



4.8 Trillion Budget-How will it Impact the People?

We are witnessing a terrifying contradiction: a government exceeding its own budget even as basic services rapidly decline.

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The Okoa Uchumi Campaign Coalition stands before the nation today in deep consternation over the continuous socio-economic strangulation of the Kenyan people. We are witnessing a terrifying contradiction: a government that tables an astronomical budget for the Financial Year FY 2026/27 of Ksh 4.82 trillion, brazenly exceeding its own 2026 Budget Policy Statement ceiling by Ksh 69.3 billion, even as basic services like healthcare and public education rapidly decline.

KSh.4.82 trillion is to be financed through taxation projected to raise KSh. 2.986 trillion. In our view, this is a highly optimistic tax revenue forecast given the declining economic growth as seen in the recently published economic survey. We are further concerned by the widening budget deficit, which exceeds KSh. 1.1 trillion of this amount; domestic borrowing is projected at KSh. 995.7 billion, which constitutes 89.6% of the total proposed borrowing in FY 2026/27. This raises serious concerns about the government's growing reliance on domestic debt financing, its potential to crowd out the private sector, and the collapse of businesses and job losses.

This begs the following questions: "When will we cut our cloth according to our size? Why are we living beyond our means?" National Treasury's official figures indicate that Kenya's total public debt stock has hit a record Ksh 12.84 trillion, with domestic debt reaching an unprecedented Ksh 7.07 trillion mark for the first time in history. Strikingly, Treasury's newly tabled budget estimates acknowledge that gross public debt stock is accelerating rapidly towards Ksh 14 trillion, driven by a projected deficit to be financed by borrowing.

We note with concern that the proposed borrowing of KSh. 1.1 trillion is towering over the proposed development spending of KSh. 749 billion. This indicates that part of the borrowing will go towards recurrent spending, which contravenes the Public Financial Management (PFM) fiscal responsibility principle that medium-term borrowing be used only for development expenditure.

To finance this insatiable appetite for spending, the state has resorted to predatory tax surveillance, unchecked high-handedness, and blatant systemic corruption. We condemn the government's rising intolerance and violence against citizens who raise legitimate concerns, even as the real perpetrators of economic crimes walk free with absolute impunity.

Specifically, we join the hardworking people of Kenya in demanding accountability for the following:

1. The Fuel Cartels, Substandard Oil, and the G-to-G Debacle

The crisis in the fuel sector confirms what civil society has long warned: the sovereign Government-to-Government (G-to-G) petroleum framework has become a playground for cartels and conflicted interests. Recent revelations have exposed how state actors and preferred oil marketing companies manipulated supply frameworks to orchestrate artificial pressures. This manufactured crisis was used to justify emergency procurements that bypassed standard competitive procurement structures for selfish self-gain.

Worse still, the public continues to be fleeced to purchase substandard fuel with elevated sulphur levels, in absolute violation of Kenyan safety and environmental specifications. While ordinary Kenyans are forced to pay exorbitant prices at the pump, state-backed profiteers are actively fleecing the public and ruining critical automotive and national infrastructure. The G-to-G framework has systematically distorted market competition, concentrated dollar allocations to benefit a select few, and fundamentally failed to protect consumers from economic shocks. Shockingly, EPRA has also increased electricity costs by Ksh 4.16 per kilowatt to cover fuel, power purchase structure, and forex costs! Who is looking out for households that have been sinking deeper into poverty, even as malnutrition grows to 36% this year, 14% points higher than in 2016.

2. The Near Collapse of Essential Services of Health and Education Amid Mega-Heists

While Kenyans are turned away from hospitals and public educational institutions lack operational resources, public coffers are being systematically looted. It is important to recall that in the initial phases of the Social Health Authority (SHA) rollout, an astronomical Ksh 11 billion was flagged as lost over fraudulent claims and ghost procedures. Private facilities, in collusion with insider cartels, have filed massive claims for complex surgeries they lack the equipment to perform, including clinics filing for Caesarean sections without operating theatres. This looting occurs against a backdrop of striking medical professionals, a severe shortage of essential medical supplies at KEMSA, and public schools struggling under heavily delayed capitation. Kenyans are paying far more for health and education through statutory deductions but receiving next to nothing in return, due to algorithmic design bias.

3. Punitive Tax Surveillance and Financial Strangulation through proposed measures in the Finance Bill 2026

Instead of curbing corruption and sealing fiscal leaks, the National Treasury is weaponizing the tax regime by expanding its administrative fiat. The Draft Finance Bill 2026 contains dangerous amendments to the Tax Procedures Act that seek to grant the Kenya Revenue Authority (KRA) unprecedented, unchecked powers to mine private citizens' data. The bill ignorantly uses masculine language, discriminates against poor people who file nil returns, and targets our youth population by requiring they file their returns way ahead of everyone.

Through automated data-matching algorithms across platforms like Etims, banking records, and third-party withholding tax declarations, the KRA intends to bypass voluntary self-assessment and arbitrarily pre-populate individual tax liabilities. Coupled with the aggressive deployment of Agency Notices to freeze private bank accounts without due judicial process, the state is transforming Kenya into a financial police state.

At the same time, the Bill widens tax exemptions for high-net-worth individuals, large asset holders, and sophisticated investors, while narrowing protections for ordinary taxpayers. It creates deliberate loopholes that wealthy tax avoiders can and will exploit. This exposes a dangerous double standard: while the common Mwananchi is subjected to invasive surveillance, aggressive enforcement, and punitive compliance measures, the politically connected and economically powerful are shielded through legislative protection. The result is a tax regime that promotes inequality, protects elite interests, and shifts the burden of taxation onto ordinary Kenyans.

4. The Projected Trajectory of the Steep Cost of Living

The combination of an unconstitutional budget deficit, energy cartel manipulation, and punitive tax enforcement means the cost of living for the average Kenyan household is on a catastrophic trajectory.

First, pump prices and inflated electricity tariffs are driving up transport, distribution, and manufacturing costs, which are cascading directly into a massive spike in shelf prices for basic food commodities.

Secondly, when the KRA automatically disallows business expenses not backed by an eTIMS invoice, thousands of informal traders, micro-enterprises, and small suppliers will be locked out of mainstream supply chains, squeezing out competition and increasing retail prices.

Thirdly, we are likely to see reduced economic growth at all levels. With domestic borrowing accounting for 89.6% of new financing under the proposed budget, the state is crowding out the private sector. Bank loans will become unaffordable, small

businesses will close, and household purchasing power will collapse under new tax penalties.

If these policies pass unchecked, the effective cost of basic survival for an ordinary Kenyan household is projected to double over the next fiscal cycle, forcing millions of families into systemic poverty and extreme food insecurity. Beyond the economic consequences, these policies threaten the country's social fabric. The rising cost of basic survival will intensify unemployment, mental health struggles, household breakdowns, and youth frustration, creating fertile ground for unrest, insecurity, and deeper inequality across Kenya.

The Okoa Uchumi Campaign therefore calls for:

1. Immediate Prosecution of Fuel and Health Cartels by the Directorate of Criminal Investigations (DCI) and the Ethics and Anti-Corruption Commission (EACC) must move beyond administrative hand-slaps. The masterminds behind the substandard fuel shipments, G-to-G (B) manipulation, and the **Ksh 11 Billion** Social Health Authority (SHA) fraud must face immediate criminal prosecution, asset forfeiture, and jail time.
2. The National Assembly to delete Tax Surveillance Clauses and strip the Draft Finance Bill 2026 of all clauses that infringe on personal data privacy, award extrajudicial account-freezing powers to the KRA, and are discriminatory based on gender, sex, age, or economic abilities.
3. The National Assembly to delete the Clauses in the Draft Finance Bill 2026 that seek to expand the exemptions on the transfer of property to Real Estate Investment Trusts and high-value assets such as aircraft parts.
4. The National Assembly of Kenya should radically scale down the proposed increase of excise duty on mobile phones from 10% to 25% and consider retaining the current rate or adopting a modest increase not exceeding 12.5%, as the proposed rate will significantly increase the cost of smartphones and reduce accessibility among low-income households, youth, students, and small businesses. The proposal contradicts the government's digital inclusion agenda and the principle of "leaving no one behind," especially at a time when citizens are being encouraged to rely on eCitizen, online learning, digital payments, and participation in the digital economy.
5. Parliament must radically scale down the Ksh 4.8 trillion budget to match realistic revenue collections. Additionally, the representatives of the people must take measures to reduce the wage burden arising from duplicative mandates across government ministries, departments, and agencies, as well as within government-owned enterprises, so as to free up revenue for social services that face increasing demand due to the growing youth population. Additionally, the National Assembly should now lead in the process of restructuring the debt burden to allow the

people space for economic growth and development and enforce the borrowing limit it legislated.

6. The government needs to refrain from immediately resorting to intimidation, heavy-handed police tactics, and violence when citizens exercise their constitutional right to complain. Dissent is a democratic right; state-sanctioned theft is a crime.

7. We demand that EPRA reverses the increase in the cost of electricity gazetted this month.

To the Wananchi (We the People), we recognize your pain, your exhaustion, and your justified anger. However, our power lies in our unity, our intelligence, and our adherence to constitutional order.

We explicitly call upon all Kenyans to reject the state's and other political provocations toward chaos and lawlessness. Let us voice our concerns with steadfast civility, unwavering tolerance for one another, and resolute solidarity. We must not allow economic oppression to divide us along political or ethnic lines.

We urge citizens to flood the public participation forums for the Budget and the Finance Bill with structured rejections and written memoranda. Let us fight this economic oppression with the clarity of our constitutional rights, the precision of our facts, and the unstoppable force of organized, peaceful civic action.

Kenyans deserve dignity, justice, economic fairness, and a government that protects livelihoods, not making survival harder.

Signed by Okoa Uchumi Campaign Members

1. The Institute for Social Accountability
2. The Kenya Human Rights Commission
3. Transparency International Kenya
4. Siasa Place
5. Inuka Kenya Ni Sisi!
6. The East African Tax and Governance Network
7. Good Health Community Programmes
8. Sage in Kenya
9. Federation of African Law Students
10. Vijana Economic Front (VEF)
11. Bunge Mashinani Initiative
12. Kimumu youth for change
13. Bajeti Hub
14. County Youth and Adolescent Network (CYAN Kenya)
15. Kadibo Innovation, Resource Social Justice and Information
16. Community Action for Health and Development (CAHED)

17. University Student Leaders Association of Kenya (USLA-K)
18. WeCare Youth Organization
19. Hakijamii - Economic and Social Rights Centre
20. We Believe Community Based Organization
21. Kenya Students Association
22. Students Governing Council of Nakuru
23. Amnesty International Kenya
24. Denis Rollins Social Media Services
25. Network For Research & Governance
26. The National Students Caucus
27. Consumer Grassroots Association
28. Msingi Adili Initiative

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The Okoa Uchumi campaign is a civil society platform committed to working with stakeholders to resolve Kenya's public debt crisis. The campaign advocates for balanced and equitable budgets as a means of achieving debt sustainability and economic inclusion. The campaign seeks to bolster constitutional safeguards in public debt management and to push for the accountability of political leaders in public debt management.