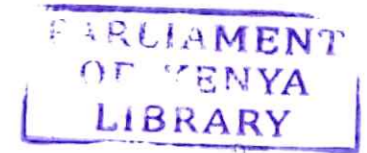




Republic of Kenya



THE NATIONAL TREASURY AND ECONOMIC PLANNING

## **Quarterly Economic and Budgetary Review**

**Third Quarter, Financial Year 2024/2025**

**Period Ending 31st March, 2025**

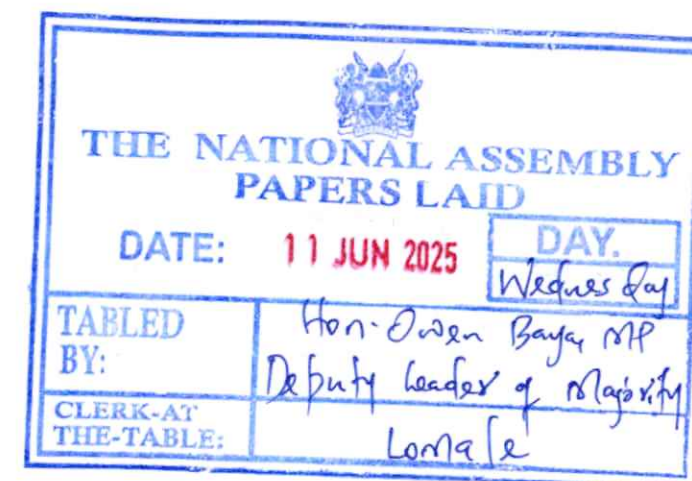
May, 2025 Edition

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

GFSM Code	Description	Annual Budget	Pre. Actual	Pre. Actual	Pre. Actual
		Estimates FY2024/25	FY2024/25 Q1	FY2024/25 Q2	FY2024/25 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
	<b>Transactions Affecting Net Worth:</b>				
<b>1</b>	<b>Revenue</b>	<b>3,111,804</b>	<b>698,829</b>	<b>1,383,498</b>	<b>1,998,368</b>
11	Taxes	2,692,387	587,795	1,208,319	1,697,291
12	Social contributions	640	50	146	1,255
13	Grants	51,834	1,353	14,751	14,751
14	Other revenue	366,942	109,631	160,282	285,071
<b>2</b>	<b>Expense</b>	<b>3,798,021</b>	<b>877,828</b>	<b>1,943,506</b>	<b>2,699,699</b>
21	Compensation of employees	641,773	155,026	308,440	452,172
22	Use of goods and services	359,242	52,369	183,206	329,155
24	Interest	1,009,877	249,103	523,551	796,483
25	Subsidies	27,000	3,087	13,612	20,418
26	Grants	1,561,242	359,591	811,449	985,917
27	Social benefits	186,886	58,652	103,247	115,553
28	Other expense	12,000	-	-	-
<b>GOB</b>	<b>Gross operating balance</b>	<b>(686,217)</b>	<b>(178,999)</b>	<b>(560,008)</b>	<b>(701,331)</b>
<b>NOB</b>	<b>Net operating balance</b>	<b>(686,217)</b>	<b>(178,999)</b>	<b>(560,008)</b>	<b>(701,331)</b>
	<b>Transactions on Nonfinancial Assets:</b>				
<b>31</b>	<b>Net Acquisition of Nonfinancial Assets</b>	<b>82,803</b>	<b>12,415</b>	<b>(71,173)</b>	<b>62,226</b>
311	Fixed assets	82,803	12,415	(71,173)	62,226
312	Change in inventories	-	-	-	-
314	Nonproduced assets	-	-	-	-
<b>NLB</b>	<b>Net lending / borrowing</b>	<b>(769,020)</b>	<b>(191,414)</b>	<b>(488,835)</b>	<b>(763,557)</b>
	<b>Transactions on Financial Assets and Liabilities (Financing):</b>	<b>769,020</b>	<b>173,099</b>	<b>445,197</b>	<b>767,762</b>
<b>32</b>	<b>Net acquisition of financial assets</b>	<b>4,687</b>	<b>64,334</b>	<b>9,229</b>	<b>63,559</b>
321	Domestic	4,687	64,334	9,229	63,559
322	Foreign	-	-	-	-
<b>33</b>	<b>Net incurrence of liabilities</b>	<b>764,333</b>	<b>108,765</b>	<b>435,968</b>	<b>704,203</b>
331	Domestic	408,406	165,068	444,098	641,492
332	Foreign	355,927	(56,302)	(8,130)	62,711
	<b>Statistical Discrepancy<sup>5</sup></b>	<b>-</b>	<b>(18,315)</b>	<b>(43,638)</b>	<b>4,204</b>

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

Source: National Treasury



# Quarterly Economic and Budgetary Review

Third Quarter, Financial Year 2024/2025  
Period Ending 31st March, 2025

May, 2025 Edition

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

GFSM Code	Description	Annual Budget Estimates FY2024/25	PreL Actual FY2024/25 Q1	PreL Actual FY2024/25 Q2	PreL Actual FY2024/25 Q3
		Cash	Cash	Cash	Cash
	<i>Accounting method:</i>				
	<b>Cash Flows from Operating Activities:</b>				
1	<b>Cash receipts from operating activities</b>	<b>3,111,804</b>	<b>698,829</b>	<b>1,383,498</b>	<b>1,998,368</b>
11	Taxes	2,692,387	587,795	1,208,319	1,697,291
12	Social contributions	640	50	146	1,255
13	Grants	51,834	1,353	14,751	14,751
14	Other receipts	366,942	109,631	160,282	285,071
2	<b>Cash payments for operating activities</b>	<b>3,798,021</b>	<b>877,828</b>	<b>1,955,517</b>	<b>2,699,699</b>
21	Compensation of employees	641,773	155,026	308,440	452,172
22	Purchases of goods and services	359,242	52,369	195,217	255,186
24	Interest	1,009,877	249,103	523,551	796,483
25	Subsidies	27,000	3,087	13,612	20,418
26	Grants	1,561,242	359,591	811,449	1,059,886
27	Social benefits	186,886	58,652	103,247	115,553
28	Other payments	12,000	-	-	-
	<b>Net cash inflow from operating activities</b>	<b>(686,217)</b>	<b>(178,999)</b>	<b>(572,019)</b>	<b>(701,331)</b>
	<b>Cash Flows from Investments in Nonfinancial Assets (NFAs):</b>				
31A	Purchases of nonfinancial assets	82,803	12,415	35,808	62,226
311A	Fixed assets	82,803	12,415	35,808	62,226
31	<b>Net cash outflow: investments in NFAs (31=31.1-31.2)</b>	<b>82,803</b>	<b>12,415</b>	<b>35,808</b>	<b>62,226</b>
	<b>Cash surplus / deficit</b>	<b>(769,020)</b>	<b>(191,414)</b>	<b>(607,827)</b>	<b>(763,558)</b>
	<b>Cash Flows from Financing Activities:</b>				
32x	Net acquisition of financial assets other than cash	4,687	64,334	116,210	1,529
321x	Domestic	4,687	64,334	116,210	1,529
322x	Foreign				
33	<b>Net incurrence of liabilities</b>	<b>764,333</b>	<b>108,765</b>	<b>435,968</b>	<b>766,233</b>
331	Domestic	408,406	165,068	444,098	683,837
332	Foreign	355,927	(56,302)	(8,130)	82,396
NFB	<b>Net cash inflow from financing activities</b>	<b>769,020</b>	<b>173,099</b>	<b>552,178</b>	<b>767,762</b>
	<b>Net change in the stock of cash</b>	<b>0</b>	<b>(18,315)</b>	<b>(55,649)</b>	<b>4,204</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

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

GFSM Code	Description	Annual	Prel.	Prel.	
		Budget Estimates FY2024/25	Actual FY2024/25 Q1	Actual FY2024/25 Q2	Prel. Actual FY2024/25 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
3	Change in Net Worth: Transactions	(676,843)	(32,016)	(390,931)	(620,763)
31	Net acquisition of nonfinancial assets	82,803	12,415	35,808	62,226
311	Fixed assets	82,803	12,415	35,808	62,226
3111	Buildings and structures	81,092	12,159	34,300	59,030
3113	Other fixed assets	1,711	256	1,508	3,196
32	Net acquisition of financial assets	4,687	64,334	9,229	63,559
3212	Currency and deposits (Domestic)	4,687	64,334	9,229	63,559
33	Net incurrence of liabilities	764,333	108,765	435,968	746,548
331	Domestic	408,406	165,068	444,098	683,837
3313	Securities other than shares	408,406	235,057	450,419	675,943
3314	Loans	-	(61,147)	(28,467)	25,486
3318	Other Accounts Payable	-	(8,842)	22,146	(17,591)
332	Foreign	355,927	(56,302)	(8,130)	62,711
3323	Securities other than shares	168,750	-	-	-
3324	Loans	187,177	(56,302)	(8,130)	62,711

Source: National Treasury

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

GFSM Code	Description	Annual			
		Budget Estimates FY2024/25	Prel Actual FY2024/25 Q1	Prel Actual FY2024/25 Q2	Prel Actual FY2024/25 Q3
	<i>Accounting method:</i>				
2	Expense	Cash 3,798,021	Cash 877,828	Cash 1,955,517	Cash 2,699,699
21	Compensation of employees	641,773	155,026	308,440	452,172
211	Wages and salaries	600,587	143,459	293,335	436,117
212	Social contributions	41,186	11,567	15,105	16,055
2121	Actual social contributions	41,186	11,567	15,105	16,055
22	Use of goods and services	359,242	52,369	195,217	255,186
	O/W Free Secondary Education (FSE)	67,084	14,146	49,790	35,939
	Free Primary Education (FPE)	11,066	1,624	7,433	11,066
24	Interest	1,009,877	249,103	523,551	796,483
241	To nonresidents	259,907	72,269	101,691	171,454
242	To residents other than general government	749,970	176,834	421,860	625,029
25	Subsidies	27,000	3,087	13,612	21,952
251	To public corporations				
252	To private enterprises	27,000	3,087	13,612	21,952
26	Grants	1,561,242	359,591	811,449	1,058,352
262	To international organizations	29,057	1,132	14,529	25,600
2621	Current	29,057	1,132	14,529	25,600
2622	Capital				
263	To other general government units	1,532,185	358,459	796,921	1,032,752
2631	Current	955,021	221,435	571,178	714,537
	O/W Transfer to County Governments (ES)	287,584	44,517	191,615	255,540
2632	Capital	667,437	176,919	379,563	458,997
	Transfer to Other levels of Government (includes transfers to SOEs)	577,164	137,024	225,742	318,215
	O/W Transfer to County Governments (ES)	123,250	19,079	19,079	19,080
27	Social benefits	453,914	117,945	206,664	299,136
272	Social Assistance Benefits	186,886	58,652	103,247	115,553
273	Employer social benefits	186,886	58,652	103,247	115,553
28	Other expense	12,000	-	-	-
282	Miscellaneous other expense	12,000	-	-	-

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 FY2024/25	Actual FY2024/25 5 Q1	Prel. Actual FY2024/25 Q2	Prel. Actual FY2024/25 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
<b>1</b>	<b>Revenue</b>	<b>3,111,804</b>	<b>698,829</b>	<b>1,383,498</b>	<b>1,998,368</b>
11	Taxes	2,692,387	587,795	1,208,319	1,784,208
<b>111</b>	<b>Taxes on income, profits, and capital gains</b>	<b>1,244,523</b>	<b>274,848</b>	<b>566,359</b>	<b>799,887</b>
1111	Payable by individuals	685,960	152,579	311,519	465,796
1112	Payable by corporations and other enterprises	558,563	122,268	254,840	334,091
<b>114</b>	<b>Taxes on goods and services</b>	<b>1,194,240</b>	<b>257,911</b>	<b>529,317</b>	<b>811,531</b>
1141	General taxes on goods and services	751,449	153,127	315,128	486,640
11411	Value-added taxes	723,783	151,332	304,080	471,006
11414	Taxes on financial and capital transactions <sup>1</sup>	27,666	1,795	11,048	15,634
1142	Excises <sup>2</sup>	442,791	104,784	214,189	324,891
<b>115</b>	<b>Taxes on international trade and transactions</b>	<b>253,624</b>	<b>55,036</b>	<b>112,644</b>	<b>172,790</b>
1151	Customs and other import duties <sup>3</sup>	253,330	54,866	112,644	171,987
1152	Taxes on exports	295	171	-	803
<b>12</b>	<b>Social contributions</b>	<b>640</b>	<b>50</b>	<b>146</b>	<b>1,255</b>
<b>122</b>	<b>Other social contributions</b>	<b>640</b>	<b>50</b>	<b>146</b>	<b>1,255</b>
1221	Employee contributions	640	50	146	1,255
<b>13</b>	<b>Grants</b>	<b>51,834</b>	<b>1,353</b>	<b>14,751</b>	<b>14,751</b>
131	From foreign governments	51,834	1,353	14,751	14,751
1311	Current	-	-	-	-
1312	Capital	51,834	1,353	14,751	14,751
132	From international organizations	-	-	-	-
1321	Current	-	-	-	-
1322	Capital	-	-	-	-
<b>14</b>	<b>Other revenue</b>	<b>366,942</b>	<b>109,631</b>	<b>160,282</b>	<b>198,154</b>
<b>141</b>	<b>Property income</b>	<b>107,315</b>	<b>48,412</b>	<b>60,297</b>	<b>73,443</b>
1411	Interest	1,622	-	1,789	2,631
1412	Dividends	104,340	44,428	58,330	70,328
1415	Rent	1,354	3,984	178	484
<b>142</b>	<b>Sales of goods and services</b>	<b>253,291</b>	<b>59,570</b>	<b>98,042</b>	<b>120,737</b>
1422	Administrative fees	253,291	59,570	98,042	120,737
<b>143</b>	<b>Fines, penalties, and forfeits</b>	<b>2,829</b>	<b>547</b>	<b>1,163</b>	<b>1,735</b>
<b>144</b>	<b>Miscellaneous and unidentified revenue</b>	<b>3,507</b>	<b>1,101</b>	<b>779</b>	<b>2,239</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

## ACKNOWLEDGEMENT

This review report is compiled by the National Treasury. Information contained herein may be reproduced without restriction provided due acknowledgement is made of the source. Comments, suggestions as well as requests for clarification of information contained in this report are welcome and should be addressed to the Principal Secretary, the National Treasury, P.O. Box 30007-00100, Nairobi. or email to: [ps@treasury.go.ke](mailto:ps@treasury.go.ke)

## 4.0. ANNEXES

## 4.1. Annex I: Fiscal Results, 2019/20 – 2024/2025 (KSh. Millions)

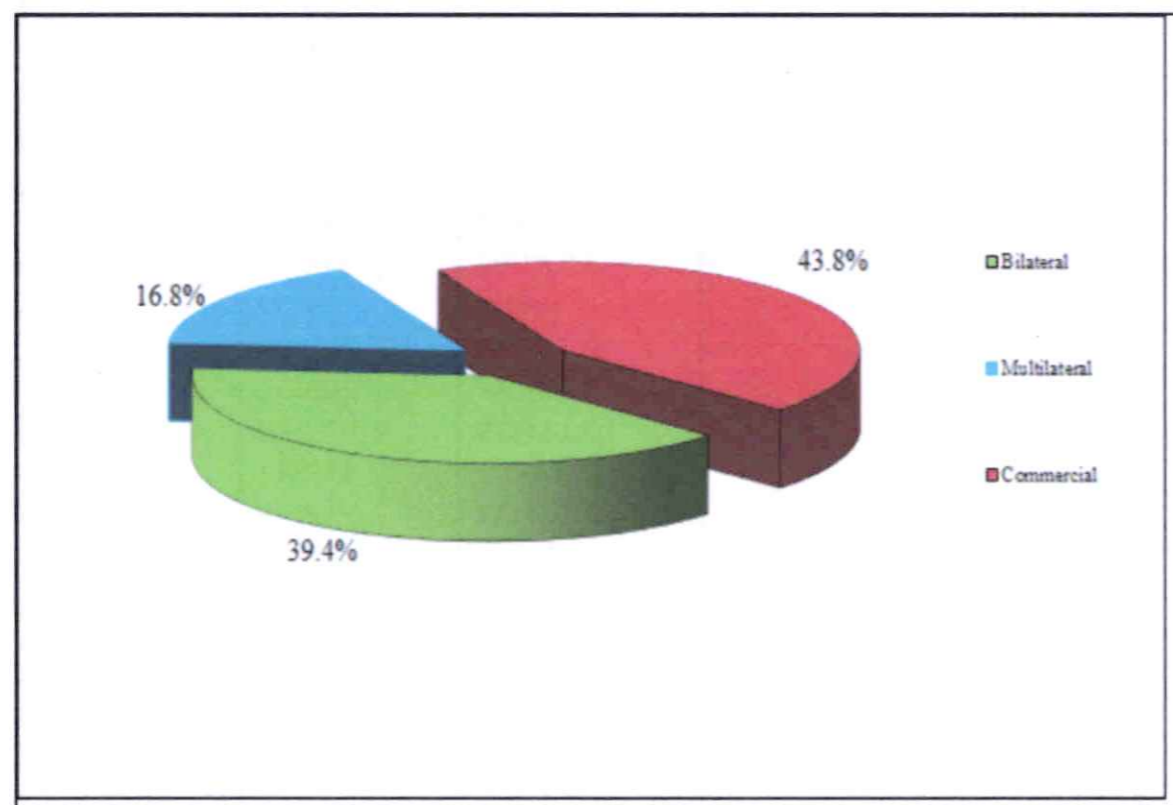
REVENUE/EXPENDITURE/FINANCING	2019/20		2020/21		2021/22		2022/23		2023/24		2024/25	
	Actual	Actual	Actual	Actual	Prel. Actual	Prel. Actual	Estimate I	Estimate II	Estimate I	Estimate I	Printed	
<b>A. TOTAL REVENUE</b>	<b>1,797,666</b>	<b>1,801,536</b>	<b>2,199,808</b>	<b>2,360,510</b>	<b>2,702,662</b>	<b>2,702,662</b>	<b>3,067,722</b>	<b>2,980,927</b>	<b>2,631,418</b>	<b>3,343,174</b>	<b>3,343,174</b>	
1. Ordinary Revenue	1,573,418	1,562,015	1,917,911	2,041,119	2,288,921	2,288,921	2,580,927	2,580,927	2,917,198	2,917,198	2,917,198	
Income Tax	706,936	694,053	876,707	941,576	1,043,007	1,043,007	1,165,181	1,165,181	1,290,196	1,290,196	1,290,196	
VAT	383,713	410,758	523,098	550,440	645,489	645,489	694,332	694,332	723,783	812,230	812,230	
Import Duty	98,022	108,375	118,280	130,123	133,929	133,929	152,997	152,997	160,038	187,407	187,407	
Excise Duty	195,270	216,325	252,094	264,509	276,722	276,722	314,096	314,096	429,561	429,561	429,561	
Other Revenue	189,477	132,504	147,731	154,472	189,685	189,685	253,931	253,931	242,532	257,804	257,804	
2. Appropriation – In-Aid	224,247	241,521	281,897	319,391	413,740	413,740	486,795	486,795	428,552	425,976	425,976	
<b>B. EXPENDITURE &amp; NET LENDING</b>	<b>2,629,478</b>	<b>2,706,254</b>	<b>3,027,836</b>	<b>3,221,001</b>	<b>3,605,209</b>	<b>3,605,209</b>	<b>4,007,548</b>	<b>3,992,548</b>	<b>3,880,834</b>	<b>3,992,003</b>	<b>3,992,003</b>	
1. Recurrent	1,696,121	1,811,271	2,135,305	2,311,564	2,678,437	2,678,437	2,948,412	2,948,412	2,826,240	2,841,941	2,841,941	
Wages and Salaries	449,927	493,029	520,033	547,157	575,269	575,269	624,712	624,712	600,587	613,647	613,647	
Interest Payments	437,202	495,142	577,978	687,322	840,732	840,732	1,009,877	1,009,877	1,009,877	1,009,877	1,009,877	
Domestic Interest	315,362	388,830	456,849	533,098	622,544	622,544	767,244	767,244	749,970	749,970	749,970	
Foreign Interest Due	121,840	106,312	121,130	154,223	218,188	218,188	228,523	228,523	259,907	259,907	259,907	
Pensions, etc	89,605	112,872	122,432	130,425	178,112	178,112	227,284	227,284	227,284	203,576	203,576	
O & M/ Others	677,293	668,748	866,050	895,717	797,427	797,427	704,772	704,772	731,193	731,193	731,193	
2. Development & Net Lending	933,357	894,983	892,531	909,437	926,772	926,772	1,059,136	1,059,136	1,059,136	1,150,062	1,150,062	
Development Projects	389,571	335,022	346,355	319,289	402,105	402,105	418,617	418,617	443,449	551,194	551,194	
Appropriation-In-Aid	217,847	221,968	193,762	162,048	126,844	126,844	169,004	169,004	142,329	142,329	142,329	
3. Drought Development Expenditure/CF	-	-	-	-	-	-	-	-	-	-	-	
4. Transfer to County Governments	325,278	398,993	352,414	415,774	380,388	380,388	445,630	445,630	454,231	444,539	444,539	
5. Parliamentary Service	27,990	27,191	32,652	41,187	37,257	37,257	21,027	21,027	19,685	8,000	8,000	
6. Judicial Service	14,103	14,289	16,160	19,755	21,027	21,027	19,685	19,685	6,300	8,000	8,000	
7. Net Lending	661	-	-	12,327	17,436	17,436	-	-	-	-	-	
8. Equilibrium Fund	-	-	-	-	-	-	6,300	6,300	-	-	-	
9. Contingency Fund	-	-	-	-	-	-	-	-	-	-	-	
<b>D. DEFICIT EXCL. GRANTS (Commitment Basis)</b>	<b>(831,812)</b>	<b>(905,717)</b>	<b>(828,028)</b>	<b>(860,491)</b>	<b>(902,548)</b>	<b>(902,548)</b>	<b>(939,826)</b>	<b>(939,826)</b>	<b>(648,829)</b>	<b>(648,829)</b>	<b>(648,829)</b>	
E. GRANTS	23,949	31,334	31,031	23,083	52,638	52,638	51,834	51,834	51,834	51,834	51,834	
<b>F. DEFICIT INCL. GRANTS (Commitment Basis)</b>	<b>(807,863)</b>	<b>(874,383)</b>	<b>(796,997)</b>	<b>(837,408)</b>	<b>(850,511)</b>	<b>(850,511)</b>	<b>(887,992)</b>	<b>(887,992)</b>	<b>(596,994)</b>	<b>(596,994)</b>	<b>(596,994)</b>	
G. ADJUSTMENT TO CASH BASIS	11,801	5,098	11,868	37,031	45,374	45,374	(887,188)	(887,188)	(768,570)	(768,570)	(768,570)	
<b>H. DEFICIT INCL. GRANTS (Cash Basis)</b>	<b>(796,062)</b>	<b>(869,285)</b>	<b>(785,129)</b>	<b>(800,377)</b>	<b>(805,137)</b>	<b>(805,137)</b>	<b>(842,861)</b>	<b>(842,861)</b>	<b>(596,994)</b>	<b>(596,994)</b>	<b>(596,994)</b>	
I. FINANCING	790,804	990,238	747,825	770,307	816,321	816,321	887,188	887,188	769,020	596,994	596,994	
Net Foreign Financing	340,431	323,310	142,524	310,759	222,749	222,749	281,515	281,515	355,927	333,816	333,816	
Net Domestic Financing	450,373	626,928	605,301	459,548	593,572	593,572	605,673	605,673	413,093	263,178	263,178	
<b>A. TOTAL REVENUE</b>	<b>16.9</b>	<b>15.9</b>	<b>17.3</b>	<b>16.5</b>	<b>16.8</b>	<b>16.8</b>	<b>17.6</b>	<b>17.6</b>	<b>16.9</b>	<b>15.0</b>	<b>15.0</b>	
1. Ordinary Revenue	14.8	14.7	18.1	14.3	14.8	14.8	14.8	14.8	14.6	12.7	12.7	
Income Tax	6.7	6.1	6.9	6.6	6.5	6.5	6.7	6.7	6.5	5.8	5.8	
VAT	3.6	3.6	4.1	3.9	4.0	4.0	4.0	4.0	4.0	3.6	3.6	
Import Duty	0.9	1.0	0.9	0.8	0.9	0.9	0.9	0.9	0.9	0.7	0.7	
Excise Duty	1.8	1.9	2.0	1.9	1.7	1.7	1.8	1.8	1.8	1.5	1.5	
Other Revenue	1.8	1.2	1.2	1.1	1.2	1.2	1.5	1.5	1.3	1.1	1.1	
2. Appropriation In Aid	2.1	2.1	2.2	2.2	2.6	2.6	2.8	2.8	2.4	2.3	2.3	
<b>B. EXPENDITURE &amp; NET LENDING</b>	<b>24.8</b>	<b>24.4</b>	<b>23.8</b>	<b>22.4</b>	<b>22.4</b>	<b>22.4</b>	<b>23.0</b>	<b>23.0</b>	<b>21.5</b>	<b>20.0</b>	<b>20.0</b>	
1. Recurrent	16.0	15.9	16.8	16.2	16.6	16.6	16.9	16.9	15.7	14.8	14.8	
Wages and Salaries	4.2	4.3	4.1	3.8	3.6	3.6	3.6	3.6	3.3	3.2	3.2	
Interest Payments	4.1	4.4	4.5	4.8	5.2	5.2	5.7	5.7	5.6	4.7	4.7	
Domestic Interest	3.0	3.4	3.4	3.7	3.9	3.9	4.2	4.2	4.2	3.4	3.4	
Foreign Interest Due	1.1	1.0	1.1	1.1	1.4	1.4	1.5	1.5	1.4	1.2	1.2	
Pensions, etc	0.8	1.0	1.0	0.8	1.1	1.1	1.3	1.3	1.3	1.0	1.0	
O & M/ Others	6.4	5.9	6.8	6.3	5.0	5.0	4.5	4.5	3.9	4.4	4.4	
2. Development & Net Lending	8.7	8.5	7.0	5.7	5.8	5.8	6.3	6.3	6.1	5.2	5.2	
Development Projects	5.7	4.9	4.2	3.5	3.4	3.4	3.5	3.5	3.0	3.0	3.0	
Appropriation-In-Aid	3.7	2.9	2.7	2.2	2.5	2.5	2.4	2.4	2.5	2.2	2.2	
3. Drought Expenditure	-	-	-	-	-	-	-	-	-	-	-	
4. Transfer to County Governments	3.1	3.5	2.8	2.9	2.4	2.4	2.6	2.6	2.5	2.1	2.1	
5. Parliamentary Service	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
6. Judicial Service	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
7. Equilibrium Fund	-	-	-	-	-	-	-	-	-	-	-	
<b>D. DEFICIT EXCL. GRANTS (Commitment Basis)</b>	<b>(7.8)</b>	<b>(8.5)</b>	<b>(6.5)</b>	<b>(6.0)</b>	<b>(6.0)</b>	<b>(6.0)</b>	<b>(6.4)</b>	<b>(6.4)</b>	<b>(4.5)</b>	<b>(3.6)</b>	<b>(3.6)</b>	
E. GRANTS	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	
<b>F. DEFICIT INCL. GRANTS (Commitment Basis)</b>	<b>(7.6)</b>	<b>(8.2)</b>	<b>(6.3)</b>	<b>(5.8)</b>	<b>(5.8)</b>	<b>(5.8)</b>	<b>(6.2)</b>	<b>(6.2)</b>	<b>(4.2)</b>	<b>(3.3)</b>	<b>(3.3)</b>	
G. ADJUSTMENT TO CASH BASIS	0.1	0.0	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.1	0.1	
<b>H. DEFICIT INCL. GRANTS (Cash Basis)</b>	<b>(7.5)</b>	<b>(8.2)</b>	<b>(6.2)</b>	<b>(5.6)</b>	<b>(5.5)</b>	<b>(5.5)</b>	<b>(5.9)</b>	<b>(5.9)</b>	<b>(3.9)</b>	<b>(3.2)</b>	<b>(3.2)</b>	
I. FINANCING	7.4	8.4	5.9	5.4	5.4	5.4	5.1	5.1	4.3	4.5	4.5	
Foreign Financing	3.2	2.8	1.1	2.2	1.1	1.1	1.2	1.2	2.0	1.2	1.2	
Net Domestic Financing	4.2	5.5	4.8	3.2	3.2	3.2	3.9	3.9	2.3	3.3	3.3	
Memorandum Item:												
Nominal GDP at Market price (Ksh. million)	10,620,841.4	11,370,322.9	12,736,133.0	14,274,419.5	16,106,042	16,106,042	17,434,534.4	17,434,534.4	18,054,332.6	18,054,009	18,054,009	

Source: National Treasury

## FISCAL DEVELOPMENTS

55. By the end of March, 2024, the total cumulative debt service payments to external creditors comprised of Debt service payments to bilateral, commercial and multilateral creditors comprised of 39.4 percent, 43.8 percent and 16.8 percent of the total payments respectively (Chart 16).

Chart 16: External Debt Service by Creditors at end of March, 2025



Source of Data: National Treasury

## 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>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

<b>KNBS</b>	Kenya National Bureau of Statistics
<b>KSh.</b>	Kenya Shillings
<b>MDAs</b>	Ministries, Departments and Agencies
<b>Mn</b>	Million
<b>NDA</b>	Net Domestic Assets
<b>NDF</b>	Nordic Development Fund
<b>NFA</b>	Net Foreign Assets/Non-Financial Assets
<b>NIS</b>	National Intelligence Service
<b>NLB</b>	Net Lending/ Borrowing
<b>NOB</b>	Net Operating Balance
<b>NSE</b>	Nairobi Securities Exchange
<b>O &amp; M</b>	Operation and Maintenance
<b>OPEC</b>	Oil Producing and Exporting Countries
<b>PAIR</b>	Public Administration and International Relations
<b>PAYE</b>	Pay as You Earn
<b>PDL</b>	Petroleum Development Levy
<b>QEBR</b>	Quarterly Economic and Budgetary Review
<b>RDL</b>	Railway Development Levy
<b>RML</b>	Road Maintenance Levy
<b>SAGAS</b>	Semi-Autonomous Government Agencies
<b>SC</b>	State Corporations
<b>SGR</b>	Standard Gauge Railway
<b>SOEs</b>	State Owned Enterprises
<b>SPC&amp;R</b>	Social Protection, Culture and Recreation
<b>UK</b>	United Kingdom
<b>US\$</b>	United States Dollar
<b>VAT</b>	Value Added Tax
<b>O/W</b>	Of Which

## FISCAL DEVELOPMENTS

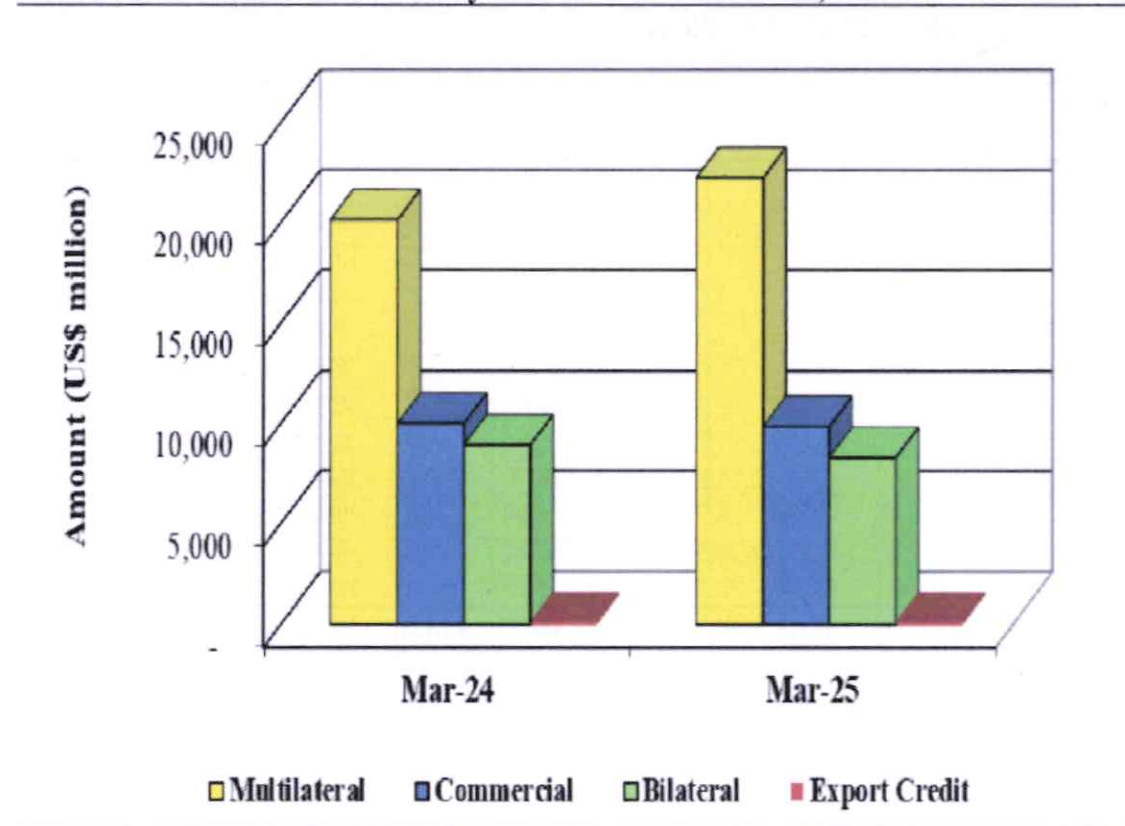
**Table 13: External Debt Service, July, 2024 – March, 2025 (KSh. Million)**

CATEGORY	PRINCIPAL*	INTEREST*	TOTAL*
<b>BILATERAL</b>			
ABU DHABI	89.90	13.92	103.83
AUSTRIA	93.38	20.52	113.90
BELGIUM	1,359.75	111.16	1,470.91
CHINA	88,613.15	40,739.03	129,352.19
DENMARK	136.09	-	136.09
FINLAND	336.85	7.57	344.42
FRANCE	10,030.49	1,421.96	11,452.45
GERMANY	3,018.92	548.66	3,567.59
POLAND	49.98	9.59	59.57
INDIA	1,012.49	222.09	1,234.57
ISRAEL	769.74	103.62	873.35
ITALY	10,141.39	1,572.20	11,713.60
JAPAN	2,676.21	419.44	3,095.66
KOREA	135.37	18.78	154.15
KUWAIT	286.71	17.68	304.39
SAUDI ARABIA	138.26	18.07	156.33
SPAIN	1,261.32	105.89	1,367.21
USA	16,184.12	2,194.53	18,378.65
<b>TOTAL BILATERAL</b>	<b>136,334.12</b>	<b>47,544.72</b>	<b>183,878.84</b>
<b>MULTILATERAL</b>			
ADB/ADF	7,362.17	11,895.46	19,257.63
BADEA	217.01	50.26	267.27
EIB/EEC	1,811.87	552.72	2,364.59
IDA	28,822.63	15,312.59	44,135.23
OPEC	563.51	67.09	630.59
NDF	111.97	22.59	134.56
IFAD	705.15	212.31	917.46
IMF	-	-	-
IBRD	728.46	10,074.75	10,803.21
<b>TOTAL MULTILATERAL</b>	<b>40,322.77</b>	<b>38,187.77</b>	<b>78,510.54</b>
<b>COMMERCIAL</b>	<b>118,614.16</b>	<b>85,722.00</b>	<b>204,336.16</b>
<b>GUARANTEED DEBT</b>	<b>19,685.13</b>		<b>19,685.13</b>
<b>GRAND TOTAL</b>	<b>314,956.19</b>	<b>171,454.49</b>	<b>486,410.68</b>

\* Provisional

Source of Data: National Treasury

Chart 12: External Public Debt by Source as at End March, 2025



Source of Data: National Treasury

### 3.3.1 External Debt Service

54. As at end March, 2025, the cumulative debt service payments to external creditors amounted to KSh. 466.7 billion. This comprised KSh. 295.3 billion (63.3 percent) principal and KSh. 171.5 billion (36.7 percent) interest (**Table 13**).

## 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.

FISCAL DEVELOPMENTS

**Table 12: Kenya's External Public and Publicly Guaranteed Debt March, 2023 – March, 2025 (US\$ Millions)**

CREDITOR	Mar-23	Jun-23	Sep-23*	Dec-23*	Mar-24	Jun-24*	Sep-24*	Dec-24*	Mar-25*
<b>BILATERAL</b>									
AUSTRIA	14.07	13.75	13.21	13.63	13.19	12.77	13.20	11.77	12.13
BELGIUM	182.72	182.15	173.00	179.21	178.92	177.87	187.72	171.85	175.11
DENMARK	3.13	3.07	2.46	2.58	1.99	1.97	1.51	1.40	0.93
FINLAND	6.48	5.17	3.75	3.96	2.57	2.55	1.33	1.23	-
FRANCE	805.50	780.81	722.00	753.72	723.60	746.50	759.36	697.88	704.88
GERMANY	328.54	336.34	341.34	349.60	350.44	345.08	362.54	393.56	401.07
ITALY	344.47	343.70	332.56	212.13	195.64	254.10	229.60	211.75	327.41
JAPAN	1,453.84	1,271.01	1,229.02	1,269.92	1,187.69	1,158.65	1,283.89	1,137.10	1,175.59
USA	8.73	8.53	7.64	7.43	310.65	310.41	248.68	248.47	186.72
CHINA	6,307.40	6,280.39	5,943.60	6,006.71	5,674.35	5,696.97	5,394.35	5,356.85	5,039.21
OTHERS	307.29	307.30	291.37	290.73	280.34	277.46	290.47	284.24	280.43
<b>TOTAL BILATERAL</b>	<b>9,762.17</b>	<b>9,532.23</b>	<b>9,059.95</b>	<b>9,089.63</b>	<b>8,919.39</b>	<b>8,984.34</b>	<b>8,772.65</b>	<b>8,516.10</b>	<b>8,303.47</b>
<b>MULTILATERAL</b>									
ADB/ADF	3,591.12	3,685.50	3,695.82	3,792.02	3,800.87	3,925.83	4,001.98	3,918.64	4,001.09
BADEA	47.70	52.19	51.70	53.69	53.38	54.01	53.33	53.01	52.33
EEC/EIB	182.11	207.53	194.28	204.58	192.68	190.43	195.96	181.93	195.52
IBRD	581.75	1,082.86	1,079.71	1,085.13	1,089.11	1,938.74	1,944.34	1,940.45	1,948.47
IDA/IFAD	10,828.01	11,424.85	11,333.07	11,685.80	11,696.69	12,108.42	12,535.17	12,092.83	12,432.93
IMF**	1,673.40	2,388.16	2,684.95	2,694.19	3,257.39	3,251.72	3,259.95	3,252.51	3,574.48
OTHERS	53.86	52.08	49.77	49.15	48.52	47.21	46.89	43.45	42.56
<b>TOTAL MULTILATERAL</b>	<b>16,957.95</b>	<b>18,893.17</b>	<b>19,089.28</b>	<b>19,564.57</b>	<b>20,138.64</b>	<b>21,516.35</b>	<b>22,037.62</b>	<b>21,482.81</b>	<b>22,247.38</b>
<b>COMMERCIAL<sup>1</sup></b>	<b>9,832.46</b>	<b>10,228.01</b>	<b>10,017.64</b>	<b>10,153.63</b>	<b>10,007.36</b>	<b>9,322.41</b>	<b>9,240.40</b>	<b>9,011.12</b>	<b>9,851.02</b>
O/W International Sovereign Bond	7,100.00	7,100.00	7,100.00	7,100.00	7,156.97	6,600.00	6,600.00	6,600.00	7,518.86
<b>EXPORT CREDIT</b>	<b>105.82</b>	<b>105.66</b>	<b>103.20</b>	<b>112.75</b>	<b>110.65</b>	<b>104.51</b>	<b>108.29</b>	<b>102.82</b>	<b>105.64</b>
<b>GRAND TOTAL</b>	<b>36,658.41</b>	<b>38,759.08</b>	<b>38,270.08</b>	<b>38,920.59</b>	<b>39,176.04</b>	<b>39,927.61</b>	<b>40,158.96</b>	<b>39,112.85</b>	<b>40,507.51</b>
In percentage of total									
BILATERAL	26.6	24.6	23.7	23.4	22.8	22.5	21.8	21.8	20.5
MULTILATERAL	46.3	48.7	49.9	50.3	51.4	53.9	54.9	54.9	54.9
COMMERCIAL BANKS <sup>1</sup>	26.8	26.4	26.2	26.1	25.5	23.3	23.0	23.0	24.3
EXPORT CREDIT	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

\*Provisional

\*\* include IMF item

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

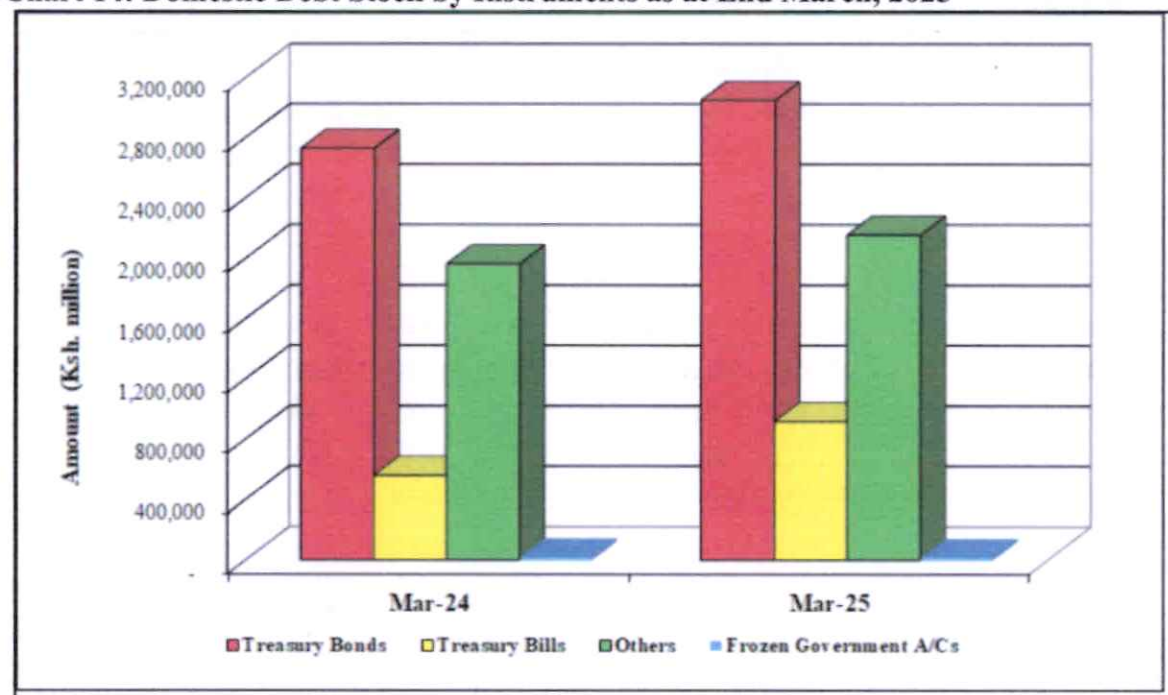
Note: The exchange rate as at end March, 2025 was KSh. 129.3 per dollar.

Source of Data: National Treasury

53. Compared to the same period in FY 2023/24, external public debt stock from multilateral institutions recorded an increase of US\$. 2,108.7 million while stock of public debt from commercial banks and from suppliers' credit sources recorded a decrease of US\$. 156.34 million, and US\$. 5.0 million respectively in the period from end of March, 2024 to end of March, 2025. Stock from bilateral sources recorded a decrease of US\$. 1,228.8 million in the period under review (**Chart 12**).

increased by KSh. 320.3 billion from KSh. 2,723.2 billion in March, 2024 to KSh. 3,043.5 billion in March, 2025 (Chart 14).

Chart 14: Domestic Debt Stock by Instruments as at End March, 2025



Source of Data: Central Bank of Kenya

### 3.3 External Public Debt

52. In dollar terms, external public and publicly guaranteed debt stock increased by US\$.1,331.5 million to US\$. 40,507.51 million in March, 2025 from US\$. 39,176.04 million in March, 2024. This comprised debt owed to multilateral of 54.9 percent, commercial banks of 23.0 percent, bilateral of 21.8 percent, and Suppliers Credit of 0.3 percent

## HIGHLIGHTS OF THE THIRD QUARTERLY ECONOMIC AND BUDGETARY REVIEW REPORT IN THE 2024/25 FY

### 1. Economic growth

The economy remained strong and grew by 4.7 percent in 2024 compared to a growth of 5.7 percent in 2023. The growth in 2024, albeit slower than the previous year, was to a large extent supported by activities in agriculture, forestry and fishing, financial and insurance, transportation and storage and real estate. Most of the sub sectors recorded positive growths except construction and mining and quarrying sub sectors.

### 2. Inflation rate

Overall year-on-year inflation declined and has remained below the mid-point of the policy target band of 5.0 percent since June 2024. The decline was mainly due to the lagged effect of the earlier tight monetary policy, declines in energy prices and continued easing of food prices. The year-on-year inflation declined to 3.6 percent in March, 2025 from 5.7 percent in March, 2024 and a peak of 9.6 percent in October 2022.

### 3. Interest Rates

Interest rates have declined in line with the easing of the monetary policy. The interbank rate declined to 10.7 percent in March, 2025 compared to 13.4 percent in March, 2024 while the 91-day Treasury Bills rate also declined to 8.9 percent from 16.7 percent over the same period. The average lending rate declined to 15.8 percent in March, 2025 from 16.3 percent in March, 2024 while the average deposit rate also declined to 9.3 percent from 10.5 percent over the same period.

### 4. Money and Credit

Broad money supply, M3, grew by 6.0 percent in the year to March, 2025 compared to a growth of 11.5 percent in the year to March, 2024. The slowdown in growth of M3 was due to a decline in the growth of Net Domestic Assets (NDA) particularly the domestic credit and Net Foreign Assets (NFA) of the banking system.

### 5. Current Account

The current account deficit was US\$. 1,1073.7 million (0.8 percent of GDP) in February 2025 compared to US\$ 2,598.0 million (2.3 percent of GDP) in February 2024, reflecting improved exports of goods and services and resilient diaspora remittance inflows, and lower oil imports. The current account deficit in the 12 months to February 2025 was more than fully financed by financial account inflows, resulting in an overall balance of payments surplus of US\$ 1,376.8 million.

### 6. Foreign Exchange Reserves

The official foreign exchange reserves held by the Central Bank stood at US\$. 9,682.6 million in February 2025 an improvement compared to US\$ 7,669.8 million in February 2024. This represented 4.2 months of import cover as compared to the 3.5 months of import cover, respectively, and therefore provides adequate cover and a buffer against short term shocks in the foreign exchange market.

**7. Capital Markets**

Activity in the capital markets improved in the year to March, 2025. The NSE 20 Share Index improved to 2,263 points in March, 2025 compared to 1,752 points in March, 2024 while Market capitalization also improved to KSh. 2,050 billion from KSh. 1,767 billion over the same period.

**8. Revenue Collection**

The National Government revenue collection including ministerial Appropriation in Aid (A-I-A) for the period between July, 2024 – March, 2025 amounted to KSh. 1,998.4 billion (11.4 percent of GDP) against a target of KSh. 2,138.0 billion. The revenue collection was below the target by KSh. 139.6 billion mainly due to shortfall in taxes/ordinary revenue.

**9. Expenditure and Net Lending**

The total expenditure and net lending inclusive of transfers to County Governments for the period ending 31st March, 2025 amounted to KSh. 2,699.7 billion, against a target of KSh. 2,826.5 billion. The resultant below target expenditure of KSh. 126.8 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 to the tune of KSh. 19.7 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. 701.3 billion (4.0 percent of GDP), as at the end of March, 2025.

**12. External Financing**

The Net Foreign financing amounted to KSh. 62.7 billion (0.4 percent of the GDP) during the period under review.

**13. Net Domestic Borrowing**

Net domestic financing amounted to a net borrowing of KSh. 620.7 billion (3.6 percent of GDP) in the period ending 31st March, 2025.

**14. Domestic Debt Stock**

The stock of gross domestic debt increased by KSh. 891.4 billion from KSh. 5,235.2 billion in March, 2024 to KSh. 6,126.6 billion in March, 2025.

**15. External Debt Stock**

The total external debt stock, including the International Sovereign Bond, stood at KSh. 5,238.3 billion by the end of March, 2025. The debt stock comprised of multilateral debt (54.9 percent), commercial debt (24.3 percent), bilateral debt (20.5 percent) and suppliers' credit (0.3 percent).

**Table 11: Stock of Domestic Debt for the period March, 2022 to March, 2024 (KSh. Millions)**

DEBT SOURCE	Mar-23	Jun-23	Sep-23*	Dec-23*	Mar-24	Jun-24*	Sep-24*	Dec-24*	Mar-25*
<b>1.CENTRAL BANK</b>	<b>194,886</b>	<b>198,314</b>	<b>198,485</b>	<b>224,468</b>	<b>202,428</b>	<b>170,109</b>	<b>107,612</b>	<b>142,043</b>	<b>189,642</b>
Overdraft	77,979	76,457	75,704	94,128	92,181	61,021	-	37,476	86,507
IMF funds onlent to Govt	90,965	95,721	96,655	104,245	84,702	83,541	82,626	79,582	78,705
Frozen Govt Accounts	18,344	17,789	17,789	17,789	17,234	17,234	16,679	16,679	16,124
Treasury bills / bonds rediscounts	109	230	230	230	230	230	230	230	230
Items on Transit	43	42	32	3	6	8	3	2	2
Fixed rate bonds	7,446	8,074	8,074	8,074	8,074	8,074	8,074	8,074	8,074
<b>2.COM.BANKS</b>	<b>1,992,823</b>	<b>2,095,069</b>	<b>2,081,735</b>	<b>2,109,720</b>	<b>2,190,148</b>	<b>2,278,836</b>	<b>2,386,381</b>	<b>2,509,146</b>	<b>2,601,298</b>
Advances	6,339	13,692	16,406	15,226	5,522	5,468	4,328	4,389	4,362
Treasury Bills	292,186	262,852	217,841	204,724	176,846	207,875	265,461	377,475	423,954
Fixed Rate T. Bonds	1,054,106	1,043,778	1,078,058	1,082,354	1,045,598	1,103,311	1,103,842	1,130,944	1,107,015
Special Bonds	-	-	-	-	-	-	-	-	-
Savings and Development Bond	7,648	7,648	7,648	7,648	7,648	7,648	7,648	7,648	7,648
Infrastructure Bonds	632,545	767,099	761,782	799,769	954,534	954,534	1,005,102	988,690	1,058,318
<b>3.NON BANKS</b>	<b>2,410,377</b>	<b>2,506,970</b>	<b>2,600,834</b>	<b>2,682,371</b>	<b>2,808,554</b>	<b>2,927,632</b>	<b>3,073,163</b>	<b>3,180,217</b>	<b>3,299,017</b>
Treasury Bills	373,486	351,636	340,128	341,939	379,924	407,784	446,756	468,396	491,257
Fixed Rate T. Bonds	1,450,047	1,503,056	1,614,753	1,619,733	1,649,417	1,740,635	1,772,150	1,870,837	1,906,422
Tax Reserve Certificate	-	-	-	-	-	-	(0)	-	-
Infrastructure Bonds	566,264	631,698	625,373	700,119	758,633	758,633	833,677	820,405	880,758
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)
<b>4. NON RESIDENTS</b>	<b>32,471</b>	<b>31,965</b>	<b>33,552</b>	<b>33,549</b>	<b>34,058</b>	<b>33,708</b>	<b>34,554</b>	<b>36,866</b>	<b>36,609</b>
Treasury Bills	76	8	13	10	5	1	(2)	(2)	(2)
Fixed Rate T. Bonds	19,145	18,499	20,174	20,174	20,113	19,768	19,768	22,217	21,960
Savings and Development Bond	9	9	9	9	9	9	9	9	9
Infrastructure Bonds	13,241	13,449	13,356	13,356	13,931	13,931	14,779	14,641	14,641
<b>5. TOTAL GROSS DEBT</b>	<b>4,630,557</b>	<b>4,832,318</b>	<b>4,914,606</b>	<b>5,050,109</b>	<b>5,235,188</b>	<b>5,410,284</b>	<b>5,601,710</b>	<b>5,868,273</b>	<b>6,126,566</b>
<b>6. LESS ON-LENDING</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>7. Less Govt Deposits</b>	<b>(384,705)</b>	<b>(484,584)</b>	<b>(429,162)</b>	<b>(464,321)</b>	<b>(525,843)</b>	<b>(526,226)</b>	<b>(504,180)</b>	<b>(493,980)</b>	<b>(533,706)</b>
<b>8. TOTAL NET DEBT</b>	<b>5,015,262</b>	<b>5,316,902</b>	<b>5,343,768</b>	<b>5,514,430</b>	<b>5,761,032</b>	<b>5,936,510</b>	<b>5,097,530</b>	<b>5,374,292</b>	<b>5,592,859</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

51. The stock of Treasury Bills held by Central Bank, Commercial Banks, Non-Banking Financial Institutions and Non-Residents increased by KSh. 358.4 billion from KSh. 557.0 billion in March, 2024 to KSh. 915.4 billion in March, 2025. The total stock of Treasury Bonds, which include Floating, Fixed Rate, Special and Zero-Coupon Bonds,

### 3.0 PUBLIC DEBT

#### 3.1 Overall Debt Position

49. The total public and publicly guaranteed debt stock as at 31st March, 2025 amounted to KSh. 11,364.9 billion, an increase of KSh. 966.3 billion from KSh. 10,398.6 billion in March, 2024. The increase is majorly attributed to an increase in domestic debt. The public and publicly guaranteed debt stock comprised KSh. 5,238.3 billion (46.1 percent of total debt) external debt; and domestic debt of KSh. 6,126.6 billion (53.9 percent of total debt). The net public debt was KSh. 10,831.2 billion during the period under review (Table 10).

**Table 10: Kenya's Public and Publicly Guaranteed Debt, March, 2023 to March, 2025 (KSh. Millions)**

DEBT SOURCE	Mar-23	Jun-23	Sep-23*	Dec-23*	Mar-24	Jun-24*	Sep-24*	Dec-24*	Mar-25*
<b>EXTERNAL</b>									
BILATERAL	1,291,851	1,339,503	1,341,779	1,422,180	1,175,582	1,163,715	1,133,389	1,101,069	1,073,783
MULTILATERAL	2,244,087	2,654,934	2,827,123	3,061,108	2,654,283	2,786,948	2,847,166	2,777,571	2,876,953
COMMERCIAL BANKS	1,301,153	1,437,276	1,483,613	1,588,656	1,318,975	1,207,503	1,193,820	1,165,072	1,273,900
SUPPLIERS CREDIT	14,004	14,848	15,284	17,641	14,583	13,537	13,990	13,284	13,661
<b>SUB-TOTAL EXTERNAL</b>	<b>4,851,095</b>	<b>5,446,561</b>	<b>5,667,799</b>	<b>6,089,585</b>	<b>5,163,423</b>	<b>5,171,704</b>	<b>5,188,365</b>	<b>5,057,006</b>	<b>5,238,297</b>
<b>DOMESTIC:</b>									
CENTRAL BANK	194,886	198,314	198,485	224,468	202,428	170,109	107,612	142,043	189,642
O/W IMF FUNDS ON-LENT TO GOVERNMENT	90,965	95,516	96,655	104,245	84,702	83,541	82,626	79,582	78,705
COMMERCIAL BANKS	1,992,823	2,095,069	2,081,735	2,109,720	2,190,148	2,278,836	2,386,381	2,509,146	2,601,298
<b>TOTAL BANKS</b>	<b>2,187,709</b>	<b>2,293,383</b>	<b>2,280,220</b>	<b>2,334,188</b>	<b>2,392,576</b>	<b>2,448,944</b>	<b>2,483,994</b>	<b>2,651,190</b>	<b>2,790,940</b>
NON BANKS & NON RESIDENTS	2,442,848	2,538,935	2,634,386	2,715,920	2,842,612	2,961,340	3,107,717	3,217,083	3,335,626
<b>SUB-TOTAL DOMESTIC</b>	<b>4,630,557</b>	<b>4,832,318</b>	<b>4,914,606</b>	<b>5,050,109</b>	<b>5,235,188</b>	<b>5,410,284</b>	<b>5,601,710</b>	<b>5,868,273</b>	<b>6,126,566</b>
<b>GRAND TOTAL GROSS</b>	<b>9,481,652</b>	<b>10,278,879</b>	<b>10,582,405</b>	<b>11,139,694</b>	<b>10,398,612</b>	<b>10,581,988</b>	<b>10,790,075</b>	<b>10,925,279</b>	<b>11,364,863</b>
LESS GOVERNMENT DEPOSITS	(384,705)	(484,584)	(429,162)	(464,321)	(525,843)	(526,226)	(504,180)	(493,980)	(533,706)
<b>GRAND TOTAL NET</b>	<b>9,096,947</b>	<b>9,794,294</b>	<b>10,153,243</b>	<b>10,675,372</b>	<b>9,872,769</b>	<b>10,055,762</b>	<b>10,285,895</b>	<b>10,431,299</b>	<b>10,831,157</b>

Note:

\* Provisional

Source of Data: National Treasury

#### 3.2 Domestic Debt

50. The stock of gross domestic debt increased by KSh. 891.4 billion from KSh. 5,235.2 billion in March, 2024 to KSh. 6,126.6 billion in March, 2025. The net domestic debt was KSh. 5,592.9 billion by end of the period under review (Table 11).

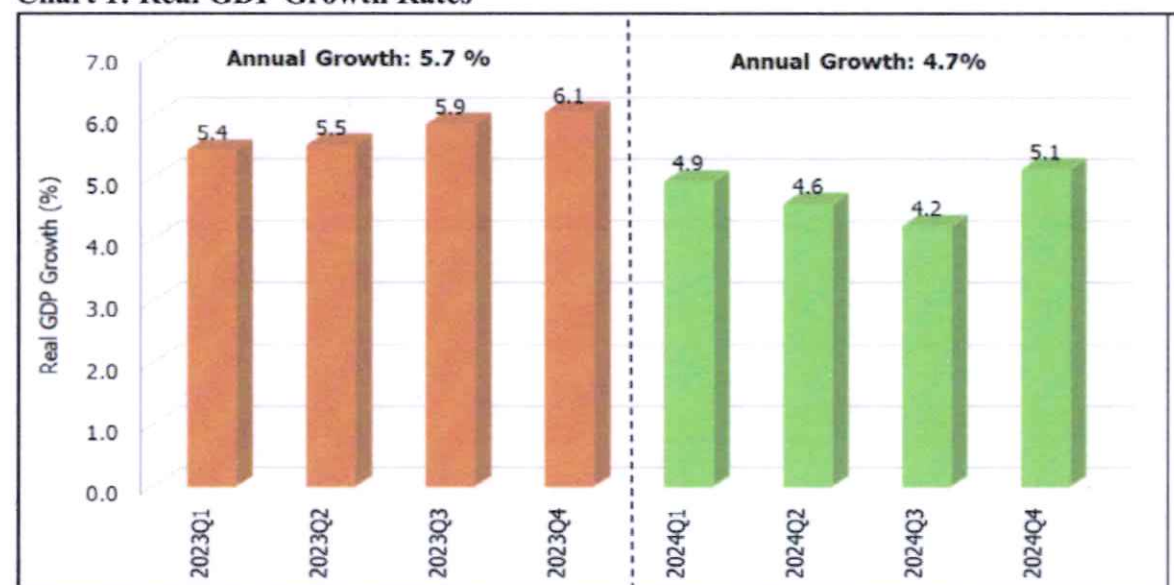
## 1.0 RECENT ECONOMIC DEVELOPMENTS

### 1.1 Economic Growth

1. The economy remained strong and grew by 4.7 percent in 2024 compared to a growth of 5.7 percent in 2023. The growth in 2024, albeit slower than the previous year, was to a large extent supported by activities in agriculture, forestry and fishing; financial and insurance; transportation and storage; and real estate sub-sectors. Other key sub-sectors that posted significant growths in 2024 were wholesale and retail trade; information & communication; accommodation & food service; and Public Administration. Most of the sub-sectors recorded positive growths except construction; and mining and quarrying (**Chart 1**).

2. In 2024, performance of the second and third quarters were adversely affected. In the second quarter, Kenya experienced above average rainfall (March,-May) that caused flooding across 43 Counties causing humanitarian crises that led to deaths, health related risks, damages to infrastructure and crops. Performance of the third quarter (July – September) slowed due to the impact of the anti-Finance Bill, 2024 protests in June to August, 2024 that affected normal business operations.

**Chart 1: Real GDP Growth Rates**



Source of Data: Kenya National Bureau of Statistics

3. The Primary sector grew by 3.9 percent in 2024 compared to a growth of 5.7 percent in 2023. This was as a result of the robust growth in the agriculture, forestry and fishing sub-sector despite a contraction in the mining and quarrying sub sector.

4. Activities in the agriculture, forestry and fishing sub-sector expanded by 4.6 percent in 2024 compared to a growth of 6.6 percent in 2023 (**Table 1**). The growth was largely a resultant of varied weather patterns during the year; with long rains being above-average while the short rains were below average, leading to mixed performance of the various crops. Production of maize, potatoes and millet declined while that of beans and sorghum increased. Most cash crops recorded improved performances in 2024 with production of coffee, tea and cane increasing. The volume of fruits exports and value of marketed milk also increased during the period. However, the sector's growth was constrained by a decline in the export of fresh vegetables and cut flowers.

**Table 9: Domestic Financing, Period Ending 31st March, 2025 (KSh. Millions)**

DEBT INSTRUMENT	March 2023*	June 2023*	September 2023*	December 2023*	March 2024	June 2024*	September 2024*	December 2024*	March 2025*
<b>1.CENTRAL BANK</b>	44,725	41,348	7,632	18,888	(15,351)	(2,983)	(36,331)	(56,964)	(47,778)
Overdraft	19,477	17,955	(753)	17,671	15,724	(15,436)	(61,147)	(23,544)	25,486
IMF funds onlet to Govt	-	-	934	8,523	10,767	(12,180)	1,832	(3,030)	(3,906)
Treasury bills rediscounts	38	159	-	-	-	-	-	-	-
Fixed rate Bonds	(192)	437	-	-	-	-	-	-	-
Items on Transit	12	10	(10)	(39)	(36)	(33)	(6)	(7)	(7)
Frozen Account	(555)	(1,110)	-	-	(555)	(555)	(555)	(555)	(555)
Less Govt Deposits	25,946	23,898	7,460	(7,267)	(41,251)	25,222	23,545	(29,828)	(68,796)
<b>2.COM. BANKS</b>	(2,811)	76,975	(9,142)	16,245	104,967	190,262	123,141	215,177	304,814
Advances	1,083	854	(178)	(1,210)	(449)	(518)	1,023	716	398
Treasury bills	8,637	(18,081)	(43,491)	(56,493)	(85,989)	(63,055)	52,621	150,654	193,210
Fixed rate Bonds	(40,051)	(49,468)	33,958	38,287	1,939	61,729	513	28,194	3,356
Infrastructure Bonds	31,432	166,109	(2,486)	35,748	191,020	191,020	48,594	32,122	101,873
Less Govt Deposits	(3,913)	(22,439)	3,054	(87)	(1,554)	1,085	20,390	3,491	5,977
<b>3. NON BANKS</b>	242,409	338,243	92,397	172,364	292,984	404,809	133,845	238,816	357,129
Treasury bills	30,824	11,711	(11,496)	(11,659)	20,534	39,424	33,192	53,309	78,209
Fixed rate Bonds	94,073	147,740	110,082	115,093	144,585	237,519	28,966	126,443	159,389
Infrastructure Bonds	113,005	178,792	(6,189)	68,930	127,866	127,866	71,686	59,064	119,530
<b>4. NON RESIDENTS</b>	593	127	1,638	1,635	2,404	2,056	(3)	2,373	2,116
Treasury bills	(294)	(356)	5	2	(3)	(7)	(3)	(3)	(3)
Fixed rate Bonds	164	(446)	1,633	1,633	1,573	1,229	-	2,514	2,257
Infrastructure Bond	723	929	-	-	834	834	-	(138)	(138)
<b>5. NET CREDIT</b>	284,917	456,694	92,525	209,132	385,005	594,144	220,653	399,402	616,281
<b>6. OTHER DOMESTIC FINANCING</b>									
Domestic Loan Repayments (Net Receipts)	2,854	2,854	587	855	1,429	1,429	-	2,413	4,453
<b>7. NET DOMESTIC FINANCING</b>	287,771	459,548	93,111	209,987	386,434	595,572	220,653	401,815	620,734

Notes:

\*provisional

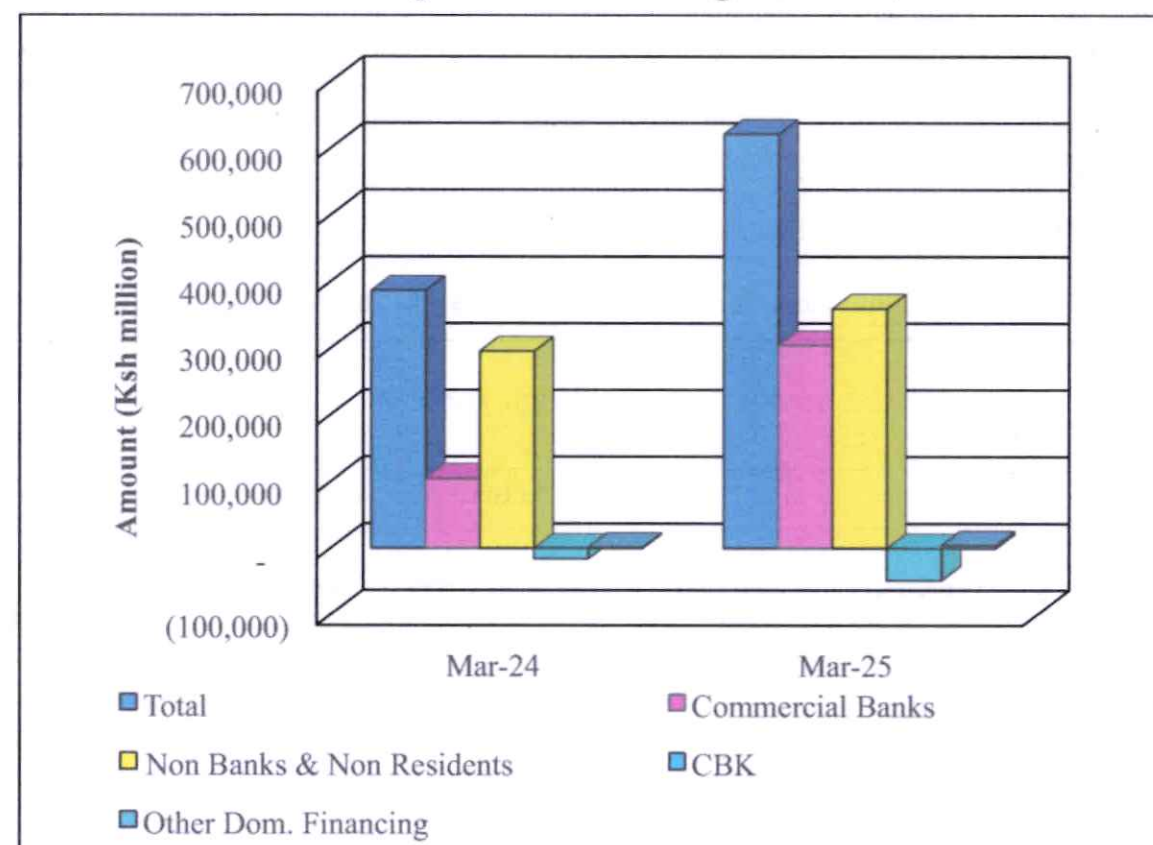
Treasury Bills as reflected here are given at cost value as opposed to Table 11 given at face value.

Source of Data: Central Bank of Kenya

## FISCAL DEVELOPMENTS

105.0 billion from the Commercial Banks; KSh. 15.4 billion net repayment to the Central Bank of Kenya; KSh. 2.4 billion from Non-Residents; and net domestic loan repayments receipts of KSh. 1.4 billion; and **Table 9 and Chart 13**).

**Chart 13: Domestic Financing for the Period Ending 31st March, 2025**



Source of Data: Central Bank of Kenya

48. The stock of Treasury Bills held by Commercial Banks and Non-Banks recorded a net increase of KSh. 279.2 billion and KSh. 57.7 billion. Compared to the same period in 2024, the stock of Fixed Rate Bonds held by Non-Banks, commercial banks, and Non-Residents recorded a net increase of KSh. 14.8 billion, KSh. 1.4 billion, and KSh. 684 Million respectively (**Table 9**).

## RECENT ECONOMIC DEVELOPMENTS

5. The Mining and Quarrying sub-sector contracted by 9.2 percent in 2024 compared to a contraction of 6.5 percent in 2023. This was manifest in significant drop in production of key minerals such as construction materials, titanium, salt and gemstones due to the closure of Kwale mines of Base Titanium where mining activities in Kenya formally shut down in December, 2024 due to depletion of commercially viable ore.

**Table 1: Sectoral Quarterly Real GDP Growth Rate (Percent)**

Sectors	Annual Growth Rates		Quarterly Growth Rates			
	2023	2024	2024 Q1	2024 Q2	2024 Q3	2024 Q4
<b>1. Primary Industry</b>	<b>5.7</b>	<b>3.9</b>	<b>4.5</b>	<b>4.0</b>	<b>2.9</b>	<b>3.9</b>
1.1. Agriculture, Forestry and Fishing	6.6	4.6	5.6	4.5	4.0	4.3
1.2. Mining and Quarrying	(6.5)	(9.2)	(16.1)	(5.5)	(12.2)	(2.3)
<b>2. Secondary Sector (Industry)</b>	<b>2.6</b>	<b>1.5</b>	<b>1.5</b>	<b>0.5</b>	<b>0.3</b>	<b>3.4</b>
2.1. Manufacturing	2.2	2.8	1.8	3.2	2.3	3.9
2.2. Electricity and Water supply	3.2	1.9	2.8	1.2	0.9	2.7
2.3. Construction	3.0	(0.7)	0.4	(3.7)	(2.6)	2.9
<b>3. Tertiary sector (Services)</b>	<b>6.8</b>	<b>6.1</b>	<b>6.8</b>	<b>6.2</b>	<b>5.7</b>	<b>5.8</b>
3.1. Wholesale and Retail trade	3.3	3.8	3.6	2.5	2.6	6.4
3.2. Accommodation and Restaurant	33.6	25.7	38.1	35.0	22.9	10.9
3.3. Transport and Storage	5.5	4.4	4.1	3.4	4.6	5.6
3.4. Information and Communication	10.3	7.0	9.2	6.7	6.9	5.6
3.5. Financial and Insurance	10.1	7.6	9.6	8.0	7.3	6.0
3.6. Public Administration	5.0	8.2	7.5	9.0	7.3	9.2
3.7. Others	6.1	5.2	5.8	5.6	4.9	4.4
of which: Professional, Admin & Support Services	9.4	9.4	9.4	6.7	4.5	4.7
Real Estate	7.3	5.3	6.9	5.9	4.8	3.6
Education	2.9	3.9	2.4	3.2	4.8	5.4
Health	4.5	6.3	5.4	8.1	6.2	5.6
Taxes less subsidies	3.2	4.4	2.9	3.8	6.3	4.5
<b>Real GDP</b>	<b>5.7</b>	<b>4.7</b>	<b>4.9</b>	<b>4.6</b>	<b>4.2</b>	<b>5.1</b>

Source of Data: Kenya National Bureau of Statistics

6. The Industrial sector performance remained subdued, with its growth slowing down to 1.5 percent in 2024 from a growth of 2.6 percent in 2023. This was mainly on account of a decline in activities in the electricity and water supply; and construction sub-sectors.

7. The Manufacturing sub-sector recorded a growth of 2.8 percent in 2024, an improvement, from a growth of 2.2 percent in 2023. The manufacturing sub-sector's growth was driven by a rise in the manufacture of both food and non-food products. Growth in the manufacture of food was supported by increased processing of milk and sugar production. Growth in the manufacture of food was further supported by increased beverage production due to a rise in soft drinks production. The manufacture of non-food recorded mixed performance across key activities. The production of galvanized sheets, textile and clothing, paper and paper products, pharmaceutical products and preparations and rubber and plastics products increased in the year. On the other hand, cement production and the number of assembled motor vehicles declined.

8. The Electricity and Water Supply sub-sector posted a slowed growth of 1.9 percent in 2024 compared to a growth of 3.2 percent in 2023. The subdued performance was mainly attributed to increase in electricity generation from hydro and decrease in generation of electricity from thermal sources. Activities in the Construction sub-sector contracted by 0.7

## RECENT ECONOMIC DEVELOPMENTS

percent in 2024 compared to 3.0 percent growth in 2023. The contraction was reflected in the decline in consumption of key construction inputs such as cement; and iron and steel imports for the construction sub-sector.

9. The activities in the Services sector continued to sustain strong growth momentum in 2024 and grew by 6.1 percent compared to a growth of 6.8 percent in 2023. All the sub sectors recorded positive growth but with varying magnitude.

10. The Accommodation and Food Service sub-sector recorded a growth of 25.7 percent in 2024 compared to 33.6 percent growth recorded in 2023. This growth was mainly driven by high-profile international conferences and meetings held during the year. Additionally, there was an increase in international visitor's arrivals at the Jomo Kenyatta International Airport (JKIA) and Moi International Airport (MIA) that supported growth.

11. The Transportation and Storage sub-sector grew by 4.4 percent in 2024 compared to a growth of 5.5 percent in 2023. The growth was evidenced by an increase in consumption of light diesel; increases in port throughput; increase in air passenger traffic; and increase in freight via Metre Gauge Railway (MGR). However, passengers ferried and freight through Standard Gauge Railway (SGR) declined during the review period.

12. The Financial and Insurance sub-sector sector recorded a growth of 7.6 percent in 2024 compared to 10.1 percent growth in 2023. The slowdown was due to the impact of tightening of the monetary policy that resulted to a high cost of credit. The Information and Communication sub-sector grew by 7.0 percent in 2024 compared to a growth of 10.3 percent in 2023. The growth was mainly driven by mobile money and internet services activities.

### 1.2 Inflation

13. Overall year-on year inflation declined and has remained below the mid-point of the policy target range of 5.0 percent since June 2024. The decline was mainly due to the lagged effect of the earlier tight monetary policy; declines in energy prices; and continued easing of food prices. The year-on-year inflation declined to 3.6 percent in March, 2025 from 5.7 percent in March, 2024 and a peak of 9.6 percent in October 2022 (**Chart 2a**).

14. Core inflation decreased to 2.2 percent in March, 2025 from 4.8 percent in March, 2024, mainly on account of relatively lower prices of processed food items. Non-core inflation decreased to 7.4 percent in March, 2025 from 8.7 percent in March, 2024, reflecting lower prices of food items including vegetables. Additionally, lower energy and utilities prices continued to moderate non-core inflation, on account of lower electricity and pump prices. In March, 2025, core inflation contributed 2.6 points to overall year-on-inflation while non-core inflation contributed 1.5 points to overall y-o-inflation. Food and non-alcoholic beverage contributed 2.1 points to the overall inflation.

## FISCAL DEVELOPMENTS

### 2.4 Financing

#### 2.4.1 External Financing

46. During the period ending March, 2025, net foreign repayment amounted to KSh. 62.7 billion (**Table 8**). Total disbursements (inflows) including Appropriations in Aid amounted to KSh. 295.3 billion against a target of KSh. 686.7 billion. The actual total disbursement comprised of KSh. 188.4 billion commercial financing, KSh. 72.9 billion program loans and KSh. 96.7 billion Project loans. The External repayments (outflows) of principal debt amounted to KSh. 295.3 billion. The amount comprised of principal repayments due to bilateral sources; commercial institutions; and multilateral sources amounting to KSh. 136.3 billion; KSh. 118.6 billion; and KSh. 40.3 billion respectively.

**Table 8: External Financing, Period Ending 31st March, 2025 (KSh. Millions)**

	FY2023/24	FY2024/25	
	Actual*	Actual*	Target
<b>DISBURSEMENTS:</b>	<b>543,774</b>	<b>357,982</b>	<b>686,725</b>
Project Cash loans	56,687	52,027	70,334
Project loans A-I-A	47,308	44,717	71,304
Commercial Financing	286,875	188,350	357,100
Use of IMF SDR Allocation	-	-	-
Programme Loans	152,904	72,888	187,987
<b>EXTERNAL REPAYMENTS:</b>	<b>280,950</b>	<b>295,271</b>	<b>297,053</b>
Bilateral(incl. Italy Debt SWAP)	136,334	136,334	133,766
Multilateral (excl. IMF)	40,323	40,323	40,502
Commercial	104,293	118,614	122,786
<b>NET FOREIGN FINANCING</b>	<b>262,825</b>	<b>62,711</b>	<b>389,672</b>

\*Provisional

Source of Data: National Treasury

#### 2.4.2 Domestic Financing

47. As at 31st March, 2025, net domestic borrowing amounted to KSh. 616.3 billion (**Table 9**) against a target of KSh. 450.4 billion. The borrowing comprised of KSh. 357.1 billion from Non-Banking Financial Institutions; KSh. 304.8 billion from commercial banks; KSh. 47.8 billion net repayment to the Central Bank; a net domestic loan repayments/receipts of KSh. 4.5 billion; and KSh. 2.1 billion from Non-Residents. During the same period in FY 2023/24, the net domestic borrowing amounted to KSh. 386.4 billion comprising of KSh. 293.0 billion from Non-Banking Financial Institutions; KSh.

## FISCAL DEVELOPMENTS

**Table 7: Budget Outturn, Cumulative Ending 31st March, 2025 (KSh. Millions)**

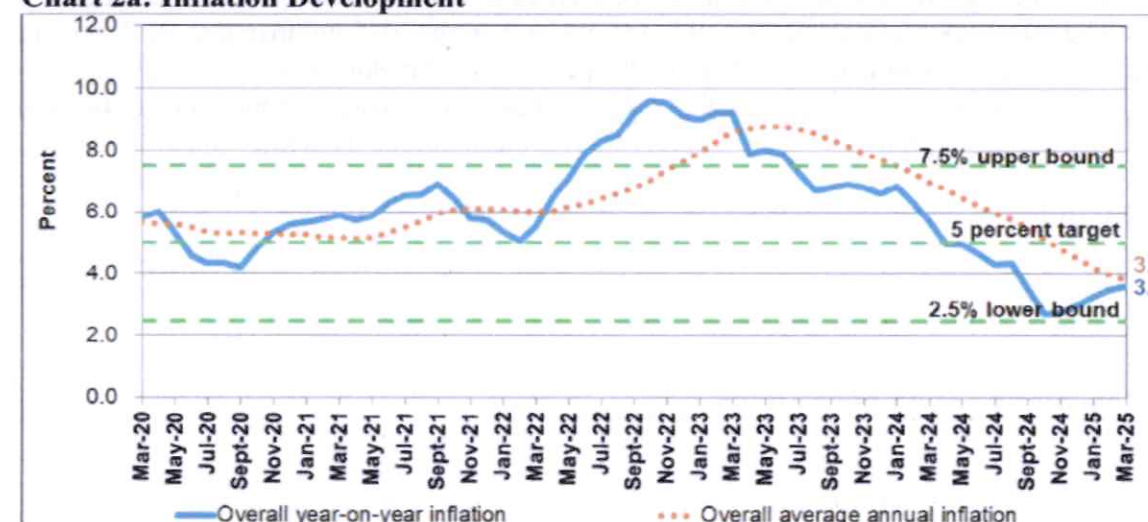
	2023/2024		2024/2025		% growth	2024/2025 as a % of GDP		2023/2024 Actual as a % of GDP
	Actual*	Actual*	Targets	Deviation		Actual	Targets	
<b>A. TOTAL REVENUE AND GRANTS</b>	<b>1,932,257</b>	<b>2,013,119</b>	<b>2,157,391</b>	<b>(144,272)</b>	<b>4.2</b>	<b>11.5</b>	<b>12.4</b>	<b>12.0</b>
<b>1. Revenue</b>	<b>1,918,312</b>	<b>1,998,368</b>	<b>2,137,977</b>	<b>(139,609)</b>	<b>4.2</b>	<b>11.5</b>	<b>12.3</b>	<b>11.9</b>
Ordinary Revenue	1,585,653	1,697,291	1,840,061	(142,770)	7.0	9.7	10.6	9.8
Import Duty	98,436	107,748	113,002	(5,254)	9.5	0.6	0.6	0.5
Excise Duty	204,170	214,997	230,463	(15,466)	5.3	1.2	1.3	1.3
Income tax	704,071	746,193	811,563	(65,370)	6.0	4.3	4.7	4.4
VAT	481,095	471,006	506,766	(35,760)	(2.1)	2.7	2.9	3.0
Investment Revenue	22,957	70,328	66,848	3,479	206.3	0.4	0.4	0.1
Others	74,925	87,019	111,418	(24,400)	16.1	0.5	0.6	0.5
Appropriation-in-Aid	332,658	301,078	297,917	3,161	(9.5)	1.7	1.7	2.1
<b>2. Grants</b>	<b>13,945</b>	<b>14,751</b>	<b>19,414</b>	<b>(4,663)</b>	<b>5.8</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
AMISOM Receipts	40	0	0	-	(100.0)	-	-	0.0
Revenue	10,414	7,753	5,199	2,554	(25.6)	0.0	0.0	0.1
Appropriation-in-Aid	3,492	6,998	14,214	(7,216)	100.4	0.0	0.1	0.0
<b>B. EXPENDITURE AND NET LENDING</b>	<b>2,638,765</b>	<b>2,699,699</b>	<b>2,821,156</b>	<b>(121,457)</b>	<b>2.3</b>	<b>15.5</b>	<b>16.2</b>	<b>16.4</b>
<b>1. Recurrent</b>	<b>1,954,944</b>	<b>2,067,232</b>	<b>2,065,736</b>	<b>1,496</b>	<b>5.7</b>	<b>11.9</b>	<b>11.8</b>	<b>12.1</b>
Domestic Interest	439,420	625,029	570,050	54,979	42.2	3.6	3.3	2.7
Foreign Interest	177,676	171,454	202,024	(30,570)	(3.5)	1.0	1.2	1.1
Pension & Other CFS	107,432	117,812	123,677	(5,865)	9.7	0.7	0.7	0.7
Contribution to Civil Servants' Pension	24,221	13,381	21,349	(7,967)	(44.8)	0.1	0.1	0.2
Wages and Salaries	413,126	440,254	450,440	(10,187)	6.6	2.5	2.6	2.6
O & M/Others	793,069	699,301	698,196	1,106	(11.8)	4.0	4.0	4.9
<b>2. Development and Net Lending</b>	<b>444,748</b>	<b>376,927</b>	<b>415,450</b>	<b>(38,524)</b>	<b>(15.2)</b>	<b>2.2</b>	<b>2.4</b>	<b>2.8</b>
O/W Domestically financed	324,539	245,747	249,201	(3,455)	(24.4)	1.4	1.4	2.0
Foreign financed	102,374	111,495	141,184	(29,689)	8.9	0.6	0.8	0.5
3. Net Lending	17,436	19,685	19,685	(0)	12.9	0.1	0.1	0.1
4. Equalization Fund	-	-	5,379.4	(5,379.4)	-	0.0	0.0	0.0
5. County Governments	239,073	255,540	339,970	(84,430)	6.9	1.5	1.9	1.5
<b>5. CF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>0.0</b>
<b>C. DEFICIT EXCL. GRANT (Commitment basis)</b>	<b>(720,454)</b>	<b>(701,331)</b>	<b>(683,179)</b>	<b>(18,152)</b>	<b>(2.7)</b>	<b>(4.0)</b>	<b>(3.9)</b>	<b>(4.5)</b>
<b>D. DEFICIT INCL. GRANTS (Commitment basis)</b>	<b>(706,509)</b>	<b>(686,580)</b>	<b>(663,765)</b>	<b>(22,815)</b>	<b>(2.8)</b>	<b>(3.9)</b>	<b>(3.8)</b>	<b>(4.4)</b>
<b>E. ADJUSTMENT TO CASH BASIS</b>	<b>165,071</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>
<b>F. DEFICIT INCL. GRANTS (Cash basis)</b>	<b>(541,437)</b>	<b>(686,580)</b>	<b>(663,765)</b>	<b>(22,815)</b>	<b>26.8</b>	<b>(3.9)</b>	<b>(3.8)</b>	<b>(3.4)</b>
Discrepancy	(41,961)	(20,727)	(20,727)	-	-	-0.1	-	(0.3)
<b>G. FINANCING</b>	<b>499,476</b>	<b>665,854</b>	<b>663,765</b>	<b>2,089</b>	<b>33.3</b>	<b>3.8</b>	<b>3.8</b>	<b>3.1</b>
<b>1. Net Foreign financing</b>	<b>113,043</b>	<b>62,711</b>	<b>220,052</b>	<b>(157,341)</b>	<b>(44.5)</b>	<b>0.4</b>	<b>1.3</b>	<b>0.7</b>
Disbursements	543,774	357,982	686,725	(328,743)	(34.2)	2.1	3.9	3.4
Programme Loans	152,904	72,888	187,987	(115,099)	(52.3)	0.4	1.1	0.9
Project Cash Loans	56,687	52,027	70,334	(18,307)	(8.2)	0.3	0.4	0.4
Project Loans AIA	47,308	44,717	71,304	(26,587)	(5.5)	0.3	0.4	0.3
Commercial Financing	286,875	188,350	357,100	(168,750)	(34.3)	1	2.0	1.8
Debt repayment - Principal	(430,731)	(295,271)	(466,673)	171,402	(31.4)	(1.7)	(2.7)	(2.7)
<b>2. Net Domestic Financing</b>	<b>386,434</b>	<b>603,142</b>	<b>443,713</b>	<b>159,429</b>	<b>56.1</b>	<b>3.5</b>	<b>2.5</b>	<b>2.4</b>
Government Securities	402,358	657,684	440,232	217,452	63.5	3.8	2.5	2.5
Government Overdraft & Others	26,007	19,369	-	19,369	(25.5)	0.1	-	0.2
Movement in Government Deposits	12,303	(59,661)	-	(59,661)	(584.9)	-0.3	-	0.1
Domestic Loan Repayments (Net Receipts)	1,429	4,453	4,036	416	211.7	0.0	0.0	0.0
Domestic Loan Repayment	(555)	(1,110)	(555)	(555)	100.0	0.0	(0.0)	(0.0)
Other Accounts Payable	(55,108)	(17,591)	-	-	(0.1)	-	-	(0.3)
<b>MEMO ITEM</b>								
<b>GDP ESTIMATE</b>	<b>16,131,502</b>	<b>17,434,533</b>	<b>17,434,533</b>	<b>-</b>	<b>8.1</b>	<b>100</b>	<b>100</b>	<b>100</b>

\*Provisional

Source of Data: National Treasury

## RECENT ECONOMIC DEVELOPMENTS

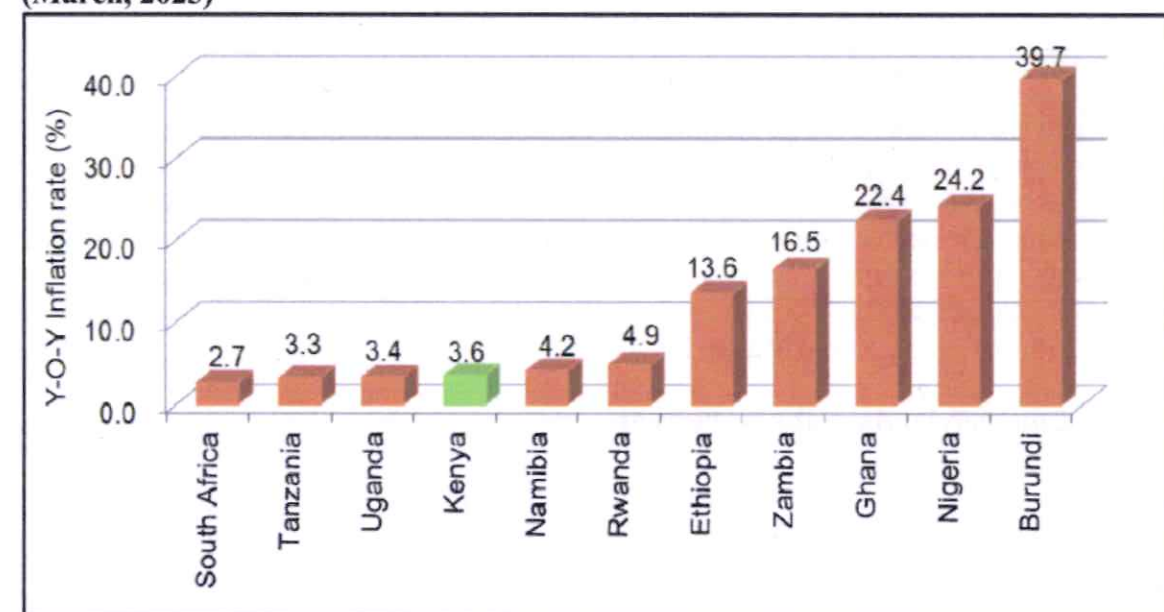
**Chart 2a: Inflation Development**



Source of Data: Kenya National Bureau of Statistics

15. The year-on-year inflation rate remained high in some Sub-Saharan Africa economies fueled by rising energy prices; weakening currencies; and natural disasters. Kenya's year on year inflation rate at 3.6 percent in March, 2025 was much lower than that of majority of the countries in the Sub-Saharan Africa region while a significant number of the countries had double digits' year on year inflation (Chart 2b).

**Chart 2b: Year on Year Inflation Rates of Selected Sub-Saharan African Countries (March, 2025)**



Source of Data: National Central Banks

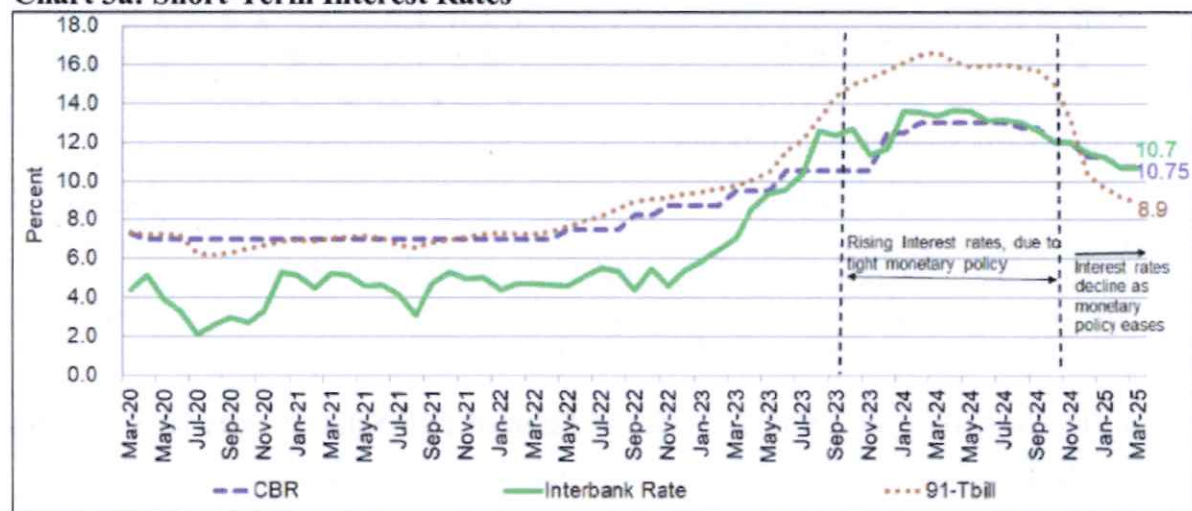
### 1.3 Interest Rates

16. The Central Bank of Kenya through the Monetary Policy Committee (MPC) has gradually eased monetary policy by lowering the Central Bank Rate (CBR) from 13.0 percent in August 2024 to 10.0 percent in April 2025, in response to low inflation and a stable exchange rate. This approach aims to lower interest rates; encouraging banks to lend more to the private sector; and stimulate economic activities.

**RECENT ECONOMIC DEVELOPMENTS**

17. The short term interest rates have declined in line with the easing of the monetary policy. The interbank rate declined to 10.7 percent by March, 2025 compared to 13.4 percent in March, 2024 and has remained within the prescribed corridor around the CBR (set at CBR± 150 basis points). In April, 2025, the interest rate corridor around the CBR was narrowed from the current ±150 basis points to ±75 basis points. This will enhance stability of the interbank rate and align the rate closer to the Central Bank Rate (CBR). The 91-day Treasury Bills rate declined to 8.9 percent in March, 2025 from 16.7 percent in March, 2024 (Chart 3a). The 182-day Treasury Bills rate declined to 9.1 percent in March, 2025 from 16.9 percent in March, 2024 while the 364-day Treasury Bills also decline to 10.5 percent from 17.0 percent over the same period.

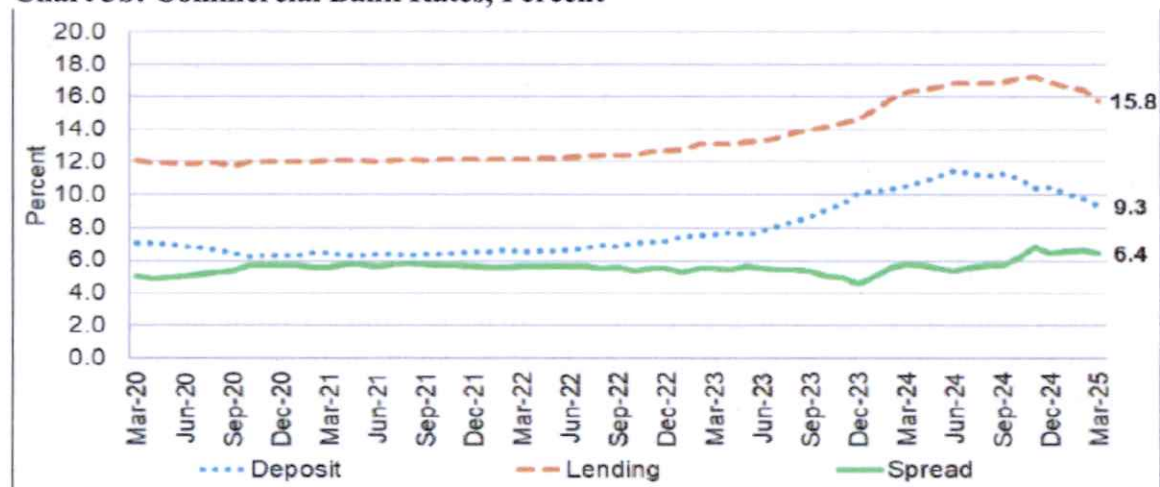
**Chart 3a: Short-Term Interest Rates**



Source of Data: Central Bank of Kenya

18. Commercial banks average lending and deposit rates decreased in the year to March, 2025 in tandem with the easing of the monetary policy and reduction of the Cash Reserve Ratio (CRR) by 100 basis points to 3.25 percent from 4.25 percent in February 2025. The average lending rate decreased to 15.8 percent in March, 2025 from 16.3 percent in March, 2024 while the average deposit rate also decreased to 9.3 percent from 10.5 percent over the same period. Consequently, the average interest rate spread increased to 6.4 percent in March, 2025 from 5.8 percent in March, 2024 (Chart 3b).

**Chart 3b: Commercial Bank Rates, Percent**



Source of Data: Central Bank of Kenya

**FISCAL DEVELOPMENTS**

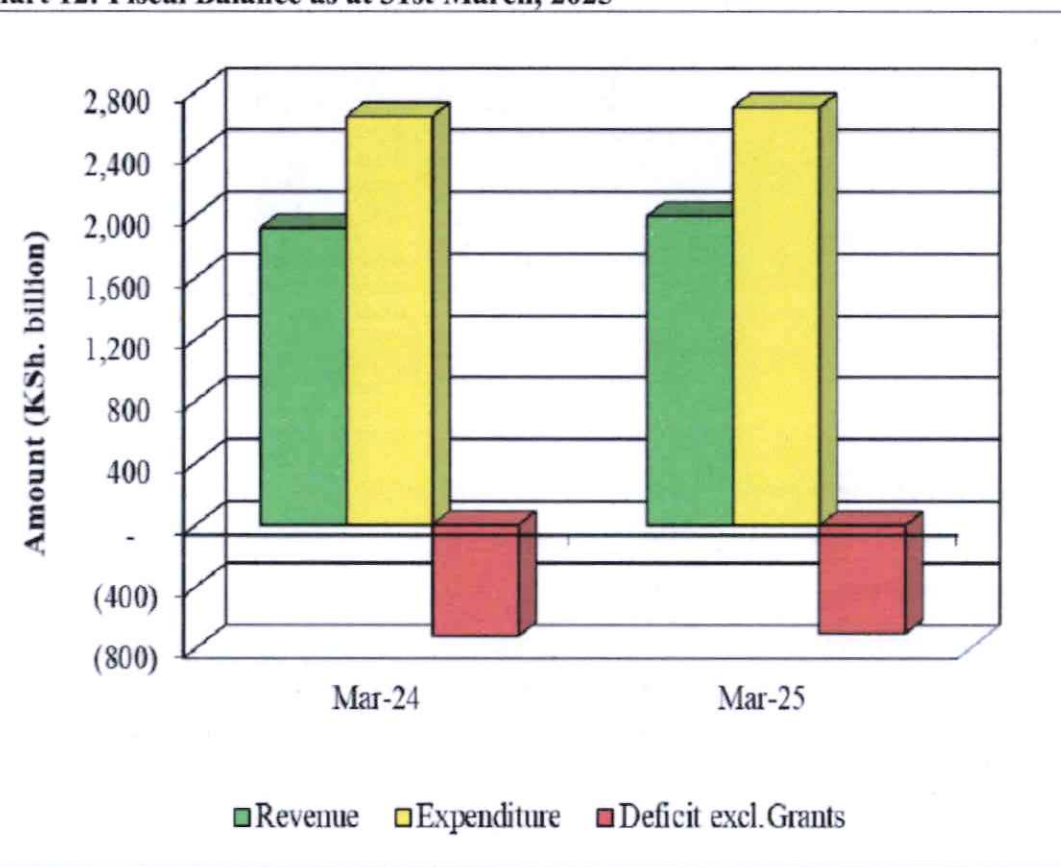
**2.2.3 Guaranteed Debt Service**

43. During the period ending 31st March, 2025, the National Government paid KSh. 19.7 billion guaranteed debt on behalf of the Kenya Airways.

**2.3 Fiscal Outturn**

44. During the period July, 2024 to March, 2025, the fiscal balance (on commitment basis and excluding grants) amounted to KSh. 701.3 billion (4.0 percent of GDP) against a targeted deficit of KSh. 670.6 billion (3.8 percent of GDP) (Chart 12 and Table 7). The fiscal balance (on a commitment basis and including grants) was 3.9 percent of GDP against a target of 3.7 percent of GDP.

**Chart 12: Fiscal Balance as at 31st March, 2025**



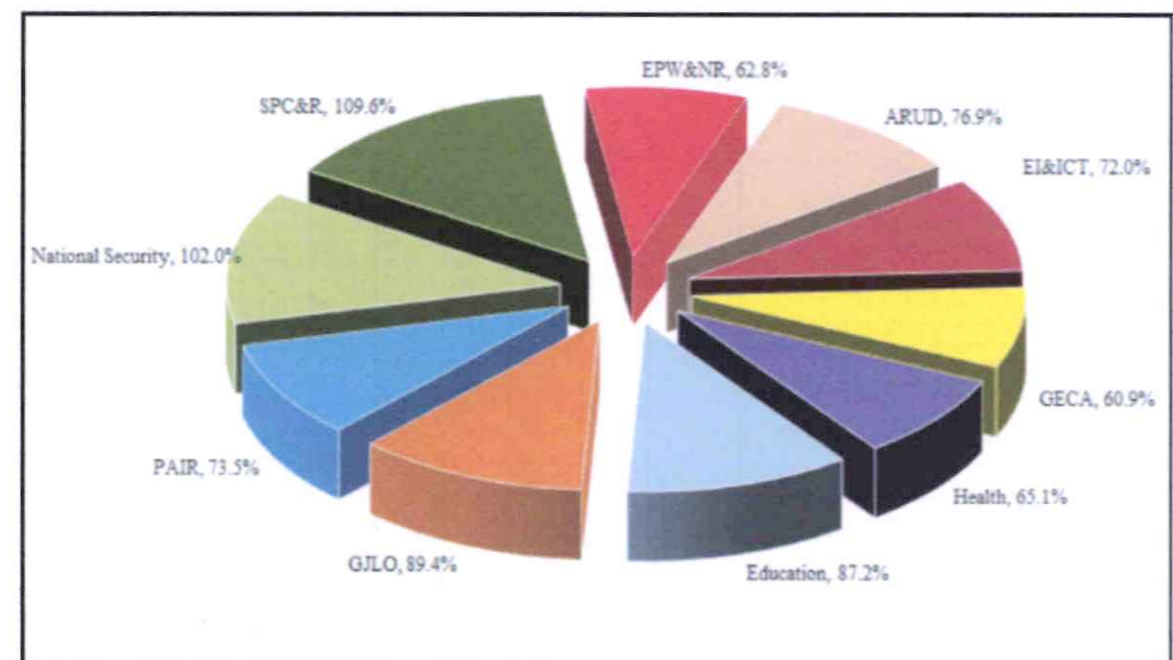
Source of Data: National Treasury

45. Over the same period in FY2023/24, the fiscal deficit excluding grants (on commitment basis) stood at KSh. 720.4 billion (4.4 percent of GDP). The fiscal outturn in the last six FYs; the Printed Estimates; and the two Revised Estimates in the FY 2024/25 are shown in Annex I. Further, GFSM 2014 Compliant Budgetary Central Government fiscal data for the FY 2024/25 are shown in annexes V and VI while the change in net worth is as shown in Annex IV.

## FISCAL DEVELOPMENTS

40. During the period under review, Social Protection, Culture and Recreation (SPC&R) sector recorded the highest absorption at 109.6 percent followed by National Security at 102.0 percent and Governance, Justice, Law and Order (GJLO) at 89.4 percent. General Economic and Commercial Affairs (GECA) sector recorded the lowest absorption of 60.9 percent (Chart 11).

Chart 11: Sectoral Budget Absorption as at 31st March, 2025



Source of Data: National Treasury

### 2.2.2 Pending Bills

41. The total outstanding National Government pending bills as at 31st March, 2025 amounted to KSh. 421.6 billion. These comprise recurrent bills of of KSh. 162.0 billion (38.4 percent) and development pending bills of KSh. 259.7 billion (61.6 percent). The 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.

42. 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 2024/25 and the medium term budget, Treasury Circular No. 7/2023.

## RECENT ECONOMIC DEVELOPMENTS

### 1.4 Money and Credit

19. Broad money supply, M3, grew by 6.0 percent in the year to March, 2025 compared to a growth of 11.5 percent in the year to March, 2024 (Table 2). The slowdown in growth of M3 was due to a decline in the growth of Net Domestic Assets (NDA) particularly the domestic credit and Net Foreign Assets (NFA) of the banking system. The NFA of the banking system grew by 30.8 percent in the year to March, 2025 compared to a growth of 142.8 percent in the year to March, 2024. Growth in the NFA was mainly due to an increase in Central Bank's foreign assets while commercial banks' foreign assets declined during the period.

Table 2: Money and Credit Developments (12 Months to March, 2025 KSh. Billion)

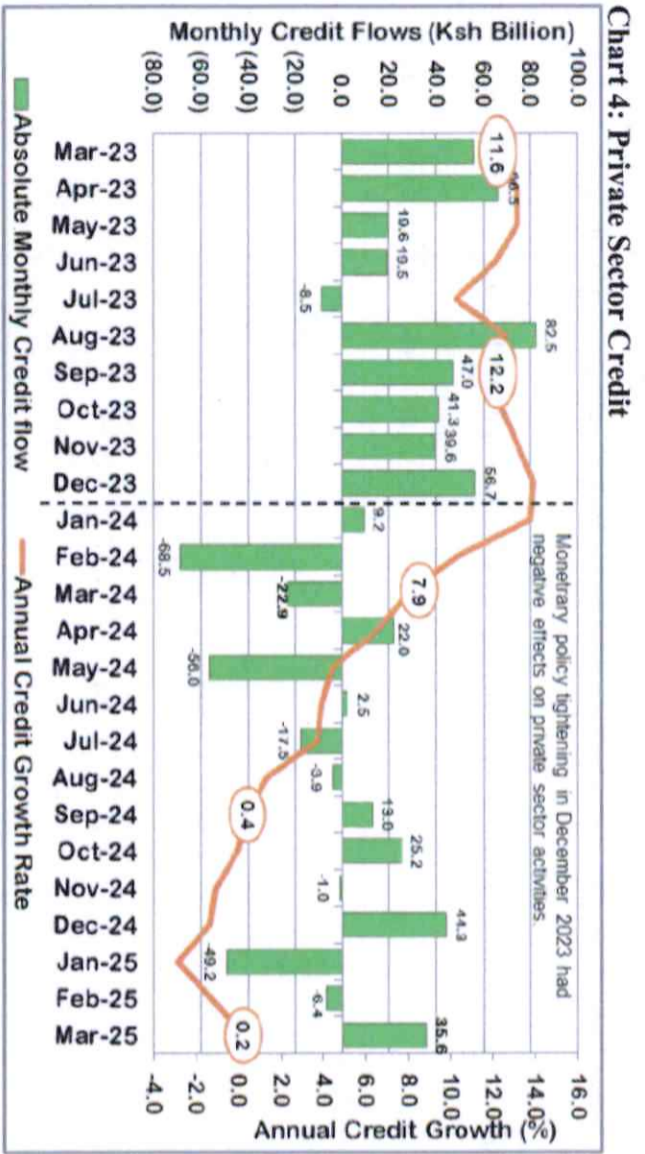
				Absolute Change		Percent Change	
	2023 March	2024 March	2025 March	2023-2024 March	2024-2025 March	2023-2024 March	2024-2025 March
<b>COMPONENTS OF M3</b>							
1. Money supply, M1 (1.1+1.2+1.3)	1,885.8	1,992.8	2,110.0	107.0	117.1	5.7	5.9
1.1 currency outside banks (M0)	252.8	273.9	285.4	21.2	11.5	8.4	4.2
1.2 Demand deposits	1,553.6	1,635.0	1,720.1	81.4	85.1	5.2	5.2
1.3 Other deposits at CBK	79.5	83.9	104.4	4.4	20.5	5.5	24.4
2. Money supply, M2 (1+2.1)	3,610.5	3,890.4	4,277.4	279.8	387.0	7.8	9.9
2.1 Time and savings deposits	1,724.7	1,897.5	2,167.4	172.8	269.9	10.0	14.2
<b>Money supply, M3 (2+3.1)</b>	<b>4,668.7</b>	<b>5,204.4</b>	<b>5,516.1</b>	<b>535.7</b>	<b>311.7</b>	<b>11.5</b>	<b>6.0</b>
3.1 Foreign currency deposits	1,058.2	1,314.1	1,238.8	255.9	(75.3)	24.2	(5.7)
<b>SOURCES OF M3</b>							
1. Net foreign assets (1.1-1.2)	308.7	749.5	980.2	440.8	230.7	142.8	30.8
1.1 Central Bank	433.6	387.4	705.3	(46.1)	317.9	(10.6)	82.0
1.2 Banking Institutions	(124.9)	362.0	274.9	486.9	(87.1)	389.9	(24.1)
2. Net domestic assets (2.1+2.2)	4,360.0	4,455.0	4,535.9	94.9	81.0	2.2	1.8
2.1 Domestic credit (2.1.1-2.1.2+2.1.3)	5,697.9	6,157.3	6,509.3	459.3	352.0	8.1	5.7
2.1.1 Government (net)	2,058.9	2,235.4	2,600.9	176.5	365.5	8.6	16.4
2.1.2 Other public sector	92.1	93.0	70.7	0.9	(22.2)	1.0	(23.9)
2.1.3 Private sector	3,547.0	3,829.0	3,837.7	282.0	8.7	7.9	0.2
2.2 Other assets net	(1,337.9)	(1,702.3)	(1,973.4)	(364.4)	(271.0)	(27.2)	(15.9)

Source of Data: Central Bank of Kenya

20. Net Domestic Assets (NDA) grew by 1.8 percent in the year to March, 2025, compared to a growth of 2.2 percent over a similar period in 2024. The slowdown in growth of the NDA was mainly due to a decline in growth of the domestic credit to the private sector. The domestic credit extended by the banking system to the Government grew by 16.4 percent in the year to March, 2025 compared to a growth of 8.6 percent in the year to March, 2024 while lending to other public sectors contracted by 23.9 percent compared to a growth of 1.0 percent over the same period.

21. Growth in private sector credit from the banking system recorded a modest growth of 0.2 percent in the year to March, 2025 compared to a growth of 7.9 percent in the year to March, 2024, due to the impact of exchange rate appreciation on foreign currency denominated loans and the lagged effects of monetary policy tightening. Reduced credit growth was observed in manufacturing, finance and insurance, trade (imports), mining and quarrying, business services and private households. These are some of the sub-sectors with significant foreign currency denominated loans.

22. The Monthly (month on month) credit flows to the private sector recovered in March, 2025 following the easing of the monetary policy stance and the reduction of the Cash Reserve Ratio (CRR) in February, 2025 to lower the cost of funds for banks (Chart 4). Sustained demand particularly for working capital due to resilient economic activity and the implementation of the Credit Guarantee Scheme for the vulnerable MSMES will continue to support private sector credit uptake.



1.5 Balance of Payments

23. The current account deficit was US\$, 1,173.7 million (0.8 percent of GDP) in February 2025 compared to US\$ 2,596.8 million (2.3 percent of GDP) in February, 2024 (Table 3 and Chart 5). The current account balance was supported by an improvement in net receipts on the services account and net secondary income balance. The current deficit in the net merchandise account and net primary income balance. The current account deficit in the 12 months to February, 2025 was more than fully financed by financial account inflows, resulting in an overall balance of payments surplus of US\$ 1,376.8 million.

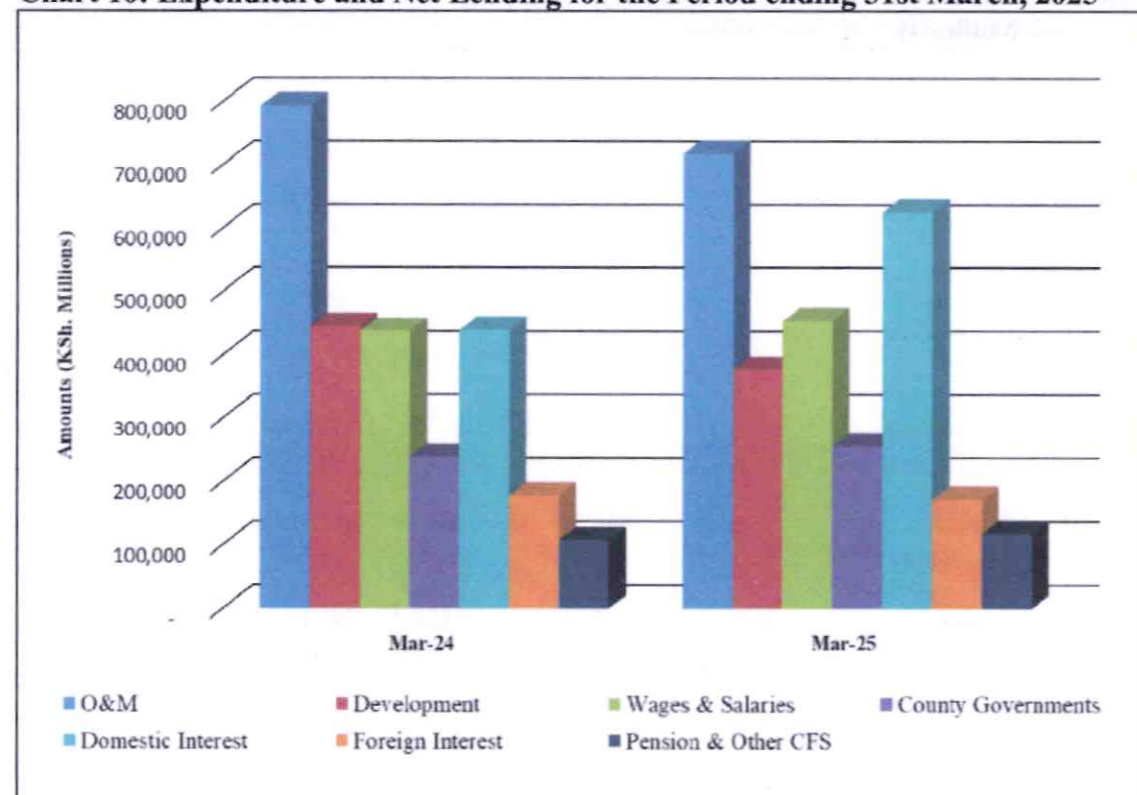
24. The balance in the merchandise account improved by US\$ 156.0 million to a deficit of US\$, 9,375.8 million in February, 2025 mainly due to an increase in exports that more than offset the increase in imports bill. Goods exports increased by 15.5 percent, due to higher domestic exports, particularly agricultural commodities, and re-exports. Goods imports rose by 7.6 percent, reflecting increases in intermediate and capital goods imports. Services receipts increased by 15.1 percent, mainly supported by increased receipts from transport and travel services. The deficit on the primary account narrowed by US\$, 162.7 million to a deficit of US\$, 1,762.8 million in the year to February, 2025, compared to the same period last year, reflecting higher interest related payments on other investments.

Table 6: National Government Expenditures by Public Agencies, Period Ending 31st March, 2025 (KSh. Millions)

MINISTRY/DEPARTMENT/COMMISSIONS	Actual				Target				Variance				% of Total Expenditure
	2025		2024		2025		2024		2025		2024		
	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	
1011 Executive Office of the President	1,655	2,246	(591)	(181)	-	(25)	1,655	2,271	(616)	72.9			
1012 Office of the Deputy President	1,328	1,509	(181)	(181)	-	(25)	1,328	1,509	(181)	88.0			
1013 Office of the Prime Cabinet Secretary	356	445	(89)	(89)	-	(33)	356	478	(121)	74.6			
1014 State Department for Parliamentary Affairs	146	169	(23)	(23)	-	(86.4)	146	169	(23)	86.4			
1015 State Department for Performance and Delivery	263	316	(53)	(53)	-	(263)	263	316	(53)	83.1			
1016 State Department for Cabinet Affairs	90	109	(19)	(19)	-	(90)	90	109	(19)	82.3			
1017 State House	2,838	3,984	(1,146)	(1,146)	-	(2,838)	2,838	4,184	(1,346)	67.8			
1023 State Department for Correctional Services	14,487	17,876	(3,389)	(3,389)	-	200	14,487	17,931	(3,406)	81.0			
1024 State Department for Immigration and Citizen Services	6,089	6,511	(421)	(421)	-	3,550	3,411	13,050	12,977	73.0			
1025 National Police Service	55,125	64,422	(2,297)	(2,297)	-	293	55,125	57,715	(2,590)	95.5			
1026 State Department for Internal Security & National	17,787	17,297	490	490	-	1,435	1,400	20,622	18,732	1,891	110.1		
1032 State Department for the ASAs and Regional	533	735	(202)	(202)	-	677	783	1,210	1,518	(308)	79.7		
1036 State Department for the ASAs and Regional	6,433	5,051	1,382	1,382	-	803	2,483	7,327	7,535	(208)	97.2		
1041 Ministry of Defence	76,435	88,086	(11,651)	(11,651)	-	1,767	76,202	89,853	(11,651)	87.0			
1053 State Department for Foreign Affairs	6,036	10,535	(4,499)	(4,499)	-	6,036	10,535	(4,499)	57.3				
1054 State Department for Diaspora Affairs	226	317	(91)	(91)	-	226	317	(91)	71.3				
1054 State Department for Vocational and Technical	12,932	15,601	(2,669)	(2,669)	-	344	14,830	17,712	(2,882)	83.7			
1065 State Department for Higher Education and Research	64,669	67,746	(3,077)	(3,077)	-	92	64,761	68,090	(3,329)	95.1			
1066 State Department for Basic Education	54,621	59,039	(4,418)	(4,418)	-	11,041	10,301	63,661	69,430	(5,769)	94.6		
1071 The National Treasury	34,028	39,007	(4,979)	(4,979)	-	7,200	19,519	41,728	47,298	(5,570)	71.3		
1072 State Department for Economic Planning	1,624	1,840	(216)	(216)	-	22,904	24,528	58,526	64,300	(5,774)	63.8		
1082 State Department for Medical Services	23,894	28,239	(4,345)	(4,345)	-	3,433	31,783	37,255	(2,727)	64.6			
1083 State Department for Public Health and Professional	13,775	13,775	0	0	-	1,663	1,663	10,887	10,887	0	67.0		
1091 State Department for Roads	32,620	35,998	(3,378)	(3,378)	-	68,204	11,601	112,425	8,223	107.9			
1092 State Department for Transport	1,423	9,551	(8,128)	(8,128)	-	724	15,305	2,147	24,856	(22,708)	8.6		
1093 State Department for Shipping and Maritime Affairs	223	1,245	(1,022)	(1,022)	-	560	(560)	223	(560)	12.2			
1094 State Department for Housing & Urban Development	605	1,689	(1,084)	(1,084)	-	21,112	35,638	21,718	37,528	(15,810)	58.2		
1095 State Department for Public Works	1,339	2,026	(687)	(687)	-	3	162	1,343	2,188	(845)	61.4		
1104 State Department for Water & Sanitation	397	693	(296)	(296)	-	9,842	(486)	9,836	(701)	93.3			
1109 State Department for Lands and Physical Planning	1,284	3,318	(2,034)	(2,034)	-	7,771	11,759	15,077	(6,022)	60.1			
1122 State Department for Information Communication	1,914	2,270	(356)	(356)	-	4,644	2,075	5,324	(411)	90.5			
1123 State Department for Broadcasting &	880	1,115	(235)	(235)	-	25	5,324	6,029	(505)	91.6			
1134 State Department for Culture and Heritage	410	672	(262)	(262)	-	2,369	3,310	3,310	(941)	82.5			
1135 State Department for Youth Affairs and the Arts	1,035	1,618	(583)	(583)	-	6,936	8,232	7,466	8,904	(1,438)	82.6		
1152 State Department for Energy	499	1,115	(616)	(616)	-	192	667	1,067	1,781	(714)	59.9		
1162 State Department for Livestock Development	1,329	2,735	(1,407)	(1,407)	-	11,336	18,679	(7,323)	23,656	(11,802)	50.1		
1166 State Department for the Blue Economy and Fisheries	1,171	1,493	(322)	(322)	-	1,138	2,976	2,666	3,711	(1,035)	43.2		
1177 State Department for Investment Promotion	6,578	8,841	(2,263)	(2,263)	-	5,121	4,886	6,292	6,379	(87)	98.6		
1184 State Department for Labour and Skills Development	685	2,880	(2,195)	(2,195)	-	600	472	1,28	22,820	(5,521)	75.8		
1173 State Department for Cooperatives	23,285	16,742	6,543	6,543	-	2,000	1,977	3,747	4,95	(89.8)	89.8		
1174 State Department for Trade	500	2,653	(2,153)	(2,153)	-	145	145	790	2,798	(2,008)	78.3		
1175 State Department for Metro, Small and Medium	434	1,021	(587)	(587)	-	1,432	2,082	2,058	3,648	(1,590)	56.4		
1176 State Department for Investment Promotion	295	2,880	(2,585)	(2,585)	-	472	2,188	3,099	3,209	(100)	96.9		
1184 State Department for Labour and Skills Development	685	2,880	(2,195)	(2,195)	-	600	472	1,28	22,820	(5,521)	75.8		
1185 State Department for Social Protection and Senior	397	715	(317)	(317)	-	2,501	1,597	25,786	8,130	17,656	146.0		
1192 State Department for Mining	1,192	1,115	(77)	(77)	-	90	90	390	795	(404)	49.1		
1193 State Department for Petroleum	279	6,801	(6,522)	(6,522)	-	1,750	(1,750)	15,419	(15,419)	0	3.9		
1202 State Department for Tourism	1,546	6,025	(4,479)	(4,479)	-	6	285	7,236	(6,951)	24.5			
1203 State Department for Wildlife	853	991	(138)	(138)	-	1,676	1,601	1,601	6,530	(4,929)	24.5		
1212 State Department for Gender and Affirmative Action	9,390	9,609	(219)	(219)	-	97	2,529	2,529	2,904	24	101.0		
1213 State Department for Public Service	300	436	(136)	(136)	-	332	332	9,487	9,941	(454)	95.4		
1221 State Department for East African Community	2,232	2,756	(524)	(524)	-	116	2,348	300	436	(136)	70.4		
1252 State Law Office	1,947	2,075	(128)	(128)	-	12	27	2,348	2,348	0	82.8		
1271 Ethics and Anti-Corruption Commission	30,207	27,826	2,381	2,381	-	386	1,958	1,958	2,110	(152)	93.2		
1281 National Intelligence Service	1,836	2,087	(251)	(251)	-	23	30,207	27,826	2,381	108.6			
1291 Office of the Director of Public Prosecutions	977	862	115	115	-	5	1,841	1,841	862	108.7			
1311 Office of the Registrar of Political Parties	289	362	(73)	(73)	-	872	289	362	(73)	79.9			
1321 Witness Protection Agency	995	1,668	(673)	(673)	-	334	1,317	1,317	2,540	(1,223)	51.9		
1331 State Department for Environment & Climate Change	2,242	4,600	(2,358)	(2,358)	-	1,288	245	3,775	5,888	(2,114)	64.1		
1332 State Department for Forestry	236	242	(6)	(6)	-	236	236	242	242	(6)	97.8		
2011 Kenya National Commission on Human Rights	942	979	(37)	(37)	-	942	979	942	979	(37)	96.2		
2021 National Land Commission	1,794	1,924	(130)	(130)	-	1,794	1,924	1,794	1,924	(130)	93.2		
2031 Independent Electoral and Boundaries Commission	488	688	(200)	(200)	-	488	688	488	688	(200)	70.9		
2041 Parliamentary Service Commission	10,703	12,838	(2,135)	(2,135)	-	378	10,703	12,838	(2,135)	83.2			
2042 National Assembly	2,833	3,202	(369)	(369)	-	659	3,870	3,870	3,861	9	100.2		
2043 Parliamentary Joint Services	339	383	(44)	(44)	-	339	383	339	383	(44)	88.4		
2044 Senate	157	179	(22)	(22)	-	157	179	157	179	(22)	87.8		
2061 Commission on Revenue Allocation	1,740	1,740	(44)	(44)	-	417	1,740	1,740	1,784	(44)	97.5		
2071 Public Service Commission	176	277	(101)	(101)	-	176	277	176	277	(101)	63.6		
2081 Salaries and Remuneration Commission	149,493	182,710	(33,217)	(33,217)	-	137	149,493	182,710	183,127	(33,497)	81.7		
2091 Teachers Service Commission	472	504	(32)	(32)	-	472	504	472	504	(32)	93.7		
2101 National Police Service Commission	3,368	4,087	(720)	(720)	-	17	4,127	4,127	4,127	(742)	82.0		
2111 Auditor General	256	352	(96)	(96)	-	256	352	256	352	(96)	72.7		
2121 Controller of Budget	291	320	(29)	(29)	-	291	320	291	320	(29)	91.0		
2131 Commission on Administrative Justice	213	213	(6)	(6)	-	213	213	213	213	(6)	97.4		
2141 National Gender and Equality Commission	497	554	(57)	(57)	-	497	554	497	554	(57)	89.7		
2151 Independent Policing Oversight Authority	794,147	806,231	(161,084)	(161,084)	-	308,046	645,189	947,675	1,174,277	(225,402)	80.8		
Total	794,147	806,231	(161,084)	(161,084)	-	308,046	645,189	947,675	1,174,277	(225,402)	80.8		

Source of Data: National Treasury

Chart 10: Expenditure and Net Lending for the Period ending 31st March, 2025



Source of Data: National Treasury

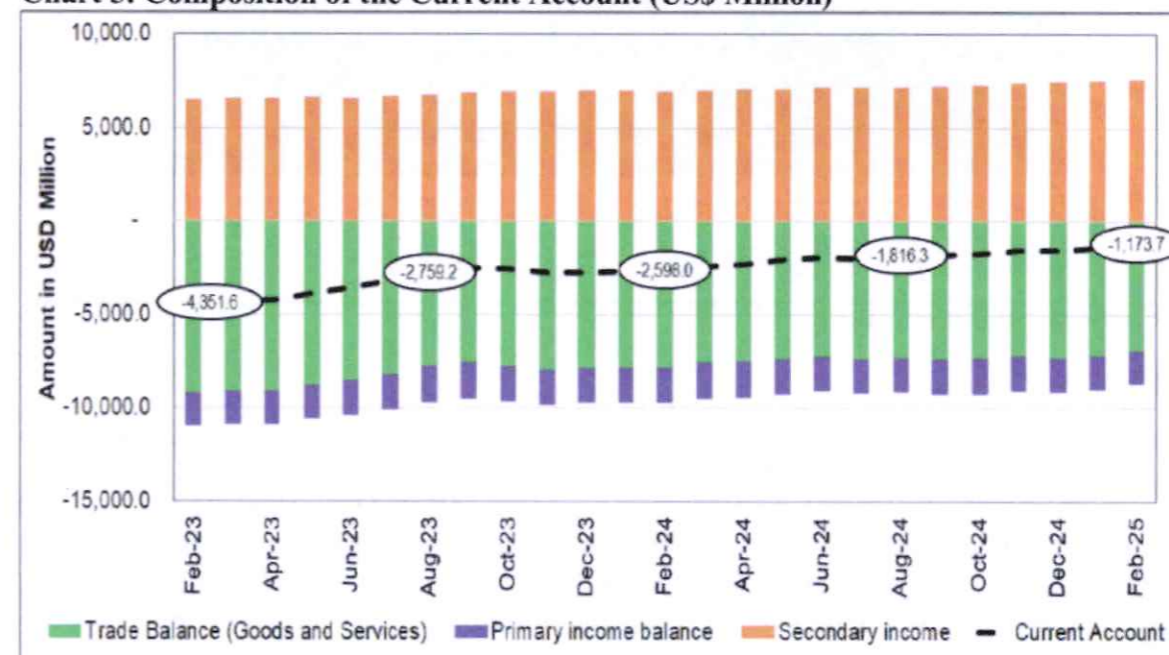
Table 3: Balance of Payments (US\$ Million)

	Year to February 2025					Actuals as a Percent of GDP	
	Feb-23	Feb-24	Feb-25	Change	Percent Change	Feb-24	Feb-25
<b>Overall Balance</b>	2,111.2	574.4	(1,376.8)	(1,951.3)	(339.7)	0.5	(1.0)
<b>A) Current Account</b>	(4,351.6)	(2,598.0)	(1,173.7)	1,424.3	54.8	(2.3)	(0.8)
<i>Merchandise Account (a-b)</i>	(11,166.1)	(9,531.8)	(9,375.8)	156.0	1.6	(8.4)	(6.6)
a) Goods: exports	10,765.6	11,306.8	13,056.1	1,749.3	15.5	10.0	9.2
b) Goods: imports	21,931.7	20,838.6	22,431.9	1,593.4	7.6	18.4	15.8
<i>Net Services (c-d)</i>	1,986.2	1,734.3	2,407.6	673.3	38.8	1.5	1.7
c) Services: credit	7,801.2	7,067.9	8,132.5	1,064.6	15.1	6.3	5.7
d) Services: debit	5,815.0	5,333.6	5,724.9	391.2	7.3	4.7	4.0
<i>Net Primary Income (e-f)</i>	(1,778.2)	(1,925.5)	(1,762.8)	162.7	8.5	(1.7)	(1.2)
e) Primary income: credit	146.0	192.4	310.1	117.7	61.2	0.2	0.2
f) Primary income: debit	1,924.1	2,117.9	2,072.9	(45.0)	(2.1)	1.9	1.5
<i>Net Secondary Income</i>	6,606.5	7,125.0	7,557.2	432.2	6.1	6.3	5.3
g) Secondary income: credit	6,690.2	7,179.8	7,605.7	425.9	5.9	6.4	5.4
h) Secondary income: debit	83.7	54.9	48.5	(6.4)	(11.6)	0.0	0.0
<b>B) Capital Account</b>	164.3	126.8	156.5	29.7	23.4	0.1	0.1
<b>C) Financial Account</b>	(3,389.2)	(696.1)	(3,916.0)	(3,219.9)	(462.6)	(0.6)	(2.8)

Source of Data: Central Bank of Kenya

25. Net Secondary income remained resilient and increased by US\$. 432.3 million during the review period owing to an increase in remittances. Diaspora remittances increased by 14.5 percent to US\$ 4,956 million in the 12 months to February, 2025 compared to US\$ 4,330 million in a similar period in 2024. Remittances increased forex inflows into the country, with some going to investment while others support household consumption of our people.

Chart 5: Composition of the Current Account (US\$ Million)



Source of Data: Central Bank of Kenya

### 2.2.1 National Government Expenditures by Public Agencies

37. The total ministerial and other public agencies expenditure including A.I.A for the period ending 31st March, 2025 was KSh. 947.8 billion against a target of KSh. 1,173.3 billion. Recurrent expenditure was KSh. 704.1 billion against a target of KSh. 865.2 billion, while development expenditure amounted to KSh. 243.5 billion against a target of KSh. 308.0 billion. The percentage of total expenditures to the target was 80.8 percent while the percentage of total expenditures to the target for recurrent and development were 81.4 percent and 79.1 percent respectively, as at the end of the period under review.

38. As at 31st March, 2025, 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 44.0 percent of total recurrent expenditure. In addition, the Ministry of Defence and the National Police Service accounted for 12.3 percent and 7.7 percent of total recurrent expenditure, respectively.

39. Analysis of development outlay indicates that the State Department for Roads accounted for the largest share of the total development expenditure (32.8 percent), followed by the State Department for Economic Planning (9.4 percent), State Department for Housing and Urban Development (7.7 percent), and the State Department for Energy (4.7 percent). **Table 6** shows the recurrent and development expenditures by Ministries, State Departments and other government entities for the period under review.

## RECENT ECONOMIC DEVELOPMENTS

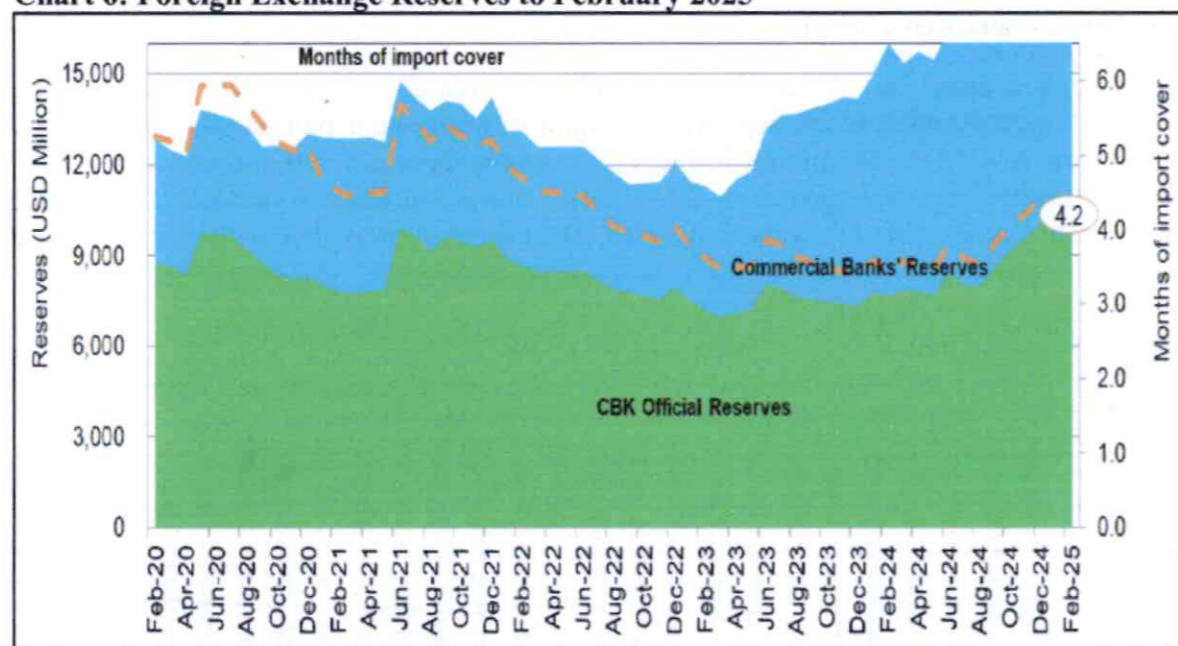
26. The capital account balance increased by US\$. 29.7 million to register a surplus of US\$ 156.5 million in February, 2025 compared to a surplus of US\$. 126.8 million in the same period in 2024. Net financial inflows improved to US\$. 3,916.0 million in February, 2025 compared to US\$. 696.1 million in February, 2024. The net financial inflows were mainly in the form of debt securities under portfolio investment and other investments. However, financial derivatives registered a net outflow during the period partly due to Kenya's limited access to international financial markets owing to elevated borrowing costs.

### 1.6 Foreign Exchange Reserves

27. The banking system's foreign exchange holdings remained strong at US\$. 15,700.9 million in February, 2025 from US\$. 15,966.5 million in February, 2024. The official foreign exchange reserves held by the Central Bank stood at US\$. 9,682.6 million compared to US\$ 7,669.8 million over the same period in 2024 (**Chart 6**). Commercial banks foreign exchange holdings decreased to US\$. 6,018.3 million in February, 2025 from US\$. 8,296.7 million in February, 2024.

28. The official reserves held by the Central Bank in February, 2025 represented 4.2 months of import cover as compared to the 3.5 months of import cover in February, 2024. These reserves continue to provide adequate cover and buffer against any short-term shocks in the foreign exchange market.

**Chart 6: Foreign Exchange Reserves to February 2025**



Source of Data: Central Bank of Kenya

### 1.7 Exchange Rates

29. The Kenya Shilling exchange rate has stabilized against major international currencies since February, 2024. In March, 2025, the exchange rate against the US dollar averaged at ., 129.3 compared to an average of KSh. 159.7 in January, 2024, an appreciation of 19.0 percent. Against the Euro, the Kenya Shilling strengthened by 19.9 percent to exchange at an average of KSh. 139.6 in March, 2025 compared to an average of KSh. 174.3 in January, 2024. Against the Sterling Pound the Kenyan Shilling strengthened by 17.8 percent to

## FISCAL DEVELOPMENTS

**Table 5: Expenditure and Net Lending, Period Ending 31st March, 2025 (KSh. Millions)**

	2023/2024	2024/2025		Deviation	% Growth
	Actual*	Actual*	Targets		
<b>1. RECURRENT</b>	<b>1,913,122</b>	<b>2,067,232</b>	<b>2,065,736</b>	<b>1,496</b>	<b>8.1</b>
Domestic Interest	439,420	625,029	570,050	54,979	42.2
Foreign Interest	177,676	171,454	202,024	(30,570)	(3.5)
Pensions & Other CFS	107,432	117,812	123,677	(5,865)	9.7
Contribution to Civil Servants' Pension	24,221	13,381	21,349	(7,967)	(44.8)
Wages and Salaries	413,126	440,254	450,440	(10,187)	6.6
Operation and Maintenance	751,247	699,301	698,196	1,106	(6.9)
O/W: Appropriation-in-Aid	230,667	191,880	192,303	(423)	(16.8)
<b>2. DEVELOPMENT</b>	<b>444,748</b>	<b>376,927</b>	<b>420,829</b>	<b>(43,903)</b>	<b>(15.2)</b>
Development Projects (Net)	274,522	196,329	204,633	(8,304)	(28.5)
Payment of Guaranteed Loans	17,436	19,685	19,685	(0)	12.9
Appropriation-in-Aid	152,791	160,912	191,132	(30,220)	5.3
<b>3. County Governments</b>	<b>239,073</b>	<b>255,540</b>	<b>339,970</b>	<b>(84,430)</b>	<b>6.9</b>
<b>4. Parliamentary Service</b>	<b>26,906</b>	<b>18,418</b>	<b>21,290</b>	<b>(2,872)</b>	<b>(31.5)</b>
<b>5. Judicial Service</b>	<b>14,916</b>	<b>339</b>	<b>380</b>	<b>(41)</b>	<b>(97.7)</b>
<b>6. Equalization Fund</b>	<b>-</b>	<b>-</b>	<b>5,379</b>	<b>(5,379)</b>	<b>-</b>
<b>7. CF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURE</b>	<b>2,638,765</b>	<b>2,699,699</b>	<b>2,826,535</b>	<b>(126,836)</b>	<b>2.3</b>

\*Provisional

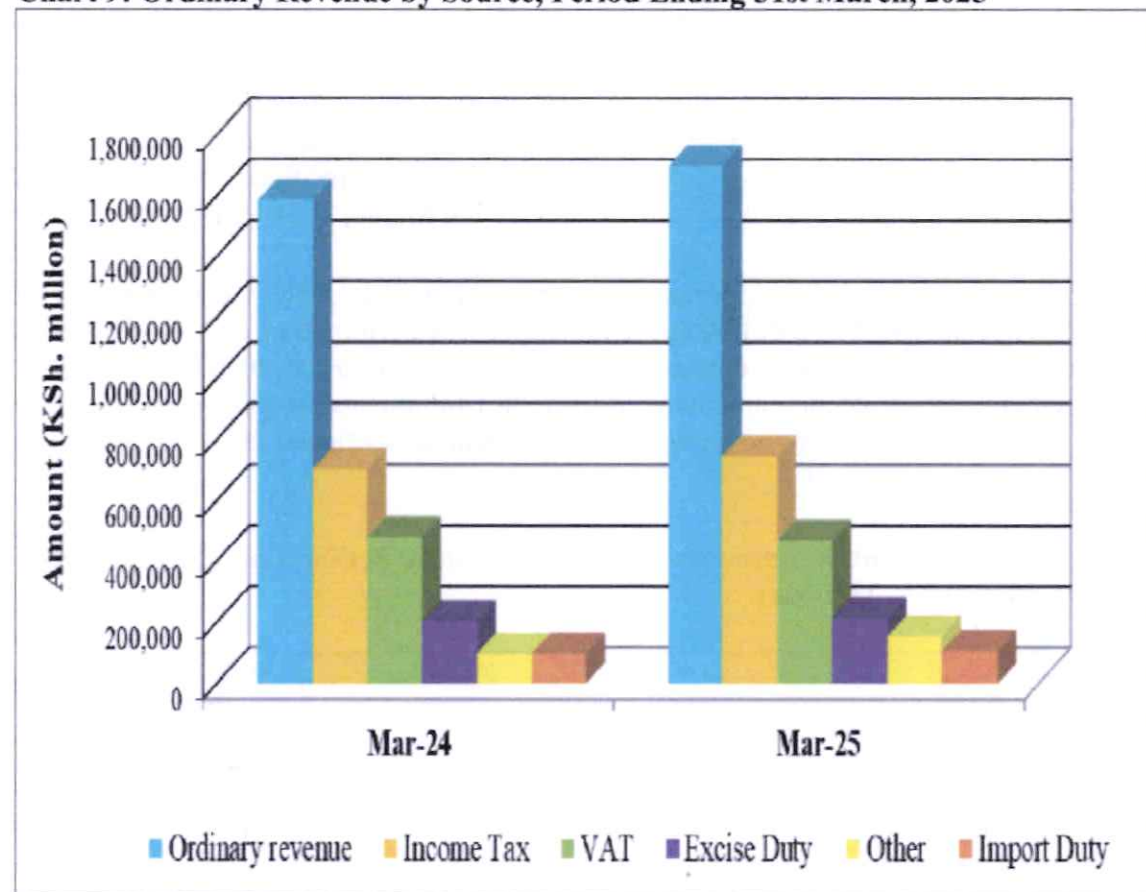
Source of Data: National Treasury

36. Foreign interest payments amounted to KSh. 171.5 billion, a decline from KSh. 177.7 billion paid over the same period in the FY2023/24. The domestic interest payments totalled to KSh. 625.1 billion, which was higher than the KSh. 439.4 billion paid in the corresponding period in the previous financial year. The expenditure data in GFSM 2014 format is shown in annexes III and IV.

## FISCAL DEVELOPMENTS

34. As a proportion of GDP, the total revenue and grants in the period under review was also 11.8 percent compared to 11.9 percent recorded in the corresponding period in the FY 2023/24. Total grants amounted to KSh. 14.6 billion against a target of KSh. 19.6 billion, translating to a shortfall of KSh. 4.8 billion (Table 4).

**Chart 9: Ordinary Revenue by Source, Period Ending 31st March, 2025**



Source of Data: National Treasury

### 2.2 Expenditure

35. The total expenditure and net lending for the period under review amounted to KSh. 2,699.7 billion, against a target of KSh. 2,826.5 billion. The resultant below target expenditure of KSh. 126.8 billion is attributed to under-absorption in both development and recurrent expenditures by the National Government. Transfers to County Governments were below target by KSh. 84.4 billion. Recurrent expenditure for National Government amounted to KSh. 2,067.2 billion (excluding KSh. 18.7 billion for Parliament and Judiciary), against a target of KSh. 2,065.7 billion which was KSh. 1.5 billion above the set target. The above expenditure in recurrent category was mainly due to higher than targeted expenditures on domestic interest payment (Table 5 and Chart 10).

## RECENT ECONOMIC DEVELOPMENTS

exchange at an average of KSh. 166.8 in March, 2025 compared to an average KSh. 202.9 in January, 2024 (Chart 7a).

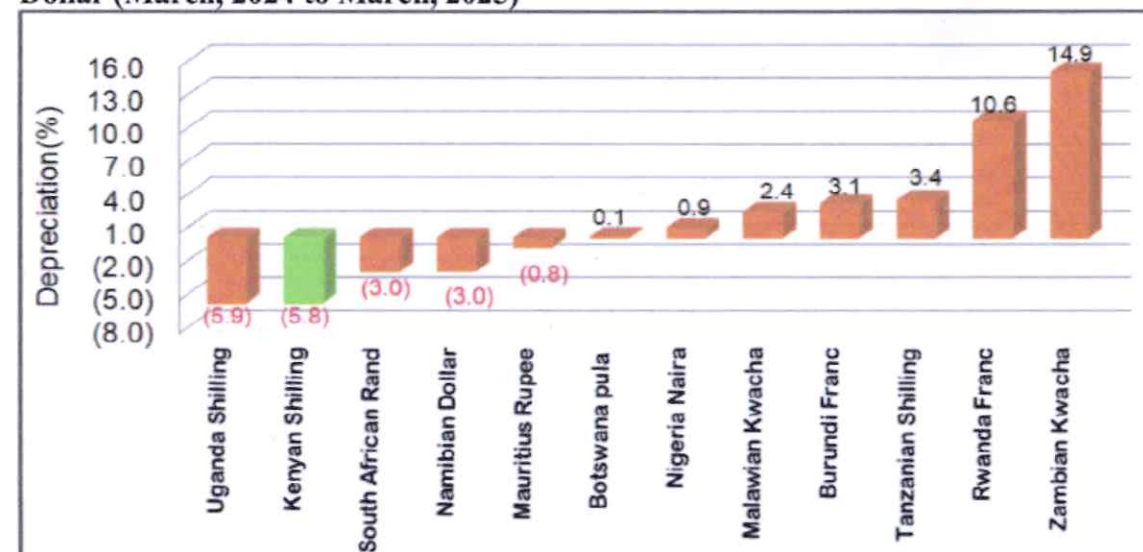
**Chart 7a: Kenya Shilling Exchange Rate**



Source of Data: Central Bank of Kenya

30. In comparison to Sub-Saharan Africa currencies, the volatility of the Kenya Shilling exchange rate has remained relatively low amid high demand for the US dollar in the international markets. The Kenya Shilling strengthened against the US Dollar at a rate of 5.8 percent in the 12 months to March, 2025 compared to depreciations of 5.9 percent in the 12 months to March, 2024 (Chart 7b). The stability of the Kenyan Shilling was supported by resilient remittances; adequate foreign exchange reserves; and strong exports receipts. Majority of the other Sub-Saharan Africa Currencies depreciated during the same period, particularly Zambian Kwacha, and Rwanda Franc that had double-digit depreciation rates in descending order respectively.

**Chart 7b: Performance of Selected Sub-Saharan Countries Currencies against the US Dollar (March, 2024 to March, 2025)**

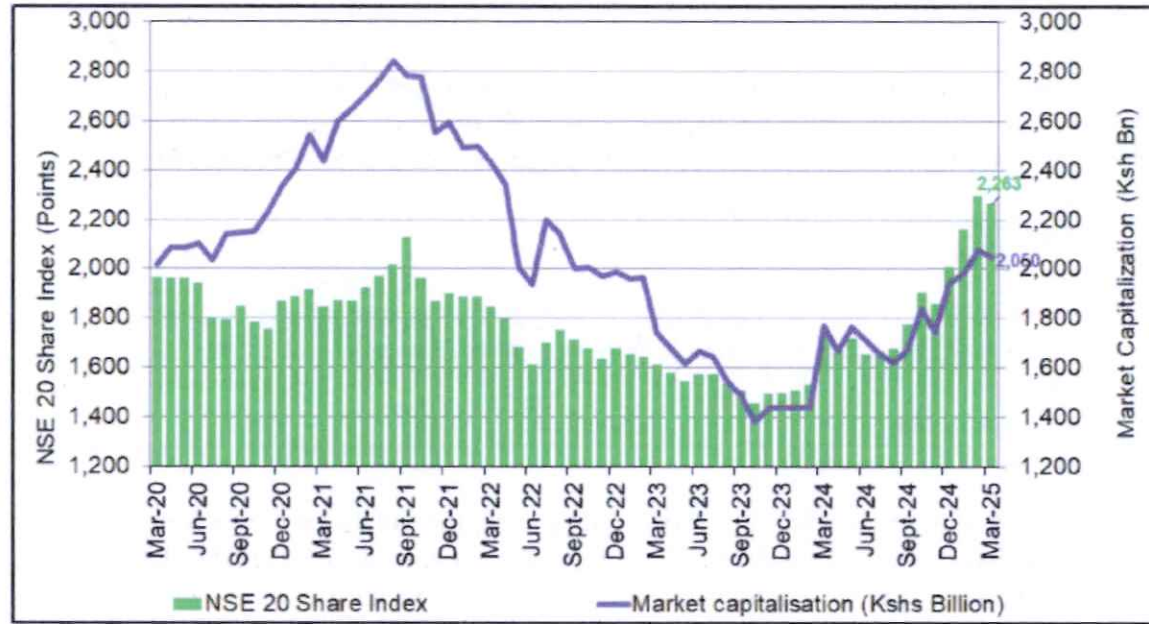


Source of Data: National Central Banks

1.8 Capital Markets

31. There has been notable improvement in the capital market as investors activity at the Nairobi Securities Exchange increase leading to Foreign Direct Investment flows in the. The NSE 20 Share Index improved to 2,263 points in March, 2025 compared to 1,752 points in March, 2024 while Market capitalization also improved to KSh. 2,050 billion from KSh. 1,767 billion over the same period (Chart 8).

Chart 8: Performance at the NSE to end March, 2025.



Source of Data: Nairobi Securities Excha

2.0 FISCAL DEVELOPMENTS

2.1 Revenue

32. By the end of March, 2025, total revenue collected including A-I-A amounted to KSh. 1,998.4 billion against a target of KSh. 2,138.0 billion (Table 4). The revenue collection was below target by KSh. 139.6 billion attributed to the shortfall recorded in ordinary revenue of KSh. 142.8 billion while collection of the ministerial A-I-A was above target by KSh. 3.2 billion. Ordinary revenue collection was KSh. 1,697.3 billion against a target of KSh. 1,840.1 billion. All ordinary revenue categories recorded below target performance during the period under review except investment revenue which surpassed its target by KSh. 3.5 billion. The total revenue recorded a growth of 4.2 percent compared to a growth of 7.0 percent recorded in March, 2024 (Chart 9).

33. The ministerial A-I-A collected amounted to KSh. 301.1 billion against a target of KSh. 298.0 billion, KSh. 3.2 billion above the target. The performance of A-I-A translated to a decline of 9.5 percent compared to the same period in 2024. The Railway Development Levy collection amounted to KSh. 26.1 billion against a target of KSh. 21.9 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 31st March, 2025 (KSh. Millions)

	2023/2024	2024/2025		Deviation KSh.	% Growth
	Actual*	Actual*	Target		
<b>Total Revenue (a+b)</b>	<b>1,918,312</b>	<b>1,998,368</b>	<b>2,137,977</b>	<b>(139,609)</b>	<b>4.2</b>
<b>(a) Ordinary Revenue</b>	<b>1,585,653</b>	<b>1,697,291</b>	<b>1,840,061</b>	<b>(142,770)</b>	<b>7.0</b>
Import Duty	98,436	107,748	113,002	(5,254)	9.5
Excise Duty	204,170	214,997	230,463	(15,466)	5.3
PAYE	390,955	412,102	431,820	(19,718)	5.4
Other Income Tax	313,115	334,091	379,742	(45,651)	6.7
VAT Local	233,467	235,292	251,980	(16,688)	0.8
VAT Imports	247,628	235,714	254,787	(19,073)	(4.8)
Investment Revenue	13,902	70,328	66,848	3,479	405.9
Traffic Revenue	3,134	2,585	3,017	(433)	(17.5)
Taxes on Intl. Trade & Trans.(IDF Fee)	35,465	34,207	38,170	(3,963)	(3.5)
Others <sup>1</sup>	45,381	50,227	70,231	(20,004)	10.7
<b>(b) Appropriation In Aid<sup>2</sup></b>	<b>332,658</b>	<b>301,078</b>	<b>297,917</b>	<b>3,161</b>	<b>(9.5)</b>
o/w Railway Development Levy	24,282	26,110	21,903	4,207	7.5
<b>(c) External Grants</b>	<b>13,945</b>	<b>14,751</b>	<b>19,414</b>	<b>(4,663)</b>	<b>5.8</b>
<b>Total Revenue and External Grants</b>	<b>1,932,257</b>	<b>2,013,119</b>	<b>2,157,391</b>	<b>(144,272)</b>	<b>(6.1)</b>
<b>Total Revenue and External Grants as a percentage of GDP</b>	<b>11.98</b>	<b>11.55</b>	<b>12.37</b>	<b>(0.83)</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