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THE NATIONAL TREASURY AND ECONOMIC PLANNING

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# Quarterly Economic and Budgetary Review

**First Quarter, Financial Year 2023/2024  
Period Ending 30<sup>th</sup> September, 2023**

**November 2023 Edition**

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**Quarterly Economic  
and Budgetary  
Review**

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University of Toronto  
and  
Faculty of Arts



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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
BAEA	Arab Bank for Economic Development of Africa
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CF	Contingency Fund
CFS	Consolidated Fund Services
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

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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
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 2023/24 FY

### 1. Economic growth

The economy remained strong in the first half of 2023 and grew by 5.5 percent in the first quarter and 5.4 percent in the second quarter. Growth in the first half of 2023 was primarily underpinned by a rebound in agriculture activities, following improved weather conditions and the impact of fertilizer and seed subsidies provided to farmers by the Government. The service sector remained vibrant during the period, thereby supporting growth. All economic sectors recorded positive growths, though the magnitudes varied across activities.

### 2. Inflation rate

Year-on-year overall inflation has remained within the Government target range of  $5\pm 2.5$  percent in the first quarter of FY 2023/24. Inflation declined to 6.8 percent in September 2023, from a peak of 9.6 percent in October 2022 largely driven by the easing of food prices and the impact of monetary policy tightening.

### 3. Interest Rates

Reflecting the tight monetary policy stance and liquidity conditions in the money market, interest rates increased in the year to September 2023. The interbank rate increased to 12.4 percent in September 2023 compared to 4.4 percent in September 2022 while the 91-day Treasury Bills rate increased to 14.4 percent compared to 8.9 percent over the same period.

### 4. Money and Credit

Broad money supply, M3, grew by 19.5 percent in the year to September 2023 compared to a growth of 6.1 percent in the year to September 2022. The primary source of the increase in M3 was an improvement in the Net Foreign Assets (NFA) of the banking system.

### 5. Current Account

The current account deficit improved to USD 4,160.5 million (4.1 percent of GDP) in September 2023 compared to USD 5,928.1 million (5.3 percent of GDP) in September 2022. The current account balance was supported by an improvement in the net merchandise account and the net secondary income balance despite a deterioration in the net primary income balance and net receipts on the services account.

### 6. Foreign Exchange Reserves

The official foreign exchange reserves held by the Central Bank stood at USD 7,651.8 million in September 2023 compared to USD 7,787.5 million in September 2022. This represented 4.1 months of import cover as compared to the 4.4 months of import cover, respectively, and therefore provides adequate buffer against short term shocks in the foreign exchange market.

### 7. Capital Markets

Activity in the capital markets slowed down in September 2023 compared to September 2022. The NSE 20 Share Index declined to 1,509 points in September 2023 compared to 1,718 points in September 2022 while Market capitalization declined to Ksh 1,488 billion from Ksh 2,001 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– September, 2023 amounted to KSh. 629.6 billion (3.9 percent of GDP) against a target of KSh. 661.2 billion. The revenue was below the set target by KSh. 31.6 billion on account of underperformance of ordinary revenue.

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

The total expenditure and net lending inclusive of transfers to County Governments for the period ending 30<sup>th</sup> September, 2023 amounted to KSh. 804.2 billion, against a target of KSh. 859.2 billion. The resultant below target expenditure of KSh. 55.0 billion is mainly attributed to below target absorption recorded in development expenditures and transfers to County Governments.

## **10. Guaranteed Debt**

The government serviced guaranteed debt of KSh. 2.7 billion on behalf of Kenya Airways (KQ).

## **11. Fiscal Balance**

The fiscal balance excluding grants (on a commitment basis) amounted to a deficit of KSh. 174.6 billion (1.1 percent of GDP), as at the end September, 2023.

## **12. External Financing**

The Net Foreign Repayment amounted to KSh. 27.7 billion (0.2 percent of the GDP) during the period under review.

## **13. Net Domestic Borrowing**

Net domestic financing amounted to a net borrowing of KSh 93.3 billion (0.6 percent of GDP) in the period ending 30<sup>th</sup> September, 2023.

## **14. Domestic Debt Stock**

The stock of gross domestic debt increased by KSh. 587.5 billion from KSh. 4,426.6 billion in September, 2022 to KSh. 5,014.1 billion in September, 2023

## **15. External Debt Stock**

The total external debt stock, including the International Sovereign Bond, stood at KSh. 5,667.8 billion by the end of September, 2023. The debt stock comprised of multilateral debt (49.9 percent), commercial debt (26.2 percent), bilateral debt (23.7 percent) and suppliers' credit (0.3 percent).



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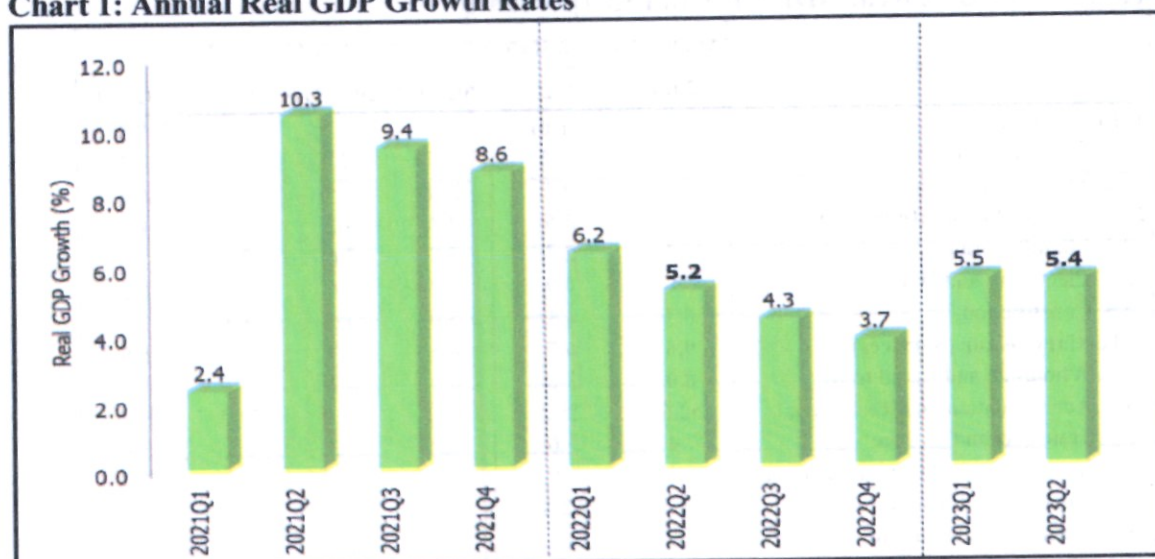
## 1.0 RECENT ECONOMIC DEVELOPMENTS

### 1.1 Economic Growth

1. The economy remained strong and resilient in the first half of 2023 despite the challenging external environment with economic growth averaging 5.4 percent (5.5 percent Q1 and 5.4 percent Q2). This growth was primarily underpinned by a rebound in agriculture activities and a continued resilience of service sectors. All economic sectors recorded positive growth rates in the first half of 2023, though the magnitudes varied across activities.

2. In the second quarter of 2023, the economy continued with the strong growth momentum, expanding by 5.4 percent compared to a growth of 5.2 percent in the second quarter of 2022. This growth was primarily underpinned by a rebound in agriculture activities, following improved weather conditions and the impact of fertilizer and seed subsidies provided to farmers by the Government.

**Chart 1: Annual Real GDP Growth Rates**



Source of Data: Kenya National Bureau of Statistics

3. The primary sector improved to grow by 7.6 percent in the second quarter of 2023 compared to a contraction of 1.5 percent in the same quarter in 2022. This was as a result of the recovery in the agriculture, forestry and fishing sub-sector despite a slowdown in the mining and quarrying sub sector. Activities in the agriculture, forestry and fishing sub-sector expanded by 7.7 percent in the second quarter of 2023 compared to a contraction of 2.4 percent in the second quarter of 2022 (**Table 1**). The significantly improved performance of the sector was attributable to favorable weather conditions that led to enhanced production, especially in food crops. The performance was also evident in the significant increase in the production of tea, coffee, vegetables, fruits and milk. However, the production of cut flowers and sugarcane declined during the period.

4. The performance of the industry sector slowed down to a growth of 1.8 percent in the second quarter of 2023 compared to a growth of 4.2 percent in a similar quarter of 2022. This was mainly on account of a slowdown in activities in the manufacturing; electricity and water supply; and construction sub-sectors. The manufacturing sub-sector



## RECENT ECONOMIC DEVELOPMENTS

slowed down to a growth of 1.5 percent in the second quarter of 2023 compared to a growth of 3.6 percent in a similar quarter in 2022. The slowdown was as a result of a decline in activities from both food and non-food manufacturing. In the manufacture of food products, production of sugar and soft drinks declined thereby offsetting the improvement in the processing of dairy, coffee and tea during the period. In the non-food manufacturing, the decline in the production of assembled vehicles declined while there was a substantial growth in production of galvanized sheets.

5. Electricity and Water Supply sub-sector also slowed down to a growth of 0.8 percent in the second quarter of 2023 compared to a growth of 5.6 percent in a similar quarter in 2022. The slowdown was due to a decline in electricity generation from all sources except geothermal. Activities of the construction sub-sector expanded by 2.6 percent in the second quarter of 2023 compared to a 4.5 percent growth in the second quarter of 2022. The slowdown in the sub-sector's performance during the period was mirrored in the decline of the quantity of bitumen imported. Growth in the sub sector was supported by an increase in volume of cement consumption and imported iron and steel.

**Table 1: Sectoral Real GDP Growth rate (percent)**

Sectors	Annual Growth Rates		Quarterly Growth Rates			
	2021	2022	2022 Q1	2022 Q2	2023 Q1	2023 Q2
<b>1. Primary Industry</b>	<b>0.5</b>	<b>(1.0)</b>	<b>(0.4)</b>	<b>(1.5)</b>	<b>5.8</b>	<b>7.6</b>
1.1. Agriculture, Forestry and Fishing	(0.4)	(1.6)	(1.7)	(2.4)	6.0	7.7
1.2 Mining and Quarrying	18.0	9.3	23.8	16.6	3.3	5.3
<b>2. Secondary Sector (Industry)</b>	<b>6.8</b>	<b>3.5</b>	<b>4.4</b>	<b>4.2</b>	<b>2.4</b>	<b>1.8</b>
2.1. Manufacturing	7.3	2.7	3.8	3.6	2.0	1.5
2.2. Electricity and Water supply	5.6	4.9	3.2	5.6	2.5	0.8
2.3. Construction	6.7	4.1	6.0	4.5	3.1	2.6
<b>3. Tertiary sector (Services)</b>	<b>9.6</b>	<b>6.7</b>	<b>8.5</b>	<b>7.7</b>	<b>6.0</b>	<b>5.9</b>
3.1. Wholesale and Retail trade	8.0	3.8	4.9	4.1	5.7	4.2
3.2. Accommodation and Restaurant	52.6	26.2	40.1	44.0	21.5	12.2
3.3. Transport and Storage	7.4	5.6	7.7	7.2	6.2	3.0
3.4. Information and Communication	6.1	9.9	9.0	11.2	9.0	6.4
3.5. Financial and Insurance	11.5	12.8	17.0	16.1	5.8	13.5
3.6. Public Administration	6.0	4.5	6.2	3.8	6.6	3.8
3.7. Others	10.8	5.2	6.7	5.5	4.9	5.0
of which: Professional, Admin & Support Services	7.1	9.4	13.1	10.9	7.3	5.5
Real Estate	6.7	4.5	6.0	5.0	5.2	5.8
Education	22.8	4.8	4.6	4.4	3.6	4.5
Health	8.9	4.5	5.7	4.4	5.4	5.0
Taxes less subsidies	11.9	7.0	9.5	6.1	5.3	3.8
<b>Real GDP</b>	<b>7.6</b>	<b>4.8</b>	<b>6.2</b>	<b>5.2</b>	<b>5.5</b>	<b>5.4</b>

Source of Data: Kenya National Bureau of Statistics

6. The activities in the services sector remained strong despite the fact that the growth in the second quarter of 2023 slowed down growing by 5.9 percent compared to a growth of 7.7 percent in a similar period in 2022. This performance was largely characterized by significant growths in Accommodation and Restaurant Service; Information and Communication; Financial and Insurance; and Wholesale and Retail Trade Sub-Sectors. Other services that supported the growth included Real Estate, Health and Education.



## RECENT ECONOMIC DEVELOPMENTS

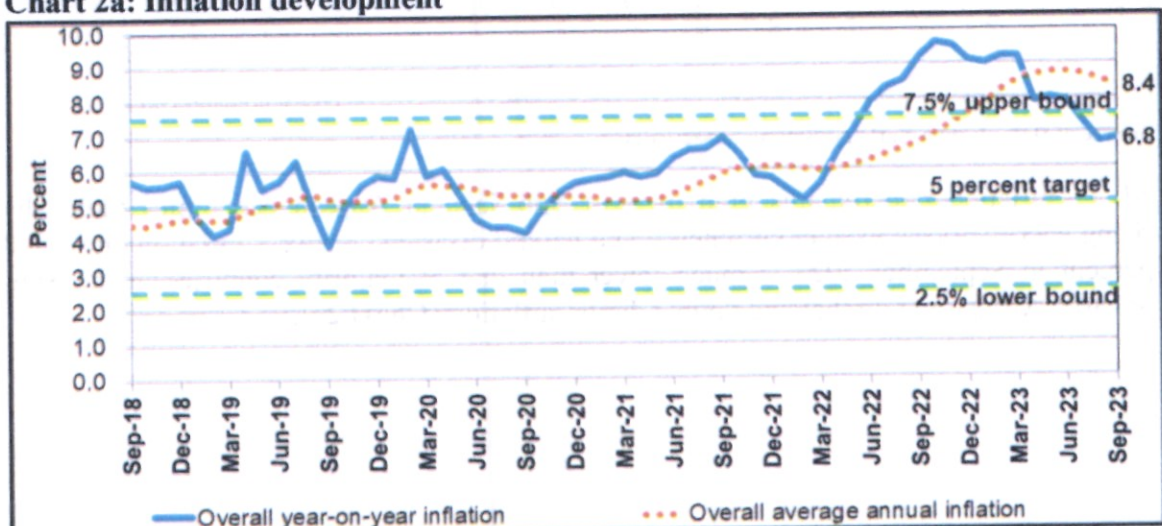
7. Accommodation and Food Service sub-sector is estimated to have expanded at a slower rate of 12.2 percent in the second quarter of 2023 compared to 44.0 percent growth recorded in the second quarter of 2022. The slowdown is attributed to the high growth rates recorded in the previous quarters since 2021, that resulted from the sector's recovery from the impacts of the COVID19 pandemic. The growth in the sector in the second quarter of 2023 was partly attributed to conducive economic environment in most tourist destinations. Activities in Transportation and Storage sub-sector slowed down to a growth of 3.0 percent in the second quarter of 2023 compared to a growth of 7.2 percent in a corresponding period in 2022. The growth in the sector was supported by improvement in volume from both passenger and freight through the Standard Gauge Railway (SGR), Jomo Kenyatta International Airport (JKIA) and Moi International Airport (MIA). However, consumption of light diesel which is a key input to land transportation declined during the period.

8. Information and communication sub-sector recorded a growth of 6.4 percent in the second quarter of 2023 compared to a growth of 11.2 percent in the second quarter of 2022. This growth was mainly supported by the increase in mobile money transfers, domestic voice traffic and utilized international bandwidth despite a decline in domestic Short Messaging Services (SMSs). The Financial and Insurance sub-sector grew by 13.5 percent in the second quarter of 2023 compared to 16.1 percent growth in the corresponding quarter of 2022.

### 1.2 Inflation

9. Inflation has remained within the Government target range of  $5 \pm 2.5$  percent in the first quarter of FY 2023/24. Inflation declined to 6.8 percent in September 2023, from a peak of 9.2 percent in September 2022 largely driven by the easing of food prices and the impact of monetary policy tightening (**Chart 2a**).

**Chart 2a: Inflation development**



Source of Data: Kenya National Bureau of Statistics

10. Food inflation remained the main driver of overall year-on-year inflation in September 2023, contributing 3.4 percentage points, a decline, compared to a contribution of 5.9 percentage points in September 2022 (**Chart 2b**). The decline was supported by a general decline in international food prices and improved weather conditions that enhanced food production thus moderating prices. In addition, Government measures to



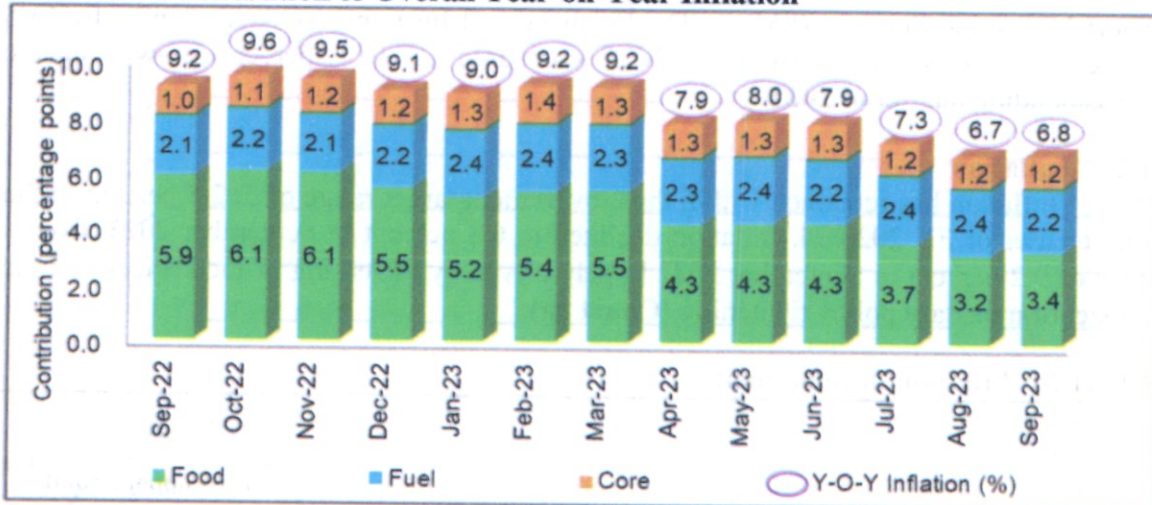
## RECENT ECONOMIC DEVELOPMENTS

support sufficient supply of staple food items through zero rated imports and lower the cost of production through the ongoing fertilizer and seeds subsidy program continues to exact downward pressure on inflation.

11. Fuel inflation slightly increased to contribute 2.2 percentage points to year-on-year overall inflation in September 2023 from a contribution of 2.1 percentage points in September 2022. The increase reflects gradual withdraw of the fuel subsidize from September 2022 and the upward adjustment of electricity tariff from April 2023. In addition, the upward adjustment of VAT on petroleum products in July 2023 from 8.0 percent to 16.0 percent to eliminate VAT tax credits from the sector exacted upward pressures on prices. However, prices of cooking gas continued to decline and moderated inflation reflecting the impact of the zero-rating VAT on liquefied petroleum gas (LPG).

12. The contribution of core (non-food non-fuel) inflation to year-on-year overall inflation has been low and stable, consistent with the muted demand pressures in the economy, supported by prudent monetary policy.

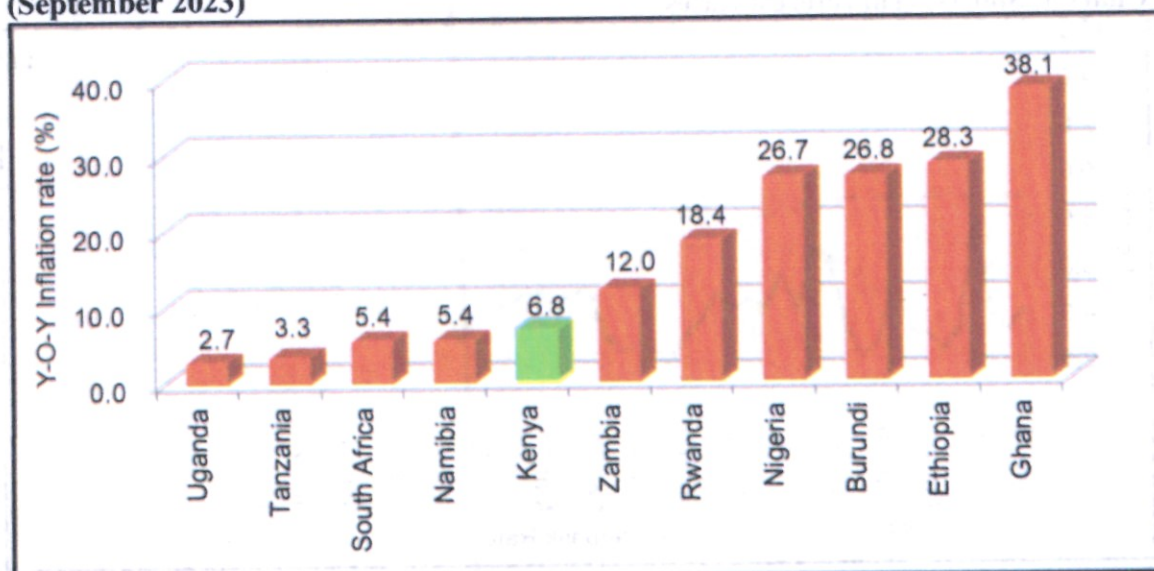
**Chart 2b: Contribution to Overall Year-on-Year Inflation**



Source of Data: Kenya National Bureau of Statistics

13. Inflation rate remains high in most Sub-Saharan African economies fueled by rising energy prices; weaker currencies; and natural disasters. Kenya's inflation rate at 6.8 percent in September 2023 is much lower than that of majority countries in the Sub-Saharan African region that had double digits' inflation (**Chart 2c**).

**Chart 2c: Year on Year Inflation Rates of selected Sub-Saharan African Countries (September 2023)**



Source of Data: National Central Banks

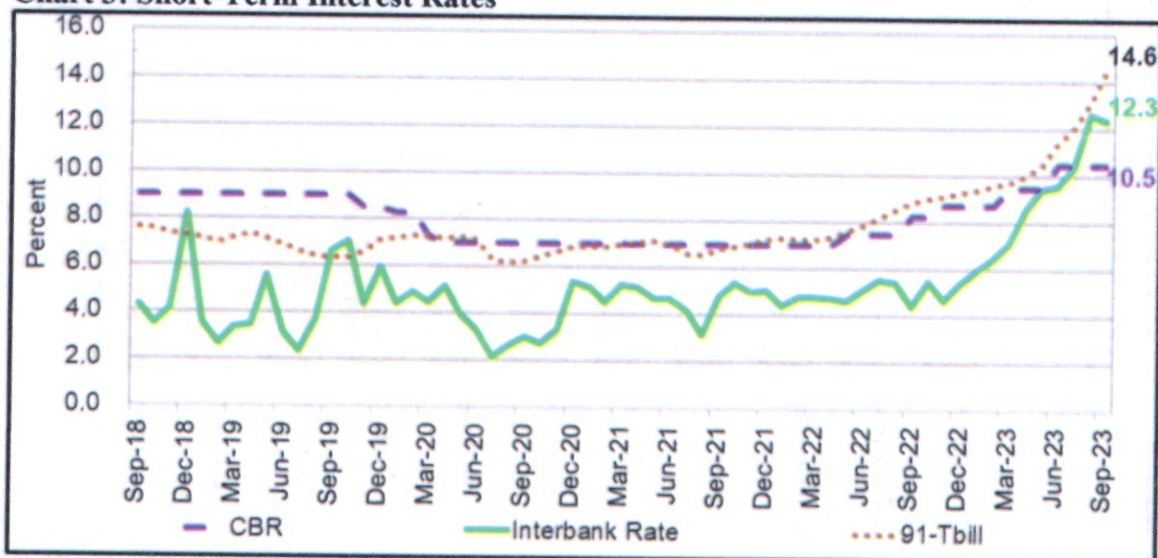
### 1.3 Interest Rates

14. Monetary policy stance remains tight to anchor inflation expectations due to the sustained inflationary pressures. The Central Bank Rate (CBR) was retained at 10.5 percent in August and October 2023 given that the impact of the tightening of monetary policy in June 2023 was still transmitting in the economy and core inflation is expected to decline, indicative of easing underlying inflationary pressures (**Chart 3**).

15. Reflecting the tight monetary policy stance and liquidity conditions in the money market, the short-term interest rates increased in the year to September 2023. The interbank rate increased to 12.4 percent in September 2023 compared to 4.4 percent in September 2022 while the 91-day Treasury Bills rate increased to 14.4 percent compared to 8.9 percent over the same period. The interest rate corridor was introduced in August 2023, in order to align the short-term interest rates with the Central Bank Rate and thereby improve the transmission of the monetary policy.



Chart 3: Short-Term Interest Rates



Source of Data: Central Bank of Kenya

16. Commercial banks average lending and deposit rates increased in the year to August 2023 in tandem with the tightening of the monetary policy stance. The average lending rate increased to 13.8 percent in August 2023 from 12.4 percent in August 2022 while the average deposit rate increased to 8.4 percent from 6.8 percent over the same period. Consequently, the average interest rate spread declined to 5.4 percent in August 2023 from 5.6 percent in August 2022.

#### 1.4 Money and Credit

17. Broad money supply, M3, grew by 19.5 percent in the year to September 2023 compared to a growth of 6.1 percent in the year to September 2022 (Table 2). The primary source of the increase in M3 was an improvement in the Net Foreign Assets (NFA) of the banking system. The NFA of the banking system in the year to September 2023 expanded by 140.5 percent compared to a contraction of 55.5 percent in the year to September 2022. The increase in Net Foreign Assets, mainly reflected an increase in commercial banks' Foreign Assets.

18. Net Domestic Assets (NDA) registered a growth of 10.9 percent in the year to September 2023, compared to a growth of 17.6 percent over a similar period in 2022. The growth in NDA was mainly supported by an increase in domestic credit particularly resilient private sector credit and net lending to other Public Sub-sector. Growth of domestic credit extended by the banking system to the Government declined to a growth of 16.0 percent in the year to September 2023 compared to a growth of 19.8 percent in the year to September 2022. Lending to other public sectors grew by 26.9 percent in the year to September 2023 mainly due to advances to parastatals.

**Table 2: Money and Credit Developments (12 Months to September 2023 KSh Billion)**

				Change		Percent Change	
	2021 September	2022 September	2023 September	2021-2022 September	2022-2023 September	2021-2022 September	2022-2023 September
<b>COMPONENTS OF M3</b>							
1. Money supply, M1 (1.1+1.2+1.3)	1,770.8	1,916.1	2,017.3	145.3	101.2	8.2	5.3
1.1 currency outside banks (M0)	234.4	251.7	267.5	17.3	15.7	7.4	6.3
1.2 Demand deposits	1,430.0	1,582.2	1,590.2	152.3	8.0	10.6	0.5
1.3 Other deposits at CBK	106.4	82.1	159.6	(24.3)	77.5	(22.9)	94.4
2. Money supply, M2 (1+2.1)	3,408.1	3,553.4	3,898.2	145.3	344.8	4.3	9.7
2.1 Time and savings deposits	1,637.3	1,637.4	1,881.0	0.03	243.6	0.002	14.9
<b>Money supply, M3 (2+3.1)</b>	<b>4,177.7</b>	<b>4,430.4</b>	<b>5,295.9</b>	<b>252.8</b>	<b>865.4</b>	<b>6.1</b>	<b>19.5</b>
3.1 Foreign currency deposits	769.5	877.0	1,397.6	107.5	520.7	14.0	59.4
<b>SOURCES OF M3</b>							
1. Net foreign assets (1.1+1.2)	661.9	294.6	708.5	(367.3)	414.0	(55.5)	140.5
1.1 Central Bank	760.8	568.8	516.2	(192.0)	(52.6)	(25.2)	(9.2)
1.2 Banking Institutions	(98.9)	(274.3)	192.3	(175.4)	466.6	(177.3)	170.1
2. Net domestic assets (2.1+2.2)	3,515.8	4,135.9	4,587.4	620.1	451.5	17.6	10.9
2.1 Domestic credit (2.1.1+2.1.2+2.1.3)	4,644.6	5,340.6	6,077.7	696.0	737.1	15.0	13.8
2.1.1 Government (net)	1,584.5	1,898.8	2,203.4	314.3	304.6	19.8	16.0
2.1.2 Other public sector	80.8	79.3	100.6	(1.5)	21.3	(1.9)	26.9
2.1.3 Private sector	2,979.3	3,362.5	3,773.6	383.2	411.2	12.9	12.2
2.2 Other assets net	(1,128.8)	(1,204.7)	(1,490.3)	(75.9)	(285.6)	(6.7)	(23.7)

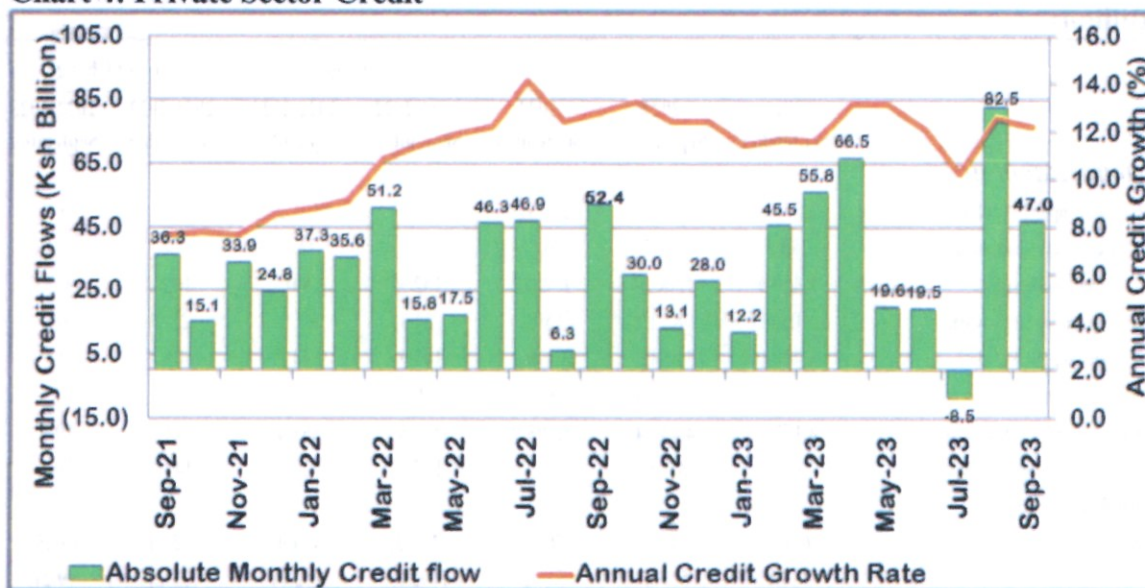
Source of Data: Central Bank of Kenya

19. Growth in private sector credit from the banking system remained resilient partly reflecting improving business conditions and demand for working capital. Credit advanced to the private sector grew by 12.2 percent in the year to September 2023 compared to a growth of 12.9 percent in the year to September 2022 (**Chart 4**). The credit expansion was registered in various sub-sectors that include finance and insurance, manufacturing, agriculture and transport and communication. However, there were fluctuations in the Monthly (month on month) credit flows to the private sector which amounted to Ksh 47 billion in September 2023 compared to Ksh 52.4 billion in September 2022.



## RECENT ECONOMIC DEVELOPMENTS

**Chart 4: Private Sector Credit**

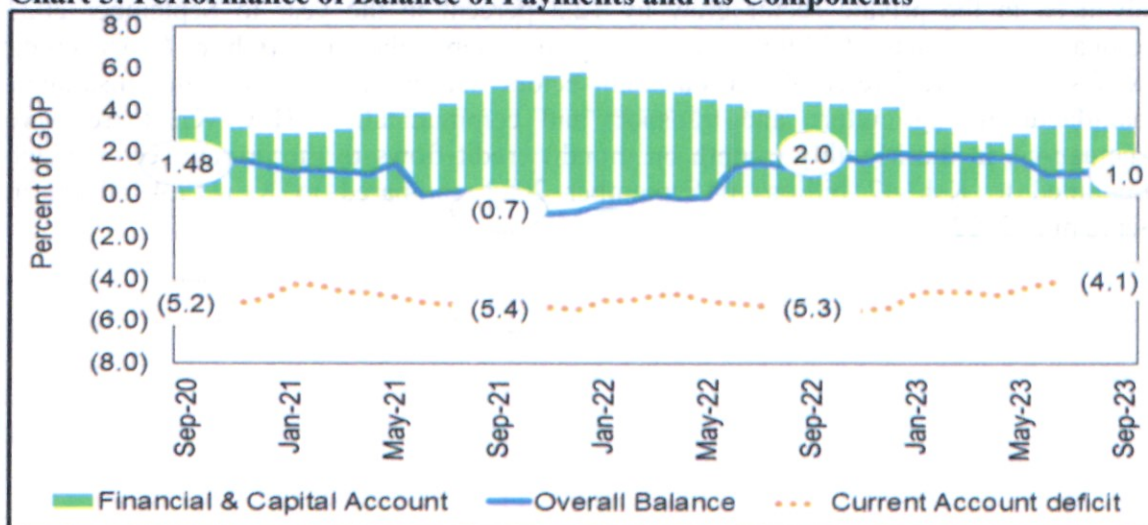


Source of Data: Central Bank of Kenya

### 1.5 Balance of Payments

20. The overall balance of payments position slowed down to a surplus of USD 1,044.4 million (1.0 percent of GDP) in September 2023 from a surplus of USD 2,225.9 million (2.0 percent of GDP) in September 2022. This was mainly due to a decline in the financial account reflecting concerns about financial sector stability in the advanced economies in spite of an improvement in the current and capital accounts (Chart 5 and Table 3).

**Chart 5: Performance of Balance of Payments and its Components**



Source of Data: Central Bank of Kenya

21. The current account deficit improved to USD 4,160.5 million (4.1 percent of GDP) in September 2023 compared to USD 5,928.1 million (5.3 percent of GDP) in September 2022. The current account balance was supported by an improvement in the



## RECENT ECONOMIC DEVELOPMENTS

net merchandise account and the net secondary income balance despite a deterioration in the net primary income balance and net receipts on the services account.

22. The balance in the merchandise account improved by USD 2,429.5 million to a deficit of USD 9,741.7 million in September 2023 mainly due to a decline in the import bill despite a decrease in export receipts (**Table 3**). In the year to September 2023, exports contracted by 2.0 percent mainly due to a decline in horticultural exports particularly cut flowers inspite an improvement in receipts from tea and manufactured exports. On the other hand, imports declined by 13.2 percent in the 12 months to September 2023, mainly due to lower imports of infrastructure related equipment, manufactured goods, oil, and chemicals. Oil prices remain elevated on account increased geopolitical fragmentation and global oil supply cuts by major oil exporters particularly Saudi Arabia and Russia.

23. Net receipts on the services account declined by USD 928.2 million to USD 671.8 million in September 2023 compared to a similar period in 2022. This was mainly on account of a decline in receipts from transport despite an increase in receipts from tourism as international travel continues to improve. Net Secondary income remained resilient and increased by USD 533.8 million during the review period owing to an increase in remittances which amounted to USD 4,142 million in the 12 months to September 2023, and were 3.5 percent higher compared to a similar period in 2022. However, the balance on the primary account widened by USD 267.4 million to a deficit of USD 2,025.5 million in the year to September 2023, compared to the same period last year, reflecting higher interest related payments on other investments.

**Table 3: Balance of Payments (USD Million)**

	Year to September 2023			Actuals as a Percent of GDP			
	Sep-21	Sep-22	Sep-23	Change	Percent Change	Sep-22	Sep-23
<b>Overall Balance</b>	(744.8)	2,225.9	1,044.4	(1,181.5)	(53.1)	2.0	1.0
<b>A) Current Account</b>	(5,875.7)	(5,928.1)	(4,160.5)	1,767.6	(29.8)	(5.3)	(4.1)
<i>Merchandise Account (a-b)</i>	(10,335.9)	(12,171.2)	(9,741.7)	2,429.5	(20.0)	(10.9)	(9.5)
a) Goods: exports	6,510.2	7,431.6	7,282.2	(149.4)	(2.0)	6.7	7.1
b) Goods: imports	16,846.0	19,602.8	17,023.9	(2,578.9)	(13.2)	17.6	16.6
<i>Net Services (c-d)</i>	540.5	1,600.0	671.8	(928.2)	(58.0)	1.4	0.7
c) Services: credit	4,304.9	6,576.7	5,733.2	(843.5)	(12.8)	5.9	5.6
d) Services: debit	3,764.4	4,976.8	5,061.4	84.7	1.7	4.5	4.9
<i>Net Primary Income (e-f)</i>	(1,811.0)	(1,758.1)	(2,025.5)	(267.4)	15.2	(1.6)	(2.0)
e) Primary income: credit	54.2	45.7	114.9	69.2	151.6	0.0	0.1
f) Primary income: debit	1,865.2	1,803.7	2,140.4	336.7	18.7	1.6	2.1
<i>Net Secondary Income</i>	5,730.7	6,401.2	6,935.0	533.8	8.3	5.7	6.8
g) Secondary income: credit	5,862.6	6,488.3	7,081.8	593.4	9.1	5.8	6.9
h) Secondary income: debit	131.9	87.2	146.8	59.6	68.4	0.1	0.1
<b>B) Capital Account</b>	204.8	131.5	144.1	12.6	9.6	0.1	0.1
<b>C) Financial Account</b>	(5,375.7)	(4,784.7)	(3,136.3)	1,648.4	34.5	(4.3)	(3.1)

Source of Data: Central Bank of Kenya

24. The capital account balance improved by USD 12.6 million to register a surplus of USD 144.1 million in September 2023 compared to a surplus of USD 131.5 million in the same period in 2022. Net financial inflows slowed down but remained vibrant at USD 3,136.3 million in September 2023 compared to USD 4,784.7 million in September 2022. The net financial inflows were mainly in the form of other investments, financial



## RECENT ECONOMIC DEVELOPMENTS

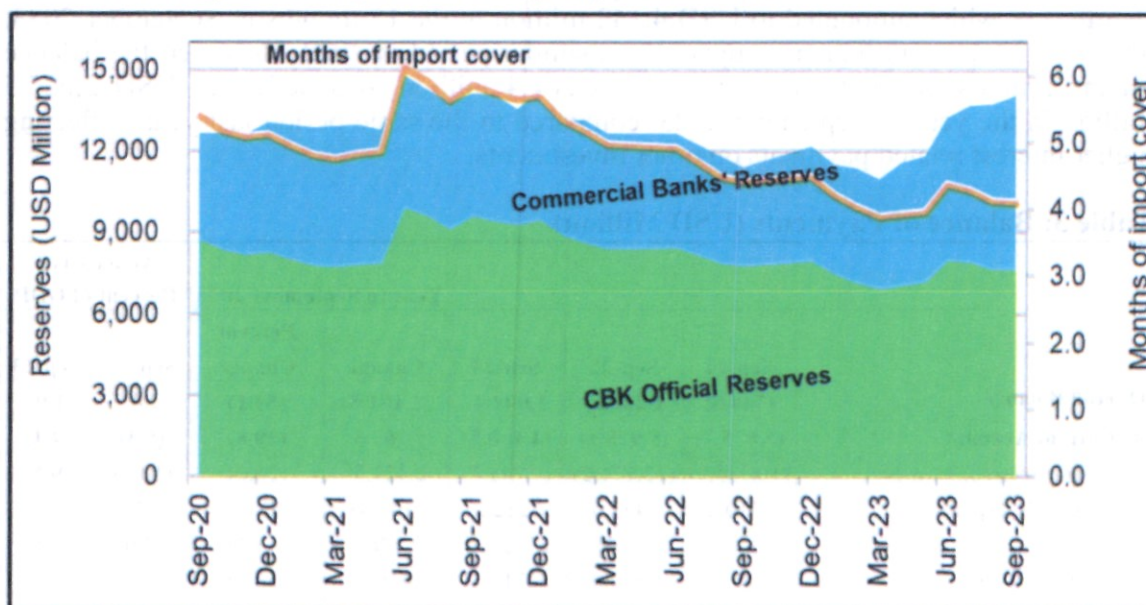
derivatives, and direct investments. Portfolio investments registered a net outflow during the period.

### 1.6 Foreign Exchange Reserves

25. The banking system's foreign exchange holdings remained strong at USD 13,968.3 million in September 2023, an improvement from USD 11,337.4 million in September 2022. The official foreign exchange reserves held by the Central Bank stood at USD 7,651.8 million compared to USD 7,787.5 million over the same period (**Chart 6**). Commercial banks holdings improved to USD 6,316.5 million in September 2023 from USD 3,549.9 million in September 2022.

26. The official reserves held by the Central Bank in September 2023 represented 4.1 months of import cover as compared to the 4.4 months of import cover in September 2022. It, however, fulfilled the requirement to maintain it at a minimum of 4.0 months of imports cover to provide adequate buffer against short-term shocks in the foreign exchange market.

**Chart 6: Foreign Exchange Reserves by September 2023**



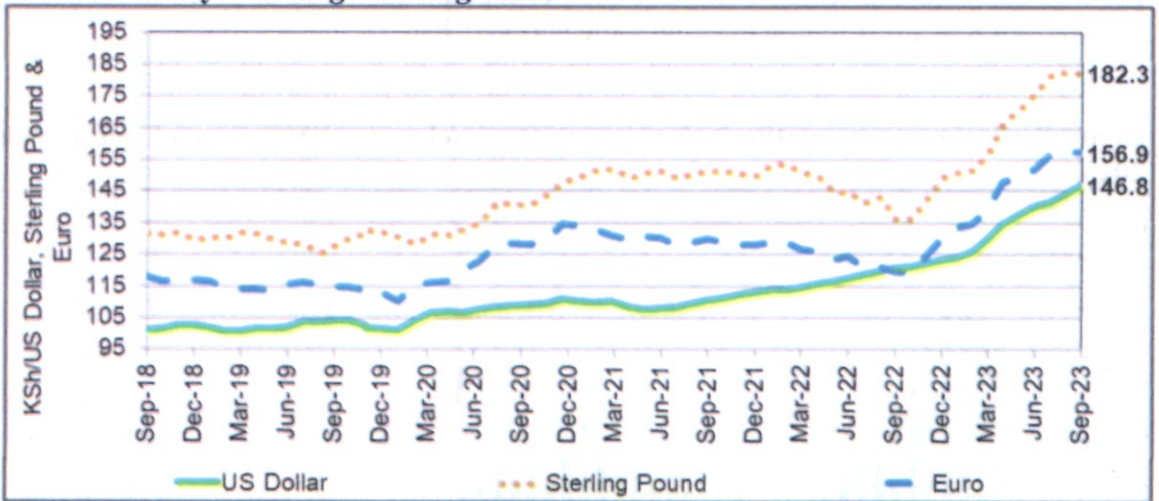
Source of Data: Central Bank of Kenya

### 1.7 Exchange Rates

27. The Kenya Shilling exchange rate remained relatively stable against major international currencies amid high demand for the US dollar in the international markets. In September 2023, the Kenya Shilling weakened by 21.9 percent against the US Dollar, 33.4 percent against the Sterling Pound and 31.5 percent against the Euro, compared to 9.3 percent, -9.8 percent and -8.1 percent, respectively, over a similar period in 2022. The Kenya Shilling exchanged at an average of Ksh 146.8 in September 2023 compared to an average of Ksh 120.4 in September 2022. Against the Euro, the Kenya shilling weakened to exchange at Ksh 156.9 in September 2023 compared to Ksh 119.3 in September 2022 while against the Sterling Pound the Kenyan Shilling also weakened to exchange at Ksh 182.3 compared to Ksh 136.7, over the same period (**Chart 7**).



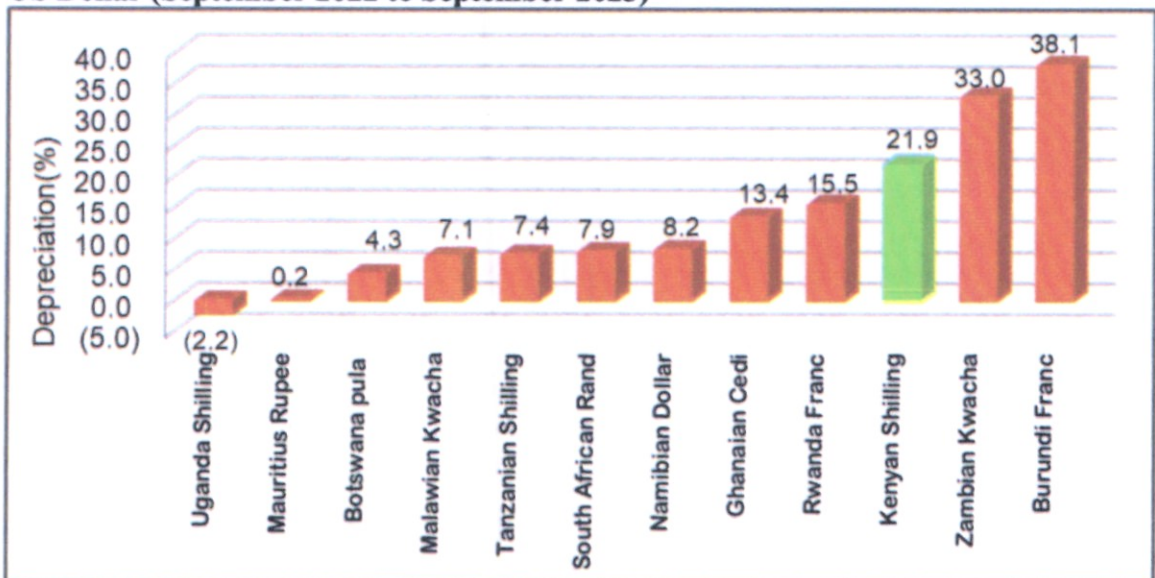
Chart 7a: Kenya Shilling Exchange Rate



Source of Data: Central Bank of Kenya

28. In comparison to Sub-Saharan Africa currencies, the volatility of the Kenya Shilling exchange rate has remained relatively low. The Kenya Shilling depreciated against the US Dollar at a rate of 21.9 percent in the 12 months to September 2023 compared to 9.3 percent in the 12 months to September 2022 (Chart 7b). The depreciation rate of the Kenya Shilling was lower than that of Zambian Kwacha and Burundi Franc. The stability in the Kenya Shilling was supported by increased remittances, adequate foreign exchange reserves and improved exports receipts.

Chart 7b: Performance of Selected Sub-Saharan Countries Currencies against the US Dollar (September 2022 to September 2023)



Source of Data: National Central Banks

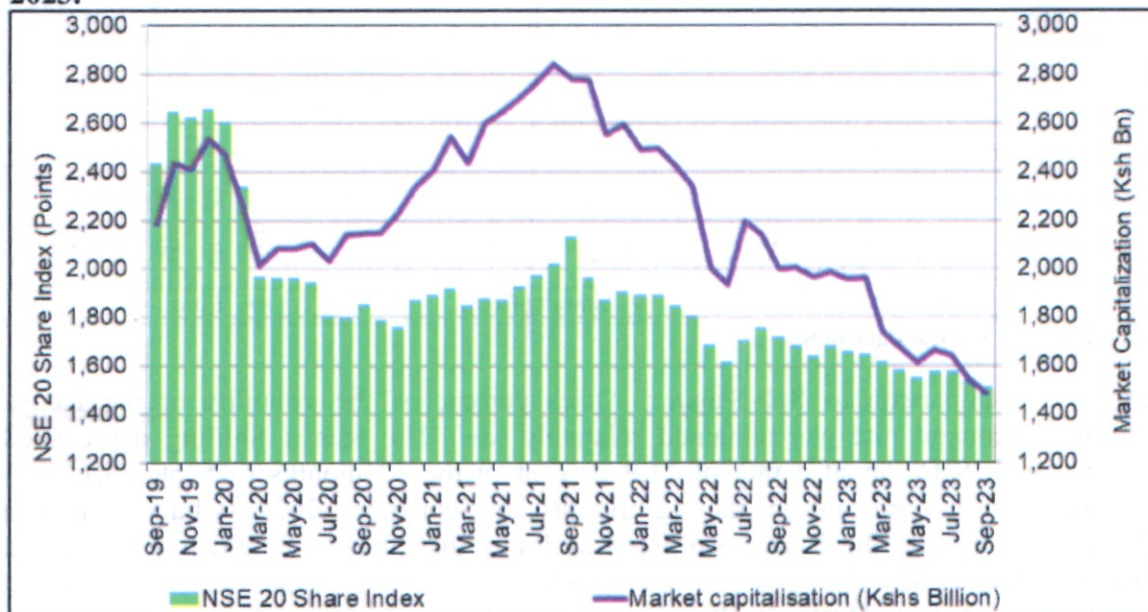
### 1.8 Capital Markets

29. Activity in the capital markets slowed down in September 2023 compared to September 2022 as advanced economies tightened their monetary policy amid inflationary pressures. The NSE 20 Share Index declined to 1,509 points in September 2023 compared

## RECENT ECONOMIC DEVELOPMENTS

to 1,718 points in September 2022. The Market capitalization also declined to Ksh 1,488 billion from Ksh 2,001 billion over the same period (Chart 8).

**Chart 8: Performance at the Nairobi Security Exchange (NSE) by end September 2023.**



Source of Data: Nairobi Securities Exchange



## FISCAL DEVELOPMENTS

### 2.0 FISCAL DEVELOPMENTS

#### 2.1 Revenue

30. By the end of September, 2023, total revenue collected including A-I-A amounted to KSh. 629.6 billion against a target of KSh. 661.2 billion (Table 4). The revenue collection was below target by KSh. 31.6 billion. This performance is attributed to shortfall recorded in ordinary revenue of Ksh 42.0 billion while collection of the ministerial A-I-A was above target by KSh. 10.4 billion. Therefore, ordinary revenue collection was KSh. 536.8 billion against a target of KSh. 578.7 billion. All ordinary revenue categories recorded below target performance during the period under review except investment income and other revenue which surpassed their targets by KSh. 10.4 billion and KSh. 3.6 billion respectively. The total revenue recorded a growth of 10.5 percent compared to a growth of 12.5 percent recorded in September 2022 (Chart 9).

31. The ministerial A-I-A collected amounted to KSh. 92.8 billion against a target of KSh. 63.4 billion, KSh. 10.4 billion above the target. The performance of A-I-A translated to a growth of 10.2 percent and was mainly due to timely reporting of SAGAs' A.I.A through their expenditure returns for the period under review. The Railway Development Levy collection amounted to KSh. 7.9 billion against a target of KSh. 8.7 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 30<sup>th</sup> September, 2023 (KSh. Millions)**

	2022/2023 Actual	2023/2024		Deviation KSh.	% Growth
		Actual*	Target		
<b>Total Revenue (a+b)</b>	<b>569,600</b>	<b>629,587</b>	<b>661,181</b>	<b>(31,594)</b>	<b>10.5</b>
<b>(a) Ordinary Revenue</b>	<b>485,403</b>	<b>536,760</b>	<b>578,718</b>	<b>(41,958)</b>	<b>10.6</b>
Import Duty	33,561	32,434	41,323	(8,890)	(3.4)
Excise Duty	62,977	68,570	79,002	(10,433)	8.9
PAYE	110,469	123,044	142,928	(19,884)	11.4
Other Income Tax	108,135	120,910	131,235	(10,325)	11.8
VAT Local	62,616	75,811	79,231	(3,420)	21.1
VAT Imports	69,153	77,216	78,898	(1,682)	11.7
Investment Revenue	14,517	15,017	4,618	10,399	3.4
Traffic Revenue	1,007	1,100	1,246	(146)	9.3
Taxes on Intl. Trade & Trans. (IDF Fee)	14,108	11,053	12,262	(1,209)	(21.7)
Others <sup>1</sup>	8,860	11,606	7,976	3,630	31.0
<b>(b) Appropriation In Aid <sup>2</sup></b>	<b>84,198</b>	<b>92,827</b>	<b>82,463</b>	<b>10,364</b>	<b>10.2</b>
o/w Railway Development Levy	10,638	7,857	8,651	(794)	(26.1)
<b>(c) External Grants</b>	<b>623</b>	<b>3,415</b>	<b>2,438</b>	<b>978</b>	<b>448.3</b>
<b>Total Revenue and External Grants</b>	<b>570,223</b>	<b>633,002</b>	<b>663,619</b>	<b>(30,616)</b>	<b>11.0</b>
<b>Total Revenue and External Grants as a percentage of GDP</b>	<b>3.93</b>	<b>3.89</b>	<b>4.07</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 among others

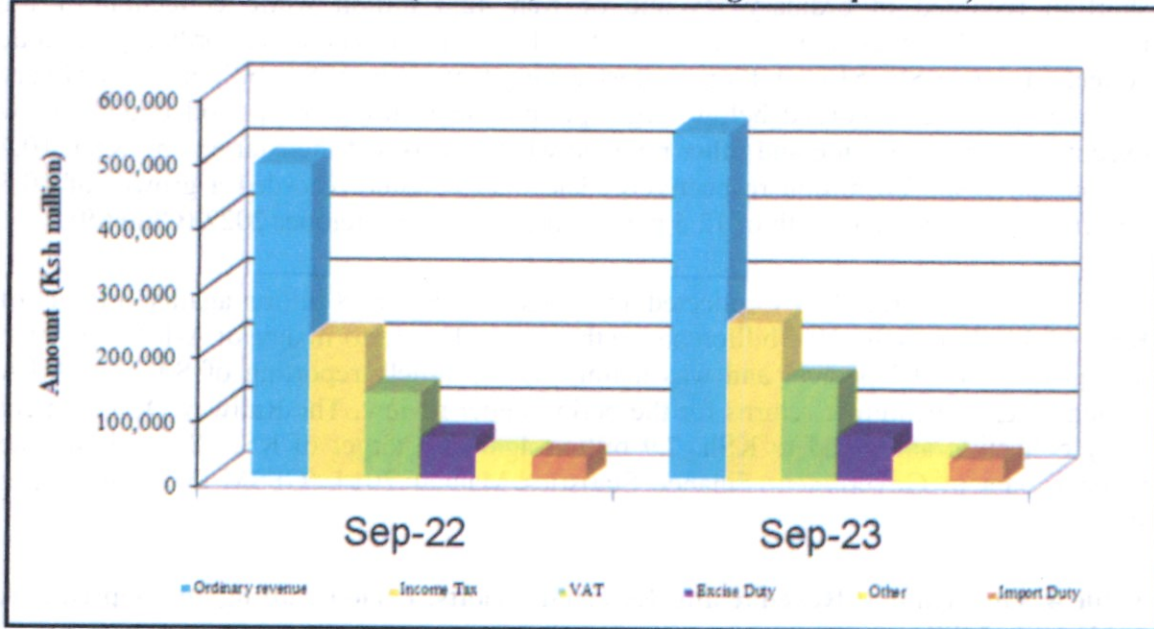
\*Provisional

Source of Data: National Treasury

## FISCAL DEVELOPMENTS

32. As a proportion of GDP, the total revenue and grants in the period under review was 3.9 percent compared to 4.1 percent recorded in the corresponding period in the FY 2022/23. Total grants amounted to KSh. 3.4 billion against a target of KSh. 2.4 billion, translating to a surplus of KSh.1.0 billion.

**Chart 9: Ordinary Revenue by Source, Period Ending 30th September, 2023**



Source of Data: National Treasury

### 2.2 Expenditure

33. The total expenditure and net lending for the period under review amounted to KSh. 804.2 billion, against a target of KSh. 859.2 billion. The resultant below target expenditure of KSh. 55.0 billion is attributed to shortfall in disbursement towards development expenditures (A-I-A) by the National Government. Transfers to County Governments were below target by Ksh. 43.7 billion. Recurrent expenditure for National Government amounted to KSh. 606.5 billion (excluding KSh.12.0 billion for Parliament and Judiciary), against a target of KSh. 585.8 billion which was KSh. 20.7 billion above the set target. The over expenditure in recurrent category was mainly due to higher than targeted expenditures on foreign interest payment and in operations and maintenance (Table 5 and Chart 10).



## FISCAL DEVELOPMENTS

**Table 5: Expenditure and Net Lending, Period Ending 30<sup>th</sup> September, 2023 (KSh. Millions)**

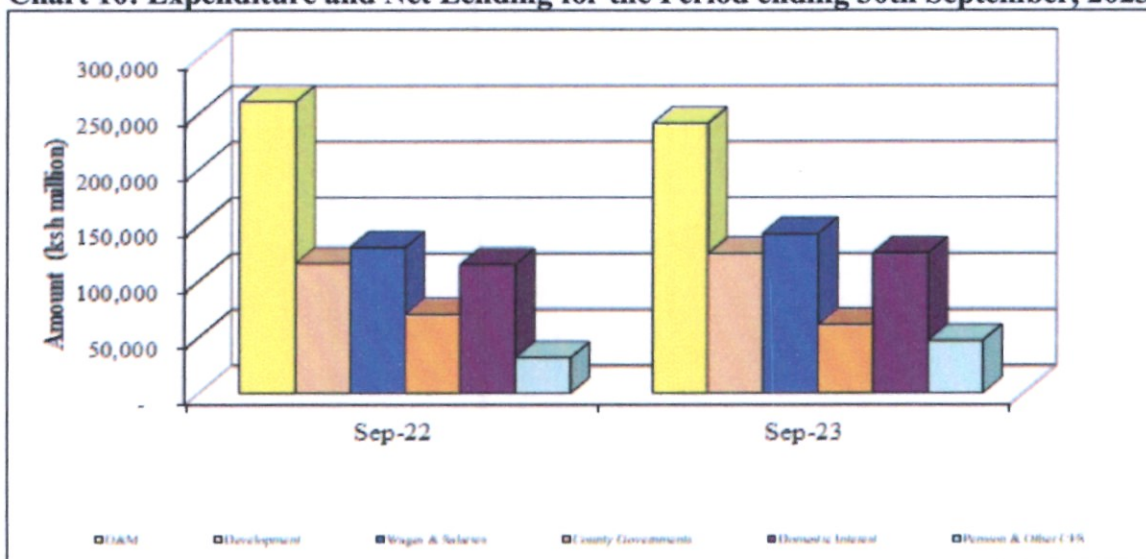
	2022/2023 Actual	2023/2024		Deviation	% Growth
		Actual*	Targets		
<b>1. RECURRENT</b>	<b>564,074</b>	<b>606,514</b>	<b>585,827</b>	<b>20,688</b>	<b>7.5</b>
Domestic Interest	114,813	124,913	145,123	(20,210)	8.8
Foreign Interest	36,025	63,093	38,512	24,581	75.1
Pensions & Other CFS	27,589	42,377	41,342	1,036	53.6
Contribution to Civil Servants' Pension	4,012	4,590	7,116	(2,526)	14.4
Wages and Salaries	130,184	142,295	146,128	(3,832)	9.3
Operation and Maintenance	251,450	229,245	207,606	21,639	(8.8)
O/W: Appropriation-in-Aid	63,913	65,703	51,713	13,990	2.8
<b>2. DEVELOPMENT</b>	<b>115,886</b>	<b>124,567</b>	<b>153,517</b>	<b>(28,951)</b>	<b>7.5</b>
Development Projects (Net)	92,782	87,809	94,861	(7,052)	(5.4)
Payment of Guaranteed Loans	2,819	2,365	4,297	(1,932)	-
Appropriation-in-Aid	20,284	34,393	52,393	(18,000)	69.6
<b>3. County Governments</b>	<b>70,338</b>	<b>61,112</b>	<b>104,787</b>	<b>(43,675)</b>	<b>(13.1)</b>
<b>4. Parliamentary Service</b>	<b>5,130</b>	<b>7,198</b>	<b>9,734</b>	<b>(2,537)</b>	<b>40.3</b>
<b>5. Judicial Service</b>	<b>4,089</b>	<b>4,806</b>	<b>5,334</b>	<b>(527)</b>	<b>17.5</b>
<b>6. Equalization Fund</b>	<b>-</b>	<b>-</b>	<b>1,967</b>	<b>(1,967)</b>	<b>-</b>
<b>7. CF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,967</b>	<b>-</b>
<b>TOTAL EXPENDITURE</b>	<b>759,516</b>	<b>804,196</b>	<b>859,198</b>	<b>(55,002)</b>	<b>5.9</b>

\*Provisional

Source of Data: National Treasury

34. Foreign interest payments amounted to KSh. 63.1 billion, an increase from KSh. 36 billion paid over the same period in the FY2022/23. The domestic interest payments totalled to KSh. 124.9 billion, which was higher than the KSh. 114.8 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, 2023**



Source of Data: National Treasury

### 2.2.1 National Government Expenditures by Public Agencies

35. The total ministerial and other public agencies expenditure including A.I.A was KSh. 505.7 billion against a target of KSh. 592.8 billion. Recurrent expenditure was KSh. 383.5 billion against a target of KSh. 391.2 billion, while development expenditure amounted to KSh. 122.2 billion against a target of KSh. 201.5 billion. The percentage of total expenditures to the target was 85.3 percent while the percentage of total expenditures to the target for recurrent and development were 98.0 percent and 60.6 percent respectively, as at the end of the period under review.

36. As at 30th September, 2023, recurrent expenditures by the State Department for Basic Education, State Department for Higher Education and Research; Teachers Service Commission; State Department for Vocational and Technical Training and the State Department for Public Health and Professional Standards and the State Department for Medical Services (Social Sector) accounted for 49.2 percent of total recurrent expenditure. In addition, the National Police Service and the Ministry of Defence each accounted for 7.3 percent of total recurrent expenditure.

37. Analysis of development outlay indicates that the State Department for Roads accounted for the largest share of the total development expenditure (21 percent), followed by the State Department for Economic Planning (11.4 percent), State Department for Housing and Urban Development (9.2 percent) and the State Department for Transport (8.5 percent). **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, 2023 (KSh. Millions)**

MINISTRY/DEPARTMENT/COMMISSIONS	Sep-23									% of Total Exp. To Target
	Recurrent			Development			Total			
	Actual*	Target	Variance	Actual*	Target	Variance	Actual*	Target	Variance	
1011 Executive Office of the President	623	899	(276)	-	194	(161)	620	1,093	(473)	57.6
1012 Office of the Deputy President	264	822	(558)	-	63	(83)	264	885	(621)	29.8
1013 Office of the Prime Cabinet Secretary	172	399	(127)	-	-	-	172	399	(127)	57.6
1014 State Department for Parliamentary Affairs	65	167	(102)	-	-	-	65	167	(102)	38.7
1015 State Department for Performance and Delivery Management	96	120	(24)	-	-	-	96	120	(24)	80.1
1016 State Department for Cabinet Affairs	112	226	(114)	-	-	-	112	226	(114)	49.5
1017 State House	1,596	1,593	(3)	36	232	(194)	1,632	1,825	(201)	89.0
1023 State Department for Correctional Services	6,686	8,666	(1,980)	145	391	(246)	6,831	8,959	(2,128)	76.2
1024 State Department for Immigration and Citizen Services	2,045	2,138	(93)	2,123	857	1,266	4,168	2,995	1,173	139.2
1025 National Police Service	20,067	26,161	(6,094)	78	463	(385)	20,145	26,624	(6,479)	105.7
1026 State Department for Internal Security & National	4,978	6,765	(1,787)	637	205	432	5,615	7,000	(1,385)	107.9
1032 State Department for Devolution	296	470	(174)	15	73	(58)	311	543	(232)	57.3
1036 State Department for the ASALs and Regional Development	3,380	3,433	(53)	1,564	-	1,564	4,944	3,433	1,511	199.2
1041 Ministry of Defence	28,134	31,173	(3,039)	433	1,343	(1,120)	28,568	32,516	(3,948)	77.8
1053 State Department for Foreign Affairs	1,041	4,462	(3,421)	2	1,064	(1,062)	1,043	5,526	(4,483)	18.9
1054 State Department for Diaspora Affairs	78	329	(251)	-	-	-	78	329	(251)	23.9
1064 State Department for Vocational and Technical Training	4,397	5,167	(770)	2,413	468	1,945	6,810	5,635	1,175	120.9
1065 State Department for Higher Education and Research	37,210	31,331	5,879	1,889	1,914	(25)	39,099	33,245	5,854	176.7
1066 State Department for Basic Education	30,100	31,918	(1,818)	1,895	1,038	867	31,995	33,946	(1,951)	97.1
1071 The National Treasury	17,319	19,167	(1,848)	2,447	5,038	(2,591)	19,766	24,205	(4,439)	81.7
1072 State Department for Economic Planning	1,010	1,025	(15)	13,946	13,005	940	14,956	14,030	926	106.6
1082 State Department for Medical Services	11,914	15,763	(3,849)	4,353	14,081	(9,728)	16,267	29,844	(13,577)	55.3
1083 State Department for Public Health and Professional	4,624	4,393	231	1,722	-	1,722	6,346	4,393	1,953	144.4
1091 State Department for Roads	18,596	20,723	(2,126)	25,597	13,265	12,332	44,193	34,008	10,185	128.6
1092 State Department for Transport	6,226	3,536	2,690	10,377	1,755	8,622	16,603	14,312	2,291	170.5
1093 State Department for Shipping and Maritime Affairs	689	624	65	138	41,988	(41,850)	826	42,611	(41,785)	1.9
1094 State Department for Housing & Urban Development	169	323	(153)	11,396	11,561	(165)	11,465	11,863	(398)	96.3
1095 State Department for Public Works	1,056	879	177	77	263	(186)	1,133	1,141	(8)	99.5
1104 State Department for Irrigation	254	390	(135)	5,671	23,133	(17,462)	5,925	23,223	(17,297)	25.2
1109 State Department for Water & Sanitation	1,516	1,366	150	6,339	304	6,035	7,845	1,689	6,156	168.5
1112 State Department for Lands and Physical Planning	690	973	(283)	1,733	5,793	(4,060)	2,423	6,764	(4,341)	35.7
1122 State Department for Information Communication Technology	751	963	(212)	1,763	-	1,763	2,514	963	1,551	263.2
1123 State Department for Broadcasting & Telecommunications	1,078	1,636	(558)	265	13,966	(13,701)	1,343	15,624	(14,281)	8.7
1132 State Department for Sports	376	399	(23)	1,021	1,245	(223)	1,397	1,643	(246)	85.0
1134 State Department for Culture and Heritage	733	712	21	-	4,083	(4,062)	733	4,776	(4,043)	15.4
1135 State Department for Youth Affairs and the Arts	663	752	(89)	419	157	262	1,082	909	173	119.1
1152 State Department for Energy	2,518	2,010	508	5,911	4,032	1,879	8,429	6,042	2,387	139.5
1162 State Department for Livestock Development	1,491	2,310	(819)	489	23	476	1,980	2,333	(353)	85.3
1166 State Department for the Blue Economy and Fisheries	662	712	(50)	1,865	241	1,624	2,526	959	1,574	265.1
1169 State Department for Crop Development	1,413	3,837	(2,424)	9,049	13,768	(4,719)	13,463	17,603	(4,140)	76.8
1173 State Department for Cooperatives	311	482	(171)	1	2,390	(2,389)	312	2,872	(2,560)	10.8
1174 State Department for Trade	281	391	(109)	23	2,231	(2,208)	304	2,642	(2,338)	10.8
1175 State Department for Industry	629	716	(87)	607	7,830	(7,223)	1,237	8,540	(7,303)	14.5
1176 State Department for Micro, Small and Medium Enterprises	320	469	(149)	271	28	244	291	497	(206)	119.0
1177 State Department for Investment Promotion	172	371	(199)	1,636	13	1,623	1,808	384	1,424	471.8
1184 State Department for Labour and Skills Development	634	1,067	(433)	193	1,713	(1,520)	617	3,960	(3,343)	38.6
1185 State Department for Social Protection and Senior Citizens	7,083	8,136	(1,053)	539	2,814	(2,275)	7,622	10,949	(3,327)	69.6
1192 State Department for Mining	222	366	(144)	(5)	1,628	(1,633)	222	2,004	(1,782)	11.1
1193 State Department for Petroleum	3,559	6,306	(2,746)	1,513	172	1,341	5,072	6,478	(1,406)	78.0
1202 State Department for Tourism	217	2,388	(2,171)	30	904	(874)	267	3,173	(2,906)	8.4
1203 State Department for Wildlife	1,617	2,366	(749)	310	361	(51)	3,637	2,626	1,011	145.7
1212 State Department for Gender and Affirmative Action	270	325	(55)	94	826	(732)	364	1,191	(827)	30.6
1213 State Department for Public Service	8,351	5,748	2,602	512	37	475	9,863	5,785	4,078	170.5
1221 State Department for East African Community	201	180	21	-	-	-	201	180	21	112.0
1252 State Law Office	1,219	1,355	(136)	-	441	(441)	1,319	1,996	(677)	66.1
1261 The Judiciary	4,638	5,109	(471)	-	867	(867)	4,638	5,976	(1,338)	77.6
1271 Ethics and Anti-Corruption Commission	836	958	(122)	26	265	(239)	862	1,240	(378)	71.2
1281 National Intelligence Service	4,213	11,075	(6,862)	-	-	-	4,213	11,075	(6,862)	38.0
1291 Office of the Director of Public Prosecutions	725	807	(82)	-	48	(48)	725	945	(220)	76.8
1311 Office of the Registrar of Political Parties	497	516	(19)	-	-	-	497	516	(19)	96.0
1321 Witness Protection Agency	148	186	(38)	-	-	-	148	186	(38)	79.4
1331 State Department for Environment & Climate Change	810	1,049	(239)	236	463	(224)	1,046	1,512	(466)	69.3
1332 State Department for Forestry	1,369	2,531	(1,162)	426	17	409	1,795	2,540	(745)	70.5
2011 Kenya National Commission on Human Rights	150	132	18	-	-	-	150	132	18	113.4
2021 National Land Commission	323	411	(88)	33	14	36	375	434	(59)	86.3
2031 Independent Electoral and Boundaries Commission	1,034	1,143	(109)	-	310	(310)	1,034	1,453	(419)	62.5
2041 Parliamentary Service Commission	214	226	(12)	-	-	-	214	226	(12)	94.5
2042 National Assembly	4,546	6,136	(1,590)	-	-	-	4,546	6,136	(1,590)	74.1
2043 Parliamentary Joint Services	1,138	1,179	(41)	238	1,064	(826)	1,376	2,643	(1,267)	52.1
2044 Senate	1,380	1,790	(410)	-	-	-	1,380	1,790	(410)	77.1
2051 Judicial Service Commission	168	224	(56)	-	-	-	168	224	(56)	74.8
2061 Commission on Revenue Allocation	71	129	(58)	-	-	-	71	129	(58)	54.8
2071 Public Service Commission	636	919	(283)	13	27	(13)	649	945	(296)	68.7
2081 Salaries and Remuneration Commission	100	141	(41)	-	-	-	100	141	(41)	71.2
2091 Teachers Service Commission	80,340	80,861	(521)	343	19	324	80,683	80,861	(178)	100.0
2101 National Police Service Commission	317	398	(81)	-	-	-	317	398	(81)	108.2
2111 Auditor General	1,261	1,920	(659)	-	516	(516)	1,261	2,436	(1,175)	51.8
2121 Controller of Budget	91	192	(101)	-	-	-	91	192	(101)	47.4
2131 Commission on Administrative Justice	163	192	(29)	-	-	-	163	192	(29)	84.7
2141 National Gender and Equality Commission	153	117	36	-	11	(11)	153	129	24	119.0
2151 Independent Policing Oversight Authority	347	363	(16)	-	-	-	347	363	(16)	95.3
<b>Total</b>	<b>363,644</b>	<b>391,222</b>	<b>(27,578)</b>	<b>122,201</b>	<b>261,637</b>	<b>(79,336)</b>	<b>366,745</b>	<b>392,759</b>	<b>(26,014)</b>	<b>85.3</b>

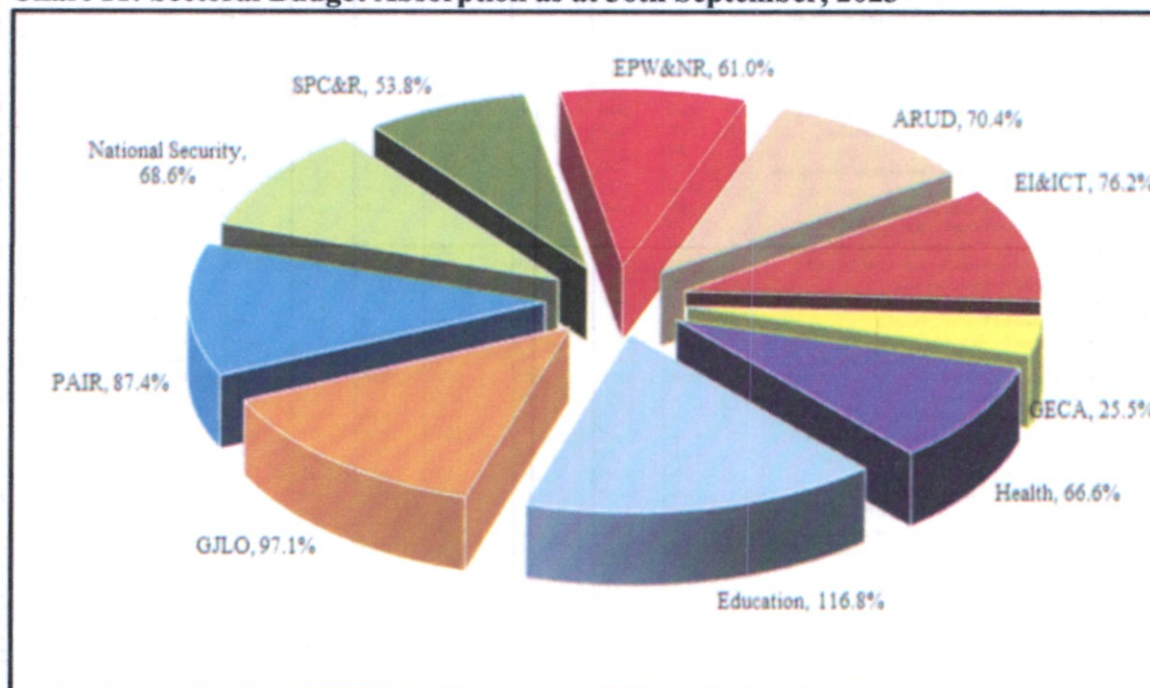
\*Provisional

Source of Data: National Treasury

## FISCAL DEVELOPMENTS

38. During the period under review, Education sector recorded the highest absorption at 116.8 percent followed by Governance, Justice, Law and Order (GJLO) at 97.1 percent and Public Administration & International Relations (PAIR) at 87.4 percent. General Economic and Commercial Affairs (GECA) sector recorded the lowest absorption of 25.5 percent (Chart 11).

**Chart 11: Sectoral Budget Absorption as at 30th September, 2023**



Source of Data: National Treasury

### 2.2.2 Pending Bills

39. The total outstanding national government pending bills as at 30<sup>th</sup> September, 2023 amounted to KSh. 630.6 billion. These comprise of KSh. 509.4 billion (73.9 percent) and KSh. 121.2 billion (26.1 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 belong to Contractor/Projects and Suppliers. Ministries/State Departments and other government Agencies pending bills constitutes mainly of historical pending bills.

40. The National Government policy on clearance of pending bills continues to be 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 current financial year budget in line with the Treasury guidelines for implementation of the financial year 2023/24 and the medium term budget, Treasury Circular No. 7/2023.



## FISCAL DEVELOPMENTS

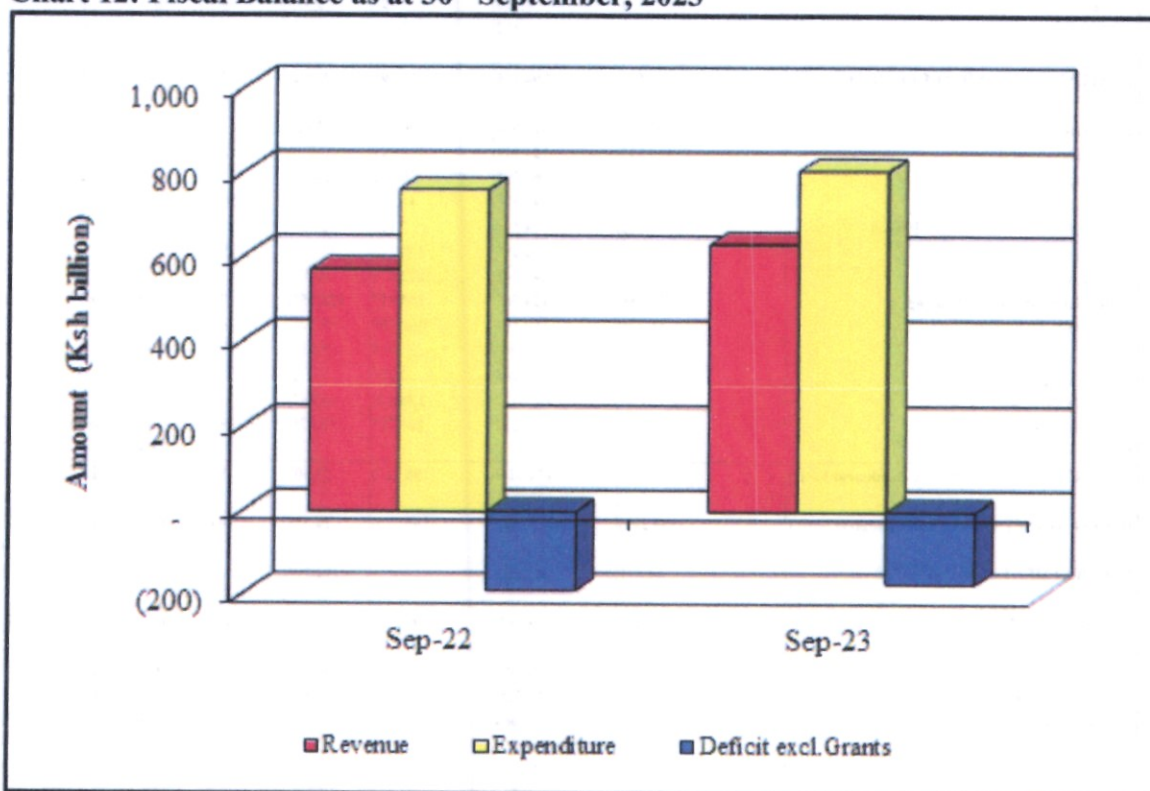
### 2.2.3 Guaranteed Debt Service

41. During the quarter ending September 2023, the national government paid KSh 2.7 billion guaranteed debt on behalf of Kenya Airways. The payments composed of Ksh.2.4 billion as principal payment and KSh. 0.4 billion as interest

### 2.3 Fiscal Outturn

42. During the period July 2023 to September 2023, the fiscal balance (on commitment basis and excluding grants) amounted to KSh 174.6 billion (1.1 percent of GDP) against a targeted deficit of KSh. 198.0 billion (1.2 percent of GDP) (**Chart 12 and Table 8**). The fiscal balance (on a commitment basis and including grants) also stood at 1.1 percent of GDP against a target deficit of 1.2 percent of GDP.

**Chart 12: Fiscal Balance as at 30<sup>th</sup> September, 2023**



Source of Data: National Treasury

43. Over the same period in FY2022/23, the fiscal deficit including grants (on commitment basis) stood at KSh. 189.3 billion (1.1 percent of GDP). The fiscal outturn in the last six FYs and the Printed Estimates for the FY 2023/24 are shown in **Annex I**. Further, GFSM 2014 Compliant Budgetary Central Government fiscal data for the FY 2023/24 are shown in annexes V and VI.

FISCAL DEVELOPMENTS

Table 8: Budget Outturn, Cumulative Ending 30<sup>th</sup> September, 2023 (KSh. Millions)

	2022/2023	2023/2024			% growth	2023/2024 as a % of GDP		2022/2023 Actual as a % of GDP
	Actual	Actual*	Targets	Deviation		Actual	Targets	
<b>A. TOTAL REVENUE AND GRANTS</b>	570,223	633,002	663,619	(30,616)	11.0	3.9	4.1	3.9
<b>1. Revenue</b>	569,600	629,587	661,181	(31,594)	10.5	3.9	4.1	3.9
Ordinary Revenue	485,403	536,760	578,718	(41,958)	10.6	3.3	3.6	3.3
Import Duty	33,561	32,434	41,323	(8,890)	(3.4)	0.2	0.3	0.2
Excise Duty	62,977	68,570	79,002	(10,433)	8.9	0.4	0.5	0.4
Income tax	218,604	243,954	274,162	(30,208)	11.6	1.5	1.7	1.5
VAT	131,768	153,027	158,129	(5,102)	16.1	0.9	1.0	0.9
Investment Revenue	14,517	15,017	4,618	10,399	3.4	0.1	0.0	0.1
Others	23,975	23,760	21,484	2,275	(0.9)	0.1	0.1	0.2
Appropriation-in-Aid	84,198	92,827	82,463	10,364	10.2	0.6	0.5	0.6
<b>2. Grants</b>	623	3,415	2,438	978	448.3	0.0	0.0	0.0
AMISOM Receipts	0	0	0	-	-	-	-	-
Nairobi County to NMS	0	0	0	-	-	-	-	-
Revenue	454	2,863	428	2,435	530.1	0.0	0.0	0.0
Appropriation-in-Aid	169	552	2,009	(1,457)	227.7	0.0	0.0	0.0
<b>B. EXPENDITURE AND NET LENDING</b>	759,516	804,196	859,198	(55,002)	5.9	4.9	5.3	5.2
<b>1. Recurrent</b>	573,292	618,518	600,894	17,624	7.9	3.8	3.7	3.9
Domestic Interest	114,813	124,913	145,123	(20,210)	8.8	0.8	0.9	0.8
Foreign Interest	36,025	63,093	38,512	24,581	75.1	0.4	0.2	0.2
Pension & Other CFS	27,589	42,377	41,342	1,036	53.6	0.3	0.3	0.2
Contribution to Civil Servants' Pension	4,012	4,590	7,116	(2,526)	-	-	-	0.0
Wages and Salaries	130,184	142,295	146,128	(3,832)	9.3	0.9	0.9	0.9
O & M/Others	260,669	241,248	222,673	18,575	(7.5)	1.5	1.4	1.8
<b>2. Development and Net Lending</b>	115,886	124,567	153,517	(28,951)	7.5	0.8	0.9	0.8
O/W Domestically financed	86,136	100,194	109,765	(9,571)	16.3	0.6	0.7	0.6
Foreign financed	26,930	22,007	37,488	(15,481)	(18.3)	0.1	0.2	0.2
<b>3. Net Lending</b>	2,819	2,365	4,297	(1,932)	-	-	-	0.0
<b>4. Equalization Fund</b>	-	-	1,966.8	(1,967)	-	0.0	0.0	0.0
<b>5. County Governments</b>	70,338	61,112	104,787	(43,675)	(13.1)	0.4	0.6	0.5
<b>5. CF</b>	-	-	-	-	-	0.0	-	0.0
<b>C. DEFICIT EXCL. GRANT (Commitment basis)</b>	(189,195)	(174,610)	(198,017)	23,407	(8.1)	(1.1)	(1.2)	(1.3)
<b>D. DEFICIT INCL. GRANTS (Commitment basis)</b>	(189,292)	(171,194)	(195,579)	24,385	(9.6)	(1.1)	(1.2)	(1.3)
<b>E. ADJUSTMENT TO CASH BASIS</b>	14,971	101,901	-	101,901	-	0.6	-	0.1
<b>F. DEFICIT INCL. GRANTS (Cash basis)</b>	(174,322)	(69,293)	(195,579)	126,286	(60.2)	(0.4)	(1.2)	(1.2)
Discrepancy	(41,635)	(3,907)	(0)	(3,907)	-	-	-	(0.3)
<b>G. FINANCING</b>	132,686	65,386	195,579	(130,193)	(50.7)	0.4	1.2	0.9
<b>1. Net Foreign financing</b>	31,117	(27,725)	(39,395)	11,670	(189.1)	(0.2)	(0.2)	0.2
Disbursements	98,127	61,664	40,781	20,883	(37.2)	0.4	0.3	0.7
Programme Loans	27,854	43,072	0	43,072	-	0.3	-	0.2
Project Cash Loans	13,921	11,874	21,148	(9,273)	(14.7)	0.1	0.1	0.1
Project Loans AIA	12,386	6,717	19,633	(12,916)	(45.8)	0.0	0.1	0.1
Use of IMF SDR Allocation	20,323	0	0	-	(100.0)	-	-	0.1
Commercial Financing	23,642	0	0	-	-	-	-	0.2
Debt repayment - Principal	(67,009)	(89,389)	(80,176)	(9,213)	33.4	(0.5)	(0.5)	(0.5)
<b>2. Net Domestic Financing</b>	101,569	93,111	234,974	(141,863)	(8.3)	0.6	1.4	0.7
Government Securities	105,299	82,017	234,728	(152,712)	(22.1)	0.5	1.4	0.7
Government Overdraft & Others	(30,987)	(6)	-	(6)	-	0.0	-	(0.2)
Movement in Government Deposits	27,258	65,622	-	65,622	-	0.4	-	0.2
Domestic Loan Repayments (Net Receipts)	-	587	246	341	-	0.0	0.0	0.0
Domestic Loan Repayment	-	-	-	-	-	0.0	-	0.0
Other Accounts Payable	-	(55,108)	-	-	-	0.0	-	0.0
<b>MEMO ITEM</b>								0
<b>GDP ESTIMATE</b>	14,521,624	16,290,270	16,290,270	-	12.2	100.0	100.0	100.0

\*Provisional

Source of Data: National Treasury



## FISCAL DEVELOPMENTS

### 2.4 Financing

#### 2.4.1 External Financing

44. During the period ending September, 2023, net foreign repayment amounted to KSh. 27.7 billion (**Table 9**). Total disbursements (inflows) including Appropriations-in-Aid amounted to KSh.61.7 billion against a target of KSh. 40.8 billion. The actual total disbursement comprised of KSh 43.1 billion program loans and KSh. 18.6 billion Project Loans. The External repayments (outflows) of principal debt amounted to KSh. 89.4 billion. The amount comprised of principal repayments due to bilateral sources, commercial institutions and multilateral sources amounting to KSh. 58.4 billion, KSh. 17.7 billion, and KSh. 13.3 billion, respectively.

**Table 9: External Financing, Period Ending September, 2023 (KSh. Millions)**

	FY2022/23	FY2023/24	
	Actual*	Actual*	Target
<b>DISBURSEMENTS:</b>	<b>98,127</b>	<b>61,664</b>	<b>40,781</b>
Project Cash loans	13,921	11,874	21,148
Project loans A-I-A	12,386	6,717	19,633
Commercial Financing	23,642	-	-
Use of IMF SDR Allocation	20,323	-	-
Programme Loans	27,854	43,072	-
<b>EXTERNAL REPAYMENTS:</b>	<b>67,009</b>	<b>89,389</b>	<b>80,176</b>
Bilateral(incl. Italy Debt SWAP)	42,476	58,435	53,211
Multilateral (excl. IMF)	10,372	13,288	10,033
Commercial	14,162	17,666	16,931
<b>NET FOREIGN FINANCING</b>	<b>31,117</b>	<b>(27,725)</b>	<b>(39,395)</b>

\*Provisional

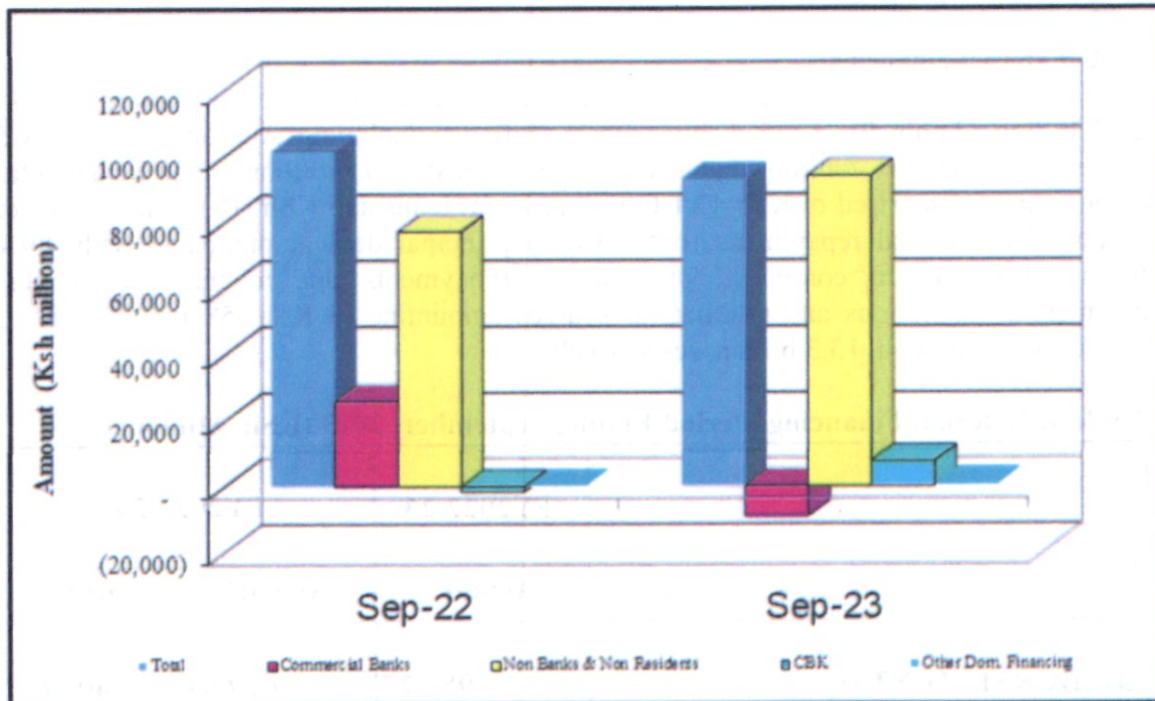
Source of Data: National Treasury

#### 2.4.2 Domestic Financing

45. As at 30<sup>th</sup> September, 2023, net domestic borrowing amounted to KSh. 93.1 billion (**Table 10**) against a target of KSh. 235.0 billion. The borrowing comprised of KSh. 92.4 billion from Non-Banking Financial Institutions, KSh. 7.6 billion from to the Central Bank, KSh 1.6 billion from Non-Residents, net domestic loan repayments of KSh. 0.6 billion, and KSh. 9.1 billion from commercial banks (net repayments). During the same period in FY 2022/23, the net domestic borrowing amounted to KSh. 101.6 billion, comprising of KSh. 77.2 billion from Non-Banking Financial Institutions, KSh. 25.9 billion from Commercial Banks, KSh. 1.6 billion from the Central Bank of Kenya (net repayment) and KSh. 0.06 billion from Non-Residents (**Table 10 and Chart 13**).

## FISCAL DEVELOPMENTS

**Chart 13: Domestic Financing for the Period Ending 30th September, 2023**



Source of Data: Central Bank of Kenya

46. The stock of Treasury Bills held by commercial banks and Non-Banks recorded a net decrease of KSh. 71.0 billion and Ksh 26.2 billion respectively while those held by non-residents increased by Ksh 243 million. The stock of Fixed Rate Bonds held by Non-Banks, commercial banks and Non-Residents recorded a net increase of KSh 52.3 billion, KSh. 35.0 billion and KSh. 1.6 billion respectively (**Table 10**).



## FISCAL DEVELOPMENTS

**Table 10: Domestic Financing, Period Ending 30<sup>th</sup> September, 2023 (KSh. Millions)**

DEBT INSTRUMENT	September 2022*	December 2022*	March 2023*	June 2023*	September 2023*
<b>1.CENTRAL BANK</b>	<b>(1,609)</b>	<b>(58,068)</b>	<b>44,725</b>	<b>41,348</b>	<b>7,632</b>
Overdraft	(31,255)	(4)	19,477	17,955	(753)
IMF funds onlet to Govt					934
Fixed rate Bonds	7	(192)	(192)	437	-
Items on Transit	(8)	6	12	10	(10)
Frozen Account	-	(555)	(555)	(1,110)	-
Less Govt Deposits	29,651	(57,364)	25,946	23,898	7,460
<b>2.COM. BANKS</b>	<b>25,939</b>	<b>8,660</b>	<b>(2,811)</b>	<b>76,975</b>	<b>(9,142)</b>
Advances	276	854	1,083	854	(178)
Treasury bills	27,533	3,516	8,637	(18,081)	(43,491)
Fixed rate Bonds	(995)	(15,210)	(40,051)	(49,468)	33,958
Special Bonds	-	-	-	-	-
Zero Coupon bonds	-	-	-	-	-
Infrastructure Bonds	1,520	22,286	31,432	166,109	(2,486)
Less Govt Deposits	(2,394)	(2,786)	(3,913)	(22,439)	3,054
Advances by Treasury	-	-	-	-	-
<b>3. NON BANKS</b>	<b>77,181</b>	<b>171,258</b>	<b>242,409</b>	<b>338,243</b>	<b>92,397</b>
Treasury bills	14,717	38,236	30,824	11,711	(11,496)
TRCs	-	-	-	-	-
Fixed rate Bonds	57,778	73,586	94,073	147,740	110,082
Infrastructure Bonds	4,686	59,436	113,005	178,792	(6,189)
Savings and Development Bond	-	-	4,507	-	-
M-Akiba Bond and others	-	-	-	-	-
<b>4. NON RESIDENTS</b>	<b>59</b>	<b>(119)</b>	<b>593</b>	<b>127</b>	<b>1,638</b>
Treasury bills	(238)	(257)	(294)	(356)	5
Fixed rate Bonds	297	(134)	164	(446)	1,633
Infrastructure Bond	-	272	723	929	-
<b>5. NET CREDIT</b>	<b>101,569</b>	<b>121,731</b>	<b>284,917</b>	<b>456,694</b>	<b>92,525</b>
<b>6. OTHER DOMESTIC FINANCING</b>					
Domestic Loan Repayments (Net RDL Deposits)	-	2,341	2,854	2,854	587
<b>7. NET DOMESTIC FINANCING</b>	<b>101,569</b>	<b>124,072</b>	<b>287,771</b>	<b>459,548</b>	<b>93,111</b>

Notes:

\*provisional

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

Source of Data: Central Bank of Kenya

## 2.0 PUBLIC DEBT

### 3.1 Overall Debt Position

47. The gross public debt as at 30<sup>th</sup> September, 2023 increased by KSh. 1,823.7 billion to amount to KSh 10,585.1 billion compared to KSh. 8,761.4 billion as at end of September 2022. The gross public debt comprised of 53.5 percent external debt and 46.5percent domestic debt. The increase in the public debt is attributed to external loan disbursements; exchange rate fluctuations; and uptake of domestic debt during the period. The net public debt was KSh. 10,173 billion by end of the period under review (Table 11).

**Table 11: Kenya's Public and Publicly Guaranteed Debt, September, 2021 to September, 2023 (KSh. Millions)**

DEBT SOURCE	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23*
<b>EXTERNAL</b>									
BILATERAL	1,149,211	1,171,701	1,171,595	1,173,270	1,144,450	1,206,883	1,291,851	1,339,503	1,341,779
MULTILATERAL	1,699,358	1,782,085	1,817,375	1,923,444	1,957,899	2,213,756	2,244,087	2,654,934	2,827,123
COMMERCIAL BANKS	1,196,248	1,208,283	1,208,247	1,191,080	1,220,682	1,239,681	1,301,153	1,437,276	1,483,613
SUPPLIERS CREDIT	13,669	12,303	12,344	12,154	11,760	12,824	14,004	14,848	15,284
<b>SUB - TOTAL EXTERNAL</b>	<b>4,058,486</b>	<b>4,174,372</b>	<b>4,209,560</b>	<b>4,299,948</b>	<b>4,334,791</b>	<b>4,673,144</b>	<b>4,851,095</b>	<b>5,446,561</b>	<b>5,667,799</b>
<b>DOMESTIC:</b>									
CENTRAL BANK	90,938	88,692	95,575	85,141	53,881	84,437	104,108	102,592	101,829
COMMERCIAL BANKS	1,917,628	1,943,018	1,978,489	2,003,387	2,032,420	2,017,402	1,992,177	2,095,069	2,081,576
<b>TOTAL BANKS</b>	<b>2,008,565</b>	<b>2,031,710</b>	<b>2,074,064</b>	<b>2,088,529</b>	<b>2,086,301</b>	<b>2,101,839</b>	<b>2,096,284</b>	<b>2,197,661</b>	<b>2,183,405</b>
NON BANKS & NON RESIDENTS	1,929,212	2,000,658	2,118,289	2,199,804	2,279,978	2,370,999	2,443,846	2,538,935	2,634,386
IMF FUNDS ON-LENT TO GOVERNMENT				40,766	60,348	62,789	90,965	95,516	99,523
<b>SUB-TOTAL DOMESTIC</b>	<b>3,937,777</b>	<b>4,032,368</b>	<b>4,192,352</b>	<b>4,329,099</b>	<b>4,426,627</b>	<b>4,535,628</b>	<b>4,631,095</b>	<b>4,832,113</b>	<b>4,917,315</b>
<b>GRAND TOTAL GROSS</b>	<b>7,996,263</b>	<b>8,206,740</b>	<b>8,401,912</b>	<b>8,629,047</b>	<b>8,761,418</b>	<b>9,208,772</b>	<b>9,482,190</b>	<b>10,278,673</b>	<b>10,585,113</b>
LESS ON-LENDING									
LESS GOVERNMENT DEPOSITS	(544,187)	(461,273)	(449,073)	(418,157)	(404,154)	(470,558)	(386,099)	(484,584)	(412,151)
<b>GRAND TOTAL NET</b>	<b>7,452,076</b>	<b>7,745,467</b>	<b>7,952,840</b>	<b>8,210,890</b>	<b>8,357,263</b>	<b>8,738,213</b>	<b>9,096,091</b>	<b>9,794,089</b>	<b>10,172,963</b>

Note:

\* Provisional

Source of Data: National Treasury

### 3.2 Domestic Debt

48. The stock of gross domestic debt increased by KSh. 587.5 billion from KSh. 4,426.6 billion in September, 2022 to KSh. 5,014.1 billion in September, 2023. The net domestic debt was KSh. 4,602.0 billion by end of the period under review (Table 12).



## FISCAL DEVELOPMENTS

**Table 12: Stock of Domestic Debt as at September, 2023 (KSh. Millions)**

DEBT SOURCE	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23*
<b>1. CENTRAL BANK</b>	<b>90,938</b>	<b>88,692</b>	<b>95,575</b>	<b>85,141</b>	<b>53,881</b>	<b>84,437</b>	<b>104,108</b>	<b>102,592</b>	<b>198,485</b>
Overdraft	55,110	59,313	68,395	58,502	27,247	58,498	78,180	76,457	75,704
IMF funds onlent to Govt	-	-	-	-	-	-	-	-	96,655
Frozen Govt Accounts	20,009	19,454	19,454	18,899	18,899	18,344	18,344	17,789	17,789
Treasury bills / bonds	8,096	2,288	76	71	67	112	109	230	230
rediscouunts	-	-	-	-	-	-	-	-	-
Items on Transit	13	2	14	32	24	38	30	42	32
Fixed rate bonds	7,710	7,636	7,637	7,637	7,644	7,446	7,446	8,074	8,074
<b>2. COMBANKS</b>	<b>1,917,628</b>	<b>1,943,018</b>	<b>1,978,489</b>	<b>2,008,387</b>	<b>2,032,420</b>	<b>2,017,402</b>	<b>1,992,177</b>	<b>2,095,069</b>	<b>2,081,735</b>
Advances	2,352	2,209	7,429	13,054	12,965	13,828	6,339	13,692	16,406
Treasury Bills	446,726	395,241	323,479	287,613	315,649	293,469	291,539	262,852	217,841
Fixed Rate T. Bonds	949,437	1,032,012	1,083,661	1,094,545	1,094,111	1,079,084	1,054,106	1,043,778	1,078,058
Special Bonds	5,000	5,000	5,000	-	-	-	-	-	-
Savings and Development Bond	7,648	7,648	7,648	7,648	7,648	7,648	7,648	7,648	7,648
Infrastructure Bonds	506,465	500,908	551,272	600,527	602,047	623,374	632,545	767,099	761,782
<b>3. NON BANKS</b>	<b>1,895,111</b>	<b>1,968,944</b>	<b>2,087,325</b>	<b>2,167,924</b>	<b>2,248,031</b>	<b>2,339,242</b>	<b>2,411,375</b>	<b>2,506,970</b>	<b>2,600,834</b>
Treasury Bills	303,598	309,282	331,780	340,675	356,424	377,812	374,484	351,636	340,128
Fixed Rate T. Bonds	1,174,719	1,252,633	1,303,740	1,353,067	1,412,738	1,428,132	1,450,047	1,503,056	1,614,753
Tax Reserve Certificate	-	-	-	-	-	-	-	-	-
Infrastructure Bonds	396,214	386,450	431,225	453,601	458,288	512,717	566,264	631,698	625,373
Savings and Development Bond	20,580	20,580	20,580	20,580	20,580	20,580	20,580	20,580	20,580
M- Akiba Bond	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
<b>4. NON RESIDENTS</b>	<b>34,101</b>	<b>31,714</b>	<b>30,963</b>	<b>31,881</b>	<b>31,947</b>	<b>31,757</b>	<b>32,471</b>	<b>31,965</b>	<b>33,552</b>
Treasury Bills	5,034	2,339	1,116	395	139	117	76	8	13
Fixed Rate T. Bonds	18,747	19,146	19,308	18,958	19,281	18,842	19,145	18,499	20,174
Savings and Development Bond	9	9	9	9	9	9	9	9	9
Infrastructure Bonds	10,311	10,220	10,530	12,519	12,519	12,790	13,241	13,449	13,356
<b>5. IMF FUNDS ON-LENT TO GOVERNMENT</b>				<b>40,766</b>	<b>60,348</b>	<b>62,789</b>	<b>90,965</b>	<b>95,516</b>	<b>99,523</b>
<b>5. TOTAL GROSS DEBT</b>	<b>3,937,777</b>	<b>4,032,368</b>	<b>4,192,352</b>	<b>4,329,099</b>	<b>4,426,627</b>	<b>4,535,628</b>	<b>4,631,095</b>	<b>4,832,113</b>	<b>5,014,129</b>
<b>6. LESS ON-LENDING</b>									
7. Less Govt Deposits	544,187	461,273	449,073	418,284	404,154	470,558	386,099	484,584	412,151
<b>8. TOTAL NET DEBT</b>	<b>3,393,590</b>	<b>3,571,095</b>	<b>3,743,279</b>	<b>3,910,815</b>	<b>4,022,472</b>	<b>4,065,069</b>	<b>4,244,996</b>	<b>4,347,528</b>	<b>4,601,978</b>

NOTE:

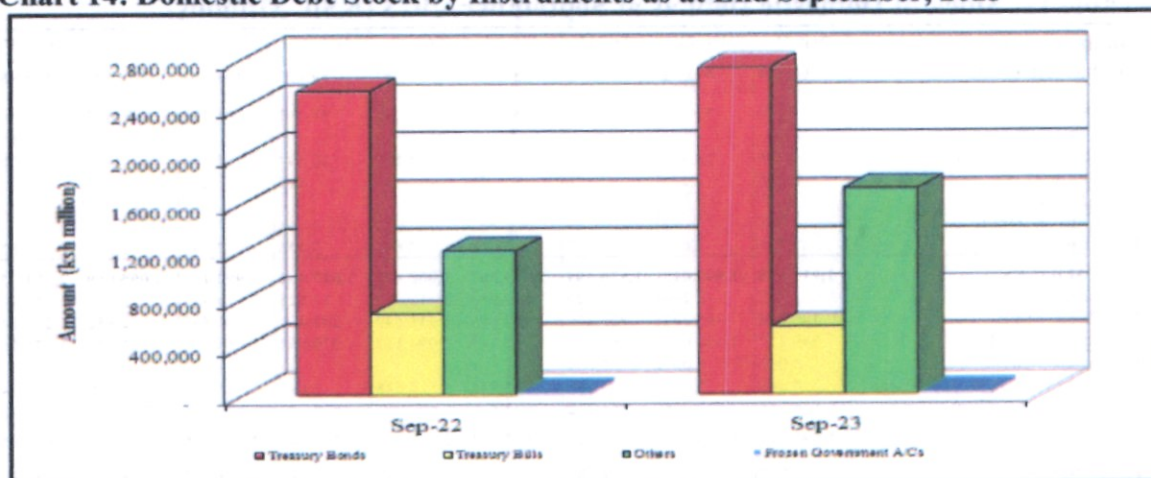
\* Provisional

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

Source of Data: Central Bank of Kenya

49. The stock of Treasury Bills held by Central Bank, Commercial Banks, Non-Banking Financial Institutions and Non-Residents declined by KSh. 114.1 billion from KSh. 672.3 billion in September, 2022 to KSh. 558.2 billion in September, 2023. The total stock of Treasury Bonds, which include Floating, Fixed Rate, Special and Zero-Coupon Bonds, increased by KSh. 187.3 billion from KSh. 2,533.8 billion in September, 2022 to KSh. 2,721.1 billion in September, 2023 (Chart 14).

**Chart 14: Domestic Debt Stock by Instruments as at End September, 2023**



Source of Data: Central Bank of Kenya

### 3.3 External Public Debt

50. In dollar terms, external public debt stock increased by US\$. 1,969.5 million from US\$. 36,300.6 million in September, 2022 to US\$. 38,270.1 million by the end of September, 2023 (**Table 13**). This comprised debt owed to multilateral lenders (49.9%), commercial banks (26.2 %), bilateral sources (23.7%) and Suppliers Credit (0.3%). The increase is attributed to increase in external loans disbursements and exchange rate fluctuations during the period.



## FISCAL DEVELOPMENTS

**Table 13: Kenya's External Public and Publicly Guaranteed Debt September, 2021 – September, 2023 (US\$ Millions)**

CREDITOR	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23*
<b><u>BILATERAL</u></b>									
AUSTRIA	12.98	12.28	11.97	11.04	13.06	13.82	14.07	13.75	13.21
BELGIUM	114.51	114.42	116.98	109.81	111.75	117.93	182.72	182.15	173.00
DENMARK	4.30	4.18	4.12	3.88	3.20	3.49	3.13	3.07	2.46
FINLAND	9.71	9.42	7.93	7.50	7.03	6.32	6.48	5.17	3.75
FRANCE	836.00	812.00	800.51	764.63	707.56	764.04	805.50	780.81	722.00
GERMANY	328.90	336.11	351.21	332.55	326.50	346.23	328.54	336.34	341.34
ITALY	364.79	353.78	347.71	328.79	309.28	333.82	344.47	343.70	332.56
JAPAN	1,463.17	1,416.58	1,382.43	1,245.99	1,217.67	1,304.89	1,453.84	1,271.01	1,229.02
USA	12.44	12.26	10.89	10.69	9.97	9.61	8.73	8.53	7.64
CHINA	6,917.51	6,951.45	6,835.26	6,830.10	6,594.56	6,569.52	6,307.40	6,280.39	5,943.60
OTHERS	337.12	333.61	323.09	311.80	295.43	312.68	307.29	307.30	291.37
<b>TOTAL BILATERAL</b>	<b>10,401.43</b>	<b>10,356.09</b>	<b>10,192.10</b>	<b>9,956.78</b>	<b>9,596.01</b>	<b>9,782.35</b>	<b>9,762.17</b>	<b>9,532.23</b>	<b>9,059.95</b>
<b><u>MULTILATERAL</u></b>									
ADB/ADF	3,024.74	3,187.81	3,317.25	3,269.84	3,302.50	3,490.90	3,591.12	3,685.50	3,695.82
BADEA	38.63	38.72	39.20	41.10	45.99	45.20	47.70	52.19	51.70
EEC/EIB	203.88	197.09	188.94	176.12	158.66	170.90	182.11	207.53	194.28
IBRD	293.90	297.56	296.74	569.35	571.26	579.24	581.75	1,082.86	1,079.71
IDA/IFAD	10,137.36	10,150.48	10,099.33	10,474.77	10,252.69	10,692.09	10,828.01	11,424.85	11,333.07
IMF**	1,635.00	1,834.49	1,824.62	1,751.87	1,965.77	2,915.30	1,673.40	2,388.16	2,684.95
OTHERS	47.26	44.83	43.87	45.43	48.35	49.89	53.86	52.08	49.77
<b>TOTAL MULTILATERAL</b>	<b>15,380.77</b>	<b>15,750.98</b>	<b>15,809.95</b>	<b>16,328.48</b>	<b>16,345.22</b>	<b>17,943.52</b>	<b>16,957.95</b>	<b>18,893.17</b>	<b>19,089.28</b>
<b><u>COMMERCIAL<sup>1</sup></u></b>									
O/W International Sovereign Bond	7,100.00	7,106.28	7,100.00	7,100.00	7,100.00	7,100.00	7,100.00	7,100.00	7,100.00
<b>EXPORT CREDIT</b>	<b>123.71</b>	<b>108.74</b>	<b>107.38</b>	<b>103.14</b>	<b>98.96</b>	<b>103.94</b>	<b>105.82</b>	<b>105.66</b>	<b>103.20</b>
<b>GRAND TOTAL</b>	<b>36,733.07</b>	<b>36,895.24</b>	<b>36,620.38</b>	<b>36,413.89</b>	<b>36,300.60</b>	<b>37,878.01</b>	<b>36,658.41</b>	<b>38,759.08</b>	<b>38,270.08</b>
In percentage of total									
BILATERAL	28.32	28.07	27.83	27.34	26.4	25.8	26.6	24.6	23.7
MULTILATERAL	41.87	42.69	43.17	44.84	45.0	47.4	46.3	48.7	49.9
COMMERCIAL BANKS <sup>1</sup>	29.48	28.95	28.70	27.53	28.3	26.5	26.8	26.4	26.2
EXPORT CREDIT	0.34	0.29	0.29	0.28	0.3	0.3	0.3	0.3	0.3
TOTAL	100.00	100.00	100.00	100.00	100.0	100.0	100.0	100.0	100.0

\*Provisional

\*\* include IMF item

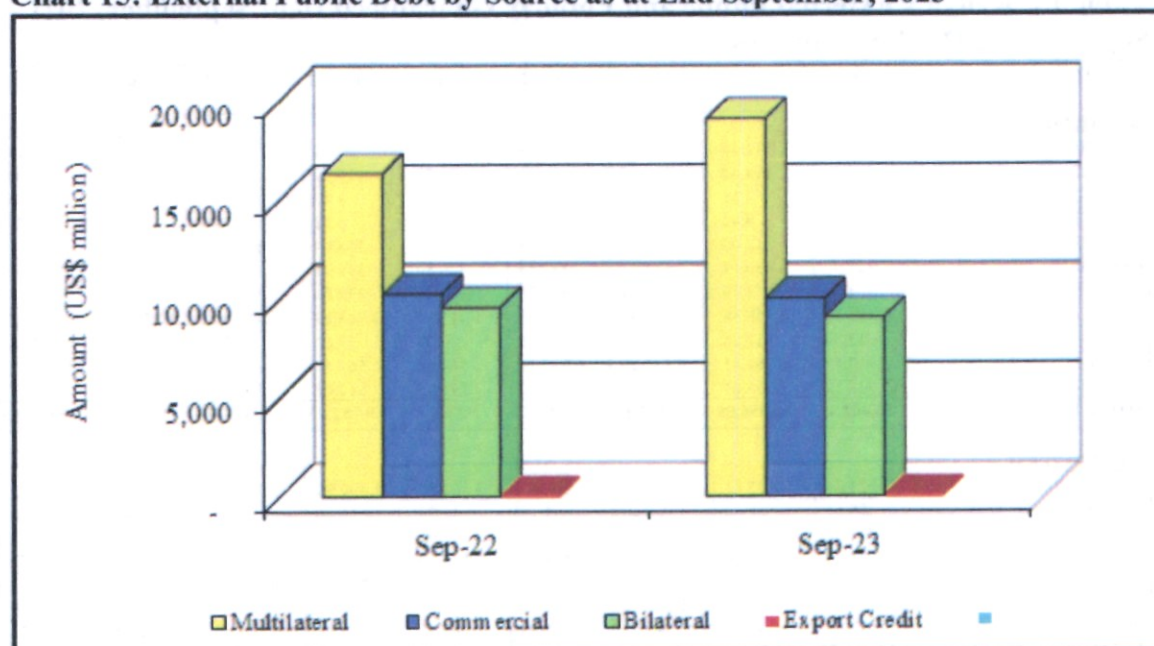
1/ incl. International Sovereign Bond

Note: The exchange rate as at end September, 2022 was KSh. 148.1 per dollar.

Source of Data: National Treasury

51. Compared to the same period in FY 2022/23, external public debt stock from bilateral sources, commercial banks and from suppliers' credit recorded decrease of Ksh 536.1 billion, Ksh 242.8 billion and Ksh 4.2 billion respectively in the period ending September, 2023. Stock from multilateral institutions recorded an increase of KSh. 2,744.1 billion in the period under review (**Chart 15**).

**Chart 15: External Public Debt by Source as at End September, 2023**



Source of Data: National Treasury

### 3.3.1 External Debt Service

52. By the end of September 2023, the total cumulative debt service payments to external creditors amounted to KSh. 152.1 billion. This comprised of KSh. 89.4 billion (58.8 percent) principal and KSh. 62.7 billion (41.2 percent) interest (**Table 14**).



FISCAL DEVELOPMENTS

Table 14: External Debt Service, July 2022 – September, 2023 (KSh. Million)

CATEGORY	Sep-23		
	PRINCIPAL*	INTEREST*	TOTAL*
<b>BILATERAL</b>			
AUSTRIA	14.09	10.06	24.15
BELGIUM	535.70	34.83	570.53
CHINA	47,612.85	24,457.74	72,070.59
DENMARK	70.11	-	70.11
FINLAND	191.54	24.70	216.24
FRANCE	7,165.63	579.67	7,745.30
GERMANY	1,025.69	239.25	1,264.95
INDIA	531.33	139.66	670.98
ISRAEL	439.92	100.75	540.67
ITALY	-	3.97	3.97
JAPAN	326.54	128.46	455.00
KOREA	32.55	5.40	37.94
KUWAIT	32.05	0.19	32.24
SAUDI ARABIA	7.14	1.04	8.17
SPAIN	363.14	51.48	414.61
USA	86.92	8.84	95.76
<b>TOTAL BILATERAL</b>	<b>58,435.18</b>	<b>25,786.03</b>	<b>84,221.2</b>
<b>MULTILATERAL</b>			
ADB/ADF	1,847.32	3,775.05	5,622.37
BADEA	69.45	17.47	86.93
EIB/EEC	972.53	296.79	1,269.33
IDA	9,616.02	4,844.53	14,460.55
OPEC	190.71	19.19	209.90
NDF	41.32	12.86	54.19
IFAD	390.36	88.09	478.45
IMF	-	-	-
IBRD	160.01	2,264.14	2,424.14
<b>TOTAL MULTILATERAL</b>	<b>13,287.72</b>	<b>11,318.13</b>	<b>24,605.85</b>
<b>COMMERCIAL</b>	<b>17,665.90</b>	<b>25,637.94</b>	<b>43,303.84</b>
<b>GRAND TOTAL</b>	<b>89,388.80</b>	<b>62,742.10</b>	<b>152,130.90</b>

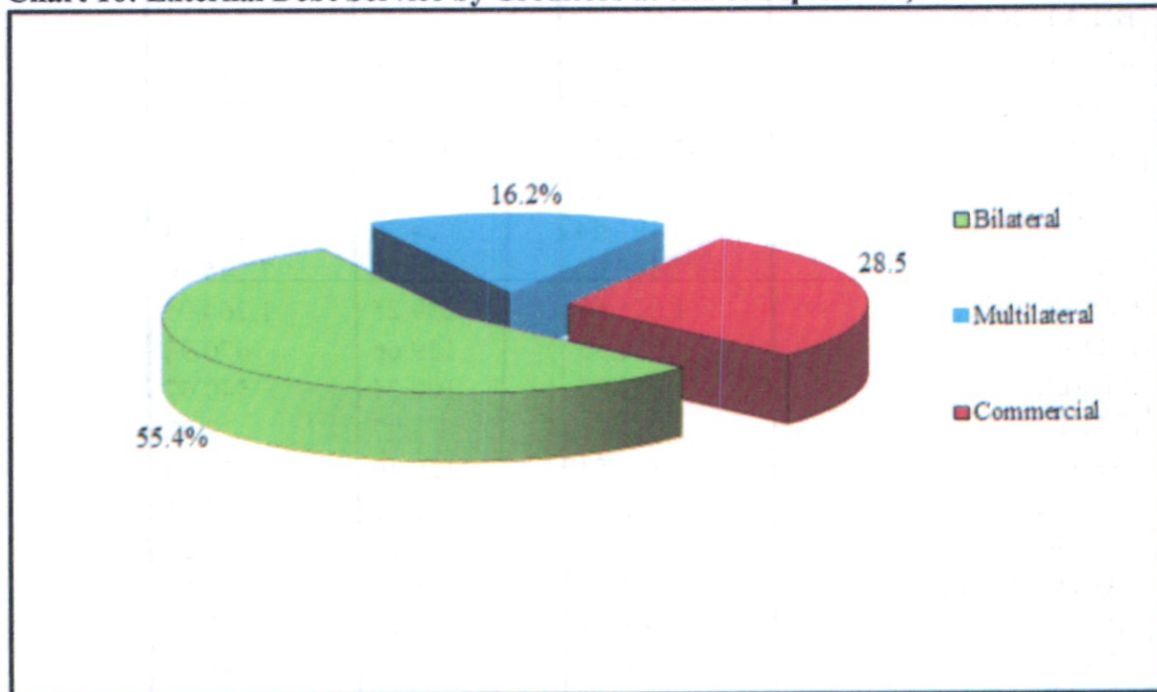
\* Provisional

Source of Data: National Treasury

## FISCAL DEVELOPMENTS

53. By the end of September 2023, the total cumulative debt service payments to external creditors comprised of 55.4 percent, 28.5 percent and 16.2 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, 2023**



Source of Data: National Treasury



## 4.0. ANNEXES

## 4.1. Annex I: Fiscal Results, 2017/18 – 2023/2024 (KSh. Millions)

REVENUE/EXPENDITURE/FINANCING	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
			Actual			Prel. Actual	Printed Target
<b>A. TOTAL REVENUE</b>	<b>1,525,556</b>	<b>1,704,363</b>	<b>1,795,665</b>	<b>1,783,747</b>	<b>2,199,808</b>	<b>2,360,510</b>	<b>2,985,566</b>
<b>1. Ordinary Revenue</b>	<b>1,365,063</b>	<b>1,499,757</b>	<b>1,573,418</b>	<b>1,562,015</b>	<b>1,917,911</b>	<b>2,041,119</b>	<b>2,571,159</b>
Income Tax	640,546	685,330	706,936	694,053	876,707	941,576	1,198,535
VAT	357,129	414,143	383,713	410,758	523,098	550,440	703,302
Import Duty	93,685	106,875	98,022	108,375	118,280	130,123	173,270
Excise Duty	167,753	194,310	195,270	216,325	252,094	264,509	352,730
Other Revenue	105,950	99,099	189,477	132,504	147,731	154,472	143,323
<b>2. Appropriation –in –Aid</b>	<b>160,493</b>	<b>204,606</b>	<b>222,246</b>	<b>221,732</b>	<b>281,897</b>	<b>319,391</b>	<b>414,407</b>
<b>B. EXPENDITURE &amp; NET LENDING</b>	<b>2,146,843</b>	<b>2,433,707</b>	<b>2,565,444</b>	<b>2,749,464</b>	<b>3,027,836</b>	<b>3,221,001</b>	<b>3,746,618</b>
<b>1. Recurrent</b>	<b>1,349,896</b>	<b>1,531,083</b>	<b>1,645,222</b>	<b>1,796,588</b>	<b>2,135,305</b>	<b>2,311,564</b>	<b>2,536,255</b>
Wages and Salaries	388,938	417,526	449,927	493,029	520,033	547,157	584,647
Interest Payments	323,890	375,723	437,202	495,142	577,978	687,322	775,139
Domestic Interest	239,470	272,351	315,362	388,830	456,849	533,098	628,264
Foreign Interest Due	84,420	103,372	121,840	106,312	121,130	154,223	146,875
Pensions, etc	65,099	70,804	89,605	112,872	122,432	120,425	165,368
O & M/ Others	534,347	625,791	626,394	652,065	866,050	895,717	950,830
Of which Appropriation-in-Aid	109,861	147,765	106,958	133,612	197,524	240,165	264,588
<b>2. Development &amp; Net Lending</b>	<b>469,673</b>	<b>541,884</b>	<b>594,944</b>	<b>553,883</b>	<b>540,117</b>	<b>493,663</b>	<b>777,822</b>
Development Projects	255,213	289,029	389,571	339,226	346,355	319,289	425,940
Appropriation-in-Aid	211,931	243,408	204,712	214,657	193,762	162,048	326,828
4 Transfer to County Governments	327,274	360,740	325,278	398,993	352,414	415,774	429,741
5 Parliamentary Service	25,678	28,525	27,990	29,191	32,652	41,187	38,937
6 Judicial Service	11,944	12,713	14,103	14,289	16,160	19,755	21,334
7 Net Lending	-	6,962	-	-	-	12,327	17,187
8 Equalization Fund	-	6,962	-	-	-	-	7,867
9 Contingency Fund	-	-	-	-	-	-	2,800
<b>D. DEFICIT EXCL. GRANTS (Commitment)</b>	<b>(621,287)</b>	<b>(729,344)</b>	<b>(769,779)</b>	<b>(965,717)</b>	<b>(828,028)</b>	<b>(860,491)</b>	<b>(761,051)</b>
<b>E. GRANTS</b>	<b>27,600</b>	<b>19,702</b>	<b>19,820</b>	<b>31,320</b>	<b>31,031</b>	<b>23,083</b>	<b>42,172</b>
<b>F. DEFICIT INCL. GRANTS (Commitment Basis)</b>	<b>(593,687)</b>	<b>(709,642)</b>	<b>(749,959)</b>	<b>(934,397)</b>	<b>(796,997)</b>	<b>(837,408)</b>	<b>(718,880)</b>
<b>G. ADJUSTMENT TO CASH BASIS</b>	<b>(34,678)</b>	<b>-</b>	<b>11,801</b>	<b>5,098</b>	<b>11,868</b>	<b>37,031</b>	<b>-</b>
<b>H. DEFICIT INCL. GRANTS (Cash Basis)</b>	<b>(628,365)</b>	<b>(709,642)</b>	<b>(738,158)</b>	<b>(929,299)</b>	<b>(785,129)</b>	<b>(800,377)</b>	<b>(718,880)</b>
Discrepancy	2,716	11,416	52,647	20,936	(37,304)	(30,070)	-
<b>I. FINANCING</b>	<b>631,081</b>	<b>721,058</b>	<b>790,804</b>	<b>950,235</b>	<b>747,825</b>	<b>770,307</b>	<b>718,880</b>
Net Foreign Financing	354,977	414,518	340,431	323,310	142,524	310,759	131,467
Net Domestic Financing	276,104	306,540	450,373	626,926	605,301	459,548	587,413
<b>In Percentage of GDP</b>							
<b>A. TOTAL REVENUE</b>	<b>17.1</b>	<b>17.5</b>	<b>16.9</b>	<b>15.7</b>	<b>17.3</b>	<b>16.5</b>	<b>18.5</b>
<b>1. Ordinary Revenue</b>	<b>15.3</b>	<b>15.4</b>	<b>14.8</b>	<b>13.7</b>	<b>15.1</b>	<b>14.3</b>	<b>15.9</b>
Income Tax	7.2	7.0	6.7	6.1	6.9	6.6	7.4
VAT	4.0	4.2	3.6	3.6	4.1	3.9	4.4
Import Duty	1.1	1.1	0.9	1.0	0.9	0.9	1.1
Excise Duty	1.9	2.0	1.8	1.9	2.0	1.9	2.2
Other Revenue	1.2	1.0	1.8	1.2	1.2	1.1	0.9
<b>2 Appropriation –in –Aid</b>	<b>1.8</b>	<b>2.1</b>	<b>2.1</b>	<b>2.0</b>	<b>2.2</b>	<b>2.2</b>	<b>2.6</b>
<b>B. EXPENDITURE &amp; NET LENDING</b>	<b>24.1</b>	<b>25.0</b>	<b>24.2</b>	<b>24.2</b>	<b>23.8</b>	<b>22.6</b>	<b>23.2</b>
<b>1. Recurrent</b>	<b>15.1</b>	<b>15.7</b>	<b>15.5</b>	<b>15.8</b>	<b>16.8</b>	<b>16.2</b>	<b>15.7</b>
Wages and Salaries	4.4	4.3	4.2	4.3	4.1	3.8	3.6
Interest Payments	3.6	3.9	4.1	4.4	4.5	4.8	4.8
Domestic Interest	2.7	2.8	3.0	3.4	3.6	3.7	3.9
Foreign Interest Due	0.9	1.1	1.1	0.9	1.0	1.1	0.9
Pensions, etc	0.7	0.7	0.8	1.0	1.0	0.8	1.0
O & M/ Others	6.0	6.4	5.9	5.7	6.8	6.3	5.9
of which Appropriation-in-Aid	1.2	1.5	1.0	1.2	1.6	1.7	1.6
<b>2. Development &amp; Net Lending</b>	<b>5.3</b>	<b>5.6</b>	<b>5.6</b>	<b>4.9</b>	<b>4.2</b>	<b>3.5</b>	<b>4.8</b>
Development Projects	2.9	3.0	3.7	3.0	2.7	2.2	2.6
Appropriation-in-Aid	2.4	2.5	1.9	1.9	1.5	1.1	2.0
Payment of guaranteed loans	0.0	0.0	0.0	-	-	-	-
3 Drought Expenditures	-	-	-	-	-	-	-
4 Transfer to County Governments	3.7	3.7	3.1	3.5	2.8	2.9	2.7
5 Parliamentary Service	0.3	0.3	0.3	0.3	0.3	0.3	0.2
6 Judicial Service	0.1	0.1	0.1	0.1	0.1	0.1	0.1
7 Equalization Fund	-	0.1	-	-	-	-	0.0
<b>D. DEFICIT EXCL. GRANTS (Commitment)</b>	<b>(7.0)</b>	<b>(7.5)</b>	<b>(7.2)</b>	<b>(8.5)</b>	<b>(6.5)</b>	<b>(6.0)</b>	<b>(4.7)</b>
<b>E. GRANTS</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>
<b>F. DEFICIT INCL. GRANTS (Commitment Basis)</b>	<b>(6.7)</b>	<b>(7.3)</b>	<b>(7.1)</b>	<b>(8.2)</b>	<b>(6.3)</b>	<b>(5.9)</b>	<b>(4.5)</b>
<b>G. ADJUSTMENT TO CASH BASIS</b>	<b>(0.4)</b>	<b>-</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.3</b>	<b>-</b>
<b>H. DEFICIT INCL. GRANTS (Cash Basis)</b>	<b>(7.0)</b>	<b>(7.3)</b>	<b>(7.0)</b>	<b>(8.2)</b>	<b>(6.2)</b>	<b>(5.6)</b>	<b>(4.5)</b>
<b>I. FINANCING</b>	<b>7.1</b>	<b>7.4</b>	<b>7.4</b>	<b>8.4</b>	<b>5.9</b>	<b>5.4</b>	<b>4.5</b>
Foreign Financing	4.0	4.3	3.2	2.8	1.1	2.2	0.8
Net Domestic Financing	3.1	3.1	4.2	5.5	4.8	3.2	3.6
Memorandum Item:							
Nominal GDP at Market price (Ksh. million)	8,922,319.6	9,745,599.5	10,620,841.4	11,370,322.9	12,736,133.0	14,274,419.5	16,131,502.1

Source: National Treasury

## 4.2. GFSM 2014 COMPLIANT TABLES FOR BUDGETARY CENTRAL GOVERNMENT

### 4.2.1 Annex II: Revenue (KSh. Millions)

GFSM Code	Description	Budget Estimates FY2023/24	Prel. Actual FY2023/24 Q1
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>
<b>1</b>	<b>Revenue</b>	<b>3,025,233</b>	<b>633,002</b>
11	Taxes	2,658,745	548,115
<b>111</b>	<b>Taxes on income, profits, and capital gains</b>	<b>1,198,535</b>	<b>243,954</b>
1111	Payable by individuals	619,013	123,044
1112	Payable by corporations and other enterprises	579,523	120,910
<b>114</b>	<b>Taxes on goods and services</b>	<b>1,190,019</b>	<b>251,505</b>
1141	General taxes on goods and services	714,540	158,076
11411	Value-added taxes	703,302	153,027
11414	Taxes on financial and capital transactions <sup>1</sup>	11,238	5,050
1142	Excises <sup>2</sup>	475,479	93,429
<b>115</b>	<b>Taxes on international trade and transactions</b>	<b>270,191</b>	<b>52,656</b>
1151	Customs and other import duties <sup>3</sup>	270,191	52,656
<b>12</b>	<b>Social contributions</b>	<b>582</b>	<b>151</b>
<b>122</b>	<b>Other social contributions</b>	<b>582</b>	<b>151</b>
1221	Employee contributions	582	151
<b>13</b>	<b>Grants</b>	<b>42,172</b>	<b>3,415</b>
131	From foreign governments	42,172	3,415
1311	Current		
1312	Capital	42,172	3,415
132	From international organizations	-	-
1321	Current		
1322	Capital		
<b>14</b>	<b>Other revenue</b>	<b>323,735</b>	<b>81,321</b>
<b>141</b>	<b>Property income</b>	<b>41,728</b>	<b>15,453</b>
1411	Interest	2,184	-
1412	Dividends	33,071	15,017
1415	Rent	6,473	436
<b>142</b>	<b>Sales of goods and services</b>	<b>277,523</b>	<b>64,389</b>
1422	Administrative fees	277,523	64,389
<b>143</b>	<b>Fines, penalties, and forfeits</b>	<b>2,710</b>	<b>774</b>
<b>144</b>	<b>Miscellaneous and unidentified revenue</b>	<b>1,774</b>	<b>705</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



## 4.2.2. Annex III: Expense (KSh. Millions)

GFSM Code	Description	Annual Budget	
		Estimates FY2023/24	PreL. Actual FY2023/24 Q1
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>
<b>2</b>	<b>Expense</b>	<b>3,618,157</b>	<b>793,702</b>
<b>21</b>	<b>Compensation of employees</b>	<b>617,855</b>	<b>147,698</b>
211	Wages and salaries	584,647	142,295
<b>212</b>	<b>Social contributions</b>	<b>33,207</b>	<b>5,403</b>
2121	Actual social contributions	33,207	5,403
<b>22</b>	<b>Use of goods and services</b>	<b>275,218</b>	<b>50,626</b>
	O/W Free Secondary Education (FSE)	68,600	17,357
	Free Primary Education (FPE)	14,404	3,823
<b>24</b>	<b>Interest</b>	<b>775,139</b>	<b>188,007</b>
241	To nonresidents	146,875	63,093
242	To residents other than general government	628,264	124,913
<b>25</b>	<b>Subsidies</b>	<b>24,879</b>	<b>-</b>
251	To public corporations		
252	To private enterprises	24,879	-
<b>26</b>	<b>Grants</b>	<b>1,666,179</b>	<b>365,737</b>
<b>262</b>	<b>To international organizations</b>	<b>4,522</b>	<b>1,403</b>
2621	Current	4,522	1,403
2622	Capital		
<b>263</b>	<b>To other general government units</b>	<b>1,661,657</b>	<b>364,334</b>
2631	Current	943,811	232,789
	O/W Transfer to County Governments (ES)	269,797	42,778
	Transfer to Other levels of Government (Includes transfers to SOEs)	674,014	190,011
2632	Capital	717,846	131,545
	O/W Transfer to County Governments (ES)	115,627	18,333
	Transfer to Other levels of Government (Includes transfers to SOEs)	602,219	113,212
<b>27</b>	<b>Social benefits</b>	<b>257,688</b>	<b>41,635</b>
272	Social Assistance Benefits	96,279	-
273	Employer social benefits	161,409	41,635
<b>28</b>	<b>Other expense</b>	<b>1,200</b>	<b>-</b>
282	Miscellaneous other expense	1,200	-

Source: National Treasury

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

GFSM Code	Description	Annual Budget Estimates FY2023/24	PreI. Actual FY2023/24 Q1
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>
<b>3</b>	<b>Change in Net Worth: Transactions</b>	<b>(315,194)</b>	<b>(134,592)</b>
<b>31</b>	<b>Net acquisition of nonfinancial assets</b>	<b>107,899</b>	<b>8,129</b>
<b>311</b>	<b>Fixed assets</b>	<b>107,899</b>	<b>8,129</b>
3111	Buildings and structures	100,718	5,491
3113	Other fixed assets	7,181	2,638
<b>312</b>	<b>Inventories</b>	-	
<b>314</b>	<b>Nonproduced assets</b>	-	
<b>32</b>	<b>Net acquisition of financial assets</b>	<b>5,410</b>	<b>11,101</b>
3212	Currency and deposits (Domestic)	5,410	11,101
<b>33</b>	<b>Net incurrence of liabilities</b>	<b>428,503</b>	<b>153,821</b>
<b>331</b>	<b>Domestic</b>	<b>584,223</b>	<b>183,912</b>
3313	Securities other than shares	584,223	82,017
3314	Loans	-	(6)
3318	Other Accounts Payable	-	101,901
<b>332</b>	<b>Foreign</b>	<b>(155,719)</b>	<b>(30,090)</b>
<b>3321</b>	<b>Special Drawing Rights (SDRs)</b>		
3323	Securities other than shares		
3324	Loans	(155,719)	(30,090)

Source: National Treasury



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

GFSM Code	Description	Annual Budget Estimates FY2023/24	PreL Actual FY2023/24 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>3,025,233</b>	<b>633,002</b>
11	Taxes	2,658,745	548,115
12	Social contributions	582	151
13	Grants	42,172	3,415
14	Other receipts	323,735	81,321
2	<b>Cash payments for operating activities</b>	<b>3,618,157</b>	<b>793,702</b>
21	Compensation of employees	617,855	147,698
22	Purchases of goods and services	275,218	50,626
24	Interest	775,139	188,007
25	Subsidies	24,879	-
26	Grants	1,666,179	365,737
27	Social benefits	257,688	41,635
28	Other payments	1,200	-
	<b>Net cash inflow from operating activities</b>	<b>(592,924)</b>	<b>(160,700)</b>
	<b>Cash Flows from Investments in Nonfinancial Assets (NFAs):</b>		
31A	<b>Purchases of nonfinancial assets</b>	<b>107,899</b>	<b>8,129</b>
311A	Fixed assets	107,899	8,129
312A	Strategic stocks		
314A	Nonproduced assets		
31	<b>Net cash outflow: investments in NFAs (31=31.1-31.2)</b>	<b>107,899</b>	<b>8,129</b>
	<b>Cash surplus / deficit</b>	<b>(700,823)</b>	<b>(168,829)</b>
	<b>Cash Flows from Financing Activities:</b>		
32x	Net acquisition of financial assets other than cash	5,410	11,101
321x	Domestic	5,410	11,101
322x	Foreign		
33	<b>Net incurrence of liabilities</b>	<b>698,503</b>	<b>153,821</b>
331	Domestic	584,223	183,912
332	Foreign	114,281	(30,090)
NFB	<b>Net cash inflow from financing activities</b>	<b>693,093</b>	<b>142,721</b>
	<b>Net change in the stock of cash</b>	<b>(7,730)</b>	<b>(26,108)</b>
	<b>Statistical Discrepancy<sup>4</sup></b>		

<sup>4</sup>/Vertical check: Difference between cash surplus/deficit and total net cash inflow from financing activities

Source: National Treasury

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

GFSM Code	Description	Annual	
		Budget Estimates FY2023/24	Prel. Actual FY2023/24 Q1
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>
	<b>Transactions Affecting Net Worth:</b>		
<b>1</b>	<b>Revenue</b>	<b>3,025,233</b>	<b>633,002</b>
11	Taxes	2,658,745	548,115
12	Social contributions	582	151
13	Grants	42,172	3,415
14	Other revenue	323,735	81,321
<b>2</b>	<b>Expense</b>	<b>3,618,157</b>	<b>793,702</b>
21	Compensation of employees	617,855	147,698
22	Use of goods and services	275,218	50,626
24	Interest	775,139	188,007
25	Subsidies	24,879	-
26	Grants	1,666,179	365,737
27	Social benefits	257,688	41,635
28	Other expense	1,200	-
<b>GOB</b>	<b>Gross operating balance</b>	<b>(592,924)</b>	<b>(160,700)</b>
<b>NOB</b>	<b>Net operating balance</b>	<b>(592,924)</b>	<b>(160,700)</b>
	<b>Transactions on Nonfinancial Assets:</b>		
<b>31</b>	<b>Net Acquisition of Nonfinancial Assets</b>	<b>107,899</b>	<b>8,129</b>
311	Fixed assets	107,899	8,129
312	Change in inventories	-	-
314	Nonproduced assets	-	-
<b>NLB</b>	<b>Net lending / borrowing</b>	<b>(700,823)</b>	<b>(168,829)</b>
	<b>Transactions on Financial Assets and Liabilities (Financing):</b>		
		<b>693,093</b>	<b>142,721</b>
<b>32</b>	<b>Net acquisition of financial assets</b>	<b>5,410</b>	<b>11,101</b>
321	Domestic	5,410	11,101
322	Foreign		
<b>33</b>	<b>Net incurrence of liabilities</b>	<b>698,503</b>	<b>153,821</b>
331	Domestic	584,223	183,912
332	Foreign	114,281	(30,090)
	<b>Statistical Discrepancy<sup>5</sup></b>	<b>(7,730)</b>	<b>(26,108)</b>

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

Source: National Treasury





