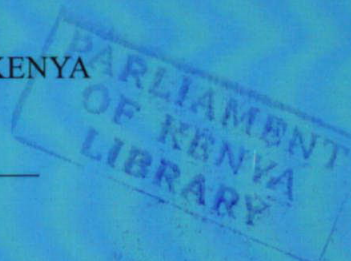




Vol 6/1

REPUBLIC OF KENYA



THE NATIONAL TREASURY

Quarterly Economic and Budgetary Review

First Half, Financial Year 2014/2015
Period ending 31st December 2014

February 2015 Edition



Quarterly Economic and Budgetary Review

**First Half, Financial Year 2014/2015
Period ending 31st December 2014**

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LIST OF ABBREVIATIONS AND ACRONYMS

A-I-A	Appropriation in Aid
CBK	Central Bank of Kenya
FISM	Financial Services Indirectly Measured
FY	Fiscal Year
GDP	Gross Domestic Product
IMF	International Monetary Fund
KNBS	Kenya National Bureau of Statistics
KShs	Kenya Shillings
Mn	Million
NDA	Net Domestic Assets
NFA	Net Foreign Assets
NSE	Nairobi Securities Exchange
RDL	Railway Development Levy

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.

HIGHLIGHTS OF THE QUARTERLY ECONOMIC AND BUDGETARY REVIEW: FIRST HALF, 2014/2015

1. **Recent Economic Developments**

Kenya rebased its real GDP estimated based on 2010 National Accounts Statistics (NAS) in September 2014. This rebasing increased the size of the economy in 2013 by 25 per cent, equivalent to Ksh 4,757.5 billion or USD 55.2 billion – translating to USD 1,269 in GDP per capita, placing Kenya at lower middle income economy. Kenya's economy is now ranked as the 9th largest in Africa and 4th largest in SSA.

The economy is estimated to have expanded by 5.5 per cent in the third quarter of 2014 compared to a revised estimate of 6.2 per cent in the same period of 2013. The growth was mainly supported by robust growths in; construction (11.0 per cent), finance and insurance (9.9 per cent), wholesale and retail trade (7.2 per cent); information and communication (6.6 per cent); and agriculture and forestry (6.2 per cent).

2. **Total Revenue Collection**

The National Government cumulative revenue collection including A-I-A for the period July to December 2014 amounted to KShs. 513.9 billion (equivalent to 9.2 per cent of GDP) against a target of KShs. 560.4 billion or 10.1 per cent of GDP. This represented an underperformance of KShs. 46.5 billion mainly due to shortfalls in A-I-A collection, Income Tax, VAT and Import duty.

3. **Government Expenditure and Net Lending**

The total cumulative expenditure and net lending inclusive of transfers to county governments for the period ending 31st December 2014 amounted to KShs. 632.8 billion. This was KShs. 132.4 billion below the target of KShs. 765.2 billion and was largely attributed to low absorption levels in operations and maintenance for both the National and County Governments. Expenditure on foreign financed development programmes/projects far below target.

4. **Guaranteed Loans**

Between July 1 and 31 December 2014, the National Government paid a total of KShs. 505.8 million on account of guaranteed loans against the projected debt service of KShs. 509.4 million. The variance is attributed mainly to in exchange rate movements.

5. **The Overall Fiscal Balance**

The cumulative overall fiscal balance, on a commitment basis (excluding grants), amounted to a deficit of KShs. 118.9 billion (equivalent to 2.1 per cent of GDP), as at end-December 2014, compared with a deficit of KShs. 87.4 billion (equivalent to 1.8 per cent of GDP) in the period ending 31st December 2013.

6. External Financing

Between July 1 and December 31 2014, external financing amounted to a net borrowing of KShs. 48.3 billion, compared to a net borrowing of KShs. 11.0 billion in the same period of 2013.

7. Net Domestic Borrowing

Net domestic financing amounted to KShs. 71.1 billion net repayment (equivalent to 1.3 per cent of GDP) in the period ending 31st December, 2014, compared to net borrowing KShs. 67.4 billion (equivalent to 1.4 per cent of GDP) in a similar period ending 31st December 2013.

8. Domestic Debt

Total gross domestic debt stock increased by 1.8 per cent from KShs. 1,284.3 billion as at end-June 2014 to KShs.1, 308.0 billion by the end-December 2014.

9. External Debt

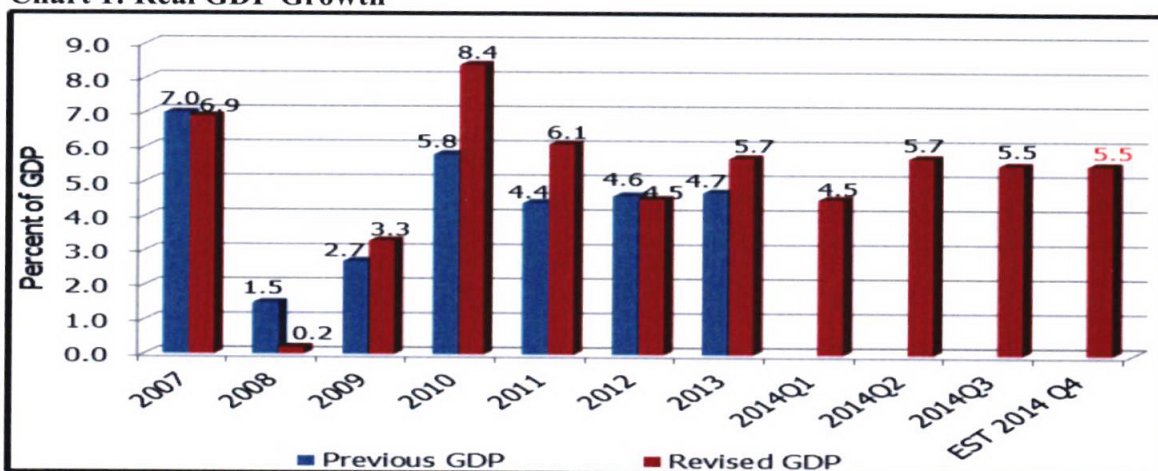
The total external debt stock, including the International Sovereign Bond, stood at KShs. 1,170.7 billion at the period ending December 2014. The debt stock comprised of multilateral debt (52.3 per cent), bilateral debt (24.5 per cent), Export Credit debt (1.4 per cent), and Commercial banks' debt (21.8 per cent- incl. International Sovereign Bond)

1.0 RECENT ECONOMIC DEVELOPMENTS

1.1 Economic Growth

1. The economy grew by 5.7 per cent in 2013, up from 4.5 per cent growth in 2012 (**Chart 1**). The increase in growth in 2013 was supported by improved activities in agriculture, forestry and fishing (5.1 per cent), manufacturing (5.9 per cent), wholesale and retail trade (9.2 per cent), financial and insurance activities (9.3 per cent) and information and communication (13.5 per cent). In the first three quarters of 2014 the economy expanded by 5.2 per cent on average compared with 6.6 per cent in the same period in 2013. On account of performance during the first three quarters, we expect a growth of 5.5 per cent in the fourth quarter, resulting to a projected annual growth of 5.3 per cent in 2014.

Chart 1: Real GDP Growth



Source: KNBS.

2. The economy is estimated to have expanded by 5.5 per cent in the third quarter of 2014 compared to a revised estimate of 6.2 per cent in the same period of 2013 (**Table 1**). The growth was mainly supported by robust growths in; construction (11.0 per cent), finance and insurance (9.9 per cent), wholesale and retail trade (7.2 per cent); information and communication (6.6 per cent); and agriculture and forestry (6.2 per cent). All the sectors of the economy recorded positive growths except accommodation and food services (hotels and restaurants) which has consistently been on the decline since last year.

3. Agriculture grew by 6.2 per cent in the third quarter of 2014 compared to a growth of 5.8 per cent over a similar period in 2013. The expansion in growth was largely attributed to improvements that were recorded in the production of fruits and cut flowers whose value of exports increased significantly during the quarter under review compared with 2013. Production of tea and coffee sales also increased significantly during the quarter.

4. Information and Communication sector recorded a growth of 6.6 per cent in the third quarter of 2014 compared to a growth of 14.0 per cent in same period in 2013. The growth in the sector is attributable to increased uptake of information services, notably usage of data services and stability in the growth of voice services. These are due to improvements in quality and pricing of the services.

Table 1: Sectoral GDP Growth (constant prices 2009)

Gross Domestic Product by Activity	2011	2012	2013	2013			2014		
				Q1	Q2	Q3	Q1	Q2	Q3
Agriculture, forestry and fishing	2.4	2.9	5.1	5.0	5.9	5.8	5.7	4.5	6.2
Mining and quarrying	19.0	19.0	-9.0	5.3	-13.2	-11.1	4.1	6.9	2.8
Manufacturing	7.2	-0.5	5.9	9.6	6.3	6.8	7.9	8.4	4.5
Electricity and water supply	9.4	9.6	5.8	4.5	9.0	6.1	1.1	1.2	5.8
Construction	4.0	11.2	5.5	8.3	8.7	8.6	9.0	18.8	11.0
Wholesale and retail trade; repairs	8.3	7.0	9.2	15.8	11.6	6.6	11.8	7.0	7.2
Transport and storage	7.1	2.8	1.3	-8.3	1.5	2.7	1.2	2.2	4.0
Accommodation and restaurants	4.1	3.1	-4.6	-4.2	-8.6	-3.9	-32.7	-18.6	-14.6
Information and communication	22.0	2.2	13.5	16.2	13.4	14.0	10.7	6.9	6.6
Financial and insurance activities	4.7	6.0	9.3	11.6	11.1	8.3	8.8	8.5	9.9
Real estate	5.1	4.0	4.1	3.9	4.0	4.2	4.6	4.5	3.9
Public administration and defence	2.5	5.9	0.2	5.5	4.3	-1.5	-12.0	5.2	2.4
Education	7.5	11.6	6.9	10.2	8.7	4.5	4.9	5.2	4.3
Human health and social work activities	-2.6	-3.2	6.8	-3.0	8.0	7.7	4.9	8.5	6.7
Other service activities	1.5	2.3	4.4	3.3	4.9	3.9	3.9	2.5	2.4
FISIM	9.1	10.1	5.7	10.3	6.9	3.0	8.8	11.5	11.4
All economic activities	5.3	4.3	5.3	5.9	6.4	5.4	4.5	5.6	5.2
Taxes on products	12.6	6.0	9.2	9.6	15.0	11.5	4.8	6.4	7.5
GDP at market prices	6.1	4.5	5.7	6.3	7.3	6.2	4.5	5.7	5.5

5. The Manufacturing sector recorded an overall growth of 4.5 per cent during the third quarter of 2014 compared to a 6.8 per cent growth during the same period in 2013. The growth was mainly supported by significant expansions in assembly of motor vehicles, production of soft drinks, processing of maize meal and production of cement while the manufacture of galvanized sheets and sugar products contracted compared to the performance during the same period in 2013.

6. The Financial and insurance activities recorded an improved growth of 9.9 per cent in the third quarter of 2014 compared to 8.3 per cent growth in the same period of 2013. This growth was mainly due to the improved accessibility to the financial services.

7. During the third quarter of 2014, the Construction Industry recorded an increased growth of 11.0 per cent compared to a growth of 8.6 per cent in a similar quarter in 2013. The sector's resilience has been on account of sustained development of the real estate by the private sector and infrastructure development by the public sector. The growth in the sector was reflected in cement consumption which expanded by 11.1 per cent during the review period.

8. The transport sector recorded an improved growth of 4.0 per cent in the third quarter of 2014 compared to 2.7 per cent in the third quarter of 2013. The sector's accelerated growth was attributed to increased demand for transportation of cargo as trade activities expanded as well as a general increase in commuter services.

9. The Mining and Quarrying sector recorded an increased growth of 2.8 per cent in the third quarter of 2014 compared to a contraction of 15.8 per cent in the same period in 2013.

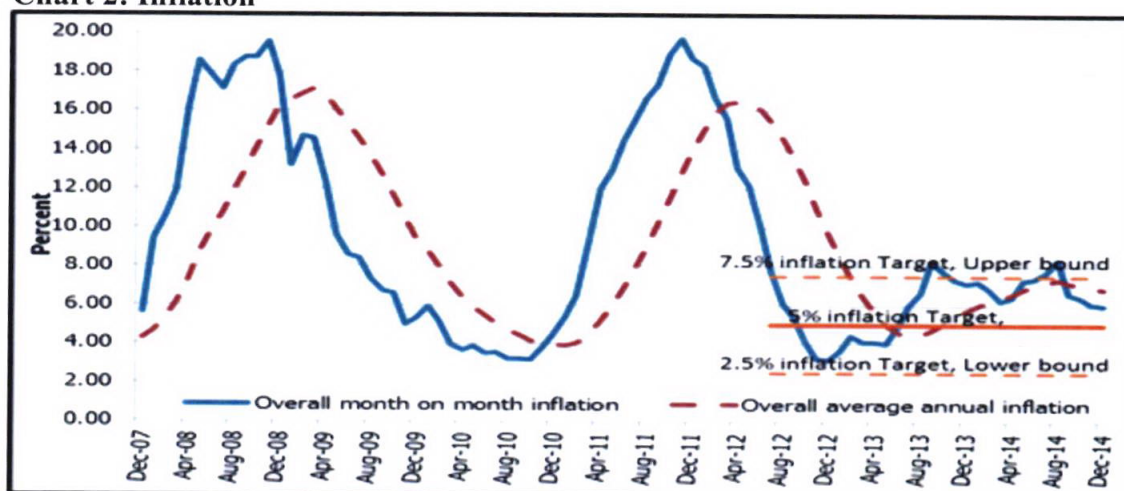
10. The Hotels and Restaurants sector recorded a deeper contraction in its third quarter growth at 14.6 per cent compared to a contraction of 3.9 per cent during the same quarter of 2013. The contraction is attributable to both internal and external factors including insecurity concerns, negative travel advisories by some key tourist source countries and the perceived health risks in Kenya due to the country's geopolitical location and connectivity with West Africa.

RECENT ECONOMIC DEVELOPMENTS

1.2 Inflation

11. Overall month on month inflation declined further to 6.0 per cent in December 2014 from 6.1 per cent in November 2014 and 6.4 per cent in October 2014 (**Chart 2**). On average, the annual inflation rate was 6.9 per cent in December 2014 compared to 5.7 per cent in December 2013.

Chart 2: Inflation



Source: KNBS

12. The decline in overall inflation in December 2014 was largely attributed to the decline in fuel prices. Fuel inflation eased from 6.4 per cent in November 2014 to 6.0 per cent in December 2014 reflecting a fall in the retail price of kerosene, diesel and petrol. Non-food non-fuel inflation also eased from 3.8 per cent in November 2014 to 3.7 per cent in December 2014.

13. Food inflation however, rose from 7.4 per cent in November 2014 to 7.5 per cent in December 2014. This reflects the 12-month change in the 'food and non-alcoholic beverages' index, which rose from 7.5 per cent in November 2014 to 7.7 per cent in December 2014.

1.3 Balance of Payments

14. Overall balance of payments position recorded a surplus of US\$ 1,507 million in the year to October 2014 from a surplus of US\$ 607 million in the year to October 2013 (**Table 2 and Chart 3**). The improved surplus reflected an increase in the capital and financial account that more than offset the increasing deficit in the current account.

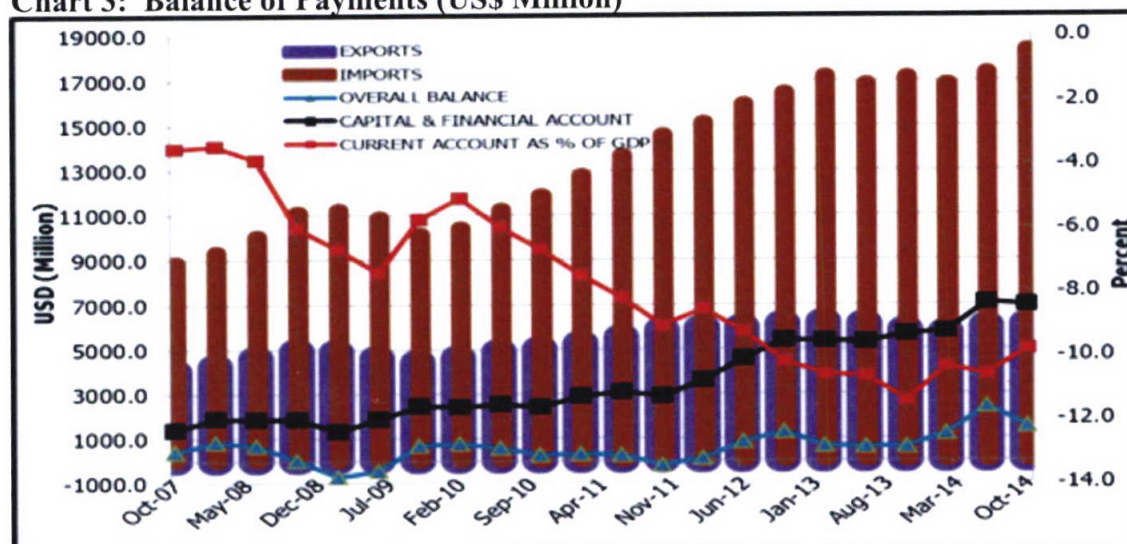
15. The current account deficit increased by 7.6 per cent to US\$ 5,422 million in the year to October 2014 from US\$ 5,041 million in the year to October 2013. As a share to GDP, current account deficit amounted to 9.8 per cent from 10.0 per cent over the same period. This was largely attributed to the widening of the merchandise account by US\$ 980 million to US\$ 12,272 million in the year to October 2014 that more than offset the improvement in the value of service account by 9.6 per cent. The widening of the merchandise account was as a result of the increasing imports as the exports remained fairly stable.

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

ITEM	Year to October 2014			Year to October 2014	
	Year to Oct 2012	Year to Oct 2013	Year to Oct 2014	Absolute Change	Percentage Change
1. CURRENT ACCOUNT	-4,097	-5,041	-5,422	-381	7.6%
2. MERCHANDISE ACCOUNT	-10,342	-11,292	-12,272	-980	8.7%
2.1 Exports (fob)	6,138	5,859	6,090	231	3.9%
Coffee	268	194	223	28.7	14.8%
Tea	1,180	1,256	1,076	-180.2	-14.3%
Horticulture	683	726	817	90.6	12.5%
Oil products	83	56	58	2.1	3.7%
Manufactured Goods	716	700	611	-88.4	-12.6%
Raw Materials	357	389	465	75.7	19.4%
Chemicals and Related Products (n.e.s)	574	475	455	-20.3	-4.3%
Miscellaneous Man. Articles	558	581	628	47.0	8.1%
Re-exports	412	499	890	390.9	78.3%
Other	1,307	983	868	-114.8	-11.7%
2.2 Imports (cif)	16,479	17,152	18,363	1,211.0	7.1%
Public	278	115	172	57.4	50.0%
Private	16,201	17,037	18,190	1,153.5	6.8%
Oil	4,041	4,019	4,091	71.4	1.8%
Chemicals	2,120	2,193	2,350	156.8	7.1%
Manufactured Goods	2,311	2,598	2,649	51.0	2.0%
Machinery & Transport Equipment	4,476	4,741	5,974	1,234.0	26.0%
Other	3,254	3,486	3,126	-359.6	-10.3%
3. SERVICES	6,244	6,252	6,850	598.6	9.6%
4. CAPITAL & FINANCIAL ACCOUNT	5,366	5,647	6,929	1,281.7	22.7%
4.1 Capital Account	249	119	177	58.1	48.8%
4.2 Financial Account	5,117	5,528	6,752	1,223.7	22.1%
5. OVERALL BALANCE	1,269	607	1,507	900.4	148.4%
Gross Reserves	7,249	7,859	9,400	1,540.4	19.6%
Official	5,478	6,263	7,839		
Commercial Banks	1,772	1,596	1,561		
Imports cover (calender year)	3.71	4.08	4.79		
Import cover (36 mths imports)	4.22	4.32	5.06		

Source: CBK

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



Source: CBK

16. The surplus in the combined capital and financial accounts improved to US\$ 6,929 million in the year to October 2014 from US\$ 5,647 million in the year to October 2013. The improved surplus was recorded in both the financial account and the Capital account. The financial account increased by US\$ 1,223.7 million in October 2014 following increased short term flows including errors and omissions in recorded transactions, and a drawdown on commercial banks deposits held abroad.

RECENT ECONOMIC DEVELOPMENTS

1.4 Foreign Exchange Reserves

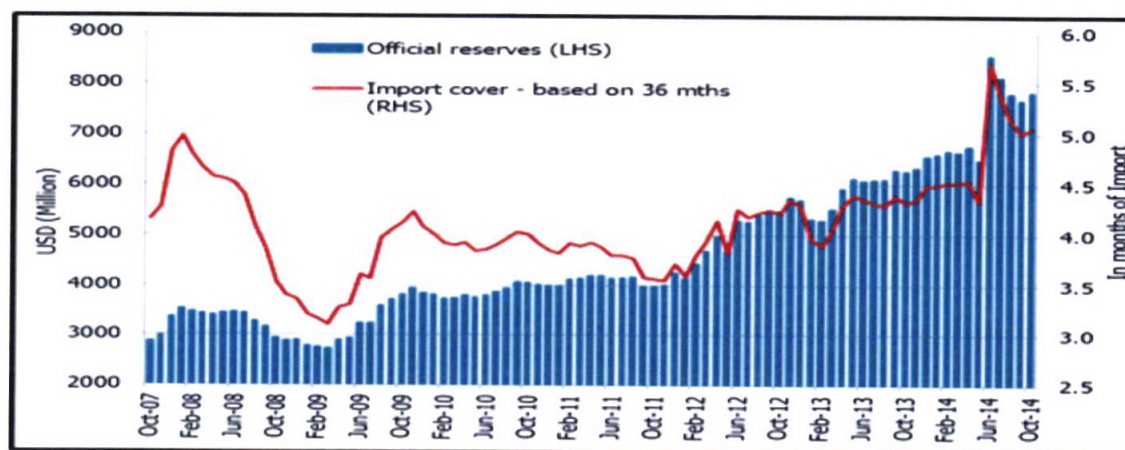
17. The gross foreign exchange holdings of the banking system increased by 19.6 per cent from US\$ 7,859 million in October 2013 to US\$ 9,400 million in October 2014 (**Table 3 and chart 4**). Gross Official reserves held by the Central Bank increased to US\$ 7,839 million (5.1 months of import cover) in October 2014, an improvement from US\$ 6,263 million (4.3 months of import cover) in October 2013 due to interbank money market purchases and receipt of proceeds from the sovereign bond issuance.

Table 3: Foreign Exchange Reserves (US\$ million)

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Gross Foreign Exchange Reserves	7,859	7,893	8,483	8,519	8,352	8,279	8,396	8,223	10,339	10,029	9,732	9,594	9,400
Official	6,263	6,333	6,560	6,612	6,679	6,654	6,567	6,491	8,555	8,128	7,814	7,676	7,839
Commercial Banks	1,596	1,560	1,923	1,907	1,673	1,625	1,829	1,732	1,844	1,902	1,917	1,917	1,561
Import cover (36 mths imports)	4.39	4.43	4.57	4.58	4.61	4.52	4.60	4.34	5.70	5.36	5.15	5.01	5.06

Source: CBK

Chart 4: Official Foreign Reserves ((US\$ million)



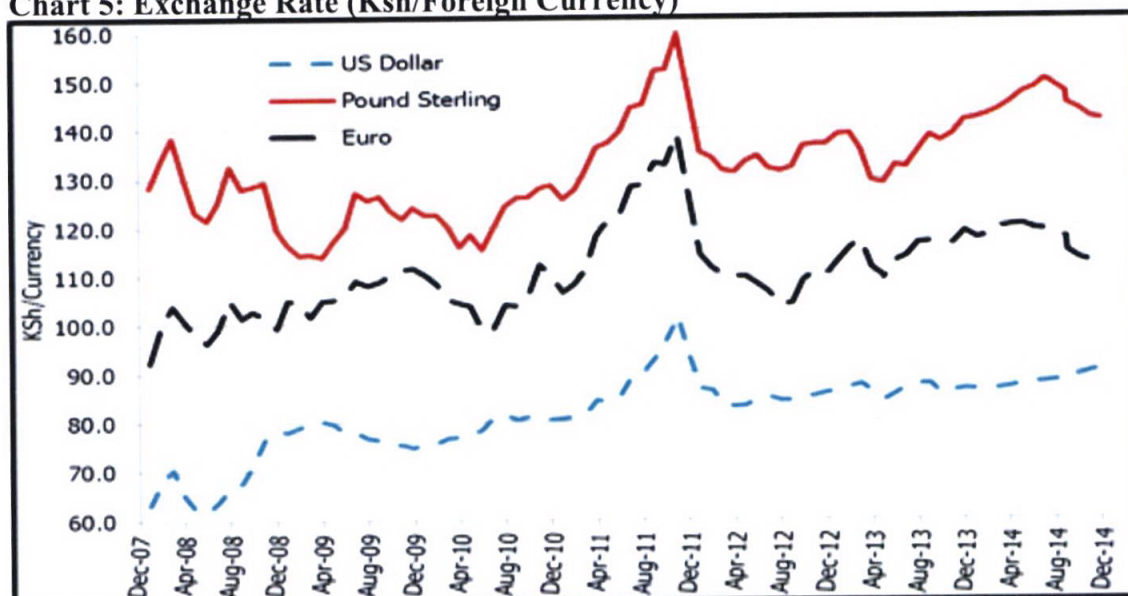
Source: CBK.

1.5 Exchange Rates

18. The Kenya Shilling exchange rate demonstrated mixed performance against major international currencies (**Chart 5**). The currency depreciated against the US dollar to Ksh 90.5 in December 2014 from Ksh 90.0 in November 2014 and Ksh 89.2 in October 2014 mainly due to the global strengthening of the US Dollar.

19. Against the sterling pound, the shilling appreciated to Ksh 141.4 in December 2014 from Ksh 142.0 in November 2014 and Ksh 143.7 in October 2014. It appreciated against the Euro to Ksh 111.5 in December 2014 from Ksh 112.3 in November 2014 and Ksh 113.2 in October 2014. Diaspora remittances, increased foreign investor participation in the NSE and enhanced confidence following successful issuance of the sovereign bond continued to strengthen the Kenya shilling.

Chart 5: Exchange Rate (Ksh/Foreign Currency)



Source: CBK

1.6 Money and Credit

20. Growth in broad money supply, M3, increased to 16.7 per cent in the year to December 2014 up from a growth of 15.5 per cent in the year to December 2013 (Table 4). The improvement in M3 was attributed to an increased growth in both the net foreign assets (NFA) and the net domestic assets (NDA) of the banking system.

Table 4: M3 and its Sources

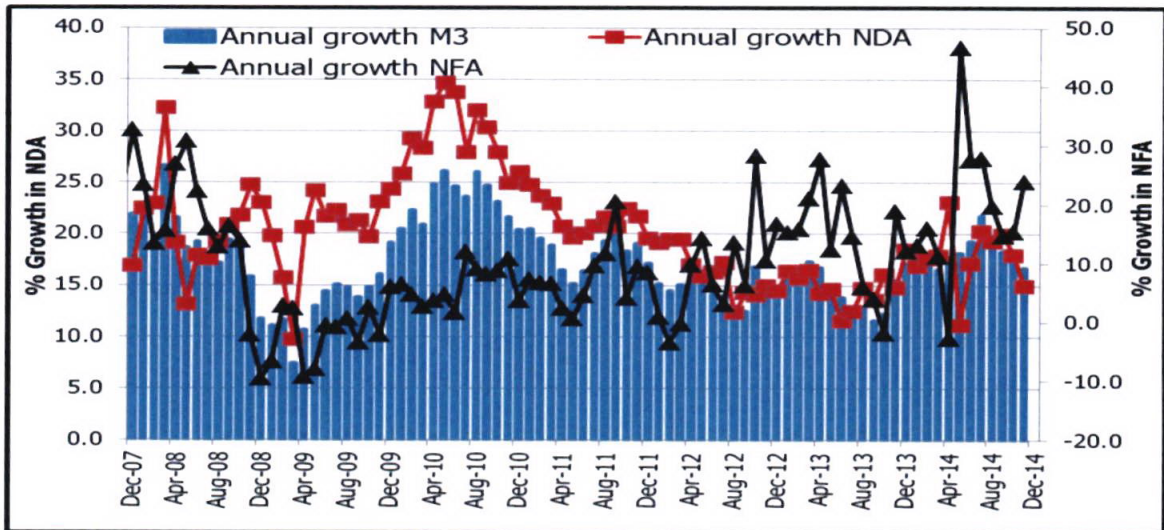
	2012 DEC	2013 DEC	2014 DEC	Absolute Change		percent change	
				2012-2013 DEC	2013-2014 DEC	12 months to Dec-13	12 months to Dec-14
1. Money supply, M3 (2+3)	1727.7	1996.2	2330.0	268.6	333.7	15.5	16.7
1.1 Money supply, M2	1469.4	1671.6	1981.9	202.2	310.3	13.8	18.6
1.2 Money supply, M1	710.9	827.1	936.4	116.2	109.4	16.3	13.2
1.3 Currency outside banks	147.8	163.2	173.2	15.4	10.0	10.4	6.2
2. Net foreign assets (2.1+2.2)	326.0	387.3	479.7	61.3	92.4	18.8	23.8
2.1 Central Bank	364.1	432.0	588.8	67.9	156.8	18.6	36.3
2.2 Banking Institutions	-38.2	-44.7	-109.1	-6.6	-64.4	17.2	144.1
3. Net domestic assets (3.1+3.2)	1401.7	1608.9	1850.3	207.3	241.4	14.8	15.0
3.1 Domestic credit (3.1.1+3.1.2+3.1.3)	1702.5	1978.5	2137.2	276.0	158.7	16.2	8.0
3.1.1 Government (net)	368.8	397.2	204.3	28.3	-192.9	7.7	-48.6
3.1.2 Other public sector	49.8	39.6	48.4	-10.2	8.8	-20.5	22.2
3.1.3 Private sector	1283.9	1541.7	1884.5	257.9	342.7	20.1	22.2
3.2 Other assets net (3-3.1)	-300.8	-369.6	-286.8	-68.8	82.7	22.9	-22.4

Source: CBK

21. Growth of the NDA of the banking system increased to 15.0 per cent in the year to December 2014 from 14.8 per cent over a similar period in 2013 (Chart 6). The improved growth in NDA in 2014 was due to the increase in both the domestic credit and other assets net of the banking system.

22. Annual growth of the NFA of the banking system increased by 23.8 per cent in the year to December 2014 from a growth of 18.8 per cent over a similar period in 2013. This was mainly due to the improvement in the official foreign assets of the Central Bank by Ksh 156.8 billion that more than offset the decline in the foreign assets of the banking institutions.

Chart 6: Growth in M3 and Its Sources

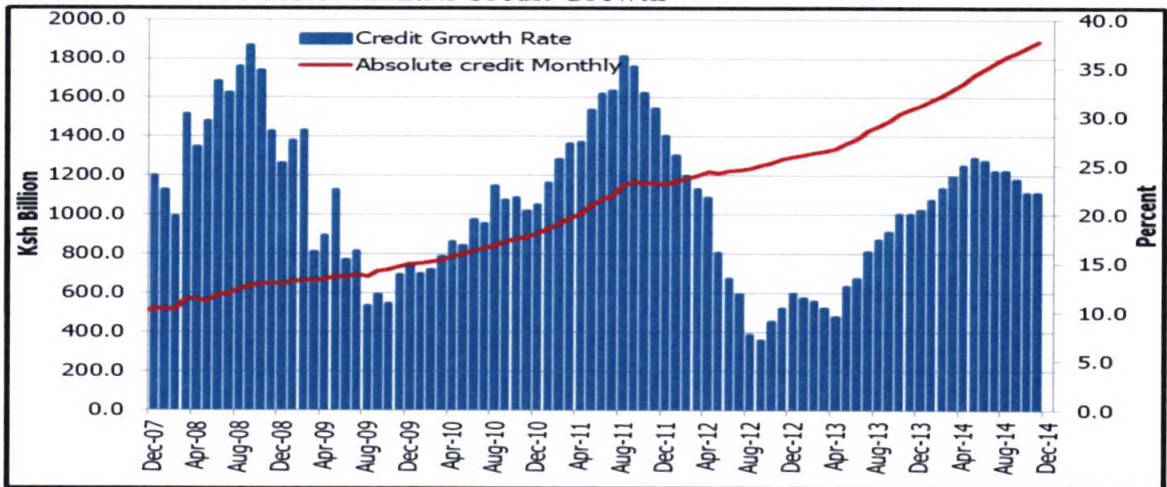


Source: CBK

Private sector credit stabilizes

23. Net credit to Government contracted by 48.6 per cent in the year to December 2014 compared with a growth of 7.7 per cent in the corresponding period in 2013. Bank credits to the private sector amounted to Ksh 1,884.5 billion in December 2014 from 1,541.7 billion in December 2013, representing an increased growth of 22.2 per cent in December 2014 from 20.1 per cent growth in the same period in 2013 (**Chart 7**). The private sector credit flow was mainly to productive sectors.

Chart 7: Private Sector Annual Credit Growth

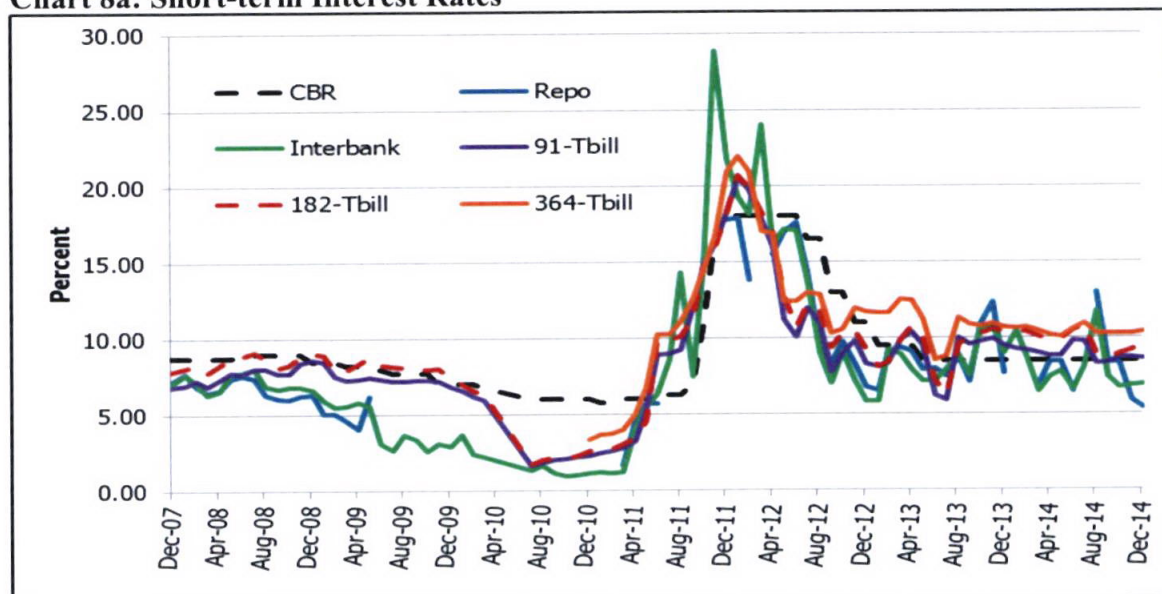


Source: CBK.

1.7 Interest Rates

24. The Central Bank Rate remained at 8.5 per cent in December 2014 and the short term interest rates oscillated around the CBR (**Chart 8a**). The average interbank rate averaged 6.9 per cent in December and November 2014 from 6.8 per cent in October 2014.

Chart 8a: Short-term Interest Rates



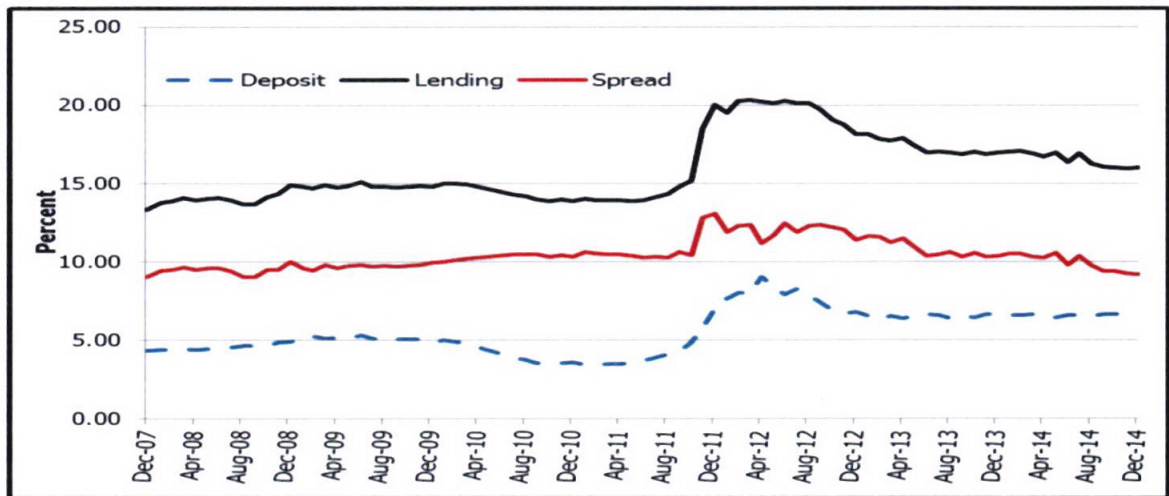
Source: CBK.

25. The 91-day Treasury bill rate declined to 8.6 per cent in December 2014 and November 2014 from 8.7 per cent in October 2014. The 182 day Treasury bill increased to 9.5 per cent in December 2014 from 9.2 per cent in November 2014 and 8.9 per cent in October 2014 while the 364 day Treasury bill rate averaged at 10.4 per cent in December 2014 from 10.2 per cent in November 2014 and 10.3 per cent in October 2014.

26. The Kenya Bank’s Reference Rate (KBRR) computed as an average of the Central Bank Rate (CBR) and the average 91- Day Treasury bill rate that had been computed and set at 9.13 per cent in July 2014 remained unchanged by December 2014.

27. Commercial banks average lending rates declined to 16.0 per cent in December 2014 from 17.0 per cent in December 2013 while the deposit rate increased marginally to 6.8 per cent from 6.7 per cent over the same period (**Chart 8b**). This narrowed interest rate spread³ to 9.2 per cent in December 2014 from 10.3 per cent in December 2013 is largely due to decline in the lending rate.

Chart 8b: Commercial Banks Lending and Deposit Interest Rates

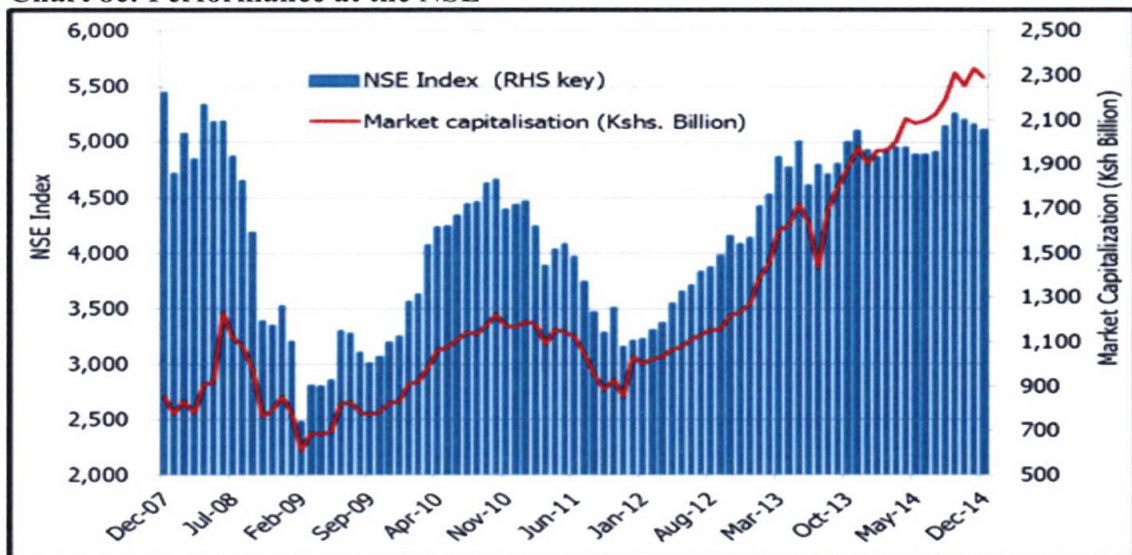


Source: CBK.

1.8 Capital Markets

28. The activities in the stock market remained vibrant in the year to December 2014. The NSE 20 share index improved to 5,113 points in December 2014 from 4,927 points in December 2013, representing an increase of 3.8 per cent (**Chart 8c**). Market capitalization that measures shareholders’ wealth increased from Ksh 1,901 billion in December 2013 to Ksh 2,300 billion in December 2014 representing an increase of 21.0 per cent.

Chart 8c: Performance at the NSE



Source: NSE.

29. Equity Market turnover for the month of December 2014 stood at Ksh 28.6 billion from Ksh 17.1 billion in November 2014 representing a 67.3 per cent increase. December 2014 bond turnover stood at Ksh 40.7 billion, 22.6 per cent lower than the Ksh 52.6 billion recorded in November 2014.

2.0 FISCAL DEVELOPMENTS

2.1 Revenue

30. By the end of December 2014, total cumulative revenue including A-I-A collected amounted to Ksh 513.9 billion against a target of Ksh 560.4 (Table 5 and Chart 9). This performance was below the target by KShs. 46.5 billion. Ordinary revenue collection was below the target by KShs 21.9 billion. The amount collected was KShs. 491.3 billion against a target of KShs. 513.2 billion. The Railway Development Levy collection amounted to KShs. 10.1 billion against a target of KShs. 11.6 billion. Cumulative ministerial A-I-A recorded an under performance of KShs. 24.6 billion for the period under review. The A-I-A under performance reflects the persistent problem of under reporting especially of the universities collection which is not adequately captured in the ministry's expenditure return for the period under review.

Table 5: Government Revenue and External Grants, Period Ending 31st December, 2014 (KShs. Million)

	2013/2014 Actual	2014/15		Deviation KShs.	Deviation in percentage
		Actual	Target		
Total Revenue (a+b)	459,418	513,897	560,438	(46,541)	(8.30)
(a) Ordinary Revenue	445,129	491,323	513,240	(21,916)	(4.27)
Import Duty	47,493	35,092	39,099	(4,007)	(10.25)
Excise Duty	48,050	56,506	57,540	(1,034)	(1.80)
PAYE	117,552	129,220	143,589	(14,368)	(10.01)
Other Income Tax	93,147	109,981	107,884	2,097	1.94
VAT Local	51,284	58,143	56,180	1,964	3.50
VAT Imports	59,440	64,744	72,903	(8,159)	(11.19)
Investment Revenue	4,515	8,590	6,945	1,645	23.69
Traffic Revenue	1,599	1,474	1,679	(205)	(12.22)
Essential Supplies Revenue (IDF)	13,009	13,456	14,875	(1,419)	(9.54)
Others ¹	9,040	14,115	12,545	1,570	12.52
(b) Appropriation In Aid ²	14,289	22,574	47,198	(24,624)	(52.17)
o/w Railway Development Levy	-	10,119	11,602	(1,484)	(12.79)
(c) External Grants	7,434	7,827	29,450	(21,623)	(73.42)
Total Revenue and External Grants	466,852	521,724	589,888	(68,164)	(11.56)
Total Revenue and External Grants as a percentage of GDP	9.36	9.38	10.61		

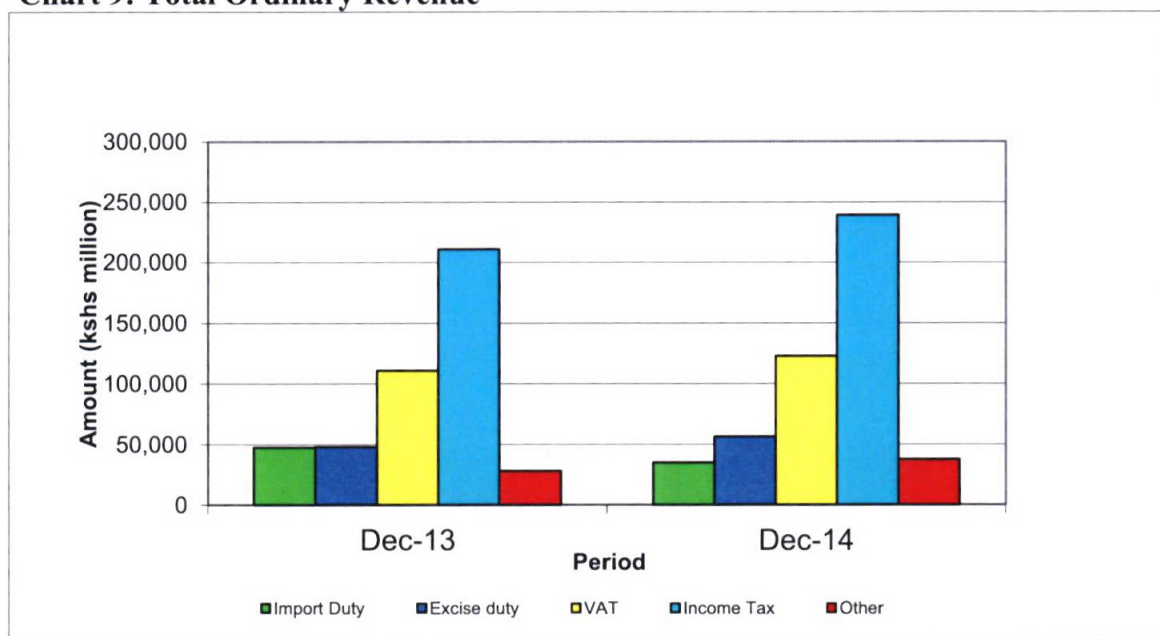
1/ includes rent of buildings, fines and forfeitures, other taxes, reimbursements and other fund contributions, and miscellaneous revenue.

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

Source: National Treasury

31. As a proportion of GDP, the total cumulative revenue and grants in the period under review amounted to 9.38 per cent compared to 9.36 per cent in the corresponding period of the FY 2013/14. External grants amounted to KShs. 7.8 billion against a target of KShs. 29.5 billion, representing an under performance of KShs. 21.6 billion.

Chart 9: Total Ordinary Revenue



Source: National Treasury

2.2 Expenditure

32. The total expenditure and net lending for the period under review amounted to KShs. 632.8 billion, against a target of KShs. 765.2 billion. The shortfall of KShs. 132.4 billion was attributed to lower absorption recorded in both recurrent and development expenditures by the National Government as well as lower spending at the County Government. (Table 6 and Chart 10). Recurrent expenditure for National Government amounted to KShs. 370.9 billion (Inc KShs. 14.1 billion for Parliament and Judiciary), against a target of KShs. 428.2 billion, with underperformance recorded in operations and maintenance (excl. Parliament and Judiciary), wages and salaries, and pensions which accounted for KShs. 35.4 billion, KShs. 8.9 billion and KShs. 2.4 billion, respectively.

33. Foreign interest payments amounted to KShs. 10.6 billion (incl. the International Sovereign Bond paid in Dec 2014), compared to KShs. 5.0 billion in the same period of the 2013/14 FY. The domestic interest payment totalled KShs. 56.1 billion, which was lower than KShs. 60.1 billion paid in the corresponding period of the previous financial year.

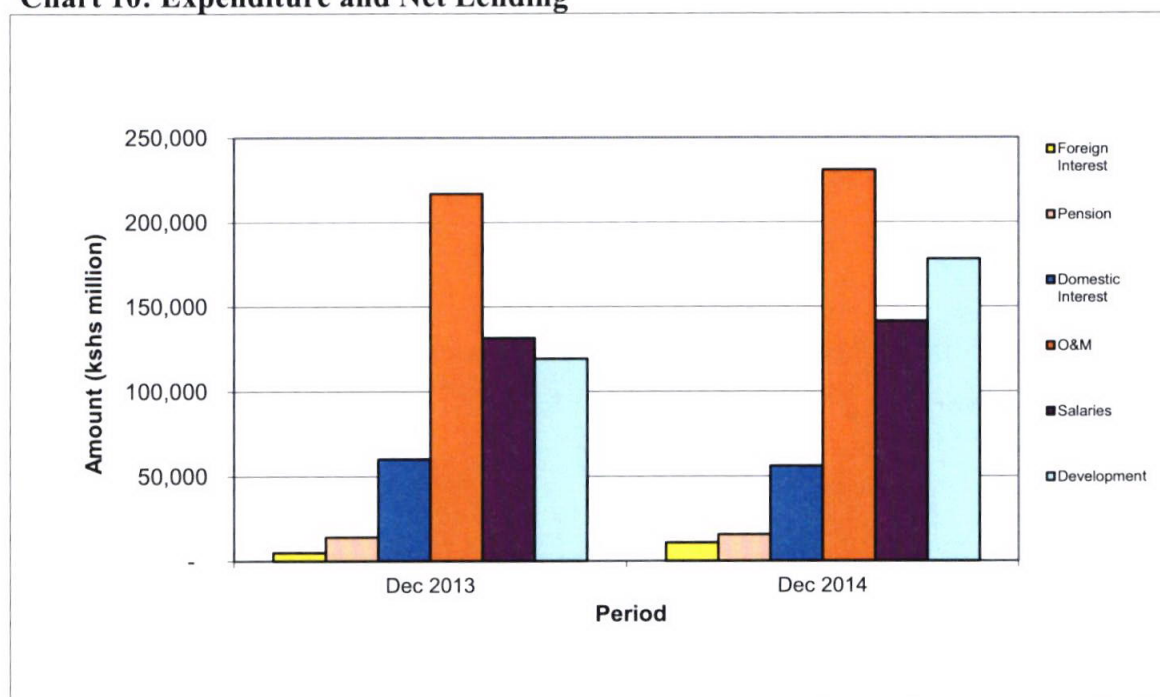
FISCAL DEVELOPMENTS

Table 6: Expenditure and Net Lending, Period Ending 31st December 2014 (KShs. Million)

	2013/2014 Actual	2014/15		Deviation	% Growth
		Actual	Targets		
1. RECURRENT	343,485	356,849	401,751	(44,902)	3.9
Domestic Interest	60,097	56,110	53,570	2,540	(6.6)
Foreign Interest	5,020	10,608	11,375	(767)	111.3
Pensions	13,978	15,531	17,939	(2,409)	11.1
Wages and Salaries	131,605	141,558	150,435	(8,877)	7.6
Operation and Maintenance	132,785	133,042	168,432	(35,390)	0.2
O/W : Appropriation-in-Aid	12,450	12,266	27,689	(15,423)	(1.5)
2. DEVELOPMENT	119,316	176,858	226,758	(49,900)	48.2
Development Projects (Net)	103,149	135,061	146,033	(10,972)	30.9
Payment of Guaranteed Loans	515	1,054	1,095	(41)	104.4
Appropriation-in-Aid	15,651	40,743	77,785	(37,042)	160.3
3. County Governments	66,542	83,616	105,491	(21,874)	25.7
4. Parliamentary Service	10,733	9,315	12,375	(3,060)	-
5. Judicial Service	6,714	6,120	16,331	(10,211)	-
6. Equalization Fund	-	-	1,845	(1,845)	-
7. CCF	-	-	2,500	(2,500)	-
TOTAL EXPENDITURE	546,790	632,758	765,206	(132,448)	15.7

Source: National Treasury

Chart 10: Expenditure and Net Lending



Source: National Treasury

FISCAL DEVELOPMENTS

34. The total cumulative ministerial and other public agencies expenditure was KShs. 430.7 billion against a target of KShs. 626.5 billion. Recurrent expenditure was KShs. 278.9 billion against a target of KShs. 361.6 billion, while development expenditure was KShs. 151.8 billion against a target of KShs. 264.8 billion. The percentage of total expenditures to the target was 68.8 per cent (77.1 per cent recurrent and 57.3 per cent development) as at the end of the period under review. As indicated earlier, the discrepancy between actual and target expenditures partly reflect the non-capture of the district expenditures and hence under reporting by ministries. These ministerial expenditures are therefore, provisional.

35. As at the end of period ending 31st December 2014, expenditures by the Ministry of Education, Science and Technology; Teachers Service Commission and Ministry of Health accounted for 32.3 per cent of total recurrent expenditure. While the State Department for Interior, and Ministry of Defence accounted for 12.9 per cent and 8.0 per cent respectively.

36. Analysis of development outlay indicates that the Departments of Infrastructure (22.4 per cent) accounted for the largest share of the total development expenditures, followed by Transport (15.0 per cent) and the State Department for Planning (14.9 per cent). The development expenditures in large ministries were below the target because of non-inclusion of expenditures from the districts and some donor funded projects. **Table 7** gives details of various Ministerial/Departmental and Commissions expenditures for the period under review.

FISCAL DEVELOPMENTS

Table 7: Ministerial Expenditures, Period Ending 31st December, 2014 (KShs. Million)

	MINISTRY/DEPARTMENT/COMMISSIONS	Dec-14		Variance	Dec-14		Variance	Dec-14		Variance	% total expenditure to total target
		Recurrent			Development			Total			
		Actual*	Target	Actual*	Target	Actual*	Target	Actual*	Target		
1011	THE PRESIDENCY	1,819	2,128	(309)	279	628	(349)	2,098	2,756	(658)	76.1
1021	STATE DEPARTMENT FOR INTERIOR	22,291	47,342	(25,051)	1,132	2,397	(1,265)	23,423	49,738	(26,316)	47.1
1022	STATE DEPARTMENT FOR COORDINATION OF NATIONAL GOVERNMENT	2,845	7,886	(5,041)	183	329	(146)	3,028	8,215	(5,187)	36.9
1031	STATE DEPARTMENT FOR PLANNING	7,405	9,549	(2,143)	22,689	30,769	(8,079)	30,095	40,317	(10,223)	74.6
1032	STATE DEPARTMENT FOR DEVOLUTION	882	1,115	(233)	1,404	2,549	(1,145)	2,286	3,663	(1,377)	62.4
1041	MINISTRY OF DEFENCE	35,895	36,641	(746)	-	-	-	35,895	36,641	(746)	98.0
1051	MINISTRY OF FOREIGN AFFAIRS	3,093	5,839	(2,747)	20	780	(760)	3,112	6,619	(3,507)	47.0
1061	STATE DEPARTMENT FOR EDUCATION	17,743	27,128	(9,385)	2,445	11,294	(8,849)	20,189	38,422	(18,233)	52.5
1062	STATE DEPARTMENT FOR HIGHER EDUCATION, SCIENCE AND TECHNOLOGY	19,898	24,466	(4,567)	4,671	7,020	(2,349)	24,570	31,486	(6,916)	78.0
1071	THE NATIONAL TREASURY	11,988	25,377	(13,389)	2,222	18,601	(16,379)	14,211	43,978	(29,767)	32.3
1081	MINISTRY OF HEALTH	11,225	12,699	(1,474)	3,325	10,651	(7,326)	14,550	23,350	(8,800)	62.3
1091	STATE DEPARTMENT FOR INFRASTRUCTURE	11,256	12,901	(1,645)	34,068	50,754	(16,686)	45,324	63,655	(18,331)	71.2
1092	STATE DEPARTMENT FOR TRANSPORT	520	2,930	(2,410)	22,726	29,610	(6,883)	23,246	32,540	(9,293)	71.4
1101	STATE DEPARTMENT FOR ENVIRONMENT AND NATURAL RESOURCES	3,393	4,818	(1,425)	2,918	3,911	(994)	6,311	8,730	(2,419)	72.3
1102	STATE DEPARTMENT FOR WATER AND REGIONAL AUTHORITIES	934	2,187	(1,253)	8,407	14,549	(6,142)	9,341	16,736	(7,395)	55.8
1111	MINISTRY OF LAND, HOUSING AND URBAN DEVELOPMENT	1,990	2,028	(38)	6,780	10,534	(3,753)	8,771	12,562	(3,791)	69.8
1121	MINISTRY OF INFORMATION, COMMUNICATIONS AND TECHNOLOGY	1,069	1,308	(238)	1,780	3,075	(1,295)	2,850	4,383	(1,534)	65.0
1131	MINISTRY OF SPORTS, CULTURE AND ARTS	1,407	1,512	(106)	655	689	(34)	2,062	2,201	(139)	93.7
1141	MINISTRY OF LABOUR, SOCIAL SECURITY AND SERVICES	2,803	4,231	(1,429)	4,616	5,704	(1,089)	7,418	9,936	(2,517)	74.7
1151	MINISTRY OF ENERGY AND PETROLEUM	801	1,000	(199)	17,668	38,424	(20,756)	18,469	39,423	(20,955)	46.8
1161	STATE DEPARTMENT FOR AGRICULTURE	3,516	3,913	(398)	7,242	10,526	(3,284)	10,758	14,439	(3,681)	74.5
1162	STATE DEPARTMENT FOR LIVESTOCK	199	925	(726)	1,253	2,046	(793)	1,452	2,972	(1,519)	48.9
1163	STATE DEPARTMENT FOR FISHERIES	478	505	(27)	753	781	(28)	1,231	1,287	(56)	95.7
1171	MINISTRY OF INDUSTRIALIZATION AND ENTERPRISE DEVELOPMENT	933	1,172	(238)	1,503	2,850	(1,347)	2,436	4,022	(1,586)	60.6
1181	STATE DEPARTMENT FOR COMMERCE & TOURISM	1,194	1,371	(176)	672	1,042	(370)	1,867	2,413	(547)	77.4
1182	STATE DEPARTMENT FOR EAST AFRICAN AFFAIRS	1,036	1,325	(290)	9	33	(24)	1,044	1,358	(313)	76.9
1191	MINISTRY OF MINING	291	425	(134)	238	416	(177)	529	840	(311)	63.0
1251	OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE	1,253	2,497	(1,245)	63	267	(204)	1,315	2,764	(1,449)	47.6
1261	THE JUDICIARY	5,217	14,703	(9,487)	724	1,406	(682)	5,941	16,110	(10,169)	36.9
1271	ETHICS AND ANTI-CORRUPTION COMMISSION	727	145	582	-	139	(139)	727	284	443	255.9
1281	NATIONAL INTELLIGENCE SERVICE	8,227	63	8,165	-	-	-	8,227	63	8,165	13,104.3
1291	DIRECTORATE OF PUBLIC PROSECUTIONS	519	672	(153)	643	1,327	(684)	1,162	1,999	(837)	58.1
1301	COMMISSION FOR THE IMPLEMENTATION OF THE CONSTITUTION	167	160	7	-	-	-	167	160	7	104.5
1311	REGISTRAR OF POLITICAL PARTIES	220	239	(19)	-	-	-	220	239	(19)	92.1
1321	WITNESS PROTECTION AGENCY	114	190	(76)	-	-	-	114	190	(76)	60.0
2011	KENYA NATIONAL COMMISSION ON HUMAN RIGHTS	109	200	(91)	-	-	-	109	200	(91)	54.5
2021	NATIONAL LAND COMMISSION	462	569	(107)	2	380	(378)	464	949	(485)	48.9
2031	INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION	1,248	1,686	(438)	19	46	(26)	1,268	1,732	(464)	73.2
2041	PARLIAMENTARY SERVICE COMMISSION	8,797	11,494	(2,696)	518	881	(364)	9,315	12,375	(3,060)	75.3
2051	JUDICIAL SERVICE COMMISSION	74	221	(148)	105	-	105	179	221	(42)	80.9
2061	COMMISSION ON REVENUE ALLOCATION	62	383	(321)	-	-	-	62	383	(321)	16.3
2071	PUBLIC SERVICE COMMISSION	460	554	(94)	105	168	(63)	566	722	(156)	78.3
2081	SALARIES AND REMUNERATION COMMISSION	154	50,712	(50,558)	-	-	-	154	50,712	(50,558)	0.3
2091	TEACHERS SERVICE COMMISSION	41,295	32,281	9,014	-	68	(68)	41,295	32,348	8,947	127.7
2101	NATIONAL POLICE SERVICE COMMISSION	117	410	(292)	-	-	-	117	410	(292)	28.6
2111	AUDITOR GENERAL	1,055	1,031	24	-	203	(203)	1,055	1,233	(179)	85.5
2121	CONTROLLER OF BUDGET	143	241	(98)	-	-	-	143	241	(98)	59.4
2131	THE COMMISSION ON ADMINISTRATIVE JUSTICE	130	170	(39)	-	-	-	130	170	(39)	76.7
2141	NATIONAL GENDER AND EQUALITY COMMISSION	63	160	(97)	-	-	-	63	160	(97)	39.7
2151	INDEPENDENT POLICING OVERSIGHT AUTHORITY	4	103	(99)	-	-	-	4	103	(99)	3.7
	Total	278,898	361,607	(82,709)	151,838	264,843	(113,005)	430,736	626,450	(195,714)	68.8

*Provisional

Source: National Treasury

FISCAL DEVELOPMENTS

2.2.1 Guaranteed Loans to Parastatals

37. Cumulative principal and interest payments of guaranteed loans to parastatals with liquidity problems amounted to KShs 505.8 million against a target of KShs 509.4 million (**Table 8**) for period ending 31st December 2014. The variance is attributed to exchange rate movements.

Table 8: Schedule and actual payments on Guaranteed Debt for the period ending 31st December 2014 (Kshs. Mn)

Borrower	Quarter I		Quarter II		Cumm. Dec 2014*	
	Projected	Actual	Projected	Actual	Projected	Actual
NCC	35.30	38.75	-	-	35.30	38.75
TARDA	135.27	142.42	-	-	135.27	142.42
KBC	-	-	338.82	324.66	338.82	324.66
TOTAL (QTR)	170.57	181.17	338.82	324.66	509.39	505.83

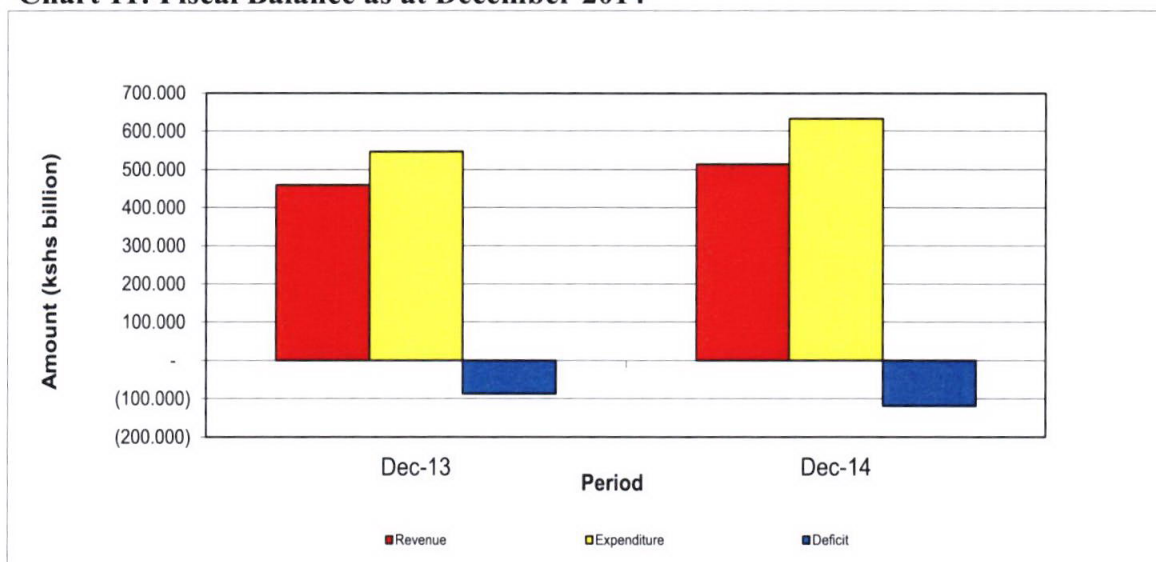
* Provisional

Source: National Treasury

2.3 Fiscal Outturn

38. Between July 1st and December 31st 2014, cumulative overall fiscal balance (on a commitment basis and excluding grants), amounted to KShs. 118.7 billion (equivalent to 2.1 per cent of GDP against a targeted deficit of KShs. 204.8 billion (equivalent to 3.7 per cent of GDP) (**Chart 11 and Table 9**). Over the same period in 2013, the fiscal deficit stood at KShs. 87.4 billion (equivalent to 1.8 per cent of GDP). Including grants, the fiscal balance (on a commitment basis) deficit stood at 2.0 per cent of GDP against a targeted deficit of 3.2 per cent of GDP. The Fiscal Outturns for the past years is provided as **Annex I**.

Chart 11: Fiscal Balance as at December 2014



Source: National Treasury

FISCAL DEVELOPMENTS

Table 9: Budget Outturn, Cumulative Ending 31st December 2014 (KShs. Million)

	2013/2014 Actual	2014/2015		Deviation	% growth	2013/2014 as a % of GDP		2013/2014 Actual as a % of GDP
		Actual*	Targets			Actual	Targets	
A. TOTAL REVENUE AND GRANTS	466,852	521,724	589,888	(68,164)	11.75	9.38	10.61	9.36
1. Revenue	459,418	513,897	560,438	(46,541)	11.86	9.24	10.08	9.22
Ordinary Revenue(Incl RDL)	445,129	491,323	513,240	(21,916)	10.38	8.84	9.23	8.93
Import Duty	47,493	35,092	39,099	(4,007)	(26.11)	0.63	0.70	0.95
Excise Duty	48,050	56,506	57,540	(1,034)	17.60	1.02	1.04	0.96
Income tax	210,699	239,202	251,473	(12,271)	13.53	4.30	4.52	4.23
VAT	110,723	122,888	129,083	(6,195)	10.99	2.21	2.32	2.22
Investment Revenue	4,515	8,590	6,945	1,645	-	0.15	0.12	0.09
Others	23,648	29,046	29,100	(54)	22.82	0.52	0.52	0.47
Appropriation-in-Aid	14,289	22,574	47,198	(24,624)	57.98	0.41	0.85	0.29
2. Grants	7,434	7,827	29,450	(21,623)	5.29	0.14	0.53	0.15
AMISOM Receipts	2,591	0	4,040	(4,040)	-	0.00	0.07	0.05
Revenue	2,357	2,460	4,630	(2,170)	4.38	0.04	0.08	0.05
Appropriation-in-Aid	2,486	4,839	19,990	(15,151)	94.69	0.09	0.36	0.05
Italian Debt Swap	-	527	240	0	-	0.00	-	0.00
County Health Facilities - DANIDA	-	-	550	0	-	0.00	-	0.00
B. EXPENDITURE and NET LENDING	546,790	632,758	765,206	(132,448)	15.72	11.38	13.76	10.97
1. Recurrent	343,485	370,937	428,170	(57,233)	7.99	6.67	7.70	6.89
Domestic Interest	60,097	56,110	53,570	2,540	(6.63)	1.01	0.96	1.21
Foreign Interest Due	5,020	10,608	11,375	(767)	111.32	0.19	0.20	0.10
Pension	13,978	15,531	17,939	(2,409)	11.11	0.28	0.32	0.28
Wages and Salaries	131,605	141,558	150,435	(8,877)	7.56	2.55	2.71	2.64
O & M/Others	132,785	147,130	194,851	(47,721)	10.80	2.65	3.50	2.66
County Governments	66,542	83,616	105,491	(21,874)	25.66	1.50	1.90	1.33
Parliamentary Service	10,733	0	0	-	-	0.00	-	0.22
Judicial Service	6,714	0	0	-	-	0.00	-	0.13
Equalization Fund	0	0	0	-	-	0.00	-	0.00
2. Development and Net Lending	119,316	178,205	229,045	(50,840)	49.36	3.21	4.12	2.39
3. CCF	0	0	2,500	(2,500)	-	0.00	0.04	0.00
C. DEFICIT EXCL.GRANT (Commitment basis)	(87,372)	(118,861)	(204,768)	85,907	36.04	(2.14)	(3.68)	(1.75)
D. DEFICIT INCL.GRANTS (Commitment basis)	(79,938)	(111,034)	(175,318)	64,283	38.90	(2.00)	(3.15)	(1.60)
E. ADJUSTMENT TO CASH BASIS	1,595	(10,019)	-	(10,019)	(728.25)	(0.18)	-	0.03
F. DEFICIT INCL.GRANTS (Cash basis)	(78,343)	(121,053)	(175,318)	54,264	54.52	(2.18)	(3.15)	(1.57)
G. FINANCING	78,343	121,053	175,318	(54,264)	54.52	2.18	3.15	1.57
1. Foreign financing	10,952	48,252	57,197	(8,945)	340.56	0.87	1.03	0.22
Disbursements	23,846	114,520	70,331	44,189	380.26	2.06	1.27	0.48
Programme Loans	0	0	2,391	(2,391)	-	-	0.04	0.00
Project Cash Loans	12,519	13,653	17,530	(3,877)	9.06	0.25	0.32	0.25
Loans AIA	11,327	25,595	50,410	(24,815)	125.97	0.46	0.91	0.23
Commercial Financing	0	75,272	0	75,272	-	0.00	-	0.00
Repayment (current)	(16,008)	(66,268)	(13,134)	(53,134)	313.98	(1.19)	(0.24)	(0.32)
Rescheduling	0	0	0	-	-	0.00	-	0.00
Of which principal	0	0	0	-	-	0.00	-	0.00
Of which interest	0	0	0	-	-	0.00	-	0.00
Change in arrears (current)	3,114	0	0	-	-	0.00	-	0.06
2.Domestic Loan Repayments(Receipts)	23	1,182	197	985	-	0.02	0.00	0.00
3. 2013/14 EUROBOND BALANCE	0	142,674	0	142,674	-	2.57	-	0.00
4. Domestic financing	67,368	(71,055)	117,923	(188,978)	(205.47)	(1.28)	2.12	1.35
MEMO ITEM								
GDP ESTIMATE	4,985,100.00	5,559,300.00	5,559,300.00					

*Provisional

Source: National Treasury

2.4 Financing

2.4.1 External Financing

39. Cumulative external financing for the period between July 1st and December 31st 2014 amounted to a net borrowing of KShs. 48.3 billion compared to a net borrowing of KShs. 11.0 billion in the same period of FY 2013/14(**Table 10**). Total disbursements (inflows) including Appropriations-in-Aid amounted to KShs. 114.5 billion for the period ending 31st December 2014 against a target of KShs. 70.3 billion. This amount included KShs. 13.7 billion Project cash loans, KShs. 25.6 billion project loans (A.I.A) and KShs. 142.7 billion Commercial financing. External repayments (outflows) of principal debt amounted to KShs. 66.3 billion against a target of KShs. 68.0 billion. The amount comprises of principal repayments due to both bilateral and multilateral organizations amounting to Kshs 6.2 billion and Kshs 6.7, respectively, and Commercial loans of Kshs 53.4 billion.

Table 10: External Financing, Period Ending 31st December, 2014 (KShs. Million)

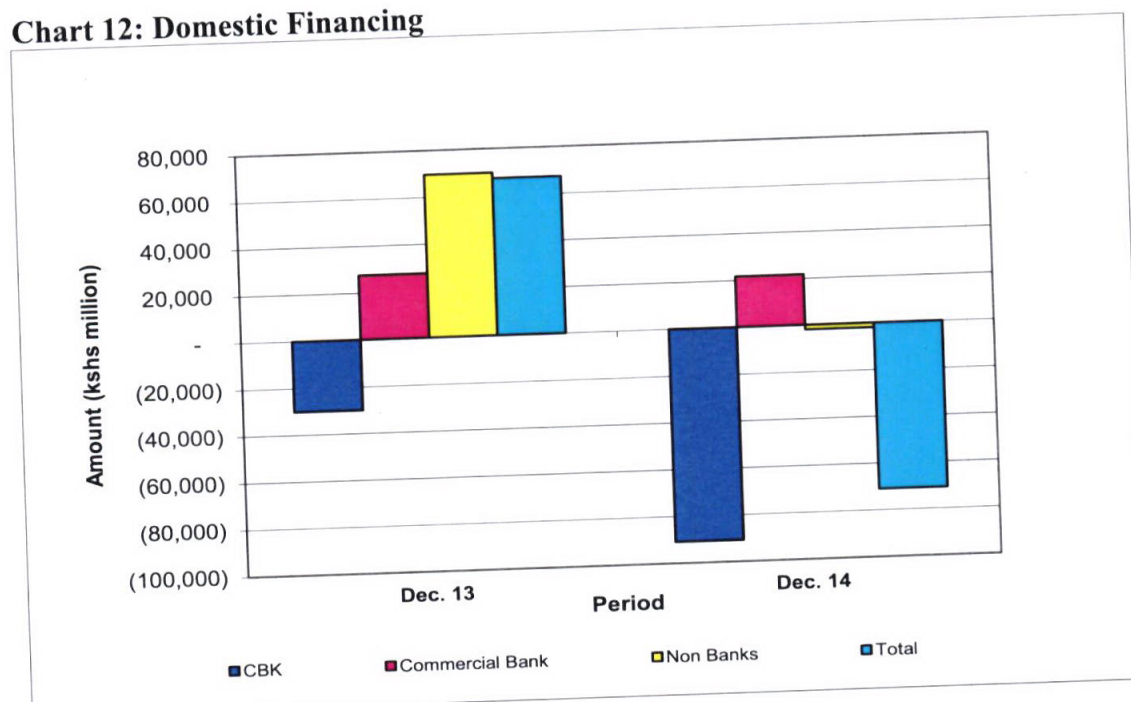
	Quarter II 2013/14	Quarter I 2014/15	Quarter II 2014/15	Cumulative December 2014	
	Actual	Actual	Actual	Actual	Target
DISBURSEMENTS:	23,845.62	87,209.57	27,310.80	114,520.37	70,331.00
Project Cash loans	12,518.85	5,129.49	8,523.51	13,653.00	17,530.00
Project loans A-I-A	11,326.76	6,807.71	18,787.29	25,595.00	50,410.00
Commercial Financing	-	75,272.37	-	75,272.37	-
Programme Loans	-	-	-	-	2,391.00
EXTERNAL REPAYMENTS:	12,891.98	59,836.09	6,432.11	66,268.20	67,979.24
Bilateral (incl. Italy Debt SWAP)	6,437.12	3,130.76	3,052.65	6,183.41	6,921.15
Multilateral (excl. IMF)	6,043.23	3,680.33	2,987.34	6,667.67	6,212.63
Commercial	411.63	53,025.00	392.12	53,417.12	54,845.47
NET FOREIGN FINANCING	10,953.64	27,373.48	20,878.69	48,252.17	2,351.76

Source: National Treasury

2.4.2 Domestic Financing

40. By the end of December 2014, net domestic repayments amounted to KShs. 71.1 billion against a target borrowing of ksh 117.9 billion (**Table 9**). The repayments comprised of KShs. 769 million to Non-Banking Financial Institutions, KShs. 90.9 billion to Central Bank, and KShs. 1.1 billion to Non-Residents and a borrowing of KShs. 21.7 billion from Commercial Banks, (**Table 11**). Comparatively, for the same period in 2013, the net domestic borrowing was KShs. 67.4 billion, comprising of net borrowings of KShs. 67.8 billion from the non-banking financial institutions, KShs. 2.0 billion from Non-Residents, KShs. 27.6 billion from commercial banks and net repayments of KShs. 30.0 billion to Central Bank, (**chart 12**).

Chart 12: Domestic Financing



Source: Central Bank of Kenya

FISCAL DEVELOPMENTS

41. The stock of Treasury Bills held by Central Bank, and Commercial Banks, recorded net increases of KShs. 51 million, and KShs. 10.8 billion, while the stock of Treasury Bills held by the Commercial Banks and Non-residents recorded net decreases of KShs. 20.1 billion, and KShs. 1.1 billion, respectively. The stock of Fixed Rate Bonds held by Commercial Banks, Non-Residents, and the Central Bank recorded net decreases of KShs. 3.4 billion, KShs. 46.0 million, and KShs. 9.0 million, respectively, while the stock of Fixed Rate Bonds held by non-Banks recorded a net increase of KShs. 267.0 million.

Table 11: Domestic Financing, Period Ending 31st December 2014 (KShs. Millions)

	DECEMBER	JUNE	SEPTEMBER	DECEMBER
	2013	2014	2014	2014
1. CENTRAL BANK	(29,995)	19,385	(45,117)	(90,863)
Overdraft	27,188	30,239	(2,864)	(6,308)
Treasury bills rediscounts	1,454	5	1,347	51
Fixed rate Bonds	(299)	(288)	1	(9)
Items on Transit	(106)	(84)	(49)	(44)
Frozen Account		(555)	-	(548)
Less Govt Deposits	(58,233)	(9,933)	(43,552)	(84,004)
2. COM. BANKS	27,601	73,441	(10,754)	21,691
Advances	(23)	864	(634)	(627)
Treasury bills	6,300	(1,935)	(15,372)	10,760
Fixed rate Bonds	10,676	76,206	733	(3,361)
Special Bonds	-	-	-	-
Zero Coupon bonds	-	-	-	-
Infrastructure Bonds	16,759	16,759	-	20,776
Savings and Development Bond		-	443	443
Less Govt Deposits	(6,110)	(18,453)	4,075	(6,300)
3. NON BANKS	67,760	102,497	(2,208)	(769)
Treasury bills	26,538	30,391	(6,326)	(20,139)
Fixed rate Bonds	23,483	54,367	(719)	267
Zero Coupon bonds	-	-	-	-
Infrastructure Bonds	17,739	17,739	-	14,266
Savings and Development Bond	-	-	4,838	4,838
4. NON RESIDENTS	2,002	6,404	(3,038)	(1,114)
Treasury bills	577	4,978	(2,994)	(1,081)
Fixed rate Bonds	(18)	(17)	(44)	(46)
Infrastructure Bond	1,443	1,443	-	13
Savings and Development Bond	-	-	-	-
Zero Coupon bonds	-	-	-	-
5. NET CREDIT	67,368	201,727	(61,117)	(71,055)

Note: Treasury bills as reflected here are given at cost value as opposed to Table 13 given at Face value.

Source: Central Bank of Kenya

3.0 PUBLIC DEBT

3.1 Overall Debt Position

42. The gross public debt increased by KShs. 55.8 billion from KShs. 2,422.8 billion as at end of June 2014 to KShs. 2,478.6 billion (equivalent to 44.6 per cent of GDP) by 31st December 2014, comprising of 47.2 per cent of external debt and 52.8 per cent of domestic debt. The overall increase is attributed to increased domestic debt and disbursements from external loans. Net public debt decreased by KShs. 43.2 billion from June 2014 to December 2014 (*Table 12*).

Table 12: Kenya's Public and Publicly Guaranteed Debt, June 2008-December 2014 (KShs. millions)

	Jun-09	Jun-10	Jun-11	Jun-12	Sept. 12	Dec. 12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14*	Jun-14	Sep-14	Dec-14
EXTERNAL														
BILATERAL	185,933	196,347	256,965	246,240	269,250	265,416	255,282	257,637	228,180	245,138	243,498	289,914	278,547	287,196
MULTILATERAL	331,105	352,333	440,882	462,963	466,975	482,714	490,619	511,791	540,215	558,725	577,914	597,340	608,022	612,353
COMMERCIAL BANKS	-	-	-	50,540	51,112	58,378	57,905	58,928	59,603	59,144	59,205	234,799	185,163	255,188
SUPPLIERS CREDIT	23,837	20,458	25,041	14,812	15,121	15,463	14,957	15,207	15,606	15,763	15,750	16,451	16,096	15,959
SUB-TOTAL	540,875	569,138	722,888	774,555	802,458	821,971	818,763	843,563	843,603	878,770	896,366	1,138,504	1,087,828	1,170,696
DOMESTIC:														
CENTRAL BANK	39,902	50,215	39,692	47,382	57,199	56,774	55,320	36,383	66,321	64,620	77,161	65,700	63,580	58,286
COMMERCIAL BANKS	250,708	351,579	378,376	411,867	448,736	486,089	475,427	527,080	554,587	563,009	585,825	617,221	601,426	649,940
TOTAL BANKS	290,611	401,794	418,068	459,249	505,935	542,863	530,747	563,462	620,909	627,629	662,986	682,921	665,006	708,227
NON BANKS	230,421	258,474	346,155	399,580	416,271	428,402	451,164	487,094	547,207	561,554	568,197	601,406	595,868	599,723
SUB-TOTAL	521,032	660,268	764,223	858,830	922,206	971,265	981,911	1,050,556	1,168,115	1,189,183	1,231,183	1,284,327	1,260,875	1,307,950
GRAND TOTAL GROSS	1,061,907	1,229,406	1,487,111	1,633,385	1,724,664	1,793,236	1,800,674	1,894,119	2,011,719	2,067,953	2,127,549	2,422,831	2,348,702	2,478,646
LESS ON-LENDING	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)
LESS GOVERNMENT DEPOSITS	(111,115)	(119,785)	(133,773)	(151,907)	(164,228)	(154,887)	(119,044)	(155,734)	(231,857)	(238,898)	(132,056)	(199,815)	(239,554)	(298,879)
GRAND TOTAL NET	945,091	1,103,919	1,347,637	1,475,776	1,554,735	1,632,648	1,675,929	1,732,684	1,774,161	1,823,354	1,989,792	2,217,315	2,103,447	2,174,066

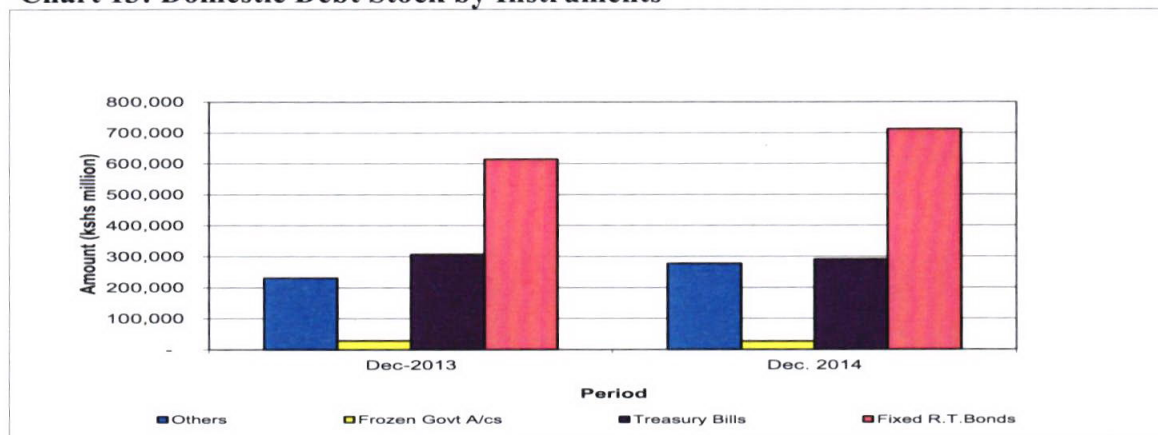
*Provisional

Source: National Treasury

3.2 Domestic Debt

43. The stock of domestic debt increased by KShs. 23.6 billion from KShs. 1,284.3 billion in June 2014 to KShs. 1,308.0 billion in December 2014. The stock of Treasury Bills held by Central Bank, Commercial Banks, Non-Banking Financial Institution and Non Residents decreased by KShs. 8.0 billion from KShs. 299.4 billion in June 2014 to KShs. 291.4 billion in December 2014, (Table 13). The total stock of Treasury Bonds, Floating, Fixed Rate, Special and Zero coupon Bonds, decreased by KShs. 1.3 billion from KShs. 723.3 billion in June 2014 to KShs. 722.1 billion in December 2014 (Chart 13).

Chart 13: Domestic Debt Stock by Instruments



Source: Data from CBK

FISCAL DEVELOPMENTS

Table 13: Stock of Domestic Debt, Second Quarter 2014/2015 (KShs. million)

	Jun-13	Dec-13	Jun-14	Sep-14	Dec-14
1.CENTRAL BANK	36,383	64,620	65,700	63,578	58,286
Overdraft	6,999	34,187	37,238	34,374	30,929
Frozen Govt Accounts	28,889	28,889	28,334	27,779	27,231
Treasury bills / bonds rediscounts	8	1,462	13	1,358	64
Items on Transit	154	48	70	21	25
Fixed rate bonds	333	35	46	46	36
2.COMBANKS	527,080	563,009	617,221	601,426	649,940
Advances	2,578	2,439	4,449	2,739	3,291
Stocks	-	-	-	-	-
Treasury Bills	183,454	191,083	176,437	161,528	191,132
Floating Rate T. Bonds	-	-	-	-	-
Fixed Rate T. Bonds	262,689	273,150	339,999	340,323	337,638
Special Bonds	10,000	10,000	10,000	10,000	10,000
Zero Coupon Bonds	-	-	-	-	-
Savings and Development Bond	7,148	7,148	7,148	7,648	7,648
Infrastructure Bonds	61,210	79,188	79,188	79,188	100,231
3. NON BANKS	477,525	551,277	586,481	584,058	585,917
Stocks	-	-	-	-	-
Treasury Bills	78,155	107,918	111,513	104,780	89,838
Floating Rate T. Bonds	-	-	-	-	-
Fixed Rate T. Bonds	315,028	338,633	370,245	369,046	371,410
Tax Reserve Certificate	69	69	69	69	69
Zero Coupon Bonds	-	-	-	-	-
Infrastructure Bonds	69,201	89,585	89,583	89,583	104,020
Savings and Development Bond	15,072	15,072	15,072	20,580	20,580
4. NON RESIDENTS	9,569	10,277	14,925	11,812	13,806
Treasury Bills	6,076	6,798	11,443	8,374	10,370
Floating Rate T. Bonds	-	-	-	-	-
Fixed Rate T. Bonds	3,043	3,028	3,029	2,985	2,983
Zero Coupon Bonds	-	-	-	-	-
Savings and Development Bond	9	9	9	9	9
Infrastructure Bonds	441	443	445	445	445
5. TOTAL DEBT	1,050,556	1,189,183	1,284,327	1,260,875	1,307,950
6. LESS ON-LENDING	5,701	5,701	5,701	5,701	5,701
7. Less Govt Deposits	155,734	238,898	199,815	239,554	298,879
8. NET DEBT	889,121	944,584	1,078,811	1,015,619	1,003,370

NOTE: Treasury Bills reflected here are at face value as opposed to Table 11, given at cost

Source: Central Bank of Kenya

FISCAL DEVELOPMENTS

3.3 External Public Debt

44. In dollar terms, external public debt stock decreased by US \$ 70.5 million from US\$ 12,992.4 million in June 2014 to US\$ 12,921.9 million by end of December 2014 (**Table 14 and Chart 14**). The debt stock comprised 24.5 per cent, 52.3 per cent, 21.8 per cent and 1.4 per cent of debt owed to bilateral, multilateral institutions, Commercial Banks and suppliers' credit, respectively. (**Exchange rate end December 2014 Ksh/US\$= 90.60**)

Table 14: Kenya's External Public and Publicly Guaranteed Debt June 2009-December 2014 (US \$ Million)

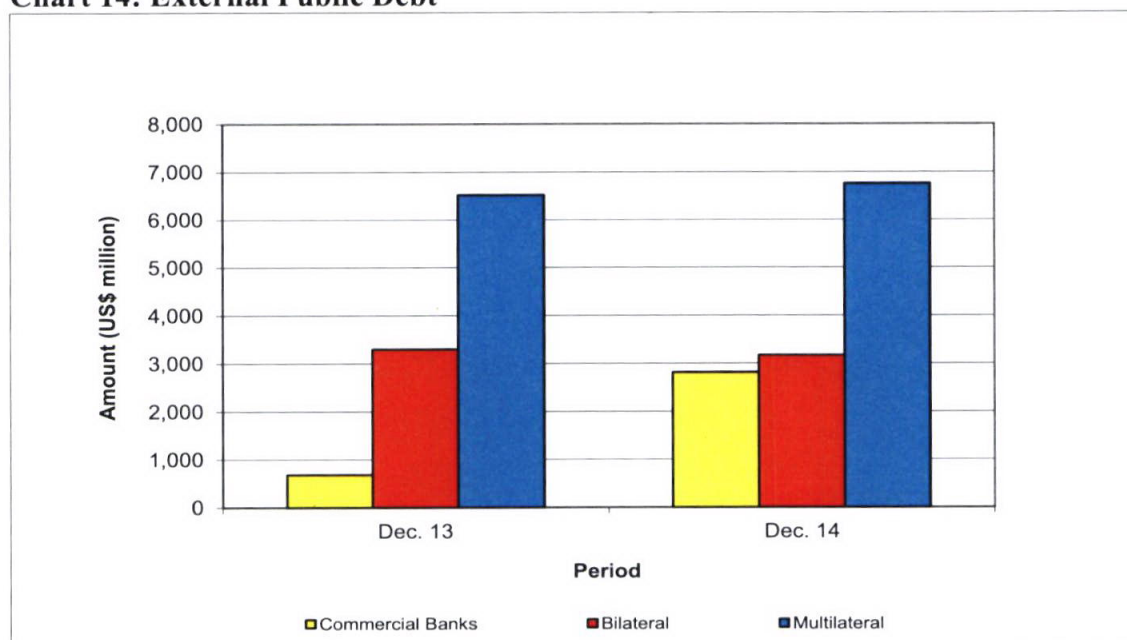
CREDITOR	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	Sept. 2013	Dec. 2013	Mar-14	Jun-14	Sep-14	Dec. 2014*
BILATERAL												
AUSTRIA	50.26	28.74	22.14	22.45	15.64	11.90	12.29	10.12	10.08	8.18	7.00	6.10
BELGIUM	73.43	91.73	82.70	100.57	87.44	88.40	89.10	87.89	92.58	92.40	81.06	72.16
CANADA	21.64	20.60	19.60	14.2	17.70	16.10	16.17	15.39	15.39	15.39	14.57	13.70
DENMARK	36.11	30.52	28.00	35.4	24.65	23.10	23.86	23.46	23.38	22.73	20.79	19.09
FINLAND	1.85	1.67	1.45	1.47	1.24	1.10	1.14	1.07	1.07	1.07	0.95	0.84
FRANCE	354.02	364.22	343.93	448.98	435.80	551.10	626.96	683.57	689.44	702.75	665.84	664.36
GERMANY	243.67	213.08	198.20	296.78	295.36	291.10	301.74	305.06	303.81	303.58	278.75	263.23
ITALY	98.06	74.53	53.07	48.83	34.75	24.80	19.64	19.87	19.79	19.59	12.66	12.11
JAPAN	1,125.98	1,177.40	1,206.80	1,244.58	1,275.10	1,009.10	1,020.08	956.77	958.02	964.48	875.26	794.31
NETHERLANDS	35.83	27.74	22.91	33.52	34.73	30.20	34.13	32.48	31.45	30.83	26.36	24.10
UK	37.99	30.51	26.00	25.91	22.99	20.10	21.30	20.35	20.52	21.01	18.58	16.29
USA	75.16	73.48	69.94	65.66	60.90	56.00	55.55	53.39	52.22	51.83	49.73	48.51
CHINA		153.20	175.60	361.1	466.81	733.92	753.27	940.63	918.54	922.76	922.30	1,096.55
OTHERS	214.05	122.51	146.71	160.08	150.29	138.38	140.78	150.28	145.07	152.08	146.09	138.65
PARASTATALS(Bilateral)												
TOTAL BILATERAL	2,368.05	2,409.93	2,397.05	2,859.53	2,923.42	2,995.30	3,116.02	3,300.33	3,281.36	3,308.69	3,119.93	3,170.00
MULTILATERAL												
ADB/ADF	465.80	423.17	500.51	585.83	811.08	938.60	1,084.69	1,115.65	1,188.59	1,165.37	1,249.11	1,253.70
BADEA	-	-	-	-	-	-	-	-	-	-	-	-
EEC/EIB	173.66	143.38	128.15	139.06	129.80	183.30	186.41	187.73	183.82	235.74	235.53	232.65
IBRD	-	-	-	0	-	-	-	-	-	-	-	-
IDA/IFAD	3,239.00	3,194.50	3,175.30	3,552.80	3,532.90	3,867.40	3,927.23	4,098.20	4,291.81	4,316.49	4,341.29	4,342.33
IMF**	271.24	244.60	416.40	529.49	909.60	857.80	867.34	966.04	961.84	950.42	883.96	833.30
OTHERS	42.63	74.92	80.77	98.93	112.76	103.40	106.31	105.87	104.55	148.35	100.44	97.05
TOTAL MULTILATERAL	4,192.33	4,080.57	4,301.13	4,906.11	5,496.15	5,950.50	6,171.97	6,473.49	6,730.62	6,816.38	6,810.33	6,759.02
COMMERCIAL BANKS 1/	-	-	-	-	600.00	685.10	687.89	685.26	684.91	2,679.53	2,073.97	2,816.72
EXPORT CREDIT	286.63	308.90	249.74	278.65	175.84	176.80	180.11	182.64	182.20	187.75	180.29	176.15
GRAND TOTAL	6,847.01	6,799.40	6,947.92	8,044.29	9,195.41	9,807.70	10,155.99	10,641.72	10,879.09	12,992.35	12,184.52	12,921.89
BILATERAL	34.59	35.44	34.50	35.55	31.79	30.54	30.68	31.01	30.16	25.47	25.61	24.53
MULTILATERAL	61.23	60.01	61.91	60.99	59.77	60.67	60.77	60.83	61.87	52.46	55.89	52.31
COMMERCIAL BANKS 1/	-	-	-	-	6.52	6.99	6.77	6.44	6.30	20.62	17.02	21.80
EXPORT CREDIT	4.19	4.54	3.59	3.46	1.91	1.80	1.77	1.72	1.67	1.45	1.48	1.36
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

*Provisional

** include IMF item

Source: National Treasury

Chart 14: External Public Debt

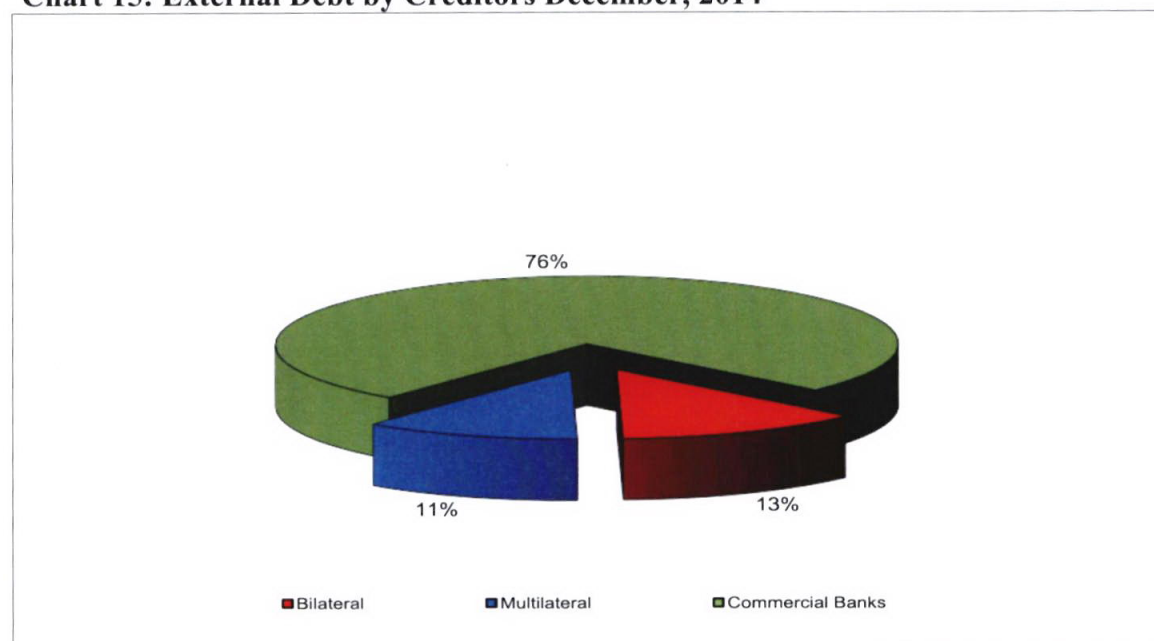


Source: National Treasury

3.3.1 External Debt Service

45. At the end of December 2014, the total cumulative debt service payments to external creditors amounted to KShs 81.4 billion. This comprised of KShs 66.2 billion (81.4 per cent) principal and KShs 15.2 billion (18.6 per cent) interest (*Table 15 and chart 15*).

Chart 15: External Debt by Creditors December, 2014



Source: National Treasury

FISCAL DEVELOPMENTS

Table 15: External Debt Service, July 2013– December 2014 (KShs. Million)

CATEGORY	PRINCIPAL*	INTEREST*	TOTAL*
BILATERAL			
AUSTRIA	56.48	7.07	63.55
FINLAND	7.81	-	7.81
FRANCE	1,135.09	466.89	1,601.99
ITALY	530.82	0.34	531.16
JAPAN	1,885.53	396.25	2,281.78
SAUDI FUND	259.03	23.00	282.03
SPAIN	234.46	129.47	363.93
USA	154.31	88.97	243.28
CANADA	71.02	5.10	76.12
BELGIUM	605.73	37.04	642.76
GERMANY	32.45	25.59	58.04
CHINA	662.71	2,954.55	3,617.26
KUWAIT	106.76	11.50	118.26
NETHERLANDS	203.71	41.76	245.48
SWEDEN	-	-	0.00
SWITZERLAND	23.80	0.75	24.54
DENMARK	34.18	-	34.18
KOREA	-	15.28	15.28
UK	137.87	11.22	149.09
INDIA	-	-	0.00
TOTAL BILATERAL	6,141.75	4,214.77	10,356.53
MULTILATERAL			
ADB/ADF	515.72	666.71	1,182.44
BADEA	85.82	21.35	107.17
EEC	-	-	0.00
EIB	519.82	262.83	782.65
IDA	5,265.05	1,454.41	6,719.46
OPEC	196.89	38.42	235.31
NDF	-	11.39	11.39
IFAD	84.37	20.40	104.77
**IMF	-	-	0.00
TOTAL MULTILATERAL	6,667.67	2,475.51	9,143.18
COMMERCIAL	53,417.12	8,486.19	61,903.31
GRAND TOTAL	66,226.53	15,176.48	81,403.01

* Provisional

** IMF debt serviced by CBK

Source: National Treasury

FISCAL RESULTS, 2002/03 – 2014/2015 (KShs. Millions)

	2003/2004	2004/2005	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13*	2013/14*	2014/15**
A. TOTAL REVENUE	254,681.00	289,802	311,251	373,030	432,220	487,893	586,377	667,539	749,941	848,955	974,438	1,181,230
1. Revenue	226,478.00	265,725	283,427	340,000	396,489	455,780	538,836	609,223	683,579	777,800	919,990	1,087,116
Income Tax	77,430.00	94,095	108,897	124,855	156,832	184,447	216,760	258,651	312,463	373,086	449,590	541,915
VAT	61,725.00	75,989	76,263	96,270	111,939	126,854	146,792	171,881	176,386	184,936	232,630	267,138
Import Duty	22,324.00	23,532	20,510	27,530	32,944	36,301	41,372	46,072	51,712	57,650	67,555	77,725
Excise Duty	40,085.00	44,151	50,309	56,406	61,858	69,872	74,644	80,567	78,884	85,660	102,029	119,770
Other Revenue	24,934.00	27,948	27,447	34,970	32,936	38,426	59,268	52,053	64,133	76,488	67,385	80,567
2. Appropriation-in-Aid	28,203.00	24,087	27,824	33,020	35,731	32,113	47,541	58,336	66,362	71,155	55,428	94,114
B. EXPENDITURE & NET LENDING	282,107.00	303,373	382,810	439,570	534,842	595,739	725,201	811,849	945,313	1,111,859	1,297,740	1,597,812
1. Recurrent	244,476.00	255,746	306,535	306,847	403,368	435,542	510,536	592,427	650,434	796,098	749,635	871,533
Wages and Salaries	95,850.00	105,612	112,277	127,258	145,996	155,220	172,609	198,549	218,833	274,407	281,197	303,349
Interest Payments	29,700.00	30,470	41,247	42,537	47,877	52,058	63,523	76,399	81,933	121,235	131,954	147,441
Domestic Interest	23,281.00	23,375	31,445	36,860	42,301	45,949	57,382	69,209	71,873	100,384	119,393	122,928
Foreign Interest Due	6,419.00	7,095	9,802	5,677	5,696	6,109	6,141	6,989	10,039	11,051	12,761	24,513
Pensions, etc	13,612.00	12,568	19,759	20,449	24,089	27,191	28,977	25,724	26,082	26,996	30,155	46,056
Civil Service Reform	273.00	-	1,300	1,392	800	121	50	5	6	10	-	-
Operations & maintenance /Others	105,041.00	107,096	131,932	115,211	114,606	200,952	245,357	291,951	323,580	373,450	306,330	374,687
Of which Appropriation-in-Aid	23,443.00	20,999	23,891	28,701	32,343	40,611	42,807	54,036	61,578	68,551	28,205	61,705
2. Development & Net Lending	37,711.00	45,627	67,692	80,354	131,473	160,777	214,685	219,422	294,899	305,978	339,312	493,605
Development Projects	25,943.00	28,824	48,037	62,123	86,213	111,962	165,461	171,463	190,146	186,231	225,850	312,475
Appropriation-in-Aid	12,341.00	15,929	18,607	16,750	42,932	45,842	46,956	46,809	102,344	117,346	191,239	174,006
Payment of guaranteed loans	1,368.00	860	4,000	-	2,328	2,373	2,268	1,150	2,639	2,400	2,223	2,123
3. Drought Development Expenditures / C.C.F	-	2,000	1,048	1,481	-	-	-	-	-	-	-	5,000
4. Transfer to County Governments	-	-	-	-	-	-	-	-	-	9,783	193,390	229,264
5. Parliamentary Service	-	-	-	-	-	-	-	-	-	-	22,473	-
6. Judicial Service	-	-	-	-	-	-	-	-	-	-	12,951	-
7. Equalization Fund	-	-	-	-	-	-	-	-	-	-	-	3,411
D. DEFICIT/EXCL. GRANTS (Commitment Basis)	(27,506.00)	(13,571)	(71,567)	(46,540)	(102,622)	(107,826)	(138,824)	(144,310)	(195,372)	(262,904)	(323,342)	(416,582)
E. GRANTS	16,224.00	14,905	20,070	15,494	25,449	18,065	31,190	18,769	15,361	20,506	26,957	58,734
F. DEFICIT/INCL. GRANTS (Commitment basis)	(11,282.00)	(1334)	(51,497)	(30,697)	(77,173)	(89,761)	(107,634)	(125,541)	(180,211)	(242,398)	(296,385)	(357,848)
G. ADJUSTMENT TO CASH BASIS	11,282.00	5,964	15,030	(5,577)	84,738	(27,259)	(66,740)	6,768	(13,361)	(13,361)	(12,739)	-
H. DEFICIT/INCL. GRANTS (cash basis)	-	7,298	(36,467)	(36,269)	7,566	(117,020)	(174,374)	(118,773)	(180,211)	(255,566)	(309,125)	(357,848)
FINANCING	-	(7,298)	36,467	36,269	(7,566)	117,020	(174,374)	(118,773)	(180,211)	(255,566)	(309,125)	(357,848)
Foreign Financing	(8,809.00)	(625)	1236	(2,392)	6,326	4,143	22,895	28,390	113,059	113,059	113,059	112,730
Domestic Financing	8,809.00	(6,673)	35,251	38,661	(13,891)	75,876	(151,479)	(90,383)	(63,400)	(69,776)	(202,994)	(245,117)
Of which Domestic Borrowing	8,809.00	(6,673)	7,000	4,000	-	69,427	(117,037)	(90,383)	(63,400)	(69,776)	(201,727)	(117,299)
Others	-	-	-	-	-	-	34,442	-	-	-	1,267	(13,388)
In Percentage of GDP												
A. TOTAL REVENUE	21.11	21.55	20.49	21.63	22.02	21.80	23.86	23.95	23.11	21.84	19.55	21.25
1. Revenue	18.78	19.76	18.66	19.72	20.20	20.37	21.92	21.86	21.07	17.26	18.43	19.56
Income Tax	6.42	7.00	7.17	7.24	7.99	8.24	8.82	9.28	9.63	8.28	9.02	9.75
VAT	5.12	5.65	5.02	5.58	5.70	5.67	5.97	6.17	5.44	4.30	4.67	4.81
Import Duty	1.85	1.75	1.35	1.60	1.68	1.62	1.68	1.65	1.59	1.28	1.36	1.40
Excise Duty	3.32	3.28	3.31	3.27	3.15	3.12	3.04	2.89	2.43	1.90	2.05	2.15
Other Revenue	2.07	2.08	1.81	2.03	1.68	1.72	2.41	1.87	1.98	1.70	1.35	1.45
2. Appropriation-in-Aid	2.34	1.79	1.83	1.92	1.82	1.43	1.93	2.09	2.05	1.58	1.11	1.69
B. EXPENDITURE & NET LENDING	23.39	22.56	25.20	24.33	27.25	26.62	29.50	29.13	29.34	24.67	26.03	28.74
1. Recurrent	20.27	19.01	20.10	17.80	20.55	19.46	20.77	21.25	20.05	17.67	15.04	15.68
Wages and Salaries	7.95	7.85	7.39	7.38	7.44	6.94	7.02	7.12	6.74	6.09	5.64	5.46
Interest Payments	2.46	2.27	2.72	2.47	2.44	2.33	2.58	2.73	2.52	2.69	2.65	2.65
Domestic Interest	1.93	1.74	2.07	2.14	2.15	2.05	2.33	2.48	2.22	2.45	2.39	2.21
Foreign Interest Due	0.53	0.53	0.65	0.33	0.29	0.27	0.25	0.25	0.31	0.25	0.26	0.44
Pensions	1.13	0.93	1.30	1.19	1.23	1.21	1.18	0.92	0.80	0.60	0.60	0.83
Civil Service Reform	0.02	-	0.09	0.08	0.04	0.01	0.00	0.00	0.00	0.00	-	-
O & M /Others	8.71	7.96	8.68	6.68	9.40	8.98	9.98	10.47	9.97	8.29	6.14	6.74
of which Appropriation-in-Aid	1.94	1.56	1.57	1.66	1.65	1.81	1.74	1.94	1.90	1.52	0.57	1.11
2. Development & Net Lending	3.13	3.39	4.46	4.66	6.70	7.16	8.73	7.87	9.09	6.79	6.41	8.88
Development Projects	2.15	2.14	3.16	3.60	4.39	5.00	6.73	6.15	5.86	4.13	4.53	5.62
Appropriation-in-Aid	1.02	1.18	1.22	0.97	2.29	2.05	1.91	1.68	3.15	2.60	1.83	3.13
Payment of guaranteed loans	0.11	0.06	0.26	-	0.12	0.11	0.09	0.04	0.08	0.05	0.04	0.04
3. Drought Expenditures	-	0.25	0.07	0.09	-	-	-	-	-	-	-	0.09
4. Transitional Transfer to County Governments	-	-	-	-	-	-	-	-	-	0.22	3.88	4.12
5. Parliamentary Service	-	-	-	-	-	-	-	-	-	-	0.45	-
6. Judicial Service	-	-	-	-	-	-	-	-	-	-	0.26	-
7. Equalization Fund	-	-	-	-	-	-	-	-	-	-	-	0.06
D. DEFICIT/EXCL. GRANTS (Commitment Basis)	(2.28)	(1.01)	(4.71)	(2.70)	(5.23)	(4.82)	(5.65)	(5.18)	(6.02)	(5.83)	(6.49)	(7.49)
E. GRANTS	1.35	1.11	1.32	0.90	1.30	0.81	1.27	0.67	0.47	0.46	0.54	1.06
F. DEFICIT/INCL. GRANTS (Commitment basis)	(0.94)	0.10	(3.39)	(1.78)	(3.93)	(4.01)	(4.38)	(4.50)	(5.55)	(5.38)	(5.95)	(6.44)
G. ADJUSTMENT TO CASH BASIS	0.94	0.44	0.99	(0.32)	4.32	(1.22)	(2.72)	0.24	(0.29)	(0.29)	(0.26)	-
H. DEFICIT/INCL. GRANTS (cash basis)	-	0.54	(2.40)	(2.10)	0.39	(5.23)	(7.09)	(4.26)	(5.55)	(5.67)	(6.20)	(6.44)
FINANCING	-	(0.54)	2.40	2.10	(0.39)	5.23	7.09	4.26	5.44	5.67	6.20	6.44
Foreign Financing	(0.73)	(0.05)	0.08	(0.14)	0.32	1.84	0.93	1.02	3.48	1.90	2.13	2.03
Domestic Financing	0.73	(0.50)	2.32	2.24	(0.71)	3.39	6.16	3.24	1.95	3.77	4.07	4.41
Of which Domestic Borrowing	0.73	(0.50)	0.46	0.23	-	3.10	4.76	3.24	1.95	3.77	4.05	1.83
Others	-	-	-	-	-	-	1.40	-	-	-	0.03	2.58
Memorandum Item:												
Normal GDP at Market price (Kshs. million)	1,206,194.50	1,345,026.00	1,519,079.00	1,724,197.00	1,962,879.00	2,238,000.00	2,458,000.00	2,787,300.00	3,244,491.00	4,506,200.00	4,985,100.00	5,559,000.00

Note: * indicate Preliminary results

** Printed Budget

Source: National Treasury



