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# Quarterly Economic and Budgetary Review

First Quarter, Financial Year 2020/2021  
Period Ending 30th September, 2020

November 2020 Edition



# Quarterly Economic and Budgetary Review

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## ACKNOWLEDGEMENT

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

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



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KNBS	Kenya National Bureau of Statistics
KSh.	Kenya Shillings
MDAs	Ministries, Departments and Agencies
Mn	Million
NDA	Net Domestic Assets
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 FIRST QUARTERLY ECONOMIC AND BUDGETARY REVIEW REPORT IN THE 2020/21 FY

### 1. Economic growth

In 2020, the Kenyan economy has been adversely affected by the outbreak of Covid-19 Pandemic and the swift containment measures, which have not only disrupted the normal life and livelihoods, but also to a greater extent businesses and economic activities. As a result, the economy grew by 4.9 percent in the first quarter of 2020 compared to a growth of 5.5 percent in the first quarter of 2019. The economy further contracted by 5.7 percent in quarter two of 2020 from a growth of 5.3 percent in the same quarter in 2019. The performance of most sectors of the economy contracted in the second quarter of 2020. However, the economy was supported by improved performance of Agriculture, Forestry and Fishing activities, Health Services and Mining and Quarrying activities.

### 2. Stable prices

Year-on-year overall inflation rate remained low, stable and within the Government target range of 5+/-2.5 percent since the end of 2017. This demonstrate prudent monetary policies. The inflation rate was at 4.2 percent in September 2020 up from 3.8 percent in September 2019. This was supported by a reduction in food prices particularly cabbages, loose maize grain, carrots, oranges and Irish potatoes.

### 3. Interest Rates

Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.00 percent on September 29, 2020 same as in April 2020 to signal lower lending. The interbank rate remained low at 3.0 percent in September 2020 from 6.6 percent in September 2019 in line with the easing of the monetary policy and adequate liquidity in the money market.

### 4. Money and Credit

Growth in broad money supply, M3, improved to 10.7 percent in the year to September 2020 compared to a growth of 6.5 percent in the year to September 2019. The improved growth in M3 was attributed to an increase in the Net Domestic Assets particularly improvement in credit flows to the government and the private sector.

### 5. Balance of Payments

The overall balance of payments position improved to a surplus of US\$ 1,217.2 million (1.2 percent of GDP) in the year to September 2020 from a deficit of US\$ 1,058 million (1.1 percent of GDP) in the year to September 2019. This was due to an improvement in the current account balance as net imports declined and exports improved.

### 6. Foreign Exchange Reserves

The banking system's foreign exchange holdings remained strong at US\$ 12,585.0 million in September 2020 down from US\$ 13,083.3 million in September 2019. The official foreign exchange reserves held by the Central Bank declined to US\$ 8,765.1 million (5.4 months of import cover) in September 2020 compared with US\$ 9,441.6 million (5.8 months of import cover) in September 2019.

## **7. Capital Markets**

Activity in the capital markets declined in September 2020 compared to September 2019, with equity share prices declining as shown by the NSE 20 Share Index. The NSE 20 Share Index was at 1,942 points by end of September 2020 compared to 2,432 points by end September 2019. Consequently, market capitalization declined from KSh. 2,190 billion to KSh. 2,148 billion over the same period.

## **8. Revenue Collection**

The National Government's cumulative revenue collection including A-I-A for the period between July 2020-September 2020 amounted to KSh. 378.7 billion (3.4 percent of GDP) against a target of KSh. 428.9 billion. The revenue was below target by KSh. 50.2 billion mainly due to underperformance in Pay As You Earn, Value Added Taxes (both domestic and imports), Excise duty, Import duty and the ministerial 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 September, 2020 amounted to KSh. 510.4 billion, against a target of KSh. 565.3 billion. The resultant under expenditure of KSh. 54.9 billion is mainly attributed to lower absorption recorded in both recurrent and development expenditures by the National Government and delayed disbursements to County Governments as a result of the protracted debate at the Senate over the county revenue allocation formula.

## **10. Guaranteed Debt**

The government did not service any guaranteed debt on behalf of Parastatals during the period under review. Guaranteed debt to parastatals with liquidity problems had been fully serviced.

## **11. Fiscal Balance**

The fiscal balance excluding grants (on a commitment basis) amounted to a deficit of KSh. 131.7 billion (1.2 percent of GDP), as at the end of September, 2020.

## **12. External Financing**

The Net Foreign Financing amounted to a net repayment of KSh. 22.5 billion (-0.2 percent of the GDP) during the period ending 30th September, 2020.

## **13. Net Domestic Borrowing**

Net domestic financing amounted to a net borrowing of KSh. 152.4 billion (1.4 percent of GDP) in the period ending 30th September, 2020.

## **14. Domestic Debt Stock**

Total gross domestic debt stock increased by 21.2 percent from KSh. 2,851.6 billion as at end of September, 2019 to KSh. 3,457.1 billion by the end of September, 2020.

## **15. External Debt Stock**

The total external debt stock, including the International Sovereign Bond, stood at KSh. 3,663.5 billion by the end of September, 2020. The debt stock comprised of multilateral debt (38.8 percent), commercial debt (30.6 percent), bilateral debt (30.1 percent), and suppliers' credit (0.5 percent).



### 1.0 RECENT ECONOMIC DEVELOPMENTS

#### 1.1 Economic Growth

1. Prior to the outbreak of Covid-19 pandemic, Kenya's economy was strong and resilient despite the challenging global environment. In 2019, the economy remained strong and expanded by 5.4 percent down from 6.3 percent in 2018. The slower growth in 2019 was partly due to slow agricultural activities following suppressed long rains in key agricultural zones.

2. In 2020, the Kenyan economy has been adversely affected by the outbreak of Covid-19 Pandemic and the swift containment measures, which have not only disrupted the normal life and livelihoods, but also to a greater extent businesses and economic activities. As a result, our economy grew by 4.9 percent in the first quarter of 2020 compared to a growth of 5.5 percent in the first quarter of 2019. The slowdown in quarter one was as a result of the decline in economic activities in most of the country's major trading partners.

3. The economy further contracted by 5.7 percent in quarter two of 2020 from a growth of 5.3 percent in the same quarter in 2019. The poor performance in the quarter was to a large extent negatively affected by measures aimed at containing the spread of the COVID-19 which included restriction of movement in and out of some counties, closure of learning institutions, and closure of some businesses especially those dealing in Accommodation and Food services and near cessation of international travel. As a result, the performance of most sectors of the economy contracted with output considerably constrained and, in some cases, came to a complete halt (**Table 1**).

4. The overall performance of the economy during the second quarter was however cushioned from a deeper slump by improved growths in Agriculture, Forestry and Fishing activities (6.4 percent); Health Services (10.3percent) and Mining and Quarrying activities (10.0 percent). The Financial and Insurance activities (4.2 percent); Construction (3.9 percent); Public Administration (5.7 percent); Information and Communication (4.3 percent) and Real Estate Activities (2.2 percent) also supported growth despite slowed positive growths during the quarter.

**Table 1: Sectoral GDP performance**

Sectors	Sector Growth (%)									
	2018				2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>Primary Industry</b>	6.6	5.8	6.6	3.7	4.6	3.0	2.5	3.8	5.1	6.5
Agriculture, Forestry and Fishing	6.7	5.9	6.8	3.9	4.7	2.9	2.4	4.0	4.9	6.4
Mining and Quarrying	3.1	3.5	3.2	1.2	1.4	5.0	3.4	0.3	9.5	10.0
<b>Secondary Sector (Industry)</b>	4.6	5.1	6.2	6.7	4.9	5.4	4.7	4.0	4.1	(1.0)
Manufacturing	3.2	3.9	5.1	5.2	3.5	4.0	3.2	2.3	2.9	(3.9)
Electricity and Water supply	6.1	8.3	8.1	9.5	7.8	7.3	6.4	6.4	6.3	(0.6)
Construction	6.7	5.6	7.3	7.7	6.1	7.2	6.6	5.7	5.3	3.9
<b>Tertiary sector (Services)</b>	6.2	6.0	6.6	8.0	6.4	6.8	6.7	6.8	5.4	(11.0)
Wholesale and Retail trade	5.6	6.5	7.3	7.9	6.3	7.8	6.1	6.4	6.4	(6.9)
Accommodation and Restaurant	13.3	15.1	15.5	21.5	11.0	12.1	9.9	9.0	(9.3)	(83.3)
Transport and Storage	6.5	6.6	8.5	11.8	6.4	7.6	7.6	9.2	6.1	(11.6)
Information and Communication	13.2	11.7	9.8	10.6	10.2	7.8	8.1	9.4	9.7	4.3
Financial and Insurance	4.0	3.5	5.1	8.5	6.3	5.2	8.1	6.6	6.2	4.2
Public Administration	5.5	6.1	7.1	8.1	8.9	8.7	8.4	6.2	6.7	5.7
Others	5.1	5.0	4.9	4.8	4.8	5.8	5.6	5.2	4.6	(19.2)
of which Real Estate	5.2	4.5	3.8	3.1	4.8	6.0	5.5	5.1	4.3	2.2
Education	5.3	5.2	5.5	7.0	4.3	6.0	6.0	5.5	5.3	(56.2)
Health	4.1	3.4	5.3	4.5	5.4	6.2	5.5	6.2	5.8	10.3
Taxes less subsidies	6.1	6.0	6.2	4.3	4.7	4.0	4.2	4.5	3.4	(14.2)
<b>Real GDP</b>	6.2	6.0	6.6	6.5	5.5	5.3	5.2	5.5	4.9	(5.7)
of which Non-Agriculture	6.0	6.0	6.6	7.5	5.9	6.4	6.2	6.0	5.2	(8.5)

Source of Data: Kenya National Bureau of Statistics

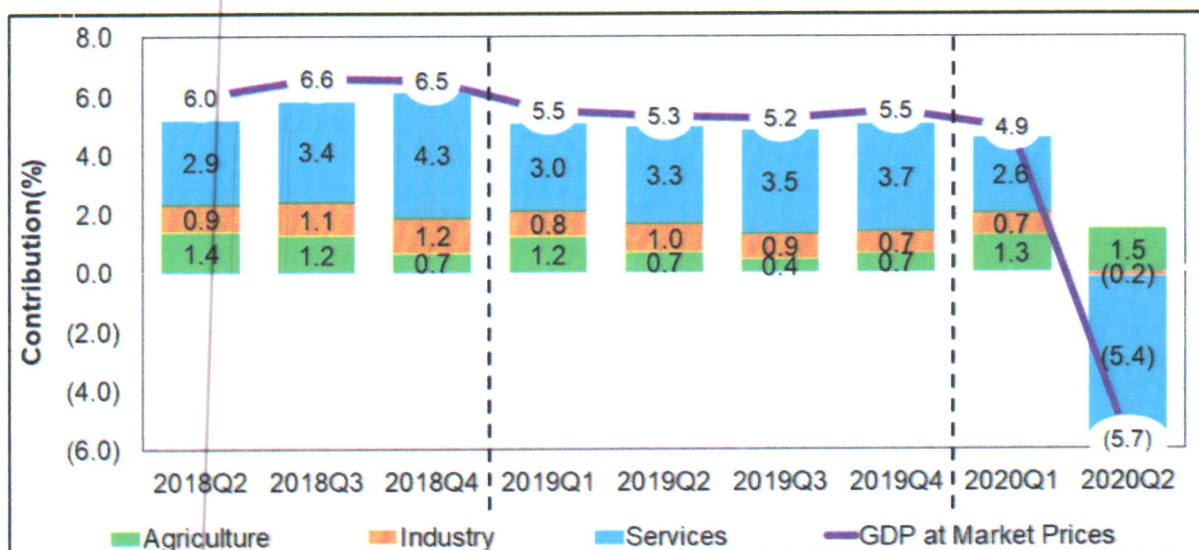
5. The agriculture sector recorded an improved growth of 6.4 percent in the second quarter of 2020 compared to a growth of 2.9 percent in the corresponding quarter of 2019. The sector's performance was supported by a notable increase in tea production, cane deliveries, milk intake and fruit exports. The sector's contribution to GDP growth was at 1.5 percentage points in the second quarter of 2020 compared to 0.7 percentage points over the same period in 2019.

6. The non-agricultural (service and industry) sectors was adversely affected by the COVID-19 pandemic during the second quarter of 2020. As a result, the sector contracted by 8.5 percent in the second quarter of 2020 down from a growth of 6.4 percent in a similar quarter in 2019. The sector's contribution to real GDP was -5.6 percentage points in the second quarter of 2020 compared to a contribution of 4.3 percentage points in the same quarter of 2019.

7. Services sector contracted by 11.0 percent in the second quarter of 2020 compared to a growth of 6.8 percent in the same quarter in 2019. The decline was largely characterized by substantial contractions in Accommodation and Food Services (83.3 percent), Education (56.2 percent), and Transportation and Storage (11.6 percent). Growth in the service sub-sector was mainly supported by financial and Insurance, Information and communication and Public Administration. The Services sub-sector contributed -5.4 percentage point to real GDP growth in the second quarter of 2020 compared to the 3.3 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

8. The industry sector contracted by 1.0 percent in the second quarter of 2020 compared to a growth of 5.4 percent in the same quarter of 2019. This was mainly due to a decline in activities in the electricity and water supply and manufacturing sub-sectors. Electricity and water supply contracted by 0.6 percent in the second quarter of 2020 from a growth of 7.3 percent in the same quarter in 2019 while manufacturing contracted by 3.9 percent from a growth of 4.0 percent over the same period. The industry sector was mainly supported by the Construction sector which grew by 3.9 percent in the second quarter of 2020. The industry sector accounted for -0.2 percentage points of growth in the second quarter of 2020 compared to 0.7 percentage point contribution to GDP in 2019 (Table 1 and Chart 1).

### 1.2 Inflation

9. Year-on-year overall inflation rate remained low, stable and within the Government target range of 5+/-2.5 percent since the end of 2017 demonstrating prudent monetary policies. The inflation rate was at 4.2 percent in September 2020 up from 3.8 percent in September 2019. This is supported by a reduction in food prices particularly cabbages, loose maize grain, carrots, oranges and Irish potatoes. Similarly, overall annual average inflation remained within Government target range at 5.3 percent in September 2020 compared to the 5.2 percent recorded in September 2019 (Chart 2a)

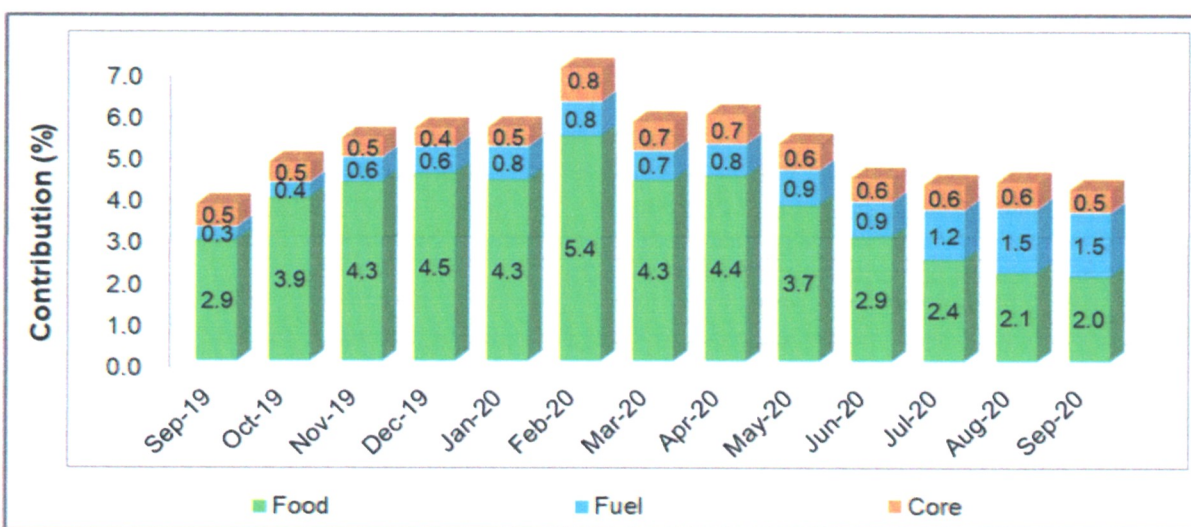
Chart 2a: Inflation Rate



Source of Data: Kenya National Bureau of Statistics

10. Core inflation (Non-Food-Non-Fuel) contribution to inflation remained stable at 0.5 percent in September 2020 compared to September 2019 reflecting muted demand pressures in the economy on account of prudent monetary policies. However, the contribution of fuel inflation to overall year-on-year inflation rose to 1.5 percent in September 2020 from 0.3 percent in September 2019 on account of increasing petrol prices (**Chart 2b**). The major driver of the overall inflation has been food inflation, but its contribution to overall inflation has declined from 2.9 percent in September 2019 to 2.0 percent in September 2020 on account of a reduction in food prices.

Chart 2b: Contribution to Overall Inflation

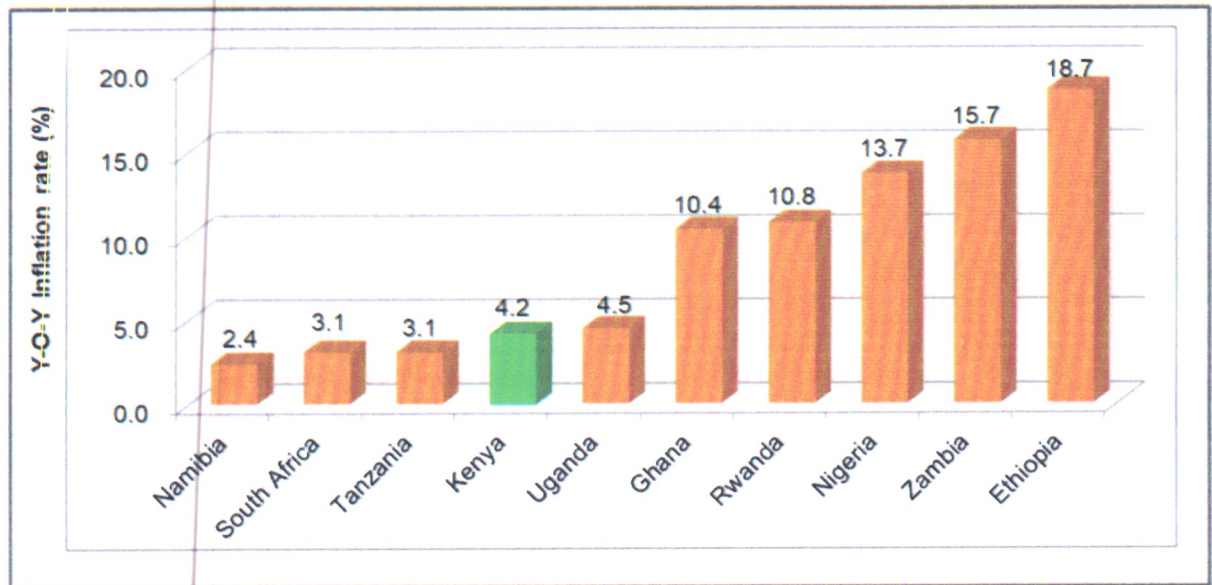


Source of Data: Kenya National Bureau of Statistics

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



Chart 2c: Inflation Rates in selected African Countries (September, 2020)

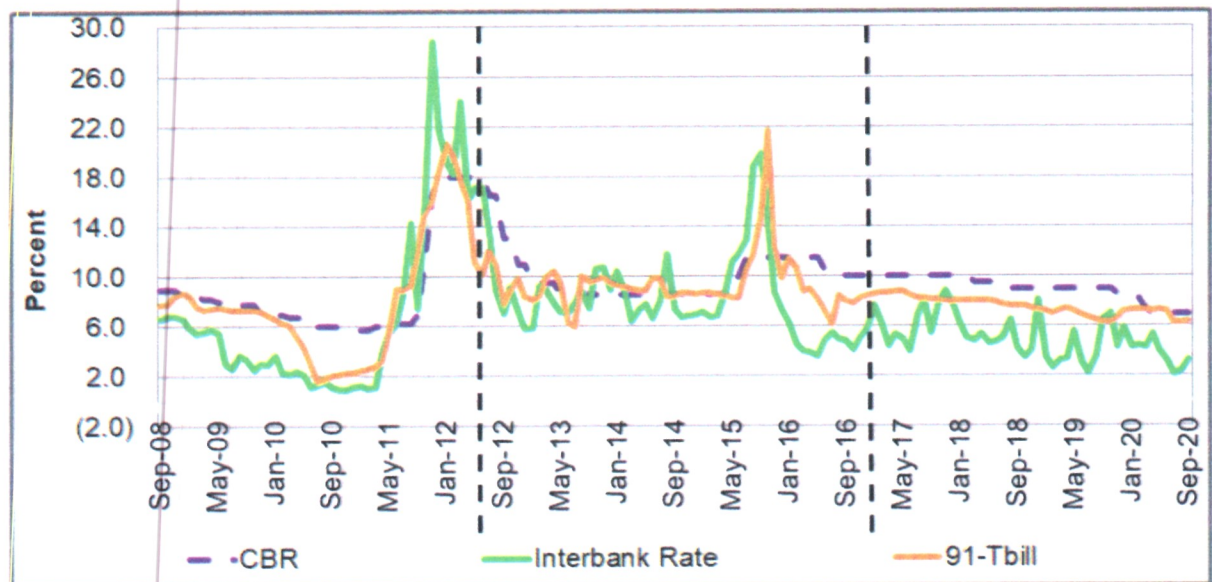


Source of Data: National Central Banks

### 1.3 Interest Rates

12. Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.00 percent on September 29, 2020 same as 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 declined to 3.0 percent in September 2020 from 6.6 percent in September 2019 in line with the easing of the monetary policy and to ensure adequate liquidity in the money market. (Chart 3).

Chart 3: Short-Term Interest Rates



Source of Data: Central Bank of Kenya

## RECENT ECONOMIC DEVELOPMENTS

13. The 91-day Treasury Bills rate declined to 6.3 percent in September 2020 compared to 6.4 percent in September 2019. Over the same period, the 182-day Treasury Bills rate declined to 6.7 percent from 7.1 percent while the 364-day decreased to 7.6 percent from 9.6 percent.

### 1.4 Money and Credit

14. Growth in broad money supply, M3, improved to 10.7 percent in the year to September 2020 compared to a growth of 6.5 percent in the year to September 2019 (Table 2). The improved growth in M3 was attributed to an increase in the Net Domestic Assets particularly improvement in credit flows to the government and the private sector.

**Table 2: Money and Credit Developments (12 Months to September 2020 KSh. billion)**

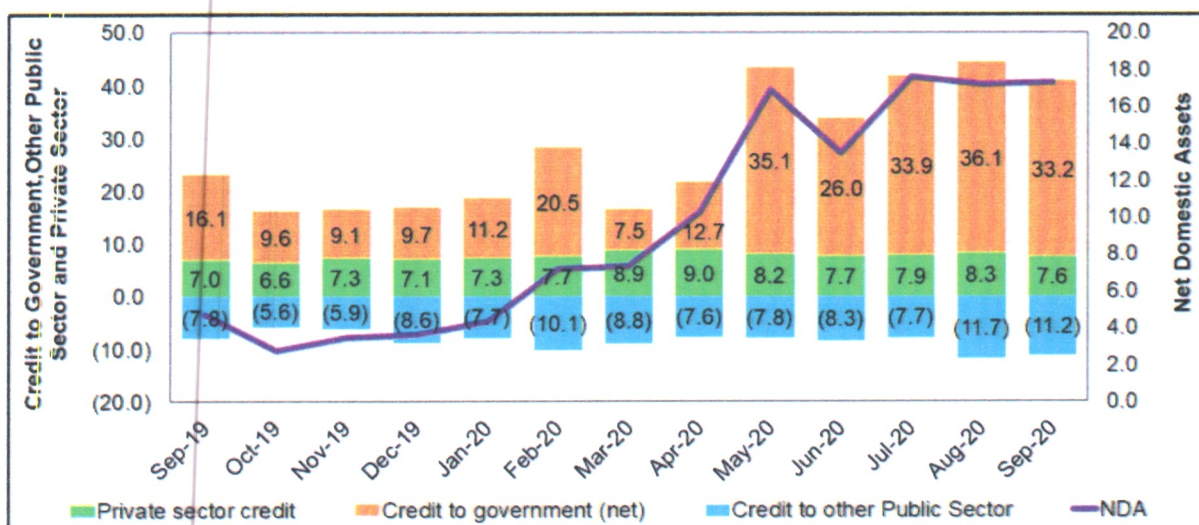
				Absolute Change		Percent Change	
	2018 September	2019 September	2020 September	2018-2019 September	2019-2020 September	2018-2019 September	2019-2020 September
<b>COMPONENTS OF M3</b>							
1. Money supply, M1 (1.1+1.2+1.3)	1,379.5	1,459.7	1,665.8	80.2	206.0	5.8	14.1
1.1 currency outside banks (M0)	214.4	157.7	217.6	56.6	59.9	(26.4)	38.0
1.2 Demand deposits	1,094.4	1,190.6	1,341.4	96.2	150.8	8.8	12.7
1.3 Other deposits at CBK	70.8	111.4	106.8	40.7	4.7	57.5	(4.2)
2. Money supply, M2 (1+2.1)	2,684.9	2,866.0	3,180.5	181.1	314.5	6.7	11.0
2.1 Time and savings deposits	1,305.4	1,406.3	1,514.7	100.9	108.5	7.7	7.7
<b>Money supply, M3 (2+3.1)</b>	<b>3,261.1</b>	<b>3,473.4</b>	<b>3,843.5</b>	<b>212.3</b>	<b>370.1</b>	<b>6.5</b>	<b>10.7</b>
3.1 Foreign currency deposits	576.2	607.4	663.0	31.2	55.6	5.4	9.1
<b>SOURCES OF M3</b>							
1. Net foreign assets (1.1+1.2)	742.1	835.4	749.1	93.4	86.3	12.6	(10.3)
1.1 Central Bank	768.3	871.5	804.9	103.2	66.6	13.4	(7.6)
1.2 Banking Institutions	(26.2)	(36.1)	(55.8)	9.8	19.7	(37.4)	(54.7)
2. Net domestic assets (2.1+2.2)	2,519.0	2,637.9	3,094.4	118.9	456.4	4.7	17.3
2.1 Domestic credit (2.1.1+2.1.2+2.1.3)	3,282.5	3,566.6	4,048.8	284.0	482.2	8.7	13.5
2.1.1 Government (net)	770.2	894.3	1,191.6	124.1	297.2	16.1	33.2
2.1.2 Other public sector	108.3	99.8	88.7	8.5	11.2	(7.8)	(11.2)
2.1.3 Private sector	2,404.0	2,572.4	2,768.6	168.4	196.2	7.0	7.6
2.2 Other assets net	(763.5)	(928.6)	(954.4)	165.1	25.8	(21.6)	(2.8)

Source of Data: Central Bank of Kenya

15. NDA increased to register a growth of 17.3 percent in the year to September 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 both the government and the private sectors offsetting the decline in credit to other public sector (Table 2, Chart 4).



Chart 4: Growth in NDA and its Sources (Percent)



Source of Data: Central Bank of Kenya

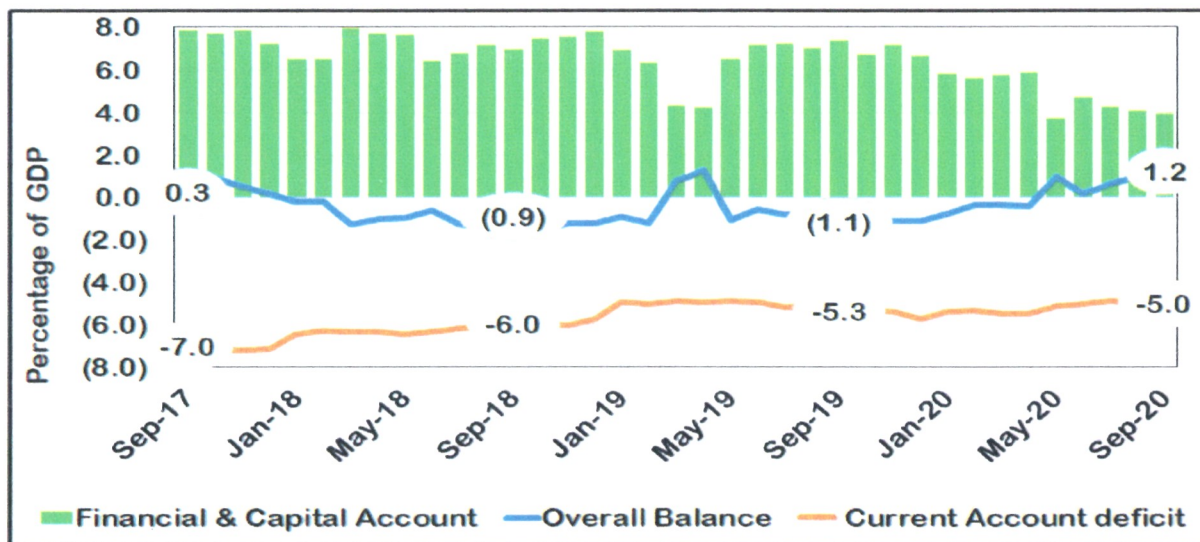
16. Private sector credit grew by 7.6 percent in the 12 months to September 2020 compared to a growth of 7.0 percent in the year to September 2019 (**chart 4**). This is supported by continued recovery in demand from the COVID-19 related disruptions and accommodative monetary policy. Strong growth in lending was mainly observed in the manufacturing (12.6 percent); wholesale and retail trade (7.6 percent); transport and communication (20.6 percent); Mining and Quarrying (8.2 percent) and consumer durables (15.6 percent). The operationalization of credit Guarantee Scheme for the vulnerable Micro, Small and Medium sized enterprises (MSMEs), will de-risk lending by commercial banks and is critical to increasing credit to the sector.

17. NFA of the banking system in the year to September 2020 contracted by 10.3 percent, compared to a growth of 12.6 percent in the year to September 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 decrease in the commercial banks deposits with the non-resident banks (**Table 2**).

### 1.5 Balance of Payments

18. The overall balance of payments position improved to a surplus of US\$ 1,217.2 million (1.2 percent of GDP) in the year to September 2020 from a deficit of US\$ 1,058 million (1.1 percent of GDP) in the year to September 2019 (**Chart 5**). This was due to improvement in the current account balance.

Chart 5: Performance of Balance of Payments and its Components



Source of Data: Central Bank of Kenya

19. The current account deficit stood at \$ 4,921.0 million (5.0 percent of GDP) in September 2020 from a deficit of US\$ 5,009.1 million (5.3 percent of GDP) in September 2019. The improvement in the current account balance was mainly due to the improvement in the merchandise account balance and the Net primary income balance. The balance in the merchandise account improved by US\$ 1,340.1 million to a deficit of US\$ (8,947.5) million in the year to September 2020 on account of a decline in imports and a marginal increase in exports. In the year to September 2020, exports grew by 2.8 percent primary being driven by tea exports, on account of increased production and an increased demand for tea from the UK. On the other hand, imports declined by 7.3 percent in the year to September 2020, as a result of a reduction in the volume of oil imported and a decline in the value of imported manufactured goods particularly iron, steel, machinery and transport equipment such as vehicles, and SGR related imports.

20. Net services declined by 72.8 percent in the year to September 2020 mainly due to a significant decline in transport services and travel receipts as a result of the uncertainty associated with the Covid-19 pandemic and the resultant containment measures. The cargo throughput performed well during the review period and provided a buffer in terms of transport receipts.

21. The capital account balance registered a surplus of US\$ 157.8 million in the year to September 2020. However, this was a US\$ 48.9 million decline compared to the balance witnessed in September 2019. Net Financial Inflows declined to US\$ 3,012.0 million from US\$ 6,714.3 million in the year to September 2019 (Table 3). The financial inflows were mainly in the form of direct investments and other investments which stood at US\$ 482.4 million and US\$ 4,420.4 million, respectively in September 2020. The Net Portfolio investments outflows stood at US\$ 1,189.5 million.



**Table 3: Balance of Payments (US\$ Million)**

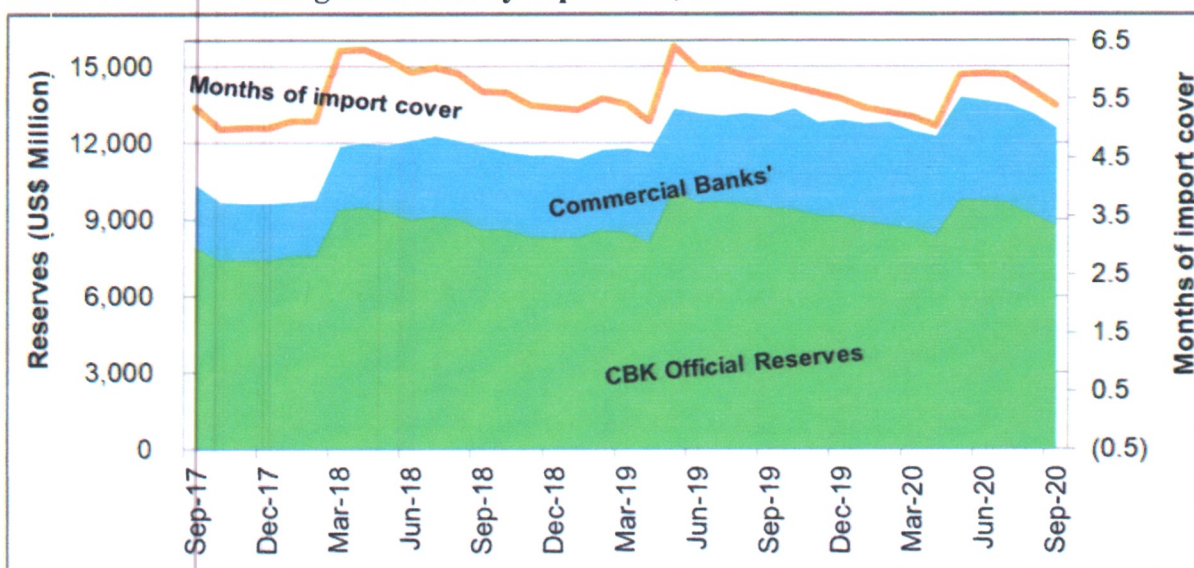
						Year to September 2020		Percent of GDP	
	Sep-18	Sep-19	Mar-20	Jun-20	Sep-20	absolute change	Percent Change	Sep-19	Sep-20
<b>Overall Balance</b>	(777.5)	(1,058.0)	(340.5)	179.9	1,217.2	2,275.2	(215.1)	(1.1)	1.2
<b>A) Current Account</b>	(5,273.9)	(5,009.1)	(5,635.7)	(5,066.9)	(4,921.0)	88.1	(1.8)	(5.3)	(5.0)
<i>Merchandise Account (a-b)</i>	(10,204.4)	(10,287.6)	(10,442.8)	(9,460.0)	(8,947.5)	1,340.1	(13.0)	(11.0)	(9.1)
a) Goods: exports	6,139.3	5,849.6	6,070.1	5,923.6	6,014.3	164.8	2.8	6.2	6.1
b) Goods: imports	16,343.7	16,137.2	16,512.8	15,383.6	14,961.8	1,175.4	(7.3)	17.2	15.2
<i>Net Services (c-d)</i>	1,493.0	1,869.6	1,352.7	1,028.1	509.3	1,360.2	(72.8)	2.0	0.5
c) Services: credit	5,160.5	5,674.9	5,333.0	4,783.4	4,190.2	1,484.6	(26.2)	6.1	4.3
d) Services: debit	3,667.5	3,805.3	3,980.3	3,755.3	3,680.9	124.4	(3.3)	4.1	3.7
<i>Net Primary Income (e-f)</i>	(1,496.5)	(1,837.9)	(1,778.2)	(1,647.6)	(1,488.5)	349.5	(19.0)	(2.0)	(1.5)
e) Primary income: credit	181.3	226.9	226.6	198.2	185.4	41.5	(18.3)	0.2	0.2
f) Primary income: debit	1,677.9	2,064.8	2,004.8	1,845.8	1,673.9	391.0	(18.9)	2.2	1.7
<i>Net Secondary Income</i>	4,934.0	5,246.8	5,232.6	5,012.6	5,005.6	241.2	(4.6)	5.6	5.1
g) Secondary income: credit	4,986.0	5,299.4	5,286.8	5,064.1	5,060.3	239.1	(4.5)	5.7	5.1
h) Secondary income: debit	52.0	52.6	54.2	51.5	54.7	2.2	4.1	0.1	0.1
<b>B) Capital Account</b>	246.0	206.8	189.6	146.1	157.8	48.9	(23.7)	0.2	0.2
<b>C) Financial Account</b>	(5,902.6)	(6,714.3)	(5,720.5)	(4,597.6)	(3,702.3)	3,012.0	(44.9)	(7.2)	(3.8)

Source of Data: Central Bank of Kenya

### 1.6 Foreign Exchange Reserves

22. The banking system’s foreign exchange holdings remained strong at US\$ 12,585.0 million in September 2020 up from US\$ 13,083.3 million in September 2019. The official foreign exchange reserves held by the Central Bank was at US\$ 8,765.1 million (5.4 months of import cover) in September 2020 compared with US\$ 9,441.6 million (5.8 months of import cover) in September 2019 (**Chart 6**). 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\$ 3,819.9 in September 2020 from US\$ 3,641.7 million in September 2019.

**Chart 6: Official Foreign Reserves by September, 2020**



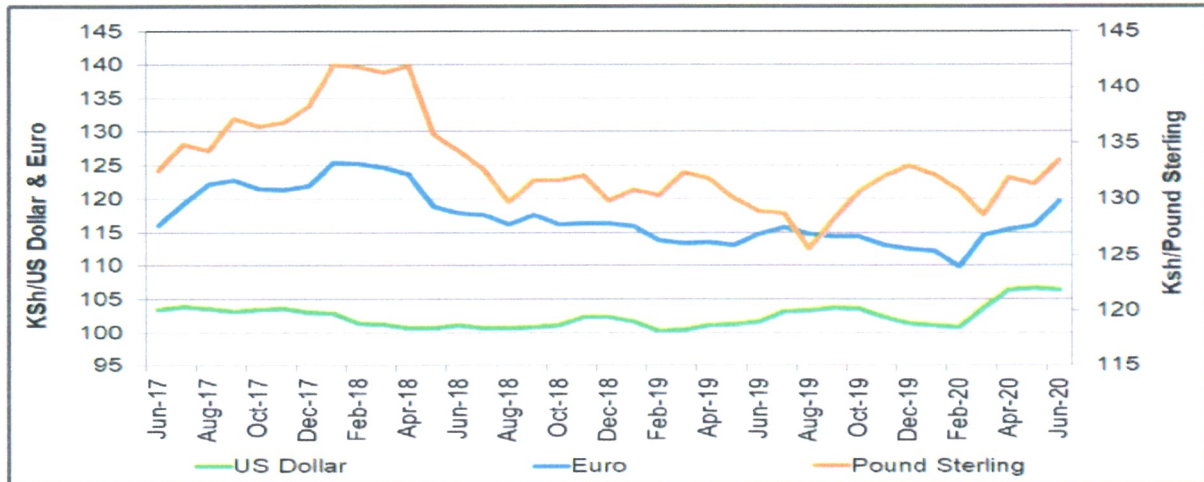
Source of Data: Central Bank of Kenya

RECENT ECONOMIC DEVELOPMENTS

1.7 Exchange Rates

23. The foreign exchange market has largely remained stable but was partly affected by a significant strengthening of the US Dollar in the global markets and uncertainty with regard to the Covid-19 pandemic. In this regard, the Kenya Shilling to the dollar exchanged at KSh. 108.4 in September 2020 compared to KSh. 103.8 in September 2019 (Chart 7a).

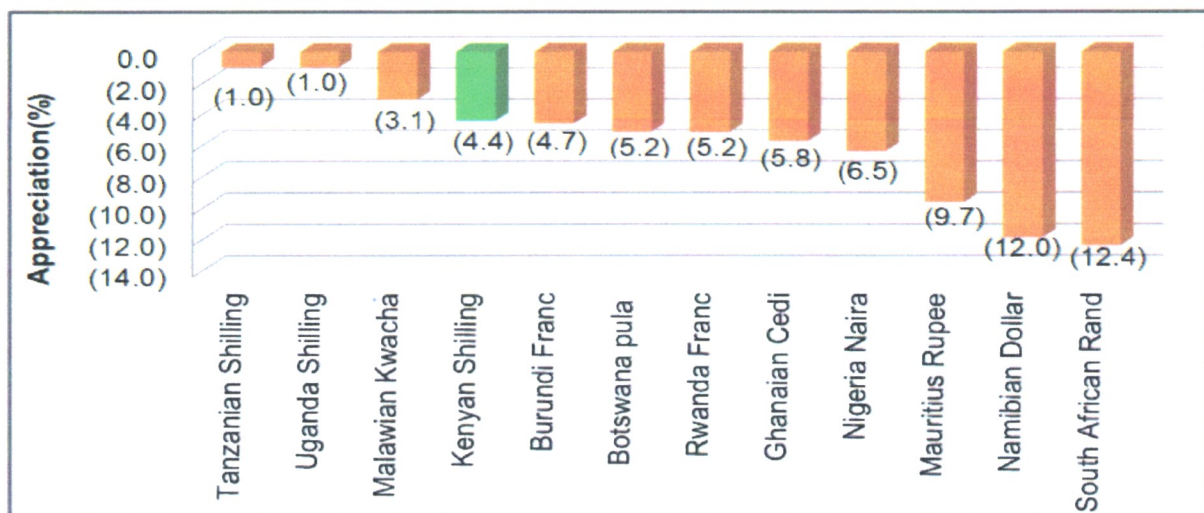
Chart 7a: Kenya Shilling Exchange Rate



Source of Data: Central Bank of Kenya

24. In comparison to most Sub-Saharan Africa currencies the Kenya Shilling has remained relatively stable weakening by only 4.4 percent against the US Dollar (Chart 7b). This depreciation in Kenya Shilling was lower than that of the Burundi Franc, Botswana Pula, Rwanda Franc, Ghanaian Cedi, Nigerian Naira, Mauritius Rupee, Namibian Dollar and South African Rand.

Chart 7b: Performance of Selected Currencies against the US Dollar (September, 2019 to September, 2020)



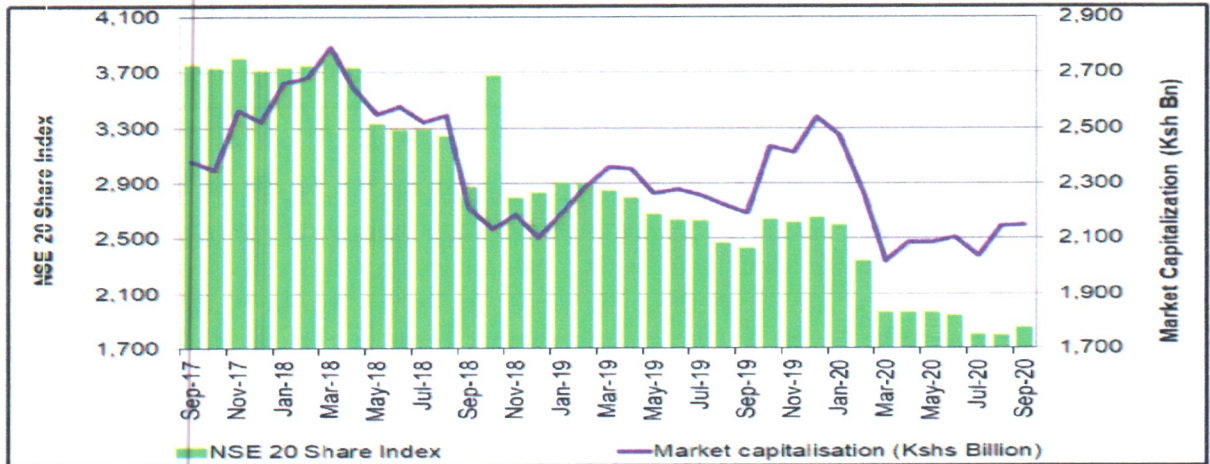
Source of Data: National Central Banks



1.8 Capital Markets

25. Activity in the capital markets declined in September 2020 compared to September 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 September 2020 compared to 2,432 points by end September 2019. Consequently, market capitalization declined from KSh. 2,190 billion to KSh. 2,148 billion over the same period (**Chart 8**).

Chart 8: Performance at the NSE by September, 2020



Source of Data: Nairobi Securities Exchange

## 2.0 FISCAL DEVELOPMENTS

### 2.1 Revenue

26. By the end of September 2020, total revenue collected including A-I-A amounted to KSh. 378.7 billion against a target of KSh. 428.9 billion (**Table 4**). The revenue was below target by KSh. 50.2 billion mainly due to underperformance in Value Added Taxes (both domestic and imports), Pay As You Earn (PAYE) excise duty, ministerial A-I-A and the import duty. The total revenue inclusive of the ministerial A-I-A contracted by 10.1 percent, a decline from a growth of 15.1 percent recorded in September 2019. The decline is attributed to the difficult operating environment due to the Covid-19 pandemic which has been adversely affecting revenue performance from March 2020. Ordinary revenue collection was KSh. 342.6 billion against a target of KSh. 384.3 billion, KSh. 41.7 billion below the target (**Chart 9**).

27. The ministerial A-I-A collected was below target by KSh. 8.5 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. 6.3 billion against a target of KSh. 6.9 billion. 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 September, 2020 (KSh. Millions)**

	2019/2020 Actual	2020/2021		Deviation KSh.	% Growth
		Actual*	Target		
<b>Total Revenue (a+b)</b>	<b>421,159</b>	<b>378,678</b>	<b>428,898</b>	<b>(50,220)</b>	<b>(10.1)</b>
<b>(a) Ordinary Revenue</b>	<b>384,351</b>	<b>342,581</b>	<b>384,327</b>	<b>(41,746)</b>	<b>(10.9)</b>
Import Duty	25,729	23,167	26,344	(3,176)	(10.0)
Excise Duty	49,725	47,354	56,947	(9,593)	(4.8)
PAYE	98,199	71,556	90,712	(19,156)	(27.1)
Other Income Tax	82,522	79,692	76,642	3,050	(3.4)
VAT Local	59,462	41,151	61,180	(20,029)	(30.8)
VAT Imports	46,317	41,911	52,901	(10,990)	(9.5)
Investment Revenue	6,087	21,321	2,593	18,728	250.3
Traffic Revenue	1,092	1,052	972	80	(3.7)
Taxes on Intl. Trade & Trans.(IDF Fee)	5,750	8,408	6,826	1,582	46.2
Others <sup>1</sup>	9,468	6,968	9,210	(2,242)	(26.4)
<b>(b) Appropriation In Aid<sup>2</sup></b>	<b>36,808</b>	<b>36,097</b>	<b>44,571</b>	<b>(8,474)</b>	<b>(1.9)</b>
o/w Railway Development Levy	5,538	6,279	6,901	(621)	13.4
<b>(c) External Grants</b>	<b>2,802</b>	<b>3,915</b>	<b>8,412</b>	<b>(4,497)</b>	<b>39.7</b>
<b>Total Revenue and External Grants</b>	<b>423,961</b>	<b>382,593</b>	<b>437,310</b>	<b>(54,717)</b>	<b>(9.8)</b>
<b>Total Revenue and External Grants as a percentage of GDP</b>	<b>4.09</b>	<b>3.40</b>	<b>3.88</b>	<b>-</b>	<b>-</b>

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

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

\*Provisional

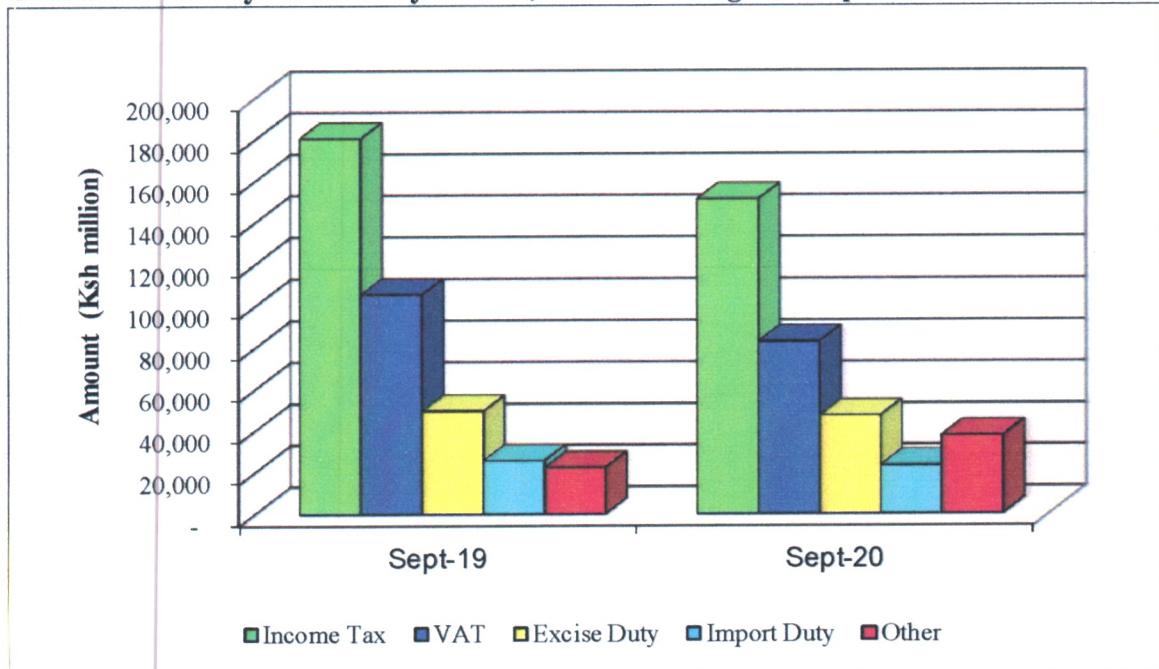
Source of Data: National Treasury



## FISCAL DEVELOPMENTS

28. As a proportion of GDP, the total revenue and grants in the period under review was 3.4 percent compared to 4.1 percent in the corresponding period in the FY 2019/20. Total grants amounted to KSh. 3.9 billion against a target of KSh. 8.4 billion, which is an under performance by KSh. 4.5 billion.

**Chart 9: Ordinary Revenue by Source, Period Ending 30<sup>th</sup> September, 2020**



Source of Data: National Treasury

## 2.2 Expenditure

29. The total expenditure and net lending for the period under review amounted to KSh. 510.4 billion, against a target of KSh. 565.3 billion. The resultant under expenditure of KSh. 54.9 billion is mainly attributed to lower absorption recorded in both recurrent and development expenditures by the National Government and delayed disbursements to County Governments as a result of the protracted debate at the Senate over the county revenue allocation formula. Recurrent expenditure for National Government amounted to KSh. 357.1 billion (excluding KSh. 2.4 billion for Parliament and Judiciary), against a target of KSh. 397.7 billion leading to an under expenditure of KSh. 40.6 billion. The under expenditure in recurrent category was mainly due to below target expenditure on Operation and Maintenance (O&M) attributed to the scaled down operations of the National Government in first quarter of the FY 2020/21 following Covid-19 Pandemic. In addition, the under expenditure in recurrent is also due to lower than projected payments in compensation of employees, pension and foreign interest (Table 5 and Chart 10).

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

	2019/2020 Actual	2020/2021		Deviation	% Growth
		Actual*	Targets		
<b>1. RECURRENT</b>	<b>381,282</b>	<b>357,131</b>	<b>397,694</b>	<b>(40,563)</b>	<b>(6.3)</b>
Domestic Interest	76,250	81,169	71,535	9,633	6.5
Foreign Interest	34,163	34,134	42,770	(8,637)	(0.1)
Pensions & Other CFS	26,259	26,189	31,342	(5,153)	(0.3)
Wages and Salaries	109,719	118,570	124,083	(5,514)	8.1
Operation and Maintenance	134,891	97,070	127,963	(30,893)	(28.0)
O/W: Appropriation-in-Aid	24,483	17,772	27,468	(9,696)	(27.4)
<b>2. DEVELOPMENT</b>	<b>95,900</b>	<b>122,057</b>	<b>89,979</b>	<b>32,078</b>	<b>27.3</b>
Development Projects (Net)	57,508	88,932	39,761	49,171	54.6
Payment of Guaranteed Loans	330	-	-	-	(100.0)
Appropriation-in-Aid	38,062	33,126	48,466	(15,340)	(13.0)
<b>3. County Governments</b>	<b>57,542</b>	<b>28,839</b>	<b>64,999</b>	<b>(36,160)</b>	<b>(49.9)</b>
<b>4. Parliamentary Service</b>	<b>6,934</b>	<b>1,555</b>	<b>8,810</b>	<b>(7,255)</b>	<b>(77.6)</b>
<b>5. Judicial Service</b>	<b>2,967</b>	<b>804</b>	<b>3,825</b>	<b>(3,021)</b>	<b>(72.9)</b>
<b>6. Equalization Fund</b>	<b>-</b>	<b>-</b>	<b>1,753</b>	<b>(1,753)</b>	<b>-</b>
<b>7. CF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURE</b>	<b>544,626</b>	<b>510,387</b>	<b>565,307</b>	<b>(54,921)</b>	<b>(6.3)</b>

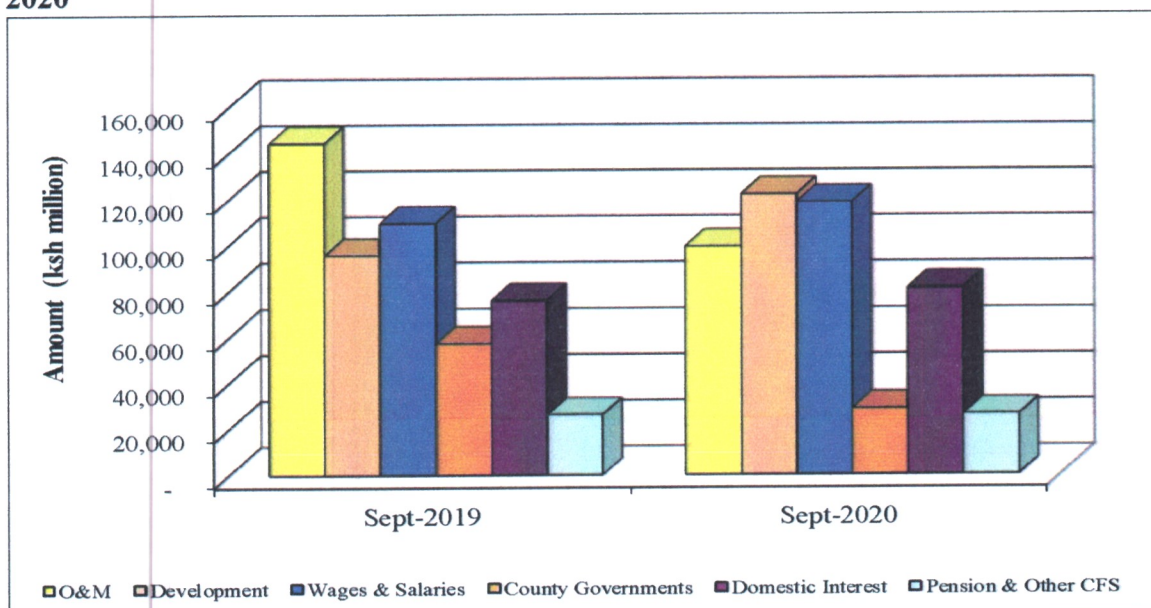
\*Provisional

Source of Data: National Treasury

30. Foreign interest payments amounted to KSh. 34.1 billion, comparable with the KSh. 34.2 billion paid over the same period in the FY2019/20. The domestic interest payments totalled to KSh. 81.2 billion, which was higher than the KSh. 76.3 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 September, 2020**



Source of Data: National Treasury

**2.2.1 National Government Expenditures by Public Agencies**

31. The total ministerial and other public agencies expenditure including A.I.A was KSh. 344.0 billion against a target of KSh. 472.0 billion. Recurrent expenditure was KSh. 220.6 billion against a target of KSh. 313.6 billion, while development expenditure amounted to KSh. 123.4 billion against a target of KSh. 158.4 billion. The percentage of total expenditures to the target was 72.9 percent while the percentage of total expenditures to the target for recurrent and development were 70.4 percent and 77.9 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.

32. As at the period ending 30th September, 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 50.6 percent of total recurrent expenditure. In addition, the State Department for Interior and the Ministry of Defence accounted for 6.3 percent and 2.0 percent of total recurrent expenditure respectively.

33. Analysis of development outlay indicates that the State Department for Transport accounted for the largest share of the total development expenditure (17.7 percent), followed by the State Department for Infrastructure (17.3 percent), State Department for Planning (13.1 percent), Ministry of water and Sanitation (10.2 percent), and the Ministry of Health (5.9 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 September, 2020 (KSh. Millions)**

Budget Head	MINISTRY/DEPARTMENT/COMMISSIONS	Sep-20			Sep-20			Sep-20			% of Total Exp. To Target
		Recurrent			Development			Total			
		Actual*	Target	Variance	Actual*	Target	Variance	Actual*	Target	Variance	
1011	Executive Office of the President	1,690	6,259	(4,569)	2,776	2,868	(92)	4,466	9,127	(4,661)	48.9
1021	State Department for Interior and Citizen Services	25,436	31,297	(5,861)	1,019	1,731	(712)	26,455	33,029	(6,574)	80.1
1023	State Department for Correctional Services	3,463	6,829	(3,367)	-	196	(196)	3,463	7,025	(3,563)	49.3
1032	State Department for Devolution	188	233	(45)	81	1,184	(1,103)	268	1,416	(1,148)	19.0
1035	State Department for Development of the ASAL	218	245	(27)	1,273	2,206	(933)	1,491	2,451	(961)	60.8
1041	Ministry of Defence	24,736	26,568	(1,833)	-	2,302	(2,302)	24,736	28,870	(4,135)	85.7
1052	Ministry of Foreign Affairs	792	3,639	(2,847)	21	300	(279)	814	3,939	(3,126)	20.7
1064	State Department for Vocational and Technical Training	1,198	4,659	(3,461)	(382)	1,567	(1,949)	816	6,226	(5,411)	13.1
1065	State Department for University Education	14,112	26,939	(12,827)	1,968	1,344	624	16,081	28,283	(12,203)	56.9
1066	State Department for Early Learning & Basic Education	18,657	22,282	(3,626)	2,305	2,923	(617)	20,962	25,205	(4,243)	83.2
1068	State Department for Post Training and Skills Development	21	38	(17)	-	-	-	21	38	(17)	54.9
1071	The National Treasury	8,254	18,550	(10,296)	1,664	10,695	(9,031)	9,918	29,245	(19,327)	33.9
1072	State Department for Planning	738	803	(65)	16,167	10,613	5,554	16,905	11,417	5,488	148.1
1081	Ministry of Health	8,926	16,113	(7,187)	7,291	11,813	(4,522)	16,217	27,926	(11,709)	58.1
1091	State Department for Infrastructure	13,025	16,233	(3,208)	21,289	31,148	(9,858)	34,314	47,381	(13,067)	72.4
1092	State Department for Transport	146	2,297	(2,151)	21,895	9,592	12,304	22,042	11,889	10,153	185.4
1093	State Department for Shipping and Maritime	91	417	(326)	-	213	(213)	91	629	(538)	14.5
1094	State Department for Housing & Urban Development	188	265	(76)	5,346	4,000	1,347	5,535	4,264	1,270	129.8
1095	State Department for Public Works	542	579	(36)	238	296	(58)	781	875	(94)	89.2
1108	Ministry of Environment and Forestry	2,216	2,564	(348)	946	1,499	(553)	3,162	4,063	(900)	77.8
1109	Ministry of Water & Sanitation and Irrigation	926	1,558	(633)	12,537	17,746	(5,209)	13,463	19,304	(5,841)	69.7
1112	Ministry of Lands and Physical Planning	554	705	(151)	579	700	(121)	1,133	1,404	(272)	80.7
1122	State Department for Information Communication Technology & Innovation	315	376	(60)	6,251	4,626	1,625	6,567	5,002	1,565	131.3
1123	State Department for Broadcasting & Telecommunications	1,460	1,383	78	224	175	50	1,684	1,557	127	108.2
1132	State Department for Sports	320	310	9	78	3,539	(3,461)	398	3,849	(3,452)	10.3
1134	State Department for Culture and Heritage	541	670	(129)	15	11	5	556	681	(125)	81.7
1152	Ministry of Energy	394	1,478	(1,084)	9,357	16,645	(7,288)	9,751	18,123	(8,372)	53.8
1162	State Department for Livestock	505	657	(153)	526	841	(314)	1,031	1,498	(467)	68.8
1166	State Department for Fisheries, Aquaculture & the Blue Economy	426	499	(73)	601	1,241	(640)	1,027	1,740	(713)	59.0
1169	State Department for Crop Development & Agricultural Research	1,954	2,700	(746)	1,405	7,752	(6,347)	3,359	10,452	(7,093)	32.1
1173	State Department for Cooperatives	73	200	(127)	252	206	46	325	407	(81)	80.0
1174	State Department for Trade and Enterprise Development	307	480	(173)	361	274	87	668	754	(86)	88.6
1175	State Department for Industrialization	386	713	(327)	1,156	1,317	(161)	1,542	2,030	(488)	76.0
1184	State Department for Labour	347	691	(344)	170	611	(441)	517	1,302	(785)	39.7
1185	State Department for Social Protection, Pensions & Senior Citizens Affairs	5,176	7,764	(2,588)	111	637	(526)	5,288	8,401	(3,113)	62.9
1192	State Department for Mining	103	159	(56)	5	78	(73)	108	237	(129)	45.6
1193	State Department for Petroleum	51	61	(10)	321	911	(590)	372	972	(600)	38.3
1202	State Department for Tourism	405	2,124	(1,719)	2,050	1,078	972	2,455	3,202	(746)	76.7
1203	State Department for Wildlife	2,876	2,527	349	146	173	(27)	3,023	2,700	322	111.9
1212	State Department for Gender	194	244	(50)	1,181	594	588	1,375	838	537	164.1
1213	State Department for Public Service	6,488	4,304	2,184	0	314	(313)	6,488	4,617	1,871	140.5
1214	State Department for Youth Affairs	226	327	(101)	54	588	(535)	280	915	(635)	30.6
1221	State Department for East African Community	87	152	(65)	-	-	-	87	152	(65)	57.5
1222	State Department for Regional and Northern Corridor Development	562	567	(5)	255	272	(16)	817	839	(21)	97.4
1252	State Law Office and Department of Justice	786	1,151	(365)	10	46	(36)	796	1,197	(401)	66.5
1261	The Judiciary	3,117	3,681	(564)	514	675	(161)	3,631	4,356	(725)	83.4
1271	Ethics and Anti-Corruption Commission	839	768	71	-	10	(10)	839	778	61	107.9
1281	National Intelligence Service	9,539	9,763	(224)	-	32	(32)	9,539	9,795	(256)	97.4
1291	Office of the Director of Public Prosecutions	323	739	(416)	75	38	38	398	777	(378)	51.3
1311	Office of the Registrar of Political Parties	325	336	(11)	-	-	-	325	336	(11)	96.6
1321	Witness Protection Agency	56	118	(63)	-	-	-	56	118	(63)	47.0
2011	Kenya National Commission on Human Rights	101	100	1	-	-	-	101	100	1	100.9
2021	National Land Commission	216	308	(92)	-	-	-	216	308	(92)	70.0
2031	Independent Electoral and Boundaries Commission	980	1,081	(100)	75	38	38	1,055	1,118	(63)	94.4
2041	Parliamentary Service Commission	1,079	1,609	(530)	-	-	-	1,079	1,609	(530)	67.1
2042	National Assembly	4,060	5,801	(1,741)	-	-	-	4,060	5,801	(1,741)	70.0
2043	Parliamentary Joint Services	1,082	1,400	(317)	1,147	516	630	2,229	1,916	313	116.3
2051	Judicial Service Commission	100	144	(44)	-	-	-	100	144	(44)	69.1
2061	The Commission on Revenue Allocation	52	93	(41)	-	-	-	52	93	(41)	56.4
2071	Public Service Commission	634	526	108	-	5	(5)	634	531	103	119.4
2081	Salaries and Remuneration Commission	80	115	(35)	-	-	-	80	115	(35)	69.5
2091	Teachers Service Commission	46,438	66,373	(19,935)	63	150	(87)	46,500	66,523	(20,023)	69.9
2101	National Police Service Commission	108	152	(43)	-	-	-	108	152	(43)	71.4
2111	Auditor General	1,030	1,269	(239)	-	37	(37)	1,030	1,306	(276)	78.9
2121	Office of the Controller of Budget	91	156	(65)	-	-	-	91	156	(65)	58.2
2131	The Commission on Administrative Justice	83	124	(41)	-	-	-	83	124	(41)	67.1
2141	National Gender and Equality Commission	80	106	(26)	-	1	(1)	80	107	(26)	75.3
2151	Independent Policing Oversight Authority	110	216	(106)	-	-	-	110	216	(106)	50.8
	<b>Total</b>	<b>220,623</b>	<b>313,588</b>	<b>(92,966)</b>	<b>123,419</b>	<b>158,364</b>	<b>(34,945)</b>	<b>344,042</b>	<b>471,952</b>	<b>(127,910)</b>	<b>72.9</b>

\*Provisional

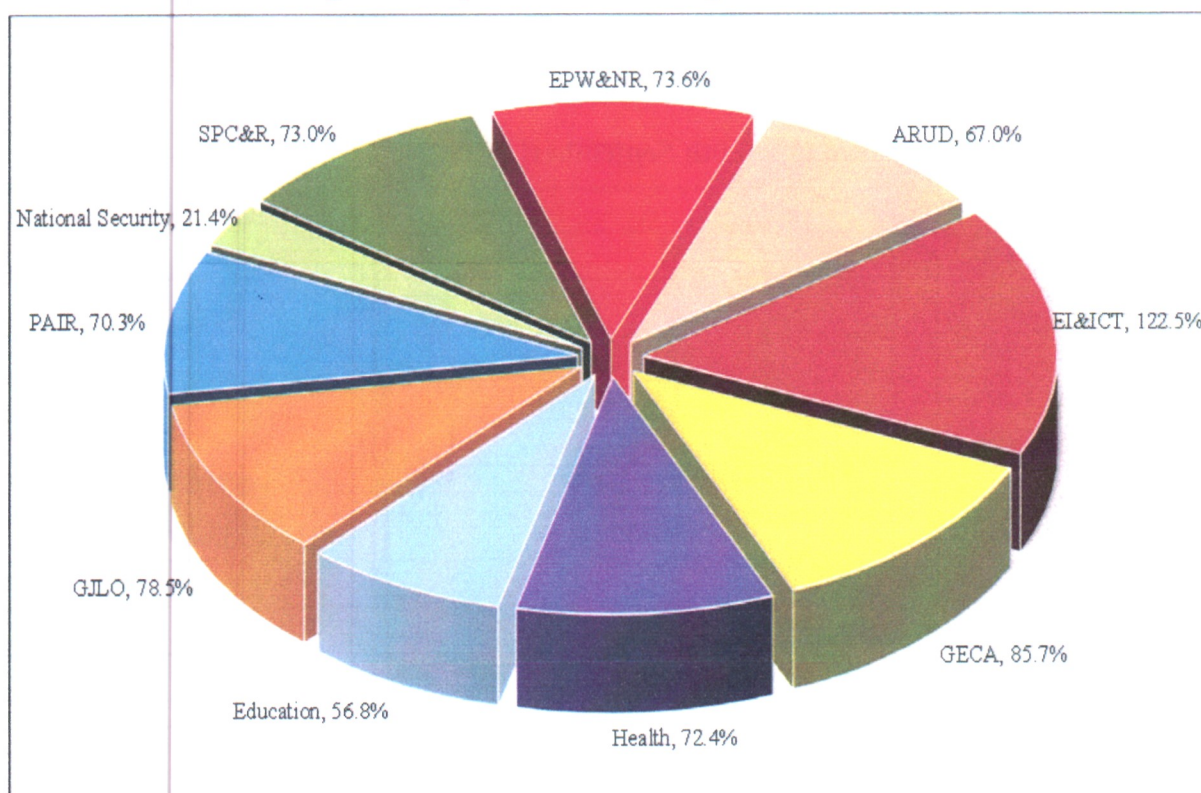
Source of Data: National Treasury



## FISCAL DEVELOPMENTS

34. During the period under review, the Energy, Infrastructure and Information, Communication, Technology (EI&ICT) Sector recorded the highest absorption of 122.5 percent of its budget, followed by General Economic and Commercial Affairs (GECA) at 85.7 percent. National Security recorded the lowest absorption of 21.4 percent (Chart 11).

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



Source of Data: National Treasury

### 2.2.2 Pending Bills

35. The total outstanding national government pending bills as at 30th September, 2020 amounted to KSh. 346.2 billion. These comprise of KSh. 284.5 billion (82.2 percent) and KSh. 61.7 billion (17.8 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 (61.8 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 2019/20 FY i.e. 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.

### 2.2.3 Guaranteed Debt Service

36. The government did not service any guaranteed debt during the period under review since cumulative principal and interest payments of guaranteed loans to parastatals

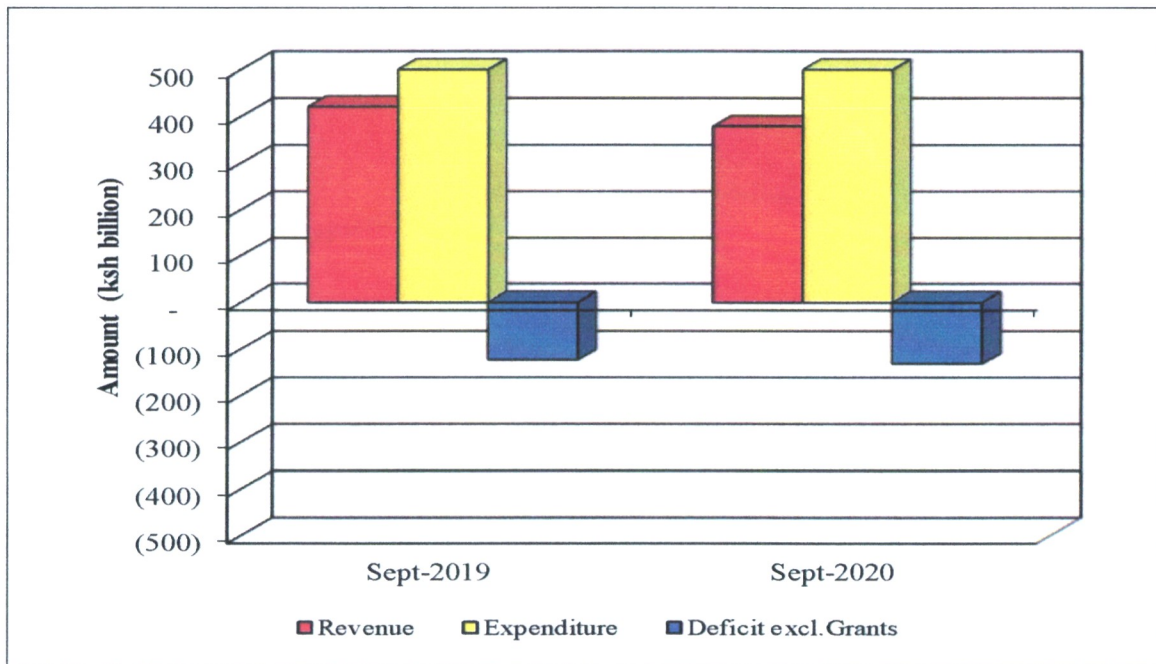
## FISCAL DEVELOPMENTS

with liquidity problems were fully paid. All other parastatals with guaranteed debt are servicing their debts hence no need for Government intervention.

### 2.3 Fiscal Outturn

37. Between 1st July, 2020 and 30th September, 2020, the fiscal balance (on commitment basis and excluding grants) amounted to KSh. 131.7 billion (1.2 percent of GDP) against a targeted deficit of KSh. 136.4 billion (1.2 percent of GDP) (**Chart 12 and Table 8**). The fiscal balance (on a commitment basis and including grants) stood at 1.1 percent of GDP against a target deficit of 1.1 percent of GDP.

**Chart 12: Fiscal Balance as at 30th September, 2020**



Source of Data: National Treasury

38. Over the same period in FY2019/20, the fiscal deficit including grants (on commitment basis) stood at KSh. 120.7 billion (1.1 percent of GDP). The fiscal outturn in the last six FYs, the original budget, and Budget Review and Outlook (BROP) figures for the FY 2020/21 are shown in **Annex I**. Further, GFSM 2014 Compliant Budgetary Central Government fiscal data for the FY 2020/21 are shown in annexes V and VI.



## FISCAL DEVELOPMENTS

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

	2019/2020 Actual	2020/2021		Deviation	% growth	2020/2021 as a % of GDP		2019/2020 Actual as a % of GDP
		Actual*	Targets			Actual	Targets	
<b>A. TOTAL REVENUE AND GRANTS</b>	<b>423,961</b>	<b>382,593</b>	<b>437,310</b>	<b>(54,717)</b>	<b>(9.8)</b>	<b>3.4</b>	<b>3.9</b>	<b>4.1</b>
<b>1. Revenue</b>	<b>421,159</b>	<b>378,678</b>	<b>428,898</b>	<b>(50,220)</b>	<b>(10.1)</b>	<b>3.4</b>	<b>3.8</b>	<b>4.1</b>
Ordinary Revenue	384,351	342,581	384,327	(41,746)	(10.9)	3.0	3.4	3.7
Import Duty	25,729	23,167	26,344	(3,176)	(10.0)	0.2	0.2	0.2
Excise Duty	49,725	47,354	56,947	(9,593)	(4.8)	0.4	0.5	0.5
Income tax	180,721	151,248	167,354	(16,106)	(16.3)	1.3	1.5	1.7
VAT	105,779	83,062	114,081	(31,018)	(21.5)	0.7	1.0	1.0
Investment Revenue	6,087	21,321	2,593	18,728	250.3	0.2	0.0	0.1
Others	16,310	16,428	17,008	(580)	0.7	0.1	0.2	0.2
Appropriation-in-Aid	36,808	36,097	44,571	(8,474)	(1.9)	0.3	0.4	0.4
<b>2. Grants</b>	<b>2,802</b>	<b>3,915</b>	<b>8,412</b>	<b>(4,497)</b>	<b>39.7</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>
AMISOM Receipts	-	-	202	(202)	-	0.0	0.0	0.0
Revenue	1,520	1,297	1,459	(162)	(14.7)	0.0	0.0	0.0
Appropriation-in-Aid	1,282	2,618	6,751	(4,133)	104.3	0.0	0.1	0.0
County Health Facilities - DANIDA								
<b>B. EXPENDITURE AND NET LENDING</b>	<b>544,626</b>	<b>510,387</b>	<b>565,307</b>	<b>(54,921)</b>	<b>(6.3)</b>	<b>4.5</b>	<b>5.0</b>	<b>5.3</b>
<b>1. Recurrent</b>	<b>391,183</b>	<b>359,491</b>	<b>410,329</b>	<b>(50,838)</b>	<b>(8.1)</b>	<b>3.2</b>	<b>3.6</b>	<b>3.8</b>
Domestic Interest	76,250	81,169	71,535	9,633	6.5	0.7	0.6	0.7
Foreign Interest	34,163	34,134	42,770	(8,637)	(0.1)	0.3	0.4	0.3
Pension & Other CFS	26,259	26,189	31,342	(5,153)	(0.3)	0.2	0.3	0.3
Wages and Salaries	109,719	118,570	124,083	(5,514)	8.1	1.1	1.1	1.1
O & M/Others	144,792	99,430	140,598	(41,168)	(31.3)	0.9	1.2	1.4
<b>2. Development and Net Lending</b>	<b>95,900</b>	<b>122,057</b>	<b>89,979</b>	<b>32,078</b>	<b>27.3</b>	<b>1.1</b>	<b>0.8</b>	<b>0.9</b>
O/W Domestically financed	62,572	93,365	44,297	49,068	49.2	0.8	0.4	0.6
Foreign financed	32,999	28,692	43,929	(15,237)	(13.0)	0.3	0.4	0.3
3. Equalization Fund	0	-	1,753	(1,753)	-	0.0	0.0	0.0
4. County Governments	57,542	28,839	64,999	(36,160)	(49.9)	0.3	0.6	0.6
<b>5. CF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>
<b>C. DEFICIT EXCL. GRANT (Commitment basis)</b>	<b>(123,467)</b>	<b>(131,709)</b>	<b>(136,409)</b>	<b>4,700</b>	<b>6.7</b>	<b>(1.2)</b>	<b>(1.2)</b>	<b>(1.2)</b>
<b>D. DEFICIT INCL. GRANTS (Commitment basis)</b>	<b>(120,665)</b>	<b>(127,794)</b>	<b>(127,997)</b>	<b>203</b>	<b>5.9</b>	<b>(1.1)</b>	<b>(1.1)</b>	<b>(1.2)</b>
<b>E. ADJUSTMENT TO CASH BASIS</b>	<b>25,509</b>	<b>(1,973)</b>	<b>-</b>	<b>(1,973)</b>	<b>(107.7)</b>	<b>0.0</b>	<b>-</b>	<b>0.2</b>
<b>F. DEFICIT INCL. GRANTS (Cash basis)</b>	<b>(95,156)</b>	<b>(129,767)</b>	<b>(127,997)</b>	<b>(1,770)</b>	<b>36.4</b>	<b>(1.2)</b>	<b>(1.1)</b>	<b>(0.9)</b>
<b>G. FINANCING</b>	<b>95,156</b>	<b>129,767</b>	<b>127,997</b>	<b>1,770</b>	<b>36.4</b>	<b>1.2</b>	<b>1.1</b>	<b>0.9</b>
<b>1. Net Foreign financing</b>	<b>13,148</b>	<b>-22,637</b>	<b>-8,184</b>	<b>(14,453)</b>	<b>(272.2)</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>0.1</b>
<b>Disbursements</b>	<b>32,206</b>	<b>24,777</b>	<b>41,027</b>	<b>(16,250)</b>	<b>(23.1)</b>	<b>0.2</b>	<b>0.4</b>	<b>0.3</b>
Programme Loans	2,009	0	81	(81)	(100.0)	-	0.0	0.0
Project Cash Loans	3,269	8,684	9,852	(1,168)	165.6	0.1	0.1	0.0
Project Loans AIA	26,927	16,093	31,094	(15,001)	(40.2)	0.1	0.3	0.3
Debt repayment - Principal	(19,057)	(47,414)	(49,211)	1,797	148.8	(0.4)	(0.4)	(0.2)
2. Other Domestic Financing	2,878	1,590	1,447	144	(44.7)	0.0	0.0	0.0
3. Kenya Airways								
4. Mumias Rights Issue								0.0
TKL Restructuring Financing								0.0
3. Bank Restructuring costs								0.0
3. Euro Bond Balance								
<b>2. Net Domestic Financing</b>	<b>82,008</b>	<b>152,404</b>	<b>136,181</b>	<b>16,223</b>	<b>85.8</b>	<b>1.4</b>	<b>1.2</b>	<b>0.8</b>
<b>MEMO ITEM</b>								
<b>GDP ESTIMATE</b>	<b>10,355,351.61</b>	<b>11,266,646.76</b>	<b>11,266,646.76</b>	<b>-</b>	<b>8.80</b>	<b>100.00</b>	<b>100</b>	<b>100.00</b>

\*Provisional

Source of Data: National Treasury

**2.4 Financing**

**2.4.1 External Financing**

39. During the period under review, net external financing amounted to a net repayment of KSh. 22.6 billion (**Table 9**). Total disbursements (inflows) including Appropriations-in-Aid amounted to KSh. 24.8 billion for the period ending 30th September, 2020 against a target of KSh. 40.9 billion. The actual total disbursement included KSh. 16.1 billion Project Loans A.I.A and KSh. 8.7 billion Project Loans-Cash. The External repayments (outflows) of principal debt amounted to KSh. 47.4 billion. The amount comprised of principal repayments due to bilateral sources, commercial institutions, and multilateral sources amounting to, KSh. 21.4 billion, KSh. 18.6 billion and KSh. 7.4 billion, respectively.

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

	Quarter I 2019/20	Quarter I 2020/21	Cumulative September 2020	
	Actual	Actual*	Actual*	Target
<b>DISBURSEMENTS:</b>	<b>32,205.62</b>	<b>24,777</b>	<b>24,777</b>	<b>40,946</b>
Project Cash loans	3,269.47	8,684.25	8,684.25	9,851.94
Project loans A-I-A	26,926.98	16,092.78	16,092.78	31,094.18
Project Loans SGR_PHASE_1_AIA	-	-	-	-
Project Loans SGR_PHASE_2A_AIA	-	-	-	-
Commercial Financing	-	-	-	-
Programme Loans	2,009.18	-	-	-
<b>EXTERNAL REPAYMENTS:</b>	<b>19,057.47</b>	<b>47,414.41</b>	<b>47,414.41</b>	<b>49,211.05</b>
Bilateral(incl. Italy Debt SWAP)	8,159.23	21,397.61	21,397.61	25,804.42
Multilateral (excl. IMF)	5,555.22	7,393.35	7,393.35	5,942.89
Commercial	5,343.01	18,623.46	18,623.46	17,463.74
<b>NET FOREIGN FINANCING</b>	<b>13,148.16</b>	<b>(22,637.37)</b>	<b>(22,637.37)</b>	<b>(8,264.93)</b>

\*Provisional

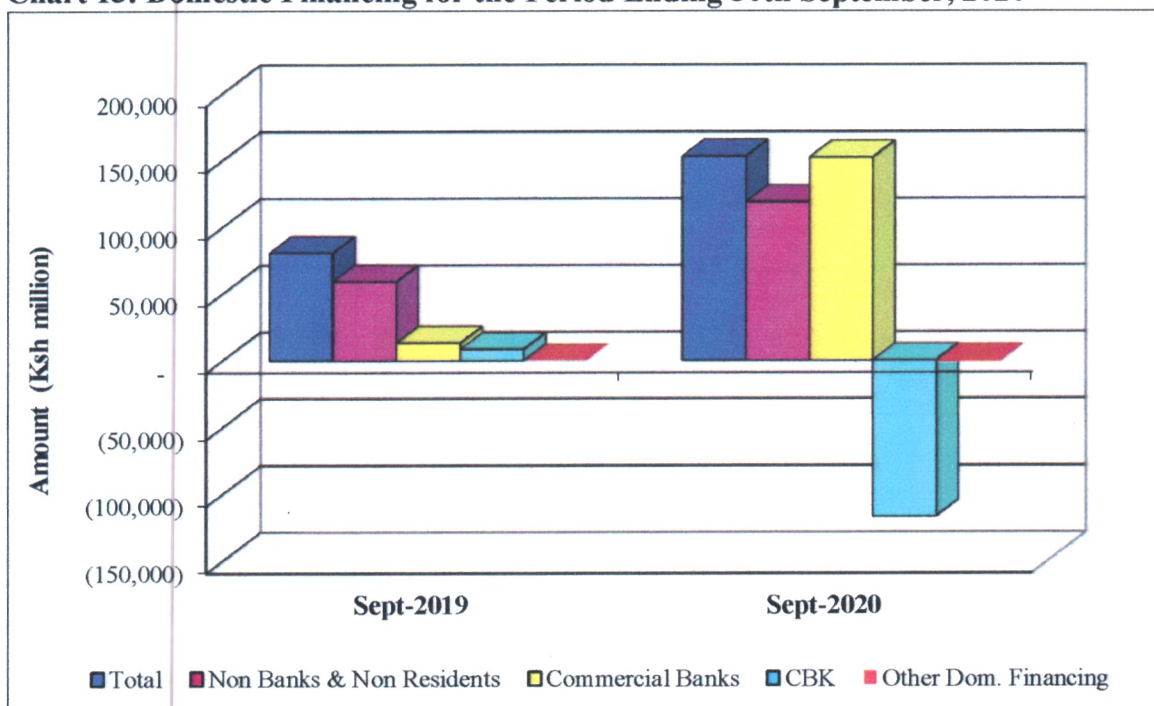
Source of Data: National Treasury

**2.4.2 Domestic Financing**

40. By the end of September 2020, net domestic borrowing amounted to KSh. 152.4 billion (**Table 10**) against a target borrowing of KSh. 136.2 billion (**Table 8**). The borrowing comprised of KSh. 152.1 billion from commercial banks, KSh. 117.8 billion from Non-Banking Financial Institutions, KSh. 1.0 billion from Non-Residents and a deposit and a repayment of KSh. 1,287 and KSh.117.2 billion respectively to the Central Bank. Comparatively, for the same period in 2019/20, the domestic borrowing amounted to KSh. 82.0 billion, comprising of KSh. 57.8 billion from Non-Banking Financial Institutions, KSh. 13.2 billion from the Commercial Banks, KSh. 8.3 billion from the Central Bank of Kenya, 1.2 billion from other domestic sources and KSh. 1.5 billion from Non-Residents (**Table 10 and Chart 13**).



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



Source of Data: Central Bank of Kenya

41. The stock of Treasury Bills held by Non-Banks and Non-Residents recorded a net decrease of KSh. 3.2 billion and KSh. 0.5 billion respectively while those held by Commercial Banks increased by KSh. 17.7 billion. The stock of Fixed Rate Bonds held by Non-Banks, Commercial Banks and Non-Residents recorded a net increase of KSh. 97.9 billion, KSh. 86.7 billion and KSh. 0.9 billion respectively (**Table 10**).

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

Debt Instrument	September 2019*	December 2019*	March 2020*	June 2020*	September 2020*
<b>1.CENTRAL BANK</b>	<b>8,255</b>	<b>9,967</b>	<b>73,708</b>	<b>41,946</b>	<b>(116,695)</b>
Overdraft	10,904	6,397	(3,146)	(10,178)	9,057
Items on Transit	(16)	(31)	(28)	4	(23)
Frozen Account	-	-	-	(555)	-
Less Govt Deposits	(2,633)	3,602	76,882	52,675	(125,729)
<b>2.COM. BANKS</b>	<b>13,200</b>	<b>80,201</b>	<b>155,240</b>	<b>235,444</b>	<b>152,077</b>
Advances	29	(1,045)	(621)	(1,231)	440
Treasury bills	(19,592)	(26,084)	(820)	(7,751)	17,743
Fixed rate Bonds	36,010	65,743	117,436	138,821	86,704
Infrastructure Bonds	(8,097)	40,664	40,664	108,455	54,024
Less Govt Deposits	4,849	922	(1,418)	(2,851)	(6,834)
<b>3. NON BANKS</b>	<b>57,802</b>	<b>78,096</b>	<b>134,879</b>	<b>165,762</b>	<b>117,775</b>
Treasury bills	(2,926)	(45,760)	(50,890)	(52,684)	(3,185)
Fixed rate Bonds	64,515	108,673	170,586	179,004	97,938
Infrastructure Bonds	(4,051)	14,919	14,919	39,328	23,918
M-Akiba Bond	264	264	264	114	(896)
<b>4. NON RESIDENTS</b>	<b>1,511</b>	<b>2,632</b>	<b>3,607</b>	<b>5,178</b>	<b>1,047</b>
Treasury bills	443	792	881	(145)	(478)
Fixed rate Bonds	1,068	1,465	2,350	3,198	904
Infrastructure Bond	-	376	376	2,125	620
<b>5. NET CREDIT</b>	<b>80,768</b>	<b>170,896</b>	<b>367,434</b>	<b>448,331</b>	<b>154,203</b>
<b>6. Other Domestic Financing</b>					
Domestic Loan Repayments (Net Receipts)	1,240	1,590	2,154	2,044	(512)
RDL Deposits	-	-	-	-	(1,287)
<b>7. NET DOMESTIC FINANCING</b>	<b>82,008</b>	<b>172,486</b>	<b>369,588</b>	<b>450,375</b>	<b>152,404</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

42. The gross public debt as at 30th September, 2020 increased by KSh. 1,157.2 billion to KSh. 7,120.6 billion compared to KSh. 5,963.4 billion as at end of September 2019. The gross public debt comprised of 51.4 percent external debt and 48.6 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. 6,500.5 billion by end of the period under review (Table 11).

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

DEBT SOURCE	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19*	Dec-19*	Mar-20*	Jun-20*	Sept-20*
<b>EXTERNAL</b>									
BILATERAL	812,545	894,046	916,572	996,059	1,024,092	1,037,538	1,060,609	1,074,257	1,102,890
MULTILATERAL	877,730	874,680	846,587	914,394	1,001,817	1,023,821	1,075,901	1,321,629	1,421,840
COMMERCIAL BANKS	898,349	938,151	941,763	1,095,753	1,068,664	1,028,691	1,058,796	1,102,294	1,120,803
SUPPLIERS CREDIT	16,709	16,857	16,676	16,932	17,194	16,773	17,328	17,630	17,958
<b>SUB-TOTAL EXTERNAL</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>3,663,491</b>
<b>DOMESTIC:</b>									
CENTRAL BANK	90,210	118,196	89,709	109,607	120,494	115,972	106,433	98,878	107,356
COMMERCIAL BANKS	1,315,333	1,289,558	1,397,771	1,414,275	1,417,997	1,491,438	1,570,594	1,653,194	1,808,043
<b>TOTAL BANKS</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>	<b>1,915,400</b>
NONBANKS & NON RESIDENTS	1,135,161	1,141,015	1,211,052	1,261,601	1,313,148	1,334,694	1,393,162	1,425,454	1,541,707
<b>SUB-TOTAL DOMESTIC</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>3,457,107</b>
<b>GRAND TOTAL GROSS</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>	<b>7,120,598</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	(501,404)	(432,049)	(398,223)	(501,728)	(516,182)	(524,752)	(457,623)	(497,609)	(614,353)
<b>GRAND TOTAL NET</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>	<b>6,500,544</b>

\*Provisional

Source of Data: National Treasury

#### 3.2 Domestic Debt

43. The stock of gross domestic debt increased by KSh. 605.5 billion from KSh. 2,851.6 billion in September 2019 to KSh. 3,457.1 billion in September, 2020. The net domestic debt was KSh. 2,837.1 billion by end of the period under review (Table 12).

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

DEBT SOURCE	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19*	Dec-19*	Mar-20*	Jun-20*	Sept-20*
<b>1.CENTRAL BANK</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>	<b>107,356</b>
Overdraft	36,291	64,824	36,896	57,328	68,232	63,724	54,182	47,150	56,206
Frozen Govt Accounts	23,894	23,339	22,784	22,229	22,229	22,229	22,229	21,674	21,119
Treasury bills / bonds rediscounts	20,588	20,588	20,588	20,588	20,588	20,588	20,588	20,588	20,588
Items on Transit	11	19	16	36	20	5	9	40	17
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>1,315,333</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>	<b>1,808,043</b>
Advances	7,588	8,183	3,458	3,422	3,404	2,447	2,790	2,007	2,717
Treasury Bills	537,531	527,212	570,588	577,483	556,228	549,732	576,426	567,096	580,609
Fixed Rate T. Bonds	531,519	501,047	565,157	575,939	611,920	641,650	693,770	714,224	799,624
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	6,798	7,648	7,648	7,648	7,648	7,648
Infrastructure Bonds	226,047	240,468	245,920	245,634	233,798	284,960	284,960	357,218	412,445
<b>3. NON BANKS</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>	<b>1,507,591</b>
Treasury Bills	378,858	344,111	352,367	348,771	344,235	300,354	295,241	292,227	286,848
Fixed Rate T. Bonds	518,143	549,941	600,375	651,235	715,520	759,642	822,221	829,572	925,842
Tax Reserve Certificate	69	69	69	69	69	69	69	69	69
Infrastructure Bonds	191,703	199,720	211,685	211,332	202,319	222,434	222,434	248,961	274,252
Savings and Development Bond	20,580	20,580	20,580	21,433	20,580	20,580	20,580	20,580	20,580
M- Akiba Bond	398	398	595	778	1,041	1,041	1,041	891	(0)
<b>4. NON RESIDENTS</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>	<b>34,115</b>
Treasury Bills	7,104	7,510	6,113	7,408	7,858	8,261	8,368	7,231	6,688
Fixed Rate T. Bonds	10,239	10,631	11,162	12,470	13,536	13,932	14,827	15,675	16,552
Savings and Development Bond	9	9	9	7	9	9	9	9	9
Infrastructure Bonds	8,058	8,047	8,098	8,097	7,980	8,371	8,371	10,239	10,866
<b>5. TOTAL GROSS DEBT</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>3,457,107</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	501,404	432,049	398,223	501,728	516,182	524,752	457,623	497,609	614,353
<b>8. TOTAL NET DEBT</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>	<b>2,837,053</b>

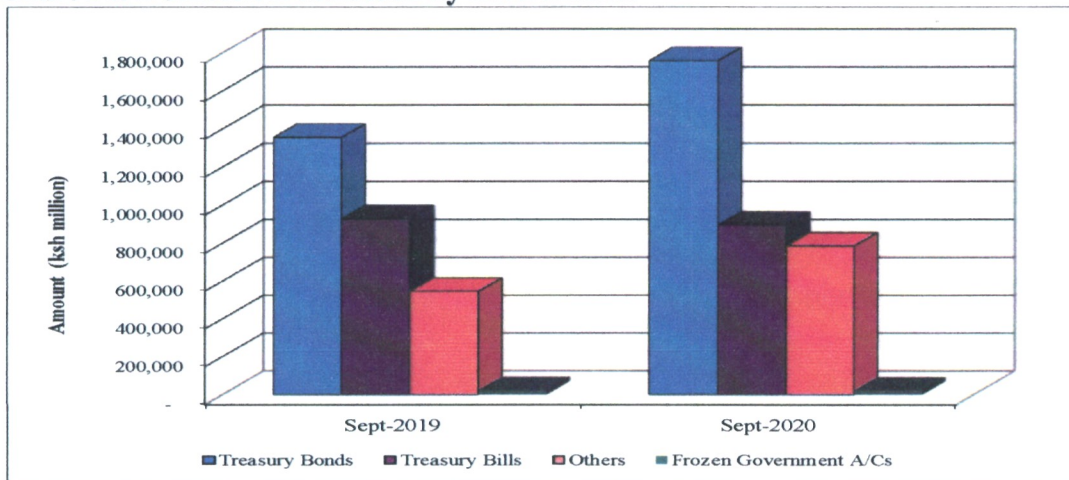
NOTE: Treasury Bills reflected here are at face value as opposed to Table 10, given at cost

\*Provisional

Source of Data: Central Bank of Kenya

44. The stock of Treasury Bills held by Central Bank, Commercial Banks, Non-Banking Financial Institution and Non-Residents declined by KSh. 34.2 billion from KSh. 928.9 billion in September 2019 to KSh. 894.7 billion in September 2020. The total stock of Treasury Bonds, which include Floating, Fixed Rate, Special and Zero Coupon Bonds, increased by KSh. 401.0 billion from KSh. 1,355.4 billion in September 2019 to KSh. 1,756.4 billion in September 2020 (Chart 14).

**Chart 14: Domestic Debt Stock by Instruments**



Source of Data: Central Bank of Kenya



## FISCAL DEVELOPMENTS

### 3.3 External Public Debt

45. In dollar terms, external public debt stock increased by US\$. 3,812 million from US\$. 29,953.79 million by end of September 2019 to US\$. 33,765.80 million by the end of September, 2020 (Table 13). The increase is attributed to a rise in external disbursements made during the period. The debt stock comprised of 38.8 percent, 30.6 percent, 30.1 percent, and 0.5 percent owed to multilateral institutions, commercial sources, bilateral sources, and export credit respectively.

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

CREDITOR	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19*	Dec-19*	Mar-20*	Jun-20*	Sept-20*
<b><u>BILATERAL</u></b>									
AUSTRIA	6.64	0.83	9.34	17.63	17.65	18.62	12.84	13.14	13.52
BELGIUM	103.58	78.56	75.20	113.31	108.49	109.80	113.08	112.42	113.07
CANADA	2.83	1.52	1.52	1.08	1.08	0.58	0.58	0.00	0.00
DENMARK	10	9.37	8.39	8.55	7.45	6.41	5.87	5.67	5.41
FINLAND	16.69	19.02	16.00	17.56	15.58	15.95	13.09	13.40	12.51
FRANCE	599.02	612.22	668.45	709.38	679.88	728.89	698.14	748.38	762.54
GERMANY	274.11	341.96	360.65	364.39	338.66	332.14	371.11	333.07	345.47
ITALY	1.25	152.35	345.75	354.78	344.1	351.90	342.57	349.64	365.49
JAPAN	483.85	1,023.98	1,272.62	1,321.91	1,372.56	1,353.47	1,385.84	1,423.97	1,489.84
NETHERLANDS	9.07	4.33	3.31	3.35	2.19	1.79	1.00	0.51	0.53
UK	4.56	2.43	0.84	0.58	0.56	0.32	0.30	-	-
USA	26.45	25.06	20.75	20.42	18.12	17.45	15.16	14.83	12.32
CHINA	5,496.62	6,201.61	6,006.17	6,462.07	6,410.61	6,840.23	6,746.26	6,753.13	6,731.17
OTHERS	457.02	305.16	308.51	341.8	326.53	325.62	570.92	316.66	313.28
<b>TOTAL BILATERAL</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>10,165.16</b>
<b><u>MULTILATERAL</u></b>									
ADB/ADF	2,043.51	2,151.35	2,233.19	2,244.79	2,301.03	2,393.60	2,404.62	2,475.99	2,726.74
BADEA	34.63	32.17	34.53	36.08	36.21	36.28	36.06	36.66	36.34
EEC/EIB	194.86	184.16	173.89	168.53	160.53	162.18	152.65	157.67	186.99
IBRD	-	-	-	-	-	-	-	250.00	250.00
IDA/IFAD	5,612.97	5,481.55	5,403.95	5,953.08	6,900.25	7,234.42	7,146.77	8,399.27	8,808.04
IMF**	699.4	676.41	501.48	481.02	407.37	360.66	341.14	1,038.33	1,047.10
OTHERS	63.86	62.61	55.80	55.01	52.49	51.40	49.46	49.13	49.66
<b>TOTAL MULTILATERAL</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>13,104.87</b>
<b>COMMERCIAL<sup>1</sup></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>	<b>10,330.26</b>
<b>EXPORT CREDIT</b>	<b>165.51</b>	<b>165.51</b>	<b>165.51</b>	<b>165.51</b>	<b>165.51</b>	<b>165.51</b>	<b>165.51</b>	<b>165.51</b>	<b>165.51</b>
<b>GRAND TOTAL</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>	<b>33,765.80</b>
In percentage of total									
BILATERAL	30.63	32.82	33.68	32.95	32.19	32.95	33.49	30.56	30.10
MULTILATERAL	35.37	32.11	31.11	30.25	32.91	33.40	33.01	37.59	38.81
COMMERCIAL BANKS <sup>1</sup>	33.32	34.44	34.60	36.25	34.34	33.11	32.96	31.35	30.59
EXPORT CREDIT	0.68	0.62	0.61	0.56	0.55	0.54	0.54	0.50	0.49
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

\*Provisional

\*\* include IMF item

1/ incl. International Sovereign Bond

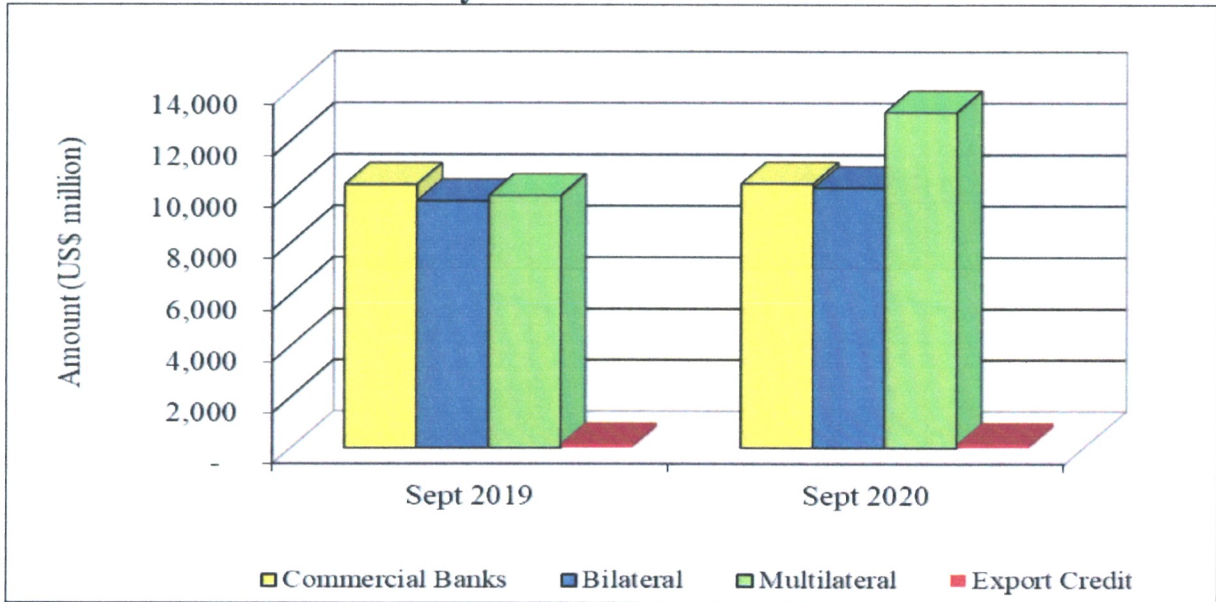
Note: The exchange rate as at end September 2020 was KSh. 108.5 per dollar.

Source of Data: National Treasury

## FISCAL DEVELOPMENTS

46. Compared to the same period in FY 2019/20, external public debt stock from bilateral sources, multilateral institutions and Commercial Banks recorded an increase in the period ending September, 2020. External debt stock from suppliers' credit remained constant in September, 2019 and September, 2020 (**Chart 15**).

**Chart 15: External Public Debt by Source**



Source of Data: National Treasury

### 3.3.1 External Debt Service

47. By the end of September 2020, the total cumulative debt service payments to external creditors amounted to KSh. 81.5 billion. This comprised of KSh. 47.4 billion (58.1 percent) principal and KSh. 34.1 billion (41.9 percent) interest (**Table 14**).



## FISCAL DEVELOPMENTS

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

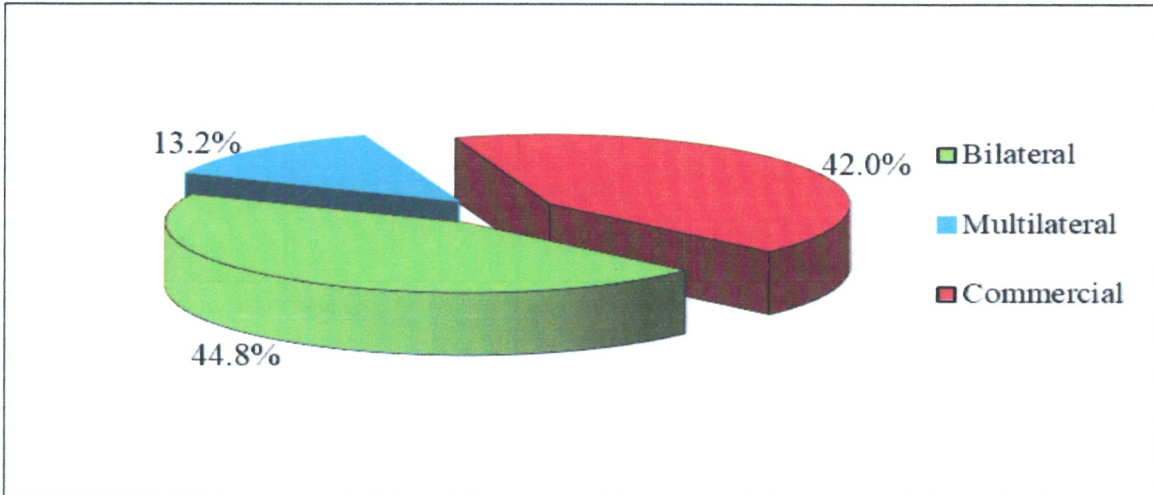
CATEGORY	PRINCIPAL*	INTEREST*	TOTAL*
<b>BILATERAL</b>			
ABU DHABI	36.68	3.06	39.74
AUSTRIA	11.41	5.64	17.05
BELGIUM	548.52	34.95	583.47
CANADA	-	-	-
CHINA	16,842.47	14,113.88	30,956.36
DENMARK	-	-	-
FINLAND	155.01	-	155.01
FRANCE	1,765.50	481.36	2,246.86
GERMANY	505.77	96.91	602.67
INDIA	321.93	73.32	395.25
ISRAEL	323.31	67.55	390.85
ITALY	-	2.79	2.79
JAPAN	325.15	129.01	454.16
KOREA	27.34	5.32	32.66
KUWAIT	53.94	1.82	55.77
NETHERLANDS	-	-	-
POLAND	-	-	-
SAUDI ARABIA	5.44	0.95	6.40
SPAIN	414.81	88.49	503.30
UK	-	-	-
USA	60.31	18.01	78.32
<b>TOTAL BILATERAL</b>	<b>21,397.61</b>	<b>15,123.07</b>	<b>36,520.68</b>
<b>MULTILATERAL</b>			
ADB/ADF	829.26	916.72	1,745.98
BADEA	51.26	10.19	61.45
EIB/EEC	804.47	223.97	1,028.43
IDA	5,423.22	2,118.57	7,541.79
OPEC	107.14	9.48	116.63
NDF	33.73	11.26	44.99
IFAD	144.26	62.99	207.25
IBRD	-	-	-
<b>TOTAL MULTILATERAL</b>	<b>7,393.35</b>	<b>3,353.18</b>	<b>10,746.53</b>
<b>COMMERCIAL</b>	<b>18,623.46</b>	<b>15,657.26</b>	<b>34,280.72</b>
<b>GRAND TOTAL</b>	<b>47,414.41</b>	<b>34,133.52</b>	<b>81,547.93</b>

\* Provisional

Source of Data: National Treasury

48. By the end of September 2020, the total cumulative debt service payments to external creditors comprised of 44.8 percent, 42.0 percent and 13.2 percent of the total payments to bilateral, commercial and multilateral creditors respectively (**Chart 16**).

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



Source of Data: National Treasury



## 4.0. ANNEXES

## Annex I: Fiscal Results, 2014/15 – 2020/2021 (KSh. Millions)

REVENUE/EXPENDITURE/FINANCING	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20*	2020/21	
	Actual					PreL. Actual	BROP	Printed Estimates
<b>A.TOTAL REVENUE</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>1,860,320</b>	<b>1,892,647</b>
<b>1.Ordinary Revenue</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>1,601,440</b>	<b>1,633,767</b>
Income Tax	508,581	560,762	625,050	640,546	685,330	706,936	735,500	685,014
VAT	259,685	289,213	339,034	357,129	414,143	383,713	437,616	481,612
Import Duty	74,048	79,638	89,943	93,685	106,875	98,022	96,291	106,762
Excise Duty	115,872	140,212	165,474	167,753	194,310	195,270	208,786	241,378
Other Revenue	73,633	82,719	87,067	105,950	99,099	189,477	123,247	119,001
<b>2.Appropriation –in –Aid</b>	<b>75,953</b>	<b>102,247</b>	<b>133,002</b>	<b>157,848</b>	<b>201,915</b>	<b>160,213</b>	<b>258,880</b>	<b>258,880</b>
<b>B.EXPENDITURE &amp; NET LENDING</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>2,929,929</b>	<b>2,790,631</b>
<b>1.Recurrent</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>1,845,816</b>	<b>1,826,718</b>
Wages and Salaries	297,978	307,421	336,636	388,938	417,526	449,927	482,086	481,665
Interest Payments	171,876	215,328	271,233	323,890	375,723	437,202	463,108	463,108
Domestic Interest	139,615	172,857	212,865	239,470	272,351	315,362	308,424	308,424
Foreign Interest Due	32,261	42,471	58,368	84,420	103,372	121,840	154,684	154,684
Pensions, etc	37,508	53,401	63,958	65,099	70,804	89,605	123,360	123,360
O & M/ Others	353,206	429,046	457,150	534,347	625,791	626,394	726,722	708,045
Of which Appropriation-in-Aid	50,566	71,915	58,536	109,861	147,765	106,958	177,177	177,177
<b>2.Development &amp; Net Lending</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>680,189</b>	<b>589,705</b>
Development Projects	294,735	343,338	392,217	255,213	289,029	389,571	421,115	337,538
Appropriation-in-Aid	213,276	134,757	241,183	211,931	243,408	204,712	252,286	245,379
Payment of guaranteed loans	2,125	2167	2,443	2,529	2,485	661	-	-
3. Drought Development Expenditures/CF	4,951	5,000	-	-	-	-	5,000	5,000
4. Transfer to County Governments	229,195	276,223	305,016	327,274	360,740	325,278	398,924	369,208
5. Parliamentary Service	22,743	19,777	24,215	25,678	28,525	27,990	35,240	35,240
6. Judicial Service	11,887	11,662	11,846	11,944	12,713	14,103	15,299	15,299
7. Equalization Fund	400	6,400	6,000	-	6,962	-	6,788	6,788
<b>D.DEFICIT EXCL. GRANTS (Commitment)</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>(1,069,609)</b>	<b>(897,984)</b>
<b>E.GRANTS</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>57,986</b>	<b>56,841</b>
<b>F.DEFICIT INCL.GRANTS (Commitment Basis)</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>(1,011,623)</b>	<b>(841,143)</b>
<b>G. ADJUSTMENT TO CASH BASIS</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>(1,011,623)</b>	<b>(841,143)</b>
<b>H.DEFICIT INCL.GRANTS (Cash Basis)</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>(1,011,623)</b>	<b>(841,143)</b>
<b>L.FINANCING</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>1,011,623</b>	<b>841,143</b>
Net Foreign Financing	217,479	269,924	385,745	354,977	414,518	340,805	403,648	346,793
Net Domestic Financing	253,999	204,646	311,474	276,333	306,540	450,375	607,975	494,350
<b>In Percentage of GDP</b>								
<b>A.TOTAL REVENUE</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>16.5</b>	<b>16.8</b>
<b>1.Ordinary Revenue</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>14.2</b>	<b>14.5</b>
Income Tax	8.7	8.4	8.1	7.5	7.4	6.9	6.5	6.1
VAT	4.5	4.3	4.4	4.2	4.5	3.8	3.9	4.3
Import Duty	1.3	1.2	1.2	1.1	1.1	1.0	0.9	0.9
Excise Duty	2.0	2.1	2.2	2.0	2.1	1.9	1.9	2.1
Other Revenue	1.3	1.2	1.1	1.2	1.1	1.9	1.1	1.1
2.Appropriation –in –Aid	1.3	1.5	1.7	1.9	2.2	1.6	2.3	2.3
<b>B. EXPENDITURE &amp; NET LENDING</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>24.7</b>
<b>1.Recurrent</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>16.2</b>
Wages and Salaries	5.1	4.6	4.4	4.6	4.5	4.4	4.3	4.3
Interest Payments	2.9	3.2	3.5	3.8	4.0	4.3	4.1	4.1
Domestic Interest	2.4	2.6	2.8	2.8	2.9	3.1	2.7	2.7
Foreign Interest Due	0.6	0.6	0.8	1.0	1.1	1.2	1.4	1.4
Pensions, etc	0.6	0.8	0.8	0.8	0.8	0.9	1.1	1.1
O & M/ Others	6.1	6.4	6.0	6.3	6.7	6.1	6.5	6.3
of which Appropriation-in-Aid	0.9	1.1	0.8	1.3	1.6	1.0	1.6	1.6
<b>2.Development &amp; Net Lending</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>6.0</b>	<b>5.2</b>
Development Projects	5.1	5.1	5.1	3.0	3.1	3.8	3.7	3.0
Appropriation-in-Aid	3.7	2.0	3.1	2.5	2.6	2.0	2.2	2.2
Payment of guaranteed loans	0.0	0.0	0.0	0.0	0.0	0.0	-	-
3. Drought Expenditures	0.1	0.1	-	-	-	-	0.0	0.0
4. Transfer to County Governments	3.9	4.1	4.0	3.8	3.9	3.2	3.5	3.3
5. Parliamentary Service	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3
6. Judicial Service	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	0.1
<b>D.DEFICIT EXCL. GRANTS (Commitment)</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>(9.5)</b>	<b>(8.0)</b>
<b>E.GRANTS</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>0.5</b>	<b>0.5</b>
<b>F.DEFICIT INCL.GRANTS (Commitment Basis)</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>(9.0)</b>	<b>(7.5)</b>
<b>G. ADJUSTMENT TO CASH BASIS</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>(8.1)</b>	<b>(7.1)</b>	<b>(9.1)</b>	<b>(7.4)</b>	<b>(7.6)</b>	<b>(8.2)</b>	<b>(9.0)</b>	<b>(7.5)</b>
<b>L.FINANCING</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>9.0</b>	<b>7.5</b>
Foreign Financing	3.7	4.0	5.0	4.2	4.5	3.3	3.6	3.1
Net Domestic Financing	4.4	3.1	4.1	3.2	3.3	4.4	5.4	4.4
Memorandum Item:								
Nominal GDP at Market price (K.sh. million)	5,831,528.0	6,709,671.0	7,675,172.0	8,518,004.0	9,303,050.0	10,196,618.5	11,266,646.8	11,275,797.0

Source: National Treasury

## GFSM 2014 COMPLIANT TABLES FOR BUDGETARY CENTRAL GOVERNMENT

## Annex II: Revenue (KSh. Millions)

Description	Annual Budget Estimates FY2020/21	PreL. Actual FY2020/21 Q1
<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>
<b>Revenue</b>	<b>1,949,488</b>	<b>382,593</b>
Taxes	1,649,274	345,947
<b>Taxes on income, profits, and capital gains</b>	<b>685,014</b>	<b>151,248</b>
Payable by individuals	376,991	71,556
Payable by corporations and other enterprises	308,022	79,692
<b>Taxes on goods and services</b>	<b>801,556</b>	<b>156,844</b>
General taxes on goods and services	498,951	86,597
Value-added taxes	481,612	83,062
Taxes on financial and capital transactions <sup>1</sup>	17,339	3,535
Excises <sup>2</sup>	302,605	70,247
<b>Taxes on international trade and transactions</b>	<b>162,704</b>	<b>37,855</b>
Customs and other import duties <sup>3</sup>	162,704	37,855
<b>Social contributions</b>	<b>492</b>	<b>36</b>
<b>Other social contributions</b>	<b>492</b>	<b>36</b>
Employee contributions	492	36
<b>Grants</b>	<b>56,841</b>	<b>3,915</b>
From foreign governments	32,739	3,915
Current	-	-
Capital	32,739	3,915
From international organizations	24,102	-
Current	24,102	-
Capital	-	-
<b>Other revenue</b>	<b>242,880</b>	<b>32,695</b>
<b>Property income</b>	<b>48,103</b>	<b>22,336</b>
Interest	1,660	3
Dividends	40,906	21,321
Rent	5,538	1,013
<b>Sales of goods and services</b>	<b>191,844</b>	<b>10,121</b>
Administrative fees	191,844	10,121
<b>Fines, penalties, and forfeits</b>	<b>1,812</b>	<b>229</b>
<b>Miscellaneous and unidentified revenue</b>	<b>1,121</b>	<b>9</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	Annual Budget	
		Estimates FY2020/21	Prel. Actual FY2020/21 Q1
	<i>Accounting method:</i>		
		<i>Cash</i>	<i>Cash</i>
<b>2</b>	<b>Expense</b>	<b>2,692,937</b>	<b>483,358</b>
<b>21</b>	<b>Compensation of employees</b>	<b>511,368</b>	<b>119,237</b>
211	Wages and salaries	507,200	118,581
<b>212</b>	<b>Social contributions</b>	<b>4,168</b>	<b>655</b>
2121	Actual social contributions	4,168	655
<b>22</b>	<b>Use of goods and services</b>	<b>246,797</b>	<b>37,349</b>
	O/W Defence and NIS	145,324	34,138
	Free Secondary Education (FSE)	62,661	-
	Free Primary Education (FPE)	12,401	-
<b>24</b>	<b>Interest</b>	<b>463,108</b>	<b>115,302</b>
241	To nonresidents	154,684	34,134
242	To residents other than general government	308,424	81,169
<b>25</b>	<b>Subsidies</b>	<b>-</b>	<b>-</b>
251	To public corporations	-	-
252	To private enterprises	-	-
<b>26</b>	<b>Grants</b>	<b>1,337,635</b>	<b>185,845</b>
<b>262</b>	<b>To international organizations</b>	<b>4,200</b>	<b>-</b>
2621	Current	4,200	-
2622	Capital	-	-
<b>263</b>	<b>To other general government units</b>	<b>1,333,435</b>	<b>185,845</b>
2631	Current	787,437	94,203
	O/W Transfer to County Governments (ES)	221,550	18,351
	Transfer to Other levels of Government (SOEs)	565,887	75,852
2632	Capital	545,998	91,641
	O/W Transfer to County Governments (ES)	94,950	7,865
	Transfer to Other levels of Government (SOEs)	451,048	83,777
<b>27</b>	<b>Social benefits</b>	<b>119,742</b>	<b>25,626</b>
273	Employer social benefits	119,742	25,626
<b>28</b>	<b>Other expense</b>	<b>14,288</b>	<b>-</b>
282	Miscellaneous other expense	14,288	-

Source: National Treasury

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

Description	Annual Budget Estimates FY2020/21	Prel. Actual FY2020/21 Q1
<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>
<b>Change in Net Worth: Transactions</b>	<b>(746,751)</b>	<b>(84,279)</b>
<b>Net acquisition of nonfinancial assets</b>	<b>95,646</b>	<b>26,541</b>
<b>Fixed assets</b>	<b>95,646</b>	<b>26,541</b>
Buildings and structures	93,258	25,874
Other fixed assets	2,388	667
<b>Net acquisition of financial assets</b>	<b>(627)</b>	<b>133,252</b>
Currency and deposits (Domestic)	(627)	133,252
<b>Net incurrence of liabilities</b>	<b>841,770</b>	<b>244,072</b>
<b>Domestic</b>	<b>494,977</b>	<b>266,709</b>
Securities other than shares	494,977	276,738
Loans	-	(10,028)
Other Accounts Payable	-	-
<b>Foreign</b>	<b>346,793</b>	<b>(22,637)</b>
Securities other than shares	124,094	-
Loans	222,699	(22,637)

Source: National Treasury



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

GFSM Code	Description	Annual Budget Estimates FY2020/21	Prel. Actual FY2020/21 Q1
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>
	<b>Cash Flows from Operating Activities:</b>		
1	<b>Cash receipts from operating activities</b>	<b>1,949,488</b>	<b>382,593</b>
11	Taxes	1,649,274	345,947
12	Social contributions	492	36
13	Grants	56,841	3,915
14	Other receipts	242,880	32,695
2	<b>Cash payments for operating activities</b>	<b>2,692,937</b>	<b>483,358</b>
21	Compensation of employees	511,368	119,237
22	Purchases of goods and services	246,797	37,349
24	Interest	463,108	115,302
25	Subsidies	-	-
26	Grants	1,337,635	185,845
27	Social benefits	119,742	25,626
28	Other payments	14,288	-
	<b>Net cash inflow from operating activities</b>	<b>(743,450)</b>	<b>(100,765)</b>
	<b>Cash Flows from Investments in Nonfinancial Assets (NFAs):</b>		
31A	<b>Purchases of nonfinancial assets</b>	<b>95,646</b>	<b>26,541</b>
311A	Fixed assets	95,646	26,541
	<b>Net cash outflow: investments in NFAs (31=31.1-31.2)</b>	<b>95,646</b>	<b>26,541</b>
	<b>Cash surplus / deficit</b>	<b>(839,096)</b>	<b>(127,307)</b>
	<b>Cash Flows from Financing Activities:</b>		
32x	Net acquisition of financial assets other than cash	(627)	133,252
321x	Domestic	(627)	133,252
322x	Foreign	-	-
33	<b>Net incurrence of liabilities</b>	<b>841,770</b>	<b>244,072</b>
331	Domestic	494,977	266,709
332	Foreign	346,793	(22,637)
NFB	<b>Net cash inflow from financing activities</b>	<b>842,397</b>	<b>377,324</b>
	<b>Net change in the stock of cash</b>	<b>3,301</b>	<b>(16,486)</b>
	<b>Statistical Discrepancy<sup>4</sup></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)

Description	Annual Budget Estimates FY2020/21	Prel. Actual FY2020/21 Q1
<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>
<b>Transactions Affecting Net Worth:</b>		
<b>Revenue</b>	<b>1,949,488</b>	<b>382,593</b>
Taxes	1,649,274	345,947
Social contributions	492	36
Grants	56,841	3,915
Other revenue	242,880	32,695
<b>Expense</b>	<b>2,692,937</b>	<b>483,358</b>
Compensation of employees	511,368	119,237
Use of goods and services	246,797	37,349
Interest	463,108	115,302
Subsidies	-	-
Grants	1,337,635	185,845
Social benefits	119,742	25,626
Other expense	14,288	-
<b>Gross operating balance</b>	<b>(743,450)</b>	<b>(100,765)</b>
<b>Net operating balance</b>	<b>(743,450)</b>	<b>(100,765)</b>
<b>Transactions on Nonfinancial Assets:</b>		
<b>Net Acquisition of Nonfinancial Assets</b>	<b>95,646</b>	<b>26,541</b>
Fixed assets	95,646	26,541
<b>Net lending / borrowing</b>	<b>(839,096)</b>	<b>(127,307)</b>
<b>Transactions on Financial Assets and Liabilities (Financing):</b>	<b>842,397</b>	<b>110,820</b>
<b>Net acquisition of financial assets</b>	<b>(627)</b>	<b>133,252</b>
Domestic	(627)	133,252
Foreign	-	-
<b>Net incurrence of liabilities</b>	<b>841,770</b>	<b>244,072</b>
Domestic	494,977	266,709
Foreign	346,793	(22,637)
<b>Statistical Discrepancy<sup>5</sup></b>	<b>3,301</b>	<b>(16,486)</b>

<sup>5</sup>/Vertical check: Difference between net lending/borrowing and financing

Source: National Treasury







