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Quarterly Economic and Budgetary Review

**Fourth Quarter, Financial Year 2023/2024
Period Ending 30th June, 2024**

AUGUST 2024 EDITION



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ACKNOWLEDGEMENT

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LIST OF ABBREVIATIONS AND ACRONYMS

| | |
|--------|---|
| ADB | African Development Bank |
| ADF | Asian Development Fund |
| A-I-A | Appropriation-in-Aid |
| AMISOM | African Union Mission in Somalia |
| ARUD | Agriculture, Rural and Urban Development |
| BAEA | Arab Bank for Economic Development of Africa |
| CBK | Central Bank of Kenya |
| CBR | Central Bank Rate |
| CF | Contingency Fund |
| CFS | Consolidated Fund Services |
| EAPC | East African Portland Cement |
| EBUs | Extra Budgetary Units |
| EEC | European Economic Community |
| EIB | European Investment Bank |
| EI&ICT | Energy, Infrastructure and Information Communication Technology |
| EPW&NR | Environment Protection, Water and Natural Resources |
| ES | Equitable Share |
| Excl. | Exclude |
| DANIDA | Danish International Development Agency |
| FPE | Free Primary Education |
| FSE | Free Secondary Education |
| FY | Financial Year |
| GDP | Gross Domestic Product |
| GECA | General Economic and Commercial Affairs |
| GFSM | Government Finance Statistics Manual |
| GJLO | Governance, Justice, Law and Order |
| GOP | Gross Operating Balance |
| ICT | Information, Communication and Technology |
| IDA | International Development Association |
| IDF | Import Declaration Fee |
| IFAD | International Fund for Agricultural Development |
| IMF | International Monetary Fund |

| | |
|-------|---|
| Incl. | Include |
| JKIA | Jomo Kenyatta International Airport |
| Jun. | June |
| KNBS | Kenya National Bureau of Statistics |
| KSh. | Kenya Shillings |
| M3 | Broad Money Supply |
| MDAs | Ministries, Departments and Agencies |
| MIA | Mombasa International Airport |
| Mn | Million |
| NDA | Net Domestic Assets/Net Domestic Financing |
| NDF | Nordic Development Fund |
| NFA | Net Foreign Assets/Non-Financial Assets |
| NFB | Net Financing Balance |
| NIS | National Intelligence Service |
| NLB | Net Lending/ Borrowing |
| NOB | Net Operating Balance |
| NSE | Nairobi Securities Exchange |
| O & M | Operation and Maintenance |
| OPEC | Oil Producing and Exporting Countries |
| PAIR | Public Administration and International Affairs |
| PAYE | Pay as You Earn |
| PDL | Petroleum Development Levy |
| QEBR | Quarterly Economic and Budgetary Review |
| RDL | Railway Development Levy |
| RML | Road Maintenance Levy |
| SAGAS | Semi-Autonomous Government Agencies |
| SC | State Corporations |
| SDR | Special Drawing Rights |
| SMS | Short Message Services |
| SGR | Standard Gauge Railway |
| SOEs | State Owned Enterprises |
| SPC&R | Social Protection, Culture and Recreation |
| TARDA | Tana River Development Authority |
| UK | United Kingdom |

US\$ United States Dollar
VAT Value Added Tax
O/W Of Which

LEGAL BASIS FOR THE QUARTERLY ECONOMIC AND BUDGETARY REVIEW REPORTS

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 FOURTH QUARTERLY ECONOMIC AND BUDGETARY REVIEW REPORT IN THE 2023/24 FINANCIAL YEAR

1. Economic growth

The economy grew by 5.6 percent in 2023, an improvement, from 4.9 percent in 2022, a demonstration of resilience and the beginning of economic recovery. This growth momentum has continued in 2024 with the economy expanding by 5.0 percent in the first quarter compared to a growth of 5.5 percent in the corresponding quarter of 2023. This growth is largely driven by resilient service sector and strong growth of agriculture supported by favorable weather conditions and government interventions.

2. Inflation rate

The overall year-on year inflation is under control and within the Government target range of 5 ± 2.5 percent. Inflation declined to 4.6 percent in June 2024 from 7.9 percent in June 2023, due to easing of food and energy prices. The appreciating Shilling produced a strong pass-through effect to lower domestic prices supported by a tight monetary policy stance and Government interventions to lower the cost of food production.

3. Interest Rates

Tight monetary policy to stabilize inflation has led to rising interest rates. The interbank rate increased to 13.1 percent in June 2024 compared to 9.6 percent in June 2023. The 91-day Treasury Bills rate increased to 16.0 percent in June 2024 compared to 11.5 percent in June 2023 while the 182-day Treasury Bills rate also increased to 16.7 percent from 11.5 percent over the same period. This has increased the cost of borrowing by Government from the domestic market. Additionally, the average lending rate increased to 16.6 percent in May 2024 from 13.2 percent in May 2023 while the average deposit rate increased to 11.1 percent from 7.6 percent over the same period.

4. Money and Credit

Broad money supply, M3, grew by 6.0 percent in the year to June 2024 compared to a growth of 13.4 percent in the year to June 2023. The slowdown in growth of M3 was due to a decline in Net Domestic Assets (NDA) particularly the growth of domestic credit. The primary source of the growth in M3 was an improvement in the Net Foreign Assets (NFA) of the banking system.

5. Current Account

The current account deficit improved to US\$. 4,091.3 million (3.2 percent of GDP) in June 2024 compared to US\$. 4,840.9 million (4.5 percent of GDP) in June 2023. The current account balance was supported by an improvement in the net merchandise account and the net secondary income balance despite a deterioration in the net primary income balance and the net receipts on the services account.

6. Foreign Exchange Reserves

The official foreign exchange reserves held by the Central Bank stood at US\$. 8,462.7 million in June 2024 an improvement compared to US\$. 8,036.7 million in June 2023. This represented 4.6 months of import cover as compared to the 4.1 months of import cover, respectively, and therefore provides adequate cover and a buffer against short term shocks in the foreign exchange market.

7. Capital Markets

Activity in the capital markets improved in the year to June 2024. Economic recovery, appreciation of the Kenya Shilling and macroeconomic stability have created confidence and attracted investors to the Nairobi Securities Exchange. The NSE 20 Share Index improved to 1,657 points in June 2024 compared to 1,575 points in June 2023 while Market capitalization also improved to KSh. 1,711 billion from KSh. 1,666 billion over the same period.

8. Revenue Collection

The National Government's cumulative revenue collection including A-I-A for the period between July 2023-June 2024 amounted to KSh. 2,702.7 billion (16.8 percent of GDP) against a target of KSh. 2,907.5 billion. The revenue was below target mainly due to shortfalls recorded in collection of both ordinary revenue and ministerial appropriation-in-aid (A.I.A).

9. Expenditure and Net Lending

The total expenditure and net lending inclusive of transfers to County Governments for the period ending 30th June, 2024 amounted to KSh. 3,655.6 billion, against a target of KSh. 3,871 billion. The resultant under expenditure of KSh. 215.5 billion is mainly attributed to lower absorption recorded in both recurrent and development expenditures by the National Government.

10. Guaranteed Debt

The government serviced guaranteed debt on behalf of Kenya Airways (KQ) amounting to KSh. 17.4 billion during the period under review.

11. Fiscal Balance

The fiscal balance excluding grants (on a commitment basis) amounted to a deficit of KSh. 952.9 billion (5.9 percent of GDP), as at the end of June, 2024 as compared to the target of KSh. 963.5 billion (6.0 percent of GDP).

12. External Financing

The Net Foreign financing amounted to KSh. 222.7 billion (1.4 percent of the GDP) during the period ending 30th June, 2024.

13. Net Domestic Borrowing

Net domestic financing amounted to a net borrowing of KSh. 543.7 billion (3.4 percent of GDP) in the period ending 30th June, 2024.

14. Domestic Debt Stock

The stock of gross domestic debt increased by KSh 578 billion from KSh. 4,832.3 billion in June 2023 to KSh 5,410.3 billion in June, 2024.

15. External Debt Stock

The total external debt stock, including the International Sovereign Bond, stood at US\$ 39,766.6 billion by the end of June, 2024. The debt stock comprised of multilateral debt (53.9 percent), commercial debt (23.4 percent), bilateral debt (22.4 percent) and suppliers' credit (0.3 percent).

1.0 RECENT ECONOMIC DEVELOPMENTS

1.1 Economic Growth

1. The economy grew by 5.6 percent in 2023 up from 4.9 percent in 2022, a demonstration of resilience and the beginning of economic recovery. The growth in 2023 is above its pre-pandemic average of 4.7 percent per year for the period between 2011-2019. The growth was largely driven by a strong rebound in the agricultural subsector, which benefited from favorable weather conditions after two years of severe droughts and the robust performance of the services sector. However, growth in manufacturing and wholesale and retail trade subsectors slowed down.

2. This growth momentum has continued in 2024 with the economy expanding by 5.0 percent in the first quarter compared to a growth of 5.5 percent in the corresponding quarter in 2023 (Chart 1). The growth is largely driven by strong growth in agriculture supported by favorable weather conditions and government interventions. Additionally, services sector remained resilient with real estate, financial & insurance, ICT and accommodation & food services supporting the growth.

Chart 1: Quarterly Real GDP Growth Rates



Source of Data: Kenya National Bureau of Statistics

3. The primary sector grew by 5.0 percent in the first quarter of 2024 compared to a growth of 5.3 percent in the first quarter of 2023. This was as a result of the robust growth in the agriculture, forestry and fishing sub-sector despite a contraction in the mining and quarrying sub sector. Activities in the agriculture, forestry and fishing sub-sector expanded by 6.1 percent in the first quarter of 2024 compared to a growth of 6.4 percent in a similar quarter in 2023 (Table 1). The performance of the sector was attributed to favorable weather conditions as well as government interventions that led to enhanced production. The performance was evident in the significant increase in production of tea, milk and sugarcane during the quarter under review. However, the sector’s performance was somewhat curtailed by decline in exports of coffee, fruit and cut flowers.

4. Mining and Quarrying sub-sector contracted by 14.8 percent in the first quarter of 2024 compared to a contraction of 11.0 percent over the same period in 2023. This was due to a decline in production of most minerals such as titanium, soda ash and gemstone.

Table 1: Sectoral Real GDP Growth rate (Percent)

| Sectors | Annual Growth Rates | | Quarterly Growth Rates | |
|--|---------------------|------------|------------------------|------------|
| | 2022 | 2023 | 2023 Q1 | 2024 Q1 |
| 1. Primary Industry | (0.8) | 5.6 | 5.3 | 5.0 |
| 1.1. Agriculture, Forestry and Fishing | (1.5) | 6.5 | 6.4 | 6.1 |
| 1.2 Mining and Quarrying | 9.3 | (6.5) | (11.0) | (14.8) |
| 2. Secondary Sector (Industry) | 3.5 | 2.5 | 2.5 | 1.1 |
| 2.1. Manufacturing | 2.6 | 2.0 | 1.7 | 1.3 |
| 2.2. Electricity and Water supply | 5.5 | 2.8 | 3.7 | 2.4 |
| 2.3. Construction | 4.1 | 3.0 | 3.0 | 0.1 |
| 3. Tertiary sector (Services) | 6.6 | 6.8 | 6.5 | 6.2 |
| 3.1. Wholesale and Retail trade | 3.5 | 2.7 | 2.9 | 4.9 |
| 3.2. Accommodation and Restaurant | 26.8 | 33.6 | 47.1 | 28.0 |
| 3.3. Transport and Storage | 5.8 | 6.2 | 6.6 | 3.8 |
| 3.4. Information and Communication | 9.0 | 9.3 | 9.5 | 7.8 |
| 3.5. Financial and Insurance | 12.0 | 10.1 | 5.9 | 7.0 |
| 3.6. Public Administration | 5.1 | 4.6 | 7.6 | 5.8 |
| 3.7. Others | 5.3 | 6.1 | 5.7 | 5.9 |
| of which: Professional, Admin & Support Services | 9.4 | 9.4 | 8.6 | 9.9 |
| Real Estate | 4.5 | 7.3 | 7.3 | 6.6 |
| Education | 5.2 | 3.1 | 2.0 | 4.0 |
| Health | 3.4 | 4.9 | 5.1 | 5.5 |
| Taxes less subsidies | 6.7 | 2.2 | 3.0 | 4.7 |
| Real GDP | 4.9 | 5.6 | 5.5 | 5.0 |

Source of Data: Kenya National Bureau of Statistics

5. Industrial sector performance remained subdued, with growth of the sector slowing down to 1.1 percent in the first quarter of 2024 from a growth of 2.5 percent in a similar quarter of 2023. This was mainly on account of a decline in activities in all its sub-sectors i.e. the manufacturing, electricity & water supply and construction subsectors.

6. Manufacturing sub-sector expanded by 1.3 percent in the first quarter of 2024 compared to 1.7 percent growth in the corresponding quarter of 2023. In the manufacture of food products, growth was supported by tea and dairy processing despite the decline in soft drink production. In the manufacture of non-food products, cement production declined. Electricity and water supply sub-sector also recorded a decelerated growth of 2.4 percent in the first quarter of 2024 compared to a growth of 3.7 percent in the corresponding quarter of 2023. The sector's growth was supported by an increase in hydroelectric power generation and a decrease in thermal power generation.

7. Activities in the construction sub-sector registered a decelerated growth of 0.1 percent, down from the 3.0 percent growth recorded in the first quarter of 2023. The slowdown was reflected in the decline in the volume of cement consumption and imported bitumen. However, the volume of iron and steel imported increased during the review period.

8. The activities in the services sector continued to sustain strong growth momentum in the first quarter of 2024 and grew by 6.2 percent compared to a growth of 6.5 percent in a similar period in 2023. The performance was largely characterized by significant growths in: accommodation and food service; financial and insurance; information and communication; real estate and wholesale and retail trade sub-sectors. Accommodation and food service activities sustained the growth momentum that started in the 2022 recovery from the effects

RECENT ECONOMIC DEVELOPMENTS

of COVID-19 pandemic even though this growth was slower compared to the corresponding quarter of 2023. The sub-sector grew by 28.0 percent compared to a growth of 47.1 percent recorded in the first quarter of 2023. The growth was evidenced by a significant increase in the number of visitor arrivals through the two major airports, the Jomo Kenyatta International Airport (JKIA) and Mombasa International Airport (MIA).

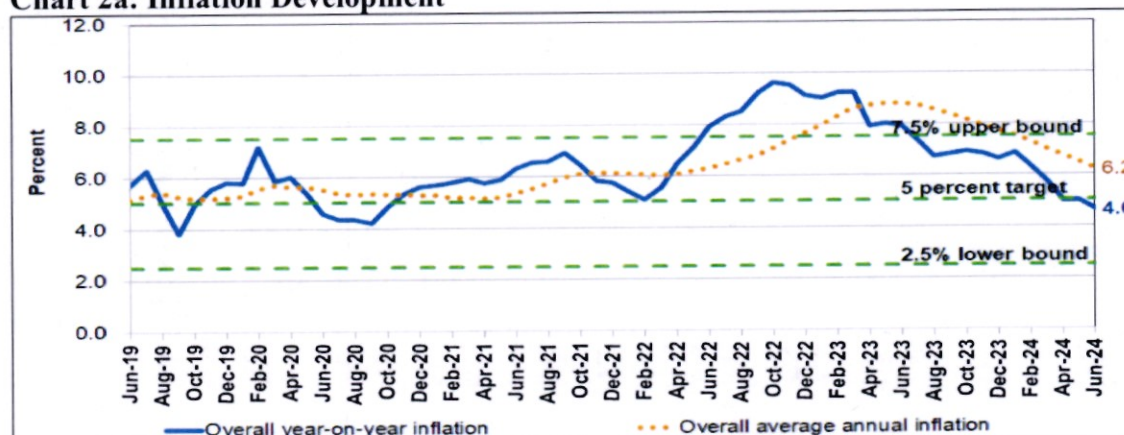
9. Financial and insurance sub-sector grew by 7.0 percent in the first quarter of 2024 compared to 5.9 percent in the corresponding quarter of 2023 while information and communication subsector grew by 7.8 percent compared to a growth of 9.5 percent, over the same period. Growth in the information and communication sub-sector was supported by increased voice traffic, internet use and mobile money despite a decline in the use of domestic Short Messaging Services (SMSs).

10. Activities in Transportation and Storage sub-sector slowed down to a growth of 3.8 percent in the first quarter of 2024 compared to a growth of 6.6 percent in a corresponding period in 2023. The growth in the sector was mainly supported by increased activities in Mombasa Port throughput and an increase in the number of international passenger arrivals and departures. However, growth in the sector was curtailed by a decline in the number of passengers transported via Standard Gauge Railway (SGR). Consumption of light diesel which is a key input to land transportation also declined during the period.

1.2 Inflation

11. The overall year-on-year inflation is under control and within the Government target range of 5 ± 2.5 percent. Inflation declined to 4.6 percent in June 2024 from 7.9 percent in June 2023, due to easing of food and energy prices (**Chart 2a**). The appreciating Shilling produced a strong pass-through effect of lowering domestic prices supported by a tight monetary policy stance. Additionally, interventions by Government in providing subsidized fertilizer and seeds continue to lower the cost of food production, and revitalize agricultural production.

Chart 2a: Inflation Development



Source of Data: Kenya National Bureau of Statistics

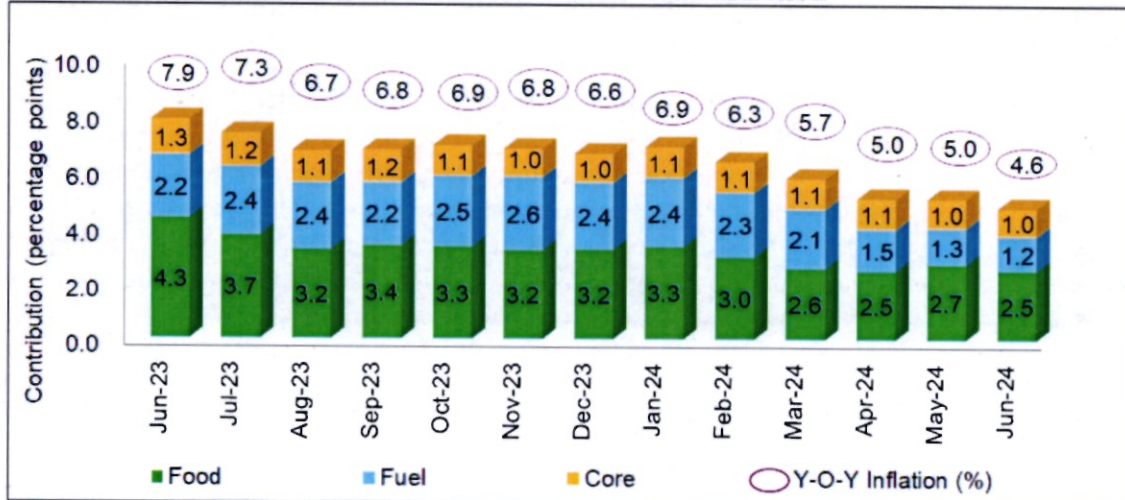
12. Food inflation remained the main driver of overall year-on-year inflation in June 2024, contributing 2.5 percentage points, a decline, compared to a contribution of 4.3 percentage points in June 2023 (**Chart 2b**). The easing of food prices was supported by increased food supply arising from favorable weather conditions; continued Government interventions through subsidized fertilizer; and the general easing of international food prices.

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Prices of most vegetable food items increased in the month of June 2024 compared to the same period in 2023 while that of non-vegetable food items declined during the same period.

13. Fuel inflation declined to contribute 1.2 percentage points to the overall year-on-year inflation in June 2024 from a contribution of 2.2 percentage points in June 2023. The decline largely reflects the impact of the Kenya Shilling's appreciation which resulted in a decrease in electricity price. The contribution of core (non-food non-fuel) inflation to the overall year-on-year inflation has been low and stable. This is consistent with the muted demand pressures in the economy that is supported by prudent monetary policy.

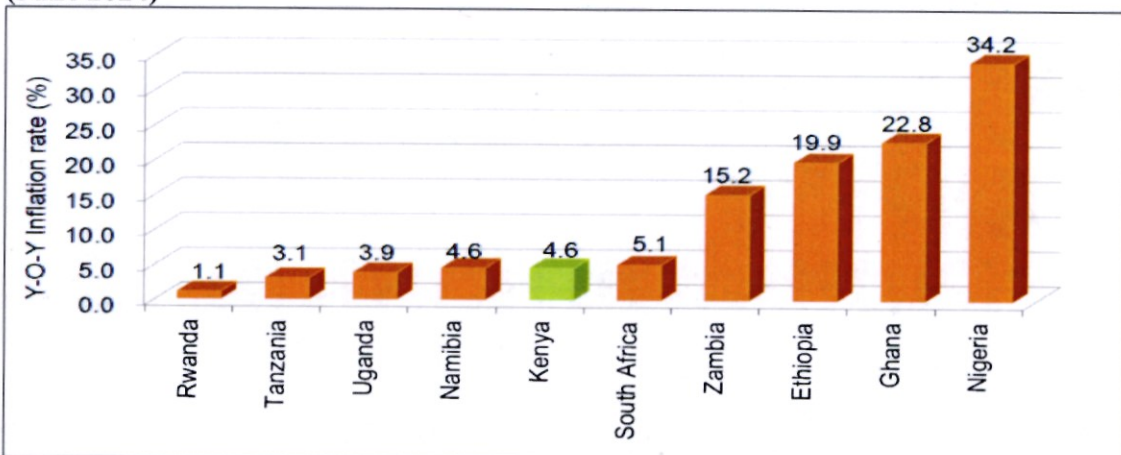
Chart 2b: Contribution to the Overall Year-on-Year Inflation



Source of Data: Kenya National Bureau of Statistics

14. Inflation rate remains high in most Sub-Saharan African economies fueled by rising energy prices; weakening currencies; and natural disasters. Kenya's inflation rate at 4.6 percent in June 2024 is much lower than that of majority of the countries in the Sub-Saharan African region that had double digits' inflation (**Chart 2c**).

Chart 2c: Year on Year Inflation Rates of selected Sub-Saharan African Countries (June 2024)



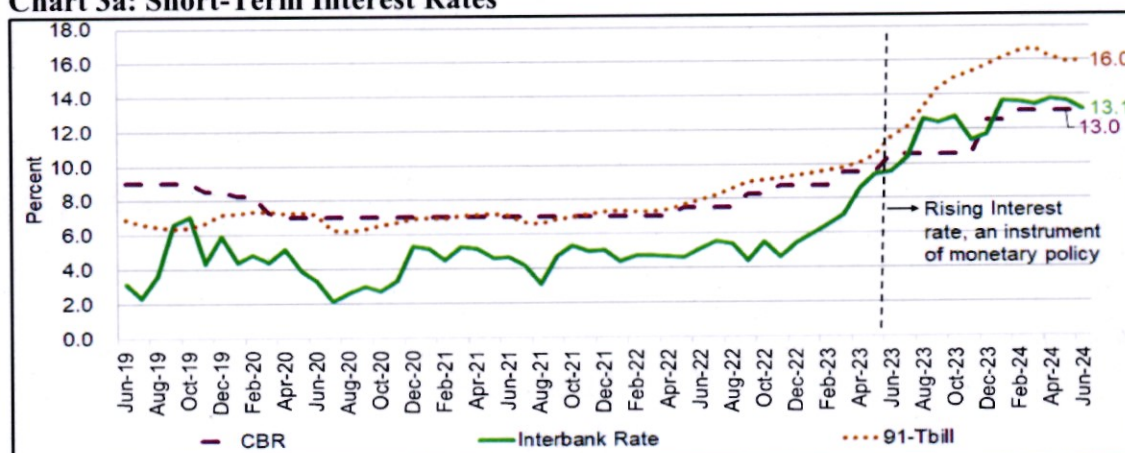
Source of Data: National Central Banks

1.3 Interest Rates

15. Tight monetary policy to stabilize inflation has led to rising interest rates. To anchor inflation expectations, the Central Bank of Kenya, through the Monetary Policy Committee, tightened monetary policy by raising the Central Bank Rate (CBR) to 13.0 percent in February 2024, and retaining the same rate in June 2024, from 10.5 percent in June 2023 (Chart 3a). The interbank rate increased to 13.1 percent in June 2024 compared to 9.6 percent in June 2023 and has remained within the prescribed corridor around the CBR (set at CBR± 250 basis points).

16. The 91-day Treasury Bills rate increased to 16.0 percent in June 2024 compared to 11.5 percent in June 2023 while the 182-day Treasury Bills rate also increased to 16.7 percent from 11.5 percent over the same period. This has increased the cost of borrowing by Government from the domestic market.

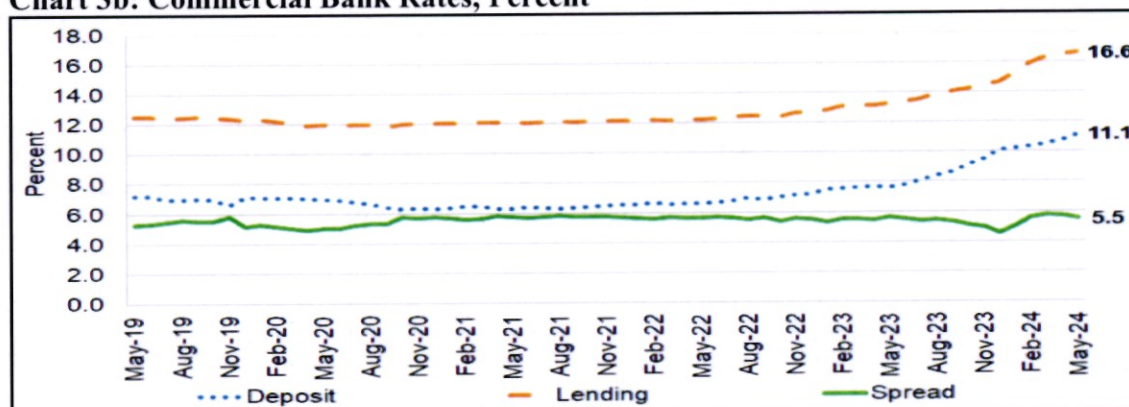
Chart 3a: Short-Term Interest Rates



Source of Data: Central Bank of Kenya

17. Commercial banks average lending and deposit rates increased in the year to May 2024 in tandem with the tightening of the monetary policy stance thereby reflecting high cost of investable funds. The average lending rate increased to 16.6 percent in May 2024 from 13.2 percent in May 2023 while the average deposit rate increased to 11.1 percent from 7.6 percent over the same period. Consequently, the average interest rate spread decreased to 5.5 percent in May 2024 from 5.6 percent in May 2023 (Chart 3b).

Chart 3b: Commercial Bank Rates, Percent



Source of Data: Central Bank of Kenya

1.4 Money and Credit

18. Broad money supply, M3, grew by 6.0 percent in the year to June 2024 compared to a growth of 13.4 percent in the year to June 2023 (Table 2). The slowdown in growth of M3 was due to a decline in the growth of Net Domestic Assets (NDA) particularly the domestic credit. The primary source of the growth in M3 was an improvement in the Net Foreign Assets (NFA) of the banking system. The NFA of the banking system in the year to June 2024 expanded by 53.2 percent compared to a growth of 29.5 percent in the year to June 2023. The increase in Net Foreign Assets, mainly reflected an increase in commercial banks' Foreign Assets.

19. Net Domestic Assets (NDA) contracted by 0.2 percent in the year to June 2024, compared to a growth of 11.5 percent over a similar period in 2023. The slowdown in growth of the NDA reflects a decline in growth of the domestic credit to both the Government and the private sector. The domestic credit extended by the banking system to the Government decreased to a growth of 7.9 percent in the year to June 2024 compared to a growth of 13.0 percent in the year to June 2023. Lending to other public sectors grew by 1.5 percent compared to a contraction of 0.5 percent over the same period.

Table 2: Money and Credit Developments (12 Months to June 2024 KSh. Billion)

| | | | | Change | | Percent Change | |
|---|----------------|----------------|----------------|-------------------|-------------------|-------------------|-------------------|
| | 2022 June | 2023 June | 2024 June | 2022-2023 June | 2023-2024 June | 2022-2023 June | 2023-2024 June |
| COMPONENTS OF M3 | | | | | | | |
| 1. Money supply, M1 (1.1+1.2+1.3) | 1,906.8 | 2,098.2 | 2,023.8 | 191.4 | (74.4) | 10.0 | (3.5) |
| 1.1 currency outside banks (M0) | 251.4 | 257.9 | 274.2 | 6.5 | 16.3 | 2.6 | 6.3 |
| 1.2 Demand deposits | 1,552.0 | 1,680.7 | 1,572.9 | 128.7 | (107.8) | 8.3 | (6.4) |
| 1.3 Other deposits at CBK | 103.5 | 159.6 | 176.8 | 56.2 | 17.2 | 54.3 | 10.7 |
| 2. Money supply, M2 (1+2.1) | 3,551.5 | 3,852.2 | 4,001.8 | 300.7 | 149.6 | 8.5 | 3.9 |
| 2.1 Time and savings deposits | 1,644.7 | 1,754.0 | 1,978.0 | 109.3 | 224.0 | 6.645 | 12.8 |
| Money supply, M3 (2+3.1) | 4,443.0 | 5,037.4 | 5,341.5 | 594.4 | 304.1 | 13.4 | 6.0 |
| 3.1 Foreign currency deposits | 891.5 | 1,185.2 | 1,339.7 | 293.7 | 154.5 | 32.9 | 13.0 |
| SOURCES OF M3 | | | | | | | |
| 1. Net foreign assets (1.1+1.2) | 456.8 | 591.5 | 905.9 | 134.6 | 314.4 | 29.5 | 53.2 |
| 1.1 Central Bank | 641.5 | 616.9 | 479.2 | (24.6) | (137.7) | (3.8) | (22.3) |
| 1.2 Banking Institutions | (184.7) | (25.4) | 426.7 | 159.3 | 452.1 | 86.2 | 1,780.1 |
| 2. Net domestic assets (2.1+2.2) | 3,986.2 | 4,445.9 | 4,435.6 | 459.7 | (10.3) | 11.5 | (0.2) |
| 2.1 Domestic credit (2.1.1+2.1.2+2.1.3) | 5,185.8 | 5,820.2 | 6,130.3 | 634.4 | 310.1 | 12.2 | 5.3 |
| 2.1.1 Government (net) | 1,844.8 | 2,083.9 | 2,247.8 | 239.2 | 163.9 | 13.0 | 7.9 |
| 2.1.2 Other public sector | 84.1 | 83.7 | 84.9 | (0.4) | 1.3 | (0.5) | 1.5 |
| 2.1.3 Private sector | 3,256.9 | 3,652.6 | 3,797.5 | 395.7 | 144.9 | 12.2 | 4.0 |
| 2.2 Other assets net | (1,199.6) | (1,374.3) | (1,694.7) | (174.7) | (320.4) | (14.6) | (23.3) |

Source of Data: Central Bank of Kenya

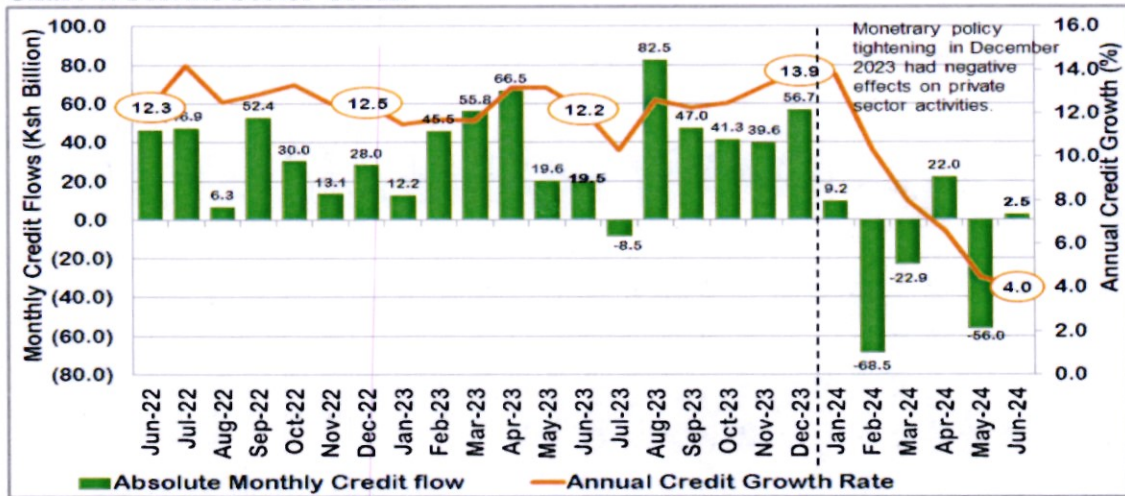
20. Growth in private sector credit from the banking system declined to 4.0 percent in the year to June 2024 compared to a growth of 12.2 percent in the year to June 2023, reflecting the impact of exchange rate appreciation on foreign currency denominated loans and monetary policy tightening. Reduced credit growth was observed in manufacturing, trade (exports) and building and construction. These are some of the sectors with significant foreign currency denominated loans

21. The Monthly (month on month) credit flows to the private sector has slowed down since December 2023. This is because the consequences of fighting supply driven inflation is that it has negative effects on economic vibrancy in the short term (Chart 4). Growth in private sector credit is expected to remain moderate in the near term consistent with a tight

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monetary policy stance. Sustained demand particularly for working capital due to resilient economic activity, and the implementation of the Credit Guarantee Scheme for the vulnerable MSMEs will continue to support private sector credit uptake.

Chart 4: Private Sector Credit



Source of Data: Central Bank of Kenya

1.5 Balance of Payments

22 The overall balance of payments position slowed down to a surplus of US\$. 657.6 million (0.5 percent of GDP) in June 2024 from a surplus of US\$. 1,096.5 million (1.0 percent of GDP) in June 2023. This was mainly due to a decline in the financial account in spite of an improvement in the current and capital accounts (Table 3).

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

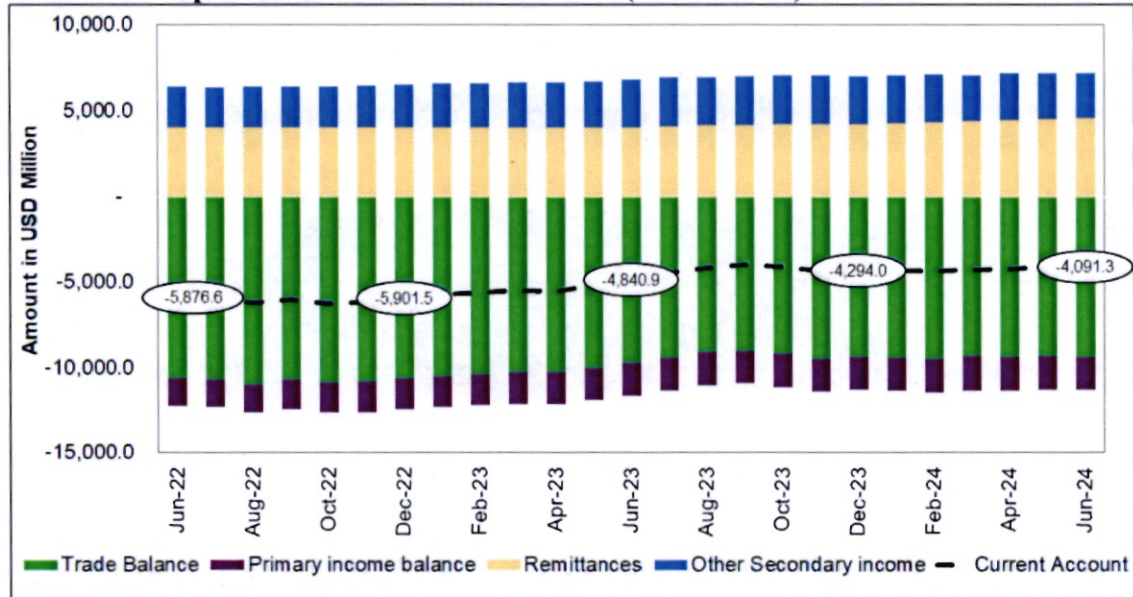
| | | | | Year to June 2024 | | Actuals as a Percent of GDP | |
|----------------------------------|------------|------------|-----------|-------------------|----------------|-----------------------------|--------|
| | Jun-22 | Jun-23 | Jun-24 | Change | Percent Change | Jun-23 | Jun-24 |
| Overall Balance | 1,542.9 | 1,096.5 | 657.6 | (438.8) | (40.0) | 1.0 | 0.5 |
| A) Current Account | (5,876.6) | (4,840.9) | (4,091.3) | 749.6 | 15.5 | (4.5) | (3.2) |
| <i>Merchandise Account (a-b)</i> | (12,144.0) | (10,849.0) | (9,887.8) | 961.1 | 8.9 | (10.1) | (7.7) |
| a) Goods: exports | 7,153.6 | 7,295.2 | 7,660.3 | 365.1 | 5.0 | 6.8 | 6.0 |
| b) Goods: imports | 19,297.5 | 18,144.2 | 17,548.1 | (596.1) | (3.3) | 16.9 | 13.7 |
| <i>Net Services (c-d)</i> | 1,482.8 | 1,089.7 | 516.3 | (573.5) | (52.6) | 1.0 | 0.4 |
| c) Services: credit | 6,136.7 | 6,452.2 | 5,050.4 | (1,401.8) | (21.7) | 6.0 | 3.9 |
| d) Services: debit | 4,653.9 | 5,362.5 | 4,534.1 | (828.3) | (15.4) | 5.0 | 3.5 |
| <i>Net Primary Income (e-f)</i> | (1,605.0) | (1,880.6) | (1,908.4) | (27.8) | (1.5) | (1.7) | (1.5) |
| e) Primary income: credit | 163.1 | 164.3 | 240.6 | 76.3 | 46.4 | 0.2 | 0.2 |
| f) Primary income: debit | 1,768.1 | 2,044.8 | 2,148.9 | 104.1 | 5.1 | 1.9 | 1.7 |
| <i>Net Secondary Income</i> | 6,389.7 | 6,798.9 | 7,188.7 | 389.8 | 5.7 | 6.3 | 5.6 |
| g) Secondary income: credit | 6,512.4 | 6,883.3 | 7,250.8 | 367.5 | 5.3 | 6.4 | 5.6 |
| h) Secondary income: debit | 122.8 | 84.4 | 62.1 | (22.3) | (26.4) | 0.1 | 0.0 |
| B) Capital Account | 160.7 | 125.8 | 138.5 | 12.8 | 10.2 | 0.1 | 0.1 |
| C) Financial Account | (4,394.7) | (3,420.4) | (2,817.1) | 603.3 | 17.6 | (3.2) | (2.2) |

Source of Data: Central Bank of Kenya

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22. The current account deficit improved to US\$. 4,091.3 million (3.2 percent of GDP) in June 2024 compared to US\$ 4,840.9 million (4.5 percent of GDP) in June 2023 (**Table 3 and Chart 5**). The current account balance was supported by an improvement in the net merchandise account and the net secondary income balance despite a deterioration in the net primary income balance and the net receipts on the services account.

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



Source of Data: Central Bank of Kenya

23. The balance in the merchandise account improved by US\$. 961.1 million to a deficit of US\$. 9,887.8 million in June 2024 mainly due to an increase in exports and a decline in the import bill (**Table 3**). Goods imports declined by 3.3 percent in the 12 months to June 2024, reflecting lower imports across all categories, except machinery and transport equipment. On the other hand, in the year to June 2024, goods exports increased by 5.0 percent in the 12 months to June 2024, reflecting increased exports of agricultural commodities and re-exports.

24. Net receipts on the services account declined by US\$. 573.5 million to US\$. 516.3 million in June 2024 compared to similar period in 2023. This was mainly on account of a decline in receipts from transport in spite of an increase in receipts from tourism as international travel continued to improve. Net Secondary income remained resilient and increased by US\$. 389.8 million during the review period owing to an increase in remittances which amounted to US\$. 4,536 million in the 12 months to June 2024, and were 12.9 percent higher compared to a similar period in 2023. However, the balance on the primary account widened by US\$. 27.8 million to a deficit of US\$. 1,908.4 million in the year to June 2024, compared to the same period last year, reflecting higher interest related payments on other investments.

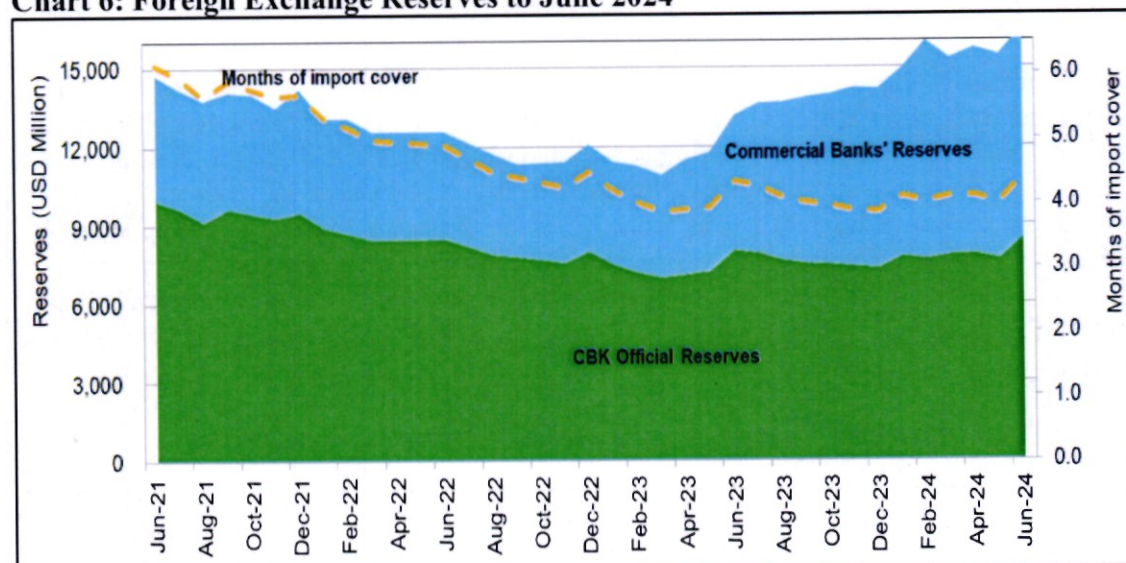
25. The capital account balance improved by US\$. 12.8 million to register a surplus of US\$ 138.5 million in June 2024 compared to a surplus of US\$. 125.8 million in the same period in 2023. Net financial inflows declined to US\$. 2,817.1 million in June 2024 compared to US\$. 3,420.4 million in June 2023 reflecting a slowdown in inflows to the government and other sectors. The net financial inflows were mainly in the form of other investments and direct investments. However, portfolio investments and financial derivatives registered a net outflow during the period.

1.6 Foreign Exchange Reserves

26. The banking system’s foreign exchange holdings remained strong at US\$. 16,438.0 million in June 2024, an improvement from US\$. 13,165.6 million in June 2023. The official foreign exchange reserves held by the Central Bank stood at US\$. 8,462.7 million compared to US\$ 8,036.7 million over the same period in 2023 (**Chart 6**). Commercial banks holdings increased to US\$. 7,975.3 million in June 2024 from US\$. 5,128.8 million in June 2023.

27. The official reserves held by the Central Bank in June 2024 represented 4.6 months of import cover as compared to the 4.1 months of import cover in June 2023. These reserves continue to provide adequate cover and buffer against any short-term shocks in the foreign exchange market.

Chart 6: Foreign Exchange Reserves to June 2024



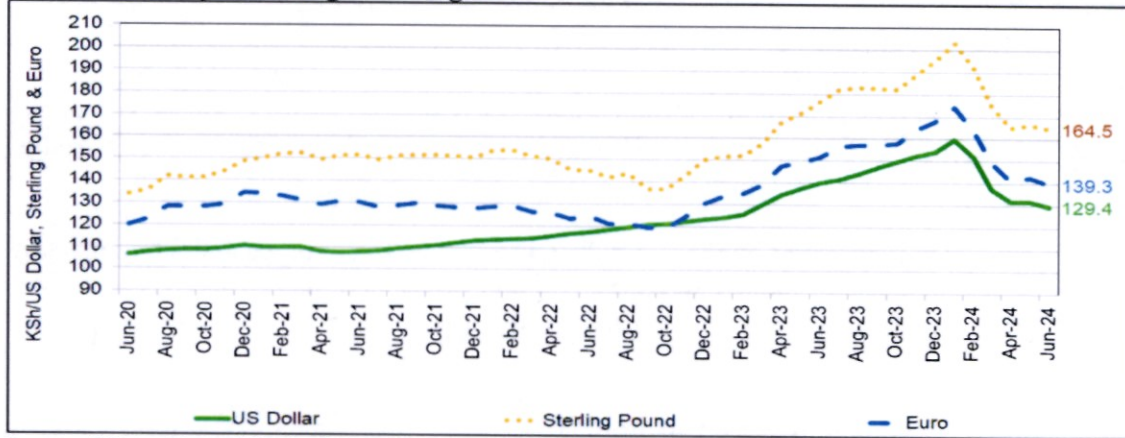
Source of Data: Central Bank of Kenya

1.7 Exchange Rates

28. The Kenya Shilling exchange rate has stabilized against major international currencies. In June 2024, the exchange rate against the US dollar averaged at KSh. 129.4 compared to an average of KSh. 160.8 in January 2024, an appreciation of 19.0 percent. Against the Euro, the Kenya shilling also strengthened by 20.1 percent to exchange at an average of KSh. 139.3 in June 2024 compared to an average of KSh 174.3 in January 2024 while against the Sterling Pound the Kenyan Shilling strengthened by 18.9 percent to exchange at an average of KSh. 164.5 compared to an average KSh. 202.9, over the same period (**Chart 7a**).

29. Through the repayment of the 2024 Eurobond, the Government successfully removed the investor uncertainty and market perception improved significantly. The appreciation and stability of the exchange rate has created confidence and triggered inflows of foreign direct investment and attracted investors to the Nairobi Securities Exchange. This appreciation has helped to reduce debt service costs, improve performance of domestic borrowing and stabilize interest rates.

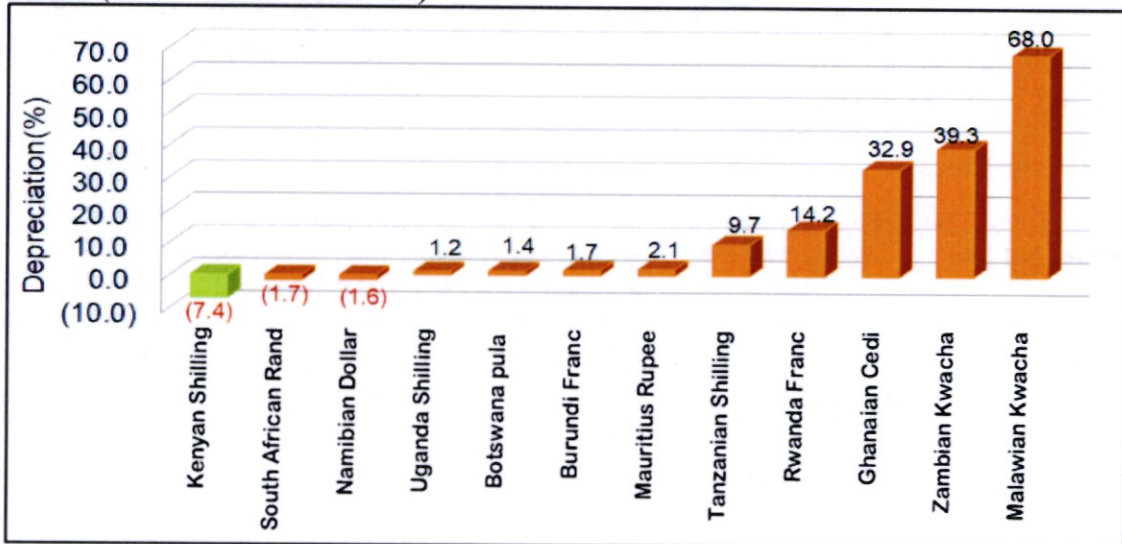
Chart 7a: Kenya Shilling Exchange Rate



Source of Data: Central Bank of Kenya

30. In comparison to Sub-Saharan Africa currencies, the volatility of the Kenya Shilling exchange rate has remained relatively low amid high demand for the US dollar in the international markets. The Kenya Shilling strengthened against the US Dollar at a rate of 7.4 percent in the 12 months to June 2024 compared to depreciations of 19.1 percent in the 12 months to June 2023 (Chart 7b). The stability of the Kenyan Shilling was supported by resilient remittances, adequate foreign exchange reserves and strong exports receipts. Majority of other Sub-Saharan Africa Currencies depreciated during the same period, particularly: Rwanda Franc, Ghanaian Cedi, Zambian Kwacha and Malawian Kwacha had double-digit depreciation rates.

Chart 7b: Performance of Selected Sub-Saharan Countries Currencies against the US Dollar (June 2023 to June 2024)



Source of Data: National Central Banks

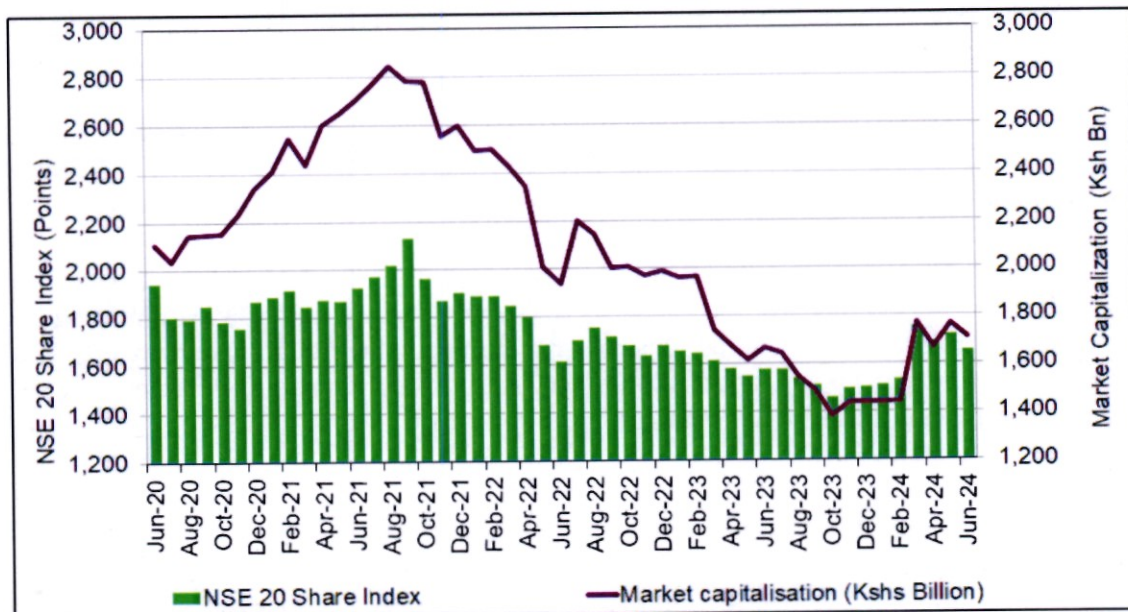
1.8 Capital Markets

31. Economic recovery, appreciation of the Kenya Shilling against major international currencies and macroeconomic stability have created confidence and triggered inflows of foreign direct investment and attracted investors to the Nairobi Securities Exchange. The NSE 20 Share Index improved to 1,657 points in June 2024 compared to 1,575 points in June

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2023 while Market capitalization also improved to KSh. 1,711 billion from KSh. 1,666 billion over the same period (Chart 8).

Chart 8: Performance at the NSE to end June 2024.



Source of Data: Nairobi Securities Exchange

FISCAL DEVELOPMENTS

2.0 FISCAL DEVELOPMENTS

2.1 Revenue

32. Total revenue collection by the end of June 2024, amounted to KSh. 2,702.7 billion against a target of KSh. 2,907.5 billion (**Table 4**). The revenue was below target by KSh. 204.9 billion on account of shortfalls recorded in both ordinary revenue and ministerial A-I-A. Total revenue inclusive of the ministerial A-I-A grew by 14.5 percent, an increase from a growth of 7.3 percent recorded in June 2023. Ordinary revenue collection was KSh. 2,288.9 billion against a target of KSh. 2,461 billion, KSh.172.1 billion below the target (**Chart 9**).

33. The ministerial A-I-A collected was below target by KSh. 32.8 billion during the period under review. The underperformance of A-I-A was mainly due to underreporting of SAGAs' A.I.A through the Ministerial expenditure returns for the period under review. The Railway Development Levy collection amounted to KSh. 32 billion against a target of KSh. 35 billion. The revenue data in Government Finance Statistics Manual 2014 (GFSM 2014) format is shown in annex II.

Table 4: Government Revenue and External Grants, Period Ending 30th June, 2024 (KSh. Millions)

| | 2022/2023 Actual | 2023/2024 | | Deviation KSh. | % Growth |
|---|---------------------|------------------|------------------|-------------------|--------------|
| | | Actual* | Target | | |
| Total Revenue (a+b) | 2,360,510 | 2,702,662 | 2,907,515 | (204,854) | 14.5 |
| (a) Ordinary Revenue | 2,041,119 | 2,288,921 | 2,461,020 | (172,099) | 12.1 |
| Import Duty | 130,123 | 133,929 | 142,373 | (8,444) | 2.9 |
| Excise Duty | 264,509 | 276,722 | 290,083 | (13,361) | 4.6 |
| PAYE | 494,904 | 554,653 | 580,479 | (25,825) | 12.1 |
| Other Income Tax | 446,671 | 488,103 | 520,876 | (32,773) | 9.3 |
| VAT Local | 272,729 | 313,367 | 307,823 | 5,544 | 14.9 |
| VAT Imports | 277,710 | 332,122 | 346,965 | (14,843) | 19.6 |
| Investment Revenue | 41,301 | 80,716 | 80,439 | 278 | 95.4 |
| Traffic Revenue | 4,366 | 4,352 | 5,334 | (982) | (0.3) |
| Taxes on Intl. Trade & Trans.(IDF Fee) | 55,966 | 47,915 | 49,578 | (1,664) | (14.4) |
| Others ¹ | 52,839 | 57,043 | 137,070 | (80,027) | 8.0 |
| (b) Appropriation In Aid² | 319,391 | 413,740 | 446,495 | (32,754) | 29.5 |
| o/w Railway Development Levy | 39,899 | 32,024 | 35,010 | (2,986) | (19.7) |
| (c) External Grants | 23,083 | 22,037 | 38,492 | (16,455) | (4.5) |
| Total Revenue and External Grants | 2,383,593 | 2,724,699 | 2,946,007 | (221,308) | 14.3 |
| Total Revenue and External Grants as a percentage of GDP | 16.4 | 16.9 | 18.3 | | |

1/ includes rent on land/buildings, fines and forfeitures, other taxes, loan interest receipts reimbursements and other fund contributions, fees, and miscellaneous revenue.

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

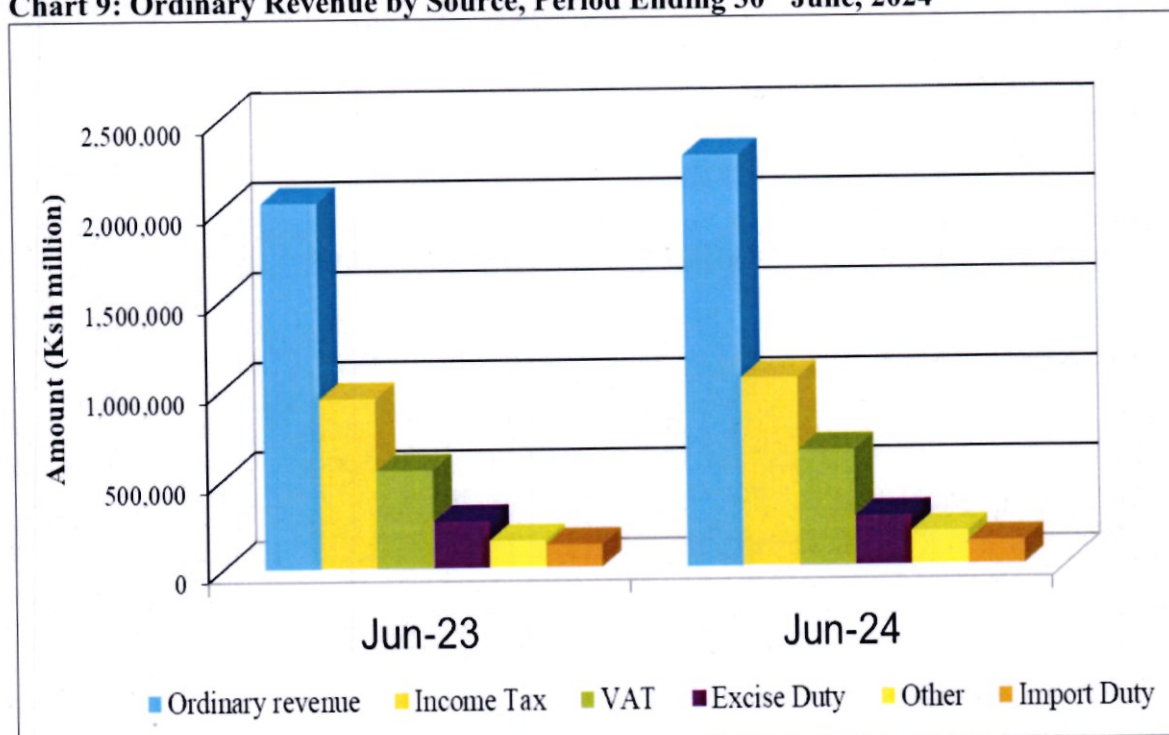
*Provisional

Source of Data: National Treasury

FISCAL DEVELOPMENTS

34. As a proportion of GDP, the total revenue and grants in the period under review was 16.9 percent compared to 16.4 percent in the corresponding period in the FY 2022/23. Total grants amounted to KSh. 22.0 billion against a target of KSh. 38.5 billion, which was an under performance by KSh. 16.5 billion.

Chart 9: Ordinary Revenue by Source, Period Ending 30th June, 2024



Source of Data: National Treasury

2.2 Expenditure

35. The total expenditure and net lending for the period under review amounted to KSh. 3,655.6 billion, against a target of KSh. 3,871.0 billion. The resultant under expenditure of KSh. 215.5 billion is attributed to lower absorption recorded in recurrent and development expenditures by the National Government and below target equitable share transfers to the County Governments. Recurrent expenditure for National Government amounted to KSh. 2,644.2 billion (excluding KSh. 57.9 billion for Parliament and Judiciary) against a target of KSh. 2,716.9 billion leading to a below target expenditure of KSh. 72.7 billion. The below target expenditure in recurrent category is mainly attributed to below target expenditure on Operation and Maintenance (O&M) and pension payments (Table 5 and Chart 10).

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Table 5: Expenditure and Net Lending, Period Ending 30th June, 2024 (KSh. Millions)

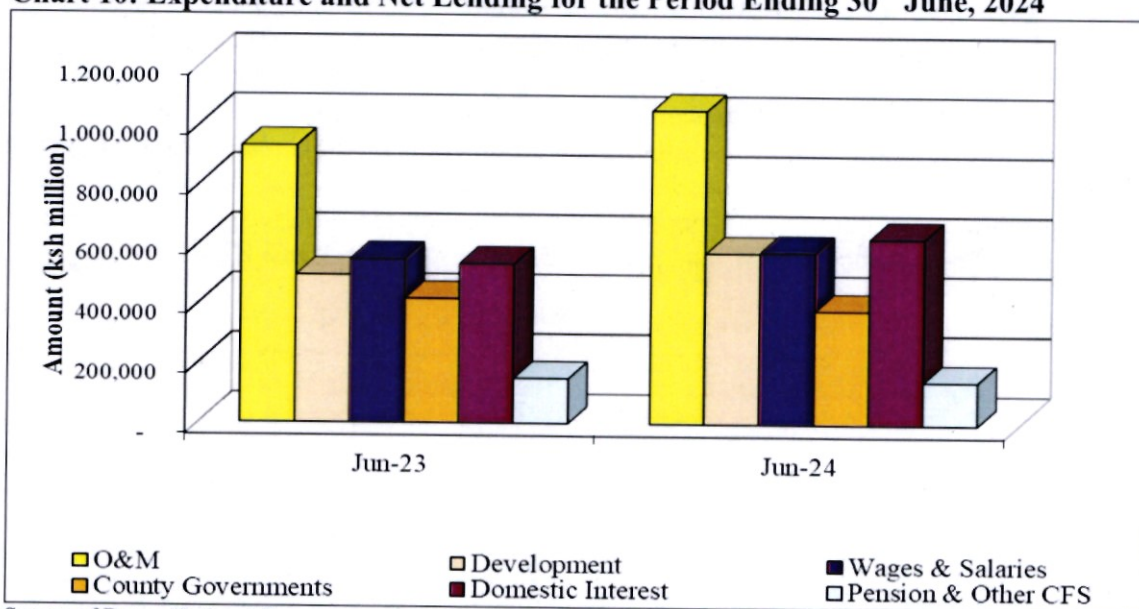
| | 2022/2023 Actual | 2023/2024 | | Deviation | % Growth |
|---|---------------------|------------------|------------------|------------------|--------------|
| | | Actual* | Targets | | |
| 1. RECURRENT | 2,250,621 | 2,644,217 | 2,716,883 | (72,666) | 17.5 |
| Domestic Interest | 533,098 | 622,544 | 629,367 | (6,823) | 16.8 |
| Foreign Interest | 154,223 | 218,188 | 224,302 | (6,114) | 41.5 |
| Pensions & Other CFS | 120,425 | 143,940 | 158,596 | (14,656) | 19.5 |
| Contribution to Civil Servants' Pension | 29,573 | 34,172 | 33,055 | 1,117 | 15.6 |
| Wages and Salaries | 547,157 | 575,269 | 583,410 | (8,141) | 5.1 |
| Operation and Maintenance | 866,145 | 1,050,104 | 1,088,152 | (38,048) | 21.2 |
| O/W: Appropriation-in-Aid | 197,524 | 286,896 | 296,473 | (9,577) | 45.2 |
| 2. DEVELOPMENT | 493,663 | 571,855 | 659,226 | (87,371) | 15.8 |
| Development Projects (Net) | 402,110 | 427,575 | 509,204 | (81,628) | 6.3 |
| Payment of Guaranteed Loans | 12,327 | 17,436 | - | 17,436 | 41.4 |
| Appropriation-in-Aid | 79,226 | 126,844 | 150,022 | (23,178) | 60.1 |
| 3. County Governments | 415,774 | 380,388 | 423,879 | (43,491) | (8.5) |
| 4. Parliamentary Service | 41,187 | 37,257 | 38,730 | (1,473) | (9.5) |
| 5. Judicial Service | 19,755 | 20,633 | 21,027 | (394) | 4.4 |
| 6. Equalization Fund | - | - | 10,077 | (10,077) | - |
| 7. CF | - | 1,200 | 1,200 | - | - |
| TOTAL EXPENDITURE | 3,221,001 | 3,655,550 | 3,871,022 | (215,472) | 13.5* |

rovisional

Source of Data: National Treasury

36. Interest payments amounted to KSh. 840.7 billion, higher than the KSh. 687.3 billion paid over the same period in the FY 2022/23. The domestic interest payments totalled to KSh. 622.5 billion, while foreign interest payment amounted to KSh. 218.2 billion in FY 2023/24. The expenditure data in GFSM 2014 format is shown in annexes III and IV.

Chart 10: Expenditure and Net Lending for the Period Ending 30th June, 2024



Source of Data: National Treasury

2.2.1 National Government Expenditures by Public Agencies

37. The total ministerial and other public agencies expenditure including A.I.A was KSh. 2,033.5 billion against a target of KSh. 2,437.6 billion. Recurrent expenditure was KSh. 1,493.1 billion against a target of KSh. 1,731.4 billion, while development expenditure amounted to KSh. 540.4 billion against a target of KSh. 708.8 billion. The percentage of total expenditures to the target was 83.4 percent while the percentage of total expenditures to the target for recurrent and development were 86.2 percent and 76.2 percent respectively, as at the end of the period under review. The discrepancy between actual and target expenditures is partly due to the non-capture of the parastatals and some other government entities expenditures. These ministerial expenditures are therefore, provisional.

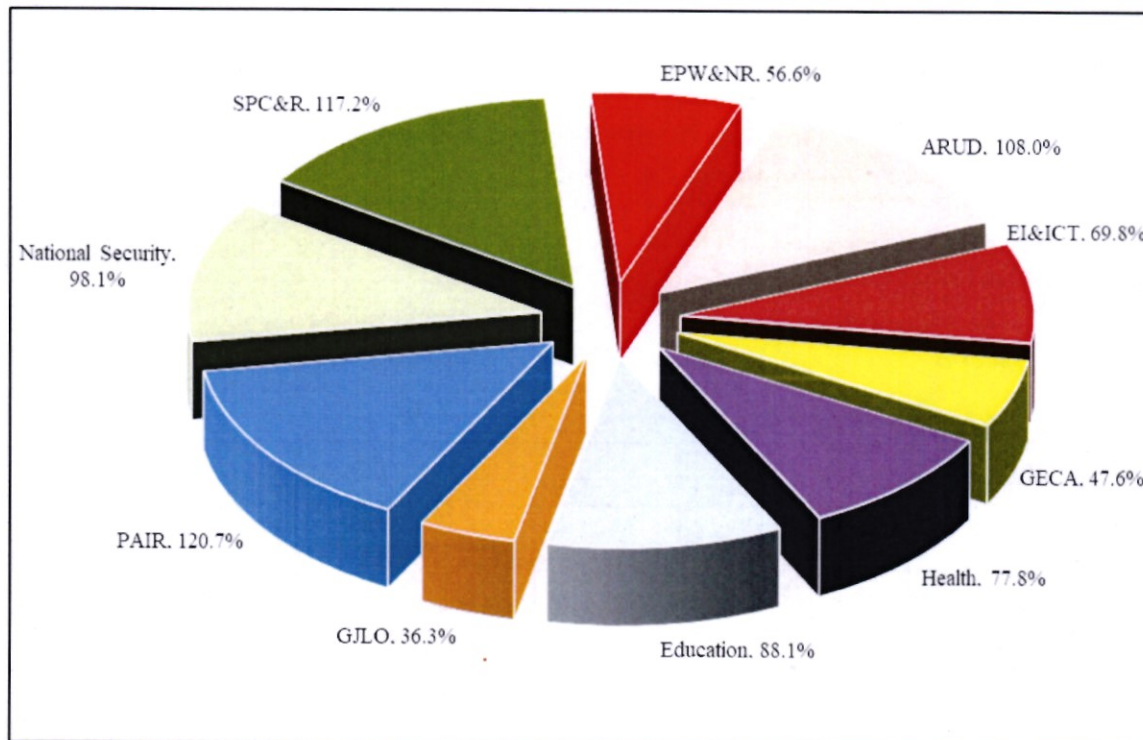
38. As at the period ending 30th June, 2024, recurrent expenditures by the State Department for Basic Education, Higher Education and Research; Teachers Service Commission; Vocational and Technical Training; Public Health and Professional Standards; labour and Skills Development; correctional service; Youth Affairs and Arts; and Sports; Social Protection and Senior Citizens; Immigration and Citizen Services and Medical Services (Social Sector) accounted for 47.9 percent of total recurrent expenditure. In addition, the security sector accounted for 13.8 percent of total recurrent expenditure.

39. Analysis of development outlay indicates that the State Department for Roads accounted for the largest share of the total development expenditure (16.2 percent), followed by the State Department for Economic Planning (8.5 percent) and the State Department for Transport (7.8 percent). The expenditures by large Ministries/State Departments were below target because of under reporting of expenditure from the sub-national, parastatals and some donor funded projects. **Table 6** shows the recurrent and development expenditures by Ministries, State Departments and other government entities for the period under review.

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40. During the period under review, the PAIR Sector recorded the highest absorption of 120.7 percent of its budget, followed by Social Protection at 117.2 percent. Governance, Justice, Law and Order Sector recorded the lowest absorption of 36.3 percent (Chart 11).

Chart 11: Sectoral Budget Absorption as at 30th June, 2024



Source of Data: National Treasury

2.2.2 Pending Bills

41. The total outstanding national government pending bills as at 30th June, 2024 amounted to KSh. 516.3 billion. These comprise of KSh. 379.8 billion (73.6 percent) and KSh. 136.5 billion (26.4 percent) for the State Corporations (SCs) and Ministries/State Departments/other government entities respectively. The SCs pending bills include payment to contractors/projects, suppliers, unremitted statutory and other deductions, pension arrears for Local Authorities Pension Trust, and others. The highest percentage of the SCs pending bills (71.5 percent) belong to Contractor/Development Projects and Suppliers. Ministries/State Departments and other government entities pending bills constitutes mainly of the historical ones.

42. The National Government policy on clearance of pending bills continues to be in force. The National Treasury is currently developing a comprehensive strategy to clear outstanding stock of verified pending bills of the National Government over the medium term. In this strategy, deficiencies and lapses that led to accumulation of pending bills will be addressed. In the FY 2024/25 all MDAs are expected to clear all the expenditure carryovers from FY 2023/24 as a first charge before payment of commitments in the current financial year.

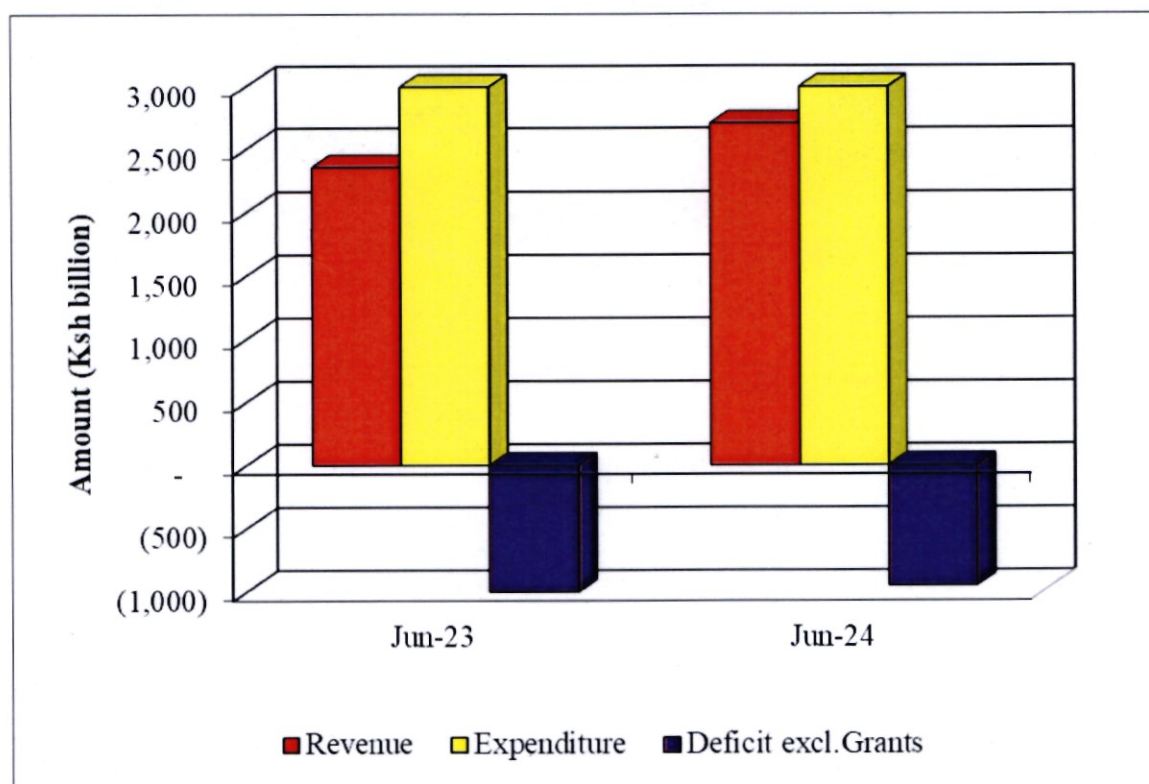
2.2.3 Guaranteed Debt Service

43. The national government paid KSh. 17.43 billion guaranteed debt on behalf of Kenya Airways during FY 2023/24. The payments is composed of KSh. 14.3 billion principal payment and KSh. 3.1 billion interest payment in the period under review.

2.3 Fiscal Outturn

44. In the FY 2023/24, the fiscal balance (on commitment basis and excluding grants) amounted to KSh. 952.9 billion (5.9 percent of GDP) against a targeted deficit of KSh. 963.5 billion (6.0 percent of GDP) (Chart 12 and Table 8). The fiscal balance (on a commitment basis and including grants) stood at 5.8 percent of GDP against a target deficit of 5.7 percent of GDP.

Chart 12: Fiscal Balance as at 30th June, 2024



Source of Data: National Treasury

45. Over the same period in FY2022/23, the fiscal deficit including grants (on commitment basis) stood at KSh. 837.4 billion (5.9 percent of GDP). The fiscal outturn in the last six FYs and the original and supplementary budgets in the FY 2023/24 are shown in Annex I. Further, GFSM 2014 Compliant Budgetary Central Government fiscal data for the FY 2023/24 are shown in annexes V and VI.

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Table 8: Budget Outturn, Cumulative Ending 30th June, 2024 (KSh. Millions)

| | 2022/2023 | 2023/2024 | | | % growth | 2023/2024 as a % of GDP | | 2022/2023 Actual as a % of GDP |
|---|-------------------|-------------------|-------------------|------------------|---------------|-------------------------|--------------|--------------------------------|
| | Actual | Actual* | Targets | Deviation | | Actual | Targets | |
| A. TOTAL REVENUE AND GRANTS | 2,383,593 | 2,724,699 | 2,946,007 | (221,308) | 14.3 | 16.9 | 18.3 | 16.7 |
| 1. Revenue | 2,360,510 | 2,702,662 | 2,907,515 | (204,854) | 14.5 | 16.8 | 18.0 | 16.5 |
| Ordinary Revenue | 2,041,119 | 2,288,921 | 2,461,020 | (172,099) | 12.1 | 14.2 | 15.3 | 14.3 |
| Import Duty | 130,123 | 133,929 | 142,373 | (8,444) | 2.9 | 0.8 | 0.9 | 0.9 |
| Excise Duty | 264,509 | 276,722 | 290,083 | (13,361) | 4.6 | 1.7 | 1.8 | 1.9 |
| Income tax | 941,576 | 1,042,756 | 1,093,645 | (50,889) | 10.7 | 6.5 | 6.8 | 6.6 |
| VAT | 550,440 | 645,489 | 654,788 | (9,299) | 17.3 | 4.0 | 4.1 | 3.9 |
| Investment Revenue | 41,301 | 56,146 | 80,439 | (24,293) | 35.9 | 0.3 | 0.5 | 0.3 |
| Others | 113,171 | 133,879 | 199,692 | (65,813) | 18.3 | 0.8 | 1.2 | 0.8 |
| Appropriation-in-Aid | 319,391 | 413,740 | 446,495 | (32,754) | 29.5 | 2.6 | 2.8 | 2.2 |
| 2. Grants | 23,083 | 22,037 | 38,492 | (16,455) | (4.5) | 0.1 | 0.2 | 0.2 |
| AMISOM Receipts | 6,982 | 86 | 86.2 | - | (98.8) | 0.0 | 0.0 | 0.0 |
| Revenue | 7,524 | 13,463 | 19,515 | (6,052) | 78.9 | 0.1 | 0.1 | 0.1 |
| Appropriation-in-Aid | 8,577 | 8,488 | 18,891 | (10,402) | (1.0) | 0.1 | 0.1 | 0.1 |
| B. EXPENDITURE AND NET LENDING | 3,221,001 | 3,655,550 | 3,871,022 | (215,472) | 13.5 | 22.7 | 24.0 | 22.6 |
| 1. Recurrent | 2,311,564 | 2,702,107 | 2,776,640 | (74,534) | 16.9 | 16.8 | 17.2 | 16.2 |
| Domestic Interest | 533,098 | 622,544 | 629,367 | (6,823) | 16.8 | 3.9 | 3.9 | 3.7 |
| Foreign Interest | 154,223 | 218,188 | 224,302 | (6,114) | 41.5 | 1.4 | 1.4 | 1.1 |
| Pension & Other CFS | 120,425 | 143,940 | 158,596 | (14,656) | 19.5 | 0.9 | 1.0 | 0.8 |
| Contribution to Civil Servants' Pension | 29,573 | 34,172 | 33,055 | 1,117 | 15.6 | 0.2 | 0.2 | 0.2 |
| Wages and Salaries | 547,157 | 575,269 | 583,410 | (8,141) | 5.1 | 3.6 | 3.6 | 3.8 |
| O & M/Others | 927,087 | 1,107,994 | 1,147,910 | (39,916) | 19.5 | 6.9 | 7.1 | 6.5 |
| 2. Development and Net Lending | 493,663 | 571,855 | 669,303 | (97,448) | 15.8 | 3.5 | 4.1 | 3.5 |
| O/W Domestically financed | 343,764 | 402,479 | 463,207 | (60,728) | 17.1 | 2.5 | 2.9 | 2.4 |
| Foreign financed | 137,572 | 151,941 | 196,019 | (44,078) | 10.4 | 0.9 | 1.2 | 1.0 |
| 3. Net Lending | 12,327 | 17,436 | 0 | 17,436 | 41.4 | 0.1 | - | 0.1 |
| 4. Equalization Fund | - | - | 10,077.4 | (10,077) | - | 0.0 | 0.1 | 0.0 |
| 5. County Governments | 415,774 | 380,388 | 423,879 | (43,491) | (8.5) | 2.4 | 2.6 | 2.9 |
| 5. CF | - | 1,200 | 1,200 | - | - | 0.0 | 0.0 | 0.0 |
| C. DEFICIT EXCL. GRANT (Commitment basis) | (860,491) | (952,888) | (963,507) | 10,619 | 10.7 | (5.9) | (6.0) | (6.0) |
| D. DEFICIT INCL. GRANTS (Commitment basis) | (837,408) | (930,851) | (925,015) | (5,836) | 11.2 | (5.8) | (5.7) | (5.9) |
| E. ADJUSTMENT TO CASH BASIS | 37,031 | 121,528 | - | 121,528 | 228.2 | 0.8 | - | 0.3 |
| F. DEFICIT INCL. GRANTS (Cash basis) | (800,377) | (809,323) | (925,015) | 115,692 | 1.1 | (5.0) | (5.7) | (5.6) |
| <i>Discrepancy</i> | <i>(30,070)</i> | <i>(42,875)</i> | <i>-</i> | <i>(42,875)</i> | <i>-</i> | <i>-0.3</i> | <i>-</i> | <i>(0.2)</i> |
| G. FINANCING | 770,307 | 766,447 | 925,015 | (158,568) | (0.5) | 4.8 | 5.7 | 5.4 |
| 1. Net Foreign financing | 310,759 | 222,717 | 259,329 | (36,612) | (28.3) | 1.4 | 1.6 | 2.2 |
| Disbursements | 548,171 | 760,500 | 815,816 | (55,316) | 38.7 | 4.7 | 5.1 | 3.8 |
| Programme Loans | 266,885 | 317,837 | 338,135 | (20,298) | 19.1 | 2.0 | 2.1 | 1.9 |
| Project Cash Loans | 61,975 | 87,444 | 102,960 | (15,516) | 41.1 | 0.5 | 0.6 | 0.4 |
| Project Loans ALA | 74,245 | 68,343 | 87,845 | (19,502) | (7.9) | 0.4 | 0.5 | 0.5 |
| Use of IMF SDR Allocation | 42,847 | - | - | - | (100.0) | - | - | 0.3 |
| Commercial Financing | 102,218 | 286,875 | 286,875 | - | 181 | 2 | 1.8 | 0.7 |
| Debt repayment - Principal | (237,412) | (537,783) | (556,487) | 18,704 | 126.5 | (3.3) | (3.4) | (1.7) |
| 2. Net Domestic Financing | 459,548 | 543,731 | 665,686 | (121,956) | 18.3 | 3.4 | 4.1 | 3.2 |
| Government Securities | 437,527 | 596,560 | 662,419 | (65,859) | 36.3 | 3.7 | 4.1 | 3.1 |
| Government Overdraft & Others | 18,819 | (28,168) | - | (28,168) | (249.7) | -0.2 | - | 0.1 |
| Movement in Government Deposits | 1,459 | 8,715 | - | 8,715 | 497.5 | 0.1 | - | 0.0 |
| Domestic Loan Repayments (Net Receipts) | 2,854 | 1,429 | 4,377 | (2,949) | (50.0) | 0.0 | 0.0 | 0.0 |
| Domestic Loan Repayment | (1,110) | (555) | (1,110) | 555 | (50.0) | 0.0 | (0.0) | (0.0) |
| Other Accounts Payable | - | (34,250) | - | - | - | (0.2) | - | 0.0 |
| MEMO ITEM | | | | | | | | |
| GDP ESTIMATE | 14,274,419 | 16,131,502 | 16,131,502 | - | 13.0 | 100.0 | 100.0 | 100.0 |

*Provisional

Source of Data: National Treasury

2.4 Financing

2.4.1 External Financing

46. During the period under review, net external financing amounted to KSh. 222.7 billion (Table 9). Total disbursements (inflows) including Appropriations-in-Aid amounted to KSh. 760.5 billion for the period ending 30th June, 2024 against a target of KSh. 815.8 billion. The total disbursement included KSh. 68.3 billion Project Loans A.I.A; KSh. 317.8 billion program loans; and KSh. 87.4 billion Project Loans-Cash. The external repayments (outflows) of principal debt amounted to KSh. 537.8 billion. The amount comprised of principal repayments due to commercial institutions; bilateral sources; and multilateral sources amounting to, KSh. 337.6 billion, KSh. 147.5 billion and KSh. 52.6 billion respectively.

Table 9: External Financing, Period Ending June, 2024 (KSh. Millions)

| | FY2022/23 | FY2023/24 | |
|----------------------------------|----------------|----------------|----------------|
| | Actual* | Actual* | Target |
| DISBURSEMENTS: | 548,171 | 760,499 | 815,815 |
| Project Cash loans | 61,975 | 87,444 | 87,845 |
| Project loans A-I-A | 74,245 | 68,343 | 102,960 |
| Commercial Financing | 102,218 | 286,875 | 286,875 |
| Use of IMF SDR Allocation | 42,847 | - | - |
| Programme Loans | 266,885 | 317,837 | 338,135 |
| EXTERNAL REPAYMENTS: | 237,412 | 537,783 | 542,166 |
| Bilateral(incl. Italy Debt SWAP) | 115,831 | 147,464 | 149,641 |
| Multilateral (excl. IMF) | 45,843 | 52,643 | 54,603 |
| Commercial | 75,738 | 337,676 | 337,923 |
| NET FOREIGN FINANCING | 310,759 | 222,716 | 273,649 |

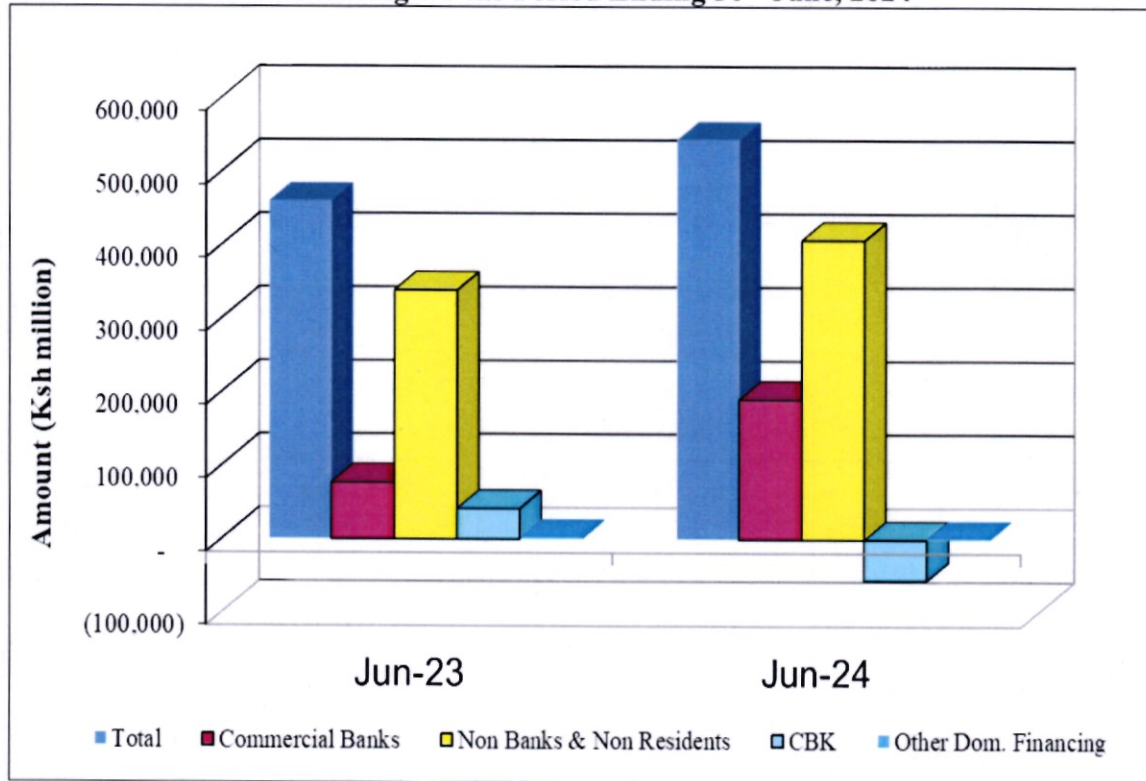
*Provisional

Source of Data: National Treasury

2.4.2 Domestic Financing

47. By the end of June 2024, net domestic borrowing amounted to KSh. 543.7 billion (Table 10) against a target borrowing of KSh. 665.7 billion (Table 8). The borrowing comprised of KSh. 404.8 billion from Non-Banking Financial Institutions, KSh. 90.3 billion from commercial banks, KSh. 1.9 billion from Non-Residents and net repayment of KSh. 20.5 billion to the Central Bank. Comparatively, for the same period in FY 2022/23, the domestic borrowing amounted to KSh. 459.5 billion, comprising of KSh. 338.2 billion from Non-Banking Financial Institutions, KSh. 77 billion from Commercial Banks, KSh. 41.3 billion from the Central Bank of Kenya and KSh. 127 million from the Non-Residents while the Government deposit to CBK amounted to KSh. 2.8 billion from other domestic sources (Table 10 and Chart 13).

Chart 13: Domestic Financing for the Period Ending 30th June, 2024



Source of Data: Central Bank of Kenya

48. The stock of Fixed Rate Bonds held by Non-Banks and Commercial Banks recorded an increase of KSh. 152.7 billion and KSh. 59.8 billion respectively while those held by Non-Residents also increased by KSh. 102 million. The stock of Treasury Bills held by commercial banks and Non-Residents recorded a net increase of KSh. 22.9 billion and KSh. 352 million respectively while those held by Non-Banks also increased by KSh. 18.9 billion. (Table 10).

FISCAL DEVELOPMENTS

Table 10: Domestic Financing, Period Ending 30th June, 2024 (KSh. Millions)

| | | | | | |
|--|----------------|----------------|----------------|-----------------|-----------------|
| 1.CENTRAL BANK | 41,348 | 7,632 | 18,888 | (15,351) | (54,825) |
| Overdraft | 17,955 | (753) | 17,671 | 15,724 | (15,436) |
| IMF funds onlet to Govt | - | 934 | 8,523 | 10,767 | (12,180) |
| Treasury bills rediscounts | 159 | - | - | - | - |
| Fixed rate Bonds | 437 | - | - | - | - |
| Items on Transit | 10 | (10) | (39) | (36) | (33) |
| Frozen Account | (1,110) | - | - | (555) | (555) |
| Less Govt Deposits | 23,898 | 7,460 | (7,267) | (41,251) | (26,620) |
| 2.COM. BANKS | 76,975 | (9,142) | 16,245 | 104,967 | 190,262 |
| Advances | 854 | (178) | (1,210) | (449) | (518) |
| Treasury bills | (18,081) | (43,491) | (56,493) | (85,989) | (63,055) |
| Fixed rate Bonds | (49,468) | 33,958 | 38,287 | 1,939 | 61,729 |
| Infrastructure Bonds | 166,109 | (2,486) | 35,748 | 191,020 | 191,020 |
| Savings and Development Bond | - | - | - | - | - |
| Less Govt Deposits | (22,439) | 3,054 | (87) | (1,554) | 1,085 |
| 3. NON BANKS | 338,243 | 92,397 | 172,364 | 292,984 | 404,809 |
| Treasury bills | 11,711 | (11,496) | (11,659) | 20,534 | 39,424 |
| Fixed rate Bonds | 147,740 | 110,082 | 115,093 | 144,585 | 237,519 |
| Zero Coupon bonds | - | - | - | - | - |
| Infrastructure Bonds | 178,792 | (6,189) | 68,930 | 127,866 | 127,866 |
| Savings and Development Bond | - | - | - | - | - |
| 4. NON RESIDENTS | 127 | 1,638 | 1,635 | 2,404 | 2,056 |
| Treasury bills | (356) | 5 | 2 | (3) | (7) |
| Fixed rate Bonds | (446) | 1,633 | 1,633 | 1,573 | 1,229 |
| Infrastructure Bond | 929 | - | - | 834 | 834 |
| 5. NET CREDIT | 456,694 | 92,525 | 209,132 | 385,005 | 542,302 |
| 6. OTHER DOMESTIC FINANCING | | | | | |
| Domestic Loan Repayments (NetReceipts) | 2,854 | 587 | 855 | 1,429 | 1,429 |
| 7. NET DOMESTIC FINANCING | 459,548 | 93,111 | 209,987 | 386,434 | 543,731 |

Note: Treasury Bills as reflected here are given at cost value as opposed to Table 12 given at face value.

*provisional

Source of Data: Central Bank of Kenya

FISCAL DEVELOPMENTS

3.0 PUBLIC DEBT

3.1. Overall Debt Position

49. The gross public debt as at 30th June, 2024 increased by KSh. 282.2 billion to KSh. 10,561.1 billion compared to KSh. 10,278.9 billion as at end of June 2022. The gross public debt comprised of 51.2 percent domestic debt and 48.8 percent external debt. The increase in the public debt is attributed to external loan disbursements; exchange rate fluctuation; and the increase in uptake of domestic and external debt during the period. The net public debt was KSh. 1, 034.9 billion by end of the period under review (Table 11).

Table 11: Kenya's Public and Publicly Guaranteed Debt, June 2022 to June 2024 (KSh. Millions)

| DEBT SOURCE | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23* | Dec-23* | Mar-24* | Jun-24* |
|-------------------------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| EXTERNAL | | | | | | | | | |
| BILATERAL | 1,173,270 | 1,144,450 | 1,206,883 | 1,291,851 | 1,339,503 | 1,341,779 | 1,422,180 | 1,175,582 | 1,154,672 |
| MULTILATERAL | 1,923,444 | 1,957,899 | 2,213,756 | 2,244,087 | 2,654,934 | 2,827,123 | 3,061,108 | 2,654,283 | 2,774,433 |
| COMMERCIAL BANKS | 1,191,080 | 1,220,682 | 1,239,681 | 1,301,153 | 1,437,276 | 1,483,613 | 1,588,656 | 1,318,975 | 1,207,503 |
| SUPPLIERS CREDIT | 12,154 | 11,760 | 12,824 | 14,004 | 14,848 | 15,284 | 17,641 | 14,583 | 14,231 |
| SUB - TOTAL EXTERNAL | 4,299,948 | 4,334,791 | 4,673,144 | 4,851,095 | 5,446,561 | 5,667,799 | 6,089,585 | 5,163,423 | 5,150,840 |
| DOMESTIC: | | | | | | | | | |
| CENTRAL BANK | 125,907 | 114,229 | 147,380 | 195,567 | 198,314 | 198,485 | 224,468 | 202,428 | 170,109 |
| O/W IMF FUNDS ON-LENT TO GOVERNMENT | 40,766 | 60,348 | 62,789 | 90,965 | 95,721 | 99,523 | 104,245 | 84,702 | 83,541 |
| COMMERCIAL BANKS | 2,003,387 | 2,032,420 | 2,017,402 | 1,992,823 | 2,095,069 | 2,081,576 | 2,109,720 | 2,190,148 | 2,278,836 |
| TOTAL BANKS | 2,129,295 | 2,146,649 | 2,164,782 | 2,188,391 | 2,293,383 | 2,280,061 | 2,334,188 | 2,392,576 | 2,448,944 |
| NON BANKS & NON RESIDENTS | 2,199,804 | 2,279,978 | 2,370,845 | 2,442,166 | 2,538,935 | 2,634,386 | 2,715,920 | 2,842,612 | 2,961,340 |
| SUB-TOTAL DOMESTIC | 4,329,099 | 4,426,627 | 4,535,627 | 4,630,557 | 4,832,318 | 4,914,447 | 5,050,109 | 5,235,188 | 5,410,284 |
| GRAND TOTAL GROSS | 8,629,047 | 8,761,418 | 9,208,771 | 9,481,652 | 10,278,879 | 10,582,245 | 11,139,694 | 10,398,612 | 10,561,124 |
| LESS ON-LENDING | - | - | - | - | - | - | - | - | - |
| LESS GOVERNMENT DEPOSITS | (418,284) | (404,154) | (470,558) | (384,704) | (484,584) | (429,162) | (464,321) | (525,843) | (526,226) |
| GRAND TOTAL NET | 8,210,763 | 8,357,263 | 8,738,213 | 9,096,948 | 9,794,294 | 10,153,083 | 10,675,372 | 9,872,769 | 10,034,898 |

*Provisional

Source of Data: National Treasury

3.2 Domestic Debt

50. The stock of gross domestic debt increased by KSh. 578.0 billion from KSh. 4,832.3 billion in June 2023 to KSh. 5,410.3 billion in June, 2024. The net domestic debt was KSh. 4,884.1 billion by end of the period under review (Table 12).

Table 12: Stock of Domestic Debt by end of June, 2024 (KSh. Millions)

| DEBT SOURCE | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23* | Dec-23* | Mar-24* | Jun-24* |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 1.CENTRAL BANK | 125,907 | 114,229 | 147,226 | 194,886 | 198,314 | 198,485 | 224,468 | 224,214 | 170,109 |
| Overdraft | 58,502 | 27,247 | 58,498 | 77,979 | 76,457 | 75,704 | 94,128 | 92,181 | 61,021 |
| IMF funds onlet to Govt | 40,766 | 60,348 | 62,789 | 90,965 | 95,721 | 96,655 | 104,245 | 106,488 | 83,541 |
| Frozen Govt Accounts | 18,899 | 18,899 | 18,344 | 18,344 | 17,789 | 17,789 | 17,789 | 17,234 | 17,234 |
| Treasury bills / bonds rediscounts | 71 | 67 | 112 | 109 | 230 | 230 | 230 | 230 | 230 |
| Items on Transit | 32 | 24 | 38 | 43 | 42 | 32 | 3 | 6 | 8 |
| Fixed rate bonds | 7,637 | 7,644 | 7,446 | 7,446 | 8,074 | 8,074 | 8,074 | 8,074 | 8,074 |
| 2.COM.BANKS | 2,003,387 | 2,032,420 | 2,017,402 | 1,992,823 | 2,095,069 | 2,081,735 | 2,109,720 | 2,190,148 | 2,278,836 |
| Advances | 13,054 | 12,965 | 13,828 | 6,339 | 13,692 | 16,406 | 15,226 | 5,522 | 5,468 |
| Treasury Bills | 287,613 | 315,649 | 293,469 | 292,186 | 262,852 | 217,841 | 204,724 | 176,846 | 207,875 |
| Fixed Rate T. Bonds | 1,094,545 | 1,094,111 | 1,079,084 | 1,054,106 | 1,043,778 | 1,078,058 | 1,082,354 | 1,045,598 | 1,103,311 |
| Special Bonds | - | - | - | - | - | - | - | - | - |
| Savings and Development Bond | 7,648 | 7,648 | 7,648 | 7,648 | 7,648 | 7,648 | 7,648 | 7,648 | 7,648 |
| Infrastructure Bonds | 600,527 | 602,047 | 623,374 | 632,545 | 767,099 | 761,782 | 799,769 | 954,534 | 954,534 |
| 3. NON BANKS | 2,167,924 | 2,248,031 | 2,339,242 | 2,410,377 | 2,506,970 | 2,600,834 | 2,682,371 | 2,808,554 | 2,927,632 |
| Treasury Bills | 340,675 | 356,424 | 377,812 | 373,486 | 351,636 | 340,128 | 341,939 | 379,924 | 407,784 |
| Fixed Rate T. Bonds | 1,353,067 | 1,412,738 | 1,428,132 | 1,450,047 | 1,503,056 | 1,614,753 | 1,619,733 | 1,649,417 | 1,740,635 |
| Tax Reserve Certificate | - | - | - | - | - | - | - | - | - |
| Infrastructure Bonds | 453,601 | 458,288 | 512,717 | 566,264 | 631,698 | 625,373 | 700,119 | 758,633 | 758,633 |
| Savings and Development Bond | 20,580 | 20,580 | 20,580 | 20,580 | 20,580 | 20,580 | 20,580 | 20,580 | 20,580 |
| M- Akiba Bond | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) |
| 4. NON RESIDENTS | 31,881 | 31,947 | 31,757 | 32,471 | 31,965 | 33,552 | 33,549 | 34,058 | 33,708 |
| Treasury Bills | 395 | 139 | 117 | 76 | 8 | 13 | 10 | 5 | 1 |
| Fixed Rate T. Bonds | 18,958 | 19,281 | 18,842 | 19,145 | 18,499 | 20,174 | 20,174 | 20,113 | 19,768 |
| Savings and Development Bond | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Infrastructure Bonds | 12,519 | 12,519 | 12,790 | 13,241 | 13,449 | 13,356 | 13,356 | 13,931 | 13,931 |
| 5. TOTAL GROSS DEBT | 4,329,099 | 4,426,627 | 4,535,628 | 4,630,557 | 4,832,318 | 4,914,606 | 5,050,109 | 5,256,974 | 5,410,284 |
| 6. Less On-Lending | - | - | - | - | - | - | - | - | - |
| 7. Less Govt Deposits | 418,284 | 404,154 | 470,558 | 384,705 | 484,584 | 412,151 | 464,321 | 525,843 | 526,226 |
| 8. TOTAL NET DEBT | 3,910,815 | 4,022,472 | 4,065,069 | 4,245,853 | 4,347,734 | 4,502,455 | 4,585,787 | 4,731,131 | 4,884,058 |

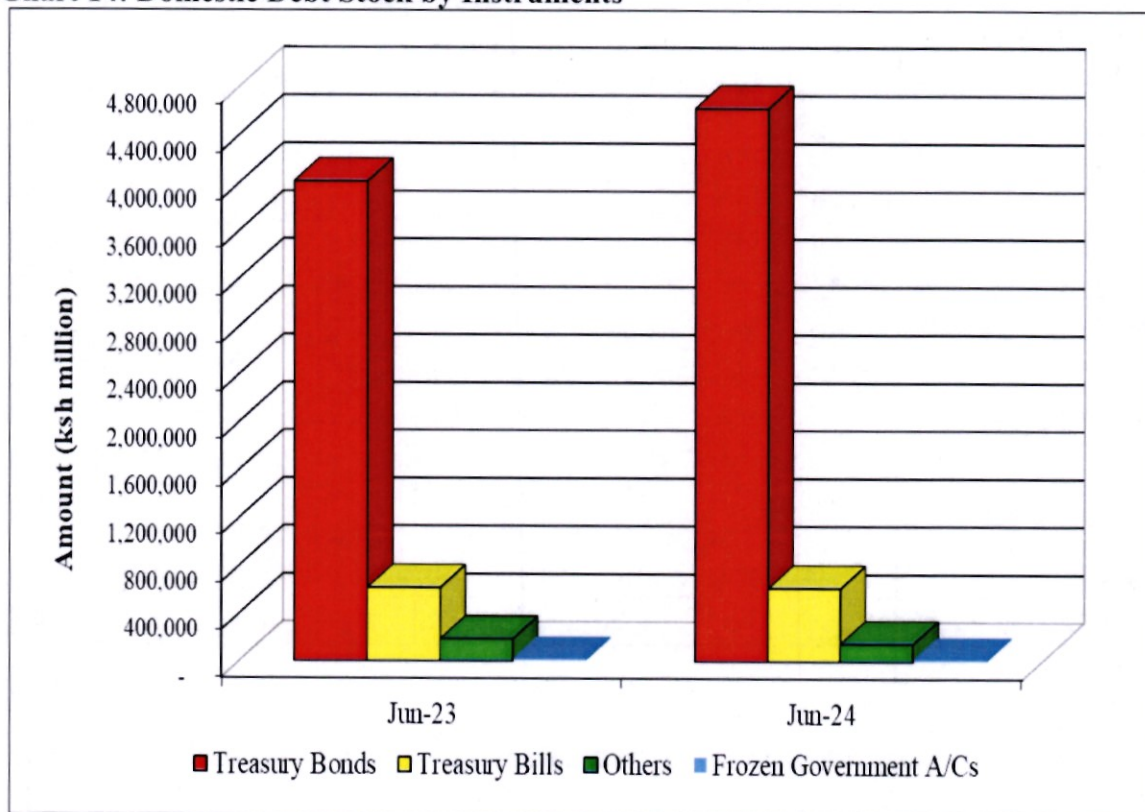
NOTE: Treasury Bills reflected here are at face value as opposed to Table 10, given at cost

*Provisional

Source of Data: Central Bank of Kenya

51. The stock of Treasury Bills held by Central Bank, Commercial Banks, Non-Banking Financial Institution and Non-Residents increased by KSh. 1.2 billion from KSh. 614.7 billion in June 2023 to KSh. 615.9 billion in June 2024. The total stock of Treasury Bonds, which include Floating, Fixed Rate, Special and Zero Coupon Bonds, increased by KSh. 613.2 billion from KSh. 4,013.9 billion in June 2023 to KSh. 4,627.1 billion in June 2024 (Chart 14).

Chart 14: Domestic Debt Stock by Instruments



Source of Data: Central Bank of Kenya

3.3 External Public Debt

52. In dollar terms, external public debt stock increased by US\$. 1,007.5 million from US\$. 38,759.1 million by end of June 2023 to US\$. 39,766.6 million by the end of June, 2024 (Table 13). This comprised debt owed to multilateral (53.9%), commercial banks (23.4%), bilateral (22.4%), and Suppliers Credit (0.3%).

FISCAL DEVELOPMENTS

Table 13: Kenya's External Public and Publicly Guaranteed Debt June, 2022 – June, 2024 (US\$ Millions)

| CREDITOR | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23* | Dec-23* | Mar-24* | Jun-24* |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| BILATERAL | | | | | | | | | |
| AUSTRIA | 11.04 | 13.06 | 13.82 | 14.07 | 13.75 | 13.21 | 13.63 | 13.19 | 12.77 |
| BELGIUM | 109.81 | 111.75 | 117.93 | 182.72 | 182.15 | 173.00 | 179.21 | 178.92 | 177.87 |
| DENMARK | 3.88 | 3.20 | 3.49 | 3.13 | 3.07 | 2.46 | 2.58 | 1.99 | 1.97 |
| FINLAND | 7.50 | 7.03 | 6.32 | 6.48 | 5.17 | 3.75 | 3.96 | 2.57 | 2.55 |
| FRANCE | 764.63 | 707.56 | 764.04 | 805.50 | 780.81 | 722.00 | 753.72 | 723.60 | 746.27 |
| GERMANY | 332.55 | 326.50 | 346.23 | 328.54 | 336.34 | 341.34 | 349.60 | 350.44 | 339.60 |
| ITALY | 328.79 | 309.28 | 333.82 | 344.47 | 343.70 | 332.56 | 212.13 | 195.64 | 254.10 |
| JAPAN | 1,245.99 | 1,217.67 | 1,304.89 | 1,453.84 | 1,271.01 | 1,229.02 | 1,269.92 | 1,187.69 | 1,102.31 |
| USA | 10.69 | 9.97 | 9.61 | 8.73 | 8.53 | 7.64 | 7.43 | 6.53 | 310.13 |
| CHINA | 6,830.10 | 6,594.56 | 6,569.52 | 6,307.40 | 6,280.39 | 5,943.60 | 6,006.71 | 5,674.35 | 5,691.69 |
| OTHERS | 311.80 | 295.43 | 312.68 | 307.29 | 307.30 | 291.37 | 290.73 | 280.34 | 275.34 |
| TOTAL BILATERAL | 9,956.78 | 9,596.01 | 9,782.35 | 9,762.17 | 9,532.23 | 9,059.95 | 9,089.63 | 8,615.27 | 8,914.61 |
| MULTILATERAL | | | | | | | | | |
| ADB/ADF | 3,269.84 | 3,302.50 | 3,490.90 | 3,591.12 | 3,685.50 | 3,695.82 | 3,792.02 | 3,800.87 | 3,925.81 |
| BADEA | 41.10 | 45.99 | 45.20 | 47.70 | 52.19 | 51.70 | 53.69 | 53.38 | 54.01 |
| EEC/EIB | 176.12 | 158.66 | 170.90 | 182.11 | 207.53 | 194.28 | 204.58 | 192.68 | 190.43 |
| IBRD | 569.35 | 571.26 | 579.24 | 581.75 | 1,082.86 | 1,079.71 | 1,085.13 | 1,089.11 | 1,938.06 |
| IDA/IFAD | 10,474.77 | 10,252.69 | 10,692.09 | 10,828.01 | 11,424.85 | 11,333.07 | 11,685.80 | 11,696.69 | 12,012.39 |
| IMF** | 1,751.87 | 1,965.77 | 2,915.30 | 1,673.40 | 2,388.16 | 2,684.95 | 2,694.19 | 3,257.39 | 3,251.72 |
| OTHERS | 45.43 | 48.35 | 49.89 | 53.86 | 52.08 | 49.77 | 49.15 | 48.52 | 47.31 |
| TOTAL MULTILATERAL | 16,328.48 | 16,345.22 | 17,943.52 | 16,957.95 | 18,893.17 | 19,089.28 | 19,564.57 | 20,138.64 | 21,419.72 |
| COMMERCIAL¹ | 10,025.49 | 10,260.41 | 10,048.20 | 9,832.46 | 10,228.01 | 10,017.64 | 10,153.63 | 10,007.36 | 9,322.41 |
| O/W International Sovereign Bond | 7,100.00 | 7,100.00 | 7,100.00 | 7,100.00 | 7,100.00 | 7,100.00 | 7,100.00 | 7,156.97 | 6,600.00 |
| EXPORT CREDIT | 103.14 | 98.96 | 103.94 | 105.82 | 105.66 | 103.20 | 112.75 | 110.65 | 109.87 |
| GRAND TOTAL | 36,413.89 | 36,300.60 | 37,878.01 | 36,658.41 | 38,759.08 | 38,270.08 | 38,920.59 | 38,871.91 | 39,766.61 |
| In percentage of total | | | | | | | | | |
| BILATERAL | 27.34 | 26.4 | 25.8 | 26.6 | 24.6 | 23.7 | 23.4 | 22.2 | 22.4 |
| MULTILATERAL | 44.84 | 45.0 | 47.4 | 46.3 | 48.7 | 49.9 | 50.3 | 51.8 | 53.9 |
| COMMERCIAL BANKS ¹ | 27.53 | 28.3 | 26.5 | 26.8 | 26.4 | 26.2 | 26.1 | 25.7 | 23.4 |
| EXPORT CREDIT | 0.28 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| TOTAL | 100.00 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

*Provisional

** include IMF item

1/ incl. International Sovereign Bond

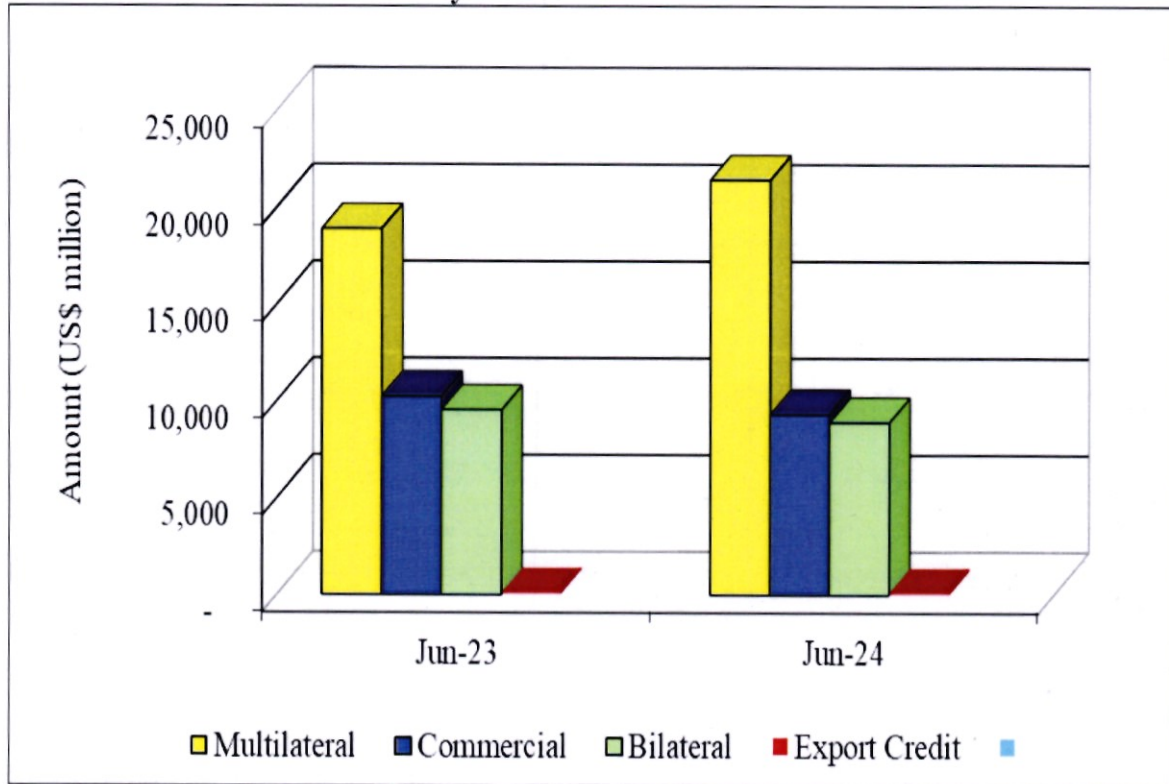
Note: The exchange rate as at end June 2024 was KSh. 129.5 per dollar.

Source of Data: National Treasury

FISCAL DEVELOPMENTS

53. Compared to the same period in FY 2022/23, external public debt stock from multilateral institutions and Supplier's Credit recorded an increase in the period ending June, 2024. External debt stock from bilateral sources and Commercial Banks declined in the period under review (**Chart 15**).

Chart 15: External Public Debt by Source



Source of Data: National Treasury

3.3.1 External Debt Service

54. By the end of June 2024, the total cumulative debt service payments to external creditors amounted to KSh. 756 billion. This comprised of KSh. 537.8 billion (71.1 percent) principal and KSh. 218.2 billion (28.9 percent) interest (**Table 14**).

FISCAL DEVELOPMENTS

Table 14: External Debt Service, July 2023 – June 2024 (KSh. Million)

| CATEGORY | Jun-24 | | |
|---------------------------|-------------------|-------------------|-------------------|
| | PRINCIPAL* | INTEREST* | TOTAL* |
| BILATERAL | | | |
| ABU DHABI | 197.79 | 34.14 | 231.93 |
| AUSTRIA | 112.25 | 27.09 | 139.34 |
| BELGIUM | 2,236.26 | 185.18 | 2,421.44 |
| CHINA | 100,465.90 | 52,220.48 | 152,686.39 |
| DENMARK | 86.46 | - | 86.46 |
| FINLAND | 379.46 | 32.81 | 412.28 |
| FRANCE | 17,684.63 | 1,953.16 | 19,637.79 |
| GERMANY | 4,456.15 | 909.51 | 5,365.66 |
| POLAND | 91.19 | 21.39 | 112.58 |
| INDIA | 1,233.08 | 312.73 | 1,545.80 |
| ISRAEL | 833.12 | 182.21 | 1,015.33 |
| ITALY | 11,231.48 | 1,830.22 | 13,061.70 |
| JAPAN | 5,766.48 | 638.50 | 6,404.98 |
| KOREA | 241.22 | 33.50 | 274.71 |
| KUWAIT | 208.57 | 37.11 | 245.68 |
| SAUDI ARABIA | 292.00 | 36.82 | 328.82 |
| SPAIN | 1,620.38 | 139.91 | 1,760.29 |
| USA | 327.80 | 29.62 | 357.42 |
| TOTAL BILATERAL | 147,464.24 | 58,624.38 | 206,088.6 |
| MULTILATERAL | | | |
| ADB/ADF | 9,047.37 | 13,995.22 | 23,042.59 |
| BADEA | 265.42 | 79.33 | 344.75 |
| EIB/EEC | 1,777.47 | 683.59 | 2,461.06 |
| IDA | 39,727.45 | 22,292.98 | 62,020.44 |
| OPEC | 867.73 | 75.55 | 943.28 |
| NDF | 81.24 | 25.14 | 106.37 |
| IFAD | 875.89 | 286.99 | 1,162.88 |
| IMF | - | 11,027.13 | 11,027.13 |
| IBRD | - | 8,335.40 | 8,335.40 |
| TOTAL MULTILATERAL | 52,642.58 | 56,801.33 | 109,443.90 |
| COMMERCIAL | 337,676.05 | 102,762.14 | 440,438.19 |
| GRAND TOTAL | 537,782.86 | 218,187.85 | 755,970.71 |

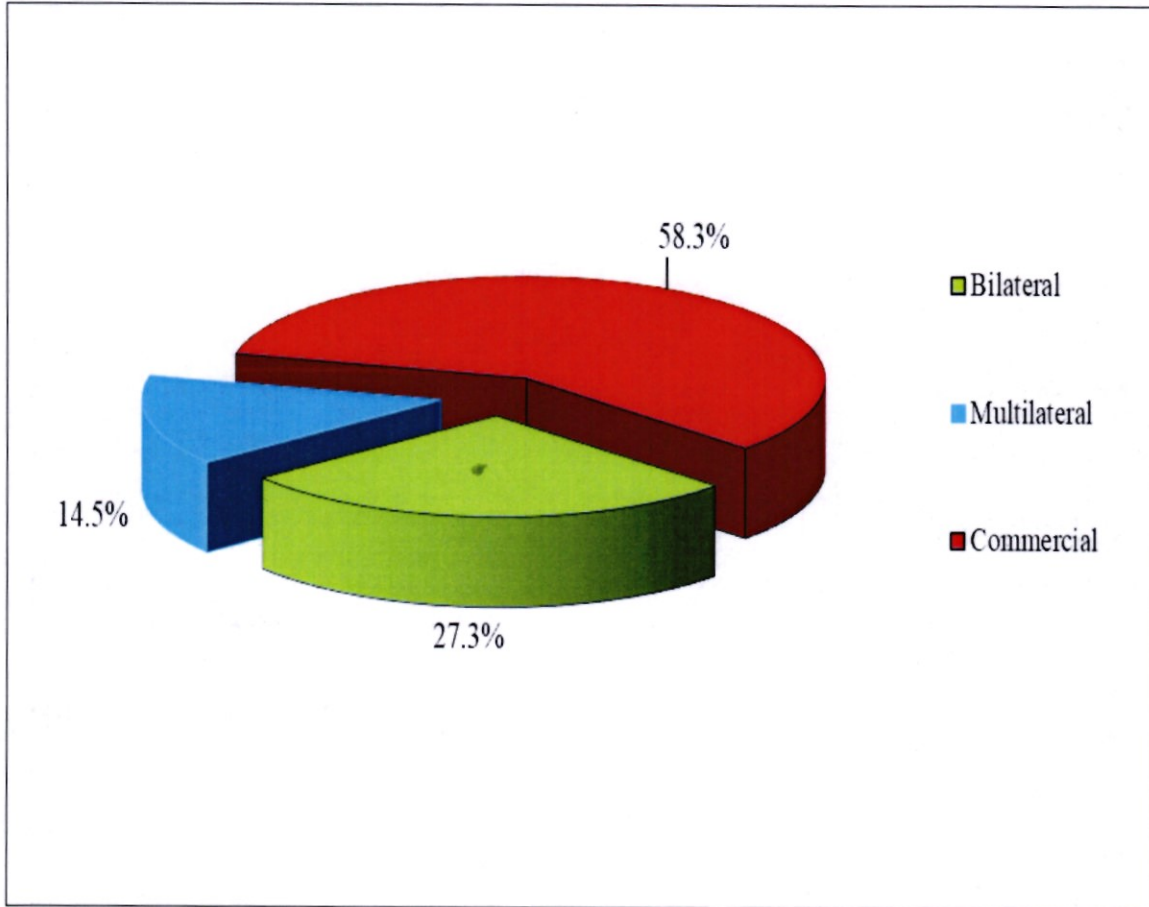
* Provisional

Source of Data: National Treasury

FISCAL DEVELOPMENTS

55. By the end of June 2024, the total cumulative debt service payments to external creditors comprised of 58.3 percent, 27.3 percent and 14.5 percent of the total payments to commercial, bilateral and multilateral creditors respectively (Chart 16).

Chart 16: External Debt Service by Creditors at end of June, 2024



Source of Data: National Treasury

4.0. ANNEXES

4.1. Annex I: Fiscal Results, 2019/20 – 2022/25 (KSh. Millions)

| REVENUE EXPENDITURE FINANCING | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | | |
|--|--------------|--------------|--------------|--------------|-------------|---------------------|------------------|
| | Actual | Actual | Actual | Prel Actual | Prel Actual | Revised Estimate II | Printed Estimate |
| A TOTAL REVENUE | 1,797,666 | 1,892,647 | 2,199,808 | 2,360,810 | 2,702,662 | 2,907,816 | 2,986,666 |
| 1 Ordinary Revenue | 1,673,418 | 1,633,767 | 1,917,911 | 2,041,119 | 2,288,921 | 2,461,020 | 2,571,169 |
| Income Tax | 706,596 | 685,014 | 876,707 | 941,576 | 1,042,756 | 1,059,645 | 1,198,535 |
| VAT | 383,713 | 481,612 | 523,098 | 550,440 | 645,489 | 654,788 | 703,302 |
| Import Duty | 98,022 | 104,762 | 118,280 | 130,123 | 133,929 | 142,373 | 173,270 |
| Excise Duty | 195,270 | 241,378 | 252,094 | 264,509 | 276,722 | 290,089 | 352,730 |
| Other Revenue | 189,477 | 119,001 | 147,731 | 154,472 | 190,025 | 280,131 | 149,323 |
| 2 Appropriation-in-Aid | 224,247 | 258,880 | 281,897 | 319,391 | 413,740 | 446,465 | 414,407 |
| B EXPENDITURE & NET LENDING | 2,629,478 | 2,797,419 | 3,027,836 | 3,221,001 | 3,666,660 | 3,871,022 | 3,746,618 |
| 1 Recurrent | 1,696,121 | 1,826,718 | 2,136,306 | 2,311,664 | 2,702,107 | 2,776,640 | 2,636,266 |
| Wages and Salaries | 449,927 | 481,665 | 520,093 | 547,157 | 575,249 | 589,410 | 584,647 |
| Interest Payments | 497,202 | 483,108 | 577,978 | 687,322 | 840,732 | 859,669 | 775,139 |
| Domestic Interest | 315,362 | 308,424 | 456,849 | 533,098 | 622,544 | 629,367 | 628,264 |
| Foreign Interest Due | 121,840 | 154,684 | 121,130 | 154,223 | 218,188 | 224,302 | 146,875 |
| Pensions, etc | 89,605 | 123,360 | 122,492 | 120,425 | 178,112 | 191,651 | 193,892 |
| Civil Service Reform | - | - | - | - | - | - | - |
| O & M Others | 677,269 | 725,054 | 866,050 | 895,717 | 821,097 | 851,437 | 718,048 |
| of which Appropriation-in-Aid | 157,858 | 177,177 | 197,524 | 240,165 | 286,896 | 296,473 | 264,588 |
| 2 Development & Net Lending | 608,079 | 696,493 | 540,117 | 493,663 | 697,663 | 699,303 | 777,822 |
| Development Projects | 389,571 | 397,598 | 346,355 | 319,289 | 453,379 | 509,204 | 602,949 |
| Appropriation-in-Aid | 217,847 | 245,379 | 193,762 | 162,048 | 126,844 | 150,022 | 149,819 |
| 4 Transfer to County Governments | 325,278 | 369,208 | 352,414 | 415,774 | 354,591 | 429,879 | 429,741 |
| 5 Parliamentary Service | 27,990 | 29,787 | 32,652 | 41,187 | 37,257 | - | - |
| 6 Judicial Service | 14,105 | 3,744 | 16,160 | 19,755 | 21,027 | - | - |
| 7 Net Lending | 661 | 6,788 | - | 12,327 | 17,436 | - | 17,187 |
| 8 Equalisation Fund | - | 6,788 | - | - | - | 10,077 | 7,847 |
| 9 Contingency Fund | - | - | - | - | 1,200 | 1,200 | 2,800 |
| D DEFICIT EXCL. GRANTS (Commitment Basis) | (831,812) | (904,772) | (828,028) | (860,491) | (962,888) | (963,607) | (761,661) |
| E GRANTS | 23,949 | 54,841 | 31,031 | 23,033 | 22,037 | 38,462 | 42,172 |
| F DEFICIT INCL GRANTS (Commitment Basis) | (807,863) | (849,931) | (796,997) | (837,408) | (940,851) | (925,145) | (719,489) |
| G ADJUSTMENT TO CASH BASIS | 11,801 | - | 11,868 | 37,091 | 121,528 | - | - |
| H DEFICIT INCL GRANTS (Cash Basis) | (796,062) | (849,931) | (785,129) | (800,377) | (819,323) | (925,145) | (719,489) |
| Discrepancy | (5,258) | (6,788) | (37,304) | (30,070) | (42,875) | - | - |
| IFINANCING | 790,804 | 841,149 | 747,826 | 770,307 | 766,447 | 928,016 | 718,880 |
| Net Foreign Financing | 340,491 | 346,769 | 142,524 | 310,759 | 222,717 | 259,329 | 131,467 |
| Net Domestic Financing | 450,313 | 494,380 | 605,301 | 459,548 | 543,731 | 668,686 | 587,413 |
| In Percentage of GDP | | | | | | | |
| A TOTAL REVENUE | 16.9 | 16.8 | 17.3 | 16.6 | 14.6 | 16.9 | 18.3 |
| 1 Ordinary Revenue | 14.8 | 14.6 | 16.1 | 14.3 | 12.7 | 14.2 | 16.9 |
| Income Tax | 6.7 | 6.1 | 6.9 | 6.6 | 6.9 | 6.6 | 7.4 |
| VAT | 3.6 | 4.3 | 4.1 | 3.9 | 3.4 | 4.0 | 4.3 |
| Import Duty | 0.9 | 0.8 | 0.9 | 0.9 | 0.9 | 0.8 | 1.1 |
| Excise Duty | 1.8 | 2.1 | 2.0 | 1.9 | 1.6 | 1.7 | 2.2 |
| Other Revenue | 1.8 | 1.1 | 1.2 | 1.1 | 1.0 | 1.2 | 0.9 |
| 2 Appropriation-in-Aid | 2.1 | 2.3 | 2.2 | 2.2 | 2.0 | 2.6 | 2.6 |
| B EXPENDITURE & NET LENDING | 24.8 | 24.9 | 23.8 | 22.6 | 20.0 | 22.7 | 23.0 |
| 1 Recurrent | 16.0 | 16.2 | 18.8 | 16.2 | 14.3 | 16.8 | 16.6 |
| Wages and Salaries | 4.2 | 4.3 | 4.1 | 3.9 | 3.4 | 3.6 | 3.6 |
| Interest Payments | 4.1 | 4.1 | 4.6 | 4.8 | 4.3 | 5.2 | 4.9 |
| Domestic Interest | 3.0 | 2.7 | 3.6 | 3.7 | 3.3 | 3.9 | 3.9 |
| Foreign Interest Due | 1.1 | 1.4 | 1.0 | 1.1 | 1.0 | 1.4 | 0.9 |
| Pensions, etc | 0.8 | 1.1 | 1.0 | 0.9 | 0.7 | 1.1 | 1.2 |
| O & M Others | 6.4 | 6.4 | 6.8 | 6.3 | 6.6 | 6.1 | 4.4 |
| of which Appropriation-in-Aid | 1.5 | 1.6 | 1.6 | 1.7 | 1.6 | 1.8 | 1.6 |
| 2 Development & Net Lending | 6.7 | 6.3 | 4.3 | 3.6 | 3.1 | 3.7 | 4.9 |
| Development Projects | 3.7 | 3.0 | 2.7 | 2.2 | 2.0 | 2.8 | 3.7 |
| Appropriation-in-Aid | 2.1 | 2.2 | 1.5 | 1.1 | 1.0 | 0.9 | 0.9 |
| Payment of guaranteed loans | - | - | - | - | - | - | - |
| 3 Drought Expenditures | - | 0.0 | - | - | - | - | - |
| 4 Transfer to County Governments | 3.1 | 3.3 | 2.8 | 2.9 | 2.6 | 2.2 | 2.6 |
| 5 Parliamentary Service | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 | - |
| 6 Judicial Service | 0.1 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | - |
| 7 Equalisation Fund | - | 0.1 | - | - | 0.1 | 0.1 | 0.1 |
| D DEFICIT EXCL. GRANTS (Commitment Basis) | (7.9) | (8.0) | (6.8) | (6.0) | - | - | 0.0 |
| E GRANTS | 0.2 | 0.5 | 0.2 | 0.2 | - | 0.0 | 0.0 |
| F DEFICIT INCL GRANTS (Commitment Basis) | (7.6) | (7.5) | (6.3) | (5.9) | (5.3) | (5.9) | (4.7) |
| G ADJUSTMENT TO CASH BASIS | 0.1 | - | 0.1 | 0.3 | 0.1 | 0.1 | 0.3 |
| H DEFICIT INCL GRANTS (Cash Basis) | (7.5) | (7.5) | (6.2) | (5.6) | (5.2) | (5.9) | (4.4) |
| IFINANCING | 7.4 | 7.6 | 6.9 | 6.4 | 6.2 | 6.8 | - |
| Foreign Financing | 3.2 | 3.1 | 1.1 | 2.2 | (5.0) | (5.0) | (4.4) |
| Net Domestic Financing | 4.2 | 4.5 | 4.8 | 3.2 | 4.9 | 4.9 | 4.4 |
| Memorandum Item: | | | | | | | |
| Normal GDP at Market price (KSh million) | 10,620,841.4 | 11,256,982.0 | 12,698,001.0 | 14,274,419.5 | 16,131,502 | 16,131,502 | 16,290,270.1 |

Source: National Treasury

4.2. GFSM 2014 COMPLIANT TABLES FOR BUDGETARY CENTRAL GOVERNMENT

4.2.1 Annex II: Revenue (KSh. Millions)

| GFSM Code | Description | Budget | Prel. Actual | Prel. Actual | Prel. Actual | Prel. Actual |
|------------|--|------------------------|----------------|------------------|------------------|------------------|
| | | Estimates FY2023/24 | FY2023/24 Q1 | FY2023/24 Q2 | FY2023/24 Q3 | FY2023/24 Q4 |
| | <i>Accounting method:</i> | <i>Cash</i> | <i>Cash</i> | <i>Cash</i> | <i>Cash</i> | <i>Cash</i> |
| 1 | Revenue | 3,025,233 | 633,002 | 1,318,745 | 1,932,257 | 2,724,699 |
| 11 | Taxes | 2,658,745 | 548,115 | 1,121,547 | 1,638,935 | 2,300,999 |
| 111 | Taxes on income, profits, and capital gains | 1,198,535 | 243,954 | 491,284 | 704,071 | 1,042,756 |
| 1111 | Payable by individuals | 619,013 | 123,044 | 256,302 | 390,955 | 554,653 |
| 1112 | Payable by corporations and other enterprises | 579,523 | 120,910 | 234,982 | 313,115 | 488,103 |
| 114 | Taxes on goods and services | 1,190,019 | 251,505 | 518,824 | 772,656 | 1,039,122 |
| 1141 | General taxes on goods and services | 714,540 | 158,076 | 327,105 | 492,230 | 658,963 |
| 11411 | Value-added taxes | 703,302 | 153,027 | 317,942 | 481,095 | 645,489 |
| 11414 | Taxes on financial and capital transactions ¹ | 11,238 | 5,050 | 9,164 | 11,136 | 13,474 |
| 1142 | Excises ² | 475,479 | 93,429 | 191,719 | 280,426 | 380,159 |
| 115 | Taxes on international trade and transactions | 270,191 | 52,656 | 111,439 | 162,208 | 219,121 |
| 1151 | Customs and other import duties ³ | 270,191 | 52,656 | 111,439 | 162,208 | 219,121 |
| 12 | Social contributions | 582 | 151 | 173 | 229 | 304 |
| 122 | Other social contributions | 582 | 151 | 173 | 229 | 304 |
| 1221 | Employee contributions | 582 | 151 | 173 | 229 | 304 |
| 13 | Grants | 42,172 | 3,415 | 5,455 | 13,945 | 22,037 |
| 131 | From foreign governments | 42,172 | 3,415 | 5,455 | 13,905 | 21,951 |
| 1311 | Current | | | | | |
| 1312 | Capital | 42,172 | 3,415 | 5,455 | 13,905 | 21,951 |
| 132 | From international organizations | - | - | - | 40 | 86 |
| 1321 | Current | | | | 40 | 86 |
| 1322 | Capital | | | | | |
| 14 | Other revenue | 323,735 | 81,321 | 191,569 | 279,147 | 401,358 |
| 141 | Property income | 41,728 | 15,453 | 24,026 | 27,991 | 91,173 |
| 1411 | Interest | 2,184 | - | 1,017 | 1,017 | 1,017 |
| 1412 | Dividends | 33,071 | 15,017 | 21,573 | 22,957 | 80,716 |
| 1415 | Rent | 6,473 | 436 | 1,436 | 4,018 | 9,440 |
| 142 | Sales of goods and services | 277,523 | 64,389 | 165,226 | 245,899 | 300,810 |
| 1422 | Administrative fees | 277,523 | 64,389 | 165,226 | 245,899 | 300,810 |
| 143 | Fines, penalties, and forfeits | 2,710 | 774 | 1,270 | 1,894 | 3,185 |
| 144 | Miscellaneous and unidentified revenue | 1,774 | 705 | 1,048 | 3,362 | 6,191 |

1. Includes Capital Gains Tax and Stamp duty

2. Includes Ordinary excise, RML, PDL and Electricity levy

3. Includes Import duty, RDL and IDF

Source: National Treasury

4.2.2. Annex III: Expense (KSh. Millions)

| GFSM Code | Description | Annual Budget Estimates | Prel. Actual FY2023/24 | Prel. Actual FY2023/24 | Prel. Actual FY2023/24 | Prel. Actual FY2023/24 |
|-----------|---|-------------------------|------------------------|------------------------|------------------------|------------------------|
| | | FY2023/24 | Q1 | Q2 | Q3 | Q4 |
| | <i>Accounting method:</i> | <i>Cash</i> | <i>Cash</i> | <i>Cash</i> | <i>Cash</i> | <i>Cash</i> |
| 2 | Expense | 3,618,157 | 793,702 | 1,667,786 | 2,562,250 | 3,539,138 |
| 21 | Compensation of employees | 617,855 | 147,698 | 279,591 | 439,794 | 612,774 |
| 211 | Wages and salaries | 584,647 | 142,295 | 268,232 | 413,126 | 575,269 |
| 212 | Social contributions | 33,207 | 5,403 | 11,358 | 26,668 | 37,504 |
| 2121 | Actual social contributions | 33,207 | 5,403 | 11,358 | 26,668 | 37,504 |
| 22 | Use of goods and services | 275,218 | 50,626 | 155,976 | 251,214 | 284,961 |
| | O/W Free Secondary Education (FSE) | 68,600 | 17,357 | 53,050 | 52,423 | 70,250 |
| | Free Primary Education (FPE) | 14,404 | 3,823 | 9,175 | 8,655 | 11,324 |
| 24 | Interest | 775,139 | 188,007 | 405,142 | 617,096 | 840,732 |
| 241 | To nonresidents | 146,875 | 63,093 | 105,025 | 177,676 | 218,188 |
| 242 | To residents other than general government | 628,264 | 124,913 | 300,118 | 439,420 | 622,544 |
| 25 | Subsidies | 24,879 | - | - | - | 47,264 |
| 251 | To public corporations | | | | | |
| 252 | To private enterprises | 24,879 | - | - | - | 47,264 |
| 26 | Grants | 1,666,179 | 365,737 | 754,298 | 1,147,784 | 1,610,956 |
| 262 | To international organizations | 4,522 | 1,403 | 3,860 | 6,221 | 8,224 |
| 2621 | Current | 4,522 | 1,403 | 3,860 | 6,221 | 8,224 |
| 2622 | Capital | | | | | |
| 263 | To other general government units | 1,661,657 | 364,334 | 750,438 | 1,141,563 | 1,602,732 |
| 2631 | Current | 943,811 | 232,789 | 487,650 | 735,360 | 1,059,216 |
| | O/W Transfer to County Governments (ES) | 269,797 | 42,778 | 99,727 | 156,482 | 248,213 |
| | Transfer to Other levels of Government (Includes transfers to SOEs) | 674,014 | 190,011 | 387,923 | 578,877 | 811,002 |
| 2632 | Capital | 717,846 | 131,545 | 262,787 | 406,204 | 543,517 |
| | O/W Transfer to County Governments (ES) | 115,627 | 18,333 | 42,740 | 67,064 | 106,377 |
| | Transfer to Other levels of Government (Includes transfers to SOEs) | 602,219 | 113,212 | 220,047 | 339,140 | 437,140 |
| 27 | Social benefits | 257,688 | 41,635 | 72,778 | 106,362 | 141,252 |
| 272 | Social Assistance Benefits | 96,279 | - | - | - | - |
| 273 | Employer social benefits | 161,409 | 41,635 | 72,778 | 106,362 | 141,252 |
| 28 | Other expense | 1,200 | - | - | - | 1,200 |
| 282 | Miscellaneous other expense | 1,200 | - | - | - | 1,200 |

Source: National Treasury

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

| GFSM Code | Description | Annual | Prel. Actual | Prel. Actual | Prel. Actual | Prel. Actual |
|-----------|--|------------------|--------------|--------------|--------------|--------------|
| | | Budget Estimates | FY2023/24 Q1 | FY2023/24 Q2 | FY2023/24 Q3 | FY2023/24 Q4 |
| | <i>Accounting method:</i> | <i>Cash</i> | <i>Cash</i> | <i>Cash</i> | <i>Cash</i> | <i>Cash</i> |
| 3 | Change in Net Worth: Transactions | (315,194) | (134,592) | (338,049) | (670,786) | (752,385) |
| 31 | Net acquisition of nonfinancial assets | 107,899 | 8,129 | 30,196 | 59,079 | 98,977 |
| 311 | Fixed assets | 107,899 | 8,129 | 30,196 | 59,079 | 98,977 |
| 3111 | Buildings and structures | 100,718 | 5,491 | 25,938 | 52,173 | 90,025 |
| 3113 | Other fixed assets | 7,181 | 2,638 | 4,258 | 6,906 | 8,951 |
| 312 | Inventories | - | - | - | - | - |
| 314 | Nonproduced assets | - | - | - | - | - |
| 32 | Net acquisition of financial assets | 5,410 | 11,101 | (6,499) | (41,376) | 9,589 |
| 3212 | Currency and deposits (Domestic) | 5,410 | 11,101 | (6,499) | (41,376) | 9,589 |
| 33 | Net incurrence of liabilities | 428,503 | 153,821 | 361,746 | 688,489 | 860,951 |
| 331 | Domestic | 584,223 | 183,912 | 398,176 | 592,881 | 655,670 |
| 3313 | Securities other than shares | 584,223 | 82,017 | 191,542 | 401,803 | 596,560 |
| 3314 | Loans | - | (6) | 24,945 | 26,007 | (28,168) |
| 3318 | Other Accounts Payable | - | 101,901 | 181,689 | 165,071 | 87,278 |
| 332 | Foreign | (155,719) | (30,090) | (36,430) | 95,607 | 205,281 |
| 3323 | Securities other than shares | - | - | - | 286,875 | 286,875 |
| 3324 | Loans | (155,719) | (30,090) | (36,430) | (191,268) | (81,594) |

Source: National Treasury

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

| GFSM Code | Description | Annual Budget | Prel. Actual | Prel. Actual | Prel. Actual | Prel. Actual |
|-----------|---|---------------------|------------------|------------------|------------------|------------------|
| | | Estimates FY2023/24 | FY2023/24 Q1 | FY2023/24 Q2 | FY2023/24 Q3 | FY2023/24 Q4 |
| | <i>Accounting method:</i> | <i>Cash</i> | <i>Cash</i> | <i>Cash</i> | <i>Cash</i> | <i>Cash</i> |
| | Cash Flows from Operating Activities: | | | | | |
| 1 | Cash receipts from operating activities | 3,025,233 | 633,002 | 1,318,745 | 1,932,257 | 2,724,699 |
| 11 | Taxes | 2,658,745 | 548,115 | 1,121,547 | 1,638,935 | 2,300,999 |
| 12 | Social contributions | 582 | 151 | 173 | 229 | 304 |
| 13 | Grants | 42,172 | 3,415 | 5,455 | 13,945 | 22,037 |
| 14 | Other receipts | 323,735 | 81,321 | 191,569 | 279,147 | 401,358 |
| 2 | Cash payments for operating activities | 3,618,157 | 793,702 | 1,667,786 | 2,562,250 | 3,539,138 |
| 21 | Compensation of employees | 617,855 | 147,698 | 279,591 | 439,794 | 612,774 |
| 22 | Purchases of goods and services | 275,218 | 50,626 | 155,976 | 251,214 | 284,961 |
| 24 | Interest | 775,139 | 188,007 | 405,142 | 617,096 | 840,732 |
| 25 | Subsidies | 24,879 | - | - | - | 47,264 |
| 26 | Grants | 1,666,179 | 365,737 | 754,298 | 1,147,784 | 1,610,956 |
| 27 | Social benefits | 257,688 | 41,635 | 72,778 | 106,362 | 141,252 |
| 28 | Other payments | 1,200 | - | - | - | 1,200 |
| | Net cash inflow from operating activities | (592,924) | (160,700) | (349,041) | (629,994) | (814,439) |
| | Cash Flows from Investments in Nonfinancial Assets (NFAs): | | | | | |
| 31A | Purchases of nonfinancial assets | 107,899 | 8,129 | 30,196 | 59,079 | 98,977 |
| 311A | Fixed assets | 107,899 | 8,129 | 30,196 | 59,079 | 98,977 |
| 312A | Strategic stocks | | | | | |
| 314A | Nonproduced assets | | | | | |
| 31 | Net cash outflow: investments in NFAs (31=31.1-31.2) | 107,899 | 8,129 | 30,196 | 59,079 | 98,977 |
| | Cash surplus / deficit | (700,823) | (168,829) | (379,237) | (689,073) | (913,415) |
| | Cash Flows from Financing Activities: | | | | | |
| 32x | Net acquisition of financial assets other than cash | 5,410 | 11,101 | (6,499) | (41,376) | 9,589 |
| 321x | Domestic | 5,410 | 11,101 | (6,499) | (41,376) | 9,589 |
| 322x | Foreign | | | | | |
| 33 | Net incurrence of liabilities | 698,503 | 153,821 | 361,746 | 688,489 | 860,951 |
| 331 | Domestic | 584,223 | 183,912 | 398,176 | 592,881 | 655,670 |
| 332 | Foreign | 114,281 | (30,090) | (36,430) | 95,607 | 205,281 |
| NFB | Net cash inflow from financing activities | 693,093 | 164,922 | 355,247 | 647,112 | 870,540 |
| | Net change in the stock of cash | (7,730) | (3,907) | (23,990) | (41,961) | (42,875) |
| | <i>Statistical Discrepancy⁴</i> | | | | | |

⁴/Vertical check: Difference between cash surplus/deficit and total net cash inflow from financial activities

Source: National Treasury

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

| GFSM Code | Description | Annual Budget | Pre. Actual | Pre. Actual | Pre. Actual | Pre. Actual |
|------------|--|---------------------|------------------|------------------|------------------|------------------|
| | | Estimates FY2023/24 | FY2023/24 Q1 | FY2023/24 Q2 | FY2023/24 Q3 | FY2023/24 Q4 |
| | <i>Accounting method:</i> | <i>Cash</i> | <i>Cash</i> | <i>Cash</i> | <i>Cash</i> | <i>Cash</i> |
| | Transactions Affecting Net Worth: | | | | | |
| 1 | Revenue | 3,025,233 | 633,002 | 1,318,745 | 1,932,257 | 2,724,699 |
| 11 | Taxes | 2,658,745 | 548,115 | 1,121,547 | 1,638,935 | 2,300,999 |
| 12 | Social contributions | 582 | 151 | 173 | 229 | 304 |
| 13 | Grants | 42,172 | 3,415 | 5,455 | 13,945 | 22,037 |
| 14 | Other revenue | 323,735 | 81,321 | 191,569 | 279,147 | 401,358 |
| 2 | Expense | 3,618,157 | 793,702 | 1,667,786 | 2,562,250 | 3,539,138 |
| 21 | Compensation of employees | 617,855 | 147,698 | 279,591 | 439,794 | 612,774 |
| 22 | Use of goods and services | 275,218 | 50,626 | 155,976 | 251,214 | 284,961 |
| 24 | Interest | 775,139 | 188,007 | 405,142 | 617,096 | 840,732 |
| 25 | Subsidies | 24,879 | - | - | - | 47,264 |
| 26 | Grants | 1,666,179 | 365,737 | 754,298 | 1,147,784 | 1,610,956 |
| 27 | Social benefits | 257,688 | 41,635 | 72,778 | 106,362 | 141,252 |
| 28 | Other expense | 1,200 | - | - | - | 1,200 |
| GOB | Gross operating balance | (592,924) | (160,700) | (349,041) | (629,994) | (814,439) |
| NOB | Net operating balance | (592,924) | (160,700) | (349,041) | (629,994) | (814,439) |
| | Transactions on Nonfinancial Assets: | | | | | |
| 31 | Net Acquisition of Nonfinancial Assets | 107,899 | 8,129 | 30,196 | 59,079 | 98,977 |
| 311 | Fixed assets | 107,899 | 8,129 | 30,196 | 59,079 | 98,977 |
| 312 | Change in inventories | - | - | - | - | - |
| 314 | Nonproduced assets | - | - | - | - | - |
| NLB | Net lending / borrowing | (700,823) | (168,829) | (379,237) | (689,073) | (913,415) |
| | Transactions on Financial Assets and Liabilities (Financing): | | | | | |
| 32 | Net acquisition of financial assets | 693,093 | 164,922 | 355,247 | 647,112 | 870,540 |
| 321 | Domestic | 5,410 | 11,101 | (6,499) | (41,376) | 9,589 |
| 322 | Foreign | | | | | |
| 33 | Net incurrence of liabilities | 698,503 | 153,821 | 361,746 | 688,489 | 860,951 |
| 331 | Domestic | 584,223 | 183,912 | 398,176 | 592,881 | 655,670 |
| 332 | Foreign | 114,281 | (30,090) | (36,430) | 95,607 | 205,281 |
| | Statistical Discrepancy⁵ | (7,730) | (3,907) | (23,990) | (41,961) | (42,875) |

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

Source: National Treasury

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