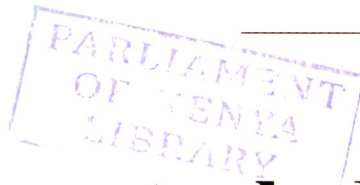




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THE NATIONAL TREASURY AND PLANNING



Quarterly Economic and Budgetary Review

Third Quarter, Financial Year 2019/2020
Period ending 31st March, 2020

May 2020 Edition

**Quarterly Economic
and
Budgetary Review**

**Third Quarter, Financial Year 2019/2020
Period ending 31st March, 2020**

May 2020 Edition

Quarterly Economic
and
Budgetary Review

Third Quarterly Economic Review for 2010/2011
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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
BADEA	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
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
KNBS	Kenya National Bureau of Statistics
KSh.	Kenya Shillings
MDAs	Ministries, Departments and Agencies
Mn	Million

List of Abbreviations and Acronyms—(Contd.)

NDA	Net Domestic Assets
NDF	Nordic Development Fund
NFA	Net Foreign Assets/Non-Financial Assets
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
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

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 THIRD QUARTERLY ECONOMIC AND BUDGETARY REVIEW REPORT FOR THE 2019/20 FY

1. Economic growth

The economy remained resilient and grew by 5.4 per cent in 2019 compared to a growth of 6.3 per cent in 2018. The growth was spread across all sectors of the economy but was more pronounced in service-oriented sectors. This slowdown was mainly on account of slower activities in manufacturing, electricity and water supply and construction. On the positive side, the growth was supported by strong performance in the services sub-sectors such as information and communication, transportation and storage, accommodation and restaurant and financial and insurance.

2. Stable prices

The macroeconomic environment remained stable with low and stable inflation rates within the 5.0 (+/-2.5) percent target. Year-on-year overall inflation remained stable at 5.5 percent in March 2020 up from 4.4 percent in March 2019 due to higher food prices.

3. Balance of Payments

The overall balance of payments position improved to a deficit of US\$ 351.9 million (0.3 percent of GDP) in the year to February 2020 from a deficit of US\$ 1,211.1 million (1.2 percent of GDP) in the year to February 2019.

4. Foreign Exchange Reserves

The banking system's foreign exchange holding remained strong at US\$ 12,842.3 million in February 2020 from US\$ 9,755.3 million in February 2019. The official foreign exchange reserves held by the Central Bank declined slightly to US\$ 8,753.6 million (5.3 months of import cover) in February 2020 as compared with US\$ 8,573.5 million (5.5 months of import cover) in February 2019. Commercial banks holdings stood at US\$ 4,088.8 million in February 2020 up from US\$ 3,164.1 million in February 2019.

5. Money and Credit

Growth in broad money supply, M3, slowed down to 7.9 percent in the year to February 2020 compared to a growth of 10.3 percent in the year to February 2019. This was mainly due to the decline in the growth of Net Foreign Assets (NFA). Net Domestic Assets (NDA) improved to 7.2 percent in the year to February 2020 from 4.5 percent over the same period in 2019.

6. Capital Markets

Activities in the Nairobi Securities Exchange (NSE) declined in March 2020 compared to March 2019, with equity share prices declining as shown by the NSE 20 Share Index. The NSE 20 Share Index was at 1,966 points by end of March 2020 compared to 2,846 points by end March 2019. Consequently, market capitalization declined from KSh. 2,361 billion to KSh. 2,016 billion over the same period.

7. Revenue Collection

The National Government cumulative revenue collection including A-I-A for the period between July 2019-March 2020 amounted to KSh. 1,332.2 billion (12.8 percent of GDP) against a target of KSh. 1,537 billion (14.8 percent of GDP). It was below target by KSh. 204.8 billion mainly due to shortfalls in all major tax categories and A-I-A.

8. Expenditure and Net Lending

The total expenditure and net lending inclusive of transfers to County Governments for the period ending 31st March, 2020 amounted to KSh. 1,868.2 billion. This was KSh. 160.2 billion below the target of KSh. 2,028.5 billion which was largely attributed to low absorption of operations and maintenance.

9. Guaranteed Loans

Cumulatively for the period ending 31st March, 2020, the National Government paid a total of KSh. 661.2 million on account of guaranteed loans against a projected debt service of KSh. 636 million.

10. Fiscal Balance

The fiscal balance excluding grants (on a commitment basis), amounted to a deficit of KSh. 536.1 billion (5.2 percent of GDP), as at the end of March 2020.

11. External Financing

The Net Foreign Financing amounted to a net borrowing of KSh. 98.4 billion (0.9 percent of the GDP) during the period ending 31st March 2020.

12. Net Domestic Borrowing

Net domestic financing amounted to a net borrowing of KSh. 367.4 billion (3.5 percent of GDP) in the period ending 31st March 2020.

13. Domestic Debt Stock

Total gross domestic debt stock increased by 13.8 percent from KSh. 2,698.5 billion as at end of March 2019 to KSh. 3,071.9 billion by the end of March 2020.

14. External Debt Stock

The total external debt stock, including the International Sovereign Bond, stood at KSh. 3,212.6 billion by the end of March 2020. The debt stock comprised of bilateral debt (33.5 percent), multilateral debt (33 percent), commercial debt including International Sovereign Bond (33 percent), and suppliers' credit (0.5 percent).

1.0 RECENT ECONOMIC DEVELOPMENTS

1.1 Economic Growth

1. The economy remained strong despite the slowdown in agricultural output due to delayed rains in the first half of 2019. The economy expanded by 5.4 per cent in 2019 compared to a growth of 6.3 per cent in 2018. The growth was spread across all sectors of the economy but was more pronounced in service-oriented sectors.

2. The economy recorded a fairly stable growth of 5.5 per cent in the fourth quarter of 2019 from a growth of 6.5 per cent in a similar quarter in 2018. The slowdown was mainly on account of slower activities in manufacturing, electricity and water supply and construction. On the positive side, strong performance in the services sub-sectors such as information and communication, transportation and storage, accommodation and restaurant and financial and insurance supported the growth despite recording slower expansion compared to quarter four in 2018 (**Table 1**). Leading indicators of economic activity show that growth was resilient in the first quarter of 2020 before the impact of COVID-19 pandemic.

Table 1: Sectoral GDP performance

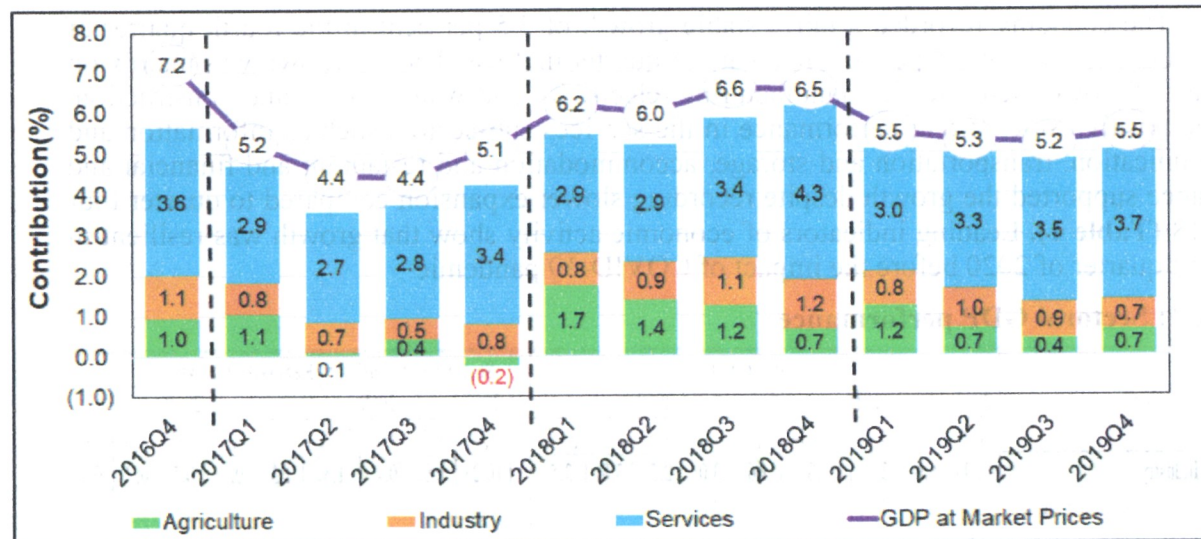
Sectors	Sector Growth									Sector Contribution to Real GDP Growth								
	2017		2018			2019				2017		2018			2019			
	Q4	Q1	Q4	Q1-Q4	Q1	Q2	Q3	Q4	Q1-Q4	Q4	Q1	Q4	Q1-Q4	Q1	Q2	Q3	Q4	Q1-Q4
Primary Industry	(1.1)	6.6	3.7	5.8	4.6	3.0	2.5	3.8	3.5	(0.2)	1.8	0.7	1.3	1.3	0.7	0.5	0.7	0.8
Agriculture, Forestry and Fishing	(1.3)	6.7	3.9	6.0	4.7	2.9	2.4	4.0	3.6	(0.2)	1.7	0.7	1.3	1.2	0.7	0.4	0.7	0.8
Mining and Quarrying	3.6	3.1	1.2	2.7	1.4	5.0	3.4	0.3	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Secondary Sector (Industry)	4.4	4.6	6.7	5.6	4.9	5.4	4.7	4.0	4.8	0.8	0.8	1.2	1.0	0.8	1.0	0.9	0.7	0.9
Manufacturing	0.1	3.2	5.2	4.3	3.5	4.0	3.2	2.3	3.3	0.0	0.3	0.5	0.4	0.3	0.4	0.3	0.2	0.3
Electricity and Water supply	5.4	6.1	9.5	8.0	7.8	7.3	6.4	6.4	7.0	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Construction	11.2	6.7	7.7	6.9	6.1	7.2	6.6	5.7	6.4	0.7	0.3	0.5	0.4	0.3	0.4	0.4	0.4	0.4
Tertiary sector (Services)	6.4	6.2	8.0	6.7	6.4	6.8	6.7	6.8	6.7	3.4	2.9	4.3	3.4	3.0	3.3	3.5	3.7	3.4
Wholesale and Retail trade	7.5	5.6	7.9	6.9	6.3	7.8	6.1	6.4	6.6	0.6	0.4	0.6	0.5	0.4	0.6	0.5	0.5	0.5
Accommodation and Restaurant	8.9	13.3	21.5	16.6	11.0	12.1	9.9	9.0	10.3	0.1	0.2	0.3	0.2	0.2	0.1	0.1	0.2	0.1
Transport and Storage	9.0	6.5	11.8	8.5	6.4	7.6	7.6	9.2	7.8	0.7	0.4	0.9	0.6	0.4	0.5	0.6	0.7	0.6
Information and Communication	9.4	13.2	10.6	11.3	10.2	7.8	8.1	9.4	9.0	0.5	0.5	0.6	0.5	0.4	0.3	0.3	0.5	0.4
Financial and Insurance	1.4	4.0	8.5	5.3	6.3	5.2	8.1	6.6	6.6	0.1	0.2	0.5	0.3	0.4	0.3	0.5	0.4	0.4
Public Administration	8.8	5.5	8.1	6.7	8.9	8.7	8.4	6.2	8.1	0.3	0.2	0.3	0.3	0.3	0.4	0.3	0.2	0.3
Others	5.3	5.1	4.8	4.9	4.8	5.8	5.6	5.2	5.3	1.1	1.0	1.0	1.0	0.9	1.2	1.2	1.1	1.1
of which Real Estate	5.6	5.1	3.1	4.1	4.8	6.0	5.5	5.0	5.3	0.5	0.4	0.3	0.4	0.4	0.5	0.5	0.4	0.4
Taxes less subsidies	7.4	6.1	4.3	5.9	4.7	4.0	4.2	4.5	4.9	0.9	0.6	0.5	0.6	0.5	0.4	0.5	0.6	0.5
GDP at market price	5.1	6.2	6.5	6.3	5.5	5.3	5.2	5.5	5.4	5.1	6.2	6.5	6.3	5.5	5.3	5.2	5.5	5.4
of which Non-Agriculture	6.4	6.0	7.6	6.6	5.9	6.4	6.2	6.0	6.1	4.4	3.8	5.3	4.4	3.8	4.2	4.3	4.3	4.1

Source of Data: Kenya National Bureau of Statistics

3. Agricultural sector recorded an improved growth of 4.0 percent in the fourth quarter of 2019 compared to a growth of 3.9 percent in a similar quarter of 2018. This was as a result of higher than normal rainfall experienced in the quarter under review. The sector's contribution to GDP growth remained constant at 0.7 percent in the fourth quarter of 2019 compared to same period in 2018 (**Table 1**). Earlier in the year, the country experienced invasion of desert locusts, mostly in the arid and semi-arid areas, but the government mitigation measures managed to reduce the negative impact on the economy through the sector.

4. A resilient non-agricultural sector continues to support economic growth. The sector (service and industry) remained vibrant growing by 6.0 percent in the fourth quarter of 2019 down from a growth of 7.6 percent in a similar quarter in 2018. The sector contributed 4.3 percent to real GDP growth in the fourth quarter of 2019 compared to a contribution of 5.3 percent in the same quarter of 2018 (Table 1).

Chart 1: Sectors Contribution to Real GDP Growth.



Source of Data: Kenya National Bureau of Statistics

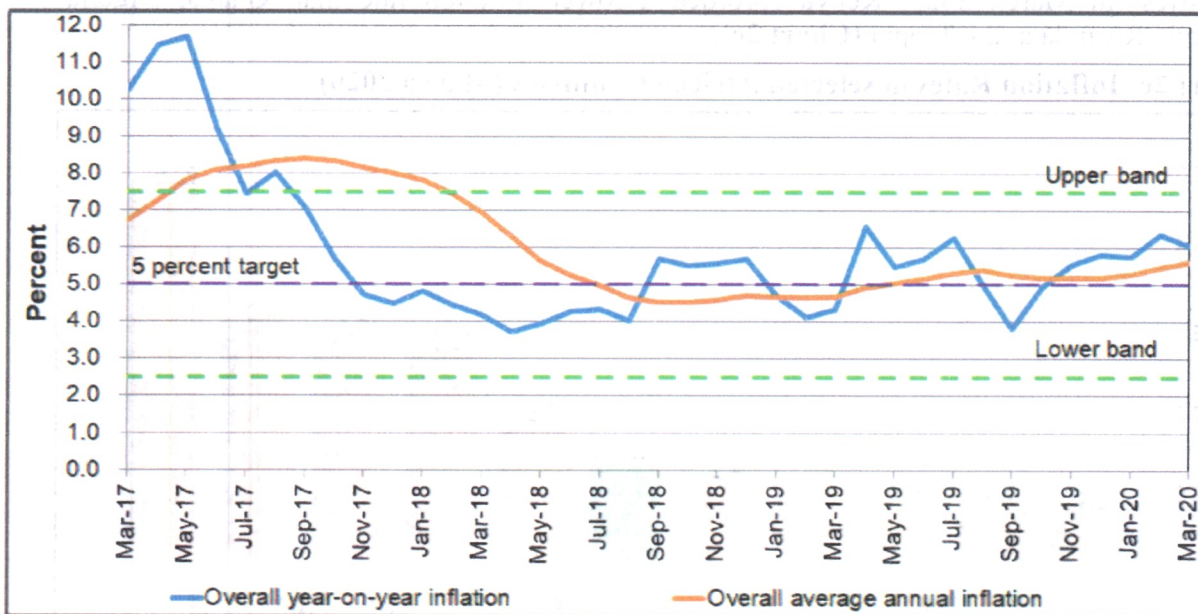
5. Services sector remained the main source of growth and expanded by 6.8 percent in the fourth quarter of 2019 compared to a growth of 8.0 percent in the fourth quarter of 2018. The services sector contributed 3.7 percent to real GDP growth in the fourth quarter of 2019 compared to the 4.3 percentage points contribution in the same quarter of 2018 (Chart 1). The services sector was mainly supported by transport and storage contributing 0.7 percent to real GDP growth, information and communication and wholesale and retail trade each with a contribution of 0.5 percent to real GDP. Financial and insurance and Construction also remained vibrant with each contributing 0.4 percent to GDP (Table 1)

6. The performance of industry slowed down to 4.0 percent in the fourth quarter of 2019 compared to 6.7 percent in the same quarter in 2018. This was due to subdued activities in the electricity and water supply, manufacturing and construction sub-sectors which grew by 6.4 percent, 2.3 percent and 5.7 percent compared to 9.5 percent, 5.2 percent and 7.7 percent respectively over the same period in 2018. The industry sector accounted for 0.7 percentage points of growth in the fourth quarter of 2019, largely driven by construction sub-sector with a contribution of 0.4 percentage points (Table 1 and Chart 1).

1.2 Inflation

7. Year-on-year overall inflation rate remained low, stable and within the Government target range of 5+/-2.5 percent at 5.5 percent in March 2020 up from 4.4 percent in March 2019. Similarly, overall annual average inflation remained within Government target range at 5.6 percent in March 2020 compared to the 4.7 percent recorded in March 2019 (Chart 2a).

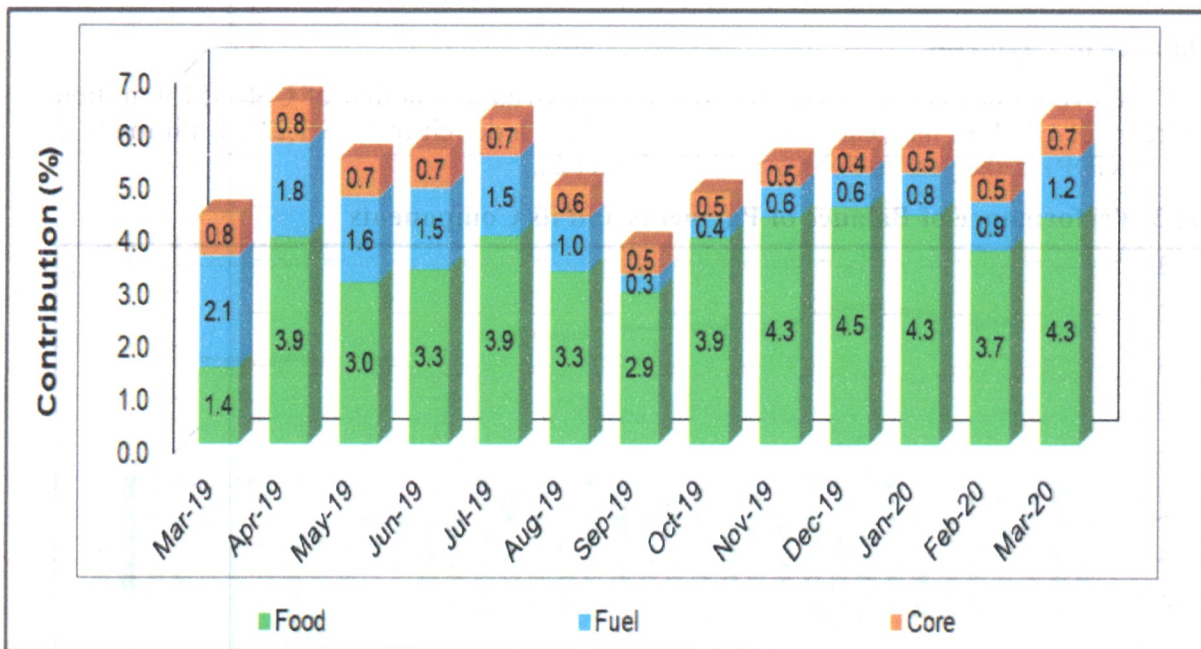
Chart 2a: Year on Year Inflation Rate



Source of Data: Kenya National Bureau of Statistics

8. Core inflation (Non-Food-Non-Fuel) remained below 5.0 percent reflecting muted demand pressures in the economy on account of prudent monetary policies. The contribution of fuel inflation to overall inflation declined from 2.1 percent in March 2019 to 1.2 percent in March 2020 on account of declining oil prices.

Chart 2b: Contribution to Overall Inflation



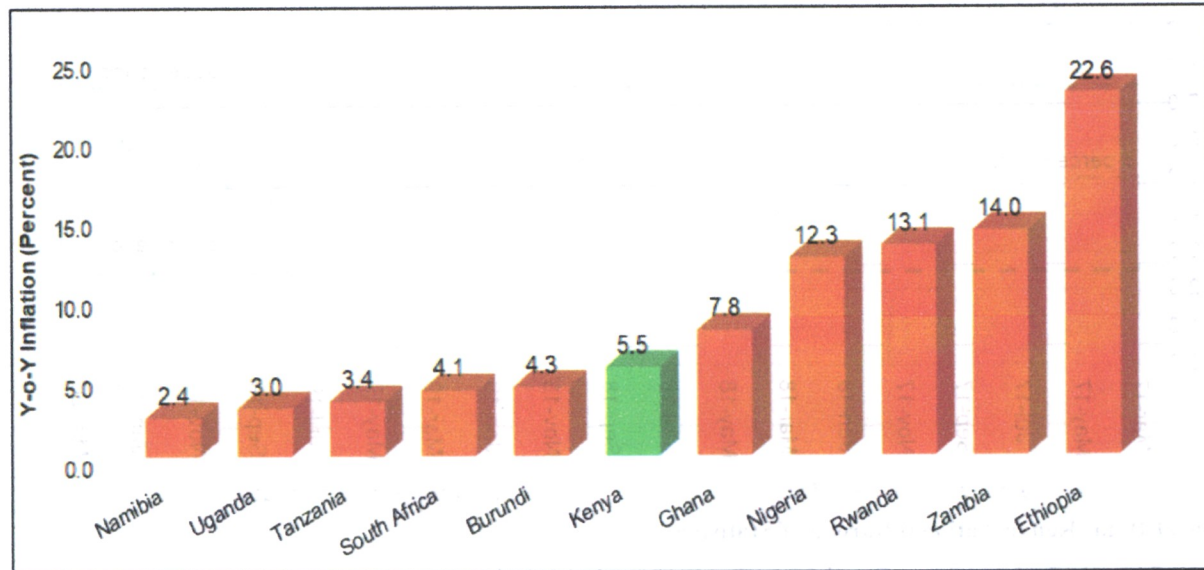
Source of Data: Kenya National Bureau of Statistics

9. The major driver of overall inflation from April 2019 has been food inflation (**Chart 2b**). For instance, in March 2020, year-on-year inflation rate was mainly driven by increase in prices of some food items such as loose maize floor (26.2 percent), tomatoes (24.5 percent), and onions (18.2 percent).

RECENT ECONOMIC DEVELOPMENTS

10. Kenya's rate of inflation compares favorably with the rest of Sub-Saharan Africa countries. In March 2020, Kenya recorded a lower inflation rate than Ghana, Nigeria, Zambia, Rwanda and Ethiopia (**Chart 2c**).

Chart 2c: Inflation Rates in selected African Countries (March 2020)



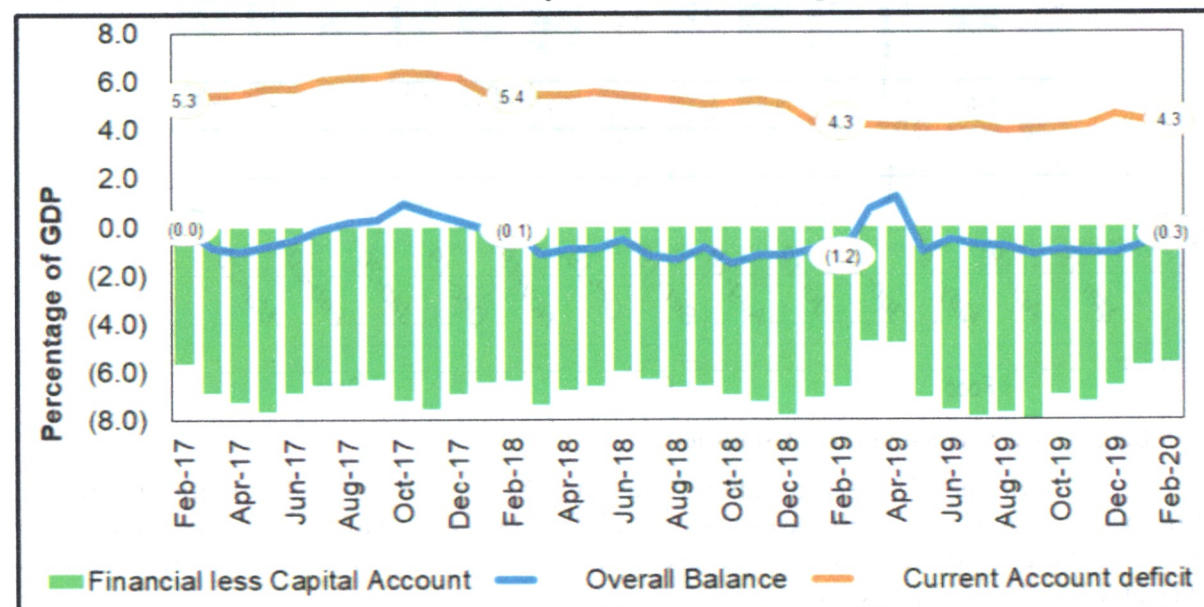
Source of Data: National Central Banks

11. Moving forward, overall inflation is expected to remain within the target range in the short run, despite the disruptions occasioned by the COVID-19 pandemic. This will be supported by the favorable weather conditions, lower international oil prices, and the reduction of Value Added Tax (VAT) from 16 percent to 14 percent.

1.3 Balance of Payments

12. The overall balance of payments position improved to a deficit of US\$ 351.9 million (0.3 percent of GDP) in the year to February 2020 from a deficit of US\$ 1,211.1 million (1.2 percent of GDP) in the year to February 2019 (**Chart 3**).

Chart 3: Performance of Balance of Payments and its Components



Source of Data: Central Bank of Kenya

RECENT ECONOMIC DEVELOPMENTS

13. The capital account balance registered a surplus of US\$ 206.3 million in the year to February 2020. However, this was a decline by US\$ 25.3 million compared to the balance witnessed in February 2019, due to a decline in project grants. Conversely, the financial account balance improved to a deficit of US\$ 5,723.9 million in February 2020 compared to a deficit of US\$ 6,234.6 million in February 2019 (Table 2). The financial inflows were mainly in the form of other investments, direct investments and portfolio investments which stood at US\$ 3,348.8 million, US\$ 1,034.5 million and US\$ 1,337.2 million respectively in February 2020.

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

						Year to February 2020		Percent of GDP	
	Feb-19	Jun-19	Sep-19	Dec-19	Feb-20	absolute change	Percent Change	Feb-19	Feb-20
Overall Balance	(1,211.1)	(544.7)	(1,061.7)	(1,055.2)	(351.9)	859.2	(70.9)	(1.2)	(0.3)
A) Current Account	(4,168.4)	(3,827.7)	(3,750.7)	(4,398.4)	(4,579.9)	411.5	9.9	(4.3)	(4.3)
<i>Merchandise Account (a-b)</i>	<i>(10,428.4)</i>	<i>(10,110.5)</i>	<i>(9,896.2)</i>	<i>(10,300.9)</i>	<i>(10,125.7)</i>	<i>302.7</i>	<i>(2.9)</i>	<i>(10.7)</i>	<i>(9.6)</i>
a) Goods: exports	6,055.0	5,949.3	5,866.0	5,890.7	5,991.1	63.9	(1.1)	6.2	5.7
b) Goods: imports	16,483.4	16,059.8	15,762.2	16,191.6	16,116.8	366.6	(2.2)	16.9	15.3
<i>Net Services (c-d)</i>	<i>1,885.3</i>	<i>1,892.3</i>	<i>1,823.9</i>	<i>1,612.0</i>	<i>1,243.2</i>	<i>642.1</i>	<i>(34.1)</i>	<i>1.9</i>	<i>1.2</i>
c) Services: credit	5,716.1	5,704.3	5,598.9	5,421.3	5,139.4	576.7	(10.1)	5.9	4.9
d) Services: debit	3,830.8	3,812.0	3,775.0	3,809.3	3,896.2	65.4	1.7	3.9	3.7
<i>Net Primary Income (e-f)</i>	<i>(750.0)</i>	<i>(855.5)</i>	<i>(943.4)</i>	<i>(992.3)</i>	<i>(989.3)</i>	<i>239.3</i>	<i>31.9</i>	<i>(0.8)</i>	<i>(0.9)</i>
e) Primary income: credit	737.6	745.6	749.6	747.9	676.8	60.8	(8.2)	0.8	0.6
f) Primary income: debit	1,487.6	1,601.1	1,693.0	1,740.2	1,666.1	178.5	12.0	1.5	1.6
<i>Net Secondary Income</i>	<i>5,124.7</i>	<i>5,245.8</i>	<i>5,265.0</i>	<i>5,282.8</i>	<i>5,291.9</i>	<i>167.2</i>	<i>3.3</i>	<i>5.3</i>	<i>5.0</i>
g) Secondary income: credit	5,173.2	5,288.6	5,304.7	5,320.4	5,328.7	155.5	3.0	5.3	5.0
h) Secondary income: debit	48.5	42.8	39.7	37.6	36.8	11.7	(24.1)	0.0	0.0
B) Capital Account	231.6	214.9	211.2	213.6	206.3	25.3	(10.9)	0.2	0.2
C) Financial Account	(6,234.6)	(6,979.0)	(7,252.5)	(6,120.0)	(5,723.9)	510.7	(8.2)	(6.4)	(5.4)

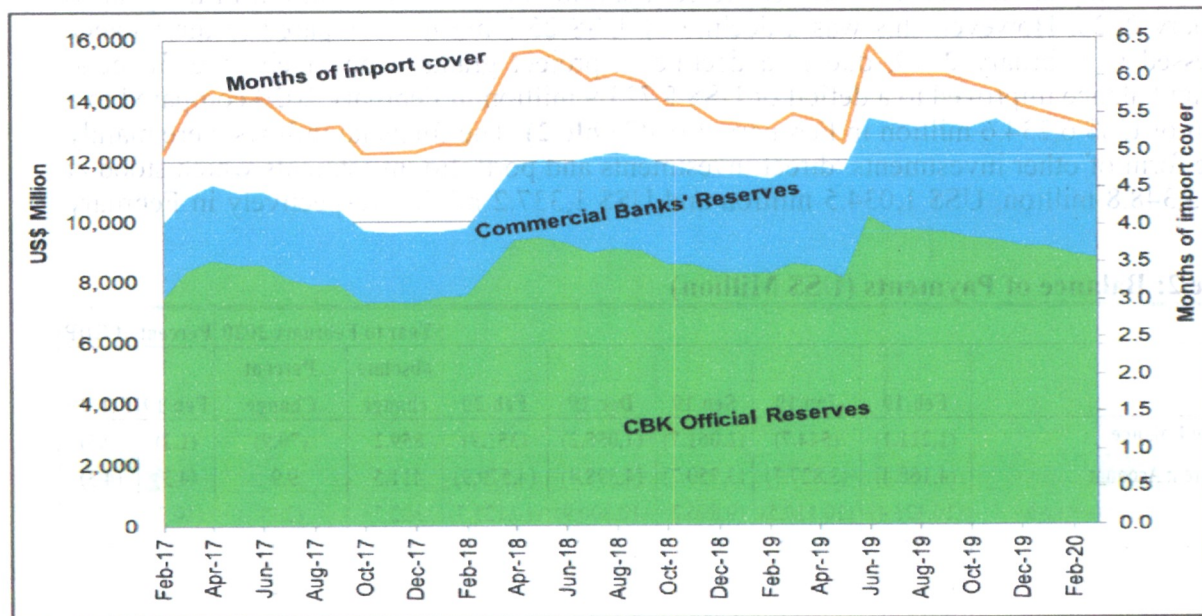
Source of Data: Central Bank of Kenya

14. The current account balance worsened by 9.9 percent to a deficit of US\$ 4,579.9 million (4.3 percent of GDP) in the February 2020 compared to a deficit of US\$ 4,168.4 million (4.3 percent of GDP) in the year to February 2019. This was due to a decline in net primary income and net services (Table 2). The balance in the merchandise account improved by US\$ 302.7 million to US\$ 10,125.7 million in the year to February 2020 on account of the decline in imports that more than offset the decline in exports especially horticultural exports as a result of closure of borders by world economies due to the COVID-19 pandemic.

1.4 Foreign Exchange Reserves

15. The banking system's foreign exchange holding remained strong at US\$ 12,842.3 million in February 2020 up from US\$ 11,737.7 million in February 2019. The official foreign exchange reserves held by the Central Bank was US\$ 8,753.6 million (5.3 months of import cover) in February 2020 compared with US\$ 8,573.5 million (5.5 months of import cover) in February 2019. This fulfils the requirement to maintain reserves at minimum of 4.0 months of imports cover to provide adequate buffer against short term shocks in the foreign exchange market. Commercial banks holdings increased to US\$ 4,088.8 million in February 2020 from US\$ 3,164.1 million in February 2019 (Chart 4).

Chart 4: Official Foreign Reserves by February 2020

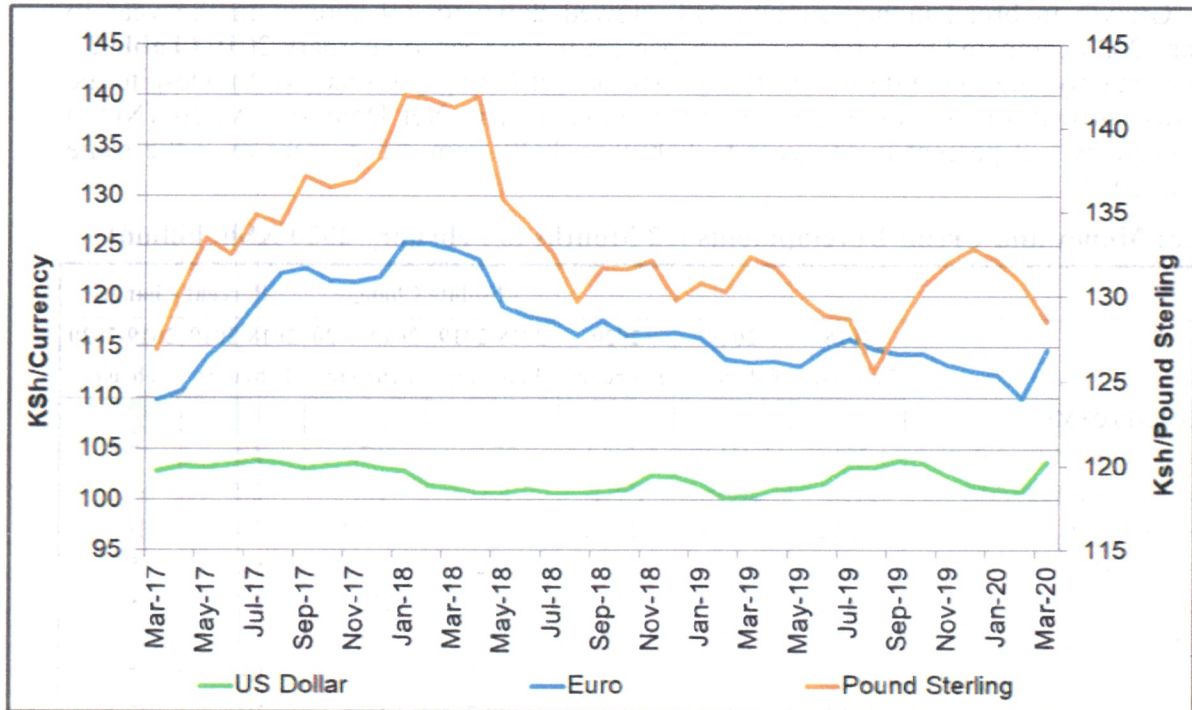


Source of Data: Central Bank of Kenya

1.5 Exchange Rates

16. The foreign exchange market experienced some volatility in the first quarter of 2020 largely due to uncertainties caused by the COVID-19 pandemic and a significant strengthening of the US Dollar in the global markets. However, the Kenya Shilling remained competitive supported by continued steady current account balance and adequate foreign exchange reserves. The Shilling depreciated against the US Dollar and the Euro exchanging at an average of KSh. 103.7 and KSh. 114.7 in March 2020 from KSh. 100.3 and KSh. 113.5 in March 2019, respectively. However, against the Sterling Pound, the Shilling strengthened exchanging at an average of KSh. 128.5 in March 2020 compared to KSh. 132.3 in March 2019 (Chart 5a).

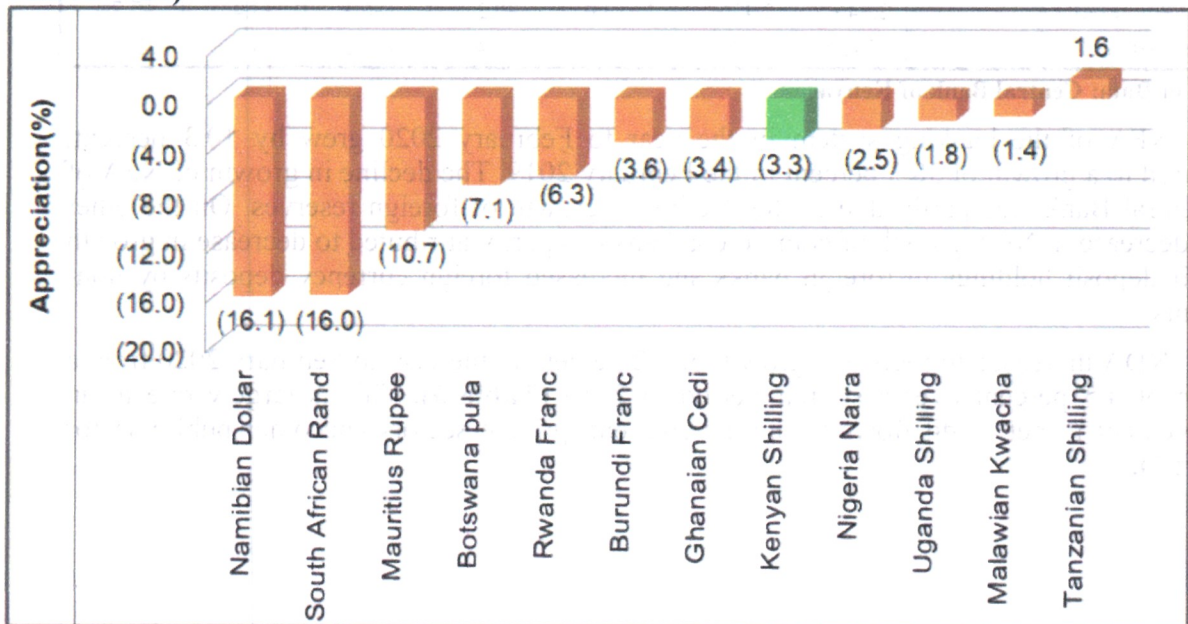
Chart 5a: Kenya Shilling Exchange Rate



Source of Data: Central Bank of Kenya

17. In comparison with most Sub-Saharan Africa currencies the Kenya Shilling has remained relatively stable (Chart 5b). In the year to March 2020, the Shilling weakened by 3.3 percent against US Dollar. This depreciation in Kenya Shilling was lower than the depreciation in Ghanaian Cedi, Burundi Franc, Mauritius Rupee, South African Rand and Namibian Dollar.

Chart 5b: Performance of Selected Currencies against the US Dollar (March 2019 to March 2020)



Source of Data: National Central Banks

1.6 Money and Credit

18. Growth in broad money supply, M3, slowed down to 7.9 percent in the year to February 2020 compared to a growth of 10.3 percent in the year to February 2019 (Table 3). This was mainly due to the decline in the growth of Net Foreign Assets (NFA). Despite the slowdown, growth in M3 was supported by improvement in Net Domestic Assets (NDA) which grew by 7.2 percent in the year to February 2020 from 4.5 percent over the same period in 2019.

Table 3: Money and Credit Developments (12 Months to February 2020 KSh. billion)

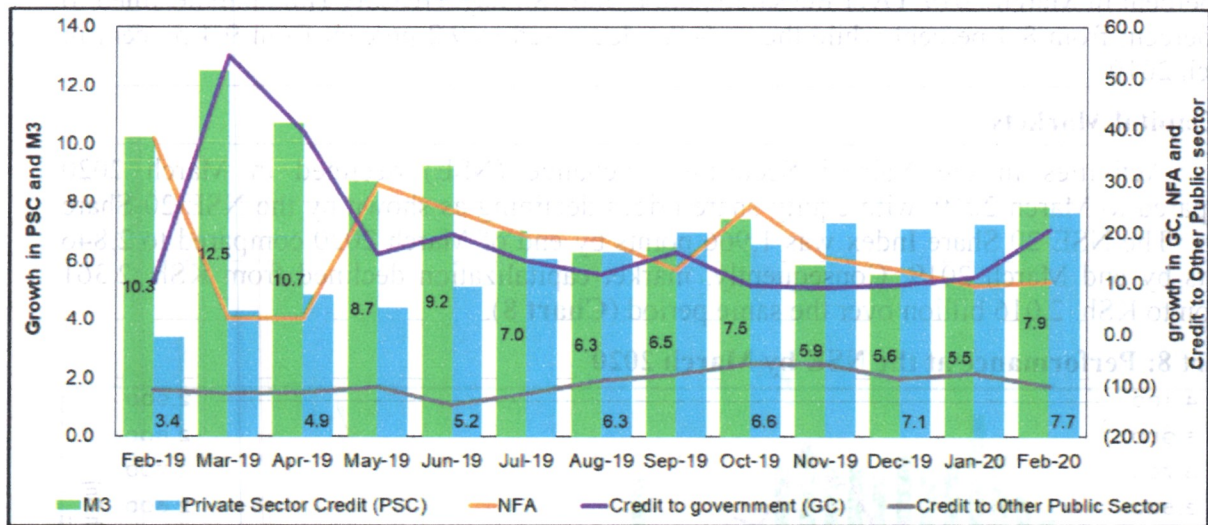
				Absolute Change		Percent Change	
	2018 February	2019 February	2020 February	2018-2019 February	2019-2020 February	2018-2019 February	2019-2020 February
COMPONENTS OF M3							
1. Money supply, M1 (1.1+1.2+1.3)	1,384.0	1,461.0	1,568.1	77.1	107.0	5.6	7.3
1.1 currency outside banks (M0)	211.1	216.4	195.1	5.3	21.3	2.5	(9.8)
1.2 Demand deposits	1,122.2	1,159.8	1,283.2	37.6	123.4	3.4	10.6
1.3 Other deposits at CBK	50.6	84.8	89.8	34.2	5.0	67.5	5.9
2. Money supply, M2 (1+2.1)	2,561.3	2,748.6	2,970.1	187.3	221.5	7.3	8.1
2.1 Time and savings deposits	1,177.3	1,287.5	1,402.0	110.2	114.5	9.4	8.9
Money supply, M3 (2+3.1)	3,023.5	3,333.5	3,596.0	310.0	262.6	10.3	7.9
3.1 Foreign currency deposits	462.2	584.9	625.9	122.7	41.0	26.5	7.0
SOURCES OF M3							
1. Net foreign assets (1.1+1.2)	514.1	711.1	784.5	197.0	73.4	38.3	10.3
1.1 Central Bank	636.1	745.6	792.2	109.5	46.6	17.2	6.2
1.2 Banking Institutions	(122.0)	(34.6)	(7.7)	87.4	26.8	(71.7)	(77.6)
2. Net domestic assets (2.1+2.2)	2,509.4	2,622.4	2,811.6	113.0	189.2	4.5	7.2
2.1 Domestic credit (2.1.1+2.1.2+2.1.3)	3,252.3	3,400.7	3,756.1	148.4	355.4	4.6	10.5
2.1.1 Government (net)	792.3	872.8	1,052.1	80.5	179.3	10.2	20.5
2.1.2 Other public sector	113.5	101.2	91.0	12.2	10.2	(10.8)	(10.1)
2.1.3 Private sector	2,346.5	2,426.7	2,613.0	80.2	186.3	3.4	7.7
2.2 Other assets net	(742.8)	(778.3)	(944.5)	35.4	166.2	4.8	21.4

Source of Data: Central Bank of Kenya

19. NFA of the banking system in the year to February 2020 grew by 10.3 percent, compared to a growth of 38.3 percent in the February 2019. The decline in growth of NFA of the Central Bank was partly due to the decline in growth of foreign reserves. On the other hand, decrease in NFA growth of commercial banks, is partly attributed to decrease in growth of their deposit holdings in foreign banks and increased foreign currency deposits by non-residents.

20. NDA increased to register a growth of 7.2 percent in the year to February 2020 from a growth of 4.5 percent over a similar period in 2019 (Table 3). This is largely due to an improvement in net credit flows to the government, private sectors and other public sector (Chart 6).

Chart 6: Growth in Money Supply and Its Sources (Percent)



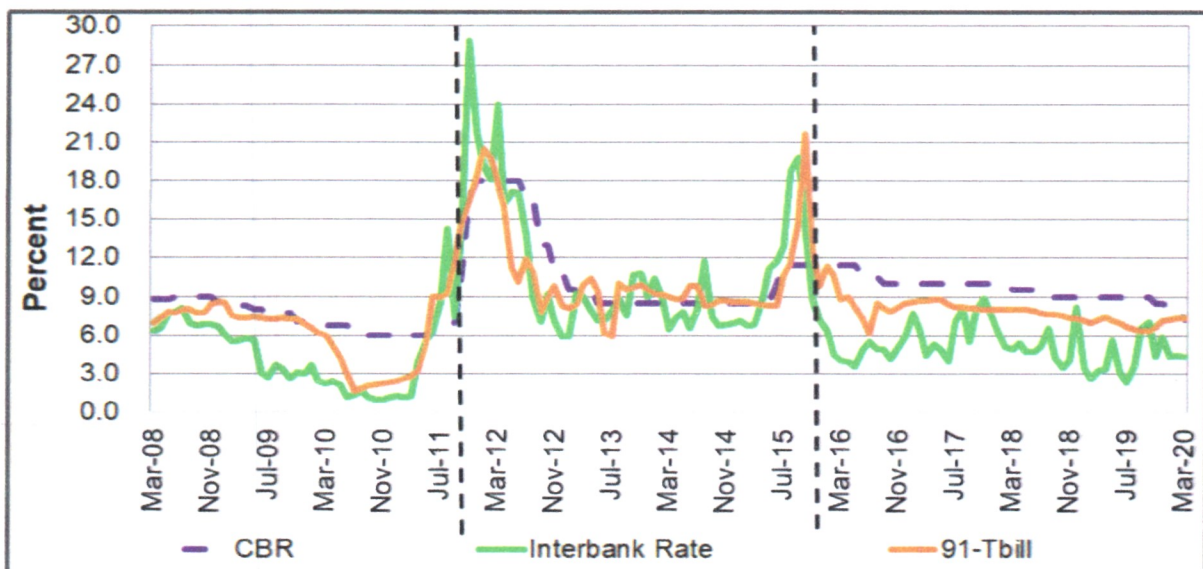
Source of Data: Central Bank of Kenya

21. Private sector credit grew by 7.7 percent in the 12 months to February 2020 compared to a growth of 3.4 percent in the year to February 2019. This growth was observed mainly in manufacturing (10.4 percent); trade (9.5 percent); transport and communication (7.4 percent); and consumer durables (20.6 percent).

1.7 Interest Rates

22. Short-term interest rates remained fairly low and stable. The Central Bank Rate was reduced to 7.25 percent on 23rd March, 2020 from 8.25 percent in February 2020 to signal lower lending rates in order to support credit access by borrowers especially the Small and Medium Enterprises distressed by COVID-19 pandemic. The interbank rate increased to 4.4 percent in March 2020 from 3.3 percent in March 2019 due to tightening liquidity in the money market (Chart 7).

Chart 7: Short-Term Interest Rates



Source of Data: Central Bank of Kenya

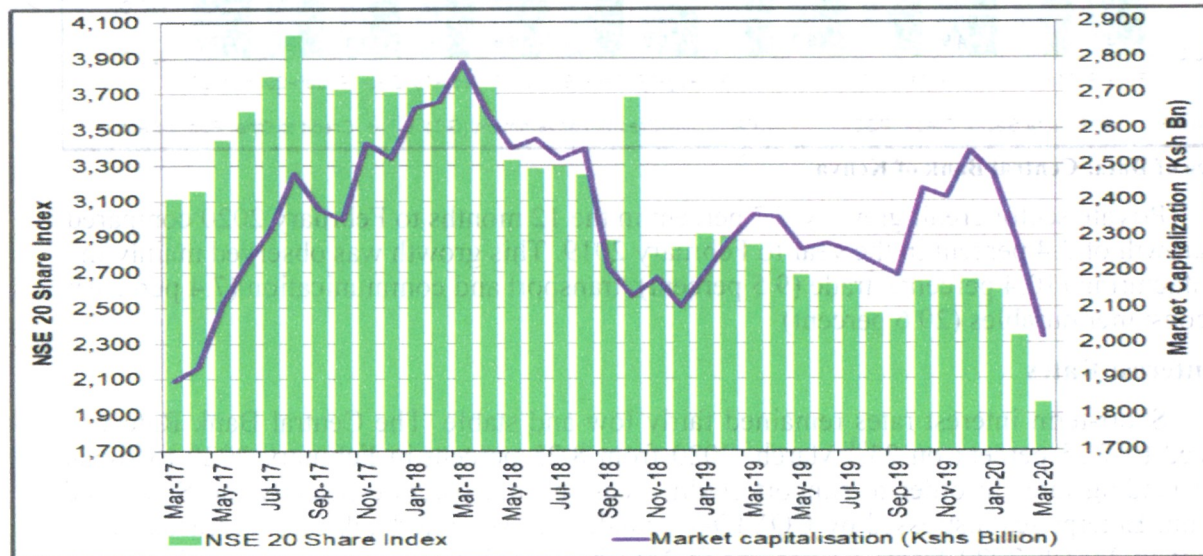
RECENT ECONOMIC DEVELOPMENTS

23. The 91-day Treasury Bills rate increased to 7.3 percent in March 2020 compared to 7.1 percent in March 2019. Over the same period, the 182-day Treasury Bills rate declined to 8.1 percent from 8.3 percent while the 364-day decreased to 9.2 percent from 9.4 percent in March 2019.

1.8 Capital Markets

24. Activities in the Nairobi Securities Exchange (NSE) declined in March 2020 compared to March 2019, with equity share prices declining as shown by the NSE 20 Share Index. The NSE 20 Share Index was 1,966 points by end of March 2020 compared to 2,846 points by end March 2019. Consequently, market capitalization declined from KSh. 2,361 billion to KSh. 2,016 billion over the same period (**Chart 8**).

Chart 8: Performance at the NSE by March 2020



Source of Data: Nairobi Securities Exchange

2.0 FISCAL DEVELOPMENTS

2.1 Revenue

25. By the end of March 2020, total revenue collected including A-I-A amounted to KSh. 1,332.2 billion against a target of KSh. 1,537 billion (**Table 4**). The revenue was below target by KSh. 204.8 billion mainly due to underperformance in all major tax heads and the ministerial A-I-A. Ordinary revenue collection was KSh. 1,215.8 billion against a target of KSh. 1,348.1 billion, KSh. 132.3 billion below the target (**Chart 9**). The ministerial A-I-A collected was below target by KSh. 72.5 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. 18 billion against a target of KSh. 21 billion. Total revenue inclusive of the ministerial A-I-A recorded an annual growth of 12.9 percent, a decline from a growth of 13.8 percent recorded in March 2019. 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 31st March, 2020 (KSh. Millions)

	2018/2019 Actual	2019/2020		Deviation KSh.	% Growth
		Actual*	Target		
Total Revenue (a+b)	1,180,186	1,332,191	1,537,015	(204,824)	12.9
(a) Ordinary Revenue	1,064,313	1,215,802	1,348,090	(132,288)	14.2
Import Duty	78,822	76,931	94,682	(17,751)	(2.4)
Excise Duty	142,759	159,491	194,657	(35,167)	11.7
PAYE	281,718	310,625	329,893	(19,268)	10.3
Other Income Tax	188,379	209,088	229,066	(19,977)	11.0
VAT Local	168,606	171,563	186,003	(14,440)	1.8
VAT Imports	131,540	134,094	154,424	(20,330)	1.9
Investment Revenue	24,571	96,006	97,176	(1,170)	290.7
Traffic Revenue	2,919	3,032	3,484	(451)	3.9
Taxes on Intl. Trade & Trans.(IDF Fee)	17,650	22,741	23,250	(509)	28.8
Others ¹	27,349	32,230	35,455	(3,225)	17.8
(b) Appropriation In Aid ²	115,872	116,388	188,925	(72,536)	0.4
o/w Railway Development Levy	15,787	18,034	21,033	(2,999)	14.2
(c) External Grants	16,834	13,577	22,991	(9,415)	(40.9)
Total Revenue and External Grants	1,197,020	1,345,768	1,560,006	(214,239)	(13.7)
Total Revenue and External Grants as a percentage of GDP	12.87	12.96	15.02		

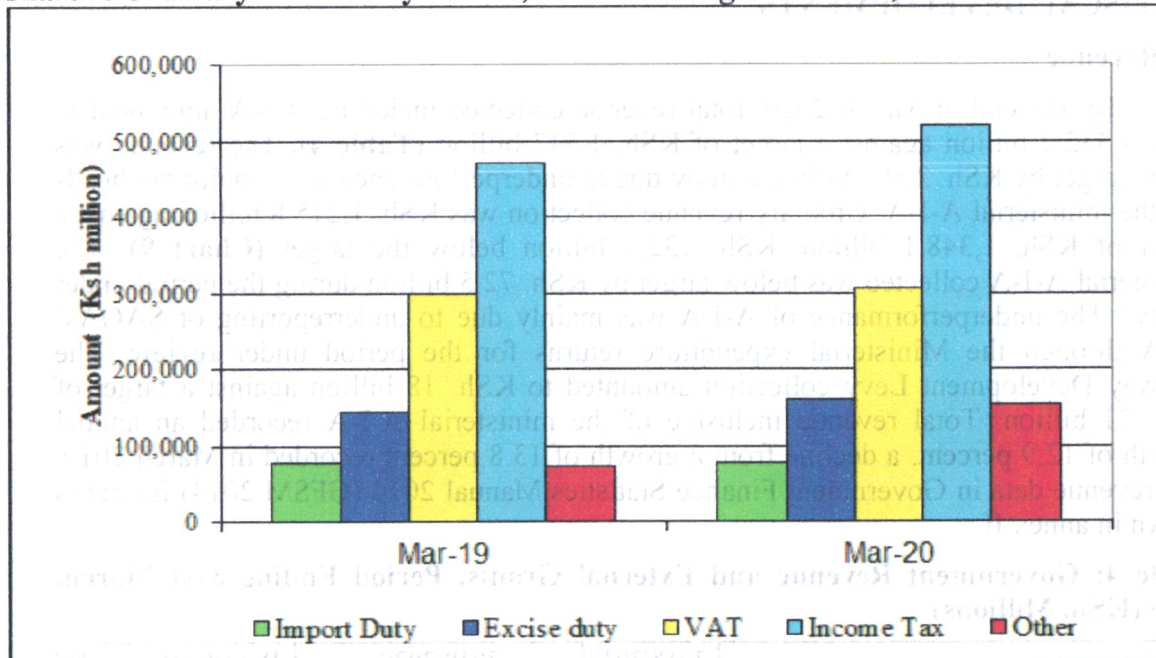
1/ includes rent on land/buildings, fines and forfeitures, other taxes, loan interest receipts reimbursements and other fund contributions, fees, and miscellaneous revenue.

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

Source of Data: National Treasury

26. As a proportion of GDP, the total revenue and grants in the period under review was 13 percent compared to 12.9 percent in the corresponding period in the FY 2018/19. External grants amounted to KSh. 13.6 billion against a target of KSh. 23 billion, which is an under performance by KSh. 9.4 billion.

Chart 9: Ordinary Revenue by Source, Period Ending 31st March, 2020



Source of Data: National Treasury

2.2 Expenditure

27. The total expenditure and net lending for the period under review amounted to KSh. 1,868.2 billion, against a target of KSh. 2,028.5 billion. The resultant under expenditure of KSh. 160.2 billion is mainly attributed to lower absorption recorded in recurrent expenditures by the National Government and below target transfers to Counties. Recurrent expenditure for National Government amounted to KSh. 1,154.4 billion (excluding KSh. 27.1 billion for Parliament and Judiciary), against a target of KSh. 1,241.6 billion leading to an under expenditure of KSh. 87.1 billion. The under expenditure in recurrent category was mainly due to below target expenditure on operation and maintenance and foreign interest (**Table 5 and Chart 10**).

FISCAL DEVELOPMENTS

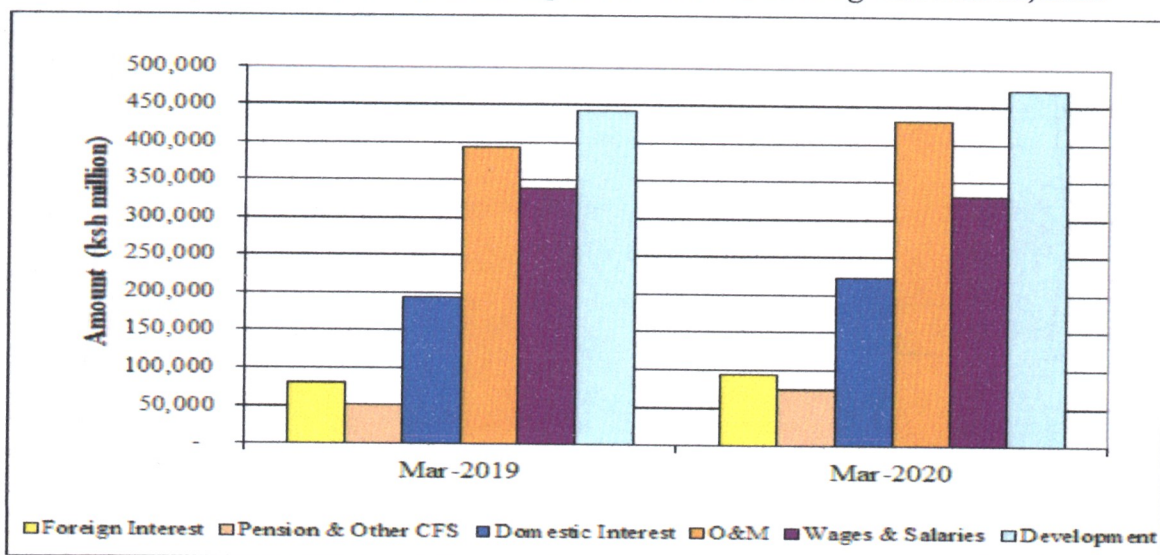
Table 5: Expenditure and Net Lending, Period Ending 31st March, 2020 (KSh. Millions)

	2018/2019 Actual	2019/2020		Deviation	% Growth
		Actual	Targets		
1. RECURRENT	1,058,468	1,154,405	1,241,551	(87,146)	9.1
Domestic Interest	193,339	223,269	215,636	7,633	15.5
Foreign Interest	80,050	94,548	115,807	(21,259)	18.1
Pensions & Other CFS	51,702	74,146	82,134	(7,989)	43.4
Wages and Salaries	339,135	331,864	345,060	(13,196)	(2.1)
Operation and Maintenance	394,243	430,578	482,913	(52,335)	9.2
O/W: Appropriation-in-Aid	82,688	75,497	130,888	(55,391)	(8.7)
2. DEVELOPMENT	443,020	471,960	496,094	(24,134)	6.5
Development Projects (Net)	239,167	299,507	254,624	44,883	25.2
Payment of Guaranteed Loans	1,548	661	636	25	(57.3)
Appropriation-in-Aid	199,359	171,792	238,486	(66,694)	(13.8)
3. County Governments	212,393	214,785	251,362	(36,577)	1.1
4. Parliamentary Service	21,152	16,418	28,184	(11,767)	(22.4)
5. Judicial Service	10,691	10,675	11,274	(599)	(0.2)
6. Equalization Fund	2,946	-	2,348	(2,348)	(100.0)
7. CF	-	-	-	-	-
TOTAL EXPENDITURE	1,745,724	1,868,242	2,028,465	(160,223)	7.0

Source of Data: National Treasury

28. Foreign interest payments amounted to KSh. 94.5 billion, an increase compared to KSh. 80.1 billion over the same period in the FY2018/19. The domestic interest payments totalled to KSh. 223.3 billion, which was higher than the KSh. 193.3 billion paid in the corresponding period in the previous financial year. The expenditure data in GFSM 2014 format is shown in annexes III and IV.

Chart 10: Expenditure and Net Lending for the Period Ending 31st March, 2020



Source of Data: National Treasury

2.2.1 National Government Expenditures by Public Agencies

29. The total ministerial and other public agencies expenditure including A.I.A was KSh. 1,257.4 billion against a target of KSh. 1,446.6 billion. Recurrent expenditure was KSh. 800.1 billion against a target of KSh. 918.5 billion, while development expenditure amounted to KSh. 457.3 billion against a target of KSh. 528.2 billion. The percentage of total expenditures to the target was 86.9 percent while the percentage of total expenditures to the target for recurrent and development were 87.1 percent and 86.6 percent respectively, as at the end of the period under review. The discrepancy between actual and target expenditures was partly due to the non-capture of the parastatals and some other government entities expenditures. These ministerial expenditures are therefore, provisional.

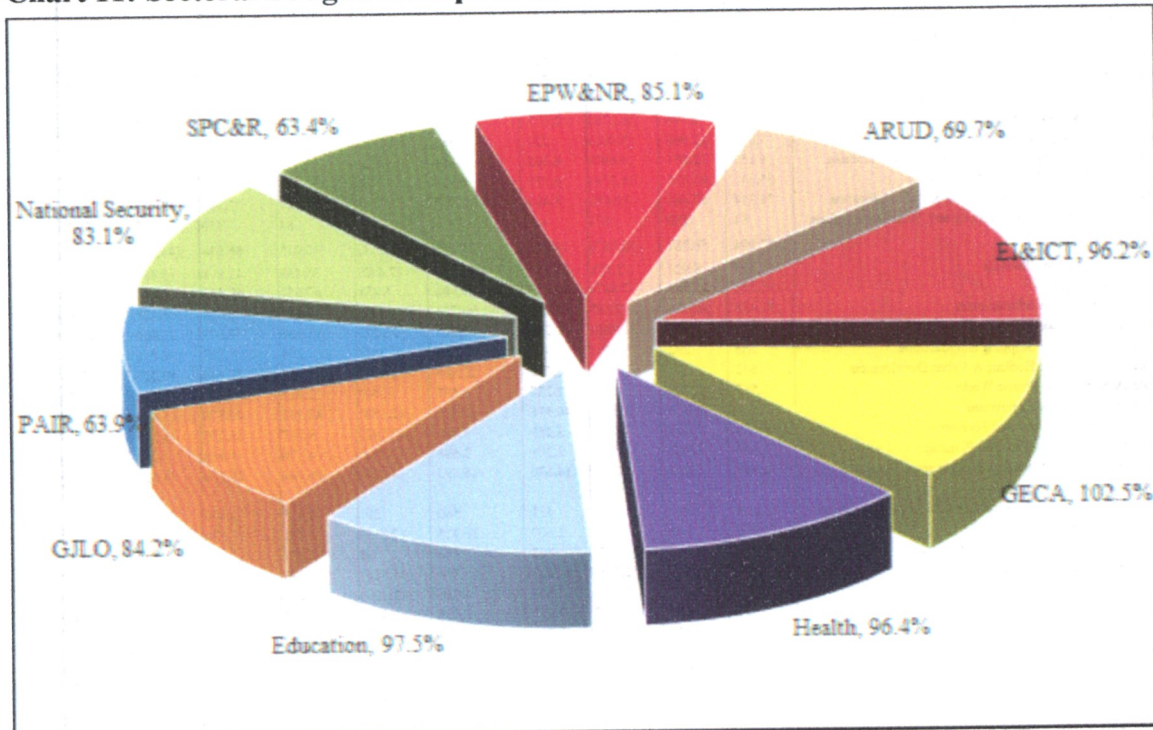
30. As at the period ending 31st March, 2020, recurrent expenditures by the State Department for Early Learning and Basic Education, State Department for University Education; Teachers Service Commission; State Department for Vocational and Technical Training and the Ministry of Health (Social Sector) accounted for 47.4 percent of total recurrent expenditure. In addition, the State Department for Interior and the Ministry of Defence accounted for 11 percent and 8.5 percent of total recurrent expenditure respectively.

31. Analysis of development outlay indicates that the State Department for Transport accounted for the largest share of the total development expenditure (19.7 percent), followed by the State Department for Infrastructure (18.6 percent), State Department for Energy (9.5 percent), Ministry of water and Sanitation (8.9 percent), and the Ministry of Health (6.9 percent). Except for the State Department for Transport and Ministry of Health, the expenditures by other large Ministries/State Departments were below target because of underreporting 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.

FISCAL DEVELOPMENTS

32. During the period under review, the General Economic and Commercial Affairs (GECA) Sector recorded the highest absorption of 102.5 percent of its budget, followed by Education Sector with 97.5 percent. The Social Protection, Culture and Recreation (SPC&R) sector recorded the lowest absorption of 63.4 percent (**Chart 11**).

Chart 11: Sectoral Budget Absorption as at 31st March, 2020



Source of Data: National Treasury

2.2.2 Pending Bills

33. The total outstanding national government pending bills as at 31st March, 2020 amounted to KSh. 368.9 billion. These comprise of KSh. 319.1 billion (86.5 percent) and KSh. 49.8 billion (13.5 percent) by the State Corporations (SC) and by Ministries/State Departments/other government entities respectively. The bulk of the pending bills are for contractors/suppliers. The SC pending bills include unremitted statutory and other deductions, pension arrears, and others. Ministries/State Departments and other government entities pending bills are mainly historical as at the end of the FY 2018/19 including the contested ones. Clearance of pending bills is a key national government priority. All MDAs are therefore, expected to continue to settle them as a first charge in the current financial year in line with the Treasury circular No. 7/2019.

2.2.3 Guaranteed Loans to Parastatals

34. Cumulative principal and interest payments of guaranteed loans to parastatals with liquidity problems amounted to KSh. 661.2 million against a payment target of KSh. 636 million (**Table 7**) in the period ending 31st March, 2020. The actual guaranteed debt payment was higher than target because of depreciation of the Kenya Shilling against the Japanese Yen by the time of the actual payments.

FISCAL DEVELOPMENTS

Table 7: Schedule and Actual Payments on Guaranteed Debt for the Period Ending 31st March, 2020 (KSh. Millions)

Borrower	Quarter I		Quarter II		Quarter III		Cumm. March 2020*	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
EAPC	175.23	182.70	-	-	177.20	182.70	352.43	365.40
TARDA	140.99	147.01	-	-	142.60	148.80	283.59	295.81
TOTAL (QTR)	316.22	329.71	-	-	319.80	331.50	636.02	661.21

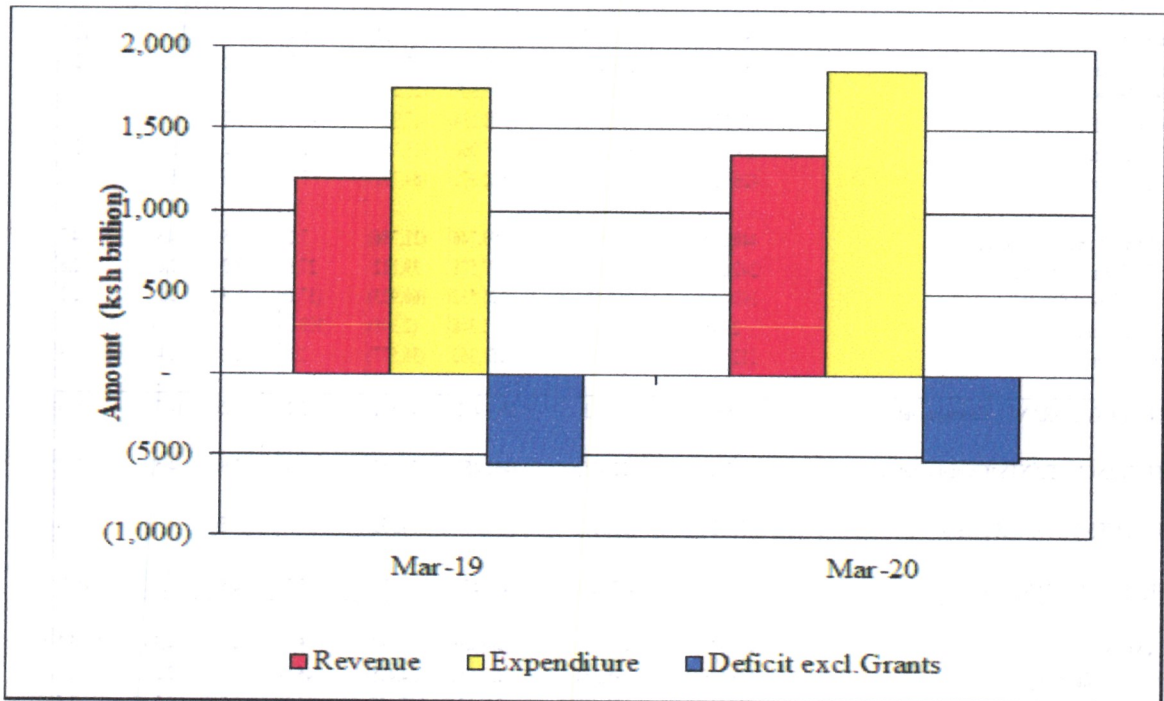
* Provisional

Source of Data: National Treasury

2.3 Fiscal Outturn

35. Between 1st July, 2019 and 31st March, 2020, the fiscal balance (on commitment basis and excluding grants) amounted to KSh. 536.1 billion (5.2 percent of GDP) against a targeted deficit of KSh. 491.5 billion (4.7 percent of GDP) (**Chart 12 and Table 8**). The fiscal balance (on a commitment basis and including grants) stood at 5 percent of GDP against a target deficit of 4.5 percent of GDP.

Chart 12: Fiscal Balance as at 31st March 2020



Source of Data: National Treasury

36. Over the same period in FY2018/19, the fiscal deficit including grants (on commitment basis) stood at KSh. 565.5 billion (5.9 percent of GDP). The fiscal outturn in the last six financial years, the printed budget, the 2019 BROP framework and the first supplementary budget for the FY 2019/20 are shown in **Annex I**. Further, GFSM 2014 Compliant Budgetary Central Government fiscal data for the third quarter of FY 2019/20 are shown in annexes V and VI.

FISCAL DEVELOPMENTS

Table 8: Budget Outturn, Cumulative Ending 31st March, 2020 (KSh. Millions)

	2018/2019 Actual	2019/2020		Deviation	% growth	2019/2020 as a % of GDP		2018/2019 Actual as a % of GDP
		Actual*	Targets			Actual	Targets	
A. TOTAL REVENUE AND GRANTS	1,197,020	1,345,768	1,560,006	(214,239)	12.4	13.0	15.0	12.9
1. Revenue	1,180,186	1,332,191	1,537,015	(204,824)	12.9	12.8	14.8	12.7
Ordinary Revenue	1,064,313	1,215,802	1,348,090	(132,288)	14.2	11.7	13.0	11.4
Import Duty	78,822	76,931	94,682	(17,751)	(2.4)	0.7	0.9	0.8
Excise Duty	142,759	159,491	194,657	(35,167)	11.7	1.5	1.9	1.5
Income tax	470,097	519,714	558,959	(39,245)	10.6	5.0	5.4	5.1
VAT	300,146	305,657	340,428	(34,770)	1.8	2.9	3.3	3.2
Investment Revenue	24,571	96,006	97,176	(1,170)	290.7	0.9	0.9	0.3
Others	47,918	58,004	62,189	(4,185)	21.0	0.6	0.6	0.5
Appropriation-in-Aid	115,872	116,388	188,925	(72,536)	0.4	1.1	1.8	1.2
2. Grants	16,834	13,577	22,991	(9,415)	(19.3)	0.1	0.2	0.2
AMISOM Receipts	3,757	2,901	1,989	913	(22.8)	0.0	0.0	0.0
Revenue	7,590	7,003	5,757	1,247	(7.7)	0.1	0.1	0.1
Appropriation-in-Aid	5,487	3,672	15,246	(11,574)	(33.1)	0.0	0.1	0.1
B. EXPENDITURE AND NET LENDING	1,745,724	1,868,242	2,028,465	(160,223)	7.0	18.0	19.5	18.8
1. Recurrent	1,090,312	1,181,497	1,281,009	(99,512)	8.4	11.4	12.3	11.7
Domestic Interest	193,339	223,269	215,636	7,633	15.5	2.2	2.1	2.1
Foreign Interest	80,050	94,548	115,807	(21,259)	18.1	0.9	1.1	0.9
Pension & Other CFS	51,702	74,146	82,134	(7,989)	43.4	0.7	0.8	0.6
Wages and Salaries	339,135	331,864	345,060	(13,196)	(2.1)	3.2	3.3	3.6
O & M/ Others	426,086	457,670	522,371	(64,701)	7.4	4.4	5.0	4.6
2. Development and Net Lending	440,074	471,960	493,746	(21,786)	7.2	4.5	4.8	4.7
O/W Domestically financed	240,045	306,690	267,578	39,112	27.8	3.0	2.6	2.6
Foreign financed	198,481	164,609	225,532	(60,923)	(17.1)	1.6	2.2	2.1
3. Equalization Fund	2,945	-	2,348	(2,348)	(100.0)	-	-	-
4. County Governments	212,393	214,785	251,362	(36,577)	1.1	2.1	2.4	2.3
5. CF	-	-	-	-	-	-	-	-
C. DEFICIT EXCL. GRANT (Commitment basis)	(565,539)	(536,051)	(491,451)	(44,601)	(5.2)	(5.2)	(4.7)	(6.1)
D. DEFICIT INCL. GRANTS (Commitment basis)	(548,705)	(522,475)	(468,459)	(54,015)	(4.8)	(5.0)	(4.5)	(5.9)
E. ADJUSTMENT TO CASH BASIS	52,326	(54,532)	-	(54,532)	-	(0.5)	-	0.6
F. DEFICIT INCL. GRANTS (Cash basis)	(496,379)	(467,942)	(468,459)	517	(5.7)	(4.5)	(4.5)	(5.3)
G. FINANCING	496,379	467,942	468,459	(517)	(5.7)	4.5	4.5	5.3
1. Net Foreign financing	178,909	98,354	232,782	(134,428)	(45.0)	0.9	2.2	1.9
Disbursements	327,825	173,697	331,154	(157,457)	(47.0)	1.7	3.2	3.5
Programme Loans	2,284	11,770	1,600	10,170	415.3	0.1	0.0	0.0
Project Cash Loans	30,618	27,249	57,686	(30,436)	(11.0)	0.3	0.6	0.3
Project Loans AIA	80,728	83,996	112,866	(28,869)	4.0	0.8	1.1	0.9
Project Loans SGR PHASE 1&2A AIA	79,960	44,812	48,190	(3,378)	(44.0)	0.4	0.5	0.9
Commercial Financing	134,235	5,870	110,813	(104,942)	(95.6)	0.1	1.1	1.4
O/W syndicated loan	125,053	-	100,000	(100,000)	(100.0)	-	1.0	1.3
Debt repayment - Principal	(148,916)	(75,343)	(98,372)	23,029	(49.4)	(0.7)	(0.9)	(1.6)
2. Other Domestic Financing	1,858	2,154	2,326	(172)	15.9	0.0	0.0	0.0
3. Net Domestic Financing	315,612	367,434	233,351	134,083	16.4	3.5	2.2	3.4
MEMO ITEM								
GDP ESTIMATE	9,303,050.00	10,383,093	10,383,093					

*Provisional

Source of Data: National Treasury

FISCAL DEVELOPMENTS

2.4 Financing

2.4.1 External Financing

37. During the period under review, net external financing amounted to a net borrowing of KSh. 98.4 billion (**Table 9**). Total disbursements (inflows) including Appropriations-in-Aid amounted to KSh. 173.7 billion for the period ending 31st March, 2020 against a target of KSh. 331.2 billion. The actual total disbursement included KSh. 84 billion Project Loans A.I.A, KSh. 44.8 billion for the SGR, KSh. 27.2 billion Project Loans-Cash, KSh. 11.8 billion Programme Loans, and KSh. 5.9 billion commercial loans. External repayments (outflows) of principal debt amounted to KSh. 75.3 billion. The amount comprised of principal repayments due to bilateral, commercial institutions, and multilateral amounting to KSh. 33.8 billion, KSh. 26.2 billion and KSh. 15.4 billion, respectively.

Table 9: External Financing, Period Ending March, 2020 (KSh. Millions)

	Quarter III 2018/19	Quarter I 2019/20	Quarter II 2019/20	Quarter III 2019/20	Cumulative March 2020	
	Actual	Actual*	Actual*	Actual*	Actual*	Target
DISBURSEMENTS:	327,825.00	32,205.62	92,334.79	49,156.90	173,697.32	331,154
Project Cash loans	30,618	3,269.47	6,525.57	17,454.39	27,249.43	57,685.67
Project loans A-I-A	80,728	26,926.98	34,945.23	22,124.08	83,996.29	112,865.75
Project Loans SGR_PHASE_1_AIA	35,201	-	10,066.30	2,175.78	12,242.08	10,000.00
Project Loans SGR_PHASE_2A_AIA	44,759	-	32,569.46	0.00	32,569.46	38,190.00
Commercial Financing	134,235	-	5,570.51	299.87	5,870.39	110,812.70
Programme Loans	2,284	2,009.18	2,657.72	7,102.79	11,769.68	1,600.00
EXTERNAL REPAYMENTS:	148,915.55	19,057.47	24,810.31	31,475.15	75,342.93	98,371.98
Bilateral(incl. Italy Debt SWAP)	20,449.75	8,159.23	5,612.40	19,994.62	33,766.25	51,652.81
Multilateral (excl. IMF)	13,722.04	5,555.22	3,634.01	6,162.64	15,351.86	16,780.28
Commercial	114,743.76	5,343.01	15,563.91	5,317.89	26,224.81	29,938.88
NET FOREIGN FINANCING	178,909.45	13,148.16	67,524.48	17,681.75	98,354.39	232,782.15

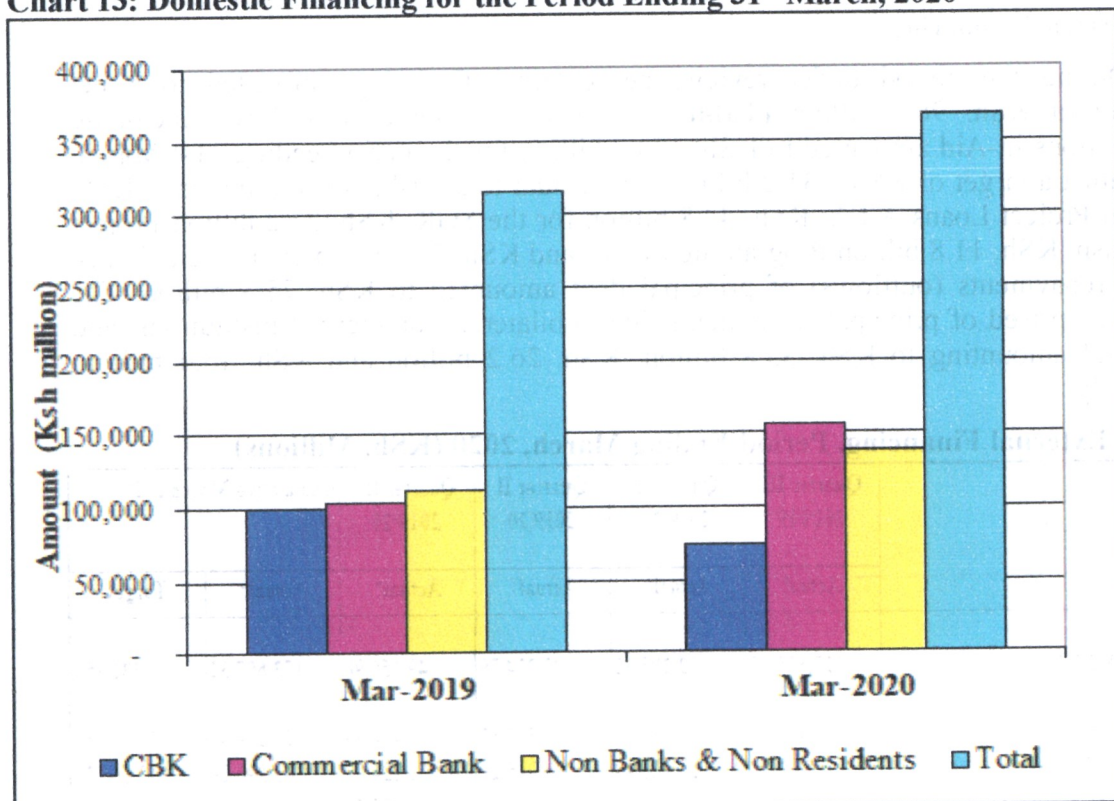
*Provisional

Source of Data: National Treasury

2.4.2 Domestic Financing

38. By the end of March 2020, net domestic borrowing amounted to KSh. 367.4 billion (**Table 10**) against a target borrowing of KSh. 233.4 billion (**Table 8**). The borrowing comprised of KSh. 155.2 billion from commercial banks, KSh. 134.9 billion from Non-Banking Financial Institutions, KSh. 73.7 billion from the Central Bank and KSh. 3.6 billion from Non-Residents. Comparatively, for the same period in 2018/19, The domestic borrowing amounted to KSh. 315.6 billion, comprising of KSh. 111.6 billion from Non-Banking Financial Institutions, KSh. 104.1 billion from the Commercial Banks, KSh. 99.7 billion from the Central Bank of Kenya and KSh. 0.2 billion from Non-Residents (**Table 10 and Chart 13**).

Chart 13: Domestic Financing for the Period Ending 31st March, 2020



Source of Data: Central Bank of Kenya

39. The stock of Treasury Bills held by Non-Residents increased by KSh. 0.9 billion. However, the stock of Treasury Bills held by Non-Banks and Commercial Banks recorded a net decrease of KSh. 50.9 billion and KSh. 0.8 billion respectively. The stock of Fixed Rate Bonds held by Non-Banks, Commercial Banks and Non-Residents recorded a net increase of KSh. 170.6 billion, KSh. 117.4 billion and KSh. 2.4 billion respectively (Table 10).

FISCAL DEVELOPMENTS

Table 10: Domestic Financing, Period Ending 31st March, 2020 (KSh. Millions)

Debt Instrument	March 2019	June 2019*	September 2019*	December 2019*	March 2020*
1. CENTRAL BANK	99,728	13,601	8,255	9,967	73,708
Overdraft	(20,508)	478	10,904	6,397	(3,146)
Items on Transit	(9)	11	(16)	(31)	(28)
Frozen Account	-	(1,110)	-	-	-
Less Govt Deposits	120,245	14,221	(2,633)	3,602	76,882
2. COM. BANKS	104,122	126,948	13,200	80,201	155,240
Advances	(4,081)	(4,074)	29	(1,045)	(621)
Treasury bills	80,406	89,000	(19,592)	(26,084)	(820)
Fixed rate Bonds	27,525	38,894	36,010	65,743	117,436
Infrastructure Bonds	19,480	19,480	(8,097)	40,664	40,664
Less Govt Deposits	(19,208)	(16,354)	4,849	922	(1,418)
3. NON BANKS	111,570	160,266	57,802	78,096	134,879
Treasury bills	(14,166)	(16,345)	(2,926)	(45,760)	(50,890)
Fixed rate Bonds	106,104	156,797	64,515	108,673	170,586
Infrastructure Bonds	19,435	19,435	(4,051)	14,919	14,919
M-Akiba Bond	197	380	264	264	264
4. NON RESIDENTS	194	2,843	1,511	2,632	3,607
Treasury bills	(1,249)	(25)	443	792	881
Fixed rate Bonds	1,404	2,830	1,068	1,465	2,350
Infrastructure Bond	39	39	-	376	376
5. NET CREDIT	315,612	303,658	80,768	170,896	367,434

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

3.0 PUBLIC DEBT

3.1 Overall Debt Position

40. The gross public debt as at 31st March, 2020 increased by KSh. 864.4 billion to KSh. 6,284.5 billion compared to KSh. 5,420.1 billion as at end of March 2019. The gross public debt comprised of 51.1 percent external debt and 48.9 percent domestic debt. The increase in the public debt is attributed to external loan disbursements and the uptake of domestic debt during the period. The net public debt was KSh. 5,821.2 billion by end of the period under review (Table 11).

Table 11: Kenya's Public and Publicly Guaranteed Debt, March 2018 to March 2020 (KSh. Millions)

DEBT SOURCE	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19*	Sep-19*	Dec-19*	Mar-20*
EXTERNAL									
BILATERAL	800,912	816,119	812,545	894,046	916,572	996,059	1,024,092	1,037,538	1,060,609
MULTILATERAL	836,766	820,966	877,730	874,680	846,587	914,394	1,001,817	1,023,821	1,075,901
COMMERCIAL BANKS	858,062	906,389	898,349	938,151	941,763	1,095,753	1,068,664	1,028,691	1,058,796
SUPPLIERS CREDIT	16,691	16,725	16,709	16,857	16,676	16,932	17,194	16,773	17,328
SUB - TOTAL EXTERNAL	2,512,431	2,560,199	2,605,333	2,723,734	2,721,598	3,023,138	3,111,767	3,106,823	3,212,634
DOMESTIC:									
CENTRAL BANK	93,583	110,782	90,210	118,196	89,709	109,607	120,494	115,972	106,433
COMMERCIAL BANKS	1,226,866	1,266,457	1,315,333	1,289,558	1,397,771	1,414,431	1,415,011	1,491,438	1,570,594
TOTAL BANKS	1,320,449	1,377,238	1,405,543	1,407,755	1,487,480	1,524,038	1,535,505	1,607,410	1,677,028
NON BANKS & NON RESIDENTS	1,051,202	1,101,596	1,135,161	1,141,015	1,211,052	1,261,899	1,321,134	1,334,694	1,394,827
SUB-TOTAL DOMESTIC	2,371,651	2,478,835	2,540,704	2,548,770	2,698,532	2,785,937	2,856,639	2,942,104	3,071,854
GRAND TOTAL GROSS	4,884,082	5,039,034	5,146,037	5,272,504	5,420,130	5,809,075	5,968,406	6,048,927	6,284,488
LESS ON-LENDING	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)
LESS GOVERNMENT DEPOSITS	(573,884)	(545,075)	(501,404)	(432,049)	(398,223)	(501,728)	(516,182)	(524,752)	(457,623)
GRAND TOTAL NET	4,304,497	4,488,257	4,638,932	4,834,754	5,016,206	5,301,646	5,446,522	5,518,474	5,821,164

*Provisional

Source of Data: National Treasury

FISCAL DEVELOPMENTS

3.2 Domestic Debt

41. The stock of gross domestic debt increased by KSh. 373.3 billion from KSh. 2,698.5 billion in March 2019 to KSh. 3,071.9 billion in March 2020. The net domestic debt was KSh. 2,608.5 billion by end of the period under review (Table 12).

Table 12: Stock of Domestic Debt by end of March 2020 (KSh. Millions)

DEBT SOURCE	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19*	Sep-19*	Dec-19*	Mar-20*
1.CENTRAL BANK	93,583	110,782	90,210	118,196	89,709	109,607	120,494	115,972	106,433
Overdraft	39,655	56,849	36,291	64,824	36,896	57,328	68,232	63,724	54,182
Frozen Govt Accounts	23,894	23,894	23,894	23,339	22,784	22,229	22,229	22,229	22,229
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	21	25	11	19	16	36	20	5	9
Fixed rate bonds	9,426	9,426	9,426	9,426	9,426	9,426	9,426	9,426	9,426
2.COM.BANKS	1,226,866	1,266,457	1,315,333	1,289,558	1,397,771	1,414,431	1,415,011	1,491,438	1,570,594
Advances	7,476	7,504	7,588	8,183	3,458	3,422	3,404	2,447	2,790
Treasury Bills	415,596	482,018	537,531	527,212	570,588	577,483	556,228	549,732	576,426
Fixed Rate T. Bonds	565,098	538,240	531,519	501,047	565,157	575,808	606,480	641,650	693,770
Special Bonds	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Savings and Development Bond	7,648	7,648	7,648	7,648	7,648	6,798	7,648	7,648	7,648
Infrastructure Bonds	226,047	226,047	226,047	240,468	245,920	245,920	236,251	284,960	284,960
3. NON BANKS	1,025,704	1,076,288	1,109,751	1,114,819	1,185,670	1,233,915	1,291,521	1,304,121	1,363,252
Treasury Bills	328,801	368,537	378,858	344,111	352,367	348,771	344,235	300,354	296,906
Fixed Rate T. Bonds	484,153	495,001	518,143	549,941	600,375	651,175	714,248	759,642	822,221
Tax Reserve Certificate	69	69	69	69	69	69	69	69	69
Infrastructure Bonds	191,703	191,703	191,703	199,720	211,685	211,685	211,344	222,434	222,434
Savings and Development Bond	20,580	20,580	20,580	20,580	20,580	21,433	20,580	20,580	20,580
M- Akiba Bond	398	398	398	398	595	782	1,046	1,041	1,041
4. NON RESIDENTS	25,498	25,308	25,410	26,197	25,382	27,984	29,613	30,572	31,574
Treasury Bills	7,714	7,479	7,104	7,510	6,113	7,408	7,858	8,261	8,368
Fixed Rate T. Bonds	9,716	9,762	10,239	10,631	11,162	12,470	13,533	13,932	14,827
Savings and Development Bond	9	9	9	9	9	7	9	9	9
Infrastructure Bonds	8,058	8,058	8,058	8,047	8,098	8,098	8,212	8,371	8,371
5. TOTAL GROSS DEBT	2,371,651	2,478,835	2,540,704	2,548,770	2,698,532	2,785,936	2,856,639	2,942,104	3,071,854
6. LESS ON-LENDING	5,701	5,701	5,701	5,701	5,701	5,701	5,701	5,701	5,701
7. Less Govt Deposits	573,884	545,075	501,404	432,049	398,223	501,728	516,182	524,752	457,623
8. TOTAL NET DEBT	1,792,066	1,928,059	2,033,599	2,111,020	2,294,608	2,278,507	2,334,755	2,411,651	2,608,530

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

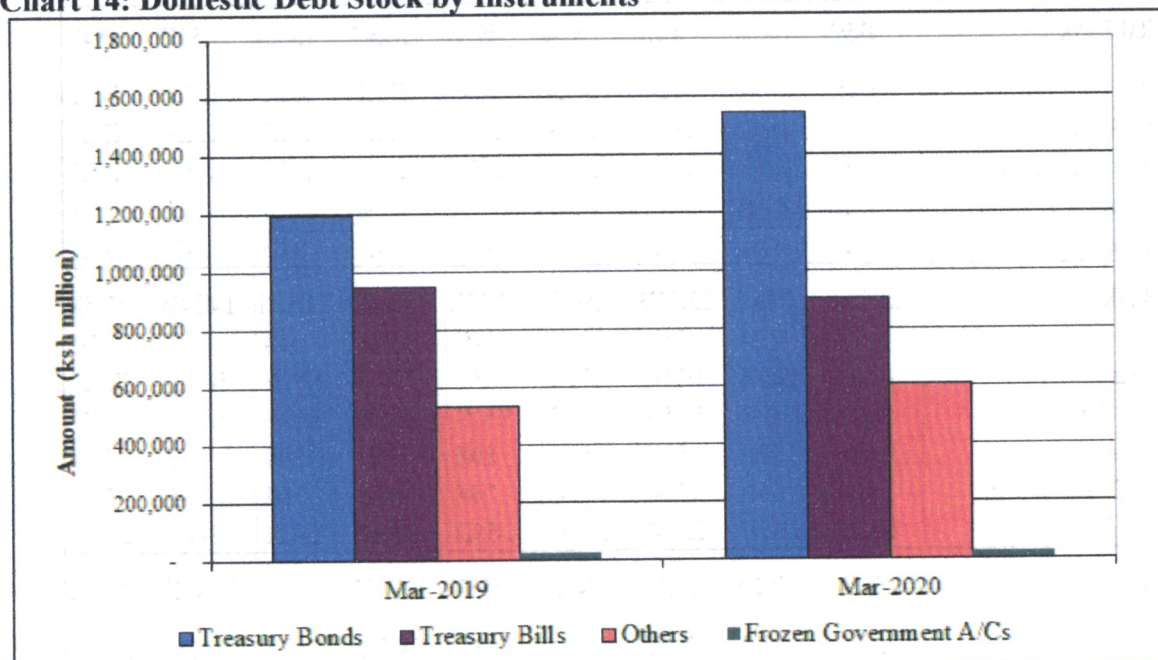
*Provisional

Source of Data: Central Bank of Kenya

FISCAL DEVELOPMENTS

42. The stock of Treasury Bills held by Central Bank, Commercial Banks, Non-Banking Financial Institution and Non Residents declined by KSh. 47.4 billion from KSh. 949.7 billion in March 2019 to KSh. 902.3 billion in March 2020. The total stock of Treasury Bonds, which include Floating, Fixed Rate, Special and Zero Coupon Bonds, increased by KSh. 354.1 billion from KSh. 1,191.1 billion in March 2019 to KSh. 1,545.2 billion in March 2020 (Chart 14).

Chart 14: Domestic Debt Stock by Instruments



Source of Data: Central Bank of Kenya

3.3 External Public Debt

43. In dollar terms, external public debt stock increased by US\$. 3,673 million from US\$. 27,013.4 million in March 2019 to US\$. 30,686.4 million by the end of March, 2020 (Table 13). The increase is attributed to a rise in external disbursements made during the period. The debt stock comprised of 33.5 percent, 33 percent, 33 percent, and 0.5 percent owed to bilateral, multilateral, commercial, and suppliers creditors respectively.

FISCAL DEVELOPMENTS

Table 13: Kenya's External Public and Publicly Guaranteed Debt March 2018 - March 2020 (US\$ Millions)

CREDITOR	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19*	Sep-19*	Dec-19*	Mar-20*
BILATERAL									
AUSTRIA	4.54	5.72	6.64	0.83	9.34	17.63	17.65	18.62	287.75
BELGIUM	107.19	101.01	103.58	78.56	75.20	113.31	108.49	109.80	113.08
CANADA	4.07	4.05	2.83	1.52	1.52	1.08	1.08	0.58	0.58
DENMARK	12.41	11.63	10	9.37	8.39	8.55	7.45	6.41	5.87
FINLAND	16.73	16.25	16.69	19.02	16.00	17.56	15.58	15.95	13.09
FRANCE	642.57	611.44	599.02	612.22	668.45	709.38	679.88	728.89	698.14
GERMANY	336.29	268.93	274.11	341.96	360.65	364.39	338.66	332.14	371.11
ITALY	1.24	1.24	1.25	152.35	345.75	354.78	344.1	351.90	342.57
JAPAN	1,022.38	503.66	483.85	1,023.98	1,272.62	1,321.91	1,372.56	1,353.47	1,385.84
NETHERLANDS	10.99	10.67	9.07	4.33	3.31	3.35	2.19	1.79	1.00
UK	4.74	4.59	4.56	2.43	0.84	0.58	0.56	0.32	0.30
USA	29.29	29.17	26.45	25.06	20.75	20.42	18.12	17.45	15.16
CHINA	5,295.84	5,532.61	5,496.62	6,201.61	6,006.17	6,462.07	6,410.61	6,840.23	6,746.26
OTHERS	453.57	432.44	457.02	305.16	308.51	341.8	326.53	325.62	296.01
TOTAL BILATERAL	7,941.83	7,533.41	7,491.69	8,778.40	9,097.49	9,736.81	9,643.46	10,103.18	10,276.76
MULTILATERAL									
ADB/ADF	2,045.52	2,026.48	2,043.51	2,151.35	2,233.19	2,244.79	2,301.03	2,393.60	2,404.62
BADEA	29.51	29.81	34.63	32.17	34.53	36.08	36.21	36.28	36.06
EEC/EIB	201.48	192.53	194.86	184.16	173.89	168.53	160.53	162.18	152.65
IDA/IFAD	5,237.31	5,024.05	5,612.97	5,481.55	5,403.95	5,953.08	6,900.25	7,234.42	7,146.77
IMF**	732.26	708.45	699.4	676.41	501.48	481.02	407.37	360.66	341.14
OTHERS	51.28	50.07	63.86	62.61	55.80	55.01	52.49	51.40	49.46
TOTAL MULTILATERAL	8,297.36	8,031.39	8,649.23	8,588.25	8,402.85	8,938.51	9,857.88	10,238.54	10,130.70
COMMERCIAL¹	8,508.54	8,219.71	8,148.46	9,211.46	9,347.52	10,711.36	10,286.93	10,151.24	10,113.38
EXPORT CREDIT	165.51	165.51	165.51	165.51	165.51	165.51	165.51	165.51	165.51
GRAND TOTAL	24,913.24	23,950.02	24,454.89	26,743.62	27,013.37	29,552.19	29,953.79	30,658.48	30,686.35
In percentage of total									
BILATERAL	31.88	31.45	30.63	32.82	33.68	32.95	32.19	32.95	33.49
MULTILATERAL	33.31	33.53	35.37	32.11	31.11	30.25	32.91	33.40	33.01
COMMERCIAL BANKS ¹	34.15	34.32	33.32	34.44	34.60	36.25	34.34	33.11	32.96
EXPORT CREDIT	0.66	0.69	0.68	0.62	0.61	0.56	0.55	0.54	0.54
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

*Provisional

** include IMF item

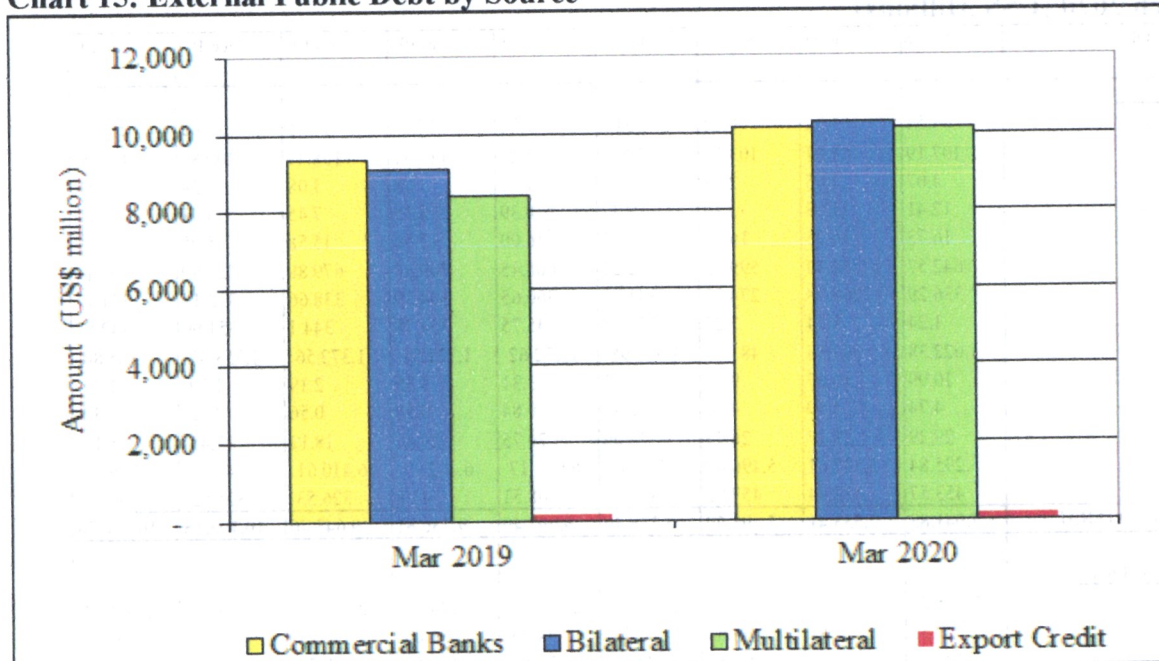
1/ incl. International Sovereign Bond

Note: The exchange rate as at end March 2020 was KSh. 104.69 per dollar.

Source of Data: National Treasury

44. Compared to the same period in FY 2018/19, external public debt stock from Commercial Banks, bilateral sources and multilateral institutions recorded an increase in the period ending March, 2020. External debt stock from suppliers' credit remained constant in March, 2019 and March, 2020 (**Chart 15**).

Chart 15: External Public Debt by Source



Source of Data: National Treasury

3.3.1 External Debt Service

45. By the end of March 2020, the total cumulative debt service payments to external creditors amounted to KSh. 169.9 billion. This comprised of KSh. 75.3 billion (44.4 percent) principal and KSh. 94.5 billion (55.6 percent) interest (Table 14).

FISCAL DEVELOPMENTS

Table 14: External Debt Service, July 2019 – March 2020 (KSh. Million)

CATEGORY	PRINCIPAL*	INTEREST*	TOTAL*
BILATERAL			
ABU DHABI	104.82	8.51	113.33
AUSTRIA	-	18.84	18.84
FINLAND	283.41	4.01	287.42
FRANCE	3,211.24	2,194.19	5,405.43
ITALY	781.66	1,252.52	2,034.18
JAPAN	2,706.97	358.62	3,065.59
SAUDI ARABIA	74.11	20.71	94.82
SPAIN	1,926.81	136.36	2,063.16
USA	324.98	46.17	371.15
CANADA	52.59	1.57	54.16
BELGIUM	1,475.81	162.80	1,638.61
GERMANY	1,553.30	314.43	1,867.73
CHINA	19,207.89	28,110.92	47,318.81
KUWAIT	153.47	21.54	175.01
NETHERLANDS	327.44	20.04	347.48
DENMARK	235.23	-	235.23
KOREA	81.99	19.53	101.53
UK	32.12	0.48	32.60
INDIA	611.54	153.45	764.99
ISRAEL	620.86	200.89	821.75
POLAND	-	6.56	6.56
TOTAL BILATERAL	33,766.25	33,052.12	66,818.37
MULTILATERAL			
ADB/ADF	1,189.76	1,988.58	3,178.34
BADEA	216.77	36.09	252.85
EIB/EEC	1,691.02	438.99	2,130.02
IDA	11,511.52	4,607.81	16,119.33
OPEC	349.56	73.14	422.70
NDF	30.14	10.29	40.43
IFAD	363.09	133.12	496.21
**IMF	-	-	-
TOTAL MULTILATERAL	15,351.86	7,288.02	22,639.88
COMMERCIAL	26,224.81	54,208.21	80,433.02
GRAND TOTAL	75,342.93	94,548.35	169,891.28

* Provisional

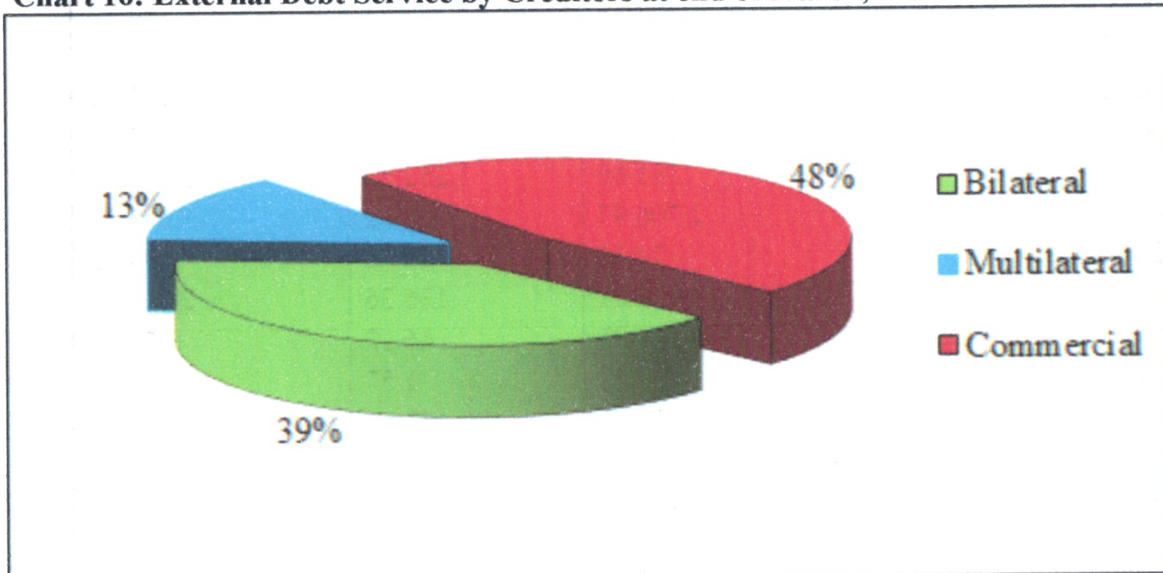
** IMF debt serviced by CBK

Source of Data: National Treasury

FISCAL DEVELOPMENTS

46. By the end of March 2020, the total cumulative debt service payments to external creditors comprised of 48 percent, 39 percent and 13 percent of the total payments to commercial, bilateral and multilateral creditors respectively (Chart 16).

Chart 16: External Debt Service by Creditors at end of March, 2020



Source of Data: National Treasury

GFSM 2014 COMPLIANT TABLES FOR BUDGETARY CENTRAL GOVERNMENT

Annex II: Revenue (KSh. Millions)

GFSM Code	Description	Annual Budget	PreL Actual	PreL Actual	PreL Actual
		Estimates FY2019/20	FY2019/20 Q1	FY2019/20 Q2	FY2019/20 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
1	Revenue	2,154,686	423,961	940,522	1,345,767
11	Taxes	1,914,170	394,014	802,129	1,165,564
111	Taxes on income, profits, and capital gains	884,369	180,721	367,429	519,714
1111	Payable by individuals	468,497	98,199	205,266	310,625
1112	Payable by corporations and other enterprises	415,872	82,522	162,163	209,088
114	Taxes on goods and services	836,645	176,277	357,785	528,145
1141	General taxes on goods and services	512,528	109,527	220,562	317,368
11411	Value-added taxes	495,980	105,779	211,544	305,657
11414	Taxes on financial and capital transactions ¹	16,548	3,748	9,018	11,711
1142	Excises ²	324,116	66,750	137,223	210,776
115	Taxes on international trade and transactions	193,156	37,017	76,915	117,706
1151	Customs and other import duties ³	193,156	37,017	76,915	117,706
12	Social contributions	1,128	48	240	318
122	Other social contributions	1,128	48	240	318
1221	Employee contributions	1,128	48	240	318
13	Grants	38,785	2,802	10,147	13,576
131	From foreign governments	33,785	2,802	8,207	10,675
1311	Current	-	-	-	-
1312	Capital	33,785	2,802	8,207	10,675
132	From international organizations	5,000	-	1,941	2,901
1321	Current	5,000	-	1,941	2,901
1322	Capital	-	-	-	-
14	Other revenue	200,604	27,097	128,005	166,309
141	Property income	39,030	8,046	90,257	101,007
1411	Interest	2,133	852	1,576	1,581
1412	Dividends	34,528	6,087	86,665	96,006
1415	Rent	2,369	1,107	2,016	3,421
142	Sales of goods and services	154,084	18,542	36,580	63,326
1422	Administrative fees	154,084	18,542	36,580	63,326
143	Fines, penalties, and forfeits	2,991	415	1,054	1,232
144	Miscellaneous and unidentified revenue	4,500	95	114	744

1/Includes Capital Gains Tax and Stamp duty

2/Includes Ordinary excise, RML, PDL, Electricity levy

3/ Includes Import duty, RDL, IDF

Source: National Treasury

Annex III: Expense (KSh. Millions)

GFSM Code	Description	Annual Budget	PreL Actual	PreL Actual	PreL Actual
		Estimates FY2019/20	FY2019/20 Q1	FY2019/20 Q2	FY2019/20 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
2	Expense	2,587,696	524,798	1,113,258	1,735,849
21	Compensation of employees	493,642	110,435	231,402	391,804
211	Wages and salaries	452,792	109,779	230,005	389,736
212	Social contributions	40,851	655	1,397	2,068
2121	Actual social contributions	40,851	655	1,397	2,068
22	Use of goods and services	393,496	100,516	210,259	238,881
	O/W Defence and NIS	142,191	26,554	71,977	97,125
	Free Secondary Education (FSE)	59,702	24,752	57,389	57,414
	Free Primary Education (FPE)	13,401	2,822	9,175	9,299
24	Interest	441,481	110,413	208,675	317,817
241	To nonresidents	150,941	34,163	61,512	94,548
242	To residents other than general government	290,540	76,250	147,164	223,269
25	Subsidies	1,953	129	1,329	1,503
251	To public corporations	1,953	129	1,329	1,503
252	To private enterprises	-	-	-	-
26	Grants	1,083,271	177,484	410,699	711,261
262	To international organizations	5,341	-	-	-
2621	Current	5,341	-	-	-
2622	Capital	-	-	-	-
263	To other general government units	1,077,929	177,484	410,699	711,261
2631	Current	592,034	90,220	227,038	346,840
	O/W Transfer to County Governments (ES)	217,000	38,550	78,429	137,362
	Transfer to Other levels of Government (SOEs)	375,034	51,671	148,609	209,478
2632	Capital	485,895	87,264	183,661	364,420
	O/W Transfer to County Governments (ES)	93,000	16,521	33,612	58,869
	Transfer to Other levels of Government (SOEs)	392,895	70,742	150,048	305,551
27	Social benefits	163,088	25,821	49,293	72,983
273	Employer social benefits	163,088	25,821	49,293	72,983
28	Other expense	10,765	-	1,600	1,600
282	Miscellaneous other expense	10,765	-	1,600	1,600

Source: National Treasury

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

GFSM Code	Description	Annual Budget Estimates FY2019/20	PreL. Actual FY2019/20 Q1	PreL. Actual FY2019/20 Q2	PreL. Actual FY2019/20 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
3	Change in Net Worth: Transactions	(426,828)	(68,415)	(198,045)	(418,100)
31	Net acquisition of nonfinancial assets	200,923	19,498	104,511	131,733
311	Fixed assets	201,188	19,498	104,511	131,733
3111	Buildings and structures	194,741	18,740	102,604	128,458
3113	Other fixed assets	6,446	758	1,907	3,275
32	Net acquisition of financial assets	3,223	3,456	6,114	(73,310)
3212	Currency and deposits (Domestic)	3,223	3,456	6,114	(73,310)
33	Net incurrence of liabilities	630,974	91,369	308,669	476,523
331	Domestic	300,314	78,551	184,459	303,487
3313	Securities other than shares	300,314	67,635	161,052	295,765
3314	Loans	-	10,916	5,321	(3,795)
	Other Accounts Payable			18,087	11,517
332	Foreign	330,660	12,818	124,210	173,036
3323	Securities other than shares	200,000	-		
3324	Loans	130,660	12,818	124,210	173,036

Source: National Treasury

ANNEXES

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

GFSM Code	Description	Budget Estimates FY2019/20	Prel. Actual FY 2019/20 Q1	Actual FY 2019/20 Q2	Prel. Actual FY2019/20 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
	Cash Flows from Operating Activities:				
1	Cash receipts from operating activities	2,154,686	423,961	940,522	1,345,767
11	Taxes	1,914,239	394,014	802,129	1,165,564
12	Social contributions	1,128	48	240	318
13	Grants	38,785	2,802	10,147	13,576
14	Other receipts	200,535	27,097	128,005	166,309
2	Cash payments for operating activities	2,587,696	524,798	1,113,260	1,735,849
21	Compensation of employees	493,642	110,435	231,404	391,804
22	Purchases of goods and services	393,496	100,516	210,259	238,881
24	Interest	441,481	110,413	208,675	317,817
25	Subsidies	1,953	129	1,329	1,503
26	Grants	1,083,271	177,484	410,699	711,261
27	Social benefits	163,088	25,821	49,293	72,983
28	Other payments	10,765	-	1,600	1,600
	Net cash inflow from operating activities	(433,009)	(100,837)	(172,738)	(390,081)
	Cash Flowa from Investments in Nonfinancial Assets (NFAs):				
31A	Purchases of nonfinancial assets	200,923	19,498	104,511	131,733
311A	Fixed assets	200,923	19,498	104,511	131,733
31	Net cash outflow: investments in NFAs (31=31.1-31.2)	200,923	19,498	104,511	131,733
	Cash surplus / deficit	(633,932)	(120,335)	(277,249)	(521,814)
	Cash Flows from Financing Activities:				
32x	Net acquisition of financial assets other than cash	3,223	3,456	6,114	(73,310)
321x	Domestic	3,223	3,456	6,114	(73,310)
322x	Foreign	-	-	-	-
33	Net incurrence of liabilities	630,974	91,369	308,669	476,523
331	Domestic	300,314	78,551	184,459	303,487
332	Foreign	330,660	12,818	124,210	173,036
NFB	Net cash inflow from financing activities	627,751	87,913	302,556	403,213
	Net change in the stock of cash	(6,181)	(32,422)	25,307	28,019
	Statistical Discrepancy⁴	-	-	-	-

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

Source: National Treasury

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

GFSM Code	Description	Annual Budget Estimates FY2019/20	Prel. Actual FY2019/20 Q1	Prel. Actual FY2019/20 Q2	Prel. Actual FY2019/20 Q3
	<i>Accounting method:</i>	<i>Non Cash</i>	<i>Non Cash</i>	<i>Non Cash</i>	<i>Non Cash</i>
	Transactions Affecting Net Worth:				
1	Revenue	2,154,686	423,961	940,522	1,345,767
11	Taxes	1,914,239	394,014	802,129	1,165,564
12	Social contributions	1,128	48	240	318
13	Grants	38,785	2,802	10,147	13,576
14	Other revenue	200,535	27,097	128,005	166,309
2	Expense	2,587,696	524,798	1,113,260	1,735,849
21	Compensation of employees	493,642	110,435	231,404	391,804
22	Use of goods and services	393,496	100,516	210,259	238,881
24	Interest	441,481	110,413	208,675	317,817
25	Subsidies	1,953	129	1,329	1,503
26	Grants	1,083,271	177,484	410,699	711,261
27	Social benefits	163,088	25,821	49,293	72,983
28	Other expense	10,765	-	1,600	1,600
GOB	Gross operating balance	(433,009)	(100,837)	(172,738)	(390,081)
NOB	Net operating balance	(433,009)	(100,837)	(172,738)	(390,081)
	Transactions on Nonfinancial Assets:				
31	Net Acquisition of Nonfinancial Assets	200,923	19,498	104,511	131,733
311	Fixed assets	200,923	19,498	104,511	131,733
NLB	Net lending / borrowing	(633,932)	(120,335)	(277,249)	(521,814)
	Transactions on Financial Assets and Liabilities (Financing):				
32	Net acquisition of financial assets	3,223	3,456	6,114	(73,310)
321	Domestic	3,223	3,456	6,114	(73,310)
322	Foreign	-	-	-	-
33	Net incurrence of liabilities	630,974	91,369	308,669	476,523
331	Domestic	300,314	78,551	184,459	303,487
332	Foreign	330,660	12,818	124,210	173,036
	Statistical Discrepancy⁵	(6,181)	(32,422)	25,307	28,019

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

Source: National Treasury

