Children First: Smarter Budgets, Fairer Futures

KENYA COUNTY BUDGET BRIEFS (FY2019-FY2023)

Volume I
September 2025



KIPPRA
The KENYA INSTITUTE for PUBLIC POLICY RESEARCH and ANALYSIS
Thinking Policy Together

unicef
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ABBREVIATIONS

ASAL	Arid and Semi-Arid Lands
CT-OVC	Cash Transfer for Orphans and Vulnerable Children
CT-PWSD	Cash Transfer for Persons with Severe Disabilities
ECDE	Early Childhood Development and Education
FY	Fiscal Year
GDP	Gross Domestic Product
GER	Gross Enrolment Rate
NER	Net Enrolment Rate
NICHE	Nutrition Improvements through Cash and Health Education
OPCT	Older Persons Cash Transfer
PFM	Public Financial Management
PTR	Pupil-Teacher Ratio
RMNCAH	Reproductive, Maternal, Newborn, Child and Adolescent Health
TVET	Technical and Vocational Education and Training
UNICEF	United Nations Children's Fund
WASH	Water, Sanitation and Hygiene

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Strategic direction was provided by Ana Gabriella Serdan, Chief of Social Policy, and Shaheen Nilofer, UNICEF Representative. Their guidance helped sharpen the analytical focus and ensure the brief's alignment with UNICEF's broader social policy priorities.

The team also benefited from close engagement with key policy makers in Kenya. Data and preliminary results validation was conducted in partnership with the Kenya Institute for Public Policy Research and Analysis (KIPPRA), the Council of Governors, and the Office of the Controller of Budget. Their feedback was essential in refining the report and ensuring its relevance for decision-making at both national and county levels.

EXECUTIVE SUMMARY

Kenya has significantly advanced public investment in child-focused sectors, establishing a robust foundation for human capital development. From FY2019 to FY2023, the Government of Kenya has shown increasing policy commitment to Nutrition, Health, Water, Sanitation, and Hygiene (WASH), Pre-Primary Education, and Social Protection, with rising county-level allocations and growing adoption of multisectoral approaches. However, systemic challenges, including inefficiencies in budget execution, financial management, and frontline capacity, hinder the full realization of these investments.

The country's commitment to social development is evident in its substantial resource allocation to social sectors, which account for 32 per cent of total government expenditure and 49.5 per cent of the ministerial budget. Within this investment, education (including pre-primary) receives the largest share at 19.4 per cent of the total expenditure, followed by health (including county-level spending) at 9.7 per cent. Water and sanitation account for approximately 2.3 per cent of the spending, social protection, culture, and recreation receive 1.5 per cent, nutrition spends 0.9 per cent, and child protection 0.1 per cent. This strategic expenditure underscores Kenya's prioritization of education and health as key pillars of inclusive growth, while also addressing essential services like water, sanitation, and social protection to enhance the quality of life for all citizens.

Despite these efforts, persistent underfunding, and inequitable resource distribution limit the reach and quality of essential services, particularly for vulnerable populations. Social Protection, for instance, remains severely underfunded, with the Cash Transfer for Orphans and Vulnerable Children (CT-OVC) program reaching only 441,000 of 3.9 million eligible children. Similarly, centralized WASH investments restrict county-level responsiveness, while Pre-Primary Education faces challenges from low budget allocations and teacher shortages. These gaps disproportionately impact children in arid and semi-arid lands (ASALs), where higher service delivery costs and infrastructure deficits exacerbate inequities. Targeted, equity-focused investments are critical to ensure that the most vulnerable children are not left behind.



These challenges are compounded by the fragmented nature of sectoral planning and budgeting, which undermines the potential for integrated service delivery. Nutrition outcomes are shaped by health, WASH, and social protection inputs; early learning is influenced by nutrition and household income; and WASH access is essential for both health and education. Despite improved subnational prioritization in some areas, national programmes such as CT-OVC and NICHE remain constrained by scale and budget gaps. A siloed approach to budgeting risks missing the opportunity for synergistic gains across sectors, particularly in foundational areas like ECD.

Equity must be the guiding principle of public investment if Kenya is to achieve inclusive development. Budget allocations and execution must be aligned with need, particularly in underserved regions and among vulnerable populations. Current regressive spending patterns, where wealthier counties and households benefit disproportionately—undermine the redistributive intent of public finance. Institutionalizing equity weighted budgeting and performance-based financing can help correct these imbalances and ensure that no child is left behind.

Improving budget credibility and execution is critical to ensuring that public resources deliver tangible results. Performance-based financing, timely fund disbursement, and enhanced implementation capacity at the county level are essential. Institutionalizing data-driven planning and real-time monitoring systems will improve accountability and responsiveness, enabling counties to adapt to emerging needs and deliver services more effectively.

Kenya stands at a pivotal moment to transform its child-focused public finance landscape. By rebalancing sectoral allocations toward high-impact programs, empowering counties, and fostering cross-sectoral collaboration, the country can accelerate progress toward Vision 2030 and the Sustainable Development Goals. Elevating child-focused investments under the Bottom-Up Economic Transformation Agenda (BETA) is not only a moral imperative—it is a strategic investment in Kenya's future prosperity, resilience, and equity.



FOREWORD

Kenya is at a pivotal stage in its development, where prioritizing children in public investment is essential for the nation's future, especially as it pursues the Bottom-Up Economic Transformation Agenda (BETA) and Vision 2030 where the imperative to prioritize children in public finance has never been more urgent. **"Children First: Smarter Budgets, Fairer Futures"** Kenya County Budget Briefs call for smarter choices today to build stronger human capital for tomorrow.

UNICEF Kenya, in partnership with the Kenya Institute for Public Policy Research and Analysis (KIPPRA), presents an in-depth review of public spending in five key sectors—Nutrition, Health, WASH, Pre-Primary Education, and Social Protection, with a particular emphasis on budget management for Early Childhood Development (ECD).

Kenya shows strong policy commitment including growing county support for child services and expanding fiscal space for essential programs, but systemic inefficiencies, like declining budget execution, underfunding of programs such as CT-OVC, and persistent regional disparities continue to hinder progress. These issues are especially pronounced in the ECD sector, where weak financial management, delayed funds, and staff shortages remain significant obstacles to effective implementation.

UNICEF is committed to helping the Government of Kenya build a more equitable, efficient, and accountable public finance system to ensure every child survives, thrives, and reaches their potential. Recognizing the importance of sector interconnectedness, this brief provides actionable recommendations to rebalance allocations, improve budget execution, and embed data-driven, performance-based financing to deliver tangible benefits for children.

Counties and frontline delivery units play a crucial role in child outcomes under Kenya's devolved governance. However, many lack timely budget information, work plans, and qualified financial staff, which hampers effective planning and accountability. Strengthening subnational systems is vital to enhance the efficiency and equity of child-focused investments. Although county governments are constitutionally responsible for ECD, funding and management remain inadequate. Public Expenditure Tracking Survey (PETS) findings show most ECD units face delayed funds and rarely receive disbursements as scheduled. Resolving these issues is crucial for both financial reform and ensuring every child's right to a fair start.

This analysis guides stakeholders in Kenya to make informed decisions and investments for advancing child rights, supporting cross-sector collaboration, and accelerating progress toward the Sustainable Development Goals.

We thank all partners for their valuable contributions and reaffirm UNICEF Kenya's steadfast commitment to working with the Government of Kenya to ensure every child thrives.

Dr. Shaheen Nilofer
County Representative
UNICEF Kenya

FOREWORD

Kenya's journey toward middle-income status hinges on unlocking the potential of its predominantly young population, with 80% under the age of 35. Strategic investment in children is not only foundational to the Bottom-Up Economic Transformation Agenda and Vision 2030, but also a catalyst for inclusive and sustainable growth. The **"Children First: Smarter Budgets, Fairer Futures"** Kenya County Budget Briefs present a compelling case for data-driven, targeted public spending that transforms early childhood investments into long-term national prosperity.

This brief presents a comprehensive analysis of county-level investments across critical sectors; Nutrition, Health, Water, Sanitation and Hygiene (WASH), Pre-Primary Education, and Social Protection. Drawing on data from fiscal years 2019/20 to 2022/23, the findings reveal a positive trend in child-focused allocations. However, persistent challenges in budget execution continue to undermine effectiveness and reinforce cycles of inequality, signaling an urgent need for more accountable and result-driven public spending.

KIPPRA's commitment to evidence-based policymaking is central to these briefs, which demonstrate that for every shilling effectively invested in Early Childhood Development (ECD) can yield up to seven times its value in human capital and GDP growth. This compelling return reinforces the urgency of shifting from reactive to forward-looking budgeting approaches.

As the frontline implementers of child services, county governments hold the key to translating policy into impact. Yet, fragmented data systems and limited institutional capacity often result in inefficient spending. To address this, KIPPRA recommends the adoption of real-time digital budget tracking tools and county-specific performance dashboards to ensure timely and accountable financing for ECD services.

Despite the urgency of child health and development challenges, critical gaps persist in county-level financing. Nutrition remains severely underfunded, with only 0.3% of county budgets directed toward targeted interventions, despite a national child stunting rate of 26% (KDHS 2022). Similarly, in the Water, Sanitation and Hygiene (WASH) sector, only 58% of rural households have access to clean water, and budget execution averages just 67%, leaving one in three children without basic sanitation. These disparities highlight the need to reorient fiscal strategies from reactive approaches to preventive, multi-sector investments.

By embedding child-focused performance indicators into the core of public finance systems, these briefs chart a path beyond incremental reform, toward a future anchored in equity and resilience. KIPPRA calls on Parliament and County Assemblies to legislate enforceable minimum per-child spending thresholds across all 47 counties.

We acknowledge the valuable contributions of our partners and reaffirm KIPPRA's leadership in shaping a child-centered economic strategy alongside the Government of Kenya and UNICEF.

Dr. Eldah Onsomu
Executive Director
Kenya Institute for Public Policy Research and Analysis (KIPPRA)


ACTION
AGAINST
HUNGER

Chapter 1

SUBNATIONAL NUTRITION FINANCING

Nutrition is the foundation of human development and a critical determinant of a child's ability to survive, grow, and learn. This chapter presents an in-depth analysis of Kenya's subnational nutrition financing from FY2019 to FY2023, focusing on how county and national investments are shaping outcomes for children and nutritionally vulnerable populations. While Kenya has made commendable progress in reducing stunting and expanding maternal and child health services, nutrition-specific investments remain disproportionately low—comprising just 10.5 per cent of total nutrition-related spending. The chapter highlights the need for a more balanced, equity-driven approach that prioritizes high-impact interventions and addresses persistent regional disparities.

The analysis underscores the importance of multisectoral coordination, as nutrition outcomes are influenced by health, agriculture, education, and social protection systems. Despite increased county-level prioritization, national budget allocations have stagnated, and execution rates have declined, threatening the sustainability of recent gains. This chapter calls for a recalibration of Kenya's nutrition financing architecture—one that strengthens public financial management, expands investment into underfunded sectors, and institutionalizes data-driven planning to ensure that every child, regardless of geography, has an equal chance to thrive.

KEY MESSAGES AND RECOMMENDATIONS

1. Kenya's nutrition-specific investments remain critically low, comprising just 10.5 per cent of country total nutrition-related spending and approximately 1.1 per cent of county budgets, despite their direct impact on malnutrition. This underinvestment limits the reach and effectiveness of interventions that are essential for preventing and treating undernutrition, particularly among children and pregnant women. To close this gap, the government must urgently rebalance its nutrition financing by increasing allocations to high-impact, nutrition-specific programmes such as maternal and child nutrition services, supplementation, and treatment of acute malnutrition, including interventions targeted at prevention of malnutrition like counseling and health education, especially at the county level where service delivery is most direct.
2. While counties have made commendable progress in prioritizing nutrition, raising their budget share from 0.8 per cent to 2.1 per cent, national-level commitment has stagnated at 0.8 per cent of the total budget. To ensure sustained progress, nutrition must be elevated as a national development priority and integrated into macro-fiscal planning frameworks with increased national budget allocations.
3. Declining budget execution rates, from 94 per cent in FY 2018/19 to 69 per cent in FY2022/23, are undermining the effectiveness of nutrition investments. Strengthening public financial management systems, improving fund disbursement, and building implementation capacity at county level are essential to ensure that allocated resources translate into real outcomes.

4. Nutrition financing remains overly concentrated in social protection, agriculture, and health, which together account for over 90 per cent of spending, leaving critical areas like education, WASH, and early childhood development underfunded. A more balanced, multisectoral approach is needed—one that expands investment into underutilized but high-impact sectors to build a resilient and inclusive nutrition system.

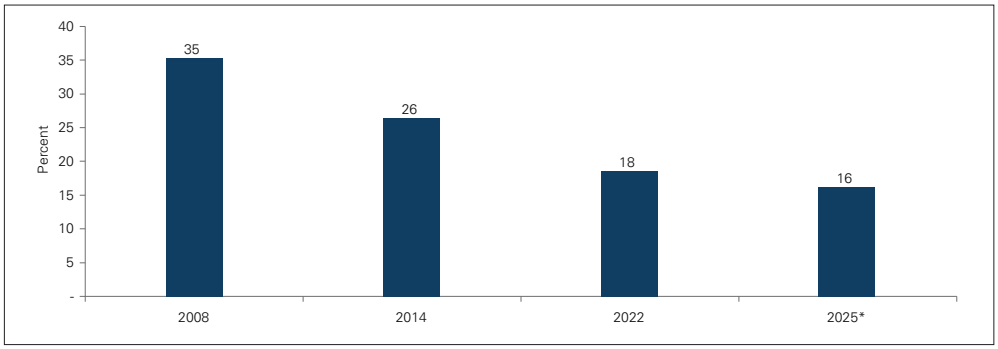
5. Persistent regional disparities in nutrition outcomes, such as being underweight and wasting rates ranging from 1 per cent to over 22 per cent, highlight the need for targeted, equity-driven investments. Kenya should institutionalize the use of disaggregated data to guide planning and resource allocation, ensuring that high-burden counties receive tailored support to close the nutrition gap.

SECTION 1: SECTORAL PERFORMANCE

Kenya's devolved system is catalyst for nutrition reform, but systemic barriers threaten its impact. Devolution has unlocked the potential for counties to lead in addressing malnutrition through locally tailored strategies. By leveraging community knowledge and resources, counties are better positioned to meet the nutritional needs of children and other vulnerable groups. However, persistent resource constraints and weak infrastructure, especially in rural areas, continue to undermine service delivery. These systemic barriers disproportionately affect vulnerable populations, including children and pregnant women. Data from 2018 to 2022 reveals uneven progress and entrenched regional disparities, underscoring the urgent need for sustained support.

Declining stunting rates signal progress, but accelerated, equity-focused action is essential. Kenya has achieved a steady reduction in child stunting over the past 15 years, with national prevalence falling from 35 per cent in 2008 to a projected 16 per cent in 2025. This progress reflects the cumulative impact of strengthened policy frameworks, expanded maternal and child health services, and targeted community-based nutrition interventions. To sustain and accelerate these gains, Kenya must prioritize high-impact, equity-driven investments that address the structural drivers of undernutrition, enhance service delivery in underserved areas, and reinforce multi-sectoral coordination to ensure that no child is left behind.

Figure 1.1: National stunting prevalence (%)

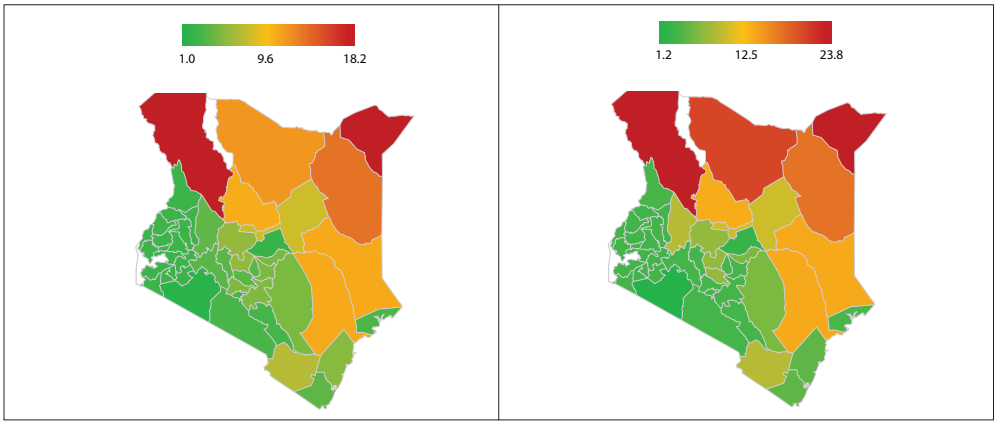


Source: Office of the controller of budget, various

However, deep regional inequities underscore the urgency for precision nutrition investments. Kenya's nutrition landscape is marked by stark regional disparities that demand urgent, data-driven interventions. Between 2020 and 2022, underweight prevalence ranged from 1.0 per cent- 23.8 per cent, while wasting rates, though improved, still varied significantly from 1.2 per cent - 22.8 per cent as of 2022 (Figure 1.2). These disparities reflect deep-rooted structural challenges, including geographic isolation, chronic food insecurity, and under-resourced nutrition programs, particularly in arid and semi-arid regions.

Figure 1.2: Percentage of children <5years who are underweight

a. Underweight prevalence by county 2020 b. Underweight prevalence by county 2022

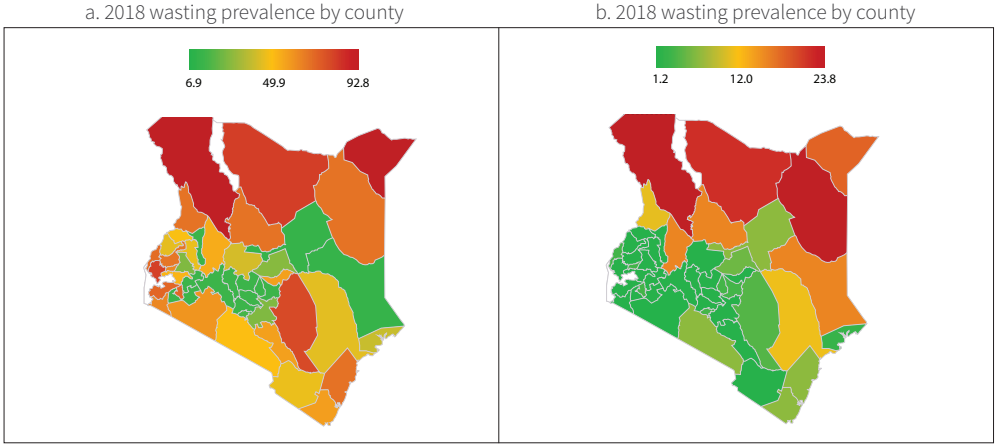


Source: Office of the controller of budget, various

Progress is real but fragile, equity-focused investment is the next frontier. Measurable progress has been made in reducing child malnutrition, but county-level disparities remain a critical concern. The decline in wasting from 2018 to 2022 (Figure 1.3) signals growing awareness and improved interventions, such as supplementary feeding and health education. However, a slight rise in underweight prevalence points to persistent challenges, including seasonal food shortages and limited dietary diversity. These gains are at risk without stronger investment in rural outreach, infrastructure, and human resources. To sustain momentum and close equity gaps, Kenya must prioritize high-impact, equity-driven investments aligned with global nutrition targets.

Figure 1.3: Prevalence of wasting (Weight for height >2SD) in children 0–59 months (%)

a. 2018 wasting prevalence by county b. 2018 wasting prevalence by county



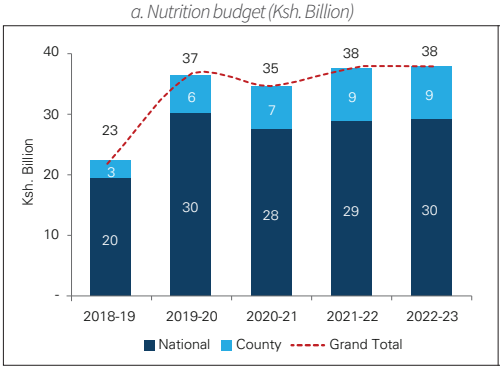
Source: Office of the controller of budget, various

SECTION 2: NUTRITION SPENDING TRENDS

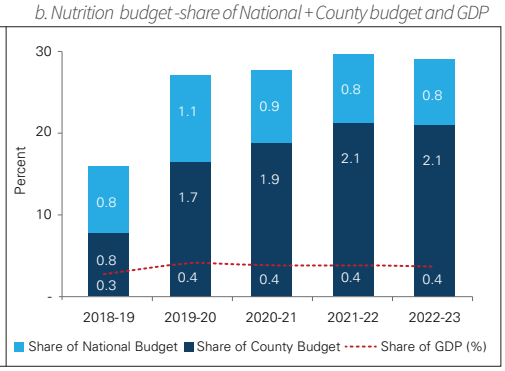
Kenya has demonstrated a sustained commitment to improving nutritional outcomes through a steady increase in both national and county-level budget allocations. Between FY 2018/19 and FY 2022/23, the total nutrition budget rose from Ksh 23 billion to Ksh 38 billion. This growth was primarily driven by an increase in national allocations from Ksh 20 billion to Ksh 30 billion, while county-level budgets tripled from Ksh 3 billion to Ksh 9 billion over the same period (Figure 1.4a). The consistent upward trend reflects a deliberate policy shift toward prioritizing nutrition as a critical component of human capital development.

Figure 1.4: Nutrition budget trends

a. Nutrition budget (Ksh. Billion)



b. Nutrition budget -share of National + County budget and GDP



Source: Office of the controller of budget, various

While Kenya has made notable progress in elevating the visibility of nutrition within county budgets, its share of national allocations and GDP has remained largely stagnant. Between FY 2018/19 and FY 2022/23, the nutrition budget as a share of county budgets increased significantly from 0.8 per cent to 2.1 per cent, reflecting growing subnational prioritization of nutrition investments. In contrast, the share of the national budget allocated to nutrition has plateaued at approximately 0.8 per cent, and nutrition spending as a share of GDP has remained constant at 0.4 per cent throughout the review period (Figure 1.4b). This divergence underscores the need for stronger national-level prioritization and integration of nutrition financing within broader macro-fiscal frameworks to ensure sustained and equitable progress across all levels of government.

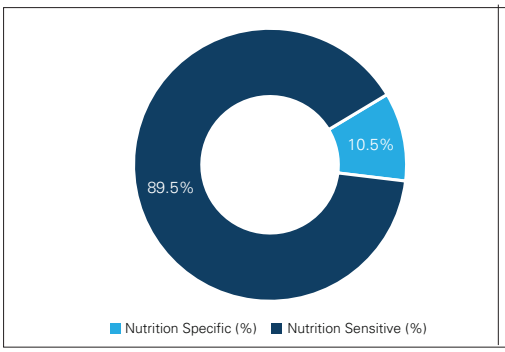
Notably, nutrition financing is heavily skewed toward indirect interventions, leaving direct, high-impact nutrition-specific programmes critically underfunded. Figure 1.5a This stark imbalance is further emphasized by the overall spending composition: only 10.5 per cent of total nutrition-related funding is allocated to nutrition-specific interventions, while a dominant 89.5 per cent is directed toward nutrition-sensitive sectors. While investments in broader systems are essential, this disproportionate allocation reveals a critical underinvestment in the very interventions that directly prevent and treat malnutrition. To achieve meaningful impact, Kenya must recalibrate its nutrition financing architecture, ensuring that nutrition-specific programmes receive a significantly larger share of resources, commensurate with their role in delivering measurable nutrition outcomes.

Moreover, Kenya's continued underinvestment in nutrition-specific interventions is a strategic vulnerability that risks undermining the country's broader nutrition and development goals. Figure 1.5b reveals a persistent and widening gap between nutrition-sensitive and nutrition-

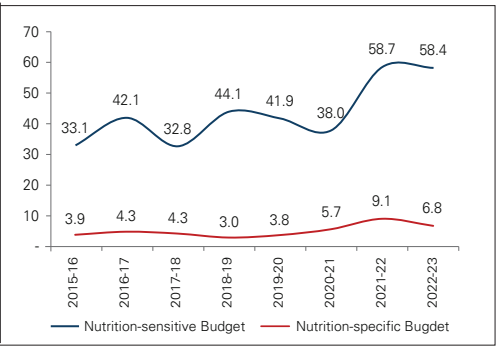
specific spending from 2015–16 to 2022–23. While nutrition-sensitive allocations have grown steadily, rising from Ksh 33.1 billion to Ksh 58.4 billion, nutrition-specific investments have remained disproportionately low, peaking at just Ksh 9.1 billion in 2021–22 before declining to Ksh 6.8 billion. This imbalance signals a misalignment in resource allocation. While foundational systems are being strengthened, the direct, high-impact interventions needed to prevent and treat malnutrition are not receiving adequate attention. To close this critical gap, Kenya must urgently elevate nutrition-specific spending as a core pillar of its health, education, and social protection strategies. Without this shift, the country risks falling short of its national and global nutrition targets, despite broader sectoral progress.

Figure 1.5: Nutrition specific and sensitive investment

a. Share of nutrition specific and sensitive spending (percent)



b. Trends in nutrition-specific and and nutrition-sensitive spending



Source: Office of the controller of budget, various

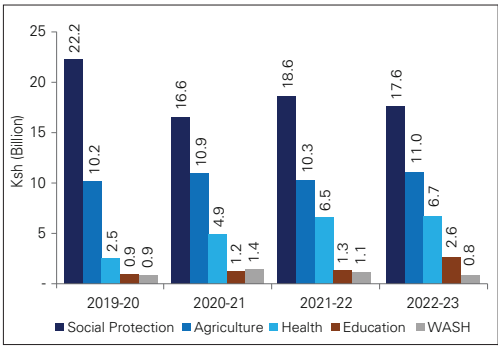
SECTION 3: COMPOSITION OF NUTRITION SPENDING

Social protection remains the largest driver of nutrition investments, but health and agriculture are gaining ground. Over the past four fiscal years, Kenya's nutrition financing has been consistently led by the social protection sector, underscoring its central role in addressing food insecurity and vulnerability. From FY 2019/20 to FY 2022/23, social protection allocations declined slightly from Ksh 22.2 billion to Ksh 17.6 billion but remained the top contributor. Meanwhile, Health sector investments nearly tripled, from Ksh 2.5 billion to Ksh 6.7 billion, reflecting the growing role of the sector in delivering nutrition-specific interventions. Agriculture also saw a steady increase, rising from Ksh 10.2 billion to Ksh 11.0 billion over the same period (Figure 1.6a). This evolving sectoral composition signals a gradual shift toward a more balanced, multisectoral approach to nutrition financing critical for achieving sustainable improvements in nutritional outcomes.

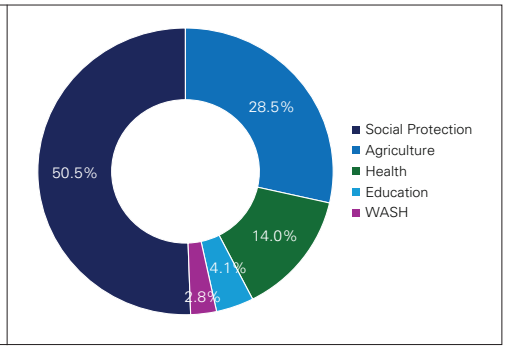
Notably, Kenya's nutrition financing landscape is led by three key sectors; Social Protection, Agriculture, and Health, which together account for over 90 per cent of total nutrition investments. Social Protection contributes the largest share at 50.5 per cent, reflecting its central role in addressing food insecurity and supporting vulnerable populations. Agriculture follows with 28.5 per cent, underscoring its importance in enhancing food production and dietary diversity. Health contributes 14.0 per cent, highlighting its growing role in delivering nutrition-specific services (Figure 1.6b). While this distribution demonstrates a strong multi-sectoral foundation, maximizing the impact of these investments will require more integrated planning, joint implementation, and shared accountability across sectors to ensure cohesive and sustained progress in nutrition outcomes.

Figure 1.6: Composition of nutrition spending

a. Nutrition allocation by thematic sector (Ksh. Billion)



b. Share of nutrition budget by thematic sector

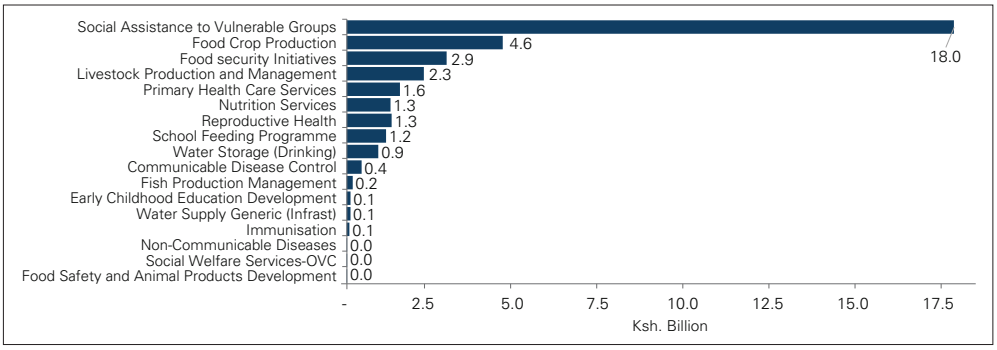


Source: Office of the controller of budget, various

Additionally, nutrition investments remain heavily concentrated in a few programme areas, highlighting the need for broader sectoral engagement. An analysis of Kenya's average nutrition budget from 2019 to 2023 reveals a strong concentration of funding in a limited number of programme typologies. Social assistance to vulnerable groups received the largest allocation at Ksh 18.0 billion, accounting for a substantial portion of total nutrition spending. This was followed by agriculture-related interventions such as food crop production (Ksh 4.6 billion), food security initiatives (Ksh 2.9 billion), and livestock management (Ksh 2.3 billion). In contrast, direct nutrition services and health-related programs, including primary health care (Ksh 1.6 billion), nutrition services (Ksh 1.3 billion), and reproductive health (Ksh 1.3 billion), received comparatively modest funding (Figure 1.7). Several critical areas, including immunization, early childhood education, and water infrastructure, were minimally funded or not funded at all. This narrow investment profile underscores the importance of expanding sectoral participation and aligning resources across a wider range of nutrition-sensitive interventions to ensure a more balanced and resilient nutrition financing framework.

Figure 1.7: Typology of nutrition budget

Nutrition budge typology (Average 2019-23)



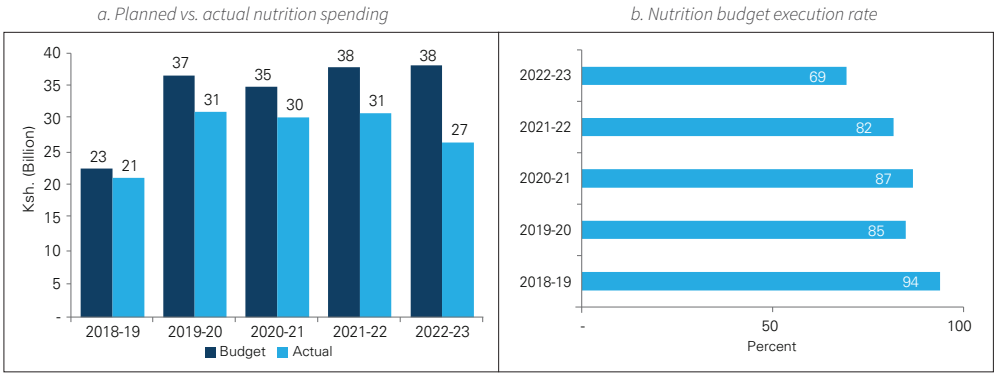
Source: Office of the controller of budget, various

SECTION 4: BUDGET CREDIBILITY AND EXECUTION

Kenya's nutrition financing has shown consistent ambition in budget planning, but actual spending has often fallen short undermining the potential impact of these investments. Between FY 2018/19 and FY 2022/23, planned allocations increased from Ksh 23 billion to Ksh 38 billion. However, actual expenditures fluctuated, with a notable shortfall in FY 2022/23

where only Ksh 27 billion was spent against a Ksh 38 billion budget. The broader trend reveals persistent underutilization of allocated funds. These execution gaps point to systemic challenges such as delayed disbursements, limited absorption capacity, and implementation inefficiencies. Strengthening public financial management systems and enhancing coordination across implementing agencies will be essential to ensure that planned nutrition investments translate into tangible outcomes on the ground.

Figure 1.8: Budget utilization



Source: Office of the controller of budget, various

Additionally, declining budget execution rates threaten the efficiency and impact of nutrition investments. Despite increased allocations to nutrition over recent years, Kenya's ability to fully utilize these resources has weakened, as evidenced by a steady decline in budget execution rates. In FY 2018/19, the execution rate stood at a high of 94 per cent, but this has dropped consistently over time falling to 85 per cent in 2019/20, 87 per cent in 2020/21, 82 per cent in 2021/22, and reaching a low of 69 per cent in 2022/23 (Figure 1.8b). This downward trend signals growing inefficiencies in fund absorption and implementation capacity, which risk undermining the effectiveness of nutrition programs.



CONCLUSION

Kenya's subnational nutrition financing has made commendable progress in expanding fiscal space and embracing multisectoral approaches. However, this momentum is at risk of stalling due to persistent execution gaps, entrenched regional inequities, and a narrow concentration of investments in a few sectors and programme areas. Despite increased allocations, declining budget execution, from 94 per cent in FY 2018/19 to 69 per cent in FY 2022/23, signals systemic inefficiencies that weaken the credibility and impact of nutrition financing. Moreover, while county-level prioritization has improved, national-level commitment remains stagnant, with nutritional share of the national budget plateauing at just 0.8 per cent.

To translate financial commitments into transformative outcomes, Kenya must adopt a bold shift toward equity-driven, performance-based, and multisectoral nutrition financing. This includes institutionalizing the use of disaggregated data in planning, enforcing execution accountability, and expanding investments into underfunded but high-impact areas such as early childhood development, food systems, and preventive health. Only through integrated, data-informed, and results-oriented approaches can Kenya deliver sustainable nutrition gains and ensure that every child, regardless of geography, has an equal chance to thrive.

Table 1.1: Nutrition-related budget lines included in the analysis
Table listing MDAs, programs, and allocations (Ksh. Billion)

Level	Thematic Sector	Typology	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
County	Agriculture	Crop Production	0.8	1.3	1.7	2.2	4.1	5.0	5.4	6.0
	Agriculture	Fisheries production	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
	Agriculture	Livestock Production	0.4	0.7	0.8	1.1	2.7	2.7	2.5	2.2
	Agriculture	Production Generic Non-staple	0.2	0.4	0.4	0.6	1.2	1.3	1.5	1.5
	Education	Nutrition in Education	0.2	0.4	0.6	0.7	1.3	1.8	2.0	1.7
	Health	Basic HealthCare Services	0.3	0.5	0.6	0.7	1.0	1.1	2.7	2.3
	Health	Nutrition Services	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1
National	Agriculture	Fish Production Manage-ment	0.3	0.3	0.2	0.1	0.2	0.3	0.3	0.2
	Agriculture	Food crop production	1.5	1.6	1.2	1.1	1.2	1.8	1.7	0.7
	Agriculture	Food Safety and Animal Products Develop-ment	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0

Level	Thematic Sector	Typology	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
National	Agriculture	Food security Initiatives	0.9	5.5	6.9	0.2	4.8	7.3	4.1	4.0
	Agriculture	Livestock Production and Management	1.0	2.2	1.1	0.9	1.8	1.0	1.3	1.3
	Education	Early Childhood Education Development	0.0	0.0	0.0	0.0	0.2	0.3	0.3	0.1
	Education	School feeding programme	2.1	2.5	2.1	0.4	0.1	0.1	0.2	1.1
	Health	Communicable Disease Control	1.7	2.2	2.6	2.5	0.4	0.6	0.5	1.6
	Health	Immunization	0.4	0.2	0.0	0.0	0.0	0.0	0.4	0.1
	Health	Non-Communicable Diseases	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.1
	Health	Nutrition Services	0.9	1.3	1.0	1.2	1.3	2.6	3.7	1.5
	Health	Primary Health Care Services	1.8	1.4	0.3	0.4	1.1	1.1	0.7	1.1
	Health	Reproductive health	3.1	3.2	0.5	0.8	1.0	3.1	2.7	2.0
	Social Protection	Social Assistance to Vulnerable Groups	20.1	21.0	25.0	30.6	43.6	32.4	36.4	28.2
	Social Protection	Social Welfare Services-OVC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	WASH	Water Storage (Drinking)	0.3	0.8	0.3	0.1	1.6	2.5	2.1	1.0
	WASH	Water Supply Generic (Infrastructure)	0.9	1.4	0.0	0.1	0.1	0.1	0.1	0.5
Grand Total			37	47	37.1	47.1	45.7	43.7	67.8	65.2

Source: Own calculation using MQSUN (Maximizing the Quality of Scaling Up Nutrition 2016 Report) weighted budget allocation by typology



Chapter 2

SUBNATIONAL HEALTH FINANCING

Health is a fundamental right and a cornerstone of Kenya's human capital development. This chapter examines subnational health sector financing between FY2019 and FY2023, with a focus on allocations that directly impact children and vulnerable populations. Kenya has made significant strides in expanding access to healthcare, particularly through county-led innovations in maternal and child health. However, the analysis reveals a concerning trend: over 75 per cent of the health budget is consumed by administrative costs, while essential services such as reproductive, maternal, newborn, child, and adolescent health (RMNCAH) receive only 1 per cent. Budget execution rates have also declined, limiting the effectiveness of increased allocations.

The chapter emphasizes the need to rebalance health spending toward frontline services and preventive care. It also highlights the erosion of county autonomy due to increasing centralization, which risks reversing the gains of devolution. Equity gaps persist, with wealthier households receiving a disproportionate share of public health benefits. To address these challenges, the chapter recommends performance-based financing, equity-weighted budgeting, and stronger intergovernmental coordination to ensure that health investments translate into tangible outcomes for all Kenyans especially the most vulnerable.

KEY MESSAGES AND RECOMMENDATIONS

1. Administrative spending crowds out frontline health services. Over 75 per cent of Kenya's health budget is consumed by administrative functions, while only 1 per cent supports essential services like RMNCAH. This imbalance diverts resources away from direct patient care. County governments should enforce spending caps on administrative costs and mandate minimum allocations for frontline services, including preventive care and nutrition.
2. Centralization trends threaten devolution gains. The county share of the health budget has declined from 50 per cent to 47 per cent, signaling a shift toward centralized control. This undermines local responsiveness and risks reversing the gains of devolution. To protect county autonomy, stakeholders must uphold constitutional mandates and establish equitable intergovernmental fiscal frameworks.
3. Inequitable health spending undermines pro-poor policy goals. Kenya's wealthiest decile receives a disproportionate share of public health benefits, while the poorest decile—despite greater need—remains underserved. This regressive distribution highlights the need for equity-weighted financing, targeted in-kind transfers, and pro-poor service delivery models to ensure public spending aligns with poverty and vulnerability.
4. Essential health programmes suffer from low budget credibility. Critical programmes like nutrition and reproductive health have some of the lowest budget execution rates, at 65 per cent and 70 per cent respectively. These gaps reflect systemic inefficiencies. Introducing performance-based financing and enhancing budget transparency can help ensure that high-impact programmes receive and utilize their allocated resources effectively.

SECTION 1: SECTOR PERFORMANCE

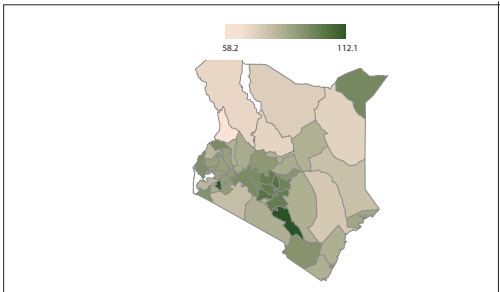
Kenya's devolved health system is committed to improving healthcare access and outcomes, with county governments prioritizing innovative solutions to strengthen maternal and child health. Despite these efforts, significant challenges persist, as resource constraints limit service delivery, particularly in rural areas where 60 per cent of the population reside. These limitations disproportionately affect children under five and pregnant women, who rely heavily on accessible primary healthcare. Systemic barriers continue to hinder progress, with data from 2020–2023 showing uneven advancements and disparities in healthcare coverage across counties. Nevertheless, ongoing county-led initiatives and partnerships signal a promising path toward equitable and sustainable health improvements.

There are stark differences in healthcare access across Kenya's regions, as shown by 2020–2023 data, which must be addressed through targeted interventions to ensure equitable health service delivery. Immunization rates varied widely from 49.7 per cent to 102.6 per cent (Figure 2.1b) in 2023 down from a low of 58.2 per cent and a high of 112.1 per cent (Figure 2.1a, b) in 2020, highlighting barriers like geographic inaccessibility, supply shortages, economic constraints, and systemic inefficiencies in some counties. These gaps emphasize the urgent need for focused efforts to ensure all regions can equally benefit from health services.

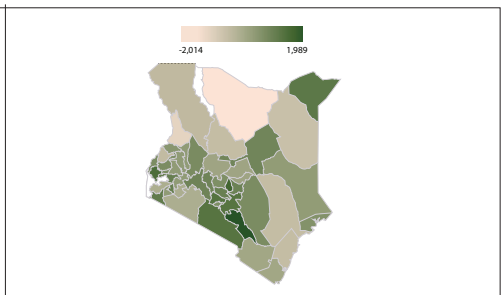
Subnational health service utilization portrays a significant gain but masked by persistent county-level gaps. ORS-Zinc usage for diarrhea rose from a low of 5.2 per cent to 6.3 per cent and a high of 80.2 per cent to 98.3 per cent over the same period (Figure 2.1c,d). reflecting growing awareness, trust in healthcare systems, and improved service delivery efficiency across counties. These improvements indicate a positive trend in how caregivers are engaging with available health services. These modest gains reflect growing awareness but are undermined by low per capita spending (Ksh 2,500 vs. national Ksh 3,000) and weak rural outreach. Sustained, equity-focused investments are needed to close these gaps and meet global benchmarks.

Figure 2.1: Selected sector performance indicators

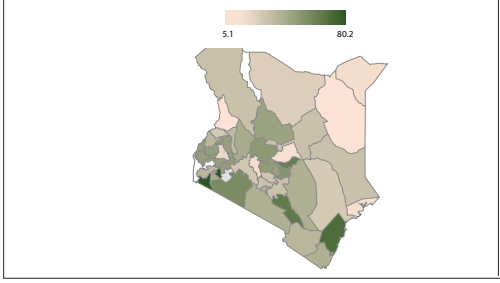
a. Immunization rate 2020



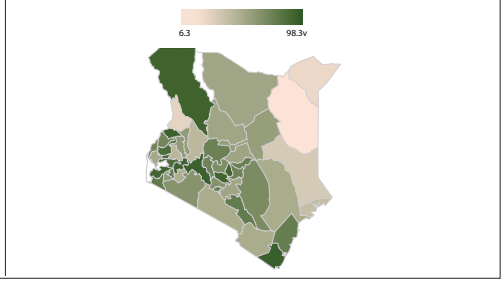
b. Immunization rate 2023



c.Proportion of children under 5 with diarrhoea treated with ORS Zinc Copack (Facility) 2020



d. Proportion of children under 5 with diarrhoea treated with ORS Zinc Copack (Facility) 2023



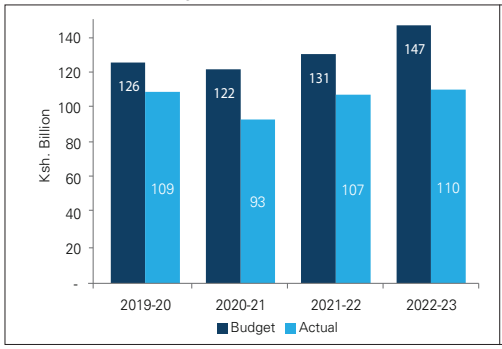
Source: Office of the controller of budget, various

SECTION 2: HEALTH SPENDING TRENDS

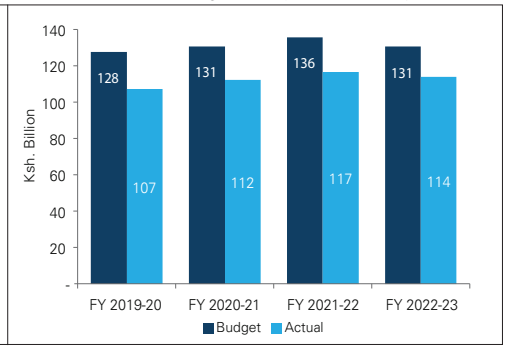
The growth in national and county health budgets reflects a strong policy commitment to strengthening healthcare systems, even amid economic constraints and inflationary pressures. Between FY 2019-20 and FY 2022-23, national health allocations increased from Ksh 126 billion to Ksh 147 billion, while county budgets rose from Ksh 128 billion to Ksh 131 billion. However, this fiscal expansion has not translated into proportional improvements in service delivery, as actual expenditure remained largely stagnant hovering around Ksh 110 billion at the national level and Ksh 114 billion at the county level (Figure 2.2a,b). This persistent under-execution of budgets highlights systemic inefficiencies, including limited fund absorption capacity and implementation bottlenecks, which continue to undermine the effectiveness of public health investments.

Figure 2.2: Health budget and expenditure trends

a. Health budget and expenditure-National



b. Health budget and expenditure-County

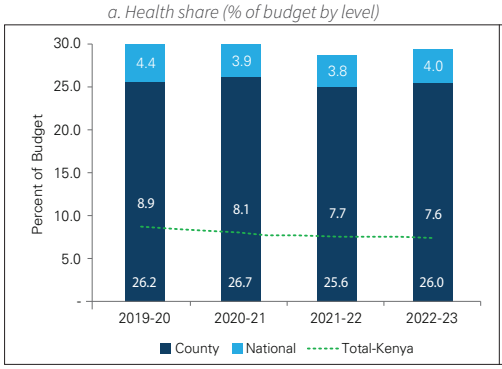


Source: Office of the controller of budget, various

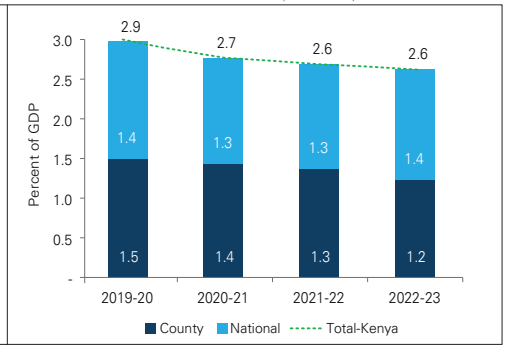
Urgent fiscal prioritization is needed to reverse health budget stagnation and reinvigorate Kenya's commitment to strengthening healthcare systems across all levels of government. Health as a share of the national and county budgets has remained stagnant at 4 per cent and 26 per cent respectively throughout the review period, while total health spending as a share of government expenditure has steadily declined from 8.9 per cent in FY 2019-20 to 7.6 per cent in FY 2022-23 (Figure 2.3 a), painting a picture of diminishing focus on health amidst a landscape of competing national priorities. This persistent plateau, occurring despite the escalating health needs of a growing population, starkly underscores the pressing urgency to reallocate resources with strategic intent, and foster a renewed dedication to bolstering the resilience and reach of healthcare systems nationwide.

Figure 2.3: Health spending as a share of budget and share of GDP

a. Health share (% of budget by level)



b. Health share (% of GDP)



Source: Office of the controller of budget, various

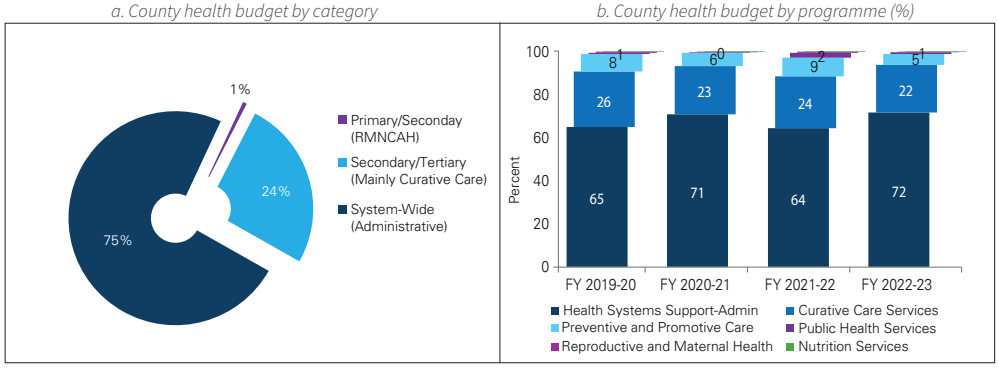
Overall health spending as a share of GDP has dropped from 2.9 per cent in FY 2019-20 to 2.6 per cent in FY 2022-23, a reduction primarily propelled by a significant fall in county contribution that slid from 1.5 per cent to 1.2 per cent of GDP, while the national share held steady between 1.3 per cent and 1.4 per cent, subtly suggesting a reorientation of fiscal priorities toward centralized control. This downward trajectory not only reflects the challenges faced at the county level but also emphasizes the critical need for targeted interventions to boost county-level funding, ensure a balanced and equitable approach to resource distribution.

SECTION 3: COMPOSITION OF COUNTY HEALTH SPENDING

The county health budget is overwhelmingly skewed toward administrative expenses, leaving minimal allocation for direct patient care. A dominant 75 per cent of the budget is directed toward System-Wide (Administrative) functions, dwarfing the 24 per cent allocated to secondary/tertiary care, which primarily covers curative services. Most notably, only 1 per cent is dedicated to primary/secondary care (RMNCAH), which includes essential services for reproductive, maternal, newborn, child, and adolescent health (Figure 2.4a). This distribution underscores a critical need to reassess funding priorities to better support frontline health services and improve health outcomes.

Figure 2.4: Composition of county health spending

a. County health budget by category *b. County health budget by programme (%)*



Source: Office of the controller of budget, various

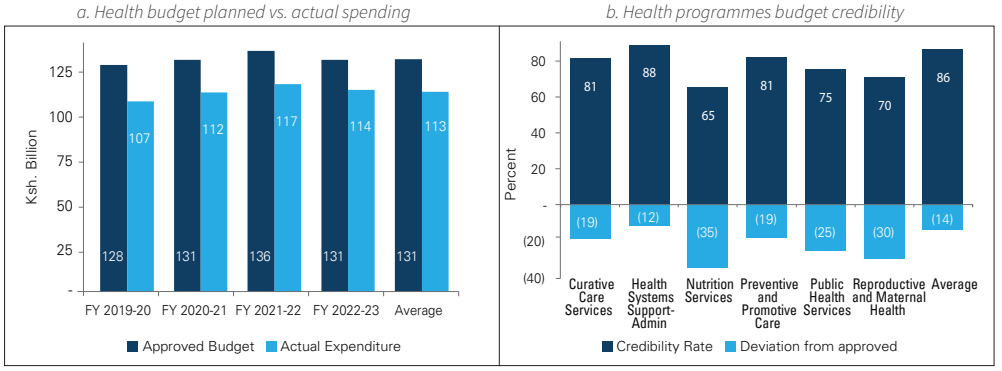
Administrative spending continues to dominate the county health budget, with minimal and declining investment in direct health services over time. Health budget by programme, spanning fiscal years 2019–20 to 2022–23, reveals a persistent and growing concentration of funds in health systems support, rising from 65 per cent in FY 2019–20 to 72 per cent in FY 2022–23. In contrast, allocations to preventive and promotive care have steadily declined from 26 per cent to 22 per cent, while reproductive and maternal health dropped from 8 per cent to just 5 per cent (Figure 2.4b). Other critical service areas such as curative care, public health, and nutrition services are either minimally represented or entirely absent in most years. This trend underscores a systemic imbalance, where operational overheads increasingly crowd out investments in essential, people-centered health services—calling for urgent fiscal realignment to better serve population health needs.

SECTION 4: COUNTY BUDGET CREDIBILITY AND EXECUTION

The analysis indicates persistent under-execution of the health budget signaling systemic inefficiencies that may be undermining service delivery and health outcomes. Actual health expenditures have fallen short of approved budgets across all four fiscal years from 2019–20 to

2022–23. While the average approved budget stood at Ksh 131 billion, the average actual spending lagged at Ksh 113 billion, reflecting an annual shortfall of approximately 14 per cent. This gap ranging from 19 per cent to 22 per cent each year (Figure 2.5a), suggests structural challenges in budget absorption, such as delayed disbursements, procurement bottlenecks, or limited implementation capacity. Without targeted reforms to improve execution efficiency, even well-intentioned budget increases may fail to translate into improved health services or outcomes.

Figure 2.5: Health budget execution



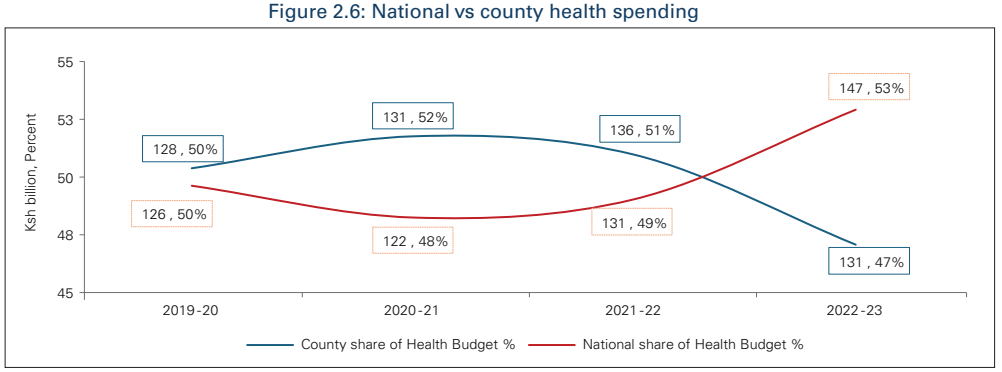
Source: Office of the controller of budget, various

Budget credibility remains uneven across health programs, with essential services facing the greatest execution gap. While health systems support shows the highest credibility rate at 88 per cent, essential service areas such as nutrition services and reproductive and maternal health lag at 65 per cent and 70 per cent, respectively. These categories also exhibit the largest negative deviations from approved budgets (35 per cent) and (30 per cent), indicating substantial under-execution. Notably, preventive and promotive care, a critical pillar of public health, also shows a (19 per cent) deviation (Figure 2.5b). The average credibility rate across all categories stands at 86 per cent, but this masks deeper inefficiencies affecting frontline services. These findings reinforce the need for targeted interventions to improve budget reliability and ensure that critical health programmes receive and utilize their allocated resources effectively.

SECTION 5. DECENTRALIZATION OF HEALTH SPENDINGS

There is a notable shift in Kenya's fiscal strategy toward centralized control posing a direct threat to the constitutional principle of devolution, particularly in the health sector. As illustrated by the declining county share of the health budget, from 50 per cent in FY 2019–20 to 47 per cent in FY 2022–23 (Figure 2.6). This trend signals a gradual erosion of county autonomy in managing

Figure 2.6: National vs county health spending



Source: Office of the controller of budget, various

health resources. Centralized oversight risks imposing uniform policies that may not reflect the diverse health needs across Kenya's 47 counties. Counties that have demonstrated efficiency and innovation in health service delivery could face reduced flexibility and funding, undermine local progress and widening regional disparities in healthcare access and outcomes.

This centralization also threatens to reverse the gains made under devolution by weakening local accountability and responsiveness. County governments, being closer to communities, have been better positioned to respond swiftly to localized health challenges. A shift toward national-level control introduces the risk of bureaucratic inertia, delayed interventions, and diminished community engagement. Furthermore, it may demoralize county leadership and health managers who have been pivotal in driving grassroots health improvements. The increasing national share of the health budget, from 49 per cent to 53 per cent over four years (Figure 2.6), raises concerns over politicized resource allocation, where funding decisions could be influenced more by national priorities or political interests than by evidence-based assessments of county-level health needs.

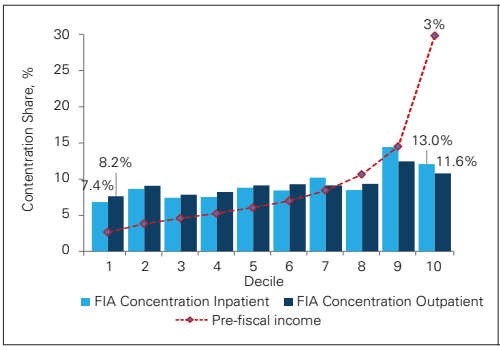
SECTION 6: EQUITY OF HEALTH SPENDING

Despite Kenya's progressive fiscal framework, public spending patterns reveal that fiscal policies remain insufficiently pro-poor, perpetuating structural inequities. In the health sector, the wealthiest decile (10th) captures a disproportionate share of public health benefits 13.0 per cent of inpatient and 11.6 per cent of outpatient services, while commanding 32 per cent of pre-fiscal income. In stark contrast, the poorest decile (1st) receives only 7.4 per cent of inpatient and 8.2 per cent of outpatient benefits, despite holding a mere 3 per cent of income. This imbalance underscores a regressive tilt in benefit incidence, where those with the greatest need receive the least support relative to their economic standing.

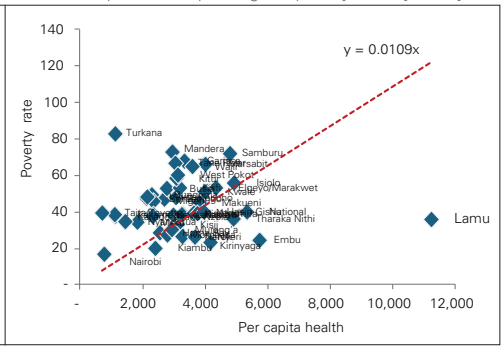
While in-kind transfers are designed to shield the poorest from financial barriers to care, the current distribution suggests that wealthier groups not only bear higher tax burdens but also extract greater value from public health services. This paradox undermines the redistributive intent of fiscal policy and constrains access to essential services for low-income households. Without deliberate policy shifts to improve targeting and equity in service delivery, these patterns risk entrenching inequality and weakening the social contract underpinning Kenya's devolved health system.

Figure 2.7: Equity of health spending in Kenya

a. In-kind transfer health



b. Per capita health spending and poverty rates by county



Source: Office of the controller of budget, various

Additionally, stark disparities in per capita health spending relative to poverty rates across counties expose deep-rooted inequities in Kenya's public health investment landscape. Counties with the highest poverty levels, such as Turkana, Mandera, and Samburu consistently record lower per capita health spending, despite facing the greatest health burdens. In contrast, wealthier counties like Embu and Lamu allocate significantly more per person, reinforcing a pattern where resources are not aligned with need. Although the data shows a weak positive trend between spending and poverty, the wide variation across counties underscores the absence of a coherent, equity-driven allocation strategy. This misalignment suggests that current health financing mechanisms may be entrenching, rather than correcting, geographic and socio-economic disparities, leaving the most vulnerable populations underserved and at heightened risk of poor health outcomes.

CONCLUSION

Kenya's subnational health financing landscape reflects a complex interplay of progress and persistent inequities. While budgetary commitments have grown, systemic inefficiencies, skewed spending priorities, and creeping centralization continue to undermine equitable health outcomes. To realize the full potential of devolution and deliver on the promise of universal health coverage, Kenya must urgently recalibrate its fiscal strategies. This includes prioritizing frontline services, protecting county autonomy, and aligning resource allocation with population needs. A more equitable, efficient, and accountable health financing system is not only a constitutional imperative,it is essential for safeguarding the health and dignity of all Kenyans, especially the most vulnerable.





Chapter 3

SUBNATIONAL WATER, SANITATION AND HYGIENE (WASH)

PREFACE

Access to safe water, sanitation, and hygiene is essential for public health, dignity, and child development. This chapter analyzes Kenya's subnational WASH financing from FY2019 to FY2023, focusing on how budget allocations and execution patterns affect service delivery. Kenya has maintained consistent WASH allocations, and some counties have demonstrated strong performance in improving sanitation outcomes. However, the sector remains heavily centralized, with the national government contributing over 75 per cent of funding. County-level underinvestment and under-execution continue to hinder progress, particularly in arid and semi-arid regions where access to basic water services remains critically low.

The chapter calls for a shift toward decentralized, equity-based WASH financing that empowers counties to respond to local needs. It also highlights the need for program-based budgeting that integrates climate resilience, environmental sustainability, and public health. By scaling up efficient service delivery models and linking funding to performance, Kenya can close persistent service gaps and accelerate progress toward universal WASH access. This is not only vital for health and education outcomes but also for achieving the Sustainable Development Goals.

KEY MESSAGES AND RECOMMENDATIONS

1. Kenya's WASH sector is marked by stark regional disparities that demand equity-driven investment strategies. Counties like Turkana and Kitui face compounded challenges, with Turkana reporting only 21.2 per cent access to basic water and 70.8 per cent open defecation. Kenya must prioritize high-need counties using a needs-based financing model that considers vulnerability and service delivery costs.
2. Despite consistent budget allocations, under-expenditure continues to limit the effectiveness of WASH investments. From FY 2019/20 to 2022/23, counties allocated about Ksh. 32 billion annually, but actual spending remained between Ksh. 20.5–22.1 billion. Strengthening procurement, capacity, and accountability is key to improving budget absorption and service delivery.
3. The composition of WASH budgets reflects a narrow focus on infrastructure, with insufficient attention to resilience and sustainability. In FY 2022/23, 59 per cent of WASH funds went to Water and Sanitation Management, while only 5 per cent supported Climate Change and Disaster Management. Counties should adopt consistent, program-based budgeting that addresses emerging environmental and health risks.
4. WASH financing remains overly centralized, limiting the autonomy and responsiveness of county governments. Between FY 2019/20 and 2022/23, the national government provided over 75 per cent of WASH funding, with counties contributing less than 25 per cent. Kenya must empower counties through predictable transfers and local revenue generation to support localized WASH solutions.
5. Efficiency in WASH service delivery varies widely, highlighting the need for performance-based financing and innovation. Counties like Isiolo and Lamu show that high per capita spending can improve sanitation, while Turkana and Samburu spend more but achieve less. Scaling up efficient models and linking funding to performance will enhance accountability and impact.

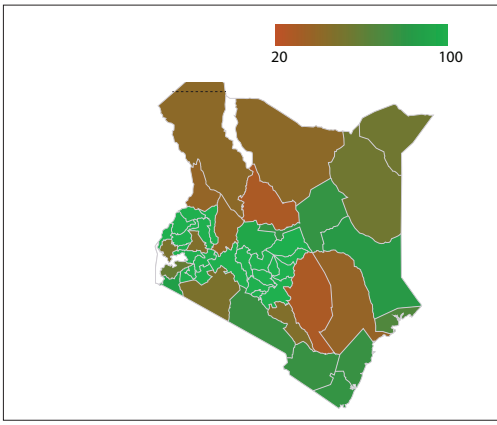
SECTION 1: SECTOR PERFORMANCE

Access to basic water services in Kenya remains unequal, with pronounced regional disparities. Figure 3.1a reveals a troubling range in service coverage, from as low as 21.2 per cent in arid and semi-arid counties to over 90 per cent in more urbanized and better-resourced regions. Counties in the north and northeast, where infrastructure deficits and climatic challenges are most severe, consistently fall behind in water access. In contrast, central and western counties benefit from stronger systems and investments. This uneven distribution underscores the need for strategic, equity-focused investments in water infrastructure, prioritizing underserved regions to ensure universal access and upholding the right to safe water for all.

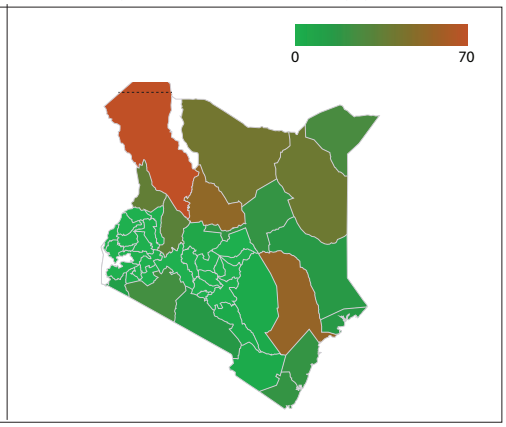
Open defecation rates in Kenya further expose stark geographical inequalities in sanitation access, with some counties facing alarmingly high levels of deprivation. Figure 3.1b shows Turkana (70.8 per cent) andTana River (55.2 per cent) as the most affected, while urban counties like Nairobi (0.0 per cent) and Mombasa (0.7 per cent) report significantly lower rates. These disparities reflect not only infrastructural gaps but also systemic neglect of high-risk regions. The contrast between well-served and underserved counties highlights the urgent need for localized sanitation strategies, including community-led total sanitation (CLTS), improved latrine coverage, and behavior change campaigns. Without decisive action, these sanitation gaps will continue to undermine public health, dignity, and development outcomes in Kenya's most vulnerable communities.

Figure 3.1: Access to water and sanitation services

a. Access to improved water sources (% of population)



b. Open defecation trends (as % of population)



Source: Office of the controller of budget, various

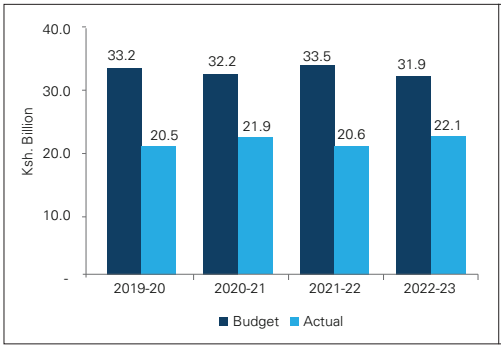
The intersection of poor water access and high open defecation rates in specific counties reveals a compounded service delivery crisis that deepens vulnerability and undermines development. Counties such as Turkana, Tana River, Samburu and Marsabit not only rank among the lowest in access to basic water services but also report the highest levels of open defecation. This dual deprivation creates a high-risk environment for waterborne diseases, stunting, and preventable mortality, particularly among children and marginalized populations. Addressing these overlapping deficits requires a coordinated, multisectoral approach that integrates WASH (Water, Sanitation, and Hygiene) programming with broader poverty reduction and health strategies. By aligning investments and interventions across sectors, Kenya can break the cycle of exclusion and accelerate progress toward equitable, resilient service delivery systems.

SECTION 2: WASH SPENDING TRENDS

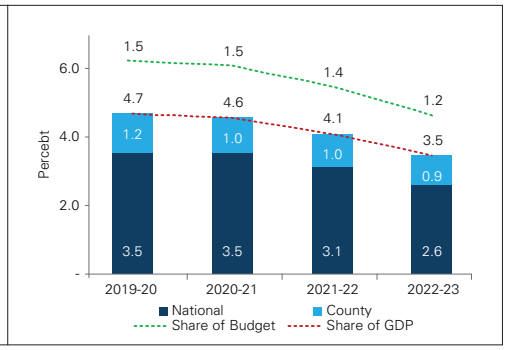
County governments have demonstrated a sustained commitment to WASH services through consistent budget allocations, but under-expenditure continues to limit impact. As illustrated in Figure 3.2a, annual county WASH budgets have remained relatively stable ranging from Ksh. 31.9 billion to Ksh. 33.5 billion between FY 2019/20 and FY 2022/23. This reflects a commendable prioritization of water, sanitation, and hygiene at the subnational level. However, actual expenditures have lagged significantly behind, with spending levels fluctuating between Ksh. 20.5 billion and Ksh. 22.1 billion. The persistent gap between planned and executed budgets suggests systemic challenges in financial absorption, including procurement delays, limited technical capacity, and weak implementation frameworks. To fully realize the benefits of these investments, counties must strengthen budget execution mechanisms and enhance accountability to ensure that allocated resources translate into improved WASH outcomes for communities.

Figure 3.2: National and county budget and expenditure trend

a. County WASH budget and expenditure



b. Share of budget and GDP



Source: Office of the controller of budget, various

Kenya has maintained a steady fiscal commitment to WASH, but its share of the national and county budgets, as well as GDP, remains modest and has shown signs of decline. Figure 3.2b illustrates the combined national and county WASH spending as a percentage of total budgets and GDP from FY 2019/20 to FY 2022/23. While the total WASH share of the budget hovered around 4.7 per cent in 2019/20, it gradually declined to approximately 3.5 per cent by 2022/23. Similarly, WASH spending as a share of GDP remained relatively flat, averaging around 1.5 per cent, with a slight dip in the most recent fiscal year. National government consistently contributed the larger share—around 3.5 per cent annually, while county contributions remained below 1.2 per cent, highlighting a persistent imbalance in subnational engagement. These trends suggest that despite consistent allocations, WASH is not yet prioritized at a level commensurate with its critical role in health, education, and economic development. To meet national development goals and SDG targets, Kenya must elevate WASH as a cross-cutting budget priority and ensure more balanced contributions across both levels of government.

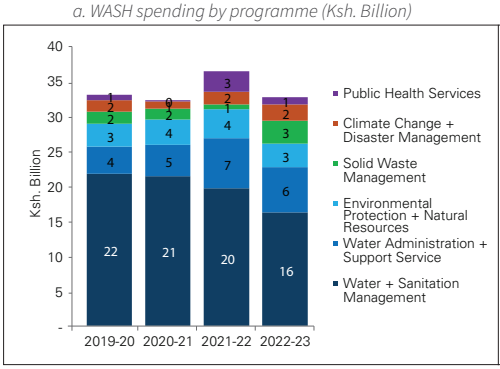
SECTION 3: COMPOSITION OF COUNTY WASH BUDGET

County WASH-related programme budgeting reflects a diversified allocation across service areas, but persistent shifts in funding levels suggest inconsistent prioritization and weak medium-term planning. As shown in Figure 3.3a, Water and Sanitation Management consistently received the largest share of the budget, starting at Ksh. 22 billion in FY 2019/20, then gradually declining to Ksh. 16 billion in FY 2022/23, a 27 per cent reduction

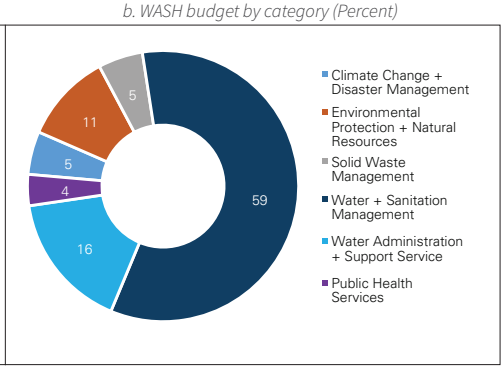
over four years. Water Administration and Support Services saw a notable increase from Ksh. 4 billion in 2019/20 to Ksh. 7 billion in 2021/22, before slightly dropping to Ksh. 6 billion in 2022/23. Environmental Protection and Natural Resources remained relatively stable, fluctuating between Ksh. 3–5 billion, while Solid Waste Management increased from Ksh. 2 billion in 2019/20 to Ksh. 4 billion in 2022/23, indicating growing attention to urban service delivery. Climate Change and Disaster Management, though consistently included, received modest allocation rising from Ksh. 1 billion in 2019/20 to Ksh. 2 billion in 2021/22, then falling back to Ksh. 1 billion in 2022/23. The irregular trend and sharp increase of Public Health Services only in 2021/22 (Ksh. 3 billion) further reflects ad hoc budgeting practices. These trends underscore the need for counties to adopt predictable, programme-based budgeting frameworks that align with sectoral priorities, ensure inter-year consistency, and respond to emerging environmental and public health challenges.

Figure 3.3: County water and sanitation budget by programme

a. WASH spending by programme (Ksh. Billion)



b. WASH budget by category (Percent)



Source: Office of the controller of budget, various

The composition of county WASH budgets reveals a strong emphasis on core service delivery, but limited investment in resilience and environmental sustainability. As illustrated in Figure 3.3b, Water and Sanitation Management commands the largest share of the WASH budget at 59 per cent, reflecting a commendable focus on essential infrastructure and service provision. Water Administration and Support Services follow at 16 per cent, indicating significant allocations toward institutional and operational functions. However, critical areas such as Environmental Protection and Natural Resources (11 per cent), Climate Change and Disaster Management (5 per cent), and Solid Waste Management (5 per cent) receive comparatively modest shares, despite their growing relevance in the face of urbanization and climate-related risks. Public Health Services, which play a vital role in linking WASH to health outcomes, account for just 4 per cent of the total budget. This distribution suggests a need for more balanced and forward-looking investment strategies that integrate climate resilience, environmental protection, and public health into WASH planning and budgeting frameworks.

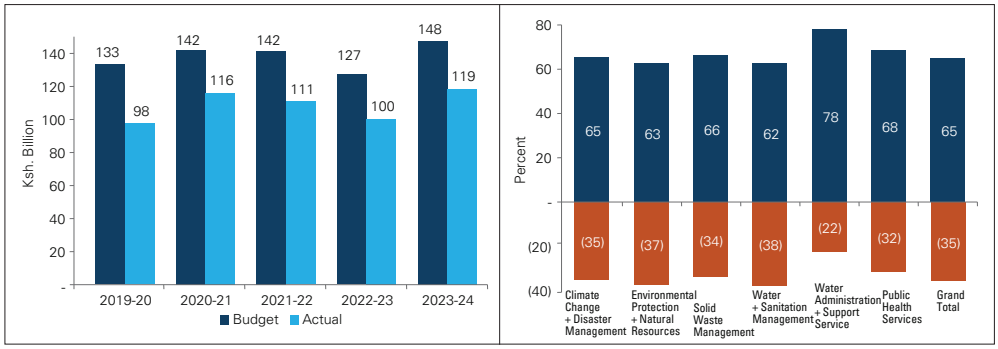
SECTION 4: BUDGET CREDIBILITY AND EXECUTION

WASH sector financing has demonstrated a steady upward trajectory in both planned and actual spending over the past five fiscal years, signaling sustained public investment. Budget allocations rose from Ksh. 133 billion in FY 2019/20 to a projected Ksh. 148 billion in FY 2023/24, reflecting a cumulative increase of over 11 per cent. Actual expenditure followed a similar growth pattern, increasing from Ksh. 98 billion to an estimated Ksh. 119 billion over the same period (Figure 3.4a). Despite year-to-year fluctuations, the overall trend indicates a

consistent prioritization of WASH within county and national budgets, with actual spending levels keeping pace with rising allocations. This trajectory underscores the sector's growing fiscal relevance and its centrality to Kenya's development agenda.

Figure 3.4: WASH budget execution trend

a. Planned vs. actual spend *b. Execution by programme*



Source: Office of the controller of budget, various

Budget absorption remains moderate, with notable variation in execution efficiency across programme areas. As shown in Figure 3.4b, the overall absorption rate stands at 65 per cent, indicating that just two-thirds of allocated funds are being translated into actual spending. Water Administration and Support Services recorded the highest absorption at 78 per cent, suggesting stronger execution capacity in administrative functions. In contrast, Water and Sanitation Management, a core service delivery area—registered a lower absorption rate of 62 per cent, while Environmental Protection (63 per cent), Solid Waste Management (66 per cent), and Climate Change and Disaster Management (65 per cent) hovered around the sector average. Public Health Services performed slightly better at 68 per cent. These figures highlight the need to strengthen implementation systems, particularly in frontline service areas, to ensure that budgeted resources are fully utilized and translated into improved WASH outcomes.

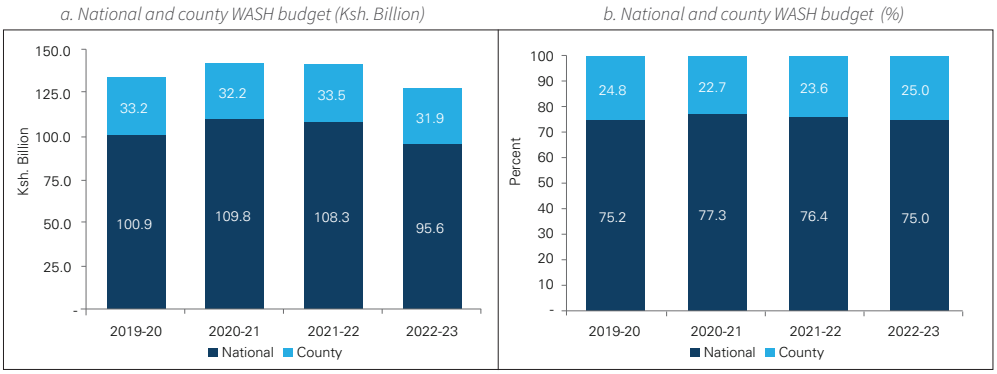
SECTION 5: DECENTRALIZATION AND WASH SPENDING

WASH sector financing has exhibited a mixed trajectory in recent years, with national allocations peaking early before entering a downward trend, while county budgets have remained largely static. As illustrated in Figure 3.5a, national WASH funding rose from Ksh. 100.9 billion in FY 2019/20 to a high of Ksh. 109.8 billion in 2020/21, reflecting a strong initial commitment. However, this momentum was not sustained, with allocations falling to Ksh. 95.6 billion in 2022/23, a decline of over 13 per cent from the peak. In contrast, county-level budgets have shown minimal movement, fluctuating narrowly between Ksh. 31.9 billion and Ksh. 33.5 billion over the same period, with no discernible upward trend. This divergence signals a weakening of national-level prioritization and a stagnation of county-level investment, despite counties being at the frontline of WASH service delivery. To meet rising demand and close persistent service gaps, a renewed commitment to sustained, predictable, and coordinated financing across both levels of government is essential.

WASH sector financing remains heavily centralized, with the national government consistently accounting for over three-quarters of total allocations, limiting the fiscal space and autonomy of counties in driving localized service delivery. As shown in Figure 3.5b, the national share of WASH budgets ranged from 75 per cent to 77.3 per cent between FY 2019/20 and FY 2022/23, while county contributions remained relatively stagnant,

fluctuating between 22.7 per cent and 25 per cent. This persistent imbalance underscores a structural dependency on national funding, despite counties being constitutionally mandated to lead on water and sanitation service provision. The lack of significant growth in county-level investment suggests missed opportunities to tailor WASH interventions to local needs, particularly in underserved and high-burden areas. To strengthen equity and responsiveness in WASH delivery, there is a pressing need to rebalance financing responsibilities and empower counties through predictable, performance-linked fiscal transfers and enhanced own-source revenue mobilization.

Figure 3.5: Share of national and county WASH Budget



Source: Office of the controller of budget, various

SECTION 6: EQUITY OF WASH SPENDING

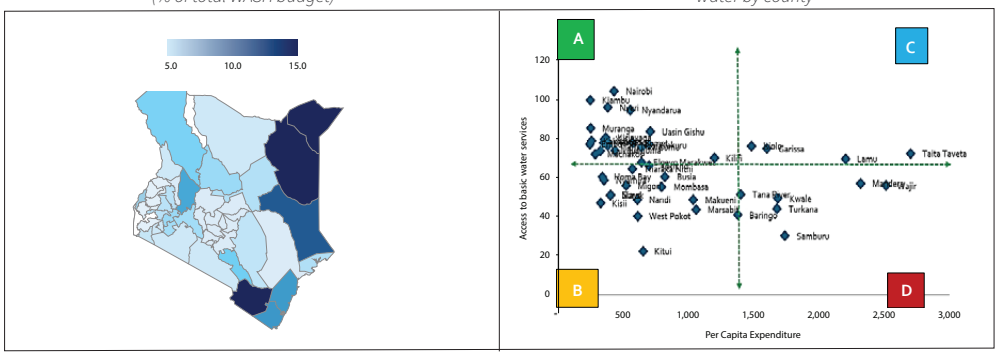
Spending on water, sanitation, and hygiene (WASH) in Kenya reveals stark geographical inequalities in how counties prioritize essential services. Figure 3.6a highlights that counties such as Garissa (17.4 per cent), Mandera (13.4 per cent), and Wajir (12.4 per cent) allocate the highest shares of their WASH budgets to these critical areas, underscoring a strong response to chronic water scarcity and sanitation challenges in arid and semi-arid regions. In contrast, counties in central Kenya consistently report lower allocations, often between 5 per cent and 7 per cent, suggesting either better existing infrastructure or a deprioritization of WASH investments. These disparities point to a deeper structural imbalance in public resource allocation. Without deliberate, equity-driven financing strategies, the most vulnerable counties will remain trapped in cycles of poor health, water insecurity, and underdevelopment. Urgent action is needed to ensure that WASH financing reflects not just population size, but also the severity of need and the cost-of-service delivery in marginalized regions.

The alignment of WASH spending with service outcomes remains uneven across Kenya, yet some counties demonstrate that strategic investment can yield tangible results. As shown in Figure 3.6b, counties such as Isiolo, Lamu, and Taita Taveta combine high per capita WASH spending with strong access to improved access to water services. These counties illustrate the dividends of sustained investment (**Quadrant C**). However, persistent underinvestment continues to undermine WASH access in structurally disadvantaged counties, entrenching regional inequalities. Counties such as Kitui, West pokot and Marsabit fall within the low spending, low access (**Quadrant B**) where limited spending coincides with chronically low coverage. These patterns reflect systemic neglect, particularly in arid and semi-arid lands (ASALs), where service delivery costs are higher and infrastructure deficits more severe. Without a deliberate shift toward equity-based financing and targeted capacity support, these counties will remain locked out of progress on WASH targets.

Figure 3.6: Efficiency of WASH allocation and spending

a. Spending on water, sanitation, and hygiene by county as (% of total WASH budget)

b. Per capita WASH spending and access to improved water by county



Source: Office of the controller of budget, various

Efficiency in WASH service delivery is not solely a function of spending levels; some counties are achieving high access with modest investment. Nairobi, Nyandarua, Kiambu, Nyeri and Murang'a exemplify this low spending high access, suggesting the presence of cost-effective models, legacy infrastructure, or strong community engagement (**Quadrant A**). These counties offer critical insights into scalable, low-cost approaches that can inform national strategies, particularly in resource-constrained environments. Leveraging such models could accelerate progress toward universal access without placing unsustainable pressure on public budgets. High spending without commensurate improvements in access signals inefficiencies that must be urgently addressed. Counties such as Samburu, Baringo and Turkana, situated in the high spending–low access (**Quadrant D**), highlight a disconnect between financial inputs and service outcomes. These inefficiencies may stem from weak planning, high unit costs, or implementation bottlenecks. Strengthening accountability, improving procurement systems, and linking financing to performance will be essential to ensure that public resources deliver equitable and sustainable WASH outcomes.

SECTION 8: CONCLUSION

In conclusion, Kenya's subnational WASH financing landscape reflects both progress and persistent challenges. While counties have demonstrated commitment through sustained budget allocations, systemic inefficiencies, regional disparities, and underinvestment in resilience continue to hinder equitable service delivery. To accelerate progress toward universal WASH access and climate-resilient systems, Kenya must adopt a more strategic, equity-focused, and performance-driven approach. This includes rebalancing national and county roles, aligning budgets with sectoral priorities, and ensuring that every shilling spent translates into tangible improvements in the lives of the most vulnerable. Only through coordinated, inclusive, and accountable financing can the country realize its WASH and sustainable development goals.


Yasmin
Aidell

Chapter 4

SUBNATIONAL PRE-PRIMARY FINANCING

PREFACE

Early childhood education lays the foundation for lifelong learning, social development, and economic productivity. This chapter explores Kenya's subnational pre-primary education financing between FY2019 and FY2023, with a focus on how county-level investments are shaping access and quality. While counties have made progress in expanding infrastructure and improving budget execution, pre-primary education remains structurally deprioritized receiving only 30 per cent of county education budgets. Severe teacher shortages and regional disparities in enrolment and infrastructure continue to undermine equity and learning outcomes.

The chapter advocates for a strategic rebalancing of education investments to elevate early learning as a priority. It emphasizes the importance of equity-sensitive planning, improved teacher deployment, and targeted financing strategies that reflect demographic trends and child population data. By aligning resources with need and strengthening institutional capacity, Kenya can build a resilient and inclusive early childhood education system that ensures every child has a strong start in life.

KEY MESSAGES AND RECOMMENDATIONS

1. Kenya's pre-primary education system suffers from entrenched regional disparities in infrastructure and access, demanding urgent equity-focused reforms. Counties like Kakamega and Bungoma boast over 2,000 ECDE centers, while Mandera and Wajir have fewer than 500, revealing a stark imbalance in foundational learning opportunities. These gaps are compounded by overcrowding in high-enrolment areas and underutilization in low-access regions, underscoring the need for data-driven, equity-sensitive infrastructure planning.
2. Under-execution of education budgets continues to undermine service delivery, despite consistent allocations. Between FY 2019/20 and FY 2022/23, counties allocated an average of Ksh. 32 billion annually to education, yet actual spending fell short by Ksh. 6 billion each year. This persistent gap reflects systemic inefficiencies in procurement and financial management, limiting the impact of investments in early learning.
3. Pre-primary education remains structurally deprioritized within county budgets, limiting its potential to drive long-term human capital development. In FY 2022/23, Early Childhood Education received only 30 per cent of the education budget, while TVET absorbed 54 per cent. This skewed allocation undermines the foundational role of early learning and calls for a strategic rebalancing of education investments toward early childhood development.
4. Severe teacher shortages threaten the quality and equity of early learning. For example, in Turkana pupil-teacher ratio stands at 273:1, more than ten times the national benchmark of 25:1, despite having the highest enrolment rates. This mismatch highlights a critical human resource gap that must be addressed through coordinated recruitment, training, and deployment of ECDE teachers.

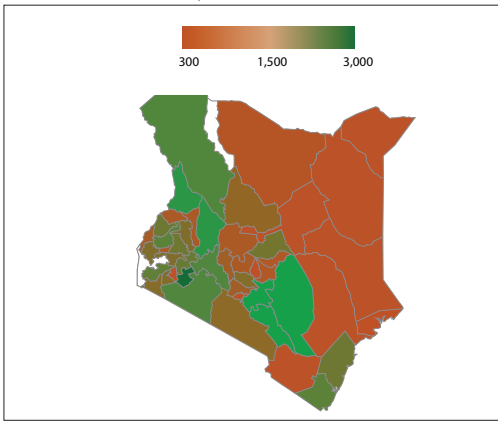
5. Current spending patterns fail to deliver equitable outcomes, with public resources disproportionately benefiting wealthier households. The top income decile captures 17.4 per cent of pre-primary education benefits, while the poorest decile receives just 5.7 per cent, and there is no clear link between per-pupil spending and enrolment rates. This calls for targeted, needs-based financing strategies that prioritize marginalized children and communities.

SECTION 1. INTRODUCTION

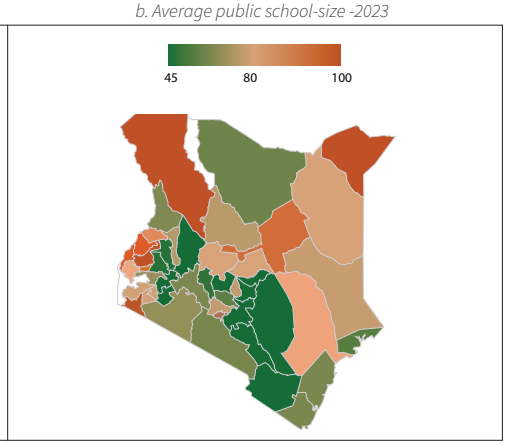
Kenya's pre-primary education sector is marked by deep spatial inequities in infrastructure provision, which undermine the goal of universal access to quality early learning. As shown in Figure 4.1a, the distribution of Early Childhood Development and Education (ECDE) centers varies significantly across counties, with Kakamega and Bungoma hosting over 2,000 centers, while arid and semi-arid counties such as Mandera and Wajir have fewer than 500 centers. This disparity reflects persistent structural challenges in devolved service delivery, including uneven fiscal capacity, limited planning data, and weak intergovernmental coordination. Despite the constitutional mandate for counties to provide ECDE services, the current distribution pattern risks entrenching regional inequalities in foundational learning outcomes. To address this, county governments must adopt equity-sensitive planning frameworks, prioritize underserved regions, and align investments with demographic trends and child population data.

Figure 4.1: Public ECDE center and school size by county 2023

a. Number of public ECDE centers-2023



b. Average public school-size -2023

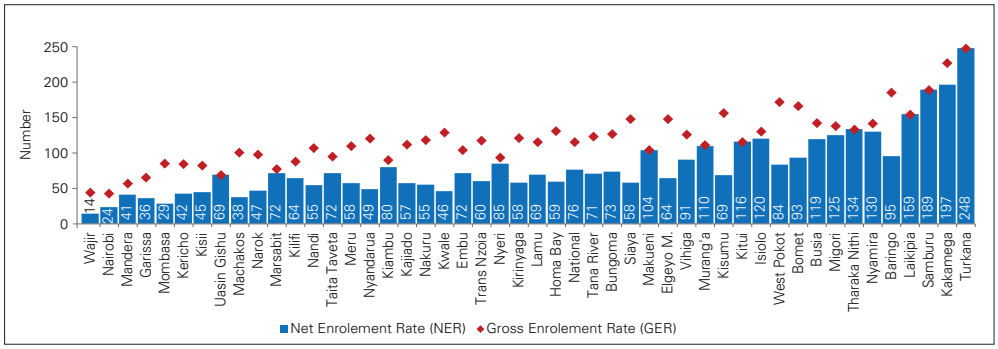


Source: Office of the controller of budget, various

However, infrastructure quantity alone does not guarantee effective service delivery, school size data reveals a second layer of inefficiency, with overcrowding prevalent in high-density counties. Figure 4.1b shows that average ECDE school sizes in counties like Bungoma and Kakamega exceed 100 learners per center, compared to a national average of approximately 75. This suggests that even in counties with a high number of centers, demand continues to outstrip supply, leading to overcrowded classrooms that compromise learning quality. Conversely, counties with fewer centers, such as Marsabit and Garissa, report smaller average school sizes, which may reflect lower enrolment rates due to access barriers rather than adequate infrastructure. The juxtaposition of Figures 1.1 and 1.2 underscores the need for a dual-track policy response: expanding ECDE infrastructure in underserved counties while simultaneously addressing overcrowding and quality deficits in high-enrolment regions. This approach is consistent with global best practices that emphasize both access and learning outcomes as critical pillars of early childhood development.

Enrollment data further reinforces the structural inequities in Kenya's pre-primary education system, revealing significant gaps between infrastructure availability and actual access to services. Figure 4.2 presents Net Enrolment Rates (NER) and Gross Enrolment Rates (GER) across regions in 2023, highlighting stark contrasts. For instance, Turkana records the highest NER at approximately 148 and GER at 248, suggesting both high demand and possible over-age or under-age enrolment. In contrast, regions like Wajir and Mandera report NERs below 30, indicating limited access despite having ECDE centers in place. These disparities point to deeper systemic issues, ranging from socio-cultural barriers and inadequate outreach to poor quality and relevance of services that hinder effective participation in early learning. It's evident that infrastructure quantity and school size alone do not translate into equitable access. A comprehensive policy response must therefore integrate infrastructure expansion, quality improvement, and targeted demand-side interventions such as community sensitization and child welfare support.

Figure 4.2: Pre-primary enrollment rates by region-2023



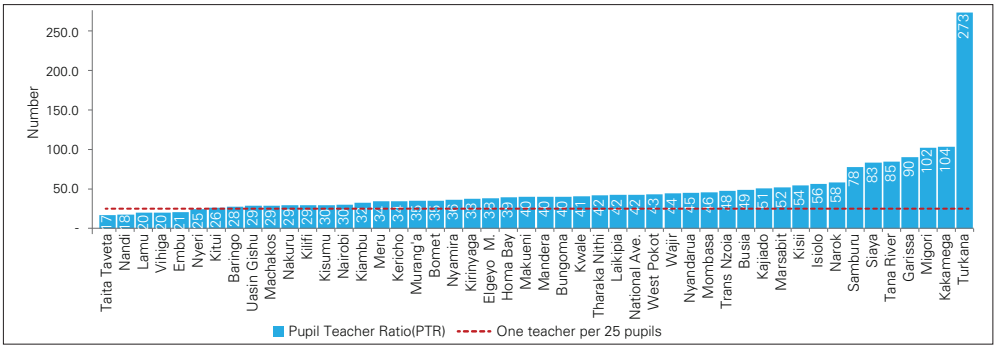
Source: Office of the controller of budget, various

Teacher deployment patterns further compound the inequities in Kenya's pre-primary education system, with extreme variations in pupil-teacher ratios (PTR) undermining learning quality and equity. As shown in Figure 4.3, the national benchmark of one teacher per 25 pupils is far from being met in several counties. Turkana, for instance, reports a staggering PTR of 273, more than ten times the recommended standard, despite having the highest enrolment rates (Figure 4.2)



and a relatively large number of ECDE centers (Figure 4.2). This mismatch between enrolment and teacher availability signals a critical human resource gap that threatens the effectiveness of early learning interventions. In contrast, counties such as Nyeri and Vihiga maintain PTRs closer to the national norm, reflecting more balanced investments in both infrastructure and staffing. These disparities highlight the urgent need for a coordinated national strategy on ECDE teacher recruitment, training, and equitable deployment. Without addressing the human capital dimension of service delivery, gains in infrastructure and enrolment will remain insufficient to deliver quality early childhood education.

Figure 4.3: Pupil teacher ratio by region-2023



Source: Office of the controller of budget, various

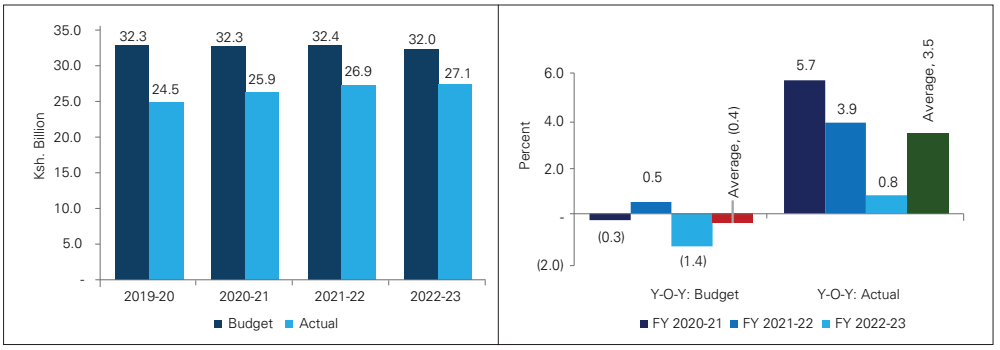
SECTION 2. SUBNATIONAL PRE-PRIMARY EDUCATION SPENDING TRENDS

Spending trends reveal a consistent gap between county education budget allocations and actual expenditures, raising concerns about the efficiency of public investment in early childhood education. As shown in Figure 4.1a, counties allocated an average of Ksh. 32 billion annually to education between FY 2019/20 and FY 2022/23. However, actual spending remained significantly lower, ranging from Ksh. 24.5 billion in 2019/20 to Ksh. 27.1 billion in 2022/23. This persistent under-expenditure, averaging Ksh. 6 billion annually, suggests that despite prioritizing education in budget planning, counties face systemic challenges in translating allocations into tangible service delivery outcomes. These trends are particularly concerning, given the urgent needs including overcrowded ECDE centers, low enrolment in marginalized regions, and severe teacher shortages. Strengthening budget execution capacity and aligning spending with sectoral priorities is essential to ensure that financial resources effectively support equitable and quality early learning across all counties.

Encouragingly, counties are demonstrating improved spending capacity in the education sector, even amid stagnant or declining budget allocations. As shown in Figure 4.4b, while year-on-year education budget growth remained flat or negative in FY 2020/21 (-0.3 per cent) and FY 2021/22 (-1.4 per cent), actual expenditure grew by 5.7 per cent and 3.9 per cent respectively. This positive trend continued in FY 2022/23, with a modest 0.5 per cent increase in budget accompanied by a 0.8 per cent rise in spending. On average, actual expenditure grew by 3.5 per cent annually, compared to just 0.4 per cent growth in budget allocations. These figures suggest that counties are progressively enhancing their ability to absorb and utilize available resources, reflecting growing institutional capacity and responsiveness to education sector needs. However, to sustain and scale this momentum, counties must continue strengthening budget execution systems, improve planning accuracy, and ensure that spending is closely aligned with service delivery priorities, particularly in early childhood education.

Figure 4.4: Year on year county education budget and expenditure growth

a. County education budget and expenditure *b. Year on year County education budget and expenditure growth*

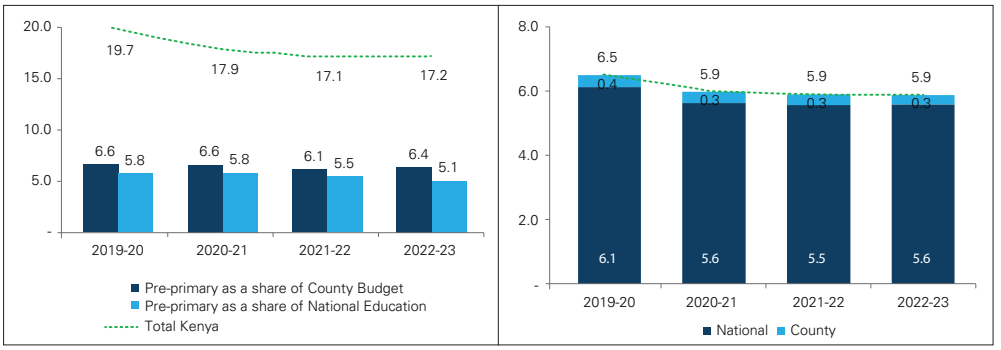


Source: Office of the controller of budget, various

Despite growing recognition of early childhood education as a foundational investment, the relative budget share allocated to pre-primary education has declined over time, signaling a potential deprioritization within broader education financing frameworks. As shown in Figure 4.5a, the share of pre-primary education in county budgets remained relatively flat, hovering around 6.6 per cent in FY 2019/20 and FY 2020/21, before dipping to 6.0 per cent in FY 2021/22 and slightly recovering to 6.4 per cent in FY 2022/23. More notably, pre-primary education budget compared to national education budget declined steadily from 5.8 per cent in FY 2019/20 to 5.1 per cent in FY 2022/23. This downward trend is mirrored in the overall national education allocation, which fell from 19.7 per cent to 17.2 per cent over the same period. These shifts suggest that while counties are making incremental progress in spending execution, the strategic prioritization of early learning within the education sector remains limited. To reverse this trend, county governments must reaffirm their commitment to early childhood development by safeguarding and progressively increasing the share of resources dedicated to pre-primary education. This is essential to achieving equitable learning outcomes and building a strong human capital foundation, in line with Kenya's development goals and global benchmarks.

Figure 4.5: Share of pre-primary education budget in national and county budgets

a. Education share (% of budget by level) *b. Education share (% of budget by level)*



Source: Office of the controller of budget, various

Building on the observed decline in the relative prioritization of pre-primary education within national and county budgets, the broader macro-fiscal context reveals a similar stagnation in overall education investment relative to GDP. As illustrated in Figure 2.5b, Kenya's total education spending as a share of GDP declined from 6.5 per cent in FY 2019/20 to 5.9 per cent in FY 2020/21 and has since plateaued at that level through FY 2022/23. National

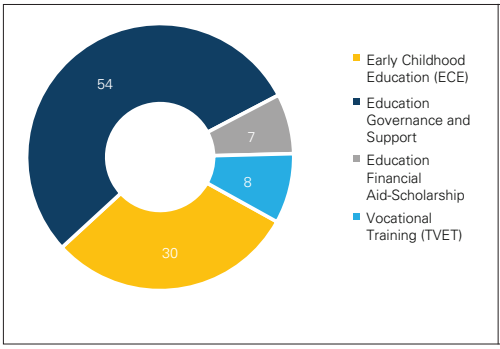
government allocations continue to dominate, averaging 5.6 per cent of GDP, while county-level contributions remain marginal at just 0.3 per cent to 0.4 per cent. This limited fiscal footprint at the county level is particularly concerning given their constitutional responsibility for pre-primary education. The stagnation in education's share of GDP, when viewed alongside the declining budget shares for pre-primary education (Figure 4.5a), underscores the need for a renewed and coordinated fiscal commitment to foundational learning. To meet the growing demand for equitable and quality early childhood education, Kenya must not only improve spending efficiency but also elevate the overall level of investment particularly at the county level within a sustainable macro-fiscal framework.

SECTION 3. COMPOSITION OF SUBNATIONAL PRE-PRIMARY EDUCATION SPENDING

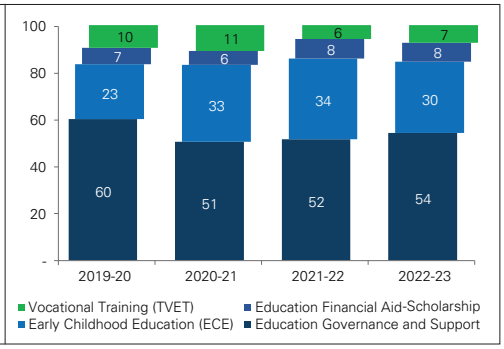
Despite its foundational importance, pre-primary education continues to be crowded out by competing spending priorities within county education budgets, limiting its potential impact on long-term human capital development. As illustrated in Figure 4.6a, Early Childhood Education (ECE) accounts for only 30 per cent of the total education budget, while Technical and Vocational Education and Training (TVET) dominate with 54 per cent. The remaining budget is split between education financial aid (8 per cent) and governance and support services (7 per cent). This allocation pattern reflects a strategic tilt toward post-basic education, often at the expense of early learning, which is critical for cognitive and socio-emotional development. When viewed alongside the declining share of pre-primary education in national and county budgets (Figure 2.3) and its marginal contribution to GDP (Figure 2.4), it becomes evident that early childhood education is not receiving the prioritization it warrants. To realign spending with developmental returns, counties must rebalance their education budgets to elevate ECE as a central pillar of their human capital investment strategy, consistent with global best practices and Kenya's own policy commitments.

Figure 4.6: County education budget by programme

a. County education share (% of budget by level)



b. County education budget by programme (%)



Source: Office of the controller of budget, various

Further reinforcing the trend of constrained prioritization, the programmatic breakdown of education budgets reveals that early childhood education consistently receives a modest share, with governance and financial aid dominating allocations. As shown in Figure 4.6b, Education Governance and Support has absorbed the largest portion of the education budget across all four years, ranging from 51 per cent to 60 per cent, while Early Childhood Education (ECE) has steadily increased from 23 per cent in FY 2019/20 to 34 per cent in FY 2021/22 before slightly declining to 30 per cent in FY 2022/23. In contrast, Education Financial Aid-Scholarship has remained under 10 per cent throughout, peaking at just 8

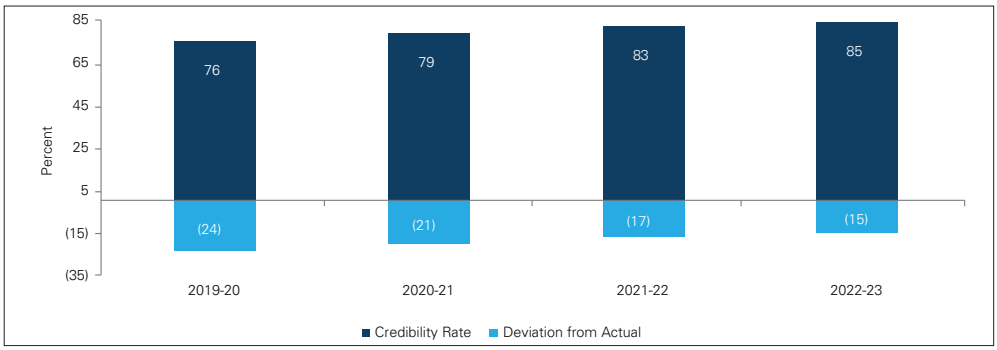
per cent in the last two fiscal years. This distribution pattern underscores how pre-primary education continues to be structurally crowded out by administrative and post-basic spending priorities, despite its critical role in laying the foundation for lifelong learning and equity. The dominance of Education Governance and Support Services in overall education budgets (Figure 4.6a) and the declining share of pre-primary in national and county allocations (Figure 2.3), it becomes clear that strategic rebalancing is needed. Counties must reorient their programmatic focus to elevate ECE within the broader education investment portfolio, ensuring that foundational learning is not only protected but progressively expanded in line with Kenya's human capital development goals.



SECTION 4. BUDGET CREDIBILITY AND EXECUTION

Strengthening the case for improved fiscal performance, recent trends in education budget execution show a steady improvement in credibility, though notable gaps between planned and actual spending persist. As illustrated in Figure 4.7, the credibility rate, defined as the proportion of the budget spent, has improved from 76 per cent in FY 2019/20 to 85 per cent in FY 2022/23. Correspondingly, the deviation from actual expenditure has narrowed from -24 per cent to -15 per cent over the same period. This positive trajectory suggests that counties are gradually enhancing their capacity to implement education budgets more effectively. However, persistent under-execution still reflects inefficiencies in planning, procurement, and financial management systems. When considered alongside earlier findings, particularly the limited share of education in GDP (Figure 2.4) and the crowding out of pre-primary education by other spending priorities (Figures 4.6a and 4.6b), it becomes clear that improving budget execution is necessary but not sufficient. To fully realize the potential of early childhood education, counties must pair improved execution with strategic prioritization and adequate resourcing of foundational learning programs.

Figure 4.7: Education budget execution



Source: Office of the controller of budget, various

SECTION 5. EQUITY OF SUBNATIONAL PRE-PRIMARY EDUCATION SPENDING

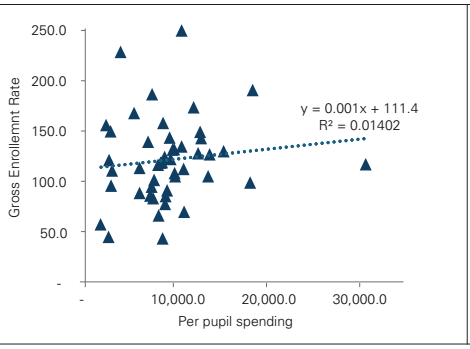
Despite increased spending efforts, counties are not achieving equitable outcomes in pre-primary education—higher spending does not necessarily lead to higher enrollment. Figure 4.8a shows a weak link between per pupil spending and gross enrollment rates, with almost no correlation. This means that some counties spend more but still struggle to get children into ECDE programs, while others spend less and achieve relatively better enrollment. Building on earlier findings, where pre-primary education is consistently underprioritized (Figures 3.1 and 3.2) and budget execution remains uneven (Figure 4.1), this points to a deeper issue: spending is not aligned with actual needs. To improve equity, counties must shift from uniform allocations to targeted investments that reflect local demand, child population, and service gaps.

Extending the equity lens, public spending on education in Kenya continues to favor higher-income households, with pre-primary education particularly skewed toward the wealthiest. As shown in Figure 4.8b, the top income decile captures 17.4 per cent of pre-primary and 12.7 per cent of primary education benefits, while the poorest decile receives only 5.7 per cent and 7.1 per cent, respectively. This imbalance mirrors earlier findings (Figure 6.1), where higher per pupil spending did not translate into higher enrollment, suggesting that resources

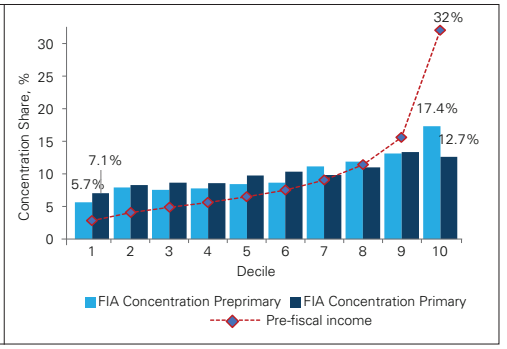


Figure 4.8: Efficiency of pre-primary education allocation and spending

a. Per pupil spending vs. enrollment rate



b. In-kind transfer education benefits



Source: Office of the controller of budget, various

are not reaching the children who need them most. Despite the presence of in-kind transfers, the wealthiest households, who already hold a disproportionate share of pre-fiscal income, continue to benefit more from public education spending. These patterns highlight the need for more equitable and targeted financing strategies that prioritize underserved populations and ensure that early learning investments are both inclusive and impactful.

SECTION 6. CONCLUSION

Kenya's pre-primary education sector has made notable strides in infrastructure expansion and budget execution, yet persistent inequities in access, quality, and resource distribution continue to undermine its transformative potential. The evidence shows that while some counties are improving spending efficiency, foundational learning remains underfunded and inequitably delivered. To unlock the full benefits of early childhood education, Kenya must adopt a holistic, equity-driven approach that combines strategic investment, effective teacher deployment, and targeted financing. Only then can the country build a strong, inclusive foundation for lifelong learning and sustainable development.



Chapter 5

SUBNATIONAL SOCIAL ASSISTANCE FINANCING

PREFACE

Social protection is a vital pillar for realizing Kenya's development agenda, protecting the population including those most vulnerable from poverty, while also helping provide a pathway out. This chapter presents a focused analysis of subnational social protection financing between FY2019 and FY2023, examining how county-level allocations are shaping access to essential services. As Kenya advances its Bottom-Up Economic Transformation Agenda (BETA), the role of counties in delivering inclusive, equitable, and resilient social protection measures has become increasingly critical. The chapter distils complex budget data into actionable insights, highlighting both progress and persistent gaps in coverage, execution, and equity.

Despite growing national commitment to social protection, and near-universal coverage in some programmeslike the Older Persons Cash Transfer (OPCT), significant challenges remain. County contributions to social protection remain low, execution rates are suboptimal, and programmessuch as Orphans and Vulnerable Children (CT-OVC) cash transfer face substantial funding shortfalls relative to need. This chapter underscores the need for stronger institutional capacity, decentralized service delivery, and equity-driven planning. It calls for a renewed focus on inclusive budgeting and performance-based financing to ensure that every Kenyan, regardless of geography or circumstance, can access the protection and dignity they deserve.

KEY MESSAGES AND RECOMMENDATIONS

1. The cash transfer programmefor Orphans and Vulnerable Children (CT-OVC) is critically underfunded and reaches a small share of eligible households. With only 1,172,768 out of the 10.4 million vulnerable children reached, and a total funding gap of Ksh 83.7 billion, expansion of the CT-OVC represents Kenya's most urgent social protection challenge, demanding immediate scale-up in coverage. In the short-term, CT-OVC should be prioritized in national budget planning to meet the Medium-Term Plan target of 741,000 households (which would reach approximately 1,967,179 children).
2. Counties are falling short of their constitutional mandate. Despite being obligated to support social protection, counties contribute less than 10 per cent of total government social assistance and allocate less than a paltry 0.5 per cent of their budget, revealing systemic neglect of localized delivery service. To ensure greater focus on prevention and reduced poverty, county governments should be required to allocate a minimum share of their budgets to social protection.
3. Budget execution gaps are undermining impact across the board. Despite initial budgets already being too low, both national and county governments consistently fall short in then spending what they allocate. County execution rates remain below 75 per cent,

further limiting the effectiveness of the already limited resources being made available for vulnerable populations. Strengthening county-level planning, financial management and programme management information systems is essential to improve absorption rates and ensure timely delivery of social protection programs.

4. Social assistance remains marginal in both national and county budgets. While in countries that have developed, allocations to social assistance have increased with economic growth, in Kenya, spending has stagnated below 1.2 per cent of the national budget and 0.5 per cent of GDP. County allocations are even lower, signaling that social protection is still not treated as a fiscal priority, despite rising poverty and vulnerability in the country. To avoid further rising poverty and inequality, social assistance should be elevated as a fiscal priority by setting national and county-level spending benchmarks, aligned with vulnerability and demographic trends.

SECTION 1: SECTOR PERFORMANCE

Kenya's investment in social protection for older persons and persons with severe disabilities is yielding strong results, demonstrating the power of sustained political will and targeted programming.

Recent data on government cash transfer programmes reveals commendable progress in supporting older persons, with the Older Persons Cash Transfer (OPCT) programme reaching 1,237,000 individual beneficiaries out of a target of 1,328,000 (Figure 5.1a).[1] This near-universal coverage reflects a strong commitment to safeguarding the dignity and welfare of the elderly. Likewise, the Cash Transfer for Persons with Severe Disabilities (CT-PWSD), which targets households, is steadily advancing, having reached 61,000 households out of an estimated 149,000 in need. These achievements underscore the effectiveness of well-funded and well-managed social protection programmes, particularly when guided by data and driven by inclusive policy frameworks.

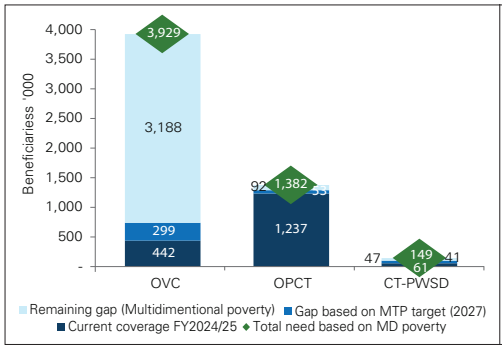
However, a significant equity gap exists, and the government must now prioritize tackling the child poverty crisis that has emerged. Despite being one of the most at-risk groups, just 441,760 households with an orphan or vulnerable child have been reached out of a staggering 3,929,000 such households in need (Figure 5.1a). This represents the largest coverage gap across all categories of cash transfers. To uphold the principles of equity and inclusion, the government must urgently recalibrate its priorities and significantly scale up investment in the CT-OVC programme, which has been extensively evaluated over many years and found to result in a wide range of highly positive impacts.[2] Doing so will not only protect the rights and well-being of vulnerable children but, crucially, lay a stronger foundation to build human capital development, which is so vital for sustained economic growth and prosperity.

[1] Figures derived from multidimensional poverty indicators that capture the complex reality of child vulnerability.

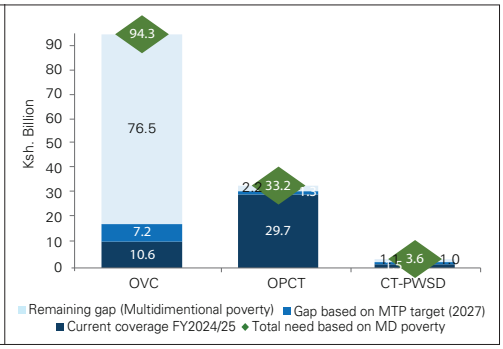
[2] The Transfer Project has carried out a large number of experimental and quasi-experimental evaluations on the CT-OVC programme, highlighting a wide range of positive impacts from improved access to education, health among many other impacts.

Figure 5.1: Social assistance coverage

a. Inua jamii beneficiaries outlook based on county need



b. Inua jamii funding outlook based on country need



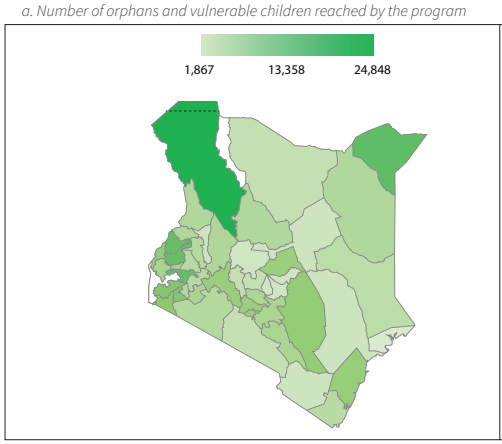
Source: Office of the controller of budget, various

Bridging the funding gap, especially for children in poverty is essential to achieving Kenya's national development goals and protecting its future prosperity. The financial landscape of the three cash transfer programmes reveals stark disparities in funding adequacy. The CT-OVC programme faces the most significant shortfall, with a total resource requirement of Ksh. 94.3 billion to reach all children in multidimensional poverty, yet only Ksh. 10.6 billion is allocated in FY2024/25.[3] This leaves a substantial funding gap of Ksh. 83.7 billion (just under three times the budget for the OP-CT). In contrast, the Older Persons Cash Transfer (OPCT) programme is nearly fully funded, with Ksh. 29.7 billion allocated against a requirement of Ksh. 33.2 billion, and the Cash Transfer for Persons with Severe Disabilities (CT-PWSD) shows a relatively small gap, with Ksh. 1.3 billion allocated out of Ksh. 3.6 billion needed (Figure 5.1b). These figures underscore the urgent need for increased and sustained investment in the CT-OVC program, where the financial gap is not only the largest but also the most consequential for the country's human capital development and, therefore, economic and social prosperity.

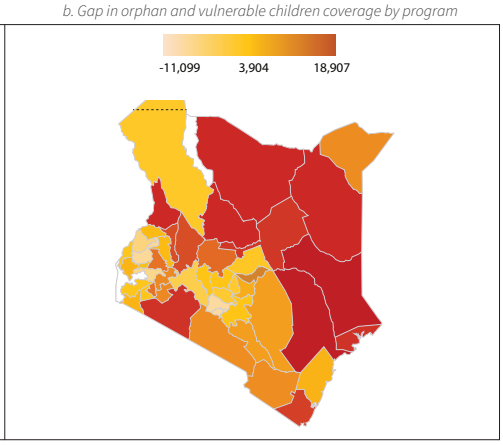
Additionally, while the CT-OVC programme has made commendable progress in reaching orphan and vulnerable children, persistent regional disparities highlight the need for a more equitable and data-driven approach to targeting social protection. Figure 5.2a illustrates the program's substantial reach across Kenya, with counties such as Turkana (24,848 children),

Figure 5.2: Orphans and vulnerable children programme coverage gap

a. Number of orphans and vulnerable children reached by the program



b. Gap in orphan and vulnerable children coverage by program



Source: Office of the controller of budget, various

[3] An even lower figure of 8.9 billion Ksh has been allocated in the 2025/26 budget.

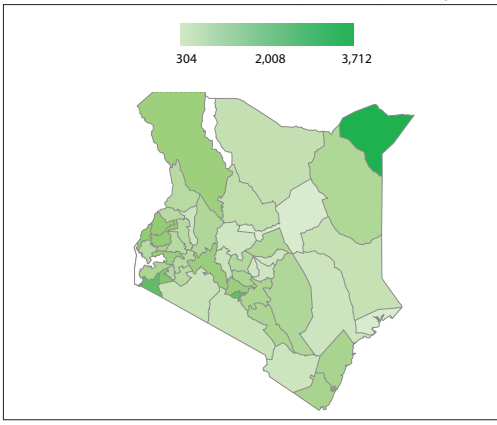
Kakamega (17,670), and Bungoma (14,840) demonstrating strong coverage. These figures reflect the program's ability to scale in high-need areas. However, the same map reveals stark contrasts in counties like Kirinyaga (1,867) and Nyeri (3,129), where coverage remains disproportionately low relative to need. This uneven distribution signals the need for more granular targeting and adaptive delivery models that respond to localized vulnerabilities and demographic realities.

The scale of unmet need, particularly in high-burden counties, demands urgent policy attention and resource reallocation to close the most critical gaps in the CT-OVC program. Figure 5.2b shifts the lens to the number of orphan and vulnerable children yet to be reached, exposing significant geographic differences in the shortfalls in coverage. For example, Turkana County, despite being among the most served, still has 922 households in need of support. However, compared to other counties like Marsabit and Garissa, the level of unmet need is relatively lower. This juxtaposition between coverage and exclusion underscores the limitations of current resource allocation models. To achieve universal and equitable social protection, the government must prioritize counties with the highest residual need, strengthen outreach mechanisms, and ensure that programme expansion is guided by real-time data and multidimensional poverty indicators.

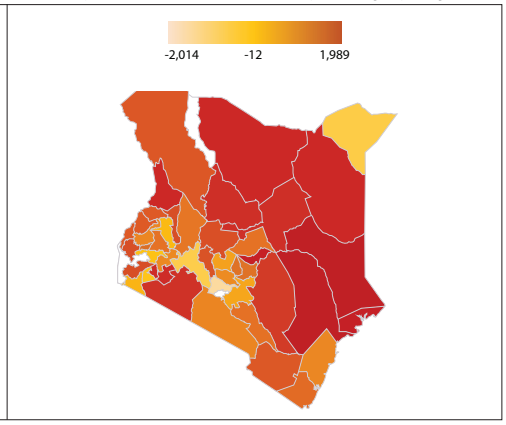
The Cash Transfer for Persons with Severe Disability (CT-PWSD) programme has laid a strong foundation for disability-inclusive social protection, but strategic investments are now needed to deepen its reach and impact. Figure 5.2a illustrates the geographic distribution of people with severe disabilities currently supported by the CT-PWSD program, with coverage ranging from 304 to 3,712 beneficiaries across counties. This demonstrates that the programme has achieved national presence and is actively addressing the needs of a highly vulnerable population. However, to build on this momentum, the government must strengthen disability identification and registration systems, invest in community-based outreach, and ensure that programme design is responsive to the unique barriers faced by persons with severe disabilities, including complementing the CT-PWSD with other measures to help address issues of mobility, communication, need for assistive technology, and social stigma.

Figure 5.3: Persons with severe disability programme coverage gap

a. Number of Person's with Severe Disability Reached by the Program



b. Gap in Persons with Severe Disability Coverage by Program



Source: Office of the controller of budget, various

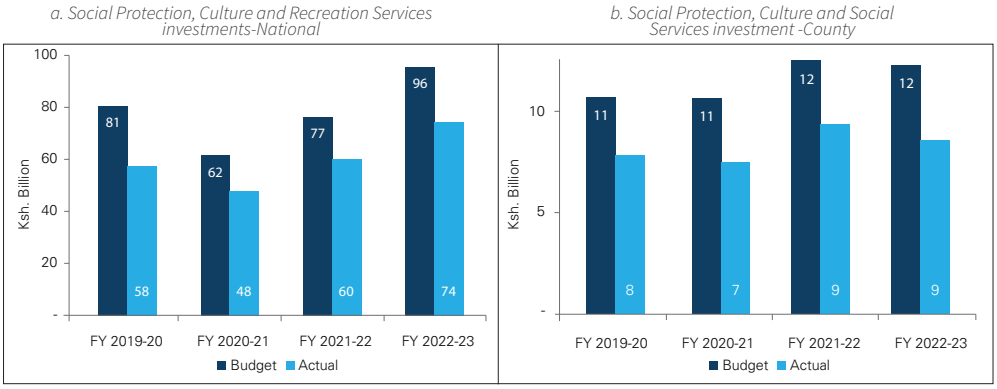
Meanwhile, Figure 5.2b reveals that several counties still have up to 1,989 households with severe disabilities who remain unreached by the CT-PWSD. While these numbers may appear relatively small in absolute terms, they represent individuals with some of the highest levels of vulnerability and exclusion in the country. Moreover, the presence of negative values in some counties may point to inconsistencies in data reporting or over-enrolment, highlighting the need for robust monitoring and verification systems. To ensure no one is left behind, the government must adopt a targeted, data-driven approach, prioritizing counties with persistent gaps, enhancing coordination with disability organizations, and embedding accessibility and inclusion into every stage of programme delivery.

SECTION 2: SOCIAL PROTECTION SPENDING TRENDS

The national government has demonstrated a growing fiscal commitment to social protection, but persistent under-expenditure signaling implementation bottlenecks. Between FY 2019/20 and FY 2022/23, the national government steadily increased its budgetary allocation to Social Protection, Culture, and Recreation Services—from Ksh. 81 billion to Ksh. 96 billion. Actual spending also rose from Ksh. 58 billion to Ksh. 74 billion over the same period Figure 5.4a. Despite this upward trend, actual expenditures consistently fell short of allocations, pointing to systemic challenges in budget absorption and execution. This gap underscores the need for strengthened institutional capacity and more efficient delivery mechanisms to ensure that increased investments translate into real impact for vulnerable populations.

County governments have maintained stable allocations to social services departments, but low absorption rates limit their potential to complement national efforts. County-level investments in Social Protection, Culture, and Social Services remained relatively flat, with annual budgets hovering around Ksh. 11–12 billion (Figure 5.4b. However, actual spending lagged, peaking at only Ksh. 9 billion in the last two fiscal years. This consistent underutilization suggests structural or operational constraints at the county level, such as limited technical capacity or planning inefficiencies. To maximize the impact of social protection across the country, it is critical to align national and county strategies, enhance coordination, and build local capacity to fully utilize allocated resources.

Figure 5.4: Social protection budget and expenditure trend



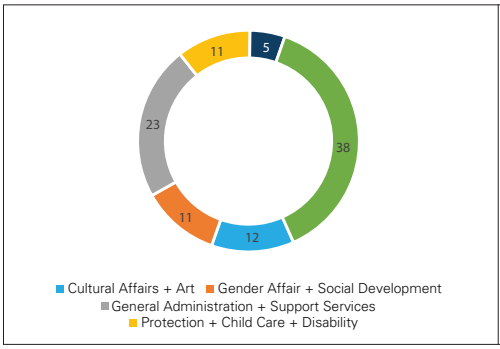
Source: Office of the controller of budget, various

SECTION 3: COMPOSITION OF SOCIAL PROTECTION SPENDING

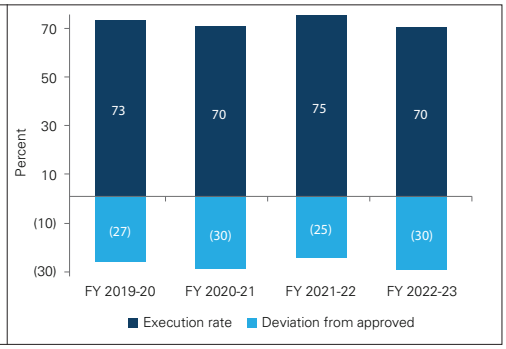
County-level budget allocations continue to marginalize social protection, childcare, and disability programmes, which receive only 11 per cent of the total resources, undermining inclusive development goals. The current distribution of county social protection budgets reveals a critical misalignment with the sector's core mandate. A disproportionate 38 per cent of funding is directed toward General Administration and Support Services, while Special Programmes and Youth & Sports Services absorb 23 per cent and 12 per cent respectively. In contrast, programmes that directly serve vulnerable populations such as social protection, childcare, and disability are allocated a mere 11 per cent. This skewed prioritization reflects a systemic undervaluation and investment in inclusive and rights-based programming. To drive equitable development and social resilience, counties must urgently recalibrate their budget frameworks to elevate investments in programmes that deliver direct social impact and protect the most marginalized.

Figure 5.5: Budget and expenditure by programme

a. Budget by Programme (Percent)



b. Budget by Programme (Percent)



Source: Office of the controller of budget, various

Moreover, chronic under-execution of county social protection budgets further compounds the marginalization of vulnerable groups, weakening the sector's ability to deliver results. Even the limited resources allocated to social protection, childcare, and disability programmes are not fully utilized. Over the past four fiscal years, county budget execution rates have stagnated between 70 per cent and 75 per cent, with consistent deviations of 25–30 per cent below approved budgets (Figure 5.5b. This persistent under-execution reflects deep-rooted inefficiencies in planning, procurement, and programme delivery. As a result, already underfunded programmes face further erosion in impact.

SECTION 4: DECENTRALIZATION AND SUBNATIONAL SOCIAL PROTECTION SPENDING

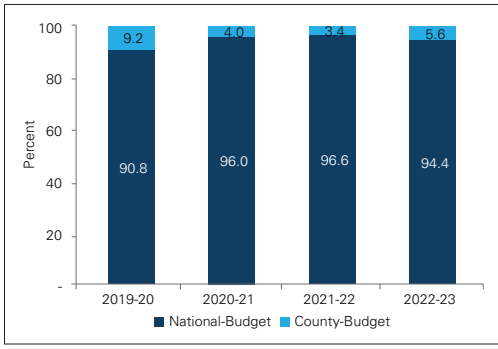
Despite constitutional provisions for shared responsibility, national government overwhelmingly funds social assistance, leaving counties under-engaged. Figure 5.6a reveals a persistent imbalance in the financing of social assistance in Kenya. Over four fiscal years (2019–2023), the national government has consistently contributed over 90 per cent of total social assistance funding, while county governments have played a minimal role—peaking at just 9.2 per cent in 2019–20 and dropping to 3.4 per cent in 2021–22. This trend stands in contrast to the Constitution of Kenya 2010, which assigns social protection as a shared responsibility between national and county governments under the Fourth Schedule. While the national government retains a lead role in policy and financing, counties are also constitutionally mandated to

implement localized social services. The current funding pattern signals a missed opportunity to leverage county-level systems for more responsive, equitable, and context-specific delivery.

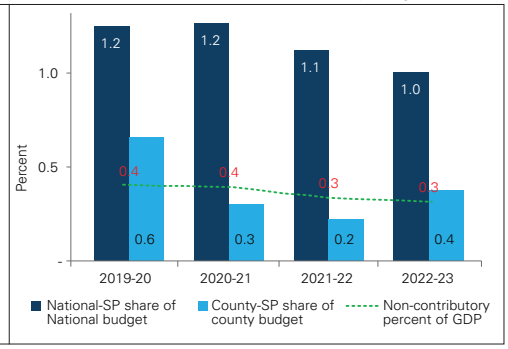
Additionally, social assistance remains a low fiscal priority, consistently under 1.2 per cent of the national budget and less than 0.5 per cent of GDP. Figure 5.6b highlights the persistently low fiscal commitment to social assistance in Kenya. Over the four fiscal years from 2019–20 to 2022–23, national social assistance spending remained below 1.2 per cent of the national budget, declining to just 1.0 per cent by 2022–23. County-level allocations were even lower, averaging below 0.5 per cent of county budgets, with a notable dip to 0.3 per cent in 2020–21 and 2021–22. The share of non-contributory social protection as a percentage of GDP hovered around 0.4 per cent, reflecting limited investment relative to the scale of need. These figures underscore a critical gap between policy ambition and budgetary commitment. To build a more inclusive and shock-responsive social protection system, Kenya must elevate social assistance as a national and county budget priority, anchored in long-term fiscal planning and aligned with poverty and vulnerability data.

Figure 5.6: Share of social assistance in national and county budget

a. National and county % of social assistance



b. Social Assistance % of National and County Budget and GDP



Source: Office of the controller of budget, various

SECTION 6: CONCLUSION

Kenya's subnational social protection landscape reveals both progress and persistent gaps. While national investments have expanded and programmeslike OPCT show strong targeting performance based on need, the glaring underfunding of the CT-OVC program, low county engagement, and chronic under-execution of budgets threaten the sector's ability to deliver inclusive impact. To build a resilient and equitable social protection system, Kenya must urgently recalibrate its priorities, closing the CT-OVC funding gap, empowering counties to fulfil their constitutional role, and strengthening implementation capacity across all levels. A more data-driven, equity-focused, and coordinated approach is essential to ensure that no vulnerable group or region is left behind.



Chapter 6

SUBNATIONAL EARLY CHILDHOOD DEVELOPMENT (ECD) BUDGET MANAGEMENT

SPECIAL FOCUS

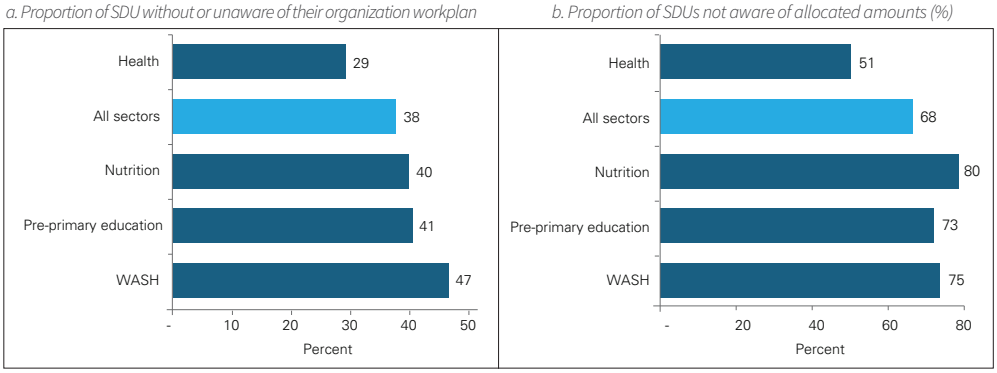
Effective budget management is a cornerstone of delivering quality Early Childhood Development (ECD) services in Kenya. Under the devolved governance framework, counties are entrusted with the planning, allocation, and execution of ECD budgets. This chapter examines the extent to which counties are fulfilling this mandate, focusing on the systems, practices, and challenges that shape the flow and utilization of public resources at the service delivery level. Drawing on findings from a Public Expenditure Tracking Survey (PETS), the chapter highlights critical issues such as delayed disbursements, lack of financial transparency, and weak institutional capacity that undermine the efficiency and equity of ECD financing.

The analysis reveals that while counties have made strides in prioritizing ECD within their budgets, systemic weaknesses persist across planning, execution, and accountability mechanisms. Many service delivery units (SDUs) operate without annual work plans or timely budget information, limiting their ability to align resources with local needs. Furthermore, delays in fund disbursement and unclear financial procedures hinder the timely implementation of ECD programs. These challenges are compounded by limited financial management capacity at both county and SDU levels. This chapter provides evidence-based insights and recommendations to strengthen budget credibility, improve financial oversight, and ensure that public investments in ECD translate into tangible outcomes for young children across Kenya.

ECD SECTOR ANNUAL WORK PLANNING

High proportions of SDUs lack awareness or access to workplans, undermining strategic budget execution. Figure 6.1 reveals a concerning trend across sectors, with a significant proportion of Service Delivery Units (SDUs) either lacking or being unaware of their organizational workplans. The WASH sector reports the highest gap at 47 per cent, followed by Pre-primary Education

Figure 6.1: Service delivery units awareness on workplan and budget



Source: Office of the controller of budget, various

(41 per cent), Nutrition (40 per cent), and the overall average across all sectors at 38 per cent. Even in the Health sector, typically more structured, 29 per cent of SDUs fall into this category. These figures underscore a systemic weakness in planning and coordination, which directly affects the ability of SDUs to align their activities with county budgets and strategic priorities. Strengthening the development, dissemination, and use of annual workplans is essential to improve accountability, resource targeting, and the overall effectiveness of ECD service delivery.

Most SDUs lack access to basic budget information. Figure 6.1b highlights a critical gap in financial transparency, with most Service Delivery Units (SDUs) across all sectors unaware of their allocated budgets. The Nutrition sector reports the highest level of unawareness at 80 per cent, followed closely by WASH (75 per cent) and Pre-primary Education (73 per cent). Even in the Health sector, where financial systems are relatively more established, over half of SDUs (51 per cent) lack knowledge of their budget allocations. This widespread information gap severely limits the ability of SDUs to plan effectively, advocate for resources, or monitor budget execution. Strengthening budget communication and ensuring timely dissemination of allocation data to SDUs is essential for improving accountability and enabling evidence-based decision-making at the frontline of service delivery.

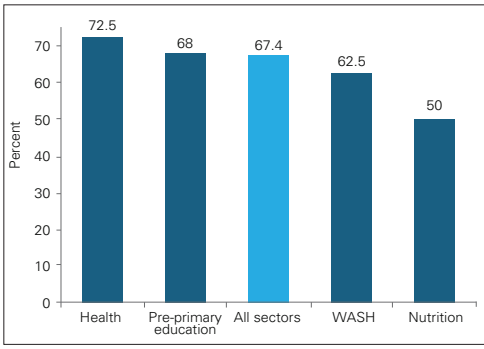
RESOURCE DISBURSEMENT TO SERVICE DELIVERY POINTS

Delays in fund disbursement are widespread across ECD sectors. Figure 6.2a illustrates that most Service Delivery Units (SDUs) across all sectors experience delays in receiving operational funds, with Health (72.5 per cent) and Pre-primary Education (68 per cent) being the most affected. The overall average across all sectors stands at 67.4 per cent, indicating that delayed disbursement is a systemic issue. These delays disrupt the timely implementation of planned activities, hinder procurement processes, and compromise service delivery. The impact is particularly severe in frontline programmes where consistent funding is essential for maintaining quality and continuity. Addressing this challenge requires improved coordination between national and county governments and stronger adherence to disbursement schedules.

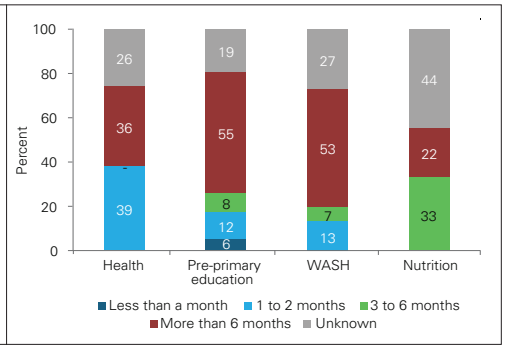
Extended delays severely undermine budget execution and service quality. Figure 6.2b reveals that in several sectors, nearly half of the SDUs receive their funds more than six months later. For instance, 54.8 per cent of SDUs in Pre-primary Education and 53.3 per cent in WASH report delays exceeding half a year. These prolonged lags in fund release result in missed procurement windows, delayed payments to service providers, and stalled programme activities. The root

Figure 6.2: Service delivery units experiencing delays in resource disbursement

a. Proportion of SDUs experiencing delays in the receipt of operational funds (%)



b. Length of delays in receipt of funds (%)



Source: Office of the controller of budget, various

causes include overestimated revenue projections, weak financial management systems, and limited enforcement of public finance regulations. To mitigate these effects, counties must strengthen their cash flow planning, streamline fund requisition processes, and enhance transparency in budget execution.

Prolonged delays in fund disbursement severely undermine ECD service delivery. These extended lags disrupt the timely procurement of materials, payment of service providers, and implementation of planned activities, ultimately compromising the quality and continuity of ECD services. The root causes of these delays are multifaceted, including systematic overestimation of both national and county-level revenues, which leads to budget shortfalls and delayed disbursements. Additionally, weaknesses in public financial management, such as poor cash flow forecasting, limited enforcement of budget timelines, and inadequate coordination between treasury and implementing departments, further exacerbate the problem. Addressing these systemic issues is essential to ensure that ECD programmes are adequately and predictably financed to meet the needs of young children.

Disbursements Frequently Deviate from Approved Cash Flow Schedules, Disrupting ECD Implementation. A predictable flow of funds is essential for effective planning and execution of Early Childhood Development (ECD) activities. However, Table 6.1 reveals that across all sectors, only 23 per cent of Service Delivery Units (SDUs) reported receiving funds in line with approved cash flow schedules, while 61 per cent indicated that disbursements were not aligned. The situation is particularly concerning in the Nutrition sector, where 80 per cent of SDUs reported misaligned disbursements, and only 10 per cent confirmed timely releases. Similarly, in ECDE and WASH, 66 per cent and 60 per cent of SDUs respectively experienced off-schedule disbursements. These inconsistencies severely undermine the ability of SDUs to implement planned activities on time, leading to delays in procurement, service delivery, and overall budget execution. Strengthening adherence to cash flow schedules and improving coordination between county treasuries and implementing departments is critical to enhancing the efficiency and reliability of ECD financing.

Table 6.1: Are disbursements of funds in line with the approved cash flow schedules?

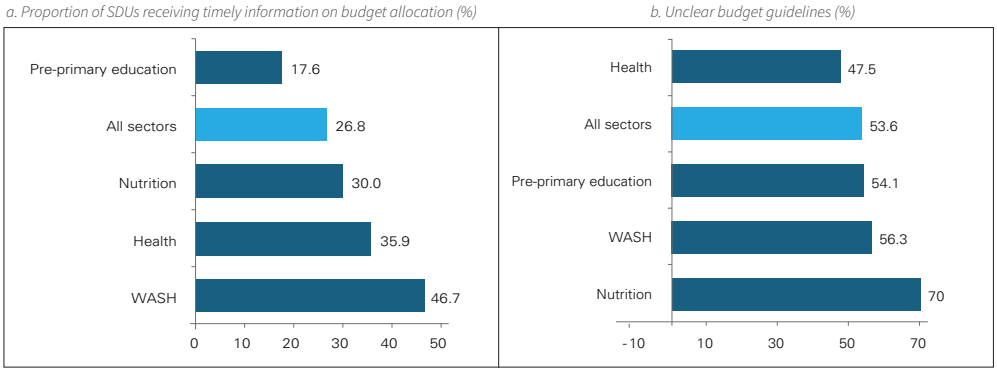
Sector	Unknown	No	Yes	Number of respondents
ECDE	12.2	66.2	22	74
Health	23.7	44.7	32	38
Nutrition	10	80	10	10
WASH	26.7	60	13	15
All sectors	16.8	61	23	137

AVAILABILITY OF BUDGET INFORMATION AT SDUS

Timely access to budget information is critically lacking across SDUs, undermining effective planning and accountability. A significant challenge facing Sub-County Delivery Units (SDUs) is the widespread lack of timely communication regarding approved budget allocations. According to the PETS findings illustrated in Figure 6.5, only 26.8 per cent of SDUs across all Early Childhood Development (ECD) sectors reported receiving this information on time. The situation is particularly dire in pre-primary education, where a mere 17.6 per cent of SDUs confirmed timely receipt of budget data. In comparison, health and nutrition fared slightly better

at 35.9 per cent and 30 per cent, respectively. This information gap has serious implications: without timely and accurate budget data, SDU managers are left without the financial visibility needed to plan, prioritize, and implement programmes effectively. Moreover, the inability to access this information in a timely manner limits their capacity to advocate for and claim the resources they are entitled to, thereby weakening accountability mechanisms and making it more difficult to track the flow and use of ECD resources.

Figure 6.3: Service delivery units receipt of budget information



Source: Office of the controller of budget, various

Unclear procedures for accessing funds from county treasuries are a major bottleneck in ECD budget execution. Even when budgets are approved, the actual execution of ECD programmes at the SDU level is frequently delayed due to a lack of clarity in the procedures for requesting funds. Although funds are held centrally at the county treasury, implementation responsibilities lie with SDUs operating at Sub-County and Ward levels. To access these funds, implementing officers must submit requests through their respective sector departments, such as health or education, to the County Government. However, many SDU managers indicate that the guidelines governing this process are either unclear or inconsistently applied. Figure 6.6 shows that 53.6 per cent of stakeholders across all sectors found the budget request guidelines unclear. This confusion creates administrative bottlenecks that slow down the flow of funds and hinder timely programme implementation. The lack of procedural clarity not only delays disbursements but also contributes to underperformance in programme delivery, as SDUs struggle to align their activities with available financial resources.

Administrative burdens and unclear guidelines are key contributors to low budget absorption in ECD programmes. Beyond procedural ambiguity, the administrative burden associated with requesting funds further compounds the challenges faced by SDUs. As shown in Figure 6.6, the nutrition sector is the most affected, with 70 per cent of stakeholders reporting unclear guidelines. Similarly, pre-primary education and WASH sectors also reported high levels of uncertainty, at 54.1 per cent and 56.3 per cent, respectively. In addition to unclear guidelines, more than 40 per cent of programme implementers indicated that the documentation required to access funds was overly complex and time-consuming. These administrative hurdles discourage timely and full utilization of allocated budgets, leading to low absorption rates and missed opportunities to deliver essential ECD services. Despite the availability of funds at the county level, the combination of unclear procedures and burdensome documentation requirements significantly impedes the ability of SDUs to implement programmes efficiently and effectively.

ASSESSMENT OF FINANCIAL MANAGEMENT CAPACITY

At the service delivery level, Table 6.2 highlights persistent gaps in financial management systems that could undermine accountability and transparency. While 54 per cent of organizations reported having accounting systems to capture financial transactions and generate reports, nearly half still lack such systems. Similarly, although 61 per cent of counties prepare financial reports comparing budgeted and actual expenditures, 39 per cent do not, indicating inconsistencies in financial oversight. Only 44 per cent of organizations maintain complete records of disbursements from the county treasury, while 26 per cent keep none. Furthermore, just 40 per cent of respondents found the guidelines for requesting funds from the county treasury to be clear, and half described the documentation process as burdensome. These findings point to the need for streamlined procedures, improved documentation practices, and continuous training to ensure that financial systems support rather than hinder effective delivery service. Addressing these issues will be key to enhancing the efficiency, transparency, and responsiveness of county-level financial management.

Table 6.2: Service delivery level capacity in financial management

Question	Yes	No	n
Does the organization have an accounting information system for capturing all programme financial transactions (expenditure and income) and generating reports?	54%	46%	134
Does the organization prepare financial reports that compare budgeted or programmed expenditure and actual expenditure?	61%	39%	133
Is documentation required for requesting funds from the county treasury burdensome?	50%	50%	125
Are guidelines clear for requesting funds from the county treasury?	40%	60%	125
Does the organization produce annual activity reports?	77%	23%	119
Are financial reporting formats easily matched to programme budgets?	50%	50%	116
Are the organization's revenues and expenditure subjected to an annual independent audit?	60%	40%	120
Does your organization keep a complete record of all disbursements from the county treasury? n=142			
Yes	44%		
None	26%		
Partial	13%		
Unknown	16%		

There are major gaps in financial management in the various facilities that are delivering ECD programmes in the counties. Table 6.2 shows the capacity in several dimensions of financial management. Facility managers were asked to indicate capacity in various elements of administration that facilitate financial and programmatic management. For example, only about half of SDUs were operating a system that would capture all financial transactions and produce financial records and statements. As stated earlier, the lack of financial records is a consequence of this situation. To be fair, there are positive findings on financial management. For example, financial audits are more routinely performed, while 70 per cent of SDUs also reported that they produce annual activity reports.

There is a critical shortage of qualified public financial management (PFM) staff at the service delivery level, severely undermining the financial oversight of ECD programmes. According to Table 6.3, 65 per cent of all service delivery units (SDUs) reported having no qualified finance personnel, with the situation particularly acute in sectors like Nutrition and WASH, where 80 per cent and 81.3 per cent of SDUs respectively had no qualified staff. Only 13.4 per cent of institutions had more than five qualified staff, and just over a fifth had between one and five. This staffing gap limits the ability of SDUs to manage funds effectively, maintain accurate records, or ensure compliance with financial procedures.

Table 6.2: Staff qualified in financial management at service delivery units (%)

Sector	No staff	1 to 5 staff	More than 5 staff	Number of respondents
ECDE	58.1	22.1	19.8	86
Health	68.9	22.2	8.9	45
Nutrition	80	20	0	10
WASH	81.3	18.8	0	16
All sectors	65	21.7	13.4	157

The lack of basic financial skills among frontline SDUs has serious implications for accountability and service delivery. Most units lack even foundational competencies in bookkeeping and financial reporting, making them passive recipients of funds and goods rather than active financial managers. This disconnect creates an environment where financial flows are opaque, monitoring is nearly impossible, and the risk of resource diversion is high. Without the capacity to track and report on expenditures, SDUs cannot demonstrate value for money or ensure that resources reach intended beneficiaries

CONCLUSION

Kenya's subnational Early Childhood Development (ECD) financing landscape reveals a critical disconnect between budget allocations and actual service delivery. Despite growing policy commitment and increased prioritization of ECD within county budgets, systemic weaknesses in financial management continue to undermine the effectiveness of these investments. The Public Expenditure Tracking Survey (PETS) highlights widespread delays in fund disbursement, limited access to budget information, and unclear financial procedures at the delivery level. These challenges are compounded by a severe shortage of qualified public financial management (PFM) staff, with 65 per cent of service delivery units (SDUs) reporting no trained personnel in finance. Without foundational financial systems and capacity, SDUs remain passive recipients of resources, unable to plan, monitor, or account for expenditures effectively.

To translate financial commitments into meaningful outcomes for young children, Kenya must urgently strengthen the institutional and operational foundations of ECD budget management. This includes streamlining fund flow processes, improving budget transparency, and investing in financial management training at both county and SDU levels. Counties must also adopt equity-sensitive planning and enforce adherence to cash flow schedules to ensure timely and predictable financing. By addressing these systemic gaps, Kenya can unlock the full potential of its ECD investments, ensuring that every child, regardless of geography or circumstance, benefits from quality early learning and care services.

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