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THE NATIONAL TREASURY

Quarterly Economic and Budgetary Review

First Quarter, Financial Year 2014/2015
Period ending 30th September 2014

November 2014 Edition

Quarterly Economic and Budgetary Review

First Quarter, Financial Year 2014/2015
Period ending 30th September 2014

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LIST OF ABBREVIATIONS AND ACRONYMS

A-I-A	Appropriation in Aid
CBK	Central Bank of Kenya
FISM	Financial Services Indirectly Measured
FY	Fiscal Year
GDP	Gross Domestic Product
IMF	International Monetary Fund
KNBS	Kenya National Bureau of Statistics
KShs	Kenya Shillings
Mn	Million
NDA	Net Domestic Asset
NFA	Net Foreign Asset
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. Section 83 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, 2014/2015

1. Recent Economic Developments

The Kenya National Bureau of Statistics (KNBS) initiated the process of rebasing and revising of the National Accounts Statistics (NAS) in 2010 and completed the exercise in September 2014. The rebased GDP estimates in nominal terms for 2013 is Ksh 4,757.5 billion which represents 25.3 per cent increase from the previous estimates. This translates to US\$ 1,269 in GDP per Capital in 2013, up from US\$ 994 in 2013, placing Kenya at lower middle income Economy. Kenya's economy is now ranked as the 9th largest in Africa and 4th largest in SSA.

The economy is estimated to have expanded by 5.8 per cent in the second quarter of 2014 compared to 7.2 per cent recorded during a similar quarter of 2013. This growth was mainly supported by robust growths in; construction (18.9 per cent), manufacturing (9.1 per cent) financial & insurance (8.3 per cent); information and communication (6.4 per cent); and wholesale and retail trade (6.8 per cent).

2. Total Revenue Collection

The National Government cumulative revenue collection including A-I-A for the financial year ending September 2014 amounted to KShs. 244.7 billion (equivalent to 4.4 per cent of GDP) against a target of KShs. 264.9 billion or 4.8 per cent of GDP. This represented an underperformance of KShs. 20.2 billion mainly due to shortfall in A-I-A collection, VAT, Import duty and Excise 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 2014 amounted to KShs. 276.6 billion. This was KShs. 101.4 billion below the target of KShs. 378.0 billion and was largely attributed to lower absorption in operations and maintenance in the National Government, as well as delay in passing of the revenue allocation bill for the County Governments. Utilization of foreign financed development expenditures was also slow.

4. Guaranteed Loans

At the end of the period ending 30th September 2014, the National Government paid a total of KShs. 181.2 million on guaranteed loan repayments against the projected debt service on guaranteed loans of KShs. 170.6 million. The variance is attributed to difference in exchange rate movements.

5. The Overall Fiscal Balance

The cumulative overall fiscal balance, on a commitment basis (excluding grants), amounted to a deficit of KShs. 31.9 billion (equivalent to 0.57 per cent of GDP), as at end-September 2014, compared with a deficit of KShs. 30.2 billion (equivalent to 0.61 per cent of GDP) in a similar period ending 30th September 2013.

6. External Financing

External financing amounted to a net borrowing of KShs. 5.1 billion, compared to a net borrowing of KShs. 4.1 billion in a similar period ending 30th September 2013.

7. Net Domestic Borrowing

Net domestic financing amounted to KShs. -61.1 billion (equivalent to -1.1 per cent of GDP) in the period ending 30th September, 2014, compared to the KShs. 48.6 billion (equivalent to 1.0 per cent of GDP) in a similar period ending 30th September 2013.

8. Domestic Debt

Total gross domestic debt stock decreased by 1.8 per cent from KShs. 1,284.3 billion as at end-June 2014 to KShs. 1,260.9 billion by the end-September 2014.

9. External Debt

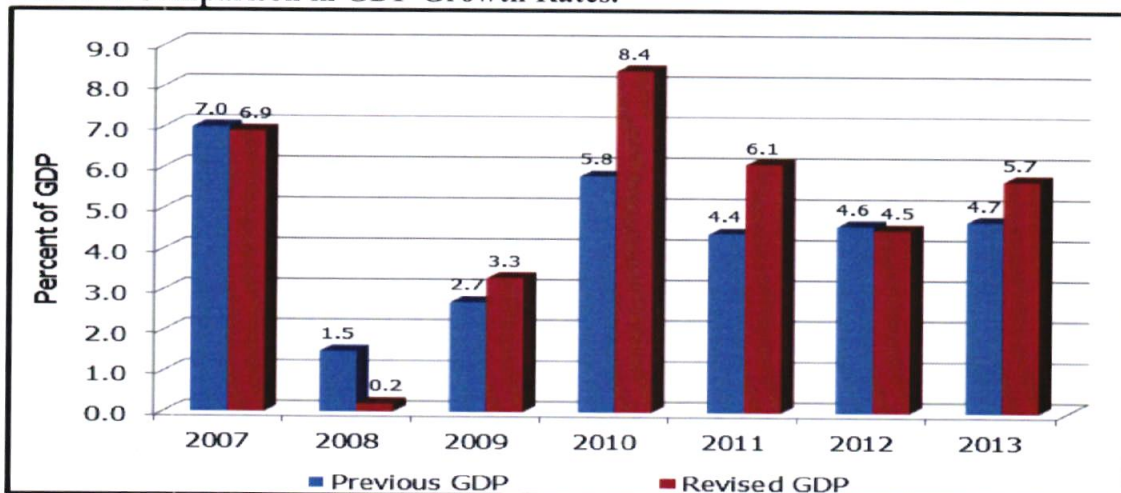
The total external debt stock stood at KShs. 1,087.8 billion at the period ending September 2014, this includes the International Sovereign Bond. The debt stock comprised of multilateral debt (55.9 per cent), bilateral debt (25.6 per cent), Export Credit debt (1.5 per cent), and Commercial banks (17.0 per cent- incl. International Sovereign Bond)

RECENT ECONOMIC DEVELOPMENTS

1.0 RECENT ECONOMIC DEVELOPMENTS

1. The revised GDP estimates in nominal terms for 2013 is Ksh 4,757.5 billion which represents 25.3 per cent increase from the previous estimates (**Chart 1**). The revised estimates show that the economy grew by 5.7 per cent in 2013 compared to the 4.5 per cent growth in 2012.. The increase in growth in 2013 was supported by improved activities in agriculture, forestry and fishing, manufacturing , wholesale and retail trade, financial and insurance activities and information and communication

Chart 1: Comparison in GDP Growth Rates.



Source: KNBS.

2. The economy is estimated to have expanded by 4.4 per cent in the first quarter of 2014 compared to 6.4 per cent during the same quarter of 2013. During the second quarter of 2014, the economy expanded by 5.8 per cent compared to 7.2 per cent recorded during a similar quarter of 2013. The growth in the second quarter was mainly supported by robust growths in; construction (18.9 per cent), manufacturing (9.1 per cent) financial & insurance (8.3 per cent); information and communication (6.4 per cent); and wholesale and retail trade (6.8 per cent) (**Table1**).

3. Agriculture grew by 5.5 per cent in the second quarter of 2014 compared to a growth of 6.0 per cent over a similar period in 2013. The slowed growth was largely attributed to erratic weather and suppressed external demand during the review period. Quantities of exports of cut flowers and vegetables declined, while that of fruits rose marginally.

4. Information and Communication sector expanded by 6.4 per cent in the second quarter of 2014 compared to a growth of 13.0 per cent in 2013, mainly on account of a slowdown in the telecommunication sector.

5. The Manufacturing sector recorded an overall growth of 9.1 per cent during the second quarter of 2014 compared to a 5.4 per cent growth during the second quarter of 2013. The expansion was mainly driven by growth in non-food manufacturing, notably the production of cement production and assembly of motor vehicles.

RECENT ECONOMIC DEVELOPMENTS

Table 1: Sectoral Growth (constant 2009 prices)

	2011	2012	2013	2013		2014	
				Q1	Q2	Q1	Q2
Agriculture, forestry and fishing	2.4	2.9	5.1	5.1	6.0	5.9	5.5
Mining and quarrying	19.0	19.0	-9.0	14.2	-23.4	0.2	12.1
Manufacturing	7.2	-0.5	5.9	10.2	5.4	7.9	9.1
Electricity supply	9.4	9.6	5.8	4.5	9.0	5.7	5.6
Construction	4.0	11.2	5.5	8.3	8.7	9.0	18.9
Wholesale and retail trade; repairs	8.3	7.0	9.2	15.1	11.8	14.0	6.8
Transport and storage	7.1	2.8	1.3	-9.5	1.4	-5.3	0.1
Hotels and restaurants	4.5	2.7	-4.6	-4.2	-8.6	-32.7	-18.6
Information and communication	22.4	2.2	13.5	16.0	13.0	10.3	6.4
Financial and insurance activities	4.7	6.0	9.3	11.6	11.1	8.6	8.3
Real estate	5.1	4.0	4.1	4.2	4.3	3.2	2.6
Public administration and defence	2.5	5.9	0.2	5.5	4.3	-12.0	5.2
Education	7.5	11.6	6.9	10.2	8.7	4.9	5.2
Human health and social work activities	-2.6	-3.2	6.8	-3.0	8.0	20.4	13.3
Other service activities	1.5	2.3	4.4	3.3	4.9	3.9	2.3
FISIM	9.1	10.1	5.7	10.3	6.9	14.2	15.1
All economic activities	5.4	4.2	5.3	6.0	6.2	4.4	5.8
Taxes on products	12.6	6.0	9.2	9.5	15.5	5.0	6.5
GDP at market prices	6.1	4.5	5.7	6.4	7.2	4.4	5.8

Source: KNBS

6. The Financial and insurance activities recorded a slowed growth of 8.3 per cent in the second quarter of 2014 compared to 11.1 per cent growth in the second quarter of 2013. This growth is mainly due to the improved accessibility to the financial services.

7. During the second quarter of 2014, Construction recorded an increased growth of 18.9 per cent compared to a growth of 8.7 per cent in a similar quarter in 2013. The growth in the sector was reflected in the increased cement consumption.

8. Electricity supply had a decreased growth of 5.6 per cent during the second quarter of 2014 compared to a growth of 9.0 per cent in 2013 same period. This was as a result of a substantial decrease in hydro generation of electricity which was matched by a significant increase in thermal generation and therefore impacted negatively on the growth of the sector.

9. Mining and Quarrying sector recorded an increased growth of 12.1 per cent in the second quarter of 2014 compared to a contraction in growth of 23.4 per cent in the same period in 2013.

10. The Hotels and Restaurants sector recorded a negative growth of 18.6 per cent during the second quarter of 2014 compared to a negative growth of 8.6 per cent in the same quarter in 2013. The poor performance in the sector was primarily due to the deceleration in growth of the hotel industry that was largely due to insecurity concerns coupled with negative travel advisories by some key tourist source countries

1.2 Inflation

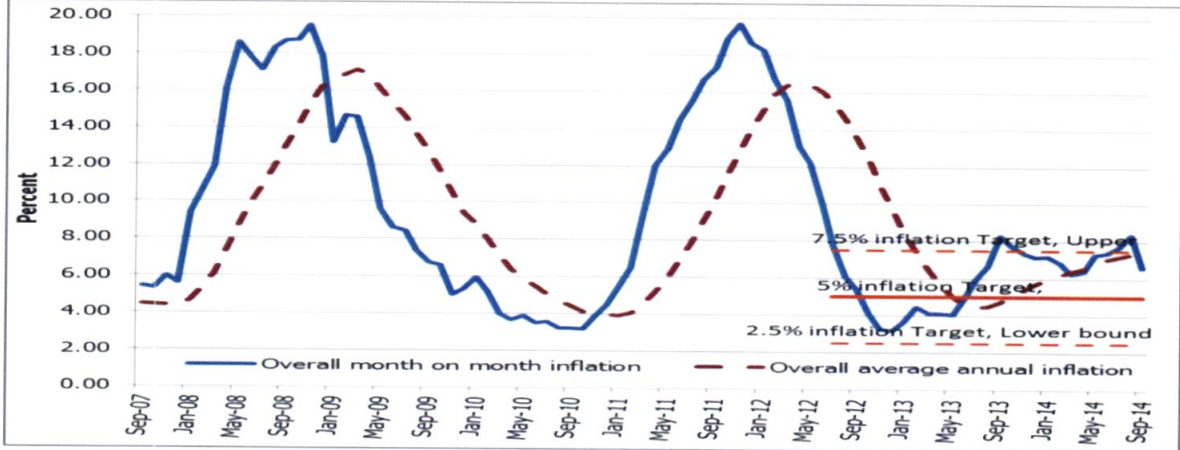
11. Overall month on month inflation declined to 6.6 per cent in September 2014 from 8.3 per cent in August 2014 and 7.7 per cent in July 2014 (**Chart 2**). On average, the annual inflation rate was 7.2 per cent in September 2014 compared to 4.7 per cent in September 2013.

RECENT ECONOMIC DEVELOPMENTS

12. The decline in overall inflation in September 2014 is largely attributed to the base effect arising from implementation of VAT in September 2013 and lower food and fuel inflation. Food inflation fell from 10.4 per cent in August 2014 to 8.1 per cent in September 2014.

13. Fuel inflation also eased from 8.59 per cent in August 2014 to 7.2 per cent in September 2014 while non-food non-fuel inflation declined from 4.9 per cent in August 2014 to 3.7 per cent in September 2014.

Chart 2: Inflation



Source: KNBS

14. Between August and September 2014, the Housing, Water, Electricity, Gas and Other Fuels' Index, decreased by 0.5 per cent. The decline was attributed to notable falls in the cost of kerosene and electricity. Electricity prices were lower due to reduction in fuel cost and forex adjustment charges.

1.3 Balance of Payments

15. Kenya's overall balance of payments position recorded a surplus of US\$ 1,317 million in the year to September 2014 from a surplus of US\$ 636 million in the year to September 2013 (Table 2 and Chart 3). The improved surplus reflected an increase in the capital and financial account that more than offset the increasing deficit in the current account.

16. The current account deficit increased by 14.0 per cent to US\$ 5,293 million in the year to September 2014 from US\$ 4,643 million in the year to September 2013. As a share to GDP, current account deficit amounted to 9.58 per cent from 9.2 per cent over the same period. This was largely attributed to the widening of the merchandise account by US\$ 1,269 to US\$ 12,163 million in the year to September 2014 that more than offset the improvement in the value of service account by 9.9 per cent. The widening of the merchandise account is as a result of the increasing imports while the exports remain stable.

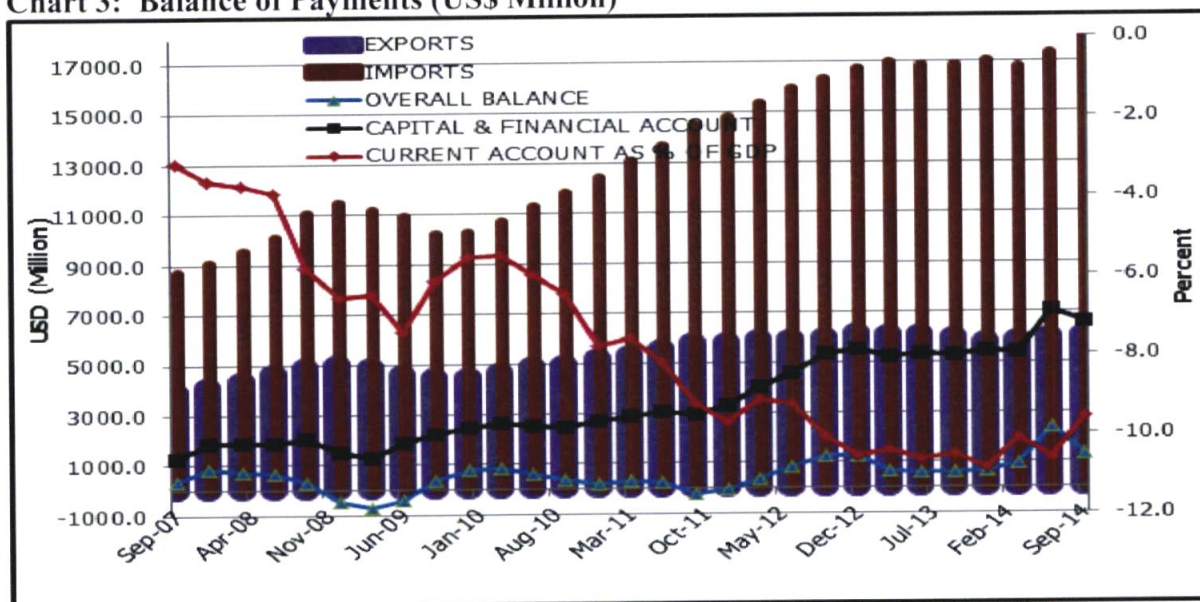
RECENT ECONOMIC DEVELOPMENTS

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

ITEM	Year to Sept 2012	Year to Sept 2013	Year to Sept 2014	Year to Sept 2014	
				Absolute Change	Percentage Change
1. CURRENT ACCOUNT	-4,057	-4,643	-5,293	-650	14.0%
2. MERCHANDISE ACCOUNT	-10,273	-10,894	-12,163	-1,269	11.6%
2.1 Exports (fob)	6,014	5,977	6,053	76	1.3%
Coffee	269	198	219	20.9	10.5%
Tea	1,156	1,285	1,074	-211.1	-16.4%
Horticulture	672	721	776	54.7	7.6%
Oil products	77	62	58	-4.0	-6.4%
Manufactured Goods	712	695	620	-74.5	-10.7%
Raw Materials	349	385	422	36.8	9.6%
Chemicals and Related Products (n.e.s)	571	487	459	-28.3	-5.8%
Miscellaneous Man. Articles	548	577	624	47.1	8.2%
Re-exports	371	527	849	321.4	61.0%
Other	1,287	1,039	953	-86.6	-8.3%
2.2 Imports (cif)	16,287	16,871	18,217	1,345.3	8.0%
Public	279	119	118	-1.3	-1.1%
Private	16,008	16,752	18,099	1,346.6	8.0%
Oil	4,055	3,926	4,176	249.5	6.4%
Chemicals	2,056	2,180	2,360	179.8	8.2%
Manufactured Goods	2,295	2,534	2,658	124.5	4.9%
Machinery & Transport Equipment	4,389	4,721	5,651	930.2	19.7%
Other	3,214	3,392	3,254	-137.4	-4.0%
3. SERVICES	6,216	6,252	6,870	618.8	9.9%
4. CAPITAL & FINANCIAL ACCOUNT	5,316	5,279	6,610	1,331.2	25.2%
4.1 Capital Account	225	134	192	58.6	43.9%
4.2 Financial Account	5,091	5,145	6,418	1,272.6	24.7%
5. OVERALL BALANCE	1,259	636	1,317	681.1	107.1%
Gross Reserves	7,213	7,959	9,594	1,635.0	20.5%
Official	5,476	6,291	7,676		
Commercial Banks	1,738	1,668	1,917		
Imports cover (calendar year)	3.75	4.17	4.72		
Import cover (36 mths imports)	4.25	4.39	5.01		

Source: CBK

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



Source: CBK

17. The surplus in the capital and financial account improved to US\$ 6,610 million in the year to September 2014 from US\$ 5,279 million in the year to September 2013. The improved surplus was as recorded in both the financial account and the Capital account. The financial account increased by US\$ 1,272.6 million in September 2014 following increased short term flows including errors and omissions in recorded transactions, and a drawdown on commercial banks deposits held abroad.

RECENT ECONOMIC DEVELOPMENTS

1.4 Foreign Exchange Reserves

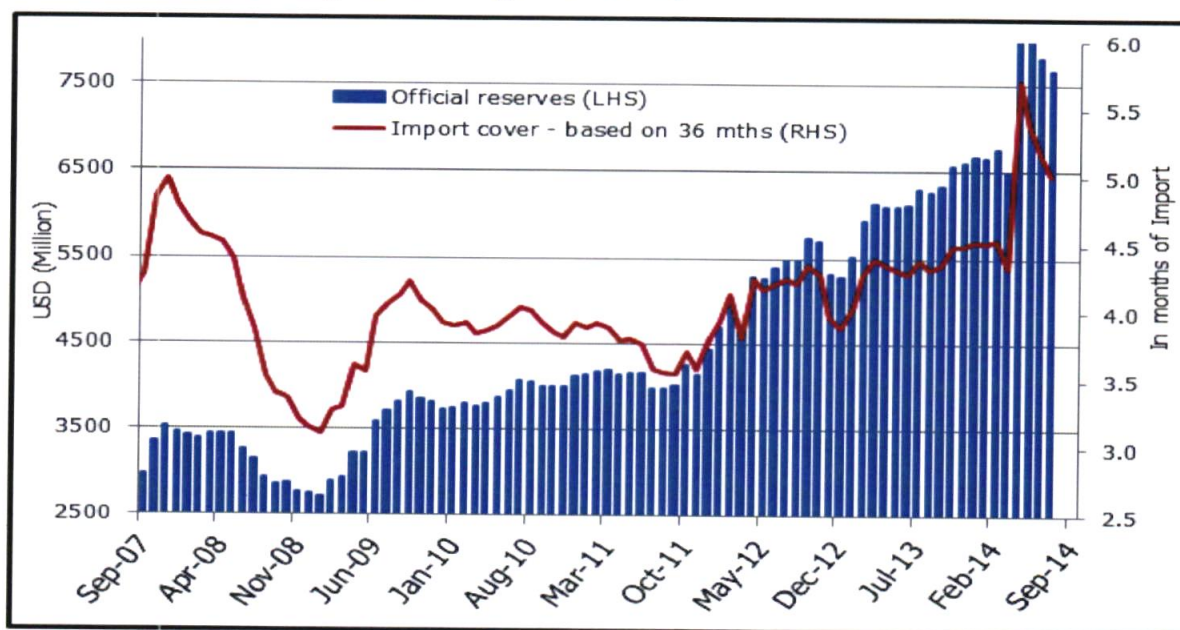
18. The gross foreign exchange holdings of the banking system increased by 20.5 per cent from US\$ 7,959 million in September 2013 to US\$ 9,594 million in September 2014 (Table 3 and chart 4). Gross Official reserves held by the Central Bank increased due to reserves build up as a result of payments of external obligations to the Government, CBK Purchases from interbank market and receipt of Sovereign Bond Proceeds to US\$ 7,676 million (5.01 months of import cover) in September 2014, an improvement from US\$ 6,291 million (4.39 months of import cover) in September 2013. Usable foreign exchange reserves stood at US\$ 7,090 million (4.68 months of import cover) in 23rd October 2014.

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

	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14
Gross Foreign Exchange Reserves	7,959	7,859	7,893	8,483	8,519	8,352	8,279	8,396	8,223	10,339	10,029	9,732	9,594
Official	6,291	6,263	6,333	6,560	6,612	6,679	6,654	6,567	6,491	8,555	8,128	7,814	7,676
Commercial Banks	1,668	1,596	1,560	1,923	1,907	1,673	1,625	1,829	1,732	1,844	1,902	1,917	1,917
Import cover (36 mths imports)	4.45	4.39	4.43	4.57	4.58	4.61	4.52	4.60	4.34	5.70	5.36	5.15	5.01

Source: CBK

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



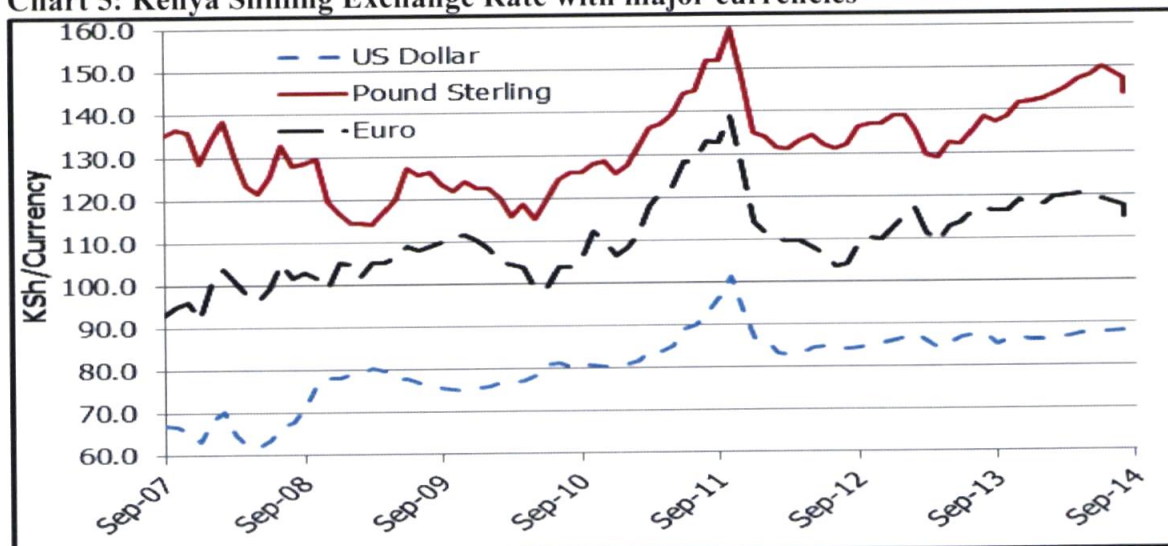
Source: CBK.

1.5 Exchange Rates

19. Kenya Shilling exchange rate demonstrated mixed performance against major international currencies (Chart 5). The currency depreciated against the US dollar to KShs 88.8 per US dollar in September 2014 from KShs 88.1 per US dollar in August 2014.

RECENT ECONOMIC DEVELOPMENTS

Chart 5: Kenya Shilling Exchange Rate with major currencies



Source: CBK

20. Against the sterling pound, the shilling appreciated to Ksh.145.1 in September 2014 from KShs 147.1 in August 2014 and against the Euro it strengthened to KShs 114.1 from KShs 117.4 over the same period.

1.6 Money and Credit

21. Growth in broad money supply, M3, increased from a growth of 12.8 per cent in September 2013 to 19.4 per cent in September 2014. In August 2014, the growth increased to 21.8 per cent from a growth of 12.9 per cent in the year to August 2013. (Table 4).

Table 4: Money Supply, M3 and its Sources, KShs billion

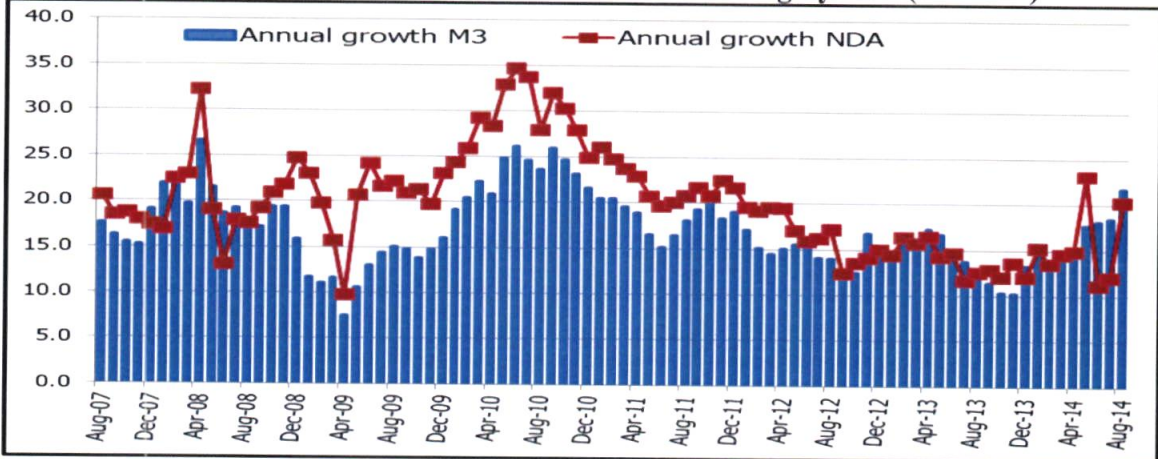
	2012 AUG	2013 AUG	2014 AUG	Absolute Change		percent change	
				2012-2013 AUG	2013-2014 AUG	12 months to Aug-13	12 months to Aug-14
1. Money supply, M3 (2+3)	1638.7	1850.0	2253.3	211.3	403.3	12.9	21.8
1.1 Money supply, M2	1384.3	1575.5	1891.1	191.2	315.5	13.8	20.0
1.2 Money supply, M1	645.7	758.9	918.4	113.3	159.5	17.5	21.0
1.3 Currency outside banks	131.5	152.1	164.1	20.6	11.9	15.7	7.8
2. Net foreign assets (2.1+2.2)	328.6	376.3	481.3	47.7	105.0	14.5	27.9
2.1 Central Bank	341.6	408.7	556.1	67.0	147.4	19.6	36.1
2.2 Banking Institutions	-13.0	-32.3	-74.7	-19.3	-42.4	148.8	131.1
3. Net domestic assets (3.1+3.2)	1310.1	1473.7	1772.0	163.6	298.4	12.5	20.2
3.1 Domestic credit (3.1.1+3.1.2+3.1.3)	1598.8	1807.3	2187.9	208.5	380.6	13.0	21.1
3.1.1 Government (net)	320.8	336.1	372.8	15.3	36.7	4.8	10.9
3.1.2 Other public sector	49.2	43.3	37.9	-5.9	-5.4	-11.9	-12.4
3.1.3 Private sector	1228.7	1427.8	1777.1	199.1	349.3	16.2	24.5
3.2 Other assets net (3-3.1)	-288.7	-333.6	-415.9	-45.0	-82.2	15.6	24.7

Source: CBK

22. The improvement in M3 in August 2014 was attributed to increased growth in both the net foreign assets (NFA) and the net domestic assets (NDA) of the banking system (Chart 6). Growth of the NDA of the banking system increased to 20.2 per cent in the year to August 2014 from 12.5 per cent over a similar period in 2013. The growth in NDA in 2014 was supported by increased domestic credit particularly to the private sector.

RECENT ECONOMIC DEVELOPMENTS

Chart 6: M3 Growth and Net Domestic Assets of Banking System (Per cent)



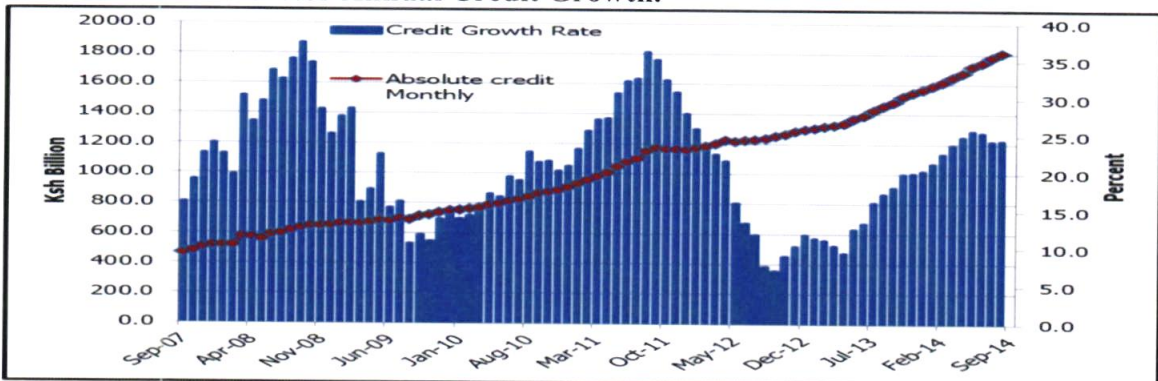
Source: CBK

23. Annual growth of the NFA of the banking system increased by 27.9 per cent in the year to August 2014 from a growth 14.5 per cent over a similar period in 2013 due to the improvement in the official foreign assets of the Central Bank from Ksh 408.7 billion in August 2013 to Ksh 556.1 billion in August 2014 that more than offset the decline in the foreign assets of the banking institutions. The increase in NFA reflected the receipt of the proceeds of the Sovereign Bond.

Recovery in growth of the private sector

24. Growth in net credits to Government increased by 10.3 per cent in the year to September 2014 compared with a contraction in growth of 0.6 per cent in a corresponding period in 2013. Bank credit to the private sector increased by 24.5 per cent in September 2014 from 17.4 per cent in the same period in 2013 (Chart 7). The private sector credit flow was mainly to productive sectors though a pick up is noted in sectors with consumption bias such as private households that might affect the CPI.

Chart 7: Private Sector Annual Credit Growth.



Source: CBK.

1.7 Interest Rates

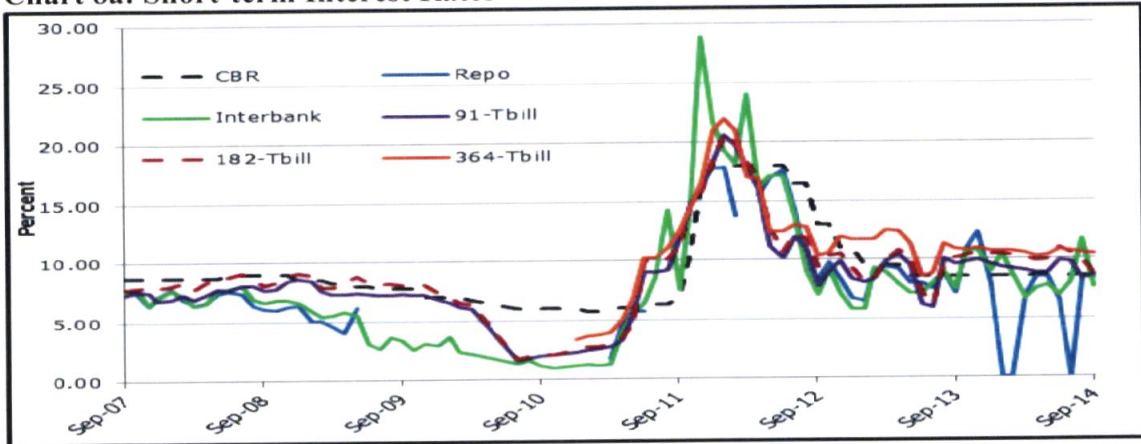
25. The Central Bank Rate stood at 8.5 per cent in August 2014 and continued to coordinate movements in the short term interest rates (Chart 8a). The average interbank

RECENT ECONOMIC DEVELOPMENTS

rate declined to 7.4 per cent in September 2014 from 11.7 per cent in August 2014 and 8.0 per cent in July 2014. The increase in the interbank rate was as a result of liquidity tightness in the money market in July 2014.

26. The 91-day Treasury bill rate increased marginally to an average of 8.4 per cent in September 2014 from 8.3 per cent in August 2014. The 182 day Treasury bill rate declined to 8.7 per cent in September 2014, up from 9.8 per cent in August 2014, while the 364 day Treasury bill rate averaged 10.4 per cent from 10.5 per cent over the same period.

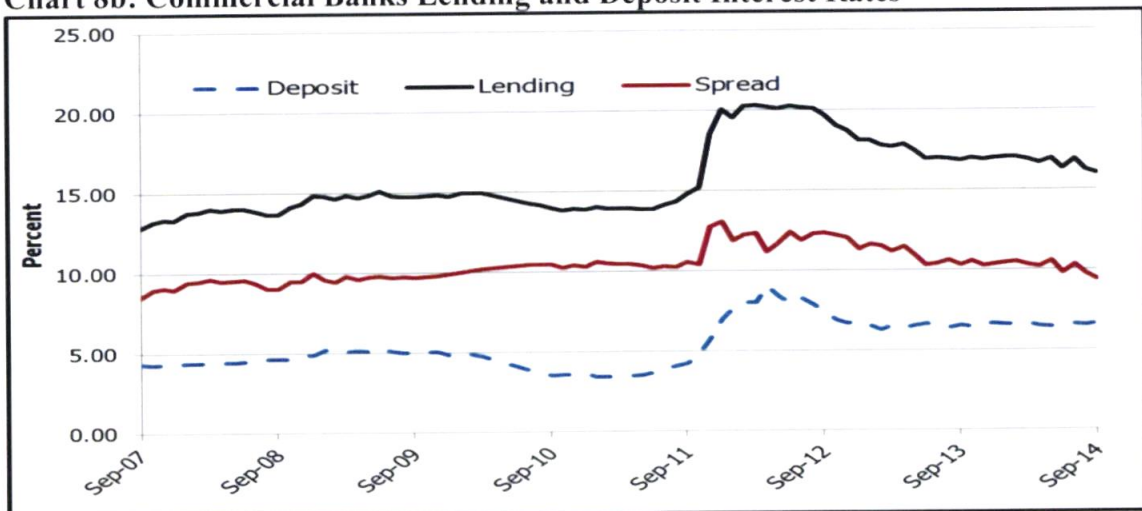
Chart 8a: Short-term Interest Rates



Source: CBK

27. The CBK announced the Kenya Bank’s Reference Rate (KBRR) at 9.13 per cent to promote transparent credit pricing by banks and mortgages finance companies. Commercial banks average lending rate declined to 16.0 per cent in September 2014 compared with 16.9 per cent in September 2013 while the deposit rate increased to 6.6 per cent from 6.5 per cent over the same period (Chart 8b). This narrowed interest rate spread from 10.3 per cent in September 2013 to 9.4 per cent in September 2014 reflecting a decline in the lending rate and an increase in the deposit rate.

Chart 8b: Commercial Banks Lending and Deposit Interest Rates



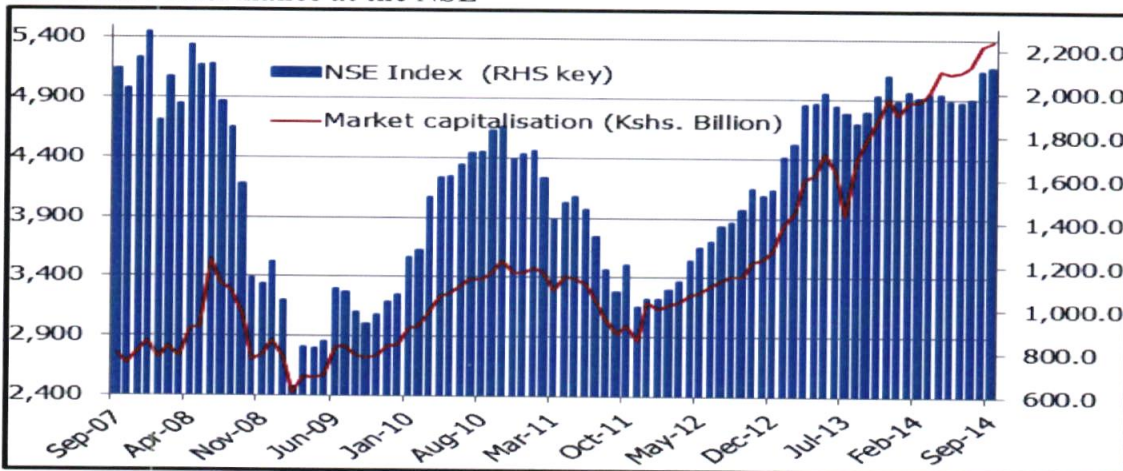
Source: CBK.

RECENT ECONOMIC DEVELOPMENTS

1.8 Capital Markets

28. Activity in the stock market has been vibrant in the year to September 2014. The NSE 20 share index improved to 5,256 points in September 2014 from 4,793 points in September 2013, representing an increase of 9.7 per cent (Chart 8c). Market capitalization measuring shareholders' wealth improved from Ksh 1,791 billion in September 2013 to Ksh 2,309 billion in September 2014, representing an increase of 28.9 per cent.

Chart 8c: Performance at the NSE

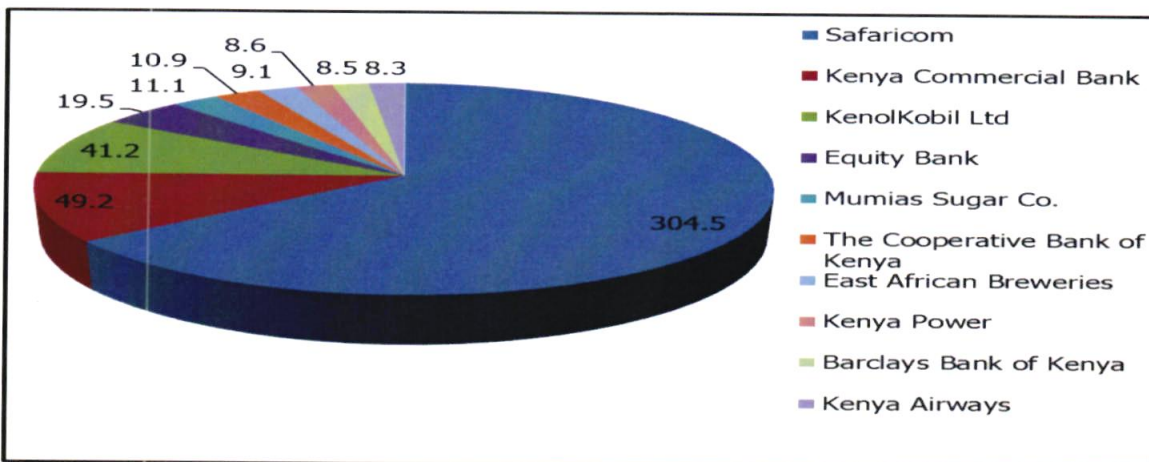


Source: NSE

29. Equity Market turnover for the month of September 2014 stood at Ksh 22.1 billion from Ksh 15.5 billion in August 2014 representing a 42.6 per cent increase. Domestic investors dominated the trading, representing 55 per cent of total equity traded value while the participation by the foreign investors decreased to 45 per cent in August 2014 from 55.7 per cent in July 2014 (Chart 8d). Foreign investors were heavy on the buy side and actively traded on Safaricom, Kenya Commercial Bank, KenolKobil Ltd and Equity Bank counters.

30. September 2014 bond turnover stood at Ksh 45 billion, 18 per cent higher than the Ksh 55 billion recorded in August 2014.

Chart 8 d: Actively Traded Counters



Source: NSE

2.0 FISCAL DEVELOPMENTS

2.1 Revenue

31. By the end of September 2014, total cumulative revenue including A-I-A collected amounted to Ksh 244.7 billion against a target of Ksh 264.9 (Table 5 and Chart 9). This performance was below the target by KShs. 20.2 billion. Ordinary revenue collection amounted to KShs. 230.8 billion against a target of KShs. 242.0 billion. The Railway Development Levy collection amounted to KShs. 5.2 billion against a target of KShs. 5.1 billion. Cumulative ministerial A-I-A recorded an under performance of KShs. 9.1 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, 2014 (KShs. Million)

	2013/2014 Actual	2014/15		Deviation KShs.	Deviation in percentage
		Actual	Target		
Total Revenue (a+b)	208,100	244,706	264,923	(20,217)	(7.63)
(a) Ordinary Revenue	206,305	230,846	241,991	(11,145)	(4.61)
Import Duty	17,198	16,633	18,742	(2,109)	(11.25)
Excise Duty	24,043	24,673	27,453	(2,780)	(10.12)
PAYE	55,114	61,942	66,698	(4,757)	(7.13)
Other Income Tax	43,801	54,308	50,420	3,888	7.71
VAT Local	26,042	27,132	28,578	(1,446)	(5.06)
VAT Imports	25,507	31,576	34,399	(2,823)	(8.21)
Investment Revenue	-	385	1,736	(1,351)	(77.81)
Traffic Revenue	756	875	841	34	4.08
Essential Supplies Revenue (IDF)	6,128	6,717	7,149	(432)	(6.04)
Others ¹	7,717	6,604	5,974	630	10.55
(b) Appropriation In Aid²	1,795	13,861	22,932	(9,072)	(39.56)
o/w Railway Development Levy	-	5,181	5,134	47	0.91
(c) External Grants	1,624	3,377	12,627	(9,250)	(73.25)
Total Revenue and External Grants	209,724	248,083	277,550	(29,466)	(10.62)
Total Revenue and External Grants as a percentage of GDP	4.21	4.46	4.99		

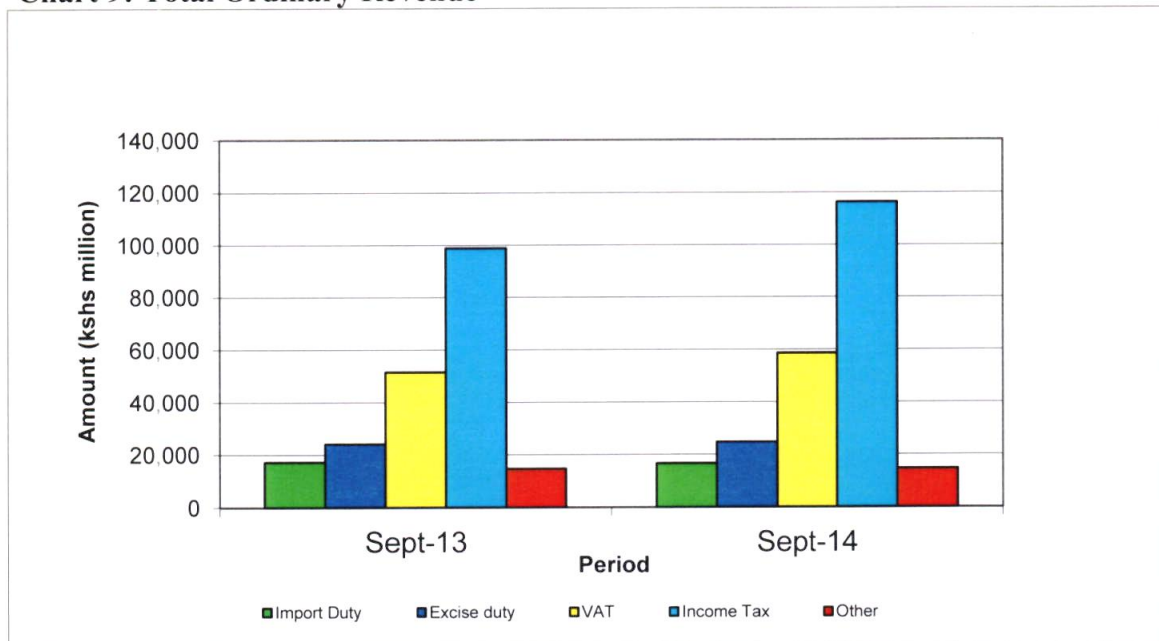
1/ includes rent of buildings, fines and forfeitures, other taxes, reimbursements and other fund contributions, and miscellaneous revenue.

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

Source: National Treasury

32. As a proportion of GDP, the total cumulative revenue and grants in the period under review amounted to 4.5 per cent compared to 4.2 per cent in the corresponding period of the FY 2013/14. External grants amounted to KShs. 3.4 billion against a target of KShs. 12.7 billion, representing an under performance of KShs. 9.3 billion. The performance stood at 22.8 per cent.

Chart 9: Total Ordinary Revenue



Source: National Treasury

2.2 Expenditure

33. The total expenditure and net lending for the period under review amounted to KShs. 276.6 billion, against a target of KShs. 378.0 billion. The shortfall of KShs. 101.4 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 due to delays in disbursements of funds. **(Table 6 and Chart 10)**. Recurrent expenditure for National Government amounted to KShs. 189.8 billion, against a target of KShs. 223.1 billion (includes Judiciary and Parliament), with underperformance recorded in operations and maintenance, wages and salaries, and pensions which accounted for KShs. 34.2 billion, KShs. 6.4 billion and KShs. 2.3 billion, respectively.

34. Foreign interest payments amounted to KShs. 3.8 billion, compared to KShs. 2.9 billion in the same period of the 2013/14 FY. The domestic interest payment totalled KShs. 34.7 billion, which was higher than KShs. 25.0 billion paid in the corresponding period of the previous financial year, mainly due to higher borrowing.

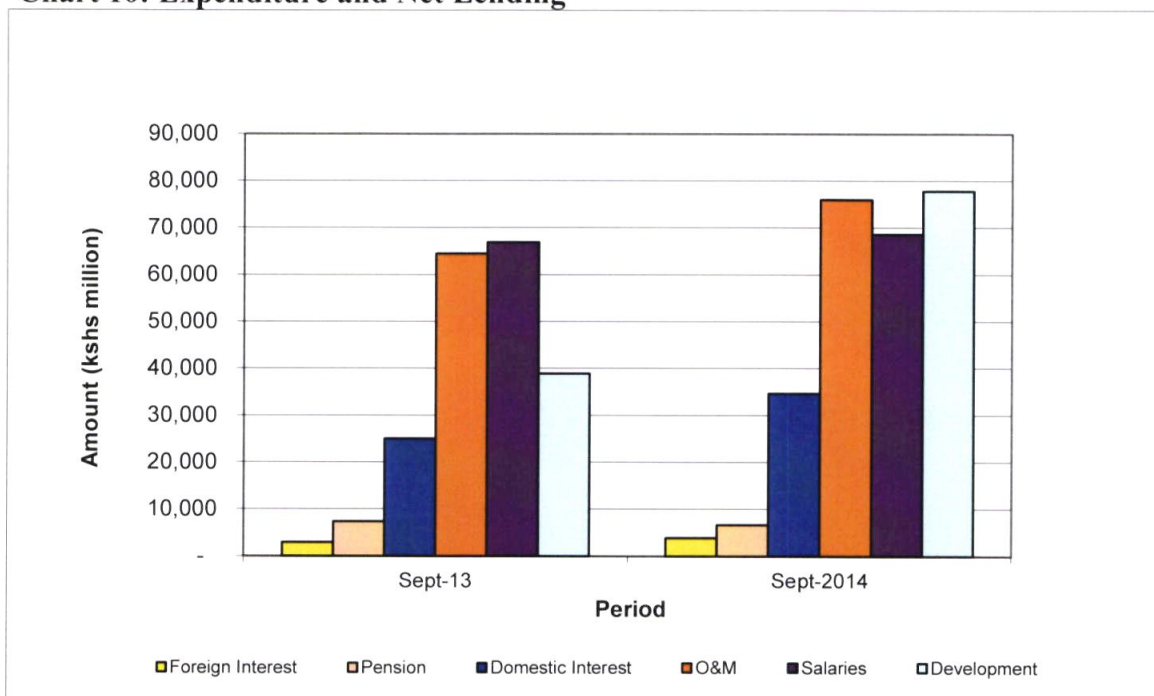
FISCAL DEVELOPMENTS

Table 6: Expenditure and Net Lending, Period Ending 30th September 2014 (KShs. Million)

	2013/2014 Actual	2014/15		Deviation	% Growth
		Actual	Targets		
1. RECURRENT	166,555	182,105	217,893	(35,789)	9.3
Domestic Interest	25,008	34,673	27,878	6,795	38.6
Foreign Interest	2,913	3,848	3,493	356	32.1
Pensions	7,304	6,605	8,908	(2,303)	(9.6)
Wages and Salaries	66,892	68,619	75,030	(6,411)	2.6
Operation and Maintenance	64,438	68,359	102,584	(34,225)	6.1
O/W : Appropriation-in-Aid	13	8,538	13,284	(4,746)	65,575.3
2. DEVELOPMENT	38,877	77,788	105,600	(27,812)	100.1
Development Projects (Net)	34,377	56,090	71,285	(15,195)	63.2
Payment of Guaranteed Loans	216	181	540	(359)	(16.1)
Appropriation-in-Aid	4,284	21,517	33,775	(12,258)	402.3
3. County Governments	32,881	9,064	49,289	(40,225)	(72.4)
4. Parliamentary Service	-	5,230	3,005	2,225	-
5. Judicial Service	-	2,418	2,241	177	-
6. Equalization Fund	-	-	870	(870)	-
7. CCF	-	-	-	-	-
TOTAL EXPENDITURE	238,313	276,605	378,029	(101,424)	16.1

Source: National Treasury

Chart 10: Expenditure and Net Lending



Source: National Treasury

FISCAL DEVELOPMENTS

35. The total cumulative ministerial and other public agencies expenditure was KShs. 202.0 billion against a target of KShs. 295.6 billion. Recurrent expenditure was KShs. 138.4 billion against a target of KShs. 171.9 billion, while development expenditure was KShs. 63.6 billion against a target of KShs. 123.7 billion. The per cent age of total expenditures to target was 68.3 per cent (80.5 per cent recurrent and 51.5 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.

36. As at the end of period ending 30th September 2014, expenditures by the Ministry of Education, Science and Technology; Teachers Service Commission and Ministry of Health accounted for 50.1 per cent of total recurrent expenditure. While the State Department for Interior, and Ministry of Defence accounted for 7.1 per cent and 11.0 per cent respectively.

37. Analysis of development outlay indicates that the Departments of Infrastructure (28.2 per cent and Transport (17.5 per cent) accounted for the largest share of the total development expenditures, followed by the State Department for Planning (17.5 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 30th September, 2014 (KShs. Million)

	MINISTRY/DEPARTMENT/COMMISSIONS	5,776		Variance	Sep-14		Variance	Sep-14		Variance	% total expenditure to total target
		Recurrent			Development			Total			
		Actual*	Target		Actual*	Target		Actual*	Target		
1011	THE PRESIDENCY	849	880	(31)	135	197	(62)	984	1,077	(93)	91.4
1021	STATE DEPARTMENT FOR INTERIOR	9,766	19,822	(10,056)	108	1,098	(991)	9,874	20,920	(11,046)	47.2
1022	STATE DEPARTMENT FOR COORDINATION OF NATIONAL GOVERNMENT	1,444	3,853	(2,408)	159	164	(5)	1,603	4,017	(2,414)	39.9
1031	STATE DEPARTMENT FOR PLANNING	3,833	3,712	122	11,118	13,357	(2,239)	14,951	17,068	(2,117)	87.6
1032	STATE DEPARTMENT FOR DEVOLUTION	276	543	(267)	46	1,274	(1,229)	322	1,818	(1,496)	17.7
1041	MINISTRY OF DEFENCE	15,189	18,320	(3,131)	-	-	-	15,189	18,320	(3,131)	82.9
1051	MINISTRY OF FOREIGN AFFAIRS	942	2,723	(1,782)	6	390	(384)	948	3,113	(2,166)	30.4
1061	STATE DEPARTMENT FOR EDUCATION	13,265	13,530	(264)	535	5,535	(5,000)	13,800	19,064	(5,264)	72.4
1062	STATE DEPARTMENT FOR HIGHER EDUCATION, SCIENCE AND TECHNOLOGY	9,763	13,446	(3,683)	2,757	3,175	(418)	12,519	16,620	(4,101)	75.3
1071	THE NATIONAL TREASURY	7,270	9,449	(2,179)	1,193	9,529	(8,336)	8,462	18,978	(10,516)	44.6
1081	MINISTRY OF HEALTH	5,031	6,515	(1,484)	1,321	5,325	(4,004)	6,352	11,841	(5,488)	53.6
1091	STATE DEPARTMENT FOR INFRASTRUCTURE	7,392	6,451	940	17,947	24,757	(6,811)	25,338	31,208	(5,870)	81.2
1092	STATE DEPARTMENT FOR TRANSPORT	289	1,441	(1,151)	11,110	9,949	1,161	11,399	11,390	9	100.1
1101	STATE DEPARTMENT FOR ENVIRONMENT AND NATURAL RESOURCES	1,624	2,435	(812)	1,071	1,956	(885)	2,694	4,391	(1,697)	61.4
1102	STATE DEPARTMENT FOR WATER AND REGIONAL AUTHORITIES	614	1,060	(446)	3,127	6,759	(3,633)	3,741	7,820	(4,079)	47.8
1111	MINISTRY OF LAND, HOUSING AND URBAN DEVELOPMENT	430	1,022	(591)	2,489	4,364	(1,876)	2,919	5,386	(2,467)	54.2
1121	MINISTRY OF INFORMATION, COMMUNICATIONS AND TECHNOLOGY	474	505	(32)	916	2,048	(1,131)	1,390	2,553	(1,163)	54.5
1131	MINISTRY OF SPORTS, CULTURE AND ARTS	887	647	240	515	342	173	1,402	989	413	141.8
1141	MINISTRY OF LABOUR, SOCIAL SECURITY AND SERVICES	935	2,124	(1,189)	1,675	2,900	(1,225)	2,611	5,024	(2,414)	52.0
1151	MINISTRY OF ENERGY AND PETROLEUM	111	501	(391)	935	18,571	(17,636)	1,046	19,072	(18,026)	5.5
1161	STATE DEPARTMENT FOR AGRICULTURE	1,157	1,976	(819)	2,943	5,352	(2,409)	4,100	7,328	(3,228)	55.9
1162	STATE DEPARTMENT FOR LIVESTOCK	31	460	(429)	632	924	(292)	663	1,383	(721)	47.9
1163	STATE DEPARTMENT FOR FISHERIES	192	243	(51)	660	291	370	852	533	319	159.7
1171	MINISTRY OF INDUSTRIALIZATION AND ENTERPRISE DEVELOPMENT	698	571	127	1,394	1,861	(467)	2,091	2,432	(341)	86.0
1181	STATE DEPARTMENT FOR COMMERCE & TOURISM	554	688	(134)	77	521	(444)	631	1,209	(578)	52.2
1182	STATE DEPARTMENT FOR EAST AFRICAN AFFAIRS	551	405	147	-	16	(16)	551	421	130	131.0
1191	MINISTRY OF MINING	149	181	(32)	95	311	(216)	244	491	(248)	49.6
1251	OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE	632	931	(298)	57	134	(77)	689	1,064	(375)	64.8
1261	THE JUDICIARY	1,641	2,967	(1,326)	249	1,406	(1,157)	1,890	4,373	(2,483)	43.2
1271	ETHICS AND ANTI-CORRUPTION COMMISSION	71	387	(316)	-	69	(69)	71	456	(385)	15.5
1281	NATIONAL INTELLIGENCE SERVICE	4,261	4,360	(99)	-	-	-	4,261	4,360	(99)	97.7
1291	DIRECTORATE OF PUBLIC PROSECUTIONS	41	433	(392)	-	30	(30)	41	463	(422)	8.8
1301	COMMISSION FOR THE IMPLEMENTATION OF THE CONSTITUTION	102	77	25	-	-	-	102	77	25	132.9
1311	REGISTRAR OF POLITICAL PARTIES	11	117	(106)	-	-	-	11	117	(106)	9.5
1321	WITNESS PROTECTION AGENCY	34	62	(28)	-	-	-	34	62	(28)	54.7
2011	KENYA NATIONAL COMMISSION ON HUMAN RIGHTS	57	89	(32)	-	-	-	57	89	(32)	64.4
2021	NATIONAL LAND COMMISSION	201	289	(88)	-	136	(136)	201	425	(224)	47.4
2031	INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION	326	750	(424)	-	23	(23)	326	773	(447)	42.2
2041	PARLIAMENTARY SERVICE COMMISSION	4,964	4,994	(30)	267	782	(515)	5,232	5,776	(544)	90.6
2051	JUDICIAL SERVICE COMMISSION	48	110	(62)	-	-	-	48	110	(62)	43.8
2061	COMMISSION ON REVENUE ALLOCATION	8	71	(63)	-	-	-	8	71	(63)	11.1
2071	PUBLIC SERVICE COMMISSION	235	221	15	35	42	(7)	270	263	8	103.0
2081	SALARIES AND REMUNERATION COMMISSION	50	110	(60)	-	-	-	50	110	(60)	45.8
2091	TEACHERS SERVICE COMMISSION	41,295	41,370	(75)	-	34	(34)	41,295	41,403	(108)	99.7
2101	NATIONAL POLICE SERVICE COMMISSION	67	70	(3)	-	-	-	67	70	(3)	96.2
2111	AUDITOR GENERAL	523	653	(129)	-	101	(101)	523	754	(231)	69.4
2121	CONTROLLER OF BUDGET	72	107	(35)	-	-	-	72	107	(35)	67.0
2131	THE COMMISSION ON ADMINISTRATIVE JUSTICE	69	94	(24)	-	-	-	69	94	(24)	74.2
2141	NATIONAL GENDER AND EQUALITY COMMISSION	9	73	(63)	-	-	-	9	73	(63)	13.1
2151	INDEPENDENT POLICING OVERSIGHT AUTHORITY	61	51	10	-	-	-	61	51	10	119.1
	Total	138,410	171,885	(33,475)	63,571	123,723	(60,152)	201,981	295,608	(93,627)	68.3

*Provisional

Source: National Treasury

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2.2.1 Guaranteed Loans to Parastatals

38. Cumulative principal and interest payments of guaranteed loans to parastatals with liquidity problems amounted to KShs 181.2 million against a target of KShs 170.6 million for period ending 30th September 2014. The variance is attributed to differences in exchange rate movements.

Table 8: Schedule and actual payments on Guaranteed Debt for the period ending 30th September 2014 (Kshs. Mn)

Borrower	Projected			Actual*		
	Principal	Interest	Total	Principal	Interest	Total
NCC	34.90	0.40	35.30	38.34	0.41	38.75
TARDA	117.50	17.77	135.27	123.71	18.71	142.42
KBC	-	-	-	-	-	-
TOTAL (QTR)	152.40	18.17	170.57	162.05	19.12	181.17

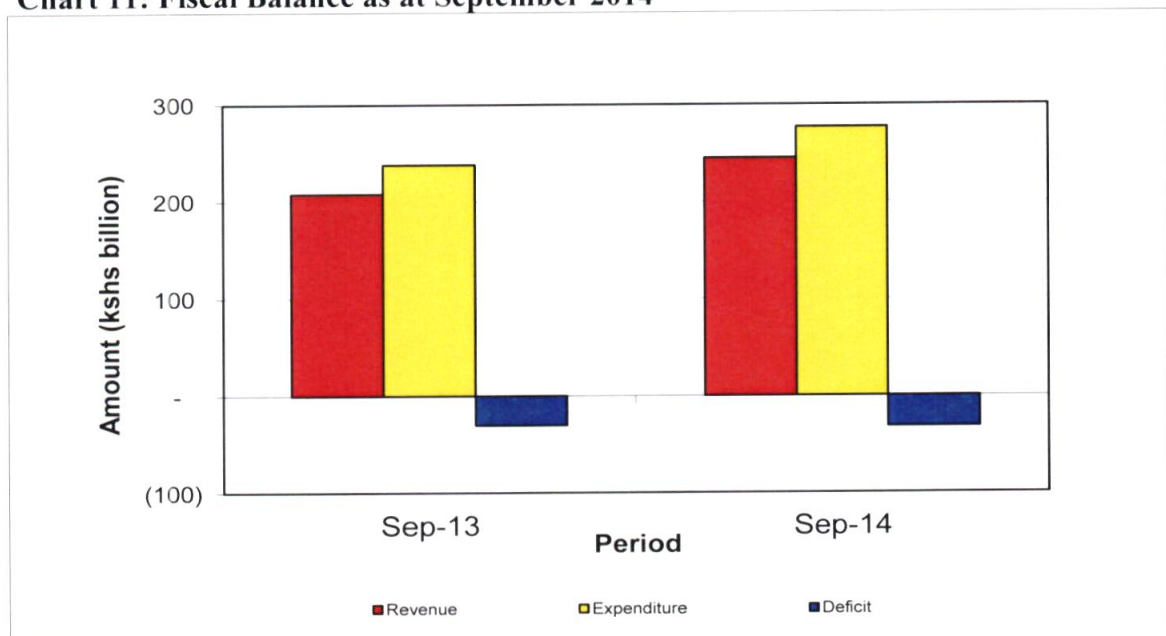
* Provisional

Source: National Treasury

2.3 Fiscal Outturn

39. As at the end of the period ending 30th September 2014, cumulative overall fiscal balance (on a commitment basis and excluding grants), amounted to KShs. 32.0 billion (equivalent to 0.6 per cent of GDP against a targeted deficit of KShs. 113.1 billion (equivalent to 2.0 per cent of GDP) (*Chart 11 and Table 9*). Over the same period of 2013, the fiscal deficit stood at KShs. 30.2 billion (equivalent to 0.6 per cent of GDP). Including grants, the fiscal balance (on a commitment basis) recorded a deficit of 0.5 per cent of GDP against a targeted deficit of 1.8 per cent of GDP. The Fiscal Outturns for the past years is provided as **Annex I**.

Chart 11: Fiscal Balance as at September 2014



Source: National Treasury

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Table 9: Budget Outturn, Cumulative Ending 30th September 2014 (KShs. Million)

	2013/2014 Actual	2014/2015		Deviation	% growth	2013/2014 as a % of GDP		2013/2014 Actual as a % of GDP
		Actual	Targets			Actual	Targets	
A. TOTAL REVENUE AND GRANTS	209,723	248,083	277,550	(29,466)	18.29	4.46	4.99	4.21
1. Revenue	208,099	244,706	264,923	(20,217)	17.59	4.40	4.77	4.17
Ordinary Revenue(Incl RDL)	206,304	230,846	241,991	(11,145)	11.90	4.15	4.35	4.14
Import Duty	17,198	16,633	18,742	(2,109)	(3.28)	0.30	0.34	0.34
Excise Duty	24,043	24,673	27,453	(2,780)	2.62	0.44	0.49	0.48
Income tax	98,914	116,250	117,118	(868)	17.53	2.09	2.11	1.98
VAT	51,549	58,708	62,978	(4,269)	13.89	1.06	1.13	1.03
Investment Revenue	0	385	1,736	(1,351)	-	0.01	0.03	0.00
Others	14,600	14,196	13,964	232	(2.77)	0.26	0.25	0.29
Appropriation-in-Aid	1,795	13,861	22,932	(9,072)	672.18	0.25	0.41	0.04
2. Grants	1,624	3,377	12,627	(9,250)	107.96	0.06	0.23	0.03
AMISOM Receipts	0	0	2,030	(2,030)	-	0.00	0.04	0.00
Revenue	1,414	1,526	2,030	(504)	7.90	0.03	0.04	0.03
Appropriation-in-Aid	210	1,324	8,080	(6,756)	530.74	0.02	0.15	0.00
Italian Debt Swap	0	527	120	0	-	0.00	-	0.00
County Health Facilities - DANIDA	0	367	367	0	-	0.00	-	0.00
B. EXPENDITURE and NET LENDING	238,313	276,605	378,029	(101,424)	16.07	4.98	6.80	4.78
1. Recurrent	166,555	189,753	223,140	(33,387)	13.93	3.41	4.01	3.34
Domestic Interest	25,008	34,673	27,878	6,795	38.65	0.62	0.50	0.50
Foreign Interest Due	2,913	3,848	3,493	356	32.11	0.07	0.06	0.06
Pension	7,304	6,605	8,908	(2,303)	(9.57)	0.12	0.16	0.15
Wages and Salaries	66,892	68,619	75,030	(6,411)	2.58	1.23	1.35	1.34
O & M/Others	64,438	68,359	102,584	(34,225)	6.09	1.23	1.85	1.29
County Governments	32,881	9,064	49,289	(40,225)	(72.43)	0.16	0.89	0.66
Parliamentary Service	0	5,230	3,005	2,225	-	0.00	0.05	0.00
Judicial Service	0	2,418	2,241	177	-	0.00	0.04	0.00
Equalization Fund	0	0	0	0	-	0.00	-	0.00
2. Development and Net Lending	38,877	77,788	105,600	(27,812)	100.09	1.40	1.90	0.78
3. CCF	0	0	0	0	-	0.00	-	0.00
C. DEFICIT EXCL.GRANT (Commitment basis)	(30,214)	(31,899)	(113,106)	81,208	5.58	(0.57)	(2.03)	(0.61)
D. DEFICIT INCL.GRANTS (Commitment basis)	(28,590)	(28,522)	(100,480)	71,958	(0.24)	(0.51)	(1.81)	(0.57)
E. ADJUSTMENT TO CASH BASIS	-24,136	(5,205)	-	(5,205)	(78.43)	(0.09)	-	(0.48)
F. DEFICIT INCL.GRANTS (Cash basis)	(52,726)	(33,727)	(100,480)	66,753	(36.03)	(0.61)	(1.81)	(1.06)
G. FINANCING	52,726	33,727	100,480	(66,753)	(36.03)	0.61	1.81	1.06
1. Foreign financing	4,080	94,775	25,195	69,580	2,222.99	1.70	0.45	0.08
Disbursements	9,776	154,611	32,605	122,006	1,481.59	2.78	0.59	0.20
Programme Loans	0	0	1,090	(1,090)	-	0.00	0.02	0.00
Project Cash Loans	7,483	5,129	8,245	(3,116)	(31.45)	0.09	0.15	0.15
Loans AIA	2,292	6,808	23,270	(16,462)	196.98	0.12	0.42	0.05
Commercial Financing	0	142,674	0	142,674	-	0.00	-	0.00
Repayment (current)	(8,676)	(59,836)	(7,410)	(52,426)	589.71	(1.08)	(0.13)	(0.17)
Rescheduling	2,980	0	0	-	-	0.00	-	0.06
Of which principal	2,980	0	0	-	-	0.00	-	0.06
2.Domestic Loan Repayments(Receipts)	0	69	0	69	-	0.00	-	0.00
3.Domestic financing	48,646	-61,117	75,285	(136,402)	(225.64)	(1.10)	1.35	0.98
MEMO ITEM								
GDP ESTIMATE	4,985,100.00	5,559,300.00	5,559,300.00					

*Provisional

Source: National Treasury

2.4 Financing

2.4.1 External Financing

40. Cumulative external financing by end of September 2014 amounted to a net borrowing of KShs. 94.8 billion compared to a net borrowing of KShs. 4.1 billion in the same period of FY 2013/14 (Table 10). Total disbursements (inflows) including Appropriations-in-Aid amounted to KShs. 154.6 billion for the period ending 30th September 2014 against a target of KShs. 32.6 billion. This amount included KShs. 5.1 billion Project cash loans, KShs. 6.8 billion project loans (A.I.A) KShs and KShs. 142.6 billion Commercial financing. External repayments (outflows) of principal debt amounted to KShs. 59.8 billion against a target of KShs. 61.9 billion. The amount comprises of

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principal repayments due to both bilateral and multilateral organizations amounting to Kshs 3.1 billion and Kshs 3.7, respectively, and Commercial loans of Kshs 53.0 billion..

Table 10: External Financing, Period Ending 30th September 2014 (KShs. Million)

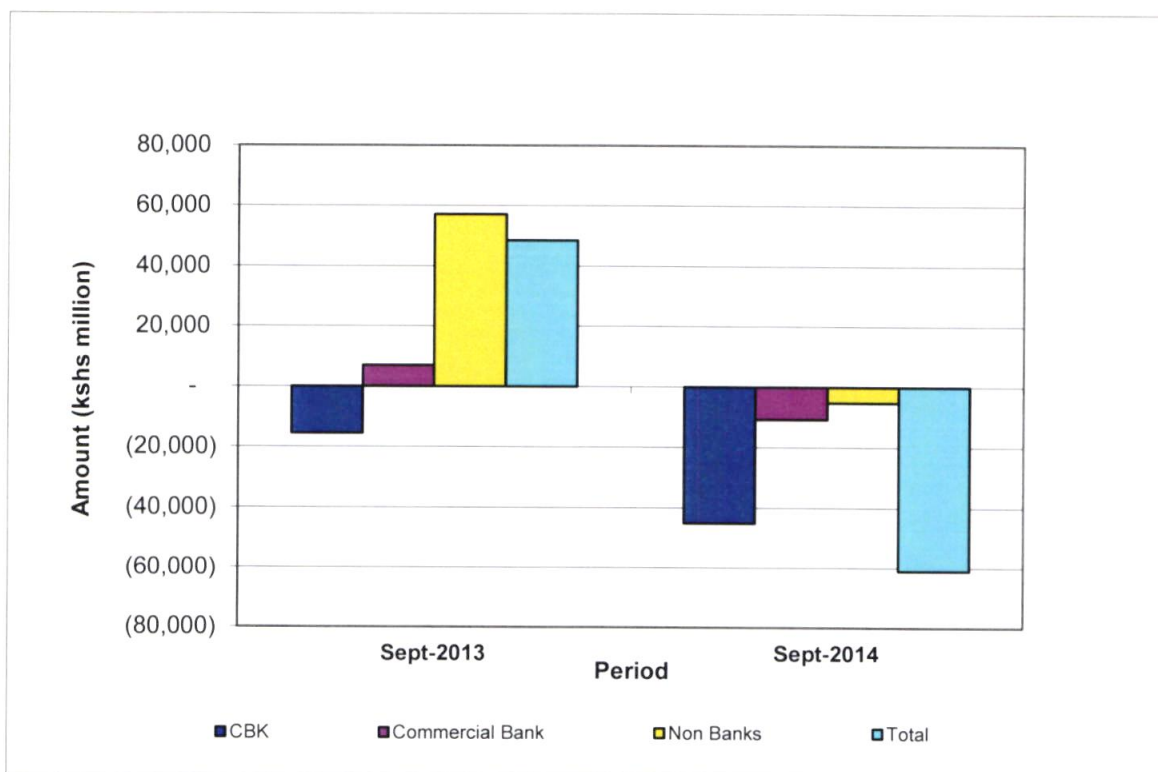
	Quarter I 2013/14	Quarter I 2014/15	
	Actual	Actual	Target
DISBURSEMENTS:	9,775.69	154,610.86	32,605.00
Project Cash loans	7,483.38	5,129.49	8,245.00
Project loans A-I-A	2,292.31	6,807.71	23,270.00
Commercial Financing	-	142,673.66	-
Programme Loans	-	-	1,090.00
EXTERNAL REPAYMENTS:	5,695.82	59,836.09	61,868.55
Bilateral(incl. Italy Debt SWAP)	2,166.83	3,130.76	3,466.91
Multilateral (excl. IMF)	3,529.00	3,680.33	3,943.56
Commercial	-	53,025.00	54,458.08
NET FOREIGN FINANCING	4,079.86	94,774.77	-29,263.55

Source: National Treasury

2.4.2 Domestic Financing

41. By the end of September 2014, net domestic repayments amounted to KShs. 61.1 billion against a target borrowing of ksh 75.3 billion (**Table 9**). The repayments comprised of KShs. 10.8 billion to Commercial Banks, KShs. 2.2 billion to Non-Banking Financial Institutions, KShs. 45.1 billion to Central Bank, and KShs. 3.0 billion to Non-Residents (**Table 11**). Comparatively, for the same period in 2013, the net domestic borrowing was KShs. 48.5 billion, comprising of net borrowings of KShs. 55.5 billion from the non-banking financial institutions, KShs. 1.6 billion from Non-Residents, KShs. 6.9 billion from commercial banks and net repayments of KShs. 15.5 billion to Central Bank, (**chart 12**). Between 5th and 8th September 2014, the Government deposit in Central Bank increased by Kshs 89,646 billion from the Eurobond.

Chart 12: Domestic Financing



Source: Central Bank of Kenya

42. The stock of Treasury Bills held by the Commercial Banks, Central Bank, Non-Banking Financial Institutions, and Non-Residents recorded net increases of KShs. 161.5 billion, KShs. 1.4 billion, KShs. 104.8 billion and KShs. 8.4 billion, respectively. The stock of Fixed Rate Bonds held by Commercial Banks, Non-Banking Financial Institutions, the Central Bank and Non-residents recorded a net increase of KShs. 340.3 billion, KShs. 369.0 billion, KShs. 46.0 million and KShs. 3.0 billion, respectively.

FISCAL DEVELOPMENTS

Table 11: Domestic Financing, Period Ending 30th September 2014 (KShs. Millions)

	SEPTEMBER	JUNE	SEPTEMBER
	2013	2014	2014
1.CENTRAL BANK	(15,534)	19,385	(45,117)
Overdraft	27,188	30,239	(2,864)
Treasury bills rediscounts	3,028	5	1,347
Fixed rate Bonds	(202)	(288)	1
Items on Transit	(75)	(84)	(49)
Frozen Account	-	(555)	-
Less Govt Deposits	(45,473)	(9,933)	(43,552)
2.COM. BANKS	6,930	73,441	(10,754)
Advances	(7)	864	(634)
Treasury bills	14,448	(1,935)	(15,372)
Fixed rate Bonds	566	76,206	733
Special Bonds	-	-	-
Zero Coupon bonds	-	-	-
Infrastructure Bonds	10,371	16,759	-
Savings and Development Bond	-	-	443
Less Govt Deposits	(18,448)	(18,453)	4,075
3. NON BANKS	55,546	102,497	(2,208)
Treasury bills	19,002	30,391	(6,326)
Fixed rate Bonds	28,437	54,367	(719)
Zero Coupon bonds	-	-	-
Infrastructure Bonds	8,107	17,739	-
Savings and Development Bond	-	-	4,838
4. NON RESIDENTS	1,560	6,404	(3,038)
Treasury bills	98	4,978	(2,994)
Fixed rate Bonds	20	(17)	(44)
Infrastructure Bond	1,443	1,443	-
Savings and Development Bond	-	-	-
Zero Coupon bonds	-	-	-
5. NET CREDIT	48,502	201,727	(61,117)

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

43. The gross public debt decreased by KShs. 74.1 billion from KShs. 2,422.8 billion as at end of June 2014 to KShs. 2,348.7 billion (equivalent to 42.2 per cent of GDP) by 30th September 2014, comprising of 46.3 per cent of external debt and 53.7 per cent of domestic debt. The overall decrease is attributed to repayment of syndicated loan. Net public debt decreased by KShs. 113.9 billion from June 2014 to September 2014 (*Table 12*).

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

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

*Provisional

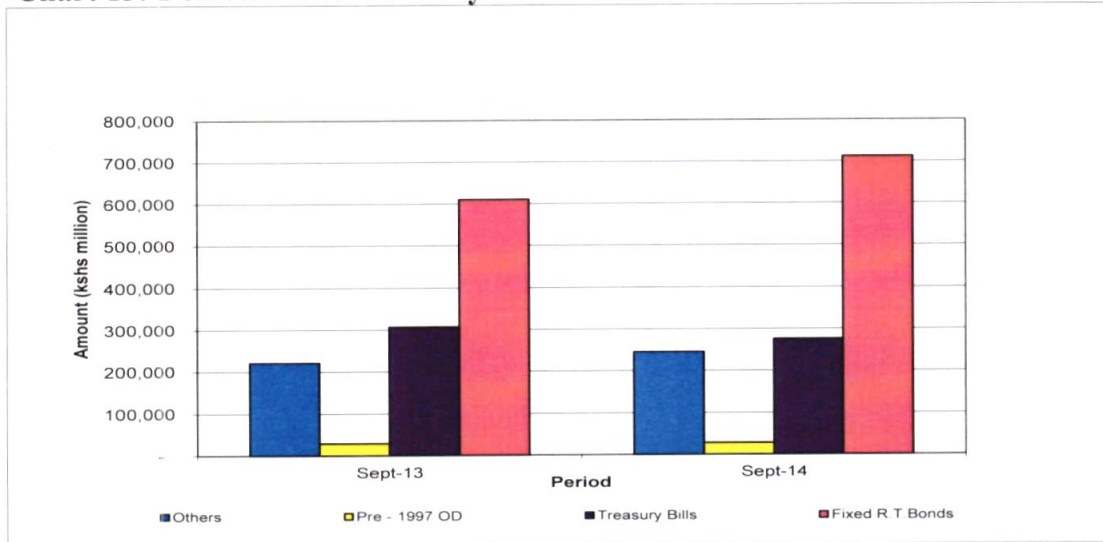
Source: National Treasury

3.2 Domestic Debt

44. The stock of domestic debt decreased by KShs. 23.5 billion from KShs. 1,284.3 billion in June 2014 to KShs. 1,260.9 billion in September 2014. Analysis (using figures in *Table 13*) indicates that the stock of Treasury Bills held by Central Bank, Commercial Banks, Non-Banking Financial Institution and Non Residents decreased by KShs. 23.4 billion from KShs. 299.4 billion in June 2014 to KShs. 276.0 billion in September 2014. Meanwhile, the total stock of Treasury Bonds, Floating, Fixed Rate, Special and Zero coupon Bonds, decreased by KShs. 918.0 million from KShs. 723.3 billion in June 2014 to KShs. 722.4 billion in September 2014 (*Chart 13*).

FISCAL DEVELOPMENTS

Chart 13: Domestic Debt Stock by Instruments



Source: Data from CBK

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

	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14
1. CENTRAL BANK	55,320	36,383	66,321	64,620	77,161	65,700	63,578
Overdraft	25,373	6,999	34,187	34,187	34,187	37,238	34,374
Frozen Govt Accounts	29,444	28,889	28,889	28,889	28,334	28,334	27,779
Treasury bills / bonds rediscounts	15	8	3,036	1,462	14,556	13	1,358
Items on Transit	97	154	79	48	39	70	21
Fixed rate bonds	391	333	131	35	45	46	46
2. COMBANKS	475,427	527,080	554,587	563,009	585,825	617,221	601,426
Advances	7,127	2,578	2,427	2,439	2,211	4,449	2,739
Stocks	-	-	-	-	-	-	-
Treasury Bills	126,281	183,454	199,290	191,083	175,776	176,437	161,528
Floating Rate T. Bonds	-	-	-	-	-	-	-
Fixed Rate T. Bonds	258,660	262,689	263,319	273,150	311,502	339,999	340,323
Special Bonds	15,000	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	7,148	7,648
Infrastructure Bonds	61,210	61,210	72,403	79,188	79,188	79,188	79,188
3. NON BANKS	442,241	477,525	537,480	551,277	554,226	586,481	584,058
Stocks	-	-	-	-	-	-	-
Treasury Bills	54,392	78,155	99,088	107,918	101,952	111,513	104,780
Floating Rate T. Bonds	-	-	-	-	-	-	-
Fixed Rate T. Bonds	303,507	315,028	343,894	338,633	347,551	370,245	369,046
Tax Reserve Certificate	69	69	69	69	69	69	69
Zero Coupon Bonds	-	-	-	-	-	-	-
Infrastructure Bonds	69,201	69,201	79,357	89,585	89,583	89,583	89,583
Savings and Development Bond	15,072	15,072	15,072	15,072	15,072	15,072	20,580
4. NON RESIDENTS	8,923	9,569	9,727	10,277	13,971	14,925	11,812
Treasury Bills	5,908	6,076	6,212	6,798	10,500	11,443	8,374
Floating Rate T. Bonds	-	-	-	-	-	-	-
Fixed Rate T. Bonds	2,565	3,043	3,065	3,028	3,017	3,029	2,985
Zero Coupon Bonds	-	-	-	-	-	-	-
Savings and Development Bond	9	9	9	9	9	9	9
Infrastructure Bonds	441	441	441	443	445	445	445
5. TOTAL DEBT	981,911	1,050,556	1,168,115	1,189,183	1,231,183	1,284,327	1,260,875
6. LESS ON-LENDING	5,701	5,701	5,701	5,701	5,701	5,701	5,701
7. LESS Govt Deposits	119,044	155,734	231,857	238,898	132,056	199,815	239,554
8. NET DEBT	857,166	889,121	930,558	944,584	1,093,426	1,078,811	1,015,619

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

Source: Central Bank of Kenya

FISCAL DEVELOPMENTS

3.3 External Public Debt

45. In dollar terms, external public debt stock decreased by US \$ 807.8 million from US\$ 12,992.4 million in June 2014 to US\$ 12,184.5 million by end of September 2014 (*Table 14 and Chart 14*). The debt stock comprised 25.6 per cent, 55.9 per cent, 17.0 per cent and 1.5 per cent of debt owed to bilateral, multilateral institutions, Commercial Banks and suppliers' credit, respectively. This decrease is attributed to repayment made on the Syndicated loan of USD 600million during the quarter. (**Exchange rate end September 2014 Ksh/US\$= 89.28**)

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

CREDITOR	Jun-08	Jun-09	Jun-10	Jun-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sept. 2013	Dec. 2013*	Mar-14	Jun-14	Sep-14
BILATERAL																
AUSTRIA	50.26	28.74	22.14	22.45	18.10	17.10	15.64	14.60	14.30	12.20	11.90	12.29	10.12	10.08	8.18	7.00
BELGIUM	73.43	91.73	82.70	100.57	91.10	93.41	87.44	89.10	96.80	86.90	88.40	89.10	87.89	92.58	92.40	81.06
CANADA	21.64	20.60	19.60	14.2	18.20	18.22	17.70	13.20	13.20	16.90	16.10	16.17	15.39	15.39	14.57	14.57
DENMARK	36.11	30.52	28.00	35.4	26.50	27.31	24.65	25.20	25.30	23.80	23.10	23.86	23.46	23.38	22.73	20.79
FINLAND	1.85	1.67	1.45	1.47	1.30	1.35	1.24	1.30	1.20	1.20	1.10	1.14	1.07	1.07	1.07	0.95
FRANCE	354.02	364.22	343.93	448.98	409.20	471.20	435.80	485.90	527.20	535.10	551.10	626.96	683.57	689.44	702.75	665.84
GERMANY	243.67	213.08	198.20	296.78	272.80	283.77	295.36	291.60	297.40	287.80	291.10	301.74	305.06	303.81	303.58	278.75
ITALY	98.06	74.53	53.07	48.83	34.70	35.40	34.75	25.30	25.90	24.50	24.80	19.64	19.87	19.79	19.59	12.66
JAPAN	1,125.98	1,177.40	1,206.80	1,244.58	1,271.40	1,179.20	1,275.10	1,247.90	1,132.90	1,020.50	1,009.10	1,020.08	956.77	958.02	964.48	875.26
NETHERLANDS	35.83	27.74	22.91	33.52	37.70	37.54	34.73	34.10	35.20	32.10	30.20	34.13	32.48	31.45	30.83	26.36
UK	37.99	30.51	26.00	25.91	24.80	24.68	22.99	23.90	23.70	21.20	20.10	21.30	20.35	20.52	21.01	18.58
USA	75.16	73.48	69.94	65.66	64.20	62.34	60.90	59.90	59.90	57.40	56.00	55.55	53.39	52.22	51.83	49.73
CHINA		153.20	175.60	36.11			466.81	706.8	712.49	727.08	733.92	753.27	940.63	918.54	922.76	922.30
OTHERS	214.05	122.51	146.71	160.08	514.00	671.31	150.29	137.6	134.31	134.22	138.38	140.78	150.28	145.07	152.08	146.09
PARASTATALS(Bilateral)																
TOTAL BILATERAL	2,368.05	2,409.93	2,397.05	2,859.53	2,784.00	2,922.83	2,923.42	3,156.40	3,099.80	2,980.90	2,995.30	3,116.02	3,300.33	3,281.36	3,308.69	3,119.93
MULTILATERAL																
AfDB/ADF	465.80	423.17	500.51	585.83	760.50	758.66	811.08	856.80	876.10	952.30	938.60	1,084.69	1,115.65	1,188.59	1,165.37	1,249.11
BADEA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EEC/EB	173.66	143.38	128.15	139.06	120.20	137.60	129.80	128.10	149.20	182.20	183.30	186.41	187.73	183.82	235.74	235.53
IBRD	-	-	-	0	-	-	-	-	-	-	-	-	-	-	-	-
IDA/IFAD	3,229.00	3,194.50	3,175.30	3,552.80	3,462.10	3,456.94	3,532.90	3,594.60	3,566.10	3,626.20	3,867.40	3,927.23	4,098.20	4,291.81	4,316.49	4,341.29
IMF**	271.24	244.60	416.40	529.49	563.10	556.52	909.60	795.70	893.90	864.50	857.80	867.34	966.04	961.84	950.42	883.96
OTHERS	42.63	74.92	80.77	98.93	110.70	111.55	112.76	106.60	108.00	103.80	103.40	106.31	105.87	104.55	148.35	100.44
TOTAL MULTILATERAL	4,192.33	4,080.57	4,301.13	4,906.11	5,016.60	5,021.27	5,496.15	5,481.80	5,593.30	5,729.00	5,950.50	6,171.97	6,473.49	6,730.62	6,816.38	6,810.33
COMMERCIAL BANKS I/	-	-	-	-	-	-	600.00	600.00	678.60	676.20	685.10	687.89	685.26	684.91	2,679.53	2,073.97
EXPORT CREDIT	286.63	308.90	249.74	278.65	258.90	198.95	175.84	177.50	179.70	174.70	176.80	180.11	182.64	182.20	187.75	180.29
GRAND TOTAL	6,847.01	6,799.40	6,947.92	8,044.29	8,059.50	8,143.05	9,195.41	9,415.70	9,551.40	9,560.80	9,807.70	10,155.99	10,641.72	10,879.09	12,992.35	12,184.52
BILATERAL	34.59	35.44	34.50	35.55	34.54	35.89	31.79	33.52	32.45	31.18	30.54	30.68	31.01	30.16	25.47	25.61
MULTILATERAL	61.23	60.01	61.91	60.99	62.24	61.66	59.77	58.22	58.56	59.92	60.67	60.77	60.83	61.87	52.46	55.89
COMMERCIAL BANKS I/	-	-	-	-	-	-	6.52	6.37	7.10	7.07	6.99	6.77	6.44	6.30	20.62	17.02
EXPORT CREDIT	4.19	4.54	3.59	3.46	3.21	2.44	1.91	1.89	1.88	1.83	1.80	1.77	1.72	1.67	1.45	1.48
INTERNATIONAL SOVEREIGN BOND	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	100.00	100.00	100.00	100.00

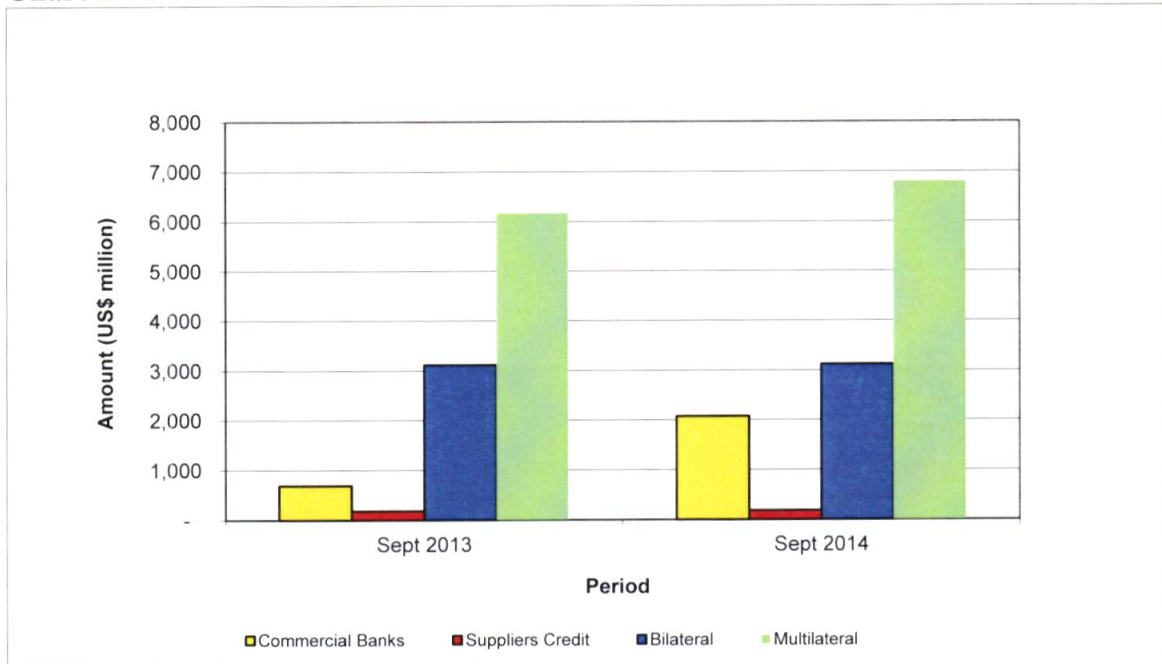
*Provisional

** include IMF item

Source: National Treasury

FISCAL DEVELOPMENTS

Chart 14: External Public Debt

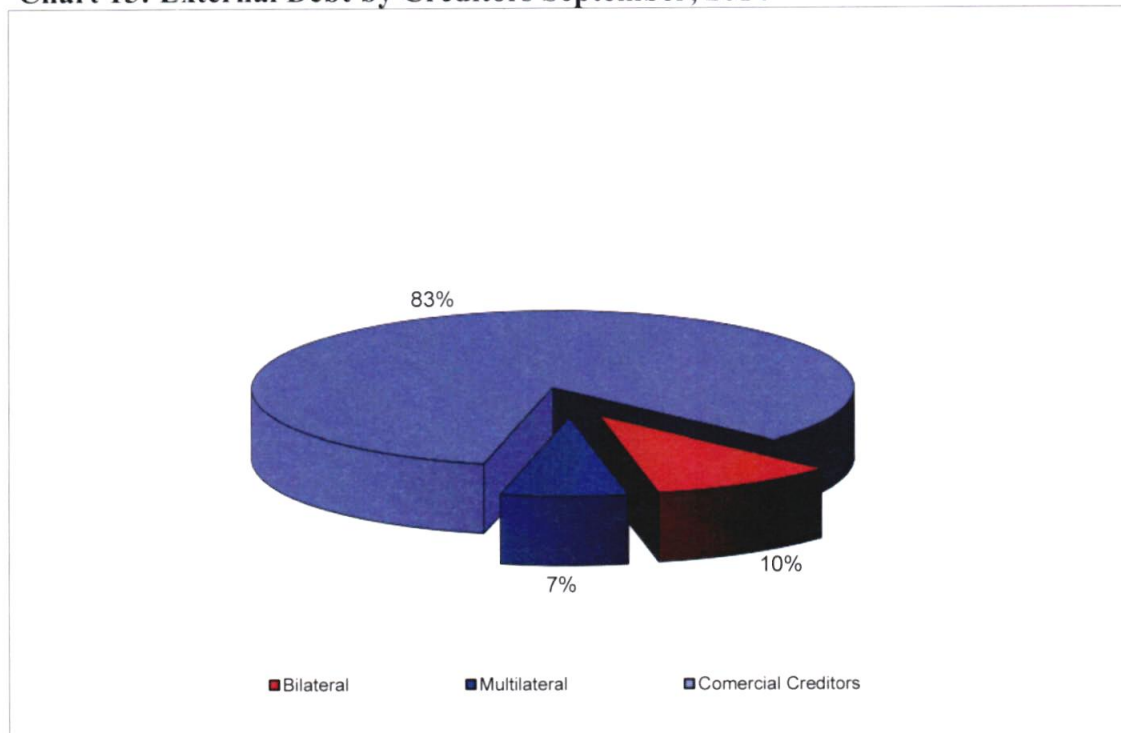


Source: National Treasury

3.3.1 External Debt Service

46. At the end of September 2014, the total cumulative debt service payments to external creditors amounted to KShs 63.7 billion. This comprised of KShs 59.8 billion (94.0 per cent) principal and KShs 3.8 billion (6.0 per cent) interest (*Table 15 and chart 15*).

Chart 15: External Debt by Creditors September, 2014



Source: National Treasury

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

CATEGORY	PRINCIPAL*	INTEREST*	TOTAL*
BILATERAL			
AUSTRIA	-	2.62	2.62
FINLAND	-	-	-
FRANCE	129.92	189.43	319.35
ITALY	527.23	-	527.23
JAPAN	1,168.99	152.26	1,321.25
SAUDI FUND	233.69	16.46	250.15
SPAIN	123.65	16.05	139.70
USA	46.64	17.39	64.03
CANADA	-	-	-
BELGIUM	131.26	16.56	147.82
GERMANY	-	-	-
CHINA	588.95	2,754.93	3,343.88
KUWAIT	106.76	11.50	118.26
NETHERLANDS	73.67	12.61	86.28
SWEDEN	-	-	-
SWITZERLAND	-	-	-
DENMARK	-	-	-
KOREA	-	4.89	4.89
UK	-	-	-
INDIA	-	-	-
TOTAL BILATERAL	3,130.76	3,194.70	6,325.46
MULTILATERAL			
ADB/ADF	16.83	4.47	21.30
BADEA	47.76	7.03	54.79
EEC	-	-	-
EIB	268.06	61.42	329.48
IDA	3,216.66	544.31	3,760.97
OPEC	92.60	14.29	106.89
NDF	-	11.39	11.39
IFAD	38.42	10.85	49.27
**IMF	-	-	-
TOTAL MULTILATERAL	3,680.33	653.76	4,334.09
COMMERCIAL	53,025.00	-	53,025.00
GRAND TOTAL	59,836.09	3,848.46	63,684.55

* Provisional

** IMF debt serviced by CBK

Source: National Treasury

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

	2002/2003	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	210,750	254,681.00	289,802	312,511	373,030	432,220	487,893	586,377	667,539	749,941	848,955	974,430	1,081,230
1 Revenue	80,591	226,478.00	265,775	283,427	340,400	396,489	455,780	538,836	609,223	683,579	777,800	918,990	1,087,186
Income Tax	66,744	77,430.00	94,095	108,897	124,855	156,832	184,447	216,760	258,651	312,463	373,086	449,590	541,915
VAT	56,135	61,725.00	75,989	76,263	96,270	111,939	126,854	146,792	171,881	176,386	184,936	232,630	267,138
Import Duty	11,477	22,324.00	23,532	20,511	27,530	32,944	36,111	43,722	46,072	51,712	57,650	67,555	77,725
Excise Duty	15,643	40,085.00	44,251	50,309	56,406	61,858	69,872	74,644	80,567	78,884	85,660	102,029	119,770
Other Revenue	13,592	24,934.00	27,948	27,447	34,970	32,936	38,426	59,268	52,053	64,133	76,488	67,815	80,567
2 Appropriation - in - Aid	20,159	28,203.00	24,087	27,824	33,020	35,733	32,113	47,541	58,336	66,362	71,655	55,428	94,131
B EXPENDITURE & NET LENDING	264,344	282,107.00	303,373	382,811	439,570	534,842	595,739	725,201	811,849	945,313	1,111,859	1,297,760	1,597,812
1 Recurrent	220,618	244,476.00	255,746	306,515	306,847	403,368	435,542	510,516	592,427	650,438	796,098	749,635	871,533
Wages and Salaries	85,087	95,850.00	105,612	112,277	127,258	185,996	155,220	172,609	198,549	218,833	274,407	281,897	303,349
Interest Payments	36,026	29,700.00	30,470	41,247	42,537	47,877	52,058	63,523	76,399	81,913	121,235	119,544	117,443
Domestic Interest	27,567	23,281.00	23,375	31,445	36,860	42,111	45,949	57,382	69,209	71,873	110,384	119,393	122,928
Foreign Interest Due	8,459	6,419.00	7,095	9,802	5,677	5,696	6,109	6,141	6,989	10,039	11,051	12,761	24,510
Pensions, etc	9,450	13,612.00	12,568	19,759	20,449	24,089	27,111	28,977	25,724	26,082	26,996	30,155	46,056
Civil Service Reform	957	273.00	-	1,300	1,392	800	121	50	5	6	10	-	-
Operations & maintenance/Others	89,098	105,041.00	107,096	119,332	115,211	114,606	200,952	245,357	291,951	323,580	373,540	306,330	374,687
Of which Appropriation-in-Aid	11,221	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	43,526	37,110.00	45,627	67,692	80,354	131,473	160,177	214,685	219,422	294,899	305,978	319,312	493,605
Development Projects	16,835	25,943.00	28,824	48,037	62,123	111,962	115,461	174,163	190,116	186,231	225,506	215,515	312,475
Appropriation-in-Aid	17,894	12,341.00	15,929	16,607	16,750	42,932	45,842	46,956	46,809	102,344	117,346	91,239	174,006
Payment of guaranteed loans	1,799	1,368.00	860	4,000	-	2,328	2,373	2,268	1,650	2,639	2,400	2,223	2,123
3 Drought Expenditures (K.C.F)	-	-	2,000	1,048	1,481	-	-	-	-	-	-	-	5,000
4 Transfers to County Governments	-	-	-	-	-	-	-	-	-	-	9,783	193,390	229,264
5 Parliamentary Service	-	-	-	-	-	-	-	-	-	-	-	12,951	-
6 Judicial Service	-	-	-	-	-	-	-	-	-	-	-	-	3,411
7 Equalization Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
D DEFICIT EXCL GRANTS (Commitment Basis)	(53,394)	(27,506.00)	(13,571)	(71,567)	(66,540)	(102,622)	(107,826)	(138,824)	(144,310)	(195,372)	(262,904)	(323,342)	(416,582)
E GRANTS	1,942	16,224.00	16,905	20,070	15,494	25,449	11,065	31,990	11,769	15,161	20,506	26,957	58,734
F DEFICIT INCL GRANTS (Commitment basis)	(18,452)	(11,282.00)	1,334	(51,497)	(30,697)	(77,173)	(89,761)	(107,634)	(125,541)	(180,211)	(242,398)	(296,385)	(357,848)
G ADJUSTMENT TO CASH BASIS	2,683	11,282.00	5,964	15,030	(5,571)	84,738	(27,259)	(66,740)	6,768	(13,481)	(13,481)	(12,739)	-
H DEFICIT INCL GRANTS (cash basis)	(14,779)	7,298	(3,667)	(36,467)	(36,269)	7,566	(117,020)	(174,374)	(118,773)	(180,211)	(255,566)	(309,125)	(357,848)
I FINANCING	14,779	-	(7,298)	36,467	36,269	(7,566)	(117,020)	(174,374)	(118,773)	(180,211)	(255,566)	(309,125)	(357,848)
Foreign Financing	(12,143)	(8,809.00)	(625)	1216	(2,392)	6,326	4,143	22,895	28,390	110,059	85,790	116,130	165,758
Domestic Financing	46,922	8,809.00	(6,673)	35,251	38,661	(13,891)	75,876	65,124	90,383	63,400	169,776	202,994	192,090
Of which Domestic Borrowing	46,922	8,809.00	(6,673)	7,000	4,000	-	69,427	117,037	90,383	63,400	169,776	202,127	110,279
Others	-	-	-	-	-	-	-	-	34,442	-	-	1,267	90,361
In Percentage of GDP													
A TOTAL REVENUE	19.39	21.11	21.55	20.49	21.61	22.02	21.80	23.86	23.95	23.11	18.84	19.55	21.25
1 Revenue	17.54	18.78	19.76	18.66	19.72	20.20	20.37	21.92	21.86	21.07	17.26	18.43	19.56
Income Tax	6.34	6.42	7.00	7.17	7.24	7.99	8.24	8.82	9.28	9.63	8.28	9.02	9.75
VAT	5.17	5.12	5.65	5.02	5.58	5.70	5.67	5.97	6.17	5.44	4.11	4.67	4.81
Import Duty	1.70	1.85	1.75	1.35	1.60	1.68	1.62	1.68	1.65	1.59	1.28	1.36	1.40
Excise Duty	3.28	3.32	3.28	3.31	3.27	3.15	3.12	3.04	3.27	3.43	1.90	2.05	2.15
Other Revenue	1.25	2.07	2.08	1.81	2.03	1.68	1.72	2.41	1.87	1.98	1.70	1.35	1.45
2 Appropriation - in - Aid	1.86	2.34	1.79	1.83	1.92	1.82	1.43	1.93	2.09	2.05	1.58	1.11	1.69
B EXPENDITURE & NET LENDING	24.31	23.39	22.56	25.20	24.33	27.25	26.62	29.50	29.11	29.34	24.67	26.03	28.74
1 Recurrent	20.30	20.27	19.01	20.11	17.80	20.55	19.46	20.77	21.25	20.05	17.67	15.04	15.68
Wages and Salaries	7.83	7.95	7.85	7.39	7.38	7.44	6.94	7.02	7.12	6.74	6.09	5.64	5.46
Interest Payments	3.32	2.46	2.27	2.72	2.47	2.44	2.33	2.58	2.73	2.52	2.69	2.65	2.65
Domestic Interest	2.54	1.93	1.74	2.07	2.14	2.15	2.05	2.33	2.48	2.22	2.45	2.39	2.21
Foreign Interest Due	0.78	0.53	0.53	0.65	0.29	0.27	0.25	0.25	0.25	0.25	0.25	0.26	0.44
Pensions	0.87	1.11	0.93	1.30	1.19	1.23	1.23	1.11	0.92	0.80	0.60	0.60	0.83
Civil Service Reform	0.09	0.02	-	0.09	0.08	0.04	0.01	0.00	0.00	0.00	0.00	0.00	-
O&M/Others	8.20	8.71	7.96	8.68	6.68	9.40	8.98	9.98	10.47	9.97	8.29	6.34	6.74
of which Appropriation-in-Aid	1.68	1.94	1.56	1.57	1.66	1.65	1.81	1.74	1.94	1.90	1.52	0.57	1.11
2 Development & Net Lending	4.01	3.13	3.39	4.46	4.66	6.70	7.16	9.09	8.73	7.87	6.79	6.41	8.88
Development Projects	1.55	2.15	2.14	3.11	3.60	4.39	5.00	6.73	6.15	5.86	4.13	4.53	5.62
Appropriation-in-Aid	1.65	1.02	1.11	1.22	0.97	2.19	2.05	1.91	1.60	3.15	2.60	1.83	3.13
Payment of guaranteed loans	0.17	0.11	0.06	0.26	0.11	0.12	0.09	0.09	0.04	0.08	0.05	0.04	0.04
3 Drought Expenditures	-	-	0.15	0.07	0.09	-	-	-	-	-	-	-	0.09
4 Transitional Transfer to County Governments	-	-	-	-	-	-	-	-	-	-	0.22	3.88	4.12
5 Parliamentary Service	-	-	-	-	-	-	-	-	-	-	-	0.45	-
6 Judicial Service	-	-	-	-	-	-	-	-	-	-	-	0.26	-
7 Equalization Fund	-	-	-	-	-	-	-	-	-	-	-	-	0.06
D DEFICIT EXCL GRANTS (Commitment Basis)	(4.91)	(2.28)	(1.01)	(4.77)	(2.70)	(5.23)	(4.82)	(5.65)	(5.11)	(6.02)	(5.83)	(6.49)	(7.49)
E GRANTS	1.37	1.15	1.11	1.12	0.90	1.30	0.81	1.27	0.67	0.47	0.46	0.54	1.06
F DEFICIT INCL GRANTS (Commitment basis)	(3.54)	(0.94)	0.10	(3.39)	(1.78)	(3.93)	(4.01)	(4.38)	(4.50)	(5.55)	(5.38)	(5.95)	(6.44)
G ADJUSTMENT TO CASH BASIS	0.25	0.94	0.44	0.99	(0.32)	4.32	(1.22)	(2.72)	0.24	-	(0.29)	(0.26)	-
H DEFICIT INCL GRANTS (cash basis)	(3.20)	-	0.54	(2.40)	(2.11)	0.39	(5.23)	(7.09)	(4.26)	(5.55)	(5.67)	(6.20)	(6.44)
I FINANCING	3.20	-	(0.54)	2.40	2.11	(0.39)	(5.23)	(7.09)	4.26	5.44	5.67	6.20	6.44
Foreign Financing	(1.12)	(0.73)	(0.05)	0.08	(0.34)	0.32	1.84	0.93	1.02	3.48	1.90	2.13	2.98
Domestic Financing	4.32	0.73	(0.50)	2.32	2.45	(0.71)	(3.39)	(6.16)	3.24	1.99	3.77	4.07	3.46
Of which Domestic Borrowing	4.32	0.73	(0.50)	0.46	0.23	-	3.11	4.76	3.24	1.95	3.77	4.05	1.83
Others	-	-	-	-	-	-	-	1.40	-	-	-	0.03	1.63
Memorandum Item													
Normal GDP at Market Price (KShs. million)	1,086,717.50	1,206,894.50	1,345,026.00	1,519,079.00	1,724,877.00	1,962,879.00	2,238,000.00	2,458,000.00	2,787,300.00	3,244,491.00	4,506,200.00	4,985,300.00	5,559,000.00

Note: * indicate Preliminary results

** Printed Budget

Source: National Treasury

