

Republic of Kenya

THE NATIONAL TREASURY AND ECONOMIC PLANNING

Quarterly Economic and Budgetary Review

First Quarter, Financial Year 2026/2027
Period Ending 30th September, 2026

November 2026, Edition

Quarterly Economic and Budgetary Review

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ACKNOWLEDGEMENT

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LIST OF ABBREVIATIONS AND ACRONYMS

ADB	African Development Bank
ADF	Asian Development Fund
A-I-A	Appropriation-in-Aid
AMISOM	African Union Mission in Somalia
ARUD	Agriculture, Rural and Urban Development
BADEA	Arab Bank for Economic Development of Africa
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CF	Contingency Fund
CFS	Consolidated Fund Services
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
GOB	Gross Operating Balance
ICT	Information and Communication Technology
IDA	International Development Association
IDF	Import Declaration Fee
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
KESONIA	Kenya Shilling Overnight Interbank Average

KNBS	Kenya National Bureau of Statistics
KSh.	Kenya Shillings
MDAs	Ministries, Departments and Agencies
Mn	Million
MPC	Monetary Policy Committee
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	Operations and Maintenance
OPEC	Organization of the Petroleum Exporting Countries
PAIR	Public Administration and International Affairs
PAYE	Pay as You Earn
PDL	Petroleum Development Levy
QEBR	Quarterly Economic and Budgetary Review
RDL	Railway Development Levy
RML	Road Maintenance Levy
SAGAs	Semi-Autonomous Government Agencies
SCs	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 FIRST QUARTERLY ECONOMIC AND BUDGETARY REVIEW REPORT IN THE 2026/27 FY

1. **Economic growth**

   The economy recorded improved performance in the second quarter of 2026, with real GDP growing by 5.1 percent, compared to 4.9 percent in the corresponding quarter of 2025. All sectors recorded positive growth, supported by improved performance in transportation and storage, information and communication, and wholesale and retail trade. This performance was achieved despite early cessation of the long rains, which moderated growth in agriculture.

2. **Inflation rate**

   Overall inflation increased to 6.8 percent in September 2026 from 4.6 percent in September 2025 due to higher energy prices arising from the elevated global oil prices but remained within the target range of 5±2.5 percent. Government interventions, including subsidies and the temporary reduction of VAT on fuel, helped mitigate inflationary pressures during the quarter.

3. **Interest Rates**

   Monetary policy continued to ease, with the Central Bank Rate declining to 8.75 percent in September 2026. Treasury bill rates recorded mixed movements, with the 91-day rate rising to 8.8 percent in September 2026 from 8.0 percent in September 2025, while the 364-day rate declined to 9.1 percent from 9.6 percent, over the same period. Commercial banks' average lending rates declined to 14.4 percent in September 2026 from 15.1 percent in September 2025, reflecting the easing of monetary policy.

4. **Money and Credit**

   Broad money supply, M3, grew by 11.3 percent in the year to September 2026, compared to a growth of 7.1 percent in the year to September 2025. The improved growth of M3 was driven by higher growth in Net Foreign Assets (NFA) and an improvement in domestic credit to the private sector.

5. **Current Account**

   The current account deficit widened to US$ 4,874.4 million (3.3 percent of GDP) in the year to September 2026, compared to US$ 2,992.0 million (2.2 percent of GDP) in the year to September 2025 mainly due to a higher trade deficit and lower secondary income transfers. The current account balance was supported by resilient goods exports, increased service receipts and an improvement in net primary income.

6. **Foreign Exchange Reserves**

   The official foreign exchange reserves held by the Central Bank stood at US$ 14,920.1 million in September 2026, up from US$ 11,383.6 million in September 2025. This level of reserves represented 5.8 months of import cover, compared to 4.9 months over the same period in 2025, and continues to provide an adequate buffer against short-term external and foreign exchange market shocks.

7. **Capital Markets**

   Activities at the Nairobi Securities Exchange (NSE) improved significantly over the past year. The NSE 20 Share Index rose by 45.2 percent to 4,317 points in September 2026, from 2,973 points in September 2025. Similarly, market

capitalization increased by 48.0 percent to KSh. 4,122 billion in September 2026, from KSh. 2,784 billion in September 2025.

8. Revenue Collection

The National Government's cumulative revenue collection including A-I-A for the period between July– September 2026 amounted to KSh. 801.5 billion (3.9 percent of GDP) against a target of KSh. 859.9 billion. The revenue was below target by KSh. 58.4 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 30th September 2026 amounted to KSh. 1,185.3 billion, against a target of KSh. 1,039.3 billion.

10. Guaranteed Debt

The government did not service guaranteed debt on behalf of any parastatal during the period ending 30th September 2026.

11. Fiscal Deficit

The fiscal deficit including grants (on a commitment basis) amounted to a deficit of KSh. 381.3 billion (1.8 percent of GDP), as at the end of September 2026.

12. External Financing

The Net Foreign Financing amounted to a net repayment of KSh. 2.5 billion (0.01 percent of the GDP) during the period under review.

13. Net Domestic Borrowing

Net domestic financing amounted to KSh. 391.5 billion (1.9 percent of GDP) in the period ending 30th September 2026.

14. Domestic Debt Stock

The stock of gross domestic debt increased by KSh. 457.4 billion from KSh. 7,327.2 billion in July 2026 to KSh. 7,784.6 billion in September 2026.

15. External Debt Stock

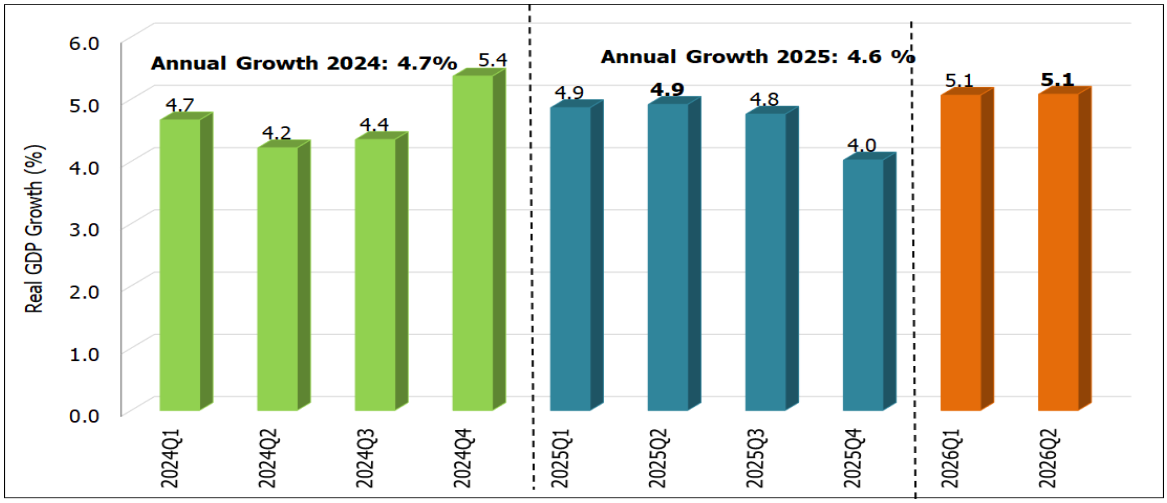
The total external debt stock, including the International Sovereign Bond, stood at KSh. 5,748.2 billion by the end of September 2026. The debt stock comprised debt owed to multilateral of 55.3 percent, commercial banks of 26.5 percent, bilateral of 17.9 percent, and Suppliers Credit of 0.3 percent.

1.0 RECENT ECONOMIC DEVELOPMENTS

1.1 Economic Growth

1. The economy recorded improved performance in the second quarter of 2026, with real GDP growing by 5.1 percent, compared to 4.9 percent in the corresponding quarter of 2025 **(Chart 1).** All sectors recorded positive growth, supported by improved performance in electricity and water supply; transport and storage; information and communication; manufacturing; and wholesale and retail trade. The performance was achieved despite global energy market disruptions leading to rising crude oil prices; and the early cessation of the long rains, which moderated growth in agriculture, forestry and fishing.

Chart 1: Real GDP Growth Rates



Source of Data: Kenya National Bureau of Statistics

2. The primary sector grew by 3.6 percent in the second quarter of 2026, compared to a growth of 4.4 percent in the corresponding quarter of 2025 **(Table 1).** Growth in the sector was supported by favorable performance in both the agriculture, forestry and fishing; and mining and quarrying sub-sectors. The overall growth of the primary sector moderated compared to the corresponding quarter of 2025, due to slower expansion in these key sub-sectors.

3. Agriculture, forestry and fishing sub-sector grew by 3.5 percent in the second quarter of 2026, compared to 4.0 percent in the corresponding quarter of 2025. The slower growth was partly attributed to the early cessation of the March–May long rains, which affected crops development and lowered expected production. Growth was supported by increased production of tea, sugarcane and cut flowers, as well as higher coffee and vegetable exports. The decline in milk deliveries to processors and fruit exports partly led to an offset of these gains.

4. Mining and quarrying sub-sector grew by 5.8 percent in the second quarter of 2026, compared to 13.7 percent in the corresponding quarter of 2025. The sub-sector's performance was supported by increased production of key minerals, particularly Soda Ash, construction materials, and other quarry products, reflecting sustained demand from the construction and manufacturing sub-sectors. However, growth moderated compared to the corresponding quarter of 2025, partly as a reflection of the higher base effect and due to slower expansion in mineral production.

Table 1: Sectoral Real GDP Growth Rate (Percent)

Sectors/Sub-sectors	Annual Growth	Quartely Growth Rates			
	2025	2025 Q1	2025 Q2	2026 Q1	2026Q2
1. Primary sector	**3.7**	**5.7**	**4.4**	**4.1**	**3.6**
1.1. Agriculture, forestry and fishing	3.1	5.3	4.0	3.8	3.5
1.2 Mining and quarrying	14.9	12.7	13.7	9.1	5.8
2. Secondary Sector (Industry)	**4.1**	**3.6**	**4.1**	**5.1**	**4.3**
2.1. Manufacturing	2.0	2.8	1.3	4.4	2.2
2.2. Electricity and Water supply	5.2	4.1	6.5	4.3	7.7
2.3. Construction	6.8	4.5	7.3	6.6	6.0
3. Tertiary sector (Services)	**5.0**	**4.8**	**5.3**	**5.0**	**5.4**
3.1. Wholesale and retail trade	3.6	4.3	2.6	4.1	4.7
3.2. Accomodation and food service	15.6	8.0	12.8	14.7	7.4
3.3. Transport and storage	3.7	3.6	3.3	3.6	4.4
3.4. Information and communication	4.8	5.5	5.9	5.0	7.2
3.5. Financial and insurance	6.5	5.3	7.1	6.3	6.1
3.6. Public administration	8.3	9.5	8.7	5.7	7.0
3.7. Others	3.8	3.7	4.7	4.6	4.8
of which: Professional, Admin & Support Services	5.0	4.1	7.0	2.4	3.7
Real estate	3.9	4.6	4.3	5.0	5.5
Education	2.8	1.8	3.8	6.2	5.2
Health	5.5	4.7	7.0	4.3	4.5
Taxes less subsidies	3.1	4.1	3.8	4.3	5.3
Real GDP	**4.6**	**4.9**	**4.9**	**5.1**	**5.1**

Source of Data: Kenya National Bureau of Statistics

5. The industry sector grew by 4.3 percent in the second quarter of 2026 compared to a growth of 4.1 percent in the second quarter of 2025. The growth was supported by the strong growth in manufacturing, construction, and electricity and water supply sub- sectors.

6. Manufacturing sub-sector grew by 2.2 percent in the second quarter of 2026, compared to 1.3 percent in the corresponding quarter of 2025. The improved performance was supported by increased production of galvanized sheets and cement in the non-food manufacturing sub-sector. In food manufacturing, sugar production more than doubled, while soft drinks production also increased. These gains in the non-food manufacturing were partly offset by the decline in processed milk production, mainly due to reduced milk supply.

7. Electricity and water supply sub-sector grew by 7.7 percent in the second quarter of 2026, compared to 6.5 percent in the corresponding quarter of 2025. The improved performance was supported by increased electricity generation from hydro, geothermal and wind sources, alongside reduced reliance on thermal generation. The expansion of renewable electricity generation supported supply while reducing dependence on thermal power.

8. Construction sub-sector grew by 6.0 percent in the second quarter of 2026, compared to 7.3 percent in the corresponding quarter of 2025. The sub-sector continued to expand, supported by increased cement consumption; and production of galvanized sheets and steel bars and rods. The increased credit to enterprises also points to continued

financing of construction-related activities. Nevertheless, the slower growth suggests a moderation in the pace of expansion compared with the previous year.

9. The services sector recorded a growth of 5.4 percent in the second quarter of 2026, compared to 5.3 percent in the same period in 2025. The performance was supported by improved growth in the wholesale and retail trade, transport and storage, information and communication, real estate, and education sub-sectors.

10. Accommodation and food services sub-sector grew by 7.4 percent in the second quarter of 2026, compared to 12.8 percent in the corresponding quarter of 2025. Despite the moderation, the sub-sector continued to record strong growth. International visitor arrivals increased modestly, providing support to tourism and hospitality activities. The slower expansion may also reflect the high growth base in the previous year and the relatively modest increase in visitor arrivals during the review period.

11. The transportation and storage sub-sector grew by 4.4 percent in the second quarter of 2026, compared to 3.3 percent in the corresponding quarter of 2025. The improved performance was supported by increased activities across land, rail and water modes of transport. The cargo volumes transported through the Standard Gauge Railway (SGR) and the Port of Mombasa increased, alongside higher railway passenger numbers and consumption of light diesel. However, international passenger arrivals through Jomo Kenyatta International Airport (JKIA) and Moi International Airport (MIA) declined, while higher fuel prices presented an additional cost pressure for transport operators all partly offsetting the gains.

12. The information and communication sub-sector grew by 7.2 percent in the second quarter of 2026, compared to 5.9 percent in the corresponding quarter of 2025. The growth was supported by increased mobile voice traffic, internet usage and mobile money transactions. Utilization of international bandwidth also increased, reflecting growing demand for connectivity and data services. In contrast, domestic short message service (SMS) traffic declined as users increasingly adopted internet-based messaging platforms such as WhatsApp.

13. Financial and insurance sub-sector grew by 6.1 percent in the second quarter of 2026, compared to 7.1 percent in the corresponding quarter of 2025. The sub-sector's performance was supported by easing monetary conditions, reflected in lower commercial bank lending rates, alongside growth in broad money supply and domestic credit, particularly credit to the private sector. Net foreign assets of the banking sector also increased, while activities in the Nairobi Securities Exchange improved significantly, reflecting increased share trading and stronger equity market performance.

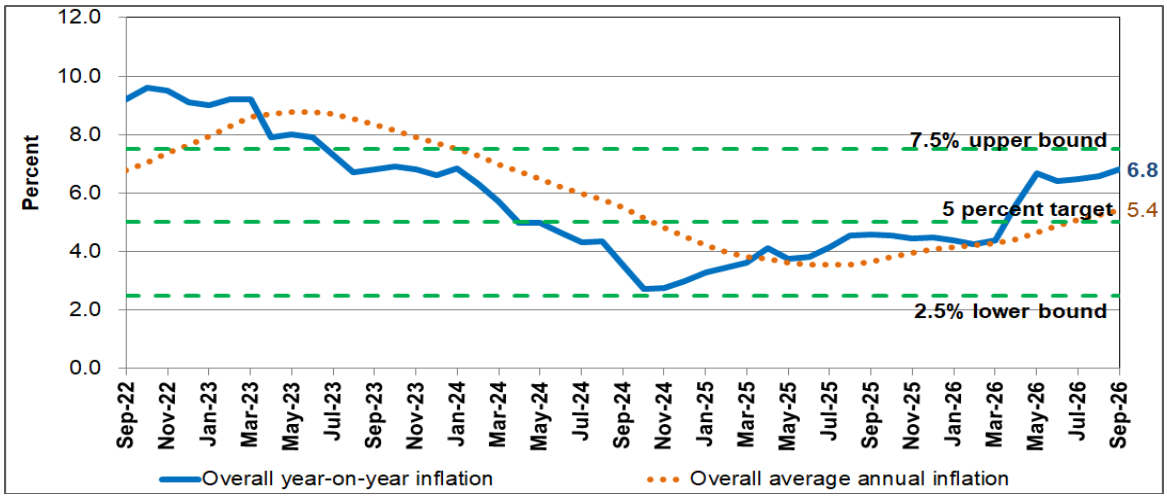
1.2 Inflation

14. Year-on-year overall inflation increased to 6.8 percent in September 2026 from 4.6 percent in September 2025 due to higher energy prices arising from the elevated global oil prices but remained within the target range of 5±2.5 percent. Annual average inflation increased to 5.4 percent in September 2026 from 3.6 percent in September 2025 **(Chart 2a).**

15. Core inflation increased to 4.0 percent in September 2026 from 2.9 percent in September 2025, mainly on account of higher prices of processed food items particularly milk and wheat products and edible oils. Non-core inflation also rose to 14.0 percent from

9.6 percent over the same period, largely driven by relatively higher energy prices, transport costs and food prices.

Chart 2a: Year-On-Year Inflation Development

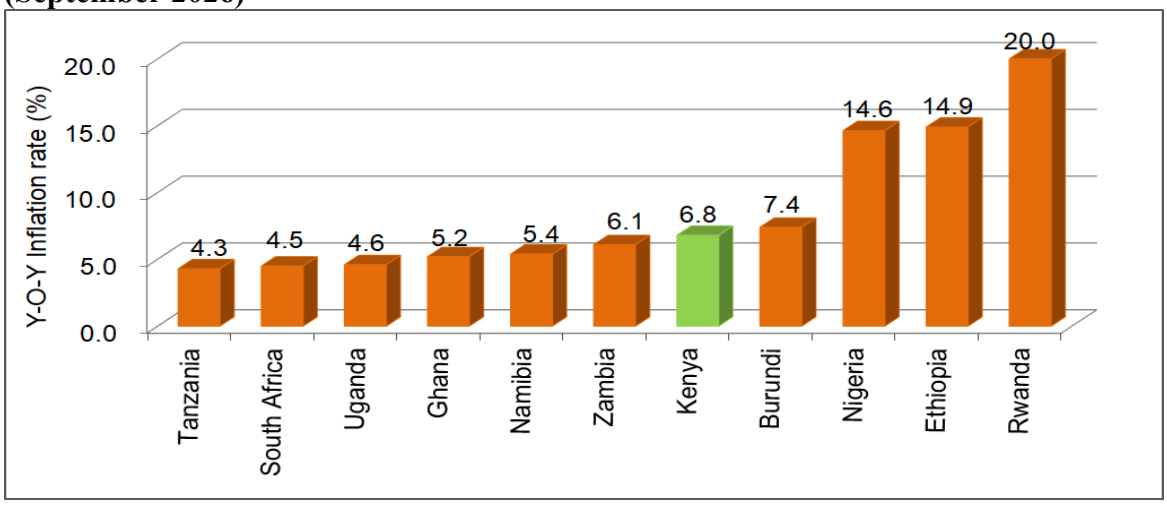


Source of Data: Kenya National Bureau of Statistics

16. The Government continued to implement measures aimed at mitigating the impact of elevated energy and food prices on the cost of living. These included the fertilizer subsidy programme to support farmers' access to affordable inputs; reduce production costs; and enhance domestic food supply. Following the expiry of the temporary reduction of VAT on petroleum products in October 2026, the Government proposed a further 90-day extension through a Bill before Parliament. The proposed extension is expected to cushion consumers and businesses against rising fuel costs and help moderate inflationary pressures in the subsequent period.

17. Inflation outcomes across selected Sub-Saharan African economies in September 2026 remained mixed, reflecting differences in food supply conditions, energy costs and domestic price pressures. Relatively low inflation in Tanzania, South Africa and Uganda was supported by more moderate prices increases, although rising fuel and transport costs continued to exert pressure in some of the economies. In contrast, elevated inflation in Rwanda, Ethiopia and Nigeria reflected more persistent prices pressures, while Ghana, Namibia, Zambia and Burundi recorded moderate inflation.

Chart 2b: Year on Year Inflation Rates of Selected Sub-Saharan Africa Countries (September 2026)



Source of Data: National Central Banks

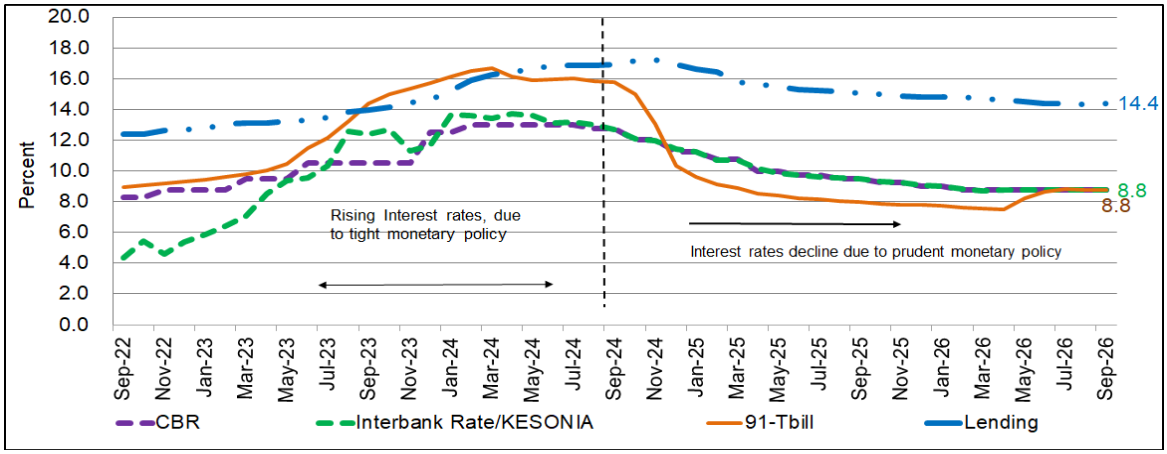
1.3 Interest Rates

18. The Central Bank of Kenya, through the Monetary Policy Committee, has progressively eased the monetary policy, reducing the Central Bank Rate from 13.0 percent in July 2024 to 8.75 percent by September 2026 **(Chart 3).** The easing of the monetary policy is expected to support private sector credit growth; lower the cost of borrowing; and stimulate economic activities; while maintaining price stability; anchoring inflation expectations; and supporting exchange rate stability.

19. The Kenya Shilling Overnight Interbank Average (KESONIA) declined to 8.8 percent in September 2026 from 9.6 percent in September 2025, reflecting lower overnight interbank average lending rates in line with the easing of monetary policy. Treasury bill rates recorded mixed movements over the same period. The 91-day and 182-day Treasury bill rates increased to 8.8 percent and 8.9 percent in September 2026, respectively, from 8.0 percent for both maturities in September 2025. In contrast, the 364-day Treasury bill rate declined to 9.1 percent from 9.6 percent over the same period. These movements reflect variations in investor preferences across the maturities influenced by expectations regarding future interest rates; investment horizons; and the trade-off between returns and exposure to interest rate risks.

20. Average commercial banks' lending rates declined to 14.4 percent in September 2026 from 15.1 percent in September 2025, while average deposit rates decreased to 6.9 percent from 7.6 percent over the same period. Consequently, the interest rate spread widened slightly to 7.5 percentage points from 7.4 percentage points, reflecting a larger decline in deposit rate relative to lending rate. The decline in lending rates is consistent with the easing of monetary policy and is expected to gradually lower borrowing costs and support private sector credit growth.

Chart 3: Interest Rates



Source of Data: Central Bank of Kenya

1.4 Money and Credit

21. Broad money supply, M3, grew by 11.3 percent in the year to September 2026, compared to a growth of 7.1 percent in the year to September 2025 **(Table 2).** The improved growth of M3 was mainly driven by higher growth in Net Foreign Assets (NFA) which grew by 61.3 percent in the year to September 2026, compared to a growth of 5.7 percent in the year to September 2025. The increase in NFA reflected higher official inflows and CBK operations, which resulted in a build-up of foreign currency reserves at the CBK, as well as an increase in external deposits held by commercial banks.

22. Net Domestic Assets (NDA) grew by 1.5 percent in the year to September 2026, compared to 7.3 percent in the year to September 2025, reflecting slower growth in domestic credit. Domestic credit extended by the banking system to Government contracted by 7.4 percent in the year to September 2026, compared to a growth of 38.1 percent over the same period in 2025, partly reflecting a moderation in the growth of Government borrowing from the domestic banking system. Lending to other public sector also declined, mainly reflecting net repayments by parastatals.

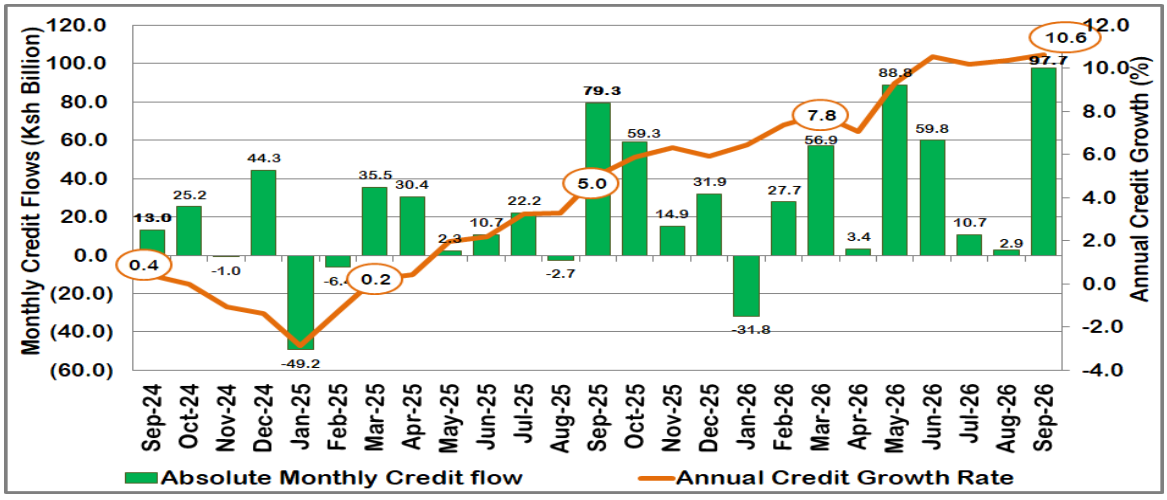
Table 2: Money and Credit Developments (12 Months to September 2026, KSh. Billion)

				Absolute Change		Percent Change	
	2024 September	2025 September	2026 September	2024-2025 September	2025-2026 September	2024-2025 September	2025-2026 September
COMPONENTS OF M3							
1. Money supply, M1 (1.1+1.2+1.3)	1,972.8	2,324.2	2,641.4	351.4	317.2	17.8	13.6
1.1 currency outside banks (M0)	268.2	292.5	342.0	24.3	49.5	9.1	16.9
1.2 Demand deposits	1,603.4	1,930.4	2,167.7	327.0	237.3	20.4	12.3
1.3 Other deposits at CBK	101.1	101.3	131.7	0.2	30.4	0.2	30.1
2. Money supply, M2 (1+2.1)	4,043.5	4,488.1	4,994.8	444.6	506.7	11.0	11.3
2.1 Time and savings deposits	2,070.8	2,163.9	2,353.4	93.2	189.5	4.5	8.8
Money supply, M3 (2+3.1)	**5,381.4**	**5,761.1**	**6,411.9**	**379.6**	**650.8**	**7.1**	**11.3**
3.1 Foreign currency deposits	1,337.9	1,273.0	1,417.1	(64.9)	144.1	(4.9)	11.3
SOURCES OF M3							
1. Net foreign assets (1.1+1.2)	**893.3**	**943.9**	**1,522.1**	**50.7**	**578.2**	**5.7**	**61.3**
1.1 Central Bank	472.1	747.1	1,276.0	275.1	528.9	58.3	70.8
1.2 Banking Institutions	421.2	196.8	246.1	(224.4)	49.3	(53.3)	25.1
2. Net domestic assets (2.1+2.2)	**4,488.2**	**4,817.1**	**4,889.8**	**329.0**	**72.6**	**7.3**	**1.5**
2.1 Domestic credit (2.1.1+2.1.2+2.1.3)	5,565.6	6,368.6	6,614.9	803.0	246.3	14.4	3.9
2.1.1 Government (net)	1,693.0	2,337.4	2,165.0	644.5	(172.5)	38.1	(7.4)
2.1.2 Other public sector	83.6	51.4	48.1	(32.2)	(3.3)	(38.5)	(6.4)
2.1.3 Private sector	**3,789.1**	**3,979.8**	**4,401.8**	**190.7**	**422.0**	**5.0**	**10.6**
2.2 Other assets net	(1,077.4)	(1,551.5)	(1,725.1)	(474.0)	(173.6)	(44.0)	(11.2)

Source of Data: Central Bank of Kenya

23. Growth in commercial banks' lending to the private sector strengthened to 10.6 percent in the year to September 2026, compared to 5.0 percent in the year to September 2025 **(Chart 4).** The improved performance was broad-based, supported by increased credit to key sectors of the economy, particularly trade, building and construction, agriculture, finance and insurance, and consumer durables.

Chart 4: Private Sector Credit



Source of Data: Central Bank of Kenya

24. Consistent with this trend, monthly net credit flows to the private sector increased to KSh. 97.7 billion in September 2026 from KSh. 79.3 billion in September 2025. The recovery in private sector credit growth reflects improved credit uptake amid the easing of the monetary policy and the declining commercial bank lending rate. This trend is expected to support business operations, investment and economic activities.

1.5 Balance of Payments

25. The current account deficit widened to US$ 4,874.4 million (3.3 percent of GDP) in the year to September 2026, compared to US$ 2,992.0 million (2.2 percent of GDP) in the year to September 2025 mainly due to a higher trade deficit and lower secondary income transfers **(Table 3 and Chart 5).** The current account balance was supported by resilient goods exports, increased service receipts and an improvement in net primary income. The current account deficit in the 12 months to September 2026 was more than fully financed by financial and capital account inflows.

Table 3: Balance of Payments (US$ Million)

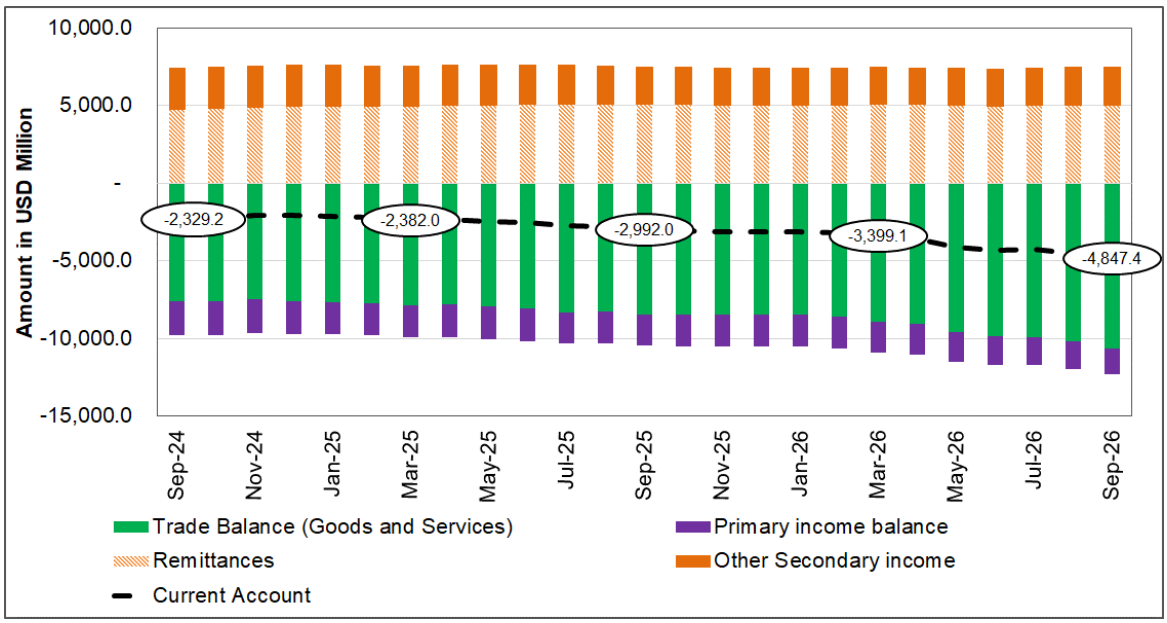
			Year to September 2026		Actuals as a Percent of GDP	
	Sep-25	Sep-26	Absolute Change	Percent Change	Sep-25	Sep-26
Overall Balance	**(2,173.7)**	**(3,667.9)**	**(1,494.2)**	**(68.7)**	**(1.6)**	**(2.5)**
A) Current Account	**(2,992.0)**	**(4,847.4)**	**(1,855.4)**	**(62.0)**	**(2.2)**	**(3.3)**
Merchandise Account (a-b)	(10,772.1)	(13,278.1)	(2,506.0)	(23.3)	(7.9)	(9.1)
a) Goods: exports	12,908.8	16,237.9	3,329.1	25.8	9.5	11.2
b) Goods: imports	23,680.8	29,515.9	5,835.1	24.6	17.4	20.3
Net Services (c-d)	2,344.1	2,661.0	316.9	13.5	1.7	1.8
c) Services: credit	8,204.8	8,959.8	755.0	9.2	6.0	6.2
d) Services: debit	5,860.7	6,298.8	438.1	7.5	4.3	4.3
Net Primary Income (e-f)	(2,038.1)	(1,683.1)	355.0	17.4	(1.5)	(1.2)
e) Primary income: credit	440.4	474.1	33.6	7.6	0.3	0.3
f) Primary income: debit	2,478.5	2,157.2	(321.3)	(13.0)	1.8	1.5
Net Secondary Income	7,474.1	7,452.8	(21.3)	(0.3)	5.5	5.1
g) Secondary income: credit	7,530.8	7,581.3	50.4	0.7	5.5	5.2
of which Remittances	5,080.0	5,031.5	(48.5)	(1.0)	3.7	3.5
h) Secondary income: debit	56.7	128.5	71.7	126.4	0.0	0.1
B) Capital Account	**262.6**	**156.4**	**(106.2)**	**(40.5)**	**0.2**	**0.1**
C) Financial Account	**(4,566.0)**	**(9,217.6)**	**(4,651.6)**	**(101.9)**	**(3.4)**	**(6.3)**

Source of Data: Central Bank of Kenya

26. The balance in the merchandise account deteriorated by US$ 2,506 million to a deficit of US$. 13,278.1 million in September 2026 mainly due to an increase in import bill that more than offset the increase in exports. Goods exports increased by 25.8 percent, mainly driven by horticulture, tea, and machinery and transport equipment. Goods imports increased by 24.6 percent, reflecting higher imports of food, mineral fuels, and intermediate and capital goods. Services receipts increased by 9.2 percent mainly driven by travel services receipts.

27. The deficit on the primary account narrowed by US$ 355.0 million to a deficit of US$. 1,683.1 million in the year to September 2026, compared to the deficit of US$ 2,038.1 million in same period the previous year. Remittances inflows remained resilient in the 12 months to September 2026 at US$ 5,031.5 million, supported by diversified source countries and impact of government policies to export skilled labour **(Chart 5).** Nevertheless, the remittances inflows slowed down mainly reflecting reduced inflows from the USA and Saudi Arabia.

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



Source of Data: Central Bank of Kenya

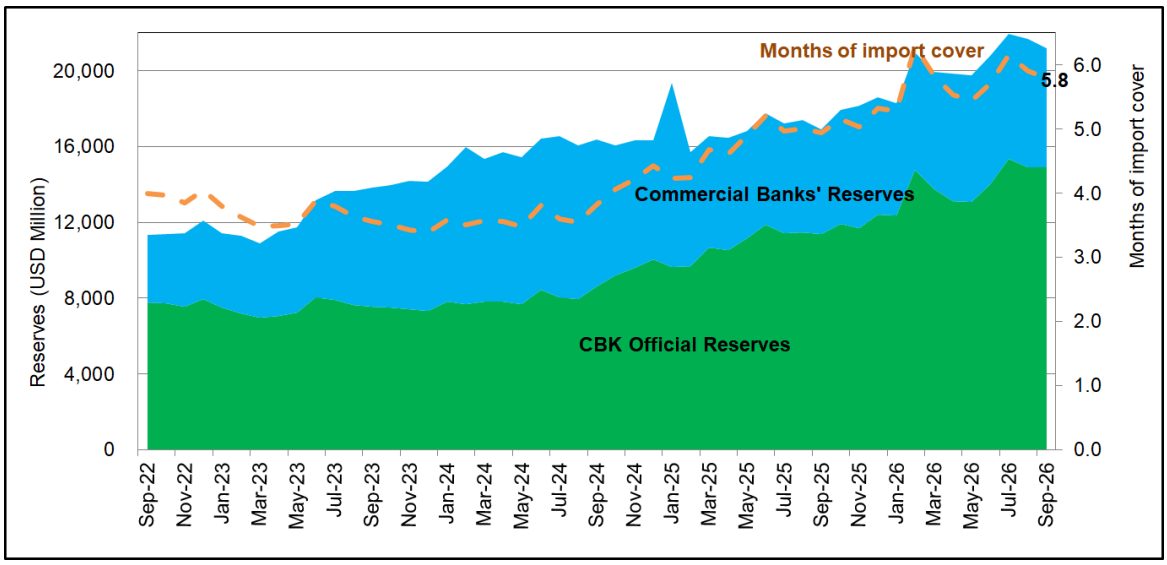
28. The capital account balance decreased by US$. 106.2 million to register a surplus of US$ 156.4 million in the year to September 2026 compared to a surplus of US$ 262.6 million in the same period in 2025. Net financial inflows improved to US$ 9,217.6 million in the year to September 2026, compared to US$ 4,566.0 million in the year to September 2025. This reflects an increase in net financial liabilities, which more than offsets the decline in net acquisition of financial assets. The net financial inflows were mainly in the form of Portfolio investments, direct investments, financial derivatives and other investments.

1.6 Foreign Exchange Reserves

29. The banking system's foreign exchange holdings increased to US$21,189.7 million in September 2026 from US$16,892.3 million in September 2025. This was mainly supported by an increase in official foreign exchange reserves held by the Central Bank of Kenya to US$14,920.1 million, from US$11,383.6 million over the same period in 2025 **(Chart 6).** Commercial banks' foreign exchange holdings also increased to US$6,269.5 million from US$5,508.7 million over the same period.

30. The official reserves held by the Central Bank in September 2026 represented 5.8 months of imports cover, compared to the 4.9 months of imports cover in September 2025. These reserves provide adequate cover and a buffer against short-term shocks in the foreign exchange market.

Chart 6: Foreign Exchange Reserves to September 2026

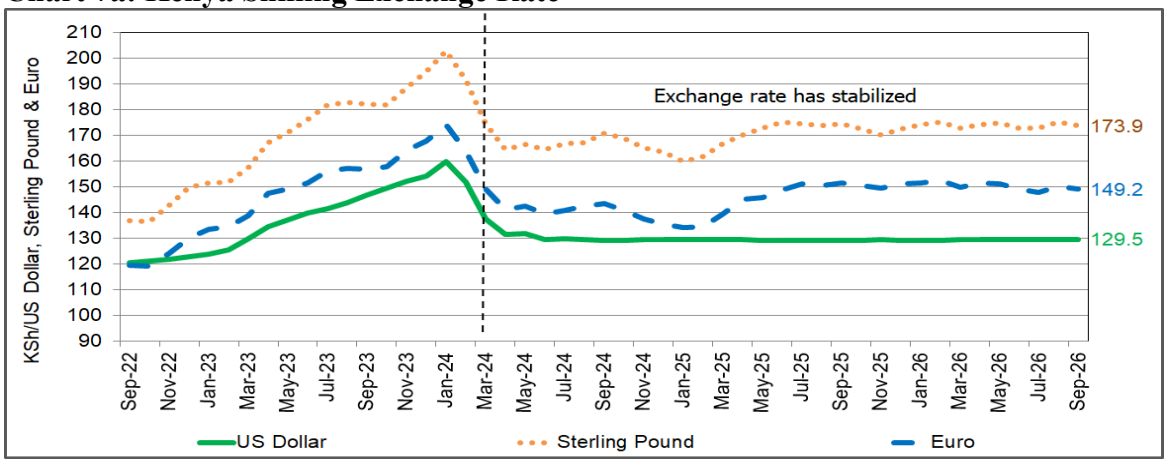


Source of Data: Central Bank of Kenya

1.7 Exchange Rates

31. The Kenya Shilling remained relatively stable against the US Dollar, averaging KSh. 129.5 per US Dollar in September 2026, compared to KSh. 129.2 in September 2025. Against the Sterling Pound and the Euro, the Shilling strengthened, averaging KSh. 173.9 per Pound and KSh. 149.2 per Euro, compared to KSh. 174.6 per Pound and KSh. 151.62 per Euro, in September 2026 and 2025 respectively. The relative stability of the foreign exchange market was supported by the adequate foreign exchange reserves; sustained inflows from the diaspora remittances; and agricultural exports, which helped cushion the Shilling against external pressures **(Chart 7a).**

Chart 7a: Kenya Shilling Exchange Rate



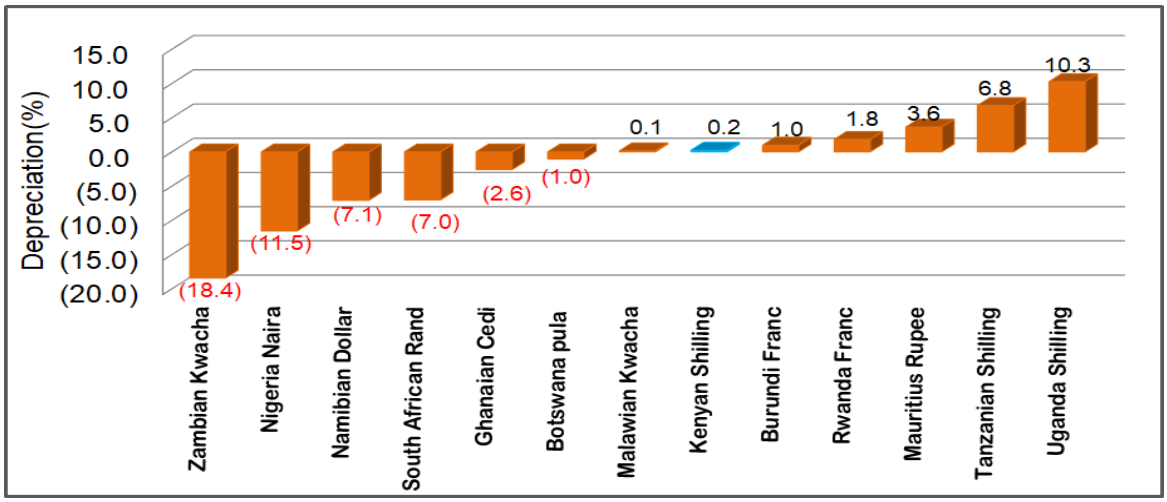
Source of Data: Central Bank of Kenya

32. The performance of selected Sub-Saharan African currencies against the US dollar was mixed between September 2025 and September 2026 **(Chart 7b)**. The Zambian kwacha recorded the largest depreciation (18.4 percent), followed by the Nigerian naira (11.5 percent), Namibian dollar (7.1 percent), South African rand (7.0 percent), Ghanaian cedi (2.6 percent) and Botswana pula (1.0 percent). These movements indicate that majority

of the regional currencies came under pressure against the US dollar during the review period.

33. In contrast, several currencies appreciated against the US dollar over the same period. The Ugandan shilling recorded the strongest appreciation (10.3) percent, followed by the Tanzanian shilling (6.8 percent), Mauritian rupee (3.6 percent), Rwandan franc (1.8 percent) and Burundian franc (1.0 percent). The Kenyan shilling and Malawian kwacha remained broadly stable, appreciating marginally by 0.2 percent and 0.1 percent, respectively.

Chart 7b: Performance of Selected Sub-Saharan Africa Countries' Currencies against the US Dollar (September 2025 to September 2026)

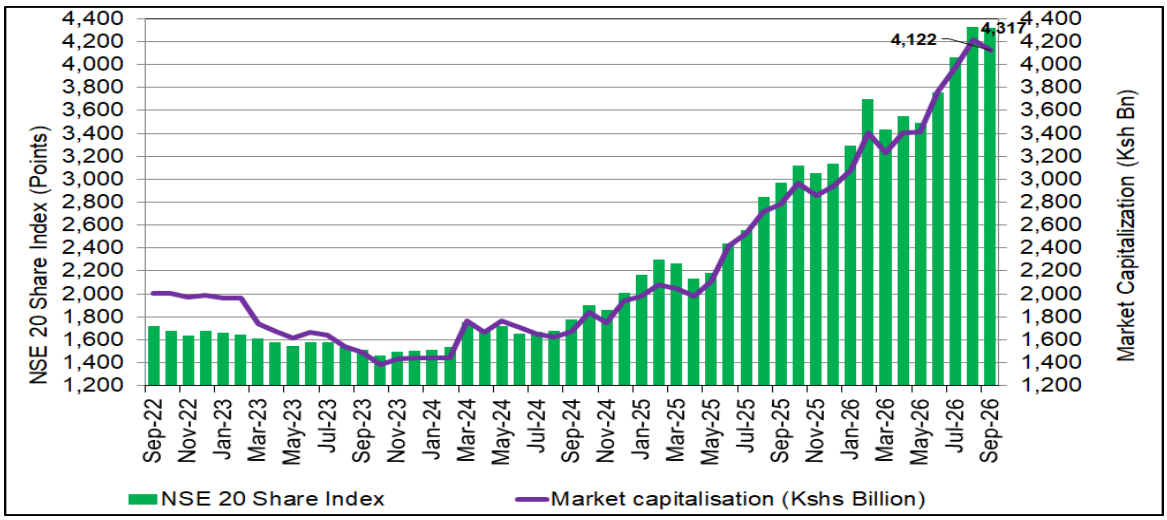


Source of Data: National Central Banks

1.8 Capital Markets

34. Activities at the Nairobi Securities Exchange (NSE) improved significantly over the past year, reflecting increased investor confidence and improved market performance. The NSE 20 Share Index rose by 45.2 percent to 4,317 points in September 2026, from 2,973 points in September 2025. The Index crossed the 4,000-point mark in August 2026 for the first time in nearly a decade. Similarly, market capitalization surpassed KSh. 4 trillion in August 2026 and increased by 48.0 percent to KSh. 4,122 billion in September 2026, from KSh. 2,784 billion in September 2025 **(Chart 8).**

Chart 8: Performance at the NSE to end September, 2026



Source of Data: Nairobi Securities Exchange

2.0 FISCAL DEVELOPMENTS

2.1 Revenue

35. By the end of September 2026, total revenue collected including A-I-A amounted to KSh. 801.5 billion against a target of KSh. 859.9 billion **(Table 4).** The revenue collection was below target by KSh. 58.4 billion. This performance is attributed to underperformance recorded in ordinary revenue of KSh. 58.2 billion. Ministerial A-I-A was below target by KSh. 216.0 million. The ordinary revenue collection was KSh. 655.8 billion against a target of KSh. 714.0 billion. All ordinary revenue categories recorded below target performance during the period under review except import duty, IDF Fee and Other Non-Tax revenues which surpassed the target by KSh. 968 million, KSh. 1.4 billion and KSh. 2.7 billion respectively. The total revenue recorded a growth of 12.9 percent compared to a growth of 1.7 percent recorded in September 2025 **(Chart 9)**.

36. The ministerial A-I-A collected amounted to KSh. 145.6 billion against a target of KSh. 145.9 billion, KSh. 216 million below the target. The performance of A-I-A translated to a growth of 7.0 percent. Railway Development Levy collection amounted to KSh. 14.3 billion against a target of KSh. 11.0 billion, translating to a growth of 32.0 percent compared to a similar period in 2025. The revenue data in Government Finance Statistics Manual 2014 (GFSM 2014) format is shown in annex II.

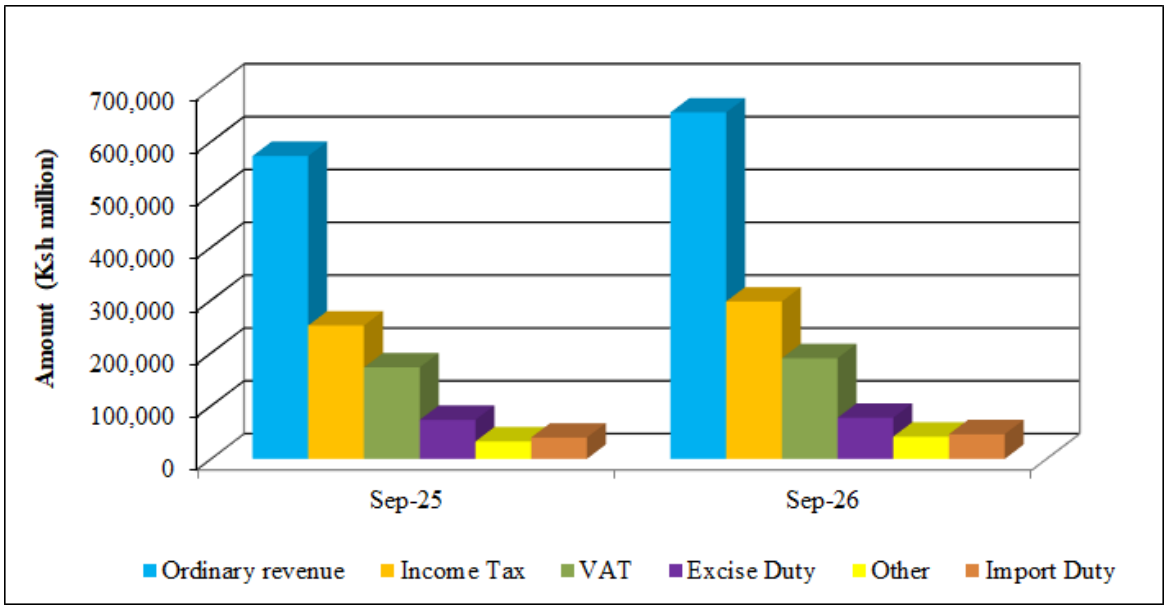
Table 4: Government Revenue and External Grants, Period Ending 30th September, 2026 (KSh. Millions)

	2025/2026 Actual	2026/2027		Deviation KSh.	% Growth
		Actual*	Target		
Total Revenue (a+b)	**709,606**	**801,472**	**859,853**	**(58,381)**	**12.9**
(a) Ordinary Revenue	**573,463**	**655,838**	**714,002**	**(58,164)**	**14.4**
Tax Revenue	**556,376**	**632,941**	**683,406**	**(50,464)**	**13.8**
Import Duty	40,471	46,872	45,904	968	15.8
Excise Duty	73,875	78,054	94,304	(16,250)	5.7
PAYE	136,621	149,606	162,167	(12,561)	9.5
Other Income Tax	115,993	148,323	161,152	(12,829)	27.9
VAT Local	87,338	96,140	100,832	(4,692)	10.1
VAT Imports	86,034	94,596	100,039	(5,442)	10.0
Taxes on Intl. Trade & Trans.(IDF Fee)	11,202	13,662	12,225	1,437	22.0
Other Tax Revenue	4,842	5,689	6,783	(1,094)	17.5
Non Tax Revenue	**17,087**	**22,897**	**30,597**	**(7,700)**	**34.0**
Investment Revenue	10,484	11,546	19,578	(8,033)	10.1
Traffic Revenue	875	1,011	3,341	(2,331)	15.5
Others [1]	5,728	10,340	7,677	2,663	80.5
(b) Appropriation In Aid [2]	**136,143**	**145,634**	**145,851**	**(216)**	**7.0**
o/w Railway Development Levy	10,851	14,322	11,028	3,295	32.0
(c) External Grants	**2,950**	**2,500**	**4,598**	**(2,098)**	
Total Revenue and External Grants	**712,556**	**803,972**	**864,451**	**(60,479)**	**12.8**
Total Revenue and External Grants as a percentange of GDP	**3.70**	**3.86**	**4.15**	**(0.3)**	**4.5**

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

37. As a proportion of GDP, the total revenue and grants in the period under review was 3.9 percent compared to 3.7 percent recorded in the corresponding period in the FY 2025/26. Total external grants amounted to KSh. 2.5 billion against a target of KSh. 4.6 billion, translating to an underperformance of KSh. 2.1 billion.

Chart 9: Ordinary Revenue by Source, Period Ending 30th September, 2026



Source of Data: National Treasury

2.2 Expenditure

38. The total expenditure and net lending for the period under review amounted to KSh. 1,185.3 billion, against a target of KSh. 1,039.3 billion. The resultant above target expenditure of KSh. 146.0 billion is attributed to an above target disbursement towards recurrent and development expenditure. The recurrent expenditure amounted to KSh. 871.2 billion, against a target of KSh. 817.7 billion which was KSh. 53.4 billion above the target. The above target expenditure in the recurrent category was mainly due to higher than targeted expenditures in domestic interest and operations & maintenance i.e. ministerial recurrent expenditure other than salaries and wages (**Table 5 and Chart 10**). Development expenditure amounted to KSh. 217.9 billion, against a target of KSh. 148.1 billion which was KSh. 69.8 billion above the target. Transfer to County governments amounted to KSh. 96.3 billion against a target of KSh. 73.4 billion.

Table 5: Expenditure and Net Lending, Period Ending 30th September 2026 (KSh. Millions)

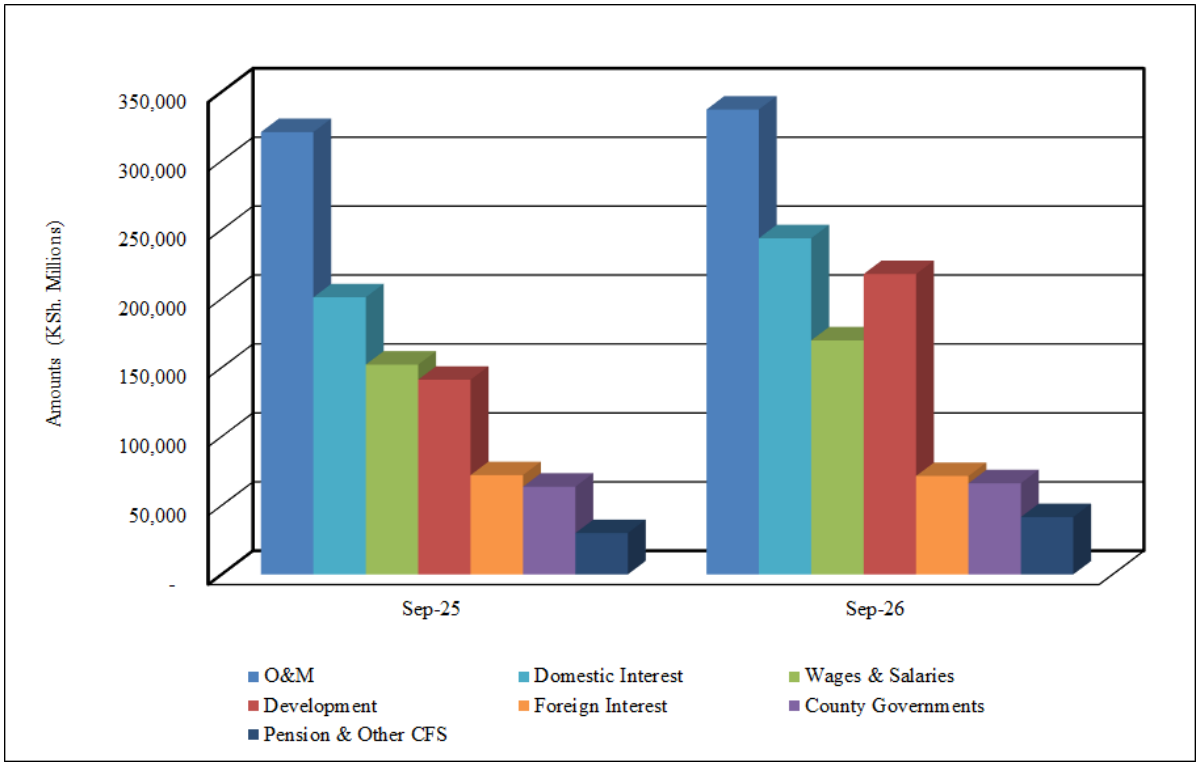
	2025/2026 Actual	2026/2027		Deviation	% Growth
		Actual*	Targets		
1. RECURRENT	**785,685**	**871,152**	**817,747**	**53,405**	**10.9**
Domestic Interest	201,010	243,854	207,145	36,709	21.3
Foreign Interest	71,990	71,390	72,714	(1,324)	(0.8)
Pensions & Other CFS	29,961	41,604	44,095	(2,491)	38.9
Contribution to Civil Servants' Pension	9,683	7,394	5,346	2,048	(23.6)
Wages and Salaries	152,138	169,738	167,109	2,630	11.6
Operation and Maintenance	320,904	337,172	321,339	15,833	5.1
O/W: Appropriation-in-Aid	82,012	83,479	86,039	(2,560)	1.8
2. DEVELOPMENT	**141,189**	**217,863**	**148,105**	**69,758**	**54.3**
Development Projects (Net)	76,994	163,377	95,719	67,659	112.2
Appropriation-in-Aid	64,196	54,486	52,387	2,099	(15.1)
3. County Governments	66,131	96,300	73,449	22,851	45.6
4. Parliamentary Service	10,287	10,791	12,753	(1,962)	4.9
5. Judicial Service	6,550	6,605	7,595	(990)	0.8
6. Equalization Fund	-	-	4,305	(4,305)	-
7. CF	-	-	-	-	-
TOTAL EXPENDITURE	**993,005**	**1,185,315**	**1,039,301**	**146,014**	**19.4**

*Provisional

Source of Data: National Treasury

39. Foreign interest payments amounted to KSh. 71.4 billion, compared to KSh. 72.0 billion paid over the same period in the FY2025/26. The domestic interest payments totalled KSh. 243.9 billion, compared to KSh. 201.0 billion paid in the corresponding period in the FY2025/26**.** 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, 2026



Source of Data: National Treasury

2.2.1 National Government Expenditures by Public Agencies

40. The total ministerial and other public agencies expenditure including A-I-A was KSh. 719.5 billion against a target of KSh. 730.7 billion. Recurrent expenditure was KSh. 506.9 billion against a target of KSh. 519.6 billion, while development expenditure amounted to KSh. 212.6 billion against a target of KSh. 211.1 billion. The percentage of total expenditures to the target was 98.5 percent while the percentage of total expenditures to the target for recurrent and development were 97.6 percent and 100.7 percent respectively, as at the end of the period under review.

41. As at 30th September, 2026, 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 47.1 percent of total recurrent expenditure. The Ministry of Defence and the National Police Service accounted for 11.9 percent and 6.6 percent of total recurrent expenditure respectively.

42. Analysis of development outlay indicates that the State Department for Roads accounted for the largest share of the total development expenditure (20.7 percent); followed by the State Department for Housing and Urban Development (18.6 percent); State Department for Economic Planning (7.3 percent); and State Department for Crop Development (6.3 percent). **Table 6** below shows the recurrent and development expenditures by Ministries, State Departments and other government entities for the period under review**.**

Table 6: National Government Expenditures by Public Agencies, Period Ending 30th September, 2026 (KSh. Millions)

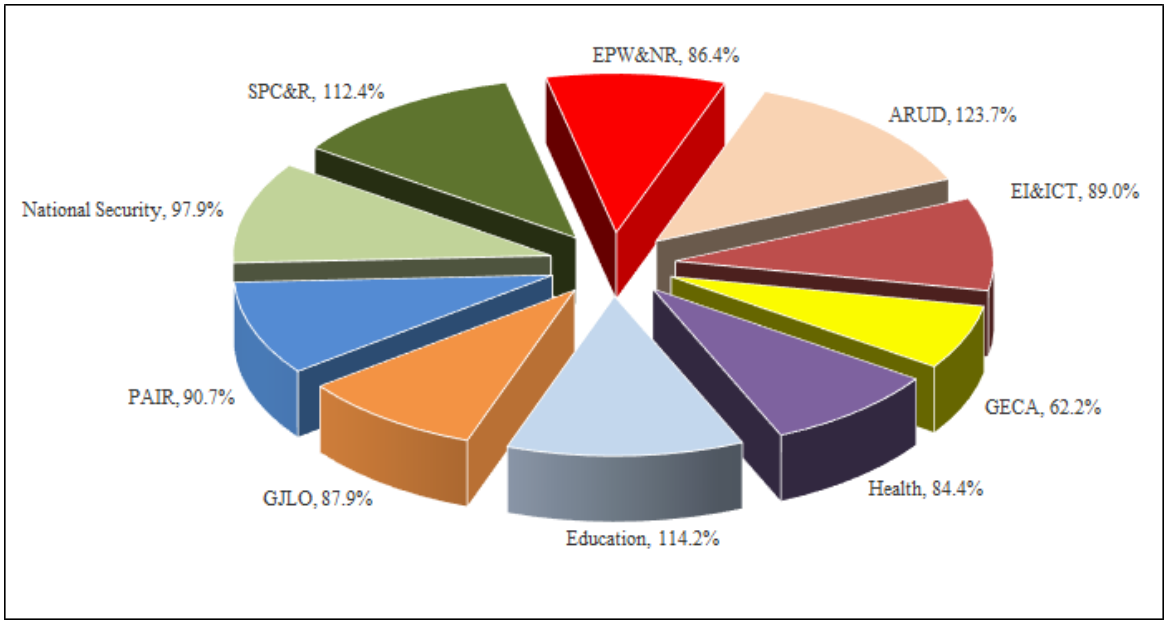
MINISTRY/DEPARTMENT/COMMISSION	Sep-26									% of Total Exp. To Target
	Recurrent			Development			Total			
	Actual*	Target	Variance	Actual*	Target	Variance	Actual*	Target	Variance	
1011 Executive Office of the President	1,340	1,547	(207)	268	328	(60)	1,608	1,875	(267)	85.8
1012 Office of the Deputy President	1,300	869	431	11	25	(14)	1,312	894	417	146.7
1013 Office of the Prime Cabinet Secretary	247	285	(38)	-	-	-	247	285	(38)	86.6
1014 State Department for Parliamentary Affairs	70	90	(20)	-	-	-	70	90	(20)	77.6
1015 State Department for Performance and	-	-	-	-	-	-	-	-	-	
1016 State Department for Cabinet Affairs	41	67	(27)	-	-	-	41	67	(27)	60.5
1017 State House	4,364	3,129	1,235	340	257	83	4,704	3,386	1,318	138.9
1018 State Department for National Government Coordination	167	308	(141)	-	-	-	167	308	(141)	54.3
1023 State Department for Correctional Services	7,925	10,393	(2,468)	-	268	(268)	7,925	10,661	(2,736)	74.3
1024 State Department for Immigration and Citizen Services	3,233	3,357	(124)	8,523	3,114	5,409	11,756	6,471	5,284	181.7
1025 National Police Service	33,500	36,065	(2,565)	-	763	(763)	33,500	36,828	(3,328)	91.0
1026 State Department for Internal Security & National Administration	20,188	13,263	6,925	8,512	2,459	6,053	28,700	15,722	12,978	182.5
1032 State Department for Devolution	524	366	159	-	2,665	(2,665)	524	3,030	(2,506)	17.3
1033 State Department for Special Programmes	85	324	(239)	-	41	(41)	85	365	(280)	23.2
1036 State Department for the ASALs and Regional	1,350	1,872	(521)	1,342	987	355	2,692	2,858	(166)	94.2
1041 Ministry of Defence	60,117	60,378	(261)	1,221	2,659	(1,437)	61,338	63,037	(1,699)	97.3
1053 State Department for Foreign Affairs	1,279	6,067	(4,788)	11	589	(578)	1,290	6,657	(5,366)	19.4
1054 State Department for Diaspora Affairs	118	204	(86)	-	-	-	118	204	(86)	57.9
1064 State Department for Vocational and Technical Training	7,507	12,472	(4,964)	1,365	2,155	(790)	8,872	14,626	(5,754)	60.7
1065 State Department for Higher Education and Research	100,353	38,831	61,522	2,046	2,147	(101)	102,399	40,978	61,421	249.9
1066 State Department for Basic Education	33,848	29,546	4,301	6,369	4,592	1,776	40,217	34,139	6,078	117.8
1067 State Department for Science, Innovation and Research	245	314	(69)	-	-	-	245	314	(69)	78.1
1071 The National Treasury	15,899	19,138	(3,239)	2,680	11,831	(9,151)	18,579	30,968	(12,390)	60.0
1072 State Department for Economic Planning	947	1,288	(341)	15,465	15,499	(34)	16,412	16,787	(375)	97.8
1073 State Department for Public Investments and Assets Management	2,153	1,083	-	142	81	-	2,295	1,164	1,131	197.2
1082 State Department for Medical Services	14,512	26,920	(12,408)	10,112	6,434	3,678	24,624	33,354	(8,730)	73.8
1083 State Department for Public Health and Professional Standards	10,296	8,335	1,962	2,255	2,374	(119)	12,552	10,709	1,843	117.2
1091 State Department for Roads	3,321	14,450	(11,129)	43,962	41,771	2,191	47,283	56,222	(8,938)	84.1
1092 State Department for Transport	552	1,907	(1,355)	2,147	14,294	(12,147)	2,699	16,200	(13,502)	16.7
1093 State Department for Shipping and Maritime Affairs	791	1,284	(493)	99	463	(364)	890	1,747	(857)	50.9
1094 State Department for Housing & Urban Development	360	1,405	(1,045)	39,539	33,166	6,374	39,900	34,571	5,329	115.4
1095 State Department for Public Works	948	894	54	544	459	85	1,492	1,353	139	110.3
1097 State Department for Aviation and Aerospace Development	4,237	3,320		252	163		4,489	3,483	1,006	128.9
1104 State Department for Irrigation	364	247	117	3,251	2,628	623	3,616	2,875	740	125.7
1109 State Department for Water & Sanitation	2,354	2,171	183	10,502	13,173	(2,671)	12,856	15,345	(2,488)	83.8
1112 State Department for Lands and Physical	1,118	1,434	(316)	9,582	2,851	6,731	10,700	4,286	6,415	249.7
1122 State Department for Information Communication Technology & Digital Economy	796	978	(183)	1,887	2,212	(326)	2,682	3,191	(509)	84.1
1123 State Department for Broadcasting & Telecommunications	1,024	1,646	(622)	99	99	(0)	1,123	1,745	(622)	64.3
1132 State Department for Sports	543	940	(397)	8,256	7,160	1,096	8,799	8,099	699	108.6
1134 State Department for Culture and Heritage	590	759	(169)	66	64	3	656	823	(167)	79.7
1135 State Department for Youth Affairs and the Arts	759	847	(88)	1,244	894	350	2,004	1,741	263	115.1
1152 State Department for Energy	1,401	3,198	(1,797)	5,474	5,343	131	6,875	8,541	(1,666)	80.5
1162 State Department for Livestock Development	585	1,466	(882)	174	1,557	(1,384)	759	3,024	(2,265)	25.1
1166 State Department for the Blue Economy and Fisheries	740	775	(35)	780	1,207	(427)	1,520	1,982	(462)	76.7
1169 State Department for Crop Development	7,941	6,088	1,853	13,329	10,773	2,556	21,270	16,862	4,409	126.1
1173 State Department for Cooperatives	571	1,433	(862)	164	138	26	736	1,571	(835)	46.8
1174 State Department for Trade	845	1,199	(354)	174	104	70	1,019	1,303	(284)	78.2
1175 State Department for Industry	715	1,277	(562)	475	894	(420)	1,190	2,171	(981)	54.8
1176 State Department for Micro, Small and Medium Enterprises Development	364	585	(221)	1,027	849	178	1,391	1,433	(43)	97.0
1177 State Department for Investment Promotion	202	425	(223)	777	852	(74)	979	1,277	(298)	76.7
1184 State Department for Labour and Skills Development	1,180	1,279	(99)	207	423	(216)	1,387	1,702	(315)	81.5
1185 State Department for Social Protection and Senior Citizens Affairs	8,330	7,593	738	52	477	(425)	8,382	8,070	312	103.9
1186 State Department for Children Services	5,081	3,108	1,973	-	185	(185)	5,081	3,293	1,788	154.3
1192 State Department for Mining	328	543	(215)	3	120	(117)	331	663	(332)	49.9
1193 State Department for Petroleum	10,427	5,473	4,954	161	38	123	10,588	5,510	5,077	192.1
1202 State Department for Tourism	1,990	2,984	(994)	39	1,505	(1,466)	2,029	4,489	(2,460)	45.2
1203 State Department for Wildlife	4,704	3,700	1,004	404	458	(53)	5,108	4,157	951	122.9
1212 State Department for Gender and Affirmative Action	245	309	(64)	2,471	1,281	1,190	2,716	1,590	1,126	170.8
1213 State Department for Public Service	4,204	6,069	(1,865)	823	628	195	5,027	6,697	(1,670)	75.1
1221 State Department for East African Community	152	202	(50)	-	-	-	152	202	(50)	75.2
1252 State Law Office	961	1,418	(456)	12	75	(63)	974	1,493	(519)	65.3
1253 State Department for Justice Human Rights and Constitutional Affairs	325	370	(45)	-	-	-	325	370	(45)	87.9
1261 The Judiciary	5,887	6,771	(884)	551	582	(32)	6,438	7,354	(915)	87.6
1271 Ethics and Anti-Corruption Commission	1,128	1,243	(116)	-	31	(31)	1,128	1,274	(146)	88.5
1281 National Intelligence Service	16,021	16,021	-	-	-	-	16,021	16,021	-	100.0
1291 Office of the Director of Public Prosecutions	1,577	1,638	(61)	-	123	(123)	1,577	1,761	(184)	89.6
1311 Office of the Registrar of Political Parties	518	620	(102)	-	-	-	518	620	(102)	83.6
1321 Witness Protection Agency	287	245	42	-	-	-	287	245	42	117.1
1331 State Department for Environment & Climate	860	1,062	(202)	512	1,556	(1,044)	1,372	2,618	(1,246)	52.4
1332 State Department for Forestry	1,177	2,393	(1,216)	1,739	2,258	(519)	2,916	4,651	(1,735)	62.7
2011 Kenya National Commission on Human Rights	105	148	(44)	-	-	-	105	148	(44)	70.5
2021 National Land Commission	1,405	1,483	(77)	-	210	(210)	1,405	1,693	(287)	83.0
2031 Independent Electoral and Boundaries Commission	1,102	6,226	(5,124)	-	15	(15)	1,102	6,241	(5,139)	17.7
2041 Parliamentary Service Commission	268	500	(232)	-	-	-	268	500	(232)	53.5
2042 National Assembly	5,467	7,761	(2,294)	-	-	-	5,467	7,761	(2,294)	70.4
2043 Parliamentary Joint Services	1,419	1,868	(449)	1,108	479	629	2,527	2,347	180	107.7
2044 Senate	2,530	2,145	385	-	-	-	2,530	2,145	385	117.9
2051 Judicial Service Commission	167	242	(75)	-	-	-	167	242	(75)	69.1
2061 Commission on Revenue Allocation	49	105	(57)	-	24	(24)	49	130	(81)	37.6
2071 Public Service Commission	795	934	(139)	-	-	-	795	934	(139)	85.1
2081 Salaries and Remuneration Commission	126	254	(127)	-	-	-	126	254	(127)	49.8
2091 Teachers Service Commission	72,220	105,878	(33,657)	76	186	(109)	72,297	106,063	(33,766)	68.2
2101 National Police Service Commission	409	395	14	-	-	-	409	395	14	103.5
2111 Auditor General	1,843	2,382	(539)	-	76	(76)	1,843	2,457	(614)	75.0
2121 Controller of Budget	210	234	(24)	-	-	-	210	234	(24)	89.7
2131 Commission on Administrative of Justice	156	174	(18)	-	-	-	156	174	(18)	89.8
2141 National Gender and Equality Commission	140	167	(27)	-	-	-	140	167	(27)	84.1
2151 Independent Policing Oversight Authority	387	390	(4)	-	-	-	387	390	(4)	99.0
Total	**506,910**	**519,568**	**(12,658)**	**212,627**	**211,109**	**1,367**	**719,537**	**730,677**	**(11,140)**	**98.5**

*Provisional

Source of Data: National Treasury

43. During the period under review, Agriculture, Rural and Urban Development (ARUD) sector recorded the highest absorption at 123.7 percent; followed by Education at 114.2 percent; Social Protection, Culture and Recreation (SPC&R) at 112.4 percent; and National Security at 97.9 percent. General, Economic and Commercial Affairs (GECA) sector recorded the lowest absorption of 62.2 percent (**Chart 11**).

Chart 11: Sectoral Budget Absorption as at 30th September, 2026



Source of Data: National Treasury

2.2.2 Pending Bills

44. The total outstanding national government pending bills as at 30th September, 2026 amounted to KSh. 523.7 billion. These comprise of KSh. 418.7 billion (80.0 percent) and KSh. 105.0 billion (20.0 percent) for the State Corporations (SC) and Ministries/State Departments/other government entities respectively.

45. 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 (56.1 percent) are recurrent pending bills while 43.9 percent are owed to Contractor/Projects (development). Ministries/State Departments and other government Agencies (MDAs) pending bills consist mainly of historical pending bills.

46. 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.

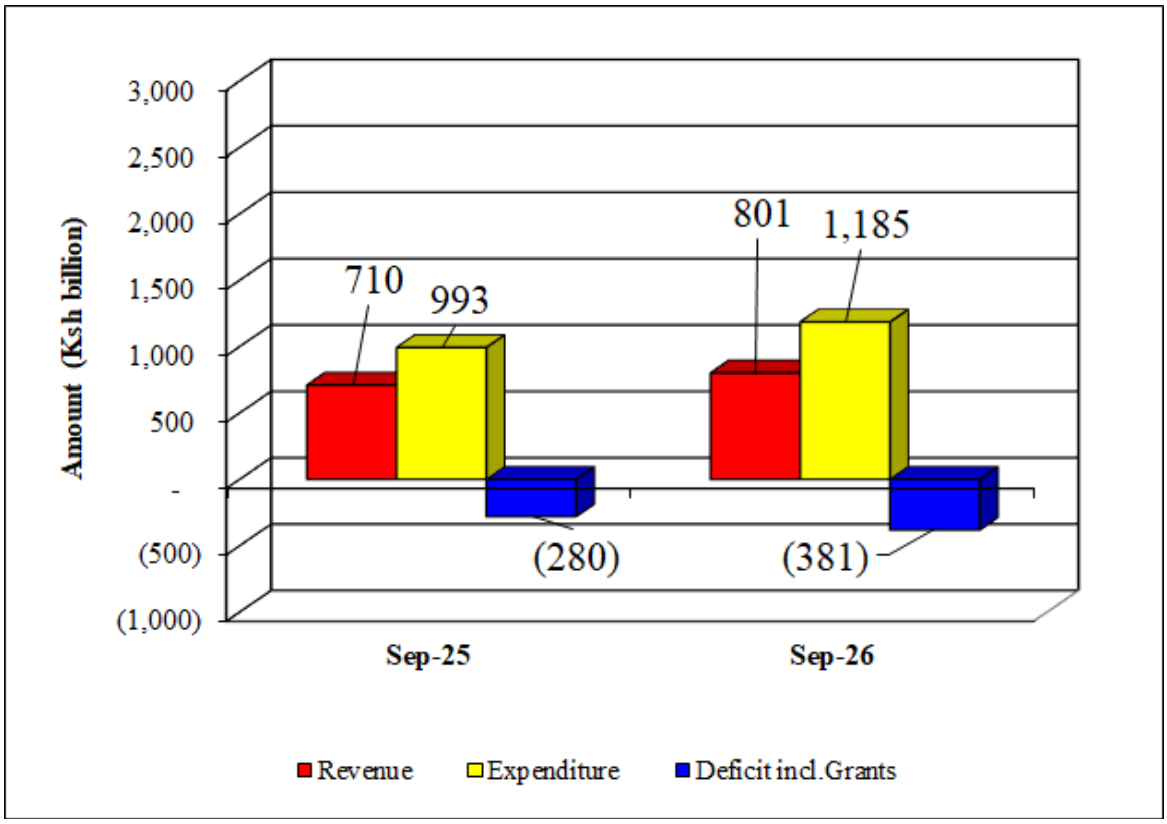
2.2.3 Guaranteed Debt Service

47. During the period ending 30th September, 2026, 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

48. During the period July 2026 to September 2026, the fiscal deficit (on commitment basis and including grants) amounted to KSh. 381.3 billion (1.8 percent of GDP) against a target of KSh. 174.9 billion (0.8 percent of GDP) **(Chart 12 and Table 8)**.

Chart 12: Fiscal Balance as at 30th September, 2026



Source of Data: National Treasury

49. Over the same period in FY2025/26, the fiscal deficit including grants (on commitment basis) was KSh. 280.5 billion (1.5 percent of GDP). The fiscal outturn in the last six (6) FYs and the Printed Estimates for the FY 2026/27 are shown in **Annex I**. Further, GFSM 2014 Compliant Budgetary Central Government fiscal data for the FY 2026/27 are shown in annexes V and VI.

Table 8: Budget Outturn, Cumulative Ending 30th September, 2026 (KSh. Millions)

	2025/2026	2026/2027			% growth	2026/2027 as a % of GDP		2025/2026 Actual as a % of GDP
	Actual*	Actual*	Targets	Deviation		Actual	Targets	
A. TOTAL REVENUE AND GRANTS	**712,556**	**803,972**	**864,451**	**(60,479)**	**12.8**	**3.9**	**4.2**	**3.8**
1. Revenue	**709,606**	**801,472**	**859,853**	**(58,381)**	**12.9**	**3.9**	**4.1**	**3.8**
Ordinary Revenue	**573,463**	**655,838**	**714,002**	**(58,164)**	**14.4**	**3.2**	**3.4**	**3.1**
Tax Revenue	**556,376**	**632,941**	**683,406**	**(50,464)**	**13.8**	**3.0**	**3.3**	**3.0**
Import Duty	40,471	46,872	45,904	968	15.8	0.2	0.2	0.2
Excise Duty	73,875	78,054	94,304	(16,250)	5.7	0.4	0.5	0.4
Income tax	252,615	297,929	323,320	(25,391)	17.9	1.4	1.6	1.4
VAT	173,371	190,736	200,870	(10,134)	10.0	0.9	1.0	0.9
Other Tax Revenue	16,044	19,351	19,008	342	20.6	0.1	0.1	0.1
Non Tax Revenue	**17,087**	**22,897**	**30,597**	**(7,700)**	**34.0**	**0.1**	**0.1**	**0.1**
Investment Revenue	10,484	11,546	19,578	(8,033)	10.1	0.1	0.1	0.1
Other non tax revenue	6,603	11,351	11,019	332	71.9	0.1	0.1	0.0
Appropriation-in-Aid	**136,143**	**145,634**	**145,851**	**(216)**	**7.0**	**0.7**	**0.7**	**0.7**
2. Grants	**2,950**	**2,500**	**4,598**	**(2,098)**	**(15.3)**	**0.0**	**0.0**	**0.0**
Revenue	2,458	1,958	1,800	158	(20.3)	0.0	0.0	0.0
Appropriation-in-Aid	492	542	2,798	(2,257)	10.2	0.0	0.0	0.0
B.EXPENDITURE AND NET LENDING	**993,005**	**1,185,315**	**1,039,301**	**146,014**	**19.4**	**5.7**	**5.0**	**5.3**
1. Recurrent	**785,685**	**871,152**	**817,747**	**53,405**	**10.9**	**4.2**	**3.9**	**4.2**
Domestic Interest	201,010	243,854	207,145	36,709	21.3	1.2	1.0	1.1
Foreign Interest	71,990	71,390	72,714	(1,324)	(0.8)	0.3	0.3	0.4
Pension & Other CFS	29,961	41,604	44,095	(2,491)	38.9	0.2	0.2	0.2
Contribution to Civil Servants' Pension	9,683	7,394	5,346	2,048	(23.6)	0.0	0.0	0.1
Wages and Salaries	152,138	169,738	167,109	2,630	11.6	0.8	0.8	0.8
O & M/Others	320,904	337,172	321,339	15,833	5.1	1.6	1.5	1.7
2. Development and Net Lending	**141,189**	**217,863**	**148,105**	**69,758**	**54.3**	**1.0**	**0.7**	**0.8**
O/W Domestically financed	97,854	186,913	100,460	86,453	91.0	0.9	0.5	0.5
Foreign financed	43,335	30,950	43,340	(12,390)	(28.6)	0.1	0.2	0.2
3.Net Lending	-	-	-	-	-	-	-	0.0
4. Equalization Fund	-	-	4,305.5	(4,305)	-	0.0	0.0	0.0
5. County Governments	66,131	96,300	73,449	22,851	45.6	0.5	0.4	0.4
5. CF	-	-	-	-	-	0.0	-	0.0
C. DEFICIT EXCL.GRANT (Commitment basis)	**(283,399)**	**(383,843)**	**(179,448)**	**(204,395)**	**35.4**	**(1.8)**	**(0.9)**	**(1.5)**
D. DEFICIT INCL.GRANTS (Commitment basis)	**(280,449)**	**(381,343)**	**(174,850)**	**(206,493)**	**36.0**	**(1.8)**	**(0.8)**	**(1.5)**
E. ADJUSTMENT TO CASH BASIS	**47,573**	-	-	-	**(100.0)**	**0.0**	-	**0.3**
F. DEFICIT INCL.GRANTS (Cash basis)	**(232,877)**	**(381,343)**	**(174,850)**	**(206,493)**	**63.8**	**(1.8)**	**(0.8)**	**(1.2)**
Discrepancy	*8,751*	*7,600*	-	*7,600*	*(13.2)*	*0.0*	-	*0.0*
FINANCING	**241,628**	**388,943**	**174,850**	**214,093**	**61.0**	**1.9**	**0.8**	**1.3**
1. Net Foreign financing	**(98,080)**	**(2,509)**	**(81,992)**	**79,482**	**(97.4)**	**(0.01)**	**(0.4)**	**(0.5)**
Disbursements	**43,021**	**77,094**	**44,825**	**32,269**	**79.2**	**0.4**	**0.2**	**0.2**
Programme Loans	2,636	48,644	0	48,644	1,745.7	0.2	-	0.0
Project Cash Loans	22,069	11,884	22,726	(10,842)	(46.2)	0.1	0.1	0.1
Project Loans AIA	18,316	16,567	16,016	551	(9.6)	0.1	0.1	0.1
Commercial Financing	-	-	6,084	(6,084)	-	-	0.0	0.0
Debt repayment - Principal	(141,101)	(79,603)	(126,817)	47,214	**(43.6)**	**(0.4)**	**(0.6)**	**(0.8)**
2. Net Domestic Financing	**339,708**	**391,452**	**256,842**	**134,611**	**15.2**	**1.9**	**1.2**	**1.8**
Government Securities	333,091	529,332	264,267	265,065	58.9	2.5	1.3	1.8
Government Overdraft & Others	(14,422)	(85,874)	-	(85,874)	495.4	-0.4	-	(0.1)
Movement in Government Deposits	28,094	(44,733)	-	(44,733)	(259.2)	-0.2	-	0.2
Domestic Loan Repayments (Net Receipts)	1,781	397	-	397	(77.7)	0.0	-	0.0
Other Accounts Payable	(8,836)	(7,669)	(7,425)	-	(13.2)	(0.0)	(0.0)	(0.0)
MEMO ITEM								
GDP ESTIMATE	**18,642,472**	**20,816,828**	**20,816,828**	-	**11.7**	**100.0**	**100.0**	**100.0**

*Provisional

Source of Data: National Treasury

2.4 Financing

2.4.1 External Financing

50. During the period ending September 2026, net external financing amounted to a net foreign repayment of KSh. 2.5 billion **(Table 9)**. Total disbursements (inflows) including A-I-A amounted to KSh. 77.1 billion against a target of KSh. 44.8 billion. The actual total disbursement comprised of KSh. 11.9 billion Project Cash Loans; KSh. 16.6 billion Project Loans A-I-A; and KSh. 48.8 billion programme loans. The External repayments (outflows) of principal debt amounted to KSh. 79.6 billion. The amount comprised of principal repayments due to bilateral sources, commercial institutions, and multilateral sources amounting to KSh. 45.7 billion, KSh. 17.3 billion, and KSh. 16.6 billion, respectively.

Table 9: External Financing, Period Ending September 2026 (KSh. Millions)

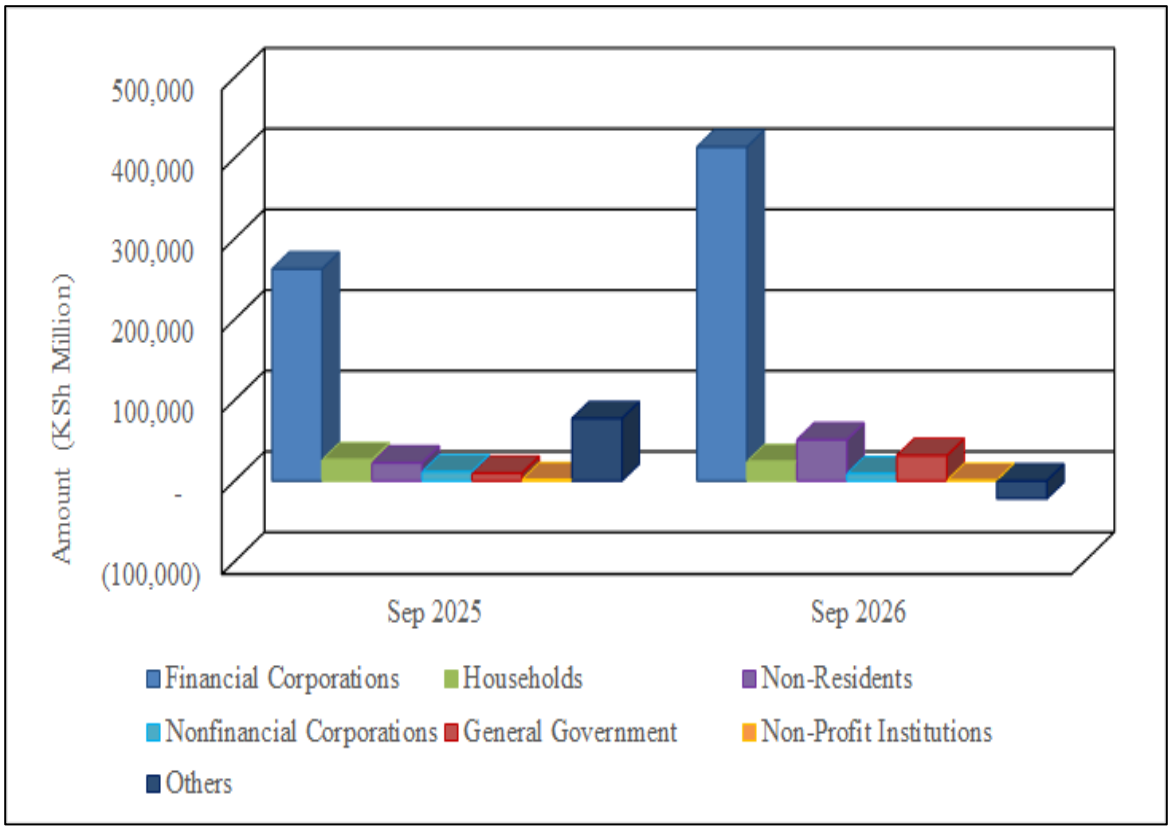
	FY2025/26	FY2026/27	
	Actual*	Actual*	Target
DISBURSEMENTS:	**43,021**	**77,094**	**44,825**
Project Cash loans	22,069	11,884	22,726
Project loans A-I-A	18,316	16,567	16,016
Commercial Financing	-	-	6,084
Use of IMF SDR Allocation	-	-	-
Programme Loans	2,636	48,644	-
EXTERNAL REPAYMENTS:	**141,101**	**79,603**	**88,868**
Bilateral(incl. Italy Debt SWAP)	58,409	45,668	53,427
Multilateral (excl. IMF)	12,789	16,619	16,095
Commercial	69,903	17,316	19,346
NET FOREIGN FINANCING	**(98,080)**	**(2,509)**	**(44,042)**

*Provisional
Source of Data: National Treasury

2.4.2 Domestic Financing

51. As at 30th September, 2026, net domestic borrowing amounted to KSh. 391.5 billion (**Table 10**) against a target of KSh. 256.8 billion (Table 8). The net purchases of Government securities of KSh. 529.3 bn comprised KSh. 413.7 billion from Financial Corporations, KSh. 50.9 billion from Non-Residents, KSh. 31.4 billion from General Government, KSh. 23.9 billion from Households, KSh. 8.9 billion from Non-Financial Corporations, and KSh. 0.5 billion from Non-Profit Institutions offset by overdraft KSh. 85.9 billion, deposits KSh. 44.7 billion and other accounts payable KSh. 7.7 billion (**Table 10 and Chart 13)**.

Chart 13: Domestic Financing for the Period Ending 30th September, 2026



Source of Data: Central Bank of Kenya

52. Compared to September 2025, holdings of government securities increased among Financial Corporations, Non-Residents and General Government. However, the holdings declined among Households, Non-Financial Corporations and Non-Profit Institutions **(Table 10)**.

Table 10: Domestic Financing, Period Ending 30th September, 2026 (KSh. Millions)

SECURITIES HOLDER	SEP 2025	DEC 2025	MAR 2026	JUN 2026*	SEP 2026*
A. Government Securities	**333,091**	**500,259**	**841,342**	**993,994**	**529,332**
Households	**26,041**	**30,434**	**41,755**	**53,351**	**23,930**
Nonfinancial Corporations	**11,197**	**(8,974)**	**(19,031)**	**(20,092)**	**8,941**
Public Nonfinancial Corporations Sector	**(4,370)**	**(28,606)**	**(37,485)**	**(42,261)**	**105**
Other Nonfinancial Corporations	**15,566**	**19,632**	**18,454**	**22,169**	**8,836**
Private Companies	15,474	17,591	18,353	22,077	8,863
Unincorporated Private Businesses	92	2,041	101	92	(28)
Financial Corporations	**262,544**	**422,172**	**760,802**	**889,331**	**413,732**
Public Financial Corporations Sector	**12,055**	**16,632**	**22,545**	**27,378**	**190,206**
Other Depository Corporations	**139,859**	**179,410**	**429,498**	**428,692**	**90,101**
Commercial Banks	102,832	134,570	373,750	360,654	70,826
FOSA SACCOs	1,167	2,774	3,088	8,603	1,608
Money Market Funds	37,034	42,838	53,518	60,273	17,051
Other Depository Corporations Under Liquidation	(259)	90	107	(89)	415
Microfinance Banks	(914)	(862)	(965)	(749)	200
Other Financial Corporations	**110,630**	**226,130**	**308,759**	**433,261**	**133,425**
Insurance	47,717	97,375	151,766	209,224	59,644
Pension	49,475	82,952	90,867	134,369	33,368
Financial_auxiliaries	2,552	3,327	3,407	5,185	2,827
Non-Money Market Funds	1,543	3,464	1,210	(35)	(2,128)
BOSA SACCOs	241	253	219	590	274
Microfinance Institutions	112	370	513	847	234
Other Cooperative Societies	22	59	82	77	(9)
Other Financial Corporations Under Liquidation	(6)	59	267	255	18
Captive financial institutions and money lenders	2	425	335	262	226
Other financial intermediaries	11,501	37,263	57,361	81,062	38,520
Investment Banks	(2,527)	583	2,731	1,424	450
Non-Profit Institutions	**1,574**	**2,981**	**12,480**	**16,104**	**462**
Non-Residents	**22,179**	**30,734**	**25,179**	**17,025**	**50,891**
Non Resident Individuals	535	714	1,053	1,059	456
Other International Organisations	21,645	30,020	24,126	15,966	50,434
General Government	**9,556**	**22,913**	**20,157**	**38,275**	**31,376**
Budgetary Units	(744)	(1,915)	2,383	4,595	682
Extra-Budgetary Units	1,954	9,131	7,845	10,045	2,776
Social Security Funds	8,346	15,697	9,928	23,635	27,919
B. Others:	**(14,912)**	**8,283**	**(18,084)**	**19,878**	**(85,357)**
Overdraft	(12,606)	10,603	(14,467)	23,364	(80,390)
Uncleared Items awaiting transfer to PMG	(19)	(19)	(15)	(10)	(9)
IMF funds on-lent to Government	(1,629)	(2,179)	(1,885)	(2,238)	(4,263)
Bank Advances	(657)	(122)	(1,716)	(15)	(695)
C. Central Government Deposits	**(52,882)**	**(46,418)**	**98,343**	**169,805**	**88,712**
D. Domestic Financing	**371,062**	**554,961**	**724,925**	**844,066**	**355,263**
Other Domestic Financing			**15,780**	**(153,359)**	**(36,586)**
Domestic Loan Repayments (Net Receipt)	**31,354**	**6,870**	**8,417**	**13,725**	**397**
E. Net Domestic Financing	**339,708**	**548,091**	**700,727**	**983,701**	**391,452**

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

3.0 PUBLIC DEBT

3.1 Overall Debt Position

53. The total public and publicly guaranteed debt stock as at end of 30th September, 2026 was KSh. 13,532.8 billion, up from KSh. 12,053.9 billion in September 2025. 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. 5,748.2 billion (42.5 percent of total debt) in external debt and KSh. 7,784.6 billion (57.5 percent of total debt) in domestic debt. The net public debt was KSh. 12,973.5 billion during the period under review **(Table 11)**.

Table 11: Kenya's Public and Publicly Guaranteed Debt, September, 2024 to September, 2026 (KSh. Millions)

DEBT SOURCE	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26*	Sep-26*
EXTERNAL									
BILATERAL	1,133,389	1,101,069	1,073,783	1,106,363	1,065,025	1,061,872	1,023,267	1,050,753	1,029,195
MULTILATERAL	2,847,166	2,777,571	2,876,953	3,045,391	3,057,763	3,034,030	3,067,945	3,180,402	3,180,187
COMMERCIAL BANKS	1,193,820	1,165,072	1,273,900	1,322,292	1,256,228	1,351,573	1,569,601	1,548,373	1,524,647
SUPPLIERS CREDIT	13,990	13,294	13,661	14,419	14,513	14,490	14,333	14,139	14,127
SUB - TOTAL EXTERNAL	**5,188,365**	**5,057,006**	**5,238,297**	**5,488,465**	**5,393,528**	**5,461,966**	**5,675,145**	**5,793,666**	**5,748,155**
DOMESTIC:									
CENTRAL BANK	107,612	142,043	189,642	172,082	163,066	185,834	161,504	187,897	109,504
O/W IMF FUNDS ON-LENT TO GOVERNMENT	82,626	79,582	78,705	80,559	78,930	78,380	79,534	78,322	74,058
COMMERCIAL BANKS	2,386,381	2,509,146	2,601,298	2,179,356	2,296,926	2,322,878	2,562,937	2,538,622	2,604,839
TOTAL BANKS	**2,493,994**	**2,651,190**	**2,790,940**	**2,351,438**	**2,459,992**	**2,508,712**	**2,724,442**	**2,726,519**	**2,714,343**
NON BANKS & NON RESIDENTS	3,107,717	3,217,083	3,335,626	3,974,016	4,200,426	4,330,553	4,427,673	4,600,684	5,070,285
SUB-TOTAL DOMESTIC	**5,601,710**	**5,868,273**	**6,126,566**	**6,325,454**	**6,660,418**	**6,839,265**	**7,152,115**	**7,327,202**	**7,784,628**
GRAND TOTAL GROSS	**10,790,075**	**10,925,279**	**11,364,863**	**11,813,919**	**12,053,947**	**12,301,231**	**12,827,260**	**13,120,868**	**13,532,784**
LESS ON-LENDING	-	-	-	-	-	-	-	-	-
LESS GOVERNMENT DEPOSITS	(504,180)	(493,980)	(533,706)	(337,315)	(261,242)	(248,634)	(410,510)	(470,619)	(559,331)
GRAND TOTAL NET	**10,285,895**	**10,431,299**	**10,831,157**	**11,476,604**	**11,792,705**	**12,052,597**	**12,416,751**	**12,650,249**	**12,973,453**

Note:
* Provisional
Source of Data: National Treasury

3.2 Domestic Debt

54. The stock of gross domestic debt increased by KSh. 457.4 billion from KSh. 7,327.2 billion in July, 2026 to KSh. 7,784.6 billion in September, 2026. The net domestic debt was KSh. 7,225.3 billion by end of the period under review **(Table 11)**.

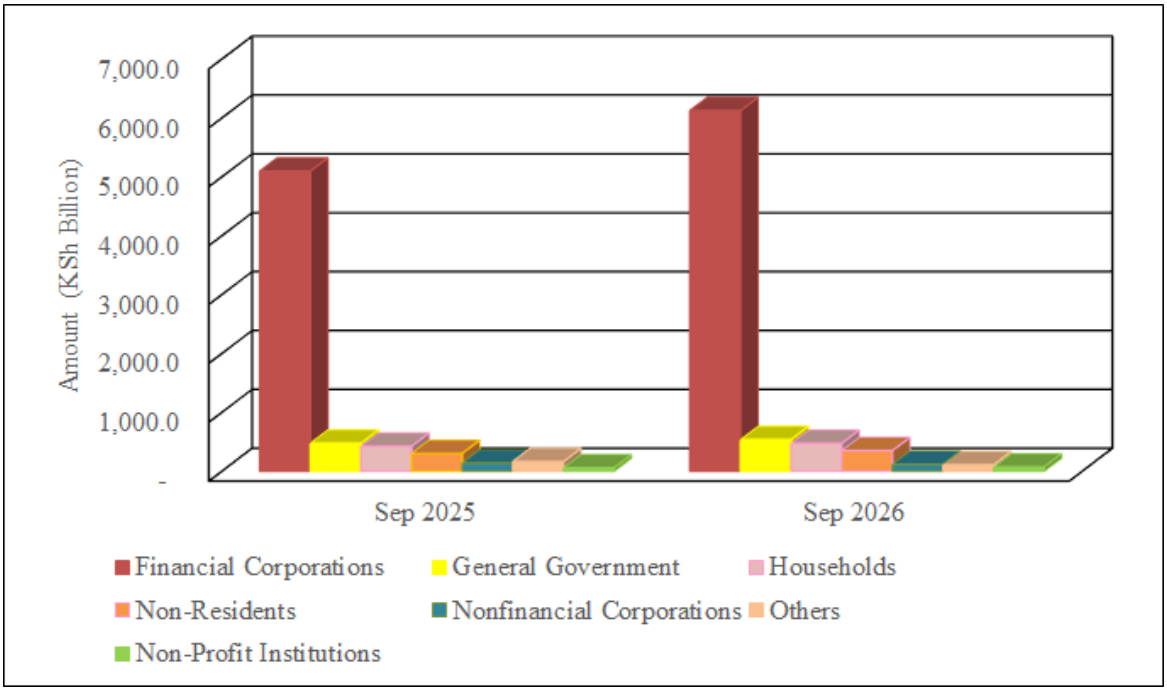
Table 12: Stock of Domestic Debt as at 30th September, 2026 (KSh. Millions)

SECURITIES HOLDER	Sep 2025	Dec 2025	Mar 2026	Jun 2026*	Sep 2026*
Financial Corporations	5,097,636	5,246,440	5,582,962	5,707,012	6,125,200
Central Bank	163,066	201,791	159,111	187,897	109,504
Commercial Banks	2,296,926	2,315,509	2,562,937	2,538,622	2,604,839
Pensions	943,325	978,423	980,460	1,028,357	1,063,560
Insurance	847,845	891,997	948,920	1,009,762	1,070,899
General Government	476,870	488,845	486,431	506,203	537,778
Households	425,199	428,225	438,887	451,180	475,296
Non-Residents	302,816	311,294	307,396	297,411	349,842
Nonfinancial corporations	139,707	121,630	109,036	107,902	116,978
Non-Profit Institutions	55,124	56,550	65,898	69,597	70,031
Total Securities	**6,497,352**	**6,652,984**	**6,990,611**	**7,139,305**	**7,675,124**
Overdraft	55,023	94,188	53,161	90,993	10,603
UnCleared items	2	2	5	10	2
Bank advances	13,543	13,651	11,696	3,558	10,382
Pre-1997 Frozen Debt	15,569	15,569	15,574	15,014	14,459
IMF funds on-lent to Government*	78,930	78,381	78,674	78,322	74,058
Gross Domestic Debt	**6,660,418**	**6,854,775**	**7,149,722**	**7,327,202**	**7,784,628**
Less On-lending	-	-	-	-	-
Less Government Deposits	(261,242)	(248,634)	(410,510)	(470,619)	(559,331)
TOTAL NET DOMESTIC DEBT	**6,399,177**	**6,606,141**	**6,739,213**	**6,856,583**	**7,225,298**

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

55. As at end of September 2026, the largest share of the domestic debt stock was held by Financial Corporations, accounting for approximately 78.7 percent of the total domestic debt stock. General Government entities held 6.9 percent, followed by Households at 6.1 percent and Non-Residents at 4.5 percent. Non-Financial Corporations held KSh. 117.0 billion (1.5 percent). Non-Profit Institutions held the remaining KSh. 70.0 billion, representing 0.9 percent of the domestic debt stock. Other debt instruments, including overdrafts, uncleared items, bank advances, pre-1997 frozen debt and IMF funds on-lent to Government, accounted for KSh. 109.5 billion (1.4 percent) **(Chart 14)**.

Chart 14: Domestic Debt Stock by Institutional Holder as at End September, 2026



Source of Data: Central Bank of Kenya

3.3 External Public Debt

57. In US dollar terms, external public and publicly guaranteed debt stock increased to US$ 44.3 billion as at end September 2026 from US$ 41.7 billion in September 2025. This comprised debt owed to multilateral creditors of 55.33 percent; commercial banks of 26.52 percent; bilateral creditors of 17.90 percent; and Suppliers' Credit of 0.25 percent (**Table 13)**. The increase is attributed to an increase in external loans disbursements.

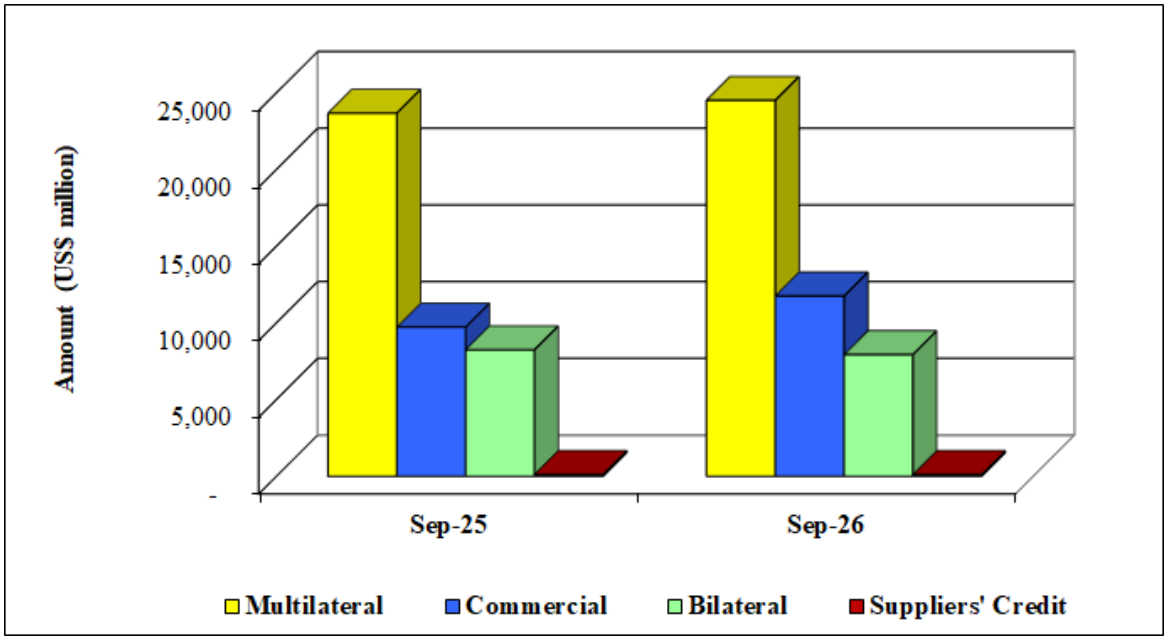
Table 13: Kenya's External Public and Publicly Guaranteed Debt September, 2024 – September, 2026 (US$ Millions)

CREDITOR	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26*	Sep-26*
BILATERAL									
AUSTRIA	13.20	11.77	12.13	12.61	12.50	11.92	11.53	10.91	10.76
BELGIUM	187.72	171.85	175.11	196.87	193.18	197.92	189.94	186.71	192.82
DENMARK	1.51	1.40	0.93	1.01	0.43	0.43	0.33	0.33	0.23
FINLAND	1.33	1.23	-	-	-	-	-	-	-
FRANCE	759.36	697.88	704.88	784.39	800.25	786.76	779.63	772.80	771.13
GERMANY	362.54	393.56	401.07	439.64	433.76	445.26	432.40	425.69	409.11
ITALY	229.60	211.75	327.41	345.92	345.90	340.95	332.65	326.68	326.76
JAPAN	1,283.89	1,137.10	1,175.59	1,250.72	1,187.17	1,112.88	1,073.03	1,172.88	1,182.18
USA	248.68	248.47	186.72	185.47	124.03	123.82	62.68	62.46	1.31
CHINA	5,394.35	5,356.85	5,039.21	5,053.67	4,800.05	4,873.10	4,690.47	4,786.25	4,633.39
OTHERS	290.47	284.24	280.43	290.61	343.37	337.88	302.86	369.23	402.00
TOTAL BILATERAL	**8,772.65**	**8,516.10**	**8,303.47**	**8,560.91**	**8,240.65**	**8,230.92**	**7,875.52**	**8,113.92**	**7,929.69**
MULTILATERAL									
ADB/ADF	4,001.98	3,918.64	4,001.09	4,257.66	4,396.29	4,367.00	4,350.60	4,365.14	4,340.32
BADEA	53.33	53.01	52.33	52.03	51.35	50.80	50.51	51.26	50.68
EEC/EIB	195.96	181.93	195.52	230.71	222.26	221.33	213.41	211.29	220.59
IBRD	1,944.34	1,940.45	1,948.47	2,024.99	2,020.16	2,020.32	2,010.68	2,349.71	2,343.99
IDA/IFAD	12,535.17	12,092.83	12,432.93	13,181.46	13,165.20	13,165.31	13,331.66	13,985.97	14,019.44
IMF	3,259.95	3,252.51	3,574.48	3,704.88	3,692.85	3,582.86	3,549.25	3,491.29	3,424.41
OTHERS	46.89	43.45	42.56	113.15	111.39	110.16	106.18	104.42	103.13
TOTAL MULTILATERAL	**22,037.62**	**21,482.81**	**22,247.38**	**23,564.88**	**23,659.49**	**23,517.78**	**23,612.29**	**24,559.09**	**24,502.56**
COMMERCIAL[1]	**9,240.40**	**9,011.12**	**9,851.02**	**10,231.74**	**9,720.09**	**10,476.49**	**12,080.36**	**12,060.96**	**11,747.03**
O/W International Sovereign Bond	6,600.00	6,600.00	7,518.86	7,913.54	7,913.54	8,785.10	10,619.75	10,512.98	10,512.98
EXPORT CREDIT	**108.29**	**102.82**	**105.64**	**111.57**	112.29	**112.32**	**110.31**	**109.18**	**108.84**
GRAND TOTAL	**40,158.96**	**39,112.85**	**40,507.51**	**42,469.10**	**41,732.53**	**42,337.50**	**43,678.48**	**44,843.15**	**44,288.12**
In percentage of total									
BILATERAL	21.84	21.77	20.50	20.16	19.75	19.44	18.03	18.09	17.90
MULTILATERAL	54.88	54.93	54.92	55.49	56.69	55.55	54.06	54.77	55.33
COMMERCIAL BANKS[1]	23.01	23.04	24.32	24.09	23.29	24.75	27.66	26.90	26.52
EXPORT CREDIT	0.27	0.26	0.26	0.26	0.27	0.27	0.25	0.24	0.25
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

*Provisional
1/ incl. International Sovereign Bond
Note: The exchange rate as at end September 2026 was KSh. 129.8 per dollar.
Source of Data: National Treasury

58. Compared to the same period in FY 2025/26, external public debt stock from bilateral sources and export credit recorded a decrease of US$ 0.3 billion and US$ 3.5 million respectively in the period ending September 2026. External public debt stock from commercial banks and multilateral institutions recorded an increase of US$ 2.0 billion and US$ 0.8 billion respectively in the period under review **(Chart 15).**

Chart 15: External Public Debt by Creditor Type as at 30th September, 2026



Source of Data: National Treasury

3.3.1 External Debt Service

59. As at end September 2026, the total cumulative debt service payment to external creditors was KSh. 151.0 billion. This comprised KSh. 79.6 billion (52.7 percent) principal payments and KSh. 71.4 billion (47.3 percent) interest payments **(Table 14)**.

Table 14: External Debt Service, July 2026 – September 2026 (KSh. Millions)

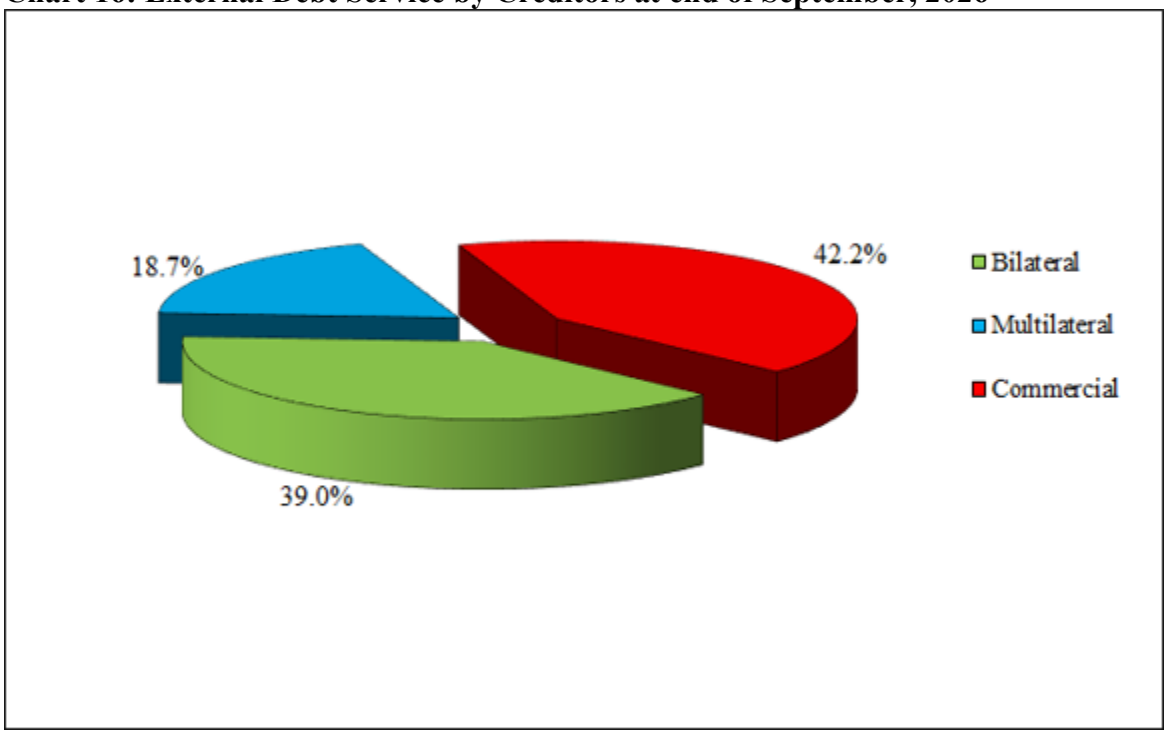
	Sep-26		
CATEGORY	**PRINCIPAL***	**INTEREST***	**TOTAL***
BILATERAL			
ABU DHABI	-	-	-
AUSTRIA	13.54	7.96	21.49
BELGIUM	469.08	34.24	503.33
CHINA	28,484.38	11,542.44	40,026.82
DENMARK	-	-	-
FINLAND	133.57	-	133.57
FRANCE	3,630.02	615.06	4,245.09
GERMANY	2,538.35	173.00	2,711.35
POLAND	-	-	-
INDIA	481.69	58.30	539.99
ISRAEL	289.16	194.41	483.57
ITALY	51.29	280.47	331.75
JAPAN	1,273.74	128.94	1,402.68
KOREA	27.73	4.38	32.11
KUWAIT	63.09	8.93	72.03
SAUDI ARABIA	6.55	0.75	7.30
SPAIN	169.57	16.88	186.45
USA	8,036.51	186.46	8,222.97
TOTAL BILATERAL	**45,668.27**	**13,252.22**	**58,920.50**
MULTILATERAL			
ADB/ADF	3,731.13	3,754.48	7,485.61
BADEA	135.46	13.46	148.91
EIB/EEC	931.09	250.31	1,181.40
IDA	10,668.79	4,873.07	15,541.85
OPEC	42.80	7.95	50.76
NDF	79.35	11.01	90.36
IFAD	371.40	78.65	450.05
IMF	-	-	-
IBRD	658.51	2,682.14	3,340.65
TOTAL MULTILATERAL	**16,618.53**	**11,671.07**	**28,289.60**
COMMERCIAL	**17,316.42**	**46,466.52**	**63,782.94**
GUARANTEED DEBT	-	-	-
GRAND TOTAL	**79,603.22**	**71,389.81**	**150,993.04**

* Provisional

Source of Data: National Treasury

60. By the end of September 2026, debt service payments to commercial, bilateral and multilateral creditors comprised of 42.2 percent, 39.0 percent and 18.7 percent of the total payments respectively (C**hart 16)**.

Chart 16: External Debt Service by Creditors at end of September, 2026



Source of Data: National Treasury

4.0. ANNEXES

.1. 4Annex I: Fiscal Results, 2021/22 – 2026/2027 (KSh. Millions)

FISCAL OUTTURN FOR THE FINANCIAL YEARS 2021/22 - 2026/27 (Kshs. Millions)						
REVENUE/EXPENDITURE/FINANCING	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**
	Actual	**Prel. Actual**	**Prel. Actual**	**Prel. Actual**	**Prel. Actual**	**Printed estimates**
A.TOTAL REVENUE	**2,199,808**	**2,360,510**	**2,702,662**	**2,923,551**	**3,198,801**	**3,630,572**
1.Ordinary Revenue	**1,917,911**	**2,041,119**	**2,288,921**	**2,420,174**	**2,588,401**	**2,985,743**
Income Tax	876,707	941,576	1,043,097	1,093,032	1,175,559	1,383,615
VAT	523,098	550,440	645,489	660,729	722,444	829,215
Import Duty	118,280	130,123	133,929	157,107	180,006	186,180
Excise Duty	252,094	264,509	276,722	292,468	311,955	382,231
Other Revenue	147,731	154,472	189,685	216,838	198,438	204,503
2.Appropriation –in –Aid	281,897	319,391	413,740	503,377	610,400	644,829
B.EXPENDITURE & NET LENDING	**3,027,836**	**3,221,001**	**3,605,209**	**3,975,938**	**4,484,157**	**4,819,367**
1.Recurrent	**2,135,305**	**2,311,564**	**2,678,437**	**2,948,431**	**3,285,343**	**3,565,592**
Wages and Salaries	520,033	547,157	575,269	624,689	684,351	701,972
Interest Payments	577,978	687,322	840,732	995,120	1,074,413	1,254,238
Domestic Interest	456,849	533,098	622,544	784,117	862,652	986,726
Foreign Interest Due	121,130	154,223	218,188	211,002	211,760	267,512
Pensions, etc	122,432	120,425	178,112	211,088	209,869	247,090
O & M/ Others	866,050	895,717	797,427	1,441,468	1,656,416	1,699,550
Of which Appropriation-in-Aid	197,524	240,165	286,896	300,755	344,646	364,715
2.Development & Net Lending	540,117	**493,663**	**546,385**	**582,937**	**731,542**	**750,819**
Development Projects	346,355	319,289	402,105	392,864	493,438	493,122
Appropriation-in-Aid	193,762	162,048	126,844	170,387	230,803	247,446
4. Transfer to County Governments	352,414	415,774	380,388	444,570	467,272	501,956
5. Parliamentary Service	32,652	41,187	37,257			
6. Judicial Service	16,160	19,755	21,027			
7. Net Lending	-	12,327	17,436	19,685	-	-
8. Equalization Fund	-	-	-	-	7,301	10,251
9. Contigency Fund	-	-	-	-	-	1,000
D.DEFICIT EXCL. GRANTS (Commitment Basis)	**(828,028)**	**(860,491)**	**(902,548)**	**(1,052,387)**	**(1,285,356)**	**(1,188,795)**
E.GRANTS	31,031	23,083	22,037	33,320	20,662	43,604
F.DEFICIT INCL.GRANTS (Commitment Basis)	**(796,997)**	**(837,408)**	**(880,511)**	**(1,019,067)**	**(1,264,694)**	**(1,145,192)**
G. ADJUSTMENT TO CASH BASIS	11,868	37,031	45,374	-	-	-
H.DEFICIT INCL.GRANTS (Cash Basis)	**(785,129)**	**(800,377)**	**(835,136)**	**(1,019,067)**	**(1,264,694)**	**(1,145,192)**
Discrepancy	(37,304)	(30,070)	(16,815)	15,146	(14,110)	-
I.FINANCING	**747,825**	**770,307**	**818,321**	**1,034,213**	**1,250,584**	**1,145,192**
Net Foreign Financing	142,524	310,759	222,749	179,738	267,347	247,227
Net Domestic Financing	605,301	459,548	595,572	854,474	983,237	897,964
In Percentage of GDP						
A.TOTAL REVENUE	**17.3**	**16.5**	**17.3**	**17.1**	**17.2**	**17.4**
1.Ordinary Revenue	**15.1**	**14.3**	**14.6**	**14.1**	**13.9**	**14.3**
Income Tax	6.9	6.6	**6.7**	**6.4**	**6.3**	**6.6**
VAT	4.1	3.9	**4.1**	**3.9**	**3.9**	**4.0**
Import Duty	0.9	0.9	**0.9**	**0.9**	**1.0**	**0.9**
Excise Duty	2.0	1.9	**1.8**	**1.7**	**1.7**	**1.8**
Other Revenue	1.2	1.1	**1.2**	**1.3**	**1.1**	**1.0**
2.Appropriation –in –Aid	2.2	2.2	**2.6**	**2.9**	**3.3**	**3.1**
B. EXPENDITURE & NET LENDING	**23.8**	**22.6**	**23.0**	**23.2**	**24.1**	**23.2**
1.Recurrent	16.8	16.2	**17.1**	**17.2**	**17.6**	**17.1**
Wages and Salaries	4.1	3.8	**3.7**	**3.6**	**3.7**	**3.4**
Interest Payments	4.5	4.8	**5.4**	**5.8**	**5.8**	**6.0**
Domestic Interest	3.6	3.7	**4.0**	**4.6**	**4.6**	**4.7**
Foreign Interest Due	1.0	1.1	**1.4**	**1.2**	**1.1**	**1.3**
Pensions, etc	1.0	0.8	**1.1**	**1.2**	**1.1**	**1.2**
O &M/ Others	6.8	6.3	**5.1**	**8.4**	**8.9**	**8.2**
of which Appropriation-in-Aid	1.6	1.7	**1.8**	**1.8**	**1.8**	**1.8**
2.Development & Net Lending	**4.2**	**3.5**	**3.5**	**3.4**	**3.9**	**3.6**
Development Projects	2.7	2.2	**2.6**	**2.3**	**2.6**	**2.4**
Appropriation-in-Aid	1.5	1.1	**0.8**	**1.0**	**1.2**	**1.2**
Payment of guaranteed loans	-	-	-	-	-	-
3. Drought Expenditures	-	-	-	-	-	-
4.Transfer to County Governments	2.8	2.9	**2.4**	**2.6**	**2.5**	**2.4**
5. Parliamentary Service	0.3	0.3	**0.2**	-	-	-
6. Judicial Service	0.1	0.1	**0.1**	-	-	-
7. Equalization Fund	-	-	**0.1**	-	**0.0**	**0.0**
D.DEFICIT EXCL. GRANTS (Commitment Basis)	**(6.5)**	**(6.0)**	-	**(6.1)**	**(6.9)**	**(5.7)**
E.GRANTS	0.2	0.2	-	**0.2**	**0.1**	**0.2**
F.DEFICIT INCL.GRANTS (Commitment Basis)	**(6.3)**	**(5.9)**	**(5.8)**	**(5.9)**	**(6.8)**	**(5.5)**
G.ADJUSTMENT TO CASH BASIS	0.1	0.3	**0.1**	-	-	-
H.DEFICIT INCL.GRANTS (Cash Basis)	**(6.2)**	**(5.6)**	**(5.6)**	**(5.9)**	**(6.8)**	**(5.5)**
I.FINANCING	**5.9**	**5.4**	**0.3**	**6.0**	**6.7**	**5.5**
Foreign Financing	1.1	2.2	**(5.3)**	**1.0**	**1.4**	**1.2**
Net Domestic Financing	4.8	3.2	**5.2**	**5.0**	**5.3**	**4.3**
Memorandum Item:						
Nominal GDP at Market price (Ksh. million)	**12,736,133.0**	**14,274,419.5**	**15,666,642**	**17,143,951**	**18,642,472**	**20,816,828**

Source: National Treasury

4.2. GFSM 2014 COMPLIANT TABLES FOR BUDGETARY CENTRAL GOVERNMENT

4.2.1 Annex II: Revenue (KSh. Millions)

GFSM Code	Description	Estimated Budget FY 2026/27	Prel. Actual FY2026/27 Q1
	Accounting method:	*Cash*	*Cash*
1	**Revenue**	**3,674,178**	**803,976**
11	Taxes	3,154,573	710,936
111	**Taxes on income, profits, and capital gains**	**1,493,642**	**318,926**
1111	Payable by individuals	816,610	170,603
1112	Payable by corporations and other enterprises	677,032	148,323
114	**Taxes on goods and services**	**1,363,168**	**312,654**
1141	General taxes on goods and services	853,552	196,215
11411	Value-added taxes	829,215	190,736
11414	Taxes on financial and capital transactions[1]	24,337	5,479
1142	Excises[2]	509,616	116,439
115	**Taxes on international trade and transactions**	**297,764**	**79,355**
1151	Customs and other import duties[3]	296,234	78,463
1152	Taxes on exports	1,530	892
12	**Social contributions**	**264**	**1,467**
122	**Other social contributions**	**264**	**1,467**
1221	Employee contributions	264	1,467
13	**Grants**	**43,607**	**2,504**
131	From foreign governments	43,607	2,504
1312	Capital	43,604	2,500
14	**Other revenue**	**475,735**	**89,070**
141	**Property income**	**76,785**	**16,168**
1411	Interest	2,963	2,114
1412	Dividends	52,266	11,546
1415	Rent	21,556	2,509
142	**Sales of goods and services**	**392,215**	**72,348**
1422	Administrative fees	392,215	72,348
143	**Fines, penalties, and forfeits**	**2,857**	**272**
144	**Miscellaneous and unidentified revenue**	**3,877**	**282**

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	Estimated Budget FY 2026/27	Prel. Actual FY2026/27 Q1
	Accounting method:	*Cash*	*Cash*
2	**Expense**	**4,648,495**	**1,131,519**
21	**Compensation of employees**	**746,695**	**179,459**
211	Wages and salaries	701,972	169,738
212	**Social contributions**	**44,723**	**9,720**
2121	Actual social contributions	44,723	9,720
22	**Use of goods and services**	**425,942**	**111,424**
	O/W Free Secondary Education (FSE)	54,619	10,963
	Free Primary Education (FPE)	30,768	1,401
24	**Interest**	**1,254,238**	**315,244**
241	To nonresidents	267,512	71,390
242	To residents other than general government	986,726	243,854
25	**Subsidies**	**21,500**	**10,338**
251	To public corporations	21,500	10,338
252	To private enterprises		
26	**Grants**	**1,986,074**	**475,776**
263	**To other general government units**	1,986,074	475,776
2631	Current	1,276,214	299,610
	O/W Transfer to County Governments (ES) Transfer to Other levels of Government (Includes transfers to SOEs)	1,276,214	299,610
2632	Capital	709,859	176,166
	O/W Transfer to County Governments (ES) Transfer to Other levels of Government (Includes transfers to SOEs)	709,859	176,166
27	**Social benefits**	**214,046**	**39,278**
272	Social Assistance Benefits		
273	Employer social benefits	214,046	39,278
28	**Other expense**	-	-
282	Miscellaneous other expense		

Source: National Treasury

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

GFSM Code	Description	Estimated Budget FY 2026/27	Prel. Actual FY2026/27 Q1
	Accounting method:	*Cash*	*Cash*
3	**Change in Net Worth: Transactions**	**(981,239)**	**(336,862)**
31	**Net acquisition of nonfinancial assets**	**170,872**	**53,796**
311	**Fixed assets**	**170,872**	**53,796**
3111	Buildings and structures	162,554	53,342
3113	Other fixed assets	8,318	454
32	**Net acquisition of financial assets**	**11,271**	**45,130**
3212	Currency and deposits (Domestic)	11,271	45,130
33	**Net incurrence of liabilities**	**1,163,382**	**435,788**
331	**Domestic**	**1,017,754**	**435,788**
3313	Securities other than shares	1,118,422	529,332
3314	Loans	-	(85,874)
3318	Other Accounts Payable	(100,668)	(7,669)
332	**Foreign**	**145,628**	-
3321	Special Drawing Rights (SDRs)		
3323	Securities other than shares		
3324	Loans	145,628	-

Source: National Treasury

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

GFSM Code	Description	Estimated Budget FY 2026/27	Prel. Actual FY2026/27 Q1
	Accounting method:	*Cash*	*Cash*
	Cash Flows from Operating Activities:		
1	**Cash receipts from operating activities**	**3,674,175**	**803,972**
11	Taxes	3,154,573	710,936
12	Social contributions	264	1,467
13	Grants	43,604	2,500
14	Other receipts	475,735	89,070
2	**Cash payments for operating activities**	**4,648,495**	**1,131,519**
21	Compensation of employees	746,695	179,459
22	Purchases of goods and services	425,942	111,424
24	Interest	1,254,238	315,244
25	Subsidies	21,500	10,338
26	Grants	1,986,074	475,776
27	Social benefits	202,795	39,278
28	Other payments	11,251	-
	Net cash inflow from operating activities	**(974,319)**	**(327,547)**
	Cash Flows from Investments in Nonfinancial Assets (NFAs):		
31A	**Purchases of nonfinancial assets**	**170,872**	**53,796**
311A	Fixed assets	170,872	53,796
31	***Net cash outflow: investments in NFAs (3***	***170,872***	***53,796***
	Cash surplus / deficit	**(1,145,191)**	**(381,343)**
	Cash Flows from Financing Activities:		
32x	Net acquisition of financial assets other tha	12,381	397
321x	Domestic	12,381	397
322x	Foreign		
33	**Net incurrence of liabilities**	**872,125**	**435,788**
331	Domestic	1,017,754	435,788
332	Foreign	(145,628)	-
NFB	**Net cash inflow from financing activities**	**884,507**	**436,185**
	Net change in the stock of cash	***(285,447)***	***54,049***
	Statistical Discrepancy [4]		

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 Estimates FY2025/26	Prel. Actual FY 2025/26 Q1	Estimated Budget FY 2026/27	Prel. Actual FY2026/27 Q1
	Accounting method:	*Cash*	*Cash*	*Cash*	*Cash*
	Transactions Affecting Net Worth:				
1	**Revenue**	**3,298,883**	**724,314**	**3,674,175**	**803,972**
11	Taxes	2,755,271	626,995	3,154,573	710,936
12	Social contributions	337	278	264	1,467
13	Grants	39,924	14,707	43,604	2,500
14	Other revenue	503,351	82,333	475,735	89,070
2	**Expense**	**4,483,922**	**952,496**	**4,648,495**	**1,170,797**
21	Compensation of employees	732,885	162,746	746,695	179,459
22	Use of goods and services	756,665	98,397	425,942	111,424
24	Interest	1,126,754	273,000	1,254,238	315,244
25	Subsidies	22,450	-	21,500	10,338
26	Grants	1,648,405	389,291	1,986,074	475,776
27	Social benefits	196,764	29,063	202,795	39,278
28	Other expense	-	-	11,251	39,278
GOB	***Gross operating balance***	***(1,185,040)***	***(228,182)***	***(974,319)***	***(366,824)***
NOB	***Net operating balance***	***(1,185,040)***	***(228,182)***	***(974,319)***	***(366,824)***
	Transactions on Nonfinancial Assets:				
31	**Net Acquisition of Nonfinancial Assets**	**165,013**	**40,509**	**170,872**	**53,796**
311	Fixed assets	165,013	40,509	170,872	53,796
NLB	***Net lending / borrowing***	***(1,350,053)***	***(268,692)***	***(1,145,191)***	***(420,621)***
	Transactions on Financial Assets and Liabilities (Financing):	***1,513,689***	***270,472***	***1,174,654***	***480,918***
32	**Net acquisition of financial assets**	**43,953**	**29,875**	**11,271**	**45,130**
321	Domestic	43,953	29,875	11,271	45,130
322	Foreign				
33	**Net incurrence of liabilities**	**1,469,736**	**240,596**	**1,163,382**	**435,788**
331	Domestic	929,666	338,676	1,017,754	435,788
332	Foreign	540,071	(98,080)	145,628	-

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

Source: National Treasury