



REPUBLIC OF KENYA

PAPER

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TABLED BY:

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A. Shauri

THE NATIONAL TREASURY AND PLANNING

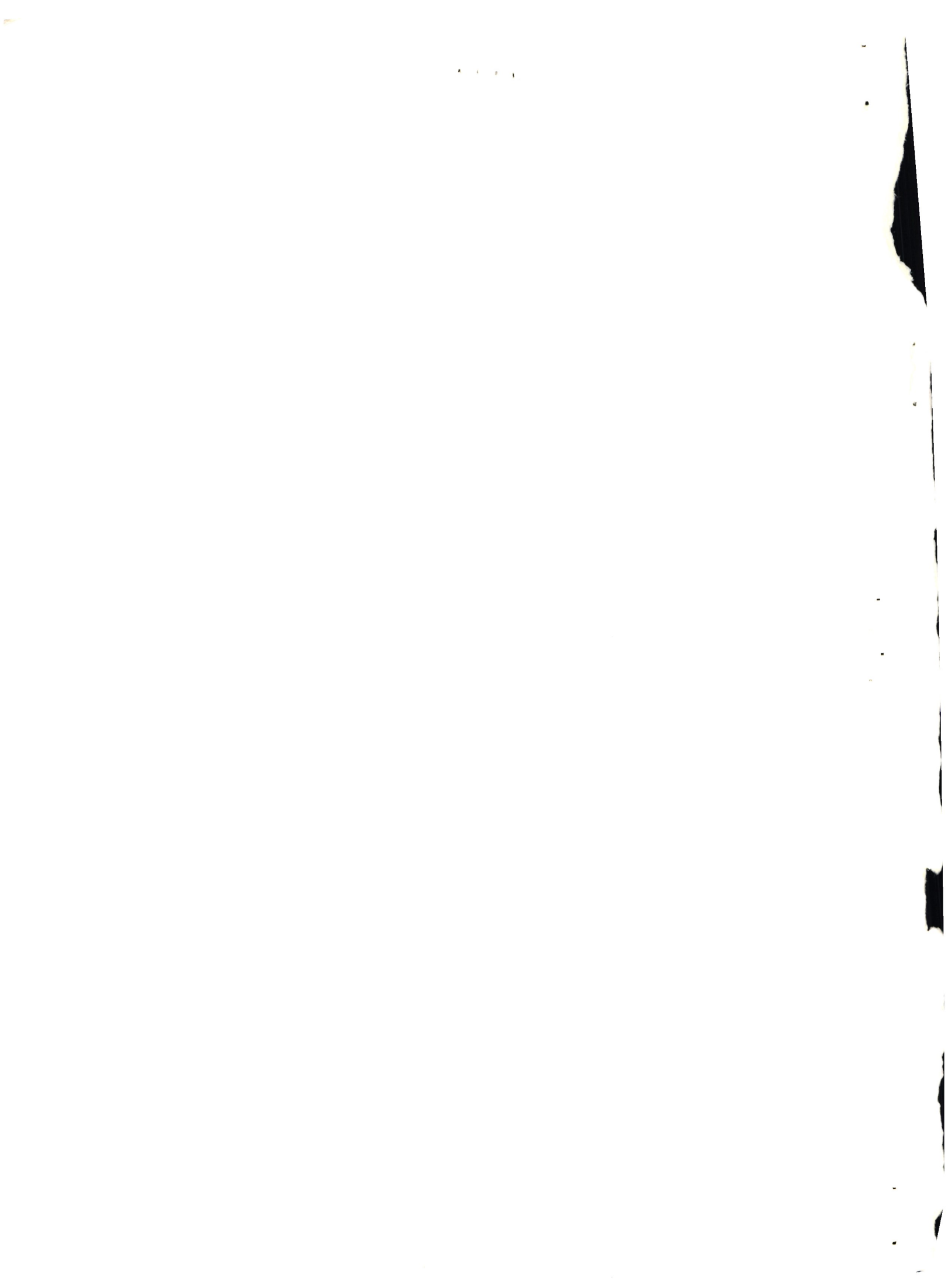
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# Quarterly Economic and Budgetary Review

Fourth Quarter, Financial Year 2019/2020  
Period Ending 30th June, 2020

August 2020 Edition







Quarterly Economic  
and Budgetary  
Review



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## ACKNOWLEDGEMENT

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## LIST OF ABBREVIATIONS AND ACRONYMS

ADB	African Development Bank
ADF	Asian Development Fund
A-I-A	Appropriation-in-Aid
AMISOM	African Union Mission in Somalia
ARUD	Agriculture, Rural and Urban Development
BADEA	Arab Bank for Economic Development of Africa
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CF	Contingency Fund
CFS	Consolidated Fund Services
EAPC	East African Portland Cement
EBUs	Extra Budgetary Units
EEC	European Economic Community
EIB	European Investment Bank
EI&ICT	Energy, Infrastructure and Information Communication Technology
EPW&NR	Environment Protection, Water and Natural Resources
ES	Equitable Share
DANIDA	Danish International Development Agency
FPE	Free Primary Education
FSE	Free Secondary Education
FY	Financial Year
GDP	Gross Domestic Product
GECA	General Economic and Commercial Affairs
GFSM	Government Finance Statistics Manual
GJLO	Governance, Justice, Law and Order
GOP	Gross Operating Balance
ICT	Information, Communication and Technology
IDA	International Development Association
IDF	Import Declaration Fee
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
KNBS	Kenya National Bureau of Statistics
KSh.	Kenya Shillings
MDAs	Ministries, Departments and Agencies
Mn	Million
NDA	Net Domestic Assets

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NDF	Nordic Development Fund
NFA	Net Foreign Assets/Non-Financial Assets
NIS	National Intelligence Service
NLB	Net Lending/ Borrowing
NOB	Net Operating Balance
NSE	Nairobi Securities Exchange
O & M	Operation and Maintenance
OPEC	Oil Producing and Exporting Countries
PAIR	Public Administration and International Affairs
PAYE	Pay as You Earn
PDL	Petroleum Development Levy
QEBR	Quarterly Economic and Budgetary Review
RDL	Railway Development Levy
RML	Road Maintenance Levy
SAGAS	Semi-Autonomous Government Agencies
SC	State Corporations
SGR	Standard Gauge Railway
SOEs	State Owned Enterprises
SPC&R	Social Protection, Culture and Recreation
TARDA	Tana River Development Authority
UK	United Kingdom
US\$	United States Dollar
VAT	Value Added Tax
O/W	Of Which



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## LEGAL BASIS FOR THE QUARTERLY ECONOMIC AND BUDGETARY REVIEW REPORT

**The Quarterly Economic and Budgetary Review Report is Published in accordance with Section 83 of the Public Finance Management Act, 2012. It states as follows:**

**83.** (1) An accounting officer for a national government entity shall prepare a report for each quarter of the financial year in respect of the entity.

(2) In preparing a quarterly report for a national government entity, the accounting officer shall ensure that the report—

(a) Contains information on the financial and non-financial performance of the entity; and

(b) Is in a form that complies with the standards prescribed and published by the Accounting Standards Board from time to time.

(3) Not later than fifteen days after the end of each quarter, the accounting officer shall submit the quarterly report to the Cabinet Secretary responsible for the entity and the National Treasury.

(4) The Cabinet Secretary responsible for an entity shall forward a copy of the report to the Cabinet Secretary and Controller of Budget.

(5) **Not later than forty five days after the end of each quarter**, the National Treasury shall—

(a) consolidate the quarterly reports and submit them to the National Assembly and a copy of the reports to the Controller of Budget, Auditor General and the Commission on Revenue Allocation; and

(b) Publish and publicize the reports.

(6) In the case of an entity that is a state corporation, the accounting officer for the corporation shall submit the quarterly report to the Cabinet Secretary responsible for the corporation who shall, upon approving it, forward a copy to the Cabinet Secretary.

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## HIGHLIGHTS OF THE FOURTH QUARTERLY ECONOMIC AND BUDGETARY REVIEW REPORT FOR THE FY 2019/20

### 1. Economic growth

The economy remained strong in 2019 expanding by 5.4 percent compared to a growth of 6.3 per cent in 2018. Further, the economy remained resilient in the first quarter of 2020 and grew by 4.9 percent compared to a growth of 5.5 percent in the same quarter in 2019. This growth was mainly supported by the agriculture; Transportation and Storage, Financial and Insurance; Construction; Information and Communication; and Wholesale and Retail Trade sectors.

### 2. Stable prices

Year-on-year overall inflation rate remained low, stable and within the Government target range of 5+/-2.5 percent at 4.6 percent in June 2020 down from 5.7 percent in June 2019. This was supported by improved food supply leading to lower food prices due to favorable weather conditions, low international oil prices, impact of the reduction of VAT and muted demand pressures.

### 3. Interest Rates

Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.00 percent on 25th June, 2020 from 7.00 percent in April 2020 to signal lower lending rates in order to support credit access by borrowers especially the Small and Medium Enterprises. The interbank rate remained low at 3.2 percent in June 2020 from 3.1 percent in June 2019. The 91-day Treasury Bills rate increased to 7.1 percent in June 2020 compared to 6.9 percent in June 2019.

### 4. Money and Credit

The broad money supply, M3, increased by 8.4 percent in the year to June 2020 compared to a growth of 9.2 percent in the year to June 2019. Growth in M3 was mainly supported by improvement in the Net Domestic Assets. This is due to an increase in net credit flows to both the government and the private sectors.

### 5. Balance of Payments

The overall balance of payments position improved to a surplus of US\$ 179.3 million (0.2 percent of GDP) in the year to June 2020 from a deficit of US\$ 492.7 million (0.5 percent of GDP) in the year to June 2019. This was mainly due to improvement in the merchandise account as net imports declined.

### 6. Foreign Exchange Reserves

The banking system's foreign exchange holdings remained strong at US\$ 13,680.9 million in June 2020 up from US\$ 13,187.3 million in June 2019. The official foreign exchange reserves held by the Central Bank improved to US\$ 9,739.9 million (5.9 months of import cover) in June 2020 compared with US\$ 9,655.9 million (6.0 months of import cover) in June 2019. Commercial banks holdings increased to US\$ 3,940.9 million in June 2020 from US\$ 3,531.4 million in June 2019.

### 7. Capital Markets

Activity in the capital markets declined in June 2020 compared to June 2019, with equity share prices declining as shown by the NSE 20 Share Index. The NSE 20 Share Index was 1,942 points by end of June 2020 compared to 2,633 points by end June 2019. Consequently, market capitalization declined from KSh. 2,279 billion to KSh. 2,104 billion over the same period.



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## **8. Revenue Collection**

The National Government's cumulative revenue collection including A-I-A for the period between July 2019-June 2020 amounted to KSh. 1,733.6 billion (17 percent of GDP) against a target of KSh. 1,864.8 billion (18.3 percent of GDP). It was below target by KSh. 131.2 billion mainly due to shortfalls in other income tax, VAT (local) and A-I-A.

## **9. Expenditure and Net Lending**

The total expenditure and net lending inclusive of transfers to County Governments for the period ending 30th June, 2020 amounted to KSh. 2,565.4 billion. This was KSh. 252.4 billion below the target of KSh. 2,817.8 billion which was largely attributed to low absorption of operations and maintenance.

## **10. Guaranteed Loans**

Cumulatively for the period ending 30th June, 2020, the National Government paid a total of KSh. 661.2 million on account of guaranteed loans against a projected debt service of KSh. 643.6 million.

## **11. Fiscal Balance**

The fiscal balance excluding grants (on a commitment basis) amounted to a deficit of KSh. 831.8 billion (8.2 percent of GDP), as at the end of June 2020.

## **12. External Financing**

The Net Foreign Financing amounted to a net borrowing of KSh. 340.8 billion (3.3 percent of the GDP) during the period ending 30th June 2020.

## **13. Net Domestic Borrowing**

Net domestic financing amounted to a net borrowing of KSh. 450.4 billion (4.4 percent of GDP) in the period ending 30th June 2020.

## **14. Domestic Debt Stock**

Total gross domestic debt stock increased by 14.1 percent from KSh. 2,785.5 billion as at end of June 2019 to KSh. 3,177.5 billion by the end of June 2020.

## **15. External Debt Stock**

The total external debt stock, including the International Sovereign Bond, stood at KSh. 3,515.8 billion by the end of June 2020. The debt stock comprised of multilateral debt (37.6 percent), commercial debt including International Sovereign Bond (31.4 percent), bilateral debt (30.6 percent), and suppliers' credit (0.5 percent).

## 1.0 RECENT ECONOMIC DEVELOPMENTS

### 1.1 Economic Growth

1. The economy remained strong in 2019 expanding by 5.4 percent compared to a growth of 6.3 per cent in 2018. The growth was spread across all sectors of the economy but was more pronounced in service-oriented sectors. However, there was a slowdown in agricultural activities due to suppressed long rains in key agricultural zones.

2. In the first quarter of 2020, economic performance in most sectors slowed down compared to the corresponding quarter of 2019. Real GDP grew by 4.9 per cent during the review period compared to 5.5 per cent growth in the first quarter of 2019. The economy was affected by the uncertainty surrounding the Covid-19 pandemic that was already slowing economic activity in most of the country's major trading partners. Additionally, Accommodation and Food Service activities grew by -9.3 per cent on account of Covid-19 pandemic containment measures instituted in our major tourists' source markets which slowed down the economic growth in the quarter under review (Table 1).

**Table 1: Sectoral GDP performance**

Sectors	Sector Growth					Sector Contribution to Real GDP				
	2018		2019		2020	2018		2019		2020
	Q1	Q1-Q4	Q1	Q1-Q4	Q1	Q1	Q1-Q4	Q1	Q1-Q4	Q1
<b>Primary Industry</b>	6.6	5.8	4.6	3.5	5.1	1.8	1.3	1.3	0.8	1.4
Agriculture, Forestry and Fishing	6.7	6.0	4.7	3.6	4.9	1.8	1.3	1.2	0.8	1.3
Mining and Quarrying	3.1	2.7	1.4	2.5	9.5	0.0	0.0	0.0	0.0	0.1
<b>Secondary Sector (Industry)</b>	4.6	5.6	4.9	4.8	4.1	0.8	1.0	0.8	0.9	0.7
Manufacturing	3.2	4.3	3.5	3.3	2.9	0.3	0.4	0.3	0.3	0.3
Electricity and Water supply	6.1	8.0	7.8	7.0	6.3	0.2	0.2	0.2	0.2	0.2
Construction	6.7	6.9	6.1	6.4	5.3	0.3	0.4	0.3	0.4	0.3
<b>Tertiary sector (Services)</b>	6.2	6.7	6.4	6.7	5.4	2.9	3.4	3.0	3.4	2.6
Wholesale and Retail trade	5.6	6.9	6.3	6.6	6.4	0.4	0.5	0.4	0.5	0.4
Accommodation and Restaurant	13.3	16.6	11.0	10.3	(9.3)	0.2	0.2	0.2	0.1	(0.1)
Transport and Storage	6.5	8.5	6.4	7.8	6.2	0.4	0.6	0.4	0.6	0.4
Information and Communication	13.2	11.3	10.2	9.0	9.8	0.5	0.5	0.4	0.4	0.4
Financial and Insurance	4.0	5.3	6.3	6.6	6.0	0.2	0.3	0.4	0.4	0.4
Public Administration	5.5	6.7	8.9	8.1	6.7	0.2	0.3	0.3	0.3	0.2
Others	5.1	4.9	4.8	5.3	4.7	1.0	1.0	0.9	1.1	0.9
of which Real Estate	5.2	4.1	4.8	5.3	4.3	0.4	0.4	0.4	0.4	0.3
Taxes less subsidies	6.1	5.9	4.7	4.9	3.4	0.6	0.6	0.5	0.5	0.3
<b>Real GDP</b>	6.2	6.3	5.5	5.4	4.9	6.2	6.3	5.5	5.4	4.9
of which Non-Agriculture	6.0	6.6	5.9	6.1	5.2	3.8	4.4	3.8	4.1	3.3

Source of Data: Kenya National Bureau of Statistics

3. On the positive side, agriculture sector recorded an improved growth of 4.9 percent in the first quarter of 2020 compared to a growth of 4.7 percent in a similar quarter of 2019. This was as a result of favorable rainfall experienced in the quarter under review which saw an improvement in tea and sugarcane production. The sector's contribution to GDP growth was at 1.3 percentage points in the first quarter of 2020 compared to 1.2 percentage points over the same period in 2019.

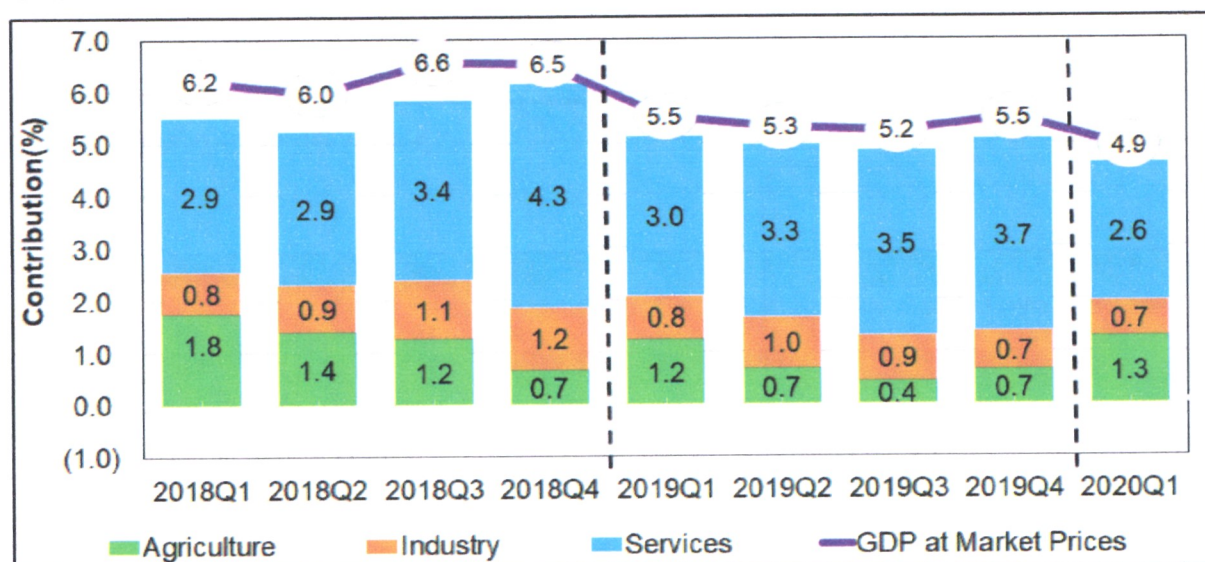


## RECENT ECONOMIC DEVELOPMENTS

4. The non-agriculture (service and industry sectors) remained resilient and continued to support economic growth. The sector remained vibrant growing by 5.2 percent in the first quarter of 2020 down from a growth of 5.9 percent in a similar quarter in 2019. The sector contributed 3.3 percentage points to real GDP growth in the first quarter of 2020 compared to a contribution of 3.8 percentage points in the same quarter of 2019.

5. Services sector remained the main source of growth and expanded by 5.4 percent in the first quarter of 2020 compared to a growth of 6.4 percent in the first quarter of 2019. All the service subsectors remained vibrant in the first quarter of 2020 with strong growths of 9.8 percent in ICT, 6.4 percent in Wholesale and Retail Trade, 6.2 percent in Transport and storage and 6.0 percent in financial and insurance activities. However, the slowdown in the service sector during the review period was as a result of the contraction in Accommodation and Restaurant sector. The Services sector contributed 2.6 percentage point to real GDP growth in the first quarter of 2020 compared to the 3.0 percentage points contribution in the same quarter of 2019 (Table 1 and Chart 1).

**Chart 1: Sectors Contribution to Real GDP Growth.**



Source of Data: Kenya National Bureau of Statistics

6. The performance of industry slowed down to 4.1 percent in the first quarter of 2020 compared to 4.9 percent in the same quarter of 2019. This was due to subdued activities in the electricity and water supply, manufacturing and construction sub-sectors which grew by 6.3 percent, 2.9 percent and 5.3 percent compared to 7.8 percent, 3.5 percent and 6.1 percent respectively over the same period in 2019. The industry sector accounted for 0.7 percentage points of growth in the first quarter of 2020 compared to 0.8 percentage point contribution to GDP in 2019 (Table 1 and Chart 1).

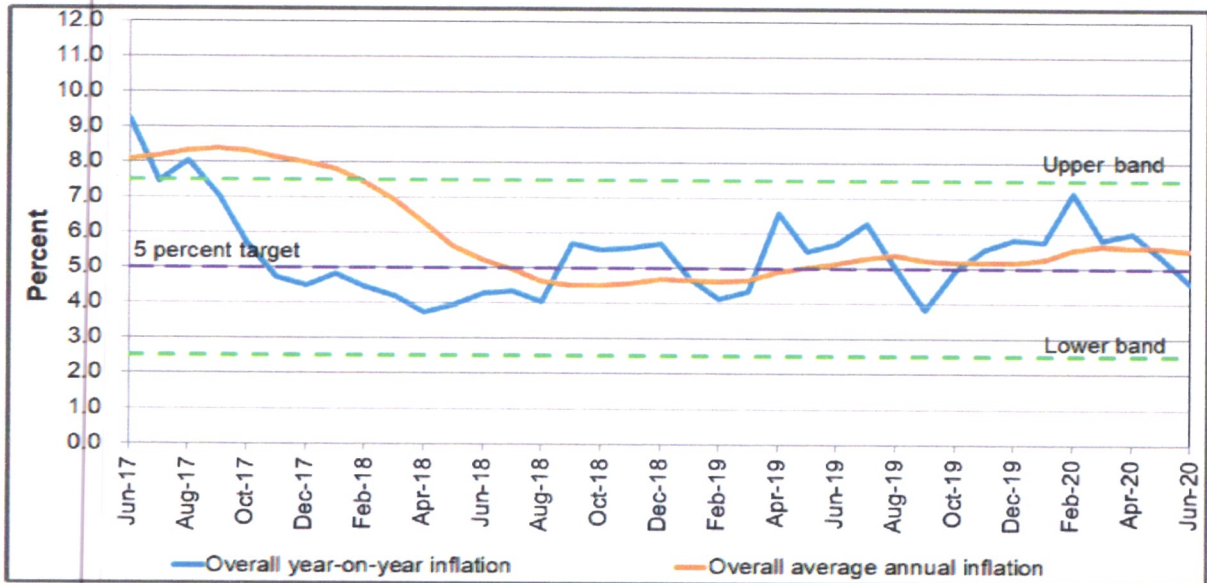
### 1.2 Inflation

7. Year-on-year overall inflation rate remained low, stable and within the Government target range of 5+/-2.5 percent at 4.6 percent in June 2020 down from 5.7 percent in June 2019. This was supported by improved food supply leading to lower food prices due to favorable weather conditions and lower international oil prices. Similarly, overall annual average inflation remained within Government target range at 5.5 percent in June 2020 compared to the 5.2 percent recorded in June 2019 (Chart 2a).



## RECENT ECONOMIC DEVELOPMENTS

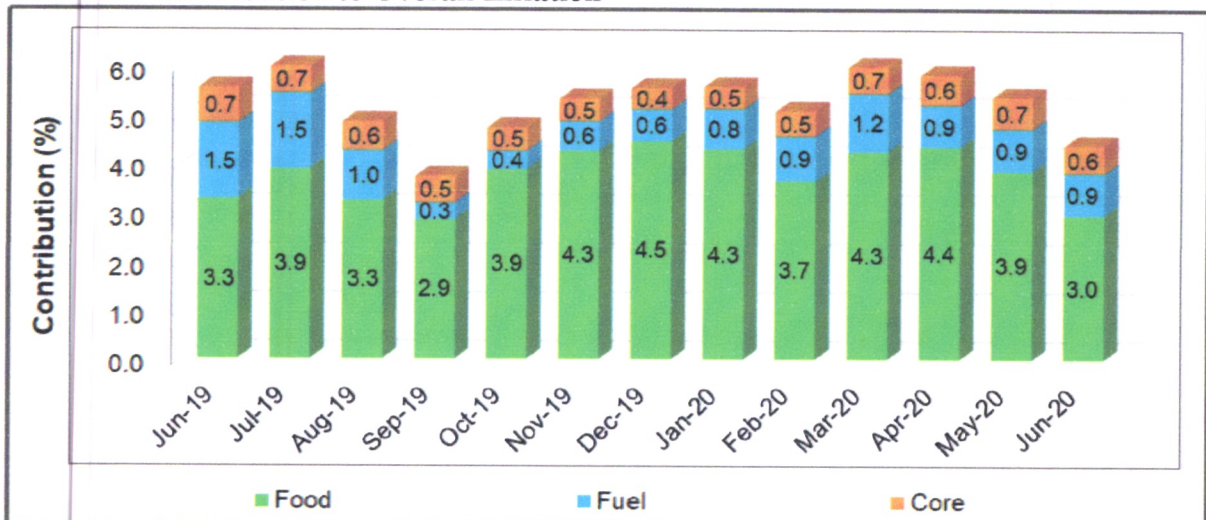
**Chart 2a: Year on Year Inflation Rate**



Source of Data: Kenya National Bureau of Statistics

8. Core inflation (Non-Food-Non-Fuel) contribution to inflation declined from 0.7 percent in June 2019 to 0.6 percent in June 2020 reflecting muted demand pressures in the economy on account of prudent monetary policies. The contribution of fuel inflation to overall year-on-year inflation declined from 1.5 percent in June 2019 to 0.9 percent in June 2020 on account of declining fuel prices. Similarly, the contribution of food inflation declined from 3.3 percent in June 2019 to 3.0 percent in June 2020 on account of improved rainfall that resulted to a decline in prices of some key food items such as spinach, oranges, cabbages, tomatoes, white wheat flour, sugar and Irish potatoes.

**Chart 2b: Contribution to Overall Inflation**



Source of Data: Kenya National Bureau of Statistics

9. The major driver of overall inflation has been food inflation (**Chart 2b**). For instance, in June 2020, year on year inflation rate was mainly driven by increase in prices of some food items such as onions (23.17 percent) and Sukuma wiki (22.54 percent). Overall inflation is expected to remain within the target range in the short run, despite the disruptions occasioned

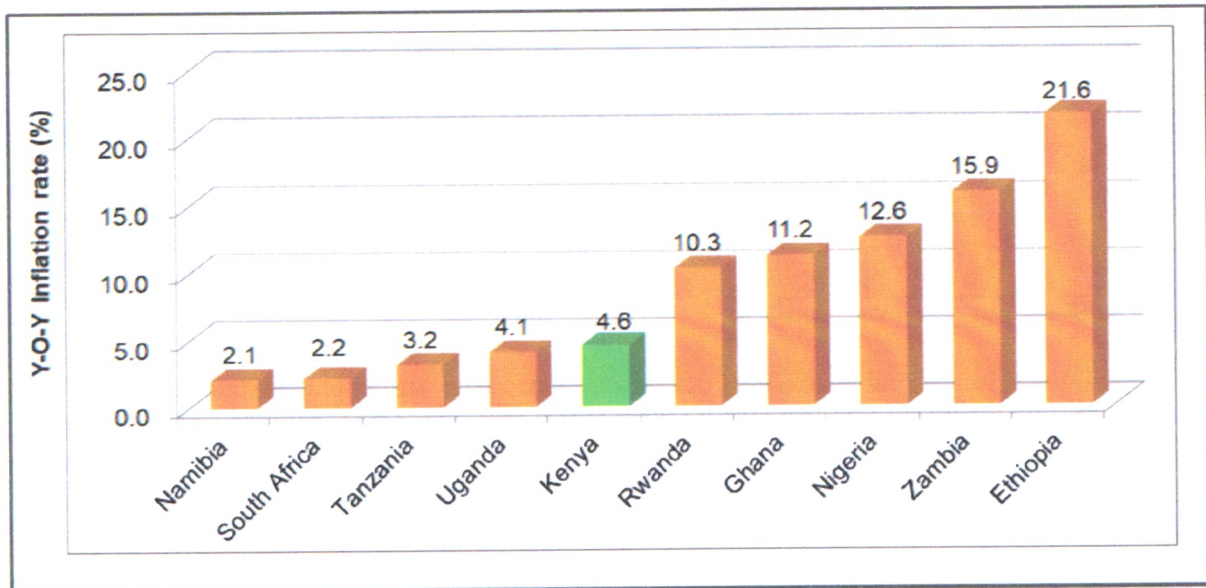


## RECENT ECONOMIC DEVELOPMENTS

by the Covid-19 pandemic. This will be supported by the favorable weather conditions, lower international oil prices, and the reduction of Value Added Tax (VAT) from 16 percent to 14 percent.

10. Kenya's rate of inflation compares favorably with the rest of Sub-Saharan Africa countries. In June 2020, Kenya recorded a lower inflation rate than Ghana, Nigeria, Zambia, Rwanda and Ethiopia (**Chart 2c**).

**Chart 2c: Inflation Rates in selected African Countries (June 2020)**



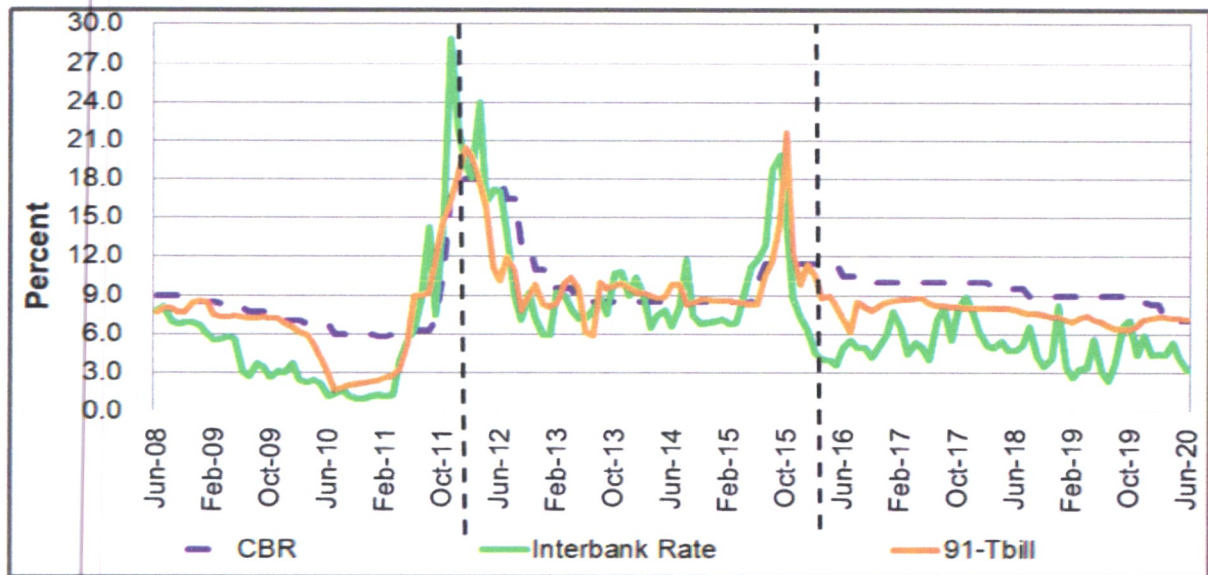
Source of Data: National Central Banks

### 1.3 Interest Rates

11. Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.00 percent on 25th, June, 2020 from 7.00 percent in April 2020 to signal lower lending rates in order to support credit access by borrowers especially the Small and Medium Enterprises distressed by COVID-19 pandemic. The interbank rate remained low at 3.2 percent in June 2020 from 3.1 percent in June 2019 in line with the easing of the monetary policy (**Chart 7**).

## RECENT ECONOMIC DEVELOPMENTS

**Chart 7: Short-Term Interest Rates**



Source of Data: Central Bank of Kenya

12. The 91-day Treasury Bills rate increased to 7.1 percent in June 2020 compared to 6.9 percent in June 2019 (**Chart 7**). Over the same period, the 182-day Treasury Bills rate declined to 7.9 percent in June 2020 from 7.6 percent in June 2019 while the 364-day decreased to 8.9 percent in June 2020 from 9.2 percent in June 2019.

### 1.4 Money and Credit

13. Growth in broad money supply, M3, declined to 8.4 percent in the year to June 2020 compared to a growth of 9.2 percent in the year to June 2019 (**Table 3**). The decline in growth of M3 is attributed to decline in growth of other deposits at CBK and foreign currency deposits. However, the growth in M3 was supported by improvement in the growth of demand deposits, time and savings deposits as well as currency outside banks.



**Table 3: Money and Credit Developments (12 Months to June 2020 Ksh billion)**

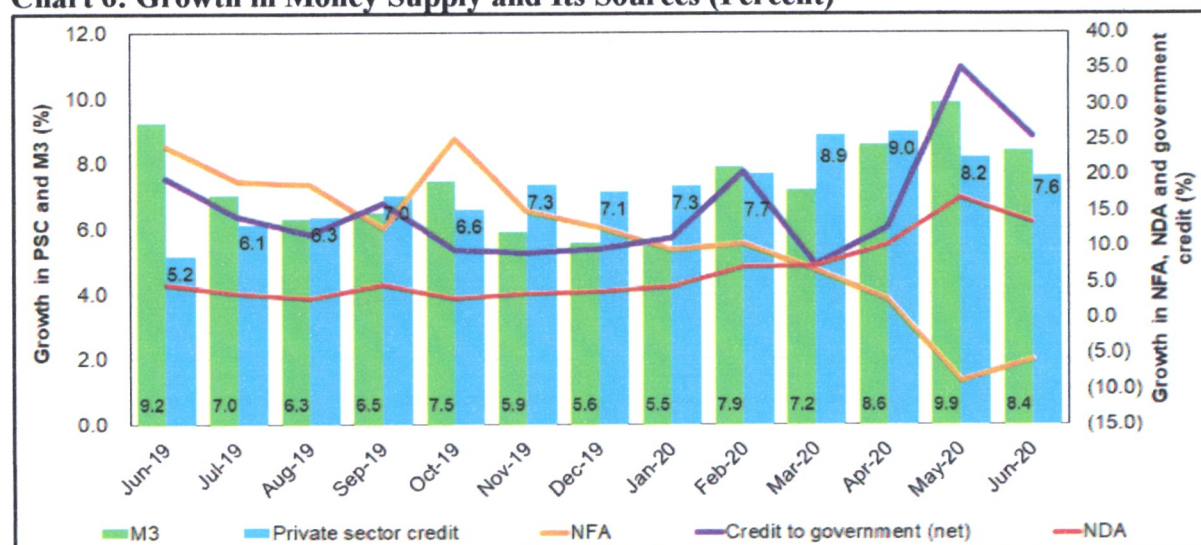
	2018 June	2019 June	2020 June	Absolute Change		Percent Change	
				2018-2019 June	2019-2020 June	2018-2019 June	2019-2020 June
<b>COMPONENTS OF M3</b>							
1. Money supply, M1 (1.1+1.2+1.3)	1,425.6	1,575.5	1,666.6	149.9	91.1	10.5	5.8
1.1 currency outside banks (M0)	218.3	196.9	210.9	21.3	13.9	(9.8)	7.1
1.2 Demand deposits	1,126.1	1,212.7	1,335.1	86.7	122.4	7.7	10.1
1.3 Other deposits at CBK	81.2	165.8	120.5	84.6	45.3	104.2	(27.3)
2. Money supply, M2 (1+2.1)	2,681.9	2,943.7	3,201.3	261.9	257.5	9.8	8.7
2.1 Time and savings deposits	1,256.3	1,368.2	1,534.7	111.9	166.5	8.9	12.2
Money supply, M3 (2+3.1)	3,262.6	3,564.2	3,863.6	301.6	299.4	9.2	8.4
3.1 Foreign currency deposits	580.8	620.5	662.4	39.7	41.9	6.8	6.7
<b>SOURCES OF M3</b>							
1. Net foreign assets (1.1+1.2)	756.9	939.9	885.4	183.0	54.5	24.2	(5.8)
1.1 Central Bank	783.6	941.0	918.1	157.4	22.9	20.1	(2.4)
1.2 Banking Institutions	(26.7)	(1.1)	(32.7)	25.6	31.6	(95.9)	2,906.6
2. Net domestic assets (2.1+2.2)	2,505.7	2,624.3	2,978.3	118.6	353.9	4.7	13.5
2.1 Domestic credit (2.1.1+2.1.2+2.1.3)	3,237.3	3,490.0	3,899.5	252.7	409.5	7.8	11.7
2.1.1 Government (net)	745.1	890.5	1,117.9	145.5	227.4	19.5	25.5
2.1.2 Other public sector	111.9	96.4	88.4	15.4	8.0	(13.8)	(8.3)
2.1.3 Private sector	2,380.4	2,503.0	2,693.2	122.6	190.2	5.2	7.6
2.2 Other assets net	(731.6)	(865.6)	(921.2)	134.1	55.6	18.3	6.4

Source of Data: Central Bank of Kenya

14. NFA of the banking system in the year to June 2020 contracted by 5.8 percent, compared to a growth of 24.2 percent in the June 2019. The contraction in growth of the NFA was mainly reflected in the decline of the foreign currency reserves by the Central Bank. The NFA of commercial banks also declined during the review period as a result of a decline in deposits by foreign banks.

15. Meanwhile, Net Domestic Assets (NDA) increased to register a growth of 13.5 percent in the year to June 2020 from a growth of 4.7 percent over a similar period in 2019. This is largely due to an improvement in net credit flows to the both the government and the private sectors (Chart 6, Table 3).

**Chart 6: Growth in Money Supply and Its Sources (Percent)**



Source of Data: Central Bank of Kenya



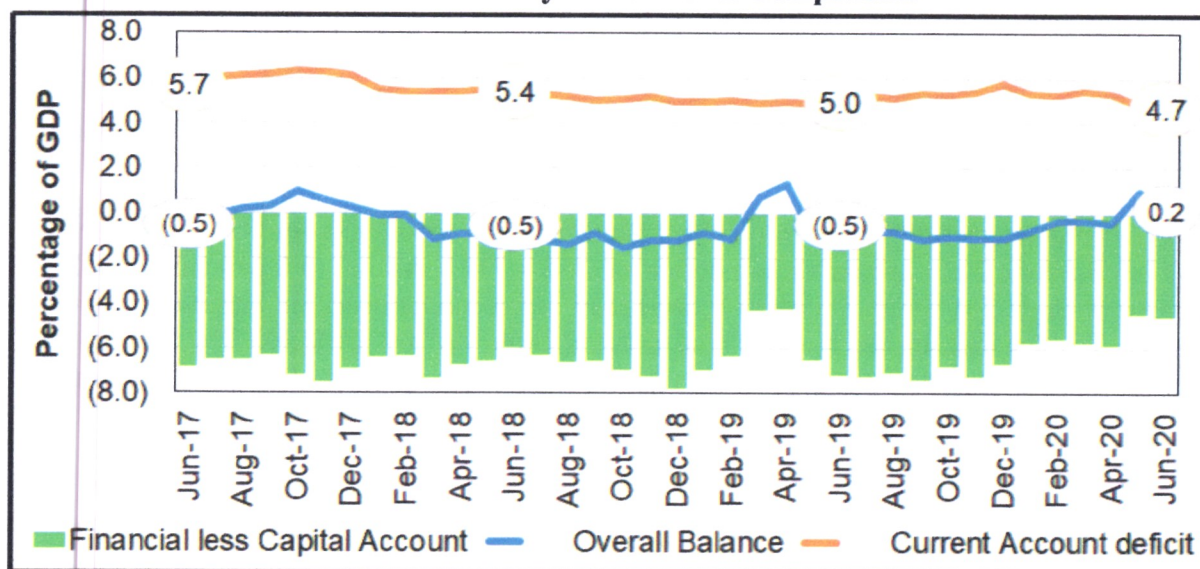
## RECENT ECONOMIC DEVELOPMENTS

16. Private sector credit grew by 7.6 percent in the 12 months to June 2020 compared to a growth of 5.2 percent in the year to June 2019 (**Chart 6**). This growth was observed mainly in the manufacturing (12.3 percent); trade (8.4 percent); transport and communication (14.9 percent); Mining and Quarrying (10.0 percent) and consumer durables (15.2 percent).

### 1.5 Balance of Payments

17. The overall balance of payments position improved to a surplus of US\$ 179.3 million (0.2 percent of GDP) in the year to June 2020 from a deficit of US\$ 492.7 million (0.5 percent of GDP) in the year to June 2019 (**Chart 3**). This was mainly due to the decline in net imports particularly machinery, oil and food items.

**Chart 3: Performance of Balance of Payments and its Components**



Source of Data: Central Bank of Kenya

18. The capital account balance registered a surplus of US\$ 149.6 million in the year to June 2020. However, this was a decline by US\$ 65.6 million compared to the balance witnessed in June 2019. Financial inflows declined to US\$ 4,485.1 million in June 2020 compared to US\$ 6,634.8 million in June 2019 (**Table 2**). The financial inflows were mainly in the form of direct investments, portfolio investments and other investments which stood at a deficit of US\$ 662.1 million, US\$ 1,189.2 million and US\$ 5,019.2 million respectively in June 2020.

## RECENT ECONOMIC DEVELOPMENTS

**Table 2: Balance of Payments (US\$ Million)**

	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Year to June 2020		Percent of GDP	
						absolute change	Percent Change	Jun-19	Jun-20
<b>Overall Balance</b>	<b>(492.7)</b>	<b>(1,072.5)</b>	<b>(1,042.7)</b>	<b>(340.6)</b>	<b>179.3</b>	<b>672.0</b>	<b>(136.4)</b>	<b>(0.5)</b>	<b>0.2</b>
<b>A) Current Account</b>	<b>(4,737.4)</b>	<b>(5,019.5)</b>	<b>(5,552.5)</b>	<b>(5,635.7)</b>	<b>(4,795.3)</b>	<b>57.9</b>	<b>1.2</b>	<b>(5.0)</b>	<b>(4.7)</b>
<i>Merchandise Account (a-b)</i>	(10,164.7)	(10,287.6)	(10,679.5)	(10,442.8)	(9,458.9)	705.8	(6.9)	(10.7)	(9.3)
a) Goods: exports	5,931.4	5,849.6	5,871.9	6,070.1	5,927.4	4.0	(0.1)	6.2	5.8
b) Goods: imports	16,096.1	16,137.2	16,551.4	16,512.8	15,386.3	709.8	(4.4)	16.9	15.1
<i>Net Services (c-d)</i>	1,886.4	1,869.6	1,767.4	1,352.7	1,293.0	593.4	(31.5)	2.0	1.3
c) Services: credit	5,701.0	5,674.9	5,621.5	5,333.0	5,044.0	657.0	(11.5)	6.0	5.0
d) Services: debit	3,814.6	3,805.3	3,854.1	3,980.3	3,751.0	63.6	(1.7)	4.0	3.7
<i>Net Primary Income (e-f)</i>	(1,688.6)	(1,848.2)	(1,925.4)	(1,778.2)	(1,625.5)	63.1	(3.7)	(1.8)	(1.6)
e) Primary income: credit	213.2	216.6	218.3	226.6	208.5	4.7	(2.2)	0.2	0.2
f) Primary income: debit	1,901.8	2,064.8	2,143.7	2,004.8	1,834.0	67.8	(3.6)	2.0	1.8
<i>Net Secondary Income</i>	5,229.6	5,246.8	5,285.0	5,232.5	4,996.1	233.5	(4.5)	5.5	4.9
g) Secondary income: credit	5,281.2	5,299.4	5,339.7	5,286.7	5,050.9	230.3	(4.4)	5.5	5.0
h) Secondary income: debit	51.6	52.6	54.7	54.2	54.7	3.1	6.1	0.1	0.1
<b>B) Capital Account</b>	<b>215.2</b>	<b>206.8</b>	<b>207.7</b>	<b>189.6</b>	<b>149.6</b>	<b>65.6</b>	<b>(30.5)</b>	<b>0.2</b>	<b>0.1</b>
<b>C) Financial Account</b>	<b>(6,634.8)</b>	<b>(6,714.3)</b>	<b>(6,238.9)</b>	<b>(5,720.5)</b>	<b>(4,488.1)</b>	<b>2,146.7</b>	<b>(32.4)</b>	<b>(7.0)</b>	<b>(4.4)</b>

Source of Data: Central Bank of Kenya

19. The current account deficit worsened by 1.2 percent to US\$ 4,795.3 million (4.7 percent of GDP) in the June 2020 compared to a deficit of US\$ 4,737.4 million (5.0 percent of GDP) in the year to June 2019 mainly due to a decline in net secondary income and net services (Table 2). The balance in the merchandise account improved by US\$ 705.8 million to a deficit of US\$ (9,458.9) million in the year to June 2020 from a deficit of 10,164.7 in June 2019 on account of a decline in imports that more than offset the decline in exports.

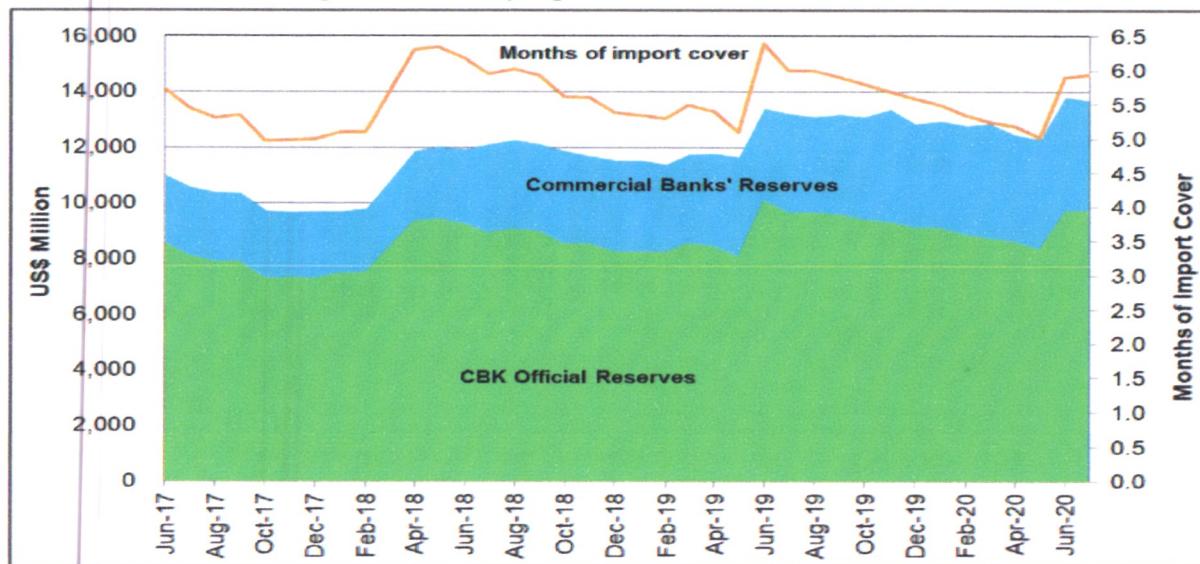
20. Taking into consideration the impact of COVID-19, the current account deficit is expected to marginally improve to 5.1 percent in 2020. This will be as a result of the expected lower oil imports more than offsetting the projected reduction in diaspora remittances.

### 1.6 Foreign Exchange Reserves

21. The banking system's foreign exchange holdings remained strong at US\$ 13,680.9 million in June 2020 up from US\$ 13,187.3 million in June 2019. The official foreign exchange reserves held by the Central Bank improved to US\$ 9,739.9 million (5.9 months of import cover) in June 2020 compared with US\$ 9,655.9 million (6.0 months of import cover) in June 2019 (Chart 4). This fulfils the requirement to maintain reserves at minimum of 4.0 months of imports cover to provide adequate buffer against short term shocks in the foreign exchange market. Commercial banks holdings increased to US\$ 3,940.9 million in June 2020 from US\$ 3,531.4 million in June 2019.



Chart 4: Official Foreign Reserves by April 2020

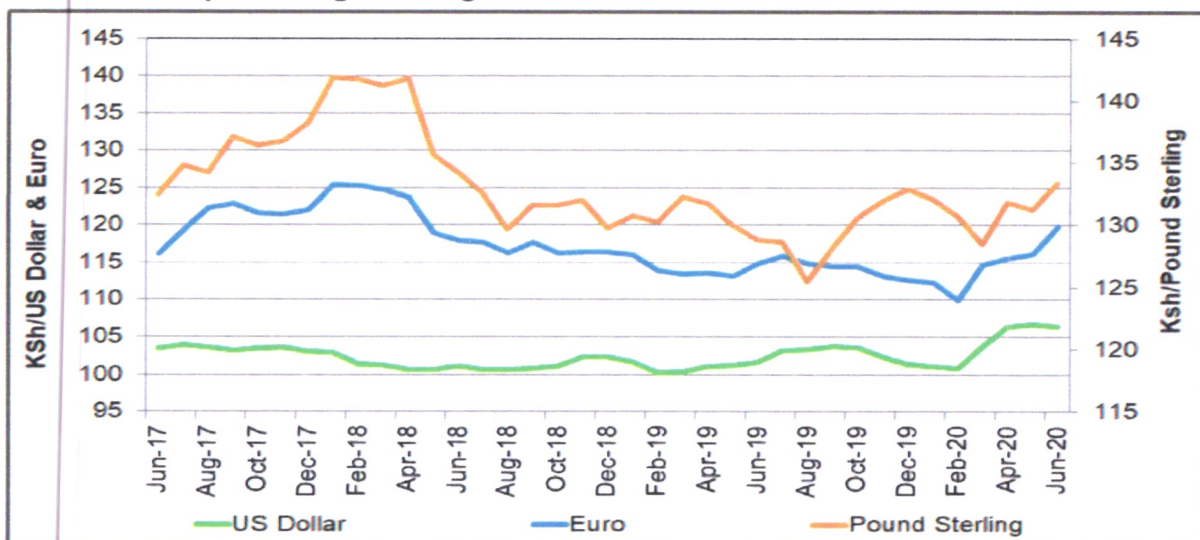


Source of Data: Central Bank of Kenya

1.7 Exchange Rates

22. The foreign exchange market has experienced some volatility in the first half of 2020, largely due to uncertainties with regard to the impact of COVID-19 pandemic and a significant strengthening of the US Dollar in the global markets. However, the Kenya Shilling remained competitive supported by a stable current account deficit. The Shilling depreciated against the US Dollar, Sterling pound and the Euro to stand at an average exchange rate of KSh. 106.4, KSh. 133.4 and KSh. 119.8 in June 2020 from KSh. 101.7, KSh. 128.9 and Ksh 114.9 in June 2019, respectively (Chart 5a).

Chart 5a: Kenya Shilling Exchange Rate



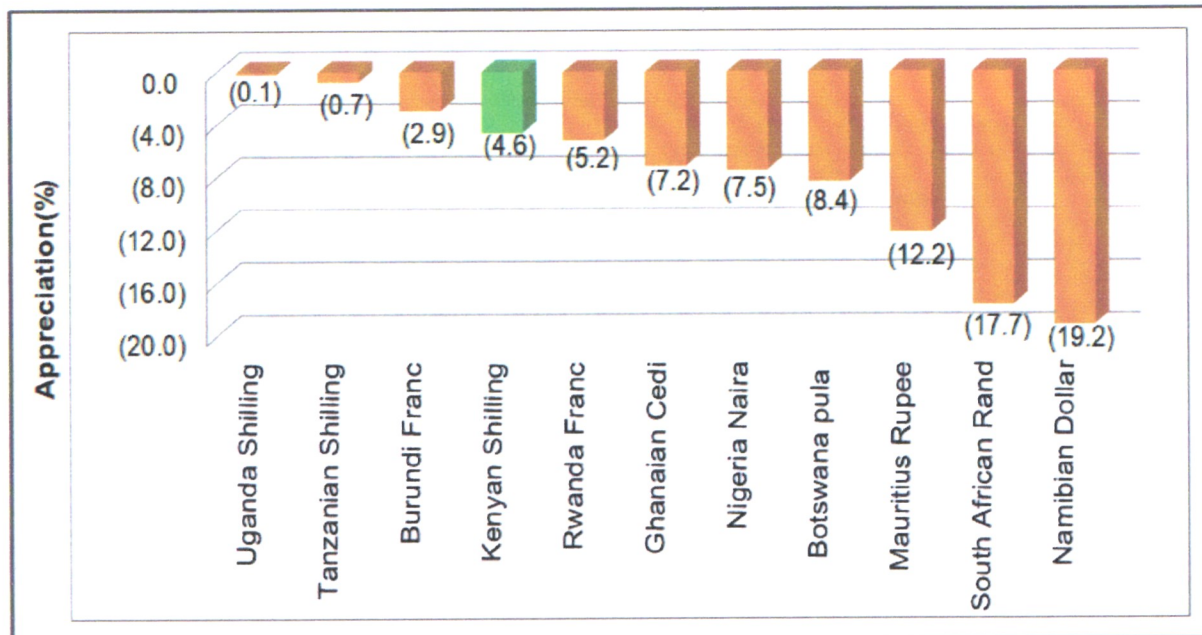
Source of Data: Central Bank of Kenya

23. In comparison to most Sub-Saharan Africa currencies the Kenya Shilling has remained relatively stable. In the year to June 2020, the Shilling weakened by 4.6 percent against US Dollar (Chart 5b). This depreciation in Kenya Shilling was lower than the depreciation in

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Ghanaian Cedi, Rwanda Franc, Nigerian Naira, Mauritius Rupee, South African Rand and Namibian Dollar among others

**Chart 5b: Performance of Selected Currencies against the US Dollar (June 2019 to June 2020)**



Source of Data: National Central Banks

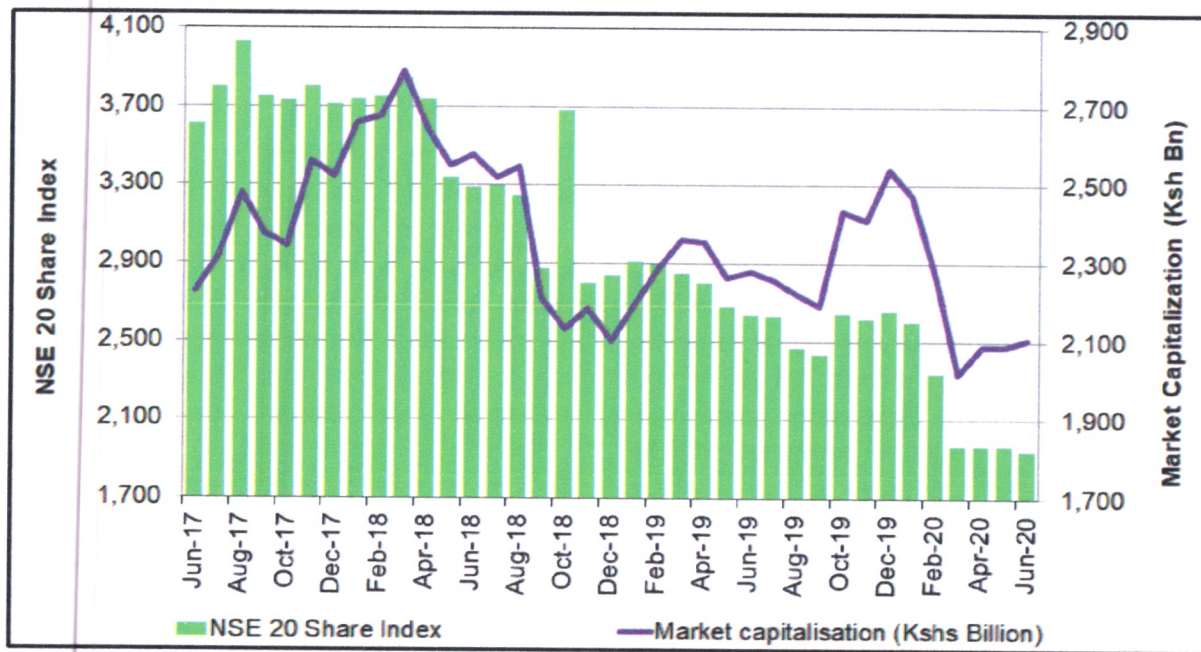
### 1.8 Capital Markets

24. Activity in the capital markets declined in June 2020 compared to June 2019, with equity share prices declining as shown by the NSE 20 Share Index. The decline reflects the volatility in the financial markets as a result of the uncertainty surrounding the corona virus pandemic. The NSE 20 Share Index was 1,942 points by end of June 2020 compared to 2,633 points by end June 2019. Consequently, market capitalization declined from Ksh. 2,279 billion to Ksh. 2,104 billion over the same period (**Chart 8**).



RECENT ECONOMIC DEVELOPMENTS

Chart 8: Performance at the NSE by June 2020



Source of Data: Nairobi Securities Exchange

## 2.0 FISCAL DEVELOPMENTS

### 2.1 Revenue

25. By the end of June 2020, total revenue collected including A-I-A amounted to KSh. 1,733.6 billion against a target of KSh. 1,864.8 billion (**Table 4**). The revenue was below target by KSh. 131.2 billion mainly due to underperformance in other income tax, VAT (local) and the ministerial A-I-A. Ordinary revenue collection was KSh. 1,573.4 billion against a target of KSh. 1,615.4 billion, KSh. 42 billion below the target (Chart 9). The ministerial A-I-A collected was below target by KSh. 89.2 billion during the period under review. The underperformance of A-I-A was mainly due to underreporting of SAGAs' A.I.A through the Ministerial expenditure returns for the period under review. The Railway Development Levy collection amounted to KSh. 23.3 billion against a target of KSh. 22.7 billion. Total revenue inclusive of the ministerial A-I-A recorded an annual growth of 1.9 percent, a decline from a growth of 11.7 percent recorded in June 2019. The decline is attributed to the difficult operating environment due to the Covid-19 pandemic which adversely affected revenue performance especially in the fourth quarter. The revenue data in Government Finance Statistics Manual 2014 (GFSM 2014) format is shown in annex II.

**Table 4: Government Revenue and External Grants, Period Ending 30th June, 2020 (KSh. Millions)**

	2018/2019 Actual	2019/2020		Deviation KSh.	% Growth
		Actual*	Target		
<b>Total Revenue (a+b)</b>	<b>1,701,672</b>	<b>1,733,631</b>	<b>1,864,823</b>	<b>(131,192)</b>	<b>1.9</b>
<b>(a) Ordinary Revenue</b>	<b>1,499,757</b>	<b>1,573,418</b>	<b>1,615,378</b>	<b>(41,960)</b>	<b>4.9</b>
Import Duty	106,875	98,022	95,942	2,080	(8.3)
Excise Duty	194,310	195,270	201,205	(5,935)	0.5
PAYE	393,440	399,201	399,411	(210)	1.5
Other Income Tax	291,890	307,735	320,857	(13,121)	5.4
VAT Local	230,776	213,884	228,222	(14,338)	(7.3)
VAT Imports	183,368	169,829	171,907	(2,078)	(7.4)
Investment Revenue	26,763	103,393	104,576	(1,182)	286.3
Traffic Revenue	4,061	3,573	4,566	(993)	(12.0)
Taxes on Intl. Trade & Trans.(IDF Fee)	24,197	29,994	28,250	1,744	24.0
Others <sup>1</sup>	44,078	52,517	60,442	(7,925)	19.1
<b>(b) Appropriation In Aid <sup>2</sup></b>	<b>201,915</b>	<b>160,213</b>	<b>249,445</b>	<b>(89,232)</b>	<b>(20.7)</b>
o/w Railway Development Levy	21,303	23,258	22,682	576	9.2
<b>(c) External Grants</b>	<b>19,702</b>	<b>19,820</b>	<b>35,026</b>	<b>(15,206)</b>	<b>0.6</b>
<b>Total Revenue and External Grants</b>	<b>1,721,373</b>	<b>1,753,451</b>	<b>1,899,849</b>	<b>(146,398)</b>	<b>1.9</b>
<b>Total Revenue and External Grants as a percentage of GDP</b>	<b>18.50</b>	<b>17.20</b>	<b>18.63</b>		

<sup>1/</sup> includes rent on land/buildings, fines and forfeitures, other taxes, loan interest receipts reimbursements and other fund contributions, fees, and miscellaneous revenue.

<sup>2/</sup> includes receipts from Road Maintenance Levy Fund and A-I-A from Universities

\*Provisional

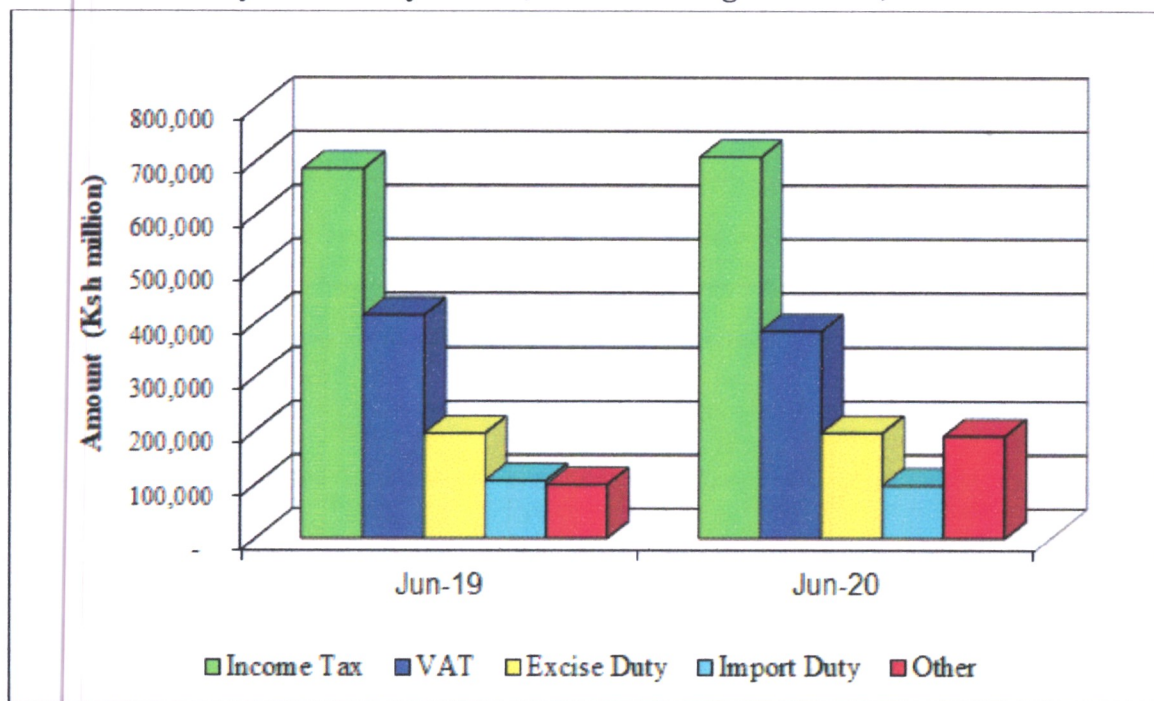
Source of Data: National Treasury



## FISCAL DEVELOPMENTS

26. As a proportion of GDP, the total revenue and grants in the period under review was 17.2 percent compared to 18.5 percent in the corresponding period in the FY 2018/19. Total grants amounted to KSh. 19.8 billion against a target of KSh. 35 billion, which is an under performance by KSh. 15.2 billion.

**Chart 9: Ordinary Revenue by Source, Period Ending 30th June, 2020**



Source of Data: National Treasury

### 2.2 Expenditure

27. The total expenditure and net lending for the period under review amounted to KSh. 2,565.4 billion, against a target of KSh. 2,817.8 billion. The resultant under expenditure of KSh. 252.4 billion is mainly attributed to lower absorption recorded in expenditures by the National Government and below target transfers to Counties. Recurrent expenditure for National Government amounted to KSh. 1,603.1 billion (excluding KSh. 42.1 billion for Parliament and Judiciary), against a target of KSh. 1,728.4 billion leading to an under expenditure of KSh. 125.3 billion. The under expenditure in recurrent category was mainly due to below target expenditure on operation and maintenance attributed to scaled down operations of the National Government in the last half of the FY due to Covid-19 Pandemic (Table 5 and Chart 10).

**FISCAL DEVELOPMENTS**

**Table 5: Expenditure and Net Lending, Period Ending 30th June, 2020 (KSh. Millions)**

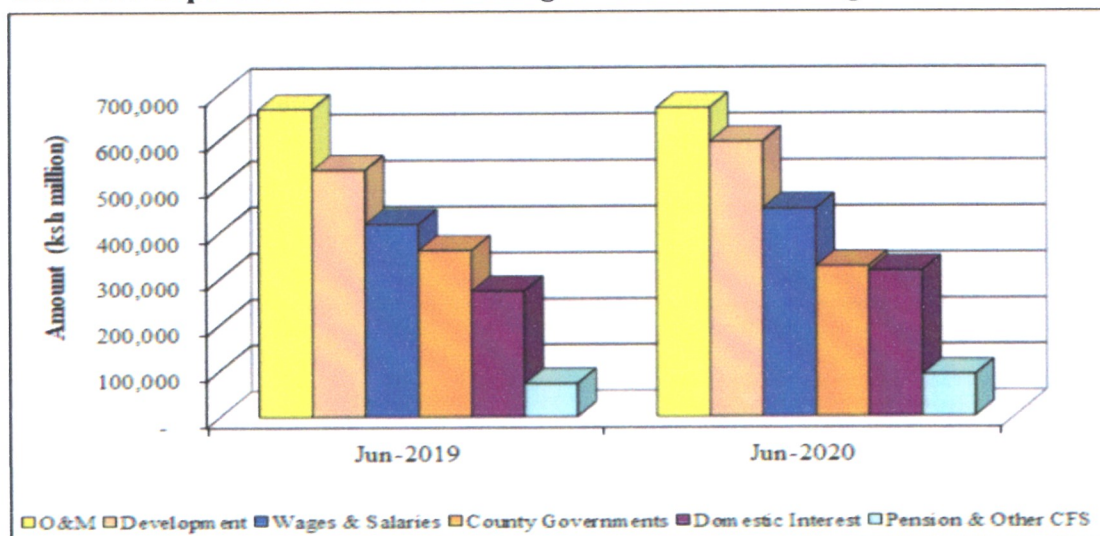
	2018/2019 Actual	2019/2020		Deviation	% Growth
		Actual*	Targets		
<b>1. RECURRENT</b>	<b>1,489,844</b>	<b>1,603,128</b>	<b>1,728,403</b>	<b>(125,275)</b>	<b>7.6</b>
Domestic Interest	272,351	315,362	301,812	13,550	15.8
Foreign Interest	103,372	121,840	131,868	(10,028)	17.9
Pensions & Other CFS	70,804	89,605	90,989	(1,384)	26.6
Wages and Salaries	417,526	449,927	457,155	(7,228)	7.8
Operation and Maintenance	625,791	626,394	746,579	(120,186)	0.1
O/W: Appropriation-in-Aid	147,765	106,958	176,126	(69,167)	(27.6)
<b>2. DEVELOPMENT</b>	<b>541,884</b>	<b>594,944</b>	<b>678,466</b>	<b>(83,523)</b>	<b>9.8</b>
Development Projects (Net)	289,029	389,571	434,273	(44,703)	34.8
Payment of Guaranteed Loans	2,485	661	644	18	(73.4)
Appropriation-in-Aid	243,408	204,712	243,549	(38,837)	(15.9)
3. County Governments	360,740	325,278	362,383	(37,105)	(9.8)
4. Parliamentary Service	28,525	27,990	34,257	(6,267)	(1.9)
5. Judicial Service	12,713	14,103	14,298	(195)	10.9
6. Equalization Fund	6,962	-	-	-	(100.0)
7. CF	-	-	-	-	-
<b>TOTAL EXPENDITURE</b>	<b>2,433,707</b>	<b>2,565,444</b>	<b>2,817,808</b>	<b>(252,365)</b>	<b>5.4</b>

\*Provisional

Source of Data: National Treasury

28. Foreign interest payments amounted to KSh. 121.8 billion, an increase compared to the KSh. 103.4 billion over the same period in the FY2018/19. The domestic interest payments totalled to KSh. 315.4 billion, which was higher than the KSh. 272.4 billion paid in the corresponding period in the previous financial year. The expenditure data in GFSM 2014 format is shown in annexes III and IV.

**Chart 10: Expenditure and Net Lending for the Period Ending 30th June, 2020**



Source of Data: National Treasury



### 2.2.1 National Government Expenditures by Public Agencies

29. The total ministerial and other public agencies expenditure including A.I.A was KSh. 1,736.4 billion against a target of KSh. 1,976.5 billion. Recurrent expenditure was KSh. 1,127.7 billion against a target of KSh. 1,266.6 billion, while development expenditure amounted to KSh. 608.7 billion against a target of KSh. 709.8 billion. The percentage of total expenditures to the target was 87.9 percent while the percentage of total expenditures to the target for recurrent and development were 89 percent and 85.8 percent respectively, as at the end of the period under review. The discrepancy between actual and target expenditures was partly due to the non-capture of the parastatals and some other government entities expenditures. These ministerial expenditures are therefore, provisional.
30. As at the period ending 30th June, 2020, recurrent expenditures by the State Department for Early Learning and Basic Education, State Department for University Education; Teachers Service Commission; State Department for Vocational and Technical Training and the Ministry of Health (Social Sector) accounted for 45.1 percent of total recurrent expenditure. In addition, the State Department for Interior and the Ministry of Defence accounted for 10.2 percent and 8.8 percent of total recurrent expenditure respectively.
31. Analysis of development outlay indicates that the State Department for Infrastructure accounted for the largest share of the total development expenditure (27.5 percent), followed by the State Department for Transport (15.4 percent), State Department for Energy (8.2 percent), Ministry of water and Sanitation (7.3 percent), and the Ministry of Health (6.4 percent). The expenditures by large Ministries/State Departments were below target because of underreporting of expenditure from the sub-national, parastatals and some donor funded projects. **Table 6** shows the recurrent and development expenditures by Ministries, State Departments and other government entities for the period under review.

# FISCAL DEVELOPMENTS

## Table 6: National Government Expenditures by Public Agencies, Period Ending 30th June, 2020 (KSh. Millions)

Budget Head	MINISTRY/DEPARTMENT/COMMISSIONS	Jun-20		Variance	Jun-20		Variance	Jun-20		Variance	% of Total Expenditure to Target
		Recurrent			Development			Total			
		Actual*	Target	Actual*	Target	Actual*	Target				
1011	The Presidency	11,238	12,849	(1,612)	2,860	3,624	(764)	14,098	16,474	(2,376)	85.6
1021	State Department for Interior	115,343	126,771	(11,428)	4,428	8,665	(4,236)	119,771	135,436	(15,665)	88.4
1023	State Department for Correctional Services	21,895	32,772	(10,877)	30	78	(49)	21,924	32,850	(10,926)	66.7
1024	State Department for Immigration and Citizen Services	1,844	2,034	(189)	573	651	(79)	2,417	2,685	(268)	90.0
1032	State Department for Devolution	2,372	2,433	(61)	907	2,820	(1,913)	3,279	5,253	(1,974)	62.4
1035	State Department for Development of the ASAL	977	978	(1)	4,819	5,669	(849)	5,797	6,647	(850)	87.2
1041	Ministry of Defence	99,668	107,077	(7,408)	2,183	9,644	(7,461)	101,851	116,721	(14,870)	87.3
1052	Ministry of Foreign Affairs	10,536	17,001	(6,465)	315	1,251	(936)	10,851	18,252	(7,401)	59.5
1064	State Department for Vocational and Technical Training	11,954	16,806	(4,852)	5,324	6,946	(1,623)	17,278	23,752	(6,474)	72.7
1065	State Department for University Education	87,199	116,933	(29,734)	6,390	6,622	(232)	93,589	123,555	(29,966)	75.7
1066	State Department for Early Learning & Basic Education	82,030	89,737	(7,708)	3,273	4,581	(1,307)	85,303	94,318	(9,015)	90.4
1068	State Department for Post Training and Skills Development	116	122	(6)	-	-	-	116	122	(6)	95.1
1071	The National Treasury	53,338	57,644	(4,305)	17,592	20,330	(2,738)	70,930	77,973	(7,043)	91.0
1072	State Department for Planning	11,672	11,701	(30)	29,389	43,563	(14,174)	41,061	55,264	(14,203)	74.3
1081	Ministry of Health	71,415	76,097	(4,681)	39,017	43,666	(4,650)	110,432	119,763	(9,331)	92.2
1091	State Department for Infrastructure	64,332	61,161	3,171	167,118	179,014	(11,896)	231,450	240,175	(8,725)	96.4
1092	State Department for Transport	6,387	9,768	(3,381)	93,571	94,198	(628)	99,958	103,967	(4,008)	96.1
1093	State Department for Shipping and Maritime	339	1,387	(1,048)	-	568	(568)	339	1,956	(1,616)	17.4
1094	State Department for Housing & Urban Development	930	954	(24)	24,356	27,851	(3,496)	25,285	28,805	(3,520)	87.8
1095	State Department for Public Works	2,162	2,165	(3)	1,163	1,386	(223)	3,325	3,551	(226)	93.6
1107	Ministry of Water and Sanitation	3,512	5,656	(2,144)	44,377	55,351	(10,974)	47,889	61,007	(13,118)	78.5
1108	Ministry of Environment and Forestry	9,505	10,358	(853)	3,572	3,655	(83)	13,078	14,013	(936)	93.3
1112	Ministry of Lands and Physical Planning	2,348	2,681	(333)	4,118	4,515	(397)	6,466	7,196	(730)	89.9
1122	State Department for Information Communication Technology	2,499	2,627	(129)	15,930	18,900	(2,969)	18,429	21,527	(3,098)	85.6
1123	State Department for Broadcasting & Telecommunications	3,316	4,839	(1,523)	515	531	(16)	3,831	5,370	(1,540)	71.3
1132	State Department for Sports	1,221	1,312	(91)	5,588	13,650	(8,062)	6,809	14,962	(8,153)	45.5
1134	State Department for Culture and Heritage	2,871	3,405	(534)	502	503	(2)	3,373	3,909	(536)	86.3
1152	Ministry of Energy	2,382	6,706	(4,323)	50,060	55,763	(5,703)	52,442	62,469	(10,026)	83.9
1162	State Department for Livestock	2,030	2,309	(279)	3,032	4,369	(1,336)	5,062	6,677	(1,616)	75.8
1165	State Department for Crop Development	4,496	14,643	(10,147)	16,209	22,512	(6,303)	20,705	37,155	(16,451)	55.7
1166	State Department for Fisheries, Aquaculture & the Blue Economy	1,672	1,732	(60)	1,645	3,043	(1,399)	3,316	4,775	(1,459)	69.4
1167	State Department for Irrigation	503	832	(330)	7,875	8,586	(711)	8,378	9,418	(1,040)	89.0
1168	State Department for Agricultural Research	4,351	5,366	(1,015)	348	595	(246)	4,699	5,960	(1,261)	78.8
1173	State Department for Cooperatives	309	649	(340)	4,517	4,573	(55)	4,827	5,222	(395)	92.4
1174	State Department for Trade	1,557	1,677	(120)	975	1,120	(145)	2,532	2,797	(265)	90.5
1175	State Department for Industrialization	2,529	3,409	(880)	9,013	7,770	1,243	11,542	11,179	363	103.2
1184	State Department for Labour	1,851	2,646	(795)	1,177	1,442	(264)	3,028	4,088	(1,059)	74.1
1185	State Department for Social Protection, Pensions & Senior Citizens Affairs	28,200	29,358	(1,158)	12,166	14,018	(1,852)	40,366	43,376	(3,010)	93.1
1192	State Department for Mining	411	586	(175)	333	333	(0)	743	918	(175)	80.9
1193	State Department for Petroleum	223	234	(11)	2,368	3,042	(674)	2,591	3,276	(685)	79.1
1202	State Department for Tourism	4,543	7,438	(2,895)	609	1,411	(802)	5,152	8,849	(3,697)	58.2
1203	State Department for Wildlife	3,733	8,089	(4,355)	517	1,539	(1,023)	4,250	9,628	(5,378)	44.1
1212	State Department for Gender	1,357	1,522	(165)	2,778	2,785	(7)	4,135	4,307	(172)	96.0
1213	State Department for Public Service	6,421	8,182	(1,762)	797	798	(1)	7,218	8,980	(1,762)	80.4
1214	State Department for Youth	12,677	13,970	(1,293)	7,785	7,954	(168)	20,462	21,923	(1,461)	93.3
1221	State Department for East African Community	504	515	(11)	-	-	-	504	515	(11)	97.9
1222	State Department for Regional and Northern Corridor Development	1,735	2,195	(460)	3,516	3,690	(173)	5,251	5,885	(633)	89.2
1252	State Law Office and Department of Justice	3,926	4,566	(640)	120	277	(157)	4,047	4,843	(797)	83.6
1261	The Judiciary	13,627	13,797	(171)	2,498	3,166	(668)	16,125	16,964	(839)	95.1
1271	Ethics and Anti-Corruption Commission	3,094	3,105	(11)	-	-	-	3,094	3,105	(11)	99.6
1281	National Intelligence Service	38,350	41,680	(3,330)	-	-	-	38,350	41,680	(3,330)	92.0
1291	Office of the Director of Public Prosecutions	1,182	1,212	(30)	73	14	59	2,999	3,281	(282)	91.4
1311	Office of the Registrar of Political Parties	311	482	(171)	-	-	-	311	482	(171)	64.5
1321	Witness Protection Agency	385	395	(9)	-	-	-	385	395	(9)	97.6
2011	Kenya National Commission on Human Rights	1,619	1,664	(45)	-	-	-	1,619	1,664	(45)	97.3
2021	National Land Commission	4,640	4,808	(168)	-	-	-	4,640	4,808	(168)	96.5
2031	Independent Electoral and Boundaries Commission	7,902	9,773	(1,871)	513	513	-	8,415	10,286	(1,871)	81.8
2041	Parliamentary Service Commission	17,969	21,582	(3,613)	-	-	-	17,969	21,582	(3,613)	83.3
2042	National Assembly	2,120	2,902	(783)	1,608	1,722	(115)	3,727	4,625	(898)	80.6
2043	Parliamentary Joint Services	476	501	(24)	-	-	-	476	501	(24)	95.1
2051	Judicial Service Commission	364	365	(1)	-	-	-	364	365	(1)	99.9
2061	The Commission on Revenue Allocation	2,221	2,353	(132)	23	22	0	2,244	2,376	(132)	94.5
2071	Public Service Commission	420	450	(30)	-	-	-	420	450	(30)	93.3
2081	Salaries and Remuneration Commission	255,843	255,951	(108)	78	400	(322)	255,921	256,351	(429)	99.8
2091	Teachers Service Commission	625	645	(20)	-	-	-	625	645	(20)	96.8
2101	National Police Service Commission	5,055	5,363	(307)	143	143	-	5,198	5,505	(307)	94.4
2111	Auditor General	599	678	(79)	-	-	-	599	678	(79)	88.3
2121	Office of the Controller of Budget	529	542	(13)	-	-	-	529	542	(13)	97.6
2131	The Commission on Administrative Justice	377	391	(14)	0	3	(2)	378	394	(16)	95.9
2141	National Gender and Equality Commission	658	820	(162)	-	-	-	658	820	(162)	80.3
2151	Independent Policing Oversight Authority	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>1,127,722</b>	<b>1,266,618</b>	<b>(138,896)</b>	<b>608,687</b>	<b>709,835</b>	<b>(101,147)</b>	<b>1,736,409</b>	<b>1,976,452</b>	<b>(240,044)</b>	<b>87.9</b>

\*Provisional

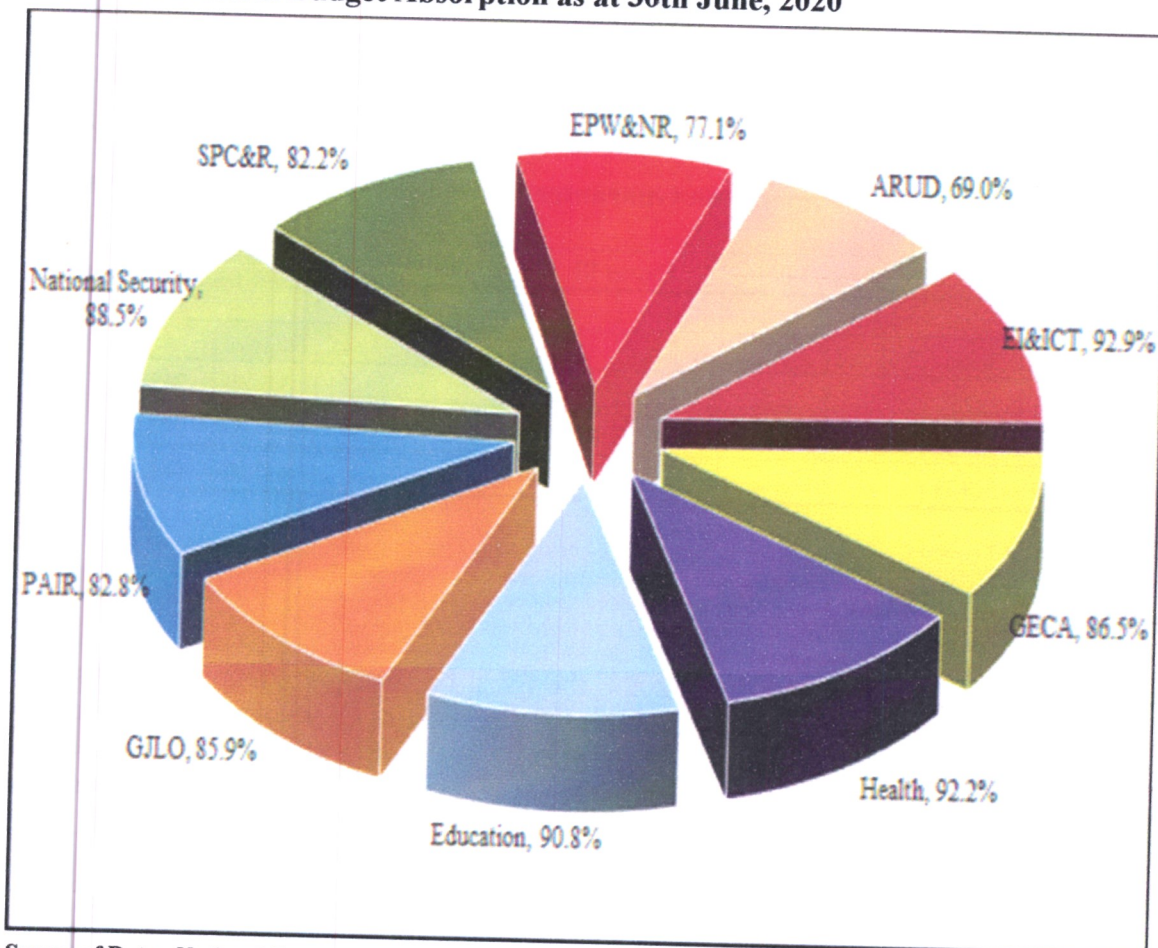
Source of Data: National Treasury



## FISCAL DEVELOPMENTS

32. During the period under review, the Energy, Infrastructure and Information, Communication, Technology (EI&ICT) Sector recorded the highest absorption of 92.9 percent of its budget, followed by Health Sector with 92.2 percent. The Agricultural, Rural and Urban Development (ARUD) sector recorded the lowest absorption of 69 percent (Chart 11).

Chart 11: Sectoral Budget Absorption as at 30th June, 2020



Source of Data: National Treasury

### 2.2.2 Pending Bills

33. The total outstanding national government pending bills as at 30th June, 2020 amounted to KSh. 334.2 billion. These comprise of KSh. 285.8 billion (85.5 percent) and KSh. 48.3 billion (14.5 percent) for the State Corporations (SC) and Ministries/State Departments/other government entities respectively. The SC pending bills include payment to contractors/projects, suppliers, unremitted statutory and other deductions, pension arrears for Local Authorities Pension Trust, and others. The highest percentage of the SCs pending bills (66.2 percent) belong to Contractor/Projects and Suppliers. Ministries/State Departments and other government entities pending bills constitutes mainly of historical/contested pending bills as at the end of the FY 2018/19; Court awards and others. The national Government policy of clearance of pending bills is still in force. All MDAs are therefore, expected to continue with prioritization of payment of the pending bills by settling them as a first charge in the FY 2020/21 budget in line with the Treasury Circular No. 7/2019.

## FISCAL DEVELOPMENTS

### 2.2.3 Guaranteed Loans to Parastatals

34. Cumulative principal and interest payments of guaranteed loans to parastatals with liquidity problems amounted to KSh. 661.2 million against a payment target of KSh. 643.6 million (Table 7) in the period ending 30th June, 2020. The cumulative payments is equal to the cumulative payments in the third quarter because the Kenya Broadcasting Corporation (KBC) guaranteed debt was fully paid during the FY 2018/19 hence no payments made in the fourth quarter. The actual guaranteed debt payment was higher than target because of depreciation of the Kenya Shilling against the Japanese Yen by the time of the actual payments.

**Table 7: Schedule and Actual Payments on Guaranteed Debt for the Period Ending 30th June, 2020 (KSh. Millions)**

Borrower	Quarter I		Quarter II		Quarter III		Quarter IV		Cumm. June 2020*	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
EAPC	179.40	182.70	-	-	177.20	182.70	-	-	356.60	365.40
TARDA	144.40	147.01	-	-	142.60	148.80	-	-	287.00	295.81
<b>TOTAL (QTR)</b>	<b>323.80</b>	<b>329.71</b>	<b>-</b>	<b>-</b>	<b>319.80</b>	<b>331.50</b>	<b>-</b>	<b>-</b>	<b>643.60</b>	<b>661.21</b>

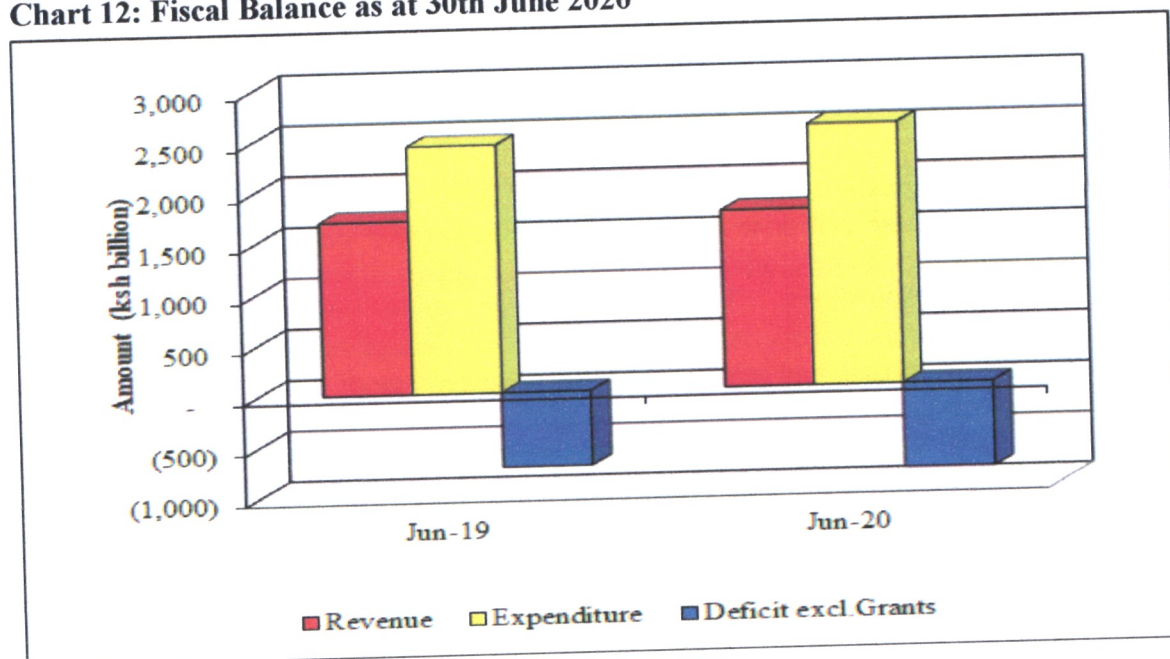
\* Provisional

Source of Data: National Treasury

### 2.3 Fiscal Outturn

35. Between 1st July, 2019 and 30th June, 2020, the fiscal balance (on commitment basis and excluding grants) amounted to KSh. 831.8 billion (8.2 percent of GDP) against a targeted deficit of KSh. 953 billion (9.3 percent of GDP) (Chart 12 and Table 8). The fiscal balance (on a commitment basis and including grants) stood at 8 percent of GDP against a target deficit of 9 percent of GDP.

**Chart 12: Fiscal Balance as at 30th June 2020**



Source of Data: National Treasury



## FISCAL DEVELOPMENTS

36. Over the same period in FY2018/19, the fiscal deficit including grants (on commitment basis) stood at KSh. 712.3 billion (7.7 percent of GDP). The fiscal outturn in the last six FYs, the original budget, and the third revised budget for the FY 2019/20 are shown in **Annex I**. Further, GFSM 2014 Compliant Budgetary Central Government fiscal data for the FY 2019/20 are shown in annexes V and VI.

**Table 8: Budget Outturn, Cumulative Ending 30th June, 2020 (KSh. Millions)**

	2018/2019 Actual	2019/2020		Deviation	% growth	2019/2020 as a % of GDP		2018/2019 Actual as a % of GDP
		Actual*	Targets			Actual	Targets	
<b>A. TOTAL REVENUE AND GRANTS</b>	<b>1,721,373</b>	<b>1,753,451</b>	<b>1,899,849</b>	<b>(146,398)</b>	<b>1.9</b>	<b>17.2</b>	<b>18.6</b>	<b>18.5</b>
<b>1. Revenue</b>	<b>1,701,672</b>	<b>1,733,631</b>	<b>1,864,823</b>	<b>(131,192)</b>	<b>1.9</b>	<b>17.0</b>	<b>18.3</b>	<b>18.3</b>
Ordinary Revenue	1,499,757	1,573,418	1,615,378	(41,960)	4.9	15.4	15.8	16.1
Import Duty	106,875	98,022	95,942	2,080	(8.3)	1.0	0.9	1.1
Excise Duty	194,310	195,270	201,205	(5,935)	0.5	1.9	2.0	2.1
Income tax	685,330	706,936	720,268	(13,332)	3.2	6.9	7.1	7.4
VAT	414,143	383,713	400,129	(16,416)	(7.3)	3.8	3.9	4.5
Investment Revenue	26,763	116,146	121,791	(5,645)	334.0	1.1	1.2	0.3
Others	72,336	73,331	76,043	(2,712)	1.4	0.7	0.7	0.8
Appropriation-in-Aid	201,915	160,213	249,445	(89,232)	(20.7)	1.6	2.4	2.2
<b>2. Grants</b>	<b>19,702</b>	<b>19,820</b>	<b>35,026</b>	<b>(15,206)</b>	<b>0.6</b>	<b>0.2</b>	<b>0.3</b>	<b>0.2</b>
AMISOM Receipts	4,315	4,639	11,698	(7,059)	7.5	0.0	0.1	0.0
Revenue	8,437	9,623	15,309	(5,686)	14.0	0.1	0.2	0.1
Appropriation-in-Aid	6,949	5,558	8,019	(2,462)	(20.0)	0.1	0.1	0.1
<b>B. EXPENDITURE AND NET LENDING</b>	<b>2,433,707</b>	<b>2,565,444</b>	<b>2,817,808</b>	<b>(252,365)</b>	<b>5.4</b>	<b>25.2</b>	<b>27.6</b>	<b>26.2</b>
<b>1. Recurrent</b>	<b>1,531,083</b>	<b>1,645,222</b>	<b>1,776,959</b>	<b>(131,737)</b>	<b>7.5</b>	<b>16.1</b>	<b>17.4</b>	<b>16.5</b>
Domestic Interest	272,351	315,362	301,812	13,550	15.8	3.1	3.0	2.9
Foreign Interest	103,372	121,840	131,868	(10,028)	17.9	1.2	1.3	1.1
Pension & Other CFS	70,804	89,605	90,989	(1,384)	26.6	0.9	0.9	0.8
Wages and Salaries	417,526	449,927	457,155	(7,228)	7.8	4.4	4.5	4.5
O & M/Others	667,030	668,487	795,135	(126,648)	0.2	6.6	7.8	7.2
<b>2. Development and Net Lending</b>	<b>534,922</b>	<b>594,944</b>	<b>678,466</b>	<b>(83,523)</b>	<b>11.2</b>	<b>5.8</b>	<b>6.7</b>	<b>5.7</b>
O/W Domestically financed	307,010	396,648	449,677	(53,029)	29.2	3.9	4.4	3.3
Foreign financed	225,427	197,634	228,145	(30,511)	(12.3)	1.9	2.2	2.4
3. Equalization Fund	6,962	-	0	-	(100.0)	-	-	-
4. County Governments	360,740	325,278	362,383	(37,105)	(9.8)	3.2	3.6	3.9
5. CF	-	-	-	-	-	-	-	-
<b>C. DEFICIT EXCL. GRANT (Commitment basis)</b>	<b>(732,035)</b>	<b>(831,812)</b>	<b>(952,985)</b>	<b>121,173</b>	<b>13.6</b>	<b>(8.2)</b>	<b>(9.3)</b>	<b>(7.9)</b>
<b>D. DEFICIT INCL. GRANTS (Commitment basis)</b>	<b>(712,333)</b>	<b>(811,993)</b>	<b>(917,959)</b>	<b>105,967</b>	<b>14.0</b>	<b>(8.0)</b>	<b>(9.0)</b>	<b>(7.7)</b>
<b>E. ADJUSTMENT TO CASH BASIS</b>	<b>8,725</b>	<b>(20,813)</b>	<b>-</b>	<b>(20,813)</b>	<b>-</b>	<b>(0.2)</b>	<b>-</b>	<b>0.1</b>
<b>F. DEFICIT INCL. GRANTS (Cash basis)</b>	<b>(721,058)</b>	<b>(791,180)</b>	<b>(917,959)</b>	<b>126,779</b>	<b>9.7</b>	<b>(7.8)</b>	<b>(9.0)</b>	<b>(7.8)</b>
<b>G. FINANCING</b>	<b>721,058</b>	<b>791,180</b>	<b>917,959</b>	<b>(126,779)</b>	<b>9.7</b>	<b>7.8</b>	<b>9.0</b>	<b>7.8</b>
<b>1. Net Foreign financing</b>	<b>414,518</b>	<b>340,805</b>	<b>324,009</b>	<b>16,796</b>	<b>(17.8)</b>	<b>3.3</b>	<b>3.2</b>	<b>4.5</b>
<b>Disbursements</b>	<b>680,759</b>	<b>442,404</b>	<b>445,486</b>	<b>(3,082)</b>	<b>(35.0)</b>	<b>4.3</b>	<b>4.4</b>	<b>7.3</b>
Programme Loans	84,784	239,400	217,930	21,469	182.4	2.3	2.1	0.9
Project Cash Loans	41,681	47,798	56,361	(8,563)	14.7	0.5	0.6	0.4
Project Loans AIA	100,622	104,525	113,896	(9,371)	3.9	1.0	1.1	1.1
Project Loans SGR_PHASE 1&2A_AIA	79,960	44,812	51,090	(6,278)	(44.0)	0.4	0.5	0.9
Commercial Financing	373,712	5,870	6,209	(338)	(98.4)	0.1	0.1	4.0
O/W syndicated loan	212,329	-	-	-	(100.0)	-	-	2.3
Debt repayment - Principal	(266,241)	(101,600)	(121,477)	19,878	(61.8)	(1.0)	(1.2)	(2.9)
<b>2. Net Domestic Financing</b>	<b>306,540</b>	<b>450,375</b>	<b>593,950</b>	<b>(143,575)</b>	<b>46.9</b>	<b>4.4</b>	<b>5.8</b>	<b>3.3</b>
Government Securities	309,379	409,911	441,869	(31,958)	32.5	4.0	4.3	3.3
Government Overdraft & Others	(3,584)	(11,405)	-	(11,405)	218.2	(0.1)	-	(0.0)
Movement in Government Deposits	(2,133)	49,825	148,869	(99,044)	(2,436.1)	0.5	1.5	(0.0)
Domestic Loan Repayments (Net Receipts)	2,878	2,044	3,213	(1,169)	(29.0)	0.0	0.0	0.0
<b>MEMO ITEM</b>								
<b>GDP ESTIMATE</b>	<b>9,303,050.00</b>	<b>10,196,618</b>	<b>10,196,618</b>					

\*Provisional

Source of Data: National Treasury

## FISCAL DEVELOPMENTS

### 2.4 Financing

#### 2.4.1 External Financing

37. During the period under review, net external financing amounted to a net borrowing of KSh. 340.8 billion (**Table 9**). Total disbursements (inflows) including Appropriations-in-Aid amounted to KSh. 442.4 billion for the period ending 30th June, 2020 against a target of KSh. 445.5 billion. The actual total disbursement included KSh. 239.4 billion Programme Loans, KSh. 104.5 billion Project Loans A.I.A, KSh. 47.8 billion Project Loans-Cash, KSh. 44.8 billion for the SGR, and KSh. 5.9 billion commercial loans. External repayments (outflows) of principal debt amounted to KSh. 101.6 billion. The amount comprised of principal repayments due to commercial institutions, bilateral, and multilateral amounting to KSh. 42.7 billion, KSh. 40.1 billion and KSh. 18.8 billion, respectively.

**Table 9: External Financing, Period Ending June, 2020 (KSh. Millions)**

	Quarter IV 2018/19	Quarter I 2019/20	Quarter II 2019/20	Quarter III 2019/20	Quarter IV 2019/20	Cumulative June 2020	
	Actual	Actual*	Actual*	Actual*	Actual*	Actual*	Target
<b>DISBURSEMENTS:</b>	<b>680,758.56</b>	<b>32,205.62</b>	<b>92,334.79</b>	<b>49,156.90</b>	<b>268,707.14</b>	<b>442,404.45</b>	<b>445,486</b>
Project Cash loans	41,681	3,269.47	6,525.57	17,454.39	20,548.40	47,797.83	56,360.86
Project loans A-I-A	100,622	26,926.98	34,945.23	22,124.08	20,528.88	104,525.17	113,896.15
Project Loans SGR_PHASE_1_AIA	35,201	-	10,066.30	2,175.78	-	12,242.08	14,900.00
Project Loans SGR_PHASE_2A_AIA	44,759	-	32,569.46	-	-	32,569.46	36,190.00
Commercial Financing	373,712	-	5,570.51	299.87	-	5,870.39	6,208.59
Programme Loans	84,784	2,009.18	2,657.72	7,102.79	227,629.86	239,399.54	217,930.42
<b>EXTERNAL REPAYMENTS:</b>	<b>266,240.94</b>	<b>19,057.47</b>	<b>24,810.31</b>	<b>31,475.15</b>	<b>26,256.80</b>	<b>101,599.73</b>	<b>121,477.30</b>
Bilateral(incl. Italy Debt SWAP)	31,098.71	8,159.23	5,612.40	19,994.62	6,382.45	40,148.70	49,223.43
Multilateral (excl. IMF)	17,940.93	5,555.22	3,634.01	6,162.64	3,430.63	18,782.50	23,158.96
Commercial	217,201.30	5,343.01	15,563.91	5,317.89	16,443.72	42,668.53	49,094.91
<b>NET FOREIGN FINANCING</b>	<b>414,517.62</b>	<b>13,148.16</b>	<b>67,524.48</b>	<b>17,681.75</b>	<b>242,450.33</b>	<b>340,804.72</b>	<b>324,008.71</b>

\*Provisional

Source of Data: National Treasury

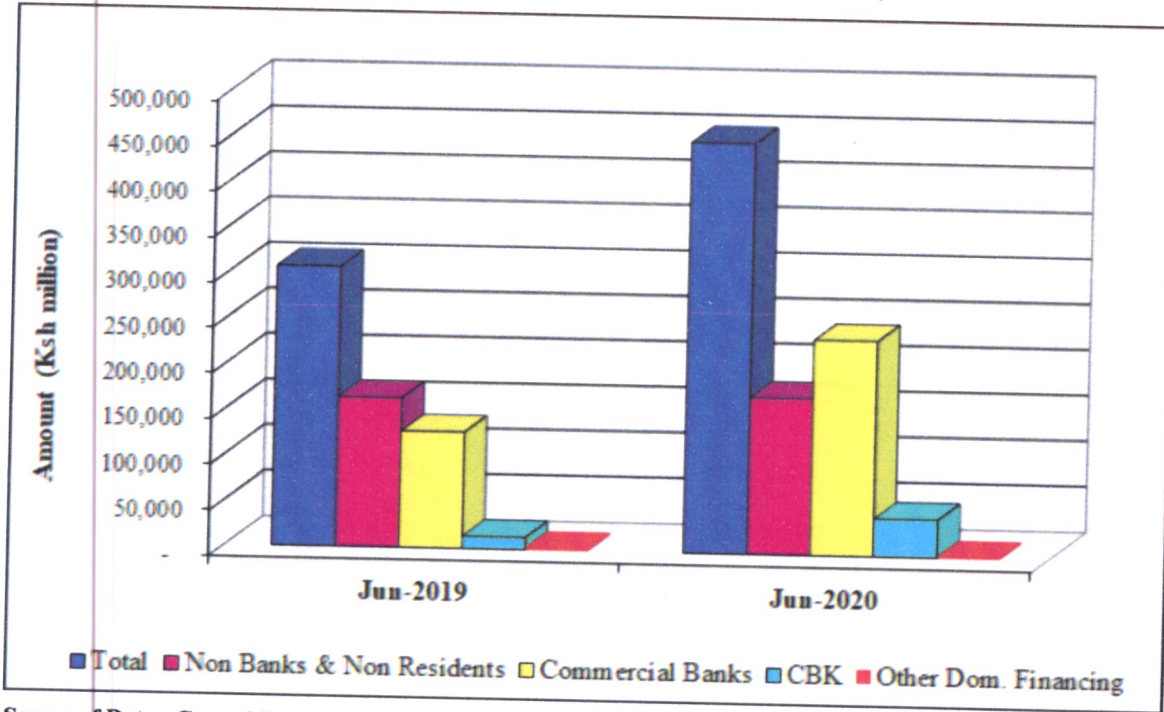
#### 2.4.2 Domestic Financing

38. By the end of June 2020, net domestic borrowing amounted to KSh. 450.4 billion (**Table 10**) against a target borrowing of KSh. 594 billion (**Table 8**). The borrowing comprised of KSh. 235.4 billion from commercial banks, KSh. 165.8 billion from Non-Banking Financial Institutions, KSh. 41.9 billion from the Central Bank, KSh. 5.2 billion from Non-Residents and 2 billion from other domestic sources. Comparatively, for the same period in 2018/19, The domestic borrowing amounted to KSh. 306.5 billion, comprising of KSh. 160.3 billion from Non-Banking Financial Institutions, KSh. 126.9 billion from the Commercial Banks, KSh. 13.6 billion from the Central Bank of Kenya, 2.9 billion from other domestic sources and KSh. 2.8 billion from Non-Residents (**Table 10 and Chart 13**).



FISCAL DEVELOPMENTS

Chart 13: Domestic Financing for the Period Ending 30th June, 2020



Source of Data: Central Bank of Kenya

39. The stock of Treasury Bills held by Non-Banks, Commercial Banks and Non-Residents recorded a net decrease of KSh. 52.7 billion, KSh. 7.8 billion and KSh. 0.1 billion respectively. The stock of Fixed Rate Bonds held by Non-Banks, Commercial Banks and Non-Residents recorded a net increase of KSh. 179 billion, KSh. 138.8 billion and KSh. 3.2 billion respectively (Table 10).

## FISCAL DEVELOPMENTS

**Table 10: Domestic Financing, Period Ending 30th June, 2020 (KSh. Millions)**

Debt Instrument	June 2019	September 2019*	December 2019*	March 2020*	June 2020*
<b>1. CENTRAL BANK</b>	<b>13,601</b>	<b>8,255</b>	<b>9,967</b>	<b>73,708</b>	<b>41,946</b>
Overdraft	478	10,904	6,397	(3,146)	(10,178)
Items on Transit	11	(16)	(31)	(28)	4
Frozen Account	(1,110)	-	-	-	(555)
Less Govt Deposits	14,221	(2,633)	3,602	76,882	52,675
<b>2. COM. BANKS</b>	<b>126,948</b>	<b>13,200</b>	<b>80,201</b>	<b>155,240</b>	<b>235,444</b>
Advances	(4,074)	29	(1,045)	(621)	(1,231)
Treasury bills	89,000	(19,592)	(26,084)	(820)	(7,751)
Fixed rate Bonds	38,894	36,010	65,743	117,436	138,821
Infrastructure Bonds	19,480	(8,097)	40,664	40,664	108,455
Less Govt Deposits	(16,354)	4,849	922	(1,418)	(2,851)
<b>3. NON BANKS</b>	<b>160,271</b>	<b>57,802</b>	<b>78,096</b>	<b>134,879</b>	<b>165,762</b>
Treasury bills	(16,345)	(2,926)	(45,760)	(50,890)	(52,684)
Fixed rate Bonds	156,797	64,515	108,673	170,586	179,004
Infrastructure Bonds	19,435	(4,051)	14,919	14,919	39,328
M-Akiba Bond	385	264	264	264	114
<b>4. NON RESIDENTS</b>	<b>2,843</b>	<b>1,511</b>	<b>2,632</b>	<b>3,607</b>	<b>5,178</b>
Treasury bills	(25)	443	792	881	(145)
Fixed rate Bonds	2,830	1,068	1,465	2,350	3,198
Infrastructure Bond	39	-	376	376	2,125
<b>5. NET CREDIT</b>	<b>303,662</b>	<b>80,768</b>	<b>170,896</b>	<b>367,434</b>	<b>448,331</b>
<b>6. Other Domestic Financing</b>					
Domestic Loan Repayments (Net Receipts)	2,878	1,240	1,590	2,154	2,044
<b>7. NET DOMESTIC FINANCING</b>	<b>306,540</b>	<b>82,008</b>	<b>172,486</b>	<b>369,588</b>	<b>450,375</b>

Note: Treasury Bills as reflected here are given at cost value as opposed to Table 12 given at face value.

\*provisional

Source of Data: Central Bank of Kenya



### 3.0 PUBLIC DEBT

#### 3.1 Overall Debt Position

40. The gross public debt as at 30th June, 2020 increased by KSh. 884.7 billion to KSh. 6,693.3 billion compared to KSh. 5,808.6 billion as at end of June 2019. The gross public debt comprised of 52.5 percent external debt and 47.5 percent domestic debt. The increase in the public debt is attributed to external loan disbursements and the uptake of domestic debt during the period. The net public debt was KSh. 6,190 billion by end of the period under review (Table 11).

**Table 11: Kenya's Public and Publicly Guaranteed Debt, June 2018 to June 2020 (KSh. Millions)**

DEBT SOURCE	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19*	Dec-19*	Mar-20*	Jun-20*
<b>EXTERNAL</b>									
BILATERAL	816,119	812,545	894,046	916,572	996,059	1,024,092	1,037,538	1,060,609	1,074,257
MULTILATERAL	820,966	877,730	874,680	846,587	914,394	1,001,817	1,023,821	1,075,901	1,321,629
COMMERCIAL BANKS	906,389	898,349	938,151	941,763	1,095,753	1,068,664	1,028,691	1,058,796	1,102,294
SUPPLIERS CREDIT	16,725	16,709	16,857	16,676	16,932	17,194	16,773	17,328	17,630
<b>SUB-TOTAL EXTERNAL</b>	<b>2,560,199</b>	<b>2,605,333</b>	<b>2,723,734</b>	<b>2,721,598</b>	<b>3,023,138</b>	<b>3,111,767</b>	<b>3,106,823</b>	<b>3,212,634</b>	<b>3,515,810</b>
<b>DOMESTIC:</b>									
CENTRAL BANK	110,782	90,210	118,196	89,709	109,607	120,494	115,972	106,433	98,878
COMMERCIAL BANKS	1,266,457	1,315,333	1,289,558	1,397,771	1,414,275	1,417,997	1,491,438	1,570,594	1,653,194
<b>TOTAL BANKS</b>	<b>1,377,238</b>	<b>1,405,543</b>	<b>1,407,755</b>	<b>1,487,480</b>	<b>1,523,882</b>	<b>1,538,492</b>	<b>1,607,410</b>	<b>1,677,028</b>	<b>1,752,072</b>
NON BANKS & NON RESIDENTS	1,101,596	1,135,161	1,141,015	1,211,052	1,261,601	1,313,148	1,334,694	1,393,162	1,425,454
<b>SUB-TOTAL DOMESTIC</b>	<b>2,478,835</b>	<b>2,540,704</b>	<b>2,548,770</b>	<b>2,698,532</b>	<b>2,785,483</b>	<b>2,851,639</b>	<b>2,942,104</b>	<b>3,070,189</b>	<b>3,177,526</b>
<b>GRAND TOTAL GROSS</b>	<b>5,039,034</b>	<b>5,146,037</b>	<b>5,272,504</b>	<b>5,420,130</b>	<b>5,808,621</b>	<b>5,963,406</b>	<b>6,048,927</b>	<b>6,282,823</b>	<b>6,693,336</b>
LESS ON-LENDING	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)
LESS GOVERNMENT DEPOSITS	(545,075)	(501,404)	(432,049)	(398,223)	(501,728)	(516,182)	(524,752)	(457,623)	(497,609)
<b>GRAND TOTAL NET</b>	<b>4,488,257</b>	<b>4,638,932</b>	<b>4,834,754</b>	<b>5,016,206</b>	<b>5,301,192</b>	<b>5,441,523</b>	<b>5,518,474</b>	<b>5,819,499</b>	<b>6,190,026</b>

\*Provisional

Source of Data: National Treasury

## FISCAL DEVELOPMENTS

### 3.2 Domestic Debt

41. The stock of gross domestic debt increased by KSh. 392 billion from KSh. 2,785.5 billion in June 2019 to KSh. 3,177.5 billion in June 2020. The net domestic debt was KSh. 2,674.2 billion by end of the period under review (Table 12).

**Table 12: Stock of Domestic Debt by end of June 2020 (KSh. Millions)**

DEBT SOURCE	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19*	Dec-19*	Mar-20*	Jun-20*
<b>1.CENTRAL BANK</b>	<b>110,782</b>	<b>90,210</b>	<b>118,196</b>	<b>89,709</b>	<b>109,607</b>	<b>120,494</b>	<b>115,972</b>	<b>106,433</b>	<b>98,878</b>
Overdraft	56,849	36,291	64,824	36,896	57,328	68,232	63,724	54,182	47,150
Frozen Govt Accounts	23,894	23,894	23,339	22,784	22,229	22,229	22,229	22,229	21,674
Treasury bills / bonds rediscouts	20,588	20,588	20,588	20,588	20,588	20,588	20,588	20,588	20,588
Items on Transit	25	11	19	16	36	20	5	9	40
Fixed rate bonds	9,426	9,426	9,426	9,426	9,426	9,426	9,426	9,426	9,426
<b>2.COM.BANKS</b>	<b>1,266,457</b>	<b>1,315,333</b>	<b>1,289,558</b>	<b>1,397,771</b>	<b>1,414,275</b>	<b>1,417,997</b>	<b>1,491,438</b>	<b>1,570,594</b>	<b>1,653,194</b>
Advances	7,504	7,588	8,183	3,458	3,422	3,404	2,447	2,790	2,007
Treasury Bills	482,018	537,531	527,212	570,588	577,483	556,228	549,732	576,426	567,096
Fixed Rate T. Bonds	538,240	531,519	501,047	565,157	575,939	611,920	641,650	693,770	714,224
Special Bonds	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Savings and Development Bond	7,648	7,648	7,648	7,648	6,798	7,648	7,648	7,648	7,648
Infrastructure Bonds	226,047	226,047	240,468	245,920	245,634	233,798	284,960	284,960	357,218
<b>3. NON BANKS</b>	<b>1,076,288</b>	<b>1,109,751</b>	<b>1,114,819</b>	<b>1,185,670</b>	<b>1,233,618</b>	<b>1,283,764</b>	<b>1,304,121</b>	<b>1,361,587</b>	<b>1,392,300</b>
Treasury Bills	368,537	378,858	344,111	352,367	348,771	344,235	300,354	295,241	292,227
Fixed Rate T. Bonds	495,001	518,143	549,941	600,375	651,235	715,520	759,642	822,221	829,572
Tax Reserve Certificate	69	69	69	69	69	69	69	69	69
Infrastructure Bonds	191,703	191,703	199,720	211,685	211,332	202,319	222,434	222,434	248,961
Savings and Development Bond	20,580	20,580	20,580	20,580	21,433	20,580	20,580	20,580	20,580
M- Akiba Bond	398	398	398	595	778	1,041	1,041	1,041	891
<b>4. NON RESIDENTS</b>	<b>25,308</b>	<b>25,410</b>	<b>26,197</b>	<b>25,382</b>	<b>27,983</b>	<b>29,383</b>	<b>30,572</b>	<b>31,574</b>	<b>33,154</b>
Treasury Bills	7,479	7,104	7,510	6,113	7,408	7,858	8,261	8,368	7,231
Fixed Rate T. Bonds	9,762	10,239	10,631	11,162	12,470	13,536	13,932	14,827	15,675
Savings and Development Bond	9	9	9	9	7	9	9	9	9
Infrastructure Bonds	8,058	8,058	8,047	8,098	8,097	7,980	8,371	8,371	10,239
<b>5. TOTAL GROSS DEBT</b>	<b>2,478,835</b>	<b>2,540,704</b>	<b>2,548,770</b>	<b>2,698,532</b>	<b>2,785,483</b>	<b>2,851,639</b>	<b>2,942,104</b>	<b>3,070,189</b>	<b>3,177,526</b>
6. LESS ON-LENDING	5,701	5,701	5,701	5,701	5,701	5,701	5,701	5,701	5,701
7. Less Govt Deposits	545,075	501,404	432,049	398,223	501,728	516,182	524,752	457,623	497,609
<b>8. TOTAL NET DEBT</b>	<b>1,928,059</b>	<b>2,033,599</b>	<b>2,111,020</b>	<b>2,294,608</b>	<b>2,278,054</b>	<b>2,329,756</b>	<b>2,411,651</b>	<b>2,606,865</b>	<b>2,674,216</b>

Note: Treasury Bills reflected here are at face value as opposed to Table 10, given at cost

\*Provisional

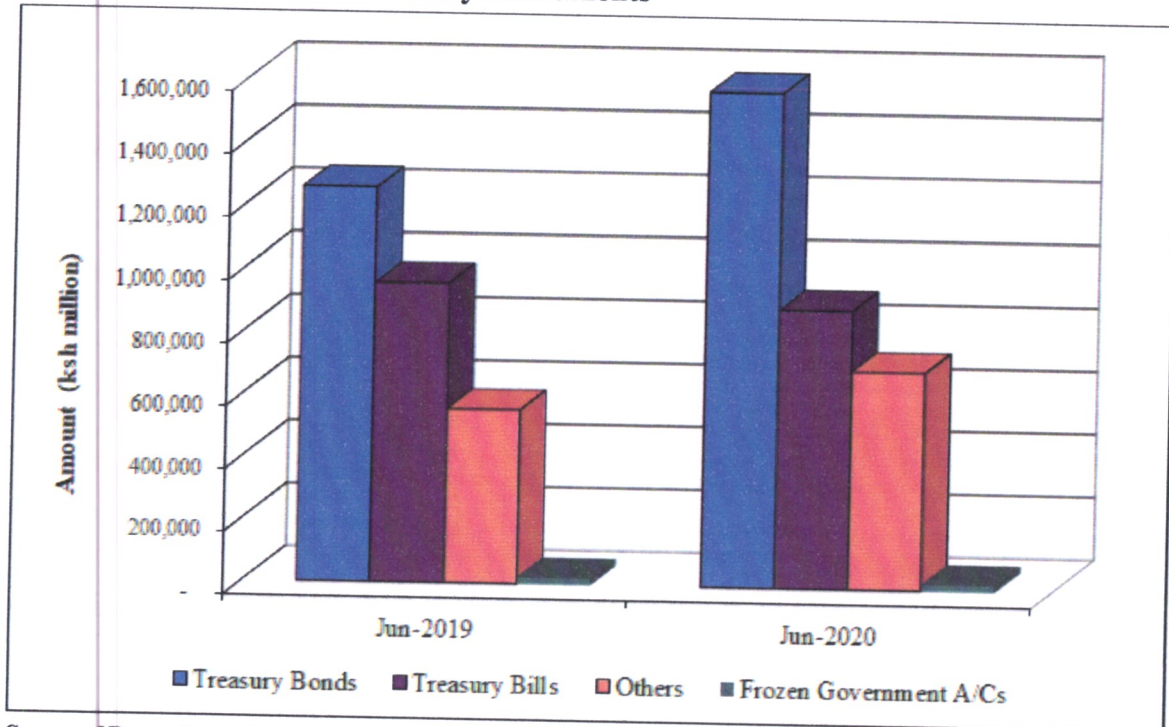
Source of Data: Central Bank of Kenya



## FISCAL DEVELOPMENTS

42. The stock of Treasury Bills held by Central Bank, Commercial Banks, Non-Banking Financial Institution and Non-Residents declined by KSh. 67.1 billion from KSh. 954.3 billion in June 2019 to KSh. 887.1 billion in June 2020. The total stock of Treasury Bonds, which include Floating, Fixed Rate, Special and Zero Coupon Bonds, increased by KSh. 319.8 billion from KSh. 1,254.1 billion in June 2019 to KSh. 1,573.9 billion in June 2020 (Chart 14).

Chart 14: Domestic Debt Stock by Instruments



Source of Data: Central Bank of Kenya

### 3.3 External Public Debt

43. In dollar terms, external public debt stock increased by US\$. 3,453.2 million from US\$. 29,552.2 million in end of June 2019 to US\$. 33,005.4 million by the end of June, 2020 (Table 13). The increase is attributed to a rise in external disbursements made during the period. The debt stock comprised of 37.6 percent, 31.4 percent, 30.6 percent, and 0.5 percent owed to multilateral institutions, commercial sources, bilateral sources, and export credit respectively.

## FISCAL DEVELOPMENTS

**Table 13: Kenya's External Public and Publicly Guaranteed Debt June 2018 - June 2020 (US\$ Millions)**

CREDITOR	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19*	Sep-19*	Dec-19*	Mar-20*	Jun-20*
<b>BILATERAL</b>									
AUSTRIA	5.72	6.64	0.83	9.34	17.63	17.65	18.62	12.84	13.14
BELGIUM	101.01	103.58	78.56	75.20	113.31	108.49	109.80	113.08	112.42
CANADA	4.05	2.83	1.52	1.52	1.08	1.08	0.58	0.58	0.00
DENMARK	11.63	10	9.37	8.39	8.55	7.45	6.41	5.87	5.67
FINLAND	16.25	16.69	19.02	16.00	17.56	15.58	15.95	13.09	13.40
FRANCE	611.44	599.02	612.22	668.45	709.38	679.88	728.89	698.14	748.38
GERMANY	268.93	274.11	341.96	360.65	364.39	338.66	332.14	371.11	333.07
ITALY	1.24	1.25	152.35	345.75	354.78	344.1	351.90	342.57	349.64
JAPAN	503.66	483.85	1,023.98	1,272.62	1,321.91	1,372.56	1,353.47	1,385.84	1,423.97
NETHERLANDS	10.67	9.07	4.33	3.31	3.35	2.19	1.79	1.00	0.51
UK	4.59	4.56	2.43	0.84	0.58	0.56	0.32	0.30	-
USA	29.17	26.45	25.06	20.75	20.42	18.12	17.45	15.16	14.83
CHINA	5,532.61	5,496.62	6,201.61	6,006.17	6,462.07	6,410.61	6,840.23	6,746.26	6,753.13
OTHERS	432.44	457.02	305.16	308.51	341.8	326.53	325.62	570.92	316.66
<b>TOTAL BILATERAL</b>	<b>7,533.41</b>	<b>7,491.69</b>	<b>8,778.40</b>	<b>9,097.49</b>	<b>9,736.81</b>	<b>9,643.46</b>	<b>10,103.18</b>	<b>10,276.76</b>	<b>10,084.80</b>
<b>MULTILATERAL</b>									
ADB/ADF	2,026.48	2,043.51	2,151.35	2,233.19	2,244.79	2,301.03	2,393.60	2,404.62	2,475.99
BADEA	29.81	34.63	32.17	34.53	36.08	36.21	36.28	36.06	36.66
EEC/EIB	192.53	194.86	184.16	173.89	168.53	160.53	162.18	152.65	157.67
IBRD	-	-	-	-	-	-	-	-	250.00
IDA/IFAD	5,024.05	5,612.97	5,481.55	5,403.95	5,953.08	6,900.25	7,234.42	7,146.77	8,399.27
IMF**	708.45	699.4	676.41	501.48	481.02	407.37	360.66	341.14	1,038.33
OTHERS	50.07	63.86	62.61	55.80	55.01	52.49	51.40	49.46	49.13
<b>TOTAL MULTILATERAL</b>	<b>8,031.39</b>	<b>8,649.23</b>	<b>8,588.25</b>	<b>8,402.85</b>	<b>8,938.51</b>	<b>9,857.88</b>	<b>10,238.54</b>	<b>10,130.70</b>	<b>12,407.05</b>
<b>COMMERCIAL<sup>1</sup></b>	<b>8,219.71</b>	<b>8,148.46</b>	<b>9,211.46</b>	<b>9,347.52</b>	<b>10,711.36</b>	<b>10,286.93</b>	<b>10,151.24</b>	<b>10,113.38</b>	<b>10,348.00</b>
EXPORT CREDIT	165.51	165.51	165.51	165.51	165.51	165.51	165.51	165.51	165.51
<b>GRAND TOTAL</b>	<b>23,950.02</b>	<b>24,454.89</b>	<b>26,743.62</b>	<b>27,013.37</b>	<b>29,552.19</b>	<b>29,953.79</b>	<b>30,658.48</b>	<b>30,686.36</b>	<b>33,005.37</b>
In percentage of total									
BILATERAL	31.45	30.63	32.82	33.68	32.95	32.19	32.95	33.49	30.56
MULTILATERAL	33.53	35.37	32.11	31.11	30.25	32.91	33.40	33.01	37.59
COMMERCIAL BANKS <sup>1</sup>	34.32	33.32	34.44	34.60	36.25	34.34	33.11	32.96	31.35
EXPORT CREDIT	0.69	0.68	0.62	0.61	0.56	0.55	0.54	0.54	0.50
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

\*Provisional

\*\* include IMF item

<sup>1</sup>/ incl. International Sovereign Bond

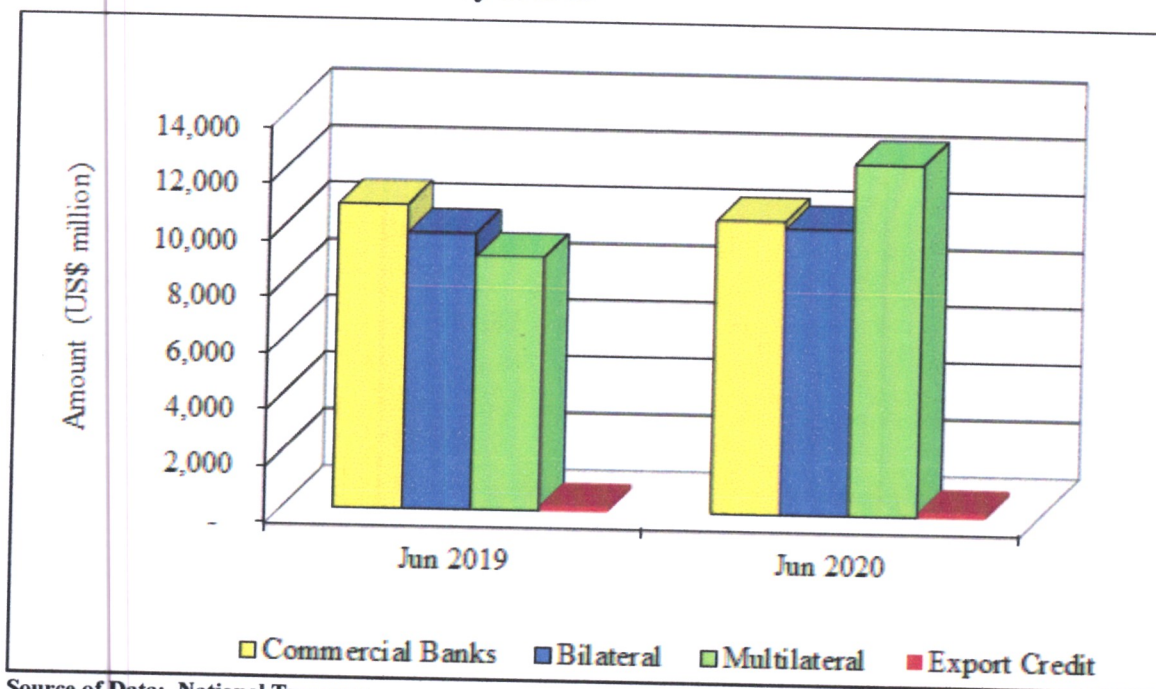
Note: The exchange rate as at end June 2020 was KSh. 106.52 per dollar.

Source of Data: National Treasury

44. Compared to the same period in FY 2018/19, external public debt stock from bilateral sources and multilateral institutions recorded an increase in the period ending June, 2020 while that from Commercial Banks decreased. External debt stock from suppliers' credit remained constant in June, 2019 and June, 2020 (Chart 15).



Chart 15: External Public Debt by Source



Source of Data: National Treasury

### 3.3.1 External Debt Service

45. By the end of June 2020, the total cumulative debt service payments to external creditors amounted to KSh. 223.4 billion. This comprised of KSh. 101.6 billion (45.5 percent) principal and KSh. 121.8 billion (54.5 percent) interest (**Table 14**).

## FISCAL DEVELOPMENTS

**Table 14: External Debt Service, July 2019 – June 2020 (KSh. Million)**

CATEGORY	PRINCIPAL*	INTEREST*	TOTAL*
<b>BILATERAL</b>			
ABU DHABI	104.82	8.51	113.33
AUSTRIA	-	24.21	24.21
BELGIUM	1,837.57	183.95	2,021.52
CANADA	114.56	2.33	116.89
CHINA	19,207.89	28,189.31	47,397.20
DENMARK	322.29	-	322.29
FINLAND	283.41	4.01	287.42
FRANCE	4,769.29	2,516.64	7,285.93
GERMANY	2,254.81	450.77	2,705.58
INDIA	611.54	155.65	767.19
ISRAEL	620.86	200.89	821.75
ITALY	1,142.92	1,711.33	2,854.26
JAPAN	4,756.84	510.83	5,267.66
KOREA	138.23	28.56	166.79
KUWAIT	205.45	38.14	243.59
NETHERLANDS	382.96	21.42	404.38
POLAND	-	14.00	14.00
SAUDI ARABIA	118.55	32.24	150.80
SPAIN	2,633.60	188.18	2,821.79
UK	68.50	0.74	69.24
USA	574.59	61.99	636.58
<b>TOTAL BILATERAL</b>	<b>40,148.70</b>	<b>34,343.70</b>	<b>74,492.40</b>
<b>MULTILATERAL</b>			
ADB/ADF	1,695.55	2,679.85	4,375.39
BADEA	328.14	56.23	384.37
EIB/EEC	1,738.35	457.11	2,195.46
IDA	14,053.87	6,210.33	20,264.20
OPEC	523.10	94.03	617.13
NDF	30.14	10.29	40.43
IFAD	413.34	148.54	561.89
IBRD	-	131.94	131.94
<b>TOTAL MULTILATERAL</b>	<b>18,782.50</b>	<b>9,788.31</b>	<b>28,570.81</b>
<b>COMMERCIAL</b>	<b>42,668.53</b>	<b>77,708.08</b>	<b>120,376.62</b>
<b>GRAND TOTAL</b>	<b>101,599.73</b>	<b>121,840.09</b>	<b>223,439.82</b>

\* Provisional

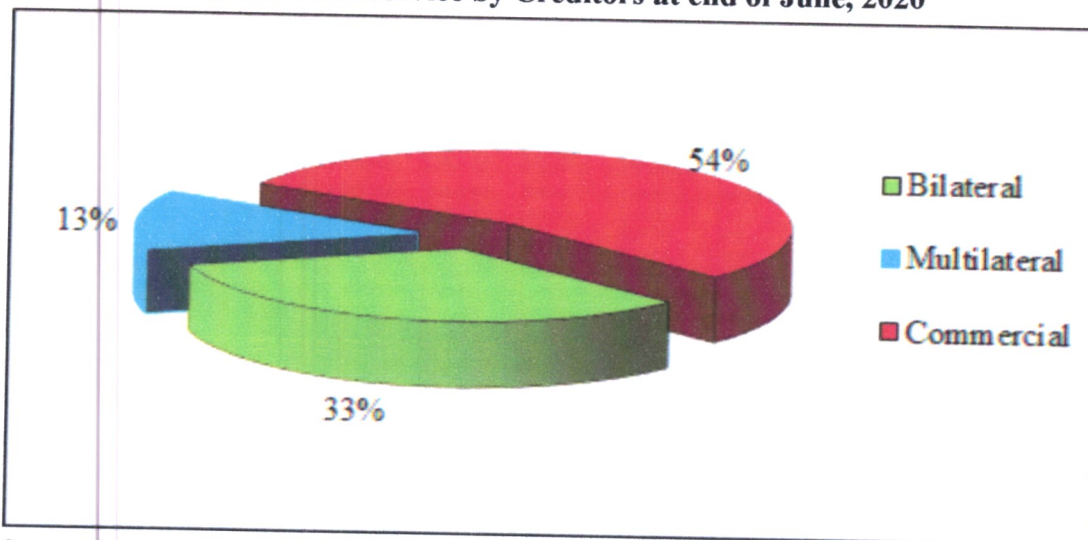
Source of Data: National Treasury



## FISCAL DEVELOPMENTS

46. By the end of June 2020, the total cumulative debt service payments to external creditors comprised of 54 percent, 33 percent and 13 percent of the total payments to commercial, bilateral and multilateral creditors respectively (**Chart 16**).

**Chart 16: External Debt Service by Creditors at end of June, 2020**



Source of Data: National Treasury

## 4.0. ANNEXES

## Annex I: Fiscal Results, 2013/14 – 2019/20 (KSh. Millions)

REVENUE/EXPENDITURE/FINANCING	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20		
	Actual					Prel. Actual	Prel. Actual	Original Budget	Revised Budget-III
<b>A.TOTAL REVENUE</b>	<b>974,418</b>	<b>1,107,772</b>	<b>1,254,790</b>	<b>1,439,571</b>	<b>1,522,912</b>	<b>1,701,672</b>	<b>1,733,631</b>	<b>2,115,902</b>	<b>1,864,823</b>
<b>1.Ordinary Revenue</b>	<b>918,990</b>	<b>1,031,819</b>	<b>1,152,544</b>	<b>1,306,568</b>	<b>1,365,063</b>	<b>1,499,757</b>	<b>1,573,418</b>	<b>1,877,176</b>	<b>1,615,378</b>
Income Tax	449,590	508,581	560,762	625,050	640,546	685,330	706,936	884,369	720,268
VAT	232,630	259,685	289,213	339,034	357,129	414,143	383,713	495,980	400,129
Import Duty	67,555	74,048	79,638	89,943	93,685	106,875	98,022	135,422	95,942
Excise Duty	102,029	115,872	140,212	165,474	167,753	194,310	195,270	242,245	201,205
Other Revenue	67,185	73,633	82,719	87,067	105,950	99,099	189,477	119,160	197,834
2.Appropriation-in-Aid	55,428	75,953	102,247	133,002	157,848	201,915	160,213	238,725	249,445
<b>B.EXPENDITURE &amp; NET LENDING</b>	<b>1,300,589</b>	<b>1,639,881</b>	<b>1,804,520</b>	<b>2,111,896</b>	<b>2,146,843</b>	<b>2,433,707</b>	<b>2,565,444</b>	<b>2,796,027</b>	<b>2,817,808</b>
<b>1.Recurrent</b>	<b>787,926</b>	<b>895,199</b>	<b>1,036,636</b>	<b>1,165,037</b>	<b>1,349,896</b>	<b>1,531,083</b>	<b>1,645,222</b>	<b>1,760,330</b>	<b>1,776,959</b>
Wages and Salaries	281,197	297,978	307,421	336,636	388,938	417,526	449,927	483,541	457,155
Interest Payments	134,821	171,876	215,328	271,233	323,890	375,723	437,202	441,481	433,680
Domestic Interest	119,193	139,615	172,857	212,865	239,470	272,351	315,362	290,540	301,812
Foreign Interest Due	15,628	32,261	42,471	58,368	84,420	103,372	121,840	150,941	131,868
Pensions, etc	30,155	37,508	53,401	63,958	65,099	70,804	89,605	108,582	90,989
O & M/ Others	306,330	353,206	429,046	457,150	534,347	625,791	626,394	674,115	746,579
of which Appropriation-in-Aid	28,205	50,566	71,915	58,536	109,861	147,765	106,958	162,588	176,126
<b>2.Development &amp; Net Lending</b>	<b>319,274</b>	<b>510,536</b>	<b>486,662</b>	<b>641,843</b>	<b>469,673</b>	<b>541,884</b>	<b>594,944</b>	<b>652,348</b>	<b>678,466</b>
Development Projects	225,850	294,735	343,338	392,217	255,213	289,029	389,571	364,028	434,273
Appropriation-in-Aid	91,239	213,276	134,757	241,183	211,931	243,408	204,712	281,911	243,549
Payment of guaranteed loans	2,185	2,125	2,167	2,443	2,529	2,485	661	644	644
3. Drought Development Expenditures/CF	-	4,951	5,000	-	-	-	-	5,000	-
4. Transfer to County Governments	193,390	229,195	276,223	305,016	327,274	360,740	325,278	378,350	362,383
5. Parliamentary Service	22,473	22,743	19,777	24,215	25,678	28,525	27,990	37,579	34,257
6. Judicial Service	12,951	11,887	11,662	11,846	11,944	12,713	14,103	15,032	14,298
7. Equalization Fund	-	400	6,400	6,000	-	6,962	-	5,765	-
<b>D.DEFICIT EXCL. GRANTS (Commitment Basis)</b>	<b>(326,172)</b>	<b>(532,109)</b>	<b>(549,730)</b>	<b>(672,326)</b>	<b>(623,932)</b>	<b>(732,035)</b>	<b>(831,812)</b>	<b>(680,125)</b>	<b>(952,985)</b>
<b>E.GRANTS</b>	<b>26,957</b>	<b>28,117</b>	<b>29,597</b>	<b>26,962</b>	<b>27,600</b>	<b>19,702</b>	<b>19,820</b>	<b>38,785</b>	<b>35,026</b>
<b>F.DEFICIT INCL.GRANTS (Commitment Basis)</b>	<b>(299,214)</b>	<b>(503,992)</b>	<b>(520,133)</b>	<b>(645,364)</b>	<b>(596,332)</b>	<b>(712,333)</b>	<b>(811,993)</b>	<b>(641,341)</b>	<b>(917,959)</b>
<b>G. ADJUSTMENT TO CASH BASIS</b>	<b>(8,505)</b>	<b>32,513</b>	<b>45,563</b>	<b>(51,854)</b>	<b>(34,978)</b>	<b>8,725</b>	<b>(20,813)</b>	<b>-</b>	<b>-</b>
<b>H.DEFICIT INCL.GRANTS (Cash Basis)</b>	<b>(307,720)</b>	<b>(471,479)</b>	<b>(474,570)</b>	<b>(697,218)</b>	<b>(631,309)</b>	<b>(703,609)</b>	<b>(832,806)</b>	<b>(641,341)</b>	<b>(917,959)</b>
<b>I.FINANCING</b>	<b>307,720</b>	<b>471,479</b>	<b>474,570</b>	<b>697,218</b>	<b>631,309</b>	<b>721,058</b>	<b>791,180</b>	<b>641,341</b>	<b>917,959</b>
Net Foreign Financing	104,726	217,479	269,924	385,745	354,977	414,518	340,805	331,313	324,009
Net Domestic Financing	202,994	253,999	204,646	311,474	276,333	306,540	450,375	310,027	593,950
<b>In Percentage of GDP</b>									
<b>A.TOTAL REVENUE</b>	<b>19.2</b>	<b>19.0</b>	<b>18.7</b>	<b>18.8</b>	<b>17.9</b>	<b>18.3</b>	<b>17.0</b>	<b>19.7</b>	<b>18.3</b>
<b>1.Ordinary Revenue</b>	<b>18.1</b>	<b>17.7</b>	<b>17.2</b>	<b>17.0</b>	<b>16.0</b>	<b>16.1</b>	<b>15.4</b>	<b>17.4</b>	<b>15.8</b>
Income Tax	8.9	8.7	8.4	8.1	7.5	7.4	6.9	8.2	7.1
VAT	4.6	4.5	4.3	4.4	4.2	4.5	3.8	4.6	3.9
Import Duty	1.3	1.3	1.2	1.2	1.1	1.1	1.0	1.3	0.9
Excise Duty	2.0	2.0	2.1	2.2	2.0	2.1	1.9	2.3	2.0
Other Revenue	1.3	1.3	1.2	1.1	1.2	1.1	1.9	1.1	1.9
2.Appropriation-in-Aid	1.1	1.3	1.5	1.7	1.9	2.2	1.6	2.2	2.4
<b>B. EXPENDITURE &amp; NET LENDING</b>	<b>25.6</b>	<b>28.1</b>	<b>26.9</b>	<b>27.5</b>	<b>25.2</b>	<b>26.2</b>	<b>25.2</b>	<b>26.0</b>	<b>27.6</b>
<b>1.Recurrent</b>	<b>15.5</b>	<b>15.4</b>	<b>15.4</b>	<b>15.2</b>	<b>15.8</b>	<b>16.5</b>	<b>16.1</b>	<b>16.4</b>	<b>17.4</b>
Wages and Salaries	5.5	5.1	4.6	4.4	4.6	4.5	4.4	4.5	4.5
Interest Payments	2.7	2.9	3.2	3.5	3.8	4.0	4.3	4.1	4.3
Domestic Interest	2.3	2.4	2.6	2.8	2.8	2.9	3.1	2.7	3.0
Foreign Interest Due	0.3	0.6	0.6	0.8	1.0	1.1	1.2	1.4	1.3
Pensions, etc	0.6	0.6	0.8	0.8	0.8	0.8	0.9	1.0	0.9
O & M/ Others	6.0	6.1	6.4	6.0	6.3	6.7	6.1	6.3	7.3
of which Appropriation-in-Aid	0.6	0.9	1.1	0.8	1.3	1.6	1.0	1.5	1.7
<b>2.Development &amp; Net Lending</b>	<b>6.3</b>	<b>8.8</b>	<b>7.3</b>	<b>8.4</b>	<b>5.5</b>	<b>5.8</b>	<b>5.8</b>	<b>6.1</b>	<b>6.7</b>
Development Projects	4.5	5.1	5.1	5.1	3.0	3.1	3.8	3.4	4.3
Appropriation-in-Aid	1.8	3.7	2.0	3.1	2.5	2.6	2.0	2.6	2.4
Payment of guaranteed loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Drought Expenditures	-	0.1	0.1	-	-	-	-	-	-
4. Transfer to County Governments	3.8	3.9	4.1	4.0	3.8	3.9	3.2	3.5	3.6
5. Parliamentary Service	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3
6. Judicial Service	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1
7. Equalization Fund	-	0.0	0.1	0.1	-	0.1	-	0.1	-
<b>D.DEFICIT EXCL. GRANTS (Commitment Basis)</b>	<b>(6.4)</b>	<b>(9.1)</b>	<b>(8.2)</b>	<b>(8.8)</b>	<b>(7.3)</b>	<b>(7.9)</b>	<b>(8.2)</b>	<b>(6.3)</b>	<b>(9.3)</b>
<b>E.GRANTS</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>0.4</b>	<b>0.3</b>
<b>F.DEFICIT INCL.GRANTS (Commitment Basis)</b>	<b>(5.9)</b>	<b>(8.6)</b>	<b>(7.8)</b>	<b>(8.4)</b>	<b>(7.0)</b>	<b>(7.7)</b>	<b>(8.0)</b>	<b>(6.0)</b>	<b>(9.0)</b>
<b>G. ADJUSTMENT TO CASH BASIS</b>	<b>(0.2)</b>	<b>0.6</b>	<b>0.7</b>	<b>(0.7)</b>	<b>(0.4)</b>	<b>0.1</b>	<b>(0.2)</b>	<b>-</b>	<b>-</b>
<b>H.DEFICIT INCL.GRANTS (Cash Basis)</b>	<b>(6.1)</b>	<b>(8.1)</b>	<b>(7.1)</b>	<b>(9.1)</b>	<b>(7.4)</b>	<b>(7.6)</b>	<b>(8.2)</b>	<b>(6.0)</b>	<b>(9.0)</b>
<b>I.FINANCING</b>	<b>6.1</b>	<b>8.1</b>	<b>7.1</b>	<b>9.1</b>	<b>7.4</b>	<b>7.8</b>	<b>7.8</b>	<b>6.0</b>	<b>9.0</b>
Foreign Financing	2.1	3.7	4.0	5.0	4.2	4.5	3.3	3.1	3.2
Net Domestic Financing	4.0	4.4	3.1	4.1	3.2	3.3	4.4	2.9	5.8
Memorandum Item:									
Nominal GDP at Market price (Ksh. million)	5,073,776.8	5,831,528.0	6,709,671.0	7,675,172.0	8,518,004.0	9,303,050.0	10,196,618.5	10,765,655.4	10,196,618.5

Source: National Treasury



**GFSM 2014 COMPLIANT TABLES FOR BUDGETARY CENTRAL GOVERNMENT**  
**Annex II: Revenue (KSh. Millions)**

GFSM Code	Description	Cumulative		
		Annual Budget Estimates FY2019/20	Prel. Actual FY2019/20 Q3	Prel. Actual FY2019/20 Q4
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
<b>1</b>	<b>Revenue</b>	<b>2,154,686</b>	<b>1,345,767</b>	<b>1,753,451</b>
11	Taxes	1,914,170	1,165,564	1,514,858
111	<b>Taxes on income, profits, and capital gains</b>	<b>884,369</b>	<b>519,714</b>	<b>706,936</b>
1111	Payable by individuals	468,497	310,625	399,201
1112	Payable by corporations and other enterprises	415,872	209,088	307,735
114	<b>Taxes on goods and services</b>	<b>836,645</b>	<b>528,145</b>	<b>656,647</b>
1141	General taxes on goods and services	512,528	317,368	397,285
11411	Value-added taxes	495,980	305,657	383,713
11414	Taxes on financial and capital transactions <sup>1</sup>	16,548	11,711	13,572
1142	Excises <sup>2</sup>	324,116	210,776	259,362
115	<b>Taxes on international trade and transactions</b>	<b>193,156</b>	<b>117,706</b>	<b>151,274</b>
1151	Customs and other import duties <sup>3</sup>	193,156	117,706	151,274
12	<b>Social contributions</b>	<b>1,128</b>	<b>318</b>	<b>315</b>
122	<b>Other social contributions</b>	<b>1,128</b>	<b>318</b>	<b>315</b>
1221	Employee contributions	1,128	318	315
13	<b>Grants</b>	<b>38,785</b>	<b>13,576</b>	<b>19,820</b>
131	From foreign governments	33,785	10,675	15,180
1311	Current	-	-	-
1312	Capital	33,785	10,675	15,180
132	From international organizations	5,000	2,901	4,639
1321	Current	5,000	2,901	4,639
1322	Capital	-	-	-
14	<b>Other revenue</b>	<b>200,604</b>	<b>166,309</b>	<b>218,458</b>
141	<b>Property income</b>	<b>39,030</b>	<b>101,007</b>	<b>122,406</b>
1411	Interest	2,133	1,581	1,797
1412	Dividends	34,528	96,006	116,146
1415	Rent	2,369	3,421	4,463
142	<b>Sales of goods and services</b>	<b>154,084</b>	<b>63,326</b>	<b>91,786</b>
1422	Administrative fees	154,084	63,326	91,786
143	<b>Fines, penalties, and forfeits</b>	<b>2,991</b>	<b>1,232</b>	<b>2,207</b>
144	<b>Miscellaneous and unidentified revenue</b>	<b>4,500</b>	<b>744</b>	<b>2,061</b>

1/Includes Capital Gains Tax and Stamp duty

2/Includes Ordinary excise, RML, PDL, Electricity levy

3/ Includes Import duty, RDL, IDF

Source: National Treasury

## Annex III: Expense (KSh. Millions)

GFSM Code	Description	Cumulative		
		Annual Budget Estimates FY2019/20	Prel. Actual FY2019/20 Q3	Prel. Actual FY2019/20 Q4
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
<b>2</b>	<b>Expense</b>	<b>2,673,010</b>	<b>1,735,849</b>	<b>2,414,032</b>
<b>21</b>	<b>Compensation of employees</b>	<b>578,957</b>	<b>391,804</b>	<b>528,084</b>
211	Wages and salaries	538,106	389,736	525,467
<b>212</b>	<b>Social contributions</b>	<b>40,851</b>	<b>2,068</b>	<b>2,616</b>
2121	Actual social contributions	40,851	2,068	2,616
<b>22</b>	<b>Use of goods and services</b>	<b>393,496</b>	<b>238,881</b>	<b>274,976</b>
	O/W Defence and NIS	56,876	38,850	51,427
	Free Secondary Education (FSE)	59,702	57,414	58,475
	Free Primary Education (FPE)	13,401	9,299	13,401
<b>24</b>	<b>Interest</b>	<b>441,481</b>	<b>317,817</b>	<b>437,202</b>
241	To nonresidents	150,941	94,548	121,840
242	To residents other than general government	290,540	223,269	315,362
<b>25</b>	<b>Subsidies</b>	<b>1,953</b>	<b>1,503</b>	<b>2,514</b>
251	To public corporations	1,953	1,503	2,514
252	To private enterprises	-	-	-
<b>26</b>	<b>Grants</b>	<b>1,083,271</b>	<b>711,261</b>	<b>1,080,861</b>
<b>262</b>	<b>To international organizations</b>	<b>5,341</b>	<b>-</b>	<b>-</b>
2621	Current	5,341	-	-
2622	Capital	-	-	-
<b>263</b>	<b>To other general government units</b>	<b>1,077,929</b>	<b>711,261</b>	<b>1,080,861</b>
2631	Current	592,034	346,840	575,367
	O/W Transfer to County Governments (ES)	217,000	137,362	200,749
	Transfer to Other levels of Government (SOEs)	375,034	209,478	374,619
2632	Capital	485,895	364,420	505,493
	O/W Transfer to County Governments (ES)	93,000	58,869	86,035
	Transfer to Other levels of Government (SOEs)	392,895	305,551	419,458
<b>27</b>	<b>Social benefits</b>	<b>163,088</b>	<b>72,983</b>	<b>88,797</b>
273	Employer social benefits	163,088	72,983	88,797
<b>28</b>	<b>Other expense</b>	<b>10,765</b>	<b>1,600</b>	<b>1,600</b>
282	Miscellaneous other expense	10,765	1,600	1,600

Source: National Treasury



## Annex IV: Transaction in Assets and Liabilities (KSh. Millions)

GFSM Code	Description	Cumulative		
		Annual Budget Estimates FY2019/20	Prel. Actual FY2019/20 Q3	Prel. Actual FY2019/20 Q4
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
<b>3</b>	<b>Change in Net Worth: Transactions</b>	<b>(426,828)</b>	<b>(418,100)</b>	<b>(649,432)</b>
<b>31</b>	<b>Net acquisition of nonfinancial assets</b>	<b>200,923</b>	<b>131,733</b>	<b>150,750</b>
<b>311</b>	<b>Fixed assets</b>	<b>201,188</b>	<b>131,733</b>	<b>150,750</b>
3111	Buildings and structures	194,741	128,458	146,250
3113	Other fixed assets	6,446	3,275	4,500
<b>32</b>	<b>Net acquisition of financial assets</b>	<b>3,223</b>	<b>(73,310)</b>	<b>51,869</b>
3212	Currency and deposits (Domestic)	3,223	(73,310)	51,869
<b>33</b>	<b>Net incurrence of liabilities</b>	<b>630,974</b>	<b>476,523</b>	<b>852,051</b>
<b>331</b>	<b>Domestic</b>	<b>300,314</b>	<b>303,487</b>	<b>410,307</b>
3313	Securities other than shares	300,314	295,765	409,911
3314	Loans	-	(3,795)	(11,405)
	Other Accounts Payable		11,517	11,801
<b>332</b>	<b>Foreign</b>	<b>330,660</b>	<b>173,036</b>	<b>441,743</b>
3323	Securities other than shares	200,000		
3324	Loans	130,660	173,036	441,743

Source: National Treasury

## Annex V: Statement of Sources and Uses of Cash (KSh. Millions)

GFSM Code	Description	Cumulative		
		Annual Budget Estimates FY2019/20	PreL. Actual FY2019/20 Q3	PreL. Actual FY2019/20 Q4
	<i>Accounting method:</i>			
	<b>Cash Flows from Operating Activities:</b>			
1	<b>Cash receipts from operating activities</b>	<b>2,154,686</b>	<b>1,345,767</b>	<b>1,753,451</b>
11	Taxes	1,914,239	1,165,564	1,514,858
12	Social contributions	1,128	318	315
13	Grants	38,785	13,576	19,820
14	Other receipts	200,535	166,309	218,458
2	<b>Cash payments for operating activities</b>	<b>2,587,696</b>	<b>1,735,849</b>	<b>2,414,032</b>
21	Compensation of employees	493,642	391,804	528,084
22	Purchases of goods and services	393,496	238,881	274,976
24	Interest	441,481	317,817	437,202
25	Subsidies	1,953	1,503	2,514
26	Grants	1,083,271	711,261	1,080,861
27	Social benefits	163,088	72,983	88,797
28	Other payments	10,765	1,600	1,600
	<b>Net cash inflow from operating activities</b>	<b>(433,009)</b>	<b>(390,081)</b>	<b>(660,581)</b>
	<b>Cash Flowa from Investments in Nonfinancial Assets (NFAs):</b>			
31A	<b>Purchases of nonfinancial assets</b>	<b>200,923</b>	<b>131,733</b>	<b>150,750</b>
311A	Fixed assets	200,923	131,733	150,750
31	<b>Net cash outflow: investments in NFAs (31=31.1-31.2)</b>	<b>200,923</b>	<b>131,733</b>	<b>150,750</b>
	<b>Cash surplus / deficit</b>	<b>(633,932)</b>	<b>(521,814)</b>	<b>(811,331)</b>
	<b>Cash Flows from Financing Activities:</b>			
32x	Net acquisition of financial assets other than cash	3,223	(73,310)	51,869
321x	Domestic	3,223	(73,310)	51,869
322x	Foreign	-	-	-
33	<b>Net incurrence of liabilities</b>	<b>630,974</b>	<b>476,523</b>	<b>852,051</b>
331	Domestic	300,314	303,487	410,307
332	Foreign	330,660	173,036	441,743
NFB	<b>Net cash inflow from financing activities</b>	<b>627,751</b>	<b>403,213</b>	<b>903,919</b>
	<b>Net change in the stock of cash</b>	<b>(6,181)</b>	<b>28,019</b>	<b>(11,149)</b>
	<b>Statistical Discrepancy<sup>4</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>

4/Vertical check: Difference between cash surplus/deficit and total net cash inflow from financial activities

Source: National Treasury



## Annex VI: Statement of Government Operations (KSh. Millions)

GFSM Code	Description	Cumulative		
		Annual Budget Estimates FY2019/20	Prel. Actual FY2019/20 Q3	Prel. Actual FY2019/20 Q4
	<i>Accounting method:</i>			
	<i>Transactions Affecting Net Worth:</i>			
	<b>1 Revenue</b>	<b>2,154,686</b>	<b>1,345,767</b>	<b>1,753,451</b>
11	Taxes	1,914,239	1,165,564	1,514,858
12	Social contributions	1,128	318	315
13	Grants	38,785	13,576	19,820
14	Other revenue	200,535	166,309	218,458
	<b>2 Expense</b>	<b>2,587,696</b>	<b>1,735,849</b>	<b>2,414,032</b>
21	Compensation of employees	493,642	391,804	528,084
22	Use of goods and services	393,496	238,881	274,976
24	Interest	441,481	317,817	437,202
25	Subsidies	1,953	1,503	2,514
26	Grants	1,083,271	711,261	1,080,861
27	Social benefits	163,088	72,983	88,797
28	Other expense	10,765	1,600	1,600
<b>GOB</b>	<b>Gross operating balance</b>	<b>(433,009)</b>	<b>(390,081)</b>	<b>(660,581)</b>
<b>NOB</b>	<b>Net operating balance</b>	<b>(433,009)</b>	<b>(390,081)</b>	<b>(660,581)</b>
	<b>Transactions on Nonfinancial Assets:</b>			
<b>31</b>	<b>Net Acquisition of Nonfinancial Assets</b>	<b>200,923</b>	<b>131,733</b>	<b>150,750</b>
311	Fixed assets	200,923	131,733	150,750
<b>NLB</b>	<b>Net lending / borrowing</b>	<b>(633,932)</b>	<b>(521,814)</b>	<b>(811,331)</b>
	<b>Transactions on Financial Assets and Liabilities (Financing):</b>			
<b>32</b>	<b>Net acquisition of financial assets</b>	<b>3,223</b>	<b>(73,310)</b>	<b>51,869</b>
321	Domestic	3,223	(73,310)	51,869
322	Foreign	-	-	-
<b>33</b>	<b>Net incurrence of liabilities</b>	<b>630,974</b>	<b>476,523</b>	<b>852,051</b>
331	Domestic	300,314	303,487	410,307
332	Foreign	330,660	173,036	441,743
	<b>Vertical check: Difference between net lending/borrowing and financing</b>	<b>(6,181)</b>	<b>28,019</b>	<b>(11,149)</b>

5/Vertical check: Difference between net lending/borrowing and financing  
Source: National Treasury

