THE NATIONAL ASSEMBLY
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THE NATIONAL TREASURY AND PLANNING

THE BUDGET SUMMARY FOR THE FISCAL YEAR 2022/23 AND THE SUPPORTING INFORMATION

APRIL 2022

TABLE OF CONTENTS

I. BACKGROUND....3

II. POLICY FRAMEWORK FOR THE FY 2022/23 BUDGET AND THE MEDIUM TERM....4

III. MEASURES TAKEN BY THE NATIONAL GOVERNMENT TO IMPLEMENT RECOMMENDATIONS MADE BY THE NATIONAL ASSEMBLY FOR PREVIOUS FINANCIAL YEAR(S)....12

IV. HIGHLIGHTS OF THE FY 2022/23 BUDGET....19

V. ADHERENCE TO FISCAL RESPONSIBILITY PRINCIPLES....28

VI. MEMORANDUM ON THE RESOLUTIONS ADOPTED BY THE NATIONAL ASSEMBLY ON THE 2022 BUDGET POLICY STATEMENT....31

VII. REVENUE AND EXPENDITURE ALLOCATION FROM THE EQUALIZATION FUND....40

VIII. REVENUE ALLOCATION TO COUNTY GOVERNMENTS, INCLUDING CONDITIONAL AND UNCONDITIONAL GRANTS....41

IX. OTHER BUDGET DOCUMENTS AND INFORMATION....44

THE BUDGET SUMMARY FOR THE FISCAL YEAR 2022/23 AND THE SUPPORTING INFORMATION

I. BACKGROUND

1. The Constitution of Kenya, 2010 and the Public Finance Management (PFM) Act, 2012, require the Cabinet Secretary responsible for finance to submit to the National Assembly the Budget Estimates of the Government for the next financial year at least two months before the end of the financial year.

2. In fulfilment of this legal requirement, the National Treasury and Planning has prepared this Budget Summary and other documents in support of the FY 2022/23 Budget. This Budget Summary includes:

i. Policy framework for the FY 2022/23 Budget and the Medium Term;

ii. A Statement specifying the measures taken by the National Government to implement the recommendations made by the National Assembly with respect to the Budget for the previous financial years;

iii. Highlights of the FY 2022/23 Budget;

iv. An explanation of how the fiscal responsibility principles and the financial objectives over the Medium Term are being met;

v. A memorandum by the Cabinet Secretary on the resolutions adopted by the National Assembly on the 2022 Budget Policy Statement;

vi. Information regarding loans, guarantees and other liabilities;

vii. Revenue allocations to County Governments from the National Government's share in terms of Article 202 of the Constitution, including conditional and unconditional transfers;

viii. Estimates of revenue and expenditure for State Corporations for the FY ending 30th June, 2023; and

ix. All estimated revenue by broad economic classification.

II. POLICY FRAMEWORK FOR THE FY 2022/23 BUDGET AND THE MEDIUM TERM

Policy Framework underpinning the FY 2022/23 Budget

Global Growth Outlook

3. The FY 2022/23 Budget is prepared against a background of moderate growth of 4.4 percent in 2022 from a recovery of 5.9 percent in 2021 and a contraction of 3.1 percent in 2020. Economic prospects vary across countries with the emerging markets and developing economies estimated to have picked up slowly compared to advanced economies given different country policy responses to the pandemic.

4. Growth in the advanced economy is projected to slow down to 3.9 percent in 2022 from 5.0 percent in 2021. This reflects the removal of the Build Back Better fiscal policy package, earlier withdrawal of monetary accommodation, and continued supply chain disruptions in the United States. Additionally, mobility restrictions imposed toward the end of 2021 combined by prolonged supply constraints are expected to drag on growth in the euro area in early 2022.

5. Growth in the emerging market and developing economies is also projected to slow down to 4.8 percent in 2022 from a growth of 6.5 percent in 2021. This reflects a strict zero-COVID strategy in China leading to recurrent mobility restrictions and deteriorating prospects for construction sector employment. Consistent with forecast in other regions, economic growth in Sub-Saharan Africa region is projected to slow down slightly in 2022 to 3.7 percent from 4.0 percent in 2021. This is as a result of a slowdown in South Africa's growth due to a weaker outlook for investment as business sentiment remains subdued. Growth in Sub-Saharan Africa in 2022 will be supported by a recovery in both private consumption and investment as economies re-open.

Domestic Economic Growth Outlook

6. On the domestic scene, Kenya's economy showed remarkable resilience to the COVID-19 shock in 2020 and staged strong recovery in 2021. In the first three quarters of 2021 following the easing of COVID-19 restrictions, reopening of the economy as well as targeted stimulus

interventions by the Government, the economy registered strong growth rates. In the first quarter of 2021, the economy grew by 2.0 percent, and accelerated to 11.9 percent in the second quarter and 9.9 percent in the third quarter. This growth was supported by continued recovery in manufacturing, transport and storage, education, accommodation and food services, and wholesale and retail trade. However, agricultural production was constrained during the period due to drought conditions in most parts of the country.

7. Leading indicators point towards a much stronger growth in the fourth quarter of 2021. Overall growth is estimated at 7.6 percent in 2021 (from the initial 6.0 percent in the 2022 Budget Policy Statement) recovering from the contraction of 0.3 percent in 2020. The growth in 2021 is largely reflected in the recovery in services sectors and the lower base effect of 2020.

8. In 2022, the economy is projected to stabilise at 6.0 percent supported by the prevailing stable macroeconomic environment, favourable weather conditions to support agricultural output and drive food processing (manufacturing), and the continued recovery in industry and services. With the ongoing vaccinations against COVID-19 that targets 26 million people aged 18 and above by end of 2022, it is expected that greater interactions will allow increased interactions in business activities.

9. From an expenditure perspective, private consumption is expected to support aggregate demand. Private consumption growth is estimated to surpassed its pre-COVID-19 trend in 2021, supported by the ongoing labour market recovery, improved consumer confidence, and resilient remittances. In contrast, the growth of government consumption and investment is expected to remain subdued, as a result of the needed fiscal consolidation efforts.

10. Additionally, this outlook will be reinforced by the ongoing implementation of the strategic priorities of the Government. The policies in the FY 2022/23 budget have been anchored on the Medium-Term Plan III of the Vision 2030 and further prioritized the "Big Four" Agenda of universal healthcare, food and nutrition, housing and expanding manufacturing. The Government will also continue

implementing the Economic Recovery Strategy (ERS), which is aligned to the "Big Four" Agenda, to mitigate the adverse impact of the COVID-19 Pandemic on the economy and re-position the economy on a steady and sustainable growth trajectory thereby creating jobs and economic opportunities across all regions of the country with a view to tackling social and income inequalities

11. Building on the gains made under the first and second phase of the Economic Stimulus Programme, the Government is implementing the third phase which is designed to accelerate the pace of our economic growth. In this phase, the Government is implementing thirteen strategic interventions in key productive and service sectors including:

- the roll out of the third phase of the "Kazi Mtaani" Programme to create employment for over 200,000 youths across the country;
- adequately preparation of the education sector for the next phase of curriculum reforms where approximately one million students are transitioning to junior secondary school in January 2023;
- construction of additional 50 New Level 3 Hospitals in non-covered and densely populated areas across the Country to enhance access to medical coverage;
- support to livelihoods of farmers within the sugar belt;
- support to communities affected by the ongoing drought especially in ASAL counties;
- provision of fertilizer subsidy to small scale tea farmers; and
- completion of ongoing interventions in the coffee sub-sector.

12. The Government fiscal policy continues to focus on enhanced revenue mobilization, expenditure prioritization and reduction of the fiscal deficit. We are developing the National Tax Policy and the Medium-Term Revenue Strategy (MTRS) which will strengthen revenue mobilization and reinforce the fiscal consolidation plan. This coupled with expenditure prioritization will ensure the fiscal deficit remains at debt stabilizing levels.

13. There are down side risks to this macroeconomic outlook emanating from domestic as well as external sources. On the domestic

front, the emergence of new Omicron COVID-19 variants may occasion restrictive measures. Other risks relate to lower agricultural output due to potential adverse weather conditions. Additionally, increased public expenditure pressures, particularly wage and other recurrent expenditures, would put a strain to the fiscal space.

14. On the external front, a weaker global growth is projected for 2022 and 2023, driven by expected lower growth in the two largest economies (the United States and China). Uncertainties in the global economic outlook have also increased, reflecting elevated risks from COVID-19 variants, volatility in global financial markets and supply chain disruptions. The conflict in the Eastern Europe has heightened the risk of oil price volatility and inflation developments.

15. The upside risk to the domestic economy relate to faster than projected rebound in economic activities that would result in higher Government revenues providing fiscal space that would support fiscal consolidation. The Kenyan Government continues to monitor the domestic and external environment and will take appropriate policy measures to safeguard the economy against the adverse effects of the risks if they were to materialize.

Fiscal Policy Framework for the FY 2022/23 Budget and the Medium Term

16. In the FY 2022/23 budget and over the medium term, the Government will continue with its revenue mobilization and expenditure prioritization policy geared towards economic recovery. This will support sustained, rapid and inclusive economic growth, safeguard livelihoods and continue the fiscal consolidation programme, thus creating a fiscal space for the implementation of the "Big Four" Agenda and other priority programmes in the medium term. This will curtail growth in public expenditures to ensure it attains its fiscal consolidation path over the medium term and strengthen management of public debt to minimize cost and risks of the portfolio, while accessing external concessional funding to finance development projects. The fiscal deficit is projected to decline from 8.1 percent of GDP in FY 2021/22 to 6.2 percent of GDP in FY 2022/23 and further to 3.2 percent of GDP by FY 2025/26 **(Table 1 and Annex Tables 2 (a-b) and 3 (a-b)).**

17. **Revenue and Tax Reforms:** Revenue performance will be underpinned by the on-going reforms in tax policy and revenue administration. In addition, the economic recovery occasioned by implementation of priority programmes under the Economic Recovery Strategy, the "Big Four" Agenda and other priority programmes outlined in MTP III are expected to boost revenue. The Government continues to minimize tax expenditures and increase predictability in the tax system that will boost revenue performance.

18. The Government is in the process of developing a National Tax Policy that will enhance administrative efficiency of the tax system, provide consistency and certainty in tax legislation and management of tax expenditure. The administrative reforms will be geared towards tax base expansion, strengthening compliance and enforcement functions, smart intelligence and investigation, and integrated border management.

19. The tax base expansion programmes will be implemented through enhancing compliance from the informal sector, simplifying tax processes, enhancing tax payer education, use of Geographic Information System (GIS) for Block Management System, increase compliance by High-Net-Worth Individuals (HNWI), taxation of the digital economy, and strategic collaboration and partnerships for revenue mobilization. The compliance and enforcement function aims to ensure a holistic approach through centralized command and timely utilization of smart intelligence, which will be paramount in enhancing tax compliance and curbing corruption, fraud and tax evasion.

20. In order to adopt a comprehensive approach for undertaking effective tax system reforms for boosting tax revenues and improving the tax system over the medium term, the Government intends to develop a Medium-Term Revenue Strategy (MTRS) with a four-year time horizon to undertake comprehensive reforms of tax policy and revenue administration for eliminating tax gap by FY 2029/30 to mobilize adequate resources for financing development needs. The MTRS, together with public expenditures rationalization will support fiscal consolidation. It will also outline among others the tax reforms priorities aimed at increasing revenue to a level that will facilitate financing of the expenditure needs outlined in MTPs of the Vision 2030.

The MTRS is also expected to galvanize across board support of the government and government agencies, the private sector including the civil society and the general public towards domestic resource mobilization in order to sustainably fund the growing government needs and the achievements of development goals.

21. **Expenditure Rationalization:** the Government will continue to restrict growth in recurrent spending and double its effort in domestic resource mobilization. The Government has also been cutting down on non-priority expenditures such as hospitality, training, travel and freezing of employment in non-priority sectors in order to manage the public wage bill. In order to ease the burden of pension payments in future, the Government will continue with implementation of the Super Annuation Scheme for all civil servants below the age of 45 years rolled out in January 2021. In addition, to support devolution and to ensure quality services are offered by devolved units, the equitable share has been retained at Ksh 370.0 billion in the FY 2022/23 in line with the fiscal consolidation plan.

22. **Revenue Projections:** Underpinned by the ongoing reforms in tax policy and revenue administration, revenue collection including Appropriation-in-Aid (A.i.A) is projected to increase from the projected Ksh 2,124.5 billion (16.8 percent of GDP) in the FY 2021/22 to Ksh 2,447.0 billion (17.5 percent of GDP) in the FY 2022/23 and further to Ksh 3,533.8 billion (18.0 percent of GDP) in the FY 2025/26. The revenues in FY 2022/23 comprise of ordinary revenues of Ksh 2,141.6 billion (15.3 percent of GDP) and Ministerial A-i-A of Ksh 305.4 billion (2.2 percent of GDP).

23. **Expenditure Projections:** The Government expenditure is projected at Ksh 3,215.2 billion (25.4 percent of GDP) in the FY 2021/22; Ksh 3,342.8 billion (23.9 percent of GDP) in FY 2022/23; and Ksh 4,221.2 billion (21.6 percent of GDP) in FY 2025/26. The expenditures in FY 2022/23 comprise of recurrent of Ksh 2,255.0 billion (16.1 percent of GDP) and development of Ksh 676.7 billion (4.8 percent of GDP). Total allocation to County Governments is projected at Ksh 407.0 billion (2.9 percent of GDP) while allocation to Contingency Fund is projected at Ksh 4.0 billion.

24. **Deficit Financing:** Given the commitment to contain expenditures and revenue recovery measures put in place, fiscal deficit inclusive of grants is projected to decline from Ksh 1,024.3 billion (8.1 percent of GDP) in the FY 2021/22 to Ksh 862.5 billion (6.2 percent of GDP) in the FY 2022/23 and further to Ksh 634.1 billion (3.2 percent of GDP) in the FY 2025/26. This fiscal deficit for FY 2022/23 will be financed by net external borrowing of Ksh 280.7 billion (2.0 percent of GDP) and net domestic borrowing of Ksh 581.7 billion (4.2 percent of GDP).

25. Towards this end, official external sources for loans on concessional terms will be maximized while non-concessional, commercial external borrowing and sovereign bond issuance will be limited to projects with high financial and economic returns in line with Government`s development Agenda. These sources will be diversified by the Government maintaining its presence in the international and domestic capital markets including exploring green and climate change financing options. In addition, the Government will implement reforms in the domestic debt market aimed at deepening and improving efficiency to reduce costs and yields on domestic debt and make credit affordable to all sectors.

Table 1: Medium Term Fiscal Framework

Financial Year	FY 2020/21	FY 2021/22		FY 2022/23		FY 2023/24	FY 2024/25	FY 2025/26	FY 2020/21	FY 2021/22		FY 2022/23		FY 2023/24	FY 2024/25	FY 2025/26
	Prel.	Budget	Approved Revised I	BPS'22	Budget	Projections			Prel.	Budget	Approved Revised I	BPS	Budget	Projections		
	Ksh. Billions								As a share of GDP							
TOTAL EXPENDITURE AND NET LENDING	2,749.5	3,030.3	3,215.2	3,324.4	3,342.8	3,562.2	3,875.6	4,221.2	24.3	24.2	25.4	23.7	23.9	22.8	22.2	21.6
1.1 Recurrent Expenditure (1.2+1.3)	1,796.6	1,991.9	2,162.3	2,201.0	2,255.0	2,365.7	2,577.5	2,804.9	15.9	15.9	17.1	15.7	16.1	15.1	14.8	14.3
1.2 Ministerial Recurrent Expenditures	1,188.6	1,294.5	1,419.7	1,362.8	1,413.8	1,479.5	1,618.1	1,790.5	10.5	10.3	11.2	9.7	10.1	9.5	9.3	9.1
o/w wages and salaries	493.0	526.1	526.6	560.7	560.7	600.0	645.3	703.4	4.4	4.2	4.2	4.0	4.0	3.8	3.7	3.6
Government contribution to civil service pension	3.3	20.8	20.8	25.9	25.9	28.5	31.3	34.4	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2
1.3 Interest payment and pension	608.0	697.5	742.6	838.2	841.2	886.2	959.4	1,014.4	5.4	5.6	5.9	6.0	6.0	5.7	5.5	5.2
1.4 Ministerial development expenditure	553.9	623.5	643.0	711.8	674.4	751.0	853.5	949.3	4.9	5.0	5.1	5.1	4.8	4.8	4.9	4.8
o/wDomestically financed	386.9	342.1	390.1	399.1	379.7	401.1	463.5	517.6	3.4	2.7	3.1	2.9	2.7	2.6	2.7	2.6
Foreign financed	167.0	281.4	252.9	312.7	294.7	349.9	390.0	431.7	1.5	2.2	2.0	2.2	2.1	2.2	2.2	2.2
1.5 Net lending	-	-	-	-	2.3	28.3	22.2	19.6	-	-	-	-	0.0	0.2	0.1	0.1
1.6 Contigencies Fund	-	5.0	-	5.0	4.0	5.0	5.0	5.0	-	0.0	-	0.0	0.0	0.0	0.0	0.0
1.7 County Allocation	399.0	409.9	409.9	406.5	407.0	412.3	417.5	442.5	3.5	3.3	3.2	2.9	2.9	2.6	2.4	2.3
o/wEquitable Share	346.2	370.0	370.0	370.0	370.0	375.0	380.2	405.2	3.1	3.0	2.9	2.6	2.6	2.4	2.2	2.1
2.0TOTAL REVENUES	1,783.7	2,038.7	2,124.5	2,431.4	2,447.0	2,820.8	3,146.0	3,533.8	15.8	16.3	16.8	17.4	17.5	18.1	18.1	18.0
2.1 Ordinary Revenue	1,562.0	1,775.6	1,808.3	2,141.6	2,141.6	2,516.3	2,822.6	3,189.2	13.8	14.2	14.3	15.3	15.3	16.1	16.2	16.3
2.2 Ministerial AiA	221.7	263.0	316.3	289.8	305.4	304.5	323.3	344.6	2.0	2.1	2.5	2.1	2.2	1.9	1.9	1.8
3.0 GRANTS	31.3	62.0	66.4	46.9	33.3	48.1	49.3	53.2	0.3	0.5	0.5	0.3	0.2	0.3	0.3	0.3
3.1 Amisom and other program grants	8.9	2.5	3.0	-	-	-	-	-	0.1	0.0	0.0	-	-	-	-	-
3.2 project grants	22.4	40.3	43.0	46.9	33.3	48.1	49.3	53.2	0.2	0.3	0.3	0.3	0.2	0.3	0.3	0.3
3.3 Nairobi Metropolitan Service	-	19.2	20.3	-	-	-	-	-								
4.0 Adjustments to cash basis	5.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.0 DEFICIT	(929.3)	(929.7)	(1,024.3)	(846.1)	(862.5)	(693.4)	(680.4)	(634.1)	(8.2)	(7.4)	(8.1)	(6.0)	(6.2)	(4.4)	(3.9)	(3.2)
6.0 Descripancy	20.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7.0 FINANCING	950.2	929.7	1,024.3	846.1	862.5	693.4	680.4	634.1	8.4	7.4	8.1	6.0	6.2	4.4	3.9	3.2
7.1 External Commercial Financing	114.3	475.3	124.3	105.6	105.6	270.0	-	-	1.0	3.8	1.0	0.8	0.8	1.7	-	-
7.2 Project Loans	168.7	273.5	234.2	302.0	286.5	338.8	377.6	415.4	1.5	2.2	1.9	2.2	2.0	2.2	2.2	2.1
7.3 Semi consensional Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7.4 Use of IMF SDR Allocation			40.3													
7.5 Programme and other consensional loans	168.6	135.4	163.2	110.7	129.7	65.4	3.5	-	1.5	1.1	1.3	0.8	0.9	0.4	0.0	-
o/w P for R Program loans	11.0	3.5	3.5	3.5	3.5	3.5	3.5	-	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-
Rapid Credit Facility from IMF	76.9	57.6	57.5	63.2	63.2	61.9	-	-	0.7	0.5	0.5	0.5	0.5	0.4	-	-
Support for COVID-19 Vaccine Purchase	-	-	8.1	-	6.2	-	-	-								
DPO- WB	80.8	74.3	82.5	44.0	44.0	-	-	-	0.7	0.6	0.7	0.3	0.3	-	-	-
DPO -ADB			11.7	-	12.7											
7.6 Foreign Repayments	(128.3)	(613.1)	(202.1)	(242.5)	(241.1)	(475.6)	(281.5)	(289.5)	(1.1)	(4.9)	(1.6)	(1.7)	(1.7)	(3.0)	(1.6)	(1.5)
7.7 Domestic Financing	626.9	658.5	664.4	570.2	581.7	494.7	580.7	508.2	5.5	5.3	5.3	4.1	4.2	3.2	3.3	2.6
Nominal GDP (Fiscal Year)	11,304.1	12,514.5	12,646.2	14,002.1	14,002.5	15,616.7	17,419.6	19,580.5	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

NB. Ministerial Expenditures includes revised ceilings for Judiciary and Parliament

III. MEASURES TAKEN BY THE NATIONAL GOVERNMENT TO IMPLEMENT RECOMMENDATIONS MADE BY THE NATIONAL ASSEMBLY FOR PREVIOUS FINANCIAL YEAR(S)

26. Section 38 (1) (f) of the PFM Act, 2012 requires the National Treasury to submit a statement specifying the measures taken by the national government to implement any recommendations made by the National Assembly with respect to the budget for the previous financial year or years. Below we highlight a number of measures taken by the National Government to implement National Assembly resolutions on the FY 2021/22 Budget, FY 2021/22 Supplementary Estimates No. 1 and the 2022 Budget Policy Statement.

A. STATUS OF IMPLEMENTATION OF THE RECOMMENDATIONS BY THE NATIONAL ASSEMBLY ON THE 2021/22 BUDGET

Resolution 1: That, the National Treasury sets up a Fund that may be financed through long term bond for the repayment of the existing pending bills and court awards. The Fund should be in place by 1st October, 2021.

27. **Action taken:** The National Treasury is committed to settling all verified pending bills and court awards. Indeed, allocation for payment of pending bills and court awards is one of the criteria issued to MDAs and Sector Working Groups during prioritization and allocation of resources.

28. Payment of existing pending bills and court awards through issuance of long term bonds may not be tenable at the moment given the prevailing fiscal environment in view of the magnitude of these bills. This is constrained by the approved debt ceiling as well as the fiscal consolidation programme that the Government has committed to ensure a sustainable fiscal deficit.

29. Secondly, payment of pending bills and court awards is best implemented through the normal appropriations to MDAs. Creation of a fund for such a purpose will required clear justification as provided for in Section 207 (b) of PFM Regulations, 2015 which obliges that the

functions and the public services to be delivered through a Fund should be those that cannot be delivered through the structure of budget appropriations.

30. The National Treasury will formulate a sustainable strategy to ensure that all pending bills and court awards are gradually settled within a sustainable fiscal framework. This includes enhancement of revenue generation measures to sustainably finance these critical expenditures. We will also ensure that MDAs prioritize payment of verified pending bills and court awards within the available resources over the Medium-Term.

31. The National Treasury intends to issue infrastructure bond to pay verified pending bills for infrastructure projects should the debt ceiling be reviewed to accommodate such borrowing.

Resolution 2: That, the State Department for University Education and the Ministry of Environment and Forestry under the Kenya Forest Service, should sign an MOU with KRA on how the non-remitted tax dues will be paid. A report of this should be submitted to the National Assembly by 1st October, 2021.

32. **Action taken:** The State Department for University Education and the Ministry of Environment and Forestry to provide the status of this resolution.

Resolution 3: That, to facilitate the expansion of exports and facilitate growth, an export management office be established which will have representation from all agencies that deal with the entire export value chain of Kenyan products. The office should be domiciled in the Department of Trade. A status report on the establishment of the office should be submitted to the National Assembly by 30th September, 2021.

33. **Action taken:** According to the Executive Order No. 1 of 2020, exports policy and export promotion and branding initiatives to promote Kenyan goods and services in export markets is the mandate of the State Department of Trade and Enterprise Development.

Kenya Export Promotion and Branding Agency (KEPROBA), a State Corporation established under the State Corporations Act Cap 446 through Legal Notice No. 110 of August 9th, 2019 after a merger between Export Promotion Council and Brand Kenya Board, is mandated to implement export promotion and nation branding initiatives and policies to promote Kenya's export of goods and services.

34. The Ministry has also established a Government Multi-Agency Team (GMAT) on Export Delivery whose operationalization is underway through the leadership of each Integrated National Export Development and Promotion Strategy (INEDPS) Chapter lead Ministry.

35. The establishment of the Export Management Office (EMO) as resolved by Parliament may in this regard result in duplication of roles currently being performed by existing Government institutions as well as additional financial requirement for establishment and operations. This should also take into cognizance the powers bestowed on the President by Article 132 (3) (b) of the Constitution as read with other enabling laws.

36. We therefore, propose the need to review any existing weaknesses and challenges which should be addressed through amendments to the legal frameworks and strengthening of existing institutions to ensure efficiency and prudence.

Resolution 4: That, the State Department for Trade conducts a study on the need to establish trade offices or logistical centers in key existing or potential markets within the various regional economic blocks and countries which have established bilateral relations with Kenya. This is in order to focus on international export opportunities that match Kenya's current/potential business capability. The Study should be completed by 31st December, 2021.

37. **Action taken:** The State Department for Trade should provide status of the Study. However, there is need to use existing diplomatic postings in these Countries to achieve the objectives of this resolution and ensure cost effectiveness.

Resolution 5: That, the Ministry of Petroleum and Mining enhances is monitoring and evaluation Framework in oil and gas exploration and submit a report o it to the National Assembly by 1st October, 2021.

38. **Action taken:** The Ministry of Petroleum and Mining to provide status of this resolution.

Resolution 6: That, the State Department for ICT and Innovation institutes a robust Monitoring and Evaluation Framework on the rehabilitation works of the existing ICT infrastructure (NOFBI II Cables and Last Mile County Connectivity Network). A report on the Framework should be submitted to the national Assembly by 1st September, 2021.

39. **Action taken:** The State Department for ICT and Innovation to provide status of this resolution.

Resolution 9: That, the government logistics be interlinked and provided for by government institutions such as Kenya Railways Corporation, Kenya Ports Authority, Postal Corporation of Kenya and Kenya Airways. This should be in place by end of FY 2021/22 and managed by the seemingly efficient MDAs.

40. **Action taken:** The process of restructuring these State Corporations to achieve their intended objectives is ongoing.

Resolution 10: That, the Ministry of Lands and Physical Planning commences the use of cashless revenue collection systems by 30th May, 2021.

41. **Action taken:** The Ministry of Lands and Physical Planning should provide status of this resolution.

Resolution 11: That, the National Treasury, the State Department for Social Protection and the State Department for ASAL consolidate all existing cash transfer programmes under one umbrella. A report on this exercise should be submitted to the National Assembly by 1st January, 2022.

42. **Action taken:** It the desire of the government to harmonize the implementation of the government cash transfer programmes including Cash Transfer for Orphans and Vulnerable Children (CT-OVC), Older Persons Cash Transfer (OPCT), Cash Transfer for Persons with Severe Disabilities (CT-PWSD) and the Hunger Safety Net Programme, implemented under the State Department for ASAL.

43. Efforts are being made to actualize this objective through the development of a consolidation strategy to guide the anticipated harmonized approach. Under the consolidation process, a harmonized targeting tool has been developed marking a key milestone in the consolidation process.

44. The key components and areas of focus in consolidation include targeting, monitoring and evaluation, complaints, compliments and grievances, payment, Management Information System and Single Registry, exit, graduation and complementarities as well as finance and audit.

45. However, while it is desirable to have all the four (4) Cash Transfer Programmes under one umbrella body, this would require re-organization of the Government by placing institutions and related functions under one State Department which is a prerogative of the President as enshrined in the Constitution under Article 132 (3).

46. The Hunger Safety Net Programme was designed as a shock responsive mechanism to safeguard livelihood against the adverse effects of drought. The programme has an element of vertical and horizontal scalability during implementation depending on severity of drought. Hence funds for this programme should be ring fenced as disbursement to beneficiaries is not constant throughout the year unlike the other three (3) cash Transfer Programmes under the State Department for Social Protection with regular payments.

Resolution 12: That, the State Department for University Education and Universities Funding Board completes the review of the University Funding Formula by 1st October, 2021 to ensure it supports the recently established universities which seem to be disadvantaged with the current formula in

place. The amended formula should also be applied in the allocation of infrastructure funds to various universities.

47. **Action taken:** The State Department for University Education to provide status of this resolution.

Resolution 13: That, the Ministry of Health, the National Treasury, the Ministry of Labour and Social Protection, the Ministry of Education and the NHIF actualize the amalgamation of EduAfya Medical Insurance, Linda Mama, Health Insurance Subsidy Programme (HISP), Orphans and Vulnerable Children Cash Transfer (OVC-CT) to form one UHC scheme for the indigents through National Hospital Insurance Fund. A report should be submitted to the National Assembly by 1st October, 2021.

48. **Action taken:** The Ministry of Health is in the process of developing a Cabinet Memorandum to harmonize the various existing insurance programmes in Government to ensure efficiency and eliminate any duplication that may exist.

49. The National Treasury will engage the respective implementing MDAs of the various medical insurance schemes to fast track the consolidation over the Medium-Term resolved by the National Assembly.

B. STATUS OF IMPLEMENTATION OF THE RESOLUTIONS OF THE NATIONAL ASSEMBLY ON THE 2021/22 SUPPLEMENTARY ESTIMATES NO.1

50. During the approval of the FY 2021/22 Supplementary Estimates No. 1, the National Assembly made the following resolutions which we have addressed as indicated in the subsequent paragraphs.

i. Policy Recommendations

Resolution 1: That, in the 13th Parliament, the Public Finance Management Act, 2012 and its attendant Regulations should be reviewed to provide succinct guidelines on the budget items that should be funded under Article 223 of the Constitution.

51. **Action taken:** The provisions under Article 223 of the Constitution provide clear criteria on the application and procedure to be followed in the implementation of funding under the Article.

Resolution 2: That, any funds withdrawn from the Contingency Fund should be outlined on a separate schedule when Supplementary Estimates are tabled in the House.

52. **Action taken:** The National Treasury has been submitting a schedule of all approvals granted under Article 223 of the Constitution including disbursements from the Contingency Fund as required by the Constitution.

Resolution 3: That, once supplementary estimates is submitted to the National Assembly, any addendum to the revised budget will not be accepted;

53. **Action taken:** The National Treasury is committed to adhere to this resolution of the National Assembly.

ii. Financial Recommendations

Resolution 1: Supplementary Estimates No. 1 of the FY 2021/22 is finalized as per the attached schedule 1 and 2.

54. **Action taken:** The FY 2021/22 Supplementary Estimates No. 1 was finalized on the basis of the financial recommendations as contained in Schedules 1 and 2 of the resolutions of the National Assembly.

IV. HIGHLIGHTS OF THE FY 2022/23 BUDGET

55. The policies to be implemented in the FY 2022/23 aim to provide an enabling environment critical for accelerating economic recovery and improving livelihoods of Kenyans. Towards this end, the Government will strengthen implementation of programmes and measures that ensure a more inclusive growth that fosters macroeconomic stability.

56. The FY 2022/23 and the Medium-Term Budget is anchored on the Medium-Term Plan III of the Vision 2030 and further prioritized the "Big Four" Agenda of universal healthcare, food and nutrition, housing and expanding manufacturing. The Government will also continue implementing the Economic Recovery Strategy (ERS) to mitigate the adverse impact of the COVID-19 Pandemic on the economy and re-position the economy on a steady and sustainable growth trajectory.

57. The Government will also undertake the following strategic interventions anchored in the MTP III to achieve a resilient and sustainable economic recovery:

i. Roll out the third Economic Stimulus Programme for sustainable growth;
ii. Accelerate implementation of the "Big Four" Agenda;
iii. Maintain macroeconomic stability and enhance security of Kenyans and their properties to foster a secure and conducive business environment;
iv. Scale up development of critical infrastructure in the country such as roads, rail, energy and water to reduce the cost of doing business and ease movement of people and goods as well as promote competitiveness;
v. Enhance investment in key sectors of MTP III for broad based sustainable recovery by promoting agricultural transformation, growth in manufacturing, environmental conservation and water supply, stimulating tourism recovery, and sustainable land use and management;
vi. Expand access to quality social services in health, education and appropriate social safety nets for the vulnerable population;
vii. Support the youth, women and persons living with disability through Government funded empowerment programmes;

viii. Support County Governments through transfer of sharable revenues to strengthen their systems and capacity in service delivery; and

ix. Implement various policy, legal and institutional reforms to enhance efficiency of public service delivery.

58. The overall total gross expenditures in the FY 2022/23 Budget amounts to Ksh 3,342.8 billion as indicated in **Table 2**:

Table 2: Summary of the Budget Allocation for FY 2022/23

S/NO.	Details	Financial Years			
		Approved Original Budget	Supplementary Estimates No.1	Approved 2022 BPS	Budget Estimates
		2021/22		2022/23	
1.0	National Government	1,942,008.8	2,081,461.8	2,075,014.7	2,103,409.7
	Executive	1,886,207.9	2,023,980.8	2,005,910.0	2,034,305.0
	Parliament	37,882.8	38,410.5	50,220.0	50,220.0
	Judiciary	17,918.2	19,070.4	18,884.7	18,884.7
2.0	Consolidated Fund Services	718,316.8	763,473.6	864,125.0	869,343.1
3.0	County Government	370,000.0	370,000.0	370,000.0	370,000.0
	Total.....Kshs.	**3,030,325.6**	**3,214,935.4**	**3,309,139.7**	**3,342,752.8**
	% Share in the Total Allocation				
1.0	National Government	64.1	68.7	62.7	62.9
	Executive	62.2	66.8	60.6	60.9
	Parliament	1.3	1.3	1.5	1.5
	Judiciary	0.6	0.6	0.6	0.6
		-	-	-	-
2.0	Consolidated Fund Services	23.7	25.2	26.1	26.0
3.0	County Government	12.2	12.2	11.2	11.1

Notes**

1.0 Consolidated Fund Services(CFS)is composed of domestic interest, foreign interest and pension

2.0 County Government allocation is composed of sharable allocation

a. Allocation to the Executive

59. The total Ministerial allocation (Executive) in the FY 2022/23 Budget is Ksh 2,034.3 billion.

b. Allocation to Nairobi Metropolitan Services

60. The Nairobi Metropolitan Services has been allocated Ksh 14.4 billion in the FY 2022/23 Budget which comprise Ksh 9.1 billion for Recurrent and Ksh 5.3 billion for Development to be funded through Appropriations-In-Aid (from Nairobi County Government).

c. Allocation to Parliament and Judiciary

61. In the approved 2022 BPS, Parliament has been allocated at Ksh 50.2 billion. The Judiciary has been allocated Ksh 18.9 billion which comprise Ksh 16.9 billion (this includes Ksh 587.3 million for the Judicial Service Commission) for Recurrent and Ksh 2 billion for Development.

d. Consolidated Fund Services (CFS)

62. The allocation to Consolidated Fund Services in the FY 2022/23 Budget is Ksh 869.3 billion which comprise Ksh 553.4 billion for domestic interest payments, Ksh 137.2 billion for foreign interest payment and Ksh 176.4 billion pensions including allocation to the Contributory Pension Scheme of Ksh 25.8 billion and net lending of Ksh 2.2 billion.

e. County Allocations for FY 2022/23

63. The Division of Revenue Act, 2022 allocates County Governments Ksh 370.0 billion as their equitable revenue share. Additionally, County Governments will receive Conditional Grants from the National Government amounting to Ksh 37.1 billion including loans and grants.

f. Resource Allocation for the "Big Four" Agenda

64. The Government will continue with the implementation of the "Big Four" Agenda to accelerate and sustain inclusive growth, create opportunities for decent jobs, reduce poverty and income inequality and ensure that we create a healthy and food secure society in which Kenyans have access to affordable and decent housing. We have in this regard allocated **Ksh 146.8 billion** in the FY 2022/23 Budget under the following 'Big Four' Agenda initiatives:

i. **Ksh 62.3 billion** for the Universal Health Care;

ii. **Ksh 10.1 billion** for Manufacturing;

iii. **Ksh 46.8 billion** for Food and Nutrition Security; and

iv. **Ksh 27.7 billion** for Affordable Housing.

g. Allocation to Economic Stimulus Programme

65. The Government will also continue with the implementation of the Economic Stimulus Programme to cushion citizens and businesses from the adverse effects of COVID-19 pandemic accelerate economic recovery. In this regard, **Ksh 20.6 billion** has been provided in the FY 2022/23 Budget in the following thematic areas:

i. **Ksh 2.1 billion** for youth empowerment- Kazi Mtaani Programme;

ii. **Ksh 8.2 billion** for improving education outcomes;

iii. **Ksh 1.3 billion** for improving health outcomes;

iv. **Ksh 5.8 billion** for improving environment, water and sanitation facilities;

v. **Ksh 1.5 billion** for agriculture and food security; and

vi. **Ksh 1.6 billion** for enhancing liquidity to businesses.

h. Allocations under key Thematic Areas

66. Allocations in the FY 2022/23 Budget broadly remain within the approved 2022 BPS ceilings, with variations on account of donor commitment. The following are the key allocations in thematic areas (**Table 3**):

Table 3: Allocations under key Thematic Areas in the FY 2022/23 Budget

THEMATIC AREAS	ALLOCATION IN FY 2022/23
1. Agriculture and Food Security	**39,169.2**
National Value Chain Support Programme	1,580.0
Cotton Industry Revitalization	90.0
Modernization of Cotton Ginneries	212.1
Coffee Industry revitalization	250.4
Sugar Reforms	100.0
Livestock & Crop Insurance Scheme	421.0
Food Security and Crop Diversification Project	690.0
Kenya Cereal Enhancement Programme	1,745.8
Pyrethrum Recovery	200.0
Small Scale Irrigation and Value Addition Project	1,470.7
Drought Resilience and Sustainable Livelihood Programme	850.0
Kenya Climate Smart Agriculture Project	7,022.1
Resilience for Food Production and Nutrition security programme	940.0
Enable Youth Programme	2,480.0
National Agricultural & Rural Inclusivity Project	4,161.0
Agricultural Sector Development Support Programme II	1,072.0
Climate Smart Agricultural Productivity Project	147.0
Fall Army Worm Mitigation	100.0
Establishment of Liquid Nitrogen Plants - KAGRC	200.0
Sustainable Tse Tse and Trypanosomiasis Free Areas in Kenya - KENTTEC	200.0
Aquaculture Technology Development and Innovation Transfers	204.0
Development of Blue Economy Initiatives	126.3
Exploitation of Living Resources under the Blue Economy	1,313.2
Liwatoni Ultra-Modern Fish Hub	800.0
Aquaculture Business Development Project	2,622.0
Kenya Marine Fisheries & Socio-Economic Development Project	2,802.2
Coastal Fisheries Infrastructure Development	270.0
Rehabilitation of Fish Landing Sites in L. Victoria	210.0
Modernize Foot & Mouth Disease Laboratory for GMP standards	70.0
Processing and Registration of Title deeds	1,050.0
Digitization of Land Registries	769.0
Construction of Land Registries	130.0
Construction and refurbishment - Leather Science Institute	65.0
Livestock Production 'Big Four' Interventions	121.0
Development of Leather Industrial Park - Kenanie	250.0
Kenya Livestock Commercialization Programme (KeLCoP)	1,650.0
Towards Ending Drought Emergencies in Kenya (TWENDE)	178.0
Establishment of Livestock Export Zone in Lamu	500.0
Emergency Locusts Response	1,906.4
Embryo Transfer Project	200.0
Irish potatoes Revitalization	113.0
Agricultural Finance Corporation	300.0

THEMATIC AREAS	ALLOCATION IN FY 2022/23
2. Transport	**33,516.6**
Standard Gauge Railway: Nairobi to Naivasha (Phase II)	18,486.0
LAPSSET Project	236.0
Dongo Kundu Special Economic Zone	2,584.6
Railway Metro line - Embakasi Station - Ruai	450.0
Rehabilitation of The Nairobi - Nanyuki MGR Branch Line	236.0
Construction/Expansion of airports and airstrips	713.0
Riruta - Lenana - Ngong Railway Line	1,000.0
Leseru - Kitale MGR Line	167.0
Gilgil - Nyahururu MGR Line	133.0
Rehabilitation of Locomotives	439.0
Mombasa to Nairobi SGR	9,072.0
1071111501 Gilgil - Nyahururu MGR Line	133.0
3. Roads	**212,477.82**
Construction of Roads and Bridges	103,686.67
Rehabilitation of Roads	42,060.14
Maintenance of Roads	66,731.00
4. Energy	**95,048.9**
Geothermal generation	18,531.0
Alternative Energy Technologies	2,327.6
National Grid System	62,880.9
Rural Electrification	9,342.4
Development of Nuclear Energy	1,587.0
Coal Exploration and Mining	380.0
5. Housing & Urban Development and Public Works	**27,481.7**
Kenya Affordable Housing Project (Kenya Mortgage Refinance Company)	7,730.0
Operationalization of the Kenya Mortgage Refinance Company (KMRC)	4,600.0
Construction of Housing Units for National Police & Kenya Prison	1,050.0
Maintenance of Government Pool Houses	1,018.0
Kenya Uban Programme (KenUP)	2,332.0
Construction of Affordable Housing Units	1,000.0
Construction of Markets	700.0
Nairobi Metropolitan Services Improvement Project (NAMSIP	200.0
Construction of County Headquarters	454.0
Construction of Foot Bridges	118.7
Construction of Social Housing Units	1,200.0
Nairobi Bus Rapid Transport Project	1,179.0
Kenya Informal Settlement Improvement Project - Phase II	5,900.0

THEMATIC AREAS	ALLOCATION IN FY 2022/23
6. Information, Communication and Technology	**15,611.7**
Maintenance & Rehabilitaion of Last Mile County Connectivity Network.	2,690.0
Maintenance & Rehabilitaion of NOFBI II Cable	677.0
Maintenance & Rehabilitaion of NOFBI II Expansion Cable	504.0
Installation and Commissioning of Eldoret - Nadapal Fibre Optic Cable	1,402.0
Horizontal Infrastructure Phase I - Engineer, Procure, Construct and Finance (EPCF) for KONZA	5,150.7
Konza data Centre & Smart City Facilities	3,816.0
Government Shared Services	620.0
Digital Literacy Programme (School Laptop Project)	70.0
Connectivity to (Big Four)	682.0
7. National Security	**317,872.5**
National Intelligence Service	46,127.7
Defence	128,437.6
Leasing of Police Motor Vehicles	10,700.0
National Communication and Surveillance System	1,000.0
Police Modernization Programme	1,000.0
Huduma Namba	1,000.0
Group Personal Insurance (NPS & Prisons)	2,295.6
Medical Insurance (NPS & Prisons)	4,785.8
Equipping of the National Forensic Laboratory	335.0
National Police Service	93,859.8
Prison Services	28,331.0
8. Governance and Justice	**47,577.3**
General Elections	21,686.8
Public Prosection	3,427.0
Ethic and Anti-Corruption	3,578.5
Judiciary	18,885.0
9. Educational Sector	**513,829.1**
Free Day Secondary Education (Including NHIF for Students)	64,421.9
Free Primary Education	12,001.4
School Feeding Programme	1,966.7
Recruitment of Teachers	2,500.0
Digital Literacy Programme &ICT Integration in Secondary Schools	310.0
Competency Based Curriculum _training of teachers	1,200.0
Teachers Service Commission	294,674.0
Primary and Secondary Infrastructure	2,749.8
Construction of classrooms to support Competency Based Curriculum (CBC)	4,000.0
Construction and Equipping TTIs and Vocational Training Centres	1,776.0
Technical, Vocational Education Training & Entrepreneurship	1,380.0
East Africa Skills Transformation and Reginal Integration	1,000.0
Technical, Vocational Education Training & Entrepreneurship	527.0
Promotion of Youth Employment and Vocational Training in Kenya I	971.4
Subsidy to KNEC for Examination Fees Waiver	5,023.9
Kenya Secondary Education Quality Improvement Project	6,792.0
Higher Education Loans Board	15,819.6
University Education	91,192.4
National Research Fund	323.0
Capitation for TVET students	5,200.0

THEMATIC AREAS	ALLOCATION IN FY 2022/23
10. Health Sector	**101,865.6**
Kenyatta National Hospital	18,091.9
Moi Referral and Teaching Hospital	11,653.0
Kenya Medical Training Centre	7,679.0
Cover for the Elderly and Severely Disabled	1,873.2
Rollout of Universal Health Coverage	9,310.0
Universal Health Coverage Coordination & Management Unit	7,748.8
Free Maternity Health Care	4,098.0
Transforming Health Systems for UHC	900.0
Global Fund (HIV, Malaria,TB)	16,239.6
Cancer Centres (Meru, Kakamega)	492.5
Construction of a Cancer Centre at Kisii Level 5 Hospital	1,349.0
Strengthening of Cancer Management at KNH	200.0
Vaccines and Immunizations	5,200.0
Managed Equipment Services	5,214.0
Procurement of Cyber knife Radiotherapy Equipment for KUTRRH	300.0
Kenya COVID-19 Emergency Response Project	100.0
Procurement of Equipment at the National Blood Transfusion Services	619.0
Procurement of Family Planning & Reproductive Health Commodities	1,190.0
KNH Burns and Paediatrics Centre	1,142.0
COVID-19 Vaccines Programme	7,024.1
GESDeK COVID-19 Response Project	1,441.5
11. Manufacturing and Industrialization	**10,109.2**
Develop a Freeport & Industrial parks-Special Economic Zone Mombasa	2,634.6
Development of SEZ Textile Park Naivasha	85.0
Development of Athi River Textile Hub. EPZA	210.0
Industrial Research Laboratories – KIRDI	500.0
Kenya Industry and Entrepreneurship Project	1,300.4
Modernization of RIVATEX	410.4
Cotton Development (RIVATEX) - Subsidy and Extension Support	142.8
Constituency Industrial Development Centres	200.0
Provision of Finances to SMEs in the manufacturing sector KIE	626.0
Credit Guarantee Scheme	1,000.0
Supporting Access to Finance & Enterprise Recovery (SAFER)	3,000.0
12. Social Protection and Affirmative Action	**39,476.9**
Cash Transfer to Elderly Persons	17,543.6
Cash Transfer to Orphans and Vulnerable Children	7,930.7
Cash Transfers to Persons with Severe Disability	1,190.0
National Drougth Emergency Fund	500.0
Hunger Safety Net Programme	5,081.3
Kenya Social and Economic Inclusion Project	2,818.5
National Development Fund for Persons With Disabilities (PWDs)	459.0
Presidential Bursary	400.0
Kenya development Response to Displacement Impact Project	2,620.0
Child welfare Society of Kenya	933.8

THEMATIC AREAS	ALLOCATION IN FY 2022/23
13. Equity, Poverty Reduction, Women and Youth Empowerment	**68,957.2**
Kenya Youth Empowerment and Opportunities Project	2,201.1
National Youth Service (NYS)	13,093.2
Youth Enterprise Development Fund	175.0
National Government Affirmative Action Fund	2,130.0
National Government Constituency Development Fund	44,289.9
Equalization Fund	7,068.0
14. Sports Culture, Recreation and Tourism	**20,896.7**
Sports, Arts and Social Development Fund	15,750.0
Refurbishment of Regional Stadia	125.0
Tourism Promotion Fund (TPF)	1,782.9
Tourism Fund	3,238.8
15. Environmental Protection, Water & Natural Resources	**110,888.3**
Forests and Water Towers Conservation	10,152.0
Meteorological Service	1,516.8
Environment Management and Protection	3,111.8
Water Resources Management	16,029.6
Water and Sewerage Infrastructure Development	45,891.9
Water Storage and Flood Control	9,822.0
Irrigation and Land Reclamation	8,505.5
Water Harvesting and Storage for Irrigation	2,090.0
Wildlife Secuirity, Conservation and Management	7,024.7
Kenya Fiancing Locally Led Climate Action	6,050.0
Wildlife Research and Development	694.0
TOTAL	**1,654,778.6**

V. ADHERENCE TO FISCAL RESPONSIBILITY PRINCIPLES

67. In line with the Constitution, the Public Finance Management (PFM) Act, 2012, the PFM regulations, and in keeping with prudent and transparent management of public resources, the Government has adhered to the fiscal responsibility principles as set out in the statute as follows:

a. A minimum of 30 percent of the national government's budget allocated to the development expenditure over the medium term.

68. Consistent with the requirements of the law, the National Government continues to observe the requirement of allocating 30 percent of its total Ministerial expenditures to development expenditures. In the FY 2022/23, the allocation to development in the budget is 34.0 percent of the total expenditures meeting the set threshold. Going forward, the National Government will ensure that this requirement is adhered to even over the medium term.

b. The National Government's expenditure on wages and benefits for its employees not to exceed 35 percent of the National Government equitable share of the revenue.

69. In conformity to this regulation, the National Government share of wages and benefits to revenues is projected at 27.0 percent in the FY 2022/23, and is expected to progressively decline to 22.5 percent by FY 2025/26.

c. Over the medium term, the National Government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.

70. The Government has continued to adhere to this principle as all Government's medium to long term borrowing is being channeled towards funding of Development Expenditures. Further, this borrowing is carried out within the context of the Medium Term Debt Strategy (MTDS) approved by Parliament.

d. Public debt and obligations shall be maintained at a sustainable level as approved by Parliament for National Government

71. The Government is required to be maintained at sustainable levels as per the requirements of the PFM Act 2012. Kenya's public debt remains sustainable. With the COVID-19 pandemic and its impact on the domestic and global economy, Kenya's debt carrying capacity declined from strong to medium as assessed through the World Bank-IMF Composite Indicator (CI). The CI captures the impact of various factors through a weighted average of a country's policies and institutional capacities, real GDP growth, remittances, international reserves, and world growth. Kenya's CI is based on the October 2020 World Economic Outlook (WEO) and the World Bank's CPIA vintage released in July 2020.

72. Kenya debt carrying capacity assessment was revised from strong in 2017 to medium in the WEO of October 2020. The risk of debt distress has however increased from low in previous years to moderate in 2018 and 2019 and further rising to high in 2020 and 2021 (**Table 4**).

Table 4: Kenya's debt risk levels and debt carrying capacity

	2017	2018	2019	2020	2021
Risk of debt distress	Low	Moderate	Moderate	High	High
Debt carrying capacity	Strong	Strong	Strong	Medium	Medium

Source: IMF country reports

73. The downward review of the CI resulted to lower thresholds and benchmark for debt sustainability indicators. Consequently, Kenya's susceptibility to debt distress increased from moderate to high. However, the CI rating is expected to improve to reflect expectations for higher reserve coverage, strong remittance inflows and the recovery of global and domestic economy. Improvement in CI rating will enhance the thresholds and benchmarks for debt sustainability indicators.

74. Public debt sustainability is expected to improve on the basis of implementation of the Economic Recovery Strategy (ERS), commitment to fiscal consolidation and macroeconomic stability. To enhance debt

sustainability, the Government will continue to optimize use of concessional funding sources, and lengthen the maturity profile of public debt through issuance of medium to long dated bonds and deepen domestic debt market to be able to finance a bigger portion of budget deficits. It should, nevertheless, be noted that restrained public expenditure to slow down accumulation of public debt is a necessary prerequisite to debt sustainability.

e. Fiscal risks shall be managed prudently

75. The ongoing global COVID-19 shock has heightened uncertainties that pose significant risks in resource mobilization and even expenditure program implementation. However, the impact of the pandemic on the economy is expected to ease with the global and domestic vaccinations efforts.

76. To manage fiscal risks prudently as required, the Government has improved its macroeconomic forecasts and regularly reviews the impact of macroeconomic projections and their implications on the budget. Potential fiscal risks arising from contingent liabilities, including from Public Private Partnership projects among others are taken into account and a contingency provision made to cushion the economy from unforeseeable shocks. A detailed fiscal statement covering all these aspects are outlined in the BPS 2022.

f. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future

77. The Government will continue to maintain stable tax rates and build confidence in the Kenyan tax system, enhance compliance and improve predictability while improving tax administration. The Government will also use tax policy initiatives to address areas where the tax base has been eroded, to strengthen revenue mobilization.

78. The Government is also in the process of developing National tax policy to ensure certainty in taxation and the Medium-Term Revenue Strategy (MTRS) that outlines the tax policy measures and strategies for sustainably raising revenues over the medium term.

VI. MEMORANDUM ON THE RESOLUTIONS ADOPTED BY THE NATIONAL ASSEMBLY ON THE 2022 BUDGET POLICY STATEMENT

(a) Introduction

79. Section 25(8) of the Public Finance Management (PFM) Act, 2012 prescribes that the Cabinet Secretary for The National Treasury shall take into account resolutions passed by Parliament in finalizing the budget for a given financial year. The National Assembly approved the 2022 Budget Policy Statement (BPS) and the Medium Term Debt Management Strategy for the FY 2021/22 on 24th February, 2022.

80. Section 38(1) (iii) of the PFM Act, 2012 requires the Cabinet Secretary to prepare a memorandum explaining how the resolutions adopted on the BPS have been taken into account. In this regard, the following Section provides a brief to Parliament on the extent to which the resolutions of the House on the 2022 BPS have been taken into account and the reasons thereof.

(b) Policy Resolutions on the 2022 BPS

Resolution 1: That, by 31st March, 2022, the Cabinet Secretary for the National Treasury submits –

a) A report to the Parliament on the implementation status of the "Big Four" Agenda. The report should include information on the key milestones achieved, targets missed and a list of development projects to be completed in FY 2022/23 as prioritized under the Public Investment Management Framework; and,

b) A status report of the Credit Guarantee Scheme to the National Assembly. This report should contain details on the amount released and the number of beneficiaries.

81. **Action taken:** The National Treasury in collaboration with implementing MDAs will consolidate the status report on the implementation of the 'Big Four' Agenda and submit a report to Parliament in compliance with this resolution.

82. The National Treasury prepared and submitted to Parliament a report on the performance of the Credit Guarantee Scheme on 7th February, 2022. In summary, the Ksh 3.0 billion that the Government allocated to the Scheme in FY 2020/21 has allowed seven participating commercial banks to lend at least Ksh 12.0 billion to qualifying MSMEs as at 31st December, 2021. Beneficiary MSMEs were distributed across 45 counties, 11 different economic sectors and employing 8,975 Kenyans.

Resolution 2: That, in future, the Cabinet Secretary for the National Treasury ought to prepare the Budget Policy Statement in line with the debt ceiling.

83. **Action taken:** This recommendation is duly noted and the National Treasury will endeavor to prepare future Budget Policy Statements in line with the debt ceiling.

Resolution 3: That, the Cabinet Secretary for the National Treasury expedites the finalization of the proposed Medium Term Revenue Strategy (MTRS) and submits it to the National Assembly by 30th April, 2022.

84. **Action taken:** The National Treasury finalized consultation with stakeholders and shall soon be inviting comments from the public on the Medium Term Revenue Strategy in line with the provisions of the 2010 Constitution and the Statutory Instruments Act. Once the process is finalized, the National Treasury will submit the Strategy to the National Assembly for consideration and approval.

Resolution 4: That, the National Treasury spearheads an evaluation of the emergency relief cash-transfer programme to households affected by drought under the Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programmes. The evaluation report be submitted to Parliament within three months from the date of this resolution.

85. **Action taken:** The National Treasury, in collaboration with the State Department for Social Protection and Senior Citizens Affairs will initiate the evaluation process of the emergency relief cash transfer to households affected by drought and submit as resolved by Parliament.

Resolution 6: That, a framework for pre-approval under Article 223 of the Constitution for supplementary Budget be developed by the National Treasury, Controller of Budget and Office of the Auditor General and a report be submitted to the National Assembly within two months.

86. **Action taken:** The National Treasury, in collaboration with Controller of Budget and Office of the Auditor General will initiate the process of developing a framework for pre-approvals under Article 223 of the Constitution and submit as resolved by Parliament.

Resolution 7: That, the State Department for ICT and Innovation to spearhead the establishment of multi-agency committee that should come up with a strategy for rollout of the Digital Literacy Programme and a report be submitted to Parliament within six months upon approval of the 2022 BPS. The multi-agency committee should be made up of representatives from the State Department for Energy, State Department for Interior and Coordination of National Government, Ministry of Education, State Department for ICT & Innovation. Further the Strategy should incorporate modalities of addressing challenges in the settling of electricity bills in public learning schools.

87. **Action taken:** The National Treasury will follow up with the State Department for ICT and Innovation on the establishment of multi-agency committee that should come up with a strategy for rollout of the Digital Literacy Programme as resolved by Parliament.

Resolution 8: That, the relocation to Konza Technopolis of relevant agencies domiciled in the State Department for ICT and Innovation such as the Kenya Film School, Kenya Film Classification Board, and Kenya Film Commission be effected by 31st December 2022 and the budget savings from this be utilized to reduce the fiscal deficit.

88. **Action taken:** The National Treasury will follow up with the State Department for ICT & Innovation on the implementation of this resolution.

Resolution 9: That, the Ministry of Education through stakeholder engagement should spearhead the review of capitation amount provided to public primary school learners and re-align it to support the implementation of the new curriculum without compromising the quality of education. This report should be submitted to the National Assembly within two months.

89. **Action taken:** The National Treasury will follow up with Ministry of Education on the implementation of this resolution.

Resolution 10: That, within the next three months, the higher education sub-sector through the Universities Funding Board (UFB) establish and implement the university education data management system to promote accountability and improve management of disbursed funds. This University education management system should also be linked to National Education Management Information System (NIMEIS) to create a pool of credible data for the whole education sector.

90. **Action taken:** The National Treasury will follow up with Ministry of Education on the implementation of this resolution.

Resolution 11: That, within the next two months the State Department for Early Learning and Basic Education to submit a report to the National Assembly on the re-mapping of areas to benefit from the school feeding programme and the new re-mapping when approved should form the basis of implementing the programme in FY 2022/23. Further for effective and smooth implementation and management of this programme, it should be fully transferred and domiciled in the National Council for Nomadic Education in Kenya (NACONEK).

91. **Action taken:** The National Treasury has transferred allocation for School Feeding Programme to the National Council for Nomadic Education in Kenya (NACONEK) as resolved by the National Assembly.

Resolution 12: That, in the next financial year 2022/23, the One Village One Product (OVOP) initiative which will cost Ksh 500 million should be implemented and domiciled under the Kenya Industrial Estate (KIE). The National Treasury should provide for the required resources.

92. **Action taken:** In view of the constrained fiscal framework, the Government has not allocated any resources for this project in the FY 2022/23 Budget. However, this requirement will be prioritized over the Medium Term should the Government realize additional resources.

Resolution 13: That, the State Department for Labour should submit Parliament the Labour Migration Bill within two months after the approval of the 2022 BPS to address the matter of mistreatment of Kenyan migrant workers in the gulf region. Cases of Kenyan migrant workers being mistreated in the Gulf region have been on the rise yet there is no policy or targeted intervention to address them.

93. **Action taken:** The National Treasury will follow up with Ministry of Labour on the implementation of this resolution.

Resolution 14: That, the policy housing audit to be fast tracked by the Cabinet Secretary State Department for Interior and State Department for Housing and Urban Development. The report should be submitted to the National Assembly by 1st June 2022.

94. **Action taken:** The National Treasury will follow up with State Department for Interior and State Department for Housing and Urban Development on the implementation of this resolution.

Resolution 15: That, the Cabinet Secretary Ministry of Lands and Physical Planning should complete the development of an interim digital revenue collection system by 30th June 2022 and report be submitted to Parliament. This is to ensure collection leakages are eliminated for the Ministry meets its revenue collection target.

95. **Action taken:** The National Treasury will follow up with Ministry of Lands and Physical Planning on the implementation of this resolution.

Resolution 16: That, the State Department for Petroleum to review the Petroleum Development Fund Act, 1991 to provide for a Board to administer the Funds and ring fence the allocation/appropriations for use in fuel stabilization by the end of financial year 2022/23.

96. **Action taken:** The National Treasury will follow up with Ministry of Petroleum on the implementation of this resolution.

Resolution 17: That, the National Treasury, Kenya Revenue Authority (KRA), Commission on Revenue Allocation (CRA) and the Council of Governors should fast-track the development of an integrated County Revenue Management system for a unified revenue collection system for all counties. The CRA should fast track the development of model tariffs and pricing policy to guide counties to develop their own.

97. **Action taken:** Multi-agency Steering and Technical Committees were constituted to spearhead the implementation of an Integrated County Revenue Management System (ICRMS). The Technical Committee was mandate to review existing systems and come up with a recommendation on the system to be adopted and rolled out to all Counties.

98. The Technical Committee reviewed over twenty (20) systems in County Governments and two (2) systems in National Government that is KRA's County Revenue system and e-Citizen. The Technical Committee zeroed on three systems and conducted detailed reviews. The last review was conducted in February this year and the Technical Committee report is now ready for presentation to the Steering Committee. We plan to have the Steering Committee in April 2022 for the approval of the system to be implemented so that implementation can commence in the beginning of FY2022/23.

Resolution 18: That, within the next one month, the Ministry of Health should submit an exit report on the leasing of medical equipment programme. The report should contain among other

things the success, challenges and value for money of the programme and more particularly detailing the Ministry's options a regards the equipment when the contract comes to an end later this year. It is important that the persistent and pertinent issues surrounding this project are addressed to guarantee smooth transition.

99. **Action taken:** The National Treasury will follow up with Ministry of Health on the implementation of this resolution.

Resolution 19: That, the Ministry of Health should ensure that by 1st May, 2022 the fragmented government sponsored social health covers such as Linda mama, Insurance for the elderly and PWDs, Edu Afya is harmonized into one single pool of resources for UHC. The savings from this policy should be used to reduce the fiscal deficit.

100. **Action taken:** The National Treasury will follow up with Ministry of Health on the implementation of this resolution.

Resolution 20: That, the Ministry of Health should by 1st September, 2022 submit to Parliament a clear policy and criteria for classifying health facilities across the country. This will facilitate smooth and seamless transfer of health facilities between the two levels of Government.

101. **Action taken:** The National Treasury will follow up with Ministry of Health on the implementation of this resolution.

(c) Financial Resolutions on the 2022 BPS

Resolution 1: Deletion of paragraph (b)(i) and (ii) and substitution thereof with the following; -

i. approves the National Government's Budget ceiling for the year 2022/23 at Ksh 2,075.011 billion-

Of which:

1. Executive is Ksh 2,005.910 billion.

Of which: Office of the Auditor General is Ksh 6.378 billion

2. Parliament is Ksh 50.220 billion

3. Judiciary is Ksh 18.885 billion

102. **Action taken:** The National Treasury has allocated Ksh 2,103.409 billion for the National Government which comprises Ksh 2,034.305 billion for the Executive, Ksh 50.220 billion for the Parliamentary and Ksh 18.885 billion for the Judiciary in the FY 2022/23 Budget.

Resolution 2: deletion of "paragraph 78" appearing on page 25 of the Report and substituting thereof with the following new paragraph -

The Committee is concerned that BPS had proposed an overall deficit of Ksh 846 billion which has a potential to breach the approved debt ceiling of Ksh 9.0 trillion. The Committee therefore urges the National Treasury to amend the debt ceiling to enable them implement the budget as proposed, rationalize expenditure or implement revenue enhancing measures.

103. **Action taken:** The National Treasury takes note of the recommendation and wish to clarify that the current legal numerical public debt ceiling has constrained public funding of projects while at the same time failing to consider the effects of external shocks on the economy. In this regard, we propose to replace the debt ceiling with a debt anchor and set it at **55 percent** of debt to GDP in present value terms. This is in line with internationally accepted conventional practice. Further, we've provided a requirement that the Cabinet Secretary National Treasury reports to Parliament whenever the debt levels swings beyond the threshold with time-bound remedial actions. This approach ensures debt remains within sustainable levels and entrenches accountability and transparency in public debt management. In this respect, the National Treasury has forwarded to this august House the necessary changes to the PFM Act to align ourselves to this desired position and request that the house considers it favourably.

Resolution 3: approves the County Governments' Equitable share at Ksh 370.0 billion.

104. **Action taken:** The National Treasury has prepared the Division of Revenue Bill to reflect the County equitable share of Ksh 370.0 billion.

Resolution 4: approves the Equalization Fund at Ksh 7.068 billion.

105. **Action taken:** The National Treasury has allocated Ksh 7.068 billion to the Equalization Fund in the FY 2022/23 Budget.

Resolution 5: approves the Conditional Grants at Ksh 37 billion, to be distributed in accordance with Annex 4 A & B of the Budget and Appropriation Committee.

106. **Action taken**: The National Treasury has allocated Ksh 37.1 billion for conditional grants in the FY 2022/23 Budget as provided in Annex 4 of the Report.

Resolution 6: orders that the resolutions form the basis for preparation of the 2022/23 budget.

107. **Action taken:** The National Treasury has finalized the FY 2022/23 Budget as approved in the 2022 BPS with minimal variation on account of donor commitment and salary requirements.

Resolution 7: resolves that the Budget Policy Statement for the financial year 2022/23 form the basis for the introduction of the Division of Revenue Bill, 2022.

108. **Action taken:** The Division of Revenue Act, 2022 has been aligned to the 2022 Budget Policy Statement.

VII. REVENUE AND EXPENDITURE ALLOCATION FROM THE EQUALIZATION FUND

109. The National Treasury proposes that County Governments be allocated Ksh 7.1 billion from the Equalisation Fund in FY 2022/23 to finance development projects in the marginalized areas. Accordingly, cumulative allocations due to the Equalisation Fund since its inception amount to Ksh 54.5 billion since FY 2013/14 to FY 2022/23.

110. Article 221(2) of the Constitution requires the National Treasury to submit to the National Assembly estimates of expenditure from the Equalisation Fund for FY 2022/23. Since projects to be financed under the second Policy have not been identified, the National Treasury has not yet prepared the required estimates. The Equalisation Fund was operationalized using guidelines on administration of Equalisation Fund published in gazette notice No. 1711 of 13th March, 2015. However, the High Court ruling on petition No. 272/2016 on 5th November, 2019 quashed the guidelines. This in effect disbanded the Equalisation Fund Advisory Board (EFAB) and stopped any further expenditures from the Equalisation Fund.

111. The National Treasury was directed to develop a statutory instrument on the administration of the Equalisation Fund and it is on this basis that a multi-agency committee comprising of representatives from the National Treasury, National Assembly, Senate, Council of Governors (CoG), CRA and CoB was put in place to develop a new Equalisation Fund statutory instrument. This team developed the PFM (Equalisation Fund Administration) Regulations 2021 which were approved by Parliament in October 2021.

112. The National Treasury has so far constituted the Equalisation Fund Advisory Board, in accordance with Regulations 4 and 5 of the PFM (Equalisation Fund Administration) Regulations 2021. The appointment of the Board and establishment of a Secretariat will operationalize the Fund and ensure completion of projects as identified by the first policy and the implementation of programmes in the second and subsequent policies. The Board will also oversee the preparation of operational guidelines, strengthening of public participation, deliberately targeting minorities within marginalized areas and efficient utilization of funds.

VIII. REVENUE ALLOCATION TO COUNTY GOVERNMENTS, INCLUDING CONDITIONAL AND UNCONDITIONAL GRANTS

113. In the FY 2022/23, the National Treasury proposes that County Governments be allocated an equitable share of revenue raised nationally of Ksh 370.0 billion. This is a retention of the equitable share of revenue allocated in FY 2021/22. The retention in County Governments' equitable revenue share of revenue is informed by the following prevailing circumstances:

a) the budget for FY 2022/23 is formulated at a time of COVID-19 which has affected revenue mobilization and brought with it significant uncertainty in revenue performance. With this environment, it would be unrealistic to raise county equitable share taking into account the fact that unlike the National Government's allocations that are reviewed downwards when projected revenues are not realized, allocations and transfers to County Governments as equitable share are guaranteed under Article 219 of the Constitution;

b) the Government is implementing a fiscal consolidation plan, so as to lower the fiscal deficit and slow down debt accumulation. To reflect this fiscal tightening, the National Government recurrent ceiling growth has been restricted, declining from a growth of 10.3 percent in FY 2017/18 to 1.2 percent in FY 2022/23. The fact that the growth in recurrent ceiling is below growth in wages, implies that the National Government is reducing its operation budget significantly; and

c) the Consolidated Fund Services (CFS) budget for FY 2022/23 has been revised upwards by Ksh 46.9 billion and therefore in order to retain the deficit at the 2021 BPS level, the National Government ceiling has already been revised downwards by Ksh 15.0 billion while maintaining the county equitable share at the same level. However, to accommodate higher interest payments and allow for additional support to some state-owned enterprises facing financial difficulties, the deficit has been eased slightly from 5.7 percent of GDP in 2021 BPS to 6.0 percent of GDP in 2022 BPS.

114. In addition to the equitable share of revenue raised nationally, the National Treasury proposes that County Governments receive additional conditional allocations amounting to Ksh 37.1 billion. This comprises: i) additional conditional allocations from the National Government's share of Ksh 5.7 billion; and ii) conditional allocation from proceeds of external loans and grants amounting to Ksh 31.4 billion. Each conditional allocation is distributed based on its objectives, criteria for selecting beneficiary Counties and distribution formula.

115. The 2022 BPS and the Division of Revenue Act, 2022 passed by Parliament contained the vertical division of revenue summarized in **Table 5**.

116. Horizontal distribution of County Governments' equitable revenue share allocation for FY 2022/23 is based on the Third Basis of the revenue allocation criteria approved by Parliament in accordance with Article 217 of the Constitution. The Third Basis formula which will be applicable from FY 2020/21 to FY 2024/25 has taken into account the following parameters; (i) Population (18 percent); (ii) Health Index (17 percent); (iii) Agriculture Index (10 percent); (iii) Urban Index (5 percent); (iv) Poverty Index (14 percent); (v) Land Area Index (8 percent); (vi) Roads Index (8 percent); and, (vii) Basic Share index (20 percent).

Table 5: Disaggregation of County Governments' Allocation (Ksh Million)

Type/Level of Allocation	**Amount in (Ksh Million)**	**Percentage (%) of 2017/18 audited and approved Revenue i.e. Ksh 1,413,695 Million**
A. Total Sharable Revenue	2,141,584	
B. National Government	1,764,516	
C. Equalization Fund	7,068	0.50%
D. County equitable share	370,000	27.17%
E. Additional conditional allocation (National Government share of Revenue)	5,654	
F. Condition allocation (Loans and Grants)	31,382	
Total county Allocation =(D+E+F)	**407,036**	

117. Pursuant to Article 187 of the Constitution as read together with Section 26 of the IGRA, 2012, the Nairobi City County Government (NCCG) on 25th February, 2020, transferred four of its functions to the National Government. The transfer was legally effected through a mutual Deed Agreement vide Gazette Notice No. 1609. In line with this Deed of Transfer, the National Treasury developed a framework to ensure that the resources necessary for the performance of the transferred functions are transferred from NCCG to the National Government, in the short term.

118. In order to provide a long-term solution, the National Treasury through an Inter-Agency Taskforce is in the process of developing a legislation for operationalization of Articles 187 and 189 and provide for a financing framework. Once the new legislation is in place, it will facilitate the financing of transferred functions and cooperation between and among the two levels of governments.

IX. OTHER BUDGET DOCUMENTS AND INFORMATION

119. To accompany the budget documents, the Medium-Term Debt Management Strategy anchored in the 2022 Budget Policy Statement (BPS) was prepared pursuant to the requirements of Section 33(2) of the Public Finance Management (PFM) Act, 2012 and the guidelines outlined in the Debt and Borrowing Policy. The strategy highlights Government debt management intentions over the medium term with a view to reducing the cost and risk associated with public debt. The strategy takes into account the existing stock of public debt and the borrowing requirements over the medium term.

A. Highlights of the 2022 Medium Term Debt Management Strategy

120. The Medium Term Debt Management Strategy covers the period FY2022/23- FY2024/25 over which the optimal debt portfolio is to be achieved. The Strategy is underpinned by the 2022 Budget Policy Statement (BPS) consistent with the Government objective of minimizing the costs and risks of public debt. The scope of coverage of this strategy is the existing debt stock, non-performing guarantees, and the stated fiscal deficits in the 2022 BPS.

121. The optimal strategy of the 2022 MTDS aims at minimizing costs and risks through a net financing mix of 32 percent from external sources and 68 percent from domestic market. On the external debt market, the main objective of the strategy is to optimize concessional borrowing and reduce commercial borrowing, with an intention to reduce the cost of debt. On the domestic market, the strategy seeks to reduce refinancing risk through maintaining the existing stock of Treasury bills at the current levels while issuing medium to long term debt securities under the benchmark bond programme.

122. The strategy seeks to achieve 25 percent and 75 percent in external and domestic financing in gross borrowing terms respectively. The larger proportion of the gross domestic borrowing accounts for rollover of Treasury bills within the financial year.

123. The strategy is aligned to the debt management objectives. It seeks to lower present value (PV) of debt to GDP to 54.8 percent from

58.8 percent on the existing public debt portfolio as at June 2021 over the medium term. This reflects improved sustainability of public debt as a result of the ongoing fiscal consolidation outlined in the 2022 BPS. The strategy aims to achieve the following:

i. Reduce the cost of debt by lowering interest payment to GDP and implied interest rate;

ii. Minimize refinancing risk by lengthening the Average Time to Maturity (ATM) for domestic and total debt, and maintain the stock of Treasury bills constant;

iii. Minimize interest rate risk in terms of average time to refixing; and

iv. Enhance the benchmark Treasury bond programme through medium to long term instruments as the main source of domestic financing.

124. The Government expects to maintain presence in the international debt capital markets for financing the budget. To reduce refinancing risk, medium to long term Treasury bonds will be issued under the benchmark bond programme as the main source of domestic financing. Treasury bills will be issued as a cash management instrument and its stock maintained constant over the medium term.

125. The strategy supports initiatives to develop the domestic debt market. The domestic market still remains shallow and highly segmented, mainly dominated by commercial banks. However, participation of non-bank institutional investors continues to rise with increased uptake of long-dated bonds at the primary market and trading at the secondary market. The reforms to deepen the domestic debt market include: the enhancement of the market infrastructure through automation of processes deployment of a new Central Securities Depository system by the Central Bank of Kenya; publication of the auction rules and guidelines for government securities market, enhancement of the Treasury bonds benchmark programme, setting up of Over-the-Counter (OTC) trading platform to complement the Nairobi Securities Exchange and sustained stakeholder engagement and collaboration. Significant progress has been made with new and innovative debt instruments making a debut in the domestic market.

Going forward, commitment to these reforms will expand the capacity of the domestic debt market to take up higher share of the public debt.

126. Specific factors that may necessitate deviation from the optimal strategy (strategy 2) include changes in global economic and market conditions, uncertainties related to COVID-19 pandemic, geopolitics and local political events. Appropriate measures will be taken to align the strategy to policy actions at the time.

127. Implementation of the strategy will require close monitoring and evaluation with the aim of adjusting the strategy to evolving economic realities and fiscal developments. However, debt sustainability will only be achieved through sustained commitment to fiscal consolidation plan outlined in the 2022 BPS.

B. National Government Loans to State Corporations, Government Agencies, and other Organizations

128. Total outstanding loans by the National Government to State Corporations, Government Agencies, and other organizations as at 30th June, 2021 stood at **Ksh 921.9 billion** (**Table 6**).

Table 6: Statement of Outstanding Loans to State Corporations and Other Agencies as at 30th June, 2021

	TO WHOM LENT	AMOUNT LENT	AMOUNT REPAID/	AMOUNT OUTSTANDING
		Ksh	Ksh	Ksh
1	Agricultural Finance Corporation	533,800,000.00	65,080,810.00	468,719,190.00
2	Agricultural Settlement Fund and Central Land Board.	126,326,880.00	50,548,147.84	75,778,732.16
3	Agro-chemical & food Company Ltd	2,941,884,000.00	95,000,000.00	2,846,884,000.00
4	Athi Water Services Board	60,800,004,958.46	481,217,884.60	60,318,787,073.86
5	Catering Levy Trustee/Kenya Utalii College	140,000,000.00	18,000,000.00	122,000,000.00
6	Coast Water Service Board	26,271,589,290.03	-	26,271,589,290.03
7	Co-operative Bank of Kenya Ltd	417,861,548.00	130,444,827.35	287,416,720.65
8	East African Sugar Industries Limited, Muhoroni	177,123,100.00	-	177,123,100.00
9	Eldoret Municipal Council/ Eldoret Water & Sanitation Co. Ltd	1,058,673,824.12	755,340,490.86	303,333,333.26
10	Equity Bank Ltd	792,119,872.50	177,906,467.90	614,213,404.60

11	Faulu Kenya Deposit Taking Micro-Finance Ltd.	235,568,666.65	176,676,500.90	58,892,165.75
12	Halal Meat Products	27,701,420.00	-	27,701,420.00
13	IDB Capital Limited	1,555,675,500.00	-	1,555,675,500.00
14	Industrial and Commercial Dev. Corporation	1,191,848,560.00	37,592,428.05	1,154,256,131.95
15	Kenya Airports Authority	4,251,876,908.35	1,284,893,832.25	2,966,983,076.10
16	Kenya Civil Aviation Authority	2,800,587,168.00	717,030,180.85	2,083,556,987.15
17	Kenya Electricity Generating Co. Ltd.	153,205,616,878.12	29,173,778,085.85	124,031,838,792.27
18	Kenya Meat Commission	940,241,100.00	-	940,241,100.00
19	Kenya Mortgage Refinance Company	34,028,098,320.00	-	34,028,098,320.00
20	Kenya Power and Lighting Co. Limited	92,009,647,929.65	10,952,616,327.66	81,057,031,601.99
21	Kenya Railways Corporation	473,210,691,341.74	-	473,210,691,341.74
22	Kenya Tourist Development Corporation	48,000,000.00	-	48,000,000.00
23	Kenya Urban Transport Various Towns	40,706,140.00	-	40,706,140.00
24	Kenya Women Finance Trust Deposit Taking Micro-Finance Ltd.	241,334,332.91	181,000,749.15	60,333,583.76
25	Kenyatta University	10,857,620,656.00	-	10,857,620,656.00
26	Kilifi Mariakani Water & Sewerage Co. Ltd	1,059,644,328.00	-	1,059,644,328.00
27	Kwale Water & Sewerage Co. Ltd	2,051,265,560.00	-	2,051,265,560.00
28	Lake Basin Development Authority (LBDA)	2,000,000,000.00	-	2,000,000,000.00
29	Lake Victoria North Water Services Board	11,618,627,783.47	11,484,078.15	11,607,143,705.32
30	Lake Victoria South Water Services Board	14,511,405,133.89	-	14,511,405,133.89
31	Local Government Loans Authority	7,688,792,480.00	94,518,760.00	7,594,273,720.00
32	Malindi Water, Sewerage & Sanitation Co. Ltd	1,058,633,217.00	-	1,058,633,217.00
33	Miwani Outgrowers Mills Limited	6,600,000.00	-	6,600,000.00
34	Miwani Sugar Company (1989) Limited	16,000,020.00	-	16,000,020.00
35	Miwani Sugar Mills Limited	78,088,180.00	-	78,088,180.00
36	Moi University	250,000,000.00	18,750,000.00	231,250,000.00
37	Mombasa Pipeline Board	63,400,000.00	40,435,020.00	22,964,980.00
38	Mombasa Water & Sanitation Co. Ltd	1,798,411,538.00	-	1,798,411,538.00
39	Mumias Outgrowers Company Limited	43,208,440.00	26,691,040.00	16,517,400.00
40	Mumias Sugar Company Limited	3,000,000,000.00	-	3,000,000,000.00
41	Nairobi City Council	123,109,580.00	20,775,820.00	102,333,760.00

42	National Irrigation Board	2,262,036,544.00	-	2,262,036,544.00
43	National Water Conservation and Pipeline Corporation	2,460,874,897.13	-	2,460,874,897.13
44	Northern Water Services Board	5,389,000,000.00	-	5,389,000,000.00
45	Nyeri Water and Sewarage Company	1,159,592,738.00	605,004,908.15	554,587,829.85
46	Nzoia Sugar Company Limited	482,139,360.00	23,629,260.00	458,510,100.00
47	Rafiki Deposit Taking Micro-Finance Ltd.	111,352,583.25	83,514,437.15	27,838,146.10
48	Rift Valley Water Services Board	4,944,529,796.04	49,214,725.00	4,895,315,071.04
49	Rural Electrification Authority	13,649,158,449.70	-	13,649,158,449.70
50	SMEP Deposit Taking Micro-Finance Ltd.	118,555,666.67	88,916,750.10	29,638,916.57
51	South Nyanza Sugar Company Limited	253,317,120.00	54,289,700.00	199,027,420.00
52	Tana Water Services Board	7,543,116,143.09	-	7,543,116,143.09
53	Tanathi Water Services Board	9,713,565,506.35	-	9,713,565,506.35
54	Tavevo Water & Sewerage Co. Ltd	1,506,555,390.00	-	1,506,555,390.00
55	Uchumi Supermarkets Limited	1,200,000,000.00	-	1,200,000,000.00
56	Water Resource Management	1,397,341,243.00	-	1,397,341,243.00
57	Water Sector Trust Fund	1,881,757,098.16	-	1,881,757,098.16
		967,344,677,190	**45,414,351,231**	**921,930,325,958**

C. Investment Revenue Estimates for FY 2022/23

129. In the FY 2022/23, the National Treasury has budgeted for investment revenue of Ksh 43.2 billion as shown in **Table 7** below:

Table 7: Projected Investment Revenue Estimates -FY 2022/23

	Printed Estimates FY 2021/22	**Actual Receipts as at 28th Feb, 2022**	**Projection FY 2022/23**	**Projection FY 2023/24**
Loan Redemption	1,452,904,948	3,063,329,027	4,250,000,000	4,300,000,000
Interest Receipts	2,199,976,060	919,294,056	2,078,590,294	2,110,000,000
Other Profits & Dividends	27,194,027,715	13,287,320,983	31,864,926,788	32,064,926,788
Dividends From CBK	5,500,000,000	5,500,000,000	5,000,000,000	5,500,000,000
Surplus Funds	2,777,185,000	896,187,900		0
Directors Fees	24,825,596	13,041,212	24,900,000	25,000,000
Total	**39,148,919,319**	**23,679,173,179**	**43,218,417,082**	**43,999,926,788**

D. Other Tables

130. The rest of the Tables in this document are as follows:

i. Table 8: Internal interest payments from the Consolidated Fund
ii. Table 9: Summary of interest on internal debt
iii. Table 10: Internal debt redemption from the Consolidated Fund
iv. Table 11: External debt redemption from the Consolidated Fund
v. Table 12: External debt interest payments from the Consolidated Fund
vi. Table 13: List of publicly guaranteed debt

Table 8: Internal Interest Payments from the Consolidated Fund

242000 - INTEREST ON INTERNAL DEBT									
SUB-HEAD	DESCRIPTION				REVISED ESTIMATES 2021/2022	PRINTED ESTIMATES 2022/2023	PRINTED ESTIMATES 2023/2024	PRINTED ESTIMATES 2024/25	PRINTED ESTIMATES 2025/26
TREASURY ISSUE No.		PRINCIPAL	DUE YR.	TENOR	Kshs	Kshs	Kshs	Kshs	Kshs
002000204	FXD2/2016/5	24,395,300,000	2021/07	5YRS	1,716,087,379	-			-
002000204	FXD3/2016/5	23,051,050,000	2021/09	5YRS	1,511,226,838	-			-
002000212	FXD1/2007/15	3,654,600,000	2022/03	15YRS	529,917,000	-			-
002000212	SFX1/2007/15	6,000,000,000	2022/05	15YRS	870,000,000	-			-
002000209	FXD1/2012/10	35,273,700,000	2022/06	10YRS	4,481,523,585	-			-
002000212	FXD2/2007/15	32,682,600,000	2022/06	15YRS	4,412,151,000	-			-
002000204	FXD1/2017/5	29,599,150,000	2022/08	5YRS	3,689,534,048	3,689,534,048			-
002000204	FXD2/2017/5	20,712,100,000	2022/10	5YRS	2,592,533,557	1,296,266,779			-
002000212	FXD3/2007/15	32,958,100,000	2022/11	15YRS	4,119,762,500	2,059,881,250			-
002000203	FXD1/2021/2	55,860,260,000	2023/01	2YRS	5,298,904,264	5,298,904,264			-
002000212	FXD1/2008/15	34,789,800,000	2023/03	15YRS	4,348,725,000	4,348,725,000			-
002000204	FXD1/2008/5	30,795,550,000	2023/03	5YRS	3,787,544,695	3,787,544,695			-
002000209	FXD1/2013/10	39,248,200,000	2023/06	10YRS	4,855,394,822	4,855,394,822			-
002000204	FXD1/2019/5	85,946,750,000	2024/02	5YRS	7,388,237,880	9,715,420,620	9,715,420,620		
002000209	FXD1/2014/10	35,852,150,000	2024/01	10YRS	4,366,791,870	4,366,791,870	4,366,791,870		
002000204	FXD2/2019/5	39,201,400,000	2024/05	5YRS	4,261,976,208	4,261,976,208	4,261,976,208		
002000212	FXD1/2009/15	31,952,450,000	2024/10	15YRS	3,994,056,250	3,994,056,250	3,994,056,250	1,997,028,125	
002000204	FXD3/2019/5	44,830,500,000	2024/12	5YRS	6,817,857,486	5,151,921,060	5,151,921,060	2,575,960,530	
002000212	FXD1/2010/15	27,693,900,000	2025/03	15YRS	2,838,624,750	2,838,624,750	2,838,624,750	2,838,624,750	
002000204	FXD1/2020/5	38,577,850,000	2025/05	5YRS	4,500,877,760	4,500,877,760	4,500,877,760	4,500,877,760	
002000212	FXD2/2010/15	25,199,800,000	2025/12	15YRS	2,267,982,000	2,267,982,000	2,267,982,000	2,267,982,000	1,133,991,000
002000209	FXD1/2016/10	18,306,450,000	2026/08	10YRS	2,753,107,016	2,753,107,016	2,753,107,016	2,753,107,016	2,753,107,016
002000209	FXD1/2017/10	35,174,400,000	2027/07	10YRS	4,560,712,704	4,560,712,704	4,560,712,704	4,560,712,704	4,560,712,704
002000212	FXD1/2012/15	90,939,900,000	2027/09	15YRS	10,003,389,000	10,003,389,000	10,003,389,000	10,003,389,000	10,003,389,000
002000212	FXD1/2013/15	81,816,030,000	2028/02	15YRS	7,917,492,938	7,917,492,938	7,917,492,938	7,917,492,938	7,917,492,938
002000212	FXD2/2013/15	65,391,900,000	2028/04	15YRS	7,847,028,000	7,847,028,000	7,847,028,000	7,847,028,000	7,847,028,000
002000212	FXD1/2008/20	38,145,100,000	2028/06	15YRS	5,244,951,250	5,244,951,250	5,244,951,250	5,244,951,250	5,244,951,250
002000209	FXD1/2018/10	40,584,600,000	2028/08	10YRS	5,147,750,664	5,147,750,664	5,147,750,664	5,147,750,664	5,147,750,664
002000209	FDX2/2018/10	52,901,100,000	202812	10YRS	6,613,695,522	6,613,695,522	6,613,695,522	6,613,695,522	6,613,695,522
002000209	FXD1/2019/10	67,524,850,001	2029/02	10YRS	8,398,740,843	8,398,740,843	8,398,740,843	8,398,740,843	8,398,740,843
002000209	FXD3/2019/10	68,743,450,000	2029/08	10YRS	7,917,183,137	7,917,183,137	7,917,183,137	7,917,183,137	7,917,183,137
002000209	FXD4/2019/10	69,350,100,000	2029/11	10YRS	8,516,192,280	8,516,192,280	8,516,192,280	8,516,192,280	8,516,192,280
002000209	FXD2/2019/10	51,326,720,000	2029/04	10YRS	6,312,975,000	6,313,186,560	6,313,186,560	6,313,186,560	6,313,186,560
002000213	FXD1/2011/20	37,029,400,000	2031/05	20YRS	3,702,940,000	3,702,940,000	3,702,940,000	3,702,940,000	3,702,940,000
002000213	FXD1/2012/20	87,285,650,000	2032/11	20YRS	10,474,278,000	10,474,278,000	10,474,278,000	10,474,278,000	10,474,278,000
002000212	FXD1/2018/15	76,351,650,000	2033/05	15YRS	9,658,483,725	9,658,483,725	9,658,483,725	9,658,483,725	9,658,483,725
002000212	FXD2/2018/15	29,064,350,000	2033/10	15YRS	3,705,704,625	3,705,704,625	3,705,704,625	3,705,704,625	3,705,704,625
002000212	FXD1/2019/15	79,096,895,239	2034/01	15YRS	10,169,487,821	10,169,482,005	10,169,482,005	10,169,482,005	10,169,482,005
002000212	FXD2/2019/15	81,644,750,000	2034/04	15YRS	10,396,642,465	13,342,379,583	13,342,379,583	13,342,379,583	13,342,379,583
002000212	FXD3/2019/15	53,820,240,000	2034/07	15YRS	6,439,825,823	6,641,417,616	6,641,417,616	6,641,417,616	6,641,417,616
002000212	FXD1/2020/15	49,917,150,000	2035/02	15YRS	6,367,431,654	6,367,431,654	6,367,431,654	6,367,431,654	6,367,431,654
002000214	FXD1/2010/25	20,192,500,000	2035/05	25YRS	2,271,656,250	2,271,656,250	2,271,656,250	2,271,656,250	2,271,656,250
002000213	FXD1/2016/20	12,761,200,000	2036/09	20YRS	1,786,568,000	1,786,568,000	1,786,568,000	1,786,568,000	1,786,568,000
002000213	FXD1/2018/20	76,800,750,000	2038/03	20YRS	7,792,507,800	10,137,699,000	10,137,699,000	10,137,699,000	10,737,264,753
002000213	FXD2/2018/20	89,198,600,000	2038/07	20YRS	11,774,215,200	11,774,215,200	11,774,215,200	11,774,215,200	11,774,215,200
002000213	FXD1/2019/20	108,157,070,000	2039/03	20YRS	12,051,080,834	13,923,059,621	13,923,059,621	13,923,059,621	13,923,059,621
002000213	FXD2/2019/20	9,022,760,000	2039/03	20YRS	1,871,978,787	-	-	-	-
002000215	SDB1/2011/30	28,144,700,000	2041/01	30YRS	3,377,364,000	3,377,364,000	3,377,364,000	3,377,364,000	3,377,364,000
002000213	FXD1/2021/20	39,530,700,000	2041/07	20YRS	5,314,507,308	5,314,507,308	5,314,507,308	5,314,507,308	5,314,507,308
002000214	FXD1/2018/25	94,326,700,000	2043/05	25YRS	12,639,777,800	12,639,777,800	12,639,777,800	12,639,777,800	12,639,777,800
002000214	FXD1/2021/25	67,350,160,000	2046/04	25YRS	7,574,332,963	7,070,381,895	10,677,388,525	10,677,388,525	9,377,836,278
002000207	IFB1/2013/12	12,388,366,474	2021/09	8YRS	-	-		-	-
002000211	IFB2/2009/12	5,388,325,000	2021/11	12YRS	646,599,000				
002000209	IFB1/2017/12	2,866,080,000	2022/02	10YRS	-	-		-	-
002000211	IFB1/2014/12	11,062,042,231	2022/10	12YRS	-	-		-	-
002000206	IFB1/2017/7	20,734,725,000	2022/11	7YRS	5,183,681,250	-			
002000204	IFB1/2015/9	7,362,807,645	2022/12	7YRS	-	-		-	-
002000208	IFB1/2016/9	8,249,913,817	2023/05	7YRS	1,031,239,227	1,020,596,838			
002000207	IFB1/2011/12	11,735,500,000	2023/09	12YRS	1,233,971,876	1,408,260,000	704,130,000		
002000209	IFB1/2017/12	5,158,944,000	2024/02	12YRS	-	-	-		
002000211	IFB1/2015/12	20,199,547,781	2024/03	12YRS	2,149,486,411	-	-		
002000206	IFB1/2017/7	41,469,450,000	2024/11	7YRS	-	5,183,681,250	5,183,681,250	5,183,681,250	5,183,681,250
002000204	IFB1/2015/9	16,480,150,000	2024/12	9YRS	1,812,816,500	1,812,816,500	1,812,816,500	1,812,816,500	1,812,816,500
002000208	IFB1/2016/9	28,035,400,000	2025/05	9YRS	3,504,425,000	3,504,425,000	3,504,425,000	3,504,425,000	3,504,425,000
002000207	IFB1/2013/12	27,925,350,000	2025/09	12YRS	3,071,788,500	3,071,788,500	3,071,788,500	3,071,788,500	3,071,788,500
002000205	IFB1/2020/6	20,226,650,000	2026/05	6YRS	2,063,118,300	2,063,118,300	2,063,118,300	2,063,118,300	2,063,118,300
002000211	IFB1/2014/12	27,045,950,000	2026/10	12YRS	2,975,054,500	2,975,054,500	2,975,054,500	2,975,054,500	2,975,054,500
002000211	IFB1/2015/12	33,486,550,000	2027/03	12YRS	3,683,520,500	3,683,520,500	3,683,520,500	3,683,520,500	3,683,520,500
002000212	IFB1/2018/15	16,473,920,000	2028/01	15YRS	-	-	-	-	-
002000209	IFB1/2018/20	18,393,650,000	2028/11	10YRS	-	-	-	-	-
002000209	IFB1/2017/12	14,330,400,000	2029/02	12YRS	1,791,300,000	1,791,300,000	1,791,300,000	1,791,300,000	1,791,300,000
002000204	IFB1/2020/09	78,973,600,000	2029/04	9YRS	8,568,635,600	8,568,635,600	8,568,635,600	8,568,635,600	8,568,635,600
002000210	IFB 1/2020/11	80,249,600,000	2031/08	11YRS	8,747,206,400	8,747,206,400	8,747,206,400	8,747,206,400	8,747,206,400
002000212	IFB1/2016/15	40,029,650,000	2031/10	15YRS	4,803,558,000	4,803,558,000	4,803,558,000	4,803,558,000	4,803,558,000
002000212	IFB1/2018/15	41,184,800,000	2033/01	15YRS	5,148,100,000	5,148,100,000	5,148,100,000	5,148,100,000	5,148,100,000
002000209	IFB1/2018/20	9,196,825,000	2033/10	15YRS	-	-	-	-	-
002000221	IFB1/2019/16	71,028,550,000	2035/10	16YRS	8,345,854,625	8,345,854,625	8,345,854,625	8,345,854,625	8,345,854,625
`002000221	IFB1/2021/16	80,958,350,000	2037/01	16YRS	9,923,064,960	9,923,064,960	9,923,064,960	9,923,064,960	9,923,064,960
002000209	IFB1/2018/20	36,787,300,000	2038/10	20YRS	4,396,082,350	4,396,082,350	4,396,082,350	4,396,082,350	4,396,082,350
`002000222	IFB1/2021/18	81,785,600,000	2039/03	18YRS	10,359,781,952	10,359,781,952	10,359,781,952	10,359,781,952	10,359,781,952
002000214	IFB1/2019/25	16,828,650,000	2044/02	25YRS	2,053,095,300	2,053,095,300	2,053,095,300	2,053,095,300	2,053,095,300
002000218	Jan-June Issu	420,000,000,000	various	various	-	49,064,610,000	51,517,840,500	54,093,732,525	56,798,419,151
002000219	NEW LOANS		-	-	13,318,207,141	50,678,210,888	93,387,808,733	138,068,876,911	180,228,586,511
		SUB - TOTAL		Kshs	**392,062,297,689**	**464,627,439,031**	**486,336,296,313**	**509,971,949,162**	**541,089,876,730**

Table 9: Summary of Interest on Internal Debt

CONSOLIDATED FUND SERVICES							
(1) R50							
242000 - INTEREST ON							
SUB-HEAD	ITEM	DESCRIPTION	REVISED ESTIMATES 2021/2022 Kshs	PRINTED ESTIMATES 2022/2023 Kshs	PRINTED ESTIMATES 2023/2024 Kshs	PRINTED ESTIMATES 2024/25 Kshs	PRINTED ESTIMATES 2025/26 Kshs
OTHER LOANS:							
002000401	2420102	Pre - 1997 Gov't Overdraft Debt	650,212,671	633,562,671	616,912,671	600,262,671	600,262,671
002000403	2420102	Tax Reserve Certificate					
002000407	2420102	Short Term Borrowing (T. Bills Interest)	78,158,581,699	79,794,023,172	77,032,622,709	96,032,194,067	87,108,773,522
002000404	2420102	Miscellaneous (Advertising)	70,000,000	70,000,000	70,000,000	70,000,000	70,000,000
002000405	2420102	SDR- Allocation Charges	-	-	-	-	-
002000402	2420102	Government Overdraft- Interest Charges	5,281,703,000	5,281,703,000	5,281,703,000	5,281,703,000	5,281,703,000
002000408	2420102	Commissions to CBK	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
		SUB - TOTAL	**87,160,497,370**	**88,779,288,843**	**86,001,238,380**	**104,984,159,738**	**96,060,739,193**
		TOTAL INTEREST ON BONDS & OTHER LOANS	**479,222,795,059**	**553,406,727,874**	**572,337,534,693**	**614,956,108,900**	**637,150,615,923**
	2420000		**479,222,795,059**	**553,406,727,874**	**572,337,534,693**	**614,956,108,900**	**637,150,615,923**

Note:

1. Net domestic financing has been assumed at Kshs 408 billion in the fiscal year 2022/23

2. Net domestic borrowing , is assumed 100% through bonds

3. Interest rates will be stable between 7.00% p.a-8.00% p.a , 8.00 - 9.00% p.a and 9.00% p.a- 10.5% p.a - for 91 days,182 days and 364 days.

4. The usage of the overdraft at CBK will fluctuate within the year but close at zero at end June 2022. Interest will be charged at the CBR rate and the facility will be utilized at 100 % of the set ceiling .

Table 10: Internal Debt Redemption from the Consolidated Fund

CONSOLIDATED FUND INTERNAL DEBT REDEMPTION									
SUB-HEAD	ITEM	DESCRIPTION	ISSUE No.	DUE YR.	TENOR	REVISED ESTIMATES 2021/2022	PRINTED ESTIMATES 2022/2023	PRINTED ESTIMATES 2023/2024	PRINTED ESTIMATES 2024/2025	PRINTED ESTIMATES 2025/2026
							Kshs	Kshs		Kshs
002000204	5210201	FXD2/2016/5		2021/07	5YRS	24,395,300,000				
002000207	5210201	IFB1/2013/12		2021/09	8YRS	5,494,159,495				
002000207	5210201	IFB1/2013/12		2021/09	8YRS	6,894,206,979				
002000204	5210201	FXD3/2016/5		2021/09	5YRS	23,051,050,000				
002000211	5210201	IFB2/2009/12		2021/11	12YRS	5,388,325,000				
002000211	5210201	IFB1/2017/12		2022/02	12YRS	-				
002000211	5210201	IFB1/2017/12		2022/02	12YRS	-				
002000212	5210201	FXD1/2007/15		2022/03	15YRS	3,654,600,000				
002000212	5210201	SFX1/2007/12		2022/05	15YRS	6,000,000,000				
002000212	5210201	FXD2/2007/15		2022/06	15YRS	7,236,950,000				
002000212	5210201	FXD2/2007/15		2022/06	15YRS	25,445,650,000				
002000209	5210201	FXD1/2012/10		2022/06	10YRS	11,061,750,000				
002000209	5210201	FXD1/2012/10		2022/06	10YRS	443,150,000				
002000209	5210201	FXD1/2012/10		2022/06	10YRS	5,298,850,000				
002000209	5210201	FXD1/2012/10		2022/06	10YRS	18,469,950,000				
002000204	5210201	FXD1/2017/5		2022/08	5YRS		12,109,150,000			
002000204	5210201	FXD1/2017/5		2022/08	5YRS		17,490,000,000			
002000204	5210201	FXD1/2017/5		2022/10	5YRS		13,492,100,000			
002000204	5210201	FXD2/2017/5		2022/10	5YRS		7,220,000,000			
002000212	5210201	FXD3/2007/15		2022/11	15YRS		7,841,100,000			
002000212	5210201	FXD3/2007/15		2022/11	15YRS		14,927,900,000			
002000212	5210201	FXD3/2007/15		2022/11	15YRS		10,189,100,000			
002000206	5210201	IFB1/2015/9		2022/12	7YRS		8,093,236,864			
002000203	5210201	FXD1/2021/02		2023/01	2YRS		55,851,550,000			
002000212	5210201	FXD1/2008/15		2023/03	15YRS		7,380,900,000			
002000212	5210201	FXD1/2008/15		2023/03	15YRS		2,692,550,000			
002000212	5210201	FXD1/2008/15		2023/03	15YRS		4,695,250,000			
002000212	5210201	FXD1/2008/15		2023/03	15YRS		20,021,100,000			
002000204	5210201	FXD1/2008/5		2023/03	5YRS		23,055,800,000			
002000204	5210201	FXD1/2008/5		2023/03	5YRS		7,739,750,000			
002000206	5210201	IFB1/2016/9		2023/05	7YRS		8,249,913,817			
002000209	5210201	FXD1/2013/10		2023/06	10YRS		4,737,700,000			
002000209	5210201	FXD1/2013/10		2023/06	10YRS		11,909,050,000			
002000209	5210201	FXD1/2013/10		2023/06	10YRS		521,700,000			
002000209	5210201	FXD1/2013/10		2023/06	10YRS		9,958,400,000			
002000209	5210201	FXD1/2013/10		2023/06	10YRS		12,121,350,000			
002000211	5210201	IFB1/2011/12		2023/09	12YRS			11,735,500,000		
002000209	5210201	FXD1/2014/10		2024/01	10YRS			35,852,150,000		
002000204	5210201	FXD1/2019/5		2024/02	5YRS			65,359,500,000		
002000211	5210201	IFB1/2017/12		2024/02	12YRS			4,585,728,000		
002000204	5210201	FXD2/2019/05		2024/05	5YRS			39,201,400,000		
002000212	5210201	FXD1/2009/15		2024/10	15YRS				31,952,450,000	
002000206	5210201	IFB1/2017/7		2024/11	7YRS				20,734,725,000	
002000211	5210201	IFB1/2015/9		2024/12	12YRS				8,386,913,137	
002000204	5210201	FXD3/2019/5		2024/12	5YRS				44,830,500,000	
002000212	5210201	FXD1/2010/15		2025/03	15YRS				27,693,900,000	
002000208	5210201	IFB1/2020/9		2025/04	9YRS				39,486,800,000	
002000204	5210201	FXD1/2020/5		2025/05	5YRS				38,577,850,000	
002000208	5210201	IFB1/2016/9		2025/05	9YRS				28,035,400,000	
002000211	5210201	IFB1/2013/12		2025/09	12YRS					25,199,800,000
002000212	5210201	FXD2/2010/15		2025/12	15YRS					20,226,650,000
002000205	5210201	IFB1/2020/6		2026/05	6YRS					
002000219	5210201	NEW LOANS						120,000,000,000	80,000,000,000	300,000,000,000
SUB TOTAL					Kshs	142,833,941,474	260,297,600,681	276,734,278,000	319,698,538,137	345,426,450,000
002000401	5210201	Pre - 1997 Gov't Overdraft de				1,110,000,000	1,110,000,000	1,110,000,000	1,110,000,000	1,110,000,000
002000407	5210201	Redemption of Treasury Bills - Shortfall				200,000,000,000	200,000,000,000	200,000,000,000	200,000,000,000	200,000,000,000
002000403	5210201	Tax Reserve Certificate				300,000	300,000	300,000	300,000	300,000
SUB TOTAL						201,110,300,000	201,110,300,000	201,110,300,000	201,110,300,000	201,110,300,000
GRAND TOTAL INTERNAL DEBT					Kshs	343,944,241,474	461,407,900,681	477,844,578,000	512,576,822,119	546,536,750,000

Table 11: External Debt Redemption from the Consolidated Fund

CONSOLIDATED FUND SERVICES (1) 1002 - PUBLIC DEBT 5510600 - EXTERNAL DEBT REDEMPTION						
HEA	CREDITOR	REVISED ESTIMATES 2021/2022	PRINTED ESTIMATES 2022/2023	PRINTED ESTIMATES 2023/2024	PRINTED ESTIMATES 2024/2025	PRINTED ESTIMATES 2025/2026
		Kshs	Kshs	Kshs	Kshs	Kshs
501	GERMANY	3,474,547,688	5,548,865,097	5,759,267,532	5,950,300,939	6,256,079,847
502	ITALY	12,260,659,769	14,047,236,202	12,398,625,645	10,257,239,301	8,698,795,621
503	JAPAN	4,563,819,518	6,051,740,696	5,261,268,328	5,149,931,011	4,074,516,324
504	IDA	23,206,450,764	33,064,604,699	36,819,786,285	40,914,140,598	50,308,907,714
505	ADB/ADF	3,974,654,122	7,840,041,033	9,454,170,619	11,317,970,234	15,923,355,390
506	U.S.A.	217,167,876	247,406,986	259,385,494	272,159,292	247,396,288
507	DENMARK	107,685,014	-	-	-	-
508	NETHERLANDS	849,747,562	111,971,951	131,925,259	136,187,847	81,530,383
509	OPEC	720,629,162	-	-	-	-
510	BADEA	263,882,513	746,993,814	750,045,034	856,363,622	1,014,641,195
511	FRANCE	11,249,148,756	188,205,432	218,032,939	249,291,834	479,026,385
512	EIB	1,850,376,092	10,876,869,356	11,297,516,671	12,056,298,041	11,709,560,992
513	SAUDI FUND	105,074,109	2,619,935,438	2,702,024,016	3,106,955,090	3,674,868,837
514	AUSTRIA	93,124,334	107,691,787	274,407,746	314,029,539	356,766,887
512	EEC	261,124,807	70,563,058	103,875,999	138,729,840	143,182,972
517	BELGIUM	2,319,812,844	310,214,453	319,899,807	330,235,971	-
518	FINLAND	309,505,718	264,943,804	229,316,292	236,685,590	246,803,128
519	CHINA	247,265,482	2,255,083,638	2,094,257,606	1,840,018,634	1,904,437,769
536	EXIM BANK OF CHINA	54,081,606,437	466,783,177	461,708,435	476,561,396	491,858,687
537	CHINA DEVELOPMENT BANK	20,520,901,179	80,730,524,786	88,978,704,765	94,236,832,443	100,074,018,164
520	SPAIN	3,163,137,251	21,513,277,256	-	-	-
521	KUWAIT	199,822,113	3,298,986,959	2,873,970,058	2,449,273,718	4,085,132,814
522	EXIM BANK OF KOREA	56,374,157	214,824,451	436,076,362	450,131,840	464,580,760
526	IFAD	856,248,774	151,226,997	163,392,559	168,648,562	174,062,065
527	NORDIC DEVELOPMENT FUND	67,648,351	753,113,984	832,935,234	861,138,237	1,265,468,442
530	EXIM BANK OF INDIA	735,092,693	67,803,258	69,920,176	108,554,066	148,992,493
531	STANDARD BANK -BVR	896,027,627	845,315,773	959,455,223	990,309,414	1,341,348,904
532	DEBUT INTERNATIONAL SVRNG BOND		447,311,315	-	-	-
542	2018 INTERNATIONAL SVRNG BOND (USD 2.0 BN)		-	241,753,498,225	-	-
534	ISRAEL	662,211,690	-	-	37,419,848,729	38,620,999,981
538	ABU DHABI	151,992,226	676,829,342	697,960,954	720,419,246	743,497,527
540	TDB SYND	54,582,228,357	156,175,233	161,248,371	166,435,401	171,777,862
541	POLAND	18,106,972	47,341,602,440	49,858,267,668	48,267,771,711	21,954,779,663
542	IBRD		44,052,426	275,458,601	495,021,361	510,911,204
543	IMF		-	-	1,521,766,832	1,570,614,494
		202,066,073,958	**241,060,194,844**	**475,596,401,903**	**281,459,250,341**	**289,467,317,728**

Table 12: External Debt Interest Payments from the Consolidated Fund

CONSOLIDATED FUND SERVICES (1) 1002- PUBLIC DEBT 2410100 - INTEREST ON EXTERNAL DEBT						
HEA	CREDITOR	REVISED ESTIMATES 2021/2022	PRINTED ESTIMATES 2022/2023	PRINTED ESTIMATES 2023/2024	PRINTED ESTIMATES 2024/2025	PRINTED ESTIMATES 2025/2026
			Kshs	Kshs		
501	GERMANY	403,444,285	889,717,510	969,093,584	1,287,880,516	1,367,282,116
502	ITALY	2,052,820,715	2,857,365,482	2,355,121,528	2,002,361,785	1,726,708,888
503	JAPAN	583,821,389	643,730,582	738,286,425	818,481,340	898,443,112
504	IDA	14,888,721,082	16,810,148,242	18,360,589,053	19,604,073,978	20,416,657,731
505	ADB/ADF	3,373,099,721	6,250,411,302	7,406,257,510	8,648,551,390	9,612,051,089
506	U.S.A.	35,563,415	35,422,519	28,848,060	21,710,675	13,944,620
516	NEW LOANS/1	5,750,000,000	6,652,800,000	15,157,800,000	36,930,600,000	42,105,000,000
508	NETHERLANDS	101,620,396	-	-	-	-
509	OPEC	52,645,189	60,448,908	86,743,409	126,619,616	139,612,860
510	BADEA	50,139,360	66,802,568	92,046,760	114,261,916	127,519,221
511	FRANCE	1,421,349,562	1,806,838,676	1,903,603,564	2,172,483,276	2,699,601,928
512	EIB	477,556,553	525,310,150	601,103,474	706,932,573	745,430,851
513	SAUDI FUND	25,038,525	39,114,183	58,779,442	72,924,706	79,156,687
514	AUSTRIA	3,599,124	15,064,392	15,544,263	7,115,784	7,344,196
515	SWITZERLAND	-	-	-	-	-
512	EEC	15,415,446	12,843,979	10,626,604	8,602,202	6,429,819
517	BELGIUM	149,987,650	196,243,473	183,680,249	170,761,721	161,277,259
536	EXIM BANK OF CHINA	22,952,390,992	23,597,982,130	22,948,953,814	22,367,186,196	21,042,262,484
537	CHINA DEVELOPMENT BANK	1,850,738,090	837,519,881	-	-	-
520	SPAIN	391,982,874	564,800,720	742,897,663	834,399,876	844,300,585
521	KUWAIT	30,239,488	49,732,244	75,402,760	104,096,547	118,939,120
522	EXIM BANK OF KOREA	10,286,222	25,203,087	34,744,850	50,431,178	62,225,515
526	IFAD	174,368,151	208,817,237	244,720,238	261,976,044	281,444,437
527	NORDIC DEVELOPMENT FUND	21,942,798	21,484,387	21,630,491	21,788,069	21,508,585
530	EXIM BANK OF INDIA	149,874,812	158,805,424	176,784,353	200,823,018	225,059,385
531	STANDARD BANK -BVR	24,369,062	12,278,694	-	-	-
532	DEBUT INTERNATIONAL SVRNG BOND (USD 2.75 BN)	15,448,231,601	15,970,429,249	16,489,206,728	-	-
542	2018 INTERNATIONAL SVRNG BOND (USD 2.0 BN)	17,342,017,125	17,880,778,010	18,439,042,328	19,032,355,463	19,642,047,731
543	2019 INTERNATIONAL SVRNG BOND (USD 1.2 BN)	14,922,518,421	7,317,360,311	7,555,054,719	7,796,586,439	5,364,567,646
544	2019 INTERNATIONAL SVRNG BOND (USD 900 MN)	7,078,098,842	11,150,263,330	11,512,464,334	11,880,512,669	12,261,868,905
545	2021 INTERNATIONAL SVRNG BOND (USD 1 BN)		7,267,671,062	7,494,578,495	7,735,731,575	7,983,541,981
534	ISRAEL	90,810,174	121,898,139	80,561,141	72,701,928	64,472,822
538	ABU DHABI	28,386,311	34,024,065	23,260,163	21,224,133	19,031,729
540	TDB SYND	15,578,932,326	13,714,923,694	10,369,379,342	6,897,205,150	3,623,188,865
541	POLAND	16,324,710	26,582,161	18,318,274	18,256,131	18,058,511
542	IBRD	563,053,730	596,565,463	657,626,665	676,804,751	695,561,552
543	IMF		821,940,859	848,939,929	875,452,347	878,063,313
		126,059,388,142	**137,241,322,112**	**145,701,690,212**	**151,540,892,991**	**153,252,603,540**

Table 13: List of Publicly Guaranteed Debt, In Ksh million

Agency	Year	Purpose of the loan	Creditor	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20	Jun-21
Nairobi City County	1985	Umoja II Housing Project	USA	-	-	-	-	-	-	-
KBC	1989	KBC Modernization Project	Japan	2,404	2,224	1,386	1,035	357	-	-
Telkom Kenya Ltd	1990	Purchase of Microwave Telephone System	Canada	375	-	-	-	-	-	-
Tana and Athi River Development	1990	Tana Delta Irrigation Project	Japan	1,172	1,156	811	673	279	-	-
East African Portland Cement	1990	Cement Plant Rehabilitation Project	Japan	1,457	1,438	1,008	836	346	-	-
KenGen Ltd	1995	Mombasa Diesel Generating Power Project	Japan	3,393	3,767	3,325	2,923	2,421	2,108	1,867
	1997	Sondu Miriu Hydropower Project	Japan	3,372	3,827	3,422	3,099	2,727	2,515	1,979
	2004	Sondu Miriu Hydropower Project II	Japan	8,005	9,534	8,753	8,404	8,207	8,233	7,933
	2007	Sondu Miriu Hydropower Project – Sang'oro Power Plant	Japan	3,416	4,218	3,972	3,827	3,760	3,789	3,591
	2010	Olkaria Unit 4 and 5 Geothermal Power Project	Japan	44	55	51	51	19,389	19,549	18,533
	2010	Rehabilitation and Expansion of the Hydropower Plant Kindaruma	Germany		3,514	3,302	2,970	2,607	1,879	1,506
	2011	Rehabilitation and Upgrade of the Geothermal Plant Olkaria	Germany		4,656	4,875	4,510	3,924	3,113	2,948
Kenya Ports Authority	2007	Mombasa Port Modernization Project	Japan	15,856	22,099	21,211	23,808	23,903	23,185	21,971
Kenya Railways	2008	Kenya Railways Concessioning	IDA	4,439	4,044	4,667	4,547	4,603	4,793	-
Kenya Ports Authority	2016	Kenya Port Development Project Phase 2	Japan			614	6,333	10,158	16,189	15,930
Kenya Airways	2017	Kenya Airways	Afrexim	0	0	77,784	75,787	76,724	79,893	80,963
Kenya Farmers Association	2005	Revival of KFA	Local banks	Unutilized	Unutilized	Unutilized	Unutilized	Unutilized	Unutilized	Unutilized
National Cereals & Produce Board (GSM-102)	2009	Importation of maize under GSM-102	USA	Unutilized	Unutilized	Unutilized	Unutilized	Unutilized	Unutilized	Unutilized
Total				**43,933**	**60,530**	**135,179**	**138,803**	**159,405**	**165,247**	**157,220**

E. Annexes

131. The following are annexes to this report:

- Annex Table 1, Annex Table 2(a-b) and Annex Table 3(a-b) on Macro and Fiscal Framework.
- Annex on Breakdown of Estimates of Revenues and Expenditure for State Corporations of the Government of Kenya for the Financial Year ending 30th June, 2023.
- Annex on Estimates of Revenues, Grants and Loans that captures the Revenues estimates by broad economic classification.
- Annex on Comparison of Expenditures by Vote and Programmes, 2022/23.

THE NATIONAL TREASURY & PLANNING
APRIL 2022

Annex Table 1: Macroeconomic Framework

	2020/21	2021/22		2022/23		2023/24		2024/25		2025/26	
	Pre. Act	Approved Budget	Approved Revised 1	BPS'22	Budget	BPS'22	Proj	BPS'22	Proj	BPS'22	Proj.
annual percentage change, unless otherwise indicated											
National Account and Prices											
Real GDP	3.7	6.8	6.8	5.8	5.9	5.9	5.9	6.0	6.0	6.1	6.0
GDP deflator	5.0	4.8	4.8	4.8	4.9	5.3	5.3	5.2	5.2	6.0	6.0
CPI Index (eop)	5.4	5.2	5.2	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
CPI Index (avg)	5.5	5.4	5.4	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Terms of trade (-deterioration)	-2.6	0.2	1.1	0.2	0.2	0.2	0.2	0.3	0.3	0.4	0.4
Money and Credit (end of period)											
Net domestic assets	12.6	11.1	11.1	10.5	10.2	11.4	11.5	11.4	11.5	12.0	11.9
Net domestic credit to the Government	22.4	19.6	19.6	14.3	14.4	10.7	10.7	11.4	11.3	8.9	8.9
Credit to the rest of the economy	7.7	10.8	10.8	10.3	9.9	12.7	12.8	12.9	13.0	16.0	15.9
Broad Money, M3 (percent change)	6.3	11.4	11.4	10.9	10.7	11.4	11.5	11.5	11.5	12.5	12.4
Reserve money (percent change)	5.4	-11.1	-11.1	-1.4	-1.5	-0.9	-0.8	-0.8	-0.8	0.1	0.0
in percentage of GDP, unless otherwise indicated											
Investment and Saving											
Investment	23.4	23.9	23.9	20.5	21.1	20.7	21.2	21.1	21.4	21.2	21.1
Central Government	5.3	4.7	4.7	5.0	4.8	4.9	4.8	5.0	4.9	5.0	4.9
Other	18.1	19.1	19.1	15.5	16.4	15.7	16.4	16.1	16.5	16.2	16.2
Gross National Saving	18.9	19.1	19.1	15.6	16.0	15.4	15.6	15.4	15.4	15.4	15.0
Central Government	-4.6	-5.3	-5.3	-3.4	-3.8	-2.2	-2.2	-1.6	-1.6	-1.1	-1.1
Other	23.5	24.4	24.4	19.0	19.7	17.6	17.8	17.0	17.0	16.5	16.1
Central Government Budget											
Total revenue	15.7	16.1	16.8	17.4	17.5	18.1	18.1	18.1	18.1	18.1	18.0
Total expenditure and net lending	24.2	24.0	25.4	23.7	23.9	22.8	22.8	22.2	22.2	21.5	21.6
Overall Fiscal balance excl. grants	-8.5	-7.8	-8.6	-6.4	-6.4	-4.7	-4.7	-4.1	-4.2	-3.5	-3.5
Overall Fiscal balance, incl. grants, cash basis	-8.2	-7.4	-8.1	-6.0	-6.2	-4.4	-4.4	-3.9	-3.9	-3.2	-3.2
Statistical discrepancy	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall Fiscal balance, incl. grants, cash basis- adj. descrepancy	-8.2	-7.4	-8.1	-6.0	-6.2	4.4	-4.4	3.9	-3.9	3.2	-3.2
Primary budget balance	-3.8	-2.9	-3.3	-1.1	-1.2	0.2	0.2	0.5	0.5	0.9	0.8
Net domestic borrowing	5.5	5.2	5.3	4.1	4.2	3.1	3.2	3.3	3.3	2.6	2.6
External Sector											
Exports value, goods and services	10.7	11.0	11.0	10.9	10.9	10.7	10.6	10.4	10.4	10.1	10.1
Imports value, goods and services	17.9	17.6	17.6	17.3	17.5	17.1	17.3	16.7	17.0	16.4	16.6
Current external balance, including official transfers	-4.5	-4.8	-4.8	-4.9	-5.1	-5.3	-5.5	-5.7	-5.9	-5.9	-6.1
Gross reserves in months of next yr's imports	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.6	5.6
Gross reserves in months of this yr's imports	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.9	5.9	5.9	5.9
Public debt											
Nominal central government debt (eop), gross	67.9	68.4	68.4	67.5	67.9	64.9	65.3	62.1	62.5	58.3	58.8
Nominal debt (eop), net of deposits	63.0	63.9	63.9	63.4	63.9	61.3	61.7	58.8	59.3	55.4	55.9
Domestic (gross)	32.6	34.5	34.5	34.9	35.3	34.4	34.8	34.2	34.6	33.0	33.3
Domestic (net)	27.6	30.0	30.0	30.9	31.3	30.8	31.2	30.9	31.3	30.1	30.5
External	35.4	33.9	33.9	32.6	32.6	30.5	30.5	27.9	27.9	25.4	25.4
Memorandum Items:											
Nominal GDP (in Ksh Billion)	11,353	12,646	12,646	14,002	14,002	15,605	15,617	17,402	17,420	19,577	19,580
Nominal GDP (in US$ Million)	105,516	114,595	114,595	122,311	122,314	131,276	131,378	141,823	141,967	154,252	154,280

Notes: BPS = Budget Policy Statement; BROP = Budget Review & Outlook Paper; SGR = Standard Gauge Railway

Annex Table 2a: Fiscal Framework (Ksh billion)

	2020/21	2021/22		2022/23		2023/24		2024/25		2025/26	
	Pre. Act	Approved Budget	Approved Revised 1	BPS'22	Budget	BPS'22	Proj	BPS'22	Proj	BPS'22	Proj.
TOTAL REVENUE	**1783.7**	**2,038.7**	**2,124.5**	**2,431.4**	**2,447.0**	**2,820.8**	**2,820.8**	**3,146.0**	**3,146.0**	**3,533.8**	**3,533.8**
Ordinary Revenue	1562.0	1,775.6	1,808.3	2,141.6	2,141.6	2,516.3	2,516.3	2,822.6	2,822.6	3,189.2	3,189.2
Income Tax	694.1	834.5	823.9	997.3	997.3	1,178.6	1,178.6	1,285.7	1,285.7	1,460.1	1,460.1
Import duty (net)	108.4	119.0	118.8	144.9	144.9	170.4	170.4	181.4	181.4	204.0	204.0
Excise duty	216.3	241.0	259.6	297.2	297.2	346.9	346.9	395.1	395.1	453.0	453.0
Value Added Tax	410.8	472.9	477.1	584.7	584.7	691.6	691.6	792.7	792.7	896.2	896.2
Investment income	45.1	30.0	37.7	31.5	31.5	33.1	33.1	34.7	34.7	35.1	35.1
Other	87.4	78.2	91.2	86.0	86.0	95.7	95.7	133.1	133.1	140.8	140.8
Ministerial Appropriation in Aid	**221.7**	**263.0**	**316.3**	**289.8**	**305.4**	**304.5**	**304.5**	**323.3**	**323.3**	**344.6**	**344.6**
EXPENDITURE AND NET LENDING	**2,749.5**	**3,030.3**	**3,215.2**	**3,324.4**	**3,342.8**	**3,550.9**	**3,562.2**	**3,865.3**	**3,875.6**	**4,214.6**	**4,221.2**
Recurrent expenditure	1,796.6	1,991.9	2,162.3	2,201.0	2,255.0	2,359.9	2,365.7	2,569.3	2,577.5	2,804.9	2,804.9
Interest payments	495.1	560.3	605.3	687.9	690.6	712.2	718.0	758.3	766.5	796.8	796.8
Domestic interest	388.8	421.9	479.2	553.4	553.4	572.3	572.3	615.0	615.0	637.2	637.2
Foreign Interest	106.3	138.4	126.1	134.5	137.2	139.9	145.7	143.3	151.5	159.6	159.6
Pensions & Other CFS	112.9	137.2	137.3	150.4	150.6	168.2	168.2	192.9	192.9	217.6	217.6
Pensions	110.3	132.8	132.8	146.0	146.0	163.5	163.5	188.1	188.1	212.5	212.5
Other CFS	2.6	4.4	4.5	4.4	4.6	4.6	4.6	4.9	4.9	5.1	5.1
Contribution to Civil ServicePension Fund	3.3	20.8	20.8	25.9	25.9	28.5	28.5	31.3	31.3	34.4	34.4
Net Issues/Net Expenditure	1,051.7	1,106.6	1,179.4	1,147.9	1,177.8	1,250.3	1,250.3	1,382.8	1,382.8	1,541.4	1,541.4
O/W: Wages & Salaries	493.0	526.1	526.6	560.7	560.7	600.0	600.0	645.3	645.3	703.4	703.4
IEBC	4.9	14.2	14.2	16.5	16.5	6.5	6.5	6.9	6.9	6.9	6.9
Defense and NIS	157.7	157.1	157.1	161.9	161.9	170.0	170.0	170.0	170.0	170.0	170.0
Nairobi Metropolitan Service (NMS)	16.3	14.8	14.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	301.2	297.7	384.8	253.0	282.9	315.2	315.2	395.5	395.5	496.0	496.0
Ministerial Recurrent AIA	133.6	163.8	216.2	189.0	210.1	200.7	200.7	204.0	204.0	214.7	214.7
Ministerial Recurrent AIA - NMS	0.0	3.2	3.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Development and Net lending	**553.9**	**623.5**	**643.0**	**711.8**	**676.7**	**774**	**779.3**	**873.5**	**875.6**	**962.3**	**968.8**
Domestically financed (Gross)	386.9	335.2	383.3	392.0	372.7	416.4	393.6	475.7	455.6	522.8	509.8
O/W Domestically Financed (Net)/NMS	308.2	249.7	264.4	301.3	287.5	323.1	300.3	367.3	347.3	404.1	391.1
Ministerial Development AIA	128.9	79.8	80.6	90.7	85.2	93.3	93.3	110.6	110.6	141.9	141.9
Foreign financed	167.0	281.4	252.9	312.7	294.7	349.9	349.9	390.0	390.0	431.7	431.7
Net lending	0.0	0.0	0.0	0.0	2.3	0.0	28.3	0.0	22.2	0.0	19.6
Equalization Fund	0.0	6.8	6.8	7.1	7.1	7.5	7.5	7.9	7.9	7.8	7.8
County Tranfers	**399.0**	**409.9**	**409.9**	**406.5**	**407.0**	**412.3**	**412.3**	**417.5**	**417.5**	**442.5**	**442.5**
Equitable Share	346.2	370.0	370.0	370.0	370.0	375.0	375.0	380.2	380.2	405.2	405.2
Conditional Allocation	52.8	39.9	39.9	36.5	37.0	37.3	37.3	37.3	37.3	37.3	37.3
Contingency Fund	**0.0**	**5.0**	**0.0**	**5.0**	**4.0**	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**
Fiscal Balance ***(commitment basis excl. grants)***	**-965.7**	**-991.7**	**-1,090.7**	**-893.0**	**-895.8**	**-730.2**	**-741.5**	**-719.4**	**-729.7**	**-680.8**	**-687.4**
Grants	**31.3**	**62.0**	**66.4**	**46.9**	**33.3**	**48.1**	**48.1**	**49.3**	**49.3**	**53.2**	**53.2**
Fiscal Balance ***(incl. grants)***	**-934.4**	**-929.7**	**-1,024.3**	**-846.1**	**-862.5**	**-682.0**	**-693.4**	**-670.0**	**-680.4**	**-627.5**	**-634.1**
Adjustment to Cash Basis	5.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fiscal Balance ***(incl. grants) Cash Basis***	**-929.3**	**-929.7**	**-1,024.3**	**-846.1**	**-862.5**	**-682.0**	**-693.4**	**-670.0**	**-680.4**	**-627.5**	**-634.1**
Statistical discrepancy	20.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL FINANCING	**950.2**	**929.7**	**1,024.3**	**846.1**	**862.5**	**682.0**	**693.4**	**670.0**	**680.4**	**627.5**	**634.1**
Net Foreign Financing	**323.3**	**271.2**	**360.0**	**275.9**	**280.7**	**192.3**	**198.6**	**95.4**	**99.7**	**125.5**	**125.9**
Disbuserments	**451.6**	**884.3**	**562.0**	**518.4**	**521.8**	**674.2**	**674.2**	**381.1**	**381.1**	**415.4**	**415.4**
Commercial Financing	114.3	475.3	124.3	105.6	105.6	270.0	270.0	0.0	0.0	0.0	0.0
O/W Export Credt	6.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sovereign Bond	107.6	124.3	124.3	105.6	105.6	270	270.0	0	0.0	0.0	0.0
External Debt Operations - Refinancing	0.0	351.0	0.0	0.0	0.0			0.0	0.0	0.0	0.0
Semi consessional Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Project loans (AIA + Revenue)	168.7	273.5	274.5	302.0	286.5	338.8	338.8	377.6	377.6	415.4	415.4
O/W Project Loans AIA	104.8	170.3	148.7	204.3	184.9	239.1	239.1	263.0	263.0	289.3	289.3
Project Loans Revenue	52.4	103.2	85.5	97.7	101.6	99.7	99.7	114.6	114.6	126.1	126.1
Project Loans SGR _Phase I_ AIA	4.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project Loans SGR _ Phase 2A_AIA	6.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Use of IMF SDR Allocation			40.3								
Programme Loans	168.6	135.4	163.2	110.7	129.7	65.4	65.4	3.5	3.5	0.0	0.0
Debt repayment - Principal	-128.3	-613.1	-202.1	-242.5	-241.1	-482.0	-475.6	-285.7	-281.5	-289.9	-289.5
of which: External Debt Operations - Refinancing	0.0	-351.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1420.7	0.0
Net Domestic Financing	**626.9**	**658.5**	**664.4**	**570.2**	**581.7**	**489.8**	**494.7**	**574.7**	**580.7**	**502.1**	**508.2**
Memo Items											
Gross Debt (Stock)	7,713.3	8,648.8	8,648.8	9,447.3	9,511.3	10,129.3	10,204.6	10,799.4	10,885.0	11,417.1	11,508.8
External Debt	4,015.2	4,286.4	4,286.4	4,562.3	4,567.1	4,754.6	4,765.7	4,849.9	4,865.4	4,965.6	4,981.0
Domestic Debt (gross)	3,698.0	4,362.4	4,362.4	4,885.0	4,944.1	5,374.8	5,438.9	5,949.4	6,019.5	6,451.5	6,527.7
Domestic Debt (net)	3,134.5	3,798.8	3,798.8	4,321.4	4,380.5	4,811.2	4,875.3	5,385.8	5,456.0	5,887.9	5,964.2
Financing gap	15.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nominal GDP	**11,353.0**	**12,646.2**	**12,646.2**	**14,002.1**	**14,002.5**	**15,604.6**	**15,616.7**	**17,401.9**	**17,419.6**	**19,577.0**	**19,580.5**

Source: The National Treasury

Notes: BPS = Budget Policy Statement; BROP = Budget Review & Outlook Paper; SGR = Standard Gauge Railway

Annex Table 2b: Fiscal Framework (percent of GDP)

	2020/21	2021/22		2022/23		2023/24		2024/25		
	Pre. Act	Approved Budget	Approved Revised 1	BPS'22	Budget	BPS'22	Proj	BPS'22	Proj	BPS'22
TOTAL REVENUE	**15.7**	**16.1**	**16.8**	**17.4**	**17.5**	**18.1**	**18.1**	**18.1**	**18.1**	**18.1**
Ordinary Revenue	**13.8**	**14.0**	**14.3**	**15.3**	**15.3**	**16.1**	**16.1**	**16.2**	**16.2**	**16.3**
Income Tax	6.1	6.6	6.5	7.1	7.1	7.6	7.5	7.4	7.4	7.5
Import duty (net)	1.0	0.9	0.9	1.0	1.0	1.1	1.1	1.0	1.0	1.0
Excise duty	1.9	1.9	2.1	2.1	2.1	2.2	2.2	2.3	2.3	2.3
Value Added Tax	3.6	3.7	3.8	4.2	4.2	4.4	4.4	4.6	4.6	4.6
Investment income	0.4	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other	0.8	0.6	0.7	0.6	0.6	0.6	0.6	0.8	0.8	0.7
Ministerial Appropriation in Aid	**2.0**	**2.1**	**2.5**	**2.1**	**2.2**	**2.0**	**1.9**	**1.9**	**1.9**	**1.8**
EXPENDITURE AND NET LENDING	**24.2**	**24.0**	**25.4**	**23.7**	**23.9**	**22.8**	**22.8**	**22.2**	**22.2**	**21.5**
Recurrent expenditure	**15.8**	**15.8**	**17.1**	**15.7**	**16.1**	**15.1**	**15.1**	**14.8**	**14.8**	**14.3**
Interest payments	4.4	4.4	4.8	4.9	4.9	4.6	4.6	4.4	4.4	4.1
Domestic interest	3.4	3.3	3.8	4.0	4.0	3.7	3.7	3.5	3.5	3.3
Foreign Interest	0.9	1.1	1.0	1.0	1.0	0.9	0.9	0.8	0.9	0.8
Civil service Reform	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pensions & Other CFS	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Pensions	1.0	1.1	1.1	1.0	1.0	1.0	1.0	1.1	1.1	1.1
Other CFS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution to Civil ServicePension Fund	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Net Issues/Net Expenditure	9.3	8.8	9.3	8.2	8.4	8.0	8.0	7.9	7.9	7.9
O/W: Wages & Salaries	4.3	4.2	4.2	4.0	4.0	3.8	3.8	3.7	3.7	3.6
IEBC	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Defense and NIS	1.4	1.2	1.2	1.2	1.2	1.1	1.1	1.0	1.0	0.9
Nairobi Metropolitan Service (NMS)	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	2.7	2.4	3.0	1.8	2.0	2.0	2.0	2.3	2.3	2.5
Ministerial Recurrent AIA	1.2	1.3	1.7	1.3	1.5	1.3	1.3	1.2	1.2	1.1
Ministerial Recurrent AIA - NMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Development and Net lending	**4.9**	**4.9**	**5.1**	**5.1**	**4.8**	**5.0**	**5.0**	**5.0**	**5.0**	**4.9**
Domestically financed (Gross)	3.4	2.7	3.0	2.8	2.7	2.7	2.5	2.7	2.6	2.7
O/W Domestically Financed (Net)/NMS	2.7	2.0	2.1	2.2	2.1	2.1	1.9	2.1	2.0	2.1
Ministerial Development AIA	1.1	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7
Foreign financed	1.5	2.2	2.0	2.2	2.1	2.2	2.2	2.2	2.2	2.2
Net lending	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.1	0.0
Equalization Fund	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
County Tranfers	**3.5**	**3.2**	**3.2**	**2.9**	**2.9**	**2.6**	**2.6**	**2.4**	**2.4**	**2.3**
Equitable Share	**3.0**	**2.9**	**2.9**	**2.6**	**2.6**	**2.4**	**2.4**	**2.2**	**2.2**	**2.1**
Conditional Allocation	0.5	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Contingency Fund	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Fiscal Balance (commitment basis excl. grants)	**-8.5**	**-7.8**	**-8.6**	**-6.4**	**-6.4**	**-4.7**	**-4.7**	**-4.1**	**-4.2**	**-3.5**
Grants	**0.3**	**0.5**	**0.5**	**0.3**	**0.2**	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**
Fiscal Balance (incl. grants)	**-8.2**	**-7.4**	**-8.1**	**-6.0**	**-6.2**	**-4.4**	**-4.4**	**-3.9**	**-3.9**	**-3.2**
Adjustment to Cash Basis	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fiscal Balance (incl. grants) Cash Basis	-8.2	-7.4	-8.1	-6.0	-6.2	-4.4	-4.4	-3.9	-3.9	-3.2
Statistical discrepancy	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL FINANCING	**8.4**	**7.4**	**8.1**	**6.0**	**6.2**	**4.4**	**4.4**	**3.9**	**3.9**	**3.2**
Net Foreign Financing	**2.8**	**2.1**	**2.8**	**2.0**	**2.0**	**1.2**	**1.3**	**0.5**	**0.6**	**0.6**
Disbuserments	**4.0**	**7.0**	**4.4**	**3.7**	**3.7**	**4.3**	**4.3**	**2.2**	**2.2**	**2.1**
Commercial Financing	**1.0**	**3.8**	**1.0**	**0.8**	**0.8**	**1.7**	**1.7**	**0.0**	**0.0**	**0.0**
O/W Export Credt	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sovereign Bond	0.9	1.0	1.0	0.8	0.8	1.7	1.7	0.0	0.0	0.0
External Debt Operations - Refinancing	0.0	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Semi consessional Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Project loans (AIA + Revenue)	1.5	2.2	2.2	2.2	2.0	2.2	2.2	0.0	0.0	0.0
O/W Project Loans AIA	0.9	1.3	1.2	1.5	1.3	1.5	1.5	2.2	2.2	2.1
Project Loans Revenue	0.5	0.8	0.7	0.7	0.7	0.6	0.6	1.5	1.5	1.5
Project Loans SGR_Phase I_AIA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.7	0.6
Project Loans SGR_Phase 2A_AIA	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Use of IMF SDR Allocation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Programme Loans	1.5	1.1	1.3	0.8	0.9	0.4	0.4	0.0	0.0	0.0
Debt repayment - Principal	**-1.1**	**-4.8**	**-1.6**	**-1.7**	**-1.7**	**-3.1**	**-3.0**	**-1.6**	**-1.6**	**-1.5**
of which: External Debt Operations - Refinancing	0.0	-2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-7.3
Net Domestic Financing	**5.5**	**5.2**	**5.3**	**4.1**	**4.2**	**3.1**	**3.2**	**3.3**	**3.3**	**2.6**
Memo items										
Gross Debt (Stock)	67.9	69.8	68.4	67.5	67.9	64.9	65.3	62.1	62.5	58.3
External Debt	35.4	34.7	33.9	32.6	32.6	30.5	30.5	27.9	27.9	25.4
Domestic Debt (gross)	32.6	35.1	34.5	34.9	35.3	34.4	34.8	34.2	34.6	33.0
Domestic Debt (net)	27.6	30.5	30.0	30.9	31.3	30.8	31.2	30.9	31.3	30.1
Financing gap	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nominal GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: The National Treasury

Notes: BPS = Budget Policy Statement; BROP = Budget Review & Outlook Paper; SGR = Standard Gauge Railway

Annex Table 3a: Fiscal Framework for FY 2018/19 - 2022/23 (Ksh billion)

	FY 2018/19 Actual	FY 2019/20 Actual	FY 2020/21 Actual	FY 2021/22 Approved Budget	FY 2021/22 Approved Revised 1	FY 202 BPS' 22	F /dg.
	Ksh. Billion						
A. TOTAL REVENUE	1,724.8	1,815.8	1,815.1	2,100.7	2,190.9	2,478.3	2,480.3
Ordinary Revenue	1,500.5	1,573.7	1,562.0	1,775.6	1,808.3	2,141.6	2,141.6
Oncome tax	685.3	706.9	694.1	834.5	823.9	997.3	997.3
Import Duty (Net)	106.9	98.0	108.4	119.0	118.8	144.9	144.9
Excise Duty	194.3	195.3	216.3	241.0	259.6	297.2	297.2
VAT	414.1	383.7	410.8	472.9	477.1	584.7	584.7
Investment income & Mop up	26.8	116.1	47.9	30.0	37.7	31.5	31.5
Others	73.1	73.6	84.6	78.2	91.2	86.0	86.0
Ministerial and Departmental fees	204.6	222.2	221.7	263.0	316.3	289.8	305.4
Grants	19.7	19.8	31.3	62.0	66.4	46.9	33.3
B. EXPENDITURE AND NET LENDING	2,436.4	2,627.5	2,749.5	3,030.3	3,215.2	3,324.4	3,342.8
Recurrent	1,533.8	1,694.1	1,796.6	1,991.9	2,162.3	2,201.0	2,255.0
Interest Payments	375.7	437.2	495.1	560.3	605.3	687.9	690.6
Domestic Interest	272.4	315.4	388.8	421.9	479.2	553.4	553.4
Foreign Interest	103.4	121.8	106.3	138.4	126.1	134.5	137.2
Wages and salaries	417.5	449.9	493.0	526.1	526.6	560.7	560.7
Contribution to Civil Service Pension Fund	-	-	3.3	20.8	20.8	25.9	25.9
Pension etc	70.8	89.6	112.9	137.2	137.3	150.4	150.6
Others	384.0	423.5	401.0	423.3	498.9	425.3	455.2
Defense and NSIS	135.3	138.0	157.7	157.1	157.1	161.9	161.9
Ministerial Recurrent	150.5	155.9	133.6	167.1	216.2	189.0	210.1
Development	**541.9**	**608.1**	**553.9**	**628.5**	**643.0**	**716.8**	**680.7**
Domestically Financed	316.5	410.4	386.9	347.1	390.1	404.1	386.0
o/w Domestically Finance (Net)	262.2	352.7	308.2	249.7	264.4	301.3	287.5
Ministerial Development AiA	44.8	57.1	78.7	82.8	80.6	90.7	85.2
Foreign Financed	225.4	197.6	167.0	281.4	252.9	312.7	294.7
County Transfer	360.7	325.3	399.0	409.9	409.9	406.5	407.0
Fiscal Balance (Commitment basis excl. Grants)	(731.3)	(831.5)	(965.7)	(991.7)	(1,090.7)	(893.0)	(895.8)
Fiscal Balance (Commitment basis incl. Grants)	(711.6)	(811.7)	(934.4)	(929.7)	(1,024.3)	(846.1)	(862.5)
Adjustment to cash basis	-	11.8	5.1	-	-	-	-
Fiscal Balance (Cash basis incl. Grants)	(711.6)	(799.9)	(929.3)	(929.7)	(1,024.3)	(846.1)	(862.5)
Statistical Discrepancy	9.4	(9.1)	20.9	-	-	-	(0.0)
TOTAL FINANCING	**721.1**	**790.8**	**950.2**	**929.7**	**1,024.3**	**846.1**	**862.5**
Net Foreign Financing	414.5	340.4	323.3	271.2	360.0	275.9	280.7
Disbursements	680.8	442.0	451.6	884.3	562.0	518.4	521.8
Commercial financing	373.7	5.9	114.3	475.3	124.3	105.6	105.6
Semi Consessional Loans	-	-	-	-	-	-	-
Project Loans	222.3	197.1	168.7	273.5	234.2	302.0	286.5
Concessional Loans	-	-	-	-	-	-	-
Use of IMF SDR Allocation	-	-	168.6	135.4	40.3	110.7	129.7
Programme Loans & Other Concessional Loans	84.8	239.0	11.0	3.5	163.2	3.5	3.5
o/w P for R programme Loans	8.2	30.1	76.9	57.6	3.5	63.2	63.2
IMF-RCF/ECF/EFF	-	78.3	80.8	74.3	57.5	44.0	44.0
DPO-WB	76.6	108.2	-	-	82.5	-	12.7
DPO-ADB	-	22.4	-	-	11.7	-	6.2
Support for COVID-19 Vaccine Purchase	-	-	-	-	8.1	(242.5)	(241.1)
Debt Repayment-Principal	(266.2)	(101.6)	(128.3)	(613.1)	(202.1)	570.2	581.7
Net Domestic Financing	306.5	450.4	626.9	658.5	664.4	570.2	581.7
Nominal GDP (Fiscal Year)	9,745.6	10,620.8	11,304.1	12,514.5	12,646.2	14,002.1	14,002.5

Annex Table 3b: Fiscal Framework for FY 2018/19 – FY 2022/23 (Percent of GDP)

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22		FY 2022/23	
	Actual	Actual	Actual	Approved Budget	Approved Revised 1	BPS' 22	Budget
	Ksh. Billion						
A. TOTAL REVENUE	**17.7**	**17.1**	**16.1**	**16.8**	**17.3**	**17.7**	**17.7**
Ordinary Revenue	**15.4**	**14.8**	**13.8**	**14.2**	**14.3**	**15.3**	**15.3**
Oncome tax	7.0	6.7	6.1	6.7	6.5	7.1	7.1
Import Duty (Net)	1.1	0.9	1.0	1.0	0.9	1.0	1.0
Excise Duty	2.0	1.8	1.9	1.9	2.1	2.1	2.1
VAT	4.2	3.6	3.6	3.8	3.8	4.2	4.2
Investment income & Mop up	0.3	1.1	0.4	0.2	0.3	0.2	0.2
Others	0.7	0.7	0.7	0.6	0.7	0.6	0.6
Ministerial and Departmental fees	2.1	2.1	2.0	2.1	2.5	2.1	2.2
Grants	**0.2**	**0.2**	**0.3**	**0.5**	**0.5**	**0.3**	**0.2**
B. EXPENDITURE AND NET LENDING	**25.0**	**24.7**	**24.3**	**24.2**	**25.4**	**23.7**	**23.9**
Recurrent	**15.7**	**16.0**	**15.9**	**15.9**	**17.1**	**15.7**	**16.1**
Interest Payments	3.9	4.1	4.4	4.5	4.8	4.9	4.9
Domestic Interest	2.8	3.0	3.4	3.4	3.8	4.0	4.0
Foreign Interest	1.1	1.1	0.9	1.1	1.0	1.0	1.0
Wages and salaries	4.3	4.2	4.4	4.2	4.2	4.0	4.0
Contribution to Civil Service Pension Fund	-	-	0.0	0.2	0.2	0.2	0.2
Pension etc	0.7	0.8	1.0	1.1	1.1	1.1	1.1
Others	3.9	4.0	3.5	3.4	3.9	3.0	3.3
Defense and NSIS	1.4	1.3	1.4	1.3	1.2	1.2	1.2
Ministerial Recurrent	1.5	1.5	1.2	1.3	1.7	1.3	1.5
Development	**5.6**	**5.7**	**4.9**	**5.0**	**5.1**	**5.1**	**4.9**
Domestically Financed	3.2	3.9	3.4	2.8	3.1	2.9	2.8
o/w Domestically Finance (Net)	2.7	3.3	2.7	2.0	2.1	2.2	2.1
Ministerial Development AiA	0.5	0.5	0.7	0.7	0.6	0.6	0.6
Foreign Financed	2.3	1.9	1.5	2.2	2.0	2.2	2.1
County Transfer	**3.7**	**3.1**	**3.5**	**3.3**	**3.2**	**2.9**	**2.9**
Fiscal Balance (Commitment basis excl. Grants)	**(7.5)**	**(7.8)**	**(8.5)**	**(7.9)**	**(8.6)**	**(6.4)**	**(6.4)**
Fiscal Balance (Commitment basis incl. Grants)	**(7.3)**	**(7.6)**	**(8.3)**	**(7.4)**	**(8.1)**	**(6.0)**	**(6.2)**
Adjustment to cash basis	-	0.1	0.0	-	-	-	-
Fiscal Balance (Cash basis incl. Grants)	**(7.3)**	**(7.5)**	**(8.2)**	**(7.4)**	**(8.1)**	**(6.0)**	**(6.2)**
Statistical Discrepancy	0.1	(0.1)	0.2	-	-	-	(0.0)
TOTAL FINANCING	**7.4**	**7.4**	**8.4**	**7.4**	**8.1**	**6.0**	**6.2**
Net Foreign Financing	4.3	3.2	2.9	2.2	2.8	2.0	2.0
Disbursements	7.0	4.2	4.0	7.1	4.4	3.7	3.7
Commercial financing	3.8	0.1	1.0	3.8	1.0	0.8	0.8
Semi Consessional Loans	-	-	-	-	-	-	-
Project Loans	2.3	1.9	1.5	2.2	1.9	2.2	2.0
Concessional Loans	-	-	-	-	-	-	-
Use of IMF SDR Allocation	-	-	-	-	0.3	-	-
Programme Loans & Other Concessional Loans	0.9	2.3	1.5	1.1	1.3	0.8	0.9
o/w P for R programme Loans	0.1	0.3	0.1	0.0	0.0	0.0	0.0
IMF-RCF/ECF/EFF	-	0.7	0.7	0.5	0.5	0.5	0.5
DPO-WB	0.8	1.0	0.7	0.6	0.7	0.3	0.3
DPO-ADB	-	0.2	-	-	0.1	-	0.1
Support for COVID-19 Vaccine Purchase	-	-	-	-	0.1	-	0.0
Debt Repayment-Principal	(2.7)	(1.0)	(1.1)	(4.9)	(1.6)	(1.7)	(1.7)
Net Domestic Financing	**3.1**	**4.2**	**5.5**	**5.3**	**5.3**	**4.1**	**4.2**
Nominal GDP (Fiscal Year)	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**