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THE NATIONAL TREASURY

Paper Laid
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MW



Quarterly Economic and Budgetary Review

First Quarter, Financial Year 2015/2016
Period ending 30th September, 2015

November 2015 Edition

**Quarterly Economic and
Budgetary Review**

TABLE OF CONTENTS

1.0	RECENT ECONOMIC DEVELOPMENTS	1
1.2	INFLATION	3
1.3	BALANCE OF PAYMENTS	3
1.4	FOREIGN EXCHANGE RESERVES.....	5
1.5	EXCHANGE RATES	6
1.6	MONEY AND CREDIT	7
1.7	INTEREST RATES.....	9
1.8	CAPITAL MARKETS.....	10
2.0	FISCAL DEVELOPMENTS	12
2.1	REVENUE.....	12
2.2	EXPENDITURE.....	13
2.2.1	Guaranteed Loans to Parastatals	16
2.3	FISCAL OUTTURN	17
2.3.1	GOVERNMENT FINANCIAL STATISTICS (GFS) 2014	18
2.4	FINANCING	19
2.4.1	External Financing	19
2.4.2	Domestic Financing	19
3.0	PUBLIC DEBT	21
3.1	OVERALL DEBT POSITION	21
3.2	DOMESTIC DEBT	21
3.3	EXTERNAL PUBLIC DEBT	23
3.3.1	External Debt Service	24
	FISCAL RESULTS, 2005/06 – 2015/2016 (KSHS. MILLIONS)	26
	BUDGET CENTRAL GOVERNMENT	27

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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 QUARTER, 2015/2016

1. **Recent Economic Developments**

Growth remained robust in 2015 with a growth of 4.9 percent and 5.5 percent in the first and second quarter, respectively. The economy grew by 5.5 percent in quarter two 2015 compared to a growth of 6.0 percent in the same quarter in 2014. This growth was supported by improved growth in; agriculture, forestry and fishing (5.4 percent), wholesale and retail trade (5.5 percent), transport and storage (6.2 percent) and electricity and water supply (10.2 percent). The hotel and restaurant sectors improved during the second quarter of 2015 as a result of the withdrawal of the negative travel advisories by some key tourist source countries.

2. **Total Revenue Collection**

The National Government cumulative revenue collection including A-I-A for the period July 2015 to September 2015 amounted to KShs. 277.2 billion (equivalent to 4.9 per cent of GDP) against a target of KShs. 304.2 billion or 5.3 per cent of GDP. This represented an underperformance of KShs. 27.0 billion mainly due to shortfalls in A-I-A collection, Income Tax, VAT, excise duty 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 30th September 2015 amounted to KShs. 337.4 billion. This was KShs. 136.4 billion below the target of KShs. 473.7 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 was far below target.

4. **Guaranteed Loans**

Between July 2015 and September 2015, the National Government paid a total of KShs. 148.2 million on account of guaranteed loans against the projected debt service of KShs. 161.1 million.

5. **Overall Fiscal Balance**

The cumulative overall fiscal balance, on a commitment basis (excluding grants), amounted to a deficit of KShs. 60.2 billion (equivalent to 1.1 per cent of GDP), as at end-September 2015, compared with a deficit of KShs. 31.9 billion (equivalent to 0.6 per cent of GDP) in the period ending 30th September 2014.

6. **External Financing**

Between July 2015 and September 2015, external financing amounted to a net borrowing of KShs. 4.8 billion, compared to a net borrowing of KShs. 94.8 billion in the same period ending September 2014.

7. **Net Domestic Borrowing**

Net domestic financing amounted to a net repayment of KShs. 14.4 billion (equivalent to 0.3 per cent of GDP) in the period ending 30th September 2015,

compared to net repayment of KShs. 61.1 billion (equivalent to 1.1 per cent of GDP) in a similar period ending 30th September 2014.

8. Domestic Debt

Total gross domestic debt stock increased by 10.1 per cent from KShs. 1,260.9 billion as at end-September 2014 to KShs.1,388.0 billion by the end-September 2015.

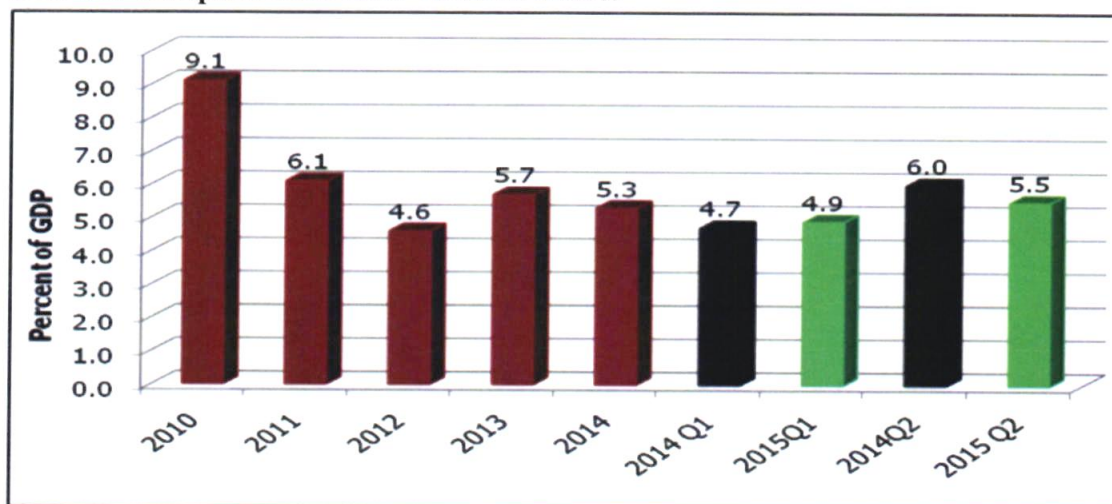
9. External Debt

The total external debt stock, including the International Sovereign Bond, stood at KShs. 1,550.2 billion at the period ending September 2015. The debt stock comprised of multilateral debt (48.7 per cent), bilateral debt (31.1 per cent), Suppliers Credit debt (1.2 per cent), and Commercial banks' debt (19.1 per cent-incl. International Sovereign Bond)

1.0 RECENT ECONOMIC DEVELOPMENTS

1. The economy registered a growth of 5.3 percent in 2014 from 5.7 percent in 2013 (**Chart 1**). Growth remained robust in 2015 with a growth of 4.9 percent in the first quarter compared to 4.7 percent growth in the first quarter 2014, supported by the expansion of activities of construction, finance and insurance, information and communication, electricity and water supply, wholesale and retail trade and transport and storage. However, there was contraction in hotels and restaurant mainly due to low hotel occupancy rates arising from insecurity concerns mainly by international visitors.

Chart 1: Comparison in GDP Growth Rates.



Source: KNBS.

2. The economy grew by 5.5 percent in quarter two 2015 compared to a growth of 6.0 percent in the same quarter 2014. This growth was supported by improved growths in; agriculture, forestry and fishing (5.4 percent), wholesale and retail trade (5.5 percent), transport and storage (6.2 percent) and electricity and water supply (10.2 percent) (**Table 1**). All the other sectors of the economy recorded positive growths of varying magnitude except the hotel and restaurant sector which contracted by 0.8 percent, this was an improvement from a contraction of 19.3 percent recorded in quarter two of 2014. The improvement in the sector is as a result of the withdrawal of the negative travel advisories by some key tourist source countries.

3. The electricity and water supply sector recorded the highest growth at 10.2 percent during the second quarter 2015, an improvement from a growth of 4.6 percent in the second quarter 2014. This was primarily due to improved production of hydroelectricity due to better rains and the commissioning of new geothermal plant in 2014. Electricity consumption increased by 22.8 percent during the review period. The increase was due to an increase in electricity connections especially under rural electrification program, the reduction of electricity connection fees, and lower power costs.

4. The transport and storage sector recorded an improved growth of 6.2 percent in the second quarter of 2015 compared to 5.7 percent growth in the same period in 2014. The sector's increase in growth was attributed to a fall in oil prices leading to a general increase in commuter services despite a slight decline in the volume of cargo handled at the port.

Table 1: Sectoral GDP Growth (constant 2009 prices)

Gross Domestic Product by Activity	Percentage Changes (growth)						
	2012	2013	2014	2014		2015	
				Q1	Q2	Q1	Q2
Agriculture, forestry and fishing	2.9	5.2	3.5	2.2	2.1	4.4	5.4
Mining and quarrying	19.0	-8.9	14.2	10.5	26.9	4.6	7.5
Manufacturing	-0.6	5.6	3.4	6.4	8.3	3.5	4.5
Electricity and water supply	9.5	6.6	5.7	3.9	4.6	8.4	10.2
Construction	11.3	5.8	13.1	7.6	16.6	11.3	9.9
Wholesale and retail trade; repairs	7.0	8.5	6.9	9.7	5.2	6.7	5.5
Accommodation and restaurants	3.1	-4.6	-17.2	-14.1	-19.3	-7.5	-0.8
Transport and storage	2.7	1.2	5.0	3.8	5.7	6.0	6.2
Information and communication	2.4	12.3	13.4	12.7	8.1	9.4	7.6
Financial and insurance activities	6.0	8.1	8.3	8.3	7.9	9.1	6.0
Public administration	4.0	3.1	5.8	-4.2	16.2	8.4	5.9
Professional, admin and support services	4.0	3.6	2.7	3.0	2.5	4.4	6.1
Real estate	4.0	4.1	5.6	6.3	6.7	2.0	4.2
Education	11.1	6.3	7.4	6.6	8.2	3.3	3.5
Human health and social work activities	-2.8	7.7	7.2	5.1	7.5	7.4	8.1
Other service activities	2.3	4.6	4.2	5.5	4.4	3.0	1.7
FISIM	10.1	5.2	11.2	8.3	11.1	14.0	8.4
All economic activities	4.1	5.3	5.3	4.6	6.1	5.0	5.5
Taxes on products	7.7	8.7	5.2	5.9	5.0	4.5	5.6
GDP at market prices	4.6	5.7	5.3	4.7	6.0	4.9	5.5

Source: KNBS

5. Agriculture, forestry and fishing sector recorded an improved growth of 5.4 percent in the second quarter of 2015 compared to a growth of 2.1 percent in the second quarter of 2014. The sector's increase in growth was boosted by increased activities in the growing of maize, vegetables, and fruits as a result of favorable climatic conditions in contrast to last year. Higher output from these core crops far outweigh farm losses of beans and potatoes, which were adversely affected by heavy rains in some regions. Tea production and Coffee sales declined during the review period.

6. The construction sector recorded a growth of 9.9 percent in the second quarter of 2015 against a growth of 16.6 percent in a similar period in 2014. This growth was on account of the on-going mega public infrastructure projects and private sector development in the real estate sector and is mirrored in the increased cement consumption.

7. The mining and quarrying sector recorded a growth of 7.5 percent in the second quarter of 2015 compared to a growth of 26.9 percent in the same quarter 2014. The growth in the sector is as a result of the ongoing mineral explorations in the country.

8. The Financial and insurance sector recorded a growth of 6.0 percent during the review period compared to 7.9 percent in the same quarter of 2014. This growth was mainly driven by increased uptake of loans and advances, and increased earnings from fees and commissions due to the improved accessibility to the financial services.

9. The Manufacturing sector recorded an overall growth of 4.5 percent in the second quarter of 2015 compared to 8.3 percent growth over a similar period in 2014. The growth

RECENT ECONOMIC DEVELOPMENTS

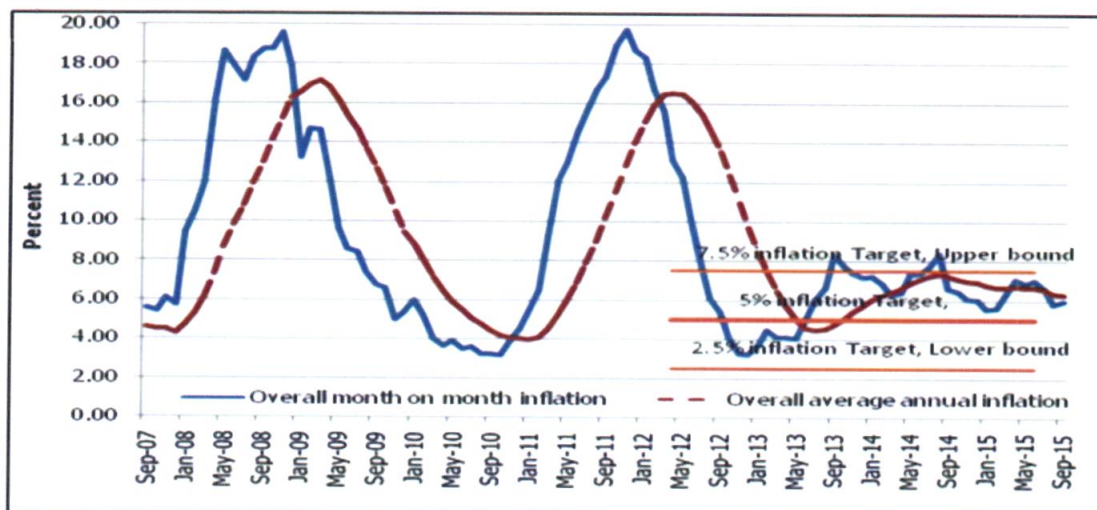
in the sector was partly attributed to the reduced cost of inputs such as electricity during the second quarter 2015. In the food manufacturing sub-sector, there was an increase in the manufacture of soft drinks and processing of canned foods while in non-food manufacturing, increased demand for cement in construction sector led to increased production.

10. There was an improvement in the Hotels and Restaurants sector, which recorded a contraction of 0.8 percent in the second quarter of 2015 from a contraction of 19.3 percent in the same quarter 2014. The improvement is as a result of the withdrawal of the negative travel advisories by some key tourist source countries and investments by the Government to improve the tourism industry and enhance security as a result of the insecurity concerns

1.2 Inflation

11. Overall month on month inflation was stable at 6.0 percent in September 2015 from 5.8 percent in August 2015. This is largely attributed to an increase in the fuel inflation and non-food non-fuel inflation, food inflation stabilized at 9.4 percent in August and September 2015 (Chart 2). On average, the annual inflation rate was 6.3 percent in September 2015, and was therefore, within the current allowable margin of 2.5 percent on either side of the target of 5.0 percent.

Chart 2: Inflation



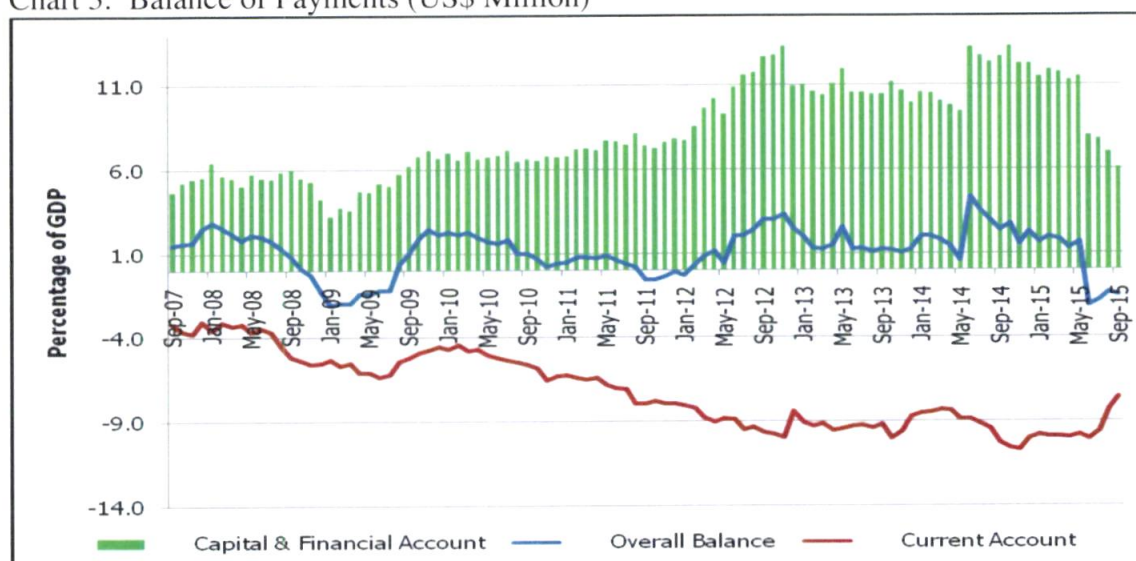
Source: KNBS

12. Non-food non-fuel (NFNF) inflation rate rose from 4.5 percent in August 2015 to 4.7 percent in September 2015. Meanwhile, fuel inflation rose from 1.1 percent in August 2015 to 1.5 percent in September 2015, as reflected in a slight increase in the 'Transport' index.

1.3 Balance of Payments

13. The overall balance of payments recorded a deficit of US\$ 912 million in the year to September 2015 from a surplus of US\$ 1,317 million in the year to September 2015 (Chart 3). The deficit reflected a decrease in the capital and financial account that more than offset the improvement in the current account.

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



Source: CBK

14. The current account deficit was at US\$ 4,611 million in the year to September 2015 from a deficit of US\$ 5,650 million in the year to September 2014. As a share to GDP, the current account deficit improved to 7.6 percent in September 2015 from 10.3 percent in September 2014 due to the decline in the import payments despite the declining export receipts. The value of services declined in the period under review mainly due to the decline in the receipts from tourism and transport services (Table 2).

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

ITEM	Year to September 2015				
	Year to SEPT 2013	Year to SEPT 2014	Year to SEPT 2015	Absolute Change	Percentage Change
A. CURRENT ACCOUNT (I+2)	-4,643	-5,650	-4,611	1,039	-18.4%
I. MERCHANDISE ACCOUNT	-10,894	-12,441	-10,933	1,507	-12.1%
I.1 Exports (fob)	5,977	6,151	5,883	-269	-4.4%
Coffee	198	219	220	1	0.3%
Tea	1,285	1,074	1,122	48	4.5%
Horticulture	721	819	729	-90	-11.0%
Oil products	62	58	78	20	34.1%
Manufactured Goods	695	620	536	-84	-13.6%
Raw Materials	385	465	367	-98	-21.2%
Chemicals and Related Products (n.e.s)	487	459	436	-22	-4.9%
Miscellaneous Man. Articles	577	624	599	-25	-4.1%
Re-exports	527	849	814	-35	-4.1%
Other	1,039	963	982	19	2.0%
I.2 Imports (cif)	16,871	18,592	16,816	-1,775.8	-9.6%
Public	119	159	351	192.1	120.9%
Private	16,752	18,433	16,465	-1,967.9	-10.7%
Oil	3,926	4,176	2,765	-1,410.8	-33.8%
Chemicals	2,180	2,360	2,461	101.0	4.3%
Manufactured Goods	2,534	2,658	2,745	86.7	3.3%
Machinery & Transport Equipment	4,721	5,651	5,565	-85.9	-1.5%
Other	3,392	3,588	2,929	-658.9	-18.4%
2. SERVICES	6,252	6,790	6,322	-468.0	-6.9%
B. CAPITAL & FINANCIAL ACCOUNT	5,279	6,968	3,700	-3,268.1	-46.9%
B.1 Capital Account	134	45	496	450.8	994.3%
B.2 Financial Account	5,145	6,922	3,203	-3,718.9	-53.7%
OVERALL BALANCE (A+B)	636	1,317	-912	-2,228.9	-169.2%
Gross Reserves	7,959	9,336	8,899	-436.5	-4.7%
Official	6,291	7,676	6,711		
Commercial Banks	1,668	1,659	2,188		
Imports cover (calendar year)	4.17	4.59	4.38		
Import cover (36 mths imports)	4.39	4.96	4.27		

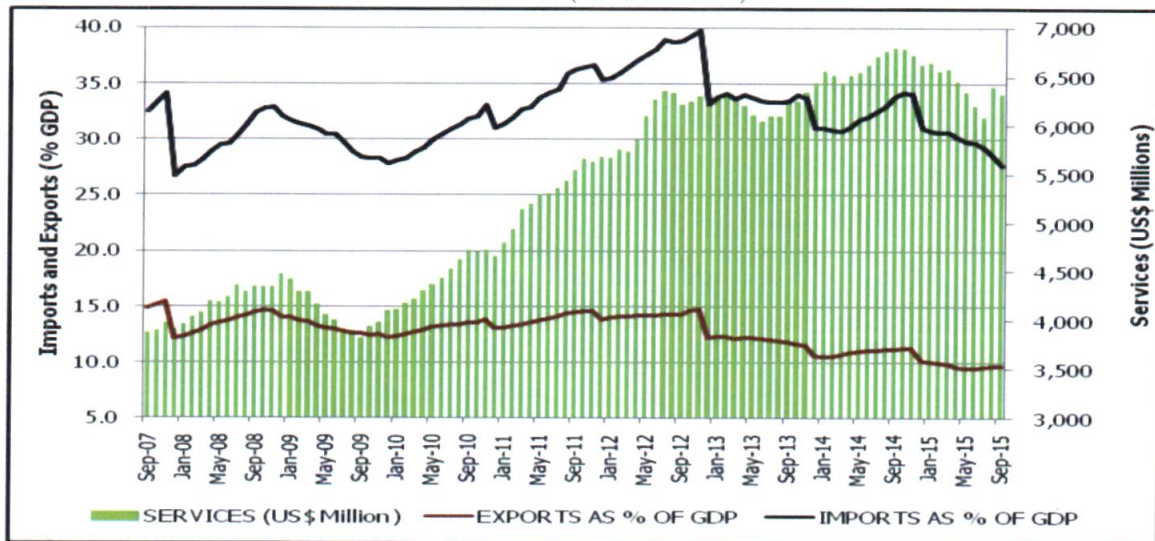
Source: CBK.

RECENT ECONOMIC DEVELOPMENTS

15. The deficit in the merchandise account narrowed by US\$ 1,507 million to US\$ 10,933 million in the year to September 2015 reflecting a decline in growth (9.6 percent) in the value of merchandise imports despite the decline in the value of merchandise exports by 4.4 percent (Chart 4).

16. The value of merchandise imports decreased in September 2015 reflecting decline in imports of oil, machinery and transport equipment and other imports that more than offset the increase in imports of manufactured goods and chemicals. On the other hand, merchandise exports decline reflected decreased earnings from horticulture, manufactured goods, miscellaneous manufactured articles, raw materials, re-exports and chemicals and other related products that more than offset increased earnings from coffee, tea, oil products and other exports.

Chart 4: Merchandise and Service Account (US\$ Million)



Source: CBK

17. The services account recorded a surplus of US\$ 6,322 million in the year to September 2015 from a surplus of US\$ 6,790 million in the year to September 2014. The decline reflects a deficit in receipts from current transfers account especially net private transfers and the income account that more than offset the improvement in the non-factor services.

18. The capital and financial account surplus declined to US\$ 3,700 million in the year to September 2015 from US\$ 6,968 million in the year to September 2014. The decline reflects 53.7 percent decrease in the financial account surplus that more than offset the US\$450.8 million increase in the capital account surplus.

1.4 Foreign Exchange Reserves

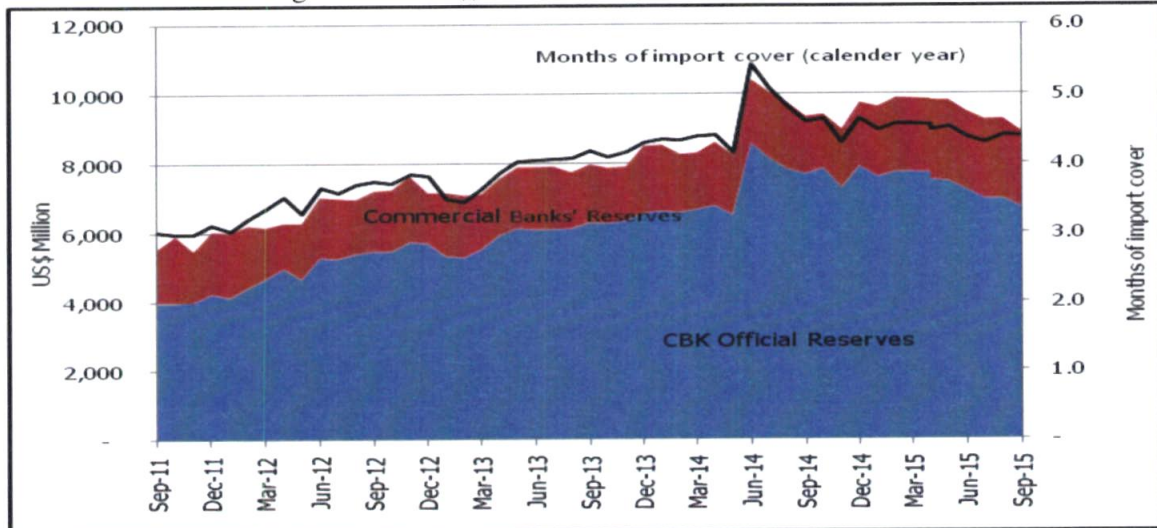
19. Gross foreign exchange holdings of the banking system decreased by 4.7 percent from US\$ 9,336 million in September 2014 to US\$ 8,899 million in September 2015 (Table 3 and chart 5). Gross official reserves held by the Central Bank decreased to US\$ 6,711 million (4.3 months of import cover) in September 2015 from US\$ 7,676 million (5.0 months of import cover) in September 2014. The commercial banks' reserves increased from US\$ 1,659 million in 2014 to US\$ 2,188 million in 2015.

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

	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Gross Foreign Exchange Reserves	9,336	9,400	8,964	9,738	9,620	9,873	9,834	9,806	9,799	9,473	9,249	9,265	8,899
Official	7,676	7,839	7,274	7,895	7,593	7,737	7,723	7,509	7,469	7,212	6,963	6,963	6,711
Commercial Banks	1,659	1,561	1,691	1,843	2,027	2,137	2,111	2,296	2,330	2,262	2,286	2,302	2,188
Import cover (36 mths imports)	5.01	5.06	4.70	5.01	4.80	4.88	4.90	4.75	4.73	4.57	4.42	4.43	4.27

Source: CBK

Chart 5: Official Foreign Reserves ((US\$ million)

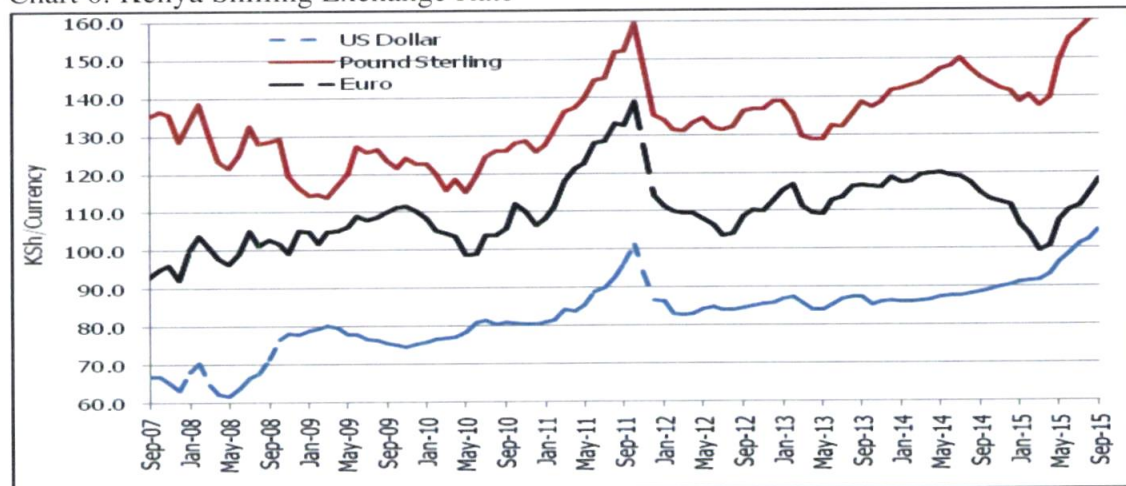


Source: CBK

1.5 Exchange Rates

20. The Kenya Shilling exchange rate weakened against major international currencies. The currency depreciated against the US dollar to Ksh 105.3 in September 2015 from Ksh 102.4 in August 2015 mainly due to the global strengthening of the US Dollar on the international market, and high dollar demand by importers in the domestic market (Chart 6).

Chart 6: Kenya Shilling Exchange Rate



Source: CBK

RECENT ECONOMIC DEVELOPMENTS

21. Against the sterling pound, the shilling depreciated to Ksh 161.5 in September 2015 from Ksh 159.8 in August 2015 and against the Euro, the exchange rate also depreciated to Ksh 118.2 in September 2015 from Ksh 114.1 in August 2015. However, the Kenya shilling has continued to display relatively less volatility compared with the major regional currencies due to Diaspora remittances, increased foreign investor participation in the NSE and enhanced confidence following successful issuance of the sovereign bond.

1.6 Money and Credit

22. Broad money supply, M3, grew by 13.5 percent in the year to September 2015 compared to a growth of 19.4 percent in the year to September 2014 (Table 4). The growth in M3 in the year to September 2015 was due to an improved growth in the net domestic assets (NDA) of the banking system that more than offset the contraction in growth of the net foreign assets (NFA) of the banking system.

Table 4: Money and Credit Developments, Ksh billion

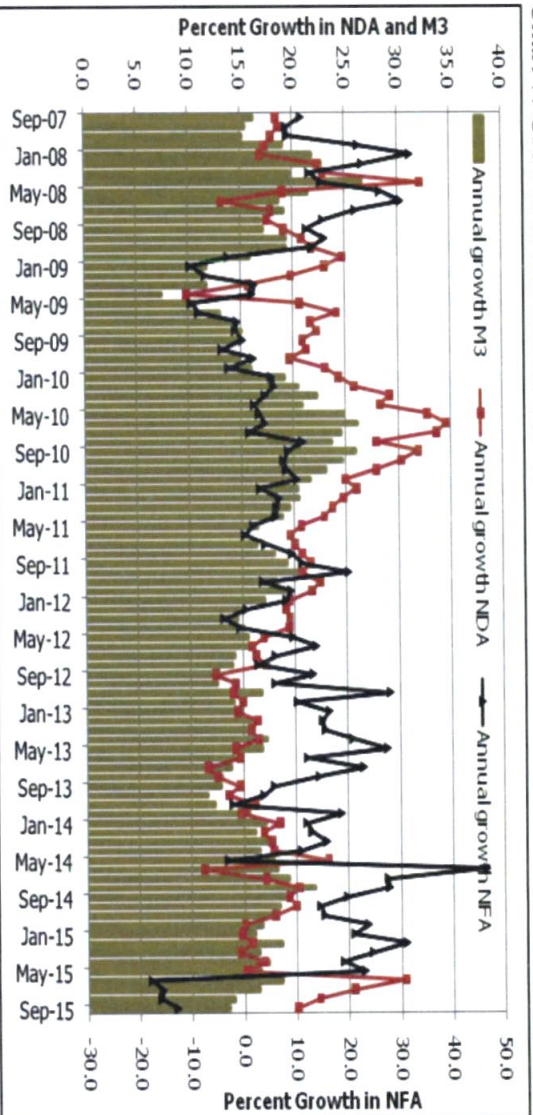
	2013 SEPT	2014 SEPT	2015 SEPT	Absolute Change		percent change	
				2013-2014 SEPT	2014-2015 SEPT	12 months to Sep-14	12 months to Sep-15
Money supply, M3 (1+2)	1,885.8	2,251.8	2,556.0	366.0	304.3	19.4	13.5
1. Net foreign assets (1.1+1.2)	372.8	446.5	389.3	73.7	-57.2	19.8	-12.8
1.1 Central Bank	417.3	552.2	529.3	135.0	-23.0	32.3	-4.2
1.2 Banking Institutions	-44.5	-105.7	-139.9	-61.3	-34.2	137.7	32.4
2. Net domestic assets (2.1+2.2)	1,513.0	1,805.3	2,166.7	292.3	361.5	19.3	20.0
2.1 Domestic credit (2.1.1+2.1.2+2.1.3)	1,875.3	2,259.4	2,785.3	384.1	526.0	20.5	23.3
2.1.1 Government (net)	382.6	400.0	553.3	17.4	153.3	4.5	38.3
2.1.2 Other public sector	40.1	51.0	48.0	11.0	-3.0	27.3	-5.9
2.1.3 Private sector	1,452.6	1,808.3	2,184.0	355.7	375.7	24.5	20.8
2.2 Other assets net	-362.3	-454.1	-618.6	-91.8	-164.5	25.3	36.2

Source: CBK

23. Growth of the NDA of the banking system was at 20.0 percent in the year to September 2015 (Chart 7), an improvement from the growth of 19.3 percent over a similar period in 2014 due to a pickup in the growth of domestic credit and other assets net.

24. Meanwhile, NFA of the banking system contracted by 12.8 percent in the year to September 2015 from a growth of 19.8 percent over a similar period in 2014 mainly due to the decline in the foreign assets of the banking institutions by Ksh 34.2 billion and the decrease in the official foreign assets of the Central Bank by Ksh 23.0 billion.

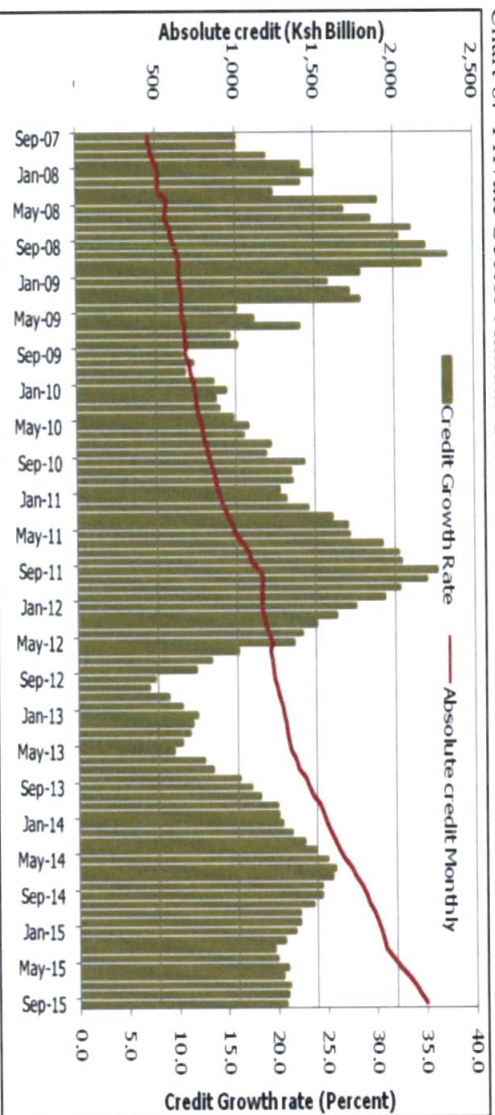
Chart 7: Growth in M3 and Its Sources



Source: CBK

25. Net credit to Government grew by 38.3 percent in the year to September 2015 compared to a growth of 4.5 percent in a corresponding period in 2014. Bank credit to the private sector amounted to Ksh 2,184 billion in September 2015 from 1,808 billion in September 2014, representing a growth of 20.8 percent (or Ksh 375.7 billion) in September 2015 from a 24.5 percent growth in the same period in 2014 (Chart 8).

Chart 8: Private Sector Annual Credit Growth.



Source: CBK.

26. As shown in table 3, the sectors of the economy that received improved contribution of the private sector Bank credit in the year to September 2015 are as follows: trade (18.2 percent), building and construction (5.4 percent) and finance and insurance (3.4 percent). Credit to private households had a declined growth of 8.3 percent in September 2015 and its contribution to annual credit growth decreased from 15.5 percent in September 2014 to 6.3 percent in September 2015.

Table 5: Sectoral Private Sector Credit Growth, Ksh Billion

Sector	Total credit			Absolute Change		Annual Percent change		Contribution to Annual	
	Ksh Billion					Percentage			
	2013 SEPT	2014 SEPT	2015 SEPT	2013-2014 SEPT	2014-2015 SEPT	12 months to Sep-14	12 months to Sep-15	12 months to Sep-14	12 months to Sep-15
Agriculture	56.1	73.3	84.2	17.3	10.9	30.8	14.8	4.9	2.9
Manufacturing	173.9	235.1	252.5	61.2	17.4	35.2	7.4	17.2	4.6
Trade	243.4	293.8	362.1	50.5	68.3	20.7	23.2	14.2	18.2
Exports	7.4	12.1	15.4	4.7	3.3	62.8	27.7	1.3	0.9
Imports	7.0	9.4	9.9	2.4	0.5	34.5	5.2	0.7	0.1
Domestic	229.0	272.4	336.9	43.4	64.5	19.0	23.7	12.2	17.2
Building & construction	70.5	78.8	99.2	8.3	20.4	11.8	25.9	2.3	5.4
Transport & communication	83.6	120.2	152.6	36.6	32.5	43.8	27.0	10.3	8.6
Finance and insurance	27.8	39.0	51.9	11.2	12.9	40.4	33.0	3.2	3.4
Real estate	181.8	248.1	275.7	66.3	27.6	36.5	11.1	18.6	7.4
Mining & quarrying	24.2	24.1	16.1	-0.1	-8.0	-0.5	-33.3	0.0	-2.1
Private households	230.8	285.9	309.5	55.0	23.6	23.8	8.3	15.5	6.3
Consumer durables	93.0	108.2	128.9	15.3	20.6	16.4	19.0	4.3	5.5
Business services	119.0	171.4	194.8	52.4	23.4	44.1	13.6	14.7	6.2
Other activities	148.6	130.3	256.5	-18.3	126.1	-12.3	96.8	-5.1	33.6
Total Private Sector	1,452.6	1,808.3	2,184.0	355.7	375.7	24.5	20.8	100.0	100.0

Source: CBK.

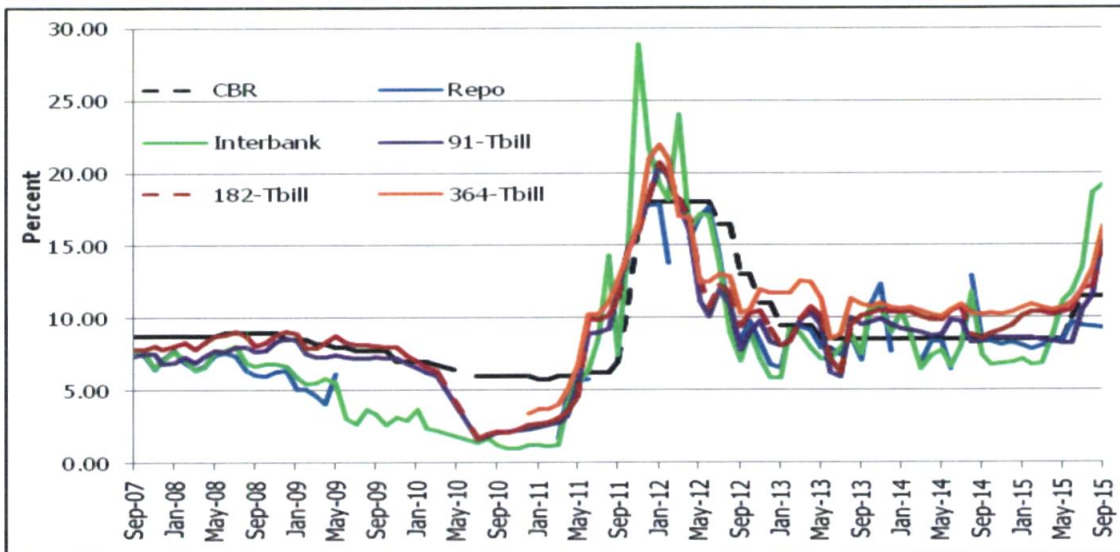
1.7 Interest Rates

27. The interest rates increased in the month of September 2015 due to the upward revision of the Central Bank Rate (CBR) to 11.5 percent in July 2015 in order to anchor inflation expectations in the presence of continued shilling depreciation in the recent months.

28. The average interbank rate increased to 21.3 percent in September 2015 from 18.6 percent in August 2015 due to the excess liquidity that had accumulated in the money market as a result of redemption of government securities, OMO maturities and government payments. These inflows were partially offset by withdrawals through mop-up operations by the CBK through Term Auction Deposits (TAD), issuance of securities in the primary market and tax remittances by commercial banks (Chart 9a).

29. The 91-day Treasury bill rate, which largely reflects the government's borrowing profile increased to 14.0 percent in September 2015 from 11.5 percent in August 2015. The 182 day Treasury bill increased to 14.8 percent in September 2015 from 12.1 percent in August 2015 while the 364 day Treasury bill rate increased to 16.3 percent from 13.4 percent over the same period.

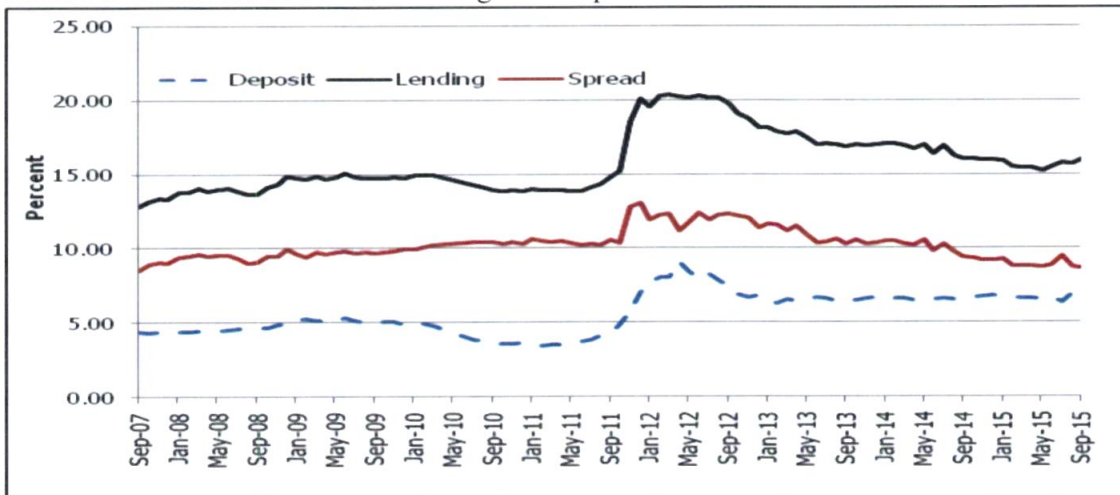
Chart 9a: Short-term Interest Rates



Source: CBK

30. The KBRR was reviewed upwards to 9.87 percent following the upward revision of CBR. The average lending rates decreased to 15.9 percent in September 2015 from 16.0 percent in September 2014 while the deposit rate increased to 7.3 percent from 6.6 percent over the same period (Chart 9b). As a result, interest rate spread narrowed to 8.7 percent in September 2015 from 9.4 percent in September 2014, a reflection of the decline in the lending rate and increase in the deposit rate.

Chart 9b: Commercial Banks Lending and Deposit Interest Rates



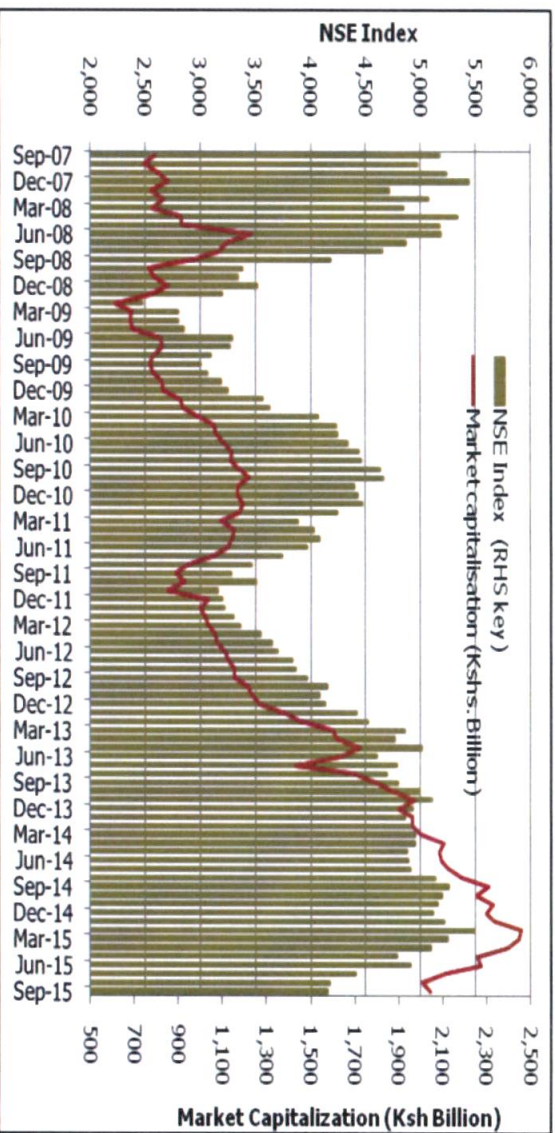
Source: CBK.

1.8 Capital Markets

31. Activities at the stock market remained strong in the year to September 2015. The NSE 20 share index recorded 4,174 points in September 2015 compared to 5,256 points in September 2014 (Chart 9c). Market capitalization was at Ksh 2,046 billion in September 2015 compared to Ksh 2,309 billion in September 2014. The drop in market capitalization is as a result of an increase in share supply which depressed the overall share prices.

32. Foreign equity market turnover for the month of September 2015 stood at Ksh 16.7 billion from Ksh 20.8 billion in August 2015, representing a decline of 19.7 percent. September 2015 bond turnover stood at Ksh 18.3 billion, 4.2 percent lower than Ksh 19.1 billion recorded in August 2015.

Chart 9c: Performance at the NSE



Source: NSE

2.0 FISCAL DEVELOPMENTS

2.1 Revenue

33. By the end of September 2015, total cumulative revenue including A-I-A collected amounted to Ksh 277.2 billion against a target of Ksh 304.2 (*Table 5 and Chart 9*). This performance was below the target by KShs. 27.0 billion. Ordinary revenue collection was KShs. 261.0 billion against a target of KShs. 278.9 billion, which was KShs 17.9 billion below the target. The Railway Development Levy collection amounted to KShs. 4.5 billion against a target of KShs. 5.9 billion. Cumulative ministerial A-I-A recorded an under performance of KShs. 10.3 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 30th September, 2015 (KShs. Million)

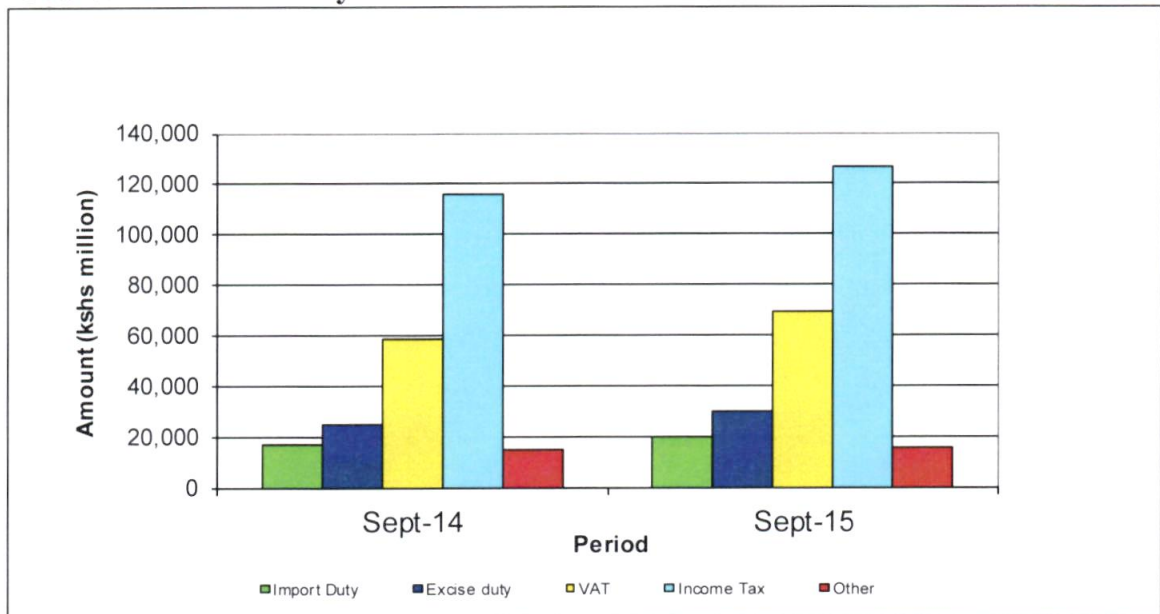
	2014/2015 Actual	2015/16		Deviation KShs.	Deviation in percentage
		Actual	Target		
Total Revenue (a+b)	244,706	277,223	304,195	(26,972)	(8.87)
(a) Ordinary Revenue	230,846	260,987	278,892	(17,905)	(6.42)
Import Duty	16,633	19,422	19,821	(398)	(2.01)
Excise Duty	24,673	30,104	32,581	(2,477)	(7.60)
PAYE	61,942	63,017	73,519	(10,502)	(14.28)
Other Income Tax	54,308	63,737	60,965	2,772	4.55
VAT Local	27,132	35,388	34,382	1,006	2.93
VAT Imports	31,576	34,021	38,775	(4,754)	(12.26)
Investment Revenue	385	343	2,337	(1,994)	(85.32)
Traffic Revenue	875	1,000	916	84	9.12
Taxes on Intl. Trade & Trans.(IDF Fee)	6,717	6,793	7,436	(643)	(8.64)
Others ¹	6,604	7,162	8,160	(998)	(12.23)
(b) Appropriation In Aid²	13,861	16,237	25,304	(9,067)	(35.83)
o/w Railway Development Lev	5,181	4,518	5,926	(1,409)	(23.77)
(c) External Grants	3,377	3,401	14,760	(11,359)	(76.96)
Total Revenue and External Grants	248,083	280,624	318,956	(38,331)	(12.02)
Total Revenue and External Grants as a percentage of GDP	4.46	4.91	5.58		

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

34. As a proportion of GDP, the total cumulative revenue and grants in the period under review amounted to 4.9 per cent compared to 4.5 per cent in the corresponding period of the FY 2014/15. External grants amounted to KShs. 3.4 billion against a target of KShs. 14.8 billion, representing an under performance of KShs. 11.4 billion.

Chart 9: Total Ordinary Revenue

Source: National Treasury

2.2 Expenditure

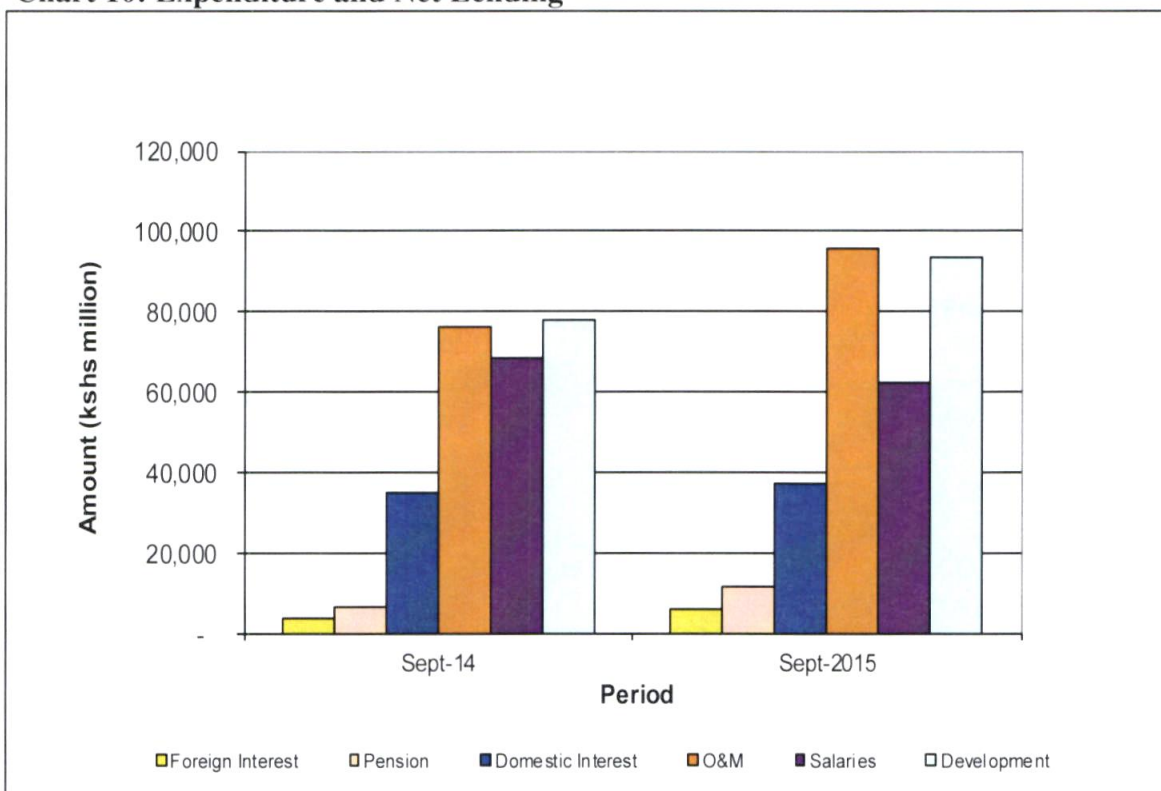
35. The total expenditure and net lending for the period under review amounted to KShs. 337.4 billion, against a target of KShs. 473.7 billion. The shortfall of KShs. 136.4 billion was attributed to lower absorption recorded in both recurrent and development expenditures by the National Government and County Governments. (**Table 6 and Chart 10**). Recurrent expenditure for National Government amounted to KShs. 209.0 billion (excl. KShs. 3.3 billion for Parliament and Judiciary), against a target of KShs. 251.9 billion, with underperformance recorded in wages and salaries, and Operation and Maintenance which accounted for KShs. 21.2 billion, and KShs. 26.8 billion, respectively. The shortfall in salaries was due to the late implementation of the revised house allowance to civil servants and teachers as well as the withholding of salaries to teachers who participated in an unprotected industrial action.

36. Foreign interest payments amounted to KShs. 5.6 billion, compared to KShs. 3.8 billion in the same period of the 2014/15 FY. The domestic interest payments totalled KShs. 37.4 billion, which was higher than KShs. 34.7 billion paid in the corresponding period of the previous financial year.

Table 6: Expenditure and Net Lending, Period Ending 30th September 2015 (KShs. Million)

	2014/2015 Actual	2015/16		Deviation	% Growth
		Actual	Targets		
	88,901				
1. RECURRENT	182,105	208,966	251,788	(42,822)	14.8
Domestic Interest	34,673	37,395	34,563	2,832	7.9
Foreign Interest	3,848	5,636	3,866	1,769	46.4
Pensions	6,605	11,494	10,988	506	74.0
Wages and Salaries	68,619	62,225	83,382	(21,157)	(9.3)
Operation and Maintenance	68,359	92,216	118,989	(26,773)	34.9
O/W : Appropriation-in-Aid	8,538	9,994	16,796	(6,802)	17.1
2. DEVELOPMENT	77,788	93,706	131,315	(37,609)	20.5
Development Projects (Net)	56,090	83,837	53,625	30,212	49.5
Payment of Guaranteed Loans	181	148	161	(13)	(18.2)
Appropriation-in-Aid	21,517	9,721	76,028	(66,308)	(54.8)
3. County Governments	9,064	31,388	80,197	(48,810)	246.3
4. Parliamentary Service	5,230	838	6,019	(5,181)	-
5. Judicial Service	2,418	2,477	3,156	(679)	-
6. Equalization Fund	-	-	1,500	(1,500)	-
7. CCF	-	-	1,250	(1,250)	-
TOTAL EXPENDITURE	276,605	337,375	473,726	(136,351)	22.0

Source: National Treasury

Chart 10: Expenditure and Net Lending

Source: National Treasury

37. The total cumulative ministerial and other public agencies expenditure was KShs. 250.9 billion against a target of KShs. 427.2 billion. Recurrent expenditure was KShs. 157.9 billion against a target of KShs. 245.3 billion, while development expenditure was KShs. 93.0 billion against a target of KShs. 181.8 billion. The percentage of total expenditures to the target was 58.7 per cent (64.4 per cent recurrent and 51.2 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.

38. As at the end of the period ending 30th September 2015, expenditures by the Ministry of Education, Science and Technology; Teachers Service Commission and Ministry of Health (Social Sector) accounted for 45.5 per cent of total recurrent expenditure. While the State Department for Interior, and Ministry of Defence accounted for 7.3 per cent and 13.5 per cent respectively.

39. Analysis of development outlay indicates that the Departments of Infrastructure (28.8 per cent) accounted for the largest share of the total development expenditures, followed by the State Department for Planning (18.1 per cent), Ministry of Energy and Petroleum (6.5 per cent) and Departments of Lands, Housing and Urban Development (8.0 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.

Table 7: Ministerial Expenditures, Period Ending 30th September, 2015 (KShs. Million)

	MINISTRY/DEPARTMENT/COMMISSIONS	Sep-15 Recurrent		Variance	Sep-15 Development		Variance	Sep-15 Total		Variance	% total expenditure to total target
		Actual*	Target		Actual*	Target		Actual*	Target		
1011	THE PRESIDENCY	1,647	1,575	72	174	462	(288)	1,821	2,036	(215)	89.4
1021	STATE DEPARTMENT FOR INTERIOR	11,458	23,133	(11,675)	649	3,574	(2,925)	12,108	26,708	(14,600)	45.3
1022	STATE DEPARTMENT FOR COORDINATION OF NATIONAL GOVERNMENT	2,154	4,242	(2,088)	182	253	(71)	2,336	4,495	(2,159)	52.0
1031	STATE DEPARTMENT FOR PLANNING	7,911	6,387	1,524	16,828	16,140	687	24,738	22,527	2,212	109.8
1032	STATE DEPARTMENT FOR DEVOLUTION	465	575	(110)	768	2,347	(1,579)	1,234	2,922	(1,689)	42.2
1041	MINISTRY OF DEFENCE	21,255	23,082	(1,828)	-	11	(11)	21,255	23,093	(1,838)	92.0
1051	MINISTRY OF FOREIGN AFFAIRS	921	3,535	(2,614)	198	350	(153)	1,118	3,885	(2,767)	28.8
1061	STATE DEPARTMENT FOR EDUCATION	13,766	14,758	(992)	791	5,602	(4,811)	14,557	20,360	(5,803)	71.5
1062	STATE DEPARTMENT FOR HIGHER EDUCATION, SCIENCE AND TECHNOLOGY	11,573	14,838	(3,265)	3,241	3,512	(271)	14,814	18,350	(3,536)	80.7
1071	THE NATIONAL TREASURY	10,192	10,804	(612)	1,105	12,442	(11,337)	11,297	23,247	(11,949)	48.6
1081	MINISTRY OF HEALTH	6,238	7,130	(891)	5,162	7,666	(2,504)	11,401	14,796	(3,395)	77.1
1091	STATE DEPARTMENT FOR INFRASTRUCTURE	5,051	7,488	(2,438)	26,780	26,317	463	31,831	33,805	(1,975)	94.2
1092	STATE DEPARTMENT FOR TRANSPORT	390	1,450	(1,060)	4,301	39,614	(35,313)	4,691	41,064	(36,373)	11.4
1101	STATE DEPARTMENT FOR ENVIRONMENT AND NATURAL RESOURCES	1,772	3,211	(1,439)	894	2,071	(1,177)	2,667	5,282	(2,616)	50.5
1102	STATE DEPARTMENT FOR WATER AND REGIONAL AUTHORITIES	781	1,065	(284)	2,965	8,862	(5,897)	3,746	9,927	(6,181)	37.7
1111	MINISTRY OF LAND, HOUSING AND URBAN DEVELOPMENT	570	985	(415)	7,422	7,030	392	7,991	8,015	(23)	99.7
1121	MINISTRY OF INFORMATION, COMMUNICATIONS AND TECHNOLOGY	551	761	(210)	1,778	2,236	(458)	2,329	2,997	(668)	77.7
1131	MINISTRY OF SPORTS, CULTURE AND ARTS	1,255	891	364	143	910	(767)	1,398	1,801	(403)	77.6
1141	MINISTRY OF LABOUR, SOCIAL SECURITY AND SERVICES	2,323	2,329	(5)	1,627	3,895	(2,268)	3,950	6,224	(2,273)	63.5
1151	MINISTRY OF ENERGY AND PETROLEUM	418	512	(95)	6,054	23,103	(17,049)	6,472	23,615	(17,144)	27.4
1161	STATE DEPARTMENT FOR AGRICULTURE	1,263	2,079	(815)	5,085	6,538	(1,453)	6,349	8,617	(2,268)	73.7
1162	STATE DEPARTMENT FOR LIVESTOCK	204	487	(283)	1,000	1,293	(293)	1,204	1,780	(575)	67.7
1163	STATE DEPARTMENT FOR FISHERIES	416	342	74	43	787	(744)	459	1,129	(670)	40.6
1171	MINISTRY OF INDUSTRIALIZATION AND ENTERPRISE DEVELOPMENT	922	647	274	2,442	1,596	846	3,364	2,244	1,120	149.9
1181	STATE DEPARTMENT FOR COMMERCE & TOURISM	1,146	723	424	2,706	2,394	312	3,853	3,117	736	123.6
1182	STATE DEPARTMENT FOR EAST AFRICAN AFFAIRS	575	416	159	-	29	(29)	575	445	130	129.2
1191	MINISTRY OF MINING	81	182	(101)	157	374	(217)	238	556	(318)	42.7
1251	OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE	690	1,024	(334)	78	137	(59)	768	1,161	(393)	66.2
1261	THE JUDICIARY	2,477	3,156	(679)	280	1,016	(736)	2,757	4,172	(1,415)	66.1
1271	ETHICS AND ANTI-CORRUPTION COMMISSION	459	578	(118)	-	75	(75)	459	653	(193)	70.4
1281	NATIONAL INTELLIGENCE SERVICE	4,483	5,036	(552)	-	-	-	4,483	5,036	(552)	89.0
1291	DIRECTORATE OF PUBLIC PROSECUTIONS	321	491	(170)	(0)	64	(64)	321	555	(234)	57.9
1301	COMMISSION FOR THE IMPLEMENTATION OF THE CONSTITUTION	103	78	25	-	-	-	103	78	25	132.2
1311	REGISTRAR OF POLITICAL PARTIES	210	126	83	-	-	-	210	126	83	165.8
1321	WITNESS PROTECTION AGENCY	50	91	(41)	-	-	-	50	91	(41)	54.9
2011	KENYA NATIONAL COMMISSION ON HUMAN RIGHTS	100	115	(14)	-	-	-	100	115	(14)	87.6
2021	NATIONAL LAND COMMISSION	283	275	7	146	110	36	428	385	43	111.2
2031	INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION	696	1,049	(353)	-	25	(25)	696	1,074	(378)	64.8
2041	PARLIAMENTARY SERVICE COMMISSION	838	6,019	(5,181)	-	800	(800)	838	6,819	(5,981)	12.3
2051	JUDICIAL SERVICE COMMISSION	79	118	(40)	-	-	-	79	118	(40)	66.6
2061	COMMISSION ON REVENUE ALLOCATION	65	118	(53)	-	-	-	65	118	(53)	55.3
2071	PUBLIC SERVICE COMMISSION	298	282	16	41	42	(1)	339	323	15	104.8
2081	SALARIES AND REMUNERATION COMMISSION	169	300	(131)	-	-	-	169	300	(131)	56.3
2091	TEACHERS SERVICE COMMISSION	40,184	45,303	(5,119)	-	50	(50)	40,184	45,353	(5,169)	88.6
2101	NATIONAL POLICE SERVICE COMMISSION	103	45,324	(45,222)	-	-	-	103	45,324	(45,222)	0.2
2111	AUDITOR GENERAL	651	934	(283)	-	101	(101)	651	1,035	(384)	62.9
2121	CONTROLLER OF BUDGET	71	934	(863)	-	-	-	71	934	(863)	7.6
2131	THE COMMISSION ON ADMINISTRATIVE JUSTICE	102	145	(43)	-	-	-	102	145	(43)	70.4
2141	NATIONAL GENDER AND EQUALITY COMMISSION	70	120	(50)	-	-	-	70	120	(50)	58.4
2151	INDEPENDENT POLICING OVERSIGHT AUTHORITY	66	83	(17)	-	-	-	66	83	(17)	79.2
	Total	157,870	245,328	(87,459)	93,040	181,827	(88,786)	250,910	427,155	(176,245)	58.7

*Provisional

Source: National Treasury

2.2.1 Guaranteed Loans to Parastatals

40. Cumulative principal and interest payments of guaranteed loans to parastatals with liquidity problems amounted to KShs 148.2 million against a target of KShs 161.1 million (**Table 8**) for period ending 30th September 2015. The payments for principal and interest payments were Ksh 131.63 million and Ksh 16.59 million, respectively.

Table 8: Schedule and actual payments on Guaranteed Debt for the period ending 30th September 2015 (KShs. Mn)

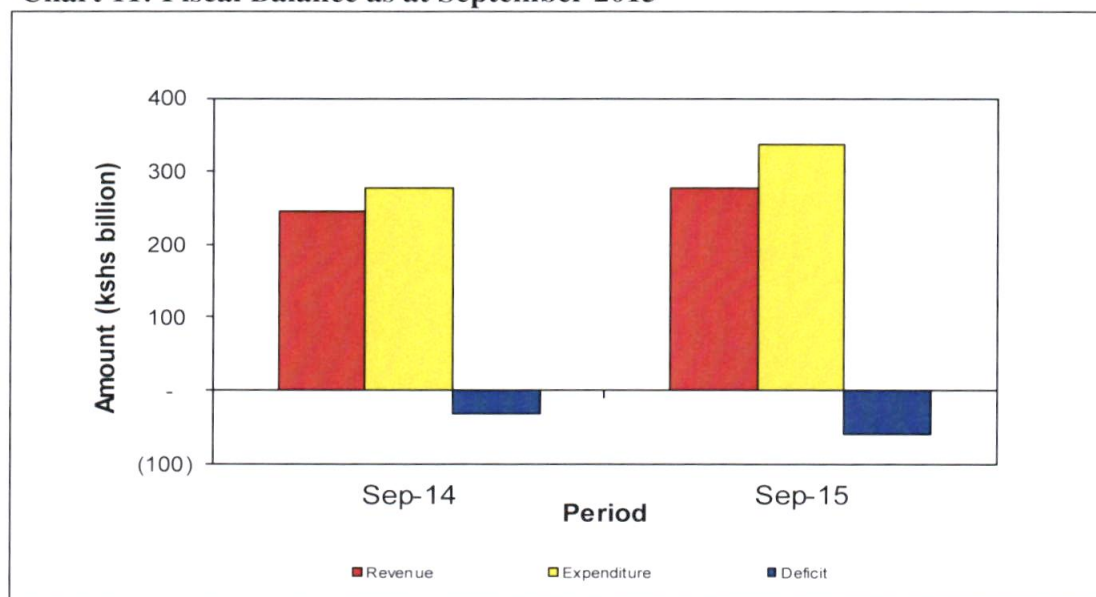
Borrower	Quarter I					
	PROJECTED		ACTUAL		CUMMULATIVE SEPT 2015	
	Principal	Interest	Principal	Interest	PROJECTED	ACTUAL
NCC	-	-	-	-	-	-
TARDA	146.71	14.36	131.63	16.59	161.07	148.22
KBC	-	-	-	-	-	-
TOTAL (QTR)	146.71	14.36	131.63	16.59	161.07	148.22

* Provisional

Source: National Treasury

2.3 Fiscal Outturn

41. Between July 1, 2015 and September 30, 2015, cumulative overall fiscal balance (on a commitment basis and excluding grants), amounted to KShs. 60.2 billion (equivalent to 1.1 per cent of GDP against a targeted deficit of KShs. 169.5 billion (equivalent to 3.0 per cent of GDP) (*Chart 11 and Table 9*). Over the same period in 2014, the fiscal deficit stood at KShs. 31.9 billion (equivalent to 0.6 per cent of GDP). Including grants, the fiscal balance (on a commitment basis) deficit stood at 0.99 per cent of GDP against a targeted deficit of 2.7 per cent of GDP. The Fiscal Outturns for the past years is provided as **Annex I**.

Chart 11: Fiscal Balance as at September 2015

Source: National Treasury

Table 9: Budget Outturn, Cumulative Ending 30th September 2015 (KShs. Million)

	2014/2015 Actual	2015/2016		Deviation	% growth	2015/2016 as a % of GDP		2014/2015 Actual as a % of GDP
		Actual*	Targets			Actual	Targets	
A. TOTAL REVENUE AND GRANTS	248,083	280,624	318,956	(38,331)	13.12	4.91	5.58	4.46
1. Revenue	244,706	277,223	304,195	(26,972)	13.29	4.85	5.32	4.40
Ordinary Revenue	230,846	260,987	278,892	(17,905)	13.06	4.56	4.88	4.15
Import Duty	16,633	19,422	19,821	(398)	16.77	0.34	0.35	0.30
Excise Duty	24,673	30,104	32,581	(2,477)	22.01	0.53	0.57	0.44
Income tax	116,250	126,754	134,484	(7,731)	9.04	2.22	2.35	2.09
VAT	58,708	69,409	73,158	(3,749)	18.23	1.21	1.28	1.06
Investment Revenue	385	343	2,337	(1,994)	-	0.01	0.04	0.01
Others	14,196	14,955	16,512	(1,557)	5.34	0.26	0.29	0.26
Appropriation-in-Aid	13,861	16,237	25,304	(9,067)	17.14	0.28	0.44	0.25
2. Grants	3,377	3,401	14,760	(11,359)	0.70	0.06	0.26	0.06
AMISOM Receipts		1,504	1,300	204	-	0.00	0.02	0.00
Revenue	1,526	252	3,041	(2,788)	(83.47)	0.00	0.05	0.03
Appropriation-in-Aid	1,324	1,146	10,084	(8,938)	(13.49)	0.02	0.18	0.02
Italian Debt Swap	527	499	125	0	-	0.00	-	0.00
County Health Facilities - DANIDA		0	211	0	-	0.00	-	0.00
B. EXPENDITURE and NET LENDING	276,605	337,375	473,726	(136,351)	21.97	5.90	8.28	4.98
1. Recurrent	189,753	212,281	260,964	(48,683)	11.87	3.71	4.56	3.41
Domestic Interest	34,673	37,395	34,563	2,832	7.85	0.65	0.60	0.62
Foreign Interest	3,848	5,636	3,866	1,769	46.44	0.10	0.07	0.07
Pension	6,605	11,494	10,988	506	74.02	0.20	0.19	0.12
Wages and Salaries	68,619	62,225	83,382	(21,157)	(9.32)	1.09	1.46	1.23
O & M-Others	76,008	95,531	128,164	(32,633)	25.69	1.67	2.24	1.37
2. Development and Net Lending	77,788	93,706	129,815	(36,109)	20.46	1.64	2.27	1.40
3. Equalization Fund	0	0	1,500	(1,500)	-	0.00	0.03	0.00
4. County Governments	9,064	31,388	80,197	(48,810)	246.29	0.55	1.40	0.16
5. CF	0	0	1,250	(1,250)	-	0.00	0.02	0.00
C. DEFICIT EXCL.GRANT (Commitment basis)	(31,899)	(60,151)	(169,530)	109,379	88.57	(1.05)	(2.96)	(0.57)
D. DEFICIT INCL.GRANTS (Commitment basis)	(28,522)	(56,750)	(154,770)	98,020	98.97	(0.99)	(2.71)	(0.51)
E. ADJUSTMENT TO CASH BASIS	-5,205	66,097	-	66,097	(1,369.88)	1.16	-	(0.09)
F. DEFICIT INCL.GRANTS (Cash basis)	(33,727)	9,347	(154,770)	164,117	(127.71)	0.16	(2.71)	(0.61)
G. FINANCING	33,727	-9,347	154,770	(164,116)	(127.71)	(0.16)	2.71	0.61
1. Foreign financing	94,775	4,775	64,435	(59,660)	(94.96)	0.08	1.13	1.70
Disbursements	154,611	13,418	72,700	(59,282)	(91.32)	0.23	1.27	2.78
Programme Loans		0	2,053	(2,053)	-	0.00	0.04	0.00
Project Cash Loans	5,129	5,322	7,283	(1,960)	3.76	0.09	0.13	0.09
Project Loans AIA	6,808	8,095	25,474	(17,379)	18.91	0.14	0.45	0.12
Project Loans SGR _ AIA	0	0	37,889	(37,889)	-	0.00	0.66	0.00
Commercial Financing	142,674	0	0	-	-	0.00	-	2.57
Repayment (current)	(59,836)	(8,642)	(8,264)	(378)	(85.56)	(0.15)	(0.14)	(1.08)
2.Domestic Loan Repayments(Receipts)	69	298	545	(247)	-	0.01	0.01	0.00
3. Kenya Airways Reimbursements	0	0	0	-	-	0.00	-	0.00
4. Mumias Rights Issue	0	0	0	-	-	0.00	-	0.00
5. Euro Bond Balance	0	0	0	-	-	0.00	-	0.00
6. Domestic financing	-61,117	(14,420)	89,790	(104,209)	(76.41)	(0.25)	1.57	(1.10)
MEMO ITEM								
GDP ESTIMATE	5,559,300.00	5,719,100.00	5,719,100.00					

*Provisional

Source: National Treasury

2.3.1. Government Financial Statistics (GFS) 2014

42. In line with the international best practice the Government is committed to improving the quality and coverage of its statistics, as such this QEBR has included a statement of Government operation in the GFSM 2014 format for budgetary Central Government. See annex ii.

2.4 Financing

2.4.1 External Financing

43. Cumulative external financing for the period between July 1st 2015 and September 30th 2015 amounted to a net borrowing of KShs. 4.8 billion compared to a net borrowing of KShs. 94.8 billion in the same period of FY 2014/15. The net borrowing of September 2014/15 included commercial borrowing which makes it higher than the net borrowing of the current quarter (**Table 10**). Total disbursements (inflows) including Appropriations-in-Aid amounted to KShs. 13.4 billion for the period ending 30th September 2015 against a target of KShs. 72.7 billion. This amount included KShs. 5.3 billion Project cash loans and KShs. 8.1 billion project loans (A.I.A. incl. SGR). External repayments (outflows) of principal debt amounted to KShs. 8.6 billion. The amount comprises of principal repayments due to both bilateral and multilateral organizations amounting to Kshs 3.7 billion and Kshs 5.0 billion.

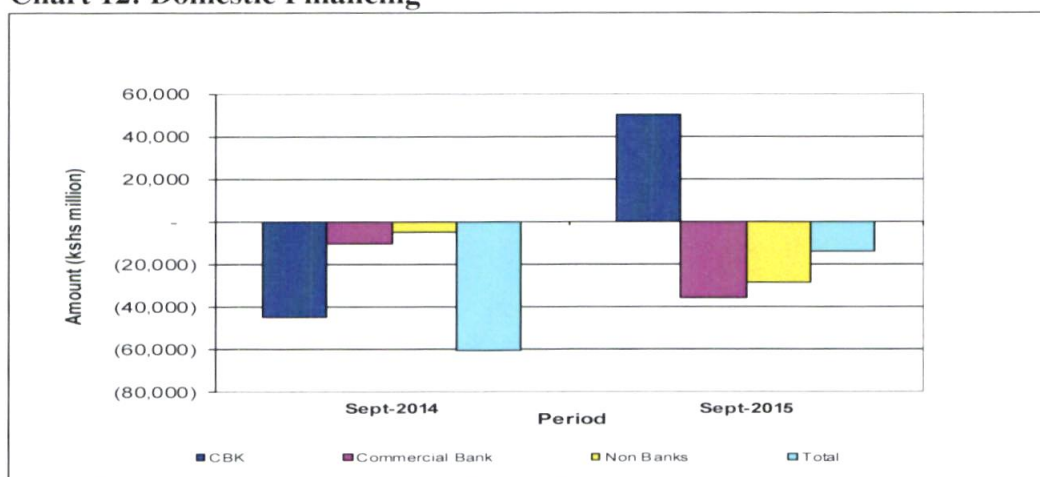
Table 10: External Financing, Period Ending 30th September, 2015 (KShs. Million)

	Quarter I 2014/15	Cumulative SEPT. 2015	
	Actual	Actual	Target
DISBURSEMENTS:	154,610.86	13,417.80	72,699.54
Project Cash loans	5,129.49	5,322.48	7,282.95
Project loans A-I-A	6,807.71	8,095.32	25,474.16
Project Loans SGR AIA			37,889.17
Commercial Financing	142,673.66		-
Programme Loans	-		2,053.26
EXTERNAL REPAYMENTS:	59,836.09	8,642.49	8,264.00
Bilateral (incl. Italy Debt SWAP)	3,130.76	3,657.34	3,909.00
Multilateral (excl. IMF)	3,680.33	4,985.15	4,355.00
Commercial	53,025.00	-	
NET FOREIGN FINANCING	94,774.77	4,775.31	64,435.54

Source: National Treasury

2.4.2 Domestic Financing

44. By the end of September 2015, net domestic repayment amounted to KShs. 14.4 billion against a target borrowing of Ksh 89.8 billion (**Table 9**). The repayment comprised of KShs. 35.9 billion to Commercial Banks, and KShs. 29.5 billion to Non-Banking Financial Institutions, and a borrowing of KShs. 50.2 billion from the Central Bank, and KShs. 743.0 million from Non-Residents (**Table 11**). Comparatively, for the same period in 2014, the net domestic repayment was KShs. 61.1 billion, comprising of net repayments of KShs. 2.2 billion to the non-banking financial institutions, KShs. 3.0 billion to Non-Residents, KShs. 10.8 billion to commercial banks and KShs. 45.1 billion to the Central Bank, (**chart 12**).

Chart 12: Domestic Financing

Source: Central Bank of Kenya

45. The stock of Treasury Bills held by Central Bank and Non-residents recorded net increase of KShs. 25.5 billion and KShs. 634 million, respectively while the stock of Treasury Bills held by Non-Banks and Commercial Banks recorded net decrease of KShs. 33.4 billion, and KShs. 41.9 billion, respectively. The stock of Fixed Rate Bonds held by Central Bank, Commercial Banks, Non-Residents and non-Banks recorded net increase of KShs. 9.4 billion, KShs. 9.0 billion, KShs.109.0 million and KShs. 10.9 billion respectively.

Table 11: Domestic Financing, Period Ending 30th September, 2015 (KShs. Millions)

	SEPTEMBER 2014	DECEMBER 2014	MARCH 2015	JUNE 2015	SEPTEMBER 2015
1. CENTRAL BANK	(45,117)	(90,863)	(59,685)	119,036	50,212
Overdraft	(2,864)	(6,308)	160	(744)	9,430
Treasury bills rediscounts	1,347	51	82	26	25,506
Fixed rate Bonds	1	(9)	3	(1)	9,400
Items on Transit	(49)	(44)	(8)	12	(35)
Frozen Account	-	(548)	(548)	(1,658)	-
Less Govt Deposits	(43,552)	(84,004)	(59,375)	121,401	5,911
2. COM. BANKS	(10,754)	21,691	91,796	108,001	(35,908)
Advances	(634)	(627)	(1,073)	(1,173)	(938)
Treasury bills	(15,372)	10,760	52,386	34,563	(41,904)
Fixed rate Bonds	733	(3,361)	6,947	22,682	9,024
Special Bonds	-	-	-	-	-
Zero Coupon bonds	-	-	-	-	-
Infrastructure Bonds	-	20,776	29,847	47,939	(9,371)
Savings and Development Bond	443	443	443	443	-
Less Govt Deposits	4,075	(6,300)	3,246	3,547	7,281
3. NON BANKS	(2,208)	(769)	16,896	27,546	(29,467)
Treasury bills	(6,326)	(20,139)	(13,465)	(15,581)	(33,401)
Fixed rate Bonds	(719)	267	2,571	9,803	10,930
Zero Coupon bonds	-	-	-	-	-
Infrastructure Bonds	-	14,266	22,952	28,486	(6,996)
Savings and Development Bond	4,838	4,838	4,838	4,838	-
4. NON RESIDENTS	(3,038)	(1,114)	(2,051)	(3,481)	743
Treasury bills	(2,994)	(1,081)	(2,454)	(4,403)	634
Fixed rate Bonds	(44)	(46)	439	462	109
Infrastructure Bond	-	13	(36)	460	-
Savings and Development Bond	-	-	-	-	-
Zero Coupon bonds	-	-	-	-	-
5. NET CREDIT	(61,117)	(71,055)	46,956	251,102	(14,420)

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

46. The gross public debt increased by KShs. 589.5 billion from KShs. 2,348.7 billion as at end of September 2014 to KShs. 2,938.2 billion (equivalent to 51.4 per cent of GDP) by 30th September 2015, comprising of 52.8 per cent of external debt and 47.2 per cent of domestic debt. The overall increase is attributed to increased domestic debt and disbursements from external loans. Net public debt increased by KShs. 620.2 billion from September 2014 to September 2015 (*Table 12*).

Table 12: Kenya's Public and Publicly Guaranteed Debt, March 2013- September 2015 (KShs. millions)

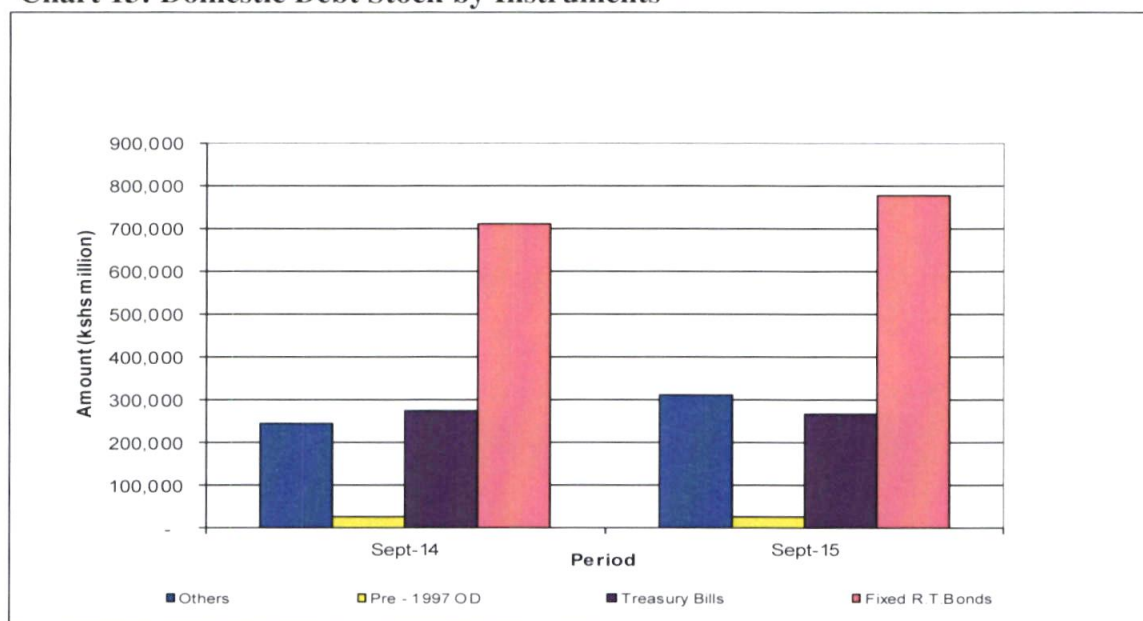
	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sept-15*
EXTERNAL											
BILATERAL	255,282	257,637	228,180	245,138	243,498	289,914	278,547	389,083	384,607	445,057	482,203
MULTILATERAL	490,619	511,791	540,215	558,725	577,914	597,340	608,022	612,353	618,456	684,631	754,599
COMMERCIAL BANKS	57,905	58,928	59,603	59,144	59,205	234,799	185,163	255,188	259,746	276,937	295,642
SUPPLIERS CREDIT	14,957	15,207	15,606	15,763	15,750	16,451	16,096	15,959	15,298	16,628	17,788
SUB - TOTAL	818,763	843,563	843,603	878,770	896,366	1,138,504	1,087,828	1,272,583	1,278,108	1,423,253	1,550,233
DOMESTIC:											
CENTRAL BANK	55,320	36,383	66,321	64,620	77,161	65,700	63,580	58,286	64,835	63,335	107,637
COMMERCIAL BANKS	475,427	527,080	554,587	563,009	585,825	617,221	601,426	649,940	715,011	730,419	682,694
TOTAL BANKS	530,747	563,462	620,909	627,629	662,986	682,921	665,006	708,227	779,846	793,755	790,331
NON BANKS	451,164	487,094	547,207	561,554	568,197	601,406	595,868	599,723	617,280	626,689	597,635
SUB-TOTAL	981,911	1,050,556	1,168,115	1,189,183	1,231,183	1,284,327	1,260,875	1,307,950	1,397,126	1,420,444	1,387,966
GRAND TOTAL GROSS	1,800,674	1,894,119	2,011,719	2,067,953	2,127,549	2,422,831	2,348,702	2,580,533	2,675,234	2,843,698	2,938,199
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)
LESS GOVERNMENT DEPOSITS	(119,044)	(155,734)	(231,857)	(238,898)	(132,056)	(199,815)	(239,554)	(298,879)	(275,083)	(236,565)	(208,869)
GRAND TOTAL NET	1,675,929	1,732,684	1,774,161	1,823,354	1,989,792	2,217,315	2,103,447	2,275,953	2,394,449	2,601,432	2,723,628

*Provisional

Source: National Treasury

3.2 Domestic Debt

47. The stock of domestic debt increased by KShs. 127.1 billion from KShs. 1,260.9 billion in September 2014 to KShs. 1,388.0 billion in September 2015. The stock of Treasury Bills held by Central Bank, Commercial Banks, Non-Banking Financial Institution and Non Residents decreased by KShs. 9.4 billion from KShs. 276.0 billion in September 2014 to KShs. 266.6 billion in September 2015, (*Table 13*). The total stock of Treasury Bonds, Floating, Fixed Rate, Special and Zero coupon Bonds, increased by KShs. 68.0 billion from KShs. 722.4 billion in September 2014 to KShs. 790.4 billion in September 2015 (*Chart 13*).

Chart 13: Domestic Debt Stock by Instruments

Source: Data from CBK

Table 13: Stock of Domestic Debt, First Quarter 2015/2016 (KShs. million)

	Jun-13	Sep-13	Dec-13	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15
1. CENTRAL BANK	36,383	66,321	64,620	65,700	63,578	58,286	64,835	63,335	107,637
Overdraft	6,999	34,187	34,187	37,238	34,374	30,929	37,398	36,494	45,924
Frozen Govt Accounts	28,889	28,889	28,889	28,334	27,779	27,231	27,231	26,676	26,676
Treasury bills / bonds rediscouts	8	3,036	1,462	13	1,358	64	95	39	25,545
Items on Transit	154	79	48	70	21	25	62	82	47
Fixed rate bonds	333	131	35	46	46	36	48	45	9,445
2. COMBANKS	527,080	554,587	563,009	617,221	601,426	649,940	715,011	730,419	682,694
Advances	2,578	2,427	2,439	4,449	2,739	3,291	2,594	2,488	1,717
Stocks	-	-	-	-	-	-	-	-	-
Treasury Bills	183,454	199,290	191,083	176,437	161,528	191,132	236,776	217,703	172,346
Floating Rate T. Bonds	-	-	-	-	-	-	-	-	-
Fixed Rate T. Bonds	262,689	263,319	273,150	339,999	340,323	337,638	348,473	364,511	373,861
Special Bonds	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Zero Coupon Bonds	-	-	-	-	-	-	-	-	-
Savings and Development Bond	7,148	7,148	7,148	7,148	7,648	7,648	7,648	7,648	7,648
Infrastructure Bonds	61,210	72,403	79,188	79,188	79,188	100,231	109,519	128,069	117,122
3. NON BANKS	477,525	537,480	551,277	586,481	584,058	585,917	604,389	616,025	586,102
Stocks	-	-	-	-	-	-	-	-	-
Treasury Bills	78,155	99,088	107,918	111,513	104,780	89,838	96,446	94,478	61,237
Floating Rate T. Bonds	-	-	-	-	-	-	-	-	-
Fixed Rate T. Bonds	315,028	343,894	338,633	370,245	369,046	371,410	374,585	382,006	393,498
Tax Reserve Certificate	69	69	69	69	69	69	69	69	69
Zero Coupon Bonds	-	-	-	-	-	-	-	-	-
Infrastructure Bonds	69,201	79,357	89,585	89,583	89,583	104,020	112,709	118,892	110,718
Savings and Development Bond	15,072	15,072	15,072	15,072	20,580	20,580	20,580	20,580	20,580
4. NON RESIDENTS	9,569	9,727	10,277	14,925	11,812	13,806	12,891	10,664	11,533
Treasury Bills	6,076	6,212	6,798	11,443	8,374	10,370	8,959	6,709	7,469
Floating Rate T. Bonds	-	-	-	-	-	-	-	-	-
Fixed Rate T. Bonds	3,043	3,065	3,028	3,029	2,985	2,983	3,478	3,502	3,611
Zero Coupon Bonds	-	-	-	-	-	-	-	-	-
Savings and Development Bond	9	9	9	9	9	9	9	9	9
Infrastructure Bonds	441	441	443	445	445	445	445	445	445
5. TOTAL DEBT	1,050,556	1,168,115	1,189,183	1,284,327	1,260,875	1,307,950	1,397,126	1,420,444	1,387,966
6. LESS ON-LENDING	5,701	5,701	5,701	5,701	5,701	5,701	5,701	5,701	5,701
7. Less Govt Deposits	155,734	231,857	238,898	199,815	239,554	298,879	275,083	236,565	208,869
8. NET DEBT	889,121	930,558	944,584	1,078,811	1,015,619	1,003,370	1,116,341	1,178,178	1,173,395

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

Source: Central Bank of Kenya

3.3 External Public Debt

48. In dollar terms, external public debt stock increased by US \$ 2,538.6 million from US\$ 12,184.5 million in September 2014 to US\$ 14,723.1 million by end of September 2015 (*Table 14 and Chart 14*). The debt stock comprised 30.1 per cent, 49.0 per cent, 19.1 per cent and 1.1 per cent of debt owed to bilateral, multilateral institutions, Commercial Banks and suppliers' credit, respectively. The increase is attributed to more disbursements especially from China and African Development Bank during the period under review.

(Exchange rate end September 2015 Ksh/US\$= 105.29)

Table 14: Kenya's External Public and Publicly Guaranteed Debt June 2011-September 2015 (US \$ Million)

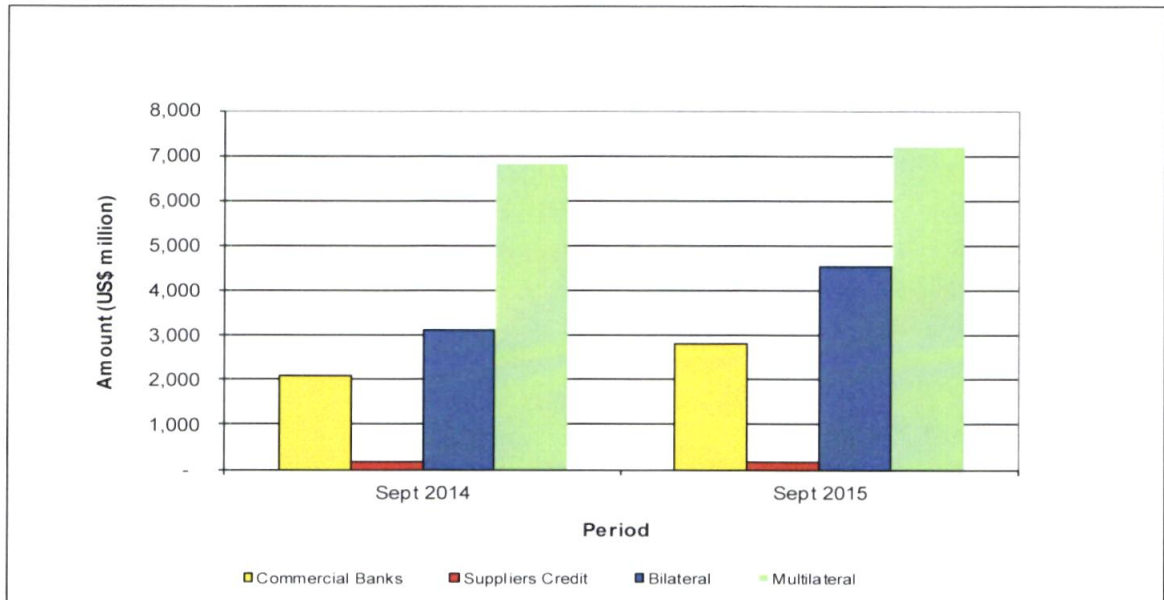
CREDITOR	Jun-11	Jun-12	Jun-13	Sept. 2013	Dec. 2013	Mar-14	Jun-14	Sep-14	Dec. 2014	Mar. 2015	June 2015*	Sep-15
BILATERAL												
AUSTRIA	22.45	15.64	11.90	12.29	10.12	10.08	8.18	7.00	6.10	5.43	7.53	7.56
BELGIUM	100.57	87.44	88.40	89.10	87.89	92.58	92.40	81.06	72.16	64.79	62.26	73.03
CANADA	14.2	17.70	16.10	16.17	15.39	15.39	15.39	14.57	13.70	13.70	12.88	12.88
DENMARK	35.4	24.65	23.10	23.86	23.46	23.38	22.73	20.79	19.09	16.88	14.57	14.64
FINLAND	1.47	1.24	1.10	1.14	1.07	1.07	1.07	0.95	0.84	0.80	0.72	1.72
FRANCE	448.98	435.80	551.10	626.96	683.57	689.44	702.75	665.84	664.36	589.69	598.47	613.81
GERMANY	296.78	295.36	291.10	301.74	305.06	303.81	303.58	278.75	263.23	224.78	228.70	229.65
ITALY	48.83	34.75	24.80	19.64	19.87	19.79	19.59	12.66	12.11	10.83	11.17	6.39
JAPAN	1,244.58	1,275.10	1,009.10	1,020.08	956.77	958.02	964.48	875.26	794.31	803.01	801.06	814.31
NETHERLANDS	33.52	34.73	30.20	34.13	32.48	31.45	30.83	26.36	24.10	20.22	19.87	20.16
UK	25.91	22.99	20.10	21.30	20.35	20.52	21.01	18.58	16.29	15.47	14.87	14.33
USA	65.66	60.90	56.00	55.55	53.39	52.22	51.83	49.73	48.51	46.89	45.23	42.79
CHINA	361.1	466.81	733.92	753.27	940.63	918.54	922.76	922.30	2,221.16	2,214.53	2,555.16	2,536.23
OTHERS	160.08	150.29	138.38	140.78	150.28	145.07	152.08	146.09	138.65	138.33	139.46	147.16
PARASTATALS(Bilateral)												
TOTAL BILATERAL	2,859.53	2,923.42	2,995.30	3,116.02	3,300.33	3,281.36	3,308.69	3,119.93	4,294.61	4,165.34	4,511.95	4,534.64
MULTILATERAL												
ADB/ADF	585.83	811.08	938.60	1,084.69	1,115.65	1,188.59	1,165.37	1,249.11	1,253.70	1,438.45	1,523.02	1,617.33
BADEA	-	-	-	-	-	-	-	-	-	-	-	-
ECC/EIB	139.06	129.80	183.30	186.41	187.73	183.82	235.74	235.53	232.65	204.40	209.09	220.46
IBRD	0	-	-	-	-	-	-	-	-	-	-	-
IDA/IFAD	3,552.80	-	-	-	-	-	-	-	-	-	-	-
IMF**	529.49	3,532.90	3,867.40	3,927.23	4,098.20	4,291.81	4,316.49	4,341.29	4,342.33	4,176.27	4,243.70	4,409.66
OTHERS	98.93	909.60	857.80	867.34	966.04	961.84	950.42	883.96	833.30	786.53	873.38	871.74
TOTAL MULTILATERAL	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	6,697.96	6,940.74	7,211.68
COMMERCIAL BANKS 1/	-	600.00	685.10	687.89	685.26	684.91	2,679.53	2,073.97	2,816.72	2,813.09	2,807.57	2,807.81
EXPORT CREDIT	278.65	175.84	176.80	180.11	182.64	182.20	187.75	180.29	176.15	165.68	168.58	168.94
GRAND TOTAL	8,044.29	9,195.41	9,807.70	10,155.99	10,641.72	10,879.09	12,992.35	12,184.52	14,046.50	13,842.07	14,428.84	14,723.07
BILATERAL	35.55	31.79	30.54	30.68	31.01	30.16	25.47	25.61	30.57	30.09	31.27	30.80
MULTILATERAL	60.99	59.77	60.67	60.77	60.83	61.87	52.46	55.89	48.12	48.39	48.10	48.98
COMMERCIAL BANKS 1/	-	6.52	6.99	6.77	6.44	6.30	20.62	17.02	20.05	20.32	19.46	19.07
EXPORT CREDIT	3.46	1.91	1.80	1.77	1.72	1.67	1.45	1.48	1.25	1.20	1.17	1.15
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

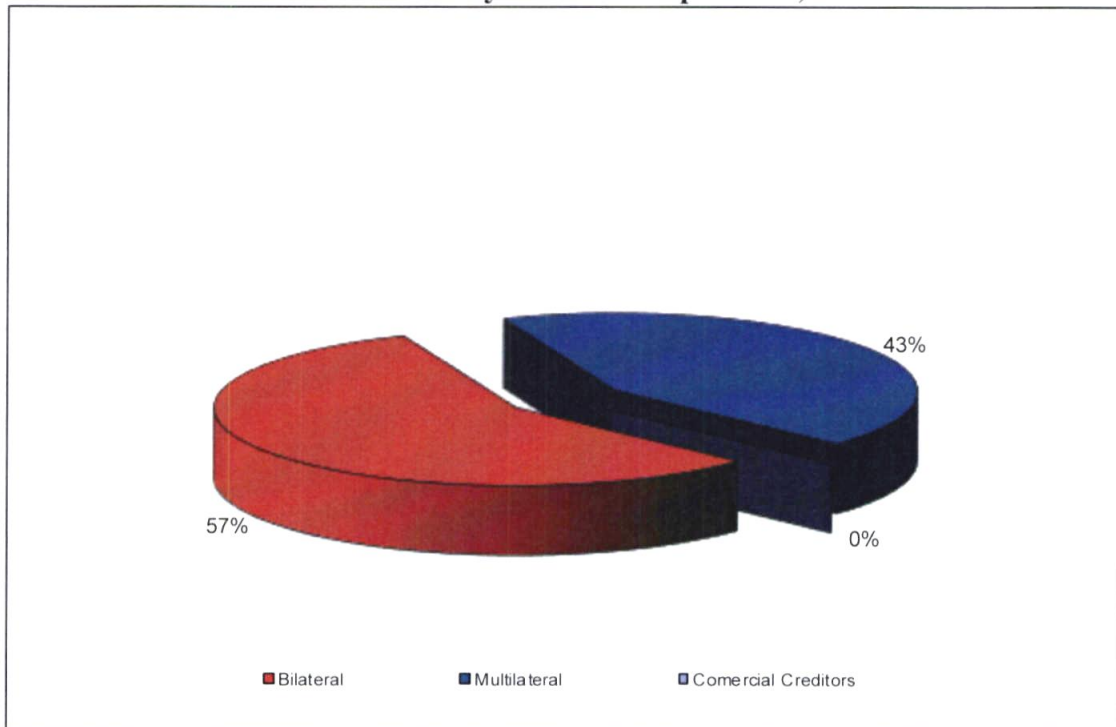


Source: National Treasury

3.3.1 External Debt Service

49. At the end of September 2015, the total cumulative debt service payments to external creditors amounted to KShs 14.3 billion. This comprised of KShs 8.6 billion (60.5 per cent) principal and KShs 5.6 billion (39.5 per cent) interest (*Table 15 and chart 15*).

Chart 15: External Debt Service by Creditors September, 2015



Source: National Treasury

Table 15: External Debt Service, July 2015– September 2015 (KShs. Million)

CATEGORY	PRINCIPAL*	INTEREST*	TOTAL*
BILATERAL			
AUSTRIA	-	1.78	1.78
FINLAND	11.36	2.91	14.27
FRANCE	369.64	368.51	738.15
ITALY	498.70	366.56	865.26
JAPAN	1,193.88	141.04	1,334.92
SAUDI FUND	269.12	45.94	315.06
SPAIN	133.39	54.59	187.97
USA	48.72	19.42	68.14
CANADA	-	-	-
BELGIUM	247.93	22.70	270.63
GERMANY	-	46.82	46.82
CHINA	457.10	3,375.71	3,832.81
KUWAIT	115.51	10.69	126.20
NETHERLANDS	77.70	9.80	87.50
SWEDEN	-	-	-
SWITZERLAND	115.51	-	115.51
DENMARK	43.28	-	43.28
KOREA	-	5.44	5.44
UK	-	-	-
INDIA	75.51	7.14	82.65
TOTAL BILATERAL	3,657.34	4,479.06	8,136.40
MULTILATERAL			
ADB/ADF	18.21	246.26	264.47
BADEA	36.93	5.76	42.70
EEC	30.71	192.70	223.41
EIB	225.59	50.99	276.59
IDA	4,431.20	590.49	5,021.69
OPEC	132.78	19.39	152.17
NDF	31.09	11.55	42.64
IFAD	78.63	39.66	118.29
**IMF	-	-	-
TOTAL MULTILATERAL	4,985.15	1,156.80	6,141.95
COMMERCIAL	-	-	-
GRAND TOTAL	8,642.49	5,635.86	14,278.35

* Provisional

** IMF debt serviced by CBK

Source: National Treasury

FISCAL RESULTS, 2005/06 – 2015/2016 (KShs. Millions)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15*	2015/16**
A TOTAL REVENUE	311,251	373,010	432,220	487,893	586,377	667,539	749,941	848,955	974,438	1,106,378	1,358,049
1 Revenue	283,427	340,000	396,489	455,780	538,836	609,223	683,579	777,800	919,990	1,031,248	1,254,867
Income Tax	108,897	124,855	156,832	184,447	226,760	258,651	312,463	373,086	449,590	508,581	623,215
VAT	76,263	96,270	111,939	126,854	146,792	171,081	176,386	184,936	232,630	259,685	310,264
Import Duty	20,511	27,510	32,944	36,311	41,372	46,072	51,112	57,650	67,555	74,048	82,897
Excise Duty	50,309	56,406	61,858	69,872	74,644	80,567	78,884	85,660	102,029	115,872	142,343
Other Revenue	27,447	34,970	32,916	38,426	59,268	52,053	64,133	76,488	67,395	73,062	97,047
2 Appropriation-in-Aid	27,824	33,020	35,731	32,115	47,541	58,316	66,362	71,155	55,428	75,130	103,181
B EXPENDITURE & NET LENDING	382,810	419,570	534,842	595,739	725,201	811,849	945,313	1,111,859	1,297,760	1,640,259	2,000,648
1 Recurrent	306,515	306,847	403,368	435,542	500,506	592,427	650,444	796,098	749,635	862,362	976,276
Wages and Salaries	102,277	127,258	145,996	155,220	172,609	198,549	218,833	274,407	281,197	293,115	333,527
Interest Payments	41,247	42,517	47,877	52,058	63,523	76,799	81,913	121,235	131,954	172,945	185,325
Domestic Interest	13,445	36,860	42,111	45,949	57,382	69,209	71,873	110,893	119,893	139,615	154,815
Foreign Interest Due	9,802	5,677	6,341	6,109	6,341	6,989	10,039	11,051	12,761	33,330	30,510
Pensions, etc	19,759	20,449	24,089	27,894	28,977	25,724	26,082	26,996	30,155	38,232	43,429
Civil Service Reform	1,300	1,392	800	1,211	50	5	6	10			
O & M / Others	11,932	15,211	114,606	200,952	245,357	291,951	323,580	373,450	306,330	358,070	418,996
Of which Appropriation-in-Aid	23,894	28,701	32,343	40,611	42,807	54,036	63,578	68,551	28,205	50,566	28,850
2 Development & Net Lending	67,692	80,354	131,473	160,197	234,685	219,422	294,899	305,978	339,312	508,980	718,472
Development Projects	48,037	62,213	86,213	111,962	165,461	171,461	190,116	186,231	225,850	277,941	378,081
Appropriation-in-Aid	11,607	16,750	42,932	45,842	46,956	46,809	102,114	112,346	91,239	228,511	332,208
Payment of guaranteed loans	4,000		2,328	2,373	2,268	1,150	2,639	2,400	2,223	2,125	2,183
3 Drought Development Expenditures/C.C.F	1040	1481								4,951	5,000
4 Transfer to County Governments								9,783	193,390	229,336	264,219
5 Parliamentary Service										22,473	24,057
6 Judicial Service									12,951	11,887	12,624
7 Equalization Fund										400	6,000
D DEFICIT/EXCL. GRANTS (Commitment Basis)	(71,567)	(46,540)	(102,622)	(107,826)	(138,824)	(144,310)	(195,372)	(262,904)	(323,342)	(533,880)	(642,600)
E GRANTS	20,070	15,494	25,449	10,065	31,890	11,769	15,161	20,506	26,957	28,117	73,406
F DEFICIT/INCL. GRANTS (Commitment basis)	(51,497)	(31,097)	(77,173)	(97,761)	(107,634)	(132,541)	(180,210)	(242,398)	(296,385)	(505,763)	(569,194)
G ADJUSTMENT TO CASH BASIS	15,030	(5,570)	84,738	(27,259)	(66,740)	6,768	(12,739)	(13,160)	(12,739)	35,308	35,308
H DEFICIT/INCL. GRANTS (cash basis)	(36,467)	(36,269)	(7,566)	(117,020)	(174,374)	(125,773)	(182,949)	(255,566)	(309,125)	(470,455)	(569,894)
I FINANCING	16,467	36,269	(17,566)	117,020	174,374	125,773	182,949	255,566	309,125	470,455	569,894
Foreign Financing	12.6	(2,392)	6,326	41,143	22,895	28,390	113,059	85,790	116,130	216,361	340,526
Domestic Financing	35,251	38,661	(11,890)	75,876	151,479	90,383	63,400	169,776	202,994	254,094	228,668
Of which Domestic Borrowing	7,000	4,000		69,427	117,037	90,383	63,400	169,776	201,727	253,102	221,490
Others					34,442				1,267	2,992	7,178
In Percentage of GDP											
A TOTAL REVENUE	20.49	21.61	22.02	21.80	23.86	19.36	18.78	18.88	19.32	19.90	23.75
1 Revenue	18.66	19.72	20.20	20.37	21.92	17.67	17.12	17.30	18.22	18.55	21.94
Income Tax	7.17	7.24	7.99	8.24	8.82	7.50	7.82	8.30	8.91	9.15	10.90
VAT	5.02	5.58	5.70	5.67	5.97	4.99	4.42	4.11	5.61	4.67	5.43
Import Duty	1.35	1.60	1.68	1.62	1.68	1.34	1.29	1.28	1.34	1.33	1.44
Excise Duty	3.31	3.27	3.15	3.10	3.04	2.34	1.98	1.91	2.02	2.08	2.49
Other Revenue	1.81	2.03	1.68	1.72	2.41	1.51	1.61	1.70	1.33	1.31	1.70
2 Appropriation-in-Aid	1.81	1.92	1.82	1.43	1.93	1.69	1.66	1.58	1.10	1.35	1.80
B EXPENDITURE & NET LENDING	25.20	24.33	27.25	26.62	29.50	23.55	23.67	24.73	25.73	29.50	34.98
1 Recurrent	20.48	17.80	20.55	19.46	20.77	17.11	16.29	17.71	18.86	15.51	17.07
Wages and Salaries	7.39	7.38	7.44	6.94	7.02	5.76	5.48	6.10	5.57	5.27	5.83
Interest Payments	2.72	2.47	2.44	2.33	2.58	2.21	2.05	2.70	2.62	3.11	3.24
Domestic Interest	2.07	2.34	2.15	2.05	2.31	2.01	1.80	2.45	2.36	2.51	2.71
Foreign Interest Due	0.65	0.33	0.29	0.27	0.25	0.20	0.25	0.25	0.25	0.60	0.53
Pensions	1.30	1.19	1.23	1.21	1.10	0.75	0.65	0.60	0.60	0.69	0.76
Civil Service Reform	0.09	0.08	0.04	0.01	0.00	0.00	0.00	0.00			
O & M / Others	8.60	6.68	9.40	8.98	9.98	8.47	8.10	8.31	6.07	6.44	7.24
of which Appropriation-in-Aid	1.57	1.66	1.65	1.81	1.74	1.57	1.54	1.52	0.56	0.91	0.50
2 Development & Net Lending	4.46	4.66	6.70	7.16	8.73	6.36	7.38	6.81	6.33	9.16	12.56
Development Projects	3.16	3.60	4.39	5.00	6.73	4.97	4.76	4.11	4.48	5.00	6.61
Appropriation-in-Aid	1.22	0.97	2.19	2.05	1.91	1.36	2.56	2.61	1.81	4.11	5.81
Payment of guaranteed loans	0.26		0.12	0.11	0.09	0.03	0.07	0.05	0.04	0.04	0.04
3 Drought Expenditures	0.07	0.09								0.09	0.09
4 Transitional Transfer to County Governments								0.22	3.81	4.11	4.62
5 Parliamentary Service									0.45	0.41	0.42
6 Judicial Service									0.26	0.21	0.22
7 Equalization Fund										0.01	0.10
D DEFICIT/EXCL. GRANTS (Commitment Basis)	(4.71)	(2.70)	(5.23)	(4.82)	(5.65)	(4.99)	(4.89)	(5.85)	(6.42)	(9.60)	(11.24)
E GRANTS	1.32	0.90	1.30	0.81	1.27	0.54	0.38	0.46	0.53	0.51	1.28
F DEFICIT/INCL. GRANTS (Commitment basis)	(3.39)	(1.78)	(3.93)	(4.01)	(4.38)	(3.64)	(4.51)	(5.39)	(5.88)	(9.09)	(9.95)
G ADJUSTMENT TO CASH BASIS	0.99	(0.32)	4.32	(1.22)	(2.72)	0.20	(0.29)	(0.29)	(0.25)	0.64	0.64
H DEFICIT/INCL. GRANTS (cash basis)	(2.40)	(2.10)	0.39	(5.23)	(7.09)	(3.45)	(4.50)	(5.68)	(6.13)	(8.46)	(9.95)
I FINANCING	2.40	2.10	(0.39)	5.23	7.09	3.45	4.42	5.68	6.13	8.46	9.95
Foreign Financing	0.08	(0.34)	0.32	1.84	0.93	0.82	2.83	1.91	2.10	3.89	5.95
Domestic Financing	2.32	2.24	(0.71)	3.39	6.16	2.62	1.59	3.78	4.02	4.57	4.00
Of which Domestic Borrowing	0.46	0.23		3.10	4.76	2.62	1.59	3.78	4.00	4.52	3.87
Others					1.40				0.03	0.05	0.13
Memorandum Item											
Nominal GDP at Market price (KShs. million)	15,190,790.00	17,241,870.00	19,628,790.00	22,388,000.00	24,580,000.00	34,476,099.95	3,993,534.55	4,495,975.60	5,044,236.10	5,559,300.00	5,779,100.00

Note: * indicate Preliminary results

** Printed Budget

Source: National Treasury

BUDGET CENTRAL GOVERNMENT

STATEMENT OF SOURCES AND USES OF CASH	2012/13	2013/14	2014/15		2015/16	
	Prel_Actual	Prel_Actual	Budget	Prel_Actual	Budget	Prel_Quarter_1
	Cash	Cash	Cash	Cash	Cash	Cash
KSh Million						
<i>Accounting method</i>						
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash receipts from operating activities	893,506.1	1,017,272.1	1,239,963.9	1,148,060.3	1,431,454.1	280,623.3
Taxes	760,716.2	934,074.9	1,099,314.1	1,046,250.2	1,276,999.1	261,841.5
Taxes on income, profits and capital gains	373,086.0	449,590.1	541,915.2	508,580.9	623,215.5	126,753.7
Taxes on payroll & workforce	0.0	0.0	0.0	0.0	0.0	0.0
Taxes on property	0.0	0.0	743.8	578.9	10,758.7	1,104.3
Taxes on goods & services	297,279.7	360,544.4	413,241.9	406,157.4	487,752.8	99,992.7
Taxes on international trade & transactions	81,812.6	113,953.6	131,616.2	119,465.2	140,080.1	30,952.4
Other taxes	8,537.8	9,986.9	11,797.1	11,467.8	15,192.0	3,038.4
Social contributions	0.0	0.0	660.8	169.7	674.0	0.0
Grants	27,001.1	28,035.9	58,734.4	41,008.7	73,405.6	3,400.8
Other receipts	105,788.8	55,161.3	81,254.6	60,631.6	80,375.4	15,380.9
Cash payments for operating activities	1,018,644.7	1,183,108.1	1,349,740.8	1,313,460.5	1,594,273.4	240,266.0
Compensation of employees	287,875.1	285,038.6	310,349.8	301,096.3	341,205.2	65,335.0
Purchases of goods and services	101,886.7	99,010.8	126,960.4	124,629.4	165,027.2	25,870.5
Interest	121,235.1	134,821.0	147,440.6	169,017.0	185,324.9	43,031.0
Subsidies	40,733.1	21,658.1	28,749.2	30,583.7	30,300.0	8,130.6
Grants	434,170.7	608,646.8	695,883.9	648,601.3	825,545.1	135,760.4
Social benefits	26,406.2	29,186.2	33,776.9	36,243.8	40,291.0	22,359.7
Other payments	6,337.9	4,746.7	6,580.0	3,288.9	6,580.0	-60,221.2
Net cash inflow from operating activities (1-2-ADJz)	-125,138.6	-165,836.0	-109,776.9	-165,400.2	-162,819.3	40,357.3
CASH FLOWS FROM INVESTMENTS IN NONFINANCIAL ASSETS (NFAs):						
Purchases of nonfinancial assets	173,113.6	133,777.2	238,284.5	311,522.7	379,073.2	25,608.2
Fixed assets	172,288.6	130,927.2	236,039.6	307,777.8	376,828.2	25,608.2
Strategic stocks	825.0	2,850.0	2,245.0	3,745.0	2,245.0	0.0
Valuables	0.0	0.0	0.0	0.0	0.0	0.0
Nonproduced assets	0.0	0.0	0.0	0.0	0.0	0.0
Sales of nonfinancial assets	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	0.0	0.0	0.0	0.0	0.0	0.0
Strategic stocks	0.0	0.0	0.0	0.0	0.0	0.0
Valuables	0.0	0.0	0.0	0.0	0.0	0.0
Nonproduced assets	0.0	0.0	0.0	0.0	0.0	0.0
Net cash outflow: investments in NFAs (31=31.1-31.2)	173,113.6	133,777.2	238,284.5	311,522.7	379,073.2	25,608.2
Cash surplus / deficit (1-2-ADJz-31+CSDz)	-298,252.1	-299,613.1	-348,061.4	-476,923.0	-541,892.5	14,749.2
CASH FLOWS FROM FINANCING ACTIVITIES:						
Net acquisition of financial assets other than cash	4,658.0	4,312.6	10,301.7	12,608.4	16,900.6	571.7
Domestic	3,983.8	3,378.8	9,297.2	10,800.2	14,385.6	571.7
Foreign	674.1	933.7	1,004.5	1,808.2	2,515.0	0.0
Monetary gold and SDRs	0.0	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	296,793.9	325,607.7	353,742.7	340,111.2	559,833.2	4,923.5
Domestic	175,775.5	229,002.3	188,998.1	125,044.0	220,252.0	0.0
Foreign	121,018.4	96,605.4	164,744.6	215,067.2	339,581.1	4,923.5
Net cash inflow from financing activities (-32x+33)	292,135.9	321,295.2	343,441.0	327,502.8	542,932.5	4,351.8
Net change in the stock of cash (3212+3222)	7,109.2	28,385.5	0.0	-124,948.0	0.0	0.0
Statistical Discrepancy	-13,225.4	-6,703.5	-4,620.4	-24,472.2	1,040.1	19,101.0
Memo Items						
Total Expenditures	1,191,758.3	1,316,885.3	1,588,025.3	1,624,983.2	1,973,346.6	265,874.1
Nominal GDP	4,495,975.0	5,044,236.1	5,559,300.0	5,559,300.0	5,719,100.0	5,719,100.0

