data-bbox="363 1554 1353 1715">ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li data-bbox="363 1733 1353 1872">iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements</li> </ul>

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Standard	Effective date and impact
	understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

Not applicable to this entity

**iii) Early adoption of standards**

The entity did not early-adopt any new or amended standards in the financial year

**4. Significant Accounting Policies**

**a) Revenue**

**i. Revenue from non-exchange Transactions**

Revenue from taxes, grants, fines, penalties and forfeitures is recognized when the event occurs and the asset recognition criteria is met. Revenue billed/assessed during the year but not yet collected is reported as a receivable in the statement of financial position.

**ii. Revenue from exchange Transactions**

**Rendering of services**

The National Treasury recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Entity.

**b) Budget**

The budget is developed on the cash basis, the same accounts classification basis, and for the same period as these revenue statements. The revenue budget was approved as required by law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the revenue's actual performance against the comparable budget for the financial year under review has been included in these revenue statements.

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**a) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the Central Bank of Kenya and any other commercial bank.

**b) Disbursements to the Exchequer**

The Receiver of Revenue has a daily arrangement for sweeping of funds from its bank account to the Exchequer account. Total disbursements to the exchequer are as a result of the sweeping arrangement during the year.

**c) Comparative Figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**d) Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the revenue statements for the year ended June 30, 2025

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Notes to the Financial Statements

5. Taxes On Income, Profits and Capital Gains

Description	2024/2025 FY
	Kshs
Income Tax from Individuals (PAYE)	560,501,487,183
Income from Corporations (Other Enterprises) (Capital gain, TOT, Digital Tax, etc)	538,767,492,612
Other Income Tax- instalment tax, consultancy tax	
Less: Refunds	(-)
<b>Total Revenue</b>	<b>1,099,268,979,795.00</b>

6. Taxes On Property

Description	2024/2025 FY
	Kshs
Immovable Property (Stand Premia on Plots, Land Rent)	-
Capital gains tax	-
Stamp Duty	164,787,061.00
Other Property Taxes	-
<b>Total Revenue on Property</b>	<b>164,787,061.00</b>

7. Taxes On Goods and Services

Description	2024/2025 FY
	Kshs
VAT on Domestic Goods and Services	327,661,920,927.00
VAT on Imported Goods and Services (imports, oil & anti adulteration levy)	333,066,792,599.00
VAT Refund	(-)
VAT Remissions	-
<b>Total VAT</b>	<b>660,728,713,526.00</b>
Excise Receipts (airtime, domestic excise duty, excise imports, excise tax money transfer, excise tax betting, excise tax on advert)	293,468,963,426.00
Refunds	(-)
Anti- adulteration levy	-

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Other taxes on goods and services- Cement Levy	-
<b>Total Revenue from Taxes on goods and services</b>	<b>954,197,676,952.00</b>

**8. Taxes On International Trade and Transactions (Customs)**

Description	2024/2025 FY
	Kshs
Customs Duties	157,107,068,204.00
Customs Duties refunds	(-)
Other Taxes on International Trade and Transactions (Import Declaration Fees and Inspection Fees)	47,073,151,451.00
<b>Total Revenue</b>	<b>204,180,219,655.00</b>

**9. Miscellaneous Revenue**

Description	2024/2025 FY
	Kshs
Miscellaneous Revenue	219,766,537.00
<b>Total Revenue</b>	<b>219,766,537.00</b>

**10. Fees On Use of Goods/Services**

Description	2024/2025 FY
	Kshs
Licences under Traffic Act	3,522,642,182.00
Licenses under the Communication Act	-
Licenses under Betting, Lotteries and Gaming Act	-
Mineral Export Licensing □	-
Prospecting Fee	-
Petroleum Development Levy (PDL)	25,507,255,707.00
Roads Maintenance Levy (RML)	-
<b>Total Fees on use of Goods/Services</b>	<b>29,029,897,389.00</b>

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11. Property Income

Description	2024/2025 FY
	Kshs
Interest	3,190,863,710
Dividends from Central Bank of Kenya (CBK)	30,000,000,000
Other Profits and Dividends (specify entity)	39,740,131,116
Surplus funds from Regulatory Authorities	-
Rent of Land	92,854,818
Stand Premia on Town Plots	-
Royalty on Carbon Dioxide	-
Mining Royalties	-
Magadi Soda Royalty	-
Base Titanium Royalty	-
Fishing Rights	-
<b>Total</b>	<b>73,023,849,644</b>

12. Social, Security Benefits

Descriptions	2024/2025 FY
	Kshs
Contributions from Government Employees to Social and Welfare Schemes within Government	292,898,493
<b>Total Contributions</b>	<b>292,898,493</b>

13. Proceeds from Domestic Borrowings

Descriptions	2024/2025 FY
	Kshs
Proceeds from Domestic Borrowings	12,669,645,784
<b>Total Contributions</b>	<b>12,669,645,784</b>

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14. Disbursement to Exchequer Account

Descriptions	2024/2025 FY
	Kshs
Disbursement to Exchequer Account	2,347,540,466,053
Disbursement to TNT PDL Holding A/C	25,507,255,707
<b>Total</b>	<b>2,373,047,721,760</b>

15. Cash and Cash Equivalents

Name of Bank, Account No. & currency	Amount in bank account (local currency)	Exc. rate (if in foreign currency)	2024/2025 FY	Opening Bal as at 1 <sup>st</sup> Jul 2024
			Kshs	Kshs
Central bank, Account No 1000181237. KSH	-	-	50.00	1.00
Name of Bank, Account No. & currency	-	-	-	-
Name of Bank, Account No. & currency	-	-	-	-
<b>Total</b>			<b>51.00</b>	<b>-</b>

16. Payables- Due to Exchequer

Payables	2024/2025 FY	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Amount collected to be disbursed to Exchequer	51.00	1.00
Amount collected to be disbursed to MDA	-	-
Amount billed and yet to be collected for disbursement to Exchequer	-	-

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Movement Disclosure on Dues to Exchequer

Description	Amount
	Kshs
Opening Dues to Exchequer	1.00
Increase/Decrease in Dues to Exchequer	50.00
Closing Dues to Exchequer	51.00

18. APPENDICES

Appendix 1: Progress on Follow Up of Prior Year Auditor-General Recommendations

The following is the summary of issues raised by the Auditor –General and management comments that were provided. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Para 38	Unreconciled arrears of Revenue Balance	Measures have been implemented to reduce the debt and unreconciled arrears, which include (a) Recovery through payment plans, issuing agency notices, offsetting against claims, and taking distress actions (b) Enhanced reconciliations of the Itax ledger have been carried out, with a dedicated team validating over 2,000 debtors and public sector institutions (c) Integration of key government institutions has reduced the accumulation of invalid PAYE	Awaiting to appear before public accounts committee of the National Assembly	Ongoing
Para 39	Long Outstanding Arrears of Revenue	(a) An inter-ministerial Task Force has been established to analyse and recommend sustainable strategies for restructuring concessional loans. An interim report has been submitted, and a policy direction will be issued upon finalization of the recommendations. (b) A task force dedicated to addressing dormant loans has formally recommended a write-off. A memorandum requesting	Awaiting to appear before public accounts committee of the National Assembly	ongoing

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Reference No. on the external audit report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (at a date when you expect the issue to be resolved)
		secretary. Implementation will proceed upon receiving the necessary approval. (c) The National Treasury continues to issue Annual demand letters for the non-performing loans		
Para 40	Budgetary Control and Performance	Revenue deficit from tax receipts is attributed to a prolonged adverse economic environment in key sectors.	Awaiting to appear before public accounts committee of the National Assembly	ongoing



.....  
 Dr. CHRIS KIPTOO, CBS  
 PRINCIPAL SECRETARY



.....  
 GEORGE K GICHURU  
 HEAD OF ACCOUNTING UNIT  
 ICPAK No 9262

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Appendix 2: Statement of Arrears of Revenue as at 30<sup>th</sup> June 2025

A. STATEMENT OF ARREARS OF REVENUE AS AT 30<sup>TH</sup> JUNE 2025

(i) TABLE 1: KENYA REVENUE AUTHORITY STATEMENT OF ARREARS (Kshs. Million)

Classification of Revenue	Description of Debt	Cumulative Amount of Arrears as at 30 <sup>th</sup> June 2024				Cumulative Arrears as at 30 <sup>th</sup> June 2025			
		Principal	Penalty	Interest	Total	Principal	Penalty	Interest	Total (Kshs. M)
Domestic Taxes	Tax Debt	1,846,319	117,561	358,031	2,321,911	2,159,644	96,181	442,620	2,698,446
Sub Total		1,846,319	117,561	358,031	2,321,911	2,159,644	96,181	442,620	2,698,446
International Trade Taxes	Customs Debt	8,457	2,011	1,550	12,018	19,708	2,657	3,243	25,608
Total		1,854,776	119,572	359,580	2,333,929	2,179,352	98,838	445,863	2,724,054

(ii) TABLE 2: STATEMENT OF ARREARS OF REVENUE AS AT 30<sup>TH</sup> JUNE 2025 BY TAX DESCRIPTION (Kshs.)

Description	Balance as at July 2024 (Kshs.)	Arrears Received /accounted During the Year (Kshs.)	Additions in Arrears for the Current Year to 30 <sup>th</sup> June 2025 (Kshs.)	Total Arrears as at June 2025 (Kshs.)
Tax on income profits and capital gains	1,526,737,364,505	(28,355,887,136)	90,663,739,888	1,645,756,991,529
Taxes on goods and services	795,173,382,237	(195,997,405,381)	61,517,849,477	1,052,688,637,095
Taxes on International Trade and Transactions	12,017,802,461	(9,118,309,492)	4,472,346,677	25,608,458,630
Total	2,333,928,549,203	(233,471,602,009)	156,653,936,042	2,724,054,087,254

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(iii) NON TAX RECEIPTS DEPARTMENT OF GOVERNMENT INVESTMENTS AND PUBLIC ENTERPRISES  
 (DGIPE)

	Balance as at 1st July 2024	Arrears Received During The Year	Addition in the arrears for the year 2025	TOTAL ARREARS FY2024/2025
Loan Redemption	288,137,961,705	18,247,311,444	68,472,620,706	338,363,270,967
Loan Interest	116,969,213,987	1,443,180,485	57,553,961,376	173,079,994,877
Total	405,107,175,692	19,690,491,929	126,081,246,926	511,443,265,844

Appendix 3:

(i)

STATEMENT OF OUTSTANDING REVENUE AS AT 30TH JUNE 2025 BY AGE OF THE DEBT (Kshs.)

Description	Less than 1 Year (Kshs.)	Between 1 to 2 Years (Kshs.)	Between 2-3 Years (Kshs.)	Over 3 Years (Kshs.)	Total (Kshs.)
Taxes on income profits and capital gains	90,663,739,888	77,063,760,089	114,525,780,300	1,363,503,711,251	1,645,756,991,529
Taxes on goods and services	61,517,849,477	37,895,129,356	51,419,071,535	901,856,586,727	1,052,688,637,095
Taxes on International Trade and Transactions	4,472,346,677	1,638,334,318	654,286,745	18,843,490,889	25,608,458,630
<b>Total</b>	<b>156,653,936,042</b>	<b>116,597,223,764</b>	<b>166,599,138,581</b>	<b>2,284,203,788,867</b>	<b>2,724,054,087,254</b>

(ii)

DEPARTMENT OF GOVERNMENT INVESTMENTS AND PUBLIC ENTERPRISES (DGIPE)

	Less than 1 year	1 -2 Years	2-3 Years	Over 3 Years	Total
Principal Arrears	56,517,406,264	57,039,652,471	56,346,381,845	168,459,830,387	338,363,270,967
Interest Arrears	30,405,686,749	33,293,998,849	30,300,846,816	79,079,462,463	173,079,994,876
<b>Total</b>	<b>86,923,093,013</b>	<b>90,333,651,320</b>	<b>86,647,228,661</b>	<b>247,539,292,850</b>	<b>511,443,265,844</b>
	17%	18%	17%	48%	

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Notes

1. The total debt portfolio of Kshs. 2,724,054,087,254 above is summarized under Table 4 below;

TABLE 4: TAX & CUSTOMS DEBT PORTFOLIO SUMMARY AS AT 30<sup>TH</sup> JUNE 2025

	Debt Category	FY 2024/25 (Q4)	Remarks
<b>1.</b>	<b>CUSTOMS DEBTS</b>		
a)	Collectible Debt (C&BC)	6,764,967,740	Under recovery process
b)	Customs Hardcore Debt	906,156,082	Under enforcement
c)	Customs Doubtful Debts	17,937,334,807	Under review and validation
	<b>Sub Total - Customs Debt</b>	<b>25,608,458,629</b>	
<b>2.</b>	<b>TAX DEBTS</b>		
a)	Collectible debts	204,149,315,733	Under recovery process
	1) Public Institutions Debts	53,568,145,459	
	2) Other taxpayers	150,581,170,274	
b)	<b>o/w Doubtful Debts</b>		
1.	Migrated Legacy System Debts	759,237,250,910	Under revalidation jointly with taxpayers
ii.	Penalties & Interest (PSD and other Taxpayers )	538,801,143,491	Penalties and Interest which will be addressed once tax objection rulings are updated in taxpayers ledgers
	1) Public Institutions Debts	93,609,597,209	
	2) Other taxpayers	445,191,546,282	
iii.	Hard-core Debts	79,073,075,276	Under enforcement

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	1) Public Institutions Debts	32,670,094,636	
	2) Other taxpayers	46,402,980,640	
iv.	Debt Under Tax Appeal Processes (Objections, ADR, Court, TAT)	334,511,017,468	Under tax dispute resolution
v.	Debt Under Resolved Tax Dispute Cases Pending Taxpayers Ledger Updates	613,996,626,659	Ledgers being updated with objection decisions/rulings made
	<b>Sub-total Doubtful Debts</b>	<b>2,325,619,113,804</b>	
c)	<b>o/w Uncollectible Debts</b>		
i.	Debts under ledger reconciliation	152,298,200,682	Under taxpayer's ledger reconciliation process to update missing payments
	1) Public Institutions Debts	135,160,362,658	remitted bypassing iTax System
	2) Other taxpayers	17,137,838,024	
ii.	Public Sugar Companies Debt Written Off	16,378,998,407	Taxpayers ledgers being updated to remove the debts
	<b>Sub-total Uncollectible Debts</b>	<b>168,677,199,088</b>	
	<b>Total Tax Debt</b>	<b>2,698,445,628,625</b>	
	<b>Total Tax/Customs Debt</b>	<b>2,724,054,087,254</b>	

2. The detailed explanations of the debt portfolio are as follows;

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2.1 Customs debt

Total Customs debt amounts to Kshs. 25,608M which include the following categories;

- a) Collectible debt amounting to Kshs. 6,765M that is being pursued for recovery on continuous basis.
- b) Hard-core debts amounting to Kshs. 906M that are under enforcement.
- c) Doubtful debts amounting to Kshs. 17,937M that are under review and validation for necessary action.

2.2 Tax debt

The total tax debt as at 30<sup>th</sup> June 2025 amounts to Kshs. 2,698,446M. This includes the following categories of debt;

- a) Collectible debt amounting to Kshs. 204,149M that is being pursued for recovery on continuous basis.
- b) Doubtful debts amounting to Kshs 2,325,619M;
  - i. Legacy System Debit Balances totalling Kshs. 765,312M were validated using available KRA records and migrated to iTax in June 2024. The corresponding penalties and interest are pending computation and migration due to system limitations, which are currently being addressed. From July 2024, these migrated balances are being revalidated jointly with taxpayers.  
As at June 2025, payments totalling Kshs. 6,075M had been validated and updated in the ledgers, reducing the debit balances from Kshs. 765,312M to Kshs. 759,237M.  
Further payment reconciliation and updates are being undertaken for taxpayers who have provided the required documents. Upon conclusion of the ongoing re-validation exercise, a status report will be prepared complete with recommendations for write off for qualified cases.
  - ii. Penalties & Interest totalling Kshs. 538,801M have accumulated in the system as a result of outstanding principal tax debt. Interest is charged at 1% per month. Of this amount, Kshs. 93,610M relates to debts owed by public institutions. Additional penalties stem from pending objection cases, which are expected to reduce once decisions are made and implemented or the respective erroneous principal debt is corrected in the system.

- iii. Hard-core debts under enforcement amounting to Kshs. 79,073M. The debts have been classified hard-core because taxpayers failed to comply even after enhanced recovery measures including issuance of agency notices to third parties.

The next steps include prosecution of the identified debtors, issuance of departure prohibition orders to the directors, undertaking distraint actions (auction of property) and identification of property (via intelligence information) to caveat and charge at the Ministry of Lands to secure the outstanding taxes. In addition, some debts under dispute (Objection, TAT and Court) fall under this category due to the length of time it takes to have them concluded making the recovery process difficult.

This category also includes debts owed by Public Universities & other Government Agencies which have become difficult to collect due to cash flow challenges and inadequate funding.

- iv. Debt under pending resolution at various tax dispute processes amounting to Kshs. 334,511M. The disputes are being resolved at Independent Review of Objections (IRO) office, Alternative Dispute Resolution (ADR), Tax Appeals Tribunal (TAT) and Court.

- v. Debt amounting to Kshs. 613,997M resolved at various tax dispute processes but implementation of the rulings is pending in taxpayers' ledgers (iTax). KRA currently undertaking the process of updating the rulings in taxpayers' ledgers.

c) Uncollectible debts amounting to Kshs 168,677M;

- i. Debts under ledger reconciliation amounting to Kshs. 152,298M (Kshs 135,160M for public institutions and Kshs 17,138M for other taxpayers). These are debts for Public institutions and other taxpayers whose debts arise from missing payments in taxpayer ledgers as public institutions using the IPPD payroll system pay PAYE/VAT directly at CBK bypassing iTax system. Such missing payments are reconciled and captured manually in iTax on continuous basis to clear the erroneous debts.

KRA in conjunction with Treasury, Ministry of Public Service and CBK have developed and are implementing system integration between HRIS-Ke, IFMIS, CBK system and iTax to provide a permanent solution to this challenge. The first phase of the roll out expected from August 2025.

- ii. Public Sugar companies tax arrears amounting to Kshs 16,379M that have been written off by the Government. KRA is in the process of vacating the debts from the taxpayers' ledgers.

### 2.3 Detailed Customs and Tax Debt Portfolio breakdown

Due to voluminous nature of the data, the detailed breakdown has been provided to Office the Auditor General (OAG) in soft copy.

### 2.4 Measures in Place to Reduce Outstanding and Tax and Customs Arrears

Despite KRA's aggressive efforts to reduce the debt portfolio thereby registering significant reduction of Kshs. 963B in FY 2023/2024 and Kshs. 871B in FY 2024/2025, the debts have continued to grow largely attributed to the Authority's intensive efforts in carrying out compliance checks, audits and investigations that have led to increase in tax assessments. The penalties and Interest are continuously growth.

KRA has put in place the following measures to reduce the debt portfolio;

- a) Enhanced recovery using available legal tools including payment plans, agency notices, offsetting against refund claims and distress actions. During the financial year 2025/2026, KRA targets to collect Kshs. 142,045M from the outstanding debt.
- b) KRA has established a Ledger Management unit that is fully dedicated to;
  - i. Undertake re-validation of migrated Legacy System ledger debit balances jointly with taxpayers from July 2024.
  - ii. Undertaking ledger reconciliations, corrections, and manual capture of missing payments to remove invalid debts.
- c) Reversal of erroneous debts (penalties and interest) in KRA systems as per the approved policy.
- d) Strengthening of the tax appeal processes including objections, ADR and TAT to enhance timely resolution of the many cases tying up huge debts. In addition, KRA is also proactively updating taxpayers' ledgers with decisions made in the various tax appeal platforms.
- e) Roll out system integration of the HRIS-Ke Payroll Module with key government systems (iTax, IFMIS, CBK-T24, and NSSF) to provide seamless updating of taxpayers' ledgers with PAYE payments.

STATEMENT OF WAIVERS & EXEMPTIONS AS AT 30<sup>TH</sup> JUNE 2025

(i) TABLE 5: DOMESTIC TAXES & CUSTOMS WAIVERS AS AT 30<sup>TH</sup> JUNE 2025

Waiver Category	Number of Cases	Amount (Kshs.)
Domestic Taxes -Tax Amnesty Waivers (iTax System)	3,512,835	95,645,263,480
Customs	39	358,953,349
<b>Total</b>	<b>3,512,874</b>	<b>96,004,216,829</b>

(ii) TABLE 6: VAT EXEMPTIONS AND ZERO RATING AS AT 30<sup>TH</sup> JUNE 2025

Category	Number of Cases		Amount (Kshs.)	
	FY 2023/2024	FY 2024/2025	FY 2023/2024	FY 2024/2025
Donor Aid Projects	7,783	8,161	1,076,632,042	1,032,981,164
Diplomats	9,956	12,234	708,458,629	988,618,009
Mining	-	-	-	-
Official Aid Funded Projects	2224	2,832	11,569,258,375	6,875,042,112
Affordable Housing	-	80	-	693,149,711
Hospitals	-	17	-	38,467,712
International Organisations	22	22	12,972,324	22,537,809
Special Economic Zones	-	-	-	-
Agricultural Machinery	8	-	3,434,465	-
Pharmaceutical Machinery	-	3	-	8,420,932
Pharmaceuticals	632	668	684,174,048	503,068,246
Fisheries	8	7	162,780,699	159,533,344
Illuminating	9	17	86,073,350	121,555,802
<b>Total</b>	<b>20,642</b>	<b>24,041</b>	<b>14,303,783,932</b>	<b>10,443,374,841</b>
Customs Exemptions	-	-	137,428,371,631	84,907,617,593

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Customs Remissions	-	-	19,489,003,816	35,847,644,333
<b>Grand Total</b>	<b>20,642</b>	<b>24,041</b>	<b>171,221,159,379</b>	<b>131,198,636,767</b>

**B. TABLE 7: REPORT ON THE CUSTOMS TREASURY UNDERTAKINGS AT 30<sup>TH</sup> JUNE 2025**

Month	Import Duty	Excise Duty	VAT	Others	Total Customs Duty/Fee/Levy Undertaken (Kshs.)
July 2024	22,682,744	-	-	2,827,480	25,510,224
August 2024	-	-	-	-	-
September 2024	6,814,093	-	-	-	6,814,093
October 2024	10,532,418	-	-	-	10,532,418
November 2024	-	-	-	-	-
December 2024	-	-	-	-	-
January 2025	-	-	-	-	-
February 2025	23,514,121	-	-	4,232,560	27,746,681
March 2025	54,637,809	-	-	9,834,850	64,472,659
April 2025	14,279,805	-	-	2,570,366	16,850,171
May 2025	78,169,247	-	-	14,072,659	92,241,906
June 2025	33,750,319	-	-	6,077,017	39,827,336
<b>Total</b>	<b>244,380,556</b>	<b>-</b>	<b>-</b>	<b>39,614,932</b>	<b>283,995,488</b>

**C. TABLE 8: REPORT ON THE TAX TREASURY UNDERTAKINGS AS AT 30<sup>TH</sup> JUNE 2025**

Month	National Treasury Undertaking	Public Private Partnership	Total (Kshs.)
July 2024	-	98,292,966	98,292,966
August 2024	-	96,058,920	96,058,920
September 2024	-	96,007,561	96,007,561
October 2024	-	97,306,285	97,306,285
November 2024	-	101,719,026	101,719,026
December 2024	-	97,752,223	97,752,223
January 2025	-	93,377,045	93,377,045
February 2025	-	92,336,491	92,336,491
March 2025	-	97,463,502	97,463,502
April 2025	-	95,014,211	95,014,211
May 2025	-	103,932,794	103,932,794
June 2025	-	-	-
<b>Total</b>	-	<b>1,069,261,024</b>	<b>1,069,261,024</b>

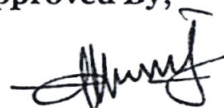
N.B: The undertaking relates to VAT on Toll fee for the Nairobi Expressway. The VAT for June 2025 will be declared in the July 2025 returns.

Approved By;



D.N Mbingi (Mrs.)  
Ag. Commissioner,  
Large and Medium Taxpayers

Approved By;



George Obell  
Ag. Commissioner,  
Micro and Small Taxpayers

Approved By;



Lilian Nyawanda (Dr.)  
Commissioner,  
Customs and Border Control

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THE NATIONAL TREASURY AND ECONOMIC PLANNING  
 DEPARTMENT OF GOVERNMENT INVESTMENT AND PUBLIC  
 ENTERPRISES  
 SCHEDULE OF ARREARS OF REVENUE - LOAN REDEMPTION AS  
 AT 30/6/2025

	DESCRIPTION	Balance as at 1st July 2024	Arrears Received During The Year	Addition in the arrears for the year 2025	TOTAL ARREARS FY2024/2025	Remarks
				Kshs	Kshs	
1	National Water Conservation	2,102,111,719		32,614,834	2,134,726,553	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
2	Mombasa Pipeline Board	22,964,980			22,964,980	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
3	Athi Water Works Development Agency	8,566,789,951	20,000,000.00	1,988,958,217	10,535,748,168	The Agency is servicing loan obligations partially hence accruing that leads to increase. A cabinet memo is being considered by National Treasury and Ministry of water which will determine the policy direction to guide the water loans

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4	Tanathi Water Works Development Agency	1,651,233,916	66,272,482.00		1,584,961,434	The Agency is not honoring the loan obligations hence accruing that leads to increase. A cabinet memo is being considered by National Treasury and Ministry of water which will determine the policy direction to guide the water loans
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	DESCRIPTION	Balance as at 1st July 2024	Arrears Received During The Year	Addition in the arrears for the year 2025	TOTAL ARREARS FY2024/2025	Remarks
				Kshs	Kshs	
5	Coast Water Works Development Agency	5,832,216,144		164,121,263	5,996,337,407	The Agency is not honoring the loan obligations hence accruing that leads to increase. A cabinet memo is being considered by National Treasury and Ministry of water which will determine the policy direction to guide the water loans
6	National Irrigation Board	282,121,695		47,020,282	329,141,977	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
7	Lake Victoria North Water Works Development Agency	1,737,534,827	10,872,452.00	2,151,108,566	3,877,770,941	The Agency is servicing loan obligations partially hence accruing that leads to increase. A cabinet memo is being considered by National Treasury and Ministry of water which

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						will determine the policy direction to guide the water loans
8	Lake Victoria South Water Works Development Agency	1,832,924,887	2,000,000.00	759,577,944	2,590,502,831	The Agency is servicing loan obligations partially hence accruing that leads to increase. A cabinet memo is being considered by National Treasury and Ministry of water which will determine the policy direction to guide the water loans
9	Tana Water Works Development Agency	1,264,887,170		191,578,894	1,456,466,064	The Agency is not honoring the loan obligations hence accruing that leads to increase. A cabinet memo is being considered by National Treasury and Ministry of water which will determine the policy direction to guide the water loans
10	Central Rift Valley Water Works Development Agency	322,043,253	1,870,000.00	89,868,020	410,041,273	The Agency is honoring loan obligations partially hence accruing that leads to increase. A cabinet memo is being considered by National Treasury and Ministry of water which will determine the policy direction to guide the water loans
11	Water Resources Management Authority	90,651,999		15,108,666	105,760,665	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet

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12	Lake Basin Development Authority	470,588,235		147,058,824	617,647,059	The entity is not servicing the loan and has recommended for write off
13	Loans to Local Government Authorities	293,009,980			293,009,980	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
14	Mumias Outgrowers Ltd	18,003,840	1,486,440		16,517,400	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
15	Nairobi City Council	4,550,785,854			4,550,785,854	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
16	Kenya Urban Towns	40,706,140			40,706,140	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
17	Agricultural Settlement Fund and Central Land Board	72,130,857			72,130,857	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
18	Agricultural Finance Corporation	280,800,707	5,912,276.00	29,909,283	304,797,714	The Corporation is currently servicing the loans

	DESCRIPTION	Balance as at 1st July 2024	Arrears Received During The Year	Addition in the arrears for the year 2025	TOTAL ARREARS FY2024/2025	Remarks
				Kshs	Kshs	

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19	Moi University	231,250,000			231,250,000	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
20	Agro-Chemical and Food Co. Ltd	2,941,884,000			2,941,884,000	The Entity has requested for write-off, But the entity has been earmarked for privatization and the same will be addressed in the process of Privatization
21	Co-operative Bank of Kenya	72,915,185			72,915,185	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
22	Catering Levy Trustee/Utalii College	122,000,000			122,000,000	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
23	Halal Meat Products	27,701,420			27,701,420	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
24	Kenya Meat Commission	338,000,000			338,000,000	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
25	Kenya Electricity Transmission Co. Ltd.	2,388,758,809	222,962,968	180,569,814	2,346,365,655	Loan transferred from KPLC to KETRACCO, The company has started servicing the loan
26	Kenya Power and Lighting Co. Limited	17,915,934,826	17,915,934,826.40			The moratorium that had been granted ended and the loans capitalized, the company is servicing the loans
	Rural Electrification KEREC			2,089,388,983	2,089,388,983	The Company is not servicing the loan

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27	Kenyatta University	5,387,249,005		828,807,539	6,216,056,544	The University Hospital (Project) was transferred to KUTRRH, in the process of converting into a Grant
	Uchumi Supermarkets Limited			342,857,143	342,857,143	The Company is not servicing the loan. Government loan is one of many loans that the company owes to various creditors. There ia ongoing cases to dispose the asset of the company and the loan will be addressed in the case process.
28	Kenya Railways Corporation	229,280,762,306		59,414,072,435	288,694,834,741	The Corporation is yet to start repaying the loan. Demand letter has been issued to request the entity to repay the loan.
		288,137,961,705	18,247,311,444	68,472,620,706	338,363,270,966	

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THE NATIONAL TREASURY AND PLANNING  
 SCHEDULE OF ARREARS OF REVENUE LOAN INTEREST AS AT 30/6/2025

	DESCRIPTION	Balance as at 1st July 2024	Arrears Received During The Year	Addition in the arrears for the year 2025	TOTAL ARREARS FY2024/2025	Remarks
				Kshs	Kshs	
1	Athi Water Works Development Agency	3,225,070,007	60,000,000	134,018,362	3,299,088,369	The Agency is servicing loan obligations partially hence accruing that leads to increase. A cabinet memo is being considered by National Treasury and Ministry of water which will determine the policy direction to guide the water loans
2	Central Rift Valley Water Works Development Agency	395,327,344	8,000,000	18,118,168	405,445,512	The Agency is servicing loan obligations partially hence accruing that leads to increase. A cabinet memo is being considered by National Treasury and Ministry of water which will determine the policy direction to guide the water loans
3	Coast Water Works Development Agency	2,883,414,451	1,087,562,486		1,795,851,965	The Agency is not honoring the loan obligations hence accruing that leads to increase. A cabinet memo is being considered by National Treasury and Ministry of water which will determine the policy direction to guide the water loans

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	DESCRIPTION	Balance as at 1st July 2024	Arrears Received During The Year	Addition in the arrears for the year 2025 Kshs	TOTAL ARREARS FY2024/2025 Kshs	Remarks
4	Lake Victoria North Water Works Development Agency	1,313,214,323		1,197,031,872	2,510,246,195	The Agency is servicing loan obligations partially hence accruing that leads to increase. A cabinet memo is being considered by National Treasury and Ministry of water which will determine the policy direction to guide the water loans
5	Lake Victoria South Water Works Development Agency	1,002,270,779	17,000,000	572,047,325	1,557,318,104	The Agency is servicing the loan obligations partially hence accruing that leads to increase. A cabinet memo is being considered by National Treasury and Ministry of water which will determine the policy direction to guide the water loans
6	Mumias Outgrowers Ltd	3,056,485		-	3,056,485	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
7	National Irrigation Board	359,040,912		28,576,576	387,617,488	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
8	National Water Conservation	3,136,616,167		167,570,518	3,304,186,685	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet

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9.	Tanathi Water Works Development Agency	1,338,731,062	102,461,144		1,236,269,918	The Agency is not honoring the loan obligations hence accruing that leads to increase. A cabinet memo is being considered by National Treasury and Ministry of water which will determine the policy direction to guide the water loans
10	Tana Water Works Development Agency	1,156,216,750		114,260,631	1,270,477,381	The Agency is not honoring the loan obligations hence accruing that leads to increase. A cabinet memo is being considered by National Treasury and Ministry of water which will determine the policy direction to guide the water loans
11	Water Resources Management Authority	164,228,240		9,182,293	173,410,533	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
12	Lake Basin Development Authority	679,930,556		50,000,000	729,930,556	The Entity is yet to start servicing the loan. They have requested for a write off
13	Loans to Local Government Authorities	555,107,640			555,107,640	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
14	Nairobi City Council	10,160,506,076			10,160,506,076	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
15	Kenya Meat Commission	37,091,046		40,908,954	78,000,000	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet

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16	Agricultural Settlement Fund and Central Land Board	23,913,813			23,913,813	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
17	KTDC Revolving Fund	130,600,000		4,080,000	134,680,000	The Company was merged with others and formed Kenya Development Company A Government Entity, There are request to have the loan restructured which is being considered.
18	Agro-Chemical and Food Co. Ltd	6,781,042,620		205,931,880	6,986,974,500	The Entity has requested for write-off, But the entity has been earmarked for privatization and the same will be addressed in the process of Privatization
19	Agricultural Finance Corporation	57,289,684	57,289,684			The Corporation is servicing the loan
20	Moi University	26,515,331			26,515,331	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
21	Catering Levy Trustee/Utali College	586,876,294		24,400,000	611,276,294	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
22	Halal Meat Products	72,023,692			72,023,692	The loan is recommend for write-off and request (Cab Memo) submitted to Cabinet
23	Kenya Electricity	462,822,019	110,867,171		351,954,848	Loan transferred from KPLC to KETRACCO, The company has started servicing the loan

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	Transmission Co. Ltd.					
	Rural Electrification REREC			512,209,478	512,209,478	The Company is not servicing the loan
25	Kenyatta University	4,322,454,607		259,002,356	4,581,456,963	The University Hospital (Project) was transferred to KUTRRH, in the process of converting into a Grant
26	Kenya Airways	3,584,040,000		2,997,499,850	6,581,539,850	The Company requested and granted for an extension to repay interest
	Uchumi Supermarkets Limited			1,066,378,571	1,066,378,571	The Company is not servicing the loan. Government loan is one of many loans that the company owes to various creditors. There is ongoing cases to dispose the asset of the company and the loan will be addressed in the case process.
27	Kenya Railways Corporation	74,511,814,089		50,152,744,542	124,664,558,631	The Corporation is yet to start repaying the loan. Demand letter has been issued to request the entity to repay the loan.
	<b>TOTAL</b>	<b>116,969,213,987</b>	<b>1,443,180,485</b>	<b>57,553,961,376</b>	<b>173,079,994,876</b>	

Appendix 3 -Reports Generated from: -

1. IFMIS financial reports to be presented upon request.
2. KRA Soft copy of a Link on detailed waivers on Domestic Taxes.
3. DGIPE Annual Revenue Statements for year ended 30th June 2024