



REPUBLIC OF KENYA

THE NATIONAL TREASURY AND ECONOMIC PLANNING

Quarterly Economic and Budgetary Review

**Third Quarter, Financial Year 2023/2024
Period Ending 31st March, 2024**

May, 2024 Edition

Quarterly Economic and Budgetary Review

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TABLE OF CONTENTS

TABLE OF CONTENTS	III
ACKNOWLEDGEMENT	IV
LIST OF ABBREVIATIONS AND ACRONYMS	V
HIGHLIGHTS OF THE THIRD QUARTERLY ECONOMIC AND BUDGETARY REVIEW REPORT IN THE 2023/24 FY	VIII
1.0 RECENT ECONOMIC DEVELOPMENTS	1
1.1 ECONOMIC GROWTH	1
1.2 INFLATION	2
1.3 INTEREST RATES.....	3
1.4 MONEY AND CREDIT	4
1.5 BALANCE OF PAYMENTS	6
1.6 FOREIGN EXCHANGE RESERVES.....	7
1.7 EXCHANGE RATES.....	8
1.8 CAPITAL MARKETS.....	9
2.0 FISCAL DEVELOPMENTS	11
2.1 REVENUE	11
2.2 EXPENDITURE	12
2.2.1 NATIONAL GOVERNMENT EXPENDITURES BY PUBLIC AGENCIES	14
2.2.2 PENDING BILLS	16
2.2.3 GUARANTEED DEBT SERVICE	17
2.3 FISCAL OUTTURN	17
2.4 FINANCING.....	19
2.4.1 EXTERNAL FINANCING	19
2.4.2 DOMESTIC FINANCING.....	19
3.0 PUBLIC DEBT	22
3.1 OVERALL DEBT POSITION	22
3.2 DOMESTIC DEBT.....	22
3.3 EXTERNAL PUBLIC DEBT.....	24
3.3.1 EXTERNAL DEBT SERVICE	26
4.0. ANNEXES	29
4.1. ANNEX I: FISCAL RESULTS, 2017/18 – 2023/2024 (KSH. MILLIONS).....	29
4.2. GFSM 2014 COMPLIANT TABLES FOR BUDGETARY CENTRAL GOVERNMENT.....	30
4.2.1 ANNEX II: REVENUE (KSH. MILLIONS).....	30
4.2.2. ANNEX III: EXPENSE (KSH. MILLIONS)	31
4.2.3. ANNEX IV: TRANSACTION IN ASSETS AND LIABILITIES (KSH. MILLIONS)	32
4.2.4. ANNEX V: STATEMENT OF SOURCES AND USES OF CASH (KSH. MILLIONS)	33
4.2.5 ANNEX VI: STATEMENT OF GOVERNMENT OPERATIONS (KSH. MILLIONS).....	34

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
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 Relations
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
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 2023/24 FY

1. Economic growth

The economy is estimated to have grown by 5.6 percent in 2023 up from 4.8 percent in 2022. This growth was supported by a rebound in agriculture, which had faced two consecutive years of output decline due to a prolonged drought, and the continued strength and resilience of the services sectors.

2. Inflation rate

Year-on-year overall inflation has remained within the Government target range of 5 ± 2.5 percent in the first three quarters of FY 2023/24. Inflation declined to 5.7 percent in March, 2024 from 9.2 percent in March, 2023 largely driven by the easing of food and energy prices, pass-through effects of exchange rate appreciation and the impact of monetary policy tightening.

3. Interest Rates

Interest rates increased in March, 2024 in line with the tight monetary policy stance and liquidity conditions in the money market. The interbank rate increased to 13.4 percent in March, 2024 compared to 7.1 percent in March, 2023 while the 91-day Treasury Bills rate increased to 16.7 percent compared to 9.8 percent over the same period. Consequently, the average lending rate increased to 15.4 percent in March, 2024 from 13.1 percent in March, 2023 while the average deposit rate increased to 10.3 percent from 7.6 percent over the same period.

4. Money and Credit

Broad money supply, M3, grew by 11.5 percent in the year to March, 2024 compared to a growth of 10.6 percent in the year to March, 2023. The primary source of the growth in M3 was an improvement in the Net Foreign Assets (NFA) of the banking system.

5. Current Account

The current account deficit improved to USD 4,557.3 million (4.3 percent of GDP) in February, 2024 compared to USD 5,368.1 million (4.5 percent of GDP) in February, 2023. The current account was supported by an improvement in the net merchandise account and the net secondary income balance despite a deterioration in the net primary income balance and net receipts on the services account.

6. Foreign Exchange Reserves

The official foreign exchange reserves held by the Central Bank stood at USD 7,669.8 million in February, 2024 an improvement compared to USD 7,176.6 million in February, 2023. This represented 4.2 months of import cover as compared to the 3.6 months of import cover, respectively, and therefore provides adequate buffer against short term shocks in the foreign exchange market.

7. Capital Markets

Activity in the capital markets improved in the year to March, 2024 mainly due to the strengthening of the Kenya Shilling coupled with the de-risking of the 2024 Eurobond which inspired confidence among investors. The NSE 20 Share Index improved to 1,752 points in March, 2024 compared to 1,611 points in March, 2023 while Market capitalization improved to KSh. 1,767 billion from KSh. 1,740 billion over the same period.

8. Revenue Collection

The National Government revenue collection including ministerial Appropriation in Aid (A-I-A) for the period between July, 2023 – March, 2024 amounted to KSh. 1,918.3 billion (11.9 percent of GDP) against a target of KSh. 2,126.4 billion. The revenue collection was below the target by KSh. 208.1 billion mainly due to shortfall in taxes/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, 2024 amounted to KSh. 2,638.8 billion, against a target of KSh. 2,787.7 billion. The resultant below target expenditure of KSh. 148.9 billion is mainly attributed to below target absorption recorded in development expenditures and transfers to County Governments.

10. Guaranteed Debt

The Government serviced guaranteed debt of KSh. 17.4 billion on behalf of Kenya Airways (KQ).

11. Fiscal Balance

The fiscal balance excluding grants (on a commitment basis) amounted to a deficit of KSh. 720.5 billion (4.5 percent of GDP), as at the end of March, 2024.

12. External Financing

The Net Foreign financing amounted to KSh. 113 billion (0.7 percent of the GDP) during the period under review.

13. Net Domestic Borrowing

Net domestic financing amounted to a net borrowing of KSh. 386.4 billion (2.4 percent of GDP) in the period ending 31st March, 2024.

14. Domestic Debt Stock

The stock of gross domestic debt increased by KSh. 625.9 billion from KSh. 4,631.1 billion in March, 2023 to KSh. 5,257 billion in March, 2024.

15. External Debt Stock

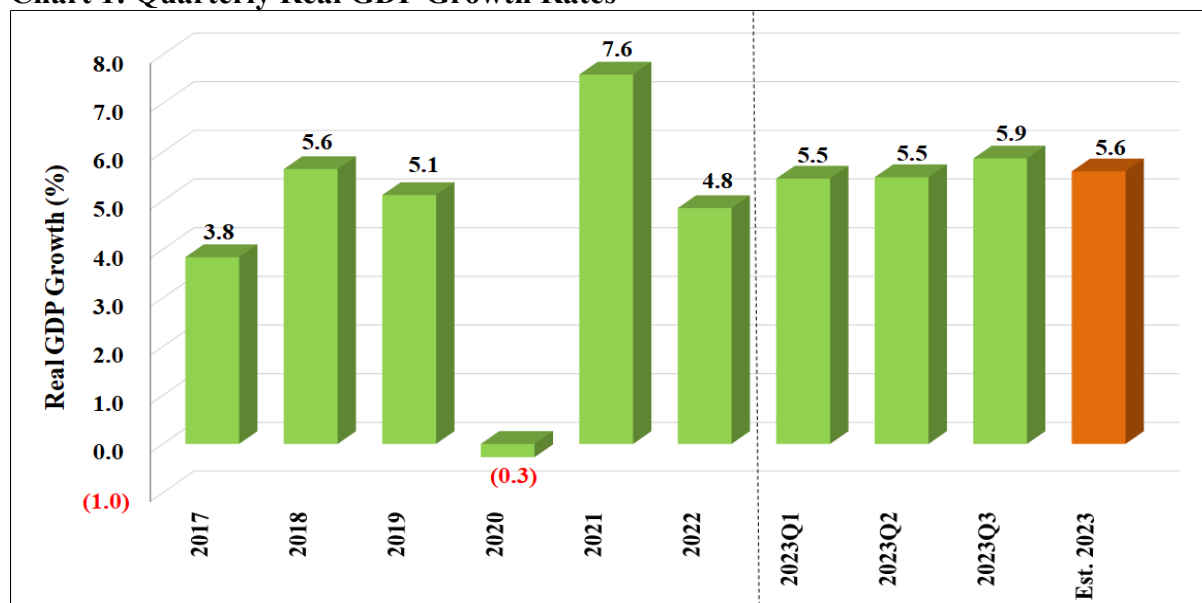
The total external debt stock, including the International Sovereign Bond, stood at KSh. 5,163.4 billion by the end of March, 2024. The debt stock comprised of multilateral debt (51.4 percent), commercial debt (26.3 percent), bilateral debt (22 percent) and suppliers' credit (0.3 percent).

1.0 RECENT ECONOMIC DEVELOPMENTS

1.1 Economic Growth

1. The economy remained strong and resilient in 2023 despite the challenging external and domestic environment. The economy is estimated to have grown by 5.6 percent in 2023 from a growth of 4.8 percent in 2022. The economic growth averaged 5.6 percent in the first three quarters of 2023 (5.5 percent in Q1 and Q2 and 5.9 percent in Q3) (**Chart 1**). The growth was primarily underpinned by a rebound in agriculture activities and a continued resilience of the service sector.

Chart 1: Quarterly Real GDP Growth Rates



Source of Data: Kenya National Bureau of Statistics

2. Leading economic indicators point to a strong economic performance in the fourth quarter of 2023 due to the rebound in agriculture and the continued strength and resilience of the services sector. Growth in the Agriculture sector was mainly due to favorable weather conditions experienced in the country. This was evident in the significant increase in the quantity of exported cut flowers by 5.8 percent accompanied by a corresponding increase in value by 62.7 percent. Similarly, the quantity of exported vegetables increased by 95.7 percent while the quantity of tea exported also increased by 0.6 percent while its value increased by 18.5 percent during the period under review. However, the quantity of exported fruits and coffee declined; and cane deliveries also declined all in the fourth quarter of 2024.

3. Industrial activity slowed down due to the surging production costs as input and borrowing costs increased, driven by among others, a weakening shilling, and a slowing global economy. There was also a notable drop in electricity generation due to decline in wind, thermal, and geo-thermal generation. Growth in the sector was mainly supported by agro processing, notably the production of dairy, coffee, and tea. Growth of the non-food subsector was supported by increased production and consumption of cement and galvanized sheets. This is attributed to the Government affordable housing project and the growth in real estate sector.

4. The services sector remained resilient and maintained a strong growth momentum in Accommodation and Restaurant subsector, Financial and Insurance subsector, Information and Communication subsector and Public Administration subsector. The Accommodation and

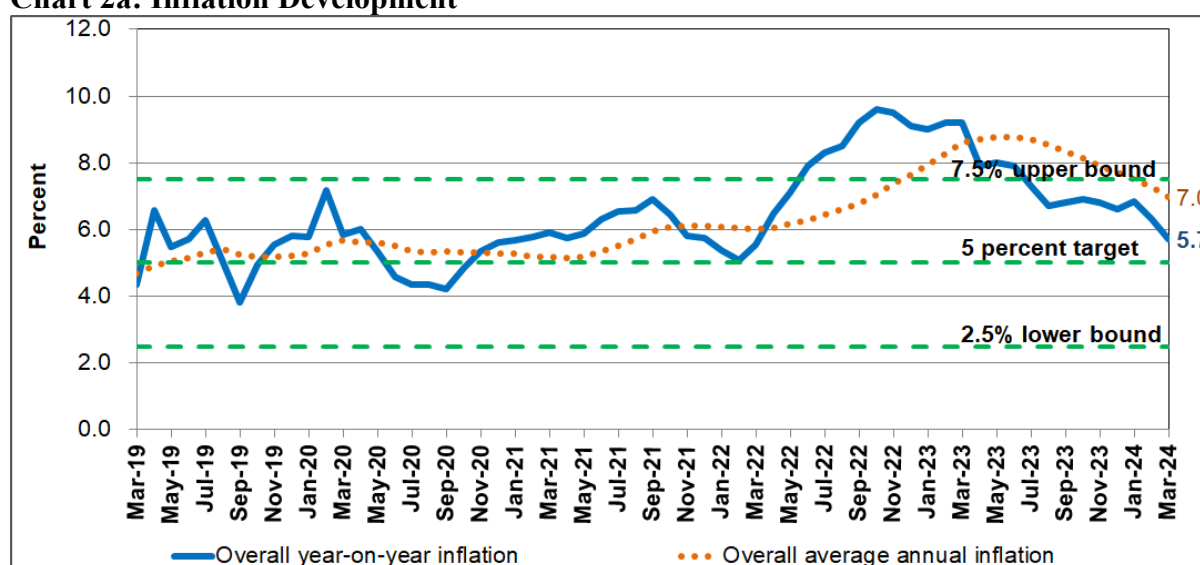
RECENT ECONOMIC DEVELOPMENTS

Restaurant services was supported by the increased numbers of tourist arrivals through Jomo Kenyatta International Airport (JKIA) and Mombasa International Airport (MIA). Information and communication subsector growth was supported by increased voice traffic, internet use and mobile money despite a decline in the use of domestic Short Messaging Services (SMSs).

1.2 Inflation

5. Inflation has remained within the Government target range of 5 ± 2.5 percent in the first three quarters of FY 2023/24. Inflation declined to 5.7 percent in March, 2024 from 9.2 percent in March, 2023 largely driven by the easing of food and energy prices, pass-through effects of exchange rate appreciation and the impact of monetary policy tightening (**Chart 2a**).

Chart 2a: Inflation Development



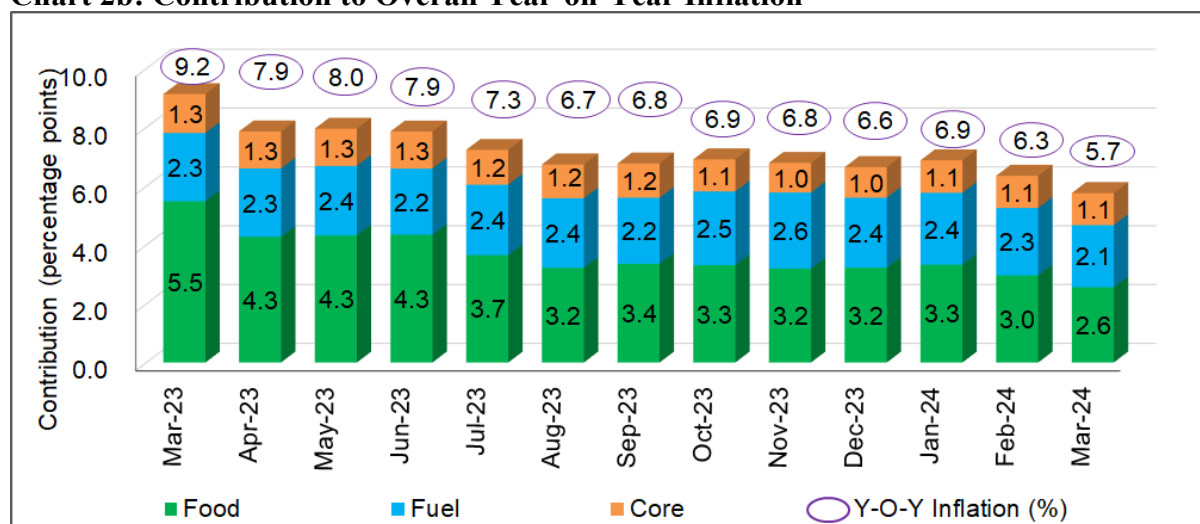
Source of Data: Kenya National Bureau of Statistics

6. Food inflation remained the main driver of overall year-on-year inflation in March, 2024 contributing 2.6 percentage points, a decline, compared to a contribution of 5.5 percentage points in March, 2023 (**Chart 2b**). The easing of food prices was supported by increased food supply arising from favorable weather conditions; continued Government interventions through subsidized fertilizer program; zero rating of import duty on selected staple food items; and the general easing of international food prices.

7. Fuel inflation declined to contribute 2.1 percentage points to year-on-year overall inflation in March, 2024 from a contribution of 2.3 percentage points in March, 2023. The decline largely reflects the impact of the Kenya Shilling's appreciation coupled with the easing of international oil prices which resulted in a decrease in electricity price and a downward adjustment in oil pump prices.

8. The contribution of core (non-food non-fuel) inflation to year-on-year overall inflation has been low and stable. This is consistent with the muted demand pressures in the economy that is supported by prudent monetary policy.

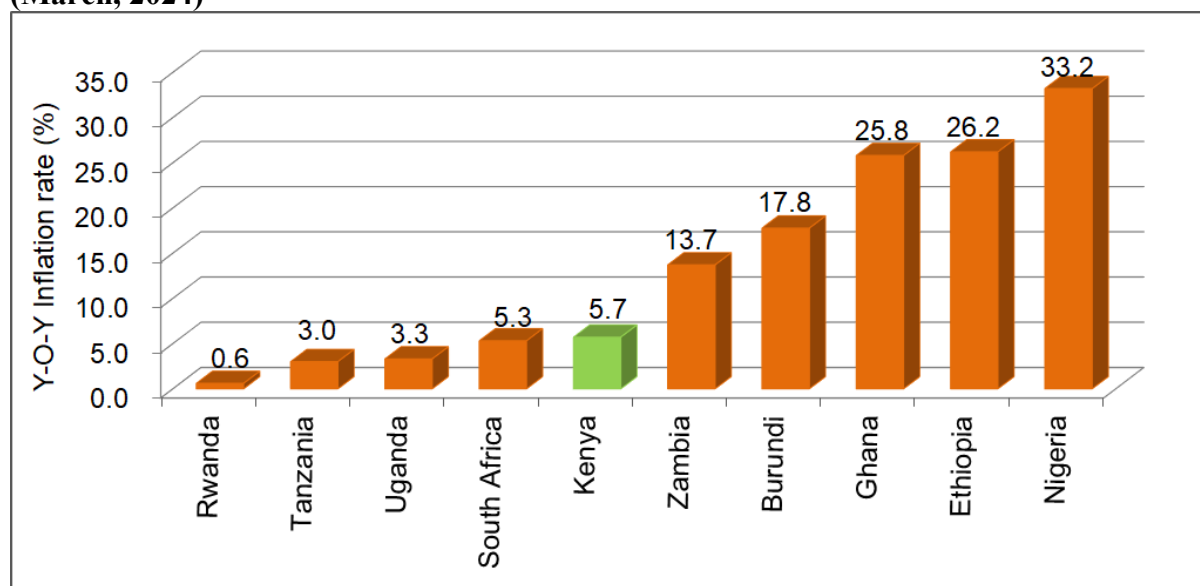
Chart 2b: Contribution to Overall Year-on-Year Inflation



Source of Data: Kenya National Bureau of Statistics

9. Inflation rate remains high in most Sub-Saharan African economies fueled by rising energy prices; weaker currencies; and natural disasters. Kenya’s inflation rate at 5.7 percent in March, 2024 is much lower than that of majority countries in the Sub-Saharan African region that had double digits’ inflation (**Chart 2c**).

Chart 2c: Year on Year Inflation Rates of selected Sub-Saharan African Countries (March, 2024)



Source of Data: National Central Banks

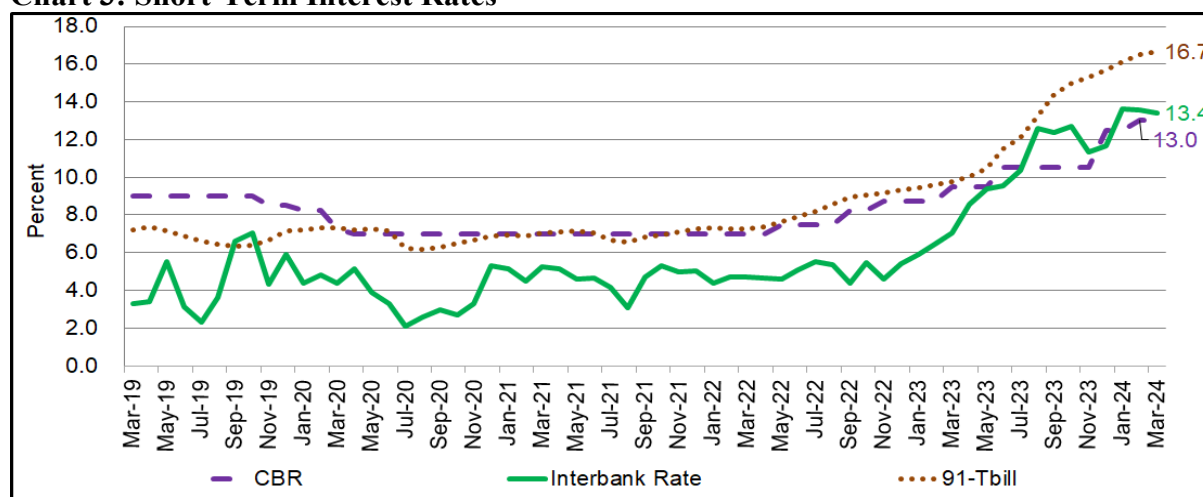
1.3 Interest Rates

10. The Monetary Policy Committee (MPC) tightened the monetary policy by gradually raising the Central Bank Rate (CBR) by 550 basis points to 13.0 percent in February, 2024 points from 7.50 percent in May, 2022 (**Chart 3**). The tightening of the monetary policy was to address the pressures on the exchange rate and continue with mitigation of the second round effects including from global prices. This ensured that inflationary expectations remain anchored, while setting inflation on a firm downward path towards the 5.0 percent mid-point of the policy target range.

RECENT ECONOMIC DEVELOPMENTS

11. Short-term interest rates increased in March, 2024 in line with the tight monetary policy stance and liquidity conditions in the money market. The interbank rate increased to 13.4 percent in March, 2024 compared to 7.1 percent in March, 2023 and has remained within the prescribed corridor around the CBR. The introduction of the interest rate corridor around the CBR (set at $\text{CBR} \pm 250$ basis points by the MPC in August, 2023) has aligned the interbank weighted average rate to the Central Bank Rate and thereby improving the transmission of the monetary policy. The 91-day Treasury Bills rate increased to 16.7 percent in March, 2024 compared to 9.8 percent in March, 2023 while the 182-day Treasury Bills rate also increased to 16.9 percent from 10.3 percent over the same period. This has increased the cost of borrowing by Government from the domestic market.

Chart 3: Short-Term Interest Rates



Source of Data: Central Bank of Kenya

12. Commercial banks average lending and deposit rates increased in the year to March, 2024 in tandem with the tightening of the monetary policy stance thereby reflecting high cost of investable funds. The average lending rate increased to 15.4 percent in March, 2024 from 13.1 percent in March, 2023 while the average deposit rate increased to 10.3 percent from 7.6 percent over the same period. Consequently, the average interest rate spread declined to 5.1 percent in March, 2024 from 5.5 percent in March, 2023.

1.4 Money and Credit

13. Broad money supply, M3, grew by 11.5 percent in the year to March, 2024 compared to a growth of 10.6 percent in the year to March, 2023 (**Table 1**). The primary source of the growth in M3 was an improvement in the Net Foreign Assets (NFA) of the banking system. The NFA of the banking system in the year to March, 2024 expanded by 142.8 percent compared to a contraction of 27.9 percent in the year to March, 2023. The increase in Net Foreign Assets, mainly reflected an increase in commercial banks' Foreign Assets.

14. Net Domestic Assets (NDA) registered a growth of 2.2 percent in the year to March, 2024, compared to a growth of 14.9 percent over a similar period in 2023. The slowdown in growth of the NDA reflects a decline in growth of the domestic credit from both the Government and the private sector. The domestic credit extended by the banking system to the Government decreased to a growth of 8.6 percent in the year to March, 2024 compared to a growth of 17.1 percent in the year to March, 2023. Lending to other public sectors grew by 1.0 percent compared to 5.7 percent over the same period.

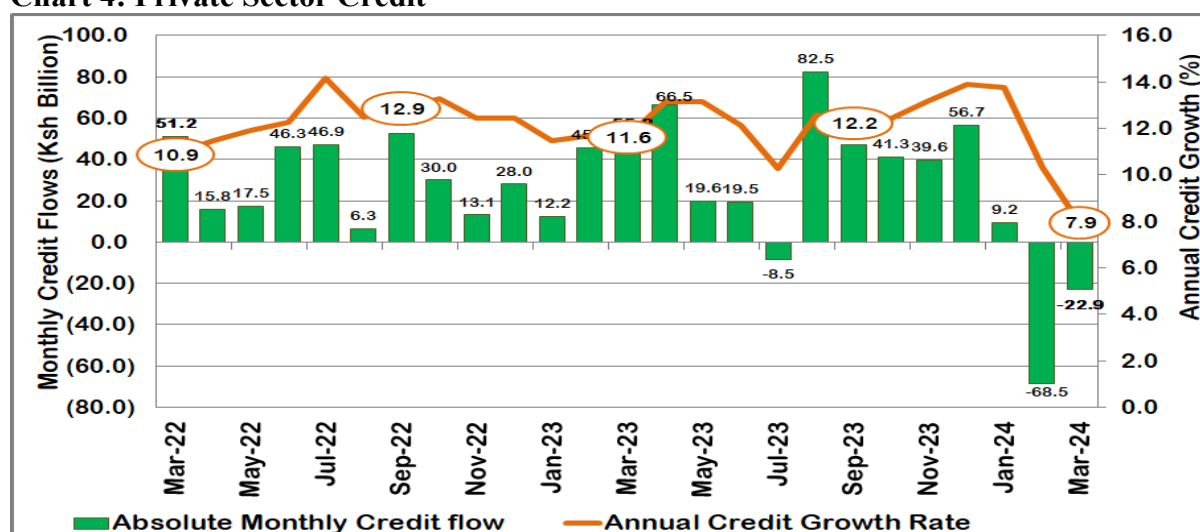
Table 1: Money and Credit Developments (12 Months to March, 2024 KSh. Billion)

				Change		Percent Change	
	2022 March	2023 March	2024 March	2022-2023 March	2023-2024 March	2022-2023 March	2023-2024 March
COMPONENTS OF M3							
1. Money supply, M1 (1.1+1.2+1.3)	1,796.3	1,885.8	1,992.8	89.5	107.0	5.0	5.7
1.1 currency outside banks (M0)	248.1	252.8	273.9	4.7	21.2	1.9	8.4
1.2 Demand deposits	1,477.2	1,553.6	1,637.6	76.4	84.0	5.2	5.4
1.3 Other deposits at CBK	71.1	79.5	81.3	8.4	1.8	11.8	2.3
2. Money supply, M2 (1+2.1)	3,410.2	3,610.5	3,890.4	200.4	279.8	5.9	7.8
2.1 Time and savings deposits	1,613.8	1,724.7	1,897.5	110.9	172.8	6.870	10.0
Money supply, M3 (2+3.1)	4,221.2	4,668.7	5,204.4	447.5	535.7	10.6	11.5
3.1 Foreign currency deposits	811.1	1,058.2	1,314.1	247.1	255.9	30.5	24.2
SOURCES OF M3							
1. Net foreign assets (1.1+1.2)	428.1	308.7	749.5	(119.4)	440.8	(27.9)	142.8
1.1 Central Bank	600.8	433.6	387.4	(167.2)	(46.1)	(27.8)	(10.6)
1.2 Banking Institutions	(172.7)	(124.9)	362.0	47.8	486.9	27.7	389.9
2. Net domestic assets (2.1+2.2)	3,793.1	4,360.0	4,455.0	566.9	94.9	14.9	2.2
2.1 Domestic credit (2.1.1+2.1.2+2.1.3)	5,022.6	5,697.9	6,157.3	675.3	459.3	13.4	8.1
2.1.1 Government (net)	1,758.3	2,058.9	2,235.4	300.6	176.5	17.1	8.6
2.1.2 Other public sector	87.1	92.1	93.0	5.0	0.9	5.7	1.0
2.1.3 Private sector	3,177.3	3,547.0	3,829.0	369.7	282.0	11.6	7.9
2.2 Other assets net	(1,229.5)	(1,337.9)	(1,702.3)	(108.4)	(364.4)	(8.8)	(27.2)

Source of Data: Central Bank of Kenya

15. Growth in private sector credit from the banking system declined to 7.9 percent in the year to March, 2024 compared to a growth of 11.6 percent in the year to March, 2023, partly reflecting the impact of monetary policy tightening and the effect of exchange rate appreciation on foreign currency loans. However, the strong credit growth was observed in mining and quarrying, finance and insurance, agriculture, and manufacturing. The Monthly (month on month) credit flows to the private sector declined in February and March, 2024 due to the increased cost of borrowing following the monetary policy tightening in December, 2023 and February, 2024 (**Chart 4**). Growth in private sector credit is expected to remain relatively stable, supported by, among other factors, sustained demand particularly for working capital due to resilient economic activity, and the implementation of the Credit Guarantee Scheme for the vulnerable MSMEs.

Chart 4: Private Sector Credit



Source of Data: Central Bank of Kenya

1.5 Balance of Payments

16. The overall balance of payments position slowed down to a surplus of USD 224.2 million (0.2 percent of GDP) in February, 2024 from a surplus of USD 2,238.1 million (1.9 percent of GDP) in February, 2023. This was mainly due to a decline in the capital account in spite of an improvement in the current and financial accounts (Table 2).

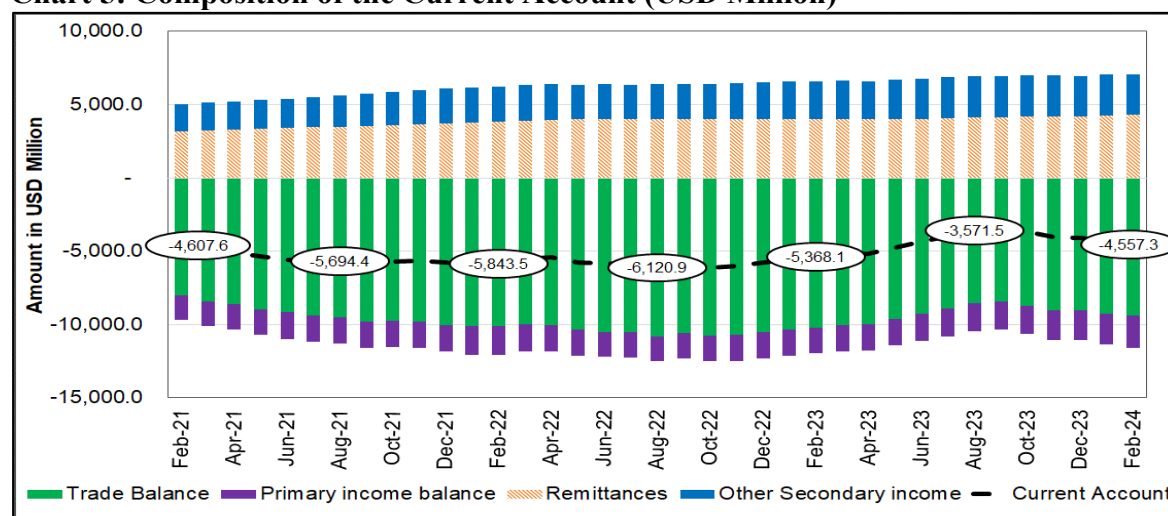
Table 2: Balance of Payments (USD Million)

				Year to February 2024		Actuals as a Percent of GDP	
	Feb-22	Feb-23	Feb-24	Change	Percent Change	Feb-23	Feb-24
Overall Balance	(367.2)	2,238.1	224.2	(2,014.0)	(90.0)	1.9	0.2
A) Current Account	(5,843.5)	(5,368.1)	(4,557.3)	810.8	15.1	(4.5)	(4.3)
<i>Merchandise Account (a-b)</i>	(11,345.4)	(11,318.7)	(9,844.7)	1,474.1	13.0	(9.5)	(9.3)
a) Goods: exports	6,819.9	7,474.1	7,345.1	(129.1)	(1.7)	6.2	6.9
b) Goods: imports	18,165.3	18,792.9	17,189.8	(1,603.1)	(8.5)	15.7	16.3
<i>Net Services (c-d)</i>	1,246.0	1,102.0	435.9	(666.0)	(60.4)	0.9	0.4
c) Services: credit	5,383.7	6,441.2	5,202.6	(1,238.6)	(19.2)	5.4	4.9
d) Services: debit	4,137.7	5,339.2	4,766.7	(572.5)	(10.7)	4.5	4.5
<i>Net Primary Income (e-f)</i>	(1,954.3)	(1,758.7)	(2,208.4)	(449.8)	(25.6)	(1.5)	(2.1)
e) Primary income: credit	58.0	53.5	111.8	58.3	108.9	0.0	0.1
f) Primary income: debit	2,012.3	1,812.2	2,320.2	508.1	28.0	1.5	2.2
<i>Net Secondary Income</i>	6,210.2	6,607.3	7,059.8	452.5	6.8	5.5	6.7
g) Secondary income: credit	6,346.8	6,712.1	7,132.2	420.2	6.3	5.6	6.7
h) Secondary income: debit	136.7	104.8	72.4	(32.4)	(30.9)	0.1	0.1
B) Capital Account	197.3	133.4	132.0	(1.4)	(1.0)	0.1	0.1
C) Financial Account	(5,647.6)	(3,651.1)	(5,481.1)	(1,830.0)	(50.1)	(3.1)	(5.2)

Source of Data: Central Bank of Kenya

17. The current account deficit improved to USD 4,557.3 million (4.3 percent of GDP) in February, 2024 compared to USD 5,368.1 million (4.5 percent of GDP) in February, 2023 (Chart 5). The current account balance was supported by an improvement in the net merchandise account (trade balance) and the net secondary income balance despite a deterioration in the net primary income balance and the net receipts on the services account (remittances).

Chart 5: Composition of the Current Account (USD Million)



Source of Data: Central Bank of Kenya

RECENT ECONOMIC DEVELOPMENTS

18. The balance in the merchandise account improved by USD 1,474.1 million to a deficit of USD 9,844.7 million in February, 2024 mainly due to a decline in the import bill (**Table 2**). Goods imports declined by 8.5 percent in the 12 months to February, 2024 compared to a growth of 3.5 percent in a similar period of 2023, reflecting lower imports across all categories, except food and crude materials. On the other hand, in the year to February, 2024, goods exports contracted by 1.7 percent compared to an increase of 9.6 percent in a similar period in 2023. The decline in exports was across several categories, except food, petroleum products and manufactured goods exports which increased by 3.0 percent, 20.3 percent, and 1.4 percent, respectively. The increase in manufactured exports receipts reflects strong regional demand.

19. Net receipts on the services account declined by USD 666.0 million to USD 435.9 million in February, 2024 compared to a similar period in 2023. This was mainly on account of a decline in receipts from transport in spite of an increase in receipts from tourism as international travel continued to improve. Net Secondary income remained resilient and increased by USD 452.5 million during the review period owing to an increase in remittances which amounted to USD 4,380.5 million in the 12 months to March, 2024, and were 9.0 percent higher compared to a similar period in 2023. However, the balance on the primary account widened by USD 449.8 million to a deficit of USD 2,208.4 million in the year to February, 2024, compared to the same period last year, reflecting higher interest related payments on other investments.

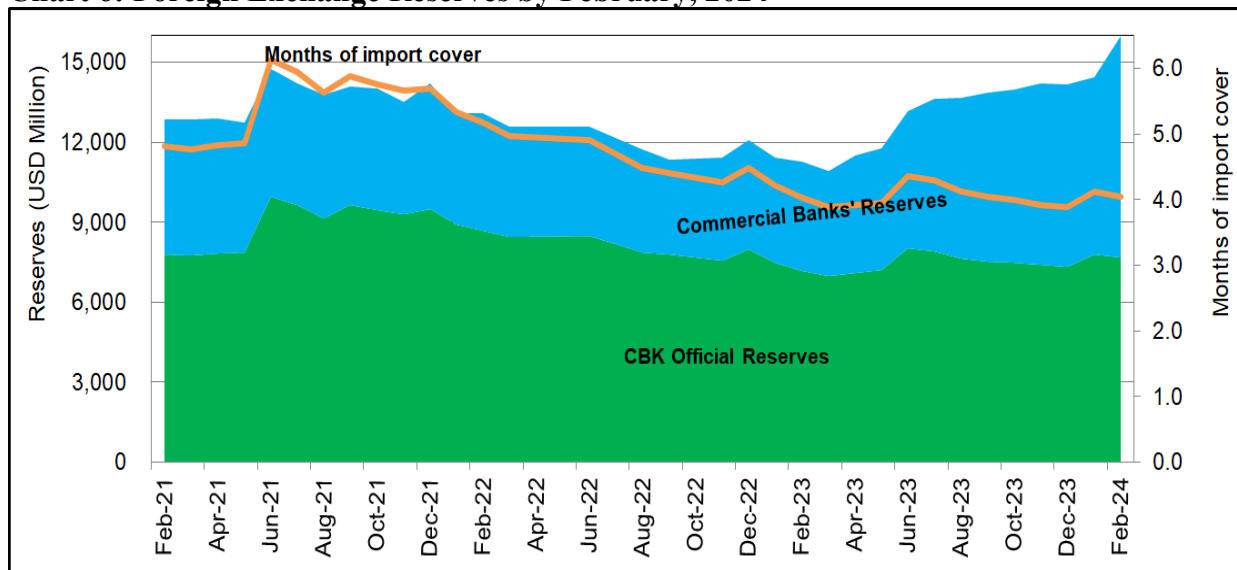
20. The capital account balance declined by USD 1.4 million to register a surplus of USD 132.0 million in February, 2024 compared to a surplus of USD 133.4 million in the same period in 2023. Net financial inflows improved to USD 5,481.1 million in February, 2024 compared to USD 3,651.1 million in February, 2023 due to the appreciation of the Kenyan Shilling exchange rate. The net financial inflows were mainly in the form of other investments and direct investments. Portfolio investments and financial derivatives registered a net outflow during the period.

1.6 Foreign Exchange Reserves

21. The banking system's foreign exchange holdings remained strong at USD 15,966.5 million in February, 2024, an improvement from USD 11,286.1 million in February, 2023. The official foreign exchange reserves held by the Central Bank stood at USD 7,669.8 million compared to USD 7,176.6 million over the same period in 2023 (**Chart 6**). Commercial banks holdings improved to USD 8,296.7 million in February, 2024 from USD 4,109.5 million in February, 2023.

22. The official reserves held by the Central Bank in February, 2024 represented 4.2 months of import cover as compared to the 3.6 months of import cover in February, 2023. These reserves provide adequate buffer against short-term shocks in the foreign exchange market.

Chart 6: Foreign Exchange Reserves by February, 2024



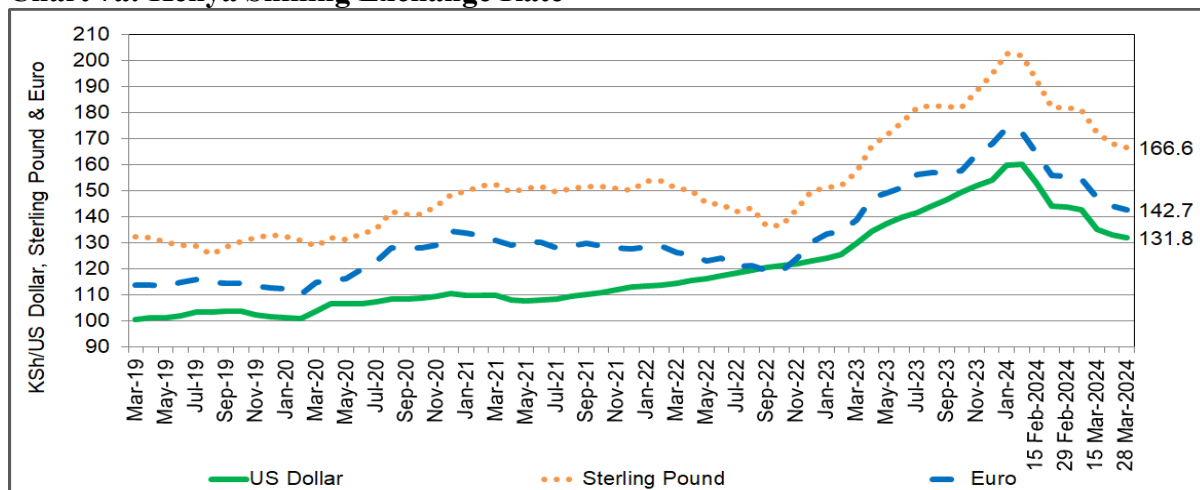
Source of Data: Central Bank of Kenya

1.7 Exchange Rates

23. The Kenya Shilling exchange rate continues to strengthen against major international currencies. By end March, 2024, the exchange rate against the US dollar was KSh. 131.8 compared to KSh. 160.8 by end of January, 2024 an appreciation of 18.0 percent. The appreciation of the Kenyan Shilling is due to the impact of de-risking of the 2024 Eurobond through US\$ 1.5 billion issuances thereby removing the settlement risk but also forex inflows from the Government infrastructure bond of February, 2024, that was oversubscribed by 412.4 percent. The appreciation of the Kenya Shilling exchange rate has led to reduced debt service costs, improved performance of domestic borrowing and stability of interest rates.

24. Against the Euro, the Kenya Shilling also strengthened by 18.0 percent to exchange at KSh. 142.7 by end of March, 2024 compared to KSh. 173.9 by end of January, 2024 while against the Sterling Pound the Kenyan Shilling strengthened by 18.3 percent to exchange at KSh. 166.6 compared to KSh. 203.8, over the same period in 2023 (Chart 7a). The stability of the Kenyan Shilling was supported by resilient remittances, adequate foreign exchange reserves and strong exports receipts.

Chart 7a: Kenya Shilling Exchange Rate

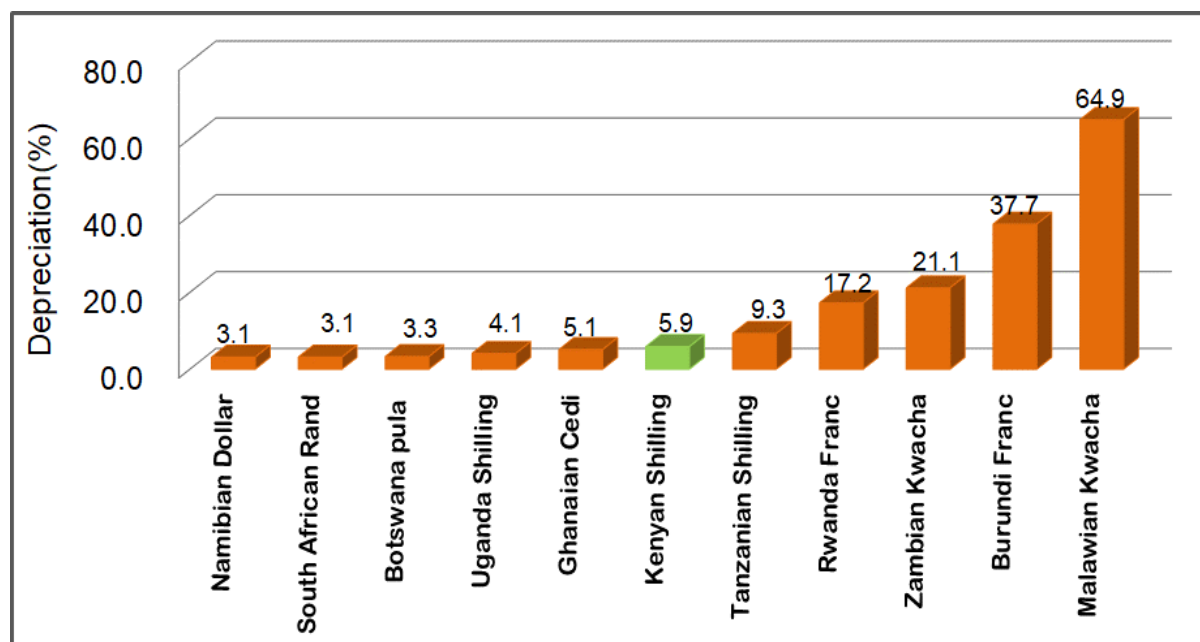


Source of Data: Central Bank of Kenya

RECENT ECONOMIC DEVELOPMENTS

25. In comparison to Sub-Saharan Africa currencies, the volatility of the Kenya Shilling exchange rate has remained relatively low amid high demand for the US dollar in the international markets. The Kenya Shilling depreciated against the US Dollar at a rate of 5.9 percent in the 12 months to March, 2024 compared to 13.5 percent in the 12 months to March, 2023 (**Chart 7b**). The depreciation rate of the Kenya Shilling was lower than that of Tanzanian Shilling, Rwanda Franc, Burundi Franc, Zambian Kwacha, Malawian Kwacha and Nigerian Naira.

Chart 7b: Performance of Selected Sub-Saharan Countries Currencies against the US Dollar (March, 2023 to March, 2024)

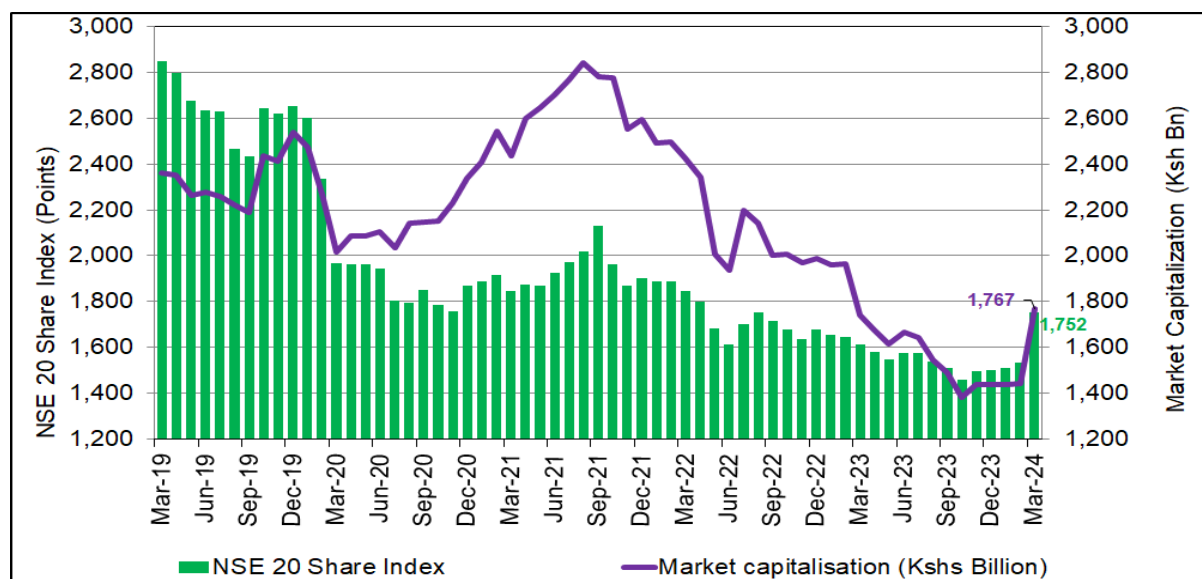


Source of Data: National Central Banks

1.8 Capital Markets

26. Activity in the capital markets improved in the year to March, 2024 mainly due to the strengthening of the Kenya Shilling against other international currencies which encouraged private capital flows and increased the amounts of investments in the stock market. Additionally, the de-risking of the 2024 Eurobond through a US\$ 1.5 billion issuance and refinancing has inspired confidence among domestic and international investors. The NSE 20 Share Index improved to 1,752 points in March, 2024 compared to 1,611 points in March, 2023 while Market capitalization also improved to KSh. 1,767 billion from KSh. 1,740 billion over the same period respectively (**Chart 8**).

Chart 8: Performance at the NSE by end March, 2024.



Source of Data: Nairobi Securities Exchange

FISCAL DEVELOPMENTS

2.0 FISCAL DEVELOPMENTS

2.1 Revenue

27. By the end of March, 2024, total revenue collected including A-I-A amounted to KSh. 1,918.3 billion against a target of KSh. 2,126.4 billion (**Table 3**). The revenue collection was below target by KSh. 208.1 billion attributed to the shortfall recorded in ordinary revenue of KSh. 255.1 billion while collection of the ministerial A-I-A was above target by KSh. 47 billion. Ordinary revenue collection was KSh. 1,585.7 billion against a target of KSh. 1,840.7 billion. All ordinary revenue categories recorded below target performance during the period under review except other revenue which surpassed its target by KSh. 8.1 billion. The total revenue recorded a growth of 13.8 percent compared to a growth of 14.5 percent recorded in March, 2023 (**Chart 9**).

28. The ministerial A-I-A collected amounted to KSh. 332.7 billion against a target of KSh. 285.7 billion, KSh. 47 billion above the target. The performance of A-I-A translated to a growth of 35.9 percent and was mainly due to timely reporting of SAGAs' A.I.A through their expenditure returns for the period under review. The Railway Development Levy collection amounted to KSh. 24.3 billion against a target of KSh. 26.4 billion. The revenue data in Government Finance Statistics Manual 2014 (GFSM 2014) format is shown in annex II.

Table 3: Government Revenue and External Grants, Period Ending 31st March, 2024 (KSh. Millions)

	2022/2023 Actual	2023/2024		Deviation KSh.	% Growth
		Actual*	Target		
Total Revenue (a+b)	1,686,043	1,918,312	2,126,392	(208,081)	13.8
(a) Ordinary Revenue	1,441,234	1,585,653	1,840,714	(255,061)	10.0
Import Duty	97,119	98,436	128,177	(29,741)	1.4
Excise Duty	198,646	204,170	258,672	(54,502)	2.8
PAYE	352,573	390,955	463,307	(72,352)	10.9
Other Income Tax	284,365	313,115	366,457	(53,342)	10.1
VAT Local	201,210	233,467	262,567	(29,101)	16.0
VAT Imports	202,862	247,628	253,942	(6,314)	22.1
Investment Revenue	21,416	13,902	27,514	(13,613)	(35.1)
Traffic Revenue	3,371	3,134	4,110	(976)	(7.0)
Taxes on Intl. Trade & Trans.(IDF Fee)	41,140	35,465	38,670	(3,205)	(13.8)
Others ¹	38,531	45,381	37,296	8,085	17.8
(b) Appropriation In Aid ²	244,809	332,658	285,678	46,980	35.9
o/w Railway Development Levy	29,637	24,282	26,431	(2,150)	(18.1)
(c) External Grants	18,191	13,945	17,864	(3,919)	(23.3)
Total Revenue and External Grants	1,704,234	1,932,257	2,144,257	(212,000)	13.4
Total Revenue and External Grants as a percentage of GDP	11.94	11.98	13.29	(1.31)	0.3

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

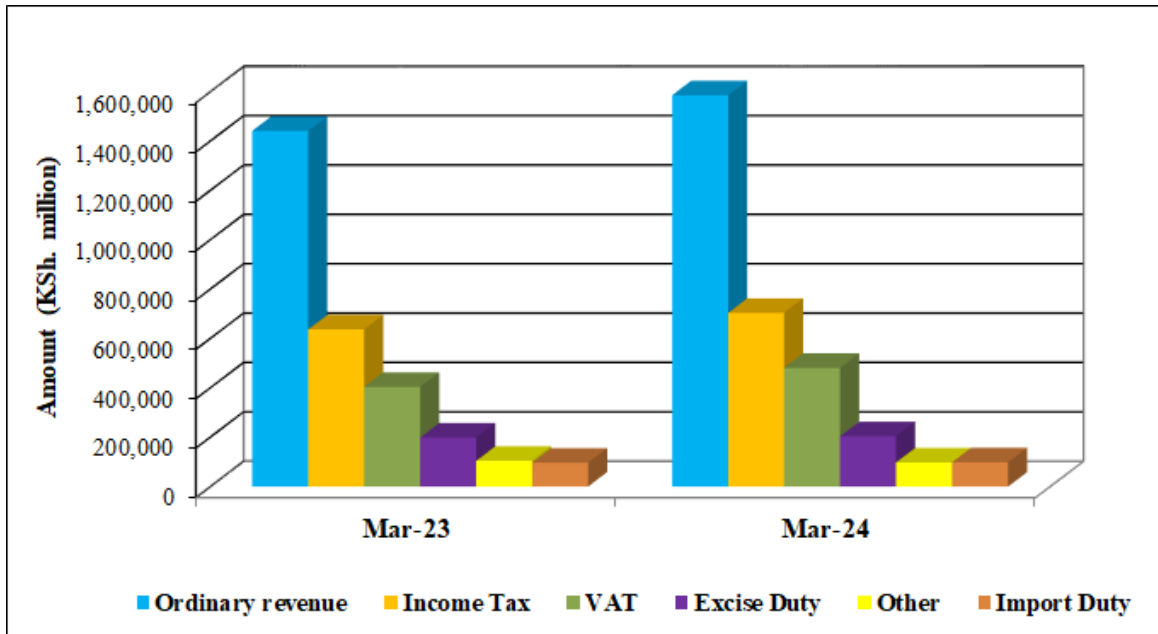
*Provisional

Source of Data: National Treasury

FISCAL DEVELOPMENTS

29. As a proportion of GDP, the total revenue and grants in the period under review was 12 percent compared to 11.9 percent recorded in the corresponding period in the FY 2022/23. Total grants amounted to KSh. 13.9 billion against a target of KSh. 17.8 billion, translating to a shortfall of KSh. 3.9 billion (Table 6).

Chart 9: Ordinary Revenue by Source, Period Ending 31st March, 2024



Source of Data: National Treasury

2.2 Expenditure

30. The total expenditure and net lending for the period under review amounted to KSh. 2,638.8 billion, against a target of KSh. 2,787.7 billion. The resultant below target expenditure of KSh. 148.9 billion is attributed to under-absorption in both development and recurrent expenditures by the National Government. Transfers to County Governments were below target by KSh. 71.7 billion. Recurrent expenditure for National Government amounted to KSh. 1,913.1 billion (excluding KSh. 41.8 billion for Parliament and Judiciary), against a target of KSh. 1,930.1 billion which was KSh. 17 billion below the set target. The under expenditure in recurrent category was mainly due to lower than targeted expenditures on interest payment, compensation of employees and pension payments (Table 4 and Chart 10).

FISCAL DEVELOPMENTS

Table 4: Expenditure and Net Lending, Period Ending 31st March, 2024 (KSh. Millions)

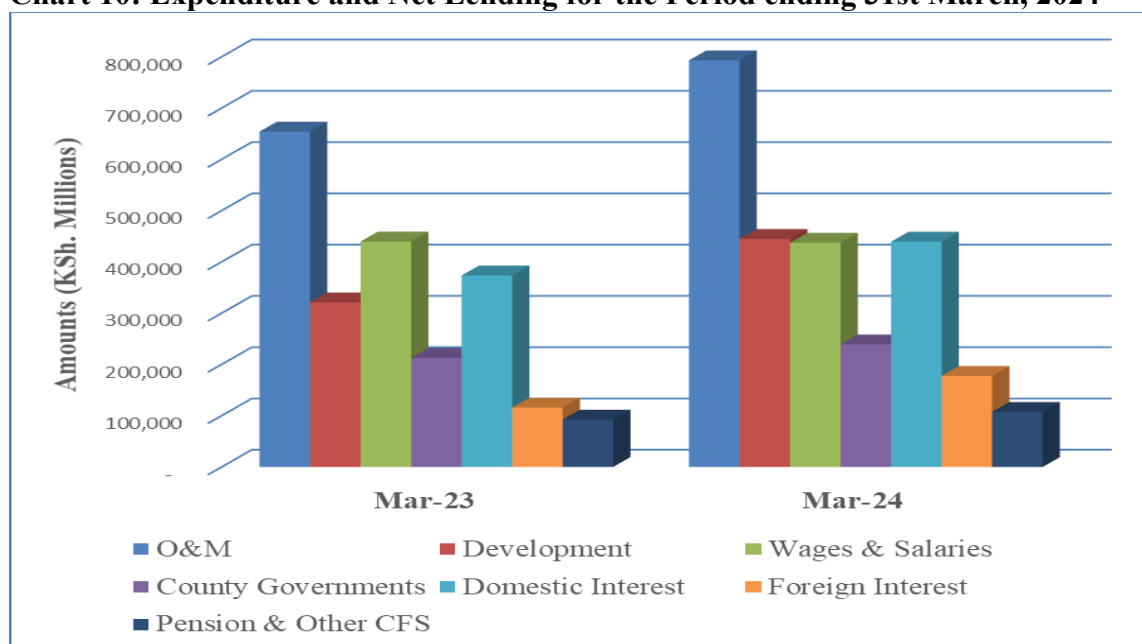
	2022/2023 Actual	2023/2024		Deviation	% Growth
		Actual*	Targets		
1. RECURRENT	1,633,785	1,913,122	1,930,125	(17,003)	17.1
Domestic Interest	373,597	439,420	490,773	(51,353)	17.6
Foreign Interest	115,718	177,676	202,492	(24,816)	53.5
Pensions & Other CFS	92,341	107,432	124,067	(16,635)	16.3
Contribution to Civil Servants' Pension	22,850	24,221	21,349	2,873	6.0
Wages and Salaries	416,861	413,126	442,136	(29,009)	(0.9)
Operation and Maintenance	612,417	751,247	649,309	101,938	22.7
O/W: Appropriation-in-Aid	189,193	230,667	180,495	50,172	21.9
2. DEVELOPMENT	321,059	444,748	500,825	(56,076)	38.5
Development Projects (Net)	255,365	274,522	278,088	(3,566)	7.5
Payment of Guaranteed Loans	10,077	17,436	13,759	3,677	73.0
Appropriation-in-Aid	55,617	152,791	200,881	(48,091)	174.7
3. County Governments	212,750	239,073	310,760	(71,687)	12.4
4. Parliamentary Service	30,203	26,906	29,383	(2,476)	(10.9)
5. Judicial Service	11,444	14,916	16,001	(1,084)	30.3
6. Equalization Fund	-	-	8,096	(8,096)	-
7. CF	-	-	600	(600)	-
TOTAL EXPENDITURE	2,209,241	2,638,765	2,787,693	(148,928)	19.4

*Provisional

Source of Data: National Treasury

31. Foreign interest payments amounted to KSh. 177.7 billion, an increase from KSh. 115.7 billion paid over the same period in the FY2022/23. The domestic interest payments totalled to KSh. 439.4 billion, which was higher than the KSh. 373.6 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, 2024



Source of Data: National Treasury

2.2.1 National Government Expenditures by Public Agencies

32. The total ministerial and other public agencies expenditure including A.I.A for the period ending 31st March, 2024 was KSh. 1,640.2 billion against a target of KSh. 1,848.3 billion. Recurrent expenditure was KSh. 1,206.2 billion against a target of KSh. 1,260.9 billion, while development expenditure amounted to KSh. 434 billion against a target of KSh. 587.4 billion. The percentage of total expenditures to the target was 88.7 percent while the percentage of total expenditures to the target for recurrent and development were 95.7 percent and 73.9 percent respectively, as at the end of the period under review.

33. As at 31st March, 2024, 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 and the State Department for Public Health and Professional Standards and the State Department for Medical Services (Social Sector) accounted for 45.9 percent of total recurrent expenditure. In addition, the Ministry of Defence and the National Police Service accounted for 7.1 percent and 6.6 percent of total recurrent expenditure, respectively.

34. Analysis of development outlay indicates that the State Department for Roads accounted for the largest share of the total development expenditure (12.9 percent), followed by the State Department for Housing and Urban Development (10.8 percent), State Department for Economic Planning (10.1 percent) and the State Department for Energy (7.8 percent). **Table 5** shows the recurrent and development expenditures by Ministries, State Departments and other government entities for the period under review.

FISCAL DEVELOPMENTS

Table 5: National Government Expenditures by Public Agencies, Period Ending 31st March, 2024 (KSh. Millions)

MINISTRY/DEPARTMENT/COMMISSIONS	Mar-24									% of Total Exp. To Target
	Recurrent			Development			Total			
	Actual*	Target	Variance	Actual*	Target	Variance	Actual*	Target	Variance	
1011 Executive Office of the President	2,684	2,503	181	534	523	11	3,218	3,025	192	106.4
1012 Office of the Deputy President	2,739	2,923	(183)	257	300	(44)	2,995	3,224	(228)	92.9
1013 Office of the Prime Cabinet Secretary	907	897	10	-	-	-	907	897	10	101.1
1014 State Department for Parliamentary Affairs	289	295	(5)	-	-	-	289	295	(5)	98.2
1015 State Department for Performance and Delivery Management	252	266	(14)	-	-	-	252	266	(14)	94.6
1016 State Department for Cabinet Affairs	293	463	(170)	-	-	-	293	463	(170)	63.3
1017 State House	6,883	6,397	486	1,185	982	203	8,068	7,379	689	109.3
1023 State Department for Correctional Services	21,633	26,138	(4,505)	298	521	(223)	21,931	26,659	(4,729)	82.3
1024 State Department for Immigration and Citizen Services	6,798	6,852	(54)	5,094	2,623	2,471	11,892	9,475	2,417	125.5
1025 National Police Service	80,044	79,743	301	1,183	1,240	(57)	81,228	80,984	244	100.3
1026 State Department for Internal Security & National	22,680	22,143	537	6,518	5,609	908	29,198	27,753	1,446	105.2
1032 State Department for Devolution	1,536	1,478	58	35	42	(7)	1,571	1,520	51	103.4
1036 State Department for the ASALs and Regional Development	13,720	11,191	2,529	3,322	6,853	(3,532)	17,042	18,045	(1,002)	94.4
1041 Ministry of Defence	85,762	112,636	(26,874)	-	2,441	(2,441)	85,762	115,077	(29,314)	74.5
1053 State Department for Foreign Affairs	9,555	14,536	(4,981)	128	878	(750)	9,683	15,414	(5,731)	62.8
1054 State Department for Diaspora Affairs	682	987	(305)	-	-	-	682	987	(305)	69.1
1064 State Department for Vocational and Technical Training	20,410	19,383	1,027	3,668	5,305	(1,635)	24,078	24,685	(607)	97.5
1065 State Department for Higher Education and Research	127,264	113,230	14,034	2,666	2,663	3	129,930	115,894	14,037	112.1
1066 State Department for Basic Education	86,602	102,330	(15,728)	10,695	16,998	(5,903)	97,297	118,928	(21,631)	81.8
1071 The National Treasury	60,237	45,937	14,299	20,542	37,508	(16,966)	80,779	83,446	(2,667)	96.8
1072 State Department for Economic Planning	2,789	3,006	(217)	43,687	44,884	(1,197)	46,477	47,890	(1,414)	97.0
1082 State Department for Medical Services	50,679	49,796	883	21,433	33,184	(11,751)	72,112	82,980	(10,868)	86.9
1083 State Department for Public Health and Professional	14,850	16,348	(1,498)	4,229	4,807	(578)	19,079	21,155	(2,076)	90.2
1091 State Department for Roads	51,306	62,134	(10,828)	55,967	112,383	(56,416)	107,273	174,517	(67,244)	61.5
1092 State Department for Transport	12,615	10,767	1,849	29,127	32,852	(3,725)	41,743	43,619	(1,877)	95.7
1093 State Department for Shipping and Maritime Affairs	1,204	1,885	(681)	148	563	(415)	1,352	2,448	(1,096)	55.2
1094 State Department for Housing & Urban Development	989	1,026	(36)	46,965	59,395	(12,430)	47,955	60,421	(12,467)	79.4
1095 State Department for Public Works	2,671	2,612	59	212	611	(399)	2,882	3,222	(340)	89.5
1104 State Department for Irrigation	990	1,156	(166)	16,417	16,983	(566)	17,407	18,139	(732)	96.0
1109 State Department for Water & Sanitation	3,956	4,946	(990)	30,361	43,740	(13,379)	34,317	48,686	(14,368)	70.5
1112 State Department for Lands and Physical Planning	2,632	2,917	(286)	4,678	4,050	628	7,309	6,967	342	104.9
1122 State Department for Information Communication Technology	2,489	2,927	(439)	8,554	12,368	(3,815)	11,042	15,296	(4,253)	72.2
1123 State Department for Broadcasting & Telecommunications	4,135	4,972	(837)	470	395	75	4,604	5,366	(762)	85.8
1132 State Department for Sports	1,147	1,150	(3)	8,056	12,059	(4,003)	9,203	13,209	(4,006)	69.7
1134 State Department for Culture and Heritage	2,193	1,998	195	52	115	(62)	2,245	2,113	133	106.3
1135 State Department for Youth Affairs and the Arts	2,337	2,222	114	565	694	(128)	2,902	2,916	(14)	99.5
1152 State Department for Energy	9,663	6,857	2,806	33,942	41,621	(7,679)	43,606	48,478	(4,873)	89.9
1162 State Department for Livestock Development	4,199	4,259	(60)	4,380	6,980	(2,599)	8,379	11,238	(2,659)	76.3
1166 State Department for the Blue Economy and Fisheries	1,992	2,116	(124)	6,127	6,739	(612)	8,120	8,855	(735)	91.7
1169 State Department for Crop Development	10,606	13,971	(3,364)	28,373	31,339	(2,966)	38,979	45,309	(6,330)	86.0
1173 State Department for Cooperatives	456	1,342	(885)	1,438	3,386	(1,947)	1,895	4,727	(2,832)	40.1
1174 State Department for Trade	9,875	2,446	7,430	50	38	13	9,925	2,483	7,442	399.7
1175 State Department for Industry	1,953	2,241	(288)	5,522	5,048	474	7,475	7,289	186	102.6
1176 State Department for Micro, Small and Medium Enterprises	1,079	1,404	(325)	5,962	4,988	974	7,041	6,392	649	110.2
1177 State Department for Investment Promotion	1,029	1,172	(142)	3,322	4,232	(910)	4,351	5,403	(1,052)	80.5
1184 State Department for Labour and Skills Development	1,726	3,126	(1,400)	343	252	92	2,070	3,378	(1,308)	61.3
1185 State Department for Social Protection and Senior Citizens	22,241	25,776	(3,534)	1,592	2,897	(1,305)	23,833	28,673	(4,840)	83.1
1192 State Department for Mining	1,183	1,571	(388)	317	1,264	(947)	1,500	2,835	(1,335)	52.9
1193 State Department for Petroleum	37,762	40,873	(3,111)	4,865	1,870	2,995	42,627	42,743	(115)	99.7
1202 State Department for Tourism	1,151	9,191	(8,040)	102	107	(5)	1,253	9,298	(8,045)	13.5
1203 State Department for Wildlife	8,912	7,666	1,245	645	1,037	(392)	9,557	8,703	854	109.8
1212 State Department for Gender and Affirmative Action	1,610	1,594	15	3,373	2,757	616	4,983	4,352	631	114.5
1213 State Department for Public Service	19,408	17,534	1,874	871	814	56	20,279	18,348	1,931	110.5
1221 State Department for East African Community	699	696	3	-	-	-	699	696	3	100.4
1252 State Law Office	4,238	4,796	(558)	67	144	(77)	4,305	4,940	(635)	87.1
1261 The Judiciary	14,290	15,328	(1,038)	-	1,088	(1,088)	14,290	16,416	(2,126)	87.1
1271 Ethics and Anti-Corruption Commission	2,570	2,770	(200)	48	51	(3)	2,618	2,821	(203)	92.8
1281 National Intelligence Service	29,838	34,388	(4,551)	-	-	-	29,838	34,388	(4,551)	86.8
1291 Office of the Director of Public Prosecutions	2,825	3,005	(180)	28	41	(13)	2,854	3,047	(193)	93.7
1311 Office of the Registrar of Political Parties	1,072	945	127	-	-	-	1,072	945	127	113.4
1321 Witness Protection Agency	533	610	(77)	-	-	-	533	610	(77)	87.3
1331 State Department for Environment & Climate Change	2,381	3,112	(731)	1,353	1,801	(448)	3,734	4,914	(1,180)	76.0
1332 State Department for Forestry	7,988	7,593	395	2,369	3,268	(899)	10,356	10,861	(504)	95.4
2011 Kenya National Commission on Human Rights	395	405	(9)	-	-	-	395	405	(9)	97.7
2021 National Land Commission	1,087	1,117	(31)	106	80	26	1,192	1,197	(5)	99.6
2031 Independent Electoral and Boundaries Commission	3,469	3,506	(36)	52	58	(6)	3,522	3,563	(42)	98.8
2041 Parliamentary Service Commission	705	688	17	-	-	-	705	688	17	102.5
2042 National Assembly	16,168	18,534	(2,366)	-	-	-	16,168	18,534	(2,366)	87.2
2043 Parliamentary Joint Services	4,660	4,759	(99)	1,355	1,174	181	6,015	5,933	82	101.4
2044 Senate	5,375	5,402	(28)	-	-	-	5,375	5,402	(28)	99.5
2051 Judicial Service Commission	626	672	(46)	-	-	-	626	672	(46)	93.1
2061 Commission on Revenue Allocation	336	388	(52)	-	-	-	336	388	(52)	86.7
2071 Public Service Commission	2,240	2,640	(401)	45	34	11	2,285	2,674	(389)	85.4
2081 Salaries and Remuneration Commission	321	413	(92)	-	-	-	321	413	(92)	77.8
2091 Teachers Service Commission	253,446	256,800	(3,354)	347	902	(555)	253,792	257,702	(3,909)	98.5
2101 National Police Service Commission	855	864	(9)	-	-	-	855	864	(9)	99.0
2111 Auditor General	5,215	5,984	(769)	-	236	(236)	5,215	6,220	(1,005)	83.8
2121 Controller of Budget	442	531	(88)	-	-	-	442	531	(88)	83.4
2131 Commission on Administrative Justice	559	559	(0)	-	-	-	559	559	(0)	99.9
2141 National Gender and Equality Commission	338	330	8	5	4	1	343	334	9	102.8
2151 Independent Policing Oversight Authority	725	764	(40)	-	-	-	725	764	(40)	94.8
Total	1,206,195	1,260,926	(54,731)	434,044	587,415	(153,371)	1,640,239	1,848,341	(208,102)	88.7

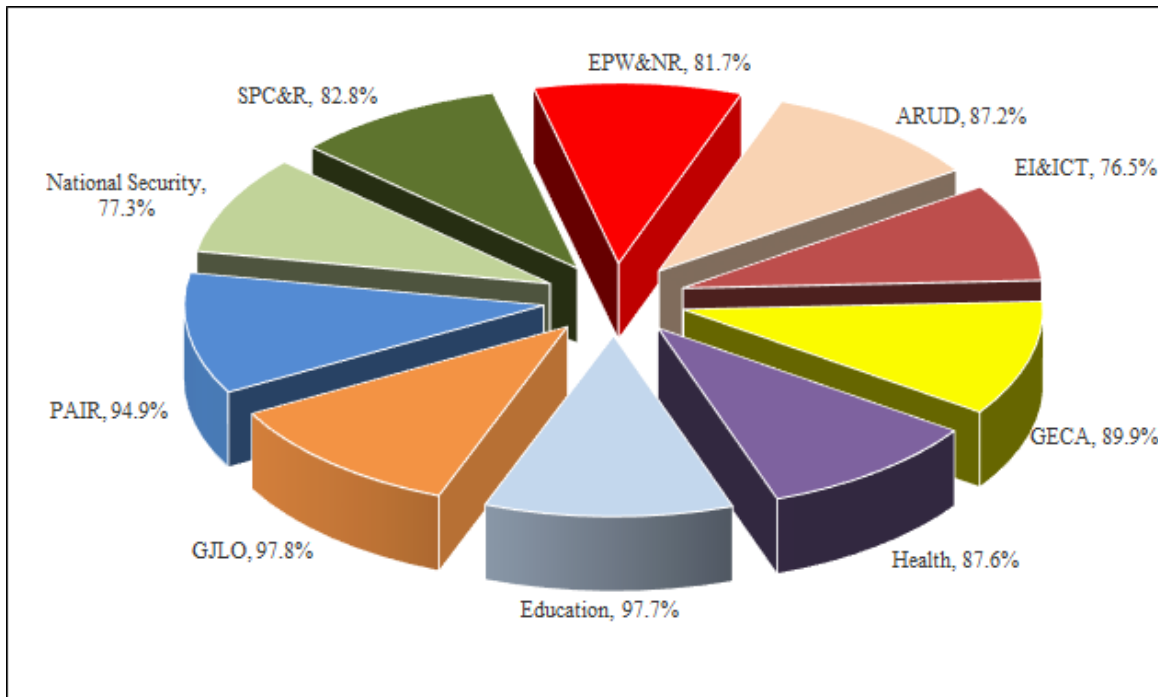
*Provisional

Source of Data: National Treasury

FISCAL DEVELOPMENTS

35. During the period under review, Governance, Justice, Law and Order (GJLO) sector recorded the highest absorption at 97.8 percent followed by Education sector at 97.7 percent and Public Administration and International Relations (PAIR) at 94.9 percent. Energy, Infrastructure & ICT (EI&ICT) sector recorded the lowest absorption of 76.5 percent (Chart 11).

Chart 11: Sectoral Budget Absorption as at 31st March, 2024



Source of Data: National Treasury

2.2.2 Pending Bills

36. The total outstanding National Government pending bills as at 31st March, 2024 amounted to KSh. 486.9 billion. These comprise of KSh. 405.4 billion (83.3 percent) and KSh. 81.5 billion (16.7 percent) for the State Corporations (SC) and Ministries/State Departments/other government entities respectively. The SC 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 belong to Contractor/Projects and Suppliers. Ministries/State Departments and other government Agencies pending bills constitutes mainly of historical pending bills.

37. 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 current financial year budget in line with the Treasury guidelines for implementation of the financial year 2023/24 and the medium term budget, Treasury Circular No. 7/2023.

FISCAL DEVELOPMENTS

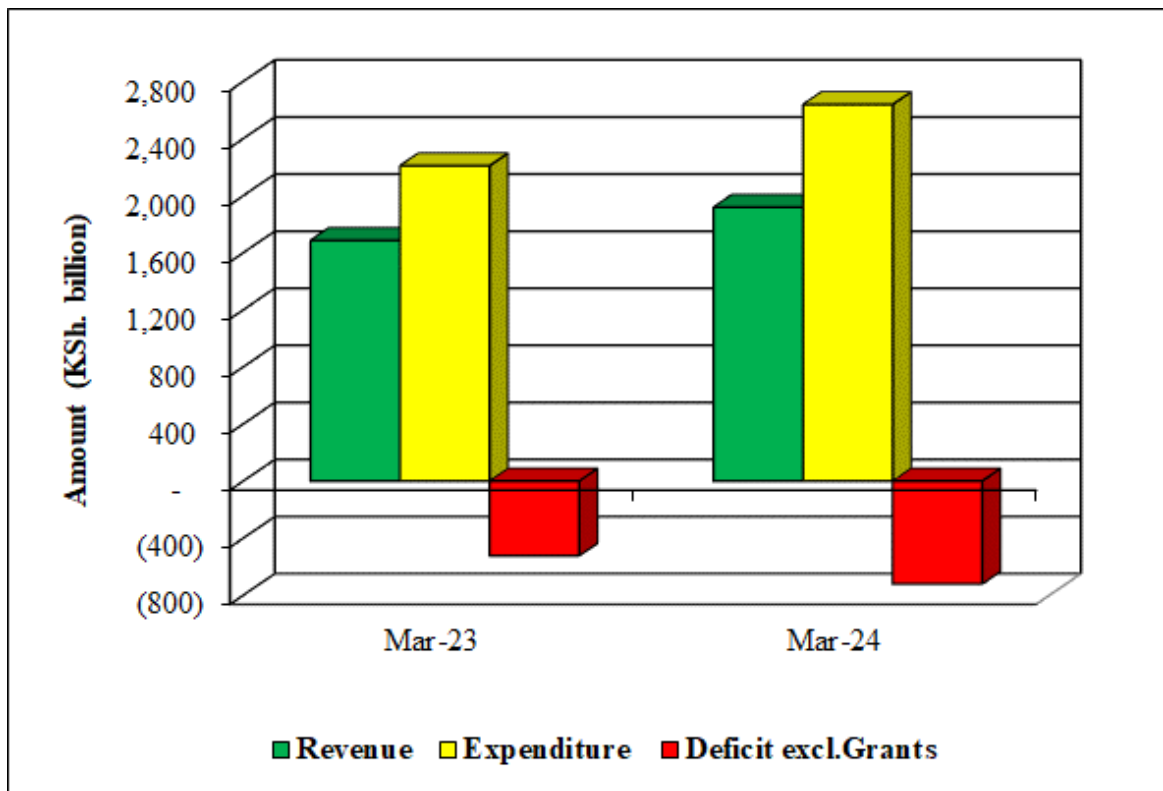
2.2.3 Guaranteed Debt Service

38. During the period ending 31st March, 2024, the National Government paid KSh. 17.4 billion guaranteed debt on behalf of Kenya Airways. The payments composed of KSh. 14.3 billion as principal payment and KSh. 3.1 billion as interest.

2.3 Fiscal Outturn

39. During the period July, 2023 to March, 2024, the fiscal balance (on commitment basis and excluding grants) amounted to KSh. 720.5 billion (4.5 percent of GDP) against a targeted deficit of KSh. 661.3 billion (4.1 percent of GDP) (**Chart 12 and Table 6**). The fiscal balance (on a commitment basis and including grants) also stood at 4.4 percent of GDP against a target deficit of 4.0 percent of GDP.

Chart 12: Fiscal Balance as at 31st March, 2024



Source of Data: National Treasury

40. Over the same period in FY2022/23, the fiscal deficit including grants (on commitment basis) stood at KSh. 505 billion (3.5 percent of GDP). The fiscal outturn in the last six FYs, and the Printed and Revised Estimates for the FY 2023/24 are shown in **Annex I**. Further, GFSM 2014 Compliant Budgetary Central Government fiscal data for the FY 2023/24 are shown in annexes V and VI while the change in net worth is as shown in Annex IV.

FISCAL DEVELOPMENTS

Table 6: Budget Outturn, Cumulative Ending 31st March, 2024 (KSh. Millions)

	2022/2023	2023/2024			% growth	2023/2024 as a % of GDP		2022/2023 Actual as a % of GDP
	Actual	Actual*	Targets	Deviation		Actual	Targets	
A. TOTAL REVENUE AND GRANTS	1,704,234	1,932,257	2,144,257	(212,000)	13.4	12.0	13.3	11.9
1. Revenue	1,686,043	1,918,312	2,126,392	(208,081)	13.8	11.9	13.2	11.8
Ordinary Revenue	1,441,234	1,585,653	1,840,714	(255,061)	10.0	9.8	11.4	10.1
Import Duty	97,119	98,436	128,177	(29,741)	1.4	0.6	0.8	0.7
Excise Duty	198,646	204,170	258,672	(54,502)	2.8	1.3	1.6	1.4
Income tax	636,938	704,071	829,765	(125,694)	10.5	4.4	5.1	4.5
VAT	404,072	481,095	516,509	(35,415)	19.1	3.0	3.2	2.8
Investment Revenue	21,416	22,957	27,514	(4,557)	7.2	0.1	0.2	0.2
Others	83,042	74,925	80,077	(5,152)	(9.8)	0.5	0.5	0.6
Appropriation-in-Aid	244,809	332,658	285,678	46,980	35.9	2.1	1.8	1.7
2. Grants	18,191	13,945	17,864	(3,919)	(23.3)	0.1	0.1	0.1
AMISOM Receipts	6,982	40	-	40	(99.4)	0.0	-	0.0
Revenue	7,283	10,414	6,901	3,513	43.0	0.1	0.0	0.1
Appropriation-in-Aid	3,926	3,492	10,964	(7,472)	(11.1)	0.0	0.1	0.0
B. EXPENDITURE AND NET LENDING	2,209,241	2,638,765	2,787,693	(148,928)	19.4	16.4	17.3	15.5
1. Recurrent	1,675,431	1,954,944	1,975,508	(20,564)	16.7	12.1	12.2	11.7
Domestic Interest	373,597	439,420	490,773	(51,353)	17.6	2.7	3.0	2.6
Foreign Interest	115,718	177,676	202,492	(24,816)	53.5	1.1	1.3	0.8
Pension & Other CFS	92,341	107,432	124,067	(16,635)	16.3	0.7	0.8	0.6
Contribution to Civil Servants' Pension	22,850	24,221	21,349	2,873	6.0	0.2	0.1	0.2
Wages and Salaries	416,861	413,126	442,136	(29,009)	(0.9)	2.6	2.7	2.9
O & M/Others	654,064	793,069	694,692	98,377	21.3	4.9	4.3	4.6
2. Development and Net Lending	321,059	444,748	500,825	(56,076)	38.5	2.8	3.1	2.2
O/W Domestically financed	205,184	324,939	327,542	(2,604)	58.4	2.0	2.0	1.4
Foreign financed	105,798	102,374	151,427	(49,053)	(3.2)	0.6	0.9	0.7
3. Net Lending	10,077	17,436	13,759	3,677	73.0	0.1	0.1	0.1
4. Equalization Fund	-	-	8,096.2	(8,096)	-	0.0	0.1	0.0
5. County Governments	212,750	239,073	310,760	(71,687)	12.4	1.5	1.9	1.5
5. CF	-	-	600	(600)	-	0.0	0.0	0.0
C. DEFICIT EXCL. GRANT (Commitment basis)	(523,197)	(720,454)	(661,300)	(59,153)	37.7	(4.5)	(4.1)	(3.7)
D. DEFICIT INCL. GRANTS (Commitment basis)	(505,006)	(706,509)	(643,436)	(63,073)	39.9	(4.4)	(4.0)	(3.5)
E. ADJUSTMENT TO CASH BASIS	115,884	165,071	-	165,071	42.4	1.0	-	0.8
F. DEFICIT INCL. GRANTS (Cash basis)	(389,122)	(541,437)	(643,436)	101,999	39.1	(3.4)	(4.0)	(2.7)
Discrepancy	(21,240)	(41,961)	-	(41,961)	-	-0.3	-	(0.1)
G. FINANCING	367,882	499,476	643,436	(143,960)	35.8	3.1	4.0	2.6
1. Net Foreign financing	80,111	113,043	81,572	31,471	41.1	0.7	0.5	0.6
Disbursements	266,950	543,774	295,552	248,222	103.7	3.4	1.8	1.9
Programme Loans	100,173	152,904	142,121	10,782	52.6	0.9	0.9	0.7
Project Cash Loans	42,619	56,687	68,696	(12,009)	33.0	0.4	0.4	0.3
Project Loans AIA	45,734	47,308	84,735	(37,426)	3.4	0.3	0.5	0.3
Use of IMF SDR Allocation	42,847	-	-	-	(100.0)	-	-	0.3
Commercial Financing	35,576	286,875	-	286,875	706	2	-	0.2
Debt repayment - Principal	(186,839)	(430,731)	(213,980)	(216,751)	130.5	(2.7)	(1.3)	(1.3)
2. Net Domestic financing	287,771	386,434	561,864	(175,431)	34.3	2.4	3.5	2.0
Government Securities	238,360	402,358	558,383	(156,024)	68.8	2.5	3.5	1.7
Government Overdraft & Others	25,078	26,007	-	26,007	3.7	0.2	-	0.2
Movement in Government Deposits	22,033	12,303	-	12,303	(44.2)	0.1	-	0.2
Domestic Loan Repayments (Net Receipts)	2,854	1,429	4,036	(2,608)	(50.0)	0.0	0.0	0.0
Domestic Loan Repayment	(555)	(555)	(555)	-	-	0.0	(0.0)	(0.0)
Other Accounts Payable	-	(55,108)	-	-	-	(0.3)	-	0.0
MEMO ITEM								
GDP ESTIMATE	14,274,419	16,131,502	16,131,502	-	13.0	100.0	100.0	100.0

*Provisional

Source of Data: National Treasury

FISCAL DEVELOPMENTS

2.4 Financing

2.4.1 External Financing

41. During the period ending March, 2024, net foreign repayment amounted to KSh. 113 billion (**Table 7**). Total disbursements (inflows) including Appropriations in Aid amounted to KSh. 543.8 billion against a target of KSh. 295.6 billion. The actual total disbursement comprised of KSh. 286.9 billion commercial financing, KSh. 152.9 billion program loans and KSh. 104 billion Project Loans. The External repayments (outflows) of principal debt amounted to KSh. 430.7 billion. The amount comprised of principal repayments due to commercial institutions, bilateral sources, and multilateral sources amounting to KSh. 254 billion, KSh. 137.2 billion, and KSh. 39.5 billion, respectively.

Table 7: External Financing, Period Ending 31st March, 2024 (KSh. Millions)

	FY2022/23	FY2023/24	
	Actual*	Actual*	Target
DISBURSEMENTS:	266,950	543,774	295,552
Project Cash loans	42,619	56,687	68,696
Project loans A-I-A	45,734	47,308	84,735
Commercial Financing	35,576	286,875	-
Use of IMF SDR Allocation	42,847	-	-
Programme Loans	100,173	152,904	142,121
EXTERNAL REPAYMENTS:	186,839	430,731	213,980
Bilateral(incl. Italy Debt SWAP)	101,206	137,187	140,515
Multilateral (excl. IMF)	33,453	39,499	35,714
Commercial	52,180	254,045	37,750
NET FOREIGN FINANCING	80,111	113,043	81,572

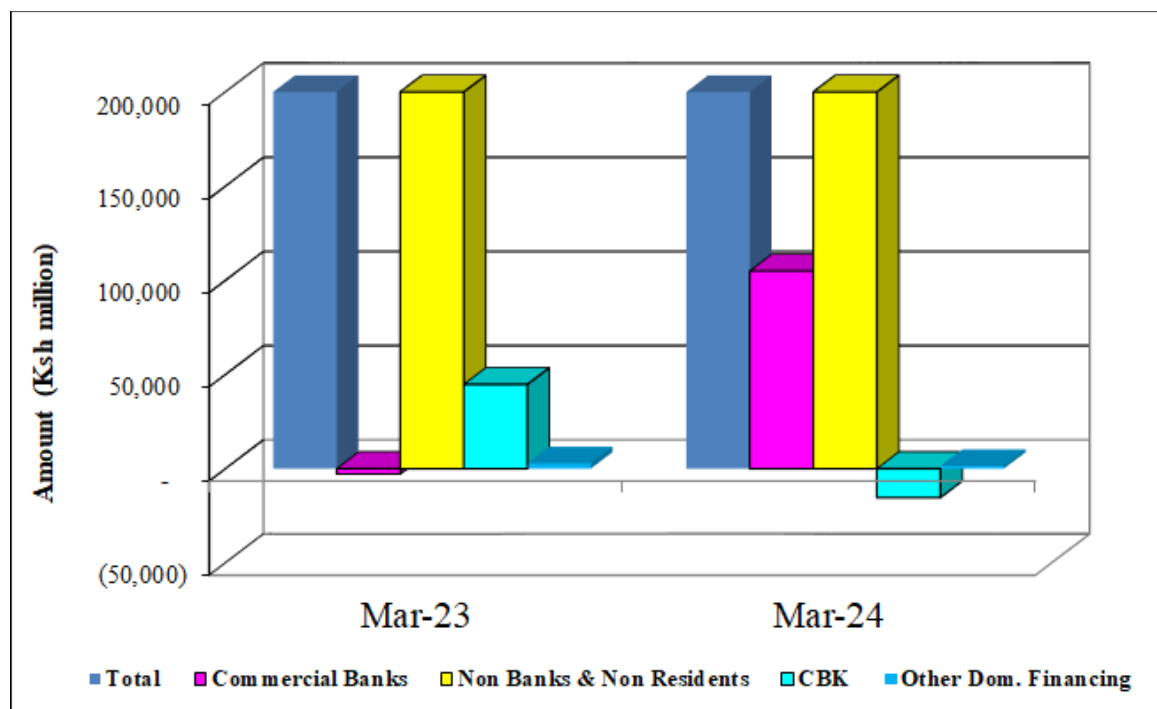
*Provisional

Source of Data: National Treasury

2.4.2 Domestic Financing

42. As at 31st March, 2024, net domestic borrowing amounted to KSh. 386.4 billion (**Table 8**) against a target of KSh. 561.9 billion. The borrowing comprised of KSh. 293 billion from Non-Banking Financial Institutions, KSh. 15.5 billion net repayment to the Central Bank, KSh. 105 billion from commercial banks, KSh. 2.4 billion from Non-Residents, net domestic loan repayments receipts of KSh. 1.4 billion and net repayment of KSh. 15.4 billion to the Central Bank of Kenya. During the same period in FY 2022/23, the net domestic borrowing amounted to KSh. 287.8 billion, comprising of KSh. 242.4 billion from Non-Banking Financial Institutions, KSh. 44.7 billion from the Central Bank of Kenya, KSh. 0.6 billion from Non-Residents, net domestic loan repayments receipts of KSh. 2.9 billion, and net repayment of KSh. 2.8 billion to the Commercial Banks (**Table 8 and Chart 13**).

Chart 13: Domestic Financing for the Period Ending 31st March, 2024



Source of Data: Central Bank of Kenya

43. The stock of Treasury Bills held by Commercial Banks and Non-Banks recorded a net decrease of KSh. 94.6 billion and KSh. 10.3 billion respectively while those held by non-residents increased by KSh. 291 million. The stock of Fixed Rate Bonds held by Non-Banks, commercial banks, and Non-Residents recorded a net increase of KSh. 50.5 billion, KSh. 42 billion, and KSh. 1.4 billion respectively (**Table 8**).

FISCAL DEVELOPMENTS

Table 8: Domestic Financing, Period Ending 31st March, 2024 (KSh. Millions)

DEBT INSTRUMENT	March 2022	June 2022	September 2022	December 2022	March 2023	June 2023	September 2023*	December 2023*	March 2024*
1. CENTRAL BANK	102,257	125,474	(1,609)	(58,068)	44,725	41,348	7,632	18,888	(15,351)
Overdraft	9,116	(777)	(31,255)	(4)	19,477	17,955	(753)	17,671	15,724
IMF funds onlet to Govt			-	-	-	-	934	8,523	10,767
Treasury bills rediscounts	(462)	(466)	(4)	41	38	159	-	-	-
Fixed rate Bonds	(74)	(73)	7	(192)	(192)	437	-	-	-
Items on Transit	(25)	(7)	(8)	6	12	10	(10)	(39)	(36)
Frozen Account	(555)	(1,110)	-	(555)	(555)	(1,110)	-	-	(555)
Less Govt Deposits	94,257	127,908	29,651	(57,364)	25,946	23,898	7,460	(7,267)	(41,251)
2. COM. BANKS	176,031	178,988	25,939	8,660	(2,811)	76,975	(9,142)	16,245	104,967
Advances	5,183	3,458	276	854	1,083	854	(178)	(1,210)	(449)
Treasury bills	(119,342)	(151,615)	27,533	3,516	8,637	(18,081)	(43,491)	(56,493)	(85,989)
Fixed rate Bonds	188,692	200,122	(995)	(15,210)	(40,051)	(49,468)	33,958	38,287	1,939
Infrastructure Bonds	96,597	121,446	1,520	22,286	31,432	166,109	(2,486)	35,748	191,020
Savings and Development Bond								-	-
Less Govt Deposits	4,902	10,578	(2,394)	(2,786)	(3,913)	(22,439)	3,054	(87)	(1,554)
3. NON BANKS	320,450	425,802	77,181	171,258	242,409	338,243	92,397	172,364	292,984
Treasury bills	22,129	29,824	14,717	38,236	30,824	11,711	(11,496)	(11,659)	20,534
Fixed rate Bonds	220,398	269,639	57,778	73,586	94,073	147,740	110,082	115,093	144,585
Zero Coupon bonds									-
Infrastructure Bonds	77,923	126,339	4,686	59,436	113,005	178,792	(6,189)	68,930	127,866
Savings and Development Bond					4,507				
4. NON RESIDENTS	(14)	(671)	59	(119)	593	127	1,638	1,635	2,404
Treasury bills	(3,172)	(3,835)	(238)	(257)	(294)	(356)	5	2	(3)
Fixed rate Bonds	1,004	654	297	(134)	164	(446)	1,633	1,633	1,573
Infrastructure Bond	2,153	2,511	-	272	723	929	-	-	834
5. NET CREDIT	598,723	729,594	101,569	121,731	284,917	456,694	92,525	209,132	385,005
6. OTHER DOMESTIC FINANCING									
Domestic Loan Repayments (Net)	(110)	(124,293)	-	2,341	2,854	2,854	587	855	1,429
7. NET DOMESTIC FINANCING	598,613	605,301	101,569	124,072	287,771	459,548	93,111	209,987	386,434

Notes:

*provisional

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

Source of Data: Central Bank of Kenya

FISCAL DEVELOPMENTS

3.0 PUBLIC DEBT

3.1 Overall Debt Position

44. The gross public debt as at 31st March, 2024 increased by KSh. 938 billion to amount to KSh. 10,420.4 billion compared to KSh. 9,482.2 billion as at end of March, 2023. The gross public debt comprised of 49.6 percent external debt and 50.4 percent domestic debt. The increase in the public debt is attributed to external loan disbursements; exchange rate fluctuations; and uptake of domestic debt during the period. The net public debt was KSh. 9,894.6 billion by end of the period under review (**Table 9**).

Table 9: Kenya's Public and Publicly Guaranteed Debt, March, 2022 to March, 2024 (KSh. Millions)

DEBT SOURCE	Mar- 22	Jun- 22	Sep-22	Dec-22	Mar- 23	Jun- 23	Sep-23*	Dec-23*	Mar-24*
EXTERNAL									
BILATERAL	1,171,595	1,173,270	1,144,450	1,206,883	1,291,851	1,339,503	1,341,779	1,422,180	1,182,388
MULTILATERAL	1,817,375	1,923,444	1,957,899	2,213,756	2,244,087	2,654,934	2,827,123	3,061,108	2,654,283
COMMERCIAL BANKS	1,208,247	1,191,080	1,220,682	1,239,681	1,301,153	1,437,276	1,483,613	1,588,656	1,312,168
SUPPLIERS CREDIT	12,344	12,154	11,760	12,824	14,004	14,848	15,284	17,641	14,583
SUB – TOTAL EXTERNAL	4,209,560	4,299,948	4,334,791	4,673,144	4,851,095	5,446,561	5,667,799	6,089,585	5,163,423
DOMESTIC:									
CENTRAL BANK	95,575	125,907	114,229	147,226	195,073	198,314	198,485	224,468	224,214
O/W IMF FUNDS ON-LENT TO GOVERNMENT	-	40,766	60,348	62,789	90,965	95,516	99,523	104,245	106,488
COMMERCIAL BANKS	1,978,489	2,003,387	2,032,420	2,017,402	1,992,177	2,095,069	2,081,576	2,109,720	2,190,148
TOTAL BANKS	2,074,064	2,129,295	2,146,649	2,164,628	2,187,249	2,293,383	2,280,061	2,334,188	2,414,362
NON BANKS & NON RESIDENTS	2,118,289	2,199,804	2,279,978	2,370,999	2,443,846	2,538,935	2,634,386	2,715,920	2,842,612
SUB-TOTAL DOMESTIC	4,192,352	4,329,099	4,426,627	4,535,628	4,631,095	4,832,318	4,914,447	5,050,109	5,256,974
GRAND TOTAL GROSS	8,401,912	8,629,047	8,761,418	9,208,772	9,482,190	10,278,879	10,582,245	11,139,694	10,420,398
LESS ON-LENDING	-	-	-	-	-	-	-	-	-
LESS GOVERNMENT DEPOSITS	(449,073)	(418,157)	(404,154)	(470,558)	(386,099)	(484,584)	(412,151)	(464,321)	(525,843)
GRAND TOTAL NET	7,952,840	8,210,890	8,357,263	8,738,213	9,096,091	9,794,294	10,170,095	10,675,372	9,894,555

Note:

* Provisional

Source of Data: National Treasury

3.2 Domestic Debt

45. The stock of gross domestic debt increased by KSh. 625.9 billion from KSh. 4,631.1 billion in March, 2023 to KSh. 5,257 billion in March, 2024. The net domestic debt was KSh. 4,731.1 billion by end of the period under review (**Table 10**).

FISCAL DEVELOPMENTS

Table 10: Stock of Domestic Debt for the period March, 2022 to March, 2024 (KSh. Millions)

DEBT SOURCE	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23*	Dec-23*	Mar-24*
1.CENTRAL BANK	95,575	125,907	114,229	147,226	195,073	198,314	198,485	224,468	224,214
Overdraft	68,395	58,502	27,247	58,498	78,180	76,457	75,704	94,128	92,181
IMF funds onlet to Govt	-	40,766	60,348	62,789	90,965	95,721	96,655	104,245	106,488
Frozen Govt Accounts	19,454	18,899	18,899	18,344	18,344	17,789	17,789	17,789	17,234
Treasury bills / bonds rediscounts	76	71	67	112	109	230	230	230	230
Items on Transit	14	32	24	38	30	42	32	3	6
Fixed rate bonds	7,637	7,637	7,644	7,446	7,446	8,074	8,074	8,074	8,074
2.COM.BANKS	1,978,489	2,003,387	2,032,420	2,017,402	1,992,177	2,095,069	2,081,735	2,109,720	2,190,148
Advances	7,429	13,054	12,965	13,828	6,339	13,692	16,406	15,226	5,522
Treasury Bills	323,479	287,613	315,649	293,469	291,539	262,852	217,841	204,724	176,846
Fixed Rate T. Bonds	1,083,661	1,094,545	1,094,111	1,079,084	1,054,106	1,043,778	1,078,058	1,082,354	1,045,598
Special Bonds	5,000	-	-	-	-	-	-	-	-
Savings and Development Bond	7,648	7,648	7,648	7,648	7,648	7,648	7,648	7,648	7,648
Infrastructure Bonds	551,272	600,527	602,047	623,374	632,545	767,099	761,782	799,769	954,534
3. NON BANKS	2,087,325	2,167,924	2,248,031	2,339,242	2,411,375	2,506,970	2,600,834	2,682,371	2,808,554
Treasury Bills	331,780	340,675	356,424	377,812	374,484	351,636	340,128	341,939	379,924
Fixed Rate T. Bonds	1,303,740	1,353,067	1,412,738	1,428,132	1,450,047	1,503,056	1,614,753	1,619,733	1,649,417
Tax Reserve Certificate	-	-	-	-	-	-	-	-	-
Infrastructure Bonds	431,225	453,601	458,288	512,717	566,264	631,698	625,373	700,119	758,633
Savings and Development Bond	20,580	20,580	20,580	20,580	20,580	20,580	20,580	20,580	20,580
M- Akiba Bond	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
4. NON RESIDENTS	30,963	31,881	31,947	31,757	32,471	31,965	33,552	33,549	34,058
Treasury Bills	1,116	395	139	117	76	8	13	10	5
Fixed Rate T. Bonds	19,308	18,958	19,281	18,842	19,145	18,499	20,174	20,174	20,113
Savings and Development Bond	9	9	9	9	9	9	9	9	9
Infrastructure Bonds	10,530	12,519	12,519	12,790	13,241	13,449	13,356	13,356	13,931
5. TOTAL GROSS DEBT	4,192,352	4,329,099	4,426,627	4,535,628	4,631,095	4,832,318	4,914,606	5,050,109	5,256,974
6. Less On-Lending	-	-	-	-	-	-	-	-	-
7. Less Govt Deposits	449,073	418,284	404,154	470,558	386,099	484,584	412,151	464,321	525,843
8. TOTAL NET DEBT	3,743,279	3,910,815	4,022,472	4,065,069	4,244,996	4,347,734	4,502,455	4,585,787	4,731,131

NOTE:

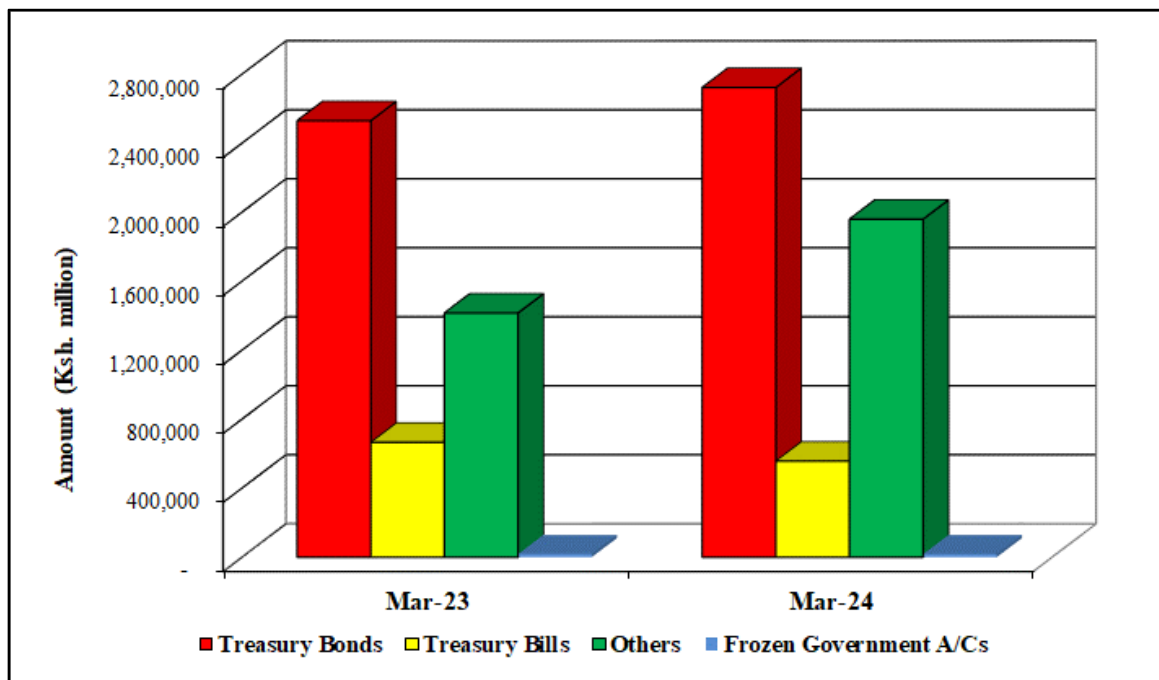
* Provisional

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

Source of Data: Central Bank of Kenya

46. The stock of Treasury Bills held by Central Bank, Commercial Banks, Non-Banking Financial Institutions and Non-Residents declined by KSh. 109.2 billion from KSh. 666.2 billion in March, 2023 to KSh. 557 billion in March, 2024. The total stock of Treasury Bonds, which include Floating, Fixed Rate, Special and Zero-Coupon Bonds, increased by KSh. 707.5 billion from KSh. 3,771 billion in March, 2023 to KSh. 4,478.5 billion in March, 2024 (**Chart 14**).

Chart 14: Domestic Debt Stock by Instruments as at End March, 2024



Source of Data: Central Bank of Kenya

3.3 External Public Debt

47. In dollar terms, external public debt stock increased by US\$. 1,767.5 million from US\$. 36,658.4 million in March, 2023 to US\$. 38,425.9 million by the end of March, 2024 (Table 11). This comprised debt owed to multilateral lenders (52.4%), commercial banks (26.2 %), bilateral sources (21.1%) and Suppliers Credit (0.3%). The increase is attributed to rise in external loans disbursements and exchange rate fluctuations during the period.

FISCAL DEVELOPMENTS

Table 11: Kenya's External Public and Publicly Guaranteed Debt March, 2022 – March, 2024 (US\$ Millions)

CREDITOR	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23*	Dec-23*	Mar-24*
<u>BILATERAL</u>									
AUSTRIA	11.97	11.04	13.06	13.82	14.07	13.75	13.21	13.63	13.19
BELGIUM	116.98	109.81	111.75	117.93	182.72	182.15	173.00	179.21	178.92
DENMARK	4.12	3.88	3.20	3.49	3.13	3.07	2.46	2.58	1.99
FINLAND	7.93	7.50	7.03	6.32	6.48	5.17	3.75	3.96	2.57
FRANCE	800.51	764.63	707.56	764.04	805.50	780.81	722.00	753.72	723.60
GERMANY	351.21	332.55	326.50	346.23	328.54	336.34	341.34	349.60	350.44
ITALY	347.71	328.79	309.28	333.82	344.47	343.70	332.56	212.13	195.64
JAPAN	1,382.43	1,245.99	1,217.67	1,304.89	1,453.84	1,271.01	1,229.02	1,269.92	1,187.69
USA	10.89	10.69	9.97	9.61	8.73	8.53	7.64	7.43	6.53
CHINA	6,835.26	6,830.10	6,594.56	6,569.52	6,307.40	6,280.39	5,943.60	6,006.71	5,674.35
OTHERS	323.09	311.80	295.43	312.68	307.29	307.30	291.37	290.73	280.34
TOTAL BILATERAL	10,192.10	9,956.78	9,596.01	9,782.35	9,762.17	9,532.23	9,059.95	9,089.63	8,615.27
<u>MULTILATERAL</u>									
ADB/ADF	3,317.25	3,269.84	3,302.50	3,490.90	3,591.12	3,685.50	3,695.82	3,792.02	3,800.87
BADEA	39.20	41.10	45.99	45.20	47.70	52.19	51.70	53.69	53.38
EEC/EIB	188.94	176.12	158.66	170.90	182.11	207.53	194.28	204.58	192.68
IBRD	296.74	569.35	571.26	579.24	581.75	1,082.86	1,079.71	1,085.13	1,089.11
IDA/IFAD	10,099.33	10,474.77	10,252.69	10,692.09	10,828.01	11,424.85	11,333.07	11,685.80	11,696.69
IMF**	1,824.62	1,751.87	1,965.77	2,915.30	1,673.40	2,388.16	2,684.95	2,694.19	3,257.39
OTHERS	43.87	45.43	48.35	49.89	53.86	52.08	49.77	49.15	48.52
TOTAL MULTILATERAL	15,809.95	16,328.48	16,345.22	17,943.52	16,957.95	18,893.17	19,089.28	19,564.57	20,138.64
COMMERCIAL¹	10,510.95	10,025.49	10,260.41	10,048.20	9,832.46	10,228.01	10,017.64	10,153.63	10,311.48
O/W International Sovereign Bond	7,100.00	7,100.00	7,100.00	7,100.00	7,100.00	7,100.00	7,100.00	7,100.00	7,156.97
EXPORT CREDIT	107.38	103.14	98.96	103.94	105.82	105.66	103.20	112.75	110.65
GRAND TOTAL	36,620.38	36,413.89	36,300.60	37,878.01	36,658.41	38,759.08	38,270.08	38,920.59	39,176.04
In percentage of total									
BILATERAL	27.83	27.34	26.4	25.8	26.6	24.6	23.7	23.4	22.0
MULTILATERAL	43.17	44.84	45.0	47.4	46.3	48.7	49.9	50.3	51.4
COMMERCIAL BANKS ¹	28.70	27.53	28.3	26.5	26.8	26.4	26.2	26.1	26.3
EXPORT CREDIT	0.29	0.28	0.3	0.3	0.3	0.3	0.3	0.3	0.3
TOTAL	100.00	100.00	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*Provisional

** include IMF item

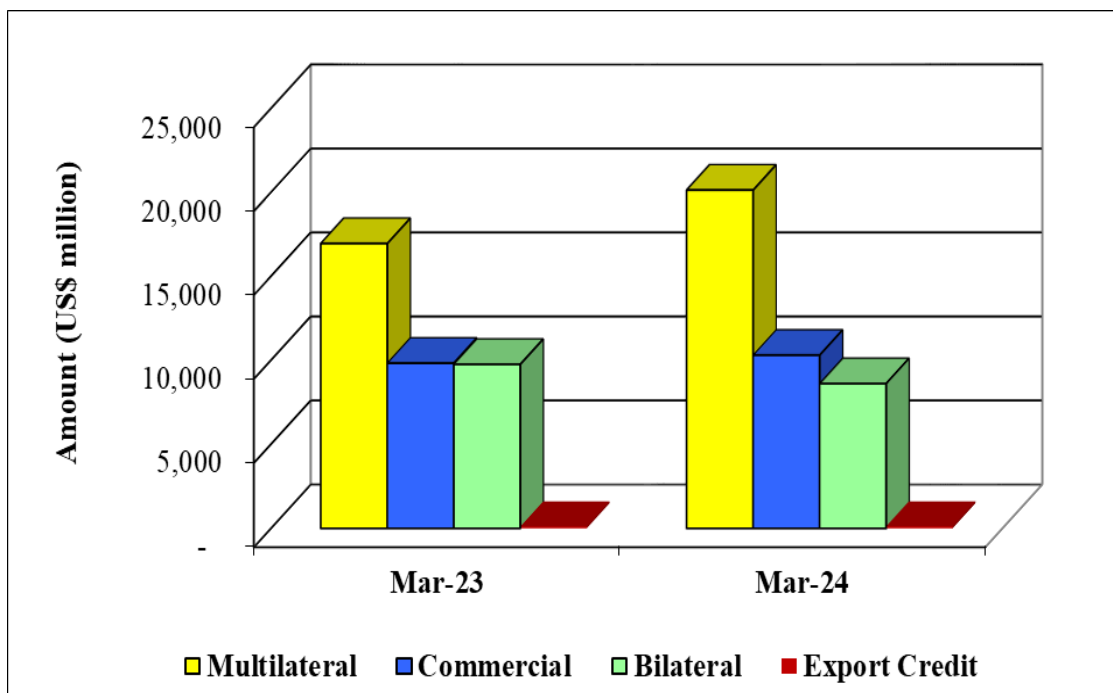
1/ incl. International Sovereign Bond

Note: The exchange rate as at end March, 2024 was KSh. 134.4 per dollar.

Source of Data: National Treasury

48. Compared to the same period in FY 2022/23, external public debt stock from multilateral institutions, commercial banks and from suppliers' credit recorded an increase of US\$. 3,180.7 million, US\$. 497 million, and US\$. 4.8 million respectively in the period from end of March, 2023 to end of March, 2024. Stock from bilateral sources recorded a decrease of US\$. 1,146.9 million in the period under review (**Chart 12**).

Chart 12: External Public Debt by Source as at End March, 2024



Source of Data: National Treasury

3.3.1 External Debt Service

49. By the end of March, 2024, the total cumulative debt service payments to external creditors amounted to KSh. 633.2 billion. This comprised of KSh. 445.1 billion (70.3 percent) principal and KSh. 188.1 billion (29.7 percent) interest (**Table 13**).

FISCAL DEVELOPMENTS

Table 12: External Debt Service, July, 2023 – March, 2024 (KSh. Million)

CATEGORY	Mar-24		
	PRINCIPAL*	INTEREST*	TOTAL*
BILATERAL			
ABU DHABI	105.85	18.97	124.82
AUSTRIA	74.71	23.64	98.34
BELGIUM	1,834.82	178.61	2,013.43
CHINA	100,465.90	52,220.48	152,686.39
DENMARK	86.46	-	86.46
FINLAND	379.46	32.81	412.28
FRANCE	16,031.64	1,646.48	17,678.11
GERMANY	3,701.59	784.99	4,486.59
POLAND	46.87	11.61	58.47
INDIA	1,184.58	308.06	1,492.64
ISRAEL	833.12	182.21	1,015.33
ITALY	6,792.63	1,047.43	7,840.07
JAPAN	3,714.67	485.31	4,199.98
KOREA	160.89	23.28	184.17
KUWAIT	162.02	20.27	182.29
SAUDI ARABIA	151.49	19.51	171.00
SPAIN	1,198.48	111.01	1,309.49
USA	262.01	24.43	286.44
TOTAL BILATERAL	137,187.22	57,139.09	194,326.3
MULTILATERAL			
ADB/ADF	6,540.55	11,502.95	18,043.50
BADEA	219.22	59.10	278.32
EIB/EEC	1,717.75	626.88	2,344.63
IDA	29,499.28	16,500.69	45,999.98
OPEC	624.57	54.77	679.34
NDF	81.24	25.14	106.37
IFAD	816.85	229.48	1,046.33
IMF	-	7,353.23	7,353.23
IBRD	-	7,132.51	7,132.51
TOTAL MULTILATERAL	39,499.46	43,484.75	82,984.20
COMMERCIAL	268,366.16	87,519.60	355,885.77
GRAND TOTAL	445,052.83	188,143.44	633,196.27

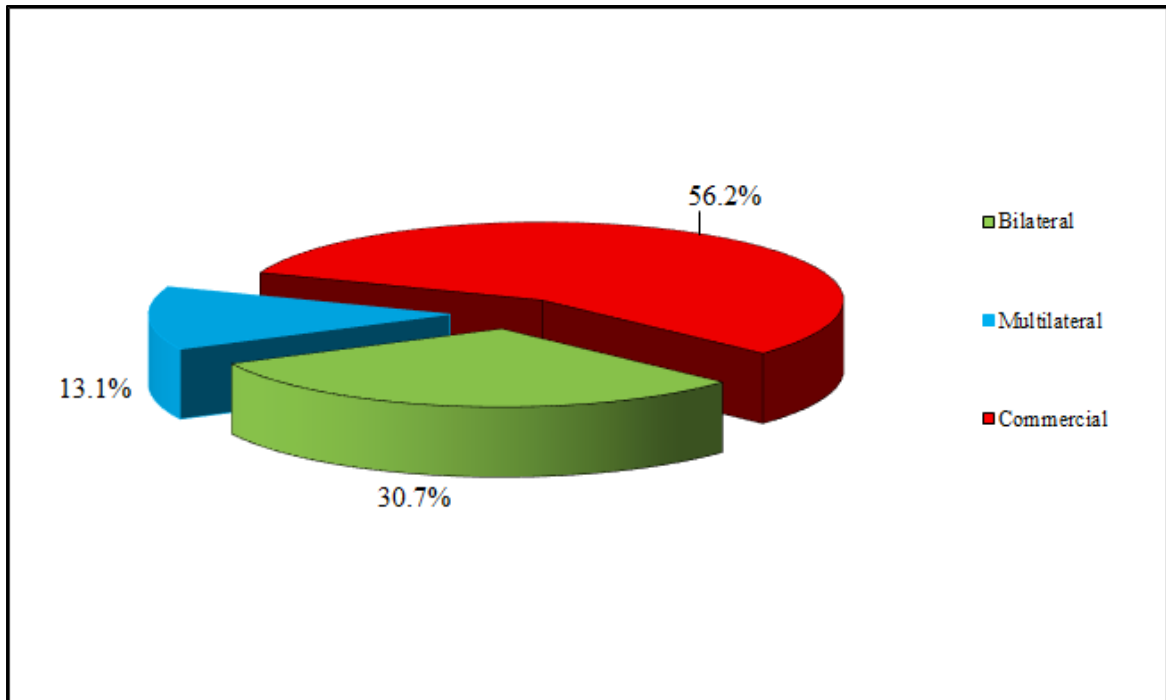
* Provisional

Source of Data: National Treasury

FISCAL DEVELOPMENTS

50. By the end of March, 2024, the total cumulative debt service payments to external creditors comprised of 56.2 percent, 30.7 percent and 13.1 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, 2024



Source of Data: National Treasury

ANNEXES

4.0. ANNEXES

4.1. Annex I: Fiscal Results, 2017/18 – 2023/2024 (KSh. Millions)

REVENUE/EXPENDITURE/FINANCING	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
	Actual					Prel. Actual	Printed Estimates	Revised Estimates I
A.TOTAL REVENUE	1,525,556	1,704,363	1,797,666	1,803,536	2,199,808	2,360,510	2,985,566	3,047,559
1.Ordinary Revenue	1,365,063	1,499,757	1,573,418	1,562,015	1,917,911	2,041,119	2,571,159	2,576,759
Income Tax	640,546	685,330	706,936	694,053	876,707	941,576	1,198,535	1,198,535
VAT	357,129	414,143	383,713	410,758	523,098	550,440	703,302	703,302
Import Duty	93,685	106,875	98,022	108,375	118,280	130,123	173,270	173,270
Excise Duty	167,753	194,310	195,270	216,325	252,094	264,509	352,730	352,730
Other Revenue	105,950	99,099	189,477	132,504	147,731	154,472	143,323	148,923
2.Appropriation –in –Aid	160,493	204,606	224,247	241,521	281,897	319,391	414,407	470,800
B.EXPENDITURE & NET LENDING	2,149,788	2,433,708	2,629,478	2,769,254	3,027,836	3,221,001	3,746,618	3,981,529
1.Recurrent	1,352,841	1,531,083	1,696,121	1,813,271	2,135,305	2,311,564	2,536,255	2,793,852
Wages and Salaries	388,938	417,526	449,927	493,029	520,033	547,157	584,647	589,493
Interest Payments	323,890	375,723	437,202	495,142	577,978	687,322	775,139	918,838
Domestic Interest	239,470	272,351	315,362	388,830	456,849	533,098	628,264	646,356
Foreign Interest Due	84,420	103,372	121,840	106,312	121,130	154,223	146,875	272,483
Pensions, etc	65,099	70,804	89,605	112,872	122,432	120,425	165,368	165,423
O & M/ Others	537,292	625,791	677,293	668,748	866,050	895,717	950,530	1,059,588
Of which Appropriation-in-Aid	112,806	147,606	157,858	150,295	197,524	154,223	264,588	321,113
2.Development & Net Lending	469,673	541,885	608,079	556,990	540,117	493,663	777,822	762,598
Development Projects	255,213	289,030	389,571	335,022	346,355	319,289	425,940	406,802
Appropriation-in-Aid	211,931	243,408	217,847	221,968	193,762	162,048	326,828	326,005
4. Transfer to County Governments	327,274	360,740	325,278	398,993	352,414	415,774	429,741	423,879
5. Parliamentary Service	25,678	28,525	27,990	29,191	32,652	41,187	38,937	39,177
6. Judicial Service	11,944	12,713	14,103	14,289	16,160	19,755	21,334	21,334
7. Net Lending	2,529	2,485	661	-	-	12,327	17,187	18,924
8. Equalization Fund	-	6,962	-	-	-	-	7,867	10,867
9. Contingency Fund	-	-	-	-	-	-	2,800	1,200
D.DEFICIT EXCL. GRANTS (Commitment Basis)	(624,232)	(729,345)	(831,812)	(965,717)	(828,028)	(860,491)	(761,051)	(933,970)
E.GRANTS	27,600	12,753	23,949	31,334	31,031	23,083	42,172	47,357
F.DEFICIT INCL.GRANTS (Commitment Basis)	(596,632)	(716,592)	(807,863)	(934,384)	(796,997)	(837,408)	(718,880)	(886,614)
G. ADJUSTMENT TO CASH BASIS	(34,678)	-	11,801	5,098	11,868	37,031	-	-
H.DEFICIT INCL.GRANTS (Cash Basis)	(631,309)	(716,592)	(796,062)	(929,286)	(785,129)	(800,377)	(718,880)	(886,614)
Discrepancy	(229)	4,466	(5,258)	20,950	(37,304)	(30,070)	-	-
IFINANCING	631,081	721,058	790,804	950,235	747,825	770,307	718,880	886,614
Net Foreign Financing	354,977	414,518	340,431	323,310	142,524	310,759	131,467	412,064
Net Domestic Financing	276,104	306,540	450,373	626,926	605,301	459,548	587,413	474,549
In Percentage of GDP								
A.TOTAL REVENUE	17.1	17.5	16.9	15.9	17.3	16.5	18.3	18.9
1.Ordinary Revenue	15.3	15.4	14.8	13.7	15.1	14.3	15.8	16.0
Income Tax	7.2	7.0	6.7	6.1	6.9	6.6	7.4	7.4
VAT	4.0	4.2	3.6	3.6	4.1	3.9	4.3	4.4
Import Duty	1.1	1.1	0.9	1.0	0.9	0.9	1.1	1.1
Excise Duty	1.9	2.0	1.8	1.9	2.0	1.9	2.2	2.2
Other Revenue	1.2	1.0	1.8	1.2	1.2	1.1	0.9	0.9
2. Appropriation –in –Aid	1.8	2.1	2.1	2.1	2.2	2.2	2.5	2.9
B. EXPENDITURE & NET LENDING	24.1	25.0	24.8	24.4	23.8	22.6	23.0	24.7
1.Recurrent	15.2	15.7	16.0	15.9	16.8	16.2	15.6	17.3
Wages and Salaries	4.4	4.3	4.2	4.3	4.1	3.8	3.6	3.7
Interest Payments	3.6	3.9	4.1	4.4	4.5	4.8	4.8	5.7
Domestic Interest	2.7	2.8	3.0	3.4	3.6	3.7	3.9	4.0
Foreign Interest Due	0.9	1.1	1.1	0.9	1.0	1.1	0.9	1.7
Pensions, etc	0.7	0.7	0.8	1.0	1.0	0.8	1.0	1.0
O & M/ Others	6.0	6.4	6.4	5.9	6.8	6.3	5.8	6.6
of which Appropriation-in-Aid	1.3	1.5	1.5	1.3	1.6	1.7	1.6	2.0
2.Development & Net Lending	5.3	5.6	5.7	4.9	4.2	3.5	4.8	4.7
Development Projects	2.9	3.0	3.7	2.9	2.7	2.2	2.6	2.5
Appropriation-in-Aid	2.4	2.5	2.1	2.0	1.5	1.1	2.0	2.0
Payment of guaranteed loans	-	-	-	-	-	-	-	-
3. Drought Expenditures	-	-	-	-	-	-	-	-
4. Transfer to County Governments	3.7	3.7	3.1	3.5	2.8	2.9	2.6	2.6
5. Parliamentary Service	0.3	0.3	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	0.1	0.1
7. Equalization Fund	-	0.1	-	-	-	-	0.0	0.1
D.DEFICIT EXCL. GRANTS (Commitment Basis)	(7.0)	(7.5)	(7.8)	(8.5)	(6.5)	(6.0)	(4.7)	(5.8)
E.GRANTS	0.3	0.1	0.2	0.3	0.2	0.2	0.3	0.3
F.DEFICIT INCL.GRANTS (Commitment Basis)	(6.7)	(7.4)	(7.6)	(8.2)	(6.3)	(5.9)	(4.4)	(5.5)
G.ADJUSTMENT TO CASH BASIS	(0.4)	-	0.1	0.0	0.1	0.3	-	-
H.DEFICIT INCL.GRANTS (Cash Basis)	(7.1)	(7.4)	(7.5)	(8.2)	(6.2)	(5.6)	(4.4)	(5.5)
IFINANCING	7.1	7.4	7.4	8.4	5.9	5.4	4.4	5.5
Foreign Financing	4.0	4.3	3.2	2.8	1.1	2.2	0.8	2.6
Net Domestic Financing	3.1	3.1	4.2	5.5	4.8	3.2	3.6	2.9
Memorandum Item:								
Nominal GDP at Market price (KSh. million)	8,922,319.6	9,745,599.5	10,620,841.4	11,370,322.9	12,736,133.0	14,274,419.5	16,290,270.1	16,131,502.1

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	Prel. Actual	Prel. Actual	Prel. Actual
		Estimates FY2023/24	FY2023/24 Q1	FY2023/24 Q2	FY2023/24 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
1	Revenue	3,025,233	633,002	1,318,745	1,932,257
11	Taxes	2,658,745	548,115	1,121,547	1,638,935
111	Taxes on income, profits, and capital gains	1,198,535	243,954	491,284	704,071
1111	Payable by individuals	619,013	123,044	256,302	390,955
1112	Payable by corporations and other enterprises	579,523	120,910	234,982	313,115
114	Taxes on goods and services	1,190,019	251,505	518,824	772,656
1141	General taxes on goods and services	714,540	158,076	327,105	492,230
11411	Value-added taxes	703,302	153,027	317,942	481,095
11414	Taxes on financial and capital transactions ¹	11,238	5,050	9,164	11,136
1142	Excises ²	475,479	93,429	191,719	280,426
115	Taxes on international trade and transactions	270,191	52,656	111,439	162,208
1151	Customs and other import duties ³	270,191	52,656	111,439	162,208
12	Social contributions	582	151	173	229
122	Other social contributions	582	151	173	229
1221	Employee contributions	582	151	173	229
13	Grants	42,172	3,415	5,455	13,945
131	From foreign governments	42,172	3,415	5,455	13,905
1311	Current				
1312	Capital	42,172	3,415	5,455	13,905
132	From international organizations	-	-	-	40
1321	Current				40
1322	Capital				
14	Other revenue	323,735	81,321	191,569	279,147
141	Property income	41,728	15,453	24,026	27,991
1411	Interest	2,184	-	1,017	1,017
1412	Dividends	33,071	15,017	21,573	22,957
1415	Rent	6,473	436	1,436	4,018
142	Sales of goods and services	277,523	64,389	165,226	245,899
1422	Administrative fees	277,523	64,389	165,226	245,899
143	Fines, penalties, and forfeits	2,710	774	1,270	1,894
144	Miscellaneous and unidentified revenue	1,774	705	1,048	3,362

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 FY2023/24	Prel. Actual FY2023/24 Q1	Prel. Actual FY2023/24 Q2	Prel. Actual FY2023/24 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
2	Expense	3,618,157	793,702	1,667,786	2,562,250
21	Compensation of employees	617,855	147,698	279,591	439,794
211	Wages and salaries	584,647	142,295	268,232	413,126
212	Social contributions	33,207	5,403	11,358	26,668
2121	Actual social contributions	33,207	5,403	11,358	26,668
22	Use of goods and services	275,218	50,626	155,976	251,214
	O/W Free Secondary Education (FSE)	68,600	17,357	53,050	52,423
	Free Primary Education (FPE)	14,404	3,823	9,175	8,655
24	Interest	775,139	188,007	405,142	617,096
241	To nonresidents	146,875	63,093	105,025	177,676
242	To residents other than general government	628,264	124,913	300,118	439,420
25	Subsidies	24,879	-	-	-
251	To public corporations				
252	To private enterprises	24,879	-	-	-
26	Grants	1,666,179	365,737	754,298	1,147,784
262	To international organizations	4,522	1,403	3,860	6,221
2621	Current	4,522	1,403	3,860	6,221
2622	Capital				
263	To other general government units	1,661,657	364,334	750,438	1,141,563
2631	Current	943,811	232,789	487,650	735,360
	O/W Transfer to County Governments (ES)	269,797	42,778	99,727	156,482
	Transfer to Other levels of Government (Includes transfers to SOEs)	674,014	190,011	387,923	578,877
2632	Capital	717,846	131,545	262,787	406,204
	O/W Transfer to County Governments (ES)	115,627	18,333	42,740	67,064
	Transfer to Other levels of Government (Includes transfers to SOEs)	602,219	113,212	220,047	339,140
27	Social benefits	257,688	41,635	72,778	106,362
272	Social Assistance Benefits	96,279	-	-	-
273	Employer social benefits	161,409	41,635	72,778	106,362
28	Other expense	1,200	-	-	-
282	Miscellaneous other expense	1,200	-	-	-

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 FY2023/24	FY2023/24 Q1	FY2023/24 Q2	FY2023/24 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
3	Change in Net Worth: Transactions	(315,194)	(134,592)	(338,049)	(670,786)
31	Net acquisition of nonfinancial assets	107,899	8,129	30,196	59,079
311	Fixed assets	107,899	8,129	30,196	59,079
3111	Buildings and structures	100,718	5,491	25,938	52,173
3113	Other fixed assets	7,181	2,638	4,258	6,906
312	Inventories	-			
314	Nonproduced assets	-			
32	Net acquisition of financial assets	5,410	11,101	(6,499)	(41,376)
3212	Currency and deposits (Domestic)	5,410	11,101	(6,499)	(41,376)
33	Net incurrence of liabilities	428,503	153,821	361,746	688,489
331	Domestic	584,223	183,912	398,176	592,881
3313	Securities other than shares	584,223	82,017	191,542	401,803
3314	Loans	-	(6)	24,945	26,007
3318	Other Accounts Payable	-	101,901	181,689	165,071
332	Foreign	(155,719)	(30,090)	(36,430)	95,607
3321	Special Drawing Rights (SDRs)				
3323	Securities other than shares				286,875
3324	Loans	(155,719)	(30,090)	(36,430)	(191,268)

Source: National Treasury

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

GFSM Code	Description	Annual Budget Estimates FY2023/24	Prel. Actual FY2023/24 Q1	Prel. Actual FY2023/24 Q2	Prel. Actual FY2023/24 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
	Cash Flows from Operating Activities:				
1	Cash receipts from operating activities	3,025,233	633,002	1,318,745	1,932,257
11	Taxes	2,658,745	548,115	1,121,547	1,638,935
12	Social contributions	582	151	173	229
13	Grants	42,172	3,415	5,455	13,945
14	Other receipts	323,735	81,321	191,569	279,147
2	Cash payments for operating activities	3,618,157	793,702	1,667,786	2,562,250
21	Compensation of employees	617,855	147,698	279,591	439,794
22	Purchases of goods and services	275,218	50,626	155,976	251,214
24	Interest	775,139	188,007	405,142	617,096
25	Subsidies	24,879	-	-	-
26	Grants	1,666,179	365,737	754,298	1,147,784
27	Social benefits	257,688	41,635	72,778	106,362
28	Other payments	1,200	-	-	-
	Net cash inflow from operating activities	(592,924)	(160,700)	(349,041)	(629,994)
	Cash Flows from Investments in Nonfinancial Assets (NFAs):				
31A	Purchases of nonfinancial assets	107,899	8,129	30,196	59,079
311A	Fixed assets	107,899	8,129	30,196	59,079
312A	Strategic stocks				
314A	Nonproduced assets				
31	Net cash outflow: investments in NFAs (31=31.1-31.2)	107,899	8,129	30,196	59,079
	Cash surplus / deficit	(700,823)	(168,829)	(379,237)	(689,073)
	Cash Flows from Financing Activities:				
32x	Net acquisition of financial assets other than cash	5,410	11,101	(6,499)	(41,376)
321x	Domestic	5,410	11,101	(6,499)	(41,376)
322x	Foreign				
33	Net incurrence of liabilities	698,503	153,821	361,746	688,489
331	Domestic	584,223	183,912	398,176	592,881
332	Foreign	114,281	(30,090)	(36,430)	95,607
NFB	Net cash inflow from financing activities	693,093	164,922	355,247	647,112
	Net change in the stock of cash	(7,730)	(3,907)	(23,990)	(41,961)
	Statistical Discrepancy⁴				

⁴/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)

GFSM Code	Description	Annual Budget	Prel. Actual	Prel. Actual	Prel. Actual
		Estimates FY2023/24	FY2023/24 Q1	FY2023/24 Q2	FY2023/24 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
	Transactions Affecting Net Worth:				
1	Revenue	3,025,233	633,002	1,318,745	1,932,257
11	Taxes	2,658,745	548,115	1,121,547	1,638,935
12	Social contributions	582	151	173	229
13	Grants	42,172	3,415	5,455	13,945
14	Other revenue	323,735	81,321	191,569	279,147
2	Expense	3,618,157	793,702	1,667,786	2,562,250
21	Compensation of employees	617,855	147,698	279,591	439,794
22	Use of goods and services	275,218	50,626	155,976	251,214
24	Interest	775,139	188,007	405,142	617,096
25	Subsidies	24,879	-	-	-
26	Grants	1,666,179	365,737	754,298	1,147,784
27	Social benefits	257,688	41,635	72,778	106,362
28	Other expense	1,200	-	-	-
GOB	Gross operating balance	(592,924)	(160,700)	(349,041)	(629,994)
NOB	Net operating balance	(592,924)	(160,700)	(349,041)	(629,994)
	Transactions on Nonfinancial Assets:				
31	Net Acquisition of Nonfinancial Assets	107,899	8,129	30,196	59,079
311	Fixed assets	107,899	8,129	30,196	59,079
312	Change in inventories	-	-	-	-
314	Nonproduced assets	-	-	-	-
NLB	Net lending / borrowing	(700,823)	(168,829)	(379,237)	(689,073)
	Transactions on Financial Assets and Liabilities (Financing):				
32	Net acquisition of financial assets	693,093	164,922	355,247	647,112
321	Domestic	5,410	11,101	(6,499)	(41,376)
322	Foreign				
33	Net incurrence of liabilities	698,503	153,821	361,746	688,489
331	Domestic	584,223	183,912	398,176	592,881
332	Foreign	114,281	(30,090)	(36,430)	95,607
	Statistical Discrepancy⁵	(7,730)	(3,907)	(23,990)	(41,961)

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

Source: National Treasury

