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# **Quarterly Economic and Budgetary Review**



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## ACKNOWLEDGEMENT

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## LIST OF ABBREVIATIONS AND ACRONYMS

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

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



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## 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.

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## **HIGHLIGHTS OF THE FIRST QUARTERLY ECONOMIC AND BUDGETARY REVIEW REPORT IN THE 2025/26 FY**

### **1. Economic growth**

In the first and second quarters of 2025, the economy remained strong with a growth of 4.9 percent and 5.0 percent, respectively. This growth was primarily underpinned by strong performance in the agriculture sector, a recovery of the industry sector, and the resilience of services sector. All economic sectors recorded positive growth rates in the first half of 2025, with varied magnitudes across activities.

### **2. Inflation rate**

Overall year-on year inflation stood at 4.6 percent in September 2025 compared to 3.6 percent in September 2024, and remained below the mid-point of the target range of  $5\pm 2.5$  percent. The stable inflation has been supported by abundant supply of food attributed to favorable weather conditions coupled with government interventions; lower fuel inflation attributed to the stability of the exchange rate and lower international oil prices

### **3. Interest Rates**

Interest rates have declined in line with the easing of the monetary policy. KESONIA (overnight interbank rate) declined to 9.5 percent in September 2025 compared to 12.7 percent in September 2024 while the 91-day Treasury Bills rate declined to 8.0 percent from 15.8 percent, over the same period. The average lending rate declined to 15.1 percent in September 2025 from 16.9 percent in September 2024 while the average deposit rate declined to 7.6 percent from 11.2 percent over the same period.

### **4. Money and Credit**

Broad money supply, M3, grew by 7.0 percent in the year to September 2025 compared to a growth of 1.6 percent in the year to September 2024. The improved growth of M3 was due to an increase in the growth of Net Domestic Assets (NDA) particularly credit to the private sector.

### **5. Current Account**

The current account deficit was US\$ 3,459.8 million (2.5 percent of GDP) in September 2025 compared to US\$ 1,819.3 million (1.4 percent of GDP) in September 2024. The current account balance was supported by resilient goods exports, an improvement in net receipts on the services account, net primary income and net secondary income balance.

### **6. Foreign Exchange Reserves**

The official foreign exchange reserves held by the Central Bank stood at US\$ 11,383.6 million in September 2025 compared to US\$ 8,602.6 million in September 2024. This represented 4.9 months of import cover as compared to the 3.8 months of import cover in September 2024 and therefore continue to provide adequate cover and buffer against any short-term shocks in the foreign exchange market.

### **7. Capital Markets**

Investor confidence has strengthened thereby improving activities in the Nairobi Securities Exchange (NSE). The NSE 20 Share Index improved to 2,973 points in September 2025, up from 1,776 points in September 2024. Similarly, market capitalization expanded to KSh. 2,784 billion, compared to KSh. 1,676 billion over the same period.

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## **8. Revenue Collection**

The National Government's cumulative revenue collection including A-I-A for the period between July– September 2025 amounted to KSh. 709.6 billion (3.7 percent of GDP) against a target of KSh. 793.2 billion. The revenue was below target by KSh. 83.6 billion on account of underperformance in ordinary revenue.

## **9. Expenditure and Net Lending**

The total expenditure and net lending inclusive of transfers to County Governments for the period ending 30<sup>th</sup> September, 2025 amounted to KSh. 993.0 billion, against a target of KSh. 987.2 billion.

## **10. Guaranteed Debt**

The government did not service guaranteed debt on behalf of any parastatal during the period ending on September, 2025.

## **11. Fiscal Balance**

The fiscal balance including grants (on a commitment basis) amounted to a deficit of KSh. 280.5 billion (1.6 percent of GDP), as at the end of September, 2025.

## **12. External Financing**

The Net Foreign Repayment amounted to KSh. 98.1 billion (0.5 percent of the GDP) during the period under review.

## **13. Net Domestic Borrowing**

Net domestic financing amounted to a net borrowing of KSh. 339.7 billion (1.8 percent of GDP) in the period ending 30<sup>th</sup> September, 2025.

## **14. Domestic Debt Stock**

The stock of gross domestic debt increased by KSh. 1,058.8 billion from KSh. 5,601.7 billion in September, 2024 to KSh. 6,660.5 billion in September, 2025.

## **15. External Debt Stock**

The total external debt stock, including the International Sovereign Bond, stood at KSh. 5,393.5 billion by the end of September, 2025. The debt stock comprised of multilateral debt (56.7 percent), commercial debt (23.3 percent), bilateral debt (19.8 percent) and suppliers' credit (0.3 percent).

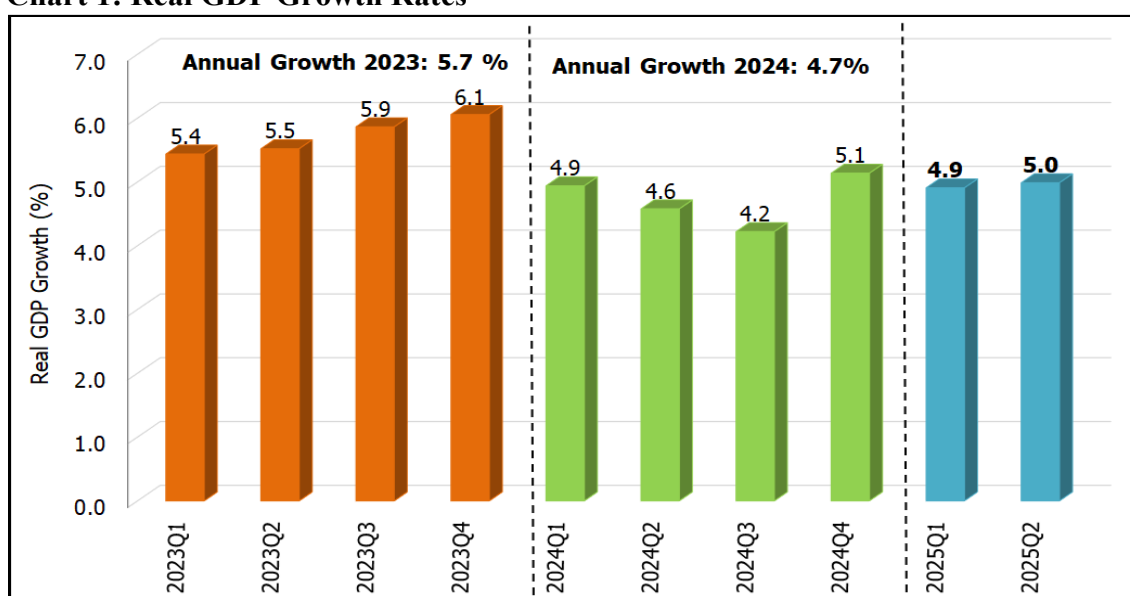


## 1.0 RECENT ECONOMIC DEVELOPMENTS

### 1.1 Economic Growth

1. The Kenyan economy remained strong and resilient in the second quarter of 2025 with a growth of 5.0 percent, compared to a growth of 4.6 percent in the corresponding quarter of 2024 (**Chart 1**). This reflected a rebound in activities in the industrial sector; stable growth of the primary sector; and resilience of key service sub-sectors particularly transport and storage, finance and insurance, information and communication, and wholesale and retail trade. All economic sectors recorded positive growth rates in the second quarter of 2025, though the magnitudes varied across activities.

**Chart 1: Real GDP Growth Rates**



Source of Data: Kenya National Bureau of Statistics

2. In the second quarter of 2025, the primary sector grew by 4.9 percent compared to a growth of 4.0 percent in the corresponding quarter of 2024 (**Table 1**). This was as a result of the robust growth in the agriculture, forestry and fishing sub-sector and a recovery in the mining and quarrying sub-sector.

3. Activities in the agriculture, forestry and fishing sub-sector expanded by 4.4 percent in the second quarter of 2025 compared to 4.5 percent growth in the corresponding quarter of 2024. This growth was on account of increased production of coffee, vegetables, fruits, cut flowers and milk. However, the sub-sector's performance was somewhat curtailed by a decline in tea production and cane deliveries. The mining and quarrying sub-sector had a strong rebound of 15.3 percent in the second quarter of 2025 compared to a contraction of 5.5 percent over the same period in 2024. This reflects increased activities and renewed investments following a period of subdued performance in the previous year.

4. In the second quarter of 2025, the industry sector recorded a growth of 3.3 percent, an improvement from a growth of 0.5 percent in corresponding quarter of 2024. This growth was driven by improved performance in electricity and water supply and

## RECENT ECONOMIC DEVELOPMENTS

construction sub-sectors. Construction sub-sector activities grew by 5.7 percent in the second quarter of 2025 compared to a 3.7 percent contraction in the second quarter of 2024. The sub-sector's performance was manifest in cement consumption and import of construction materials.

5. The electricity and water supply sub-sector grew by 5.7 percent in the second quarter of 2025, compared to a growth of 1.2 percent in the corresponding quarter of 2024. The growth was driven by higher electricity generation with wind and geothermal contributing significantly. The sub-sector's growth was curtailed by decline in hydro and solar electricity generation.

6. The manufacturing sub-sector grew by 1.0 percent in the second quarter of 2025 compared to 3.2 percent in the second quarter of 2024. This growth was supported by both food and non-food manufacturing activities. In food manufacturing, the sub-sector benefitted from strong increases in milk deliveries despite a decline in the production of tea, sugar and soft drinks. Non-food manufacturing also performed well, with increased production in cement, galvanized sheets and assembly of motor vehicles.

**Table 1: Sectoral Real GDP Growth Rate (Percent)**

Sectors/Sub-sectors	Annual Growth Rates	Quarterly Growth Rates			
	2024	2024 Q1	2024 Q2	2025 Q1	2025 Q2
<b>1. Primary sector</b>	<b>3.9</b>	<b>4.5</b>	<b>4.0</b>	<b>6.2</b>	<b>4.9</b>
1.1. Agriculture, Forestry and Fishing	4.6	5.6	4.5	6.0	4.4
1.2. Mining and Quarrying	(9.2)	(16.1)	(5.5)	10.8	15.3
<b>2. Secondary Sector (Industry)</b>	<b>1.5</b>	<b>1.5</b>	<b>0.5</b>	<b>2.6</b>	<b>3.3</b>
2.1. Manufacturing	2.8	1.9	3.2	2.1	1.0
2.2. Electricity and Water supply	1.9	2.8	1.2	3.6	5.7
2.3. Construction	(0.7)	0.4	(3.7)	3.0	5.7
<b>3. Tertiary sector (Services)</b>	<b>6.1</b>	<b>6.8</b>	<b>6.2</b>	<b>4.8</b>	<b>5.5</b>
3.1. Wholesale and Retail trade	3.8	3.6	2.5	5.4	4.0
3.2. Accommodation and Restaurant	25.7	38.1	35.0	4.1	7.8
3.3. Transport and Storage	4.4	4.1	3.4	3.8	5.4
3.4. Information and Communication	7.0	9.2	6.7	5.8	6.0
3.5. Financial and Insurance	7.6	9.6	8.0	5.1	6.6
3.6. Public Administration	8.2	7.5	9.0	6.5	6.0
3.7. Others	5.2	5.8	5.6	4.4	5.2
of which: Professional, Admin & Support Services	9.4	9.4	6.7	4.6	8.5
Real Estate	5.3	6.9	5.9	5.3	5.5
Education	3.9	2.4	3.2	2.9	3.2
Health	6.3	5.4	8.1	4.8	6.8
Taxes less subsidies	4.4	2.9	3.8	5.7	3.3
<b>Real GDP</b>	<b>4.7</b>	<b>4.9</b>	<b>4.6</b>	<b>4.9</b>	<b>5.0</b>

Source of Data: Kenya National Bureau of Statistics

7. The services sector recorded a growth of 5.5 percent in the second quarter of 2025, a slowdown from the 6.2 percent growth posted in the corresponding quarter of 2024. The transportation and storage sub-sector expanded by 5.4 percent in the second quarter of 2025, compared to 3.4 percent in the corresponding quarter of 2024. The performance was supported by increased activities in land transport, railway operations, and port throughput.

## RECENT ECONOMIC DEVELOPMENTS

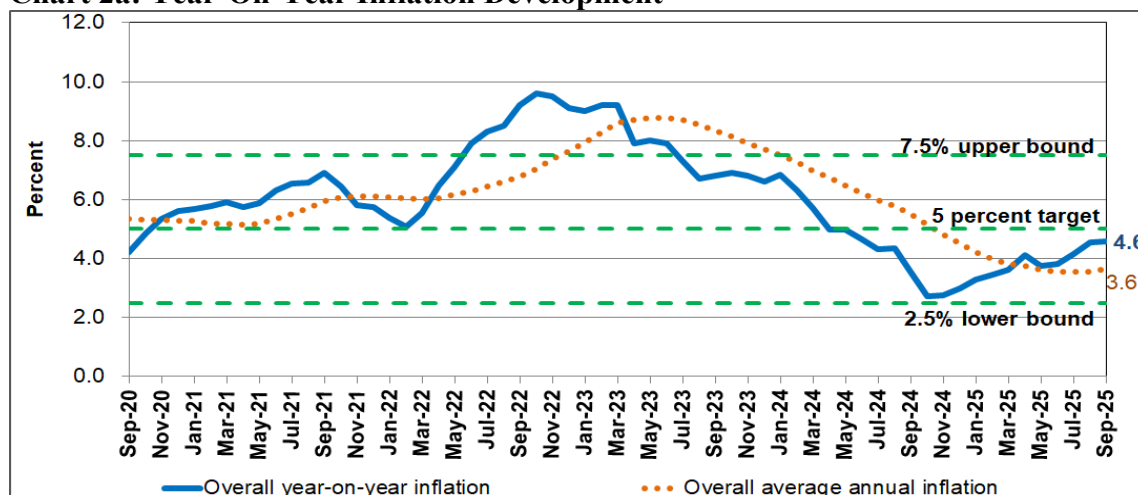
8. Accommodation and restaurant service sub-sector grew by 7.8 percent in the second quarter of 2025, a slowdown, compared to a growth of 35.0 percent in the corresponding quarter of 2024. The number of international visitor arrivals via the two major airports, the Jomo Kenyatta International Airport (JKIA) and Moi International Airport (MIA) rose by 3.5 percent in the second quarter of 2025 compared to a 15.4 percent increase recorded in the second quarter of 2024.

9. The information and communication sub-sector grew by 6.0 percent in the second quarter of 2025, compared to a growth of 6.7 percent in corresponding quarters of 2024. This performance was supported by an increase in both domestic and international mobile voice traffic and an increase in mobile broadband data consumption. This is an indication of not only an expanding subscriber base but also higher average data usage per user. The financial and insurance sub-sector recorded growth of 6.6 percent in the second quarter of 2025, compared to 8.0 percent in the corresponding quarter of 2024. The slower growth reflects the impact of the easing of the interest rates, which moderated earnings from financial intermediation, alongside relatively modest credit growth to the private sector.

### 1.2 Inflation

10. Overall year-on-year inflation has declined and remained below the mid-point of the policy target range of  $5.0 \pm 2.5$  percent since June 2024. The stable inflation has been supported by: abundant supply of food attributed to favorable weather conditions coupled with government interventions; lower fuel inflation attributed to the stability of the exchange rate; lower international oil prices; and the decline in non-core inflation due to the impact of previous monetary policy tightening. Inflation stood at 4.6 percent in September 2025 compared to 3.6 percent in September 2024 (**Chart 2a**). The slight increase reflects the easing of monetary policy.

**Chart 2a: Year-On-Year Inflation Development**



Source of Data: Kenya National Bureau of Statistics

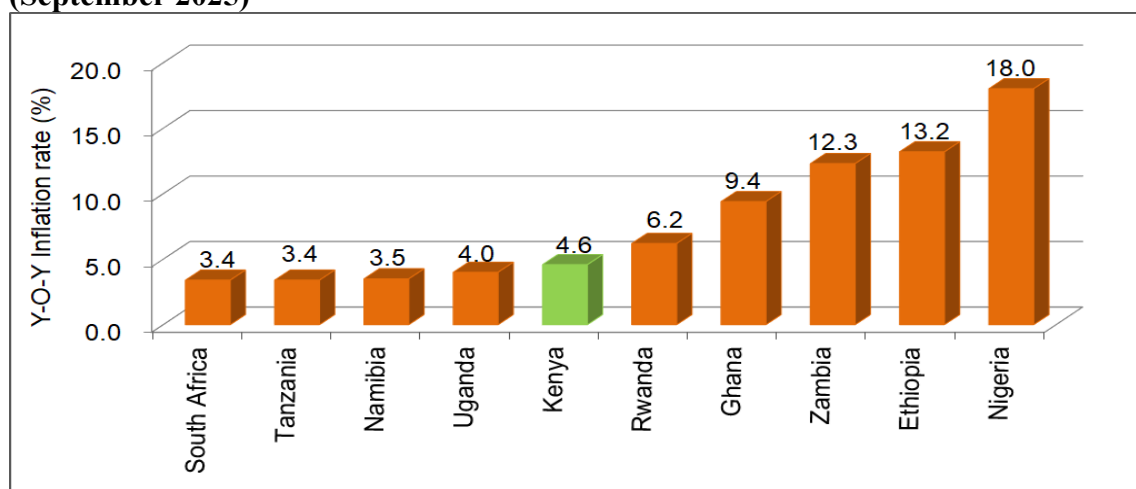
11. Core inflation increased to 2.9 percent in September 2025 from 2.0 percent in September 2024, largely driven by higher prices of processed food items. Non-core inflation rose to 9.6 percent in September 2025 from 7.7 percent in September 2024, driven primarily by sharper increases in food and transport costs, as well as higher prices

## RECENT ECONOMIC DEVELOPMENTS

of vegetables, particularly tomatoes, carrots, onions, and cabbages, alongside pressures from utilities and energy.

12. Inflation in many Sub-Saharan African countries has remained elevated, driven largely by currency depreciation, high food and fuel prices, and persistent supply chain constraints. Several economies, including Zambia, Ethiopia and Nigeria have recorded double-digit inflation. This is because of domestic production challenges and external shocks that continues to exert upward pressure on prices, despite efforts by central banks to tighten monetary policy and stabilize their currencies (**Chart 2b**).

**Chart 2b: Year on Year Inflation Rates of Selected Sub-Saharan Africa Countries (September 2025)**



Source of Data: National Central Banks

### 1.3 Interest Rates

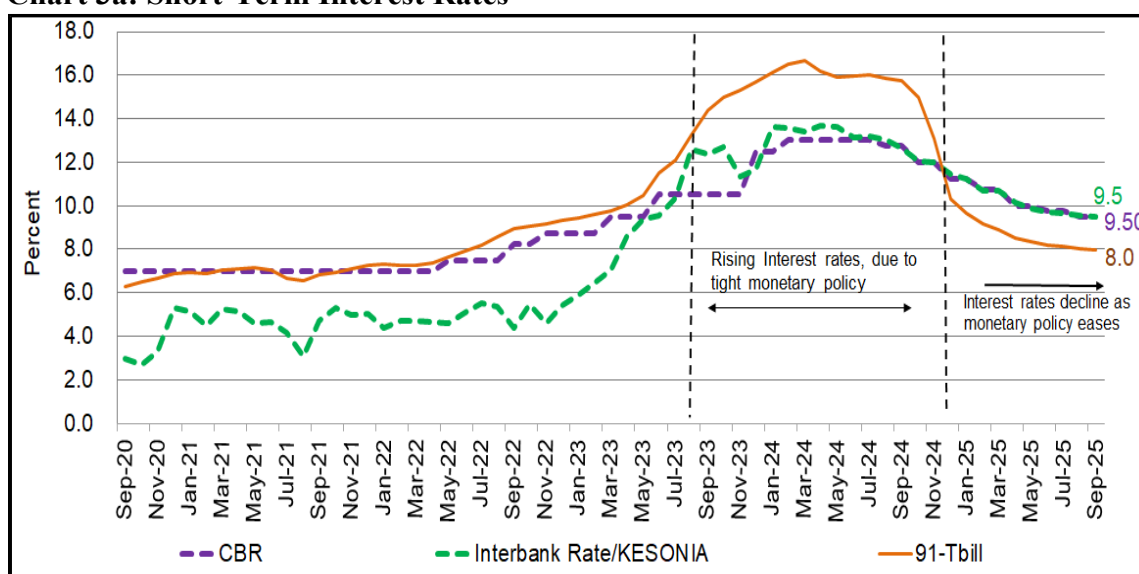
13. The Central Bank of Kenya through the Monetary Policy Committee (MPC) has gradually eased monetary policy by lowering the Central Bank Rate (CBR) from 13.0 percent in August 2024 to 9.25 percent in October 2025. This is meant to augment the previous policy actions aimed at stimulating lending by banks to the private sector and supporting economic activities. It also seeks to ensure that inflationary expectations remain firmly anchored and the exchange rate also remain stable.

14. The short term interest rates have declined in line with the easing of the monetary policy. KESONIA (overnight interbank rate) declined to 9.5 percent in September 2025 compared to 12.7 percent in September 2024 while the 91-day Treasury Bills rate declined to 8.0 percent from 15.8 percent, over the same period (**Chart 3a**). The 182-day Treasury Bills rate declined to 8.0 percent in September 2025 from 16.6 percent in September 2024 while the 364-day Treasury Bills also declined to 9.5 percent from 16.8 percent over the same period. The decrease in government domestic borrowing rates has led to lower debt servicing costs.



## RECENT ECONOMIC DEVELOPMENTS

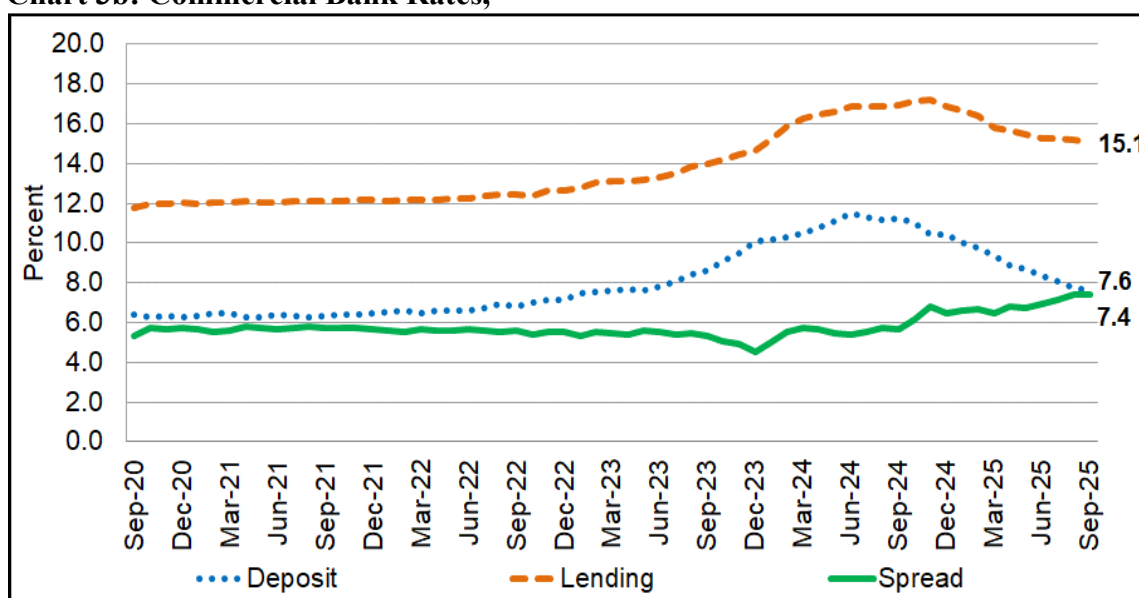
**Chart 3a: Short-Term Interest Rates**



Source of Data: Central Bank of Kenya

15. Commercial banks average lending and deposit rates decreased in the year to September 2025 in tandem with the easing of the monetary policy. The average lending rate decreased to 15.1 percent in September 2025 from 16.9 percent in September 2024 while the average deposit rate also decreased to 7.6 percent from 11.2 percent over the same period. Consequently, the average interest rate spread increased to 7.4 percent in September 2025 from 5.7 percent in September 2024 (**Chart 3b**).

**Chart 3b: Commercial Bank Rates,**



Source of Data: Central Bank of Kenya

### 1.4 Money and Credit

16. Broad money supply, M3, grew by 7.0 percent in the year to September 2025 compared to a growth of 1.6 percent in the year to September 2024 (**Table 2**). The improved growth of M3 was due to an increase in the growth of Net Domestic Assets (NDA) particularly credit to the private sector. The NFA of the banking system slowed

## RECENT ECONOMIC DEVELOPMENTS

down to a growth of 7.9 percent in the year to September 2025 compared to a growth of 26.1 percent in the year to September 2024. Growth in the NFA was mainly due to an increase in Central Bank's foreign assets while commercial banks' foreign assets declined during the period.

17. Net Domestic Assets (NDA) grew by 6.8 percent in the year to September 2025, compared to a contraction of 2.2 percent over a similar period in 2024. The domestic credit extended by the banking system to the Government contracted by 94.5 percent in the year to September 2025 compared to a growth of 6.5 percent in the year to September 2024 while lending to other public sectors also contracted by 38.5 percent compared to a contraction of 17.0 percent over the same period. The decline in domestic credit to government in September 2025 was largely attributed to increased uptake of credit by the private sector, as banks shifted their lending portfolios toward more profitable private investments amid lower yields on Treasury bills.

18. Growth in private sector credit from the banking system recorded a growth of 5.0 percent in the year to September 2025 compared to a growth of 0.4 percent in the year to September 2024. Growth in credit to key sectors of the economy, particularly manufacturing, building and construction, and consumer durables, improved in September. This mainly reflects improved demand for credit in line with the declining lending interest rates.

**Table 2: Money and Credit Developments (12 Months to September 2025 KSh. Billion)**

	2023 September	2024 September	2025 September	Absolute Change		Percent Change	
				2023-2024 September	2024-2025 September	2023-2024 September	2024-2025 September
<b>COMPONENTS OF M3</b>							
1. Money supply, M1 (1.1+1.2+1.3)	2,017.3	1,972.8	2,321.7	(44.5)	348.9	(2.2)	17.7
1.1 currency outside banks (M0)	267.5	268.2	292.5	0.7	24.3	0.3	9.1
1.2 Demand deposits	1,645.2	1,603.4	1,853.3	(41.8)	249.9	(2.5)	15.6
1.3 Other deposits at CBK	104.6	101.1	175.9	(3.5)	74.8	(3.3)	73.9
2. Money supply, M2 (1+2.1)	3,898.2	4,043.5	4,485.6	145.3	442.1	3.7	10.9
2.1 Time and savings deposits	1,881.0	2,070.8	2,163.9	189.8	93.2	10.1	4.5
<b>Money supply, M3 (2+3.1)</b>	<b>5,295.9</b>	<b>5,381.4</b>	<b>5,758.6</b>	<b>85.6</b>	<b>377.2</b>	<b>1.6</b>	<b>7.0</b>
3.1 Foreign currency deposits	1,397.6	1,337.9	1,273.0	(59.7)	(64.9)	(4.3)	(4.9)
<b>SOURCES OF M3</b>							
<b>1. Net foreign assets (1.1+1.2)</b>	<b>708.5</b>	<b>893.3</b>	<b>963.9</b>	<b>184.8</b>	<b>70.6</b>	<b>26.1</b>	<b>7.9</b>
1.1 Central Bank	516.2	472.1	767.1	(44.2)	295.0	(8.6)	62.5
1.2 Banking Institutions	192.3	421.2	196.8	228.9	(224.4)	119.1	(53.3)
<b>2. Net domestic assets (2.1+2.2)</b>	<b>4,587.4</b>	<b>4,488.2</b>	<b>4,794.7</b>	<b>(99.2)</b>	<b>306.5</b>	<b>(2.2)</b>	<b>6.8</b>
2.1 Domestic credit (2.1.1+2.1.2+2.1.3)	6,077.7	6,219.0	4,160.6	141.4	(2,058.4)	2.3	(33.1)
2.1.1 Government (net)	2,203.4	2,346.4	129.4	143.0	(2,217.0)	6.5	(94.5)
2.1.2 Other public sector	100.6	83.6	51.4	(17.1)	(32.2)	(17.0)	(38.5)
<b>2.1.3 Private sector</b>	<b>3,773.6</b>	<b>3,789.1</b>	<b>3,979.8</b>	<b>15.4</b>	<b>190.8</b>	<b>0.4</b>	<b>5.0</b>
2.2 Other assets net	(1,490.3)	(1,730.9)	634.1	(240.6)	2,364.9	(16.1)	136.6

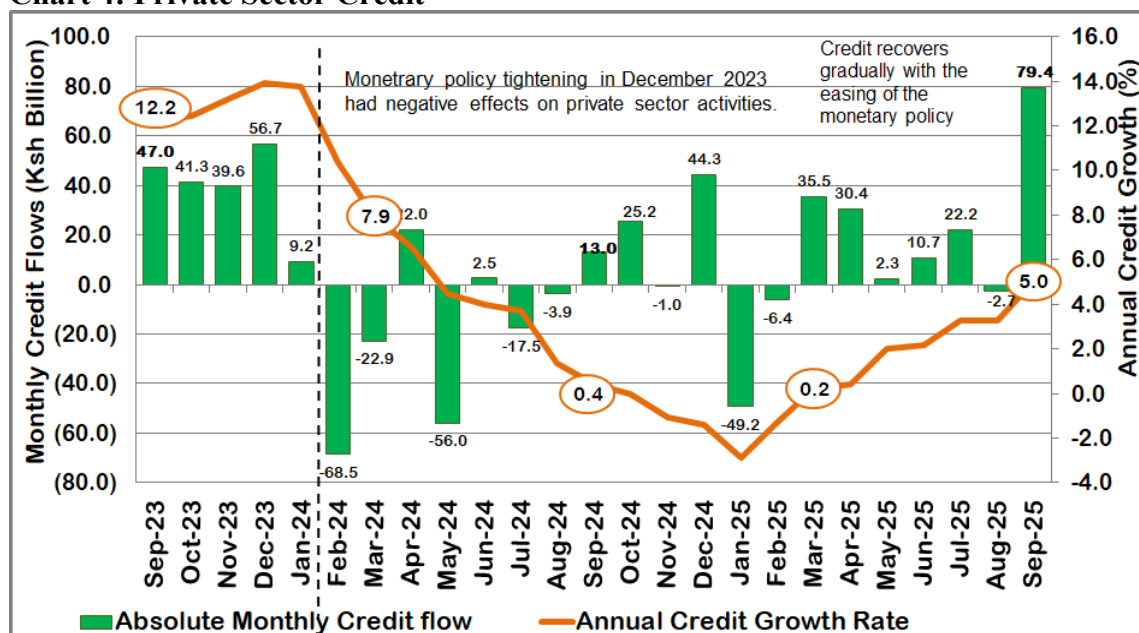
Source of Data: Central Bank of Kenya

19. The Monthly (month on month) credit flows to the private sector improved to KSh. 79.4 billion in September 2025 from KSh. 13.0 billion in September 2024. This is due to the easing of the monetary policy stance to lower the cost of funds for banks (**Chart 4**). Sustained demand particularly for working capital due to resilient economic

## RECENT ECONOMIC DEVELOPMENTS

activities and the implementation of the Credit Guarantee Scheme for the vulnerable MSMEs will continue to support private sector credit uptake.

**Chart 4: Private Sector Credit**



Source of Data: Central Bank of Kenya

### 1.5 Balance of Payments

20. The current account deficit was US\$. 3,459.8 million (2.5 percent of GDP) in September 2025 compared to US\$ 1,819.3 million (1.4 percent of GDP) in September 2024 (**Table 3 and Chart 5**). The current account balance was supported by resilient goods exports, an improvement in net receipts on the services account, net primary income and net secondary income balance. The current account deficit in the 12 months to September 2025 was more than fully financed by financial account inflows.

## RECENT ECONOMIC DEVELOPMENTS

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

	Sep-23	Sep-24	Sep-25	Year to September 2025		Actuals as a Percent of GDP	
				Absolute Change	Percent Change	Sep-24	Sep-25
<b>Overall Balance</b>	<b>1,063.3</b>	<b>(392.7)</b>	<b>(2,172.9)</b>	<b>(1,780.2)</b>	<b>(453.3)</b>	<b>(0.3)</b>	<b>(1.6)</b>
<b>A) Current Account</b>	<b>(2,522.0)</b>	<b>(1,819.3)</b>	<b>(3,459.8)</b>	<b>(1,640.5)</b>	<b>(90.2)</b>	<b>(1.4)</b>	<b>(2.5)</b>
<i>Merchandise Account (a-b)</i>	(9,482.8)	(9,537.8)	(11,428.4)	(1,890.6)	(19.8)	(7.6)	(8.2)
a) Goods: exports	10,820.6	12,264.6	12,753.2	488.6	4.0	9.8	9.1
b) Goods: imports	20,303.4	21,802.4	24,181.5	2,379.1	10.9	17.4	17.3
<i>Net Services (c-d)</i>	1,874.6	2,178.3	2,324.6	146.3	6.7	1.7	1.7
c) Services: credit	7,590.9	7,611.8	8,188.4	576.6	7.6	6.1	5.8
d) Services: debit	5,716.3	5,433.5	5,863.8	430.3	7.9	4.3	4.2
<i>Net Primary Income (e-f)</i>	(1,899.2)	(1,883.8)	(1,841.9)	41.9	2.2	(1.5)	(1.3)
e) Primary income: credit	168.8	244.6	406.3	161.7	66.1	0.2	0.3
f) Primary income: debit	2,068.0	2,128.4	2,248.2	119.8	5.6	1.7	1.6
<i>Net Secondary Income</i>	6,985.4	7,424.0	7,485.8	61.9	0.8	5.9	5.3
g) Secondary income: credit	7,068.9	7,485.7	7,550.1	64.3	0.9	6.0	5.4
h) Secondary income: debit	83.5	61.8	64.2	2.4	3.9	0.0	0.0
<b>B) Capital Account</b>	<b>144.3</b>	<b>142.1</b>	<b>262.6</b>	<b>120.6</b>	<b>84.9</b>	<b>0.1</b>	<b>0.2</b>
<b>C) Financial Account</b>	<b>(2,023.9)</b>	<b>(1,130.9)</b>	<b>(4,738.3)</b>	<b>(3,607.4)</b>	<b>(319.0)</b>	<b>(0.9)</b>	<b>(3.4)</b>

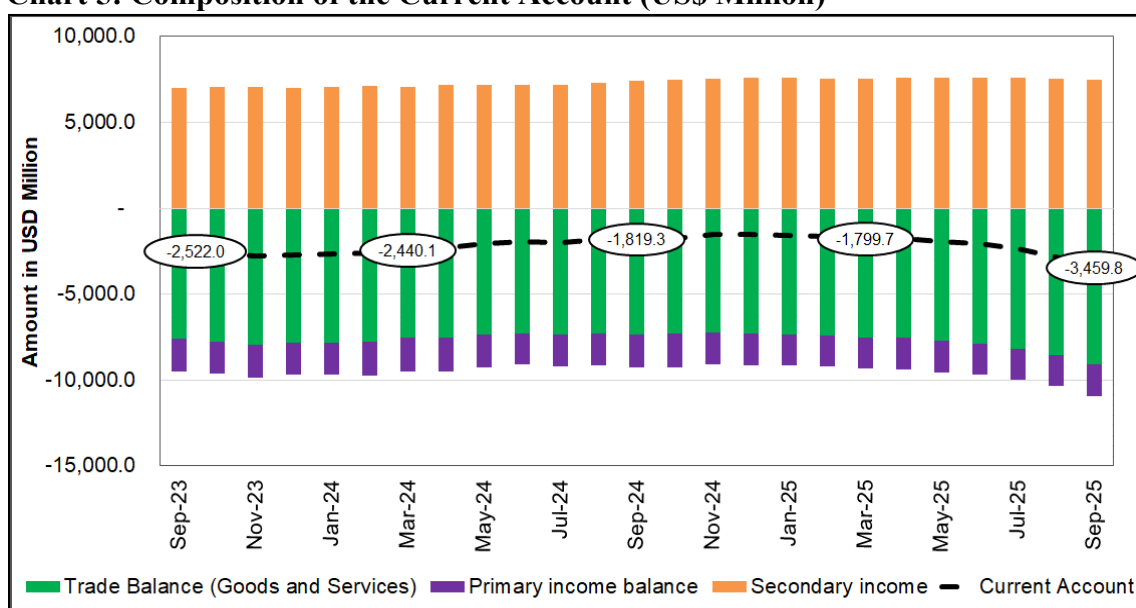
Source of Data: Central Bank of Kenya

21. The balance in the merchandise account deteriorated by US\$ 1,890.6 million to a deficit of US\$. 11,428.4 million in September 2025 mainly due to an increase in import bill that more than offset the increase in exports. Goods exports increased by 4.0 percent, due to higher domestic exports particularly horticulture, coffee, manufactured goods, and apparel. Goods imports rose by 10.9 percent, reflecting increases in intermediate and capital goods imports. Net services receipts increased by 6.7 percent, mainly, supported by increased receipts from transport and travel services. The deficit on the primary account narrowed by US\$. 41.9 million to a deficit of US\$. 1,841.9 million in the year to September 2025, compared to the same period last year.

22. Net Secondary income remained resilient and increased by US\$. 61.9 million during the review period owing to an increase in remittances. Diaspora remittances increased by 7.6 percent to US\$ 5,080 million in the 12 months to September 2025 compared to US\$ 4,723 million in a similar period in 2024. Remittances increased forex inflows into the country, with some going to investment while others support household consumption of our people.

## RECENT ECONOMIC DEVELOPMENTS

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



Source of Data: Central Bank of Kenya

23. The capital account balance increased by US\$. 120.6 million to register a surplus of US\$ 262.6 million in September 2025 compared to a surplus of US\$. 142.1 million in the same period in 2024. Net financial inflows improved to US\$. 4,738.3 million in September 2025 compared to US\$. 1,130.9 million in September 2024. The net financial inflows were mainly in the form of direct investments, financial derivatives and other investments. However, portfolio investments registered a net outflow during the period partly due to global risk aversion, unattractive demand for high yields from investors amid fiscal strain, low investor appetite for sovereign credit, and political-financial instability.

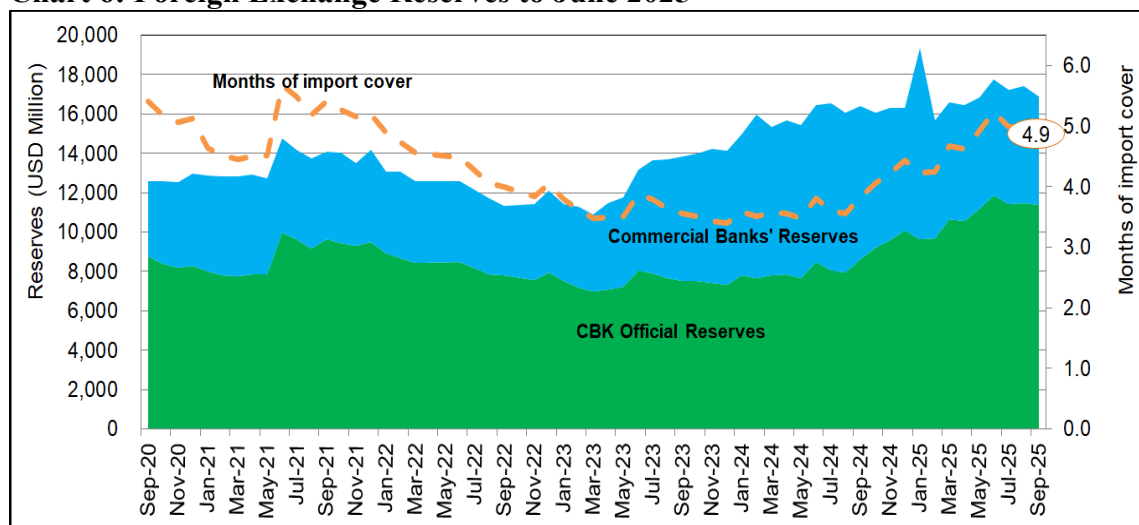
### 1.6 Foreign Exchange Reserves

24. The banking system's foreign exchange holdings remained strong at US\$. 16,892.3 million in September 2025 from US\$. 16,391.4 million in September 2024. The official foreign exchange reserves held by the Central Bank stood at US\$. 11,383.6 million compared to US\$ 8,602.6 million over the same period in 2024 (**Chart 6**). Commercial banks foreign exchange holdings decreased to US\$. 5,508.7 million in September 2025 from US\$. 7,788.8 million in September 2024.

25. The official reserves held by the Central Bank in September 2025 represented 4.9 months of import cover as compared to the 3.8 months of import cover in September 2024. These reserves continue to provide adequate cover and buffer against any short-term shocks in the foreign exchange market. It surpasses the requirement of a minimum requirement of a 4 Months of import cover.

## RECENT ECONOMIC DEVELOPMENTS

**Chart 6: Foreign Exchange Reserves to June 2025**

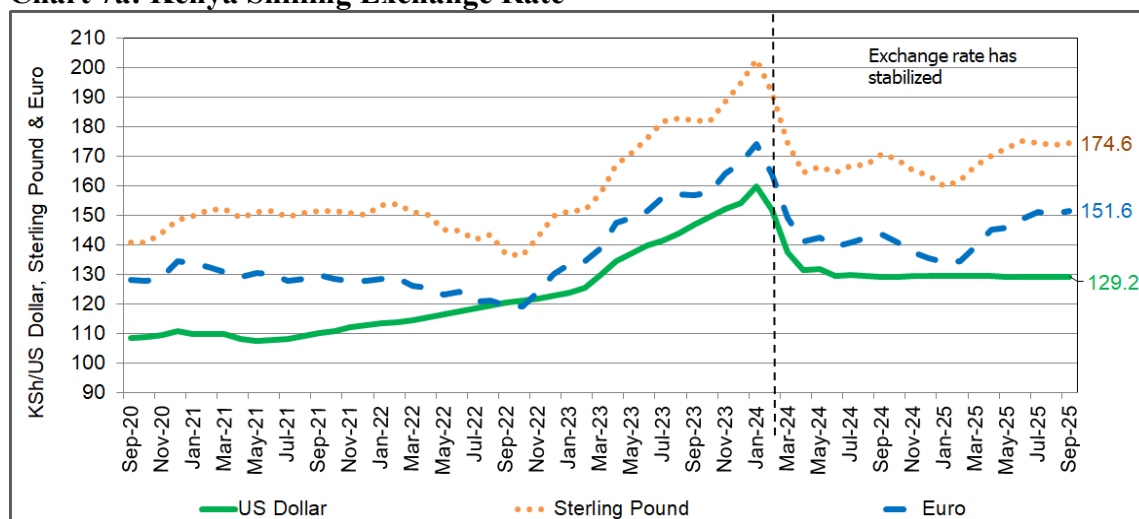


Source of Data: Central Bank of Kenya

### 1.7 Exchange Rates

26. The Kenya Shilling remained relatively stable against the US Dollar, exchanging at an average of KSh. 129.2 in September 2025, the same as in the corresponding period of the previous year. However, the Shilling depreciated against the Sterling Pound and the Euro by 2.2 percent and 5.6 percent, respectively. The Sterling Pound averaged KSh. 174.6 in September 2025, up from KSh. 170.7 in September 2024, while the Euro averaged KSh. 151.6 compared to KSh. 143.5 over the same period (**Chart 7a**). Overall, the foreign exchange market remained well-supported by steady inflows from agricultural exports and diaspora remittances, which helped cushion the Shilling against excessive volatility.

**Chart 7a: Kenya Shilling Exchange Rate**



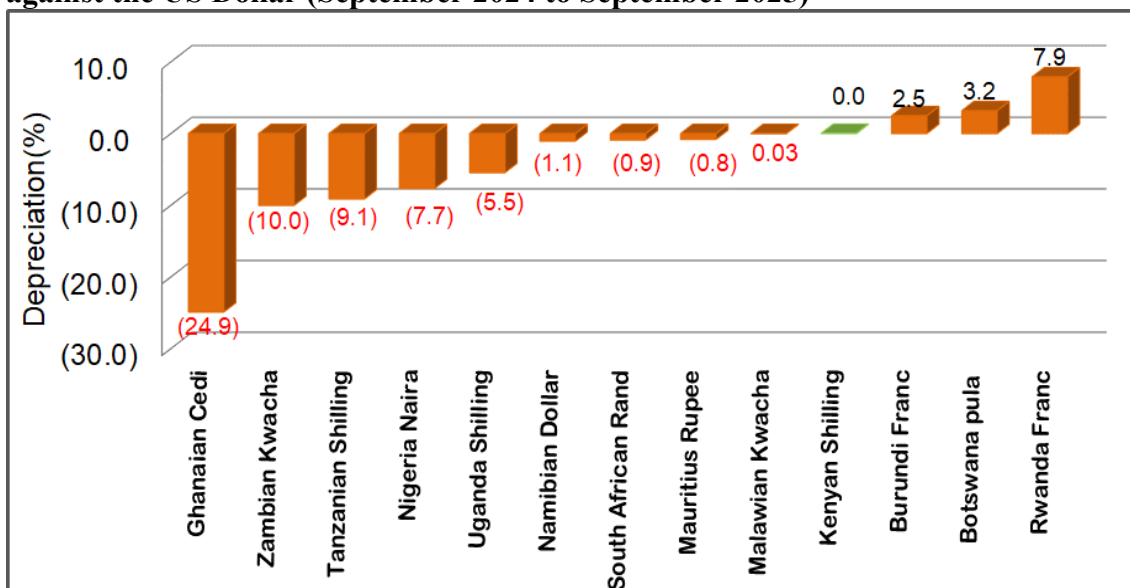
Source of Data: Central Bank of Kenya

27. Kenya's exchange rate against the US dollar has been relatively more stable compared to many Sub-Saharan African currencies, which have experienced depreciation reflecting persistent external pressures, lower foreign reserves, and weaker investor confidence (**Chart 7b**). The stability of the Kenyan Shilling reflects stronger monetary

## RECENT ECONOMIC DEVELOPMENTS

policy management, improved foreign exchange market reforms, and sustained remittance inflows.

**Chart 7b: Performance of Selected Sub-Saharan Africa Countries' Currencies against the US Dollar (September 2024 to September 2025)**

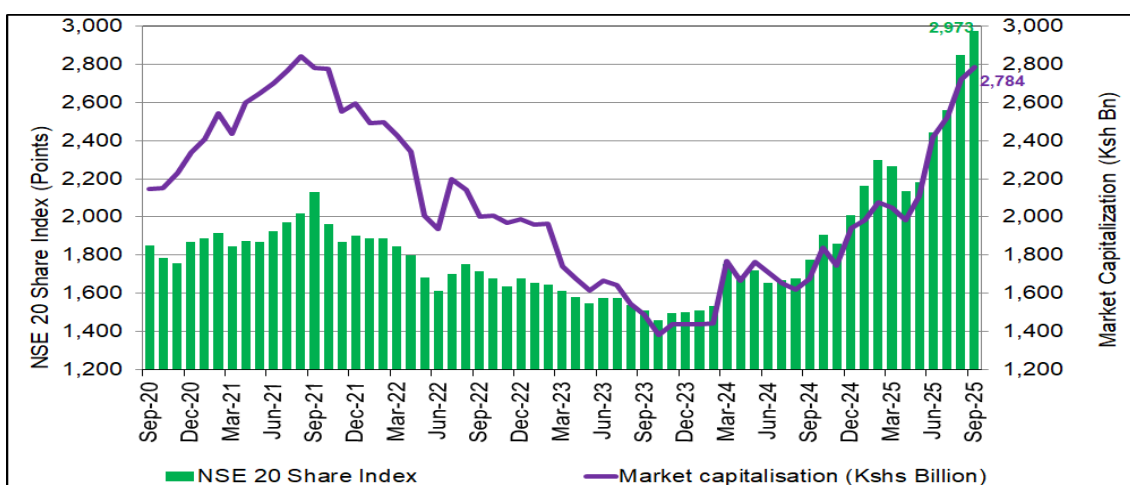


Source of Data: National Central Banks

### 1.8 Capital Markets

28. The stability of the Kenya Shilling against major international currencies, together with improved macroeconomic conditions, has boosted investor confidence. This has driven higher foreign direct investment inflows and increased participation in the Nairobi Securities Exchange (NSE). As a result, the NSE 20 Share Index rose by 67.4 percent to 2,973 points in September 2025, up from 1,776 points in September 2024. Similarly, market capitalization expanded by 66.1 percent to KSh. 2,784 billion, compared to KSh. 1,676 billion over the same period (Chart 8).

**Chart 8: Performance at the NSE to end September 2025.**



Source of Data: Nairobi Securities Exchange

## FISCAL DEVELOPMENTS

### 2.0 FISCAL DEVELOPMENTS

#### 2.1 Revenue

29. By the end of September, 2025, total revenue collected including A-I-A amounted to KSh. 709.6 billion against a target of KSh. 793.2 billion (**Table 4**). The revenue collection was below target by KSh. 83.6 billion. This performance is attributed to underperformance recorded in ordinary revenue of KSh. 90.0 billion. Ministerial A-I-A was above target by KSh. 6.4 billion. The ordinary revenue collection was KSh. 573.5 billion against a target of KSh. 663.5 billion. All ordinary revenue categories recorded below target performance during the period under review except investment income which surpassed the target by KSh. 3.7 billion. The total revenue recorded a growth of 1.7 percent compared to a growth of 10.8 percent recorded in September 2024 (**Chart 9**).

30. The ministerial A-I-A collected amounted to KSh. 136.1 billion against a target of KSh. 129.8 billion, KSh. 6.4 billion above the target. The performance of A-I-A translated to a growth of 27.7 percent. The Railway Development Levy collection amounted to KSh. 10.9 billion against a target of KSh. 9.4 billion, translating to a growth of 28.6 percent compared to a similar period in 2024. 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 30<sup>th</sup> September, 2025 (KSh. Millions)**

	2024/2025 Actual	2025/2026		Deviation KSh.	% Growth
		Actual*	Target		
<b>Total Revenue (a+b)</b>	<b>697,476</b>	<b>709,606</b>	<b>793,240</b>	<b>(83,634)</b>	<b>1.7</b>
<b>(a) Ordinary Revenue</b>	<b>590,875</b>	<b>573,463</b>	<b>663,474</b>	<b>(90,011)</b>	<b>(2.9)</b>
Import Duty	34,619	40,471	41,240	(768)	16.9
Excise Duty	68,133	73,875	81,769	(7,894)	8.4
PAYE	136,340	136,621	148,765	(12,144)	0.2
Other Income Tax	122,268	115,993	168,923	(52,930)	(5.1)
VAT Local	74,378	87,338	92,413	(5,075)	17.4
VAT Imports	76,955	86,034	94,217	(8,183)	11.8
Investment Revenue	44,428	10,484	6,796	3,688	(76.4)
Traffic Revenue	1,008	875	904	(29)	(13.2)
Taxes on Intl. Trade & Trans.(IDF Fee)	10,845	11,202	11,985	(783)	3.3
Others <sup>1</sup>	21,901	10,570	16,463	(5,893)	(51.7)
<b>(b) Appropriation In Aid <sup>2</sup></b>	<b>106,601</b>	<b>136,143</b>	<b>129,766</b>	<b>6,377</b>	<b>27.7</b>
o/w Railway Development Levy	8,438	10,851	9,414	1,436	28.6
<b>(c) External Grants</b>	<b>1,353</b>	<b>2,950</b>	<b>4,422</b>	<b>(1,472)</b>	
<b>Total Revenue and External Grants</b>	<b>698,829</b>	<b>712,556</b>	<b>797,662</b>	<b>(85,106)</b>	<b>2.0</b>
<b>Total Revenue and External Grants as a percentage of GDP</b>	<b>3.87</b>	<b>3.70</b>	<b>4.14</b>	<b>-</b>	<b>-</b>

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 among others

\*Provisional

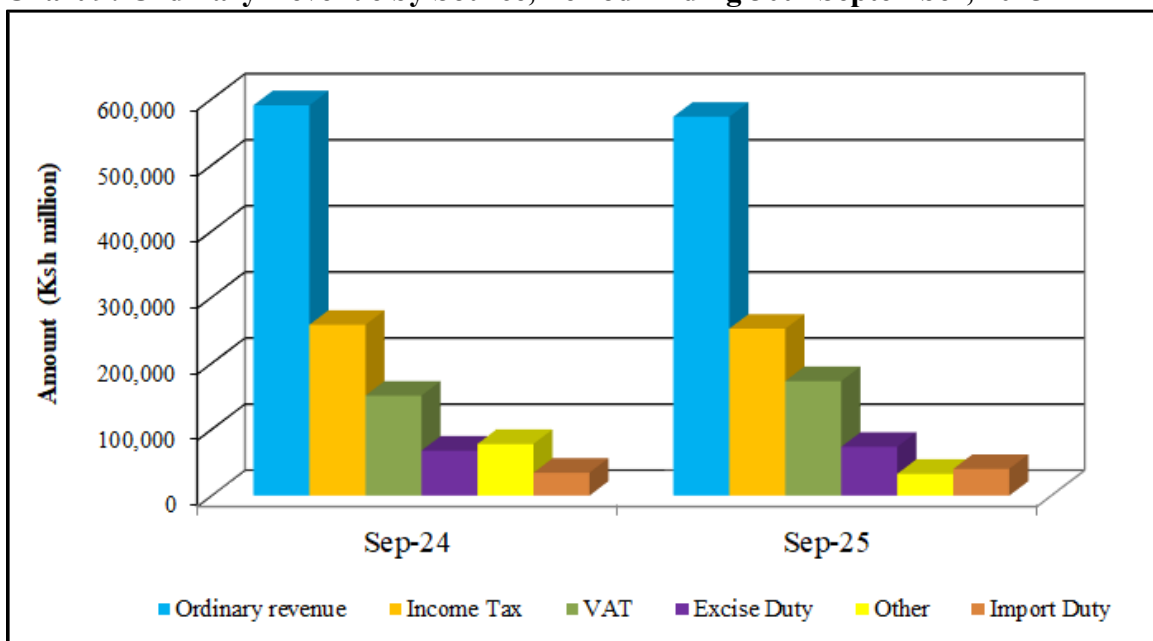
Source of Data: National Treasury



## FISCAL DEVELOPMENTS

31. As a proportion of GDP, the total revenue and grants in the period under review was 3.7 percent compared to 3.9 percent recorded in the corresponding period in the FY 2024/25. Total external grants amounted to KSh. 2.9 billion against a target of KSh. 4.4 billion, translating to underperformance of KSh. 1.5 billion.

**Chart 9: Ordinary Revenue by Source, Period Ending 30th September, 2025**



Source of Data: National Treasury

## 2.2 Expenditure

32. The total expenditure and net lending for the period under review amounted to KSh. 993.0 billion, against a target of KSh. 987.2 billion. The resultant above target expenditure of KSh. 5.6 billion is attributed to an above target disbursement towards recurrent and development expenditure. The recurrent expenditure amounted to KSh. 785.7 billion (excluding KSh. 16.8 billion for Parliament and Judiciary), against a target of KSh. 760.5 billion which was KSh. 25.2 billion above the target. The above target expenditure in the recurrent category was mainly due to higher than targeted expenditures in operations & maintenance, and domestic interest (Table 5 and Chart 10). Development expenditure amounted to KSh. 141.2 billion, against a target of KSh. 113.1 billion which was KSh. 28.1 billion above the target.

## FISCAL DEVELOPMENTS

**Table 5: Expenditure and Net Lending, Period Ending 30<sup>th</sup> September, 2025 (KSh. Millions)**

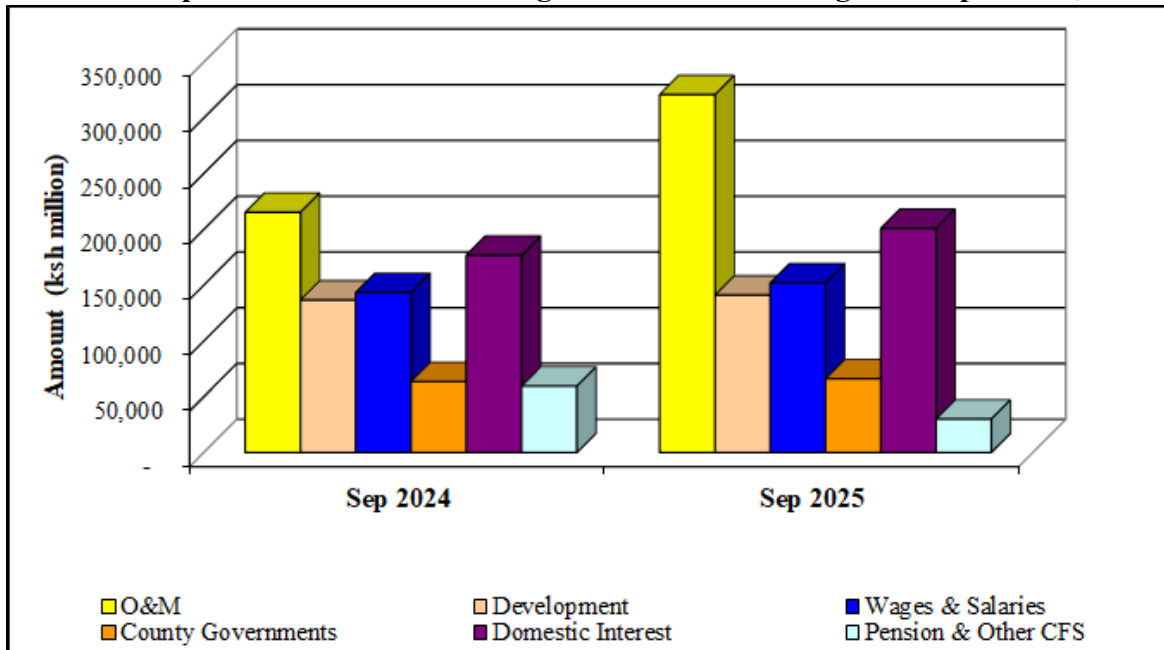
	2024/2025 Actual	2025/2026		Deviation	% Growth
		Actual*	Targets		
<b>1. RECURRENT</b>	<b>678,110</b>	<b>785,685</b>	<b>760,476</b>	<b>25,209</b>	<b>15.9</b>
Domestic Interest	176,834	201,010	196,235	4,775	13.7
Foreign Interest	72,269	71,990	80,034	(8,044)	(0.4)
Pensions & Other CFS	59,515	29,961	44,192	(14,231)	(49.7)
Contribution to Civil Servants' Pension	10,622	9,683	8,611	1,072	(8.8)
Wages and Salaries	143,459	152,138	164,321	(12,184)	6.0
Operation and Maintenance	215,411	320,904	267,083	53,820	49.0
O/W: Appropriation-in-Aid	71,843	82,012	81,835	177	14.2
<b>2. DEVELOPMENT</b>	<b>136,767</b>	<b>141,189</b>	<b>113,106</b>	<b>28,083</b>	<b>3.2</b>
Development Projects (Net)	98,559	76,994	52,010	24,984	(21.9)
Payment of Guaranteed Loans	-	-	-	-	-
Appropriation-in-Aid	38,207	64,196	61,096	3,100	68.0
3. County Governments	63,595	66,131	113,574	(47,443)	4.0
4. Parliamentary Service	7,420	10,287	47,967	(37,680)	38.6
5. Judicial Service	4,214	6,550	26,867	(20,316)	55.4
6. Equalization Fund	-	-	4,236	(4,236)	-
7. CF	-	-	-	-	-
<b>TOTAL EXPENDITURE</b>	<b>890,106</b>	<b>993,005</b>	<b>987,155</b>	<b>5,850</b>	<b>11.6</b>

\*Provisional

Source of Data: National Treasury

33. Foreign interest payments amounted to KSh. 72.0 billion, compared to KSh. 72.3 billion paid over the same period in the FY2024/25. The domestic interest payments totalled to KSh. 201.0 billion, which was higher than the KSh. 176.8 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 30th September, 2025**



Source of Data: National Treasury

### 2.2.1 National Government Expenditures by Public Agencies

34. The total ministerial and other public agencies expenditure including A.I.A was KSh. 530.8 billion against a target of KSh. 633.8 billion. Recurrent expenditure was KSh. 402.7 billion against a target of KSh. 451.2 billion, while development expenditure amounted to KSh. 128.2 billion against a target of KSh. 186.2 billion. The percentage of total expenditures to the target was 83.8 percent while the percentage of total expenditures to the target for recurrent and development were 89.2 percent and 68.9 percent respectively, as at the end of the period under review.

35. As 30<sup>th</sup> September, 2025, recurrent expenditures by the State Department for Basic Education; State Department for Higher Education and Research; Teachers Service Commission; State Department for Vocational and Technical Training; the State Department for Public Health and Professional Standards; and the State Department for Medical Services (the Social Sector) accounted for 45.1 percent of total recurrent expenditure. The Ministry of Defence and the National Police Service accounted for 10.6 percent and 9.8 percent of total recurrent expenditure respectively.

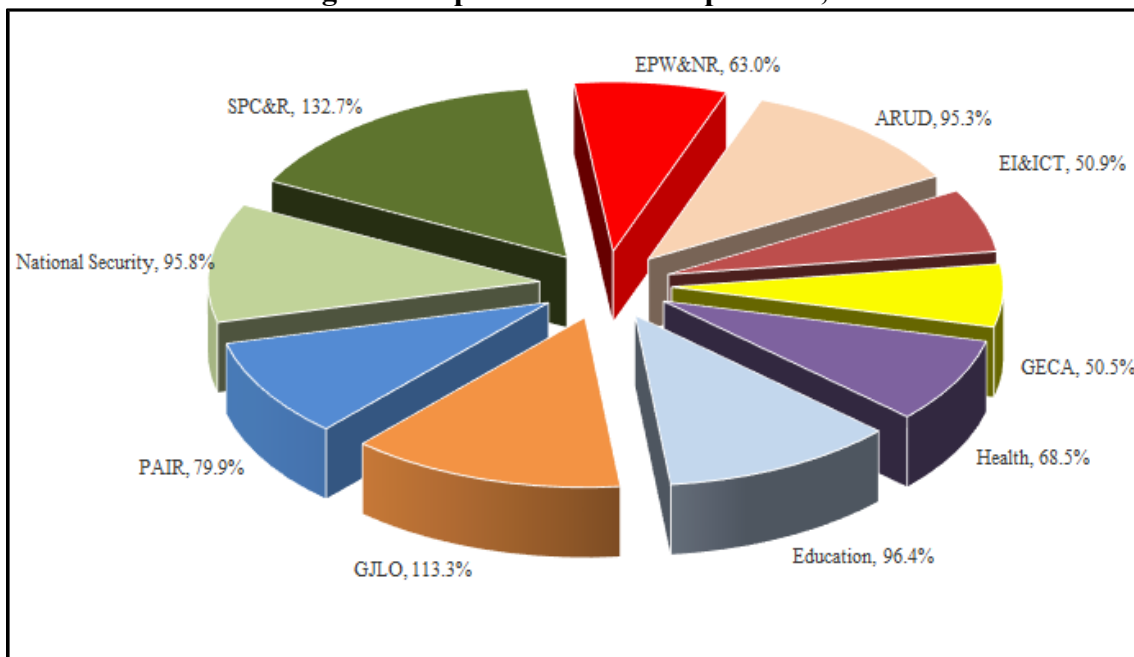
36. Analysis of development outlay indicates that the State Department for Housing and Urban Development accounted for the largest share of the total development expenditure (23.4 percent); followed by the State Economic Planning (8.8 percent); State Department for Roads (7.9 percent); and State Department for Water & Sanitation (6.4 percent). **Table 6** below shows the recurrent and development expenditures by Ministries, State Departments and other government entities for the period under review.



## FISCAL DEVELOPMENTS

37. During the period under review, Social Protection, Culture and Recreation (SPC&R) sector recorded the highest absorption at 132.7 percent followed by Governance, Justice, Law and Order (GJLO) at 113.3 percent and Education at 96.4 percent. General, Economic and Commercial Affairs (GECA) sector recorded the lowest absorption of 50.5 percent (**Chart 11**).

**Chart 11: Sectoral Budget Absorption as at 30th September, 2025**



Source of Data: National Treasury

### 2.2.2 Pending Bills

38. The total outstanding national government pending bills as at 30<sup>th</sup> September, 2025 amounted to KSh. 525.4 billion. These comprise of KSh. 406.5 billion (77.4 percent) and KSh. 118.9 billion (22.6 percent) for the State Corporations (SC) and Ministries/State Departments/other government entities respectively. Out of the total pending bills, 54.6 percent are recurrent pending bills and only 45.4 percent are development pending bills.

39. The SC pending bills include payment to contractors/projects, suppliers, unremitted statutory and other deductions, pension arrears and others. The highest percentage of the SCs pending bills (51.8 percent) are recurrent pending bills while 48.2 percent are owed to Contractor/Projects (development). Ministries/State Departments and other government Agencies (MDAs) pending bills constitutes mainly of historical pending bills. However, out of the total MDAs pending bills, 35.8 percent are development pending bills while the bulk, 64.2 percent are recurrent pending bills.

40. The National Government policy on pending bills is that MDAs including the State Corporations should prioritize their payment as contained in the Treasury Circular No. 10 dated June 16, 2020. All MDAs are therefore, expected to continue prioritizing settling them in line with the Treasury guidelines as contained in Treasury Circular No. 13/2023.

## FISCAL DEVELOPMENTS

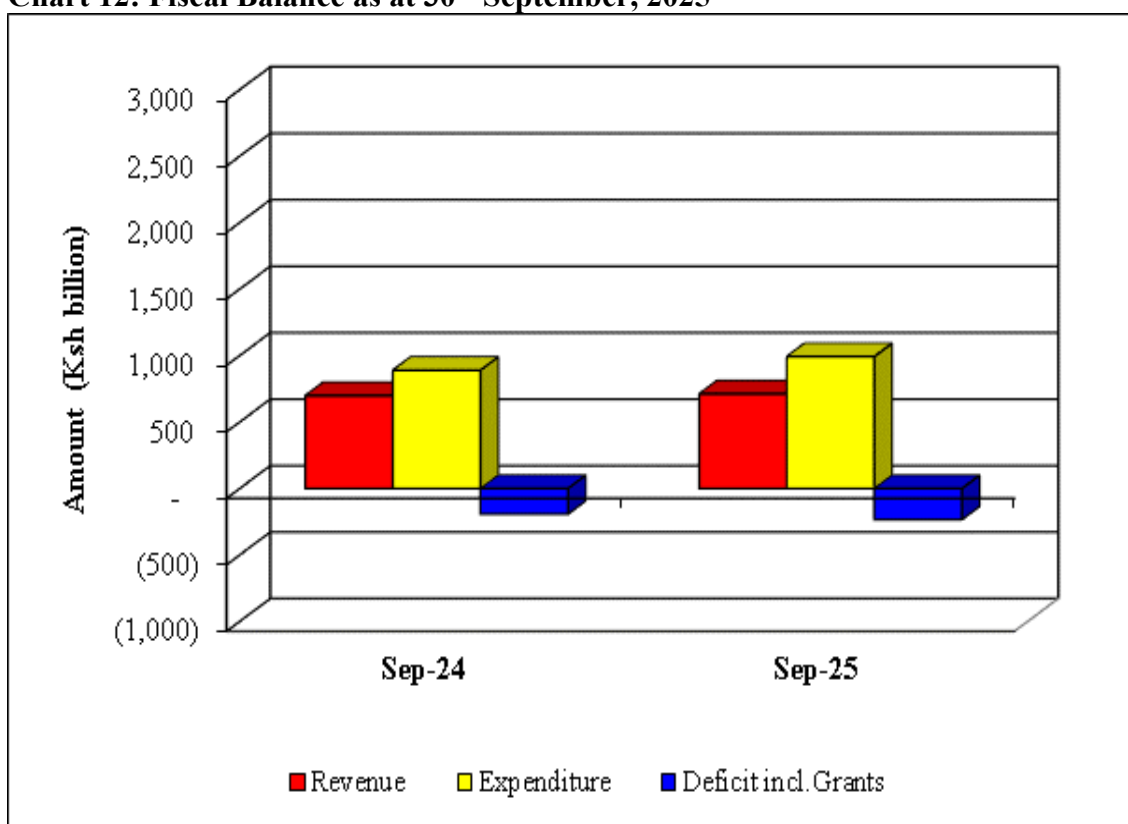
### 2.2.3 Guaranteed Debt Service

45 During the quarter ending September 2025, the National Government did not service any guaranteed debt on behalf of Government parastatals whether in terms of principal and/or interest payment.

### 2.3 Fiscal Outturn

41. During the period July 2025 to September 2025, the fiscal balance (on commitment basis and including grants) amounted to KSh. 280.5 billion (1.5 percent of GDP) against a targeted deficit of KSh. 189.5 billion (1.0 percent of GDP) (**Chart 12 and Table 8**).

**Chart 12: Fiscal Balance as at 30<sup>th</sup> September, 2025**



Source of Data: National Treasury

42. Over the same period in FY2024/25, the fiscal deficit including grants (on commitment basis) was KSh. 191.3 billion (1.1 percent of GDP). The fiscal outturn in the last six (6) FYs and the Printed Estimates for the FY 2025/26 are shown in **Annex I**. Further, GFSM 2014 Compliant Budgetary Central Government fiscal data for the FY 2025/26 are shown in annexes V and VI.

## FISCAL DEVELOPMENTS

**Table 8: Budget Outturn, Cumulative Ending 30<sup>th</sup> September, 2025 (KSh. Millions)**

Description/Item	2024/2025	2025/2026			% growth	2025/2026 as a % of GDP		2024/2025 Actual as a % of GDP
	Actual	Actual*	Targets	Deviation		Actual	Targets	
<b>A. TOTAL REVENUE AND GRANTS</b>	<b>698,829</b>	<b>712,556</b>	<b>797,662</b>	<b>(85,106)</b>	<b>2.0</b>	<b>3.7</b>	<b>4.1</b>	<b>3.9</b>
<b>1. Revenue</b>	<b>697,476</b>	<b>709,606</b>	<b>793,240</b>	<b>(83,634)</b>	<b>1.7</b>	<b>3.7</b>	<b>4.1</b>	<b>3.9</b>
Ordinary Revenue	590,875	573,463	663,474	(90,011)	(2.9)	3.0	3.4	3.3
Import Duty	34,619	40,471	41,240	(768)	16.9	0.2	0.2	0.2
Excise Duty	68,133	73,875	81,769	(7,894)	8.4	0.4	0.4	0.4
Income tax	258,608	252,615	317,688	(65,073)	(2.3)	1.3	1.6	1.4
VAT	151,332	173,371	186,630	(13,258)	14.6	0.9	1.0	0.8
Investment Revenue	44,428	10,484	6,796	3,688	(76.4)	0.1	0.0	0.2
Others	33,755	22,647	29,351	(6,704)	(32.9)	0.1	0.2	0.2
Appropriation-in-Aid	106,601	136,143	129,766	6,377	27.7	0.7	0.7	0.6
<b>2. Grants</b>	<b>1,353</b>	<b>2,950</b>	<b>4,422</b>	<b>(1,472)</b>	<b>-</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
AMISOM Receipts	0	0	0	(2,147)	-	-	0.0	-
Nairobi County to NMS				(2,275)	-	-	0.0	-
Revenue	515	2,458	2,147	2,458	-	0.0	-	0.0
Appropriation-in-Aid	838	492	2,275	(1,784)	-	0.0	0.0	0.0
<b>B. EXPENDITURE AND NET LENDING</b>	<b>890,106</b>	<b>993,005</b>	<b>987,155</b>	<b>5,850</b>	<b>11.6</b>	<b>5.2</b>	<b>5.1</b>	<b>4.9</b>
<b>1. Recurrent</b>	<b>689,744</b>	<b>785,685</b>	<b>760,476</b>	<b>25,209</b>	<b>13.9</b>	<b>4.1</b>	<b>3.9</b>	<b>3.8</b>
Domestic Interest	176,834	201,010	196,235	4,775	13.7	1.0	1.0	1.0
Foreign Interest	72,269	71,990	80,034	(8,044)	(0.4)	0.4	0.4	0.4
Pension & Other CFS	59,515	29,961	44,192	(14,231)	(49.7)	0.2	0.2	0.3
Contribution to Civil Servants' Pension	10,622	9,683	8,611	1,072	(8.8)	0.1	0.0	0.1
Wages and Salaries	143,459	152,138	164,321	(12,184)	6.0	0.8	0.9	0.8
O & M/Others	227,045	320,904	267,083	53,820	41.3	1.7	1.4	1.3
<b>2. Development and Net Lending</b>	<b>136,767</b>	<b>141,189</b>	<b>113,106</b>	<b>28,083</b>	<b>3.2</b>	<b>0.7</b>	<b>0.6</b>	<b>0.8</b>
O/W Domestically financed	99,254	97,854	69,165	28,689	(1.4)	0.5	0.4	0.5
Foreign financed	37,512	43,335	39,705	3,630	15.5	0.2	0.2	0.2
3. Net Lending	-	-	-	-	-	-	-	0.0
4. Equalization Fund	-	-	4,236.0	(4,236)	-	0.0	0.0	0.0
5. County Governments	63,595	66,131	113,574	(47,443)	4.0	0.3	0.6	0.4
<b>5. CF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>
<b>C. DEFICIT EXCL. GRANT (Commitment basis)</b>	<b>(192,629)</b>	<b>(283,399)</b>	<b>(193,916)</b>	<b>(89,484)</b>	<b>47.1</b>	<b>(1.5)</b>	<b>(1.0)</b>	<b>(1.1)</b>
<b>D. DEFICIT INCL. GRANTS (Commitment basis)</b>	<b>(191,277)</b>	<b>(280,449)</b>	<b>(189,493)</b>	<b>(90,956)</b>	<b>46.6</b>	<b>(1.5)</b>	<b>(1.0)</b>	<b>(1.1)</b>
<b>E. ADJUSTMENT TO CASH BASIS</b>	<b>-</b>	<b>47,573</b>	<b>-</b>	<b>47,573</b>	<b>-</b>	<b>0.2</b>	<b>-</b>	<b>0.0</b>
<b>F. DEFICIT INCL. GRANTS (Cash basis)</b>	<b>(191,277)</b>	<b>(232,877)</b>	<b>(189,493)</b>	<b>(43,383)</b>	<b>21.7</b>	<b>(1.2)</b>	<b>(1.0)</b>	<b>(1.1)</b>
<i>Discrepancy</i>	<i>(26,927)</i>	<i>8,751</i>	<i>-</i>	<i>8,751</i>	<i>-</i>	<i>0.0</i>	<i>-</i>	<i>(0.1)</i>
<b>FINANCING</b>	<b>164,351</b>	<b>241,628</b>	<b>189,493</b>	<b>52,135</b>	<b>47.0</b>	<b>1.3</b>	<b>1.0</b>	<b>0.9</b>
<b>1. Net Foreign financing</b>	<b>(56,302)</b>	<b>(98,080)</b>	<b>(59,386)</b>	<b>(38,694)</b>	<b>74.2</b>	<b>(0.5)</b>	<b>(0.3)</b>	<b>(0.3)</b>
<b>Disbursements</b>	<b>37,029</b>	<b>43,021</b>	<b>45,107</b>	<b>(2,086)</b>	<b>16.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
Programme Loans	870	2,636	0	2,636	202.9	0.0	-	0.0
Project Cash Loans	9,543	22,069	26,944	(4,874)	-	0.1	0.1	0.1
Project Loans AIA	26,616	18,316	18,163	153	(31.2)	0.1	0.1	0.1
Debt repayment - Principal	(93,331)	(141,101)	(104,493)	(36,608)	51.2	(0.7)	(0.5)	(0.5)
<b>2. Net Domestic Financing</b>	<b>220,653</b>	<b>339,708</b>	<b>248,879</b>	<b>90,829</b>	<b>54.0</b>	<b>1.8</b>	<b>1.3</b>	<b>1.2</b>
Government Securities	235,057	333,091	256,153	76,938	41.7	1.7	1.3	1.3
Government Overdraft & Others	(61,147)	(14,422)	-	(14,422)	-	-0.1	-	(0.3)
Movement in Government Deposits	64,889	28,094	-	28,094	(56.7)	0.1	-	0.4
Domestic Loan Repayments (Net Receipts)	-	1,781	-	1,781	-	0.0	-	0.0
Domestic Loan Repayment	(555)	-	-	-	-	0.0	-	(0.0)
Other Accounts Payable	(17,591)	(8,836)	(7,273)	-	-	(0.0)	(0.0)	(0.1)
<b>MEMO ITEM</b>								
<b>GDP ESTIMATE</b>	<b>18,054,333</b>	<b>19,272,810</b>	<b>19,272,810</b>	<b>19,272,810</b>	<b>6.7</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

\*Provisional

Source of Data: National Treasury

## FISCAL DEVELOPMENTS

### 2.4 Financing

#### 2.4.1 External Financing

43. During the period ending September, 2025, net external financing amounted to a net foreign repayment of KSh. 98.1 billion (**Table 9**). Total disbursements (inflows) including Appropriations-in-Aid amounted to KSh. 43.0 billion against a target of KSh. 45.1 billion. The actual total disbursement comprised of KSh. 22.1 billion Project Cash Loans; KSh. 18.3 billion Project Loans A.I.A; and KSh. 2.6 billion programme loans. The External repayments (outflows) of principal debt amounted to KSh. 141.1 billion. The amount comprised of principal repayments due to commercial institutions, bilateral sources, and multilateral sources amounting to KSh. 69.9 billion, KSh. 58.4 billion, and KSh. 12.8 billion, respectively.

**Table 9: External Financing, Period Ending September, 2025 (KSh. Millions)**

	FY2024/25	FY2025/26	
	Actual*	Actual*	Target
<b>DISBURSEMENTS:</b>	<b>37,029</b>	<b>43,021</b>	<b>45,108</b>
Project Cash loans	26,616	22,069	26,944
Project loans A-I-A	9,543	18,316	18,163
Commercial Financing	-	-	-
Use of IMF SDR Allocation	-	-	-
Programme Loans	870	2,636	-
<b>EXTERNAL REPAYMENTS:</b>	<b>93,331</b>	<b>141,101</b>	<b>104,493</b>
Bilateral(incl. Italy Debt SWAP)	64,554	58,409	63,068
Multilateral (excl. IMF)	12,818	12,789	13,733
Commercial	15,959	69,903	27,692
<b>NET FOREIGN FINANCING</b>	<b>(56,302)</b>	<b>(98,080)</b>	<b>(59,385)</b>

\*Provisional

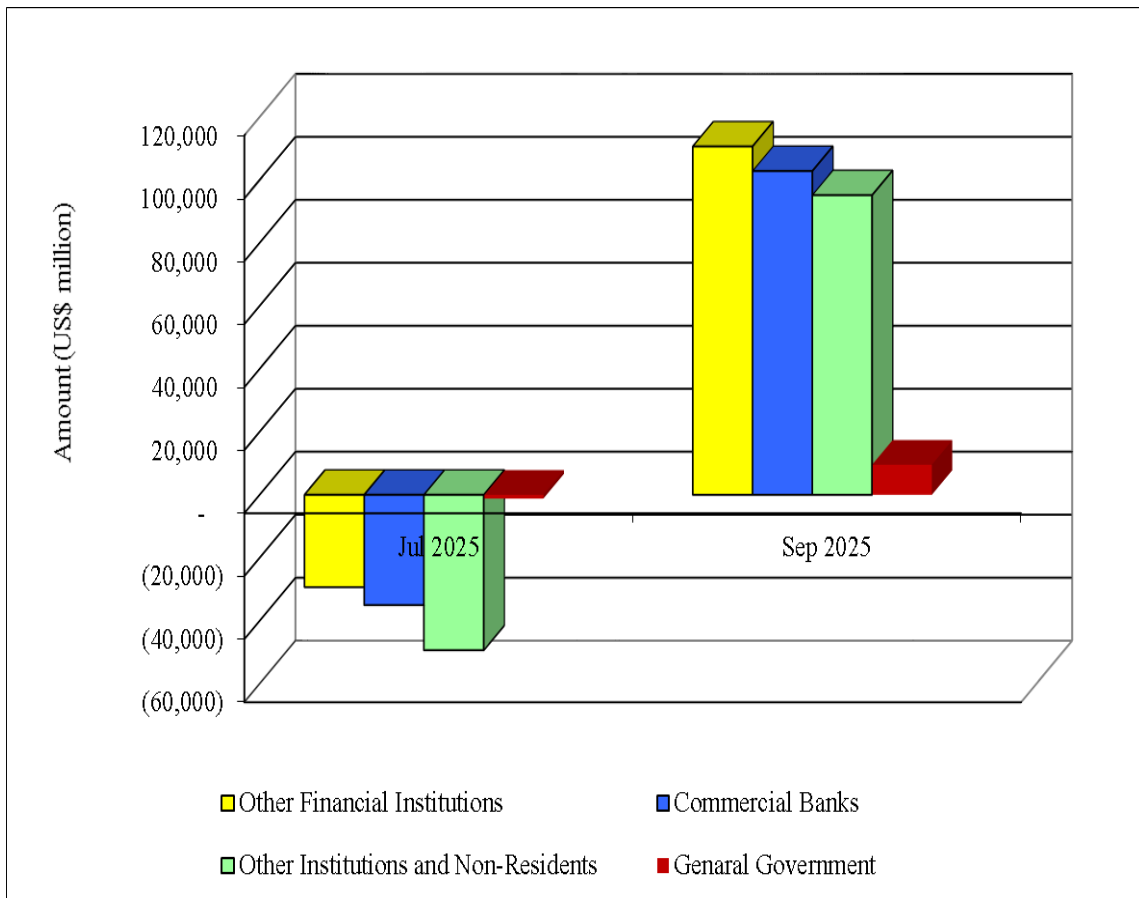
Source of Data: National Treasury

#### 2.4.2 Domestic Financing

44. As at 30<sup>th</sup> September, 2025, net domestic borrowing amounted to KSh. 371.1 billion (**Table 10**) against a target of KSh. 248.9 billion (**Table 8**). The borrowing comprised of KSh. 262.5 billion from Financial Corporations, KSh. 26.0 billion from Households, KSh. 22.2 billion Non-Residents, KSh. 11.2 from Non-financial Corporations, KSh. 9.6 billion from General Government and KSh. 1.2 billion from Non-Profit institutions. During the same period in FY 2024/25, the net domestic borrowing amounted to KSh. 156.9 billion comprising of KSh. 133.8 billion from Non-Banking Financial Institutions, KSh. 137.3 billion from Commercial Banks, a net repayment of KSh. 114.3 billion to the Central Bank of Kenya and a net repayment KSh. 3 billion to Non-Residents (**Table 10 and Chart 13**).



**Chart 13: Domestic Financing for the Period Ending 30th September, 2025**



Source of Data: Central Bank of Kenya

45. The Government financing during the first three months recorded a consistent increase from KSh. 110.0 billion in July 2025 to KSh. 371.1 billion by end of September 2025. Consequently, the government securities holding by all the holders also recorded an increase during the period under review except for those held by Non-Profit Institutions. Non-Profit Institutions government Securities holding declined from KSh. 2.6 Billion in August 2025 to KSh. 1.6 billion in September 2025 (**Table 10**).

## FISCAL DEVELOPMENTS

**Table 10: Domestic Financing, Period Ending 30<sup>th</sup> September, 2025 (KSh. Millions)**

SECURITIES HOLDER	JUL 2025	AUG 2025	SEP 2025
<b>A. Government Securities</b>	<b>(82,465)</b>	<b>255,690</b>	<b>333,091</b>
Household	210	22,983	26,041
<b>Nonfinancial Corporations</b>	<b>4,663</b>	<b>6,505</b>	11,197
<b>Public Nonfinancial Corporations Sector</b>	<b>4,615</b>	<b>(4,415)</b>	(4,370)
<b>Other Nonfinancial Corporations</b>	<b>47</b>	<b>10,920</b>	15,566
Private Companies	138	10,827	15,474
Unincorporated Private Businesses	(91)	92	92
<b>Financial Corporations</b>	<b>(86,540)</b>	<b>202,939</b>	<b>262,544</b>
<b>Public Financial Corporations Sector</b>	<b>(1,485)</b>	<b>32,573</b>	12,055
<b>Other Depository Corporations</b>	<b>(55,741)</b>	<b>93,166</b>	<b>139,859</b>
Commercial Banks	<b>(35,013)</b>	<b>61,976</b>	102,832
FOSA SACCOs	<b>(270)</b>	<b>743</b>	1,167
Money Market Funds	<b>(20,793)</b>	<b>30,976</b>	37,034
Other Depository Corporations Under Liquidation	<b>108</b>	<b>(111)</b>	(259)
Microfinance Banks	<b>227</b>	<b>(417)</b>	(914)
<b>Other Financial Corporations</b>	<b>(29,314)</b>	<b>77,200</b>	<b>110,630</b>
Insurance	<b>(16,199)</b>	<b>35,130</b>	47,717
Pension	<b>(11,230)</b>	<b>30,172</b>	49,475
Financial_auxiliaries	<b>(1,040)</b>	<b>2,390</b>	2,552
Non-Money Market Funds	<b>(663)</b>	<b>1,667</b>	1,543
BOSA SACCOs	<b>(30)</b>	<b>235</b>	241
Microfinance Institutions	<b>(33)</b>	<b>252</b>	112
Other Cooperative Societies	<b>2</b>	<b>(2)</b>	22
Other Financial Corporations Under Liquidation	<b>430</b>	<b>13</b>	(6)
Captive financial institutions and money lenders	<b>(1)</b>	<b>23</b>	2
Other financial intermediaries	<b>(3,682)</b>	<b>7,449</b>	11,501
Investment Banks	<b>3,131</b>	<b>(131)</b>	(2,527)
<b>Non-Profit Institutions</b>	<b>(255)</b>	<b>2,596</b>	1,574
<b>Non-Resident</b>	<b>649</b>	<b>18,704</b>	<b>22,179</b>
Non Resident Individuals	25	403	535
Other International Organisations	624	18,301	21,645
<b>General Government</b>	<b>(1,191)</b>	<b>1,963</b>	<b>9,556</b>
Budgetary Units	<b>(83)</b>	<b>(434)</b>	(744)
Extra-Budgetary Units	<b>(905)</b>	<b>1,376</b>	1,954
Social Security Funds	<b>(203)</b>	<b>1,021</b>	8,346
<b>B. Others:</b>	<b>23,347</b>	<b>(34,576)</b>	(14,912)
Overdraft	<b>20,928</b>	<b>(32,769)</b>	(12,606)
Uncleared Items awaiting transfer to PMG	<b>19</b>	<b>(11)</b>	(19)
IMF funds on-lent to Government	<b>2,087</b>	<b>(1,626)</b>	(1,629)
Bank Advances	<b>313</b>	<b>(170)</b>	(657)
<b>C. Central Government Deposits</b>	<b>50,920</b>	<b>1,902</b>	<b>(52,882)</b>
<b>D. Domestic Financing</b>	<b>(110,037)</b>	<b>219,212</b>	<b>371,062</b>
<b>Other Domestic Financing</b>			
<b>Domestic Loan Repayments (Net Receipt)</b>	<b>-</b>	<b>-</b>	<b>31,354</b>
<b>E. Net Domestic Financing</b>	<b>(110,037)</b>	<b>219,212</b>	<b>339,708</b>

Notes:

\*provisional

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

Source of Data: Central Bank of Kenya

## FISCAL DEVELOPMENTS

### 3.0 PUBLIC DEBT

#### 3.1 Overall Debt Position

46. The total public and publicly guaranteed debt stock as at end of 30<sup>th</sup> September, 2025, was KSh. 12,054.0 billion, up from KSh. 10,790.1 billion in September 2024. The increase is mainly attributed to domestic borrowing to finance the fiscal deficit during the period. The public and publicly guaranteed debt stock comprised KSh. 5,393.5 billion (44.7 per cent of total debt) in external debt and KSh. 6,660.5 billion (55.3 per cent of total debt) in domestic debt. The net public debt was KSh. 11,744.8 billion during the period under review (**Table 11**).

**Table 11: Kenya's Public and Publicly Guaranteed Debt, September, 2023 to September, 2025 (KSh. Millions)**

DEBT SOURCE	Sep-23	Dec-23	Mar- 24	Jun- 24	Sep-24	Dec-24	Mar- 25	Jun- 25	Sep-25
<b>EXTERNAL</b>									
BILATERAL	1,341,779	1,422,180	1,175,582	1,163,715	1,133,389	1,101,069	1,073,783	1,106,363	1,065,025
MULTILATERAL	2,827,123	3,061,108	2,654,283	2,786,948	2,847,166	2,777,571	2,876,953	3,045,391	3,057,763
COMMERCIAL BANKS	1,483,613	1,588,656	1,318,975	1,207,503	1,193,820	1,165,072	1,273,900	1,322,292	1,256,228
SUPPLIERS CREDIT	15,284	17,641	14,583	13,537	13,990	13,294	13,661	14,419	14,513
<b>SUB - TOTAL EXTERNAL</b>	<b>5,667,799</b>	<b>6,089,585</b>	<b>5,163,423</b>	<b>5,171,704</b>	<b>5,188,365</b>	<b>5,057,006</b>	<b>5,238,297</b>	<b>5,488,465</b>	<b>5,393,528</b>
<b>DOMESTIC</b>									
CENTRAL BANK	198,485	224,468	202,428	170,109	107,612	142,043	189,642	172,082	157,831
O/W IMF FUNDS ON-LENT TO GOVERNMENT	96,655	104,245	84,702	83,541	82,626	79,582	78,705	80,559	78,933
COMMERCIAL BANKS	2,081,576	2,109,720	2,190,148	2,278,836	2,386,381	2,509,146	2,601,298	2,179,356	2,296,926
<b>TOTAL BANKS</b>	<b>2,280,061</b>	<b>2,334,188</b>	<b>2,392,576</b>	<b>2,448,944</b>	<b>2,493,994</b>	<b>2,651,190</b>	<b>2,790,940</b>	<b>2,351,438</b>	<b>2,454,757</b>
NON BANKS & NON RESIDENTS	2,634,386	2,715,920	2,842,612	2,961,340	3,107,717	3,217,083	3,335,626	3,974,016	4,205,725
<b>SUB-TOTAL DOMESTIC</b>	<b>4,914,447</b>	<b>5,050,109</b>	<b>5,235,188</b>	<b>5,410,284</b>	<b>5,601,710</b>	<b>5,868,273</b>	<b>6,126,566</b>	<b>6,325,454</b>	<b>6,660,482</b>
<b>GRAND TOTAL GROSS</b>	<b>10,582,245</b>	<b>11,139,694</b>	<b>10,398,612</b>	<b>10,581,988</b>	<b>10,790,075</b>	<b>10,925,279</b>	<b>11,364,863</b>	<b>11,813,919</b>	<b>12,054,010</b>
LESS ON-LENDING	-	-	-	-	-	-	-	-	-
LESS GOVERNMENT DEPOSITS	(429,162)	(464,321)	(525,843)	(526,226)	(504,180)	(493,980)	(533,706)	(337,315)	(309,216)
<b>GRAND TOTAL NET</b>	<b>10,153,083</b>	<b>10,675,372</b>	<b>9,872,769</b>	<b>10,055,762</b>	<b>10,285,895</b>	<b>10,431,299</b>	<b>10,831,157</b>	<b>11,476,604</b>	<b>11,744,794</b>

*Note:*

\* Provisional

Source of Data: National Treasury

#### 3.2 Domestic Debt

47. The stock of gross domestic debt increased by KSh. 335.0 billion from KSh. 6,325.5 billion in July, 2025 to KSh. 6,660.4 billion in September, 2025. The net domestic debt was KSh. 6,409.0 billion by en0064 of the period under review (**Table 11**).

## FISCAL DEVELOPMENTS

**Table 12: Stock of Domestic Debt as at 30<sup>th</sup> September, 2025 (KSh. Millions)**

SECURITIES HOLDER	Jun-25	Jul-25	Aug-25	Sep-25
Financial Corporations	4,819,750	4,909,167	5,038,753	5,097,636
Central Bank	178,569	154,588	143,097	163,066
Commercial Banks	2,179,356	2,216,981	2,253,442	2,296,926
Pensions	894,493	905,588	925,424	943,325
Insurance	799,140	816,009	835,824	847,845
General Government	467,486	468,214	469,509	476,870
Households	397,774	397,471	422,322	425,199
Non-Residents	279,734	278,960	299,365	302,816
Nonfinancial corporations	128,345	123,752	135,146	139,707
Non-Profit Institutions	53,796	54,091	56,324	55,124
<b>Total Securities</b>	<b>6,146,885</b>	<b>6,231,655</b>	<b>6,421,419</b>	<b>6,497,352</b>
Overdraft	67,629	46,701	34,860	55,023
UnCleared items	21	2	9	2
Bank advances	14,792	13,845	13,725	13,543
Pre-1997 Frozen Debt	15,569	15,569	15,569	15,569
IMF funds on-lent to Government**	80,559	78,473	78,933	78,930
<b>Gross Domestic Debt</b>	<b>6,325,454</b>	<b>6,386,243</b>	<b>6,564,516</b>	<b>6,660,418</b>
Less On-lending	-	-	-	-
Less Government Deposits	304,255	253,336	306,157	251,373
<b>TOTAL NET DOMESTIC DEBT</b>	<b>6,021,199</b>	<b>6,132,908</b>	<b>6,258,359</b>	<b>6,409,045</b>

NOTE:

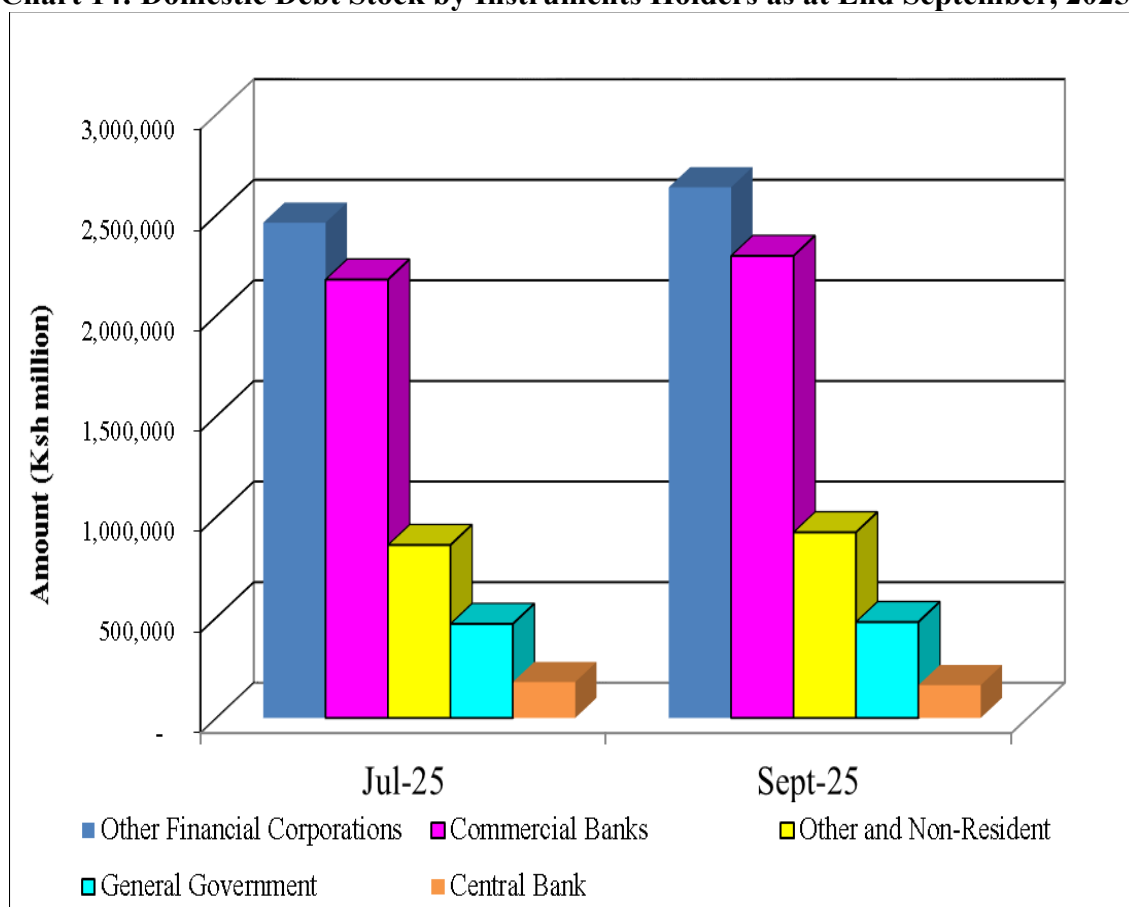
\* Provisional

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

Source of Data: Central Bank of Kenya

48. The stock of Government Securities were mainly held by Commercial Banks and other Financial Institutions. Commercial Banks holding of government securities increased by KSh. 117.6 billion from KSh. 2,179.4 billion in July, 2025 to KSh. 2296.9 billion in September, 2025 while those held by Other Financial Institutions also increased by KSh. 175.8 billion from KSh. 2,461.8 billion in July, 2025 to KSh. 2637.6 billion in September, 2025. The stock of Treasury Bills held by central bank remained low between July 2025 and September 2025. **(Chart 14)**.

**Chart 14: Domestic Debt Stock by Instruments Holders as at End September, 2025**



Source of Data: Central Bank of Kenya

### 3.3 External Public Debt

49. In US dollar terms, external public and publicly guaranteed debt stock increased to US\$. 41.7 billion as at end September 2025 from US\$. 40.2 billion in September 2024. This comprised debt owed to multilateral of 56.69 percent, commercial banks of 23.29 percent, bilateral of 19.75 percent, and Suppliers Credit of 0.27 percent. **(Table 13)**. The increase is attributed increase in external loans disbursements and exchange rate fluctuations during the period.

## FISCAL DEVELOPMENTS

**Table 13: Kenya's External Public and Publicly Guaranteed Debt September, 2023 – September, 2025 (US\$ Millions)**

CREDITOR	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
<b><u>BILATERAL</u></b>									
AUSTRIA	13.21	13.63	13.19	12.77	13.20	11.77	12.13	12.61	12.50
BELGIUM	173.00	179.21	178.92	177.87	187.72	171.85	175.11	196.87	193.18
DENMARK	2.46	2.58	1.99	1.97	1.51	1.40	0.93	1.01	0.43
FINLAND	3.75	3.96	2.57	2.55	1.33	1.23	-	-	-
FRANCE	722.00	753.72	723.60	746.50	759.36	697.88	704.88	784.39	800.25
GERMANY	341.34	349.60	350.44	345.08	362.54	393.56	401.07	439.64	433.76
ITALY	332.56	212.13	195.64	254.10	229.60	211.75	327.41	345.92	345.90
JAPAN	1,229.02	1,269.92	1,187.69	1,158.65	1,283.89	1,137.10	1,175.59	1,250.72	1,187.17
USA	7.64	7.43	310.65	310.41	248.68	248.47	186.72	185.47	124.03
CHINA	5,943.60	6,006.71	5,674.35	5,696.97	5,394.35	5,356.85	5,039.21	5,053.67	4,800.05
OTHERS	291.37	290.73	280.34	277.46	290.47	284.24	280.43	290.61	343.37
<b>TOTAL BILATERAL</b>	<b>9,059.95</b>	<b>9,089.63</b>	<b>8,919.39</b>	<b>8,984.34</b>	<b>8,772.65</b>	<b>8,516.10</b>	<b>8,303.47</b>	<b>8,560.91</b>	<b>8,240.65</b>
<b><u>MULTILATERAL</u></b>									
ADB/ADF	3,695.82	3,792.02	3,800.87	3,925.83	4,001.98	3,918.64	4,001.09	4,257.66	4,396.29
BADEA	51.70	53.69	53.38	54.01	53.33	53.01	52.33	52.03	51.35
EEC/EIB	194.28	204.58	192.68	190.43	195.96	181.93	195.52	230.71	222.26
IBRD	1,079.71	1,085.13	1,089.11	1,938.74	1,944.34	1,940.45	1,948.47	2,024.99	2,020.16
IDA/IFAD	11,333.07	11,685.80	11,696.69	12,108.42	12,535.17	12,092.83	12,432.93	13,181.46	13,165.20
IMF	2,684.95	2,694.19	3,257.39	3,251.72	3,259.95	3,252.51	3,574.48	3,704.88	3,692.85
OTHERS	49.77	49.15	48.52	47.21	46.89	43.45	42.56	113.15	111.39
<b>TOTAL MULTILATERAL</b>	<b>19,089.28</b>	<b>19,564.57</b>	<b>20,138.64</b>	<b>21,516.35</b>	<b>22,037.62</b>	<b>21,482.81</b>	<b>22,247.38</b>	<b>23,564.88</b>	<b>23,659.49</b>
<b>COMMERCIAL<sup>1</sup></b>	<b>10,017.64</b>	<b>10,153.63</b>	<b>10,007.36</b>	<b>9,322.41</b>	<b>9,240.40</b>	<b>9,011.12</b>	<b>9,851.02</b>	<b>10,231.74</b>	<b>9,720.09</b>
O/W International Sovereign Bond	7,100.00	7,100.00	7,156.97	6,600.00	6,600.00	6,600.00	7,518.86	7,913.54	7,913.54
<b>EXPORT CREDIT</b>	<b>103.20</b>	<b>112.75</b>	<b>110.65</b>	<b>104.51</b>	<b>108.29</b>	<b>102.82</b>	<b>105.64</b>	<b>111.57</b>	<b>112.29</b>
<b>GRAND TOTAL</b>	<b>38,270.08</b>	<b>38,920.59</b>	<b>39,176.04</b>	<b>39,927.61</b>	<b>40,158.96</b>	<b>39,112.85</b>	<b>40,507.51</b>	<b>42,469.10</b>	<b>41,732.53</b>
In percentage of total									
BILATERAL	23.67	23.35	22.77	22.50	21.84	21.77	20.50	20.16	19.75
MULTILATERAL	49.88	50.27	51.41	53.89	54.88	54.93	54.92	55.49	56.69
COMMERCIAL BANKS <sup>1</sup>	26.18	26.09	25.54	23.35	23.01	23.04	24.32	24.09	23.29
EXPORT CREDIT	0.27	0.29	0.28	0.26	0.27	0.26	0.26	0.26	0.27
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

\*Provisional

\*\* include IMF item

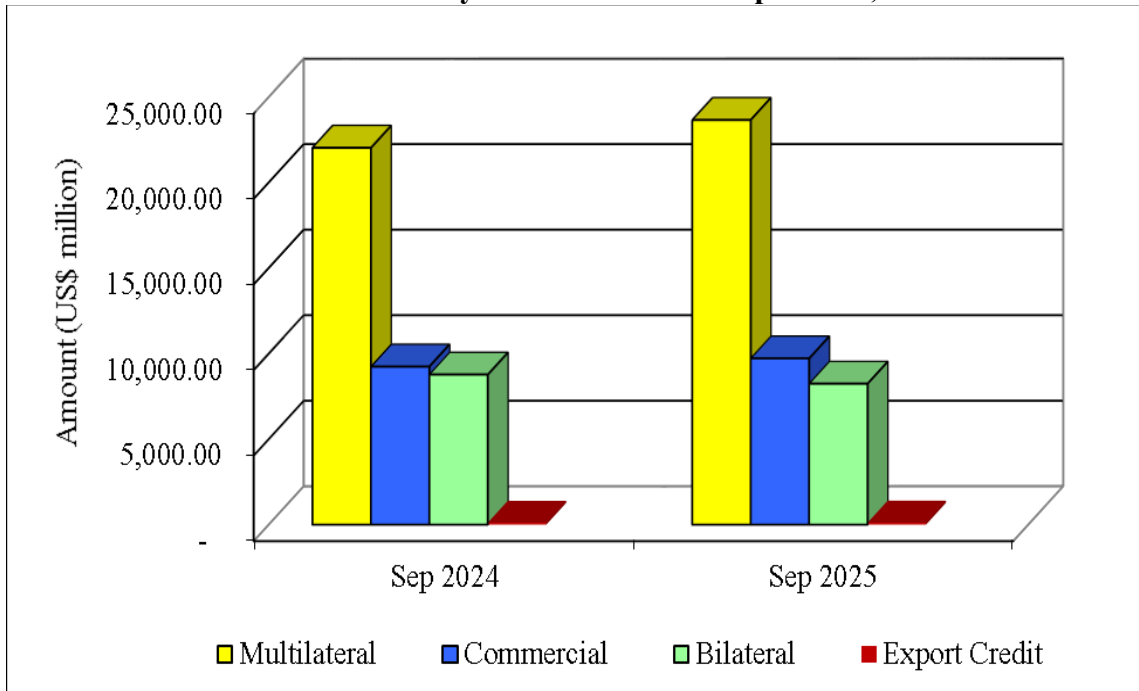
1/ incl. International Sovereign Bond

Note: The exchange rate as at end September, 2025 was KSh. 129.2 per dollar.

Source of Data: National Treasury

50. Compared to the same period in FY 2024/25, external public debt stock from bilateral sources recorded a decrease of US\$ 2.5 billion in the period ending September, 2025. However, external public debt stock from multilateral institutions, commercial banks, and suppliers recorded an increase of US\$ 1.6 billion, US\$ 0.5 billion and US\$ 4 million respectively in the period under review (**Chart 15**).

**Chart 15: External Public Debt by Source as at End September, 2025**



Source of Data: National Treasury

### 3.3.1 External Debt Service

51. As at end September 2025, the total cumulative debt service payments to external creditors was KSh. 213.1 billion. This comprised KSh. 141.1 billion (66.2 percent) principal payment and KSh. 72.0 billion (33.8 percent) interest payment (**Table 14**).

FISCAL DEVELOPMENTS

Table 14: External Debt Service, July 2025 – September, 2025 (KSh. Million)

CATEGORY	Sep-2025		
	PRINCIPAL*	INTEREST*	TOTAL*
<b>BILATERAL</b>			
ABU DHABI	-	-	-
AUSTRIA	38.19	5.52	43.70
BELGIUM	475.62	31.06	506.69
CHINA	44,249.60	16,665.06	60,914.65
DENMARK	-	-	-
FINLAND	-	1.59	1.59
FRANCE	3,458.41	585.78	4,044.19
GERMANY	1,488.51	200.50	1,689.01
INDIA	-	-	-
ISRAEL	-	-	-
ITALY	52.40	321.50	373.90
JAPAN	346.57	140.90	487.47
KOREA	-	3.43	3.43
KUWAIT	64.43	3.84	68.27
NETHERLANDS	-	-	-
SAUDI ARABIA	6.56	0.82	7.38
SPAIN	208.74	23.33	232.08
USA	8,019.72	633.66	8,653.38
<b>TOTAL BILATERAL</b>	<b>58,408.75</b>	<b>18,616.98</b>	<b>77,025.73</b>
<b>MULTILATERAL</b>			
ADB/ADF	1,998.42	3,396.67	5,395.09
BADEA	62.18	5.22	67.40
EIB/EEC	1,097.24	245.02	1,342.26
IDA	8,447.65	4,738.95	13,186.61
OPEC	149.72	33.95	183.67
NDF	79.90	11.69	91.59
IFAD	336.44	77.45	413.89
IMF	-	-	-
IBRD	617.33	3,008.53	3,625.87
<b>TOTAL MULTILATERAL</b>	<b>12,788.89</b>	<b>11,517.49</b>	<b>24,306.37</b>
<b>COMMERCIAL</b>	<b>69,903.30</b>	<b>41,855.06</b>	<b>111,758.36</b>
<b>GRAND TOTAL</b>	<b>141,100.94</b>	<b>71,989.53</b>	<b>213,090.47</b>

\* Provisional

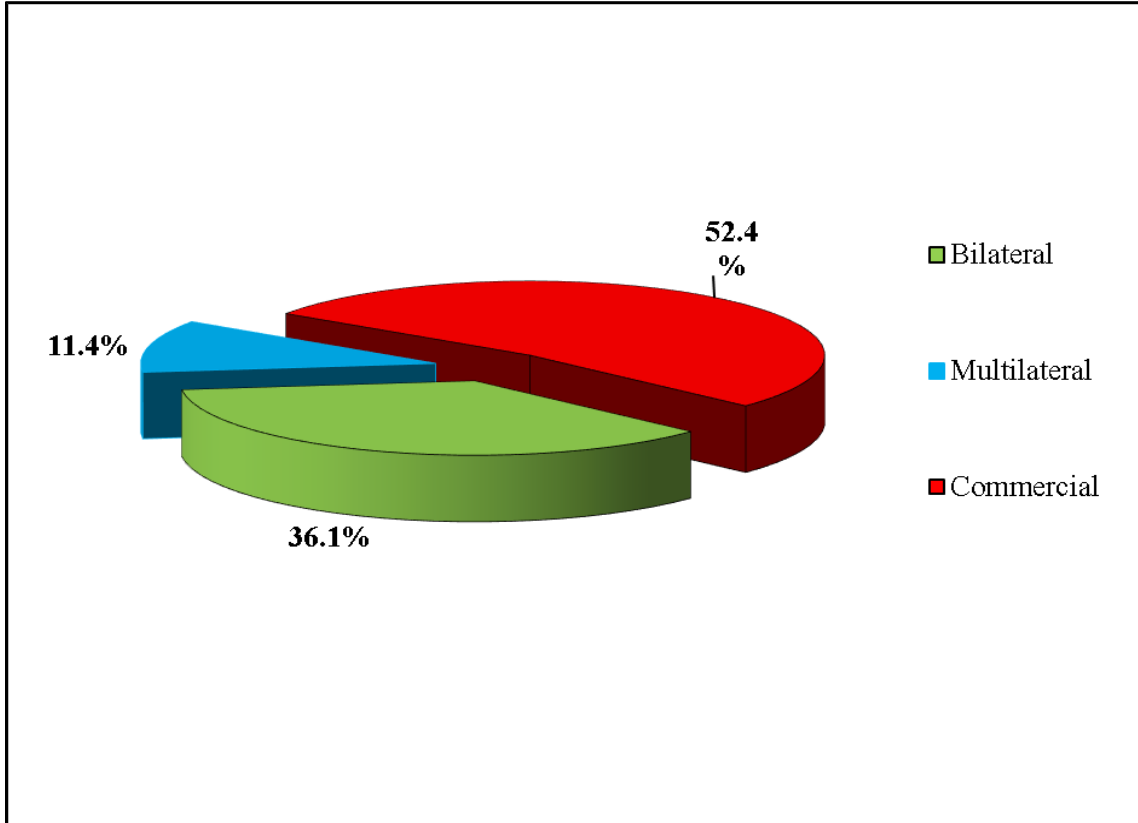
Source of Data: National Treasury



## FISCAL DEVELOPMENTS

52. By the end of September 2025, debt service payments to commercial, bilateral and multilateral creditors comprised of 52.4 percent, 36.1 percent and 11.4 percent of the total payments respectively (**Chart 16**).

**Chart 16: External Debt Service by Creditors at end of September, 2025**



Source of Data: National Treasury

## 4.0. ANNEXES

## 4.1. Annex I: Fiscal Results, 2019/20 – 2025/2026 (KSh. Millions)

REVENUE/EXPENDITURE/FINANCING	2019/20	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Actual	Prel. Actual	Prel. Actual	Prel. Actual	Printed Estimates
<b>A.TOTAL REVENUE</b>	<b>1,797,666</b>	<b>2,199,808</b>	<b>2,360,510</b>	<b>2,702,662</b>	<b>2,918,610</b>	<b>3,321,651</b>
<b>1.Ordinary Revenue</b>	<b>1,573,418</b>	<b>1,917,911</b>	<b>2,041,119</b>	<b>2,288,921</b>	<b>2,420,174</b>	<b>2,754,709</b>
Income Tax	706,936	876,707	941,576	1,043,097	1,093,032	1,284,772
VAT	383,713	523,098	550,440	645,489	660,729	771,704
Import Duty	98,022	118,280	130,123	133,929	157,107	162,851
Excise Duty	195,270	252,094	264,509	276,722	292,468	335,531
Other Revenue	189,477	147,731	154,472	189,685	216,838	199,850
<b>2.Appropriation –in –Aid</b>	<b>224,247</b>	<b>281,897</b>	<b>319,391</b>	<b>413,740</b>	<b>498,436</b>	<b>566,942</b>
<b>B.EXPENDITURE &amp; NET LENDING</b>	<b>2,629,478</b>	<b>3,027,836</b>	<b>3,146,381</b>	<b>3,655,554</b>	<b>4,134,968</b>	<b>4,436,113</b>
<b>1.Recurrent</b>	<b>1,696,121</b>	<b>2,135,305</b>	<b>2,236,944</b>	<b>2,702,110</b>	<b>2,937,170</b>	<b>3,099,648</b>
Wages and Salaries	449,927	520,033	547,157	575,269	627,102	657,285
Interest Payments	437,202	577,978	687,322	840,732	995,120	1,097,690
Domestic Interest	315,362	456,849	533,098	622,544	784,117	851,421
Foreign Interest Due	121,840	121,130	154,223	218,188	211,002	246,268
Pensions, etc	89,605	122,432	120,425	178,116	174,090	205,193
Civil Service Reform	-	-	-	-	36,977	4,737
O & M/ Others	677,293	866,050	821,097	821,097	809,266	805,224
Of which Appropriation-in-Aid	157,858	197,524	286,896	286,896	294,616	334,256
<b>2.Development &amp; Net Lending</b>	<b>608,079</b>	<b>540,117</b>	<b>493,663</b>	<b>597,653</b>	<b>752,950</b>	<b>849,662</b>
Development Projects	389,571	346,355	319,289	453,373	558,945	638,386
Appropriation-in-Aid	217,847	193,762	162,048	126,844	171,821	200,686
4. Transfer to County Governments	325,278	352,414	415,774	354,591	444,848	484,803
5. Parliamentary Service	27,990	32,652	41,187	37,257	39,181	47,967
6. Judicial Service	14,103	16,160	19,755	21,027	22,459	26,867
7. Net Lending	661	-	12,327	17,436	19,685	-
8. Equalization Fund	-	-	-	-	2,500	10,590
9. Contingency Fund	-	-	-	1,200	0	2,000
<b>D.DEFICIT EXCL. GRANTS (Commitment Basis)</b>	<b>(831,812)</b>	<b>(828,028)</b>	<b>(785,871)</b>	<b>(952,892)</b>	<b>(1,216,359)</b>	<b>(1,114,462)</b>
E.GRANTS	23,949	31,031	23,083	22,037	33,320	47,231
<b>F.DEFICIT INCL.GRANTS (Commitment Basis)</b>	<b>(807,863)</b>	<b>(796,997)</b>	<b>(762,788)</b>	<b>(930,855)</b>	<b>(1,183,038)</b>	<b>(1,067,231)</b>
G. ADJUSTMENT TO CASH BASIS	11,801	11,868	37,031	121,528	-	-
<b>H.DEFICIT INCL.GRANTS (Cash Basis)</b>	<b>(796,062)</b>	<b>(785,129)</b>	<b>(725,757)</b>	<b>(809,326)</b>	<b>(1,183,038)</b>	<b>(1,067,231)</b>
Discrepancy	(5,258)	(37,304)	44,550	(63,737)	(162,035)	(166,244)
<b>I.FINANCING</b>	<b>790,804</b>	<b>747,825</b>	<b>770,307</b>	<b>745,590</b>	<b>1,021,004</b>	<b>900,987</b>
Net Foreign Financing	340,431	142,524	310,759	222,717	179,777	287,440
Net Domestic Financing	450,373	605,301	459,548	522,873	841,227	613,547
<b>In Percentage of GDP</b>						
<b>A.TOTAL REVENUE</b>	<b>16.9</b>	<b>17.3</b>	<b>16.5</b>	<b>14.6</b>	<b>15.0</b>	<b>17.2</b>
<b>1.Ordinary Revenue</b>	<b>14.8</b>	<b>15.1</b>	<b>14.3</b>	<b>12.7</b>	<b>12.7</b>	<b>14.3</b>
Income Tax	6.7	6.9	6.6	5.8	5.8	6.7
VAT	3.6	4.1	3.9	3.4	3.6	4.0
Import Duty	0.9	0.9	0.9	0.8	0.7	0.8
Excise Duty	1.8	2.0	1.9	1.6	1.5	1.7
Other Revenue	1.8	1.2	1.1	1.0	1.1	1.0
2.Appropriation –in –Aid	2.1	2.2	2.2	2.0	2.3	2.9
<b>B. EXPENDITURE &amp; NET LENDING</b>	<b>24.8</b>	<b>23.8</b>	<b>22.0</b>	<b>19.5</b>	<b>20.2</b>	<b>23.0</b>
<b>1.Recurrent</b>	<b>16.0</b>	<b>16.8</b>	<b>15.7</b>	<b>13.9</b>	<b>15.0</b>	<b>16.1</b>
Wages and Salaries	4.2	4.1	3.8	3.4	3.2	3.4
Interest Payments	4.1	4.6	4.8	4.3	4.7	5.7
Domestic Interest	3.0	3.6	3.7	3.3	3.4	4.4
Foreign Interest Due	1.1	1.0	1.1	1.0	1.2	1.3
Pensions, etc	0.8	1.0	0.8	0.7	1.0	1.1
O & M/ Others	6.4	6.8	5.8	5.1	4.5	4.2
of which Appropriation-in-Aid	1.5	1.6	2.0	1.8	1.6	1.7
<b>2.Development &amp; Net Lending</b>	<b>5.7</b>	<b>4.3</b>	<b>3.5</b>	<b>3.1</b>	<b>3.3</b>	<b>4.4</b>
Development Projects	3.7	2.7	2.2	2.0	2.5	3.3
Appropriation-in-Aid	2.1	1.5	1.1	1.0	0.7	1.0
Payment of guaranteed loans	-	-	-	-	-	-
3. Drought Expenditures	-	-	-	-	-	-
4.Transfer to County Governments	3.1	2.8	2.9	2.6	2.0	2.5
5. Parliamentary Service	0.3	0.3	0.3	0.3	0.2	0.2
6. Judicial Service	0.1	0.1	0.1	0.1	0.1	0.1
7. Equalization Fund	-	-	-	0.1	0.1	-
<b>D.DEFICIT EXCL. GRANTS (Commitment Basis)</b>	<b>(7.8)</b>	<b>(6.5)</b>	<b>(5.5)</b>	<b>-</b>	<b>-</b>	<b>0.1</b>
E.GRANTS	0.2	0.2	0.2	-	0.0	0.0
<b>F.DEFICIT INCL.GRANTS (Commitment Basis)</b>	<b>(7.6)</b>	<b>(6.3)</b>	<b>(5.3)</b>	<b>(4.9)</b>	<b>(5.3)</b>	<b>(5.8)</b>
G.ADJUSTMENT TO CASH BASIS	0.1	0.1	0.3	0.1	0.1	0.2
<b>H.DEFICIT INCL.GRANTS (Cash Basis)</b>	<b>(7.5)</b>	<b>(6.2)</b>	<b>(5.1)</b>	<b>(4.7)</b>	<b>(5.2)</b>	<b>(5.5)</b>
<b>I.FINANCING</b>	<b>7.4</b>	<b>5.9</b>	<b>5.4</b>	<b>0.2</b>	<b>0.7</b>	<b>-</b>
Foreign Financing	3.2	1.1	2.2	(4.5)	(4.5)	(5.5)
Net Domestic Financing	4.2	4.8	3.2	4.8	4.1	4.7
Memorandum Item:						
<b>Nominal GDP at Market Prices (KSh. Millions)</b>	<b>10,620,841.4</b>	<b>12,698,001.0</b>	<b>14,274,419.5</b>	<b>16,131,502</b>	<b>18,054,333</b>	<b>19,272,810</b>

Source: 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 FY2025/26	Prel. Actual FY2025/26 Q1
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>
<b>1</b>	<b>Revenue</b>	<b>3,368,882</b>	<b>712,556</b>
11	Taxes	2,918,497	626,995
<b>111</b>	<b>Taxes on income, profits, and capital gains</b>	<b>1,379,772</b>	<b>271,149</b>
1111	Payable by individuals	747,374	155,156
1112	Payable by corporations and other enterprises	632,398	115,993
<b>114</b>	<b>Taxes on goods and services</b>	<b>1,276,242</b>	<b>291,034</b>
1141	General taxes on goods and services	791,617	177,977
11411	Value-added taxes	771,704	173,371
11414	Taxes on financial and capital transactions <sup>1</sup>	19,913	4,605
1142	Excises <sup>2</sup>	484,625	113,057
<b>115</b>	<b>Taxes on international trade and transactions</b>	<b>262,483</b>	<b>64,812</b>
1151	Customs and other import duties <sup>3</sup>	261,018	64,376
1152	Taxes on exports	1,464	436
<b>12</b>	<b>Social contributions</b>	<b>337</b>	<b>278</b>
<b>122</b>	<b>Other social contributions</b>	<b>337</b>	<b>278</b>
1221	Employee contributions	337	278
<b>13</b>	<b>Grants</b>	<b>47,231</b>	<b>2,950</b>
131	From foreign governments	47,231	2,950
1311	Current	-	-
1312	Capital	47,231	2,950
132	From international organizations	-	-
1321	Current	-	-
1322	Capital	-	-
<b>14</b>	<b>Other revenue</b>	<b>402,817</b>	<b>82,333</b>
<b>141</b>	<b>Property income</b>	<b>94,731</b>	<b>11,699</b>
1411	Interest	2,409	483
1412	Dividends	89,639	10,484
1415	Rent	2,683	732
<b>142</b>	<b>Sales of goods and services</b>	<b>302,346</b>	<b>69,769</b>
1422	Administrative fees	302,346	69,769
<b>143</b>	<b>Fines, penalties, and forfeits</b>	<b>3,333</b>	<b>437</b>
<b>144</b>	<b>Miscellaneous and unidentified revenue</b>	<b>2,407</b>	<b>428</b>

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 FY2025/26	Prel. Actual FY 2025/26 Q1
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>
<b>2</b>	<b>Expense</b>	<b>4,107,128</b>	<b>952,496</b>
<b>21</b>	<b>Compensation of employees</b>	<b>696,464</b>	<b>162,746</b>
211	Wages and salaries	662,001	152,138
<b>212</b>	<b>Social contributions</b>	<b>34,463</b>	<b>10,608</b>
2121	Actual social contributions	34,463	10,608
<b>22</b>	<b>Use of goods and services</b>	<b>325,949</b>	<b>98,397</b>
	O/W Free Secondary Education (FSE)	10,977	10,417
	Free Primary Education (FPE)	6,184	1,748
<b>24</b>	<b>Interest</b>	<b>1,097,690</b>	<b>273,000</b>
241	To nonresidents	246,268	71,990
242	To residents other than general government	851,421	201,010
<b>25</b>	<b>Subsidies</b>	-	-
251	To public corporations		
252	To private enterprises	-	-
<b>26</b>	<b>Grants</b>	<b>1,776,331</b>	<b>389,291</b>
<b>262</b>	<b>To international organizations</b>	<b>34,869</b>	-
2621	Current	34,869	-
2622	Capital		
<b>263</b>	<b>To other general government units</b>	<b>1,741,462</b>	<b>389,291</b>
2631	Current	1,161,694	276,337
	O/W Transfer to County Governments (ES)	418,259	66,131
	Transfer to Other levels of Government (Includes transfers to SOEs)	743,435	210,206
2632	Capital	579,768	112,954
	O/W Transfer to County Governments (ES)	133,455	-
	Transfer to Other levels of Government (Includes transfers to SOEs)	446,314	112,954
<b>27</b>	<b>Social benefits</b>	<b>210,694</b>	<b>29,063</b>
272	Social Assistance Benefits		
273	Employer social benefits	210,694	29,063
<b>28</b>	<b>Other expense</b>	-	-
282	Miscellaneous other expense		

Source: National Treasury

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

<b>GFSM Code</b>	<b>Description</b>	<b>Annual Budget Estimates FY 2025/26</b>	<b>Prel. Actual FY 2025/26 Q1</b>
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>
<b>3</b>	<b>Change in Net Worth: Transactions</b>	<b>(503,314)</b>	<b>(210,563)</b>
<b>31</b>	<b>Net acquisition of nonfinancial assets</b>	<b>5,904</b>	<b>158</b>
<b>311</b>	<b>Fixed assets</b>	<b>5,904</b>	<b>158</b>
3111	Buildings and structures	-	-
3112	Machinery and equipment		
3113	Other fixed assets	5,904	158
<b>312</b>	<b>Inventories</b>		
<b>314</b>	<b>Nonproduced assets</b>		
<b>32</b>	<b>Net acquisition of financial assets</b>	<b>10,795</b>	<b>29,875</b>
3212	Currency and deposits (Domestic)	10,795	29,875
<b>33</b>	<b>Net incurrence of liabilities</b>	<b>520,014</b>	<b>240,596</b>
<b>331</b>	<b>Domestic</b>	<b>453,751</b>	<b>338,676</b>
3313	Securities other than shares	634,751	333,091
3314	Loans	-	14,422
3318	Other Accounts Payable	(181,000)	(8,836)
<b>332</b>	<b>Foreign</b>	<b>66,262</b>	<b>(98,080)</b>
<b>3321</b>	<b>Special Drawing Rights (SDRs)</b>		
3323	Securities other than shares		
3324	Loans	66,262	(98,080)

Source: National Treasury

## ANNEXES

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

GFSM Code	Description	Annual Budget Estimates FY2025/26	Prel. Actual FY 2025/26 Q1
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>
	<b>Cash Flows from Operating Activities:</b>		
<b>1</b>	<b>Cash receipts from operating activities</b>	<b>3,368,882</b>	<b>712,556</b>
11	Taxes	2,918,497	626,995
12	Social contributions	337	278
13	Grants	47,231	2,950
14	Other receipts	402,817	82,333
<b>2</b>	<b>Cash payments for operating activities</b>	<b>4,069,318</b>	<b>952,496</b>
21	Compensation of employees	696,464	162,746
22	Purchases of goods and services	325,949	98,397
24	Interest	1,097,690	273,000
25	Subsidies	-	-
26	Grants	1,776,331	389,291
27	Social benefits	172,884	29,063
28	Other payments	-	-
	<b>Net cash inflow from operating activities</b>	<b>(700,436)</b>	<b>(239,940)</b>
	<b>Cash Flows from Investments in Nonfinancial Assets (NFAs):</b>		
<b>31A</b>	<b>Purchases of nonfinancial assets</b>	<b>165,457</b>	<b>40,509</b>
311A	Fixed assets	165,457	40,509
<b>31</b>	<b>Net cash outflow: investments in NFAs (31=31.1-31.2)</b>	<b>165,457</b>	<b>40,509</b>
	<b>Cash surplus / deficit</b>	<b>(865,893)</b>	<b>(280,449)</b>
	<b>Cash Flows from Financing Activities:</b>		
32x	Net acquisition of financial assets other than cash	11,905	1,781
321x	Domestic	11,905	1,781
322x	Foreign		
<b>33</b>	<b>Net incurrence of liabilities</b>	<b>520,014</b>	<b>240,596</b>
331	Domestic	453,751	338,676
332	Foreign	66,262	(98,080)
<b>NFB</b>	<b>Net cash inflow from financing activities</b>	<b>531,919</b>	<b>242,378</b>
	<b>Net change in the stock of cash</b>	<b>(333,974)</b>	<b>(38,072)</b>
	<b>Statistical Discrepancy<sup>4</sup></b>		

<sup>4</sup>/Vertical check: Difference between cash surplus/deficit and total net cash inflow from financing activities

Source: National Treasury

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

<b>GFSM Code</b>	<b>Description</b>	<b>Annual Budget Estimates FY2025/26</b>	<b>Prel. Actual FY 2025/26 Q1</b>
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>
	<b>Transactions Affecting Net Worth:</b>		
<b>1</b>	<b>Revenue</b>	<b>3,368,882</b>	<b>712,556</b>
11	Taxes	2,918,497	626,995
12	Social contributions	337	278
13	Grants	47,231	2,950
14	Other revenue	402,817	82,333
<b>2</b>	<b>Expense</b>	<b>4,107,128</b>	<b>952,496</b>
21	Compensation of employees	696,464	162,746
22	Use of goods and services	325,949	98,397
24	Interest	1,097,690	273,000
25	Subsidies	...	...
26	Grants	1,776,331	389,291
27	Social benefits	210,694	29,063
28	Other expense		
<b>GOB</b>	<b>Gross operating balance</b>	<b>(738,246)</b>	<b>(239,940)</b>
<b>NOB</b>	<b>Net operating balance</b>	<b>(738,246)</b>	<b>(239,940)</b>
	<b>Transactions on Nonfinancial Assets:</b>		
<b>31</b>	<b>Net Acquisition of Nonfinancial Assets</b>	<b>165,457</b>	<b>40,509</b>
311	Fixed assets	165,457	40,509
312	Change in inventories	-	-
314	Nonproduced assets	-	-
<b>NLB</b>	<b>Net lending / borrowing</b>	<b>(903,703)</b>	<b>(280,449)</b>
	<b>Transactions on Financial Assets and Liabilities (Financing):</b>	<b>530,809</b>	<b>270,472</b>
<b>32</b>	<b>Net acquisition of financial assets</b>	<b>10,795</b>	<b>29,875</b>
321	Domestic	10,795	29,875
322	Foreign		
<b>33</b>	<b>Net incurrence of liabilities</b>	<b>520,014</b>	<b>240,596</b>
331	Domestic	453,751	338,676
332	Foreign	66,262	(98,080)
	<b>Statistical Discrepancy<sup>5</sup></b>	<b>(372,894)</b>	<b>(9,978)</b>

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

Source: National Treasury