 THE NATIONAL ASSEMBLY PAPER 741D	
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Quarterly Economic and Budgetary Review

**Third Quarter, Financial Year 2021/2022
Period Ending 31st March, 2022**

May 2022 Edition

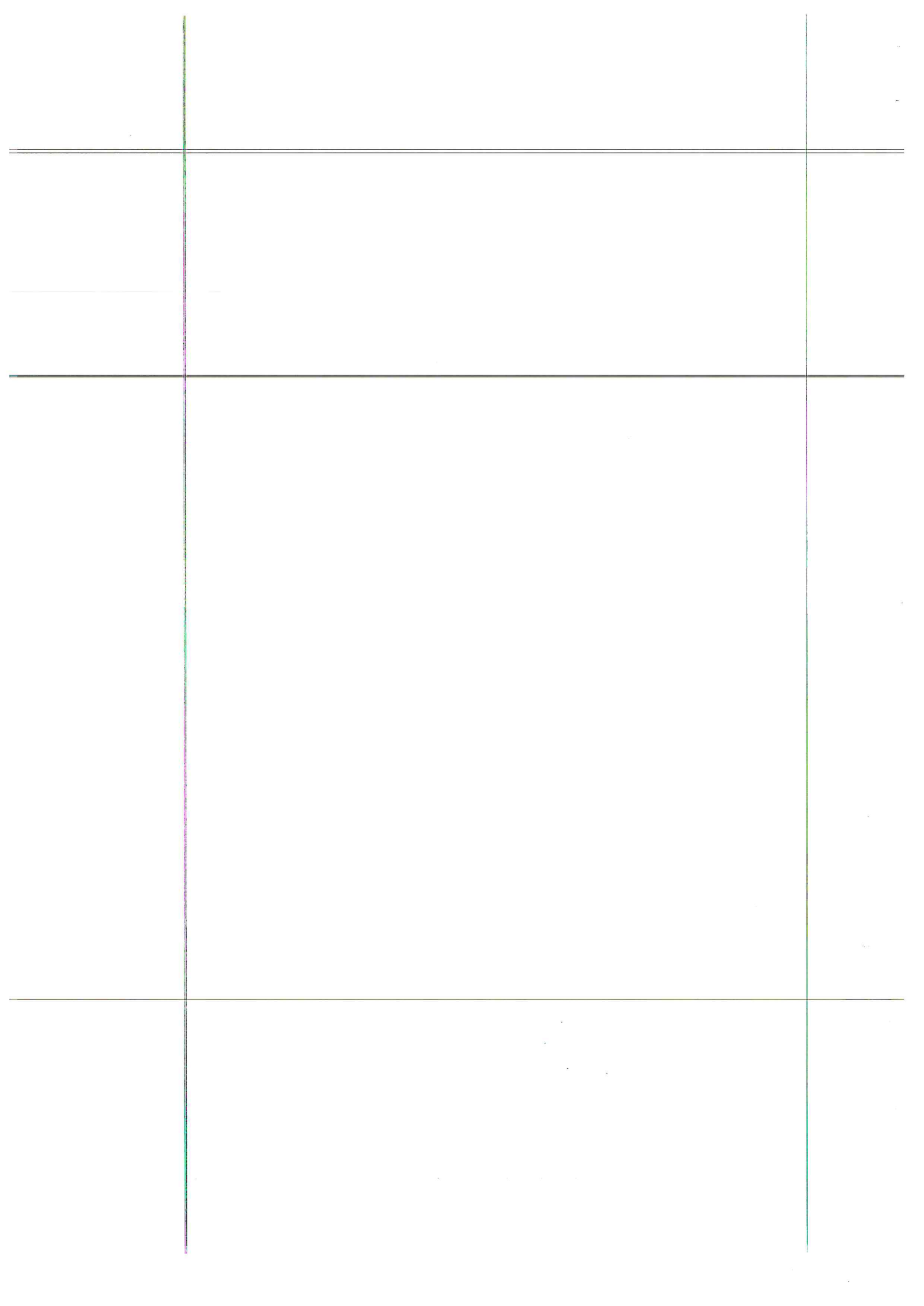


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ACKNOWLEDGEMENT

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LIST OF ABBREVIATIONS AND ACRONYMS

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

KNBS	Kenya National Bureau of Statistics
KSh.	Kenya Shillings
MDAs	Ministries, Departments and Agencies
Mn	Million
NDA	Net Domestic Assets
NDF	Nordic Development Fund
NFA	Net Foreign Assets/Non-Financial Assets
NIS	National Intelligence Service
NLB	Net Lending/ Borrowing
NOB	Net Operating Balance
NSE	Nairobi Securities Exchange
O & M	Operation and Maintenance
OPEC	Oil Producing and Exporting Countries
PAIR	Public Administration and International Affairs
PAYE	Pay as You Earn
PDL	Petroleum Development Levy
QEBR	Quarterly Economic and Budgetary Review
RDL	Railway Development Levy
RML	Road Maintenance Levy
SAGAS	Semi-Autonomous Government Agencies
SC	State Corporations
SGR	Standard Gauge Railway
SOEs	State Owned Enterprises
SPC&R	Social Protection, Culture and Recreation
TARDA	Tana River Development Authority
UK	United Kingdom
US\$	United States Dollar
VAT	Value Added Tax
O/W	Of Which

LEGAL BASIS FOR THE QUARTERLY ECONOMIC AND BUDGETARY REVIEW REPORT

The Quarterly Economic and Budgetary Review Report is Published in accordance with Section 83 of the Public Finance Management Act, 2012. It states as follows:

83. (1) An accounting officer for a national government entity shall prepare a report for each quarter of the financial year in respect of the entity.

(2) In preparing a quarterly report for a national government entity, the accounting officer shall ensure that the report—

(a) Contains information on the financial and non-financial performance of the entity; and

(b) Is in a form that complies with the standards prescribed and published by the Accounting Standards Board from time to time.

(3) Not later than fifteen days after the end of each quarter, the accounting officer shall submit the quarterly report to the Cabinet Secretary responsible for the entity and the National Treasury.

(4) The Cabinet Secretary responsible for an entity shall forward a copy of the report to the Cabinet Secretary and Controller of Budget.

(5) **Not later than forty five days after the end of each quarter**, the National Treasury shall—

(a) consolidate the quarterly reports and submit them to the National Assembly and a copy of the reports to the Controller of Budget, Auditor General and the Commission on Revenue Allocation; and

(b) Publish and publicize the reports.

(6) In the case of an entity that is a state corporation, the accounting officer for the corporation shall submit the quarterly report to the Cabinet Secretary responsible for the corporation who shall, upon approving it, forward a copy to the Cabinet Secretary.

HIGHLIGHTS OF THE THIRD QUARTERLY ECONOMIC AND BUDGETARY REVIEW REPORT IN THE 2021/22 FY

1. Economic growth

The economy rebounded strongly in 2021 following the reopening of the economy as well as targeted stimulus interventions by the Government. The economy grew by 7.5 percent in 2021 from a contraction of 0.3 percent in 2020. This growth was supported by continued recovery in manufacturing, transport and storage, education, accommodation and food services, financial and insurance activities and wholesale and retail trade. Agricultural production was constrained during the period due to unfavorable weather conditions in most parts of the country.

2. Stable prices

Year-on-year overall inflation rate has remained low, stable and within the policy target range of 5+/-2.5 percent since end 2017. In March 2022, it decreased to 5.6 percent from 5.9 percent in March 2021 mainly due to easing electricity and pump prices following government interventions.

3. Interest Rates

Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.00 percent as the accommodative monetary policy stance remained appropriate given that inflationary expectations are well anchored within target range and is in line with the ongoing economic recovery. As such, the average lending rate was at 12.2 percent in February 2022 from 12.0 percent in February 2021 while the average deposit rate increased 6.6 percent from 6.5 percent over the same period.

4. Money and Credit

Broad money supply, M3, moderated to a growth of 4.7 percent in the year to March 2022 compared to a growth of 10.1 percent in the year to March 2021. The slowdown was mainly due to a relatively lower Net Foreign Assets (NFA).

5. Current Account

The current account deficit was at USD 5,911.3 million (5.0 percent of GDP) in March 2022 compared to USD 4,713.5 million (4.3 percent of GDP) in March 2021. The current account balance was supported by an improvement in the net receipts on the services account and the net secondary income balance.

6. Foreign Exchange Reserves

The official foreign exchange reserves held by the Central Bank increased to USD 8,432.2 million (4.9 months of import cover) in March 2022 compared to USD 7,741.2 million (4.7 months of import cover) in March 2021. This fulfils the requirement to maintain reserves at minimum of 4.0 months of imports cover to provide adequate buffer against short term shocks in the foreign exchange market.

7. Capital Markets

Activity in the capital markets remained fairly stable in March 2022. The NSE 20 Share Index stood at 1,847 points by end of March 2022 compared to 1,846 points by end March 2021. Market capitalization was at KSh 2,426 billion from KSh 2,437 billion over the same period.

8. Revenue Collection

The National Government's cumulative revenue collection including A-I-A for the period between July 2021-March 2022 amounted to KSh. 1,520.9 billion (12 percent of GDP) against a target of KSh. 1,506.6 billion. The revenue was above target by KSh. 14.3 billion mainly due to over performance in ordinary revenue.

9. Expenditure and Net Lending

The total expenditure and net lending inclusive of transfers to County Governments for the period ending 31st March, 2022 amounted to KSh. 2,069.1 billion, against a target of KSh. 2,089.8 billion. The resultant under expenditure of KSh. 20.7 billion is mainly attributed to lower absorption recorded in development expenditures by the National Government and lower than targeted transfers to County Governments.

10. Guaranteed Debt

The government did not service any guaranteed debt on behalf of Parastatals during the period under review.

11. Fiscal Balance

The fiscal balance excluding grants (on a commitment basis) amounted to a deficit of KSh. 548.2 billion (4.3 percent of GDP), as at the end of March, 2022.

12. External Financing

The Net Foreign repayment amounted to KSh. 19.4 billion (1.5 percent of the GDP) during the period ending 31st March, 2022.

13. Net Domestic Borrowing

Net domestic financing amounted to a net borrowing of KSh. 472.5 billion (3.7 percent of GDP) in the period ending 31st March, 2022.

14. Domestic Debt Stock

The stock of gross domestic debt increased by KSh. 622.5 billion from KSh. 3,569.8 billion in March 2021 to KSh. 4,192.4 billion in March, 2022

15. External Debt Stock

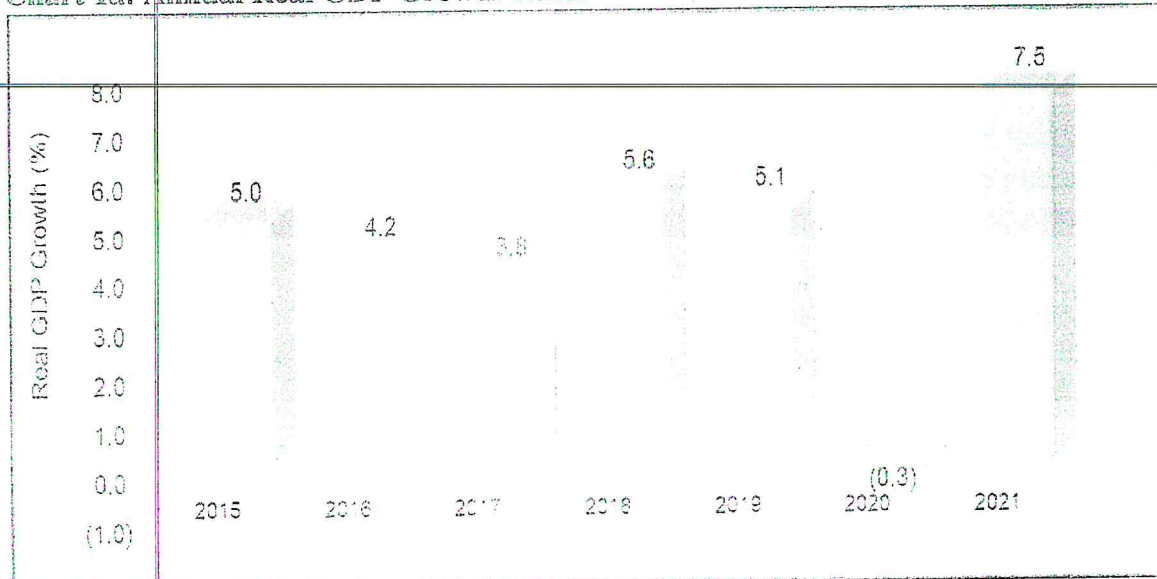
The total external debt stock, including the International Sovereign Bond, stood at KSh. 4,209.6 billion by the end of March, 2022. The debt stock comprised of multilateral debt (43.2 percent), commercial debt (28.7 percent), bilateral debt (27.8 percent) and suppliers' credit (0.3 percent).

1.0 RECENT ECONOMIC DEVELOPMENTS

1.1 Economic Growth

1. The economy recovered strongly in 2021, as economic activities picked up following the easing of COVID-19 restrictions and the reopening of the economy as well as implementation of targeted economic stimulus interventions by the Government. As a result, the economy strengthened to grow by 7.5 percent from a contraction of 0.3 percent in 2020 (Chart 1a). All economic activities registered positive growths except Agriculture, Forestry and Fishing which contracted by 0.2 percent.

Chart 1a: Annual Real GDP Growth Rates



Source of Data: Kenya National Bureau of Statistics

2. Activities in agriculture, forestry and fishing sector recorded a slowdown in the 2021 mainly on account of less than expected rainfall during the period. The sector is estimated to have contracted by 0.2 percent in 2021 compared to a growth of 4.6 percent in 2020 (Table 1). This was evident in the decline in production of key food crops such as maize, beans and wheat. Production of cash crops such as tea and coffee also declined during the period. The sector's performance was somewhat supported from a steeper contraction by increased milk production as well as increase in exports of cut flower. The sector had minimal contribution to GDP growth in 2021 compared to 0.9 percentage points contribution in 2020 (Chart 1b).

3. The performance of the industry sector improved to a growth of 6.5 percent in 2021 compared to a growth of 3.2 percent in 2020. This was mainly on account of improved performance of the manufacturing and electricity and water supply sub-sectors despite a slowdown in the construction sector. The industry sector accounted for 1.1 percentage points of growth in 2021 compared to 0.5 percentage point contribution to GDP in 2020.

4. Activities in the manufacturing sub-sector were more vibrant in 2021 compared to 2020. The sub-sector grew by 6.9 percent in 2021 compared to a 0.4 percent contraction in 2020. The improved performance was supported by both the food and non-food components. Electricity and water supply sector recorded a strong growth of 5.0 percent in 2021 compared to a marginal growth of 0.6 percent in 2020. The increase in electricity generation was notable from all sources except hydro.

5. Performance of the construction sub-sector was relatively slower in 2021 compared to 2020. The sub-sector expanded by 6.6 percent in 2021 compared to a growth of 10.1 percent in 2020. The growth was mainly supported by continuous public investment in road infrastructure. The slowdown in growth in the sector was attributed to a decline in the quantity of imported iron and steel, non-ferrous metals, and cement clinkers.

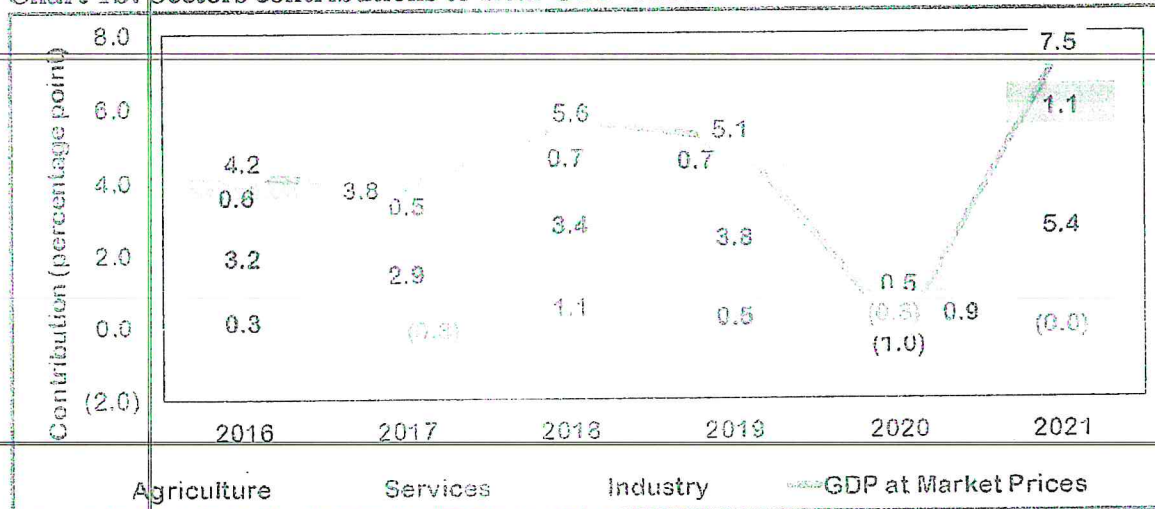
Table 1: Sectoral GDP Growth rate (percent)

Sectors	2019					2020					2021				
	Q1	Q2	Q3	Q4	Q1-Q4	Q1	Q2	Q3	Q4	Q1-Q4	Q1	Q2	Q3	Q4	Q1-Q4
Primary Industry	4.5	3.4	1.1	1.6	2.8	4.6	7.8	(3.9)	9.6	4.7	0.9	0.0	1.4	0.7	0.7
Agriculture, Forestry and Fishing	4.8	3.3	0.9	1.3	2.7	4.5	8.0	(4.3)	9.8	4.6	0.4	(0.5)	0.6	(1.2)	(0.2)
Mining and Quarrying	(1.3)	7.0	5.5	6.4	4.3	6.5	3.9	5.6	6.0	5.5	10.7	10.9	16.4	34.5	18.0
Secondary Sector (Industry)	3.8	4.9	4.2	2.9	3.9	3.8	(1.6)	2.5	7.9	3.2	3.9	9.1	8.3	5.0	6.5
Manufacturing	2.7	4.4	2.7	0.9	2.6	1.4	(5.4)	(2.2)	4.4	(0.4)	2.1	11.3	10.2	4.9	6.9
Electricity and Water supply	3.0	1.5	1.5	1.0	1.7	1.5	(4.5)	0.8	4.6	0.6	3.6	7.2	6.4	2.8	5.0
Construction	6.1	7.3	7.9	7.4	7.2	8.9	6.0	10.2	15.2	10.1	6.8	6.8	6.7	6.0	6.6
Tertiary sector (Services)	6.6	7.5	6.7	6.1	6.8	3.9	(6.6)	(4.2)	(0.0)	(1.8)	3.2	14.9	11.4	9.1	9.6
Wholesale and Retail trade	4.5	6.3	5.3	5.0	5.3	5.5	(3.8)	(5.1)	1.4	(0.5)	7.5	9.2	6.4	8.4	7.9
Accommodation and Restaurant	15.5	11.6	11.9	17.7	14.3	(14.1)	(57.2)	(62.0)	(57.7)	(47.7)	(33.0)	90.1	127.5	118.6	52.5
Transport and Storage	6.8	8.8	4.6	5.2	6.3	2.1	(16.8)	(10.2)	(6.2)	(7.8)	(7.9)	18.6	14.2	6.5	7.2
Information and Communication	8.8	6.8	6.5	5.9	7.0	7.8	4.9	4.9	7.5	6.3	10.1	17.1	4.1	5.3	8.8
Financial and Insurance	7.3	9.5	10.7	5.2	8.1	6.2	3.2	3.3	10.6	5.9	11.8	17.3	11.8	9.9	12.5
Public Administration	7.4	9.1	8.5	8.4	8.4	4.7	4.5	8.3	10.2	7.0	6.8	7.6	4.8	3.3	5.6
Others	6.1	6.2	6.1	6.0	6.3	3.5	(8.1)	(5.4)	(2.1)	(3.2)	3.5	14.8	12.6	9.8	10.3
of which Real Estate	7.3	7.2	6.7	5.7	6.7	4.1	3.6	3.8	4.8	4.1	6.7	7.4	7.1	5.7	6.7
Education	3.6	3.3	6.7	9.1	5.7	4.8	(21.1)	(16.1)	(4.8)	(9.3)	11.5	31.6	28.3	18.0	21.4
Health	5.2	5.3	5.9	5.5	5.5	7.1	9.0	4.4	2.9	5.7	5.8	6.2	4.1	7.8	6.0
Taxes less subsidies	(1.6)	5.2	4.4	7.3	3.9	5.5	(20.5)	(8.5)	(7.4)	(8.1)	1.8	18.5	12.5	15.7	11.9
Real GDP	4.8	6.0	5.0	4.6	5.1	4.4	(4.1)	(3.5)	2.3	(0.3)	2.7	11.0	9.3	7.4	7.5
of which Non-Agriculture	5.7	6.9	6.1	5.1	5.9	4.2	(5.6)	(2.7)	1.9	(0.6)	3.4	14.0	11.0	8.5	9.1

Source of Data: Kenya National Bureau of Statistics

6. The activities in the services sector improved significantly due to the 2020 base effect. This sector was the most hit by the COVID-19 pandemic in 2020. The sector grew by 9.6 percent 2021 compared to a contraction of 1.8 percent in 2020 (Table 1). The strong growth was largely characterized by substantial improvement in accommodation and food services (52.5 percent), and education services (21.4 percent) that had been severely affected by the pandemic. The sector was also supported by strong growths in wholesale and retail trade (7.9 percent), real estate (6.7 percent), transportation and storage (7.2 percent), and financial and insurance activities (12.5 percent). The services sector contributed 5.4 percentage point to real GDP growth in 2021 compared to the -1.0 percentage point contribution in 2020.

Chart 1b: Sectors contributions to Real GDP Growth

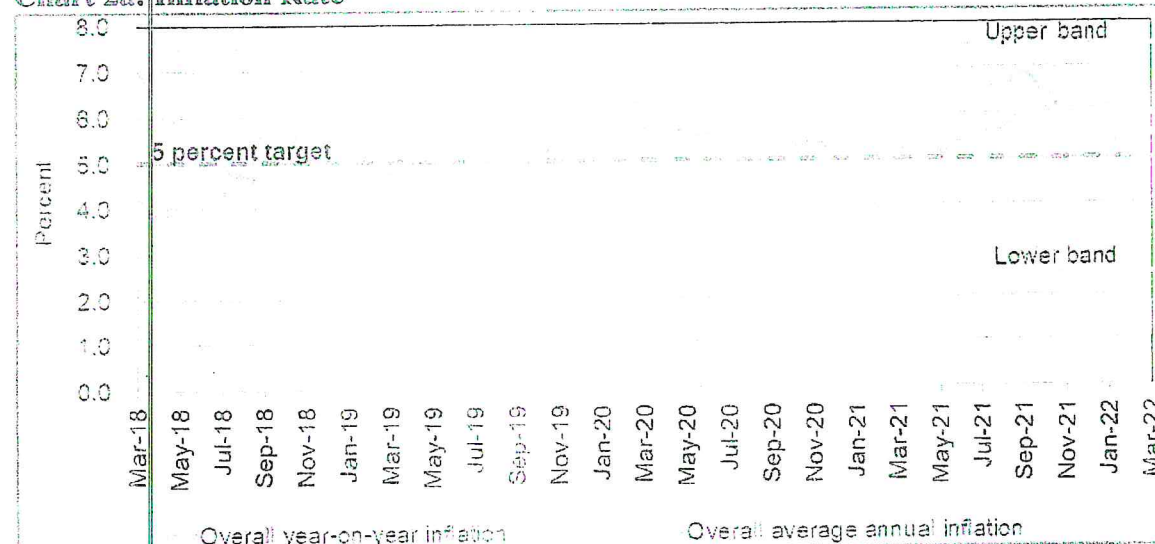


Source of Data: Kenya National Bureau of Statistics

1.2 Inflation

7. Year-on-year overall inflation rate has remained low, stable and within the policy target range of 5+/-2.5 percent since end 2017. The year-on-year inflation rate decreased to 5.6 percent in March 2022 from 5.9 percent in March 2021 mainly due to easing of electricity and pump prices following government interventions. Similarly, overall annual average inflation also remained within Government target range at 6.0 percent in March 2022 compared to the 5.2 percent recorded in March 2021 (Chart 2a).

Chart 2a: Inflation Rate



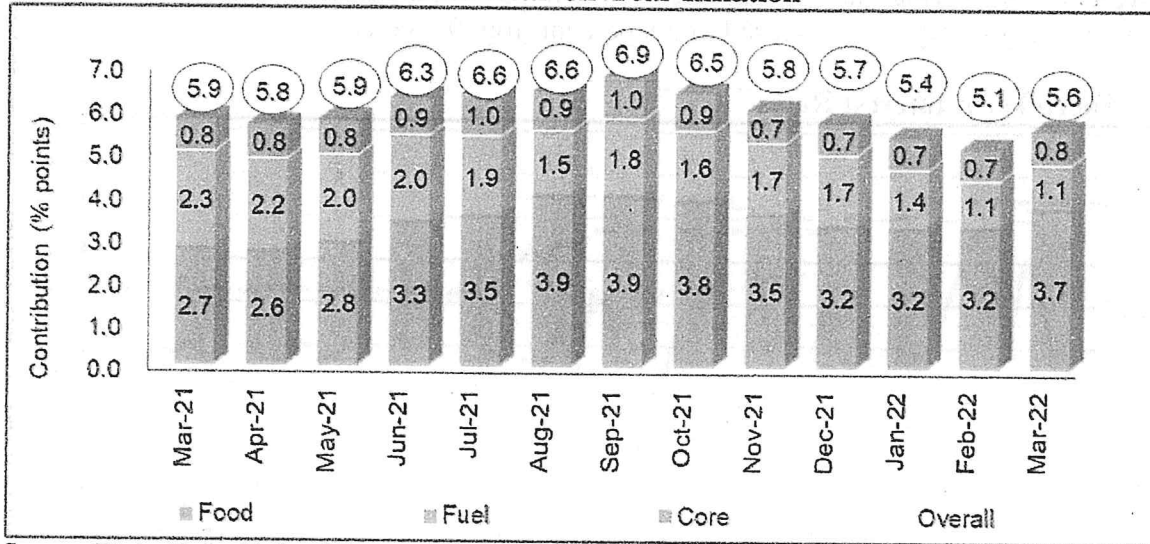
Source of Data: Kenya National Bureau of Statistics

8. Food inflation remain the main driver of overall year-on-year inflation in March 2022, contributing 3.7 percentage points, an increase, compared to a contribution of 2.7 percentage points in March 2021 (Chart 2b). The increase was mainly attributed to dry weather conditions and supply constraints that resulted in a rise in prices of key food items particularly cooking oil (salad), kale (Sukuma wiki), spinach, wheat flour (white), Irish potatoes, carrots, tomatoes, oranges and eggs.

9. Fuel inflation eased to contribute 1.1 percentage points to year-on-year overall inflation in March 2022 from a contribution of 2.3 percentage points in March 2021. This was mainly due to the effect of Government measures to stabilize fuel prices and lower electricity tariffs. However, there was notable increase in the prices of petrol and diesel in March 2022 compared to March 2021.

10. The contribution of core inflation to year-on-year overall inflation has been low and stable, consistent with the muted demand pressures in the economy on account of prudent monetary policies. The contribution of core inflation to overall inflation remained stable at 0.8 percentage points in March 2022 same as in March 2021.

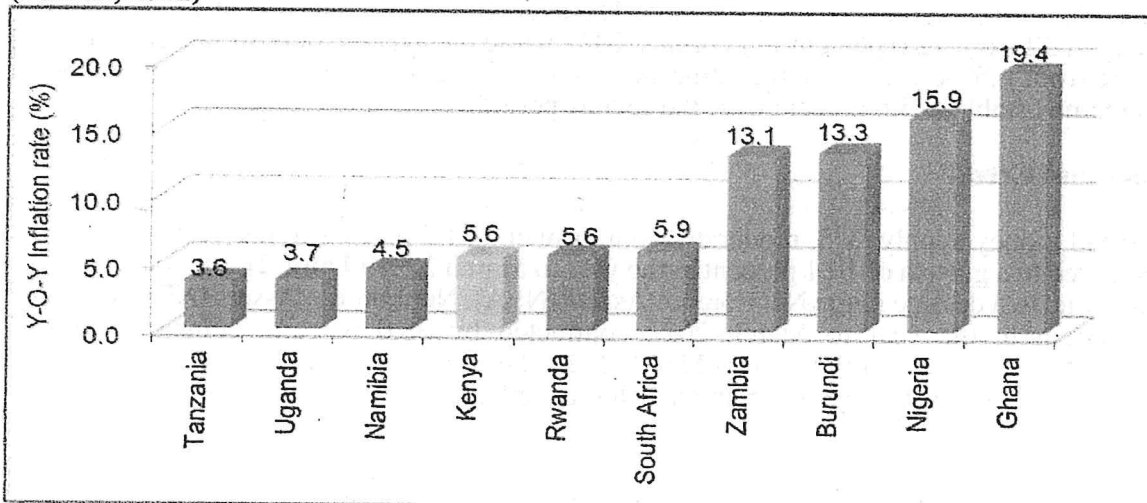
Chart 2b: Contribution to Overall Year-on-Year Inflation



Source of Data: Kenya National Bureau of Statistics

11. Kenya's year-on-year overall inflation rate compares favorably with the rest of Sub-Saharan Africa countries. In March 2022, Kenya recorded a lower inflation rate than South Africa, Burundi, Ghana, Nigeria and Zambia (Chart 2c).

Chart 2c: Year on Year Inflation Rates of selected Sub-Saharan African Countries (March, 2022)



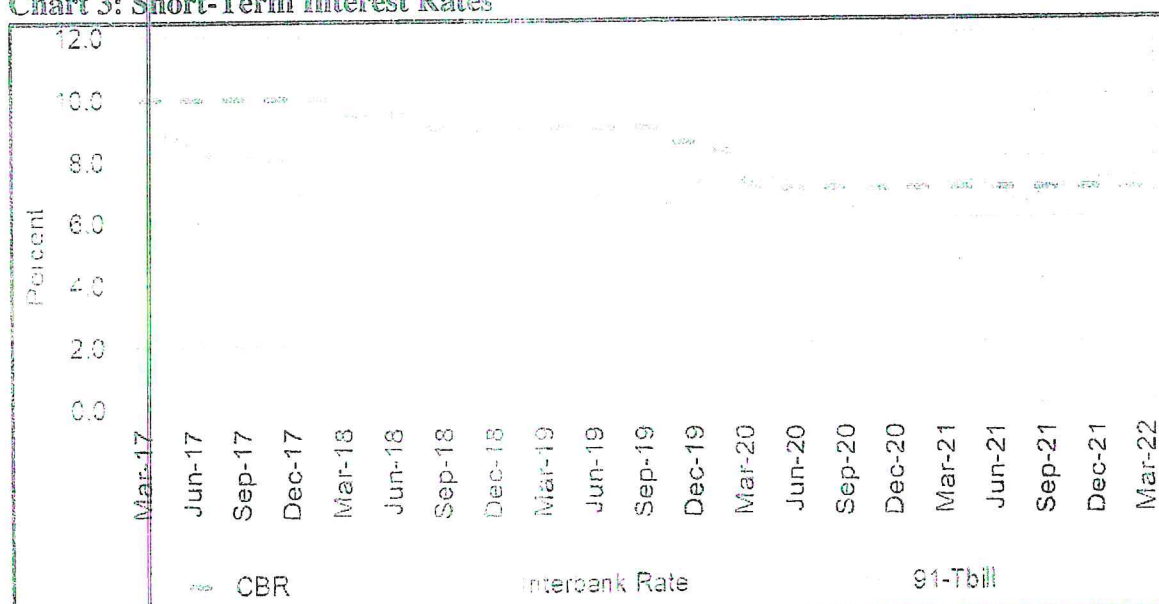
Source of Data: National Central Banks

1.3 Interest Rates

12. The Central Bank Rate was retained at 7.00 percent as the accommodative monetary policy stance remained appropriate given that inflationary expectations are well anchored within the target range and is in line with the ongoing economic recovery. Short-term interest rates remained fairly low and stable supported by ample liquidity in the money market partly reflecting Government payments. As such, the interbank rate declined to 4.7 percent in March 2022 from 5.2 percent in March 2021 (Chart 3).

13. Interest rates on the Treasury bills remained relatively stable in March 2022. The 91-day Treasury Bills rate was at 7.3 percent in March 2022 compared to 7.0 percent in March 2021. Over the same period, the 182-day Treasury Bills rate increased to 8.1 percent from 7.8 percent while the 364-day also increased to 9.8 percent from 9.1 percent.

Chart 3: Short-Term Interest Rates



Source of Data: Central Bank of Kenya

14. Commercial banks' lending rates remained relatively stable in February 2022 supported by the accommodative monetary policy stance. The average lending rate was at 12.2 percent in February 2022 from 12.0 percent in February 2021 while the average deposit rate increased 6.6 percent from 6.5 percent over the same period. Consequently, the average interest rate spread remained stable at 5.6 percent over the review period.

1.4 Money and Credit

15. Broad money supply, M3, moderated to a growth of 4.7 percent in the year to March 2022 compared to a growth of 10.1 percent in the year to March 2021 (Table 2). The slowdown was mainly due to a decline in the Net Foreign Assets (NFA). Net Foreign Assets (NFA) of the banking system in the year to March 2022 contracted by 38.0 percent, compared to a contraction of 10.0 percent in the year to March 2021. The decline in NFA was partly due to the Central Bank payments of Government external obligations and increased commercial banks' loans from nonresidents.

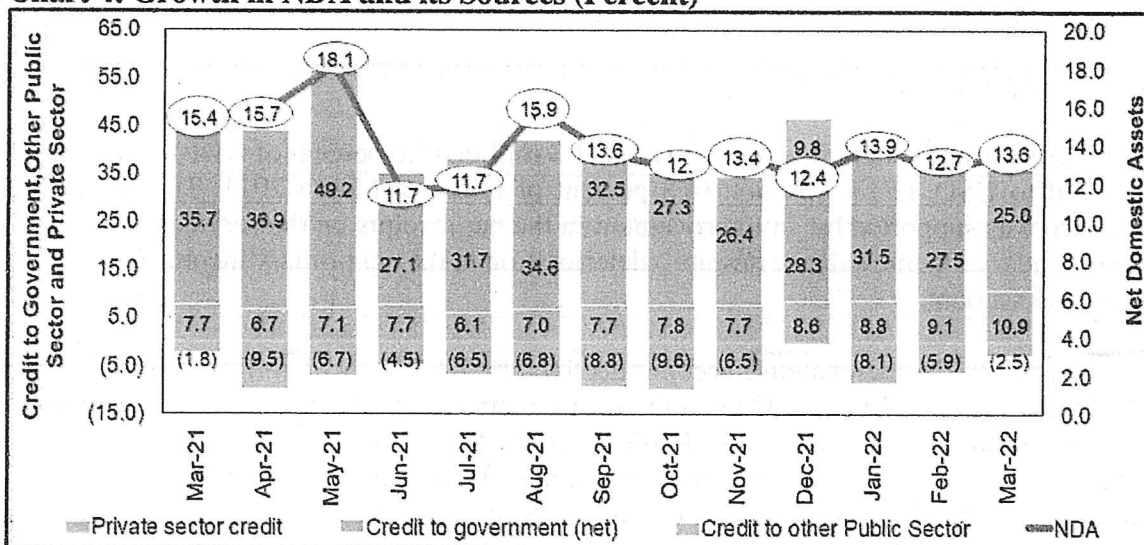
Table 2: Money and Credit Developments (12 Months to March 2022 Ksh. Billion)

				Change		Percent Change	
	2020 March	2021 March	2022 March	2020-2021 March	2021-2022 March	2020-2021 March	2021-2022 March
COMPONENTS OF M3							
1. Money supply, M1 (1.1+1.2+1.3)	1,595.1	1,716.7	1,796.3	121.6	79.6	7.6	4.4
1.1 currency outside banks (M0)	198.3	225.8	248.1	27.6	22.3	13.9	9.0
1.2 Demand deposits	1,306.2	1,405.5	1,445.2	99.3	39.7	7.6	2.8
1.3 Other deposits at CBK	90.7	85.4	103.1	(5.2)	17.6	(5.8)	20.7
2. Money supply, M2 (1+2.1)	3,018.9	3,250.3	3,410.2	231.4	159.9	7.7	4.9
2.1 Time and savings deposits	1,423.7	1,533.5	1,613.8	109.8	80.3	7.7	5.2
Money supply, M3 (2+3.1)	3,661.0	4,030.0	4,221.2	369.0	191.3	10.1	4.7
3.1 Foreign currency deposits	642.2	779.7	811.1	137.5	31.4	21.4	4.0
SOURCES OF M3							
1. Net foreign assets (1.1+1.2)	767.7	691.0	428.1	(76.7)	(262.9)	(10.0)	(38.0)
1.1 Central Bank	800.6	690.7	600.8	(109.9)	(89.9)	(13.7)	(13.0)
1.2 Banking Institutions	(32.9)	0.3	(172.7)	33.2	(173.0)	101.0	(54.748.8)
2. Net domestic assets (2.1+2.2)	2,893.3	3,339.0	3,793.1	445.7	454.2	15.4	13.6
2.1 Domestic credit (2.1.1+2.1.2+2.1.3)	3,789.0	4,361.2	5,022.6	572.3	661.4	15.1	15.2
2.1.1 Government (net)	1,036.8	1,406.6	1,758.3	369.8	351.7	35.7	25.0
2.1.2 Other public sector	90.9	89.3	87.1	(1.6)	(2.2)	(1.8)	(2.5)
2.1.3 Private sector	2,661.2	2,865.3	3,177.3	204.0	312.0	7.7	10.9
2.2 Other assets net	(895.6)	(1,022.2)	(1,229.5)	(126.6)	(207.2)	(14.1)	(20.3)

Source of Data: Central Bank of Kenya

16. Net Domestic Assets (NDA) registered a growth of 13.6 percent in the year to March 2022, a slowdown compared to a growth of 15.4 percent over a similar period in 2021 (Table 2, Chart 4). The growth in NDA was supported by net lending to Government, and resilient growth in credit to the private sector as business activities improved. The slowdown in its growth was due to a contraction of credit to other public sector mainly due to a decline in borrowings by County Governments and parastatals.

Chart 4: Growth in NDA and its Sources (Percent)



Source of Data: Central Bank of Kenya

17. Private sector credit improved to a growth of 10.9 percent in the 12 months to March 2022 compared to a growth of 7.7 percent in the year to March 2021. This was supported by

RECENT ECONOMIC DEVELOPMENTS

recovery in economic activities, the accommodative monetary policy and other policy measures by government to mitigate the adverse impact of COVID-19 on the economy. Strong credit growth was observed in the following sectors: transport and communication, manufacturing, trade, consumer durables and business services. All economic sectors, except mining and quarrying, registered positive credit growth rates. The Credit Guarantee Scheme for the vulnerable Micro, Small and Medium Enterprises (MSMEs), continues to de-risk lending by commercial banks hence remains critical to increasing credit flow to the private sector.

1.5 Balance of Payments

18. The overall balance of payments position declined to a surplus of USD 34.1 million (0.03 percent of GDP) in March 2022 from a surplus of USD 1,196.1 million (1.1 percent of GDP) in March 2021 (Chart 5). This was mainly due to a decline in the merchandise account reflecting increased imports of oil and other intermediate goods.

Chart 5: Performance of Balance of Payments and its Components



Source of Data: Central Bank of Kenya

19. The current account deficit was at USD 5,911.3 million (5.0 percent of GDP) in March 2022 compared to USD 4,713.5 million (4.3 percent of GDP) in March 2021. The current account balance was supported by an improvement in the net receipts on the services account and the net secondary income balance despite a deterioration in the net primary income balance and merchandise account.

20. The balance in the merchandise account declined by USD 2,895.1 million to a deficit of USD 11,717.6 million in March 2022 mainly due to increased payments on imports in spite of an improvement in the export earnings (Table 3). In the year to March 2022, exports grew by 12.9 percent primarily driven by increased receipts from exports of horticulture and manufactured goods. On the other hand, imports of goods increased by 24.7 percent in the year to March 2022 mainly due to increases in imports of oil and other intermediate goods.

Table 3: Balance of Payments (USD Million)

							Year to March 2022		Percent of GDP	
	Mar-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	change	Percent Change	Mar-21	Mar-22
Overall Balance	(340.7)	1,196.1	(57.5)	(745.6)	(787.7)	34.1	(1,161.9)	(97.1)	1.1	0.03
A) Current Account	(5,518.2)	(4,713.5)	(5,368.5)	(5,739.5)	(6,026.8)	(5,911.3)	(1,197.8)	(25.4)	(4.3)	(5.0)
<i>Merchandise account (a-b)</i>	(10,516.3)	(8,822.5)	(9,598.4)	(10,409.3)	(11,439.1)	(11,717.6)	(2,895.1)	(32.8)	(8.0)	(10.0)
a) Goods: exports	6,068.9	6,038.2	6,400.4	6,501.7	6,729.6	6,818.3	780.1	12.9	5.5	5.8
b) Goods: imports	16,585.2	14,860.7	15,998.8	16,910.9	18,168.8	18,535.9	3,675.2	24.7	13.4	15.8
<i>Net Services (c-d)</i>	1,304.9	267.6	239.7	319.1	739.8	1,249.6	982.1	367.0	0.2	1.1
e) Services: credit	5,241.8	3,616.2	3,839.7	4,159.3	4,859.4	5,706.0	2,089.8	57.8	3.3	4.9
d) Services: debit	3,936.9	3,348.7	3,600.0	3,840.2	4,119.6	4,456.4	1,107.7	33.1	3.0	3.8
<i>Net Primary Income (e-f)</i>	(1,553.0)	(1,290.2)	(1,405.9)	(1,390.9)	(1,487.9)	(1,796.2)	(506.0)	(39.2)	(1.2)	(1.5)
e) Primary income: credit	215.4	120.6	135.7	126.4	128.8	119.2	(1.4)	(1.1)	0.1	0.1
f) Primary income: debit	1,768.3	1,410.8	1,541.6	1,517.3	1,616.7	1,915.4	504.6	35.8	1.3	1.6
<i>Net Secondary Income</i>	5,246.0	5,131.6	5,396.1	5,741.5	6,160.5	6,352.8	1,221.3	23.8	4.6	5.4
g) Secondary income: credit	5,286.7	5,218.9	5,505.3	5,873.3	6,270.8	6,468.1	1,249.2	23.9	4.7	5.5
h) Secondary income: debit	40.6	87.3	109.2	131.9	110.3	115.3	28.0	32.1	0.1	0.1
B) Capital Account	189.6	179.4	205.6	204.8	195.1	194.1	14.7	8.2	0.2	0.2
C) Financial Account	(5,565.4)	(3,515.9)	(4,816.6)	(6,105.2)	(6,927.3)	(6,948.8)	(3,432.8)	(97.6)	(3.2)	(5.9)

Source of Data: Central Bank of Kenya

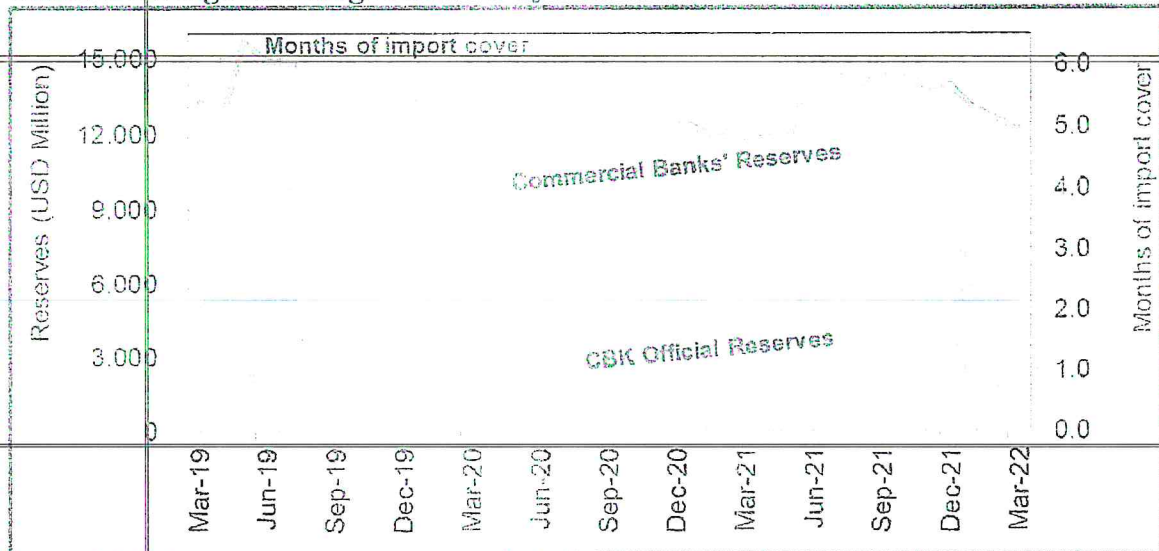
21. Net receipts on the services account improved by USD 982.1 million to USD 1,249.6 million in March 2022 compared to a similar period in 2021. This was mainly on account of an increase in receipts from transport and tourism as international travel continued to improve. Net Secondary income remained resilient and increased by USD 1,221.3 million during the review period supported by remittances. The balance of the primary account widened by USD 506.0 million to a deficit of USD 1,796.2 million in March 2022, from a deficit of USD 1,290.2 million in the same period last year, attributed to increased payments on portfolio investments.

22. The capital account balance improved by USD 14.7 million and registered a surplus of USD 194.1 million in March 2022 compared to the same period in 2021. Net financial inflows also improved to USD 6,948.8 million in March 2022 compared to USD 3,515.9 million in March 2021. The net financial inflows were mainly in the form of other investments, portfolio investments, financial derivatives and direct investments.

1.6 Foreign Exchange Reserves

23. The banking system's foreign exchange holdings remained strong at USD 12,590.0 million in March 2022 from USD 12,850.2 million in March 2021. The official foreign exchange reserves held by the Central Bank increased to USD 8,432.2 million (4.9 months of import cover) in March 2022 compared to USD 7,741.2 million (4.7 months of import cover) in March 2021 (Chart 6).

Chart 6: Foreign Exchange Reserves by March 2022



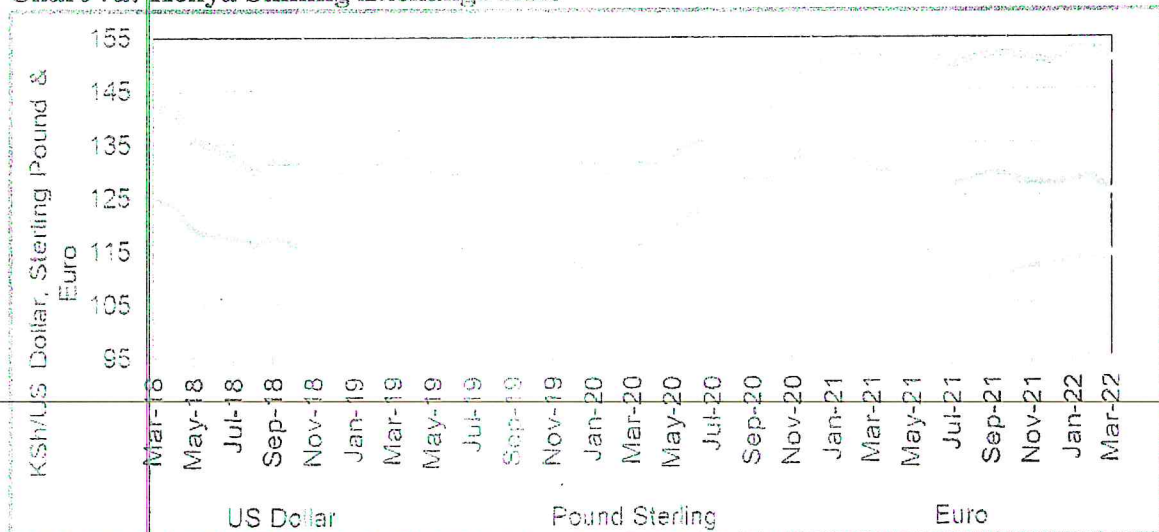
Source of Data: Central Bank of Kenya

24. The official reserves fulfil the requirement to maintain reserves at minimum of 4.0 months of imports cover to provide adequate buffer against short term shocks in the foreign exchange market. Commercial banks holdings decreased to USD 4,157.8 million in March 2022 from USD 5,109.0 million in March 2021.

1.7 Exchange Rates

25. The foreign exchange market has largely remained stable despite the tight global financial conditions attributed to strengthening US Dollar. The Kenya Shilling to the US Dollar exchanged at Ksh. 114.3 in March 2022 compared to Ksh. 109.7 in March 2021. Over the same period, the Euro exchanged at Ksh. 126.2 compared to Ksh. 130.9 while the Sterling Pound exchanged at Ksh. 151.0 compared to Ksh. 152.2 (Chart 7a).

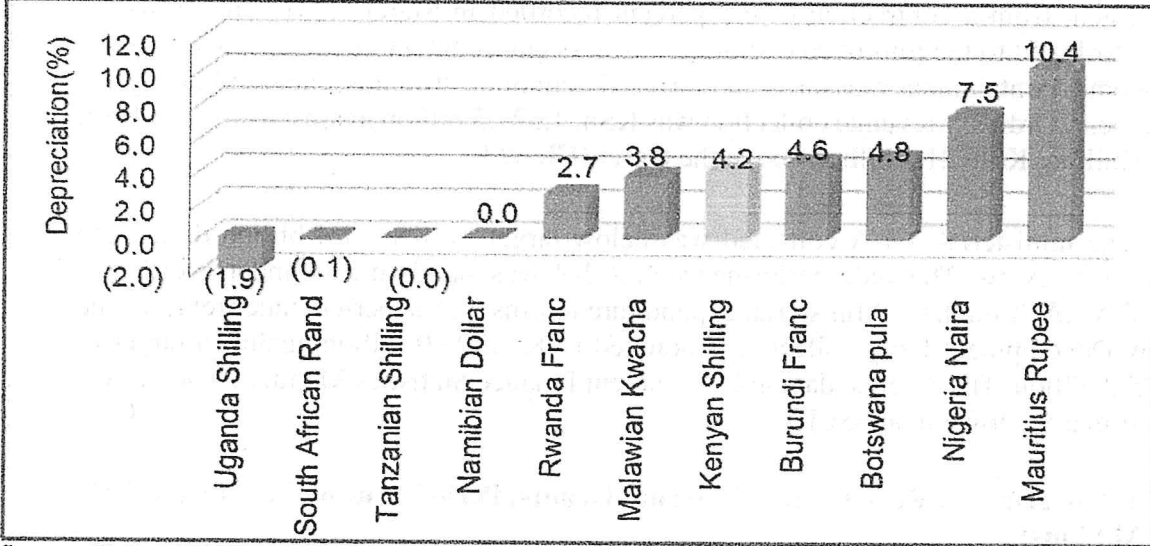
Chart 7a: Kenya Shilling Exchange Rate



Source of Data: Central Bank of Kenya

26. In comparison to most Sub-Saharan Africa currencies, the Kenya Shilling has remained relatively stable weakening by 4.2 percent against the US Dollar (**Chart 7b**). This depreciation of the Kenya Shilling was lower than that of Burundi Franc, Nigerian Naira, Mauritius Rupee and Botswana Pula. The stability in the Kenya Shilling was supported by increased remittances, adequate foreign exchange reserves and favorable horticultural exports.

Chart 7b: Performance of Selected Sub-Saharan Countries Currencies against the US Dollar (March, 2021 to March, 2022)

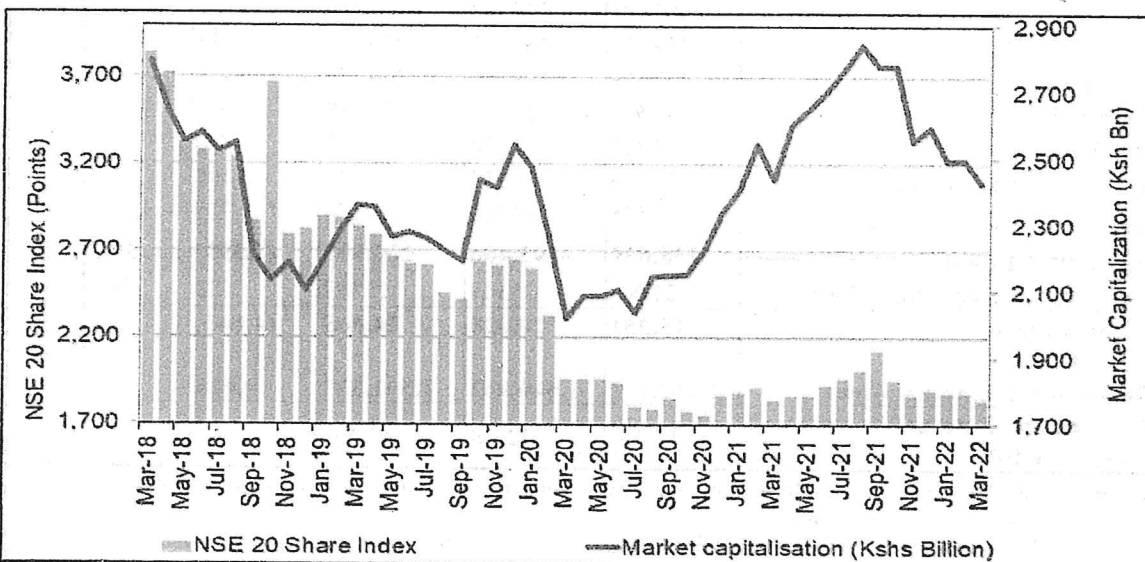


Source of Data: National Central Banks

1.8 Capital Markets

27. Activity in the capital markets remained fairly stable in March 2022. The NSE 20 Share Index stood at 1,847 points by end of March 2022 compared to 1,846 points by end March 2021. Market capitalization was at KSh 2,426 billion from KSh 2,437 billion over the same period (**Chart 8**).

Chart 8: Performance at the NSE by end March, 2022.



Source of Data: Nairobi Securities Exchange

2.0 FISCAL DEVELOPMENTS

2.0 Revenue

28. By the end of March 2022, total revenue collected including A-I-A amounted to KSh. 1,520.9 billion against a target of KSh. 1,506.7 billion (Table 4). The revenue was above target by KSh. 14.3 billion mainly due to above target performance of ordinary revenue. The total revenue inclusive of the ministerial A-I-A grew by 22.1 percent, an improvement from a contraction of 6.5 percent recorded in March 2021. The growth is largely attributed to the improved operating business environment due to easing of Covid-19 pandemic containment measures and targeted economic stimulus interventions by the Government. Ordinary revenue collection was KSh. 1,327.5 billion against a target of KSh. 1,305.9 billion, KSh. 21.7 billion above the target (Chart 9).

29. The ministerial A-I-A collected was below target by KSh. 7.4 billion during the period under review. The underperformance of A-I-A was mainly due to underreporting of SAGAs' A.I.A through the Ministerial expenditure returns for the period under review. The Railway Development Levy collection amounted to KSh. 25.9 billion against a target of KSh. 25.2 billion. The revenue data in Government Finance Statistics Manual 2014 (GFSM 2014) format is shown in annex II.

Table 4: Government Revenue and External Grants, Period Ending 31st March, 2022 (KSh. Millions)

	2020	2021		Deviation KSh.	% Growth
	Actual	Actual ^{1/}	Target		
Total Revenue (a+b)	1,245,286	1,520,934	1,506,669	14,265	22.1
(a) Ordinary Revenue	1,166,648	1,327,527	1,305,864	21,664	20.0
Import Duty	50,133	54,954	54,992	(38)	6.0
Excise Duty	162,657	185,318	185,893	(575)	14.7
PAYE	251,564	333,558	324,324	9,234	32.6
Other Income Tax	203,703	247,070	238,523	8,547	21.3
VAT Local	139,710	182,963	178,665	4,298	31.0
VAT Imports	152,519	199,344	192,886	6,458	30.7
Investment Revenue	41,886	20,308	29,298	(8,991)	(51.5)
Traffic Revenue	3,360	3,276	3,463	(187)	(2.5)
Taxes on Intd. Trade & Trans (IDF Fee)	29,189	33,387	33,738	1,649	21.2
Others ^{2/}	42,505	34,850	34,074	775	(18.0)
(b) Appropriation In Aid ^{3/}	128,639	193,406	200,805	(7,399)	39.5
of Railway Development Levy	21,043	25,919	25,197	722	25.2
(c) External Grants	15,351	20,028	24,668	(4,641)	9.1
Total Revenue and External Grants	1,263,637	1,540,961	1,531,337	9,624	21.9
Total Revenue and External Grants as a percentage of GDP	11.13	12.19	12.11	-	-

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

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

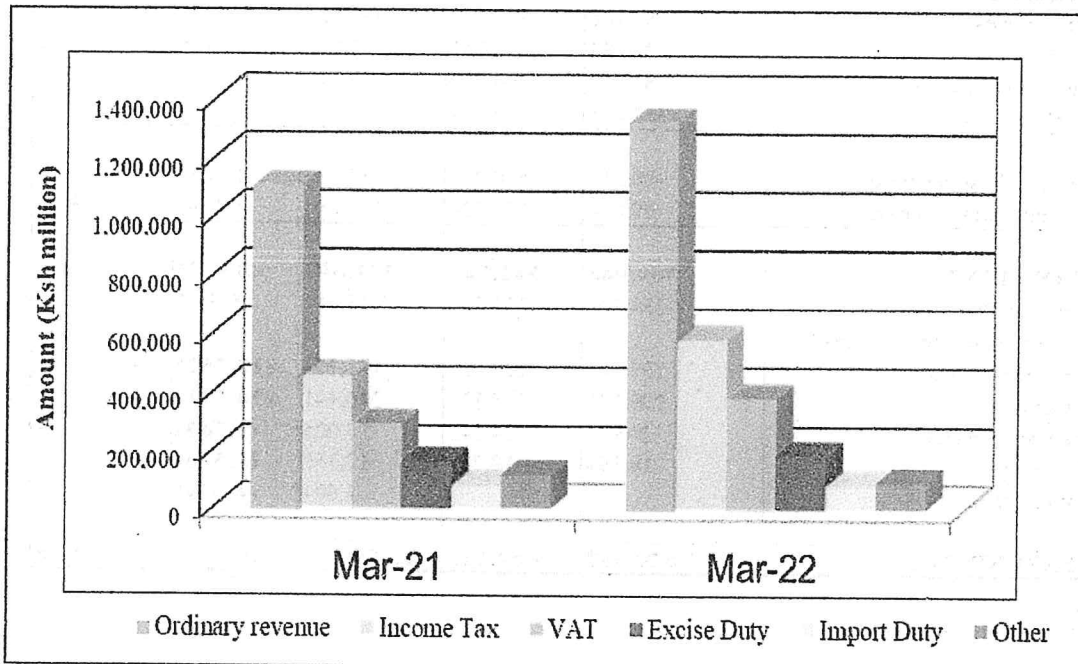
*Provisional

Source of Data: National Treasury

FISCAL DEVELOPMENTS

30. As a proportion of GDP, the total revenue and grants in the period under review was 12.2 percent compared to 11.1 percent in the corresponding period in the FY 2020/21. Total grants amounted to KSh. 20.0 billion against a target of KSh. 24.7 billion, which was an under performance by KSh.4.6 billion.

Chart 9: Ordinary Revenue by Source, Period Ending 31st March, 2022



Source of Data: National Treasury

2.1 Expenditure

31. The total expenditure and net lending for the period under review amounted to KSh. 2,069.1 billion, against a target of KSh.2,089.8 billion. The resultant under expenditure of KSh. 20.7 billion is attributed to lower absorption recorded in development expenditures by the National Government and below target transfers to County Governments. Recurrent expenditure for National Government amounted to KSh. 1,455.0 billion (excluding KSh. 35.0 billion for Parliament and Judiciary), against a target of KSh. 1,438.3 billion leading to an above target expenditure of KSh. 16.7 billion. The over expenditure in recurrent category is mainly attributed to above target expenditure on Operation and Maintenance (O&M) and pension payments (Table 5 and Chart 10).

FISCAL DEVELOPMENTS

Table 5: Expenditure and Net Lending, Period Ending 31 March, 2022 (KSh. Millions)

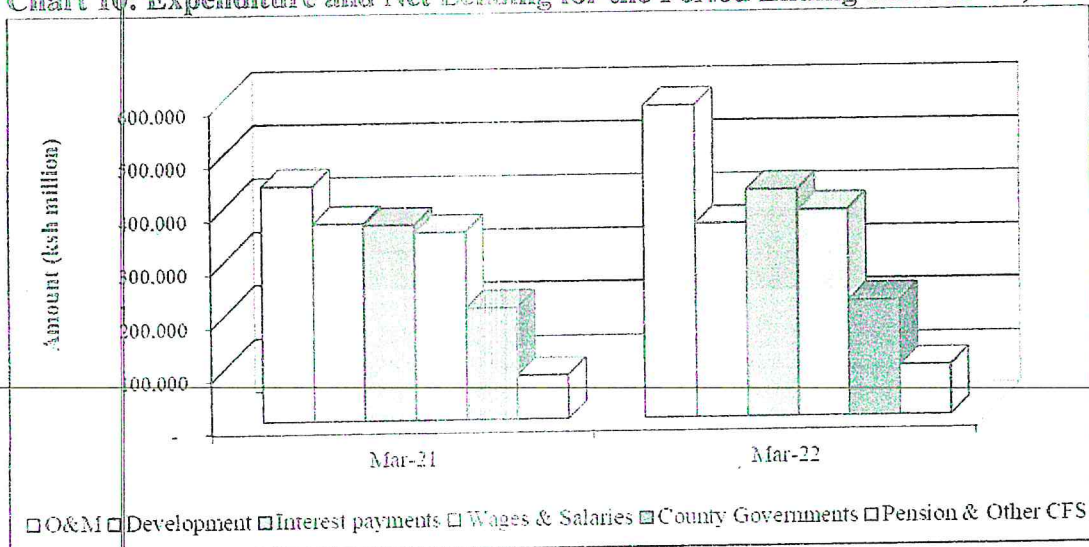
	2020/2021 Actual	2021/2022		Deviation	% Growth
		Actual	Targets		
1. RECURRENT	1,209,547	1,455,021	1,438,273	16,747	20.3
Domestic Interest	286,106	332,230	332,207	22	18.1
Foreign Interest	80,183	92,542	92,158	384	15.4
Pensions & Other CFS	81,672	94,013	83,241	10,772	13.2
Wages and Salaries	352,075	386,234	394,629	(8,395)	9.7
Operation and Maintenance	408,511	550,003	536,039	13,964	34.6
O/W Appropriation-in-Aid	69,030	127,028	136,130	(9,102)	84.0
2. DEVELOPMENT	369,948	362,747	371,697	(8,950)	(1.9)
Development Projects (Net)	234,306	234,725	235,918	3,807	0.2
Payment of Guaranteed Loans	-	-	-	-	-
Appropriation-in-Aid	135,642	128,022	141,774	(13,752)	(10.6)
3 County Governments	209,371	216,320	240,441	(24,121)	3.1
4 Parliamentary Service	20,923	24,242	27,005	(2,763)	13.9
5 Judicial Service	10,394	10,783	12,359	(1,576)	3.7
6 Equalization Fund	-	-	4,004	(4,004)	-
7. CF	-	-	-	-	-
TOTAL EXPENDITURE	1,579,495	2,069,113	2,089,774	(20,662)	13.6

*Provisional

Source of Data: National Treasury

32. Foreign interest payments amounted to KSh. 92.5 billion, higher than the KSh. 80.2 billion paid over the same period in the FY2020/21. The domestic interest payments totalled to KSh. 332.2 billion, which was higher than the KSh. 286.1 billion paid in the corresponding period in the previous financial year. The expenditure data in GFSM 2014 format is shown in annexes III and IV.

Chart 10: Expenditure and Net Lending for the Period Ending 31st March, 2021



Source of Data: National Treasury

2.1.1 National Government Expenditures by Public Agencies

33. The total ministerial and other public agencies expenditure including A.I.A was KSh. 1,312.6 billion against a target of KSh. 1,561.3 billion. Recurrent expenditure was KSh. 960.8 billion against a target of KSh. 1,049.1 billion, while development expenditure amounted to KSh. 351.8 billion against a target of KSh. 512.2 billion. The percentage of total expenditures to the target was 84.1 percent while the percentage of total expenditures to the target for recurrent and development were 91.6 percent and 68.7 percent respectively, as at the end of the period under review. The discrepancy between actual and target expenditures was partly due to the non-capture of the parastatals and some other government entities expenditures. These ministerial expenditures are therefore, provisional.

34. As at the period ending 31st March, 2022, recurrent expenditures by the State Department for Early Learning and Basic Education, State Department for University Education; Teachers Service Commission; State Department for Vocational and Technical Training and the Ministry of Health (Social Sector) accounted for 40.5 percent of total recurrent expenditure. In addition, the State Department for Interior and the Ministry of Defence each accounted for 10.1 percent of total recurrent expenditure respectively.

35. Analysis of development outlay indicates that the State Department for infrastructure accounted for the largest share of the total development expenditure (23.4 percent), followed by the State Department for Planning (13.4 percent), Ministry of water, Sanitation and irrigation (12.2 percent) and the National Treasury (11.8 percent). The expenditures by large Ministries/State Departments were below target because of under reporting of expenditure from the sub-national, parastatals and some donor funded projects. **Table 6** shows the recurrent and development expenditures by Ministries, State Departments and other government entities for the period under review.

FISCAL DEVELOPMENTS

Table 6: National Government Expenditures by Public Agencies, Period Ending 31-March, 2022 (KSh. Millions)

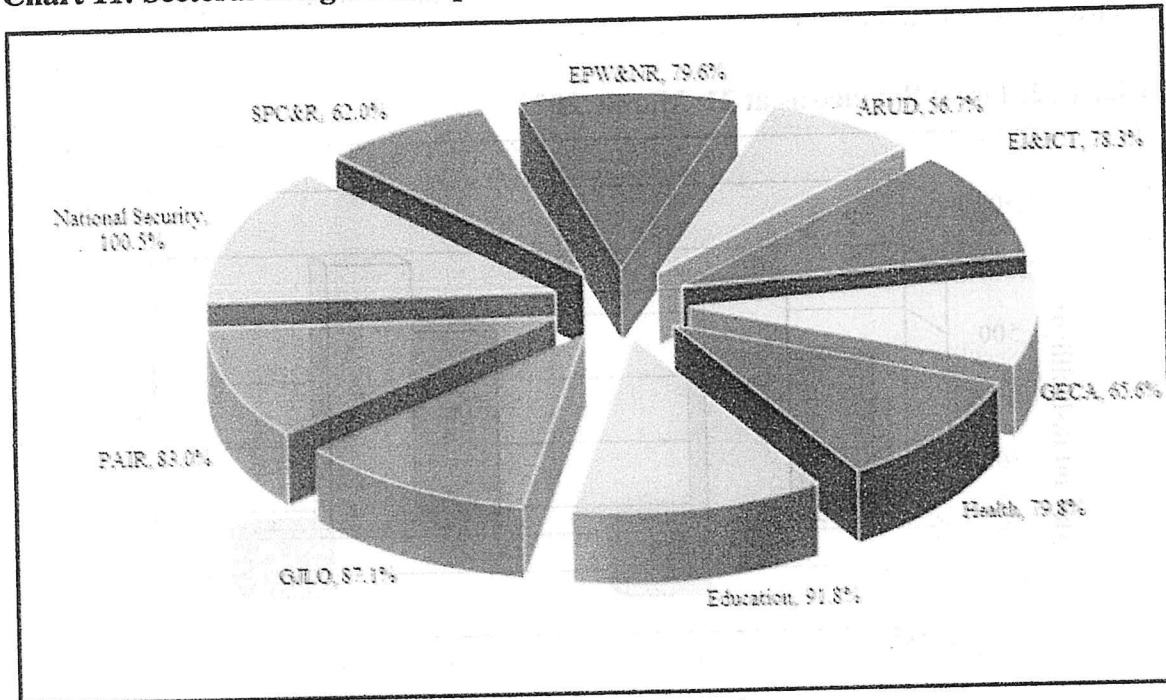
Budget Head	MINISTRY/DEPARTMENT/COMMISSIONS	Mar-22			Mar-21			Mar-22			% of Total Exp. To Target
		Requirement			Development			Total			
		Actual	Target	Variance	Actual	Target	Variance	Actual	Target	Variance	
1001	Executive Office of the President	11,000	11,000	0	7,500	7,500	0	20,820	20,820	0	100
1002	State Department for Interior and Citizen Services	24,400	24,400	0	4,200	4,200	0	107,700	107,700	0	100
1003	State Department for Correctional Services	17,000	17,000	0	0	0	0	17,000	17,000	0	100
1004	State Department for Devolution	1,000	1,000	0	0	0	0	1,000	1,000	0	100
1005	State Department for Development of the A.S.A.I.	700	700	0	1,350	700	650	4,070	6,500	(2,430)	61
1006	Ministry of Defence	57,000	57,000	0	0	0	0	103,070	103,070	0	100
1007	Ministry of Foreign Affairs	110,000	110,000	0	1,000	1,000	0	103,070	103,070	0	100
1008	State Department for Vocational and Technical Training	10,000	10,000	0	1,000	1,000	0	10,000	10,000	0	100
1009	State Department for University Education	77,000	77,000	0	0	0	0	10,000	10,000	0	100
1010	State Department for Early Learning & Basic Education	17,000	17,000	0	0	0	0	10,000	10,000	0	100
1011	State Department for Post Training and Skills Development	0	0	0	0	0	0	10,000	10,000	0	100
1012	State Department for Implementation of Curriculum Reforms	0	0	0	0	0	0	10,000	10,000	0	100
1013	The National Treasury	4,000	4,000	0	0	0	0	10,000	10,000	0	100
1014	State Department for Planning	0	0	0	0	0	0	10,000	10,000	0	100
1015	Ministry of Health	40,000	40,000	0	0	0	0	10,000	10,000	0	100
1016	State Department for Infrastructure	15,000	15,000	0	0	0	0	10,000	10,000	0	100
1017	State Department for Transport	0	0	0	0	0	0	10,000	10,000	0	100
1018	State Department for Shipping and Maritime	0	0	0	0	0	0	10,000	10,000	0	100
1019	State Department for Housing & Urban Development	0	0	0	0	0	0	10,000	10,000	0	100
1020	State Department for Public Works	0	0	0	0	0	0	10,000	10,000	0	100
1021	Ministry of Environment and Forestry	0	0	0	0	0	0	10,000	10,000	0	100
1022	Ministry of Water & Sanitation and Irrigation	0	0	0	0	0	0	10,000	10,000	0	100
1023	Ministry of Lands and Physical Planning	0	0	0	0	0	0	10,000	10,000	0	100
1024	State Department for Information Communication Technology	0	0	0	0	0	0	10,000	10,000	0	100
1025	State Department for Broadcasting & Telecommunications	0	0	0	0	0	0	10,000	10,000	0	100
1026	State Department for Sports	0	0	0	0	0	0	10,000	10,000	0	100
1027	State Department for Culture and Heritage	0	0	0	0	0	0	10,000	10,000	0	100
1028	Ministry of Energy	0	0	0	0	0	0	10,000	10,000	0	100
1029	State Department for Livestock	0	0	0	0	0	0	10,000	10,000	0	100
1030	State Department for Fisheries, Aquaculture and Marine Biotechnology	0	0	0	0	0	0	10,000	10,000	0	100
1031	State Department for Crop Development & Agricultural Extension	0	0	0	0	0	0	10,000	10,000	0	100
1032	State Department for Cooperatives	0	0	0	0	0	0	10,000	10,000	0	100
1033	State Department for Trade and Enterprise Development	0	0	0	0	0	0	10,000	10,000	0	100
1034	State Department for Industrialization	0	0	0	0	0	0	10,000	10,000	0	100
1035	State Department for Labour	0	0	0	0	0	0	10,000	10,000	0	100
1036	State Department for Social Protection, Pensions & Social Security	0	0	0	0	0	0	10,000	10,000	0	100
1037	Ministry of Petroleum and Mining	0	0	0	0	0	0	10,000	10,000	0	100
1038	State Department for Tourism	0	0	0	0	0	0	10,000	10,000	0	100
1039	State Department for Wildlife	0	0	0	0	0	0	10,000	10,000	0	100
1040	State Department for Gender	0	0	0	0	0	0	10,000	10,000	0	100
1041	State Department for Public Service	0	0	0	0	0	0	10,000	10,000	0	100
1042	State Department for Youth Affairs	0	0	0	0	0	0	10,000	10,000	0	100
1043	State Department for East African Community	0	0	0	0	0	0	10,000	10,000	0	100
1044	State Department for Regional and Northern Corridor Development	0	0	0	0	0	0	10,000	10,000	0	100
1045	State Law Office and Department of Justice	0	0	0	0	0	0	10,000	10,000	0	100
1046	The Judiciary	0	0	0	0	0	0	10,000	10,000	0	100
1047	Ethics and Anti-Corruption Commission	0	0	0	0	0	0	10,000	10,000	0	100
1048	National Intelligence Service	0	0	0	0	0	0	10,000	10,000	0	100
1049	Office of the Director of Public Prosecutions	0	0	0	0	0	0	10,000	10,000	0	100
1050	Office of the Registrar of Political Parties	0	0	0	0	0	0	10,000	10,000	0	100
1051	Witness Protection Agency	0	0	0	0	0	0	10,000	10,000	0	100
1052	Kenya National Commission on Human Rights	0	0	0	0	0	0	10,000	10,000	0	100
1053	National Land Commission	0	0	0	0	0	0	10,000	10,000	0	100
1054	Independent Electoral and Boundaries Commission	0	0	0	0	0	0	10,000	10,000	0	100
1055	Parliamentary Service Commission	0	0	0	0	0	0	10,000	10,000	0	100
1056	National Assembly	0	0	0	0	0	0	10,000	10,000	0	100
1057	Parliamentary Joint Services	0	0	0	0	0	0	10,000	10,000	0	100
1058	Judicial Service Commission	0	0	0	0	0	0	10,000	10,000	0	100
1059	The Commission on Revenue Allocation	0	0	0	0	0	0	10,000	10,000	0	100
1060	Public Service Commission	0	0	0	0	0	0	10,000	10,000	0	100
1061	Salaries and Remuneration Commission	0	0	0	0	0	0	10,000	10,000	0	100
1062	Teachers Service Commission	0	0	0	0	0	0	10,000	10,000	0	100
1063	National Police Service Commission	0	0	0	0	0	0	10,000	10,000	0	100
1064	Auditor General	0	0	0	0	0	0	10,000	10,000	0	100
1065	Office of the Controller of Budget	0	0	0	0	0	0	10,000	10,000	0	100
1066	The Commission on Administrative Justice	0	0	0	0	0	0	10,000	10,000	0	100
1067	National Gender and Equality Commission	0	0	0	0	0	0	10,000	10,000	0	100
1068	Independent Policing Oversight Authority	0	0	0	0	0	0	10,000	10,000	0	100
	Total	960,831	1,049,141	(88,310)	351,709	512,169	(160,460)	1,312,630	1,561,369	(248,679)	84.1

*Provisional

Source of Data: National Treasury

36. During the period under review, the National Security Sector recorded the highest absorption of 100.5 percent of its budget, followed by Education at 91.8 percent. Agriculture, Rural and Urban Development (ARUD) recorded the lowest absorption of 56.7 percent (Chart 11).

Chart 11: Sectoral Budget Absorption as at 31st March, 2022



Source of Data: National Treasury

2.1.2 Pending Bills

37. The total outstanding national government pending bills as at 31st March, 2022 amounted to KSh. 434.5 billion. These comprise of KSh. 385.6 billion (88.7 percent) and KSh. 48.9 billion (11.3 percent) for the State Corporations (SCs) and Ministries/State Departments/other government entities respectively. The SCs pending bills include payment to contractors/projects, suppliers, unremitted statutory and other deductions, pension arrears for Local Authorities Pension Trust, and others. The highest percentage of the SCs pending bills (59.1 percent) belong to Contractor/Projects and Suppliers. Ministries/State Departments and other government entities pending bills constitutes mainly of historical pending bills as at the end of the 2019/20 Financial Year.

38. The national Government policy on clearance of pending bills continues to be in force. All MDAs are therefore, expected to continue with prioritization of payment of the pending bills by settling them as a first charge in the FY 2021/22 budget in line with the Treasury Circular No. 7/2019.

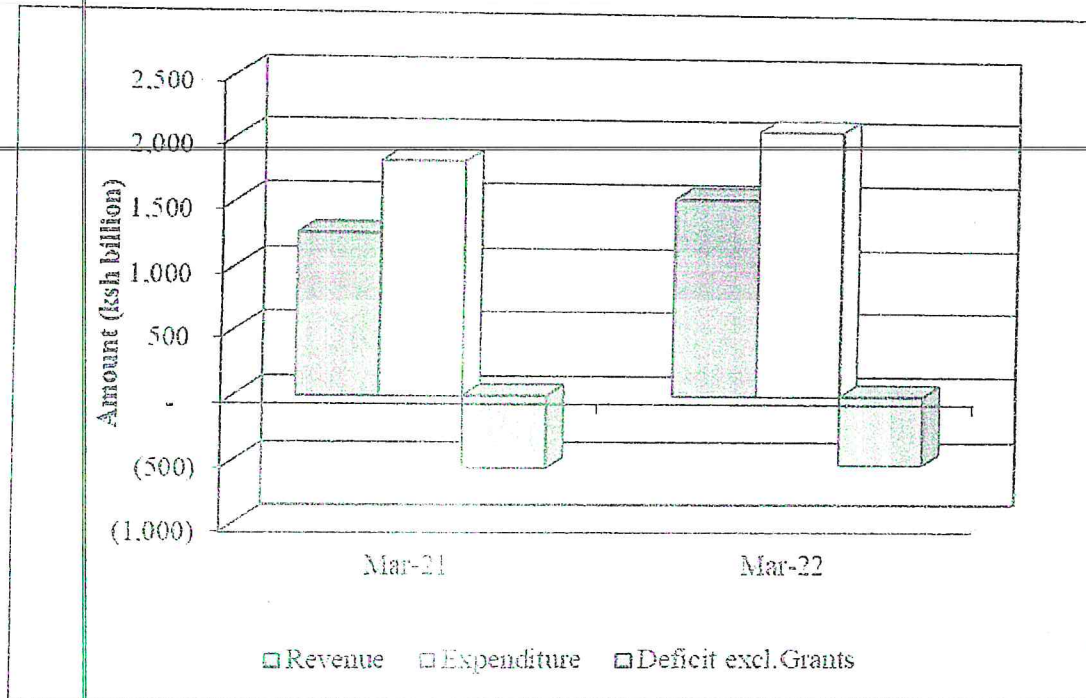
2.1.3 Guaranteed Debt Service

39. The government did not service any guaranteed debt during the period under review since cumulative principal and interest payments of guaranteed loans to parastatals with liquidity problems were fully paid.

2.2 Fiscal Outturn

40. Between 1st July, 2021 and 31st March, 2022, the fiscal balance (on commitment basis and excluding grants) amounted to KSh. 548.2 billion (4.3 percent of GDP) against a targeted deficit of KSh. 583.1 billion (4.6 percent of GDP) (Chart 12 and Table 8). The fiscal balance (on a commitment basis and including grants) stood at 4.2 percent of GDP against a target deficit of 4.4 percent of GDP.

Chart 12: Fiscal Balance as at 31st March, 2022



Source of Data: National Treasury

41. Over the same period in FY2020/21, the fiscal deficit including grants (on commitment basis) stood at KSh. 557.0 billion (4.9 percent of GDP). The fiscal outturn in the last six FYs, the original budget, and Supplementary I for the FY 2021/22 are shown in Annex I. Further, GFSM 2014 Compliant Budgetary Central Government fiscal data for the FY 2020/21 are shown in annexes V and VI.

Table 8: Budget Outturn, Cumulative Ending 31st March, 2022 (KSh. Millions)

	2020/2021	2021/2022		Deviation	% growth	2021/2022 as a % of GDP		2020/2021 Actual as a % of GDP
	Actual	Actual*	Targets			Actual	Targets	
A. TOTAL REVENUE AND GRANTS	1,263,637	1,540,961	1,531,337	9,624	21.9	12.2	12.1	11.1
1. Revenue	1,245,286	1,520,934	1,506,669	14,265	22.1	12.0	11.9	11.0
Ordinary Revenue	1,106,648	1,327,527	1,305,864	21,664	20.0	10.5	10.3	9.7
Import Duty	80,135	84,954	84,992	(38)	6.0	0.7	0.7	0.7
Excise Duty	162,057	185,818	185,898	(80)	14.7	1.5	1.5	1.4
Income tax	455,287	580,628	562,849	17,780	27.5	4.6	4.5	4.0
VAT	292,229	382,307	371,551	10,756	30.8	3.0	2.9	2.6
Investment Revenue	41,886	20,308	29,298	(8,991)	(51.5)	0.2	0.2	0.4
Others	75,054	73,513	71,376	2,237	(2.1)	0.6	0.6	0.7
Appropriation-in-Aid	138,639	192,406	200,805	(7,399)	39.5	1.5	1.6	1.2
2. Grants	18,351	20,029	24,668	(4,641)	9.1	0.2	0.2	0.2
AMISOM Receipts	3,247	2,536	2,727	(191)	-	0.0	0.0	0.0
Nairobi County to NMS	0	4,017	7,449					
Revenue	7,609	4,115	5,775	(1,660)	(45.0)	0.0	0.0	0.1
Appropriation-in-Aid	7,394	9,359	8,718	641	28.6	0.1	0.1	0.1
B. EXPENDITURE AND NET LENDING	1,520,682	2,069,113	2,089,774	(20,662)	13.6	16.4	16.5	16.0
1. Recurrent	1,240,864	1,490,046	1,477,637	12,409	20.1	11.5	11.7	10.9
Domestic Interest	266,196	332,230	332,207	22	16.1	2.6	2.6	2.5
Foreign Interest	80,185	92,542	92,158	384	15.4	0.7	0.7	0.7
Pension & Other CFS	82,672	94,013	83,241	10,772	13.7	0.7	0.7	0.7
Wages and Salaries	352,075	386,234	394,629	(8,395)	9.7	3.1	3.1	3.1
O & M Others	439,829	585,028	575,402	9,626	33.0	4.6	4.6	3.9
2. Development and Net Lending	369,948	362,747	371,697	(8,950)	(1.9)	2.9	2.9	3.3
O/W Domestically financed	250,733	266,147	255,553	10,594	6.1	2.1	2.0	2.2
Foreign financed	119,215	96,600	112,140	(15,539)	(19.0)	0.6	0.9	1.1
Equilization Fund	0	-	4,004	(4,004)	-	0.0	0.0	0.0
County Governments	209,571	216,320	240,441	(24,121)	3.1	1.7	1.9	1.8
3. CF	-	-	-	-	-	0.0	-	0.0
C. DEFICIT EXCL. GRANT (Commitment basis)	(575,396)	(548,179)	(583,105)	34,927	(4.7)	(4.3)	(4.6)	(5.1)
D. DEFICIT INCL. GRANTS (Commitment basis)	(557,045)	(529,151)	(558,437)	30,286	(5.2)	(4.2)	(4.4)	(4.9)
E. ADJUSTMENT TO CASH BASIS	55,995	36,708	-	36,708	-	0.3	-	0.5
F. DEFICIT INCL. GRANTS (Cash basis)	(501,050)	(491,443)	(558,437)	66,994	(1.9)	(3.9)	(4.4)	(4.4)
<i>Discrepancy</i>	(33,247)	(38,295)	-					
G. FINANCING	487,702	453,148	558,437	(105,289)	(7.1)	3.6	4.4	4.3
1. Net Foreign financing	21,171	-19,351	-1,884	(17,469)	(191.4)	(0.2)	(0.0)	0.2
Disbursements	124,911	125,373	145,034	(19,661)	0.4	1.0	1.1	1.1
Programme Loans	7,100	42,247	40,857	1,389	-	0.3	0.3	0.1
Project Cash Loans	50,839	22,787	28,006	(28,218)	(55.2)	0.2	0.2	0.4
Project Loans AIA	49,067	60,339	76,171	(15,832)	23.0	0.5	0.6	0.4
Project Loans SGR_PHASE_1&2A_AIA	11,514	0	0	-	-	-	-	0.1
Commercial Financing	6,391	0	0	-	-	-	-	0.1
Debt repayment - Principal	(103,740)	(144,724)	(148,918)	2,194	39.5	(1.1)	(1.2)	(0.9)
2. Net Domestic Financing	466,531	472,499	560,321	(87,822)	1.3	3.7	4.4	4.1
Government Securities	431,330	455,846	565,022	(79,176)	12.6	3.5	4.5	3.8
Government Overdraft & Others	3,549	14,273	19,457	(5,184)	-	0.1	0.2	0.0
Movement in Government Deposits	31,234	99,159	102,511	(3,352)	-	0.5	0.5	0.3
Domestic Loan Repayments (Net Receipts)	229	3,165	3,275	(110)	1,281.8	0.0	0.0	0.0
Domestic Loan Repayment	(1,110)	(555)	(555)	-	-	0.0	(0.0)	(0.0)
Other Accounts Payable	-	(129,389)	(129,389)					
MEMO ITEM								
GDP ESTIMATE	11,352,960.29	12,646,197.08	12,646,197.08	-	11.39	100.00	100	100.00

*Provisional

Source of Data: National Treasury

FISCAL DEVELOPMENTS

2.3 Financing

2.3.1 External Financing

42. During the period under review, net external repayments amounted to KSh. 19.4 billion (Table 9). Total disbursements (inflows) including Appropriations-in-Aid amounted to KSh. 125.4 billion for the period ending 31st March, 2022 against a target of KSh. 145 billion. The total disbursement included KSh. 60.3 billion Project Loans A.I.A, KSh. 42.2 billion program loans and KSh. 22.8 billion Project Loans-Cash. The External repayments (outflows) of principal debt amounted to KSh. 144.7 billion. The amount comprised of principal repayments due to bilateral sources, commercial institutions and multilateral sources amounting to, KSh. 64.6 billion, KSh. 55.9 billion and KSh. 24.2 billion respectively.

Table 9: External Financing, Period Ending March, 2022 (KSh. Millions)

	Quarter 1	Quarter 2	Quarter 3	Cumulative March 2022	
	2021/22	2021/22	2021/22	Actual*	Target
	Actual*	Actual*	Actual*	Actual*	Target
DISBURSEMENTS:	19,111	73,801	32,461	125,373	145,034
Project Cash Loans	5,237	8,734	11,517	22,787	28,006
Project loans A-I-A	23,174	27,328	19,137	60,339	76,171
Project Loans SGR_PHASE_1_AIA	-	-	-	-	-
Project Loans SGR_PHASE_2A_AIA	-	-	-	-	-
Commercial Financing	-	-	-	-	-
Semi concessional Loans	-	-	-	-	-
Programme Loans	-	40,739	1,507	42,247	40,857
EXTERNAL REPAYMENTS:	47,266	32,781	64,678	144,724	146,918
Bilateral(Incl Italy Debt SWAP)	21,055	5,659	37,890	64,604	67,695
Multilateral (excl IMF)	5,257	7,669	8,301	24,227	25,989
Commercial	17,954	19,452	18,487	55,893	53,233
NET FOREIGN FINANCING	(28,155)	41,020	(32,217)	(19,351)	(1,884)

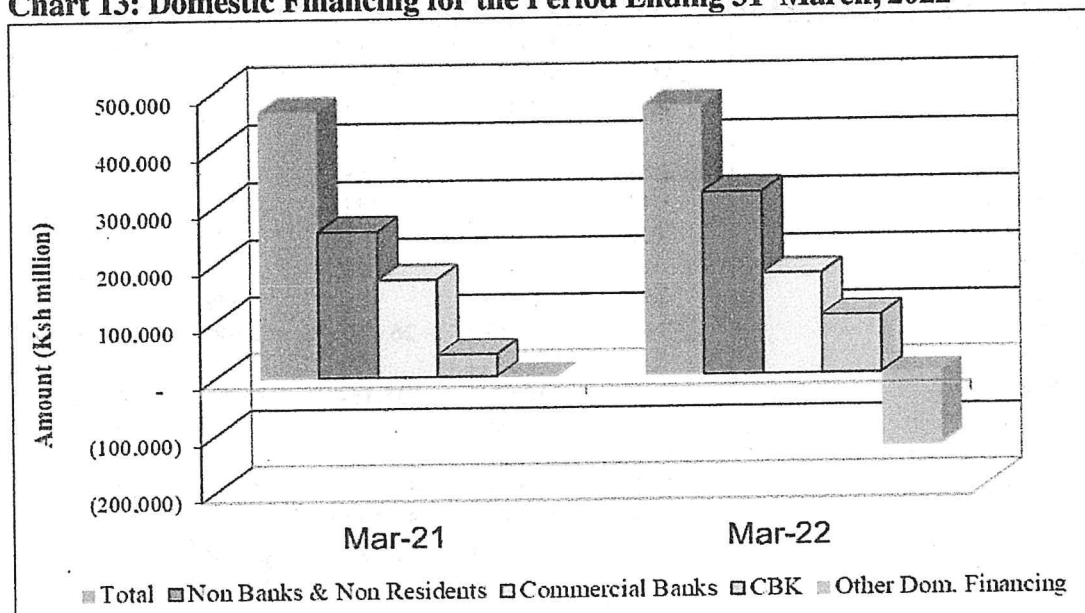
*Provisional

Source of Data: National Treasury

2.3.2 Domestic Financing

43. By the end of March 2022, net domestic borrowing amounted to KSh. 472.5 billion (Table 10) against a target borrowing of KSh. 560.3 billion (Table 8). The borrowing comprised of KSh. 320.5 billion from Non-Banking Financial Institutions, KSh.176.0 billion from commercial banks, Ksh. 102.3 billion from the Central Bank and KSh. 14 million (net repayment) to Non-Residents while the Government drawdown from deposits at the CBK amounted to KSh. 126.2 billion. Comparatively, for the same period in FY 2020/21, the domestic borrowing amounted to KSh. 466.5 billion, comprising of KSh. 171.0 billion from Commercial Banks, Ksh. 255.6 billion from Non-Banking Financial Institutions, KSh. 38.8 billion from the Central Bank of Kenya, and KSh. 0.9 billion from Non-Residents while the Government deposit to CBK amounted to KSh. 0.2 billion from other domestic sources (Table 10 and Chart 13).

Chart 13: Domestic Financing for the Period Ending 31st March, 2022



Source of Data: Central Bank of Kenya

44. The stock of Treasury Bills held by commercial banks and Non-Residents recorded a net decrease of KSh. 22.2 billion and KSh. 0.7 billion respectively while those held by Non-Banks increased by KSh. 32.3 billion. The stock of Fixed Rate Bonds held by Commercial Banks and Non-Banks, and recorded a net increase of KSh. 21.6 billion and KSh. 1.4 billion respectively while those held by Non-Residents decreased by KSh. 1.7 billion (Table 10).

FISCAL DEVELOPMENTS

Table 10: Domestic Financing, Period Ending 31st March, 2022 (KSh. Millions)

DEBT INSTRUMENT	March 2021	June 2021	September 2021	December 2021	March 2022
1. CENTRAL BANK	38,908	(67,907)	30,003	83,759	102,257
Overdraft	2,133	12,130	(4,169)	33	9,116
Treasury bills rediscounts	420	418	7,559	1,731	(462)
Fixed rate Bonds	(280)	(280)	(0)	(75)	(74)
Items on Transit	(32)	(1)	(26)	(37)	(25)
Frozen Account	(555)	(1,110)	-	(555)	(555)
Less Govt Deposits	37,123	(79,063)	26,640	82,642	94,257
2. COM. BANKS	171,031	230,926	105,164	136,951	176,031
Advances	1,193	1,035	45	(3)	5,183
Treasury bills	(97,160)	(102,520)	(1,920)	(50,842)	(119,342)
Fixed rate Bonds	187,129	177,513	56,341	137,984	188,692
Infrastructure Bonds	104,759	153,386	51,790	46,233	96,597
Less Govt Deposits	(4,589)	(4,188)	(1,082)	3,580	4,902
Advances by Treasury	-	5,701	-	-	-
3. NON BANKS	255,604	327,018	130,822	204,744	320,450
Treasury bills	(10,181)	(2,032)	(3,786)	1,465	22,129
TRCs	-	(69)	-	-	-
Fixed rate Bonds	215,953	249,657	93,193	170,290	220,395
Infrastructure Bonds	37,727	80,357	41,415	32,990	77,923
M-Akiba Bond and others	(896)	(896)	-	-	-
4. NON RESIDENTS	859	1,241	3,004	681	(14)
Treasury bills	(2,490)	(2,609)	618	(2,008)	(3,172)
Fixed rate Bonds	2,659	2,626	452	846	1,001
Infrastructure Bond	690	1,225	1,934	1,843	2,153
5. NET CREDIT	466,303	491,273	268,992	426,136	598,723
6. OTHER DOMESTIC FINANCING					
Domestic Loan Repayments (Net)	229	135,648	(128,962)	(126,850)	(126,224)
RDL Deposits					
7. NET DOMESTIC FINANCING	466,532	626,926	140,030	299,285	472,499

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

*provisional

Source of Data: Central Bank of Kenya

3.0 PUBLIC DEBT

3.1 Overall Debt Position

45. The gross public debt as at 31st March, 2022 increased by KSh. 1,062.2 billion to KSh. 8,401.9 billion compared to KSh. 7,339.7 billion as at end of March 2021. The gross public debt comprised of 50.1 percent external debt and 49.9 percent domestic debt. The increase in the public debt is attributed to external loan disbursements; exchange rate fluctuation; and the uptake of domestic debt during the period. The net public debt was KSh. 7,952.8 billion by end of the period under review (Table 11).

Table 11: Kenya's Public and Publicly Guaranteed Debt, March 2020 to March 2022 (KSh. Millions)

DEBT SOURCE	Mar-20	Jun-20	Sept-20	Dec-20*	Mar-21*	Jun-21*	Sep-21*	Dec-21*	Mar-22*
EXTERNAL									
BILATERAL	1,060,610	1,074,257	1,102,890	1,156,991	1,142,718	1,140,529	1,149,211	1,171,701	1,171,595
MULTILATERAL	1,075,901	1,321,629	1,421,840	1,498,837	1,495,606	1,659,411	1,699,358	1,782,085	1,817,375
COMMERCIAL BANKS	1,058,796	1,102,294	1,120,803	1,119,388	1,113,417	1,187,439	1,196,248	1,208,283	1,208,247
SUPPLIERS CREDIT	17,328	17,630	17,958	18,069	18,126	12,162	13,669	12,303	12,344
SUB - TOTAL EXTERNAL	3,212,635	3,515,810	3,663,491	3,793,285	3,769,867	3,999,542	4,058,486	4,174,372	4,209,560
DOMESTIC:									
CENTRAL BANK	84,565	76,419	85,463	81,237	78,104	87,575	90,938	88,692	95,575
COMMERCIAL BANKS	1,571,064	1,653,194	1,808,043	1,769,185	1,776,713	1,814,199	1,917,628	1,943,018	1,978,489
TOTAL BANKS	1,655,629	1,729,613	1,893,507	1,850,422	1,854,817	1,901,774	2,008,565	2,031,710	2,074,064
NON BANKS & NON RESIDENTS	1,416,909	1,448,809	1,563,600	1,638,119	1,715,023	1,795,319	1,929,212	2,000,658	2,118,289
SUB-TOTAL DOMESTIC	3,072,537	3,178,421	3,457,107	3,488,541	3,569,841	3,697,093	3,937,777	4,032,368	4,192,352
GRAND TOTAL GROSS	6,285,172	6,694,231	7,120,598	7,281,826	7,339,708	7,696,635	7,996,263	8,206,740	8,401,912
LESS ON-LENDING	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	-	-	-	-
LESS GOVERNMENT DEPOSITS	(457,623)	(497,609)	(614,353)	(440,630)	(416,765)	(556,430)	(544,187)	(461,273)	(449,073)
GRAND TOTAL NET	5,821,848	6,190,921	6,500,544	6,835,495	6,917,242	7,140,205	7,452,076	7,745,467	7,952,840

*Provisional

Source of Data: National Treasury

3.2 Domestic Debt

46. The stock of gross domestic debt increased by KSh. 622.5 billion from KSh. 3,569.8 billion in March 2021 to KSh. 4,192.4 billion in March, 2022. The net domestic debt was KSh. 3,743.3 billion by end of the period under review (Table 12).

FISCAL DEVELOPMENTS

Table 12: Stock of Domestic Debt by end of March, 2022 (KSh. Millions)

DEBT SOURCE	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21*	Sep-21*	Dec-21*	Mar-22*
1. CENTRAL BANK	54,565	76,419	55,463	51,237	79,104	87,575	90,938	88,692	95,575
Overdraft	54,152	47,150	56,176	47,596	49,263	59,179	55,110	59,313	65,395
Foreign Govt Accounts	22,229	21,119	21,119	21,119	20,564	20,009	20,009	19,454	19,154
Treasury bills, bonds & discounts	56	120	150	-565	539	537	5,096	2,265	76
Items on Transit	9	49	17	12	9	30	15	2	1
Fixed rate bonds	8,099	7,991	7,991	7,045	7,710	7,710	7,710	7,626	7,627
2. COM BANKS	1,571,069	1,653,194	1,598,043	1,769,185	1,776,713	1,514,199	1,917,628	1,943,018	1,973,489
Advances	2,790	2,007	2,777	2,699	2,551	2,455	2,352	2,209	7,429
Treasury Bills	576,428	567,096	590,639	531,648	456,025	452,353	446,226	395,241	325,479
Fixed Rate T Bonds	693,773	734,224	799,624	818,354	811,349	692,067	949,437	1,032,012	1,013,661
Special Bonds	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Savings and Development Bond	7648	7648	7648	7648	7648	7648	7648	7648	7648
Infrastructure Bonds	265,430	357,215	412,445	403,505	421,141	454,675	506,465	500,905	592,272
3. NON BANKS	1,385,334	1,415,655	1,529,485	1,604,276	1,683,332	1,764,233	1,595,111	1,968,944	2,087,323
Treasury Bills	316,773	313,259	307,517	313,782	293,009	308,072	303,598	309,262	331,760
Fixed Rate T Bonds	523,555	521,001	527,277	595,461	1,049,257	1,080,520	1,174,719	1,252,633	1,303,746
Tax Reserve Certificate	69	69	69	69	69	69	69	69	69
Infrastructure Bonds	22,313	24,546	27,252	27,364	31,616	355,061	396,214	356,450	431,223
Savings and Development Bond	20,550	21,510	20,550	20,550	20,550	20,550	20,550	20,550	20,550
M. Akiba Bond	1,241	69	69	69	69	69	69	69	69
4. NON RESIDENTS	31,576	33,154	34,115	33,844	31,692	31,056	34,101	31,714	30,963
Treasury Bills	6,366	7,211	6,651	5,720	-525	4,412	5,034	2,336	1,116
Fixed Rate T Bonds	14,527	15,675	16,592	17,381	16,319	16,288	15,747	19,146	19,306
Savings and Development Bond	9	9	9	9	9	9	9	9	9
Infrastructure Bonds	6,374	10,259	10,863	10,734	6,337	6,377	10,311	10,220	10,530
5. TOTAL GROSS DEBT	3,072,537	3,175,421	3,437,187	3,488,541	3,569,841	3,697,093	3,937,777	4,032,365	4,192,352
6. LESS ON-LENDING	5,791	5,791	5,791	5,791	5,791	-	-	-	-
Less Govt Deposits	-57,523	-97,809	-143,555	-140,630	-136,765	-556,430	-544,187	-461,273	-449,073
8. TOTAL NET DEBT	2,609,213	2,671,811	2,887,831	3,042,110	3,147,375	3,140,663	3,393,590	3,571,092	3,743,279

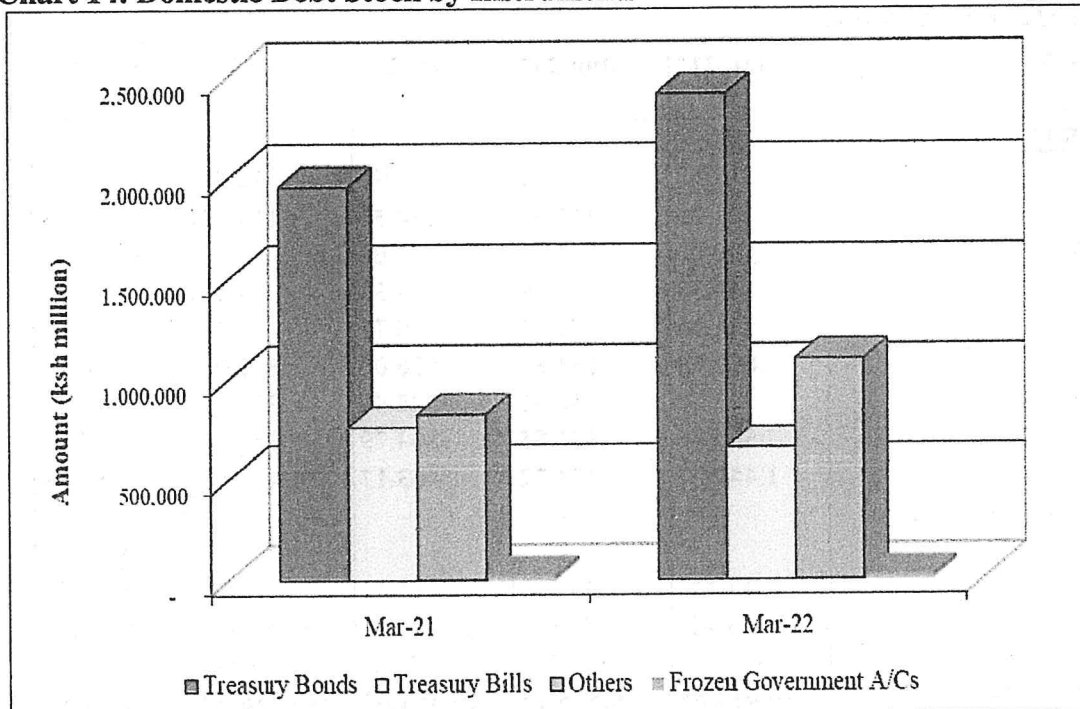
NOTE: Treasury Bills reflected here are at face value as opposed to Table 10, given at cost

*Provisional

Source of Data: Central Bank of Kenya

47. The stock of Treasury Bills held by Central Bank, Commercial Banks, Non-Banking Financial Institution and Non-Residents declined by KSh. 105.4 billion from KSh. 761.9 billion in March 2021 to KSh. 656.5 billion in March 2022. The total stock of Treasury Bonds, which include Floating, Fixed Rate, Special and Zero Coupon Bonds, increased by KSh. 457.7 billion from KSh. 1,961.6 billion in March 2021 to KSh. 2,419.3 billion in March 2022 (Chart 14).

Chart 14: Domestic Debt Stock by Instruments



Source of Data: Central Bank of Kenya

3.3 External Public Debt

48. In dollar terms, external public debt stock increased by US\$. 2,196.1 million from US\$. 34,424.3 million by end of March 2021 to US\$. 36,620.4 million by the end of March, 2022 (Table 13). This comprised debt owed to multilateral (43.1%), bilateral (27.8%), commercial banks (28.7%), and Suppliers Credit (0.3%). This increase is attributed to disbursements and exchange rate fluctuations during the period.

FISCAL DEVELOPMENTS

Table 13: Kenya's External Public and Publicly Guaranteed Debt March, 2021 – March, 2022 (US\$ Millions)

CREDITOR	Mar-21*	Jun-21*	Sep-21*	Dec-21*	Mar-22*
BILATERAL					
AUSTRIA	15.57	13.53	12.98	12.28	11.94
BELGIUM	121.70	117.61	114.51	114.42	116.88
CANADA	0.00	0.00	0.00	0.00	0.00
DENMARK	4.33	4.39	4.30	4.18	4.12
FINLAND	11.16	11.31	9.71	9.42	7.93
FRANCE	800.15	851.83	836.00	812.00	800.61
GERMANY	323.67	338.31	328.90	336.11	351.21
ITALY	366.83	371.83	364.79	333.78	347.71
JAPAN	1,447.97	1,474.72	1,463.17	1,416.58	1,382.43
NETHERLANDS	-	-	-	-	-
UK	-	-	-	-	-
USA	11.77	13.14	12.44	12.26	10.78
CHINA	7,013.42	7,056.92	6,917.51	6,951.45	6,835.26
OTHERS	320.06	321.73	337.12	333.61	323.09
TOTAL BILATERAL	10,434.65	10,575.15	10,401.43	10,356.09	10,191.86
MULTILATERAL					
ADB ADF	2,886.38	2,958.33	3,024.74	3,187.81	3,317.23
BADEA	37.31	39.53	38.63	38.72	39.20
EEC EIB	183.03	215.38	203.88	197.09	188.94
IBRD	294.15	294.98	293.90	297.56	296.74
IDA IFAD	9,220.39	10,146.65	10,137.36	10,150.48	10,099.33
IMF**	983.04	1,652.44	1,635.00	1,834.49	1,824.62
OTHERS	48.32	48.97	47.26	44.83	43.57
TOTAL MULTILATERAL	13,657.03	15,386.29	15,380.77	15,750.98	15,809.95
COMMERCIAL¹					
O W International Sovereign Bond	10,167.10	11,010.10	10,827.15	10,679.43	10,510.99
Bond	-	7,106.58	7,100.00	7,106.28	7,100.00
EXPORT CREDIT	165.51	112.77	123.71	108.74	107.58
GRAND TOTAL	34,414.30	37,084.30	36,733.07	36,895.24	36,620.38

*Provisional

** include IMF item

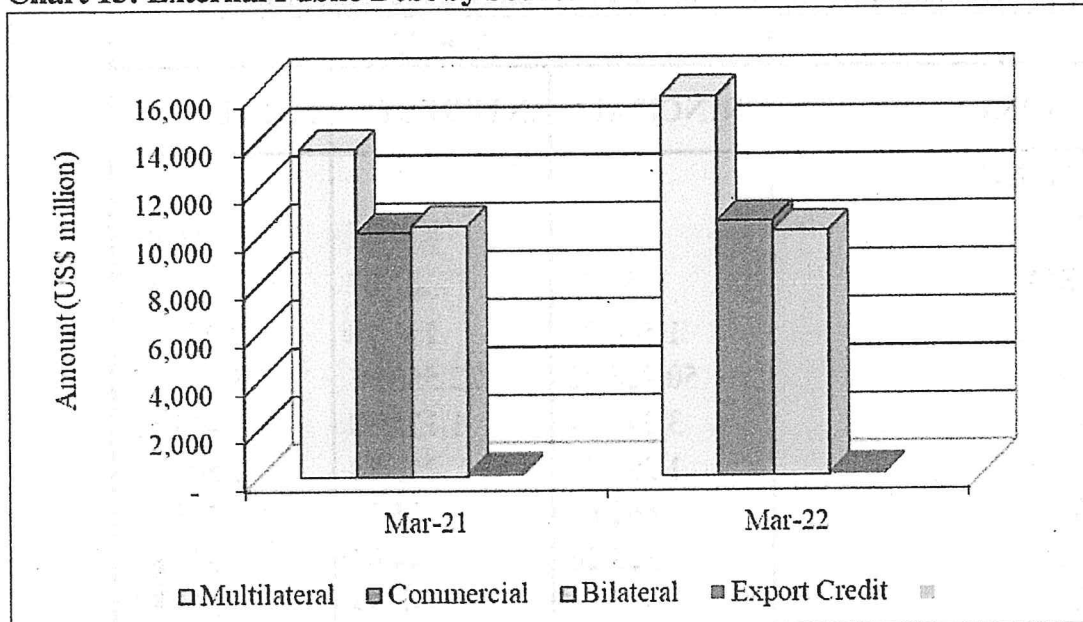
1/ incl. International Sovereign Bond

Note: The exchange rate as at end March 2022 was KSh. 114.6 per dollar.

Source of Data: National Treasury

49. Compared to the same period in FY 2020/21, external public debt stock from multilateral institutions, bilateral sources and Commercial Banks recorded an increase in the period ending March, 2022. External debt stock from suppliers' credit declined by USD 57.9 million by end of March 2022 compared to March 2021 (Chart 15).

Chart 15: External Public Debt by Source



Source of Data: National Treasury

3.3.1 External Debt Service

50. By the end of March 2022, the total cumulative debt service payments to external creditors amounted to KSh. 237.3 billion. This comprised of KSh. 144.7 billion (61 percent) principal and KSh. 92.5 billion (39 percent) interest (Table 14).

Table 14: External Debt Service, July 2021 – March 2022 (KSh. Million)

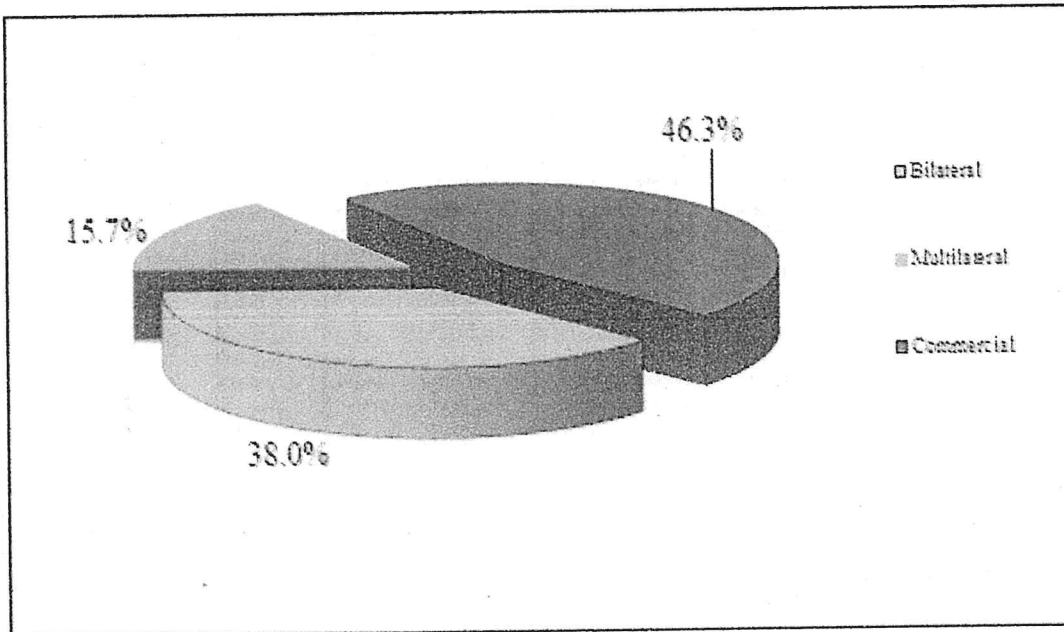
CATEGORY	Mar-22		
	PRINCIPAL*	INTEREST*	TOTAL*
BILATERAL			
ABU DHABI	76.17	14.47	90.64
AUSTRIA	57.78	21.07	78.85
BELGIUM	1,560.98	157.18	1,718.11
CHINA	50,926.42	22,553.85	73,480.28
FRANCE	3,248.14	1,171.38	4,419.53
GERMANY	1,290.72	212.88	1,503.60
INDIA	662.61	85.98	748.59
ISRAEL	329.26	44.07	373.33
ITALY	4,367.53	996.34	5,383.87
JAPAN	320.75	165.85	486.60
KOREA	56.39	10.74	67.13
KUWAIT	123.93	17.90	146.83
POLAND	-	8.37	8.37
SAUDI ARABIA	58.01	13.78	71.79
SPAIN	1,228.76	136.31	1,365.07
USA	271.66	49.31	320.97
TOTAL BILATERAL	64,604.07	25,659.49	90,263.56
MULTILATERAL			
ADB ADF	3,478.60	1,366.13	5,844.72
BADEA	185.72	35.28	221.00
EIB EEC	1,712.74	489.12	2,201.86
IDA	17,460.33	9,498.87	26,959.19
OPEC	528.93	33.77	566.69
NDF	377.20	21.79	398.99
IFAD	483.71	158.79	642.50
IBRD	-	341.14	341.14
TOTAL MULTILATERAL	24,227.22	12,948.88	37,176.10
COMMERCIAL	55,892.96	53,933.39	109,826.34
GRAND TOTAL	144,724.25	92,541.75	237,266.00

* Provisional

Source of Data: National Treasury

51. By the end of March 2022, the total cumulative debt service payments to external creditors comprised of 46.3 percent, 38 percent and 15.7 percent of the total payments to commercial, bilateral and multilateral creditors respectively (Chart 16).

Chart 16: External Debt Service by Creditors at end of March, 2022



Source of Data: National Treasury

4.2. GFSM 2014 COMPLIANT TABLES FOR BUDGETARY CENTRAL GOVERNMENT

4.2.1 Annex II: Revenue (KSh. Millions)

GFSM Code	Description	Annual Budget Estimates FY2021/22	Prel. Actual FY2021/22 Q1	Prel. Actual FY2021/22 Q2	Prel. Actual FY2021/22 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
1	Revenue	2,100,666	512,957	1,044,148	1,540,961
11	Taxes	1,830,010	454,731	945,270	1,400,263
111	Taxes on income, profits, and capital gains	834,472	195,472	406,317	580,628
1111	Payable by individuals	435,927	105,695	219,651	333,558
1112	Payable by corporations and other enterprises	398,545	89,776	186,665	247,070
114	Taxes on goods and services	810,009	212,234	439,733	669,385
1141	General taxes on goods and services	481,076	124,718	258,144	394,836
11411	Value-added taxes	472,907	120,378	249,387	382,307
11414	Taxes on financial and capital transactions ¹	8,169	4,339	8,757	12,529
1142	Excises ²	328,933	87,516	181,589	274,549
115	Taxes on international trade and transactions	185,530	47,025	99,221	150,250
1151	Customs and other import duties ³	185,530	47,025	99,221	150,250
12	Social contributions	473	121	241	325
122	Other social contributions	473	121	241	325
1221	Employee contributions	473	121	241	325
13	Grants	62,002	6,655	11,985	20,028
131	From foreign governments	40,253	3,886	6,122	13,474
1311	Current	-	-	-	-
1312	Capital	40,253	3,886	6,122	13,474
132	From international organizations	2,500	1,846	1,846	2,536
1321	Current	2,500	1,846	1,846	2,536
1322	Capital	-	-	-	-
133	From other general government units	19,250	924	4,017	4,017
1331	Current	19,250	924	4,017	4,017
1332	Capital	-	-	-	-
14	Other revenue	208,180	51,450	86,653	120,346
141	Property income	37,282	19,418	22,157	24,138
1411	Interest	1,981	82	1,171	1,307
1412	Dividends	29,996	18,747	19,665	20,308
1415	Rent	5,305	590	1,321	2,523
142	Sales of goods and services	167,081	31,512	62,838	94,504
1422	Administrative fees	167,081	31,512	62,838	94,504
143	Fines, penalties, and forfeits	2,205	475	1,385	1,247
144	Miscellaneous and unidentified revenue	1,612	46	272	457

1. Includes Capital Gains Tax and Stamp duty

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

3. Includes Import duty, RDL, IDF

Source: National Treasury

4.2.2. Annex III: Expense (KSh. Millions)

GFSM Code	Description	Annual Budget			
		Estimates FY2021/22	Prel. Actual FY2021/22 Q1	Prel. Actual FY2021/22 Q2	Prel. Actual FY2021/22 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
2	Expense	2,906,118	621,530	1,338,653	2,025,591
21	Compensation of employees	552,378	140,045	265,117	407,144
211	Wages and salaries	527,133	126,583	247,099	386,389
212	Social contributions	25,245	13,462	18,018	20,756
2121	Actual social contributions	25,245	13,462	18,018	20,756
22	Use of goods and services	256,771	97,266	240,939	308,182
	O/W Defence and NIS	157,123	38,618	88,252	130,345
	Free Secondary Education (FSE)	62,422	14,836	32,141	45,486
	Free Primary Education (FPE)	12,001	2,620	6,484	8,108
24	Interest	560,262	131,160	274,578	424,771
241	To nonresidents	138,365	30,019	57,296	92,542
242	To residents other than general government	421,897	101,142	217,282	332,230
25	Subsidies	2,875	5,620	12,329	34,162
251	To public corporations	-	-	-	-
252	To private enterprises	2,875	5,620	12,329	34,162
26	Grants	1,388,526	220,437	486,200	759,243
262	To international organizations	5,165	1,241	1,481	1,914
2621	Current	5,165	1,241	1,481	1,914
2622	Capital	-	-	-	-
263	To other general government units	1,383,361	219,196	484,718	757,330
2631	Current	800,071	102,939	254,493	402,140
	O/W Transfer to County Governments (ES)	259,000	42,735	101,488	151,424
	Transfer to Other levels of Government (Includes transfers to SOEs)	541,071	60,204	153,005	250,716
2632	Capital	583,289	116,257	230,225	355,190
	O/W Transfer to County Governments (ES)	111,000	18,315	43,495	64,896
	Transfer to Other levels of Government (Includes transfers to SOEs)	472,289	97,942	186,730	290,294
27	Social benefits	133,481	27,001	59,491	92,088
273	Employer social benefits	133,481	27,001	59,491	92,088
28	Other expense	11,825	-	-	-
282	Miscellaneous other expense	11,825	-	-	-

Source: National Treasury

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

GFMSM Code	Description	Annual Budget	Prel. Actual	Prel. Actual	Prel. Actual
		Estimates FY2021/22	FY2021/22 Q1	FY2021/22 Q2	FY2021/22 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
3	Change in Net Worth: Transactions	(805,452)	(115,157)	(313,050)	(446,335)
31	Net acquisition of nonfinancial assets	124,207	10,132	26,226	43,522
311	Fixed assets	124,207	10,132	26,226	43,522
3111	Buildings and structures	118,915	9,415	24,104	40,561
3113	Other fixed assets	5,293	717	2,122	2,960
312	Inventories	-	-	-	-
32	Net acquisition of financial assets	3,141	(25,985)	(88,206)	(101,769)
3212	Currency and deposits (Domestic)	3,141	(25,985)	(88,206)	(101,769)
33	Net incurrence of liabilities	932,800	99,305	251,069	388,087
331	Domestic	661,618	127,459	238,204	407,438
3313	Securities other than shares	661,618	247,585	340,476	485,847
3314	Loans	-	(4,151)	(7)	14,273
3318	Other Accounts Payable	-	(115,975)	(102,265)	(92,681)
332	Foreign	271,182	(28,155)	12,866	(19,351)
3323	Securities other than shares	475,318	-	-	-
3324	Loans	(204,136)	(28,155)	12,866	(19,351)

Source: National Treasury

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

GFSM Code	Description	Annual Budget	Prel. Actual	Prel. Actual	Prel. Actual
		Estimates FY2021/22	FY2021/22 Q1	FY2021/22 Q2	FY2021/22 Q3
	<i>Accounting method:</i>				
	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
	Cash Flows from Operating Activities:				
1	Cash receipts from operating activities	2,100,666	512,957	1,044,148	1,540,961
11	Taxes	1,530,010	454,731	945,270	1,400,263
12	Social contributions	473	121	241	325
13	Grants	62,002	6,655	11,985	20,028
14	Other receipts	208,180	51,450	56,652	120,346
2	Cash payments for operating activities	2,906,118	621,530	1,338,653	2,025,591
21	Compensation of employees	552,378	140,045	265,117	407,144
22	Purchases of goods and services	256,771	97,266	240,939	308,182
23	Interest	560,262	131,160	274,578	424,771
24	Subsidies	2,875	5,620	12,329	34,162
26	Grants	1,388,526	220,437	486,200	759,243
27	Social benefits	133,461	27,001	59,491	92,066
28	Other payments	11,625	-	-	-
	Net cash inflow from operating activities	(805,452)	(108,573)	(294,505)	(484,630)
	Cash Flows from Investments in Nonfinancial Assets (NFAs):				
31A	Purchases of nonfinancial assets	124,207	10,132	26,226	43,522
311A	Fixed assets	124,207	10,132	26,226	43,522
312A	Strategic stocks	-	-	-	-
31	Net cash outflow: investments in NFAs (31=31.1-31.2)	124,207	10,132	26,226	43,522
	Cash surplus / deficit	(929,659)	(118,705)	(320,731)	(528,151)
	Cash Flows from Financing Activities:				
32x	Net acquisition of financial assets other than cash	3,141	(25,985)	(88,206)	(101,769)
321x	Domestic	3,141	(25,985)	(88,206)	(101,769)
322x	Foreign	-	-	-	-
33	Net incurrence of liabilities	932,500	99,305	251,069	388,087
331	Domestic	661,618	127,459	238,204	407,436
332	Foreign	271,182	(28,155)	12,866	(19,351)
NFB	Net cash inflow from financing activities	929,659	125,290	339,276	489,956
	Net change in the stock of cash	(0)	6,585	18,545	(38,295)
	Statistical Discrepancy	-	-	-	-

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

Source: National Treasury

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

GFSM Code	Description	Annual Budget	Prel. Actual	Prel. Actual	Prel. Actual
		Estimates FY2021/22	FY2021/22 Q1	FY2021/22 Q2	FY2021/22 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
	Transactions Affecting Net Worth:				
1	Revenue	2,100,666	512,957	1,044,148	1,540,961
11	Taxes	1,830,010	454,731	945,270	1,400,263
12	Social contributions	473	121	241	325
13	Grants	62,002	6,655	11,985	20,028
14	Other revenue	208,180	51,450	86,653	120,346
2	Expense	2,906,118	621,530	1,338,653	2,025,591
21	Compensation of employees	552,378	140,045	265,117	407,144
22	Use of goods and services	256,771	97,266	240,939	308,182
24	Interest	560,262	131,160	274,578	424,771
25	Subsidies	2,875	5,620	12,329	34,162
26	Grants	1,388,526	220,437	486,200	759,243
27	Social benefits	133,481	27,001	59,491	92,088
28	Other expense	11,825	-	-	-
GOB	Gross operating balance	(805,452)	(108,573)	(294,505)	(484,630)
NOB	Net operating balance	(805,452)	(108,573)	(294,505)	(484,630)
	Transactions on Nonfinancial Assets:				
31	Net Acquisition of Nonfinancial Assets	124,207	10,132	26,226	43,522
311	Fixed assets	124,207	10,132	26,226	43,522
312	Change in inventories	-	-	-	-
NLB	Net lending / borrowing	(929,659)	(118,705)	(320,731)	(528,151)
	Transactions on Financial Assets and Liabilities (Financing):				
32	Net acquisition of financial assets	3,141	(25,985)	(88,206)	(101,769)
321	Domestic	3,141	(25,985)	(88,206)	(101,769)
322	Foreign	-	-	-	-
33	Net incurrence of liabilities	932,800	99,305	251,069	388,087
331	Domestic	661,618	127,459	238,204	407,438
332	Foreign	271,182	(28,155)	12,866	(19,351)
	Statistical Discrepancy ⁵	-	6,585	18,545	(38,295)

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

Source: National Treasury

