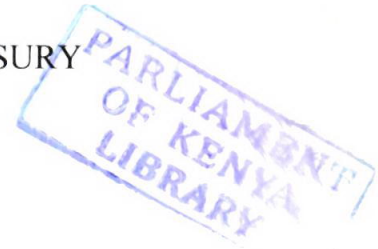




REPUBLIC OF KENYA



THE NATIONAL TREASURY



Quarterly Economic and Budgetary Review

Third Quarter, Financial Year 2014/2015
Period ending 31st March, 2015

May 2015 Edition



Quarterly Economic and Budgetary Review

Third Quarter, Financial Year 2014/2015
Period ending 31st March, 2015

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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: THIRD QUARTER, 2014/2015

1. Recent Economic Developments

The economy grew by 5.3 per cent in 2014 from 5.7 per cent in 2013. The growth in 2014 was supported by improved activities in mining and quarrying (14.2 per cent), information and communication (13.4 per cent), construction (13.1 per cent), financial and insurance activities (8.3 per cent), Real estate (5.6 per cent) and transport and storage (5.0 per cent). Manufacturing (3.4 per cent), agriculture, forestry and fishing (3.5 per cent), electricity supply (6.8 per cent) and wholesale and retail trade (6.9 per cent) had a slowed growth as compared to their growths in 2013. The accommodation and food services (hotels and restaurants) sector contracted for the second year in a row while all the other sectors recorded positive growths but of varying magnitudes.

2. Total Revenue Collection

The National Government cumulative revenue collection including A-I-A for the period July 2014 to March 2015 amounted to KShs. 761.4 billion (equivalent to 13.3 per cent of GDP) against a target of KShs. 829.3 billion or 14.5 per cent of GDP. This represented an underperformance of KShs. 67.9 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 31st March 2015 amounted to KShs. 1,131.3 billion. This was KShs. 53.4 billion below the target of KShs. 1,184.7 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 2014 and March 2015, the National Government paid a total of KShs. 675.98 million on account of guaranteed loans against the projected debt service of KShs. 676.13 million. The small variance is attributed to exchange rate movements.

5. Overall Fiscal Balance

The cumulative overall fiscal balance, on a commitment basis (excluding grants), amounted to a deficit of KShs. 369.9 billion (equivalent to 6.5 per cent of GDP), as at end-March 2015, compared with a deficit of KShs. 169.4 billion (equivalent to 3.4 per cent of GDP) in the twelve period ending 31st March 2014.

6. External Financing

Between July 2014 and March 2015, external financing amounted to a net borrowing of KShs. 179.7 billion, compared to a net borrowing of KShs. 29.7 billion in the same period of 2014.

7. **Net Domestic Borrowing**

Net domestic financing amounted to a net borrowing of KShs. 47.0 billion (equivalent to 0.8 per cent of GDP) in the period ending 31st March, 2015, compared to net borrowing of KShs. 127.4 billion (equivalent to 2.5 per cent of GDP) in a similar period ending 31st March 2014.

8. **Domestic Debt**

Total gross domestic debt stock increased by 8.8 per cent from KShs. 1,284.3 billion as at end-June 2014 to KShs.1,397.1 billion by the end-March 2015.

9. **External Debt**

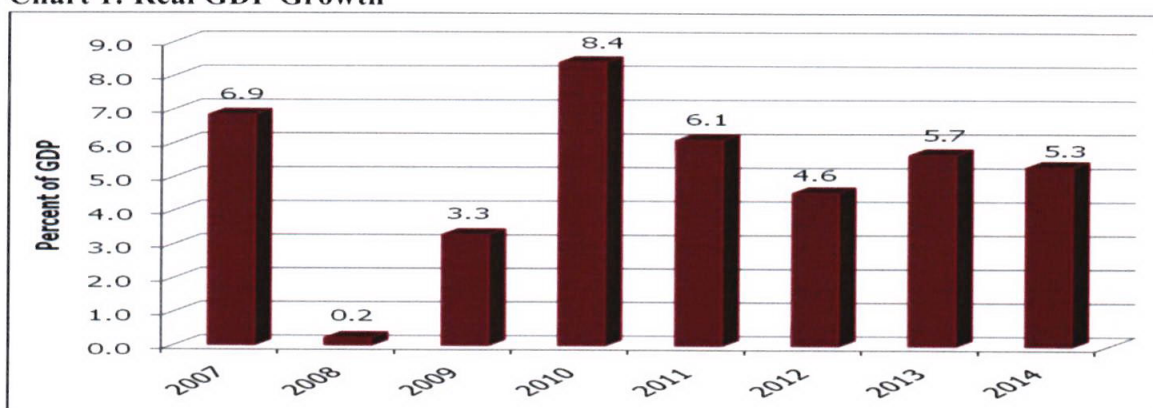
The total external debt stock, including the International Sovereign Bond, stood at KShs. 1,278.1 billion at the period ending March 2015. The debt stock comprised of multilateral debt (48.4 per cent), bilateral debt (30.1 per cent), Export Credit debt (1.2 per cent), and Commercial banks' debt (20.3 per cent- incl. International Sovereign Bond)

1.0 RECENT ECONOMIC DEVELOPMENTS

1.1 Economic Growth

1. The economy grew by 5.3 per cent in 2014 from 5.7 per cent in 2013 (**Chart 1**). The growth in 2014 was supported by improved activities in mining and quarrying (14.2 per cent), information and communication (13.4 per cent), construction (13.1 per cent), financial and insurance activities (8.3 per cent), Real estate (5.6 per cent) and transport and storage (5.0 per cent). Manufacturing (3.4 per cent), agriculture, forestry and fishing (3.5 per cent), electricity supply (6.8 per cent) and wholesale and retail trade (6.9 per cent) had a slowed growth as compared to their growths in 2013. The accommodation and food services (hotels and restaurants) sector contracted for the second year in a row while all the other sectors recorded positive growths but of varying magnitudes (**Table 1**).

Chart 1: Real GDP Growth



Source: KNBS.

Table 1: Sectoral GDP Growth (constant prices 2009)

MAIN SECTORS	Contribution to GDP, Percent			Annual Growth rates, Percent		
	2012	2013	2014	2012	2013	2014
Agriculture, forestry and fishing	26.1	26.4	27.3	2.9	5.2	3.5
Mining and quarrying	1.1	0.8	0.8	19.0	-8.9	14.2
Manufacturing	11.0	10.7	10.0	-0.6	5.6	3.4
Electricity supply	1.1	1.1	1.0	13.6	9.8	6.8
Water supply; sewerage, waste management	0.9	0.9	0.8	3.1	0.9	3.6
Construction	4.5	4.5	4.8	11.3	5.8	13.1
Wholesale and retail trade; repairs	7.8	8.1	8.2	7.0	8.5	6.9
Transport and storage	8.0	7.8	8.3	2.7	1.2	5.0
Accommodation and food service activities	1.3	1.2	0.9	3.1	-4.6	-17.2
Information and communication	1.6	1.5	1.2	2.4	12.3	13.4
Financial and insurance activities	5.9	6.6	6.7	6.0	8.1	8.3
Real estate	8.0	7.9	7.8	4.0	4.1	5.6
Professional, scientific and technical activities	1.0	1.0	1.0	6.2	6.7	3.6
Administrative and support service activities	1.3	1.2	1.1	2.3	1.2	2.0
Public administration and defence	4.4	4.4	4.5	4.0	3.1	5.5
Education	5.4	5.3	5.2	11.1	6.3	7.5
Human health and social work activities	1.7	1.6	1.7	-2.8	7.7	7.2
Arts, entertainment and recreation	0.1	0.1	0.1	-2.6	3.0	3.2
Other service activities	0.6	0.6	0.6	4.0	7.4	6.5
Activities of households as employers;	0.6	0.5	0.5	1.5	1.5	1.5
FISIM	-2.6	-2.6	-2.5	10.1	5.2	11.2
All economic activities	89.9	89.9	90.3	4.1	5.3	5.3
Taxes on products	10.1	10.1	9.7	7.7	8.7	5.2
GDP at market prices	100.0	100.0	100.0	4.6	5.7	5.3

Source: KNBS

2. Agriculture, forestry and fishing sector grew by 3.5 per cent in 2014 compared to a growth of 5.2 per cent in 2013. The declined growth was as a result of poor long rains in some parts of the country and unfavourable international prices for tea resulting to a decline in the value of tea exports. On the positive side, this sector was boosted by improved international prices of coffee and growth in the quantities and value of the horticultural exports.

3. The Manufacturing sector recorded an overall growth of 3.4 per cent in 2014 compared to a 5.6 per cent growth in 2013. The growth was mainly supported by cheaper and stable electricity supply, restrained inflation and resilient domestic demand. Non-food manufacturing was driven by increased production of cement, pharmaceutical products, fabricated metal products and manufacture of furniture.

4. The transport and storage sector recorded an improved growth of 5.0 per cent in 2014 compared to 1.2 per cent growth in 2013. The sector's acceleration in growth was attributed to increased demand for transportation of cargo as trade activities expanded as well as a general increase in commuter services.

5. Information and Communication sector remained robust in 2014 to grow at 13.4 per cent against a growth of 12.3 per cent in 2013. The growth was 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.

6. The Financial and insurance sector had an improved growth of 8.3 per cent in 2014 compared to 8.1 per cent growth in 2013. This growth was mainly driven by increased uptake of loans and advances, increased earnings from fees and commissions and government securities due to the improved accessibility to the financial services.

7. The construction sector improved to a growth of 13.1 per cent in 2014 against a growth of 5.8 per cent in 2013. This growth was supported by robust growth in property development, a vibrant real estate sector and the on-going mega infrastructure projects.

8. Real estate sector grew by 5.6 per cent in 2014 up from a 4.1 per cent growth in 2013. This growth was driven by demand for new office space and urban housing.

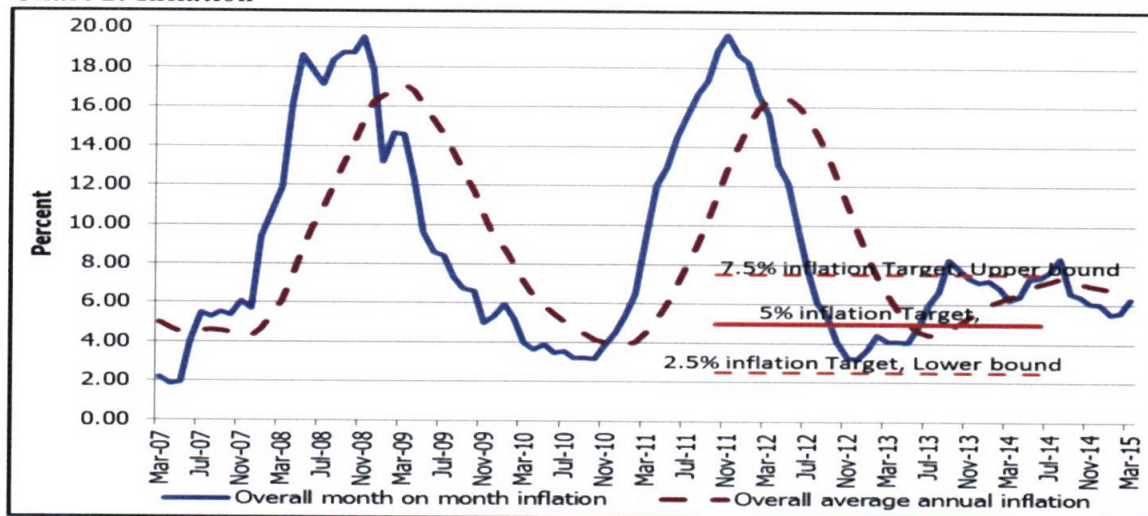
9. The electricity supply sector grew by 6.8 per cent in 2014 compared to a growth of 9.8 per cent in 2013. The slowed growth was as a result of suppressed long rains that led to a contraction in hydro generation despite the increase in geothermal power generation and thermal electricity production.

10. The Hotels and Restaurants sector recorded a second consecutive annual contraction of 17.2 per cent in 2014 compared to a contraction of 4.6 per cent in 2013. The contraction is attributable to both internal and external shocks specifically, insecurity concerns, negative travel advisories by some key tourist source countries.

1.2 Inflation

11. Overall month on month inflation increased to 6.3 per cent in March 2015 from 5.6 per cent in February 2015 and 5.5 per cent in January 2015 due to higher food prices for vegetables and milk as a result of dry weather conditions in the first two months of 2015 (**Chart 2**). On average, the annual inflation rate was 6.7 per cent in March 2015 compared to 6.4 per cent in March 2014.

Chart 2: Inflation



Source: KNBS

12. Non-food, non-fuel inflation eased to 3.2 per cent in March 2015 from 3.4 per cent in February 2015, due to low demand pressure, while fuel inflation declined to 2.9 per cent in March 2015 from 3.3 per cent in February 2015 reflecting a fall in the retail prices of kerosene, diesel and petrol.

1.3 Balance of Payments

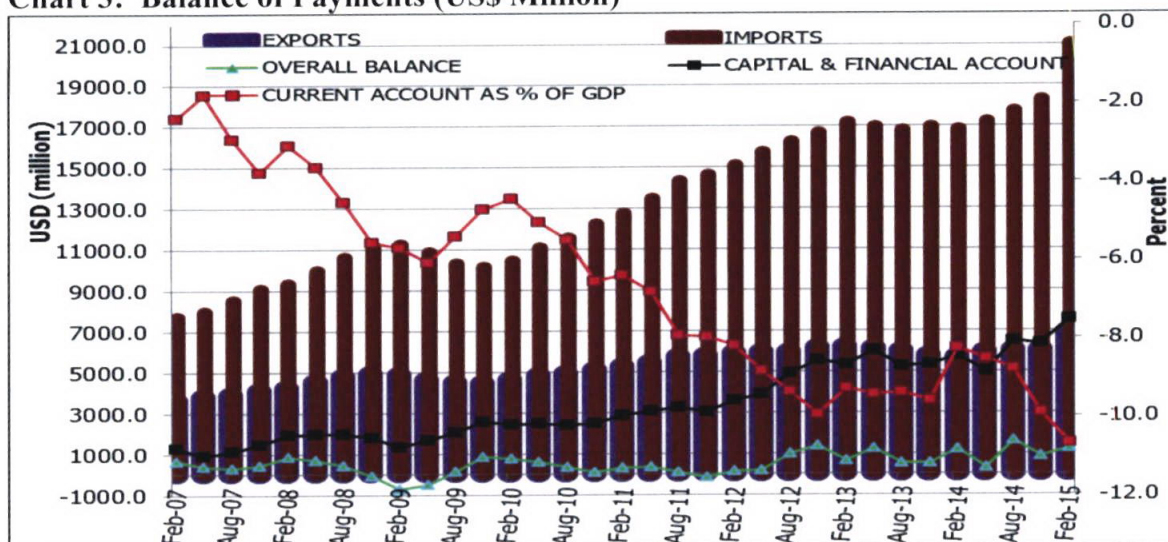
13. Overall balance of payments position recorded a surplus of US\$ 1,235 million in the year to February 2015 from a surplus of US\$ 1,114 million in the year to February 2014 (**Table 2 and Chart 3**). The improved surplus reflected an increase in the capital and financial account that more than offset the increased deficit in the current account.

14. The current account deficit worsened by 38.5 per cent to US\$ 6,331 million in the year to February 2015 from US\$ 4,570 million in the year to February 2014. As a share to GDP, current account deficit amounted to 9.3 per cent from 8.3 per cent over the same period. The deterioration reflects a 26.7 per cent worsening of the merchandise account. However, the surplus in the services account improved by 18.5 per cent. The deficit in the merchandise account worsened by US\$ 2,966 million to US\$ 14,068 million in the year to February 2015 reflecting a larger growth (24.8 per cent) in the value of merchandise imports relative to the value of merchandise exports, which improved by 21.2 per cent.

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

ITEM	Year to February 2015				
	Year to FEB 2013	Year to FEB 2014	Year to FEB 2015	Absolute Change	Percentage Change
1. CURRENT ACCOUNT	-4,678	-4,570	-6,331	-1,761	38.5%
2. MERCHANDISE ACCOUNT	-10,982	-11,101	-14,068	-2,966	26.7%
2.1 Exports (fob)	6,221	5,746	6,963	1,216	21.2%
Coffee	257	188	261	72	38.5%
Tea	1,227	1,155	1,264	109	9.4%
Horticulture	719	747	938	191	25.6%
Oil products	75	44	79	36	82.3%
Manufactured Goods	693	699	670	-29	-4.1%
Raw Materials	375	407	549	141	34.7%
Chemicals and Related Products (n.e.s)	548	459	510	50	11.0%
Miscellaneous Man. Articles	566	595	730	135	22.7%
Re-exports	490	583	975	392	67.1%
Other	1,272	869	987	119	13.7%
2.2 Imports (cif)	17,203	16,848	21,031	4,182.9	24.8%
Public	186	124	252	128.3	103.4%
Private	17,017	16,724	20,778	4,054.6	24.2%
Oil	4,139	3,806	4,439	632.7	16.6%
Chemicals	2,084	2,316	2,844	528.9	22.8%
Manufactured Goods	2,436	2,577	3,121	544.0	21.1%
Machinery & Transport Equipment	5,005	4,539	6,895	2,356.1	51.9%
Other	3,351	3,486	3,479	-7.0	-0.2%
3. SERVICES	6,304	6,531	7,737	1,205.4	18.5%
4. CAPITAL & FINANCIAL ACCOUNT	5,341	5,685	7,566	1,881.4	33.1%
4.1 Capital Account	193	102	252	149.5	145.9%
4.2 Financial Account	5,147	5,582	7,314	1,731.9	31.0%
5. OVERALL BALANCE	662	1,114	1,235	120.4	10.8%
Gross Reserves	7,080	8,250	9,873	1,623.1	19.7%
Official	5,290	6,578	7,737		
Commercial Banks	1,789	1,672	2,137		
Imports cover (calendar year)	3.45	4.36	4.85		
Import cover (36 mths imports)	3.89	4.46	4.95		

Source: CBK

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


Source: CBK

15. The capital and financial account surplus improved to US\$ 7,566 million in the year to February 2015 from US\$ 5,685 million in the year to February 2014. The improvement largely reflects 31.0 per cent rise in the financial account surplus on the back of increased inflows of the official medium to long term financial flows and short term flows (including net errors and omissions)

RECENT ECONOMIC DEVELOPMENTS

16. Commercial bank flows declined by 45.1 per cent in the year to February 2015 on account of an increase in foreign assets of Commercial Banks comprising of loans advanced to non-residents and shares and other equity.

1.4 Foreign Exchange Reserves

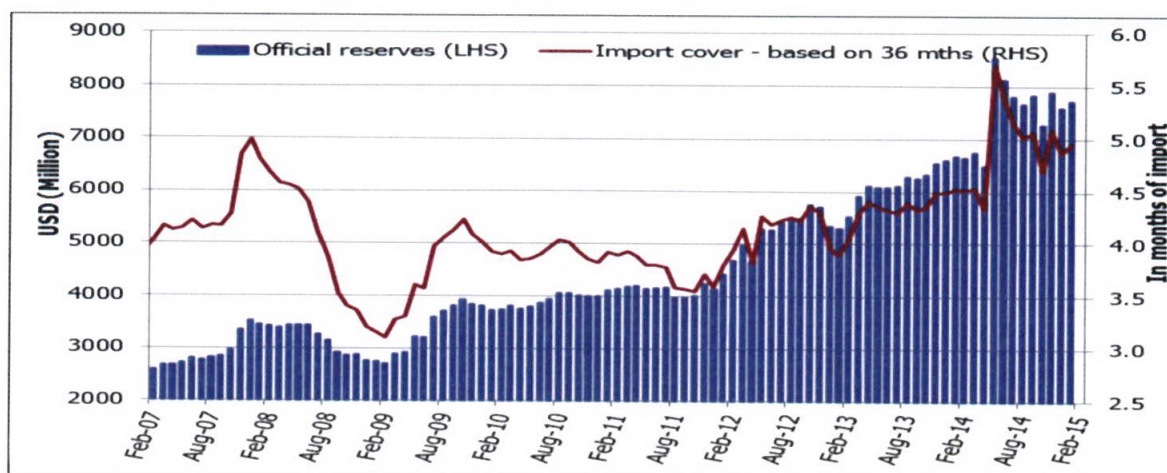
17. Gross foreign exchange holdings of the banking system increased by 18.2 per cent from US\$ 8,352 million in February 2014 to US\$ 9,873 million in February 2015 (**Table 3 and chart 4**). Gross official reserves held by the Central Bank increased to US\$ 7,737 million (5.0 months of import cover) in February 2015, an improvement from US\$ 6,679 million (4.5 months of import cover) in February 2014 due to purchases from interbank money market and receipt of proceeds from the sovereign bond issuance

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

	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Gross Foreign Exchange Reserves	8,352	8,279	8,396	8,223	10,339	10,029	9,732	9,594	9,400	8,964	9,738	9,415	9,873
Official	6,679	6,654	6,567	6,491	8,555	8,128	7,814	7,676	7,839	7,274	7,895	7,594	7,737
Commercial Banks	1,673	1,625	1,829	1,732	1,844	1,902	1,917	1,917	1,561	1,691	1,843	1,821	2,137
Import cover (36 mths imports)	4.61	4.52	4.60	4.34	5.70	5.36	5.15	5.01	5.06	4.70	5.08	4.87	4.95

Source: CBK

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



Source: CBK.

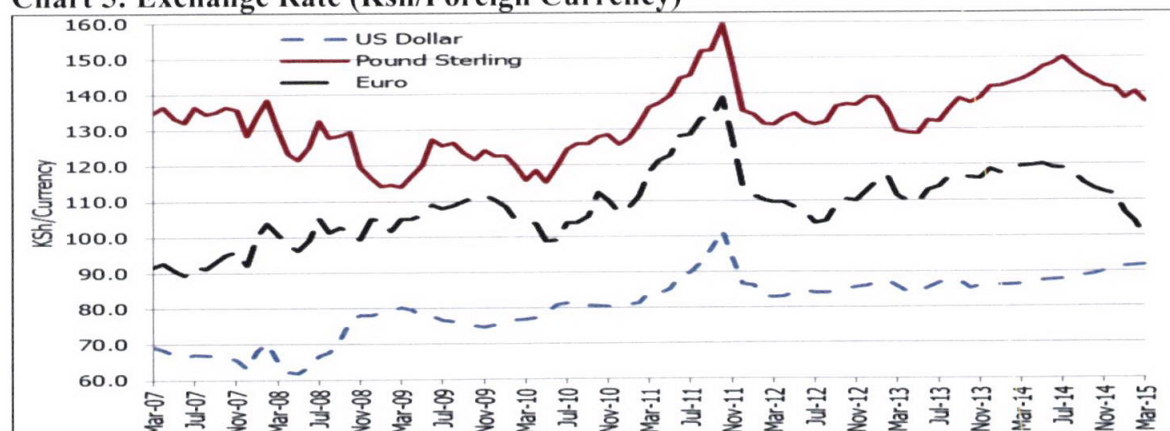
1.5 Exchange Rates

18. The Kenya Shilling exchange rate demonstrated mixed performance against major international currencies (**Chart 5**). The currency depreciated against the US dollar to Ksh 91.7 in March 2015 from Ksh 91.5 in February 2015 and Ksh 91.4 in January 2015, mainly due to the global strengthening of the US Dollar.

19. Against the sterling pound, the shilling appreciated to Ksh 137.5 in March 2015

from Ksh 140.2 in February 2015 and Ksh 138.5 in January 2015, against the Euro, the exchange rate appreciated to Ksh 99.4 in March 2015 from Ksh 103.9 in February 2015 and Ksh 106.3 in January 2015. Diaspora remittances, increased foreign investor participation in the NSE and enhanced confidence following successful issuance of the sovereign bond continues to support the Kenya shilling exchange.

Chart 5: Exchange Rate (Ksh/Foreign Currency)



Source: CBK

1.6 Money and Credit

20. Growth in broad money supply, M3, declined to 16.4 per cent in the year to March 2015 from a growth of 17.3 per cent in the year to March 2014 (**Table 4**). This decline was due to a slowdown in Net domestic assets (NDA) as net foreign assets (NFA) of the banking system increased in the year to March 2015.

Table 4: Money Supply, M3 and its Sources (Annual basis), Ksh billion

	2013 MARCH	2014 MARCH	2015 MARCH	Absolute Change		percent change	
				2013-2014 MARCH	2014-2015 MARCH	12 months to Mar-14	12 months to Mar-15
1. Money supply, M3 (2+3)	1,755.7	2,060.3	2,398.8	304.6	338.4	17.3	16.4
1.1 Money supply, M2	1,477.7	1,758.8	2,046.8	281.1	288.0	19.0	16.4
1.2 Money supply, M1	720.7	868.1	971.3	147.4	103.2	20.4	11.9
1.3 Currency outside banks	150.1	156.9	171.6	6.8	14.7	4.5	9.4
2. Net foreign assets (2.1+2.2)	319.6	370.6	462.0	51.0	91.5	16.0	24.7
2.1 Central Bank	341.7	442.1	569.6	100.4	127.5	29.4	28.9
2.2 Banking Institutions	-22.2	-71.5	-107.6	-49.4	-36.1	222.6	50.4
3. Net domestic assets (3.1+3.2)	1,436.2	1,689.8	1,936.8	253.6	247.0	17.7	14.6
3.1 Domestic credit (3.1.1+3.1.2+3.1.3)	1,752.2	2,097.9	2,117.8	345.7	19.9	19.7	0.9
3.1.1 Government (net)	391.0	449.9	143.2	58.9	-306.6	15.1	-68.2
3.1.2 Other public sector	45.1	33.7	43.8	-11.4	10.1	-25.4	30.1
3.1.3 Private sector	1,316.0	1,614.3	1,930.7	298.3	316.4	22.7	19.6
3.2 Other assets net (3-3.1)	-316.0	-408.1	-181.0	-92.1	227.1	29.1	-55.6

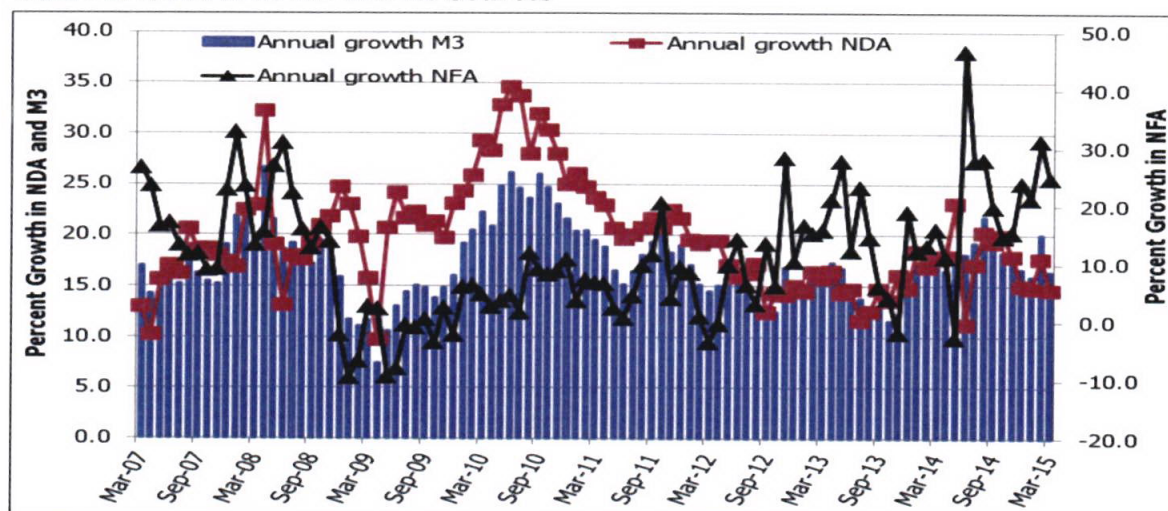
Source: CBK

21. The NDA of the banking system decreased to 14.6 per cent in the year to March 2015 (Chart 6) from a growth of 17.7 per cent over a similar period in 2014 due to the slowdown in the growth of domestic credit.

22. Meanwhile NFA of the banking system increased by 24.7 per cent in the year to March 2015 from a growth of 16.0 per cent over a similar period in 2014 mainly due to the improvement in the official foreign assets of the Central Bank by Ksh 127.5 billion

that more than offset the decline in the foreign assets of the banking institutions.

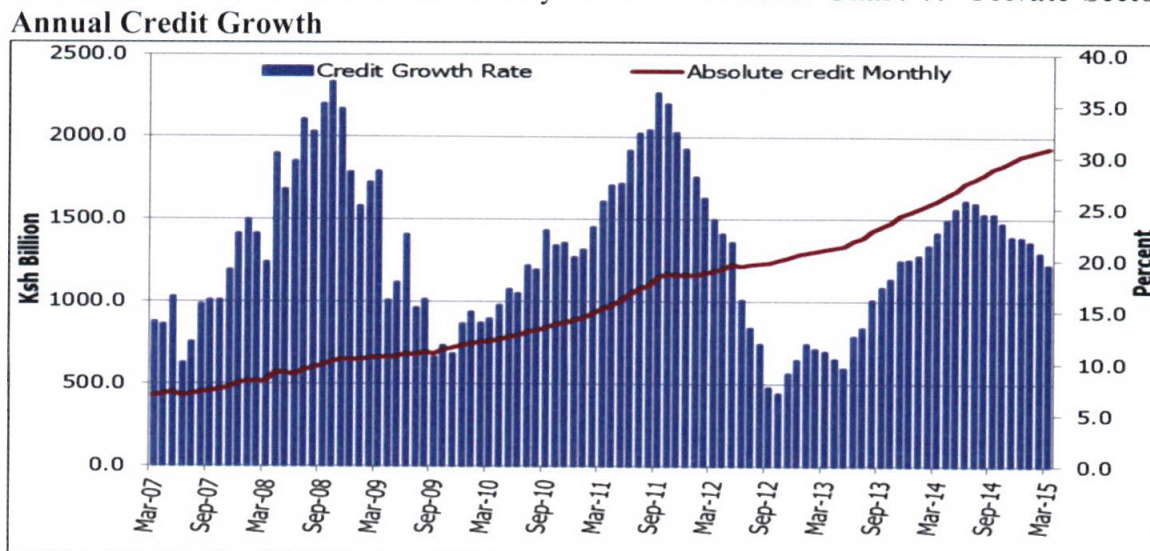
Chart 6: Growth in M3 and Its Sources



Source: CBK

Private sector credit stabilizes

23. Net credit to Government contracted by 68.2 per cent in the year to March 2015 compared with a growth of 15.1 per cent in a corresponding period in 2014. Bank credit to the private sector amounted to Ksh 1,930.7 billion in March 2015 from 1,614.3 billion in March 2014, representing a declining growth of 19.6 per cent in March 2015 from 22.7 per cent growth in the same period in 2014 (**Chart 7**). Productive sectors of the economy continued to receive bank credit in the year to March 2015. **Chart 7: Private Sector Annual Credit Growth**

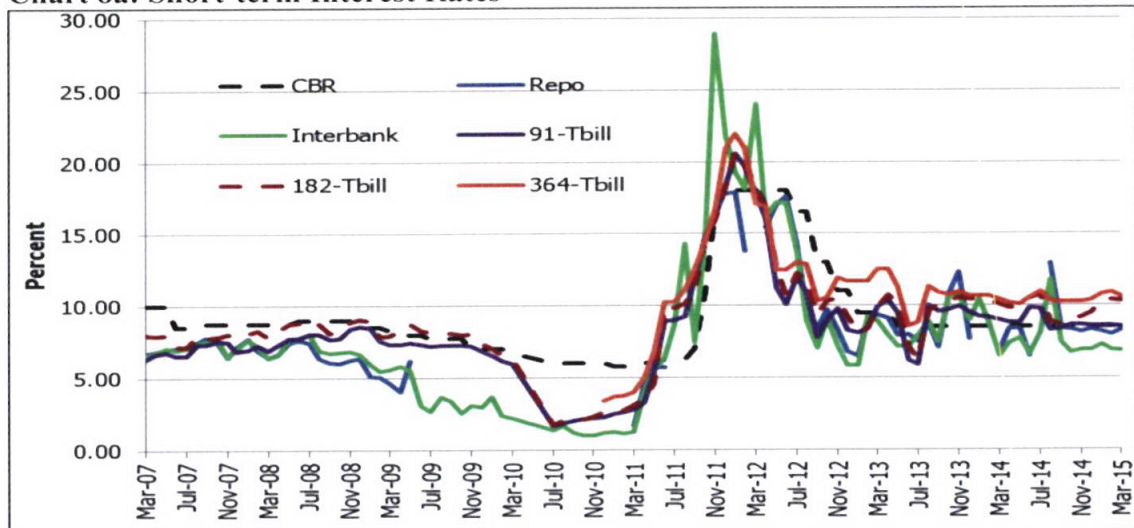


Source: CBK.

1.7 Interest Rates

24. The Central Bank Rate retained at 8.5 per cent in March 2015 and Kenya Bank reference rate at 8.5 per cent while the short term interest rates declined (**Chart 8a**). The average interbank rate declined to 6.8 per cent in March 2015 from 6.9 per cent in February 2015 on account of ample liquidity in the money market.

Chart 8a: Short-term Interest Rates

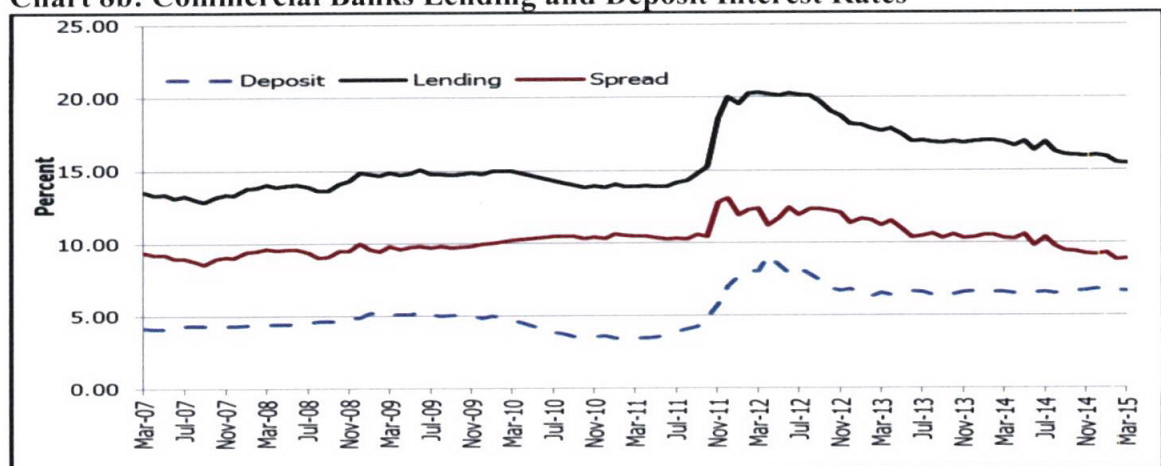


Source: CBK.

25. The 91-day Treasury bill rate declined to 8.5 per cent in March 2015 from 8.6 per cent in February 2015. The 182 day Treasury bill decreased to 10.3 per cent in March 2015 from 10.4 per cent in February 2015 while the 364 day Treasury bill rate decreased to 10.6 per cent in March 2015 and 10.9 per cent in February 2015.

26. Commercial banks average lending rates declined to 15.5 per cent in March 2015 from 16.9 per cent in March 2014 while the deposit rate stabilized at 6.6 per cent over the same period (**Chart 8b**). As a result, interest rate spread narrowed to 8.8 per cent in March 2015 from 10.3 per cent in March 2014 a reflection of the decline in the lending rate.

Chart 8b: Commercial Banks Lending and Deposit Interest Rates

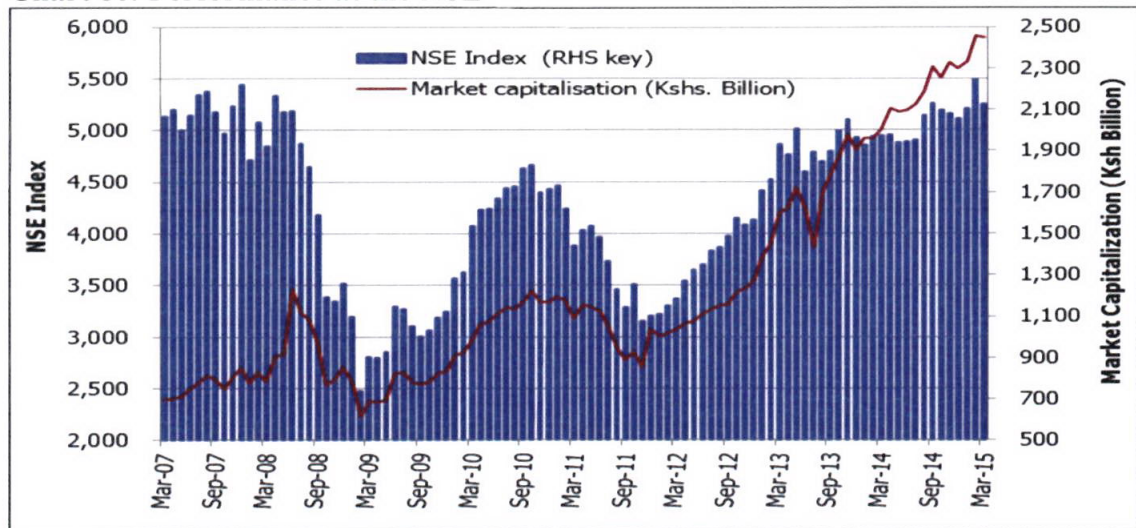


Source: CBK.

1.8 Capital Markets

27. Activity in the stock market remained vibrant in the year to March 2015. The NSE 20 share index improved to 5,248 points in March 2015 from 4,946 points in March 2014, representing an increase of 6.1 per cent (**Chart 8c**). Market capitalization that measures shareholders' wealth improved to Ksh 2,446 billion in March 2015 from Ksh 2,003 billion in March 2014 representing an increase of 22.1 per cent.

Chart 8c: Performance at the NSE



Source: NSE.

28. Foreign Equity Market turnover for the month of March 2015 stood at Ksh 23.1 billion from Ksh 16.1 billion in February 2015 representing an increase of 43.5 per cent. March 2015 bond turnover stood at Ksh 53.4 billion, 28.4 per cent higher than the Ksh 41.6 billion recorded in February 2015.

2.0 FISCAL DEVELOPMENTS

2.1 Revenue

29. By the end of March 2015, total cumulative revenue including A-I-A collected amounted to Ksh 761.4 billion against a target of Ksh 829.3 (Table 5 and Chart 9). This performance was below the target by KShs. 67.9 billion. Ordinary revenue collection was below the target by KShs 36.4 billion. The amount collected was KShs. 722.2 billion against a target of KShs. 758.6 billion. The Railway Development Levy collection amounted to KShs. 14.4 billion against a target of KShs. 17.4 billion. Cumulative ministerial A-I-A recorded an under performance of KShs. 31.6 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 March, 2015 (KShs. Million)

	2013/2014 Actual	2014/15		Deviation KShs.	Deviation in percentage
		Actual	Target		
Total Revenue (a+b)	674,083	761,381	829,318	(67,936)	(8.19)
(a) Ordinary Revenue	645,260	722,186	758,569	(36,382)	(4.80)
Import Duty	50,314	53,242	57,804	(4,562)	(7.89)
Excise Duty	72,452	83,762	86,493	(2,731)	(3.16)
PAYE	177,865	198,765	220,483	(21,718)	(9.85)
Other Income Tax	120,377	143,442	141,457	1,985	1.40
VAT Local	78,972	91,627	86,558	5,069	5.86
VAT Imports	89,129	96,014	107,649	(11,636)	(10.81)
Investment Revenue	5,015	11,055	13,891	(2,836)	(20.42)
Traffic Revenue	2,519	2,119	2,445	(326)	(13.33)
Taxes on Intl. Trade & Trans.(IDF Fee)	19,205	20,038	22,699	(2,661)	(11.72)
Others ¹	29,414	22,123	19,089	3,034	15.89
(b) Appropriation In Aid ²	28,823	39,195	70,749	(31,554)	(44.60)
o/w Railway Development Levy	14,626	14,392	17,355	(2,963)	(17.07)
(c) External Grants	13,237	19,366	45,193	(25,827)	(57.15)
Total Revenue and External Grants	687,320	780,747	874,511	(93,764)	(10.72)
Total Revenue and External Grants as a percentage of GDP	13.63	13.65	15.29		

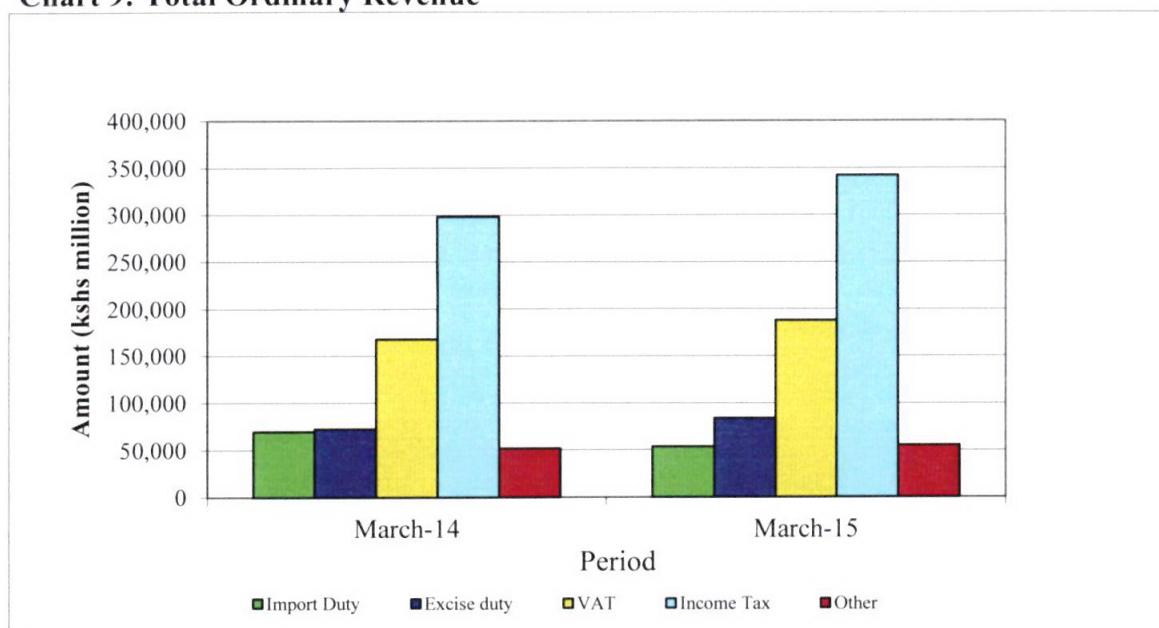
^{1/} includes rent of buildings, fines and forfeitures, other taxes, reimbursements and other fund contributions, and miscellaneous revenue.

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

Source: National Treasury

30. As a proportion of GDP, the total cumulative revenue and grants in the period under review amounted to 13.65 per cent compared to 13.63 per cent in the corresponding period of the FY 2013/14. External grants amounted to KShs. 19.4 billion against a target of KShs. 45.2 billion, representing an under performance of KShs. 25.8 billion.

Chart 9: Total Ordinary Revenue



Source: National Treasury

2.2 Expenditure

31. The total expenditure and net lending for the period under review amounted to KShs. 1,131.3 billion, against a target of KShs. 1,184.7 billion. The shortfall of KShs. 53.4 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. 603.7 billion (excl. KShs. 25.0 billion for Parliament and Judiciary), against a target of KShs. 614.4 billion, with underperformance recorded in wages and salaries, and pensions which accounted for KShs. 18.9 billion and KShs. 215 million, respectively. Operation and Maintenance include KShs. 25.0 billion for Parliament and Judiciary.

32. Foreign interest payments amounted to KShs. 21.3 billion (incl. the International Sovereign Bond paid in Dec 2014), compared to KShs. 9.6 billion in the same period of the 2013/14 FY. The domestic interest payment totalled KShs. 85.7 billion, which was higher than KShs. 79.3 billion paid in the corresponding period of the previous financial year.

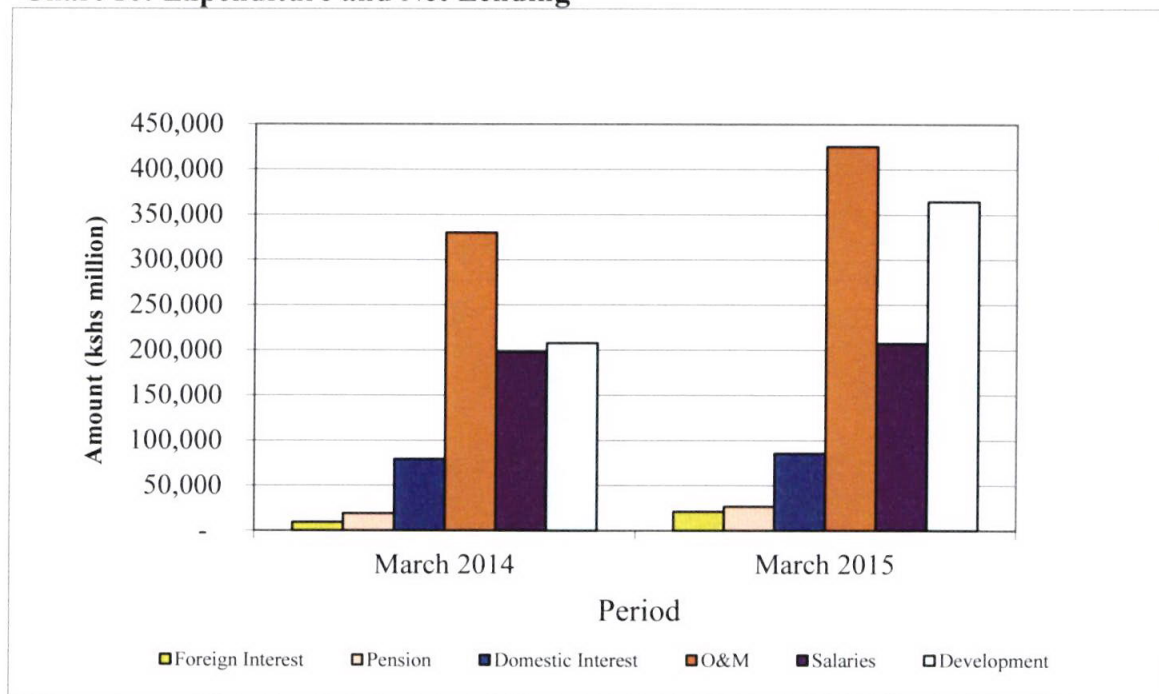
FISCAL DEVELOPMENTS

Table 6: Expenditure and Net Lending, Period Ending 31st March 2015 (KShs. Million)

	2013/2014 Actual	2014/15		Deviation	% Growth
		Actual	Targets		
1. RECURRENT	500,001	603,705	614,358	(10,653)	20.7
Domestic Interest	79,340	85,700	85,022	677	8.0
Foreign Interest	9,573	21,309	15,294	6,015	122.6
Pensions	19,272	26,879	27,094	(215)	39.5
Wages and Salaries	197,780	207,438	226,294	(18,856)	4.9
Operation and Maintenance	194,036	262,380	260,653	1,727	35.2
O/W : Appropriation-in-Aid	14,066	23,437	46,278	(22,841)	66.6
2. DEVELOPMENT	207,617	364,477	364,651	(174)	75.6
Development Projects (Net)	173,899	176,901	236,300	(59,399)	1.7
Payment of Guaranteed Loans	1,292	1,061	1,568	(507)	(17.9)
Appropriation-in-Aid	32,425	186,515	123,928	62,587	475.2
3. County Governments	110,115	138,065	167,396	(29,331)	25.4
4. Parliamentary Service	15,320	16,234	17,328	(1,094)	-
5. Judicial Service	10,478	8,808	13,119	(4,311)	-
6. Equalization Fund	-	-	2,855	(2,855)	-
7. CCF	-	-	5,000	(5,000)	-
TOTAL EXPENDITURE	843,531	1,131,289	1,184,706	(53,417)	34.1

Source: National Treasury

Chart 10: Expenditure and Net Lending



Source: National Treasury

33. The total cumulative ministerial and other public agencies expenditure was KShs. 758.1 billion against a target of KShs. 888.2 billion. Recurrent expenditure was KShs. 474.5 billion against a target of KShs. 515.7 billion, while development expenditure was KShs. 283.6 billion against a target of KShs. 372.4 billion. The percentage of total expenditures to the target was 85.4 per cent (92.0 per cent recurrent and 76.1 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.

34. As at the end of period ending 31st March 2015, expenditures by the Ministry of Education, Science and Technology; Teachers Service Commission and Ministry of Health accounted for 44.4 per cent of total recurrent expenditure. While the State Department for Interior, and Ministry of Defence accounted for 10.3 per cent and 10.6 per cent respectively.

35. Analysis of development outlay indicates that the Departments of Infrastructure (23.9 per cent) accounted for the largest share of the total development expenditures, followed by the State Department for Planning (13.7 per cent), Ministry of Energy and Petroleum (11.0 per cent) and Departments of Transport (9.5 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 March, 2015 (KShs. Million)

	MINISTRY/DEPARTMENT/COMMISSIONS	Mar-15		Variance	Mar-15		Variance	Mar-15		Variance	% total expenditure to total target
		Recurrent			Development			Total			
		Actual*	Target		Actual*	Target		Actual*	Target		
1011	THE PRESIDENCY	4,161	2,640	1,521	779	590	189	4,940	3,230	1,710	152.9
1021	STATE DEPARTMENT FOR INTERIOR	48,857	59,465	(10,607)	2,653	3,295	(641)	51,511	62,760	(11,249)	82.1
1022	STATE DEPARTMENT FOR COORDINATION OF NATIONAL GOVERNMENT	10,934	11,559	(624)	482	493	(11)	11,417	12,051	(635)	94.7
1031	STATE DEPARTMENT FOR PLANNING	12,350	11,135	1,216	38,953	40,071	(1,118)	51,303	51,205	98	100.2
1032	STATE DEPARTMENT FOR DEVOLUTION	2,750	1,630	1,121	3,390	3,823	(433)	6,140	5,453	687	112.6
1041	MINISTRY OF DEFENCE	50,273	54,961	(4,687)	-	-	-	50,273	54,961	(4,687)	91.5
1051	MINISTRY OF FOREIGN AFFAIRS	5,655	8,170	(2,515)	206	1,170	(964)	5,861	9,340	(3,480)	62.7
1061	STATE DEPARTMENT FOR EDUCATION	38,327	40,589	(2,261)	3,046	16,604	(13,558)	41,373	57,192	(15,819)	72.3
1062	STATE DEPARTMENT FOR HIGHER EDUCATION, SCIENCE AND TECHNOLOGY	30,145	40,337	(10,192)	10,378	9,524	854	40,523	49,861	(9,337)	81.3
1071	THE NATIONAL TREASURY	21,482	28,347	(6,865)	17,718	28,588	(10,870)	39,200	56,935	(17,735)	68.9
1081	MINISTRY OF HEALTH	17,972	19,546	(1,574)	8,469	15,976	(7,506)	26,441	35,522	(9,081)	74.4
1091	STATE DEPARTMENT FOR INFRASTRUCTURE	21,455	19,354	2,101	67,912	74,272	(6,360)	89,367	93,625	(4,258)	95.5
1092	STATE DEPARTMENT FOR TRANSPORT	2,916	4,322	(1,406)	26,957	29,848	(2,891)	29,873	34,170	(4,297)	87.4
1101	STATE DEPARTMENT FOR ENVIRONMENT AND NATURAL RESOURCES	5,925	7,305	(1,381)	4,830	5,867	(1,037)	10,755	13,172	(2,417)	81.6
1102	STATE DEPARTMENT FOR WATER AND REGIONAL AUTHORITIES	1,905	3,181	(1,276)	16,746	20,278	(3,533)	18,651	23,460	(4,809)	79.5
1111	MINISTRY OF LAND, HOUSING AND URBAN DEVELOPMENT	3,287	3,065	222	14,013	13,093	919	17,299	16,158	1,141	107.1
1121	MINISTRY OF INFORMATION, COMMUNICATIONS AND TECHNOLOGY	1,796	1,516	280	3,205	6,143	(2,938)	5,001	7,659	(2,658)	65.3
1131	MINISTRY OF SPORTS, CULTURE AND ARTS	2,252	1,941	311	1,357	1,026	331	3,609	2,967	641	121.6
1141	MINISTRY OF LABOUR, SOCIAL SECURITY AND SERVICES	5,435	6,372	(938)	7,747	8,700	(953)	13,181	15,072	(1,891)	87.5
1151	MINISTRY OF ENERGY AND PETROLEUM	939	1,503	(565)	31,139	55,713	(24,574)	32,078	57,216	(25,139)	56.1
1161	STATE DEPARTMENT FOR AGRICULTURE	6,259	5,929	331	13,098	16,056	(2,958)	19,358	21,985	(2,627)	88.1
1162	STATE DEPARTMENT FOR LIVESTOCK	1,231	1,379	(147)	2,434	2,772	(338)	3,665	4,150	(485)	88.3
1163	STATE DEPARTMENT FOR FISHERIES	789	729	60	1,364	872	492	2,152	1,600	552	134.5
1171	MINISTRY OF INDUSTRIALIZATION AND ENTERPRISE DEVELOPMENT	2,302	1,713	589	2,378	5,583	(3,205)	4,681	7,296	(2,616)	64.2
1181	STATE DEPARTMENT FOR COMMERCE & TOURISM	2,200	2,063	137	1,368	1,563	(196)	3,568	3,627	(59)	98.4
1182	STATE DEPARTMENT FOR EAST AFRICAN AFFAIRS	1,353	1,214	139	28	49	(21)	1,381	1,263	118	109.4
1191	MINISTRY OF MINING	564	542	22	797	932	(135)	1,361	1,474	(113)	92.4
1251	OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE	2,034	2,793	(759)	116	401	(285)	2,150	3,193	(1,044)	67.3
1261	THE JUDICIARY	7,735	8,900	(1,165)	1,073	4,219	(3,146)	8,808	13,119	(4,311)	67.1
1271	ETHICS AND ANTI-CORRUPTION COMMISSION	1,142	1,160	(18)	-	208	(208)	1,142	1,368	(226)	83.5
1281	NATIONAL INTELLIGENCE SERVICE	11,052	13,080	(2,028)	-	-	-	11,052	13,080	(2,028)	84.5
1291	DIRECTORATE OF PUBLIC PROSECUTIONS	860	1,299	(439)	-	1,327	(1,327)	860	2,626	(1,766)	32.7
1301	COMMISSION FOR THE IMPLEMENTATION OF THE CONSTITUTION	217	230	(13)	-	-	-	217	230	(13)	94.4
1311	REGISTRAR OF POLITICAL PARTIES	425	350	75	-	-	-	425	350	75	121.4
1321	WITNESS PROTECTION AGENCY	196	187	9	-	-	-	196	187	9	104.8
2011	KENYA NATIONAL COMMISSION ON HUMAN RIGHTS	237	267	(31)	-	-	-	237	267	(31)	88.5
2021	NATIONAL LAND COMMISSION	850	867	(17)	146	407	(261)	996	1,274	(278)	78.2
2031	INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION	2,059	2,250	(192)	36	68	(33)	2,094	2,319	(224)	90.3
2041	PARLIAMENTARY SERVICE COMMISSION	15,558	14,981	576	676	2,347	(1,671)	16,234	17,328	(1,094)	93.7
2051	JUDICIAL SERVICE COMMISSION	182	329	(146)	-	-	-	182	329	(146)	55.5
2061	COMMISSION ON REVENUE ALLOCATION	142	214	(71)	-	-	-	142	214	(71)	66.6
2071	PUBLIC SERVICE COMMISSION	680	662	19	119	168	(49)	800	830	(30)	96.4
2081	SALARIES AND REMUNERATION COMMISSION	253	330	(77)	-	-	-	253	330	(77)	76.6
2091	TEACHERS SERVICE COMMISSION	124,259	124,109	150	-	101	(101)	124,259	124,210	48	100.0
2101	NATIONAL POLICE SERVICE COMMISSION	325	209	117	-	-	-	325	209	117	155.9
2111	AUDITOR GENERAL	2,009	1,958	51	-	304	(304)	2,009	2,262	(253)	88.8
2121	CONTROLLER OF BUDGET	224	322	(98)	-	-	-	224	322	(98)	69.5
2131	THE COMMISSION ON ADMINISTRATIVE JUSTICE	262	281	(19)	-	-	-	262	281	(19)	93.3
2141	NATIONAL GENDER AND EQUALITY COMMISSION	178	218	(40)	-	-	-	178	218	(40)	81.7
2151	INDEPENDENT POLICING OVERSIGHT AUTHORITY	128	223	(95)	-	-	-	128	223	(95)	57.6
	Total	474,523	515,724	(41,201)	283,612	372,448	(88,836)	758,135	888,172	(130,037)	85.4

*Provisional

Source: National Treasury

2.2.1 Guaranteed Loans to Parastatals

36. Cumulative principal and interest payments of guaranteed loans to parastatals with liquidity problems amounted to KShs 675.98 million against a target of KShs 676.13 million (**Table 8**) for period ending 31st March 2015. The payments for principal and interest payments were Ksh 604.84 million and Ksh 71.13 million, respectively. The small variance between the payments and target is attributed to exchange rate movements.

Table 8: Schedule and actual payments on Guaranteed Debt for the period ending 31st March 2015 (Kshs. Mn)

Borrower	Quarter I		Quarter II		Quarter III		Cumm. Mar. 2015*	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
NCC	35.30	38.75	-	-	35.10	39.97	70.40	78.72
TARDA	135.27	142.42	-	-	133.52	130.18	268.79	272.60
KBC	-	-	336.94	324.66	-	0.00	336.94	324.66
TOTAL (QTR)	170.57	181.17	336.94	324.66	168.62	170.15	676.13	675.98

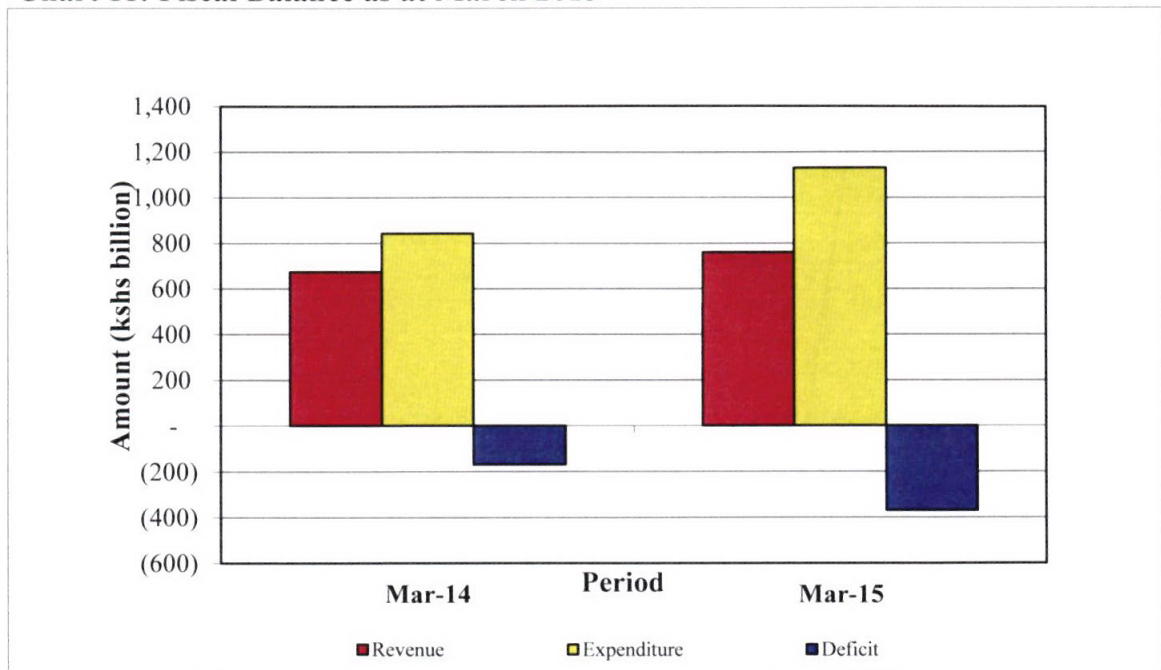
* Provisional

Source: National Treasury

2.3 Fiscal Outturn

37. Between July 1, 2014 and March 31, 2015, cumulative overall fiscal balance (on a commitment basis and excluding grants), amounted to KShs. 369.9 billion (equivalent to 6.5 per cent of GDP against a targeted deficit of KShs. 355.4 billion (equivalent to 6.2 per cent of GDP) (**Chart 11 and Table 9**). Over the same period in 2013, the fiscal deficit stood at KShs. 169.4 billion (equivalent to 3.4 per cent of GDP). Including grants, the fiscal balance (on a commitment basis) deficit stood at 6.1 per cent of GDP against a targeted deficit of 5.4 per cent of GDP. The Fiscal Outturns for the past years is provided as **Annex I**.

Chart 11: Fiscal Balance as at March 2015



Source: National Treasury

Table 9: Budget Outturn, Cumulative Ending 31st March 2015 (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	687,320	780,747	874,511	(93,764)	13.59	13.65	15.29	13.63
1. Revenue	674,083	761,381	829,318	(67,936)	12.95	13.31	14.50	13.36
Ordinary Revenue(Incl RDL)	659,886	722,186	758,569	(36,382)	9.44	12.63	13.26	13.08
Import Duty	69,518	53,242	57,804	(4,562)	(23.41)	0.93	1.01	1.38
Excise Duty	72,452	83,762	86,493	(2,731)	15.61	1.46	1.51	1.44
Income tax	298,242	342,207	361,940	(19,733)	14.74	5.98	6.33	5.91
VAT	168,100	187,640	194,207	(6,567)	11.62	3.28	3.40	3.33
Investment Revenue	5,015	11,055	13,891	(2,836)	-	0.19	0.24	0.10
Others	46,559	44,280	44,233	47	(4.89)	0.77	0.77	0.92
Appropriation-in-Aid	14,197	39,195	70,749	(31,554)	176.08	0.69	1.24	0.28
2. Grants	13,237	19,366	45,193	(25,827)	46.30	0.34	0.79	0.26
AMISOM Receipts	4,365	3,543	6,100	(2,557)	-	0.00	0.11	0.09
Revenue	4,189	4,295	7,258	(2,963)	2.54	0.08	0.13	0.08
Appropriation-in-Aid	4,170	11,000	30,740	(19,740)	163.79	0.19	0.54	0.08
Italian Debt Swap	514	527	361	0	-	0.00	-	0.00
County Health Facilities - DANIDA	0	0	734	0	-	0.00	-	0.00
B. EXPENDITURE and NET LENDING	843,531	1,131,289	1,184,706	(53,417)	34.11	19.78	20.71	16.72
1. Recurrent	500,001	628,747	644,804	(16,057)	25.75	10.99	11.27	9.91
Domestic Interest	79,340	85,700	85,022	677	8.02	1.50	1.49	1.57
Foreign Interest Due	9,573	21,309	15,294	6,015	122.60	0.37	0.27	0.19
Pension	19,272	26,879	27,094	(215)	39.47	0.47	0.47	0.38
Wages and Salaries	197,780	207,438	226,294	(18,856)	4.88	3.63	3.96	3.92
O & M/Others	194,036	287,422	291,100	(3,678)	48.13	5.03	5.09	3.85
County Governments	110,115	138,065	167,396	(29,331)	25.38	2.41	2.93	2.18
Parliamentary Service	15,320	16,234	17,328	(1,094)	-	0.00	0.30	0.30
Judicial Service	10,478	8,808	13,119	(4,311)	-	0.00	0.23	0.21
Equalization Fund	0	0	2,855	(2,855)	-	0.00	0.05	0.00
2. Development and Net Lending	207,616	364,477	364,651	(174)	75.55	6.37	6.38	4.12
3. CCE	0	0	5,000	(5,000)	-	0.00	0.09	0.00
C. DEFICIT EXCL.GRANT (Commitment basis)	(169,448)	(369,908)	(355,388)	-14,520	118.30	(6.47)	(6.21)	(3.36)
D. DEFICIT INCL.GRANTS (Commitment basis)	(156,211)	(350,542)	(310,196)	-40,347	124.40	(6.13)	(5.42)	(3.10)
E. ADJUSTMENT TO CASH BASIS	-1,107	(20,250)	-	(20,250)	1,729.70	(0.35)	-	(0.02)
F. DEFICIT INCL.GRANTS (Cash basis)	(157,318)	(370,792)	(310,196)	-60,597	135.70	(6.48)	(5.42)	(3.12)
G. FINANCING	157,318	370,792	310,196	60,597	135.70	6.48	5.42	3.12
1. Foreign financing	29,677	179,668	139,085	40,583	505.42	3.14	2.43	0.59
Disbursements	49,212	252,621	159,116	93,505	413.34	4.42	2.78	0.98
Programme Loans	0	3,454	3,841	(387)	-	0.00	0.07	0.00
Project Cash Loans	21,088	14,138	26,746	(12,608)	(32.96)	0.25	0.47	0.42
Project Loans AIA	28,124	36,301	77,053	(40,752)	29.07	0.63	1.35	0.56
Project Loans SGR AIA	0	123,456	0	123,456	-	0.00	-	0.00
Commercial Financing	0	75,272	51,476	23,796	-	0.00	0.90	0.00
Repayment (current)	(19,535)	(72,953)	(20,031)	(52,922)	273.45	(1.28)	(0.35)	(0.39)
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)	0	0	0	-	-	0.00	-	0.00
2.Domestic Loan Repayments(Receipts)	202	1,494	960	535	-	0.03	0.02	0.00
3. 2013/14 EUROBOND BALANCE	0	142,674	0	142,674	-	2.49	-	0.00
4. Domestic financing	127,439	46,956	170,151	(123,194)	(63.15)	0.82	2.98	2.53
MEMO ITEM								
GDP ESTIMATE	5,044,236.10	5,719,100.00	5,719,100.00					

*Provisional

Source: National Treasury

2.4 Financing

2.4.1 External Financing

38. Cumulative external financing for the period between July 1st 2014 and March 31st 2015 amounted to a net borrowing of KShs. 179.7 billion compared to a net borrowing of KShs. 29.7 billion in the same period of FY 2013/14 (*Table 10*). Total disbursements (inflows) including Appropriations-in-Aid amounted to KShs. 252.6 billion for the period ending 31st March 2015 against a target of KShs. 159.1 billion. This amount included KShs. 14.1 billion Project cash loans, KShs. 159.8 billion project loans (A.I.A. incl.

SGR), KShs. 75.3 billion Commercial financing and KShs. 3.5 billion programme loans. External repayments (outflows) of principal debt amounted to KShs. 73.0 billion against a target of KShs. 75.2 billion. The amount comprises of principal repayments due to both bilateral and multilateral organizations amounting to Kshs 9.1 billion and Kshs 10.4, respectively, and Commercial loans of Kshs 53.4 billion.

Table 10: External Financing, Period Ending 31st March, 2015 (KShs. Million)

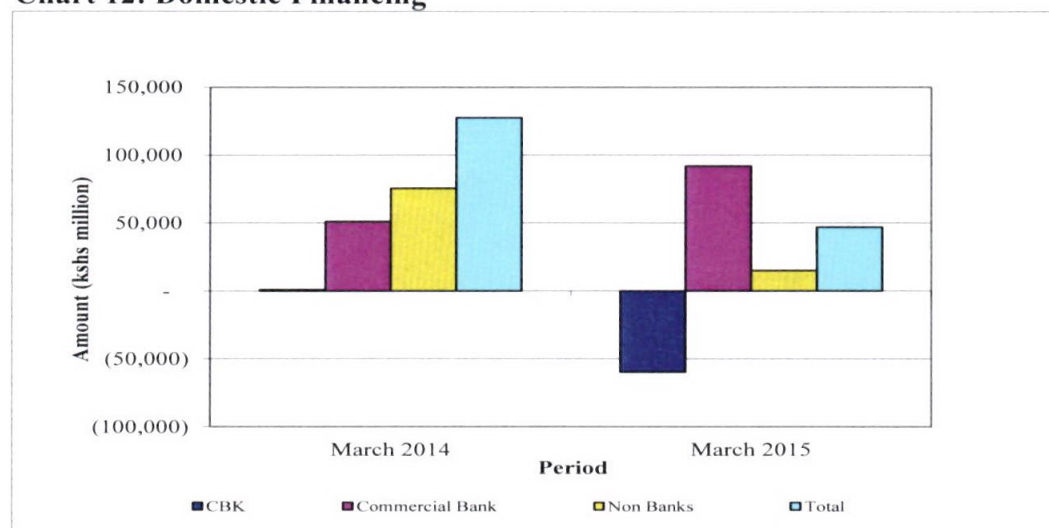
	Quarter III 2013/14	Quarter I 2014/15	Quarter II 2014/15	Quarter III 2014/15	Cumulative March 2015	
	Actual	Actual	Actual	Actual	Actual	Target
DISBURSEMENTS:	49,211.57	87,209.57	27,310.80	138,100.97	252,621.34	159,116.29
Project Cash loans	21,087.88	5,129.49	8,523.51	485.00	14,138.00	26,746.00
Project loans A-I-A	28,123.69	6,807.71	18,787.29	10,705.61	36,300.61	77,053.00
Project Loans SGR AIA	-	-	-	123,456.24	123,456.24	-
Commercial Financing	-	75,272.37	-	-	75,272.37	51,476.29
Programme Loans	-	-	-	3,454.13	3,454.13	3,841.00
EXTERNAL REPAYMENTS:	19,534.98	59,841.25	6,509.93	6,601.61	72,952.79	75,178.50
Bilateral(incl. Italy Debt SWAP)	9,484.30	3,130.76	3,052.65	2,942.48	9,125.89	9,896.84
Multilateral (excl. IMF)	9,639.05	3,685.49	3,065.16	3,659.13	10,409.78	10,436.19
Commercial	411.63	53,025.00	392.12	-	53,417.12	54,845.47
NET FOREIGN FINANCING	29,676.60	27,368.32	20,800.87	131,499.36	179,668.55	83,937.79

Source: National Treasury

2.4.2 Domestic Financing

39. By the end of March 2015, net domestic borrowing amounted to KShs. 47.0 billion against a target borrowing of ksh 170.2 billion (**Table 9**). The borrowing comprised of KShs. 91.8 billion from Commercial Banks, KShs. 16.9 billion from Non-Banking Financial Institutions and a repayments of, KShs. 59.7 billion to Central Bank, and KShs. 2.1 billion to Non-Residents (**Table 11**). Comparatively, for the same period in 2013, the net domestic borrowing was KShs. 127.4 billion, comprising of net borrowings of KShs. 70.0 billion from the non-banking financial institutions, KShs. 5.5 billion from Non-Residents, KShs. 51.0 billion from commercial banks and KShs. 993.0 million from Central Bank, (**chart 12**).

Chart 12: Domestic Financing



Source: Central Bank of Kenya

FISCAL DEVELOPMENTS

40. The stock of Treasury Bills held by Central Bank and Commercial Banks recorded net increase of KShs. 82.0 million and KShs. 52.4 billion, respectively while the stock of Treasury Bills held by Non-Banks and Non-residents recorded net decrease of KShs. 13.5 billion, and KShs. 2.5 billion, respectively. The stock of Fixed Rate Bonds held by Commercial Banks, Non-Residents, the Central Bank and non-Banks recorded net increase of KShs. 6.9 billion, KShs. 439.0 million, KShs. 3.0 million, and KShs. 2.6 billion respectively.

Table 11: Domestic Financing, Period Ending 31st March 2015 (KShs. Millions)

	MARCH	JUNE	SEPTEMBER	DECEMBER	MARCH
	2014	2014	2014	2014	2015
1.CENTRAL BANK	993	19,385	(45,117)	(90,863)	(59,685)
Overdraft	27,188	30,239	(2,864)	(6,308)	160
Treasury bills rediscounts	14,548	5	1,347	51	82
Fixed rate Bonds	(288)	(288)	1	(9)	3
Items on Transit	(114)	(84)	(49)	(44)	(8)
Frozen Account	(555)	(555)	-	(548)	(548)
Less Govt Deposits	(39,785)	(9,933)	(43,552)	(84,004)	(59,375)
2.COM. BANKS	50,966	73,441	(10,754)	21,691	91,796
Advances	(9)	864	(634)	(627)	(1,073)
Treasury bills	(5,771)	(1,935)	(15,372)	10,760	52,386
Fixed rate Bonds	48,205	76,206	733	(3,361)	6,947
Special Bonds	-	-	-	-	-
Zero Coupon bonds	-	-	-	-	-
Infrastructure Bonds	16,759	16,759	-	20,776	29,847
Savings and Development Bond	-	-	443	443	443
Less Govt Deposits	(8,218)	(18,453)	4,075	(6,300)	3,246
3. NON BANKS	69,964	102,497	(2,208)	(769)	16,896
Treasury bills	20,042	30,391	(6,326)	(20,139)	(13,465)
Fixed rate Bonds	32,183	54,367	(719)	267	2,571
Zero Coupon bonds	-	-	-	-	-
Infrastructure Bonds	17,739	17,739	-	14,266	22,952
Savings and Development Bond	-	-	4,838	4,838	4,838
4. NON RESIDENTS	5,517	6,404	(3,038)	(1,114)	(2,051)
Treasury bills	4,102	4,978	(2,994)	(1,081)	(2,454)
Fixed rate Bonds	(28)	(17)	(44)	(46)	439
Infrastructure Bond	1,443	1,443	-	13	(36)
Savings and Development Bond	-	-	-	-	-
Zero Coupon bonds	-	-	-	-	-
5. NET CREDIT	127,439	201,727	(61,117)	(71,055)	46,956

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

41. The gross public debt increased by KShs. 252.4 billion from KShs. 2,422.8 billion as at end of June 2014 to KShs. 2,675.2 billion (equivalent to 46.8 per cent of GDP) by 31st March 2015, comprising of 47.8 per cent of external debt and 52.2 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. 177.1 billion from June 2014 to March 2015 (*Table 12*).

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

	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15*
EXTERNAL									
BILATERAL	255,282	257,637	228,180	245,138	243,498	289,914	278,547	287,196	384,607
MULTILATERAL	490,619	511,791	540,215	558,725	577,914	597,340	608,022	612,353	618,456
COMMERCIAL BANKS	57,905	58,928	59,603	59,144	59,205	234,799	185,163	255,188	259,746
SUPPLIERS CREDIT	14,957	15,207	15,606	15,763	15,750	16,451	16,096	15,959	15,298
SUB - TOTAL	818,763	843,563	843,603	878,770	896,366	1,138,504	1,087,828	1,170,696	1,278,108
DOMESTIC:									
CENTRAL BANK	55,320	36,383	66,321	64,620	77,161	65,700	63,580	58,286	64,835
COMMERCIAL BANKS	475,427	527,080	554,587	563,009	585,825	617,221	601,426	649,940	715,011
TOTAL BANKS	530,747	563,462	620,909	627,629	662,986	682,921	665,006	708,227	779,846
NON BANKS	451,164	487,094	547,207	561,554	568,197	601,406	595,868	599,723	617,280
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
GRAND TOTAL GROSS	1,800,674	1,894,119	2,011,719	2,067,953	2,127,549	2,422,831	2,348,702	2,478,646	2,675,234
LESS ON-LENDING	(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)
GRAND TOTAL NET	1,675,929	1,732,684	1,774,161	1,823,354	1,989,792	2,217,315	2,103,447	2,174,066	2,394,449

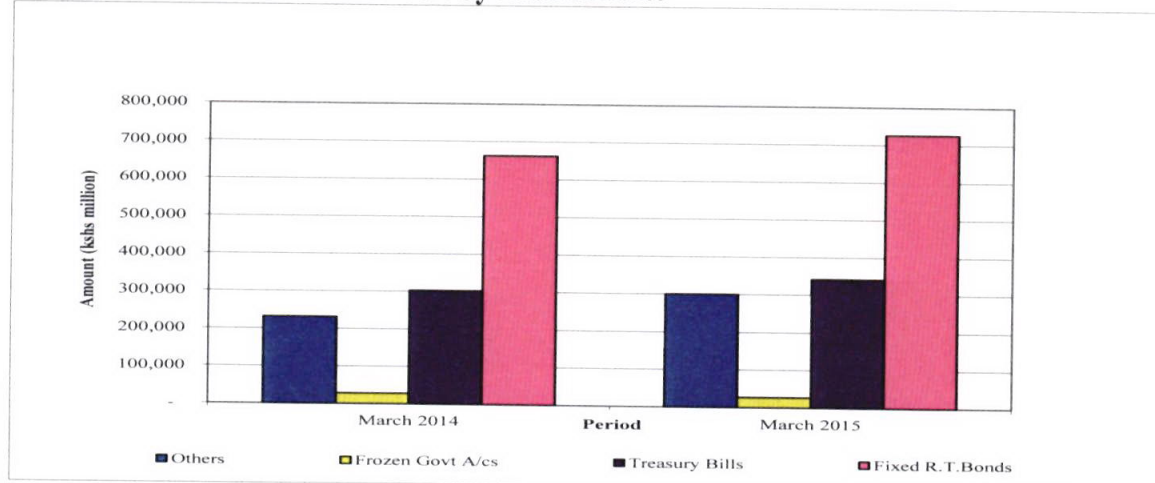
*Provisional

Source: National Treasury

3.2 Domestic Debt

42. The stock of domestic debt increased by KShs. 112.8 billion from KShs. 1,284.3 billion in June 2014 to KShs. 1,397.1 billion in March 2015. The stock of Treasury Bills held by Central Bank, Commercial Banks, Non-Banking Financial Institution and Non Residents increased by KShs. 42.9 billion from KShs. 276.0 billion in June 2014 to KShs. 342.3 billion in March 2015, (*Table 13*). The total stock of Treasury Bonds, Floating, Fixed Rate, Special and Zero coupon Bonds, increased by KShs. 13.3 billion from KShs. 723.3 billion in June 2014 to KShs. 736.6 billion in March 2015 (*Chart 13*).

Chart 13: Domestic Debt Stock by Instruments



Source: Data from CBK

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

	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
1. CENTRAL BANK	36,383	66,321	64,620	77,161	65,700	63,578	58,286	64,835
Overdraft	6,999	34,187	34,187	34,187	37,238	34,374	30,929	37,398
Frozen Govt Accounts	28,889	28,889	28,889	28,334	28,334	27,779	27,231	27,231
Treasury bills / bonds rediscounts	8	3,036	1,462	14,556	13	1,358	64	95
Items on Transit	154	79	48	39	70	21	25	62
Fixed rate bonds	333	131	35	45	46	46	36	48
2. COMBANKS	527,080	554,587	563,009	585,825	617,221	601,426	649,940	715,011
Advances	2,578	2,427	2,439	2,211	4,449	2,739	3,291	2,594
Stocks	-	-	-	-	-	-	-	-
Treasury Bills	183,454	199,290	191,083	175,776	176,437	161,528	191,132	236,776
Floating Rate T. Bonds	-	-	-	-	-	-	-	-
Fixed Rate T. Bonds	262,689	263,319	273,150	311,502	339,999	340,323	337,638	348,473
Special Bonds	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	7,148	7,648	7,648	7,648
Infrastructure Bonds	61,210	72,403	79,188	79,188	79,188	79,188	100,231	109,519
3. NON BANKS	477,525	537,480	551,277	554,226	586,481	584,058	585,917	604,389
Stocks	-	-	-	-	-	-	-	-
Treasury Bills	78,155	99,088	107,918	101,952	111,513	104,780	89,838	96,446
Floating Rate T. Bonds	-	-	-	-	-	-	-	-
Fixed Rate T. Bonds	315,028	343,894	338,633	347,551	370,245	369,046	371,410	374,585
Tax Reserve Certificate	69	69	69	69	69	69	69	69
Zero Coupon Bonds	-	-	-	-	-	-	-	-
Infrastructure Bonds	69,201	79,357	89,585	89,583	89,583	89,583	104,020	112,709
Savings and Development Bond	15,072	15,072	15,072	15,072	15,072	20,580	20,580	20,580
4. NON RESIDENTS	9,569	9,727	10,277	13,971	14,925	11,812	13,806	12,891
Treasury Bills	6,076	6,212	6,798	10,500	11,443	8,374	10,370	8,959
Floating Rate T. Bonds	-	-	-	-	-	-	-	-
Fixed Rate T. Bonds	3,043	3,065	3,028	3,017	3,029	2,985	2,983	3,478
Zero Coupon Bonds	-	-	-	-	-	-	-	-
Savings and Development Bond	9	9	9	9	9	9	9	9
Infrastructure Bonds	441	441	443	445	445	445	445	445
5. TOTAL DEBT	1,050,556	1,168,115	1,189,183	1,231,183	1,284,327	1,260,875	1,307,950	1,397,126
6. LESS ON-LENDING	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	132,056	199,815	239,554	298,879	275,083
8. NET DEBT	889,121	930,558	944,584	1,093,426	1,078,811	1,015,619	1,003,370	1,116,341

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

In dollar terms, external public debt stock increased by US \$ 849.7 million from US\$ 12,992.4 million in June 2014 to US\$ 13,842.1 million by end of March 2015 (**Table 14 and Chart 14**). The debt stock comprised 30.1 per cent, 48.4 per cent, 20.3 per cent and 1.2 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 March 2015 Ksh/US\$= 92.335)

FISCAL DEVELOPMENTS

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

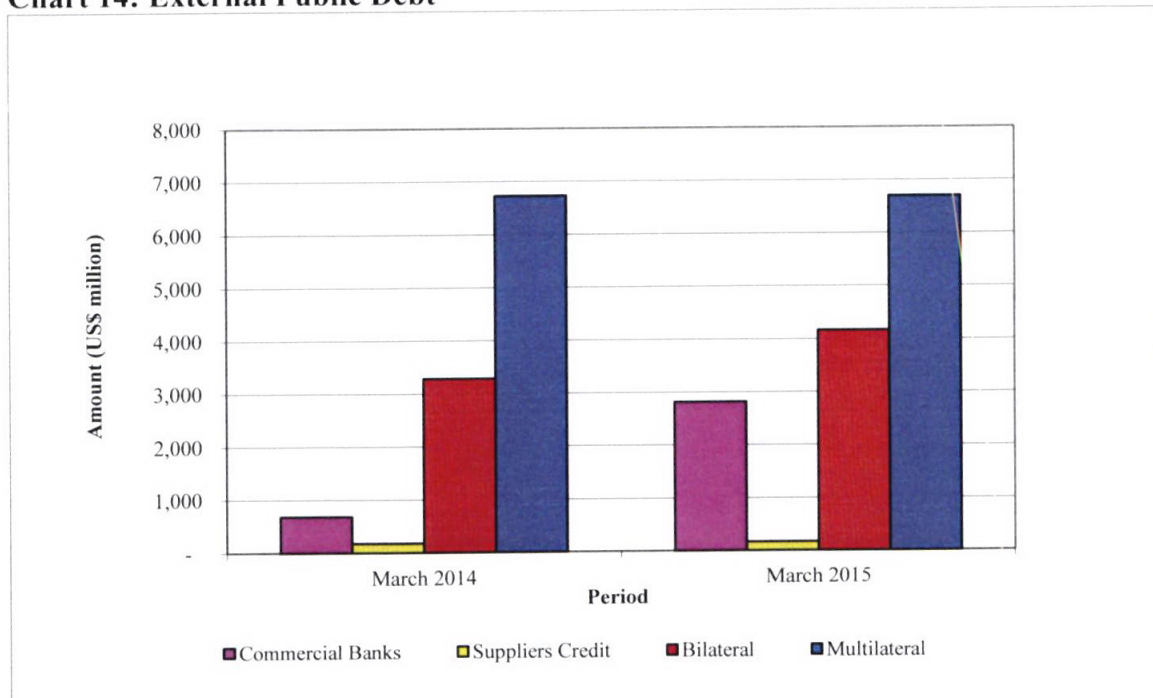
CREDITOR	Jun-11	Jun-12	Jun-13	Sept. 2013	Dec. 2013	Mar-14	Jun-14	Sep-14	Dec. 2014	Mar. 2015*
<u>BILATERAL</u>										
AUSTRIA	22.45	15.64	11.90	12.29	10.12	10.08	8.18	7.00	6.10	5.43
BELGIUM	100.57	87.44	88.40	89.10	87.89	92.58	92.40	81.06	72.16	64.79
CANADA	14.2	17.70	16.10	16.17	15.39	15.39	15.39	14.57	13.70	13.70
DENMARK	35.4	24.65	23.10	23.86	23.46	23.38	22.73	20.79	19.09	16.88
FINLAND	1.47	1.24	1.10	1.14	1.07	1.07	1.07	0.95	0.84	0.80
FRANCE	448.98	435.80	551.10	626.96	683.57	689.44	702.75	665.84	664.36	589.69
GERMANY	296.78	295.36	291.10	301.74	305.06	303.81	303.58	278.75	263.23	224.78
ITALY	48.83	34.75	24.80	19.64	19.87	19.79	19.59	12.66	12.11	10.83
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
NETHERLANDS	33.52	34.73	30.20	34.13	32.48	31.45	30.83	26.36	24.10	20.22
UK	25.91	22.99	20.10	21.30	20.35	20.52	21.01	18.58	16.29	15.47
USA	65.66	60.90	56.00	55.55	53.39	52.22	51.83	49.73	48.51	46.89
CHINA	361.1	466.81	733.92	753.27	940.63	918.54	922.76	922.30	1,096.55	2,214.53
OTHERS	160.08	150.29	138.38	140.78	150.28	145.07	152.08	146.09	138.65	138.33
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	3,170.00	4,165.34
<u>MULTILATERAL</u>										
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
BADEA			-	-	-	-	-	-	-	-
EEC/EIB	139.06	129.80	183.30	186.41	187.73	183.82	235.74	235.53	232.65	204.40
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
OTHERS	98.93	909.60	857.80	867.34	966.04	961.84	950.42	883.96	833.30	786.53
		112.76	103.40	106.31	105.87	104.55	148.35	100.44	97.05	92.32
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
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
EXPORT CREDIT	278.65	175.84	176.80	180.11	182.64	182.20	187.75	180.29	176.15	165.68
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	12,921.89	13,842.07
BILATERAL	35.55	31.79	30.54	30.68	31.01	30.16	25.47	25.61	24.53	30.09
MULTILATERAL	60.99	59.77	60.67	60.77	60.83	61.87	52.46	55.89	52.31	48.39
COMMERCIAL BANKS 1/	-	6.52	6.99	6.77	6.44	6.30	20.62	17.02	21.80	20.32
EXPORT CREDIT	3.46	1.91	1.80	1.77	1.72	1.67	1.45	1.48	1.36	1.20
TOTAL	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

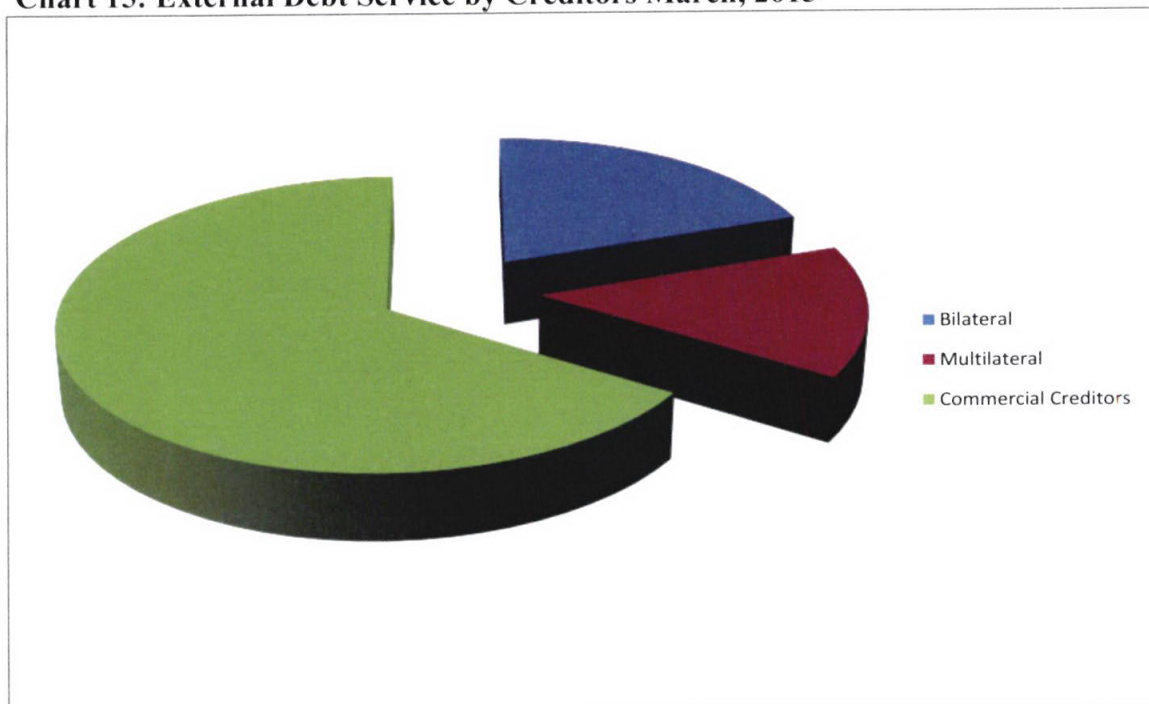


Source: National Treasury

3.3.1 External Debt Service

43. At the end of March 2015, the total cumulative debt service payments to external creditors amounted to KShs 94.3 billion. This comprised of KShs 73.0 billion (77.4 per cent) principal and KShs 21.3 billion (22.6 per cent) interest (*Table 15 and chart 15*).

Chart 15: External Debt Service by Creditors March, 2015



Source: National Treasury

Table 15: External Debt Service, July 2014– March 2015 (KShs. Million)

CATEGORY	PRINCIPAL*	INTEREST*	TOTAL*
BILATERAL			
AUSTRIA	56.48	7.07	63.55
FINLAND	7.81	3.39	11.20
FRANCE	1,754.54	830.97	2,585.51
ITALY	530.82	0.34	531.16
JAPAN	2,958.44	624.03	3,582.47
SAUDI FUND	263.67	24.07	287.74
SPAIN	305.12	143.57	448.69
USA	235.45	99.25	334.70
CANADA	71.02	5.10	76.12
BELGIUM	745.65	82.51	828.16
GERMANY	351.24	124.08	475.32
CHINA	1,102.01	7,401.76	8,503.77
KUWAIT	213.35	22.31	235.66
NETHERLANDS	271.23	51.90	323.13
SWEDEN	21.55	1.06	22.61
SWITZERLAND	23.80	0.75	24.55
DENMARK	75.84	-	75.84
KOREA	-	19.75	19.75
UK	137.87	11.22	149.09
INDIA	-	3.94	3.94
TOTAL BILATERAL	9,125.89	9,457.07	18,582.96
MULTILATERAL			
ADB/ADF	604.25	854.59	1,458.84
BADEA	85.82	21.64	107.46
EEC	256.97	26.32	283.29
EIB	570.81	421.11	991.92
IDA	8,434.76	1,920.60	10,355.36
OPEC	292.26	52.91	345.17
NDF	9.96	15.12	25.08
IFAD	154.97	53.46	208.43
**IMF	-	-	0.00
TOTAL MULTILATERAL	10,409.80	3,365.75	13,775.55
COMMERCIAL	53,417.12	8,486.19	61,903.31
GRAND TOTAL	72,952.81	21,309.01	94,261.82

* Provisional

** IMF debt serviced by CBK

Source: National Treasury

FISCAL RESULTS, 2003/04 – 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	974,481	1,012,330
1 Revenue	226,478.00	265,715	283,427	340,000	396,489	455,780	538,836	609,223	683,579	777,800	901,990	1,087,106
Income Tax	77,400.00	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	119,939	126,854	146,792	171,881	176,386	184,916	232,630	267,018
Import Duty	22,324.00	23,532	20,511	27,510	32,944	36,811	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	32,916	38,426	59,268	52,053	64,133	76,488	67,815	80,567
2 Appropriation-in-Aid	28,203.00	24,087	27,824	33,020	35,731	32,113	47,541	58,316	66,362	71,155	55,428	94,014
B. EXPENDITURE & NET LENDING	282,807.00	303,373	382,888	489,570	534,842	595,719	725,201	818,849	945,313	1,118,859	1,297,760	1,597,812
1 Recurrent	244,476.00	255,746	306,515	306,847	403,368	435,542	510,516	592,427	650,414	796,098	749,635	871,533
Wages and Salaries	95,850.00	105,612	122,277	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	76,899	81,913	121,353	131,954	147,441
Domestic Interest	23,281.00	23,375	31,445	36,860	42,801	45,949	57,382	69,209	71,873	101,884	119,813	129,298
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	27,891	28,977	25,724	26,082	26,996	30,651	46,056
Civil Service Reform	273.00		1,300	1,192	800	121	50	5	6	10		
Operations & maintenance/ Others	105,041.00	107,096	131,932	151,211	184,606	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	37,710.00	45,627	67,692	80,354	131,473	160,177	214,685	219,422	294,899	305,978	319,312	493,605
Development Projects	25,943.00	28,824	48,037	62,123	86,213	111,962	165,461	171,463	190,106	186,231	225,890	312,475
Appropriation-in-Aid	12,341.00	15,929	18,607	16,750	42,932	45,842	46,956	46,809	102,144	117,346	91,239	174,006
Payment of guaranteed loans	1,368.00	860	4,000		2,328	2,373	2,268	1,50	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	19,390	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)	(16,540)	(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	10,065	31,190	11,769	15,161	20,506	26,957	58,734
F. DEFICIT INCL. GRANTS (Commitment basis)	(11,282.00)	(1,334)	(51,497)	(10,977)	(77,173)	(97,761)	(107,634)	(125,541)	(180,211)	(242,398)	(296,385)	(357,848)
G. ADJUSTMENT TO CASH BASIS	11,282.00	5,964	15,030	(5,571)	84,738	(27,259)	(66,740)	6,768	(1,168)	(1,168)	(12,739)	
H. DEFICIT INCL. GRANTS (cash basis)		7,298	(36,467)	(16,269)	7,566	(117,020)	(174,374)	(181,773)	(180,211)	(255,566)	(309,125)	(357,848)
I. FINANCING												
Foreign Financing	(8,809.00)	(6,251)	12,116	(2,392)	6,326	41,143	22,895	28,390	113,059	85,790	106,100	112,730
Domestic Financing	8,809.00	(6,673)	35,251	38,661	(1,891)	15,179	63,400	109,776	109,776	212,994	245,117	245,117
Of which Domestic Borrowing	8,809.00	(6,673)	7,000	4,000		69,427	117,037	90,383	63,400	109,776	212,727	117,229
Others							34,442				12,67	143,388
In Percentage of GDP												
A. TOTAL REVENUE	21.11	21.55	20.49	21.63	22.02	21.80	23.86	29.36	31.78	31.88	31.32	20.65
1 Revenue	18.78	19.76	18.66	19.72	20.20	20.37	21.92	27.67	27.12	27.30	28.22	19.01
Income Tax	6.42	7.00	7.17	7.24	7.99	8.24	8.82	7.50	7.82	8.30	8.91	9.48
VAT	5.12	5.65	5.02	5.58	5.70	5.67	5.97	4.99	4.42	4.11	4.61	4.67
Import Duty	1.85	1.75	1.35	1.60	1.68	1.62	1.68	1.34	1.29	1.28	1.34	1.36
Excise Duty	3.32	3.28	3.31	3.27	3.15	3.12	3.04	2.34	1.98	1.91	2.02	2.09
Other Revenue	2.07	2.08	1.81	2.03	1.68	1.72	2.41	1.51	1.61	1.70	1.33	1.41
2 Appropriation-in-Aid	2.34	1.79	1.83	1.92	1.82	1.43	1.93	1.66	1.58	1.62	1.10	1.65
B. EXPENDITURE & NET LENDING	23.39	22.56	25.20	24.33	27.25	26.62	29.50	23.55	23.67	24.73	25.73	27.94
1 Recurrent	20.27	19.01	20.11	19.80	20.55	19.46	20.77	27.11	26.29	27.71	28.86	15.24
Wages and Salaries	7.95	7.85	7.39	7.38	7.44	6.94	7.02	5.76	5.48	6.10	5.57	5.30
Interest Payments	2.46	2.27	2.72	2.47	2.44	2.33	2.58	2.21	2.05	2.70	2.62	2.58
Domestic Interest	1.93	1.74	2.07	2.14	2.15	2.05	2.33	2.01	1.80	2.45	2.36	2.15
Foreign Interest Due	0.53	0.53	0.65	0.33	0.29	0.27	0.25	0.20	0.25	0.25	0.25	0.43
Pensions	1.11	0.93	1.30	1.19	1.23	1.21	1.19	0.75	0.65	0.60	0.60	0.81
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	8.47	8.10	8.31	6.07	6.55
of which Appropriation-in-Aid	1.94	1.56	1.57	1.66	1.65	1.81	1.74	1.57	1.54	1.52	0.56	1.08
2 Development & Net Lending	3.13	3.39	4.46	4.66	6.70	7.16	8.73	6.36	7.38	6.81	6.33	8.63
Development Projects	2.15	2.14	3.16	3.60	4.39	5.00	6.73	4.97	4.76	4.14	4.48	5.46
Appropriation-in-Aid	1.02	1.18	1.22	0.97	2.19	2.05	1.91	1.36	2.56	2.61	1.81	3.04
Payment of guaranteed loans	0.11	0.06	0.26		0.12	0.11	0.09	0.03	0.07	0.05	0.04	0.04
3. Drought Expenditures		0.15	0.07	0.09								0.09
4. Transfer to County Governments										0.22	0.38	4.01
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)	(4.19)	(4.89)	(5.85)	(6.41)	(7.78)
E. GRANTS	1.35	1.11	1.32	0.90	1.30	0.81	1.27	0.54	0.38	0.46	0.51	1.03
F. DEFICIT INCL. GRANTS (Commitment basis)	(0.94)	(0.10)	(3.39)	(1.78)	(3.93)	(4.01)	(4.38)	(3.64)	(4.51)	(5.39)	(5.88)	(6.20)
G. ADJUSTMENT TO CASH BASIS	0.94	0.44	0.99	(0.32)	4.32	(1.22)	(2.72)	0.20		(0.29)	(0.25)	
H. DEFICIT INCL. GRANTS (cash basis)		0.54	(2.40)	(2.10)	0.39	(5.23)	(7.09)	(3.45)	(4.51)	(5.68)	(6.13)	(6.26)
I. FINANCING		(0.54)	2.40	2.10	(0.39)	5.23	7.09	3.45	4.42	5.68	6.13	6.26
Foreign Financing	(0.73)	(0.05)	0.08	(0.14)	0.32	1.84	0.93	0.82	2.83	1.91	2.10	1.97
Domestic Financing	0.73	(0.50)	2.32	2.24	(0.71)	3.39	6.16	2.62	1.59	3.78	4.02	4.29
Of which Domestic Borrowing	0.73	(0.50)	0.46	0.23		3.10	4.76	2.62	1.59	3.78	4.00	1.78
Others							1.40				0.03	2.51
Memorandum Item:												
Nominal GDP at Market price (KShs. million)	1,206,894.50	1,345,026.00	1,519,079.00	1,724,897.00	1,962,879.00	2,238,000.00	2,458,000.00	3,447,609.95	3,993,534.55	4,495,975.60	5,044,236.10	5,719,100.00

Note: * indicate Preliminary results

** Printed Budget

Source: National Treasury

