

---

# Promise Vs. Reality: What Kenya's FY 2026/27 Budget Means For Young People

## Written By:

By Jon Kafuko, Programs Manager,  
Youth for Tax Justice Network

# A word from the Author

This publication is written from a simple conviction: public finance shapes whether young people can study, work, start businesses, or live with dignity. Kenya's FY 2026/27 budget may appear technical, but its consequences are deeply human; especially for a generation already facing rising living costs, weak programme delivery and shrinking opportunity.

The purpose of this reflection is to centre the youth lens in budget debates. Debt, deficits and expenditure choices are often treated as matters for experts alone, yet young people live with the consequences most directly. If this helps strengthen the call for greater fairness, accountability and youth-responsive budgeting in Kenya and across Africa, then it will have served its purpose.



Jon Kafuko is the Programs Manager at the Youth for Tax Justice Network (YTJN) and a seasoned tax advisor with extensive experience in shaping progressive fiscal policies. He champions youth-inclusive tax policy in Uganda and across Africa, working to ensure that young people are meaningfully engaged in tax debates, decision-making, and advocacy for fair and just tax systems.

# Foreword



Kenya's FY 2026/27 budget arrives at a moment of growing public frustration, especially among young people who are increasingly unwilling to accept a fiscal order that asks them to carry the heaviest burden of debt, underinvestment and weak service delivery. This is not only a Kenyan story. It reflects a wider African reality in which debt pressure and recurrent spending continue to shrink the space for youth opportunity.

The reflection that follows argues that budgets must be judged not only by their numbers, but by whether they solve the challenges faced by today's young generation. If youth are central to Africa's future, then they must also be central to how public resources are raised, allocated and spent.



# Introduction

Just days before Kenya's FY 2026/27 budget was tabled, thousands of young Kenyans barricaded roads, lit bonfires, and disrupted transport links in protest over the rising cost of living. According to [SABC News](#), four people were killed and the immediate trigger was a 23.5 per cent increase in diesel prices that pushed transport costs even higher. These protests did not happen in a vacuum. They followed the Gen Z-led mobilisation that forced the withdrawal of the Finance Bill 2024, as reported by [BBC News](#), and signalled a deeper demand for fairness, accountability, and a different fiscal direction.



That context matters because budgets are not neutral technical documents. They reveal who bears the burden of adjustment, who benefits from public spending, and whether government is serious about intergenerational equity. Kenya's FY 2026/27 budget should therefore be assessed through three public finance questions: how government raises resources, what it allocates those resources to, and whether the money actually reaches the intended beneficiaries. Through that lens, the budget raises major concerns for young people. The core budget data used here comes from [Kenya's FY 2026/27 Budget Books](#), the [IMF Regional Economic Outlook](#), and the [Institute of Public Finance Annual National Shadow Budget 2026/27](#).



# 1. Resource mobilization:

*This section asks: How does the government intend to raise the funds for this budget? Is that approach fair to young people, or does it undermine their economic participation?*

## 1.1. The Revenue Reality: Ambitious Targets, Persistent Shortfalls

The FY 2026/27 budget is projected at approximately KSh 4.8 trillion. According to the budget figures, projected revenue stands at KSh 3.63 trillion, accounting for 75.4% of total financing. The Kenya Revenue Authority (KRA) target for FY 2026/27 is KSh 2.968 trillion, which represents a 15.4% increase over the KSh 2.572 trillion collected in FY 2024/25.

Yet these targets must be treated with skepticism. Kenya's recent revenue performance has consistently fallen below projection:

Fiscal Year	Target (KES)	Actual Collection (KES)	Shortfall
2021/22	2.071T	0.952T	1.119T
2022/23	2.495T	1.051T	1.444T
2023/24	2.475T	1.074T	1.401T
2024/25	2.627T	1.161T	1.466T

Source: [The Kenyan Wall Street](#) and [The Star revenue infographic](#).

The pattern continued into FY 2025/26, with a first-half shortfall of KSh 152.2 billion. The [Institute of Public Finance](#) has described the revenue framework as overly optimistic and warned that unrealistic targets, weak spending discipline, and recurrent reliance on supplementary budgets undermine budget credibility.

## Why this matters for young people?

When revenue expectations repeatedly exceed actual collection, the budget gap widens. Governments typically respond with mid-year spending cuts (which hit development and youth programmes hardest) or emergency tax measures (which fall disproportionately on low-income earners and informal sector workers where most young people are employed). The revenue shortfall is not a technical detail; it is a structural threat to youth opportunity.



## 1.2. Borrowing: Debt as a Financing Mechanism

Because revenue consistently falls short, borrowing fills the gap. The FY 2026/27 budget projects a fiscal deficit of KSh 1.15 trillion, equivalent to 5.5% of GDP. That deficit is to be financed through KSh 225.5 billion in external borrowing and KSh 924 billion in domestic borrowing. In effect, borrowing accounts for roughly one in every four shillings spent.

As of May 2026, Kenya's public debt had crossed approximately KSh 13.02 trillion, equivalent to about 71% of GDP, far above the statutory debt ceiling of 55% of GDP under the [Public Finance Management Amendment Act 2023](#). Domestic debt stood at KSh 7.24 trillion, while external debt stood at KSh 5.78 trillion. The [International Monetary Fund](#) projects the debt-to-GDP ratio will rise further to 71.6 per cent in 2026 and 72.4 per cent in 2027.

This domestic-heavy mix increases exposure to local interest-rate conditions and intensifies competition for liquidity in the local market. For youth-led enterprises and households already navigating high living costs, the implications are practical: when the government borrows heavily from domestic banks, it crowds out private sector credit, making loans for small businesses, startups, and even vehicle and asset financing more expensive and harder to access.



## 2.2. Debt Service

Within that 74.4% recurrent share, debt service (interest payments) is the fastest-growing line item. The share of the budget consumed by interest payments has risen from 15% in 2018/19 to more than 25% in the current period.

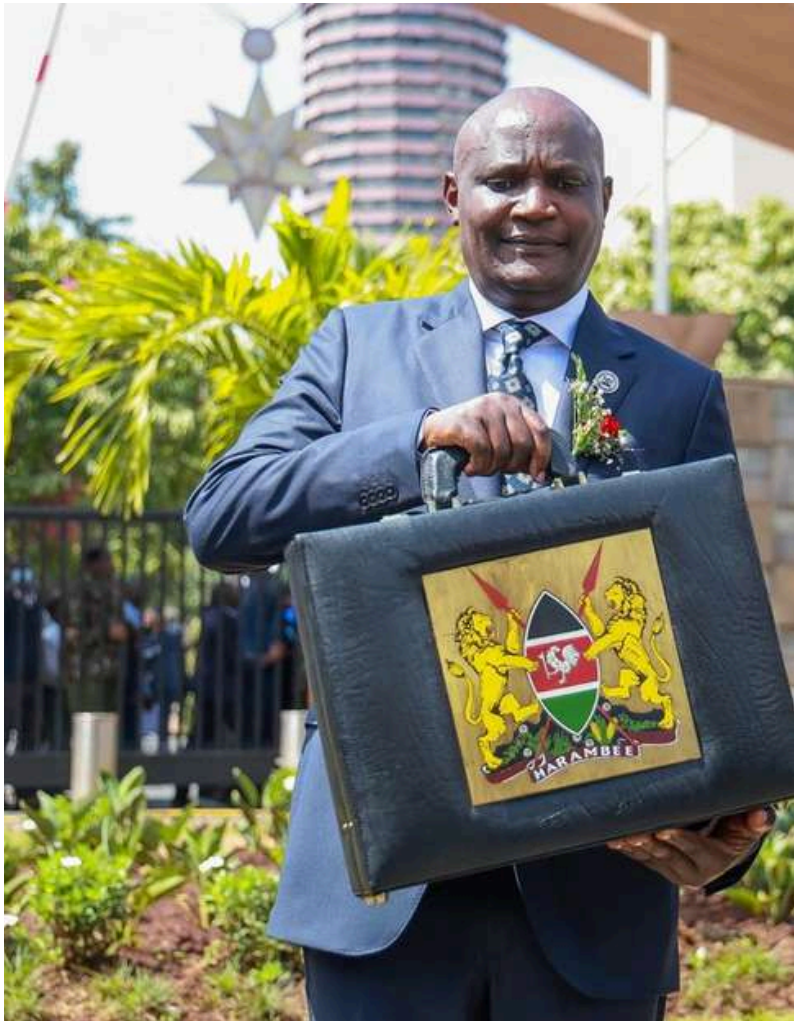
The [Budget and Appropriations Committee report on the FY 2026/2027 estimates](#) reported that domestic debt service alone is projected to account for about 71% of total debt service expenditure in FY 2026/27. Reporting by [The Star](#) also indicated concern that the Treasury is increasingly borrowing to finance routine recurrent obligations, including wages and allowances.

When a government borrows to pay interest on past borrowing and to cover routine wages, it is not investing in young people's futures. It is running a fiscal system that is structurally incapable of breaking out of the debt-recurrent trap.

## 2.3. Sectoral Allocations: (Education, Infrastructure, Youth, Health)

### Education (KSh 784.5 billion):

The largest single sectoral allocation. On its face, this signals a rhetorical commitment to young people. Yet the headline obscures a troubling reality: the State Department for Higher Education receives KSh 155.2 billion against a requested KSh 311.9 billion, a KSh 156.7 billion gap. The education sector as a whole faces a KSh 102 billion deficit against its own baseline requirements. When government allocates less than half of what the higher education system says it needs, it is rationing opportunity, not investing in the next generation. Thousands of qualified young people face delayed loans, overcrowded facilities, and a system that cannot absorb them into productive transitions from school to work.



## Energy, Infrastructure, and ICT (KSh 531.3 billion)

This is the second-largest cluster and arguably the most youth-relevant, as digital and physical infrastructure are the platforms on which young people build livelihoods whether through e-commerce, digital services, transport, or manufacturing. However, the headline allocation obscures a more fragile reality.



Within this cluster, the development component is frequently diluted by recurrent maintenance and administrative costs. The transport State Department alone reported KSh 1.637 billion in pending operations and maintenance bills as of January 2026, illustrating how much of the infrastructure budget is absorbed by keeping existing assets running rather than building new ones.

More critically, infrastructure spending is historically vulnerable to mid-year cuts. As [former Budget Committee chair Ndindi Nyoro has observed](#), by mid-financial year the government typically finds itself KSh300 billion short in revenue collection and since debt payments, salaries, pensions, and county allocations cannot be cut, development is the first casualty. Nyoro has further warned that over KSh 1.25 trillion of the budget is consumed by fixed expenditures, leaving almost nothing for roads, schools, or other critical projects.

The 2026/27 budget itself reflects this pattern, with [development spending slashed](#) by KSh 9.6 billion to KSh 749.5 billion after cabinet approval. In the energy sector, [Members of Parliament](#) have questioned a KSh 55 billion reduction, with KSh 47 billion cut from the Energy State Department's development projects and KSh 8 billion from petroleum development projects. Affected institutions include KenGen, Kenya Power, Ketraco, and Geothermal Development Company. [Embakasi South MP Julius Mawathe](#) warned that the government has redirected nearly 80% of development funds elsewhere, a move that could slow critical electricity connectivity and power generation projects.

For young people seeking jobs and opportunities in a modernising economy, a headline infrastructure figure is not a guarantee of sustained implementation, it is a promise that history suggests will be broken when fiscal pressure mounts.

## Youth, Women, and Equity Sector (KSh 109 billion)

This appears significant, but when compared to the total budget, it represents just 2.3%. Even more telling: KSh 20 billion is specifically earmarked for youth empowerment programmes. That is approximately 0.4% of the total budget. To put that in perspective, interest payments on debt (KSh 1.1 trillion) consume over 22 times what is formally allocated to youth-specific interventions.

Even if every shilling of the KSh 20 billion reached young entrepreneurs, it would amount to approximately KSh 400 per young Kenyan aged 18–35. That is not a serious investment in a generation; it is a symbolic gesture that cannot overcome the structural barriers of capital, skills, and market access that young people face.

## Health (KSh 170–177 billion)

At just about 6% of the national budget, health sector funding remains far below the 15 per cent target set by the [Abuja Declaration](#). This underfunding has direct, measurable consequences for young people.

**Out-of-pocket health expenditure** in Kenya remains persistently high. According to the World Bank's Global Health Expenditure Database, out-of-pocket spending accounted for 27.48% of current health expenditure in 2023. More [recent analysis puts the figure at 23.6%](#), still exceeding the commonly cited 15–20% threshold that signals financial protection gaps. This means young people and their families bear a substantial share of care costs directly, a burden that the [World Health Organization](#) warns should not exceed 15 to 20% of total health spending.

**The adolescent reproductive health burden** is even starker. According to [Kenya's National Adolescent Sexual and Reproductive Health Policy \(2015\)](#), pregnancy and delivery complications including unsafe abortion are the second leading causes of death for girls below 20 years. A [report produced](#) under the United Nation's 2gether 4 SRHR programme, titled "The Cost of Inaction: The cost of not realizing the HIV and sexual and reproductive health and rights of young people in Kenya, Rwanda and Uganda", calculates that early pregnancy costs Kenya US\$882 million annually not primarily in medical costs, but in lost lifetime earnings from girls who left school and never returned. Combined with HIV and gender-based violence, inadequate investment in young people's sexual and reproductive health costs Kenya US\$1.2 billion annually, equivalent to 1.1 per cent of GDP.

According to [Multi-sectoral and Inclusive Strategies for Improving Pregnant Adolescents' and Teenage Mothers' Access and Utilization of Sexual and Reproductive Health Services in Kenya](#), efforts to provide reproductive health services to young people face multiple challenges including negative healthcare worker attitudes, distance to health facilities, unaffordable service costs, and lack of privacy and confidentiality. The lack of a decentralised healthcare delivery system further exacerbates disparities, favouring urban areas over rural ones.

**Mental health services**, too, remain critically under-resourced. [Kenya allocates roughly 0.01% of its health budget to mental health](#) with some estimates placing it as low as 0.001% translating to less than Sh1 per person per year. By comparison, experts recommend countries allocate at least 5% of health budgets to mental health services.

The [service delivery infrastructure is severely inadequate](#): of the 284 level 4 and above hospitals, only 30 offer mental health services, and nearly half of Kenya's counties lack psychiatric units. The shortage of trained professionals is acute. [Kenya has fewer than 150 psychiatrists](#) serving a population of over 50 million, with fewer than 100 in public hospitals. The [Ministry of Health](#) estimates the country needs an additional 1,400 psychiatrists, 7,000 psychiatric nurses, and 3,000 psychologists. [The consequences are stark](#): approximately 75% of those in need cannot access care, and about 41% of youth aged 18 to 34 are reportedly struggling with mental health challenges. The flat health allocation does not account for the specific needs of a young, rapidly urbanising population and the consequences are measured not in budget lines, but in lives and livelihoods cut short.

## 3. Utilization

*The most important question for young people is not whether a programme appears in the budget speech. It is whether the money reaches them. That is where the deepest weakness lies.*

### **The NYOTA Programme**

More than a year after its launch, the Micro and Small Enterprises Authority (MSEA), the implementing agency, had spent KSh 1.032 billion entirely on administrative activities and consultancy services, with no start-up loans reaching young entrepreneurs in the first year. Reporting by [Business Daily Africa](#) further notes that 84.4 per cent of the World Bank funding for the year was absorbed by consultancies and office operations, including the purchase of computers and laptops.



“

The NYOTA programme (National Youth Opportunities Towards Advancement) is a flagship Sh33 billion initiative with 90% funding from the World Bank, has been promoted as a lifeline for vulnerable young Kenyans aged 18 to 29.

It was designed to provide startup loans of between Sh20,000 and Sh200,000, entrepreneurial skills training, mentorship, and links to financing opportunities and markets. The project aims to benefit 800,000 youth by December 2028, with the first phase targeting 20,000 beneficiaries in its initial year, according to the [NYOTA Project Overview](#) and the [World Bank procurement plan](#).

That is not a minor implementation delay. For a programme designed to support 20,000 youth in its first phase and reportedly attracting over one million applicants, the failure to convert budget commitments into direct support undermines public trust and weakens the credibility of youth-targeted spending. From a programme management standpoint, youth interventions should be evaluated through disbursement rates, beneficiary reach, timing, transparency, and measurable outcomes. Public money should not disappear into administrative layers while intended beneficiaries remain excluded.

### **Accountability Deficit**

More importantly, NYOTA's delivery failure does not stand alone. It reflects a wider pattern of audit-flagged weaknesses in how public resources are managed. Audit reporting on the 2023/2024 financial year by [The Eastleigh Voice](#) says that 24 ministries and departments failed to complete projects valued at KSh 37.92 billion. The same reporting highlights KSh 23.6 billion withdrawn under Article 223 of the Constitution, with KSh 10.2 billion used without following the required approval processes. It also reports that KSh 44.8 billion collected through the e-Citizen system remained unaccounted for by the Immigration Department, while audit records were not provided for 21 accounts holding a combined KSh 7.1 billion. In education, a special audit found that KSh 28.59 million was disbursed to 33 non-existent schools, while inflated learner numbers resulted in KSh 3.7 billion in excess capitation funding. One of the most troubling findings is the revelation that approximately KSh 300 billion raised through government bonds between 2017 and 2023 could not be traced. The audit cited reports that KSh 2.97 trillion was raised over that period, but only KSh 2.67 trillion was deposited into the Consolidated Fund, leaving a KSh 300 billion discrepancy that the Auditor-General's findings said had not been explained. See [Kenya.co.ke](#).

When KSh 300 billion cannot be traced, young people are not just losing money, they are losing trust in the institutions that are supposed to build their future. Every untraced shilling represents:

- A road not built that could have connected a young entrepreneur to a market;
- A student loan not disbursed that could have kept a young person in school;
- A health worker not hired who could have provided reproductive or mental health services;
- A startup loan not delivered that could have launched a youth-led enterprise.

This is not an abstract accounting failure. It is the theft of opportunity from a generation that is already being asked to bear the heaviest burden of debt, underinvestment, and weak service delivery. When young people see that KSh 300 billion, more than the entire annual budget for education cannot be accounted for, the message they receive is clear: the system is not designed to serve them.

These findings matter because they show that the difficulty is not simply one poorly executed youth programme. It is a broader pattern of weak expenditure control, poor documentation, delayed implementation and insufficient accountability across public finance.

The [Auditor-General’s consolidated report on the National Government for 2024/2025](#) reinforces that concern in broader institutional terms. The report states that weak follow-up on audit recommendations has allowed many audit queries to recur, and that the continued absence of effective sanctions has contributed to misallocations, resource wastage, loss of public funds, and failure to achieve value for money in project implementation. It also notes that some accounting officers continue to breach the law through inaccurate financial statements, missing supporting documents and limited cooperation with auditors. That is precisely the kind of environment in which youth programmes are announced with promise but struggle in practice to deliver timely, visible results to the people they are supposed to serve.



The Auditor-General has also raised concerns about on-lending to state-owned entities. Reporting by [Nation](#) indicates that as at June 30, 2024, on-lent loans to 35 state-owned enterprises stood at KSh 874.9 billion; of the KSh 153.8 billion due by that date, only KSh 1.6 billion had been repaid. This matters because defaults on on-lent loans shift the repayment burden back to the national government and deepen pressure on the same fiscal space that should fund public services and productive investment.

KYEOP presents a more mixed but still useful lesson. The [World Bank](#) has reported strong aggregate outcomes from the Kenya Youth Employment and Opportunities Project, including large beneficiary reach and high post-intervention employment rates.

At the same time, [audit reporting by the Office of the Auditor-General](#) highlighted serious design and accountability weaknesses, including concerns about traceability for some beneficiaries and whether the programme fully achieved its core job-creation objective.

The lesson derived from this is not that youth programmes should be abandoned. It is that they must be governed better. Stronger implementation systems, independent oversight, and milestone-based disbursement are essential if future youth funding is to achieve its promise.



# RECOMMENDATIONS

## A. Revenue Reform; Strengthening The Resource Base

The persistent revenue shortfalls documented in Section 1 of KSh 1.1 to 1.4 trillion annually are the primary driver of mid-year cuts to development and youth programmes. Addressing this requires tackling two major sources of revenue leakage: illicit financial flows (IFFs) and poorly targeted tax incentives.



### Curbing illicit financial flows

Kenya is losing billions annually through illicit financial flows. A [joint report by the National Taxpayers Association and Oxfam](#) estimates losses of KSh 243 to 253 billion annually which is equivalent to nearly 10% of the national budget and enough to double the health budget or finance free secondary education for every child. Trade mis-invoicing alone accounted for an estimated KSh 79 billion annually between 2015 and 2023, rising to KSh 180 billion by 2024. Counterfeit goods cost the country over KSh 153 billion every year, with illicit cigarettes denying KSh 6 billion annually and illegal alcohol costing nearly KSh 67 billion between 2021 and 2023 in lost tax revenue.

These losses are driven by weak enforcement, limited inter-agency cooperation, and minimal penalties for offenders. The [Auditor-General](#) has found that Kenya lacks mechanisms to track foreign firms contracted for public infrastructure projects, and that agencies fail to share information, for example, the Immigration Department maintains a register of foreign nationals that is not shared with tax authorities.

## Recommendation: The government should:

- Mandate real-time data sharing between the Immigration Department, Kenya Revenue Authority, and other relevant agencies to track foreign nationals and their tax obligations.
- Invest in customs modernization and data analytics to detect and deter trade mis-invoicing.
- Intensify enforcement against counterfeit goods in the most affected sectors cigarettes, alcohol, pharmaceuticals, and manufactured goods.

## Reforming tax incentives and exemptions



Kenya also loses billions through tax incentives and exemptions that often fail to deliver the investment and jobs they are supposed to generate. The [World Bank](#) has highlighted that tax exemptions cost Kenya over KSh 510 billion annually (3.4% of GDP) enough to build a new Nairobi Expressway every year. The [National Treasury estimates](#) that revenue foregone due to tax expenditures increased from KSh 239 billion in 2020 to KSh 394 billion in 2022, with more recent estimates placing the figure at KSh 510.6 billion in 2023.

According to the [National Treasury](#), even a single exemption clause, the investment incentive for projects above KSh 2 billion has led to a KSh 6 billion annual shortfall, equivalent to the Judiciary's entire annual budget. The challenge is not just the scale of these incentives, but their effectiveness. As the Treasury itself has acknowledged, tax incentives "erode the tax base and cause the government to forego tax revenue". The World Bank's Division Director for Kenya has called on the government to "reform tax exemptions and strengthen property and wealth taxes in order to boost revenues without overburdening ordinary citizens".

”

## **Recommendation: The government should:**

- Conduct a comprehensive review of all tax incentives and exemptions to assess their effectiveness in attracting genuine investment and creating jobs, and phase out those that do not demonstrate clear, measurable returns;
- Publish an annual Tax Expenditure Report disclosing all incentives granted, the beneficiaries, the revenue foregone, and the investment and jobs generated;
- Set a binding cap on tax expenditures as a percentage of GDP, with parliamentary oversight for any exemptions that exceed the cap;
- Phase out exemptions that benefit large investors without clear development impact and redirect the savings to youth-critical sectors such as education, health, and infrastructure;
- Align tax incentives with national development priorities targeting investments that create jobs for young people, transfer technology, or promote green energy rather than offering blanket exemptions that erode the tax base.



## **Revenue potential**

The potential revenue gains are substantial. Even redirecting a portion of the KSh 608 billion in inefficiencies identified by the Ethics and Anti-Corruption Commission alongside the KSh 510 billion lost to tax exemptions and the KSh 243 billion lost to IFFs could finance critical youth services and infrastructure. Until Kenya addresses these leaks, the revenue shortfalls documented in Section 1 will persist and young people will continue to bear the heaviest burden of the resulting cuts, while billions of shillings disappear into shadowy networks that exploit loopholes in Kenya's financial and regulatory systems.

## B. Debt Management

The combination of debt service consuming 25 per cent of the budget and KES 300 billion in untraced bond proceeds has eroded public trust—especially among young people who will inherit this debt.

”

### **Recommendation: The government should:**

- Publicly register all loan agreements and publish quarterly debt service data, including the terms and beneficiaries of new borrowing
- Enforce stronger adherence to the [Medium-Term Debt Management Strategy](#), with parliamentary oversight of any borrowing that exceeds the statutory debt ceiling.
- Conduct a forensic audit of the KES 300 billion untraced bond proceeds and, where possible, pursue recovery of misappropriated funds.
- Limit domestic borrowing to protect private sector credit availability for youth-led enterprises and small businesses.
- Strengthen on-lending oversight—including imposing penalties for state-owned enterprises that default on loans, and requiring collateral or government guarantees to be disclosed publicly.



## C. Rebalance the recurrent–development ratio to protect the future.

With recurrent spending consuming 74.4 per cent of the budget and development spending just 15.6%, Kenya is effectively maintaining the present at the expense of building the future. The government should commit to a gradual but binding reduction in the recurrent share over the medium term, with savings redirected to development expenditure.

As the [World Bank has argued](#), Kenya needs a "new fiscal compact" that protects investment in health, education, and infrastructure while tackling inefficiencies estimated at approximately KSh 608 billion by the Ethics and Anti-Corruption Commission, that drain resources from productive uses. [The proposed Planning Bill 2026](#), which aims to strengthen the link between national development plans and budget allocations, offers a legislative vehicle for this rebalancing but only if it is accompanied by enforceable spending ceilings.



## D. Move youth-specific spending from symbolic to strategic.

The KSh 20 billion allocated to youth empowerment programmes represents just 0.4% of the total budget which is less than debt service by a factor of 22. This is not a serious investment in a generation

The government should increase youth-specific allocations to at least 2% of the budget within three years, with funds directed toward proven interventions: enterprise development, skills training aligned with labour market demand, and digital inclusion. The NYOTA programme's experience of 84.4% of first-year funding absorbed by administrative costs with no loans reaching young entrepreneurs demonstrates that more money alone is insufficient. Increased allocations must be paired with milestone-based disbursement, independent oversight, and mandatory public reporting on beneficiary reach and outcomes. Youth programmes receiving public funds should publish regular data on disbursements, beneficiary numbers, timelines, and independently verifiable results.

Administrative expenditure should be clearly capped or justified where it risks crowding out direct support. Funds should be linked to verifiable milestones, and non-performance should trigger corrective action rather than automatic continuation. Youth representatives should also be included in programme oversight structures so that public accountability is not limited to bureaucratic reporting arrangements. The NYOTA implementation concerns and the KYEOP audit lessons reinforce the urgency of that approach; see [Business Daily Africa on NYOTA](#) and the [OAG performance audit reports](#).



## E. Link budget allocations to measurable youth outcomes.

Currently, youth programmes are evaluated by inputs (money spent) rather than outcomes (jobs created, skills acquired, enterprises launched).

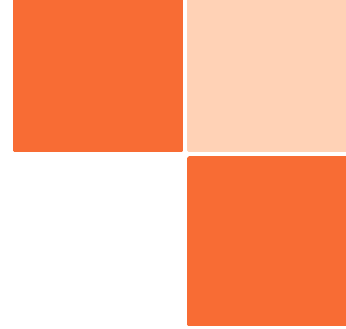
The government should mandate outcome-based reporting for all youth-targeted programmes, requiring quarterly disclosures on beneficiary numbers, disbursement rates, employment outcomes, and independently verified results. As the [World Bank has emphasized](#), Kenya's youthful population is a major asset but only if investments in skills, school-to-work transitions, and innovation are actually delivered. Allocations should be conditional on performance: programmes that fail to demonstrate results should face corrective action or reallocation, rather than automatic continuation.



## F. Implementation of Audit Recommendations

Audit recommendations should lead to timely parliamentary follow-up and enforceable sanctions, rather than simply reappearing in subsequent reports.

If public institutions cannot demonstrate that youth allocations are reaching intended beneficiaries efficiently, transparently and on time, then the problem is no longer only budget design. It is a crisis of implementation and accountability, as underlined in the [Auditor-General's 2024/2025 report](#).



## Conclusion

Kenya's FY 2026/27 budget is not neutral from a youth perspective. It is shaped by a debt burden that continues to crowd out development, underpinned by revenue expectations that have repeatedly proved difficult to realise, and weakened by implementation failures in flagship youth programmes. It allocates large sums on paper, but the real question is whether those allocations can survive debt service pressure, whether they are adequate, and whether they can be translated into timely and accountable delivery.

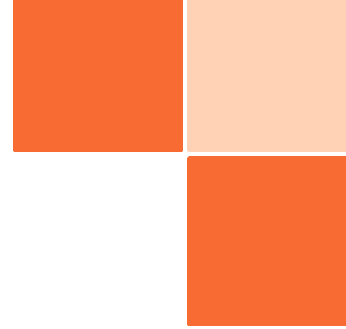
### The findings of this analysis are stark:

- **Resource mobilization** is anchored on persistently unrealistic revenue targets and heavy domestic borrowing that crowds out private credit making it harder for young people to start businesses and access capital.
- **Allocation** remains structurally captured by recurrent obligations, 74.4% of the budget goes to maintaining the present, leaving just 15.6% for building the future.
- **Utilization** is plagued by administrative absorption, untraced funds, and weak accountability meaning even when money is allocated, it often does not reach young people.

But budgets are not destiny. They are political documents that reflect political priorities. The protest movements that have swept Kenya in recent years led by young people demanding fairness, accountability, and a different fiscal direction demonstrate that the status quo is no longer acceptable.

The alternative is clear. A youth-responsive budget would:

- **Protect development spending** from mid-year cuts, ensuring that infrastructure, education, and health investments are delivered
- **Fund education and health adequately**, closing the KSh 156.7 billion higher education gap and increasing health allocations toward the 15 per cent Abuja target
- **Move youth spending from symbolic to strategic**, increasing youth-specific allocations to at least 2% of the budget within three years
- **Ensure that money reaches young people**, with milestone-based disbursement, independent oversight, and mandatory public reporting on beneficiary reach and outcomes
- **Rebuild trust through accountability**, implementing audit recommendations, publishing debt data, and imposing sanctions for mismanagement



Young people should therefore read this budget not only by looking at whether a specific tax has changed, but by asking deeper questions. How much of the budget is available for real development after debt service? Why is recurrent expenditure so dominant? Why are key youth and education commitments under strain? Why do implementation systems absorb so much before beneficiaries see results? Until those questions are answered, Kenya risks maintaining a fiscal model in which young people pay more, receive less, and are asked to trust promises that delivery systems have not yet earned.



The question is not whether Kenya can afford to invest in its youth. It is whether it can afford not to. A generation that is already bearing the heaviest burden of debt, underinvestment, and weak service delivery deserves more than symbolic gestures. It deserves a fiscal system that treats its future as the priority it is. The protests, the mobilizations, and the growing demand for accountability are not a threat to the fiscal order they are the beginning of a necessary renegotiation of that order. The question is whether Kenya's leaders will listen, or whether young people will be forced to demand change again.



**Contact us;**

**Website :** [www.ytjn.org](http://www.ytjn.org)

**Email :** [info@ytjn.org](mailto:info@ytjn.org)

**Address :** Block 193, Plot 844 Mbogo Road, Najjera  
P.O Box 1558 Kampala, Uganda

