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THE AUDITOR-GENERAL

ON

STATEMENT OF OUTSTANDING
OBLIGATIONS GUARANTEED BY THE
GOVERNMENT OF KENYA

FOR THE YEAR ENDED
30 JUNE, 2025

THE NATIONAL TREASURY



28 OCT 2025

THE NATIONAL TREASURY

**STATEMENT OF OUTSTANDING OBLIGATIONS GUARANTEED BY
GOVERNMENT**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025**

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

The National Treasury
Statement of Outstanding Obligations Guaranteed by Government
Annual Report and Financial Statements for the financial year ended 30 June, 2025

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1. 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

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.

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.”

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 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.

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 30th June 2025 and who had direct fiduciary responsibility were:

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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	FCPA. 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.	Ag. 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 Kandie, DBA
21.	Director, Public Investment Management Unit	Mr. Orumoi Jonah
22.	Director, Resource Mobilization Department	Mr. Amos Cheptoo
23.	Director, Debt Policy, Strategy and Risk Management Department	Mr. Daniel Ndolo
24.	Director, Debt Recording and Settlement Department	Mr. Jeremiah Tomno
25.	Ag. Director Administration	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.	Programme 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

a) 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.

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

c) 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.

d) 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.

e) 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.

f) 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.

g) 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.

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 28th 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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NAIROBI, KENYA

The National Treasury Contacts

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The National Treasury Bankers

Central Bank of Kenya
Haile Selassie Avenue
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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

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.

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 1st 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.

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 programmes. However, revenue performance into the year fell short of target resulting in deployment of austerity measures and reprioritizations of activities.

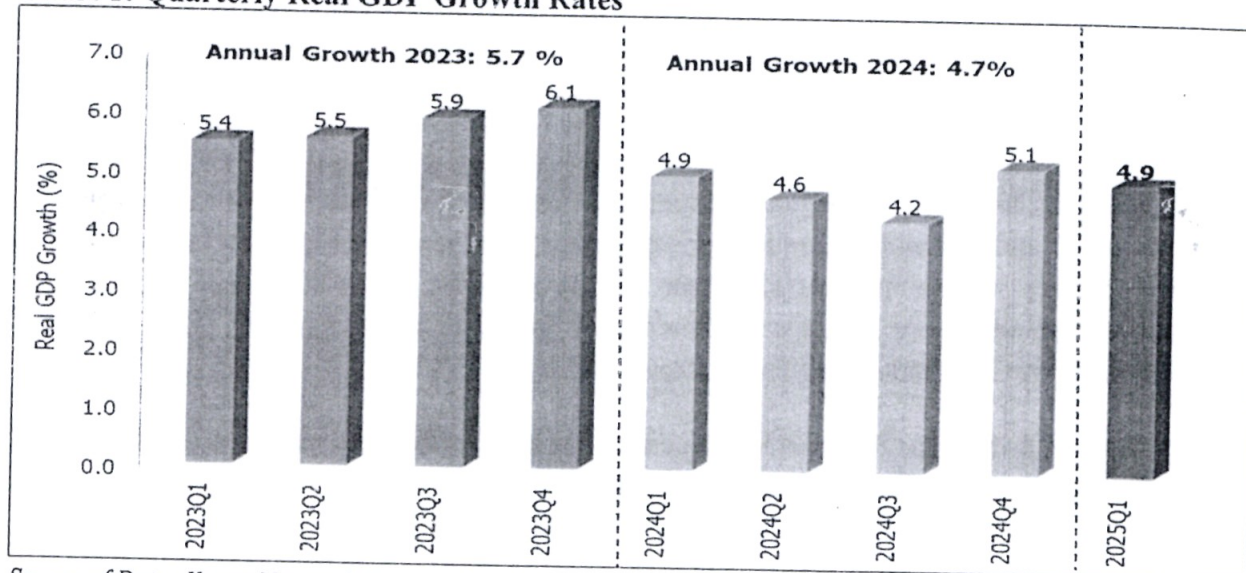
Economic Growth

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 favourable weather conditions experienced in most parts of the

country involved in 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.

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
1. Primary Industry	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
2. Secondary Sector (Industry)	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
3. Tertiary sector (Services)	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
Real GDP	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 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.

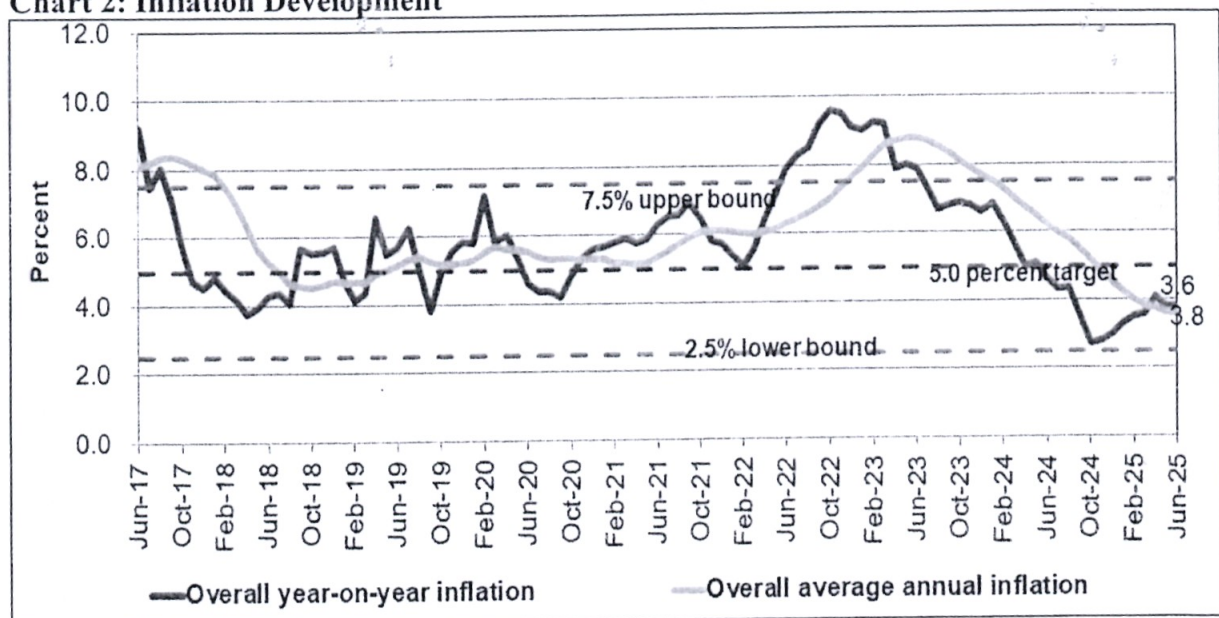
Total revenue collection by the end of June 2025, stood at KSh. 2,918.6 billion against a target of KSh 3,343.2 billion, resulting to a shortfall of KSh 424.6 billion. The shortfall was on account of below collection ordinary revenue of Ksh 497.0 billion. Ministerial A-I-A, however, was above the target 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 ± 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.

Chart 2: Inflation Development

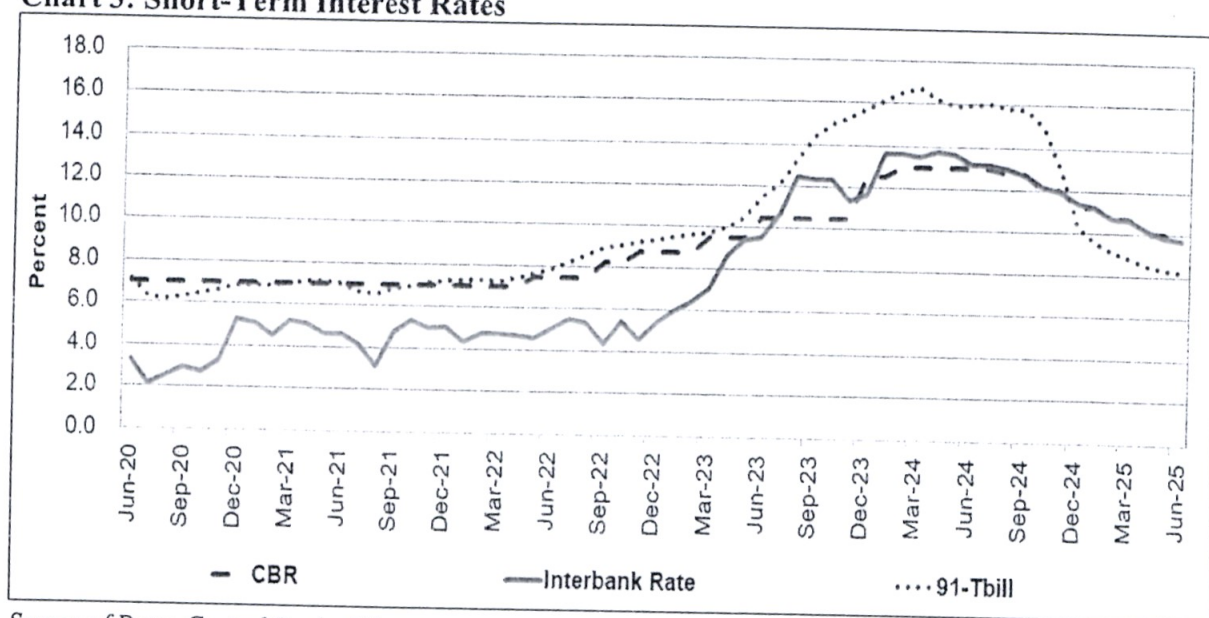


Source of Data: KNBS

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

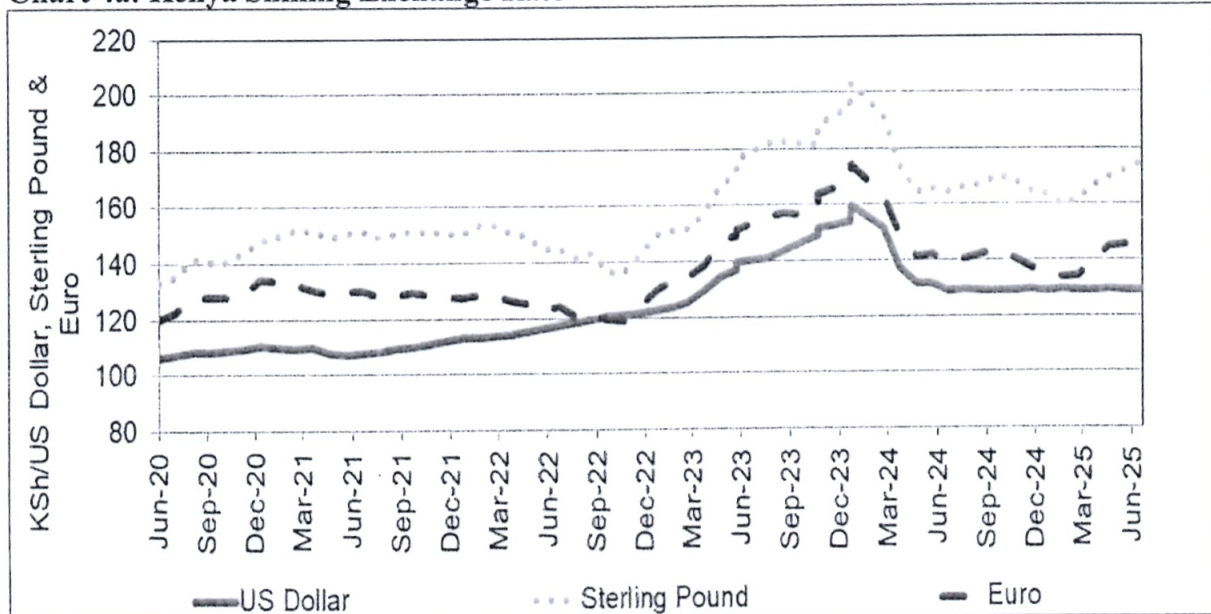


Source of Data: Central Bank of Kenya

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.

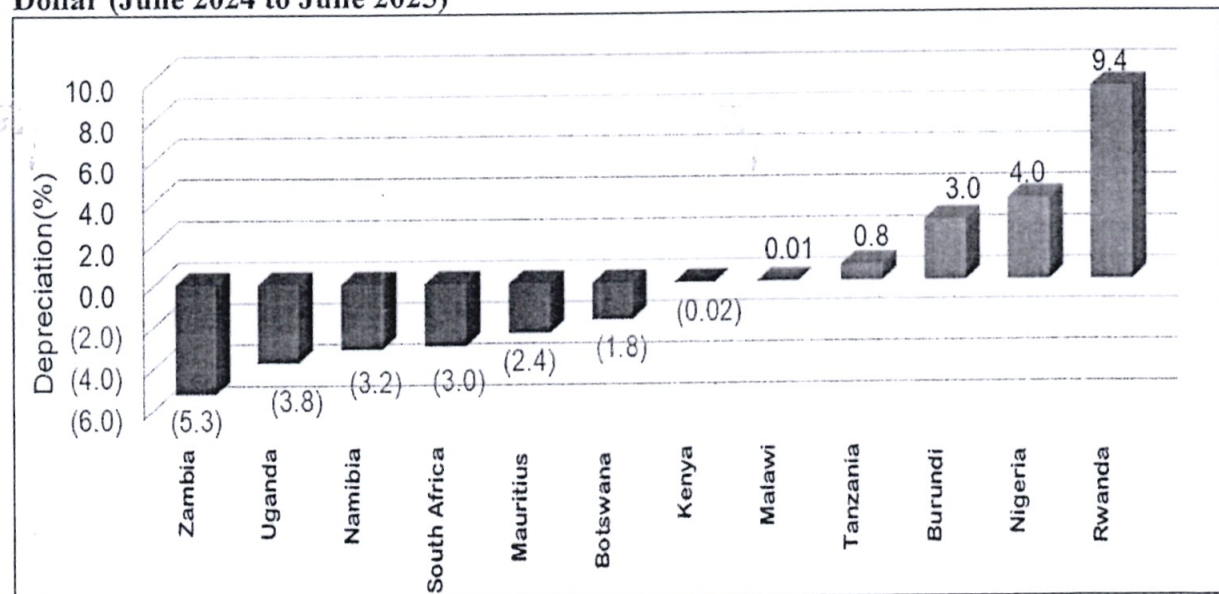
Chart 4a: Kenya Shilling Exchange Rate



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).

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 31st March, 2025 amounted to KSh. 421.6 billion. These comprise recurrent bills of 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, unremitted statutory and other deductions, pension arrears for Local Authorities Pension Trust, and others. The highest percentage of the SCs 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)

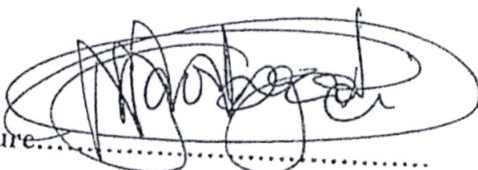
MDAs continued to prioritize allocations towards the achievement of the BETA priorities while addressing the policy, legal, regulatory, and governance issues to ensure optimal use of resources in execution of the planned interventions. BETA is geared towards economic turn around and inclusive growth 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 Enterprise (MSME);
- iii. Housing and Settlement;
- iv. Health care; and
- v. Digital superhighway and Creative Industry.

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

18th August, 2025

HON. FCPA JOHN MBADI NGONGO, EGH
CABINET SECRETARY

THE NATIONAL TREASURY AND ECONOMIC PLANNING

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's 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 30th 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 (%age)
	Kshs. million					
Recurrent	75,596.0	66,721.4	78,013.0	82,266.0	66,988.5	81.4
Development	59,526.2	52,504.4	39,039	39,910.3	26,508.3	66.4
Total Budget	135,122.1	119,225.8	117,051.8	122,176.4	93,496.8	76.5

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

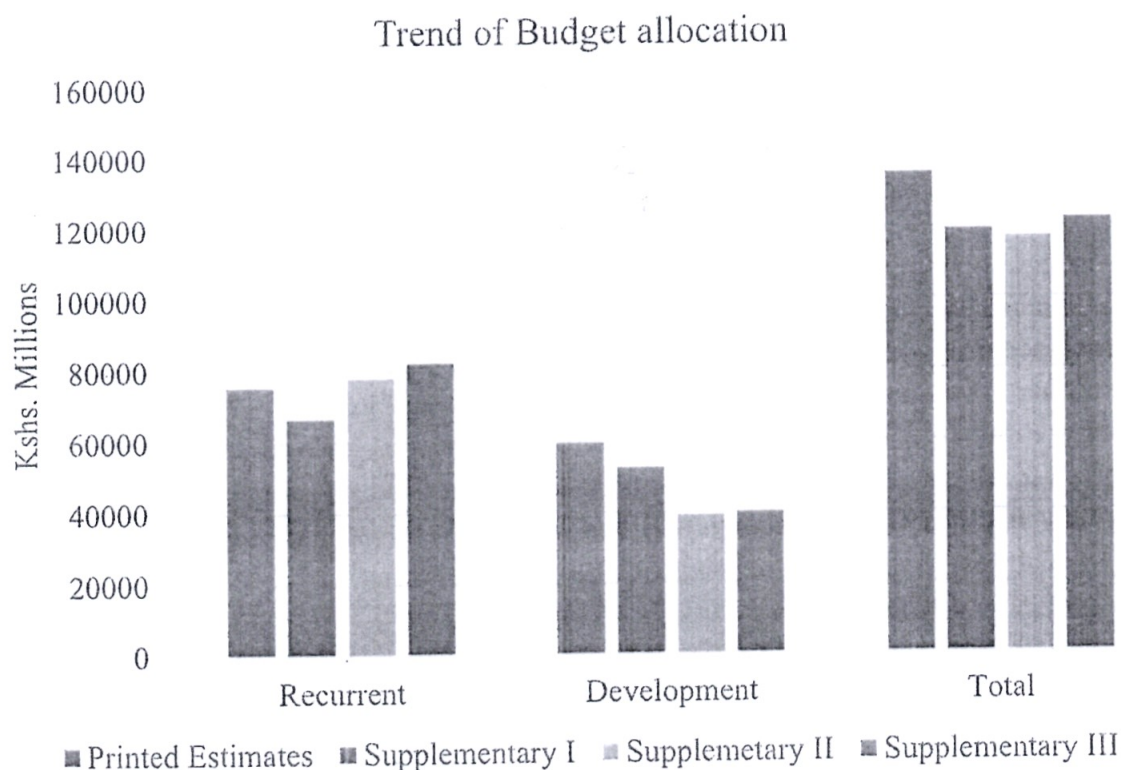
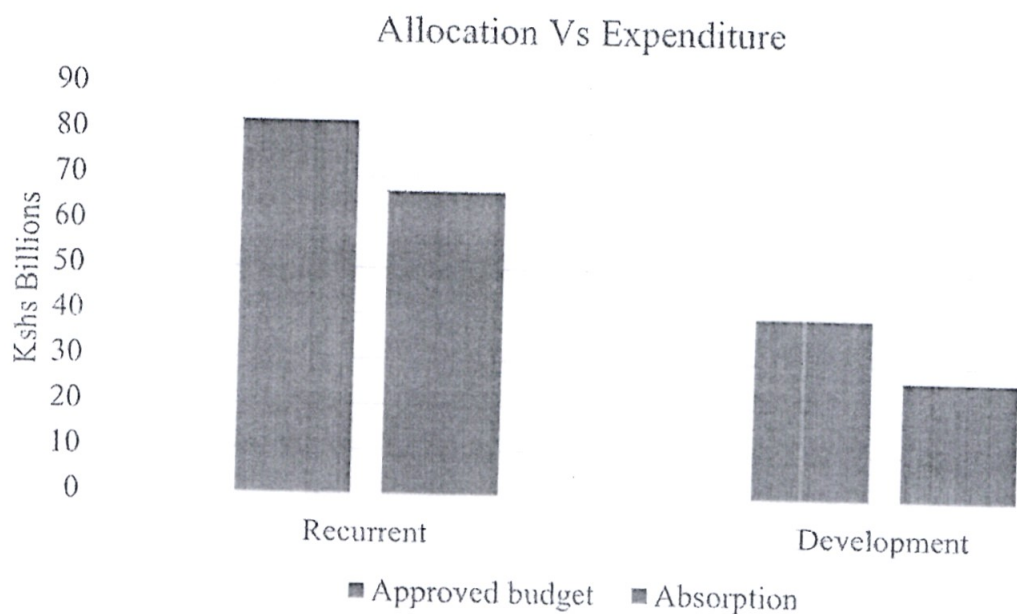


Chart 2 below presents the National Treasury total budget execution for the FY 2024/25.

Chart 2: Allocation against Total Expenditure



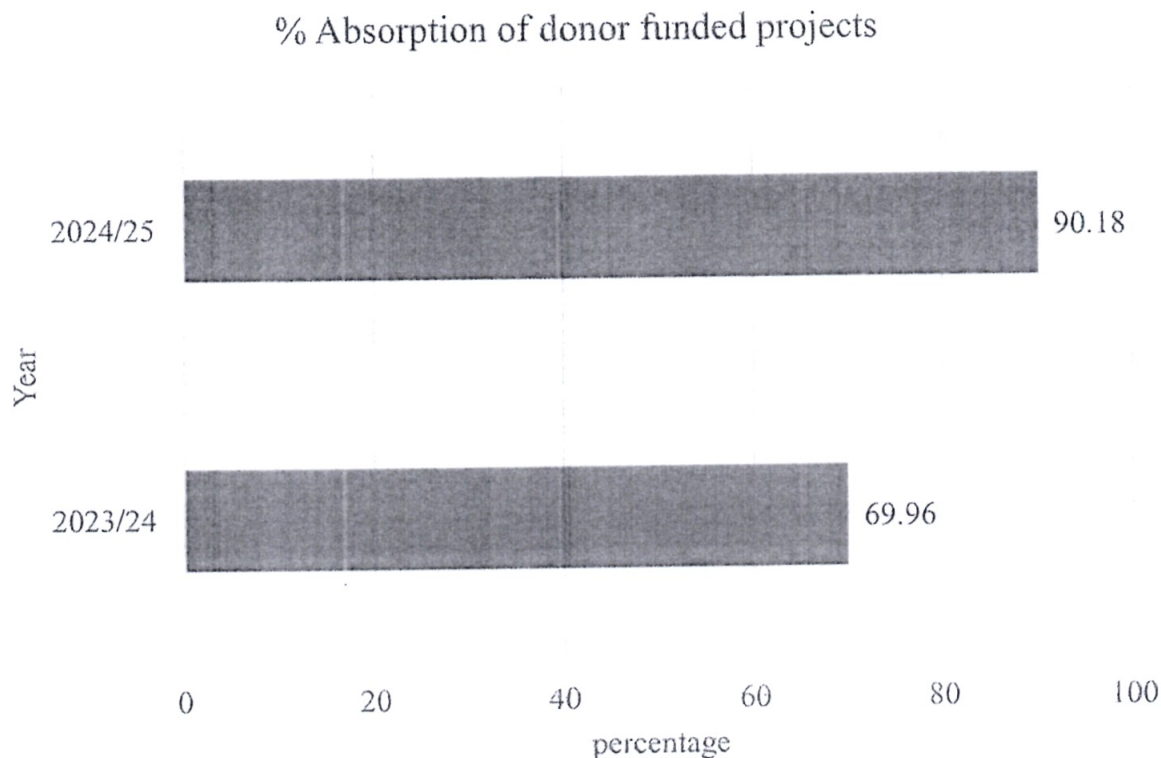
When disaggregated by recurrent and development expenditure, the budget execution indicates that the recurrent budget allocation of Ksh.66.99 billion was absorbed at 81.4% against an approved budget of 82.27 billion. This marked a decline from the absorption rate of 92.70% recorded in FY 2023/24.

On the other hand, development expenditure absorption was Ksh .26.51 billion against an allocation of Ksh 39.91 billion 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.

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.

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

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	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%	Webinnar 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	xxxxxx x	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 xxxx	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;

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;
- 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.

Recommendations

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

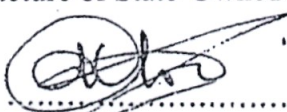
- i. Sustain efforts for effective mobilization of resources to finance public expenditure particularly towards facilitation and implementation of the Bottom-Up Economic Transformation Agenda and emerging Government priorities. Key in this respect is the

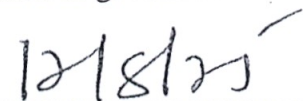
need for adequate resourcing of Kenya Revenue Authority to deploy innovative tax administration for efficient and optimal collection of taxes.

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 

DR. CHRIS KIPTOO, CBS
PRINCIPAL SECRETARY/ NATIONAL TREASURY

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 quality 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 purposes 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 stated objectives: -

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Table 1: Programme Performance

	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cummulative 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 Tribunal (SCAT)	Appeal cases determined	No. of appeal cases determined	1	13	12	Target surpassed
		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.

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	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cummulative 12 months)	Variance	Remarks
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
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.

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	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cummulative 12 months)	Variance	Remarks
	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 and pay pensions claims			60	60	0	Target achieved	
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 (DPO7) by the World Bank.

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	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
		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
	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

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	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
		Tuberculosis (TB) Supplies	% of TB patients treated and tested for HIV	100	100	0	Target achieved
SP 6. Budget Formulation Coordination and Management	Macro and fiscal Affairs Department	National Budget	Budget Review and Outlook Paper	1	1	0	Target achieved
			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 issued by 30th August 2024.	1	1	0	Treasury Circular No. 11/2024 issued on 23 rd August, 2024

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	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
			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
		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

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	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
		Treasury Single Account designed and documented	Percentage of achievement	50	50	0	Target achieved
		Capacity Built Accounting Personnel on implementation of transition to accrual accounting and TSA	No. of Accounting Personnel Capacity Built on implementation of transition to accrual and TSA	1000	850	150	Training will be undertaken once TSA is rolled out
	National Sub-County Treasuries	Operational Vote book Mangement System for National sub-County Treasuries 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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	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 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
	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

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	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
		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
		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.

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	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
		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
		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 Administrative Review Board (PPARB)	Procurement Services	% of Public Procurement dispute cases resolved within 21 days	150	160	10	Target surpassed. More cases filed at the Review Board were heard and determined within 21 days

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	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
	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
			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

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	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
		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 provided to MDAs	Percentage of achievement	2.5	2.5	0	Target fully achieved
	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.

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	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
			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 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 risk assessment	TF Risk assessment report	1	1	0	TF Risk assessment completed in Q2
		Update national Anti-Money Laundering and Countering	Updated AML/CFT strategies	1	2	1	Updated AML strategy adopted in Q1 and updated CFT strategy adopted in Q3

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	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cummulative 12 months)	Variance	Remarks
		Financing of Terrorism strategies					
		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, Beneficial Ownership and Politically Exposed Persons on DNFBPs	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
		Registration of Reporting entities	Number of registered reporting entities	600	600	0	Target achieved

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	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
	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
		Inter-Governmental Fiscal Relations Repository System	% level of Inter-Governmental Fiscal Relations Repository System development	50	100	50	The portal link is https://igfr.treasury.go.ke
		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

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	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
	Nairobi International Financial Centre Authority	Investments and Regional Financial Institutions certified with NIFC	No. of Certified NIFC firms	3	0	-3	Target not achieved
	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 Risk Management Department	Medium Term Debt Strategy Developed	No. of Medium-Term debt strategy developed	1	1	0	Target achieved
		Published Annual Debt Report	No. of Annual Debt Reports Published	1	1	0	Target achieved

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	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cumulative 12 months)	Variance	Remarks
		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 Support and Development	Financial and Sectoral Affairs	Operationalize the Credit Guarantee Scheme (CGS)	Capital injected into the Credit Guarantee Scheme in KSh. (Billions)	1	0	-1	Target not achieved
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

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	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual Q4 (cummulative 12 months)	Variance	Remarks
			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 investigated and finalized	100	29	71	52 cases handled out of which 15 were 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 finalised

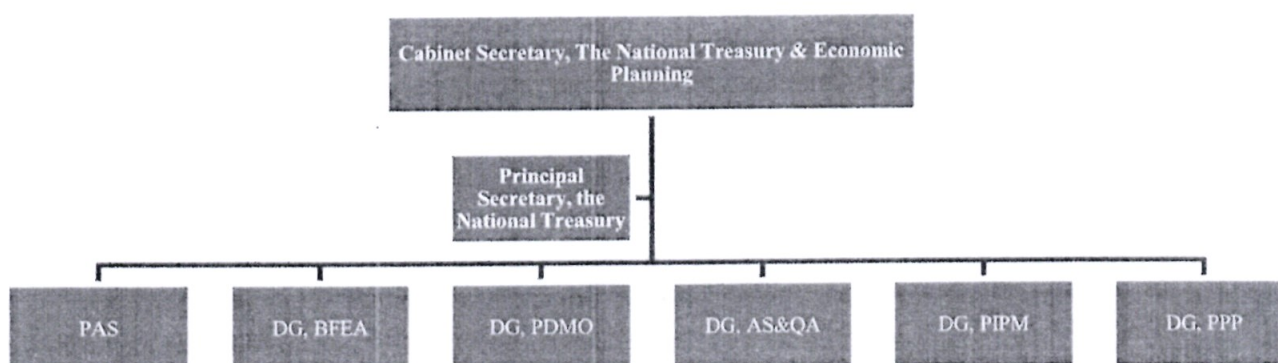
8. STATEMENT OF GOVERNANCE

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:

a) 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.

b) 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 15th 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.

iii) 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.

iv) 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.

v) 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.

vi) 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.

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.

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 5th 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

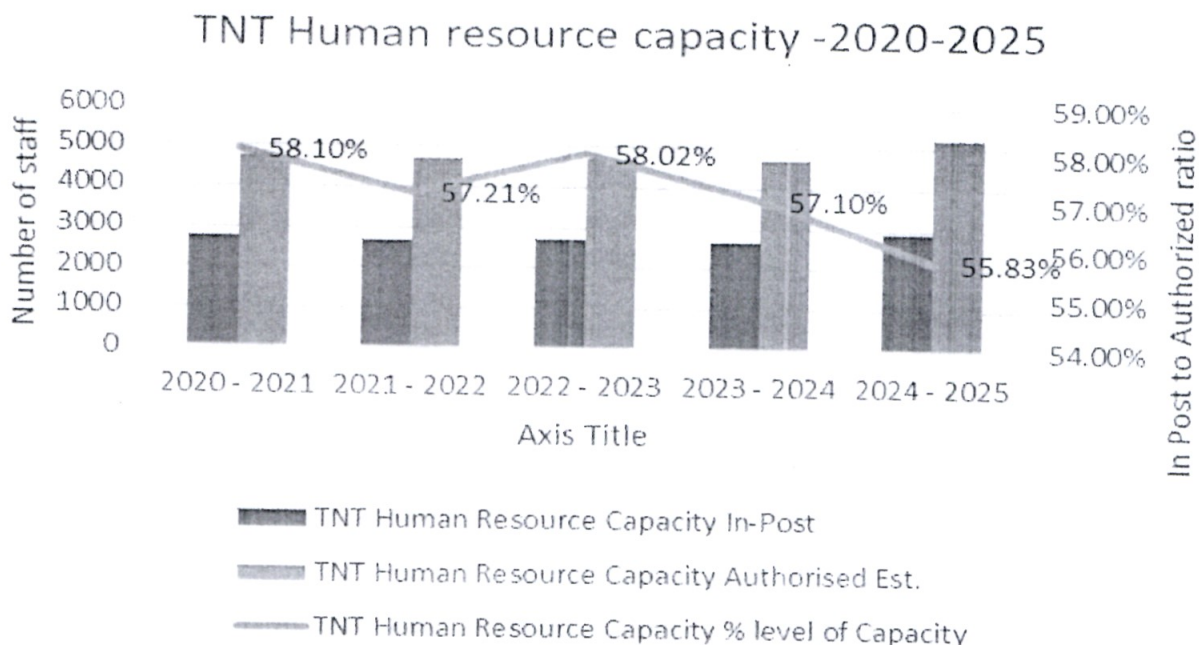
2019/2020 FY		2020/2021 FY		2021/2022 FY		2022/2023 FY		2023/24 FY	
Overall Score:	3.0209	Overall Score:	3.2124	Overall Score:	3.1173	Overall Score:	3.3158	Overall Score:	3.2296
Overall Rank:	Position 1	Overall Rank:	Position 5	Overall Rank:	Position- 5	Overall Rank:	Position – 9	Overall Rank:	Position – Not published
Overall Grade:	70-100%	Overall Grade:	70-100%	Overall Grade:	70-100%	Overall Grade:	70-100%	Overall Grade:	70-100%
Performance category:	Good	Performance category:	Good	Performance category:	Good	Performance category:	Good	Performance category:	Good
Core Mandate Score:	1.8089	Core Mandate Score:	Not measured	Core Mandate Score:	Not measured	Core Mandate Score:	Not measured	Core Mandate Score:	Not measured

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.

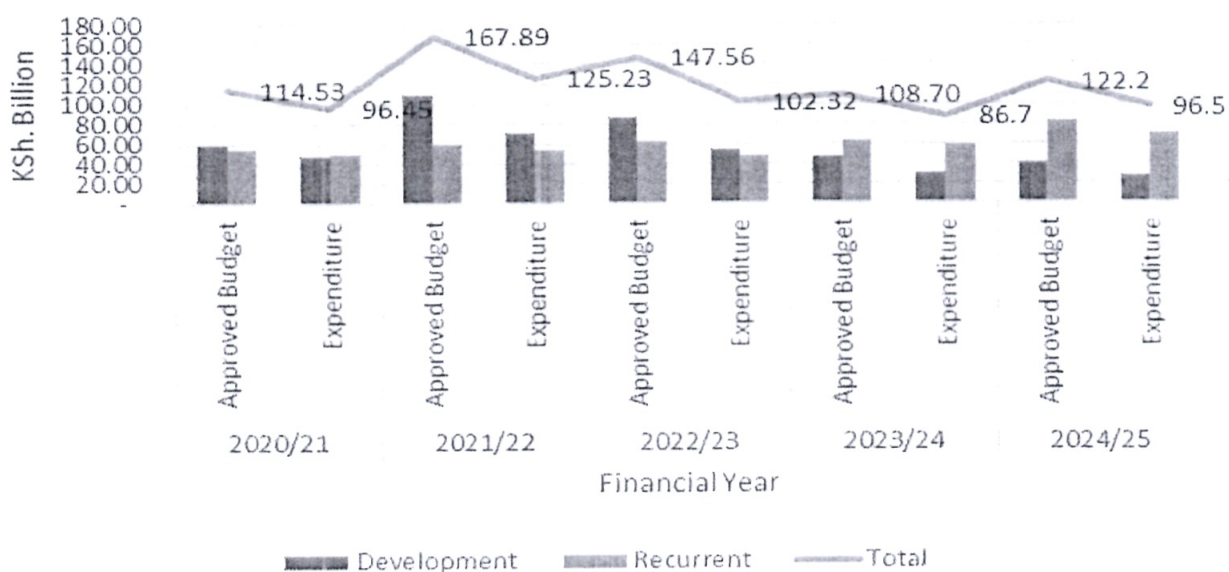
Financial Performance

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)

Budget execution trends over the period under review



The table below illustrates budget allocations vs expenditure per programme.

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

Programme	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
(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 Mangement	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
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 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

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
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
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;

- v. Implement the Green Financial Markets programme 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;

- 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

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The National Treasury's mandate is to formulate, implement and monitor prudent economic and financial policies at national and county levels of government as guided by the following SMART core values include:

Core Value	Description
Stakeholder participation	Adopt a participatory approach to policy formulation, planning, budgeting, monitoring and evaluation to facilitate inclusiveness, ownership and consensus.
Transparency and accountability	Committed to openness, prudence and accountability in service delivery.
Results oriented	Pursuing timely and effective attainment of targeted results at all levels
Integrity	Uphold high moral standards and professional competence in service delivery.
Customer focus	Putting customers first and continuously provide equitable, timely and quality services that match or exceed their expectations.
Teamwork and commitment	Embracing teamwork and commitment through collaborative efforts of all actors to achieve common goals.

Sustainability Strategy and Profile

The Kenyan economy has remained resilient and is now recovering from the recent multiple domestic and external shocks. These shocks included geopolitical conflicts and adverse effects of climate change.

In order to mitigate the negative impact of these shocks, the following policy interventions have been implemented under the Bottom-Up Economic Transformation Agenda (BETA) centered around three main areas:

- i. Fostering stability in the economy and public finance as a pre-condition for secure and sustained economic growth;
- ii. Strengthening implementation of growth enhancing, structural and institutional reforms; and
- iii. Sustaining measures to boost longer-term resilience and economic growth including public investment for accelerated private investment, supporting manufacturing for job creation, fostering environmental sustainability, climate change mitigation and adaptation.

The focused interventions, structural reforms and policies of the Government over the last two years have started to yield some positive results namely:

- i) Kenya's growth outlook indicates a stable macroeconomic environment Growth of 5.3 percent in 2025 enhanced agricultural productivity; resilient services sector; and ongoing implementation of priorities under BETA for inclusive growth;
- ii) Inflation has significantly declined and remained below the target midpoint of 5.0 percent since June 2024, reflecting the effectiveness of monetary policy, and lower energy and food prices. Inflation declined to 4.1 percent in April 2025 from 5.0 percent in April 2024;

- iii) To reduce the cost of credit, monetary policy has gradually eased by lowering the Central Bank Rate from 13.0 percent in August 2024 to 10.0 percent in April 2025, in response to low inflation and a stable exchange rate. This approach aims to lower interest rates, encouraging banks to lend more to the private sector and stimulate economic activity;
- iv) The foreign exchange market remained stable since March 2024 despite increased global uncertainties, effects of a stronger U.S. Dollar and geopolitical tensions in the Middle East and Eastern Europe; and
- v) The Kenya Shilling exchange rate exchange rate has stabilized against other major international currencies. In April 2025, the exchange rate against the US dollar averaged at Ksh 129.5 compared to an average of Ksh 159.7 in January 2024, an appreciation of 18.9 percent.
- vi) Real GDP grew by 4.7 percent in 2024 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, and is projected to rebound and grow by 5.3 percent in 2025;
- vii) Nominal GDP rose to 16.2 trillion in 2024 from Ksh 13.5 trillion in 2023; a 12% increase. Similarly, GDP per capita income increased to Ksh 309,460 in 2023 from Ksh 291,770 in 2023;
- viii) Total new jobs (both formal and informal) generated in the economy were 782.3 thousand in 2024. Of this, wage employment in the modern sector grew by 4.1% which translated to creation of 122.8 thousand new jobs;
- ix) The overall year-on year inflation is under control and within the Government target range of 5 ± 2.5 percent. Inflation declined to 3.8 percent in June 2025 from 4.6 percent in June 2024;
- x) 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.

In order to support the Government's Bottom-Up Economic Transformation Agenda (BETA), the National Treasury has implemented a growth responsive fiscal consolidation plan over the last two years designed to reduce debt vulnerabilities and rebuild fiscal buffers amid significant global and domestic challenges. Special focus has been placed on broadening the revenue base and containing non-priority expenditures while enhancing social safety nets with the support of our Development Partners.

Environmental performance/climate change/mitigation of natural Disaster

The National Treasury has constituted a committee comprising officers from the key Departments of the Ministry to oversee all matters relating to environmental sustainability. The National Treasury participated in tree planting exercise which saw over 1,499,260 seedlings planted at Muumandu in

Machakos County, Sorget in Kericho County, Kaptaget in Elgeyo Marakwet County. Additionally, to ensure a conducive work environment, the National Treasury has contracted a company to manage cleaning and waste disposal services.

Employee welfare

Employee welfare is critical for effective implementation of the programmes and projects of an organization. Noting the importance of human resources, the National Treasury has a department established to handle Human Resources Management and Development. The Ministry has also established a Human Resource Management Advisory Committee and Departmental Training Committees that processes all the promotions, discipline, training, appraisal and general employee matters in line with the Public Service guidelines and procedures. Recruitment of officers is guided by the principles of the public service such as inclusivity among others.

In addition, a committee on occupational safety and health has been established to follow up of the safety conditions in the work place. In order to attract and retain competent officers, the National Treasury conducted capacity building for the staff in various technical subjects and recruited officers at the entry grade to fill skills gaps and enhance human resource capacity.

During the review period, we implemented succession management plan by declaring vacant posts to be filled by the Public Service Commission at the higher levels. This is a preparation for the anticipated exit from service in the next two years arising from retirement of officers who will have attained the exits mandatory retirement age. Further, the National Treasury has continued to build the capacity on the online staff appraisal management system in collaboration with the Public Service Commission to ensure seamless implementation of the system.

Operational Practices/Market place practices

The National Treasury is responsible for promoting fair trade practices in the economy. To ensure effective implementation of this function assigned by the Constitution, one of the programmes implemented by the Treasury is ensuring that existing market structures encourage competition and orderly conduct of business in order to support high productivity and competitive markets. This is undertaken mainly by the Competition Authority of Kenya, a State Corporation under the National Treasury. Further, to guarantee fairness in the allocation of procurement contracts, the National Treasury ensures strict adherence to the provisions of the Public Procurement and Assets Disposal Act and its regulations. In addition, invoices for goods and services received/rendered are paid based on first-in-first-out (fifo) method.

Community Engagements

Towards Corporate social responsibility, members of staff from the National Treasury participated in tree planting exercise which saw over 1,499,260 seedlings planted at Muumandu in Machakos County, Sorget in Kericho County, Kaptaget in Elgeyo Marakwet County. The National Treasury took part in the 9th edition of the Kaptagat Integrated Livelihood Program's Annual Tree Growing Initiative to advance Kenya's reforestation efforts.

11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer of a Fund shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The accounting officer in charge of the National Treasury is responsible for the preparation and presentation of the entities financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year 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 fund; (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The accounting officer in charge of the National Treasury accepts responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012.

The Accounting Officer is of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2025 and of the entity's financial position as at that date.

The Accounting Officer confirms that this is a dormant entity and the Figures reflected in the financial statement are historical. The Accounting officer further confirms that Internal Controls systems are adequate and this is a dormant entity ear marked for winding up and that some records are not available. In preparing the Financial statements the accounting officer of the National Treasury confirms that this entity is not a going concern.

Approval of the financial statements

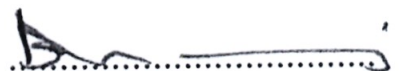
The Entity's financial statements were approved on 29/8/ 2025 and signed on its behalf by:



.....
Dr. Chris Kiptoo, CBS
Principal Secretary
National Treasury



.....
Raphael O. Otieno
Director General
Public Debt Management
Office



.....
Daniel K. Mwangi
Head Public Debt Settlement
ICPAK M/No 13665

REPUBLIC OF KENYA

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NAIROBI

AUDIT REPORT OF THE AUDITOR-GENERAL ON STATEMENT OF OUTSTANDING OBLIGATIONS GUARANTEED BY GOVERNMENT OF KENYA FOR THE YEAR ENDED 30 JUNE, 2025 - THE NATIONAL TREASURY

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.

A Disclaimer of Opinion is issued when the Auditor-General is unable to obtain sufficient appropriate audit evidence to form an opinion on the financial statements. 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.

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Statement of Outstanding Obligations Guaranteed by Government of Kenya set out on pages 1 to 20, which comprise the statement of financial position as at 30 June, 2025, statement of financial performance, statement of changes in net assets, statement of cash flows, statement of net assets, 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

Report of the Auditor-General on Statement of Outstanding Obligations Guaranteed by the Government of Kenya for the year ended 30 June, 2025 - The National Treasury

in accordance with the provisions of Article 229 of the Constitution of Kenya, 2010 and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Unsupported Ledger Balances

The statement of financial Obligations Guaranteed by Government for the financial year ended 30 June, 2025 was prepared and submitted for audit review. However, the Trial Balance presented to support the financial statements did not have the constituent ledger balances and respective books of original entry. This was contrary to Section 68(2)(b) of the Public Finance Management Act, 2012 which requires the entity to ensure that they keep financial and accounting records that comply with the Act.

In the circumstances, the accuracy and completeness of balances in the financial statements could not be confirmed.

2. Failure to Present Adequate Write-off Supporting Documents

The statement of financial performance for the year ended 30 June, 2025 and Note 9 to the financial statements reflects Kshs.152,317,825 in respect to write-off of impaired receivables. Authority for this write-off was issued vide the Cabinet Secretary - The National Treasury and Economic Planning memo referenced MOF/AC/305C VOL.2(255) and dated 13 August, 2025 and disclosed as an event after the reporting period in Note 13 to the financial statements. However, the process of write-off of the impaired receivables has not been completed.

Further, section 69 of the Public Finance Management Act, 2012 and Regulation 204(e) to(f) of the Public Finance Management (National Government) Regulations, 2015 provides that the approval of loan guarantee includes; a loan guarantee request by the entity to The National Treasury, submission of a Sessional Paper to Parliament by the Cabinet Secretary to the National Treasury with recommendations seeking its approval, communication by The Cabinet Secretary on the decision of Parliament on the draft loan guarantee to the respective Chief Executive Officer and Upon approval by Parliament the Cabinet Secretary to the National Treasury to issue a loan guarantee. In the same manner, in order to write off the loan guarantee from the books of account, a Sessional Paper should be submitted to Parliament by the Cabinet Secretary to the National Treasury with recommendations seeking approval for the write off. However, supporting documents were not provided to show Parliamentary approval for the write-off.

In the circumstances, propriety and completeness of the write-off of Kshs.152,317,825 could not be confirmed.

3. Unsupported Opening Balances

The statement of financial position as disclosed in Note 9 to the financial statements reflects prior year accounts receivables balance of Kshs.152,317,825. However, the balances were not supported by debtor's ledger, debtor aging analysis, demand notices from The National Treasury to the Cereals and Sugar Finance Corporation and responses from the Corporation to confirm the existence of the accounts receivables balance.

In the circumstances, the existence of the accounts receivables balance of Kshs.152,317,825 could not be confirmed.

4. Undisclosed Balances

The Statement of Obligations Guaranteed by the Government of Kenya does not include guaranteed debts/undischarged guarantee from three (3) entities totalling Kshs.83,240,665,430 which is reflected in the summary statement of Public Debt (Debt Stock) for the year ended 30 June, 2025 as indicated below:

		Guaranteed Debt (Kshs.)	
Entity	Lender	FY 2024/2025	FY 2023/2024
Kenya Airways	MTC Trust and Corporate Services Limited (Security Agent for local Banks)	9,689,613,651	29,139,206,543
Kenya Ports Authority	Government of Japan	72,759,742,079	69,576,613,693
Kenya Electricity Generating Company PLC	Government of Federal Republic of Germany-GTZ	791,309,700	1,449,204,532
Total		83,240,665,430	100,165,024,768

In the circumstances, the accuracy and completeness of the balances in the financial statements could not be confirmed.

5. Unresolved Prior Year Matters

In the audit report for the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Control, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2025.

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

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution of Kenya, 2010. Because of the significance of the matter(s) described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

6. Non-Preparation of Quarterly Financial Reports by the Department.

Audit review established that the Public Debt Management Office (PDMO) did not prepare and submit quarterly reports on Public Debt (Outstanding Obligations Guaranteed by Government) to the Cabinet Secretary, for the financial year 2024/2025. This was contrary to Section 83 of the Public Finance Management Act, 2012, which requires an Accounting Officer for a national government entity to prepare a report for each quarter of the financial year in respect of the entity. This was also in breach of National Treasury's Circular No.13/2024, dated 03 October, 2024 which gave guidance on new annual and quarterly accrual based financial reporting templates for National and County Government entities as prescribed by Public Sector Accounting Standards Board vide Gazette Notice No. 11033 of 30 August, 2024 on the transition from cash to accrual basis of accounting.

In the circumstances, Management was in breach of law.

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

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for my audit 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 National Treasury's 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 of Kenya, 2010.

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

02 December 2025

**13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE
 2025**

	Note	2024-2025	2023-2024
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from other Government Entities	6	0	0
Total revenue		0	0
Expenses			
Transfer to Exchequer	7	0	0
Write-off of impaired receivables	9	(152,317,825)	
Total expenses		(152,317,825)	0
Surplus/(deficit) before tax		(152,317,825)	0
Surplus/ (Deficit) after Tax		(152,317,825)	0


The financial statements were approved on 29/8/2025 by:



.....
Dr. Chris Kiptoo, CBS
 Principal Secretary
 National Treasury



.....
Raphael O. Otieno
 Director General
 Public Debt Management
 Office




.....
Daniel K. Mwangi
 Head Public Debt Settlement
 ICPAK M/No 13665

14. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2025


	Note	2024-2025	2023-2024
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	8	0	0
Accounts Receivables	9	0	152,317,825
Total Current Assets		0	152,317,825
Total Non-Current Assets		0	0
Total assets (A)		0	152,317,825
Liabilities			
Payables	10	0	0
Total Current Liabilities		0	0
Total non- Current Liabilities		0	0
Total liabilities (B)		0	0
Net Assets (A-B)		0	152,317,825
Represented By:			
Accumulated surplus/Deficit		-	152,317,825
Net Assets		0	152,317,825

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

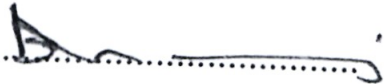
The Fund financial statements were approved on 29/8/2025 and signed by:



Dr. Chris Kiptoo, CBS
 Principal Secretary
 National Treasury



Raphael O. Otieno
 Director General
 Public Debt Management
 Office



Daniel K. Mwangi
 Head Public Debt Settlement
 ICPAK M/No 13665

**15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE
 2025**

	Accumulated surplus	Total
	Kshs.	Kshs.
As at 1 July 2023	0	0
Surplus/(deficit) for the period	0	0
Transfers	0	0
As at 30 June 2024	0	0
Balance as at 1 July 2024	0	0
Prior year adjustment	152,317,825	152,317,825
Surplus (deficit)	(152,317,825)	(152,317,825)
As at 30 June 2025	0	0

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

	Note	2024-2025	2023-2024
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from Other Government Entities	6	0	0
Total receipts		0	0
Payments			
Transfer to Exchequer	7	0	0
Total payments		0	0
Net cash flow from operating activities		0	0
Cash flows from investing activities			
Net cash flows used in investing activities		0	0
Cash flows from financing activities			
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		0	0
Cash and cash equivalents at 1 July 2024	8	0	0
Cash and cash equivalents at 30 June 2025	8	0	0

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Receipts						
Transfers from Other Government Entities	0	0	0	0	0	
Total Revenue	0	0	0	0	0	
Expenses						
Transfer to Exchequer	0	0	0	0	0	
Expenditure	0	0	0	0	0	
Surplus for the period	0	0	0	0	0	
Capital Expenditure	0	0	0	0	0	

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

This is a dormant entity

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entities accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Statement of outstanding obligations guaranteed by the government. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

There were no new and amended standards issued in the financial year.

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: Leases	<i>Applicable 1st January 2025</i> 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.

Standard	Effective date and impact:
	<p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>The standard has no impact on the entity</i></p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, 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: 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><i>The standard has no impact on the entity</i></p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure 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> <p><i>The standard has no impact on the entity</i></p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>The standard has no impact on the entity</i></p>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i></p>

Standard	Effective date and impact:
	<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 statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>The standard has no impact on the entity</i></p>
<p>IPSAS 48: Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>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.</p> <p><i>The standard has no impact on the entity</i></p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>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.</p> <p><i>The standard has no impact on the entity</i></p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. 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. 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 understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p><i>The standard has no impact on the entity</i></p>

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year 2024/2025.

4. Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Fund and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

Budget information

There was no budget since the account is dormant.

b. Property, plant, and equipment (PPE)

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Fund recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

c. Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

d. Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the

carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition

e. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

a) Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

b) Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

c) Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

d) Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

e) Trade and other receivables

There are no Trade and other receivables since this is a dormant Fund.

f) Impairment

The entity is a dormant Fund and it does not assess, the expected credit loss ('ECL')

b) Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

g) Contingent liabilities

The entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

h) Contingent assets

The entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

i) Nature and purpose of reserves

There is no reserve created since the account is dormant

j) Changes in accounting policies and estimates

The entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

k) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

l) Related parties

The *statement of outstanding obligations guaranteed by government* regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the entity, or vice versa. Members of key management are regarded as related parties and comprise the Directors/ Trustee, the Fund Managers, and Fund Accountant.

m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call, and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value

n) Comparative figures

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

o) Events after the reporting period

Authority to write –off a Loss of Kshs. **152,317,825** being the principal and interest was granted on 13th August, 2025.

p) Ultimate and Holding Fund

The entity is dormant

q) Currency

The financial statements are presented in Kenya Shillings (Kshs.).

5. Significant judgments and sources of estimation uncertainty

The preparation of the entities financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

a) Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the entity. Such changes are reflected in the assumptions when they occur.

b) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- i) The condition of the asset is based on the assessment of experts employed by the entity.
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- iii) The nature of the processes in which the asset is deployed
- iv) Availability of funding to replace the asset
- v) Changes in the market in relation to the asset

Notes to the Financial Statements

6. Transfers from other government entities

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Transfers from Government entities	0	0
Total	0	0

7. Transfers /Expenses

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Transfers to Exchequer	0	0
Total	0	0

8. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Cash in bank	0	0
Total	0	0

9. Account Receivables

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Capital and interest owned by cereals and sugar Finance corporation	152,317,825	152,317,825
Impairment(write off)	(152,317,825)	
Total	0	152,317,825

The account receivable of Ksh 152,317,825 has been written off as per the authority from the Cabinet Secretary, The National Treasury. Ref: MOF/AC/305c vol.2 (255)

10. Account Payable

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Payables	0	0
Total	0	0

11. Financial risk management

The statement of outstanding obligations activities exposes it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The entities overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entities financial risk management objectives and policies are detailed below:

a) Credit risk

The Statement of outstanding obligations has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium, and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

c) Capital risk management.

The outstanding obligations guaranteed by the government may not be recovered since the debtor is now defunct.

12. Related party balances

a) Nature of related party relationships

Entities and other parties related to the statement of outstanding obligations include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) National government Fund
- b) Key management;
- c) Board of Trustees/Committee; etc.

b.) Related party transactions

- i. Transfers from related parties

Description	2024-2025	2023-2024
	Kshs.	Kshs.
There were no related party transactions	0	0

13. Events after the Reporting Period

Authority to write –off a Loss of Kshs. **152,317,825** being the principal and interest was granted on 13th August, 2025.

14. Ultimate and Holding Entity

This is a dormant entity under the National Treasury and economic planning. Its ultimate parent is the government of Kenya.

15. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest shilling.

19. ANNEXES

Annex I: Progress on Follow-Up of Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

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)
1	Failure to Provide Trial Balance	The statement of Outstanding Obligations has no accounting books or records but stands as a one – line item. The Outstanding balance of Kshs 152,317,825 is the amount the defunct Cereals and Sugar corporations will account to the National Government once the winding up is completed.	Not Resolved	At Audit Review
2	Undisclosed balances	The amount of Ksh 100,165,024,768 cannot be reported in the statement of outstanding obligation's since they are not related. This amount is properly reported in the debt stock as under guaranteed debts as undischarged guarantee. The variances of Ksh 70,063,932,689 shows the reduction of guarantee amount. The guaranteed institutions repaid their loans by the same margins	Not Resolved	At Audit Review

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)
3	Unsupported balances	The Statement of Outstanding Obligations is historical in nature. The Statements has neither accounting books or records nor bank statements showing previous transactions. The cereals and Sugar Corporation is defunct thus no any channel of engagements to confirm the balances.	Not Resolved	At Audit Review

The amount of Ksh 152,317,825 has been written off as per the authority granted by the Cabinet Secretary, The National Treasury and Economic Planning.



.....
Dr. Chris Kiptoo, CBS
 Principal Secretary
 National Treasury



.....
Raphael O. Otieno
 Director General
 Public Debt Management
 Office



.....
Daniel K. Mwangi
 Head Public Debt Settlement
 ICPAK M/No 13665

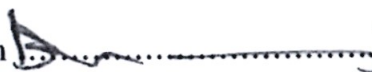
Annex II: Inter-Fund Confirmation Letter

The Statement of Outstanding Obligations Guaranteed by Government wishes to confirm the amounts disbursed as at 30th June 2025 as indicated in the table below.

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total		0	0	0	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Public Debt Settlement

Name Daniel K. Mwangi. Sign  Date29.8.2025

Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Nil	Nil	Nil	Nil					Nil	Nil

There was no expenditure relating to climate category during the financial year.

Annex IV: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
Nil	Nil	Nil	NIL	Nil	Nil	Nil

There was no expenditure relating to disaster management category