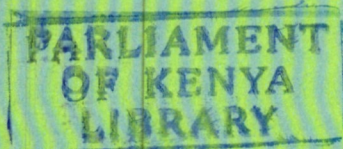




REPUBLIC OF KENYA

*Paper Law by  
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16/8/2018*



THE NATIONAL TREASURY

# Quarterly Economic and Budgetary Review

Fourth Quarter, Financial Year 2017/2018  
Period Ending 30<sup>th</sup> June, 2018

August 2018 Edition

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# Quarterly Economic and Budgetary Review

Fourth Quarter, Financial Year 2017/2018  
Period Ending 30<sup>th</sup> June, 2018

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## TABLE OF CONTENTS

TABLE OF CONTENTS.....	III
ACKNOWLEDGEMENT .....	V
LIST OF ABBREVIATIONS AND ACRONYMS.....	VI
LEGAL BASIS/FOUNDATION/PROVISION FOR THE QEBR .....	VII
HIGHLIGHTS OF THE 2017/18 FOURTH QUARTER QEBR.....	IX
<b>1.0 RECENT ECONOMIC DEVELOPMENTS .....</b>	<b>1</b>
1.1 ECONOMIC GROWTH .....	1
1.2 INFLATION .....	3
1.3 BALANCE OF PAYMENTS.....	4
1.4 FOREIGN EXCHANGE RESERVES .....	5
1.5 EXCHANGE RATES.....	6
1.6 MONEY AND CREDIT .....	7
1.7 INTEREST RATES.....	8
1.8 CAPITAL MARKETS.....	9
<b>2.0 FISCAL DEVELOPMENTS.....</b>	<b>11</b>
2.1 REVENUE.....	11
2.2 EXPENDITURE.....	12
2.2.1 Guaranteed Loans to Parastatals.....	15
2.3 FISCAL OUTTURN .....	16
2.4 FINANCING .....	17
2.4.1 External Financing.....	17
2.4.2 Domestic Financing.....	18
<b>3.0 PUBLIC DEBT.....</b>	<b>20</b>
3.1 OVERALL DEBT POSITION.....	20
3.2 DOMESTIC DEBT .....	21
3.3 EXTERNAL PUBLIC DEBT .....	22
3.3.1 External Debt Service .....	24
<b>ANNEX I: FISCAL RESULTS, 2012/13 – 2017/2018 (KSH. MILLIONS).....</b>	<b>26</b>
<b>BUDGET CENTRAL GOVERNMENT.....</b>	<b>27</b>

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## **ACKNOWLEDGEMENT**

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

A-I-A	Appropriation in Aid
CBK	Central Bank of Kenya
FY	Fiscal Year
GDP	Gross Domestic Product
GFSM	Government Finance Statistics Manual
ICT	Information, Communication and Technology
IMF	International Monetary Fund
KNBS	Kenya National Bureau of Statistics
KShs	Kenya Shillings
Mn	Million
NDA	Net Domestic Assets
NFA	Net Foreign Assets
NSE	Nairobi Securities Exchange
QEBR	Quarterly Economic and Budgetary Review
RDL	Railway Development Levy
US\$	United States Dollar

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## LEGAL BASIS/FOUNDATION/PROVISION FOR THE QEBR

**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.

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## HIGHLIGHTS OF THE 2017/18 FOURTH QUARTER QEBR

### 1. Economic Growth

Kenya's economy remained resilient in 2017 despite uncertainty associated with political elections environment coupled with effects of adverse weather conditions. The economy grew by 4.9 percent compared to a growth of 5.9 percent in 2016. In the first quarter of 2018, the economy recovered and grew by 5.7 percent compared to a growth of 4.8 percent in the same quarter in 2017. This growth was mainly attributed supported by the weather conditions and restoration of business and consumer confidence following political stability in the country.

### 2. Stable Prices

The economy continues to register macroeconomic stability with low and stable interest rates and competitive exchange rate to support exports. The overall month on month inflation declined to 4.3 percent (within 5.0 percent target) in June 2018 from 9.2 percent in June 2017. The decline in inflation reflected a fall in food prices which outweighed the increase in fuel prices as a result of the rise in international oil prices and an increase in charcoal prices.

### 3. Balance of Payments

The overall balance of payments position was at a deficit of US\$ 496.6 million (0.6 percent of GDP) in the year to June 2018 from a deficit of US\$ 413.2 million (0.6 percent of GDP) in the year to June 2017. This balance was supported by the improvement in the capital and financial accounts despite the increased current account deficit. The current account balance registered a deficit of US\$ 4,820.8 million (5.8 percent of GDP) compared to a deficit of US\$ 4,753.3 million (6.4 percent of GDP) over the same period in the FY 2016/17.

### 4. Foreign Exchange Reserves

The banking system's foreign exchange holding remained strong at US\$ 12,102 million in June 2018 from US\$ 10,984 million in June 2017. The official foreign exchange reserves held by the Central Bank improved to US\$ 8,954 million (5.9 months of import cover) in June 2018 compared with US\$ 8,580 million (5.7 months of import cover) in June 2017.

### 5. Money and Credit

Broad money supply, M3, grew by 10.5 percent in the year to June 2018 compared to a growth of 6.0 percent in the year to June 2017. The primary source of the growth in M3 in the year to June 2018 was the increase in both the net foreign assets (NFA) and net domestic assets (NDA) of the banking sector. Growth in NDA was mainly as a result of growth of net domestic credit to government.

### 6. Capital Markets

The capital markets recorded improved performance on prices but reduced performance on the supply of shares. The NSE 20 Share Index was at 3,286 points by end- June 2018 from 3,607 points in June 2017 while Market Capitalization improved to Ksh 2,576 billion from Ksh 2,226 billion over the same period. This mixed performance reflects investors' portfolio readjustments factoring in global and domestic dynamics in the market.

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## 7. Total Revenue Collection

The National Government cumulative revenue collection including A-I-A for the period July 2017 to June 2018 amounted to KSh. 1,487.2 billion (equivalent to 16.8 per cent of GDP) against a target of KSh. 1659.6 billion (equivalent to 19.1 per cent of GDP). This represented an underperformance of KSh. 172.4 billion mainly due to shortfalls in Income Tax and A-I-A collection.

## 8. Government Expenditure and Net Lending

The total cumulative expenditure and net lending inclusive of transfers to county governments for the period ending 30<sup>th</sup> June, 2018 amounted to KSh. 2,111.5 billion. This was KSh. 218.5 billion below the target of KSh. 2,330 billion which was largely attributed to low absorption levels in operations and maintenance, wages and salaries, and pension for the National Government. Expenditure on foreign financed development programmes/projects was also below target.

## 9. Guaranteed Loans

Between July 2017 and June 2018, the National Government paid a total of KSh. 1,419 million on account of guaranteed loans against the projected debt service of KSh. 1,287.9 million.

## 10. Overall Fiscal Balance

The overall fiscal balance, on a commitment basis (excluding grants), amounted to a deficit of KSh. 624 billion (equivalent to 7.1 per cent of GDP), as at end-June 2018.

## 11. External Financing

The Net Foreign Financing amounted to a net borrowing of KSh. 331.6 billion (equivalent to 3.7 per cent of the GDP) in the period ending 30<sup>th</sup> June 2018.

## 12. Net Domestic Borrowing

Net domestic financing amounted to a net borrowing of KSh. 273.7 billion (equivalent to 3.2 per cent of the GDP) in the period ending 30<sup>th</sup> June 2018.

## 13. Domestic Debt

Total gross domestic debt stock increased by 17.4 per cent from KSh. 2,112.3 billion as at end of June 2017 to KSh. 2,478.8 billion by the end-June 2018.

## 14. External Debt

The total external debt stock, including the International Sovereign Bond, stood at KSh. 2,694.5 billion for the period ending June 2018. The debt stock comprised of multilateral debt (32.9 per cent), bilateral debt (30.4 per cent), suppliers credit debt (0.6 per cent), and commercial banks' debt (36 per cent- including International Sovereign Bond).

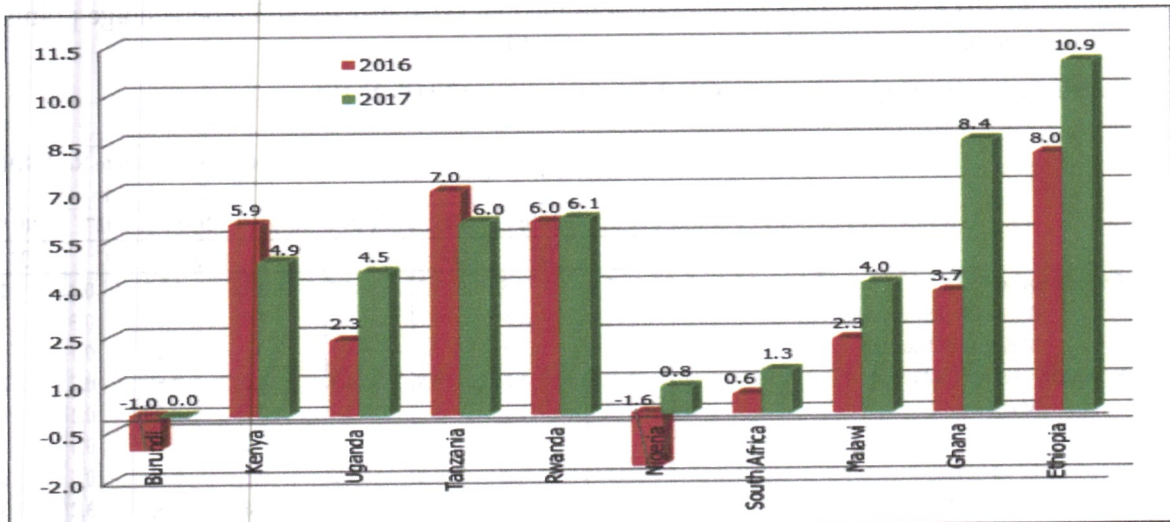


## 1.0 RECENT ECONOMIC DEVELOPMENTS

### 1.1 Economic Growth

1. Kenya's economy remained resilient in 2017 and grew by 4.9 percent compared with to a growth of 5.9 percent in 2016, supported by the strong performance in the non-agricultural sector relative to the decline in the agricultural sector (**Chart 1a**). The non-agricultural sector registered a robust growth of 5.9 percent in 2017 supported mainly by increased activities in the services sub-sector. The 4.9 percent economic growth in 2017 generated 898.0 thousand new jobs up from 833.0 thousand new jobs in 2016 and is above the 2.8 percent growth for sub-Saharan Africa.

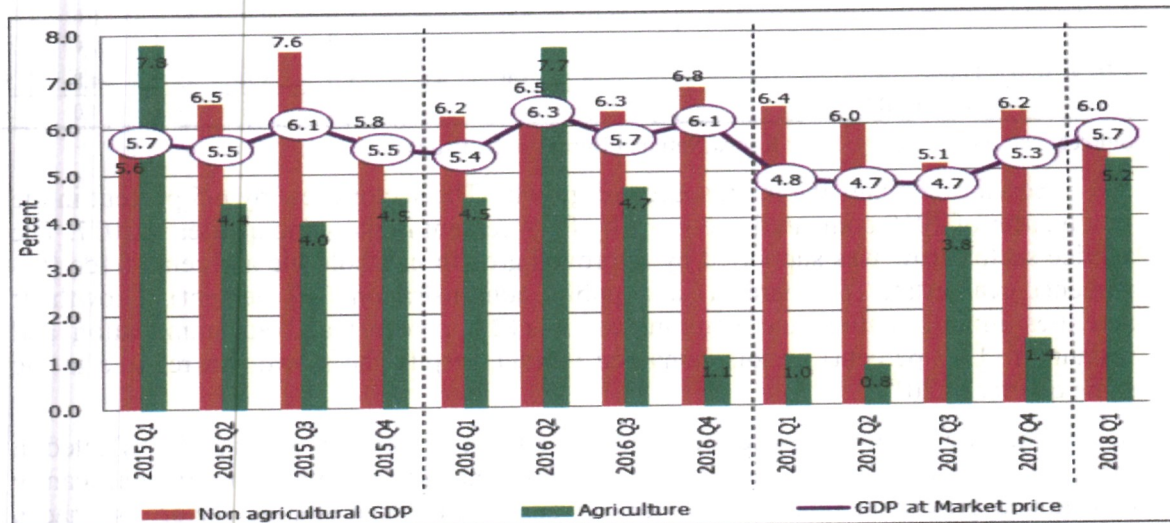
**Chart 1a: GDP Annual Growth Rates (2016 and 2017)**



Source: International Monetary Fund.

2. In the first quarter of 2018, the economy recovered and grew by 5.7 percent compared to a growth of 4.8 percent in the same quarter in 2017. This growth was mainly supported by the improved weather conditions and restoration of business and consumer confidence following political stability in the country (**Chart 1b**).

**Chart 1b: Economic Quarterly Growth Rates, Percent**



Source: National Treasury; Data: Kenya National Bureau of Statistics.

## RECENT ECONOMIC DEVELOPMENTS

3. Agricultural sector improved to a growth of 5.2 percent in the first quarter of 2018 compared to a growth of 1.0 percent in a similar quarter in 2017. The improved growth was as a result of favourable weather conditions that increased production of key food crops and livestock products especially in the dairy subsector. Similarly, production of tea and horticultural crops improved during the period and mitigated the impact of the decline in the production of coffee thereby anchoring the growth in the exports subsector. The contribution of Agricultural sector to overall GDP growth was at 1.3 percentage points in the first quarter of 2018, an improvement from the 0.3 percentage points in the same quarter in 2017.

4. The non-agricultural sector (service and industry) remained vibrant and grew by 6.0 percent in the first quarter of 2018 compared to a growth of 6.4 percent in a similar quarter in 2017. It contributed the highest to the real GDP growth at 3.8 percentage points mainly because of support by the service sector (Table 1).

**Table 1: Sectoral Quarter one GDP Performance (2015-2018)**

Sectors	Real GDP growth by sector				Sectoral contribution to Real GDP Growth Rate			
	2015	2016	2017	2018	2015	2016	2017	2018
	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1
<b>Primary sector</b>	<b>7.8</b>	<b>4.5</b>	<b>1.3</b>	<b>5.2</b>	<b>2.1</b>	<b>1.3</b>	<b>0.4</b>	<b>1.4</b>
Agriculture, forestry and fishing	7.8	4.5	1.0	5.2	2.0	1.2	0.3	1.3
Mining and Quarrying	9.1	5.5	7.1	4.5	0.1	0.1	0.1	0.1
<b>Secondary sector (Industry)</b>	<b>6.3</b>	<b>4.6</b>	<b>3.9</b>	<b>4.1</b>	<b>1.1</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>
Manufacturing	2.9	1.2	1.3	2.3	0.3	0.1	0.1	0.2
Electricity and Water supply	9.8	10.6	6.1	5.1	0.2	0.2	0.1	0.1
Construction	12.9	9.2	8.2	7.2	0.6	0.4	0.4	0.4
<b>Tertiary Sector (Services)</b>	<b>5.6</b>	<b>7.0</b>	<b>6.9</b>	<b>6.5</b>	<b>2.6</b>	<b>3.3</b>	<b>3.2</b>	<b>3.1</b>
Wholesale and Retail trade	5.5	3.5	4.8	6.3	0.4	0.2	0.3	0.4
Accommodation and Restaurants	-10.5	8.2	24.5	13.5	-0.1	0.1	0.3	0.2
Transport and Storage	8.3	8.8	9.4	7.1	0.5	0.5	0.6	0.4
Information and Communication	8.9	10.6	12.5	12.0	0.3	0.4	0.5	0.5
Financial & Insurance	10.0	8.8	5.3	2.6	0.6	0.5	0.3	0.2
Public administration	-1.4	5.4	4.4	4.7	-0.1	0.2	0.2	0.2
Others	5.5	6.8	5.6	6.3	1.1	1.3	1.1	1.2
of which: Real estate	6.3	9.6	6.1	6.8	0.5	0.7	0.5	0.6
Less: Financial services indirectly measured (FISM)	13.1	9.8	-1.3	1.2	-0.3	-0.2	0.0	0.0
Taxes less subsidies	1.8	2.8	4.9	5.4	0.2	0.3	0.5	0.6
<b>GDP at Market Prices</b>	<b>5.7</b>	<b>5.4</b>	<b>4.8</b>	<b>5.7</b>	<b>5.7</b>	<b>5.4</b>	<b>4.8</b>	<b>5.7</b>
of which Non- Agricultural GDP	5.6	6.2	6.4	6.0	3.5	3.9	4.0	3.8

Source: National Treasury; Data: Kenya National Bureau of Statistics.

5. Services remains the main source of growth. The sector grew by 6.5 percent in the first quarter of 2018 compared to a growth of 6.9 percent in the same quarter in 2017. The service sector growth was supported by improved growth in wholesale and retail trade (6.3 percent), real estate (6.8 percent) and public administration (4.7 percent). Growth of activities in information and communication (12.0 percent) and accommodation and restaurant (13.5 percent) sectors remained vibrant despite the slowdown relative to the same quarter in 2017.

6. The slowdown of service sector in the first quarter of 2018 was mainly reflected in the subdued performance of the financial and insurance sector on account of significantly constrained growth in financial activities. Transportation and storage sector also had a subdued performance due to a rise in the prices of petroleum products. Services contributed 3.1 percentage points to real GDP growth in the first quarter of 2018 largely

## RECENT ECONOMIC DEVELOPMENTS

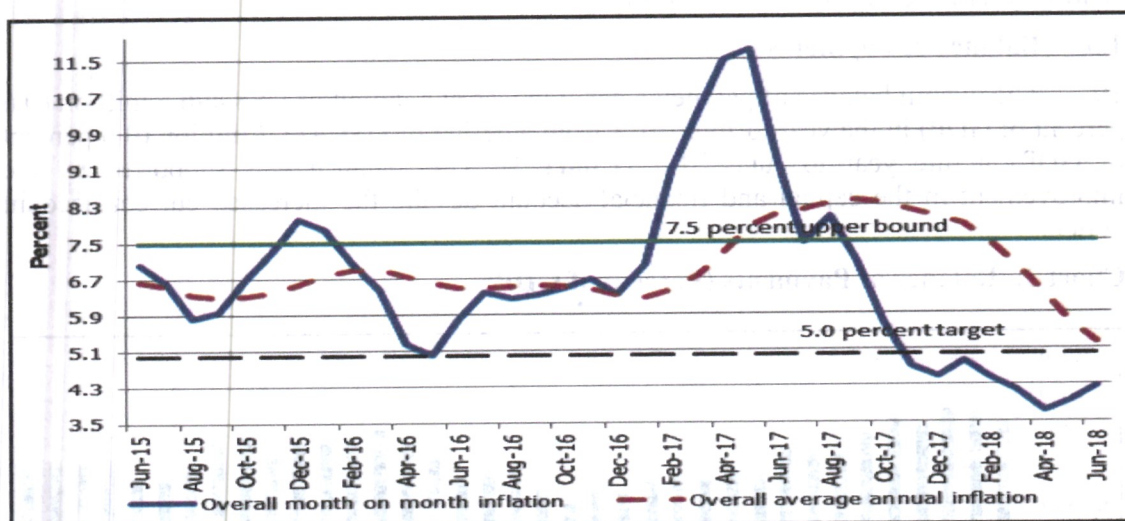
supported by the Real Estate (0.6 percentage points) and information and communication (0.5 percentage points).

7. The performance of industrial sector improved to a growth of 4.1 percent in the first quarter of 2018 compared to a growth of 3.9 percent in the same quarter in 2017 following increased activities in the manufacturing sector. The improvement in the manufacturing sector was as a result of the recovery of the agricultural sector. Activities in electricity and water supply and construction slowed down compared to the same quarter in 2017. However, industry accounted for 0.7 percentage points to GDP growth largely driven by the construction sector which contributed 0.4 percentage points.

### 1.2 Inflation

8. Month-on-month overall inflation fell to 4.3 percent in June 2018 from 9.2 percent in June 2017, thereby remaining within the 5.0 percent medium term target set by Government. This decline reflected lower food prices particularly for maize, cabbages and Irish potatoes following improved weather conditions. The decrease in food prices outweighed the increase in fuel prices as a result of the rise in international oil prices and an increase in charcoal prices (**Chart 2a**). In the twelve month to June 2018, the average annual inflation rate was 5.2 percent compared to 8.1 percent in the same period in 2017.

**Chart 2a: Inflation**

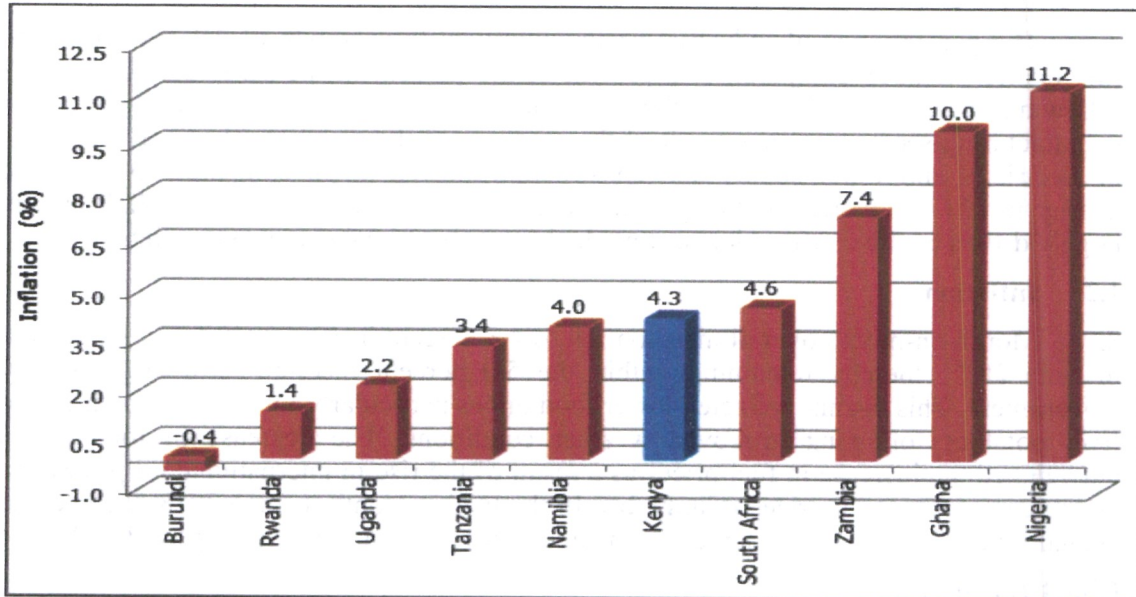


Source: National Treasury; Data: Kenya National Bureau of Statistics.

9. Kenya's rate of inflation compares favorably with the rest of sub-Saharan African countries and especially its peers such as Nigeria and Ghana whose inflation rates were 11.6 percent and 10.5 percent, respectively in June 2018 (**Chart 2b**).

## RECENT ECONOMIC DEVELOPMENTS

**Chart 2b: Inflation Rates in Selected African Countries (June 2018)**

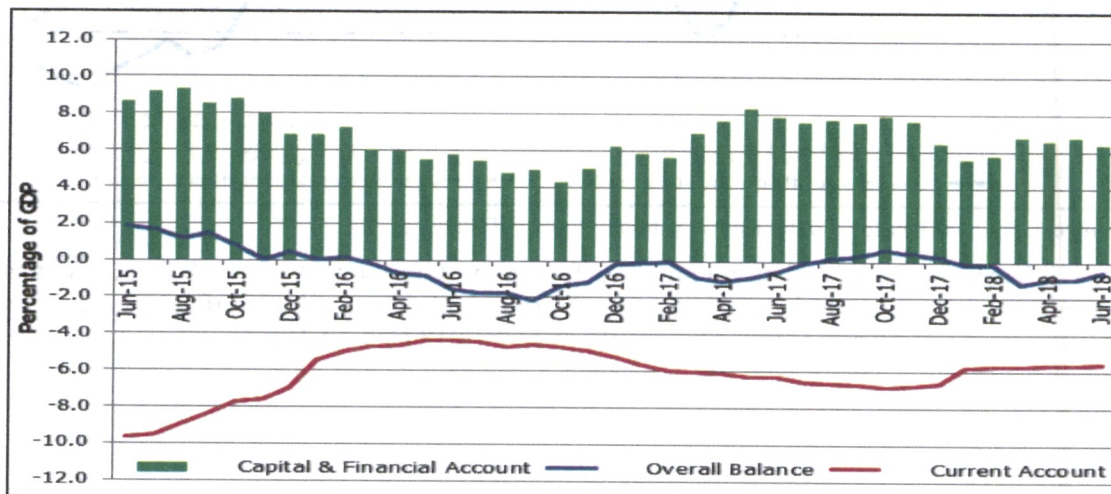


Source: National Treasury; Data: National Central Banks.

### 1.3 Balance of Payments

10. The overall balance of payments position was at a deficit of US\$ 496.6 million (0.6 percent of GDP) in the year to June 2018 from a deficit of US\$ 413.2 million (0.6 percent of GDP) in the year to June 2017 (**Chart 3**). This balance was supported by the improvement in the capital and financial account despite the increased current account deficit.

**Chart 3: Balance of Payments (Percent of GDP)**



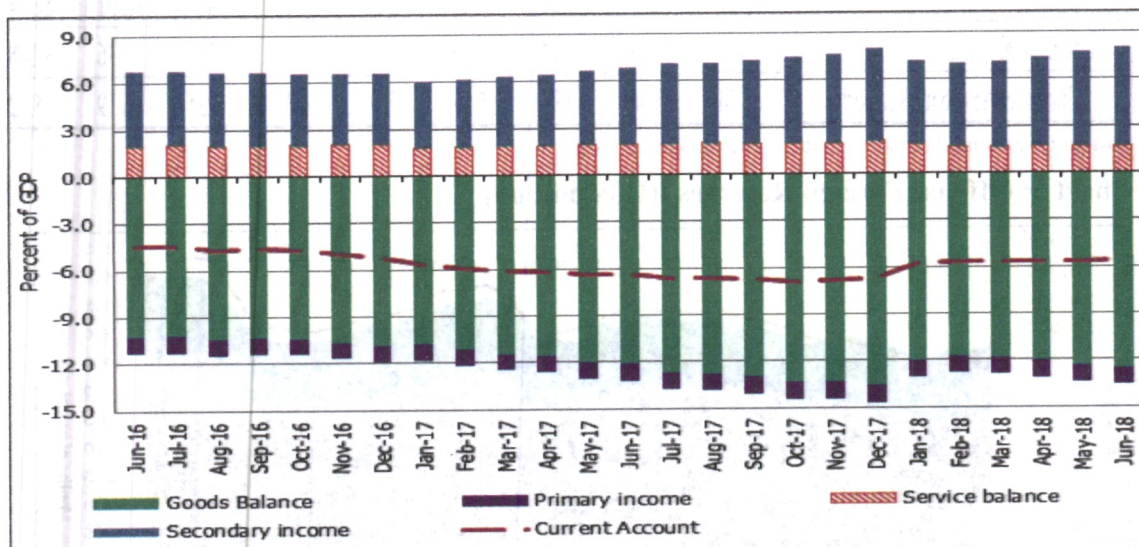
Source: National Treasury Data: Central Bank of Kenya.

11. The current account balance registered a deficit of US\$ 4,820.8 million in the year to June 2018 compared to a deficit of US\$ 4,753.3 million in the year to June 2017. This reflects the widening of the trade account balance and the increased payments to foreign investors (due to high interest payments) despite an improvement in the secondary income account balance particularly increased workers' remittances.

## RECENT ECONOMIC DEVELOPMENTS

12. As a percentage of GDP, the current account balance narrowed to 5.8 percent in June 2018 from 6.4 percent in June 2017 supported by strong growth of agricultural exports particularly tea and horticulture, resilient diaspora remittances, and improved tourism receipts (**Chart 4**).

**Chart 4: Balance on Current Account (Percent of GDP)**



Source: National Treasury; Data: Central Bank of Kenya.

13. The deficit in the merchandise account widened by US\$ 1,711.9 million to US\$ 10,812.7 million in the year to June 2018 reflecting an increase in payments for import of oil on account of the rebound in international oil prices despite an increase in merchandise exports. Net services recorded an improvement of 9.1 percent in the year to June 2018 mainly on account of higher receipts from transport and travels.

14. The capital account recorded an improvement of US\$ 120.1 million to US\$ 272.9 million in the year to June 2018, reflecting an increase in project grants. Flows in the financial account decreased to US\$ 5,201.8 million in June 2018 compared to US\$ 5,682.1 million in June 2017. The financial inflows were mainly in the form of other investments, portfolio investments and Foreign Direct Investments which stood at US\$ 3,758 million, US\$ 859 million and US\$ 585 million, respectively in June 2018. Other investment inflows mainly include foreign financing for Government infrastructure projects while the increase in the portfolio investment was as a result of the issuance of the US\$ 2.0 billion Euro Bond.

### 1.4 Foreign Exchange Reserves

15. The banking system's foreign exchange holding remained strong at US\$ 12,102 million in June 2018 from US\$ 10,984 million in June 2017 (**Table 2 and Chart 5**). The official foreign exchange reserves held by the Central Bank improved to US\$ 8,954 million (5.9 months of import cover) in June 2018 compared with US\$ 8,580 million (5.7 months of import cover) in June 2017 while commercial banks holdings was at US\$ 3,148 million in 2018 from US\$ 2,405 million in 2017.

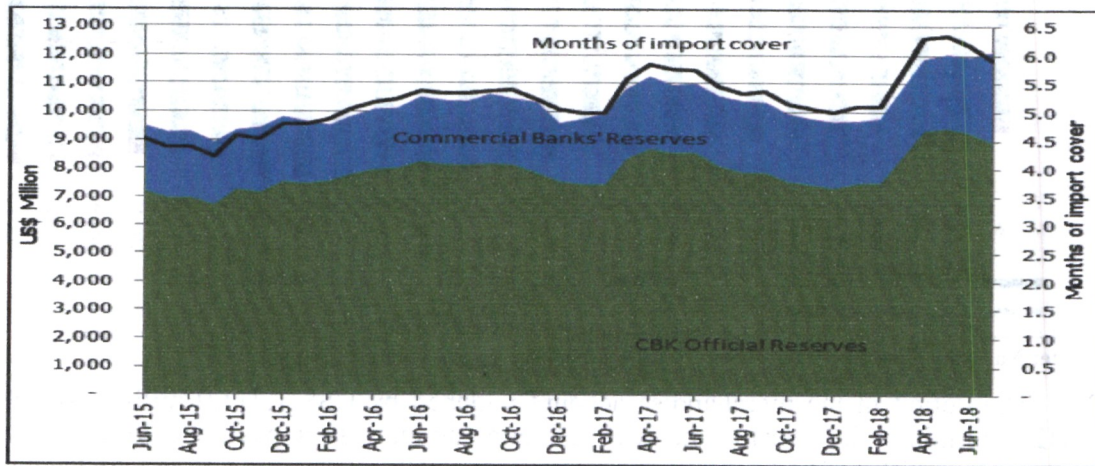
## RECENT ECONOMIC DEVELOPMENTS

**Table 2: Foreign Exchange Reserves (US\$ million)**

	Jun-17	Sep-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
<b>Gross Foreign Exchange Reserves</b>	<b>10,984</b>	<b>10,332</b>	<b>9,652</b>	<b>9,676</b>	<b>9,758</b>	<b>11,859</b>	<b>12,027</b>	<b>11,926</b>	<b>12,102</b>
Official	8,580	7,899	7,338	7,510	7,532	9,362	9,460	9,291	8,954
Commercial Banks	2,405	2,433	2,314	2,166	2,226	2,497	2,566	2,636	3,148
Import cover (36 mths imports)	5.74	5.36	4.99	5.10	5.10	6.31	6.35	6.19	5.92

Source: National Treasury; Data: Central Bank of Kenya.

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

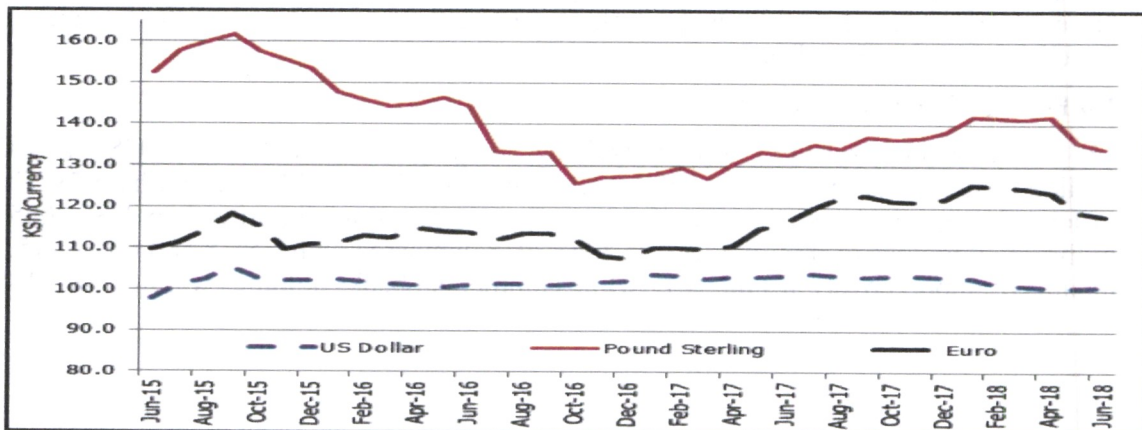


Source: National Treasury; Data: Central Bank of Kenya.

### 1.5 Exchange Rates

16. The Kenya Shilling exchange rate remained broadly stable and competitive against major international currencies. Against the dollar, the exchange rate was relatively less volatile exchanging at Ksh 101.0 in June 2018 from Ksh 103.5 in June 2017. Against the Euro and the Sterling pound, the Shilling weakened to Ksh 118.0 and Ksh 134.2 in June 2018 from Ksh 116.3 and Ksh 132.5 in June 2017, respectively (**Chart 6a**).

**Chart 6a: Kenya Shilling Exchange Rate**

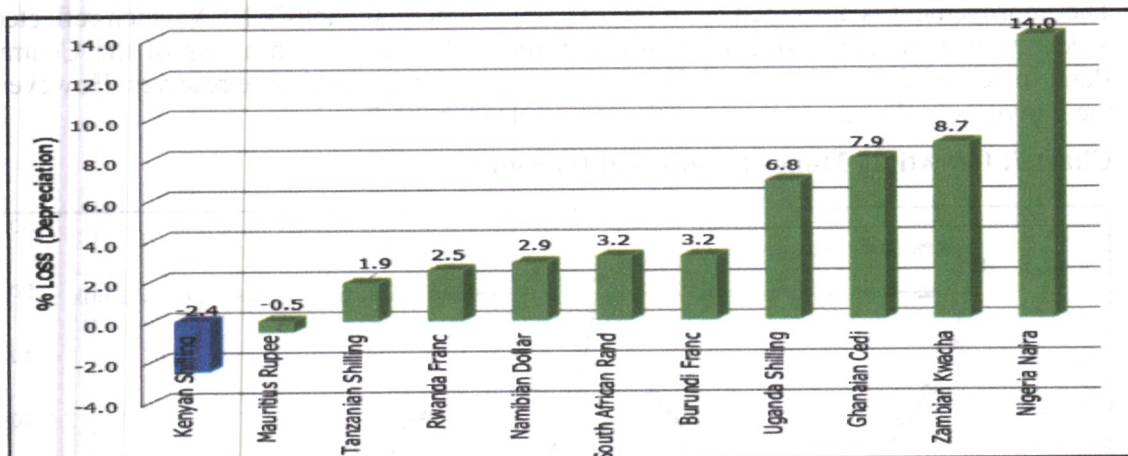


Source: National Treasury, Data: Central Bank of Kenya.

## RECENT ECONOMIC DEVELOPMENTS

17. The Kenya Shilling exchange rate as compared to most Sub-Saharan African currencies, has continued to display relatively less volatility (Chart 6b). This stability reflected strong capital inflows from tea and horticulture exports, strong diaspora remittances and tourism receipts.

**Chart 6b: Performance of Selected Currencies Against the US Dollar (June 2017 to June 2018)**



Source: National Treasury, Data: National Central Banks.

### 1.6 Money and Credit

18. Broad money supply, M3, improved to a growth of 10.5 percent in the year to June 2018 compared to a growth of 6.0 percent in the year to June 2017 (Table 2). The pickup in growth reflects an improvement in the growth of time and savings deposit and the foreign currency deposits despite a decline in the rate of increase in demand deposits and currency outside banks. The utilization of county government deposits and special projects deposits largely explain the decline in other deposits at the Central Bank.

**Table 2: Money and Credit Developments, Ksh billion**

	2016 JUNE	2017 JUNE	2018 JUNE	Absolute Change		percent change	
				2016-2017 JUNE	2017-2018 JUNE	12 months to Jun-17	12 months to Jun-18
<b>COMPONENTS OF M3</b>							
<b>1. Money supply, M1 (1.1+1.2+1.3)</b>	<b>1,135.9</b>	<b>1,391.3</b>	<b>1,436.9</b>	<b>255.4</b>	<b>45.6</b>	<b>22.5</b>	<b>3.3</b>
1.1 currency outside banks	187.9	206.7	217.9	18.8	11.2	10.0	5.4
1.2 Demand deposits	881.3	1,103.4	1,149.1	222.0	45.7	25.2	4.1
1.3 Other deposits at CBK	66.7	81.2	69.9	14.5	-11.4	21.7	-14.0
<b>2. Money supply, M2 (1+2.1)</b>	<b>2,353.4</b>	<b>2,480.5</b>	<b>2,668.3</b>	<b>127.1</b>	<b>187.7</b>	<b>5.4</b>	<b>7.6</b>
2.1 Time and savings deposits	1,217.5	1,089.2	1,231.4	-128.3	142.2	-10.5	13.1
<b>3. Money supply, M3 (2+3.1)</b>	<b>2,769.0</b>	<b>2,936.1</b>	<b>3,242.9</b>	<b>167.1</b>	<b>306.8</b>	<b>6.0</b>	<b>10.5</b>
3.1 Foreign currency deposits	415.6	455.6	574.7	40.0	119.1	9.6	26.1
<b>SOURCES OF M3</b>							
<b>1. Net foreign assets (1.1+1.2)</b>	<b>562.5</b>	<b>644.1</b>	<b>758.5</b>	<b>81.6</b>	<b>114.3</b>	<b>14.5</b>	<b>17.8</b>
1.1 Central Bank	694.6	738.3	783.6	43.8	45.3	6.3	6.1
1.2 Banking Institutions	-132.0	-94.2	-25.2	37.8	69.1	-28.6	-73.3
<b>2. Net domestic assets (2.1+2.2)</b>	<b>2,206.5</b>	<b>2,292.0</b>	<b>2,484.5</b>	<b>85.5</b>	<b>192.5</b>	<b>3.9</b>	<b>8.4</b>
<b>2.1 Domestic credit (2.1.1+2.1.2+2.1.3)</b>	<b>2,855.1</b>	<b>3,002.2</b>	<b>3,203.0</b>	<b>147.2</b>	<b>200.8</b>	<b>5.2</b>	<b>6.7</b>
2.1.1 Government (net)	560.4	646.2	745.1	85.8	98.8	15.3	15.3
2.1.2 Other public sector	78.6	106.9	111.9	28.3	5.0	36.0	4.7
2.1.3 Private sector	2,216.1	2,249.1	2,346.1	33.1	96.9	1.5	4.3
<b>2.2 Other assets net</b>	<b>-648.6</b>	<b>-710.3</b>	<b>-718.5</b>	<b>-61.7</b>	<b>-8.3</b>	<b>9.5</b>	<b>1.2</b>

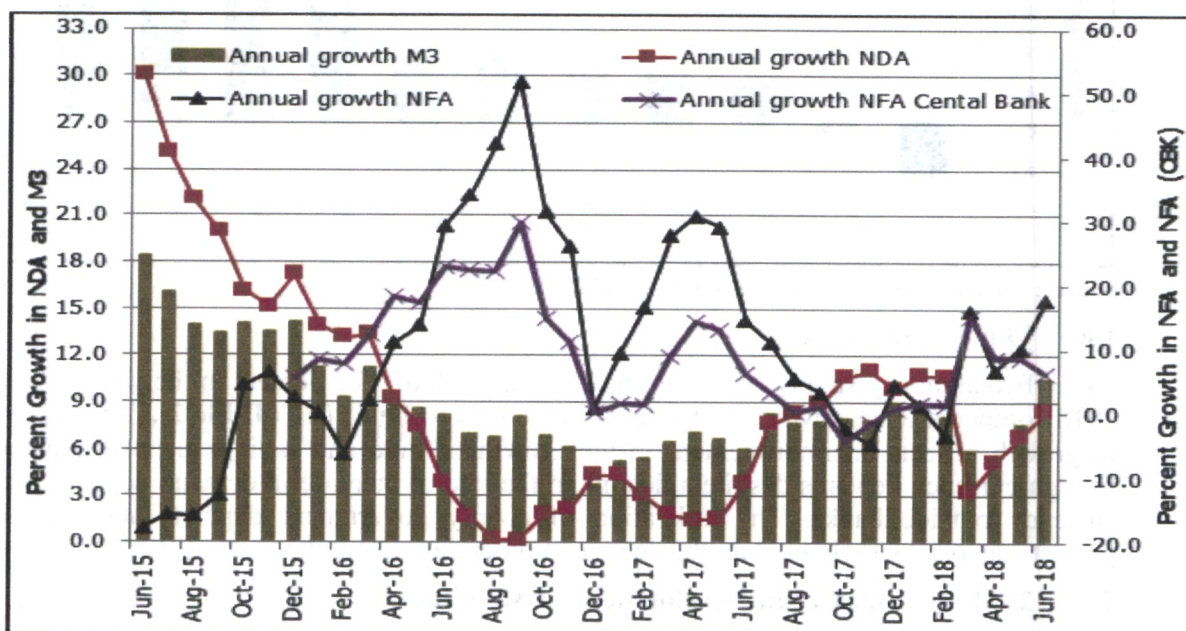
Source: National Treasury, Data: Central Bank of Kenya

## RECENT ECONOMIC DEVELOPMENTS

19. The primary source of the growth in M3 in the year to June 2018 was the increase in both the net foreign assets (NFA) of the banking sector and net domestic assets (NDA) of the banking system. Growth in NDA was largely reflected in growth of net domestic credit to government.

20. NFA of the banking system in the year to June 2018 grew by 17.8 percent, an improvement compared to a growth of 14.5 percent in the year to June 2017 (Chart 7). The improvement is attributed to an increase in commercial banks's NFA which reflected a decline in their non-resident deposit liabilities. The net foreign assets of the Central Bank increased during the period due to a pick-up in foreign exchange reserves. However, the growth was slower compared to the same period in 2017.

**Chart 7: Growth in Money Supply and Its Sources**



Source: National Treasury, Data: Central Bank of Kenya.

21. Meanwhile, the NDA improved to a growth of 8.4 percent in the year to June 2018 from the growth of 3.9 percent over a similar period in 2017. The pickup in growth in 2018 is due to an increase in the domestic credit. Domestic credit increased by Ksh 200.8 billion (6.7 percent) in the year to June 2018 compared to a growth of Ksh 147.2 billion (5.2 percent) in the year to June 2017. The improvement is a reflection of increased lending to both the Government and the private sector.

22. Annual growth of credit to the private sector grew by 4.3 percent in the year to end of June 2018, an improvement from the 1.5 percent growth in June 2017. In particular, lending to building and construction, manufacturing, and trade sectors grew by 13.5 percent, 12.3 percent and 8.6 percent, respectively. Credit growth to other sectors was positive except for transport and communication, agriculture, and mining and quarrying. Growth in private sector credit is expected to pick up gradually with the continued recovery of the economy.

### 1.7 Interest Rates

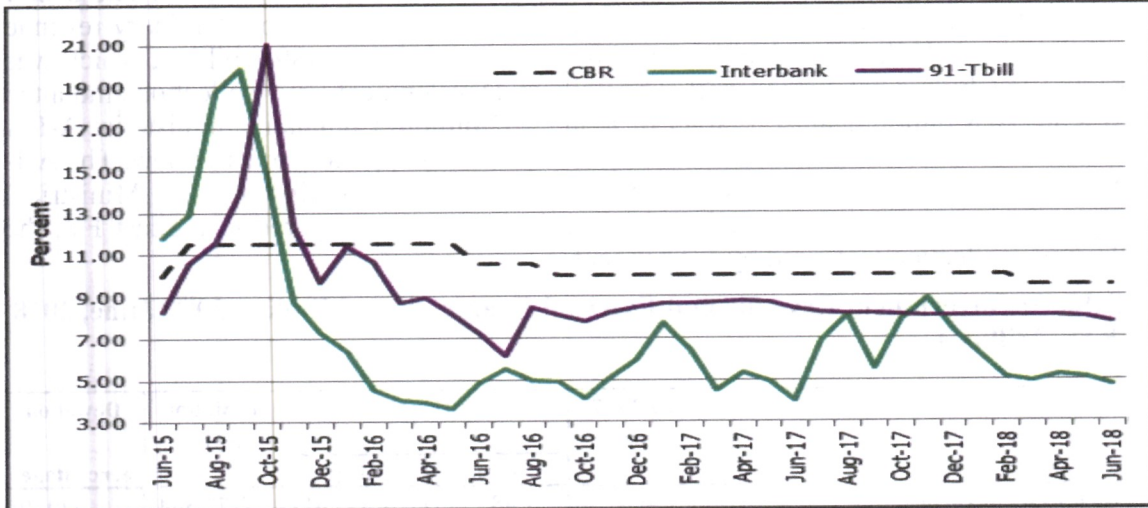
23. Short term interest rates have remained fairly low and stable. The Central Bank Rate stabilised at 9.5 percent set in March 2018. The interbank rate remained low at 5.0 percent in June 2018 from 4.0 percent in June 2017 due to ample liquidity in the money market (Chart 8a). The 91-day Treasury bill rate declined to 7.2 percent in June 2018



## RECENT ECONOMIC DEVELOPMENTS

compared to 8.4 percent in June 2017 while over the same period, the 182 day and the 364 day Treasury bills averaged 9.6 percent and 10.5 percent from 10.3 percent and 10.9 percent, respectively.

**Chart 8a: Short-Term Interest Rates**



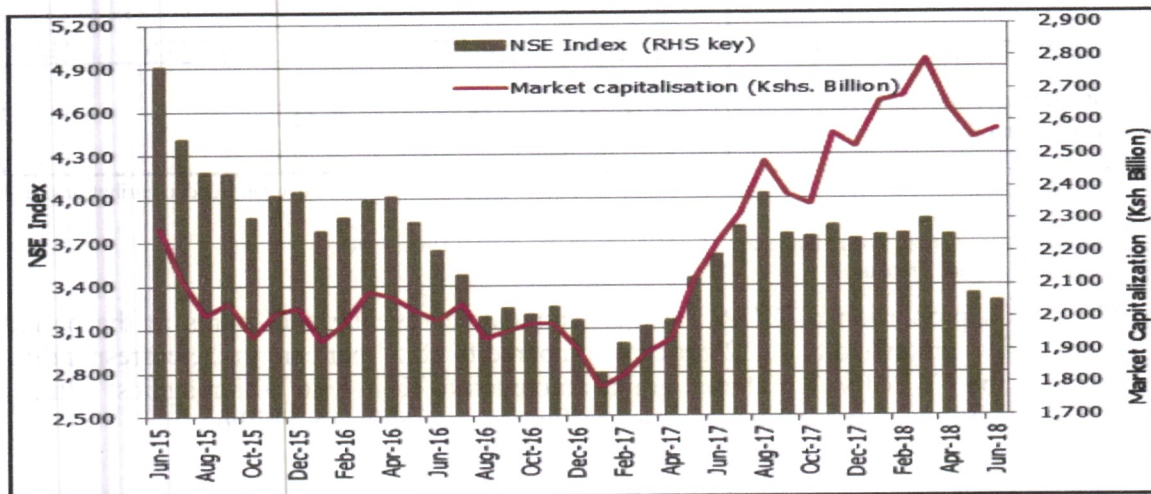
Source: National Treasury, Data: Central Bank of Kenya.

24. The lending rates declined to 13.3 percent in May 2018 from 13.7 percent in May 2017 while the average commercial banks' deposit rate increased to 8.1 percent in May 2018 from 7.4 percent in May 2017. As a result the interest rate spread narrowed to 5.2 percent from 6.3 percent over the same period.

### 1.8 Capital Markets

25. The capital market recorded improved performance on prices but reduced performance on the supply of shares. The NSE 20 Share Index was at 3,286 points by end- June 2018 from 3,607 points in June 2017 while Market Capitalization improved to Ksh 2,576 billion from Ksh 2,226 billion over the same period (Chart 9). This mixed performance reflects investors' portfolio readjustments factoring in global and domestic dynamics in the market.

**Chart 9: Performance at the NSE**



Statistics Source: National Treasury, Data: Central Bank of Kenya.

## FISCAL DEVELOPMENTS

### 2.0 FISCAL DEVELOPMENTS

#### 2.1 Revenue

26. By the end of June 2018, total cumulative revenue including A-I-A collected amounted to KSh. 1,487.2 billion against a target of KSh. 1,659.6 billion (**Table 3 and Chart 10**). This performance was below target by KSh. 172.4 billion. Ordinary revenue collection was KSh. 1,365.1 billion against a target of KSh. 1,489.6 billion, which was KShs 124.6 billion below the target. The Railway Development Levy collection amounted to KSh. 20.8 billion against a target of KSh. 21.2 billion. Cumulative ministerial A-I-A recorded an under performance of KSh. 47.8 billion for the period under review. The A-I-A under performance reflects the problem of under reporting of the Ministries' expenditure return for the period under review. However, compared to the last FY, the Revenue collection increased by 6.2 per cent.

**Table 3: Government Revenue and External Grants, Period Ending 30<sup>th</sup> June, 2018 (KSh. Million)**

	2016/2017 Actual	2017/18		Deviation KShs.	Deviation in percentage
		Actual	Target		
<b>Total Revenue (a+b)</b>	<b>1,400,578</b>	<b>1,487,227</b>	<b>1,659,611</b>	<b>(172,384)</b>	<b>(10.39)</b>
<b>(a) Ordinary Revenue</b>	<b>1,305,794</b>	<b>1,365,063</b>	<b>1,489,633</b>	<b>(124,570)</b>	<b>(8.36)</b>
Import Duty	89,943	99,215	103,391	<b>(4,176)</b>	<b>(4.04)</b>
Excise Duty	165,474	162,484	179,413	<b>(16,929)</b>	<b>(9.44)</b>
PAYE	305,164	350,631	379,851	<b>(29,220)</b>	<b>(7.69)</b>
Other Income Tax	319,886	289,962	329,418	<b>(39,456)</b>	<b>(11.98)</b>
VAT Local	194,234	206,257	218,596	<b>(12,339)</b>	<b>(5.64)</b>
VAT Imports	144,800	150,599	159,435	<b>(8,836)</b>	<b>(5.54)</b>
Investment Revenue	28,524	24,123	31,561	<b>(7,438)</b>	<b>(23.57)</b>
Traffic Revenue	2,755	3,077	3,146	<b>(69)</b>	<b>(2.18)</b>
Taxes on Intl. Trade & Trans.(IDF Fee)	22,947	23,782	26,199	<b>(2,417)</b>	<b>(9.22)</b>
Others <sup>1</sup>	32,067	54,934	58,624	<b>(3,690)</b>	<b>(6.29)</b>
<b>(b) Appropriation In Aid<sup>2</sup></b>	<b>94,784</b>	<b>122,164</b>	<b>169,977</b>	<b>(47,814)</b>	<b>(28.13)</b>
o/w Railway Development Levy	18,903	20,773	21,169	<b>(396)</b>	<b>(1.87)</b>
<b>(c) External Grants</b>	<b>26,312</b>	<b>27,600</b>	<b>42,953</b>	<b>(15,353)</b>	<b>(35.74)</b>
<b>Total Revenue and External Grants</b>	<b>1,426,891</b>	<b>1,514,827</b>	<b>1,702,564</b>	<b>(187,737)</b>	<b>(11.03)</b>
<b>Total Revenue and External Grants as a percentage of GDP</b>	<b>18.54</b>	<b>17.12</b>	<b>19.62</b>		

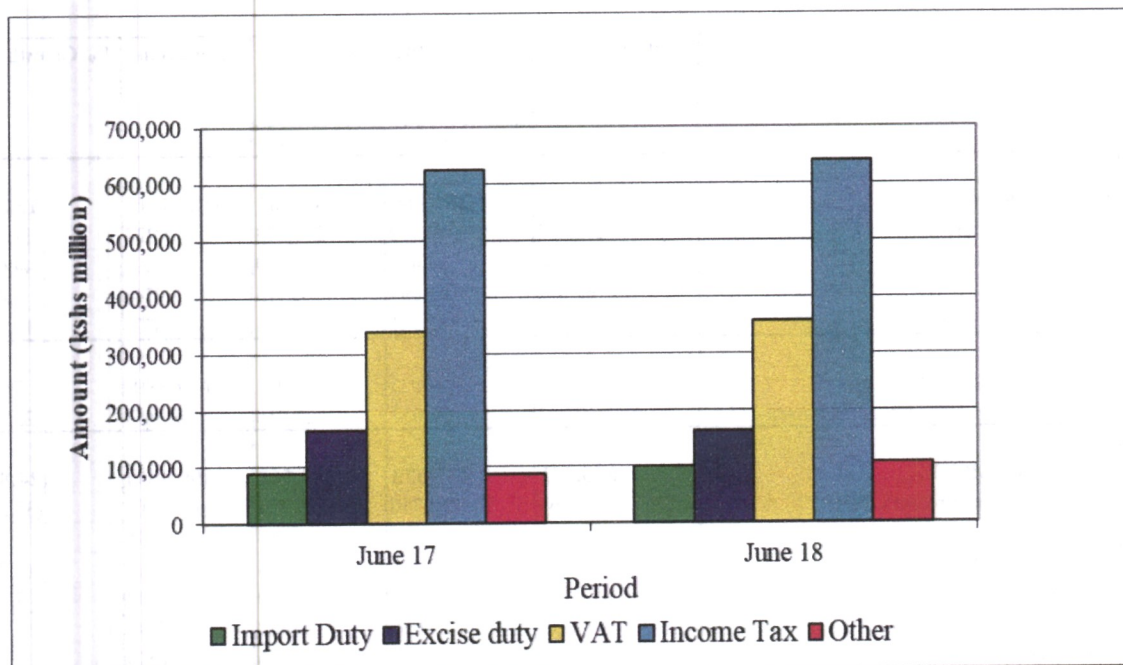
1/ includes rent of buildings, fines and forfeitures, other taxes, reimbursements and other fund contributions, and miscellaneous revenue.

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

Source: National Treasury.

27. As a proportion of GDP, the total cumulative revenue and grants in the period under review amounted to 17.12 per cent compared to 18.54 per cent in the corresponding period in the FY 2016/17. External grants amounted to KSh. 27.6 billion against a target of KSh. 43 billion, representing an under performance of KSh. 15.4 billion.

**Chart 10: Total Ordinary Revenue**



Source: National Treasury.

## 2.2 Expenditure

28. The total expenditure and net lending for the period under review amounted to KSh. 2,111.5 billion, against a target of KSh. 2,330 billion. The shortfall of KSh. 218.5 billion can be attributed to lower absorption recorded in both recurrent and development expenditures by the National Government (**Table 4 and Chart 11**). Recurrent expenditure for National Government amounted to KSh. 1,282 billion (excluding KSh.37.5 billion for Parliament and Judiciary), against a target of KSh.1,410.1 billion. This under performance was mainly recorded in Operation and Maintenance, pension, and wages and salaries which accounted for KSh. 127 billion, KSh. 11.1 billion and KSh. 8.9 billion of the shortfall respectively.

29. Foreign interest payments amounted to KSh. 84.4 billion, compared to KSh. 58.4 billion in the same period in the 2016/17 FY. The domestic interest payments totalled KSh. 239.5 billion, which was higher than KSh. 212.9 billion paid in the corresponding period in the previous financial year.

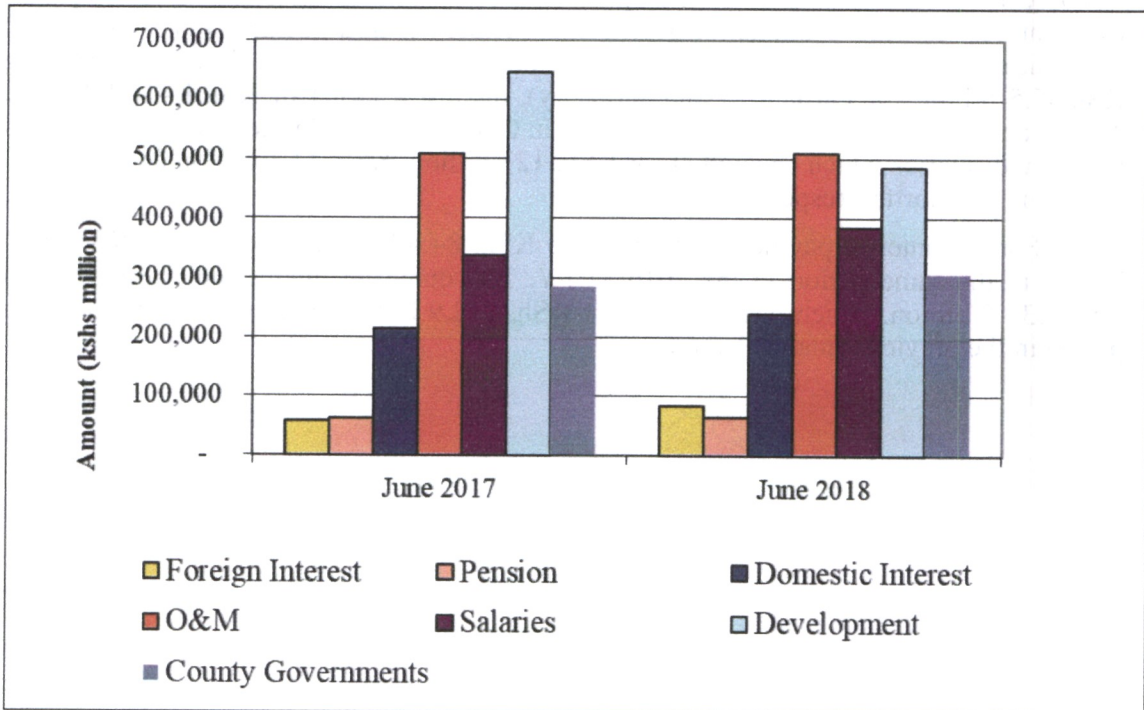
## FISCAL DEVELOPMENTS

**Table 4: Expenditure and Net Lending, Period Ending 30<sup>th</sup> June, 2018 (KSh. Million)**

	2016/2017 Actual	2017/18		Deviation	% Growth
		Actual	Targets		
<b>1. RECURRENT</b>	<b>1,142,412</b>	<b>1,281,965</b>	<b>1,410,081</b>	<b>(128,116)</b>	<b>12.2</b>
Domestic Interest	212,865	239,470	215,243	24,227	12.5
Foreign Interest	58,368	84,420	89,819	(5,399)	44.6
Pensions	62,933	65,099	76,173	(11,074)	3.4
Wages and Salaries	336,636	383,951	392,823	(8,872)	14.1
Operation and Maintenance	471,611	509,025	636,023	(126,999)	7.9
O/W : Appropriation-in-Aid	62,842	78,651	127,016	(48,365)	25.2
<b>2. DEVELOPMENT</b>	<b>645,771</b>	<b>485,673</b>	<b>584,762</b>	<b>(99,089)</b>	<b>(24.8)</b>
Development Projects (Net)	398,064	264,740	329,131	(64,390)	(33.5)
Payment of Guaranteed Loans	2,443	2,529	2,398	131	3.5
Appropriation-in-Aid	239,263	218,403	253,234	(34,830)	(8.7)
3. County Governments	284,708	306,200	292,200	14,000	7.5
4. Parliamentary Service	24,215	25,678	29,922	(4,244)	-
5. Judicial Service	11,846	11,944	12,996	(1,052)	-
6. Equalization Fund	6,000	-	-	-	-
7. CF	-	-	-	-	-
<b>TOTAL EXPENDITURE</b>	<b>2,108,951</b>	<b>2,111,460</b>	<b>2,329,961</b>	<b>(218,501)</b>	<b>0.1</b>

Source: National Treasury.

**Chart 11: Expenditure and Net Lending**



Source: National Treasury.

## FISCAL DEVELOPMENTS

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30. The total cumulative ministerial and other public agencies expenditure including A.I.A was KSh. 1,403.8 billion against a target of KSh. 1658.3 billion. Recurrent expenditure was KSh. 930.1 billion against a target of KSh. 1,076.9 billion, while development expenditure was KSh. 473.6 billion against a target of KSh. 581.5 billion. The percentage of total expenditures to the target was 84.6 per cent while the percentage of total expenditures to the target for recurrent and development were 86.4 per cent and 81.5 per cent respectively, as at the end of the period under review. The discrepancy between actual and target expenditures partly reflect the non-capture of the sub National expenditures leading to under reporting by Ministries. These ministerial expenditures are therefore, provisional.

31. As at the end of the period ending 30<sup>th</sup> June, 2018, expenditures by the Ministry of Education, Science and Technology; Teachers Service Commission and Ministry of Health (Social Sector) accounted for 42.4 per cent of total recurrent expenditure. In addition, the State Department for Interior and Ministry of Defence accounted for 10.7 per cent and 10.1 per cent of total recurrent expenditure respectively.

32. Analysis of development outlay indicates that the Department of Transport (21.6 per cent) accounted for the largest share of the total development expenditures, followed by the Ministry of Energy and Petroleum (14.6 per cent), Department for Infrastructure (15.4 per cent), State Department of Water Services (6.8 per cent), and the State Department for Planning and Statistics due to CDF (6.2 per cent). The development expenditures by the large Ministries were below the target because of non-inclusion of expenditures from the sub National and some donor funded projects. **Table 5** depicts the details of various Ministerial/Departmental and Commissions expenditures for the period under review.

## FISCAL DEVELOPMENTS

**Table 5: Ministerial Expenditures, Period Ending 30<sup>th</sup> June, 2018 (KSh. Million)**

MINISTRY/DEPARTMENT/COMMISSIONS	Jun-18		Variance	Jun-18		Variance	Jun-18		Variance	% total expenditure to total target
	Recurrent			Development			Total			
	Actual*	Target	Actual*	Target	Actual*	Target				
The Presidency	8,892	8,904	12	416	1,076	660	9,309	9,980	671	93.3
State Department for Interior	99,885	116,258	16,373	14,158	15,331	1,173	114,043	131,589	17,547	86.7
State Department for Correctional Services	18,745	22,798	4,053	396	553	158	19,141	23,351	4,210	82.0
State Department for Devolution	828	1,269	441	2,729	7,593	4,864	3,557	8,862	5,306	40.1
State Department for Special Programmes	5,051	5,535	484	3,305	3,415	110	8,355	8,950	595	93.4
State Department for Planning and Statistics	4,435	5,829	1,394	33,095	37,936	4,842	37,530	43,766	6,236	85.8
Ministry of Defence	94,115	106,835	12,721	-	7,475	7,475	94,115	114,310	20,196	82.3
Ministry of Foreign Affairs	9,493	16,435	6,941	135	456	320	9,629	16,890	7,262	57.0
State Department for Basic Education	80,698	83,774	3,077	7,080	9,914	2,833	87,778	93,688	5,910	93.7
State Department for Vocational And Technical Training	2,443	2,568	125	8,353	10,825	2,472	10,796	13,393	2,597	80.6
State Department for University Education	65,099	96,501	31,403	3,893	4,324	431	68,991	100,825	31,834	68.4
The National Treasury	39,059	42,540	3,481	17,047	24,614	7,567	56,107	67,154	11,047	83.5
Ministry of Health	28,724	49,010	20,286	21,382	29,381	8,000	50,106	78,392	28,286	63.9
State Department for Infrastructure	43,537	53,821	10,283	73,157	95,623	22,466	116,694	149,444	32,750	78.1
State Department for Transport	1,405	8,387	6,982	102,474	104,062	1,588	103,879	112,449	8,570	92.4
State Department for Marine time Affairs	242	260	18	-	-	-	242	260	18	93.0
State Department for Housing & Urban Development	2,122	2,261	140	14,351	16,186	1,835	16,472	18,447	1,975	89.3
State Department for Public Works	789	815	26	673	714	42	1,462	1,530	68	95.6
State Department for Water Services	2,645	3,375	730	29,521	35,072	5,551	32,166	38,447	6,281	83.7
State Department for Irrigation	531	946	415	10,343	13,611	3,268	10,874	14,557	3,683	74.7
State Department of Environment	2,522	3,258	736	1,255	1,661	407	3,777	4,919	1,142	76.8
State Department for Natural Resources	6,839	13,452	6,613	1,360	2,751	1,391	8,199	16,203	8,003	50.6
Ministry of Lands and Physical Planning	2,241	2,329	89	2,697	2,798	101	4,938	5,127	189	96.3
State Department for Information Communication and Technology & Innovation	902	1,119	216	7,847	11,985	4,138	8,749	13,104	4,354	66.8
State Department for Broadcasting & Telecommunications	2,655	3,363	708	378	380	2	3,033	3,744	711	81.0
State Department for Sports Development	2,523	2,585	62	2,246	2,247	1	4,769	4,832	63	98.7
State Department for Arts And Culture	3,005	3,031	26	548	550	2	3,553	3,581	27	99.2
State Department of Energy	2,088	2,154	66	66,299	74,950	8,651	68,387	77,104	8,717	88.7
State Department of Petroleum	191	209	18	2,981	3,936	955	3,173	4,145	972	76.5
State Department for Agriculture	15,432	16,044	613	8,613	12,277	3,663	24,045	28,321	4,276	84.9
State Department for Fisheries and The Blue Economy	6,964	7,029	65	3,778	5,778	1,999	10,743	12,807	2,064	83.9
State Department for Investment and Industry	1,830	1,922	92	133	314	181	1,963	2,236	273	87.8
State Department for Cooperatives	2,147	2,271	124	3,260	6,635	3,375	5,407	8,906	3,499	60.7
State Department for Trade	778	789	11	487	555	68	1,266	1,344	79	94.1
State Department for East African Integration	2,039	2,219	179	46	48	1	2,086	2,266	181	92.0
State Department for Labour	1,572	1,649	77	8	65	57	1,580	1,714	134	92.2
State Department for Social Protection	1,610	1,831	222	305	454	149	1,914	2,285	371	83.8
State Department for Mining	12,926	15,173	2,247	9,361	13,018	3,657	22,287	28,191	5,904	79.1
Ministry of Mining	1,312	1,552	240	160	208	48	1,472	1,760	288	83.6
Ministry of Tourism	1,558	2,709	1,151	590	980	390	2,148	3,689	1,541	58.2
State Department of Public Service and Youth Affairs	12,373	14,517	2,144	11,260	11,854	594	23,633	26,371	2,738	89.6
State Department for Gender	1,217	1,330	113	3,188	3,188	-	4,405	4,518	113	97.5
State Law Office and Department of Justice	3,855	4,536	681	71	132	61	3,925	4,668	742	84.1
The Judiciary	11,764	12,712	948	1,658	1,940	282	13,422	14,652	1,230	91.6
Ethics and Anti-Corruption Commission	3,047	3,069	21	1,268	1,268	-	4,315	4,337	21	99.5
National Intelligence Service	31,953	31,958	4	-	-	-	31,953	31,958	4	100.0
Directorate of Public Prosecutions	1,727	1,994	267	-	5	5	1,727	1,999	272	86.4
Registrar of Political Parties	763	809	45	-	-	-	763	809	45	94.4
Witness Protection Agency	177	442	265	-	-	-	177	442	265	40.1
Kenya National Commission on Human Rights	389	399	9	-	-	-	389	399	9	97.6
National Land Commission	1,093	1,134	41	137	173	36	1,230	1,307	78	94.1
Independent Electoral and Boundaries Commission	29,305	32,660	3,355	-	712	712	29,305	33,372	4,067	87.8
Parliamentary Service Commission	8,748	10,287	1,539	1,058	2,188	1,130	9,806	12,475	2,669	78.6
National Assembly	16,930	19,591	2,661	-	-	-	16,930	19,591	2,661	86.4
Judicial Service Commission	180	284	104	-	-	-	180	284	104	63.5
Commission on Revenue Allocation	351	392	41	-	-	-	351	392	41	89.6
Public Service Commission	1,351	1,359	8	9	9	-	1,360	1,368	8	99.4
Salaries and Remuneration Commission	561	629	67	-	-	-	561	629	67	89.3
Teachers Service Commission	217,629	218,235	607	7	143	136	217,636	218,378	743	99.7
National Police Service Commission	468	548	79	-	-	-	468	548	79	85.5
Auditor General	4,634	5,193	559	103	103	0	4,737	5,296	559	89.4
Controller of Budget	470	521	51	-	-	-	470	521	51	90.1
The Commission on Administrative Justice	391	413	22	-	-	-	391	413	22	94.7
National Gender and Equality Commission	330	346	16	-	-	-	330	346	16	95.5
Independent Policing Oversight Authority	567	696	129	-	-	-	567	696	129	81.5
<b>Total</b>	<b>930,147</b>	<b>1,076,864</b>	<b>146,717</b>	<b>473,617</b>	<b>581,465</b>	<b>107,848</b>	<b>1,403,764</b>	<b>1,658,330</b>	<b>254,566</b>	<b>84.6</b>

\*Provisional.

Source: National Treasury.

### 2.2.1 Guaranteed Loans to Parastatals

33. Cumulative principal and interest payments of guaranteed loans to parastatals with liquidity problems amounted to KShs 1,419.0 million against a payment target of KShs 1,287.9 million (Table 6) for the period ending 30<sup>th</sup> June, 2018.

## FISCAL DEVELOPMENTS

**Table 6: Schedule and Actual Payments on Guaranteed Debt for the Period Ending 30<sup>th</sup> June, 2018 (KSh. Million)**

Borrower	Quarter I		Quarter II		Quarter III		Quarter IV		Cumm. June 2018*	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
EAPC	203.65	187.29	-	-	-	191.81	-	-	203.65	379.11
TARDA	163.92	147.04	-	0.20	-	154.30	-	-	163.92	301.34
KBC	-	-	410.15	368.65	363.13	-	147.05	369.94	920.33	738.59
<b>TOTAL (QTR)</b>	<b>367.57</b>	<b>334.33</b>	<b>410.15</b>	<b>368.85</b>	<b>363.13</b>	<b>346.11</b>	<b>147.05</b>	<b>369.94</b>	<b>1,287.90</b>	<b>1,419.04</b>

\* Provisional.

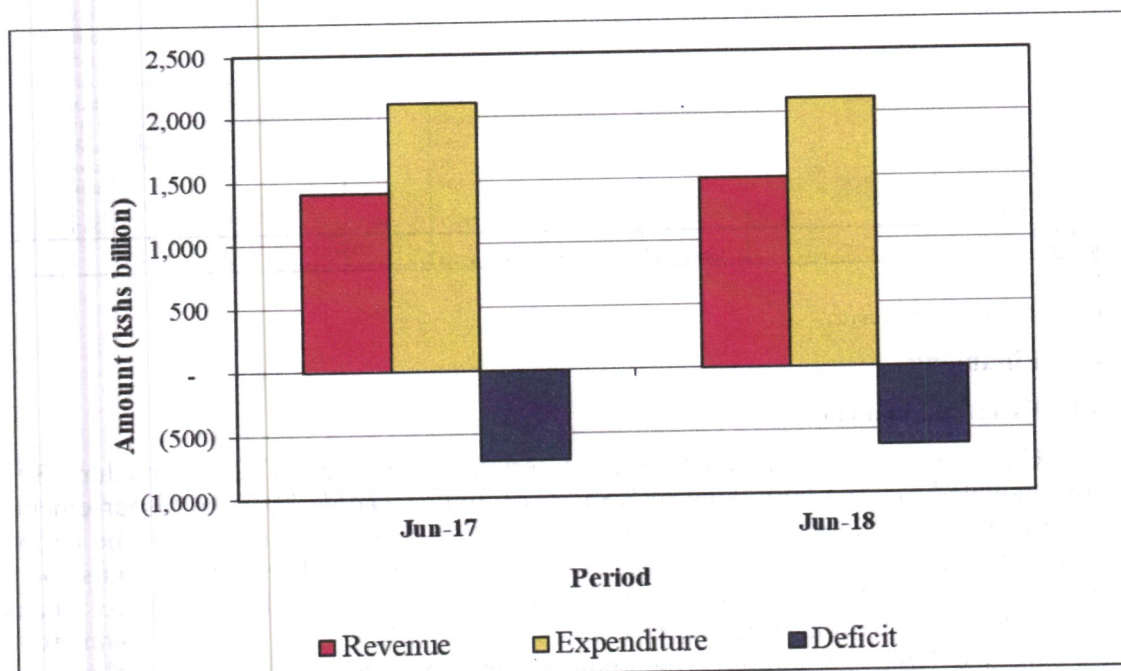
Source: National Treasury.

### 2.3 Fiscal Outturn

34. Between July 1, 2017 and June 30, 2018, cumulative overall fiscal balance (on a commitment basis and excluding grants) amounted to KSh. 624 billion (which is equivalent to 7.1 per cent of GDP) against a targeted deficit of KSh. 670.4 billion (which is equivalent to 7.7 per cent of GDP) (*Chart 12 and Table 7*). Including grants, the fiscal balance (on a commitment basis) deficit stood at 6.7 per cent of GDP against a targeted deficit of 7.2 per cent of GDP. Over the same period in 2017, the fiscal deficit stood at KSh. 709.4 billion (equivalent to 9.2 per cent of GDP). The Fiscal Outturn in the last six financial years and budget for 2018/19 FY is as provided as **Annex I**.

35. The Government started the process of presenting its fiscal accounts in Government Finance Statistics Manual 2014 (GFSM 2014) format with the 2017/18 third quarter QEBR. This is a transition from the current GFSM 1986 format to the GFSM 2014 which is the latest standard for analysis and presentation of government fiscal accounts. In this edition of QEBR, the key GFS standard tables have been included. Annex ii to vi are Budget outturn tables using the GFSM 2014 format for three (3) quarters of the 2017/18 FY.

**Chart 12: Fiscal Balance as at June 2018**



Source: National Treasury.

## FISCAL DEVELOPMENTS

**Table 7: Budget Outturn, Cumulative Ending 30<sup>th</sup> June, 2018 (KSh. Million)**

	2016/2017 Actual	2017/2018		Deviation	% growth	2017/2018 as a % of GDP		2016/2017 Actual as a % of GDP
		Actual*	Targets			Actual	Targets	
<b>A. TOTAL REVENUE AND GRANTS</b>	<b>1,426,891</b>	<b>1,514,827</b>	<b>1,702,564</b>	<b>(187,737)</b>	<b>6.16</b>	<b>17.12</b>	<b>19.62</b>	<b>18.54</b>
<b>1. Revenue</b>	<b>1,400,578</b>	<b>1,487,227</b>	<b>1,659,611</b>	<b>(172,384)</b>	<b>6.19</b>	<b>16.81</b>	<b>19.12</b>	<b>18.20</b>
Ordinary Revenue	1,305,794	1,365,063	1,489,633	(124,570)	4.54	15.43	17.16	16.97
Import Duty	89,943	99,215	103,391	(4,176)	10.31	1.12	1.19	1.17
Excise Duty	165,474	162,484	179,413	(16,929)	(1.81)	1.84	2.07	2.15
Income tax	625,050	640,593	709,269	(68,676)	2.49	7.24	8.17	8.12
VAT	339,034	356,856	378,031	(21,175)	5.26	4.03	4.36	4.41
Investment Revenue	28,524	24,123	31,561	(7,438)	(15.43)	0.27	0.36	0.37
Others	57,769	81,793	87,968	(6,175)	41.59	0.92	1.01	0.75
Appropriation-in-Aid	94,784	122,164	169,977	(47,814)	28.89	1.38	1.96	1.23
<b>2. Grants</b>	<b>26,312</b>	<b>27,600</b>	<b>42,953</b>	<b>(15,353)</b>	<b>4.89</b>	<b>0.31</b>	<b>0.49</b>	<b>0.34</b>
Programme Grants/AMISOM Receipts	6,787	4,728	6,100	(1,372)	(30.34)	0.05	0.07	0.09
Projects Grants(Revenue)	9,485	9,374	12,974	(3,600)	(1.17)	0.11	0.15	0.12
Projects Grants(AIA)	9,632	12,383	23,879	(11,496)	28.56	0.14	0.28	0.13
Italian Debt Swap	-	-	-	-	-	-	-	0.00
External Grants to County Governments	408	1,116	0	1,116	173.22	0.01	-	0.01
<b>B. EXPENDITURE and NET LENDING</b>	<b>2,109,977</b>	<b>2,111,459</b>	<b>2,329,961</b>	<b>(218,502)</b>	<b>0.07</b>	<b>23.87</b>	<b>26.85</b>	<b>27.42</b>
<b>1. Recurrent</b>	<b>1,179,498</b>	<b>1,319,586</b>	<b>1,452,999</b>	<b>(133,413)</b>	<b>11.88</b>	<b>14.92</b>	<b>16.74</b>	<b>15.33</b>
Domestic Interest	212,865	239,470	215,243	24,227	12.50	2.71	2.48	2.77
Foreign Interest	58,368	84,420	89,819	(5,399)	44.64	0.95	1.03	0.76
Pension	63,958	65,099	71,895	(6,796)	1.78	0.74	0.83	0.83
Wages and Salaries	336,636	383,951	392,823	(8,872)	14.06	4.34	4.53	4.37
O & M/Others	507,671	546,646	678,941	(132,295)	7.68	6.18	7.82	6.60
<b>2. Development and Net Lending</b>	<b>639,771</b>	<b>485,673</b>	<b>584,762</b>	<b>(99,089)</b>	<b>(24.09)</b>	<b>5.49</b>	<b>6.74</b>	<b>8.31</b>
3. Equalization Fund	6,000	0	0	-	(100.00)	0.00	-	0.08
4. County Governments	284,708	306,200	292,200	14,000	7.55	3.46	3.37	3.70
5. CF	0	0	0	-	-	0.00	-	0.00
<b>C. DEFICIT EXCL.GRANT (Commitment basis)</b>	<b>(709,398)</b>	<b>(624,232)</b>	<b>(670,350)</b>	<b>46,118</b>	<b>(12.01)</b>	<b>(7.06)</b>	<b>(7.72)</b>	<b>(9.22)</b>
<b>D. DEFICIT INCL.GRANTS (Commitment basis)</b>	<b>(683,086)</b>	<b>(596,632)</b>	<b>(627,397)</b>	<b>30,765</b>	<b>(12.66)</b>	<b>(6.74)</b>	<b>(7.23)</b>	<b>(8.88)</b>
<b>E. ADJUSTMENT TO CASH BASIS</b>	<b>(14,169)</b>	<b>11,342</b>	<b>0</b>	<b>(3,593)</b>	<b>(100.00)</b>	<b>0.00</b>	<b>0.00</b>	<b>(0.18)</b>
<b>F. DEFICIT INCL.GRANTS (Cash basis)</b>	<b>(697,255)</b>	<b>(596,632)</b>	<b>(627,397)</b>	<b>19,423</b>	<b>(14.43)</b>	<b>(6.74)</b>	<b>(7.23)</b>	<b>(9.06)</b>
<b>G. FINANCING</b>	<b>697,255</b>	<b>607,974</b>	<b>627,397</b>	<b>(19,423)</b>	<b>(12.80)</b>	<b>6.87</b>	<b>7.23</b>	<b>9.06</b>
<b>1. Foreign financing</b>	<b>385,745</b>	<b>331,641</b>	<b>374,622</b>	<b>(42,981)</b>	<b>(14.03)</b>	<b>3.75</b>	<b>4.32</b>	<b>5.01</b>
Disbursements	421,667	473,174	524,904	(51,730)	12.22	5.35	6.05	5.48
Programme Loans	6,767	8,524	7,008	1,516	25.96	0.10	0.08	0.09
Project Cash Loans	30,908	24,214	33,574	(9,360)	(21.66)	0.27	0.39	0.40
Project Loans AIA	86,322	92,778	114,464	(21,686)	7.48	1.05	1.32	1.12
Project Loans SGR_AIA	111,367	57,318	58,000	(682)	(48.53)	0.65	0.67	1.45
Project Loans SGR_PHASE_2A_AIA	0	6,500	6,500	-	-	0.07	0.07	0.00
Commercial Financing	186,303	283,840	305,358	(21,518)	52.35	3.21	3.52	2.42
of which Export Credit-Commercial Financing	-	5,912	7,430	(1,518)	-	0.07	0.09	0.00
Sovereign Bond/Syndicated	186,303	201,981	201,981	-	2.28	2.33	2.42	2.42
TDB Refinancing	-	75,947	75,947	-	-	0.86	0.88	0.00
Kenya Airways Refinancing	-	-	20,000	(20,000)	-	0.00	0.23	0.00
Debt repayment - Principal	(35,922)	(141,533)	(150,282)	8,749	294.00	(1.60)	(1.73)	(0.47)
<b>2. Other Domestic Financing</b>	<b>1,751</b>	<b>2,623</b>	<b>4,038</b>	<b>(1,415)</b>	<b>49.80</b>	<b>0.03</b>	<b>0.05</b>	<b>0.02</b>
Public Works Deposits	0	0	230	(230)	-	0.00	0.00	0.00
Domestic Loan Repayments (Receipts)	0	0	3,809	(3,809)	-	0.00	0.04	0.00
Domestic Loan Repayments CBK	0	0	0	-	-	0.00	-	0.00
<b>4. NET DOMESTIC FINANCING</b>	<b>309,760</b>	<b>273,710</b>	<b>248,737</b>	<b>24,973</b>	<b>(11.64)</b>	<b>3.09</b>	<b>2.87</b>	<b>4.03</b>
<b>MEMO ITEM</b>								
<b>GDP ESTIMATE</b>	<b>7,695,200.00</b>	<b>8,845,853.96</b>	<b>8,678,973.98</b>					

\*Provisional.

Source: National Treasury.

## 2.4 Financing

### 2.4.1 External Financing

36. Cumulative external financing for the period between July 1<sup>st</sup> 2017 and June 30<sup>th</sup> 2018 amounted to a net borrowing of KSh. 331.6 billion (**Table 8**). Total disbursements (inflows) including Appropriations-in-Aid amounted to KSh. 473.2 billion for the period ending 30<sup>th</sup> June, 2018 against a target of KSh. 524.9 billion. The actual disbursement amount included KSh. 24.2 billion Project Cash Loans, KSh. 92.8 billion Project Loans A.I.A., KShs 63.8 billion Project Loans A.I.A. for SGR, KSh. 283.8 billion commercial financing and KSh. 8.5 billion Programme Loans. External repayments (outflows) of principal debt amounted to KSh. 141.5 billion. The amount comprises of principal repayments due to both bilateral, multilateral organizations and commercial amounting to



## FISCAL DEVELOPMENTS

Kshs 24 billion, Kshs 17.5 billion and Kshs 100.1 billion, respectively.

**Table 8: External Financing, Period Ending 30<sup>th</sup> June, 2018 (KSh. Million)**

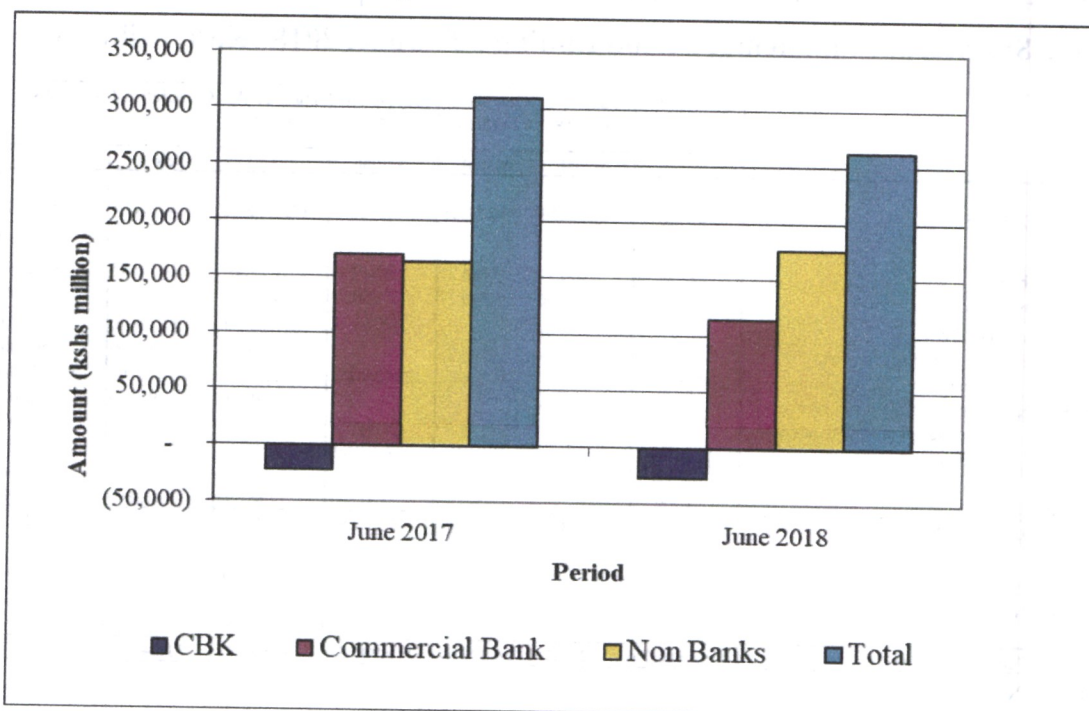
	Quarter IV 2016/17	Quarter I 2017/18	Quarter II 2017/18	Quarter III 2017/18	Quarter IV 2017/18	Cumulative June 2018*	
		Actual	Actual	Actual		Actual	Target
<b>DISBURSEMENTS:</b>	<b>101,521.43</b>	<b>16,285.20</b>	<b>36,217.25</b>	<b>298,595.59</b>	<b>122,075.58</b>	<b>473,174</b>	<b>524,904.47</b>
Project Cash loans	8,328.98	2,094.24	3,284.21	8,553.39	10,282.11	24,213.95	33,573.86
Project loans A-I-A	20,151.75	14,190.96	19,849.17	38,804.44	19,933.43	92,778.00	114,464.36
Project Loans SGR AIA	-	-	-	10,685.56	46,632.20	57,318.20	58,000.00
Project Loans SGR PHASE 2A AIA	-	-	-	-	6,500.00	6,500.00	6,500.00
Commercial Financing	69,931.16	-	10,759.91	239,240.09	33,839.91	283,840.00	305,358.04
of which Export Credit- Commercial Financing	-	-	-	-	5,912.00	5,912.00	7,430.00
Sovereign Bond/Syndicated	-	-	-	201,981.00	-	201,981.00	201,980.90
TDB Refinancing	-	-	10,759.91	37,259.09	27,927.91	75,947.00	75,947.15
Kenya Airways Refinancing	-	-	-	-	-	-	20,000.00
Programme Loans	3,109.55	-	2,323.96	1,312.11	4,887.94	8,524.00	7,008.20
<b>EXTERNAL REPAYMENTS:</b>	<b>10,680.67</b>	<b>9,073.06</b>	<b>19,343.44</b>	<b>47,608.03</b>	<b>65,507.98</b>	<b>141,532.51</b>	<b>150,282.00</b>
Bilateral (incl. Italy Debt SWAP)	5,770.92	5,345.20	4,202.56	7,119.85	7,296.74	23,964.36	18,441.98
Multilateral (excl. IMF)	4,522.19	3,727.86	3,821.36	4,500.81	5,430.15	17,480.18	27,926.83
Commercial	387.56	-	11,319.51	35,987.37	52,781.09	100,087.97	102,677.56
<b>NET FOREIGN FINANCING</b>	<b>90,840.76</b>	<b>7,212.13</b>	<b>16,873.82</b>	<b>250,987.56</b>	<b>56,567.61</b>	<b>331,641.49</b>	<b>374,622.47</b>

Source: National Treasury.

### 2.4.2 Domestic Financing

37. By the end of June 2018, net domestic borrowing amounted to KSh. 273.7 billion (**Table 9**) against a target borrowing of Ksh 248.7 billion (**Table 7**). The borrowing comprised of KSh. 124.3 billion from Commercial Banks, KSh. 172.8 billion from Non-Banking Financial Institutions and KSh. 3 billion from Non Residents, and a repayment of KSh. 26.3 billion to the Central Bank (**Table 9**). Comparatively, for the same period in 2017, the net domestic borrowing, comprised of net repayments of, KSh. 22.4 billion to the Central Bank, and a borrowing of KSh. 1.9 billion from Non-Residents, KSh. 169.5 billion from commercial banks and KSh. 160.7 billion from non-banking financial institutions (**chart 13**).

Chart 13: Domestic Financing



Source: Central Bank of Kenya.

38. The stock of Treasury Bills held by Non- Banks recorded a net increase of KSh. 60.8 billion while those held by Commercial Banks recorded a net increase of KSh. 56.7 billion. The stock of Treasury Bills held by Non-residents increased by KSh. 1.2 billion. The stock of Fixed Rate Bonds held by Commercial Banks increased by KSh.32.4 billion, by Non-Residents also increased by KSh.1.8 billion and those by non-Banks recorded a net increase of KSh. 66.4 billion.

## FISCAL DEVELOPMENTS

**Table 9: Domestic Financing, Period Ending 30<sup>th</sup> June, 2018 (KSh. Millions)**

	JUNE	SEPTEMBER	DECEMBER	MARCH	JUNE
	2017	2017	2017	2018	2018
<b>1.CENTRAL BANK</b>	<b>(22,370)</b>	<b>8,300</b>	<b>108,925</b>	<b>(80,176)</b>	<b>(26,345)</b>
Overdraft	(44,204)	24,717	42,316	39,655	56,849
Treasury bills rediscounts	-	-	-	-	-
Fixed rate Bonds	-	-	-	-	-
Items on Transit	(37)	(21)	(24)	(22)	(18)
Frozen Account	(555)	-	-	(555)	(555)
Less Govt Deposits	22,426	(16,396)	66,633	(119,254)	(82,622)
<b>2.COM. BANKS</b>	<b>169,536</b>	<b>12,618</b>	<b>(4,036)</b>	<b>77,458</b>	<b>124,266</b>
Advances	5,508	471	(4,293)	(4,207)	(4,185)
Treasury bills	53,818	(23,450)	(70,291)	(4,410)	56,682
Fixed rate Bonds	99,764	36,097	45,497	59,787	32,449
Special Bonds	(5,000)	-	-	-	-
Zero Coupon bonds	-	-	-	-	-
Infrastructure Bonds	10,291	(8,967)	15,789	31,891	31,891
Savings and Development Bond	-	-	-	-	-
Less Govt Deposits	5,155	8,466	9,262	(5,603)	7,429
<b>3. NON BANKS</b>	<b>160,676</b>	<b>26,317</b>	<b>74,393</b>	<b>125,115</b>	<b>172,817</b>
Treasury bills	98,820	1,723	9,249	23,479	60,761
Fixed rate Bonds	38,722	33,189	45,085	55,962	66,382
Zero Coupon bonds	-	-	-	-	-
Infrastructure Bonds	22,983	(8,843)	19,810	45,426	45,426
Savings and Development Bond	-	-	-	-	-
M-Akiba Bond	150	248	248	248	248
<b>4. NON RESIDENTS</b>	<b>1,917</b>	<b>1,940</b>	<b>3,205</b>	<b>3,158</b>	<b>2,972</b>
Treasury bills	(356)	1,317	1,867	1,439	1,216
Fixed rate Bonds	1,938	1,019	1,464	1,764	1,802
Infrastructure Bond	335	(396)	(126)	(45)	(45)
Savings and Development Bond	-	-	-	-	-
Zero Coupon bonds	-	-	-	-	-
<b>5. NET CREDIT</b>	<b>309,760</b>	<b>49,176</b>	<b>182,487</b>	<b>125,554</b>	<b>273,710</b>

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

Source: Data from Central Bank of Kenya.

### 3.0 PUBLIC DEBT

#### 3.1 Overall Debt Position

39. The gross public debt increased by KSh. 632 billion from KSh. 4,407 billion as at end of June 2017 to KSh. 5, 039 billion by 30<sup>th</sup> June 2018. The gross public debt comprised of 51 per cent external debt and 49 per cent domestic debt by end June, 2018. The overall increase in the public debt is attributed to increase in external loan disbursements and also increase in the uptake of domestic debt during the period. The net public debt increased by KSh. 557 billion from KSh. 3,972.5 billion as at end of June 2017 to KSh. 4,530 billion by end of the period under review (Table 10).

## FISCAL DEVELOPMENTS

**Table 10: Kenya's Public and Publicly Guaranteed Debt, June 2016 to June 2018 (KSh. millions)**

	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18*
<b>EXTERNAL</b>									
BILATERAL	548,351	545,652	641,763	689,119	724,823	742,063	782,588	800,912	816,119
MULTILATERAL	798,842	839,936	781,256	806,922	841,899	842,814	841,847	836,766	820,966
COMMERCIAL BANKS	432,377	452,495	458,122	594,140	712,100	708,231	712,274	858,062	906,389
SUPPLIERS CREDIT	16,628	16,628	15,302	11,210	15,914	17,089	17,086	16,691	16,725
International Sovereign Bond									
<b>SUB - TOTAL</b>	<b>1,796,198</b>	<b>1,854,711</b>	<b>1,896,443</b>	<b>2,101,391</b>	<b>2,294,736</b>	<b>2,310,197</b>	<b>2,353,795</b>	<b>2,512,431</b>	<b>2,560,199</b>
<b>DOMESTIC:</b>									
CENTRAL BANK	99,856	58,945	85,528	85,316	55,061	79,201	96,797	93,583	110,782
COMMERCIAL BANKS	927,307	969,790	947,030	975,803	1,141,889	1,144,536	1,124,950	1,226,866	1,266,457
<b>TOTAL BANKS</b>	<b>1,027,163</b>	<b>1,028,735</b>	<b>1,032,559</b>	<b>1,061,119</b>	<b>1,196,950</b>	<b>1,223,738</b>	<b>1,221,747</b>	<b>1,320,449</b>	<b>1,377,239</b>
NON BANKS & NON RESIDENTS	787,970	825,820	898,415	883,834	915,316	949,098	998,618	1,051,202	1,101,596
<b>SUB-TOTAL</b>	<b>1,815,133</b>	<b>1,854,555</b>	<b>1,930,973</b>	<b>1,944,953</b>	<b>2,112,265</b>	<b>2,172,835</b>	<b>2,220,365</b>	<b>2,371,651</b>	<b>2,478,835</b>
<b>GRAND TOTAL GROSS</b>	<b>3,611,331</b>	<b>3,709,266</b>	<b>3,827,417</b>	<b>4,046,344</b>	<b>4,407,001</b>	<b>4,483,032</b>	<b>4,574,160</b>	<b>4,884,082</b>	<b>5,039,034</b>
LESS ON-LENDING	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)
LESS GOVERNMENT DEPOSITS	(394,856)	(426,911)	(373,016)	(364,909)	(428,774)	(432,113)	(350,924)	(573,884)	(503,337)
<b>GRAND TOTAL NET</b>	<b>3,210,775</b>	<b>3,276,654</b>	<b>3,448,699</b>	<b>3,675,734</b>	<b>3,972,526</b>	<b>4,045,218</b>	<b>4,217,535</b>	<b>4,304,497</b>	<b>4,529,996</b>

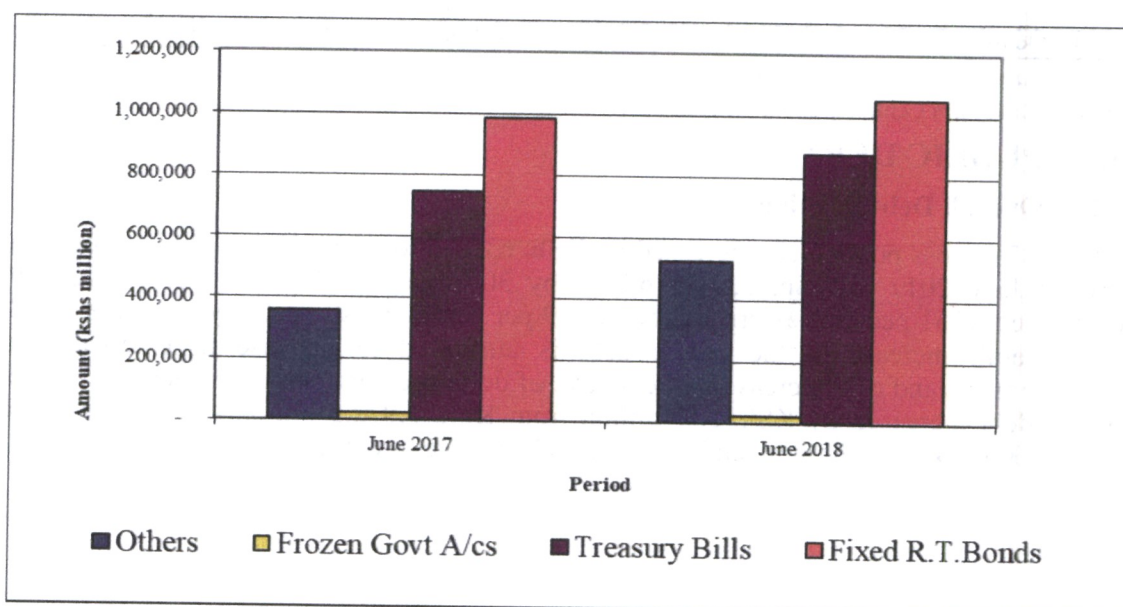
\*Provisional

Source: National Treasury.

### 3.2 Domestic Debt

40. The stock of gross domestic debt increased by KSh. 366.5 billion from KSh. 2,112.3 billion in June 2017 to KSh. 2,478.8 billion in June 2018. The stock of Treasury Bills held by Central Bank, Commercial Banks, Non-Banking Financial Institution and Non Residents increased by KSh. 134.5 billion from KSh. 744.2 billion in June 2017 to KSh. 878.6 billion in June 2018 (Table 11). The total stock of Treasury Bonds, which include Floating, Fixed Rate, Special and Zero coupon Bonds, increased by KSh. 67.5 billion from KSh. 989.9 billion in June 2017 to KShs1057.4 billion in June 2018 (Chart 14).

**Chart 14: Domestic Debt Stock by Instruments**



Source: Data from CBK.

## FISCAL DEVELOPMENTS

**Table 11: Stock of Domestic Debt, by end June 2018 (KSh. million)**

	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	June-18*
<b>1. CENTRAL BANK</b>	<b>99,856</b>	<b>58,945</b>	<b>85,528</b>	<b>85,316</b>	<b>55,061</b>	<b>79,201</b>	<b>96,797</b>	<b>93,583</b>	<b>110,782</b>
Overdraft	44,204	3,319	29,933	30,270	0	24,717	42,316	39,655	56,849
Frozen Govt Accounts	25,559	25,559	25,559	25,004	25,004	24,449	24,449	23,894	23,894
Treasury bills / bonds rediscounts	20,588	20,588	20,588	20,588	20,588	20,588	20,588	20,588	20,588
Items on Transit	80	52	23	28	43	22	19	21	25
Fixed rate bonds	9,426	9,426	9,426	9,426	9,426	9,426	9,426	9,426	9,426
<b>2. COMBANKS</b>	<b>927,307</b>	<b>969,790</b>	<b>947,030</b>	<b>975,803</b>	<b>1,141,889</b>	<b>1,144,536</b>	<b>1,124,950</b>	<b>1,226,866</b>	<b>1,266,457</b>
Advances	5,093	5,530	5,857	5,657	11,020	12,218	7,524	7,476	7,504
Stocks									
Treasury Bills	361,859	382,112	349,544	328,624	415,923	391,905	343,340	415,596	482,018
Floating Rate T. Bonds									
Fixed Rate T. Bonds	403,844	433,059	428,536	426,565	504,989	541,061	550,284	565,098	538,240
Special Bonds	10,000	10,000	10,000	10,000	5,000	5,000	5,000	5,000	5,000
Zero Coupon 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	138,863	131,441	145,444	197,309	197,309	186,704	211,154	226,047	226,047
<b>3. NON BANKS</b>	<b>774,943</b>	<b>809,375</b>	<b>879,998</b>	<b>862,291</b>	<b>893,215</b>	<b>924,962</b>	<b>973,201</b>	<b>1,025,704</b>	<b>1,076,288</b>
Stocks									
Treasury Bills	199,033	210,788	243,989	260,232	301,522	304,742	312,661	328,801	368,537
Floating Rate T. Bonds									
Fixed Rate T. Bonds	422,830	456,711	468,465	473,083	462,566	460,708	472,532	484,153	495,001
Tax Reserve Certificate	69	69	69	69	69	69	69	69	69
Zero Coupon Bonds									
Infrastructure Bonds	132,431	121,227	146,894	108,327	108,327	138,464	166,962	191,703	191,703
Savings and Development Bond	20,580	20,580	20,580	20,580	20,582	20,580	20,580	20,580	20,580
M- Akiba Bond	-	-	-	-	150	398	398	398	398
<b>4. NON RESIDENTS</b>	<b>13,027</b>	<b>12,020</b>	<b>13,632</b>	<b>21,543</b>	<b>22,100</b>	<b>24,136</b>	<b>25,417</b>	<b>25,498</b>	<b>25,308</b>
Treasury Bills	6,608	4,760	6,069	6,322	6,122	7,567	8,134	7,714	7,479
Floating Rate T. Bonds									
Fixed Rate T. Bonds	5,966	6,806	7,110	7,174	7,934	8,955	9,401	9,716	9,762
Zero Coupon Bonds									
Savings and Development Bond	9	9	9	9	7	9	9	9	9
Infrastructure Bonds	445	445	445	8,037	8,037	7,605	7,873	8,058	8,058
<b>5. TOTAL DEBT</b>	<b>1,815,133</b>	<b>1,850,129</b>	<b>1,926,189</b>	<b>1,944,953</b>	<b>2,112,265</b>	<b>2,172,835</b>	<b>2,220,365</b>	<b>2,371,651</b>	<b>2,478,835</b>
<b>6. LESS ON-LENDING</b>	<b>5,701</b>	<b>5,701</b>	<b>5,701</b>	<b>5,701</b>	<b>5,701</b>	<b>5,701</b>	<b>5,701</b>	<b>5,701</b>	<b>5,701</b>
<b>7. Less Govt Deposits</b>	<b>394,856</b>	<b>426,911</b>	<b>373,016</b>	<b>364,909</b>	<b>428,774</b>	<b>432,113</b>	<b>350,924</b>	<b>573,884</b>	<b>503,337</b>
<b>8. NET DEBT</b>	<b>1,414,577</b>	<b>1,417,518</b>	<b>1,547,472</b>	<b>1,574,343</b>	<b>1,677,790</b>	<b>1,735,021</b>	<b>1,863,740</b>	<b>1,792,066</b>	<b>1,969,797</b>
total debt incl IMF									
NET DEBT INCL IMF									

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

Source: Central Bank of Kenya.

### 3.3 External Public Debt

41. In dollar terms, external public debt stock increased by US \$ 5,276.2 million from US\$ 21,376.1 million in June 2017 to US\$ 26,652.3 million by end of June 2018 (**Table 12 and Chart 15**). The debt stock comprised 30.4 per cent, 33.0 per cent, 36.0 per cent and 0.6 per cent of debt owed to bilateral, multilateral institutions, commercial banks and suppliers' credit, respectively. During the fourth quarter, external public debt increased by

## FISCAL DEVELOPMENTS

US\$ 1,739.1 million to US\$ 26,652.3 million in June 2018 from US\$ 24,913.2 million as at end of March 2018. The increase is attributed to disbursements made during the period.

**Table 12: Kenya's External Public and Publicly Guaranteed Debt June 2016- June 2018 (US \$ Million)**

CREDITOR	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	June- 2018*
<b>BILATERAL</b>									
AUSTRIA	7.69	10.29	8.33	5.34	5.67	5.11	4.38	4.54	5.72
BELGIUM	72.16	77.10	70.45	86.56	94.82	101.84	100.06	107.19	101.01
CANADA	8.01	8.01	7.26	7.26	6.26	5.19	4.07	4.07	4.05
DENMARK	15.24	15.36	13.64	12.69	13.49	12.66	12.01	12.41	11.63
FINLAND	2.45	14.13	11.34	16.24	16.55	16.05	16.15	16.73	16.25
FRANCE	587.79	597.62	547.79	574.20	614.59	687.89	622.52	642.57	611.44
GERMANY	225.18	355.91	284.91	294.30	311.98	314.25	324.67	336.29	342.95
ITALY	6.15	6.22	1.17	5.94	6.31	6.42	1.20	1.24	1.24
JAPAN	1,025.20	985.45	841.59	850.60	883.47	879.29	824.81	1,022.38	1,008.27
NETHERLANDS	23.24	21.91	16.58	18.40	17.74	15.78	11.03	10.99	10.67
UK	9.81	9.45	7.46	7.63	6.27	6.46	4.70	4.74	4.59
USA	40.08	37.23	36.34	34.16	33.72	30.98	29.25	29.29	29.17
CHINA	3,097.14	3,258.07	4,089.09	4,426.05	4,614.78	4,733.94	5,202.37	5,295.84	5,532.61
OTHERS	212.89	335.16	326.03	351.11	363.18	362.06	423.66	453.57	432.44
<b>TOTAL BILATERAL</b>	<b>5,333.03</b>	<b>5,731.90</b>	<b>6,261.97</b>	<b>6,690.48</b>	<b>6,988.82</b>	<b>7,177.91</b>	<b>7,580.89</b>	<b>7,941.83</b>	<b>8,112.04</b>
<b>MULTILATERAL</b>									
ADB/ADF	1,967.01	1,768.98	1,760.18	1,788.41	1,880.33	1,993.19	1,983.67	2,045.52	2,026.48
BADEA		31.36	33.86	28.17	28.43	28.16	29.63	29.51	29.81
EEC/EIB	208.43	201.69	187.37	190.62	197.49	197.09	197.56	201.48	192.53
IBRD									
IDA/IFAD	4,928.48	4,998.98	4,846.50	5,026.45	5,210.20	5,132.15	5,181.44	5,237.31	5,774.05
IMF**	839.22	837.40	741.11	748.01	748.59	760.79	711.84	732.26	708.45
OTHERS	91.01	58.83	54.05	52.53	52.65	51.99	50.79	51.28	50.07
<b>TOTAL MULTILATERAL</b>	<b>8,034.16</b>	<b>7,897.24</b>	<b>7,623.06</b>	<b>7,834.20</b>	<b>8,117.68</b>	<b>8,163.36</b>	<b>8,154.92</b>	<b>8,297.36</b>	<b>8,781.39</b>
<b>COMMERCIAL BANKS 1/</b>	<b>4,377.73</b>	<b>4,373.30</b>	<b>4,470.11</b>	<b>5,740.26</b>	<b>6,116.15</b>	<b>6,864.39</b>	<b>6,856.07</b>	<b>8,508.54</b>	<b>9,593.35</b>
<b>EXPORT CREDIT</b>	<b>91.06</b>	<b>152.66</b>	<b>149.30</b>	<b>150.55</b>	<b>153.45</b>	<b>165.51</b>	<b>165.51</b>	<b>165.51</b>	<b>165.51</b>
<b>GRAND TOTAL</b>	<b>17,835.97</b>	<b>18,155.10</b>	<b>18,504.45</b>	<b>20,415.48</b>	<b>21,376.10</b>	<b>22,371.18</b>	<b>22,757.39</b>	<b>24,913.24</b>	<b>26,652.29</b>
In percentage of total									
BILATERAL	29.90	31.57	33.84	32.77	32.69	32.09	33.31	31.88	30.44
MULTILATERAL	45.04	43.50	41.20	38.37	37.98	36.49	35.83	33.31	32.95
COMMERCIAL BANKS 1/	24.54	24.09	24.16	28.12	28.61	30.68	30.13	34.15	35.99
EXPORT CREDIT	0.51	0.84	0.81	0.74	0.72	0.74	0.73	0.66	0.62
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

\*Provisional.

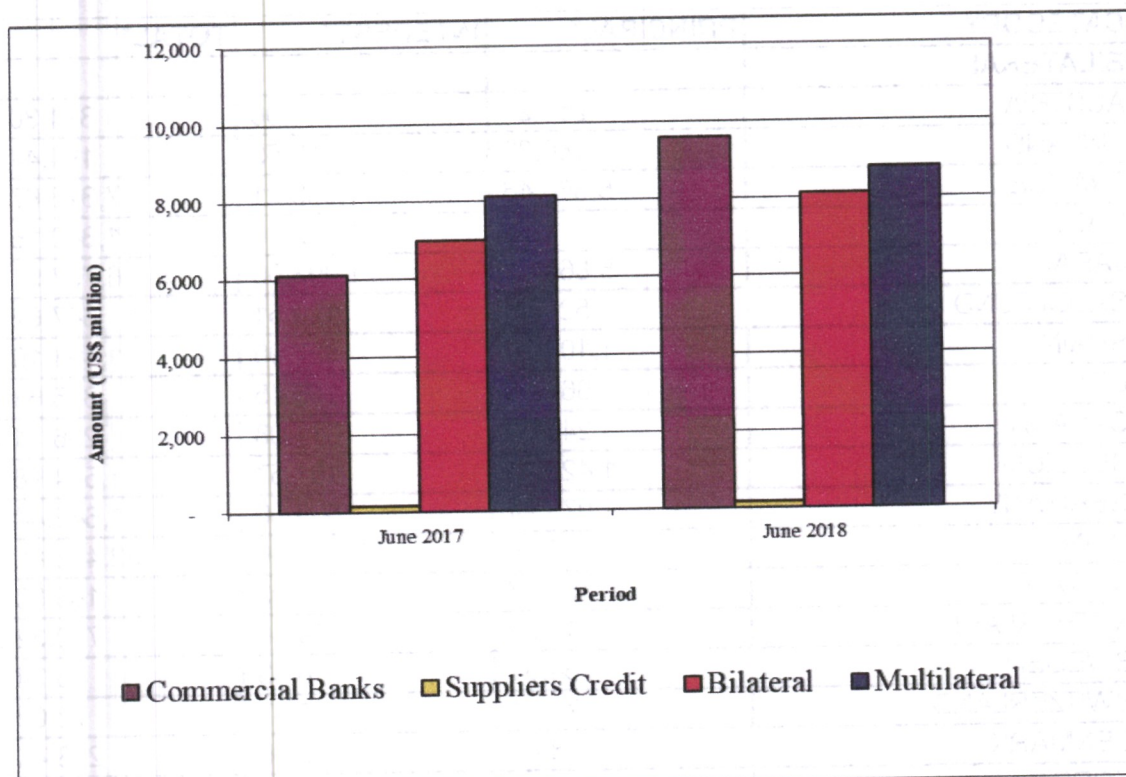
\*\* include IMF item.

1/ incl. International Sovereign Bond.

Note: The exchange rate as at end June 2018 was KSh 101.1 per dollar.

Source: National Treasury.

Chart 15: External Public Debt

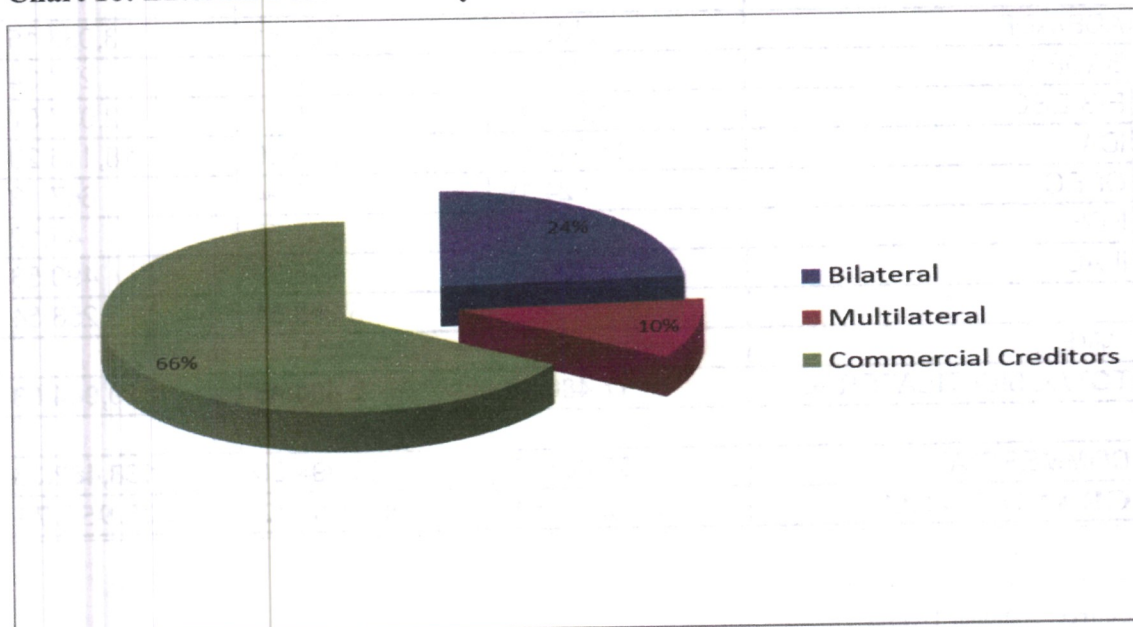


Source: National Treasury.

### 3.3.1 External Debt Service

42. At the end of June 2018, the total cumulative debt service payments to external creditors amounted to KSh. 226 billion. This comprised of KSh. 141.5 billion (62.6 per cent) principal and KSh. 84.4 billion (37.4 per cent) interest (*Table 13 and chart 16*).

Chart 16: External Debt Service by Creditors at End of June, 2018



Source: National Treasury.

## FISCAL DEVELOPMENTS

Table 13: External Debt Service, July 2017 – June 2018 (KSh. Million)

CATEGORY	PRINCIPAL*	INTEREST*	TOTAL*
<b>BILATERAL</b>			
AUSTRIA	257.24	117.06	374.30
FINLAND	180.89	13.55	194.44
FRANCE	5,660.46	1,668.21	7,328.67
ITALY	7.80	1,332.36	1,340.16
JAPAN	5,664.91	1,093.00	6,757.91
SAUDI FUND	527.11	120.51	647.62
SPAIN	1,103.20	387.90	1,491.10
USA	662.19	143.45	805.64
CANADA	245.63	11.08	256.71
BELGIUM	1,423.41	161.57	1,584.98
GERMANY	1,078.94	563.50	1,642.44
CHINA	5,315.56	27,171.30	32,486.86
KUWAIT	167.57	21.93	189.50
NETHERLANDS	711.02	49.30	760.32
SWEDEN	64.81	0.43	65.24
SWITZERLAND	72.61	0.47	73.08
DENMARK	218.44	0.00	218.44
KOREA	119.15	32.91	152.06
UK	379.88	39.77	419.65
INDIA	-	412.27	412.27
OTHERS/NEW LOANS	103.54	200.84	304.38
<b>TOTAL BILATERAL</b>	<b>23,964.36</b>	<b>33,541.41</b>	<b>57,505.77</b>
<b>MULTILATERAL</b>			
ADB/ADF	1,163.64	1,869.51	3,033.15
BADEA	235.03	42.31	277.34
EIB/EEC	1,312.46	765.11	2,077.57
IDA	13,847.84	4,268.36	18,116.20
OPEC	524.19	142.94	667.13
NDF	32.53	11.59	44.12
IFAD	364.49	126.09	490.58
	-	5,258.54	5,258.54
**IMF	-	-	-
<b>TOTAL MULTILATERAL</b>	<b>17,480.18</b>	<b>12,484.45</b>	<b>29,964.63</b>
<b>COMMERCIAL</b>	<b>100,087.97</b>	<b>38,394.36</b>	<b>138,482.33</b>
<b>GRAND TOTAL</b>	<b>141,532.51</b>	<b>84,420.22</b>	<b>225,952.73</b>

\* Provisional.

\*\* IMF debt serviced by CBK.

Source: National Treasury.



## Annex I: Fiscal Results, 2012/13 – 2017/2018 (KSh. Millions)

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18 *	2018/19**
<b>A.TOTAL REVENUE</b>	866,505	974,418	1,106,378	1,219,054	1,400,578	1,487,227	1,949,181
1.Revenue	775,698	918,990	1,031,248	1,152,875	1,305,794	1,365,063	1,769,229
Income Tax	373,086	449,590	508,581	560,665	625,050	640,593	836,570
VAT	184,916	232,630	259,685	289,213	339,034	356,856	464,215
Import Duty	57,650	67,555	74,048	79,188	89,943	99,215	119,352
Excise Duty	85,660	102,029	115,872	139,540	165,474	162,484	218,960
Other Revenue	74,386	67,185	73,062	84,269	86,293	105,916	130,131
2.Appropriation –in –Aid	90,807	55,428	75,130	66,179	94,784	122,164	179,952
<b>B.EXPENDITURE &amp; NET LENDING</b>	1,132,126	1,300,589	1,639,199	1,768,453	2,108,951	2,111,458	2,557,246
1.Recurrent	816,365	752,502	860,569	1,014,050	1,178,472	1,283,353	1,505,289
Wages and Salaries	274,407	281,197	297,978	307,421	336,636	383,951	444,157
Interest Payments	121,235	134,821	171,876	215,329	271,233	323,890	399,981
Domestic Interest	110,184	119,193	139,615	172,857	212,865	239,470	285,607
Foreign Interest Due	11,051	15,628	32,261	42,471	58,368	84,420	114,374
Pensions, etc	27,611	30,155	37,508	53,401	62,933	65,099	90,573
Civil Service Reform	10	-	-	-	-	-	-
Operations & maintenance/	393,102	306,330	353,206	437,899	507,671	510,413	570,578
Others	68,551	28,205	50,566	45,108	62,842	78,651	132,229
Of which Appropriation-in-Aid	305,978	319,274	509,713	453,925	609,710	485,673	666,209
2.Development & Net Lending	186,231	225,850	278,676	300,686	362,004	264,740	397,414
Development Projects	117,346	91,239	228,511	145,071	239,263	218,403	266,312
Appropriation-in-Aid	2,400	2,185	2,125	2,167	2,443	2,529	2,483
Payment of guaranteed loans	-	-	4,951	5,000	-	-	5,000
3. Drought Development Expenditures/CCF	9,783	193,390	229,336	264,039	284,708	306,200	324,848
4. Transfer to County	22,473	22,743	19,777	19,777	24,215	24,387	34,129
5. Parliamentary	12,951	11,887	11,662	11,846	11,846	11,846	13,272
6. Judicial	400	6,000	6,000	6,000	-	-	8,500
7. Equalization	(265,621)	(326,172)	(532,821)	(549,398)	(708,373)	(624,232)	(608,065)
<b>D.DEFICIT EXCL. GRANTS (Commitment Basis)</b>	20,990	26,957	28,117	29,598	26,312	27,600	48,487
<b>E.GRANTS</b>	(244,631)	(299,214)	(504,703)	(519,801)	(682,061)	(596,632)	(559,578)
<b>F.DEFICIT INCL.GRANTS (Commitment basis)</b>	(12,553)	(8,505)	33,129	45,231	(15,194)	11,342	-
<b>G.ADJUSTMENT TO CASH BASIS</b>	(257,184)	(307,720)	(471,574)	(474,570)	(697,255)	607,974	(559,578)
<b>H.DEFICIT INCL.GRANTS (cash basis)</b>	257,184	307,720	471,574	474,570	697,255	607,974	559,578
<b>I.FINANCING</b>	85,306	104,726	217,479	269,924	385,745	331,641	286,986
Foreign Financing	2,102	1,267	2,992	2,389	1,751	2,623	3,925
Other Domestic Financing	169,776	201,727	251,102	202,257	309,760	273,710	268,666
<b>NET DOMESTIC FINANCING</b>	-	-	140,509	-	-	-	-
Of which Sovereign Bond	-	-	110,593	-	-	-	-
Others	-	-	-	-	-	-	-
<b>In Percentage of GDP</b>							
<b>A.TOTAL REVENUE</b>	19.24	19.20	18.98	18.73	18.29	16.81	20.04
1.Revenue	17.23	18.11	17.69	17.71	17.05	15.43	18.19
Income Tax	8.28	8.86	8.73	8.61	8.16	7.24	8.60
VAT	4.11	4.58	4.46	4.44	4.43	4.03	4.77
Import Duty	1.28	1.33	1.27	1.22	1.17	1.12	1.23
Excise Duty	1.90	2.01	1.99	2.14	2.16	1.84	2.25
Other Revenue	1.65	1.32	1.25	1.29	1.13	1.20	1.34
2.Appropriation –in –Aid	2.02	1.09	1.29	1.02	1.24	1.38	1.85
<b>B.EXPENDITURE &amp; NET LENDING</b>	25.14	25.63	28.13	27.17	27.54	23.87	26.29
1.Recurrent	18.13	14.83	14.77	15.58	15.39	14.51	15.48
Wages and Salaries	6.09	5.54	5.11	4.72	4.40	4.34	4.57
Interest Payments	2.69	2.66	2.95	3.31	3.54	3.66	4.11
Domestic Interest	2.45	2.35	2.40	2.66	2.78	2.71	2.94
Foreign Interest Due	0.25	0.31	0.55	0.65	0.76	0.95	1.18
Pensions	0.61	0.59	0.64	0.82	0.82	0.74	0.93
Civil Service Reform	0.00	-	-	-	-	-	-
O & M/ Others	8.73	6.04	6.06	6.73	6.63	5.77	5.87
of which Appropriation	1.52	0.56	0.87	0.69	0.82	0.89	1.36
2.Development & Net Lending	6.79	6.29	8.75	6.97	7.96	5.49	6.85
Development Projects	4.14	4.45	4.78	4.62	4.73	2.99	4.09
Appropriation-in-Aid	2.61	1.80	3.92	2.23	3.12	2.47	2.74
Payment of guaranteed loans	0.05	0.04	0.04	0.03	0.03	0.03	0.03
3. Drought Expenditures	0.22	3.81	3.93	4.06	3.72	3.46	3.34
4. Transitional Transfer to County	-	0.44	0.39	0.30	0.32	0.28	0.35
5. Parliamentary Service	-	-	-	-	-	-	-
6. Judicial Service	-	0.26	0.20	0.18	0.15	0.13	0.14
7. Equalization	-	-	0.01	0.09	0.08	-	0.09
<b>Fund</b>							
<b>D.DEFICIT EXCL. GRANTS</b>	(5.90)	(6.43)	(9.14)	(8.44)	(9.25)	(7.06)	(6.25)
<b>E.GRANTS</b>	0.47	0.53	0.48	0.45	0.34	0.31	0.50
<b>F.DEFICIT INCL.GRANTS</b>	(5.43)	(5.90)	(8.66)	(7.99)	(8.91)	(6.74)	(5.75)
<b>G.ADJUSTMENT TO CASH BASIS</b>	(0.28)	(0.17)	0.57	0.69	(0.20)	13.62	-
<b>H.DEFICIT INCL.GRANTS (cash basis)</b>	(5.71)	(6.06)	(8.09)	(7.29)	(9.10)	6.87	(5.75)
<b>I.FINANCING</b>	5.71	6.06	8.09	7.29	9.10	6.87	5.75
Foreign Financing	1.89	2.06	3.73	4.15	5.04	3.75	2.95
Other Domestic Financing	0.05	0.02	0.05	0.04	0.02	0.03	0.04
<b>NET DOMESTIC FINANCING</b>	3.77	3.98	4.31	3.11	4.04	3.09	2.76
Of which Sovereign Bond	-	-	2.41	-	-	-	-
Others	-	-	1.90	-	-	-	-
Memorandum Item:							
Nominal GDP at Market price (Kshs.)	4,503,256.73	5,073,776.75	5,828,115.16	6,508,084.41	7,658,100.00	8,845,853.96	9,726,649.41

Note: \* Preliminary Actual.

\*\* Original Budget.

Source: National Treasury.

## BUDGET CENTRAL GOVERNMENT

## Annex II: Revenue (KSh. Millions)

GFSM 2014	Description	2017/18 Original Budget	2017/18 Preliminary Actual		
			Quarterly		
			Q1	Q2	Q3
<b>1</b>	<b>REVENUE</b>	<b>1,763,324</b>	<b>347,155</b>	<b>721,379</b>	<b>1,075,017</b>
<b>11</b>	<b>Taxes</b>	<b>1,588,767</b>	<b>341,728</b>	<b>680,028</b>	<b>1,011,942</b>
<b>111</b>	<b>Taxes on income, profits, and capital gains</b>	<b>765,602</b>	<b>157,245</b>	<b>319,672</b>	<b>460,769</b>
1111	Payable by individuals	400,573	72,446	158,174	253,287
1112	Payable by corporations and other enterprises	365,029	84,799	161,499	207,482
<b>112</b>	<b>Taxes on payroll and workforce</b>				
<b>113</b>	<b>Taxes on property</b>	<b>3,636</b>	<b>1,261</b>	<b>1,904</b>	<b>2,548</b>
1134	Taxes on financial and capital transactions	3,523	1,261	1,904	2,548
1136	Other recurrent taxes on property	113	-	-	-
<b>114</b>	<b>Taxes on goods and services</b>	<b>649,374</b>	<b>145,789</b>	<b>281,672</b>	<b>433,028</b>
1141	General taxes on goods and services	383,522	86,382	167,299	258,548
11411	Value-added taxes	383,522	86,382	167,299	258,548
1142	Excises	197,370	40,328	75,182	117,481
1143	Profits of fiscal monopolies				
1144	Taxes on specific services	68,482	19,079	39,191	56,998
<b>115</b>	<b>Taxes on international trade and transactions</b>	<b>156,608</b>	<b>32,179</b>	<b>69,279</b>	<b>105,873</b>
1151	Customs and other import duties	156,608	32,179	69,279	105,873
<b>116</b>	<b>Other taxes</b>	<b>13,546</b>	<b>5,254</b>	<b>7,501</b>	<b>9,724</b>
<b>12</b>	<b>Social contributions</b>	<b>168</b>	<b>24</b>	<b>24</b>	<b>24</b>
122	Other social contributions	168	24	24	24
1221	Employee contributions	168	24	24	24
<b>13</b>	<b>Grants</b>	<b>58,821</b>	<b>1,597</b>	<b>7,828</b>	<b>18,184</b>
<b>131</b>	<b>From foreign governments</b>	<b>21,827</b>	<b>1,497</b>	<b>5,097</b>	<b>13,504</b>
1311	Current				
1312	Capital	21,827	1,497	5,097	13,504
<b>132</b>	<b>From international organizations</b>	<b>36,993</b>	<b>100</b>	<b>2,730</b>	<b>4,680</b>
1321	Current	6,100	100	2,730	4,680
1322	Capital	30,893	-	-	-
<b>14</b>	<b>Other revenue</b>	<b>115,568</b>	<b>3,805</b>	<b>33,499</b>	<b>44,866</b>
<b>141</b>	<b>Property income</b>	<b>23,525</b>	<b>273</b>	<b>16,115</b>	<b>17,087</b>
1411	Interest	2,032	89	555	611
1412	Dividends	18,162	50	15,152	15,469
1415	Rent	3,332	133	409	1,008
<b>142</b>	<b>Sales of goods and services</b>	<b>83,512</b>	<b>2,776</b>	<b>15,126</b>	<b>20,225</b>
1421	Sales of market establishments				
1422	Administrative fees	83,512	2,776	15,126	20,225
<b>143</b>	<b>Fines, penalties, and forfeits</b>	<b>2,908</b>	<b>578</b>	<b>1,274</b>	<b>1,755</b>
<b>145</b>	<b>Miscellaneous and unidentified revenue</b>	<b>5,624</b>	<b>178</b>	<b>983</b>	<b>5,799</b>

Source: National Treasury.

## Annex III: Statement of Sources and Uses of Cash (KSh. Millions)

GFSM 2014	Description	2017/18 Preliminary Actual			
		2017/18 Original Budget	Quarterly		
			Q1	Q2	Q3
<b>1</b>	<b>Cash receipts from operating activities</b>	<b>1,763,324</b>	<b>347,155</b>	<b>721,379</b>	<b>1,075,017</b>
11	Taxes	1,588,767	341,728	680,028	1,011,942
12	Social contributions	168	24	24	24
13	Grants	58,821	1,597	7,828	18,184
14	Other receipts	115,568	3,805	33,499	44,866
<b>2</b>	<b>Cash payments for operating activities</b>	<b>2,064,102</b>	<b>387,115</b>	<b>885,102</b>	<b>1,309,234</b>
21	Compensation of employees	417,475	94,469	190,547	272,049
22	Purchases of goods and services	196,968	32,484	73,416	110,392
24	Interest	280,720	67,154	154,845	219,149
25	Subsidies	31,019	12,755	49,468	41,818
26	Grants	1,056,738	166,667	387,557	623,721
27	Social benefits	75,307	13,585	29,270	42,104
28	Other payments	5,876	-	-	-
<b>10</b>	<b>Net cash inflow from operating activities</b>	<b>(300,779)</b>	<b>(39,960)</b>	<b>(163,723)</b>	<b>(234,217)</b>
	<b>CASH FLOWS FROM INVESTMENTS IN NONFINANCIAL ASSETS (NFAs):</b>				
31A	Purchases of nonfinancial assets	217,290	19,345	49,921	91,832
311A	Fixed assets	214,445	19,345	44,321	83,836
312A	Strategic stocks	1,294	-	5,600	7,994
313A	Valuables	-	-	-	-
314A	Nonproduced assets	1,551	-	-	2
<b>31</b>	<b>Net cash outflow: investments in NFAs</b>	<b>217,290</b>	<b>19,345</b>	<b>49,921</b>	<b>91,832</b>
<b>SD</b>	<b>Cash surplus / deficit</b>	<b>(518,069)</b>	<b>(59,305)</b>	<b>(213,644)</b>	<b>(326,049)</b>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
32x	Net acquisition of financial assets other than cash	8,279	2,523	5,647	10,003
321x	Domestic	8,279	2,523	5,647	10,003
322x	Foreign				
33	Net incurrence of liabilities	529,345	64,226	129,975	475,862
331	Domestic	274,679	57,105	106,592	249,857
332	Foreign	254,666	7,121	23,383	226,005
<b>NFB</b>	<b>Net cash inflow from financing activities</b>	<b>521,065</b>	<b>61,703</b>	<b>124,327</b>	<b>465,859</b>
<b>NB</b>	<b>Net change in the stock of cash</b>	<b>2,996</b>	<b>2,398</b>	<b>(89,317)</b>	<b>139,810</b>

Source: National Treasury.

## Annex IV: Statement of Government Operations (KSh. Millions)

GFSM 2014	Description	2017/18 Original Budget	2017/18 Preliminary Actual		
			Quarterly		
			Q1	Q2	Q3
	<b>TRANSACTIONS AFFECTING NET WORTH:</b>				
<b>1</b>	<b>Revenue</b>	<b>1,763,324</b>	<b>347,155</b>	<b>721,379</b>	<b>1,075,017</b>
11	Taxes	1,588,767	341,728	680,028	1,011,942
12	Social contributions	168	24	24	24
13	Grants	58,821	1,597	7,828	18,184
14	Other revenue	115,568	3,805	33,499	44,866
<b>2</b>	<b>Expense</b>	<b>2,064,102</b>	<b>387,115</b>	<b>885,102</b>	<b>1,309,234</b>
21	Compensation of employees	417,475	94,469	190,547	272,049
22	Use of goods and services	196,968	32,484	73,416	110,392
23	Consumption of fixed capital	-	-	-	-
24	Interest	280,720	67,154	154,845	219,149
25	Subsidies	31,019	12,755	49,468	41,818
26	Grants	1,056,738	166,667	387,557	623,721
27	Social benefits	75,307	13,585	29,270	42,104
28	Other expense	5,876	-	-	-
<b>GOB</b>	<b>Gross operating balance</b>	<b>(300,779)</b>	<b>(39,960)</b>	<b>(163,723)</b>	<b>(234,217)</b>
<b>NOB</b>	<b>Net operating balance</b>	<b>(300,779)</b>	<b>(39,960)</b>	<b>(163,723)</b>	<b>(234,217)</b>
	<b>TRANSACTIONS IN NONFINANCIAL ASSETS:</b>				
31	Net Acquisition of Nonfinancial Assets	217,290	19,345	49,921	91,832
311	Fixed assets	214,445	19,345	44,321	83,836
312	Change in inventories	1,294	-	5,600	7,994
313	Valuables	-	-	-	-
314	Nonproduced assets	1,551	-	-	2
<b>NLB</b>	<b>Net lending / borrowing</b>	<b>(518,069)</b>	<b>(59,305)</b>	<b>(213,644)</b>	<b>(326,049)</b>
	<b>TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):</b>				
32	Net acquisition of financial assets	12,088	10,983	- 68,668	136,659
321	Domestic	12,088	10,983	- 68,668	136,659
322	Foreign	-	-	-	-
33	Net incurrence of liabilities	529,345	64,226	129,975	475,862
331	Domestic	274,679	57,105	106,592	249,857
332	Foreign	254,666	7,121	23,383	226,005
	Discrepancy	- 813	- 6,061	- 15,001	13,154

Source: National Treasury.

## ANNEXES

## Annex V: Expense (KSh. Millions)

GFSM CODE	Description	2017/18 Preliminary Actual			
		2017/18 Original Budget	Quarterly		
			Q1	Q2	Q3
<b>2</b>	<b>EXPENSE</b>	<b>2,064,102</b>	<b>387,115</b>	<b>885,102</b>	<b>1,309,234</b>
<b>21</b>	<b>Compensation of employees</b>	<b>417,475</b>	<b>94,469</b>	<b>190,547</b>	<b>272,049</b>
211	Wages and salaries	403,379	88,860	181,585	259,121
212	Social contributions	14,097	5,609	8,962	12,928
2121	Actual social contributions	14,097	5,609	8,962	12,928
2122	Imputed social contributions				
<b>22</b>	<b>Use of goods and services</b>	<b>196,968</b>	<b>32,484</b>	<b>73,416</b>	<b>110,392</b>
<b>23</b>	<b>Consumption of fixed capital</b>				
<b>24</b>	<b>Interest</b>	<b>280,720</b>	<b>67,154</b>	<b>154,845</b>	<b>219,149</b>
241	To nonresidents	70,572	17,283	40,215	54,563
242	To residents other than general governme	210,148	49,871	114,630	164,585
243	To other general government units				
<b>25</b>	<b>Subsidies</b>	<b>31,019</b>	<b>12,755</b>	<b>49,468</b>	<b>41,818</b>
251	To public corporations	30,585	12,755	49,449	41,812
252	To private enterprises	434	-	19	6
<b>26</b>	<b>Grants</b>	<b>1,056,738</b>	<b>166,667</b>	<b>387,557</b>	<b>623,721</b>
261	To foreign governments				
2611	Current				
2612	Capital				
262	To international organizations	7,638	182	1,608	2,146
2621	Current	7,638	182	1,608	2,146
2622	Capital				
263	To other general government units	1,049,100	166,485	385,949	621,575
2631	Current	489,992	106,989	250,088	387,159
2632	Capital	559,108	59,496	135,861	234,416
<b>27</b>	<b>Social benefits</b>	<b>75,307</b>	<b>13,585</b>	<b>29,270</b>	<b>42,104</b>
271	Social security benefits				
272	Social assistance benefits				
273	Employer social benefits	75,307	13,585	29,270	42,104
<b>28</b>	<b>Other expense</b>	<b>5,876</b>	<b>-</b>	<b>-</b>	<b>-</b>
281	Property expense other than interest				
282	Miscellaneous other expense	5,876	-	-	-
2821	Current	5,000	-	-	-
2822	Capital	876	-	-	-

Source: National Treasury.

## Annex VI: Transaction in Assets and Liabilities (KSh. Millions)

GFMSM CODE	Description	2017/19 Original Budget	2017/18 Preliminary Actual		
			Quarterly		
			Q1	Q2	Q3
<b>3</b>	<b>CHANGE IN NET WORTH: TRANSACTIONS</b>	<b>(299,966)</b>	<b>(33,899)</b>	<b>(148,722)</b>	<b>(247,371)</b>
<b>31</b>	<b>Net acquisition of nonfinancial assets</b>	<b>217,290</b>	<b>19,345</b>	<b>49,921</b>	<b>91,832</b>
311	Fixed assets	214,445	19,345	44,321	83,836
311A	Acquisitions: fixed assets	214,445	19,345	44,321	83,836
<b>3111</b>	<b>Buildings and structures</b>	<b>174,476</b>	<b>18,720</b>	<b>42,912</b>	<b>80,999</b>
3111A	Acquisitions: buildings and structures	174,476	18,720	42,912	80,999
3112	Machinery and equipment	36,873	-	-	-
3112A	Acquisitions: machinery and equipment	36,873	-	-	-
<b>3113</b>	<b>Other fixed assets</b>	<b>3,096</b>	<b>624</b>	<b>1,409</b>	<b>2,837</b>
3113A	Acquisitions: other fixed assets	3,096	624	1,409	2,837
<b>312</b>	<b>Inventories</b>	<b>1,294</b>	<b>-</b>	<b>5,600</b>	<b>7,994</b>
3121	Strategic stocks	1,294	-	5,600	7,994
<b>314</b>	<b>Nonproduced assets</b>	<b>1,551</b>	<b>-</b>	<b>-</b>	<b>2</b>
314A	Acquisitions: nonproduced assets	1,551	-	-	2
<b>3141</b>	<b>Land</b>	<b>1,547</b>	<b>-</b>	<b>-</b>	<b>-</b>
3141A	Acquisitions: land	1,547	-	-	-
<b>3144</b>	<b>Intangible nonproduced assets</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>2</b>
3144A	Acquisitions: intangible nonproduced assets	4	-	-	2
<b>32</b>	<b>Net acquisition of financial assets</b>	<b>12,088</b>	<b>10,983</b>	<b>- 68,668</b>	<b>136,659</b>
3202	Currency and deposits	3,809	8,459	- 74,316	126,656
<b>3204</b>	<b>Loans</b>	<b>8,279</b>	<b>2,523</b>	<b>5,647</b>	<b>10,003</b>
321	Domestic	12,088	10,983	- 68,668	136,659
3212	Currency and deposits	3,809	8,459	- 74,316	126,656
<b>3214</b>	<b>Loans</b>	<b>8,279</b>	<b>2,523</b>	<b>5,647</b>	<b>10,003</b>
33	Net incurrence of liabilities	529,345	64,226	129,975	475,862
3303	Securities other than shares	475,789	31,938	79,353	417,522
<b>3304</b>	<b>Loans</b>	<b>53,556</b>	<b>32,288</b>	<b>50,622</b>	<b>58,340</b>
331	Domestic	274,679	57,105	106,592	249,857
3313	Securities other than shares	275,789	31,938	68,593	215,541
<b>3314</b>	<b>Loans</b>	<b>(1,110)</b>	<b>25,166</b>	<b>37,999</b>	<b>34,316</b>
332	Foreign	254,666	7,121	23,383	226,005
3323	Securities other than shares	200,000	-	10,760	201,981
<b>3324</b>	<b>Loans</b>	<b>54,666</b>	<b>7,121</b>	<b>12,623</b>	<b>24,024</b>
	Memorandum items:				
3M2	Change in net financial worth	(517,257)	(53,244)	(198,643)	(339,203)

Source: National Treasury.

