

Republic of Kenya

THE NATIONAL TREASURY

Quarterly Economic and Budgetary Review

**Third Quarter, Financial Year 2025/2026
Period Ending 31st March 2026**

May 2026 Edition



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ACKNOWLEDGEMENT

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LIST OF ABBREVIATIONS AND ACRONYMS

ADB	African Development Bank
ADF	Asian Development Fund
A-I-A	Appropriation-in-Aid
AMISOM	African Union Mission in Somalia
ARUD	Agriculture, Rural and Urban Development
BAEA	Arab Bank for Economic Development of Africa
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CF	Contingency Fund
CFS	Consolidated Fund Services
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 2025/26 FINANCIAL YEAR

1. Economic growth

In 2025, the economy registered a growth rate of 4.6 percent compared with 4.7 percent recorded in 2024 with all the sectors registering positive growths. The performance was largely supported by strong rebounds in the construction and mining and quarrying Sub-Sectors. However, overall momentum was moderated by weaker growth in agriculture, forestry and fishing, due to mixed weather conditions, as well as a slowdown in manufacturing.

2. Inflation rate

Overall inflation stood at 4.4 percent in March 2026, compared to 3.6 percent in March 2025, and remained below the mid-point of the target range of 5 ± 2.5 percent. This stability reflects an adequate food supply supported by the favourable weather conditions and government interventions, as well as lower fuel inflation due to exchange rate stability and relatively lower international oil prices.

3. Interest Rates

Short-term interest rates have declined, with the 91-day Treasury bill rate falling to 7.5 percent in March 2026 from 8.9 percent in March 2025. The average commercial banks' lending rates have also declined to 14.7 percent in March 2026, down from 15.8 percent in March 2025 reflecting easing of the monetary policy stance.

4. Money and Credit

Broad money supply, M3, grew by 12.7 percent in the year to March 2026, compared to a growth of 6.0 percent in the year to March 2025. The improved growth of M3 was driven by higher growth in both Net Foreign Assets (NFA) and Net Domestic Assets (NDA), particularly credit to both the Government and the private sector.

5. Current Account

The current account deficit stood at US\$ 4,509.5 million (3.0 percent of GDP) in March 2026, compared to US\$ 2,291.8 million (1.7 percent of GDP) in March 2025 reflecting higher goods imports and lower secondary income transfers. The current account balance was supported by resilient goods exports, an improvement in net primary income, and increased remittances.

6. Foreign Exchange Reserves

The official foreign exchange reserves held by the Central Bank stood at US\$ 13,746.9 million in March 2026, up from US\$ 10,661.7 million in March 2025. This level of reserves represented 5.7 months of import cover, compared to 4.7 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 in the Nairobi Securities Exchange (NSE) has improved over the past one year. The NSE 20 Share Index improved to 3,432 points in March 2026, up from 2,263 points in March 2025. Similarly, market capitalization expanded to KSh 3,231 billion from KSh 2,050 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 2025 – March 2026 amounted to KSh 2,278.1 billion (12.1 percent of GDP) against a target of KSh 2,393.9 billion. The revenue collection was below the target by KSh 115.8 billion mainly due to shortfall in ordinary revenue.

9 Expenditure and Net Lending

The total expenditure and net lending inclusive of transfers to County Governments for the period ending 31st March 2026 amounted to KSh 3,260.4 billion, against a target of KSh 3,198.1 billion. The resultant above target expenditure of KSh 62.2 billion is mainly attributed to above target expenditure recorded in recurrent expenditures.

10 Guaranteed Debt

During the period under review, the National Government did not service any guaranteed debt on behalf of Parastatals.

11 Fiscal Balance

The fiscal balance excluding grants (on a commitment basis) amounted to a deficit of KSh 982.3 billion (5.2 percent of GDP), as at the end of March 2026.

12 External Financing

The Net Foreign financing amounted to KSh 199.7 billion (1.1percent of the GDP) during the period under review.

13 Net Domestic Borrowing

Net domestic financing amounted to a net borrowing of KSh 700.7 billion (3.7 percent of GDP) in the period ending 31st March 2026.

14 Domestic Debt Stock

The stock of gross domestic debt increased by KSh 659.0 billion from KSh 6,126.6 billion in March 2025 to KSh 7,149.7 billion in March 2026.

15 External Debt Stock

The total external debt stock, including the International Sovereign Bond, stood at KSh 5,675.1 billion by the end of March 2026. The debt stock comprised of multilateral debt (54.1 percent), commercial debt (27.6 percent), bilateral debt (18.0 percent) and suppliers' credit (0.3 percent).

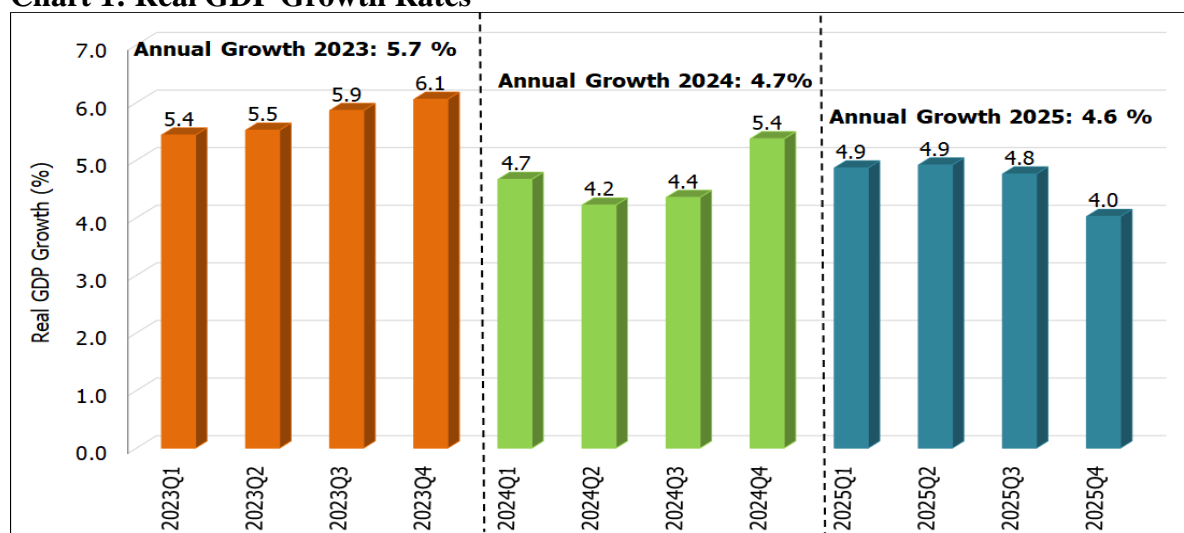


1.0 RECENT ECONOMIC DEVELOPMENTS

1.1 Economic Growth

1. In 2025, the economy registered a real GDP growth rate of 4.6 percent compared with 4.7 percent recorded in 2024 with all the sectors registering positive growths (Chart 1). This performance was driven by strong rebounds in construction and mining and quarrying, alongside notable growth in accommodation and food services, public administration, financial and insurance services, transport and storage, and wholesale and retail trade. However, overall momentum was tempered by a slowdown in the agriculture, forestry and fishing subsector performance due to mixed weather conditions, as well as weaker manufacturing performance, particularly toward the end of the year.

Chart 1: Real GDP Growth Rates



Source of Data: Kenya National Bureau of Statistics

2. In 2025, the primary sector maintained a growth rate of 3.7 percent, unchanged from 2024 (**Table 1**). This was largely driven by a strong rebound in the mining and quarrying sub-sector, which offset slower growth in the agriculture, forestry and fishing sub-sector. In comparison, growth in 2024 had been mainly supported by the agriculture, forestry and fishing sub-sector amid a contraction in mining and quarrying sub-sector.

3. The Agriculture, Forestry and Fishing sub-sector grew by 3.1 percent in 2025 from 4.4 percent in 2024. The slowdown was due to uneven weather conditions leading to mixed crops outcomes. Food crops production was varied, with increases in maize, potatoes, and millet offset by a decline in beans. Cash crops similarly recorded mixed performance, with higher coffee output contrasting with declines in tea production and sugarcane deliveries. The livestock farming provided support to the overall sub-sector performance with increased milk production. Meanwhile, horticultural exports remained resilient, with growth in earnings and export volumes of cut flowers, fruits, and vegetables

4. The mining and quarrying sub-sector recorded a strong rebound of 14.9 percent in 2025, compared to a contraction of 7.8 percent in 2024. This recovery from the previous year's contraction was supported by the resumption of previously disrupted operations, improved production levels, and increased output of minerals used in cement production.

Table 1: Sectoral Real GDP Growth Rate (Percent)

Sectors/Sub-sectors	Annual Growth Rates		
	2023	2024	2025
1. Primary sector	5.7	3.7	3.7
1.1. Agriculture, Forestry and Fishing	6.6	4.4	3.1
1.2 Mining and Quarrying	(6.5)	(7.8)	14.9
2. Secondary Sector (Industry)	2.6	1.6	4.1
2.1. Manufacturing	2.2	3.0	2.0
2.2. Electricity and Water supply	3.2	2.7	5.2
2.3. Construction	3.0	(0.7)	6.8
3. Tertiary sector (Services)	6.8	6.2	5.0
3.1. Wholesale and Retail trade	3.3	4.0	3.6
3.2. Accomodation and Restaurant	33.6	25.9	15.6
3.3. Transport and Storage	5.5	4.3	3.7
3.4. Information and Communication	10.3	7.1	4.8
3.5. Financial and Insurance	10.1	7.5	6.5
3.6. Public Administration	5.0	8.7	8.3
3.7. Others	6.1	5.3	3.8
of which: Professional, Admin & Support Services	9.9	6.4	5.0
Real Estate	7.3	5.3	3.9
Education	2.9	4.8	2.8
Health	4.5	6.0	5.5
Taxes less subsidies	3.2	3.3	3.1
Real GDP	5.7	4.7	4.6

Source of Data: Kenya National Bureau of Statistics

5. In 2025, the industry sector recorded a growth of 4.1 percent, an improvement from a growth of 1.6 percent in 2024. This growth was driven by improved performance in electricity and water supply and construction sub-sectors.

6. The construction sub-sector grew by 6.8 percent in 2025, recovering from a contraction of 0.7 percent in 2024. The rebound was driven by lower construction input costs; improved access to credit; and increased demand for building materials, particularly cement. The subsector growth was further supported by expansion in infrastructure development, including road construction, as well as a significant scale-up in the public housing projects.

7. The electricity and water supply sub-sector grew by 5.2 percent in 2025, compared to a growth of 2.7 percent in 2024. The growth was driven by increased generation capacity, with a strong contribution from renewable energy sources, particularly geothermal and wind. Additional support came from higher electricity imports, facilitated by cross-border power trade arrangements and new transmission infrastructure.

8. The manufacturing sub-sector slowed down to a growth of 2.0 percent in 2025, compared to a growth of 3.0 percent in 2024. The moderation was largely driven by a contraction in agro-based manufacturing, reflecting reduced output in key segments such as sugar and processed food products. Despite this slowdown, activities in non-agro

RECENT ECONOMIC DEVELOPMENTS

manufacturing, particularly construction-related inputs such as cement and basic metals production remained supportive; in the face of continued demand from both domestic and export-oriented markets.

9. The services sector recorded a growth of 5.0 percent in 2025, a slowdown from the 6.2 percent growth posted in the corresponding quarter of 2024. The transportation and storage sub-sector expanded by 3.7 percent in 2025 compared to a growth of 4.3 percent in 2024. The growth was driven by increased freight movement across rail, maritime, pipeline, and air transport, reflecting stronger trade and logistics activities. Additional support came from improved cargo handling at major transport hubs and expansion in storage capacity. However, the overall performance was moderated by a decline in passenger air traffic and weaker output in parts of the sector.

10. In 2025, Accommodation and Food Service sub-sector grew by 15.6 percent compared to a growth of 25.9 percent in 2024. The slowdown in growth was mainly attributed to a moderation in the pace of recovery in tourism-related activities following the strong rebound in the previous year. Nevertheless, the sub-sector continued to benefit from sustained demand for hospitality services, supported by increased visitor arrivals, improved hotel occupancy, and growth in conference tourism.

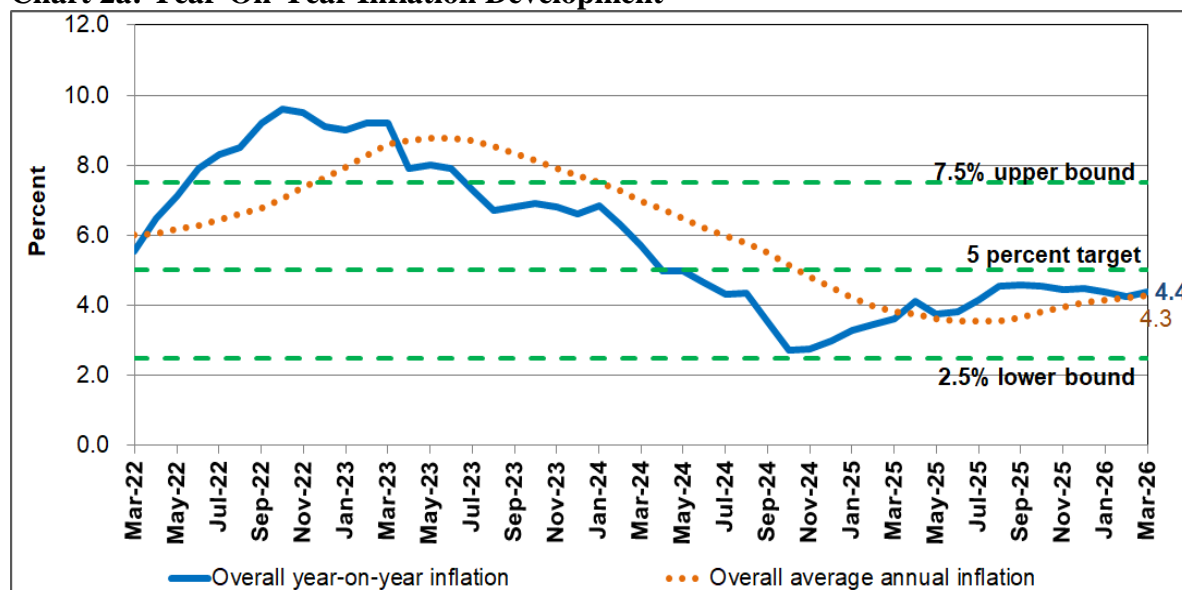
11. The information and communication sub-sector grew by 4.8 percent in 2025, down from 7.1 percent in 2024, mainly due to a decline in domestic voice traffic and reduced mobile money agent deposit values, reflecting a shift in usage patterns toward data-driven services. Growth was nonetheless supported by continued expansion in mobile subscriptions, mobile money adoption, and internet connectivity.

12. The financial and insurance sub-sector recorded growth of 6.5 percent in 2025, compared to 7.5 percent in 2024. The slower growth was due to the impact of the easing of the interest rates, which moderated earnings from financial intermediation, alongside relatively modest credit growth to the private sector.

1.2 Inflation

13. Overall inflation stood at 4.4 percent in March 2026, compared to 3.6 percent in March 2025, and remained below the mid-point of the policy target range of 5 ± 2.5 percent (**Chart 2a**). This stability is attributed to an adequate food supply supported by favorable weather conditions and government interventions; as well as lower fuel inflation due to exchange rate stability and relatively lower international oil prices.

Chart 2a: Year-On-Year Inflation Development



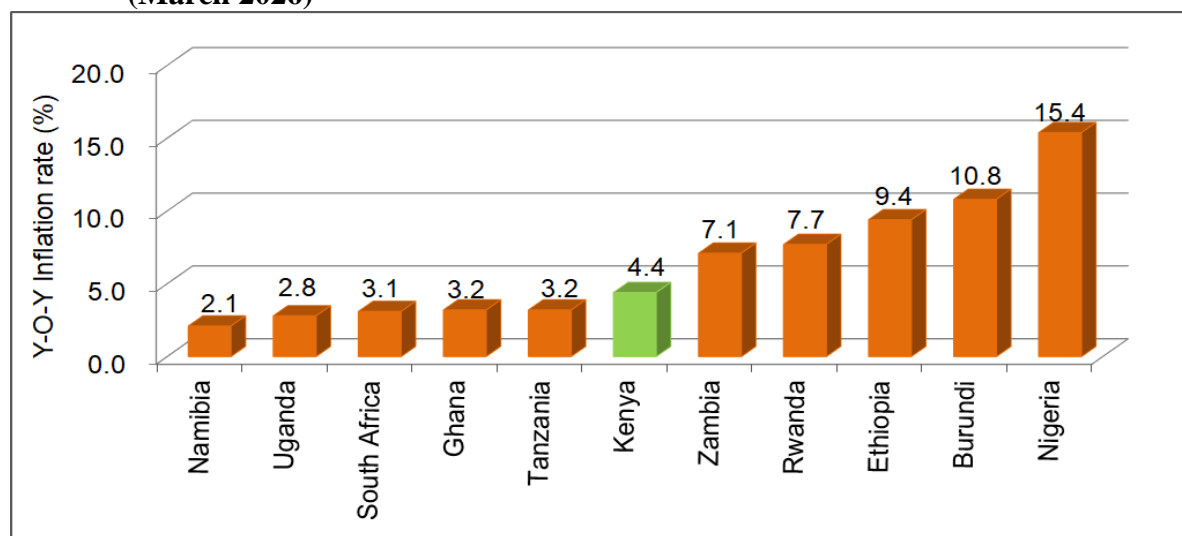
Source of Data: Kenya National Bureau of Statistics

14. Core inflation remained stable at 2.1 percent in March 2026, compared to 2.2 percent in March 2025, supported by lower prices of selected manufactured food items, alongside stable prices in other non-volatile components. In contrast, non-core inflation rose to 10.8 percent from 7.4 percent over the same period, largely driven by relatively higher food and energy prices.

15. Despite expected upward pressure from higher energy prices due to the Middle East conflict, overall inflation is expected to remain within the target range in the near term, supported by appropriate monetary policy actions, expected stability in food prices attributed to favorable weather conditions, and a broadly stable exchange rate.

16. Inflation outcomes across Sub-Saharan Africa as of March 2026 remain mixed, with wide variation across countries. Several economies, including Uganda, Namibia, South Africa, and Tanzania, have maintained relatively low and stable inflation, reflecting prudent policy management and relatively contained food and energy prices. In contrast, Ethiopia, Burundi, and Nigeria continue to face significantly higher inflation, driven by stronger pass-through effect from food and energy prices; exchange rate pressures; and underlying structural constraints. Overall, the region continues to exhibit a divergent inflationary environment, reflecting differences in domestic conditions; external vulnerabilities; and the effectiveness of policy responses across countries (**Chart 2b**).

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



Source of Data: National Central Banks

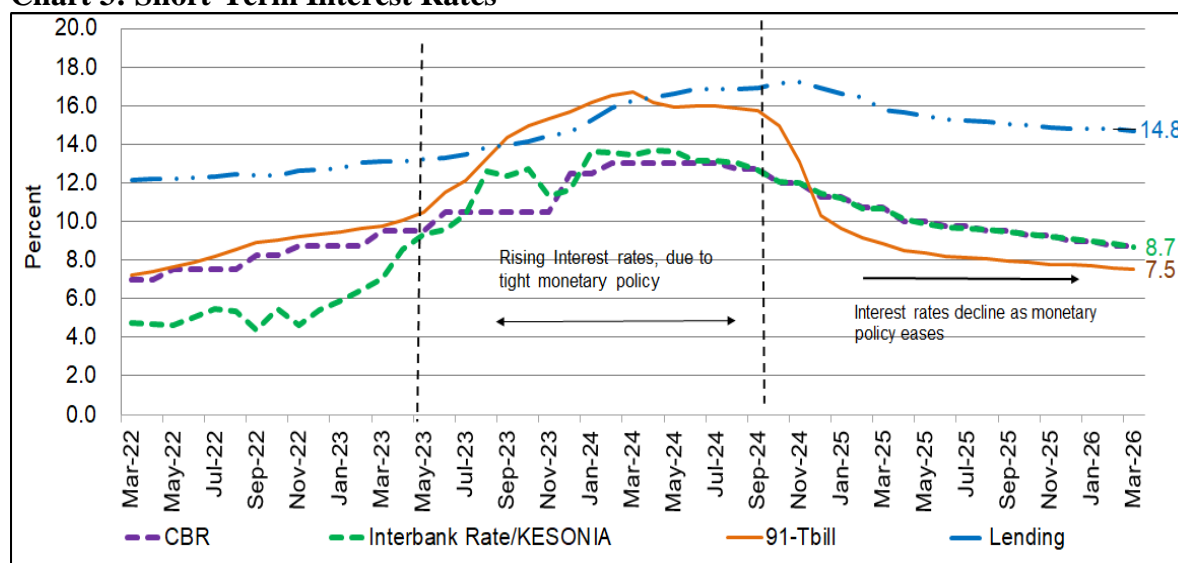
1.3 Interest Rates

17. The Central Bank of Kenya, through the Monetary Policy Committee (MPC), has progressively eased monetary policy, lowering the Central Bank Rate (CBR) from 13.0 percent in August 2024 to 8.75 percent in February 2026 (**Chart 3**). This stance is intended to reinforce earlier measures aimed at stimulating bank lending to the private sector and supporting economic activities, while ensuring inflation expectations remain well anchored and the exchange rate stable.

18. Short-term interest rates have declined. KESONIA (the overnight interbank rate) declined to 8.7 percent in March 2026 from 10.7 percent in March 2025. The decline signaling improved liquidity conditions in the interbank money market and lowering of banks' short-term funding costs, which supports credit expansion. Similarly, Treasury bill rates declined across maturities. The 91-day rate fell to 7.5 percent in March 2026 from 8.9 percent in March 2025, the 182-day rate declined to 7.8 percent from 9.1 percent, and the 364-day rate eased to 8.4 percent from 10.5 percent over the same period. This broad-based decline in short-term rates has lowered the cost of Government domestic borrowing, contributing to reduced debt-servicing costs.

19. In line with the easing in monetary conditions, average commercial bank lending rates declined to 14.7 percent in March 2026 from 15.8 percent in March 2025, while average deposit rates fell more sharply to 6.9 percent from 9.3 percent over the same period. As a result, the interest rate spread widened to 7.8 percent from 6.4 percent, reflecting the faster adjustment in deposit rates relative to lending rates.

Chart 3: Short-Term Interest Rates



Source of Data: Central Bank of Kenya

1.4 Money and Credit

20. Broad money supply, M3, grew by 12.7 percent in the year to March 2026, compared to a growth of 6.0 percent in the year to March 2025 (**Table 2**). The improved growth of M3 was driven by higher growth in both Net Foreign Assets (NFA) and Net Domestic Assets (NDA), particularly credit to both the Government and the private sector. The NFA of the banking system grew by 35.7 percent in the year to March 2026, compared to a growth of 27.7 percent in the year to March 2025. The increase in NFA was mainly attributable to a rise in the Central Bank’s foreign assets reflecting increased foreign reserves by the Central Bank. The net foreign assets of commercial banks also moderately increased reflecting increased deposits abroad.

21. Net Domestic Assets (NDA) improved to a growth of 7.9 percent in the year to March 2026, compared to a growth of 2.3 percent in the year to March 2025. Domestic credit extended by the banking system to the Government grew by 8.4 percent in the year to March 2026 compared to a contraction of 6.6 percent over a similar period in 2025. The increased net lending to government mainly reflected increase uptake of government securities by commercial banks. In contrast, lending to other public sector declined, mainly reflecting net repayments by parastatals.

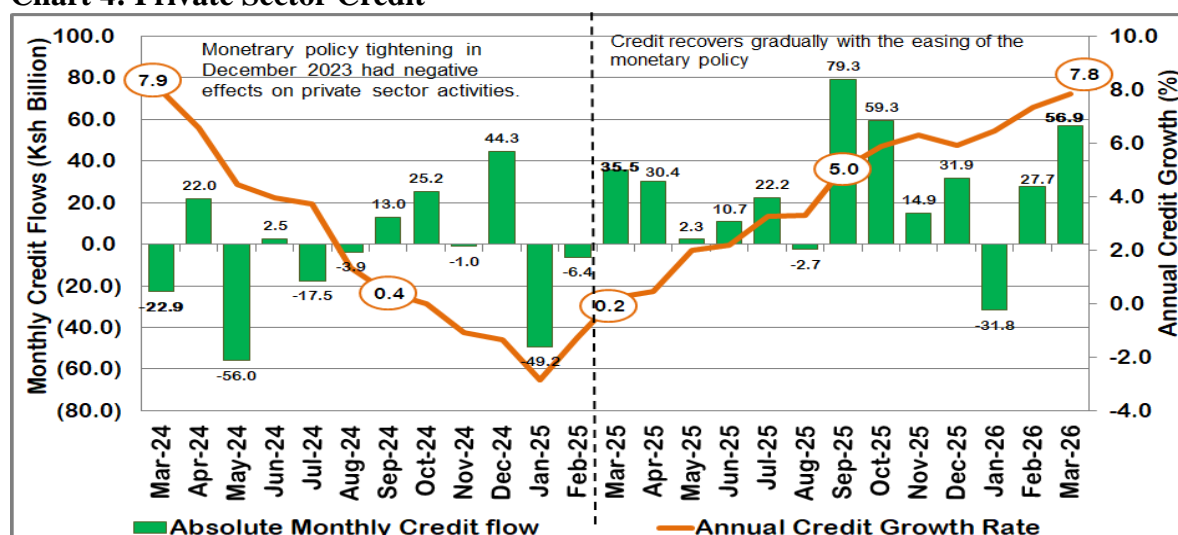
Table 2: Money and Credit Developments (12 Months to March 2026, KSh Billion)

				Absolute Change		Percent Change	
	2024 March	2025 March	2026 March	2024-2025 March	2025-2026 March	2024-2025 March	2025-2026 March
COMPONENTS OF M3							
1. Money supply, M1 (1.1+1.2+1.3)	1,992.8	2,109.8	2,554.4	117.0	444.6	5.9	21.1
1.1 currency outside banks (M0)	273.9	285.4	317.3	11.5	31.9	4.2	11.2
1.2 Demand deposits	1,635.0	1,724.8	2,118.4	89.8	393.7	5.5	22.8
1.3 Other deposits at CBK	83.9	99.7	118.6	15.8	19.0	18.8	19.0
2. Money supply, M2 (1+2.1)	3,890.4	4,277.6	4,860.6	387.2	583.0	10.0	13.6
2.1 Time and savings deposits	1,897.5	2,167.8	2,306.2	270.2	138.4	14.2	6.4
Money supply, M3 (2+3.1)	5,204.4	5,516.6	6,216.6	312.2	700.0	6.0	12.7
3.1 Foreign currency deposits	1,314.1	1,239.0	1,356.0	(75.1)	117.0	(5.7)	9.4
SOURCES OF M3							
1. Net foreign assets (1.1+1.2)	749.5	957.1	1,298.9	207.6	341.8	27.7	35.7
1.1 Central Bank	387.4	682.3	1,016.4	294.9	334.1	76.1	49.0
1.2 Banking Institutions	362.0	274.8	282.6	(87.3)	7.8	(24.1)	2.8
2. Net domestic assets (2.1+2.2)	4,455.0	4,559.5	4,917.7	104.5	358.1	2.3	7.9
2.1 Domestic credit (2.1.1+2.1.2+2.1.3)	6,157.3	5,997.0	6,449.4	(160.3)	452.4	(2.6)	7.5
2.1.1 Government (net)	2,235.4	2,088.7	2,263.4	(146.7)	174.7	(6.6)	8.4
2.1.2 Other public sector	93.0	70.7	47.4	(22.2)	(23.4)	(23.9)	(33.0)
2.1.3 Private sector	3,829.0	3,837.6	4,138.6	8.6	301.0	0.2	7.8
2.2 Other assets net	(1,702.3)	(1,437.5)	(1,531.7)	264.8	(94.2)	15.6	(6.6)

Source of Data: Central Bank of Kenya

22. Growth in private sector credit from the banking system recorded a growth of 7.8 percent in the year to March 2026 compared to a growth of 0.2 percent in the year to March 2025 (Chart 4). Growth in credit to key sectors of the economy, particularly building and construction, trade, agriculture, and consumer durables remained strong, reflecting improved demand for credit in line with the declining lending interest rates.

Chart 4: Private Sector Credit



Source of Data: Central Bank of Kenya

23. The Monthly (month on month) credit flows to the private sector improved to KSh 56.9 billion in March 2026 from KSh 35.5 billion in March 2025 due to the easing of the monetary

RECENT ECONOMIC DEVELOPMENTS

policy stance to lower the cost of funds for banks and sustained demand particularly for working capital due to resilient economic activities.

1.5 Balance of Payments

24. The current account deficit stood at US\$ 4,509.5 million (3.0 percent of GDP) in March 2026, compared to US\$ 2,291.8 million (1.7 percent of GDP) in March 2025 due to higher goods imports and lower secondary income transfers (**Table 3 and Chart 5**). The current account balance was supported by resilient goods exports, an improvement in net primary income, and increased remittances. The current account deficit in the 12 months to March 2026 was more than fully financed by financial account inflows.

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

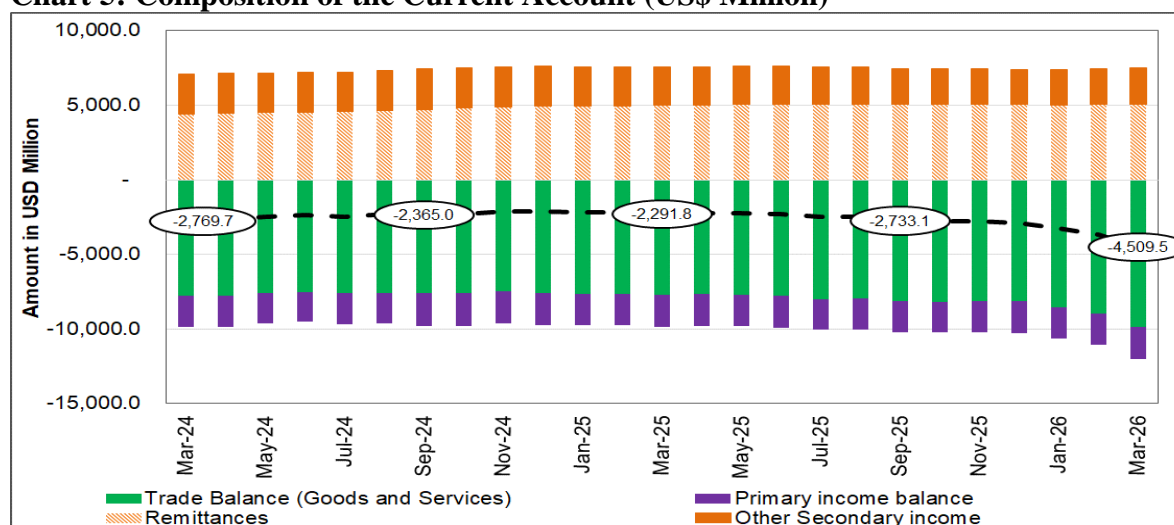
			Year to March 2026		Actuals as a Percent of GDP	
	Mar-25	Mar-26	Absolute Change	Percent Change	Mar-25	Mar-26
Overall Balance	(2,265.2)	(3,009.5)	(744.4)	(32.9)	(1.7)	(2.0)
A) Current Account	(2,291.8)	(4,509.5)	(2,217.7)	(96.8)	(1.7)	(3.0)
<i>Merchandise Account (a-b)</i>	(10,131.3)	(11,806.4)	(1,675.1)	(16.5)	(7.5)	(7.8)
a) Goods: exports	12,423.5	13,390.7	967.3	7.8	9.1	8.8
b) Goods: imports	22,554.7	25,197.1	2,642.3	11.7	16.6	16.6
<i>Net Services (c-d)</i>	2,413.7	1,918.5	(495.1)	(20.5)	1.8	1.3
c) Services: credit	8,162.4	8,621.6	459.2	5.6	6.0	5.7
d) Services: debit	5,748.8	6,703.0	954.3	16.6	4.2	4.4
<i>Net Primary Income (e-f)</i>	(2,129.7)	(2,112.6)	17.1	0.8	(1.6)	(1.4)
e) Primary income: credit	335.6	388.2	52.7	15.7	0.2	0.3
f) Primary income: debit	2,465.2	2,500.8	35.6	1.4	1.8	1.6
<i>Net Secondary Income</i>	7,555.5	7,490.9	(64.6)	(0.9)	5.6	4.9
g) Secondary income: credit	7,620.1	7,558.0	(62.1)	(0.8)	5.6	5.0
of which Remittances	4,971.6	5,078.6	107.0	2.2	3.7	3.3
h) Secondary income: debit	64.7	67.1	2.5	3.8	0.0	0.0
B) Capital Account	175.5	250.0	74.5	42.5	0.1	0.2
C) Financial Account	(3,881.0)	(5,783.7)	(1,902.7)	(49.0)	(2.9)	(3.8)

Source of Data: Central Bank of Kenya

25. The balance in the merchandise account deteriorated by US\$ 1,675.1 million to a deficit of US\$ 11,806.4 million in March 2026 mainly due to an increase in import bill that more than offset the increase in exports. Goods exports increased by 7.8 percent, driven by horticulture, tea, coffee, food and live animals, and machinery and transport equipment. Goods imports rose by 11.7 percent, reflecting increases in intermediate and capital goods imports.

26. Services receipts increased by 5.6 percent, mainly supported by increased receipts from travel services. The deficit on the primary account narrowed by US\$ 17.1 million to a deficit of US\$ 2,112.6 million in the year to March 2026, compared to the deficit of 2,129.7 in same period last year. Diaspora remittances increased by 2.2 percent to US\$ 5,078.6 million in the 12 months to March 2026 compared to US\$ 4,971.6 million in a similar period in 2025 (**Chart 5**).

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



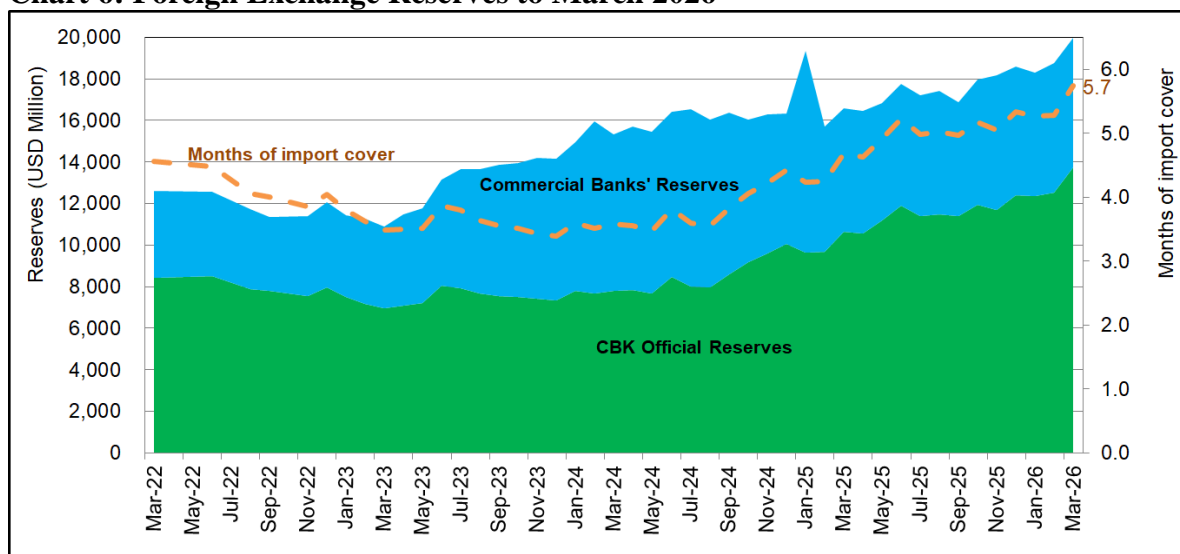
Source of Data: Central Bank of Kenya

27. The capital account balance increased by US\$. 74.5 million to register a surplus of US\$ 250.0 million in the year to March 2026 compared to a surplus of US\$ 175.5 million in the same period in 2025. Net financial inflows improved to US\$. 5,783.7 million in the year to March 2026 compared to US\$. 3,881.0 million in the year to March 2025. This reflected an increase in net financial liabilities, which more than offset 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

28. The banking system’s foreign exchange holdings remained strong at US\$. 19,967.7 million in March 2026 from US\$. 16,573.9 million in March 2025. The official foreign exchange reserves held by the Central Bank stood at US\$. 13,746.9 million compared to US\$ 10,661.7 million over the same period in 2025 (**Chart 6**). Commercial banks foreign exchange holdings increased to US\$. 6,220.9 million in March 2026 from US\$. 5,912.1 million in March 2025.

Chart 6: Foreign Exchange Reserves to March 2026



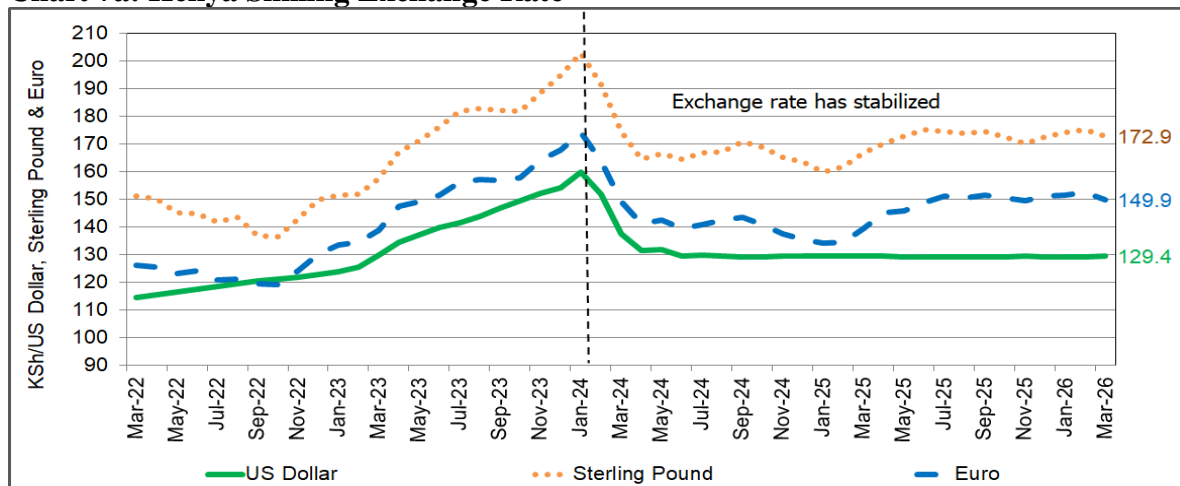
Source of Data: Central Bank of Kenya

29. The official reserves held by the Central Bank in March 2026 represented 5.7 months of import cover, compared to 4.7 months of import cover in March 2025. These reserves continue to provide adequate cover and a buffer against short-term shocks in the foreign exchange market. The level of reserves therefore exceeded the minimum requirement of 4.0 months of import cover.

1.7 Exchange Rates

30. The Kenya Shilling remained relatively stable against the US Dollar, exchanging at an average of KSh 129.4 in March 2026 compared to KSh 129.3 in March 2025. However, the Shilling depreciated against the Sterling Pound and the Euro by 3.7 percent and 7.4 percent, respectively. The Sterling Pound averaged KSh 172.9 in March 2026, up from KSh 166.8 in March 2025, while the Euro averaged KSh 149.9 compared to KSh 139.6 over the same period. Overall, the foreign exchange market remained well-supported by steady inflows from agricultural exports and diaspora remittances, which helped cushion the Shilling against high volatility (Chart 7a).

Chart 7a: Kenya Shilling Exchange Rate

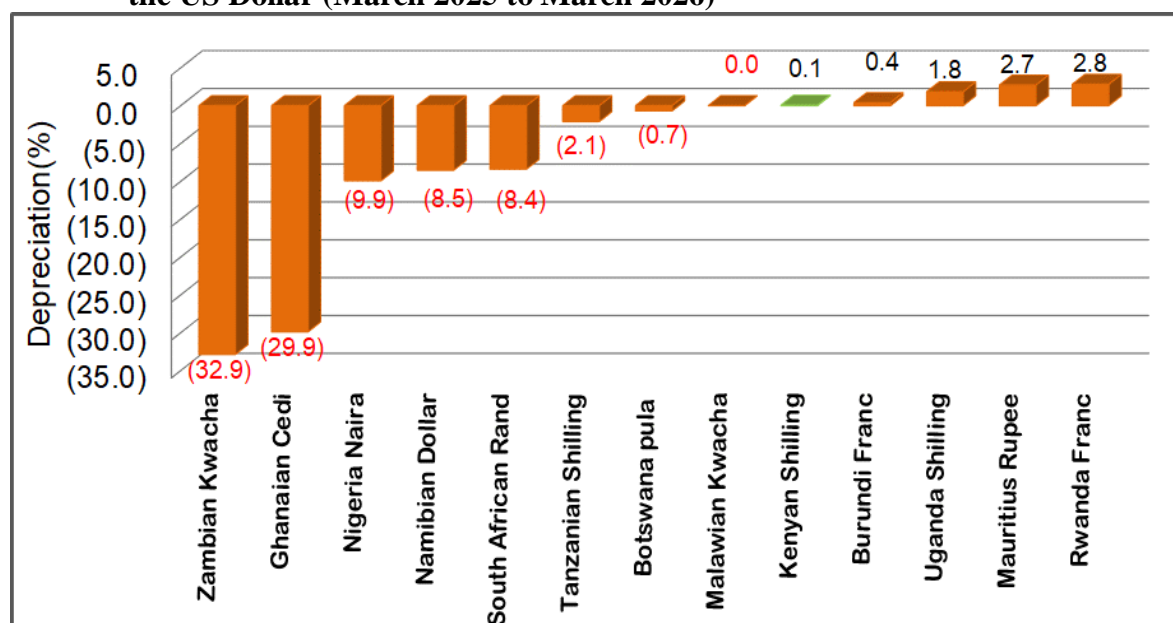


Source of Data: Central Bank of Kenya

31. There was mixed performance of Sub-Saharan African currencies against the US dollar in the year to March 2026, with notable divergence across countries (**Chart 7b**). The Zambian kwacha, Ghanaian cedi, and Nigerian naira recorded the steepest depreciations due to external pressures, foreign exchange constraints, and fiscal vulnerabilities. While Namibia and South Africa experienced more moderate declines linked to global financial conditions and commodity price dynamics.

32. In contrast, East African currencies, including the Kenyan, Ugandan, and Burundian shillings, as well as the Malawian kwacha, remained broadly stable with only mild movements. At the stable end, the Mauritian rupee and Rwandan franc registered an appreciation, supported by stronger macroeconomic fundamentals and more resilient external buffers.

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

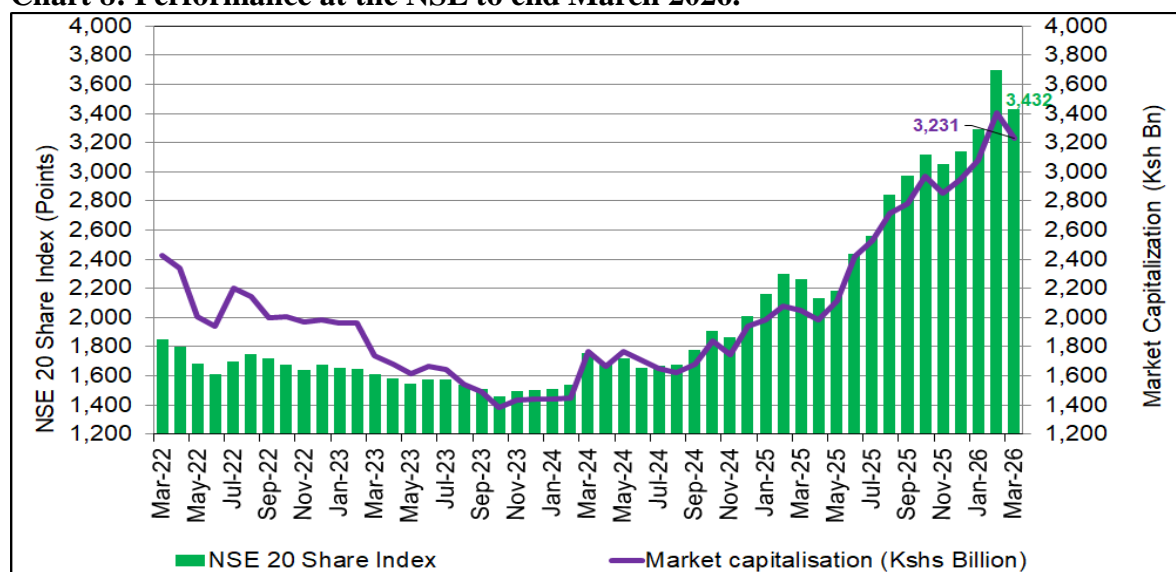


Source of Data: National Central Banks

1.8 Capital Markets

33. Capital market indicators have remained broadly strong, supported by improved macroeconomic conditions, which have reinforced investor confidence. This has contributed to increased foreign direct investment inflows and higher participation at the Nairobi Securities Exchange (NSE). As a result, the NSE 20 Share Index rose by 51.6 percent to 3,432 points in March 2026, up from 2,263 points in March 2025, while market capitalization expanded by 57.6 percent to KSh 3,231 billion from KSh 2,050 billion over the same period (**Chart 8**). However, between February 2026 and March 2026, the NSE 20 Share Index declined by 7.1 percent, while market capitalization fell by 5.0 percent, as investors become cautious of the rising global uncertainty caused by the conflict in the Middle East.

Chart 8: Performance at the NSE to end March 2026.



Source of Data: Nairobi Securities Exchange

FISCAL DEVELOPMENTS

2.0 FISCAL DEVELOPMENTS

2.1 Revenue

34. By the end of March 2026, total revenue collected including A-I-A amounted to KSh 2,278.1 billion against a target of KSh 2,393.9 billion (**Table 4**). The revenue collection was below target by KSh 115.8 billion attributed to the shortfall recorded in ordinary revenue of KSh 161.9 billion while collection of the ministerial A-I-A was above target by KSh 46.0 billion. Ordinary revenue collection was KSh 1,818.5 billion against a target of KSh 1,980.4 billion. All ordinary revenue categories recorded below target performance during the period under review except import duty which surpassed its target by KSh 8.6 billion; and other¹ revenue category which surpassed its target by KSh 4.1 billion. The total revenue recorded a growth of 14.0 percent compared to a growth of 4.2 percent recorded in March 2025 (**Chart 9**).

35. The ministerial A-I-A collected amounted to KSh 459.6 billion against a target of KSh 413.6 billion, KSh 46.0 billion above the target. The performance of A-I-A translated to a growth of 52.7 percent compared to the same period in 2025. The Railway Development Levy collection amounted to KSh 34.7 billion against a target of KSh 28.8 billion, surpassing target by KSh 6.0 billion. The revenue data in Government Finance Statistics Manual 2014 (GFSM 2014) format is shown in annex II.

Table 4: Government Revenue and External Grants, Period Ending 31st March 2026 (KSh Millions)

	2024/2025	2025/2026		Deviation KSh.	% Growth
	Actual*	Actual*	Target		
Total Revenue (a+b)	1,998,368	2,278,090	2,393,935	(115,845)	14.0
(a) Ordinary Revenue	1,697,291	1,818,494	1,980,364	(161,870)	7.1
Import Duty	107,748	130,525	121,903	8,622	21.1
Excise Duty	214,997	231,765	251,043	(19,279)	7.8
PAYE	412,102	428,042	478,161	(50,119)	3.9
Other Income Tax	334,091	351,587	411,969	(60,382)	5.2
VAT Local	235,292	266,378	288,062	(21,684)	13.2
VAT Imports	235,714	266,865	288,068	(21,202)	13.2
Investment Revenue	70,328	51,509	51,551	(43)	(26.8)
Traffic Revenue	2,585	2,832	2,980	(148)	9.6
Taxes on Intl. Trade & Trans.(IDF Fee)	34,207	34,768	36,539	(1,771)	1.6
Others ¹	50,227	54,223	50,088	4,135	8.0
(b) Appropriation In Aid ²	301,078	459,596	413,571	46,025	52.7
o/w Railway Development Levy	26,110	34,722	28,762	5,959	33.0
(c) External Grants	14,751	14,707	30,200	(15,492)	(0.3)
Total Revenue and External Grants	2,013,119	2,292,798	2,424,134	(131,337)	6.9
Total Revenue and External Grants as a percentage of GDP	11.74	12.07	12.76	(0.69)	

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

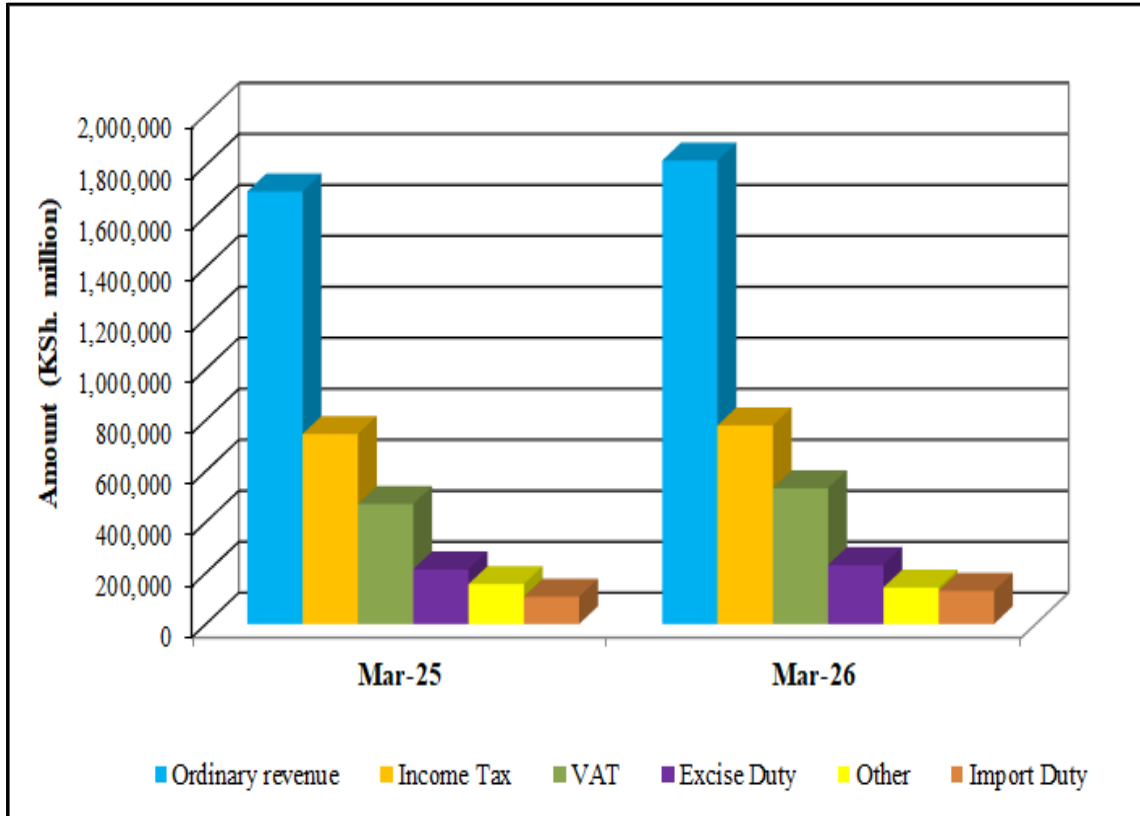
*Provisional

Source of Data: National Treasury

FISCAL DEVELOPMENTS

36. As a proportion of GDP, the total revenue and grants in the period under review was 12.1 percent compared to 11.7 percent recorded in the corresponding period in the FY 2024/25. Total grants amounted to KSh 14.7 billion against a target of KSh 30.2 billion, translating to a shortfall of KSh 15.5 billion (**Table 4**).

Chart 9: Ordinary Revenue by Source, Period Ending 31st March 2026



Source of Data: National Treasury

2.2 Expenditure

37. The total expenditure and net lending for the period under review amounted to KSh 3,260.4 billion, against a target of KSh 3,198.1 billion. The resultant above target expenditure of KSh 62.2 billion is attributed to above target expenditure in recurrent expenditures by the National Government (below target by KSh 119.9 billion). Development expenditure was above target by KSh 5.9 billion mainly on account of above target expenditure on domestically financed projects. Transfers to County Governments were below target by KSh 63.5 billion. Expenditure on foreign financed projects was below target by KSh 37.0 billion. Recurrent expenditure for National Government amounted to KSh 2,466.6 billion (excluding KSh 34.7 billion for Parliament and Judiciary), against a target of KSh 2,346.7 billion. The above expenditure in recurrent category was mainly due to higher than targeted expenditures on operations and maintenance (**Table 5 and Chart 10**).

FISCAL DEVELOPMENTS

Table 5: Expenditure and Net Lending, Period Ending 31st March, 2026 (KSh Millions)

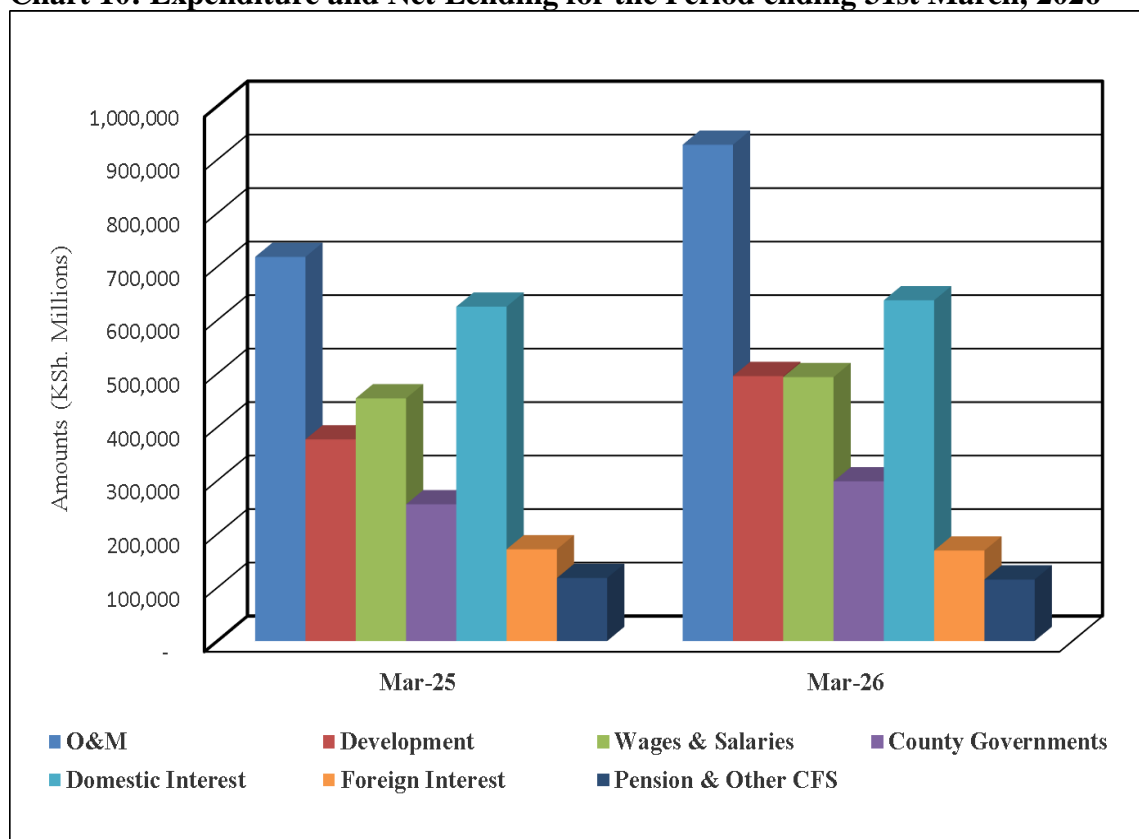
	2024/2025	2025/2026		Deviation	% Growth
	Actual*	Actual*	Targets		
1. RECURRENT	2,067,232	2,466,555	2,346,665	119,890	19.3
Domestic Interest	625,029	636,972	693,603	(56,631)	1.9
Foreign Interest	171,454	169,156	201,214	(32,058)	(1.3)
Pensions & Other CFS	117,812	114,963	148,878	(33,914)	(2.4)
Contribution to Civil Servants' Pension	13,381	29,758	25,832	3,927	122.4
Wages and Salaries	440,254	463,628	492,964	(29,336)	5.3
Operation and Maintenance	699,301	1,052,078	784,174	267,903	50.4
O/W: Appropriation-in-Aid	191,880	278,976	246,543	32,433	45.4
2. DEVELOPMENT	376,927	495,323	489,439	5,884	31.4
Development Projects (Net)	196,329	269,301	258,905	10,395	37.2
Payment of Guaranteed Loans	19,685	-	-	-	-
Appropriation-in-Aid	160,912	226,023	230,534	(4,511)	40.5
3. County Governments	255,540	298,477	362,005	(63,528)	16.8
4. Parliamentary Service	18,418	32,313	39,991	(7,678)	75.4
5. Judicial Service	339	6,438	6,284	154	1,799.1
6. Equalization Fund	-	-	7,504	(7,504)	-
7. CF	-	-	-	-	-
TOTAL EXPENDITURE	2,699,699	3,260,356	3,198,109	62,247	20.8

*Provisional

Source of Data: National Treasury

38. Foreign interest payments amounted to KSh 169.2 billion, a decline from KSh 171.5 billion paid over the same period in the FY2024/25. The domestic interest payments totalled to KSh 637.0 billion, which was higher than the KSh 625.1 billion paid in the corresponding period in the previous financial year. The expenditure data in GFSM 2014 format is shown in annexes III and IV.

Chart 10: Expenditure and Net Lending for the Period ending 31st March, 2026



Source of Data: National Treasury

2.2.1 National Government Expenditures by Public Agencies

39. The total ministerial and other public agencies expenditure including A.I.A for the period ending 31st March 2026 was KSh 1,708.1 billion against a target of KSh 2,185.1 billion. Recurrent expenditure was KSh 1,236.7 billion against a target of KSh 1,525.6 billion, while development expenditure amounted to KSh 471.4 billion against a target of KSh 659.5 billion. The percentage of overall expenditures to the target was 78.2 percent while the percentage of recurrent and development expenditures to the targets were 81.1 percent and 71.5 percent respectively, as at the end of the period under review.

40. As at 31st March, 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 and the State Department for Public Health and Professional Standards and the State Department for Medical Services accounted for 41.9 percent of total recurrent expenditure.

41. Analysis of development outlay indicates that the State Department for Housing and Urban Development accounted for the largest share of the total development expenditure (19.2 percent), followed by the State Department for Roads (18.9 percent), the State Department for Economic Planning (9.7 percent), and the State Department for Water and sanitation (5.9 percent). **Table 6** shows the recurrent and development expenditures by Ministries, State Departments and other government entities for the period under review.

FISCAL DEVELOPMENTS

Table 6: National Government Expenditures by Public Agencies, Period Ending 31st March, 2026 (KSh Millions)

MINISTRY/DEPARTMENT/COMMISSION	Mar-26									% of Total Exp. To Target
	Recurrent			Development			Total			
	Actual*	Target	Variance	Actual*	Target	Variance	Actual*	Target	Variance	
1011 Executive Office of the President	3,783	5,145	(1,362)	1,129	1,008	121	4,912	6,153	(1,241)	79.8
1012 Office of the Deputy President	3,465	3,801	(336)	28	75	(47)	3,493	3,876	(383)	90.1
1013 Office of the Prime Cabinet Secretary	342	472	(129)	-	-	-	342	472	(129)	72.6
1014 State Department for Parliamentary Affairs	220	330	(110)	-	-	-	220	330	(110)	66.7
1016 State Department for Cabinet Affairs	127	176	(49)	-	-	-	127	176	(49)	72.0
1017 State House	10,691	12,190	(1,500)	888	971	(83)	11,579	13,162	(1,582)	88.0
1018 State Department for National Government Coordination	672	776	(104)	18	17	2	690	792	(102)	87.1
1023 State Department for Correctional Services	24,270	29,053	(4,782)	79	247	(168)	24,349	29,299	(4,950)	83.1
1024 State Department for Immigration and Citizen Services	9,337	11,220	(1,883)	11,364	10,727	637	20,701	21,947	(1,246)	94.3
1025 National Police Service	95,043	100,690	(5,647)	1,340	1,285	55	96,383	101,974	(5,591)	94.5
1026 State Department for Internal Security & National	30,318	36,246	(5,927)	3,643	6,028	(2,385)	33,961	42,273	(8,312)	80.3
1032 State Department for Devolution	993	1,030	(37)	2,090	10,632	(8,542)	3,083	11,662	(8,580)	26.4
1033 State Department for Special Programmes	9,944	10,356	(413)	166	124	41	10,109	10,481	(372)	96.5
1036 State Department for the ASALs and Regional Development	5,412	7,217	(1,805)	3,067	3,732	(665)	8,478	10,949	(2,470)	77.4
1041 Ministry of Defence	161,549	166,365	(4,815)	-	3,476	(3,476)	161,549	169,840	(8,291)	95.1
1053 State Department for Foreign Affairs	11,525	17,809	(6,284)	12	1,760	(1,748)	11,537	19,569	(8,032)	59.0
1054 State Department for Diaspora Affairs	482	569	(87)	-	-	-	482	569	(87)	84.7
1064 State Department for Vocational and Technical Training	22,736	32,825	(10,089)	5,029	5,461	(432)	27,765	38,286	(10,521)	72.5
1065 State Department for Higher Education and Research	76,174	117,317	(41,143)	2,599	3,744	(1,145)	78,773	121,061	(42,288)	65.1
1066 State Department for Basic Education	81,422	84,824	(3,403)	11,027	13,555	(2,527)	92,449	98,379	(5,930)	94.0
1067 State Department for Science, Innovation and Research	601	802	(201)	-	-	-	601	802	(201)	74.9
1071 The National Treasury	48,907	67,892	(18,985)	18,870	29,297	(10,427)	67,777	97,189	(29,412)	69.7
1072 State Department for Economic Planning	2,529	3,325	(796)	45,855	46,658	(804)	48,383	49,983	(1,600)	96.8
1073 State Department for Public Investments and Assets	1,669	2,905	(1,236)	624	552	72	2,293	3,457	(1,164)	66.3
1082 State Department for Medical Services	47,338	70,118	(22,781)	18,238	25,240	(7,002)	65,576	95,359	(29,783)	68.8
1083 State Department for Public Health and Professional Standards	20,558	25,142	(4,584)	2,836	3,152	(316)	23,394	28,293	(4,899)	82.7
1091 State Department for Roads	43,620	53,721	(10,102)	88,921	137,059	(48,138)	132,541	190,780	(58,240)	69.5
1092 State Department for Transport	1,684	5,125	(3,441)	12,290	45,900	(33,610)	13,974	51,025	(37,051)	27.4
1093 State Department for Shipping and Maritime Affairs	325	2,722	(2,397)	166	1,968	(1,803)	490	4,690	(4,200)	10.5
1094 State Department for Housing & Urban Development	1,568	5,195	(3,627)	90,577	105,740	(15,163)	92,145	110,934	(18,789)	83.1
1095 State Department for Public Works	1,545	3,034	(1,489)	67	610	(543)	1,612	3,644	(2,031)	44.2
1097 State Department for Aviation and Aerospace Development	106	10,770	(10,663)	331	490	(158)	437	11,259	(10,822)	3.9
1104 State Department for Irrigation	512	848	(336)	3,589	8,201	(4,612)	4,101	9,049	(4,948)	45.3
1109 State Department for Water & Sanitation	2,264	6,372	(4,108)	27,888	37,153	(9,265)	30,152	43,525	(13,373)	69.3
1112 State Department for Lands and Physical Planning	3,708	4,205	(497)	3,984	5,776	(1,792)	7,692	9,981	(2,289)	77.1
1122 State Department for Information Communication Technology	2,261	2,721	(460)	6,115	6,440	(325)	8,376	9,161	(786)	91.4
1123 State Department for Broadcasting & Telecommunications	2,694	4,568	(1,874)	201	244	(43)	2,895	4,812	(1,916)	60.2
1132 State Department for Sports	4,909	4,239	669	15,098	14,633	465	20,007	18,873	1,134	106.0
1134 State Department for Culture and Heritage	1,716	2,250	(534)	20	159	(139)	1,736	2,409	(673)	72.1
1135 State Department for Youth Affairs and the Arts	1,863	2,169	(306)	821	965	(144)	2,684	3,134	(450)	85.6
1152 State Department for Energy	746	9,203	(8,457)	27,662	37,768	(10,106)	28,408	46,971	(18,563)	60.5
1162 State Department for Livestock Development	1,904	4,722	(2,818)	4,181	5,498	(1,317)	6,085	10,220	(4,135)	59.5
1166 State Department for the Blue Economy and Fisheries	2,068	2,689	(621)	4,797	5,673	(876)	6,865	8,362	(1,497)	82.1
1169 State Department for Crop Development	11,339	18,264	(6,925)	25,493	36,649	(11,156)	36,832	54,912	(18,081)	67.1
1173 State Department for Cooperatives	3,927	4,436	(509)	3,060	2,529	532	6,987	6,964	23	100.3
1174 State Department for Trade	1,593	3,812	(2,219)	285	225	60	1,878	4,037	(2,159)	46.5
1175 State Department for Industry	1,707	3,551	(1,843)	5,435	4,268	1,167	7,142	7,818	(676)	91.4
1176 State Department for Micro, Small and Medium Enterprises	1,214	1,693	(479)	4,326	4,496	(170)	5,540	6,189	(649)	89.5
1177 State Department for Investment Promotion	678	1,209	(531)	2,038	2,446	(407)	2,716	3,655	(938)	74.3
1184 State Department for Labour and Skills Development	1,290	3,740	(2,449)	710	639	71	2,000	4,379	(2,379)	45.7
1185 State Department for Social Protection and Senior Citizens	30,154	24,964	5,190	132	156	(24)	30,285	25,119	5,166	120.6
1186 State Department for Children Services	10,597	8,956	1,641	36	138	(102)	10,633	9,093	1,539	116.9
1192 State Department for Mining	928	1,645	(717)	5	200	(195)	934	1,846	(912)	50.6
1193 State Department for Petroleum	3,286	18,773	(15,487)	2,779	3,968	(1,189)	6,065	22,741	(16,676)	26.7
1202 State Department for Tourism	643	8,819	(8,176)	5	3,908	(3,902)	648	12,726	(12,078)	5.1
1203 State Department for Wildlife	2,431	10,174	(7,743)	1,069	2,647	(1,578)	3,500	12,821	(9,321)	27.3
1212 State Department for Gender and Affirmative Action	1,118	1,250	(131)	2,058	3,475	(1,417)	3,176	4,725	(1,548)	67.2
1213 State Department for Public Service	13,720	16,542	(2,822)	1,318	1,518	(200)	15,038	18,060	(3,022)	83.3
1221 State Department for East African Community	614	860	(245)	-	-	-	614	860	(245)	71.5
1252 State Law Office	3,041	3,837	(796)	187	225	(38)	3,228	4,062	(834)	79.5
1253 State Department for Justice Human Rights and	574	798	(224)	-	-	-	574	798	(224)	72.0
1261 The Judiciary	18,654	19,228	(575)	895	1,135	(239)	19,549	20,363	(814)	96.0
1271 Ethics and Anti-Corruption Commission	3,230	3,269	(39)	102	135	(33)	3,332	3,404	(72)	97.9
1281 National Intelligence Service	50,807	46,085	4,722	-	-	-	50,807	46,085	4,722	110.2
1291 Office of the Director of Public Prosecutions	3,943	4,170	(227)	48	215	(166)	3,991	4,385	(393)	91.0
1311 Office of the Registrar of Political Parties	-	2,293	(2,293)	-	-	-	-	2,293	(2,293)	-
1321 Witness Protection Agency	592	593	(1)	-	-	-	592	593	(1)	99.8
1331 State Department for Environment & Climate Change	1,772	3,107	(1,334)	725	1,278	(553)	2,497	4,384	(1,887)	57.0
1332 State Department for Forestry	3,004	8,316	(5,312)	2,883	4,847	(1,963)	5,887	13,162	(7,275)	44.7
2011 Kenya National Commission on Human Rights	356	391	(35)	-	-	-	356	391	(35)	91.1
2021 National Land Commission	2,272	4,165	(1,893)	340	417	(77)	2,612	4,582	(1,970)	57.0
2031 Independent Electoral and Boundaries Commission	4,628	9,735	(5,107)	-	23	(23)	4,628	9,758	(5,130)	47.4
2041 Parliamentary Service Commission	2,250	2,152	98	-	-	-	2,250	2,152	98	104.5
2042 National Assembly	19,110	21,696	(2,586)	-	-	-	19,110	21,696	(2,586)	88.1
2043 Parliamentary Joint Services	4,744	5,211	(467)	1,581	1,174	407	6,325	6,385	(60)	99.1
2044 Senate	6,438	6,284	154	-	-	-	6,438	6,284	154	102.4
2051 Judicial Service Commission	626	706	(80)	-	-	-	626	706	(80)	88.7
2061 Commission on Revenue Allocation	208	366	(158)	-	-	-	208	366	(158)	56.7
2071 Public Service Commission	2,334	2,698	(364)	-	-	-	2,334	2,698	(364)	86.5
2081 Salaries and Remuneration Commission	459	652	(193)	-	-	-	459	652	(193)	70.3
2091 Teachers Service Commission	269,693	307,967	(38,274)	222	503	(282)	269,914	308,470	(38,555)	87.5
2101 National Police Service Commission	847	1,092	(245)	-	-	-	847	1,092	(245)	77.6
2111 Auditor General	5,894	6,269	(375)	21	248	(227)	5,915	6,517	(601)	90.8
2121 Controller of Budget	579	711	(132)	-	-	-	579	711	(132)	81.4
2131 Commission on Administrative Justice	474	500	(26)	-	-	-	474	500	(26)	94.8
2141 National Gender and Equality Commission	430	420	9	-	-	-	430	420	9	102.2
2151 Independent Policing Oversight Authority	935	1,054	(120)	-	-	-	935	1,054	(120)	88.6
Total	1,236,729	1,525,596	(288,867)	471,362	659,473	(188,111)	1,708,092	2,185,070	(476,978)	78.2

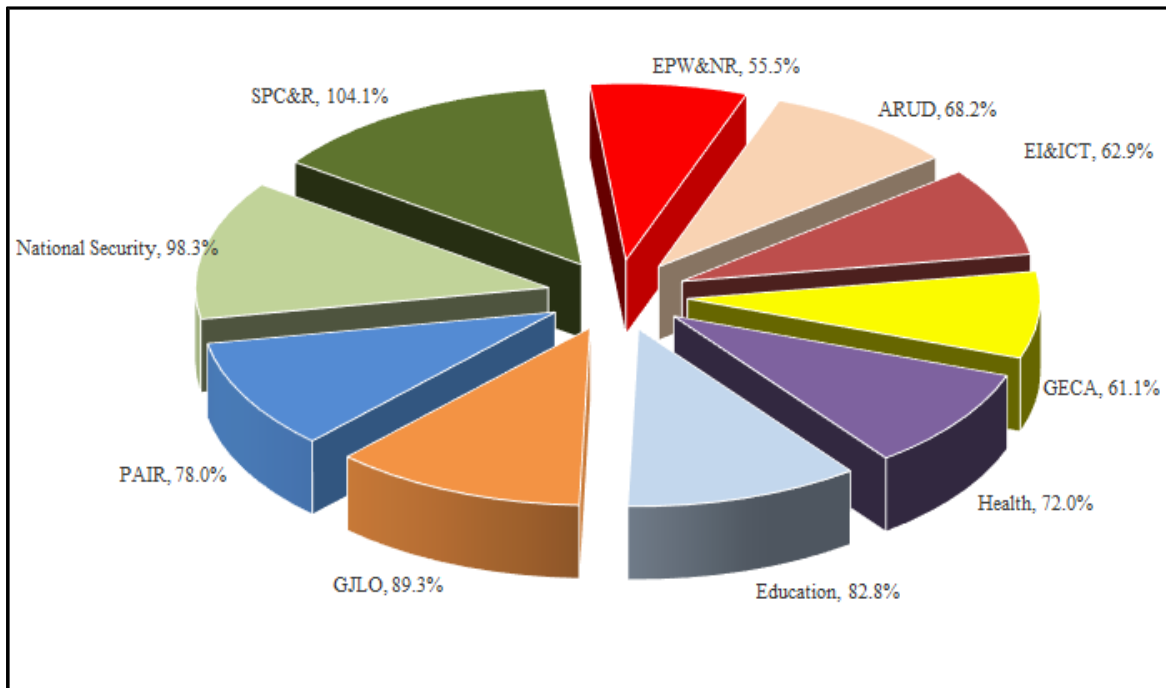
*Provisional

Source of Data: National Treasury

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42. During the period under review, Social Protection, Culture and Recreation (SPC&R) sector recorded the highest absorption at 104.1 percent followed by National Security at 98.3 percent; Governance, Justice, Law and Order (GJLO) at 89.3 percent; and Education at 82.9 percent. Environment Protection, Water and Natural Resources sector recorded the lowest absorption of 55.5 percent (**Chart 11**).

Chart 11: Sectoral Budget Absorption as at 31st March, 2026



Source of Data: National Treasury

2.2.2 Pending Bills

43. The total outstanding National Government pending bills as at 31st March, 2026 amounted to KSh 471.7 billion. These comprise recurrent bills of KSh 273.3 billion (57.9 percent) and development pending bills of KSh 198.4 billion (42.1 percent). The 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.

44. 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 2025/26 and the medium-term budget, Treasury Circular No. 7/2023.

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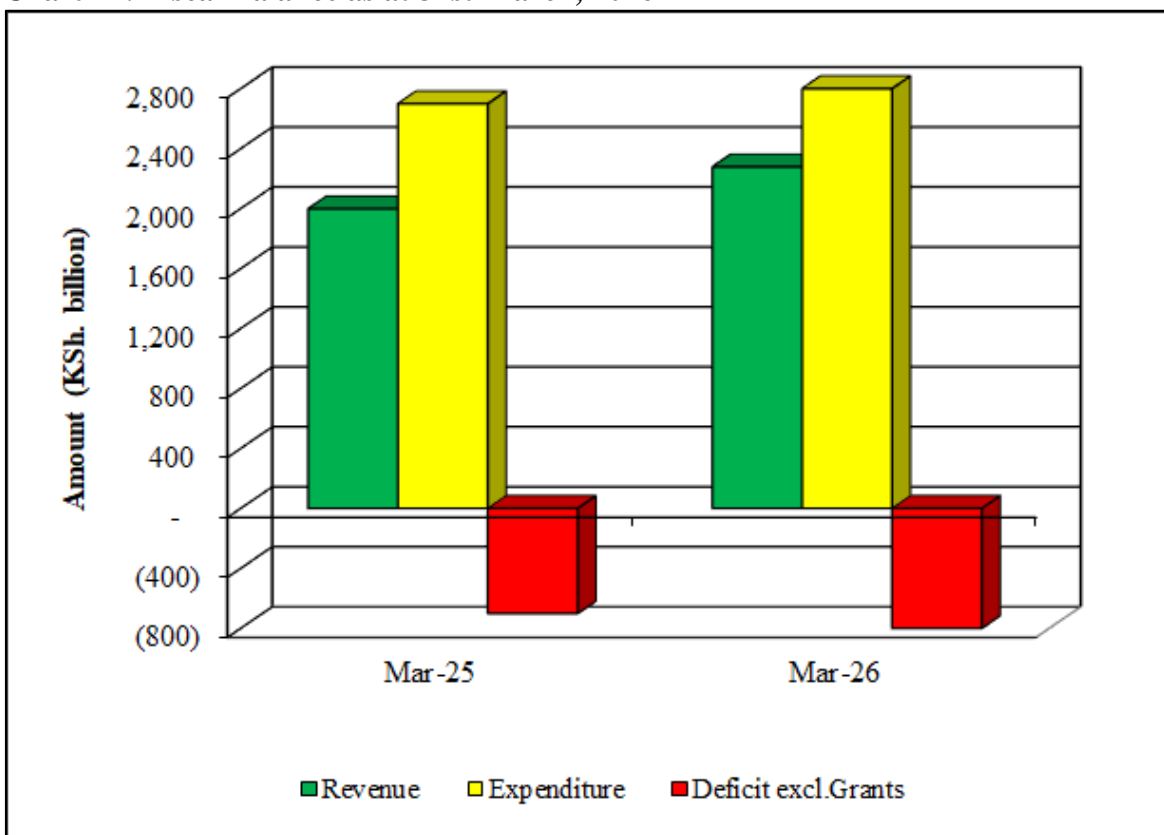
2.2.3 Guaranteed Debt Service

45. During the period under review, the National Government did not service any guaranteed debt on behalf of Parastatals.

2.3 Fiscal Outturn

46. During the period July 2025 to March 2026, the fiscal balance (on commitment basis and excluding grants) amounted to KSh 982.3 billion (5.2 percent of GDP) against a targeted deficit of KSh 804.2 billion (4.2 percent of GDP) (**Chart 12 and Table 7**). The fiscal balance (on a commitment basis and including grants) was 5.1 percent of GDP against a target of 4.1 percent of GDP.

Chart 12: Fiscal Balance as at 31st March, 2026



Source of Data: National Treasury

47. Over the same period in FY2024/25, the fiscal deficit excluding grants (on commitment basis) stood at KSh 701.3 billion (4.1 percent of GDP). The fiscal outturn in the last six FYs; the Printed Estimates; and the Revised Estimates in the FY 2025/26 are shown in **Annex I**. Further, GFSM 2014 Compliant Budgetary Central Government fiscal data for the FY 2024/25 are shown in annexes V and VI while the change in net worth is as shown in Annex IV.

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Table 7: Budget Outturn, Cumulative Ending 31st March, 2026 (KSh Millions)

	2024/2025	2025/2026			% growth	2025/2026 as a % of GDP		2024/2025 Actual as a % of GDP
	Actual*	Actual*	Targets	Deviation		Actual	Targets	
A. TOTAL REVENUE AND GRANTS	2,013,119	2,292,798	2,424,134	(131,337)	13.9	12.1	12.8	11.7
1. Revenue	1,998,368	2,278,090	2,393,935	(115,845)	14.0	12.0	12.6	11.7
Ordinary Revenue	1,697,291	1,818,494	1,980,364	(161,870)	7.1	9.6	10.4	9.9
Import Duty	107,748	130,525	121,903	8,622	21.1	0.7	0.6	0.6
Excise Duty	214,997	231,765	251,043	(19,279)	7.8	1.2	1.3	1.3
Income tax	746,193	779,629	890,130	(110,501)	4.5	4.1	4.7	4.4
VAT	471,006	533,243	576,130	(42,887)	13.2	2.8	3.0	2.7
Investment Revenue	70,328	51,509	51,551	(43)	(26.8)	0.3	0.3	0.4
Others	87,019	91,824	89,607	2,217	5.5	0.5	0.5	0.5
Appropriation-in-Aid	301,078	459,596	413,571	46,025	52.7	2.4	2.2	1.8
2. Grants	14,751	14,707	30,200	(15,492)	(0.3)	0.1	0.2	0.1
Revenue	7,753	10,769	16,972	(6,204)	38.9	0.1	0.1	0.0
Appropriation-in-Aid	6,998	3,939	13,227	(9,288)	(43.7)	0.0	0.1	0.0
B. EXPENDITURE AND NET LENDING	2,699,699	3,260,356	3,198,109	62,247	20.8	17.2	16.8	15.7
1. Recurrent	2,067,232	2,466,555	2,346,665	119,890	19.3	13.0	12.4	12.1
Domestic Interest	625,029	636,972	693,603	(56,631)	1.9	3.4	3.7	3.6
Foreign Interest	171,454	169,156	201,214	(32,058)	(1.3)	0.9	1.1	1.0
Pension & Other CFS	117,812	114,963	148,878	(33,914)	(2.4)	0.6	0.8	0.7
Contribution to Civil Servants' Pension	13,381	29,758	25,832	3,927	122.4	0.2	0.1	0.1
Wages and Salaries	440,254	463,628	492,964	(29,336)	5.3	2.4	2.6	2.6
O & M/Others	699,301	1,052,078	784,174	267,903	50.4	5.5	4.1	4.1
2. Development and Net Lending	376,927	495,323	489,439	5,884	31.4	2.6	2.6	2.2
O/W Domestically financed	245,747	365,056	314,676	50,380	48.5	1.9	1.7	1.4
Foreign financed	111,495	130,268	167,259	(36,991)	16.8	0.7	0.9	0.7
3. Net Lending	19,685	-	-	-	(100.0)	0.0	-	0.1
4. Equalization Fund	-	-	7,504.3	(7,504)	-	0.0	0.0	0.0
5. County Governments	255,540	298,477	362,005	(63,528)	16.8	1.6	1.9	1.5
5. CF	-	-	-	-	-	0.0	-	0.0
C. DEFICIT EXCL. GRANT (Commitment basis)	(701,331)	(982,266)	(804,174)	(178,091)	40.1	(5.2)	(4.2)	(4.1)
D. DEFICIT INCL. GRANTS (Commitment basis)	(686,580)	(967,558)	(773,975)	(193,584)	40.9	(5.1)	(4.1)	(4.0)
E. ADJUSTMENT TO CASH BASIS	-	69,183	-	69,183	-	-	-	-
F. DEFICIT INCL. GRANTS (Cash basis)	(686,580)	(898,375)	(773,975)	(124,400)	30.8	(4.7)	(4.1)	(4.0)
<i>Discrepancy</i>	<i>4,204</i>	<i>2,003</i>	<i>-</i>	<i>2,003</i>	<i>-</i>	<i>0.0</i>	<i>-</i>	<i>0.0</i>
G. FINANCING	690,784	900,378	773,975	126,403	30.3	4.7	4.1	4.0
1. Net Foreign financing	62,711	199,650	48,428	151,222	218.4	1.1	0.3	0.4
Disbursements	357,982	619,343	316,251	303,092	73.0	3.3	1.7	2.1
Programme Loans	72,888	2,636	134,959	(132,324)	(96.4)	0.0	0.7	0.4
Project Cash Loans	52,027	70,788	109,469	(38,681)	36.1	0.4	0.6	0.3
Project Loans AIA	44,717	67,275	71,823	(4,548)	50.4	0.4	0.4	0.3
Use of IMF SDR Allocation	-	-	-	-	-	-	-	0.0
Commercial Financing	188,350	478,645	-	478,645	154.1	3	-	1.1
Debt repayment - Principal	(295,271)	(419,693)	(267,823)	(151,870)	42.1	(2.2)	(1.4)	(1.7)
2. Net Domestic Financing	628,073	700,727	725,546	(24,819)	11.6	3.7	3.8	3.7
Government Securities	675,943	841,897	741,408	100,489	24.6	4.4	3.9	3.9
Government Overdraft & Others	25,486	(15,539)	-	(15,539)	(161.0)	-0.1	-	0.1
Movement in Government Deposits	(59,661)	(107,683)	-	(107,683)	80.5	-0.6	-	(0.3)
Domestic Loan Repayments (Net Receipts)	4,453	8,417	6,237	2,180	89.0	0.0	0.0	0.0
Domestic Loan Repayment	(555)	(555)	(555)	-	-	0.0	(0.0)	(0.0)
Other Accounts Payable	(17,591)	(25,810)	(170,544)	144,734	46.7	(0.1)	(0.9)	(0.1)
Privatization proceeds	-	-	149,000	-	-	-	-	0.0
MEMO ITEM								0.0
GDP ESTIMATE	17,143,951	18,993,485	18,993,485	-	10.8	100.0	100.0	100.0

*Provisional

Source of Data: National Treasury

FISCAL DEVELOPMENTS

2.4 Financing

2.4.1 External Financing

48. During the period ending March, 2026, net foreign repayment amounted to KSh 419.7 billion. Total disbursements (inflows) including Appropriations in Aid amounted to KSh 619.3 billion against a target of KSh 316.3 billion. The actual total disbursement comprised of KSh 478.6 billion commercial financing, KSh 2.6 billion program loans and KSh 138.1 billion Project loans. The External repayments (outflows) of principal debt amounted to KSh 419.7 billion. The amount comprised of principal repayments due to commercial institutions; bilateral sources; and multilateral sources amounting to KSh 252.6 billion; KSh 118.9 billion; and KSh 48.2 billion respectively. The net foreign financing for the period under review was KSh 199.7 billion (**Table 8**).

Table 8: External Financing, Period Ending 31st March, 2026 (KSh Millions)

	FY2024/25	FY2025/26	
	Actual*	Actual*	Target
DISBURSEMENTS:	357,982	619,343	316,251
Project Cash loans	52,027	70,788	109,469
Project loans A-I-A	44,717	67,275	71,823
Commercial Financing	188,350	478,645	-
Use of IMF SDR Allocation	-	-	-
Programme Loans	72,888	2,636	134,959
EXTERNAL REPAYMENTS:	295,271	419,693	456,953
Bilateral(incl. Italy Debt SWAP)	136,334	118,917	119,073
Multilateral (excl. IMF)	40,323	48,180	64,865
Commercial	118,614	252,596	273,015
NET FOREIGN FINANCING	62,711	199,650	(140,702)

*Provisional

Source of Data: National Treasury

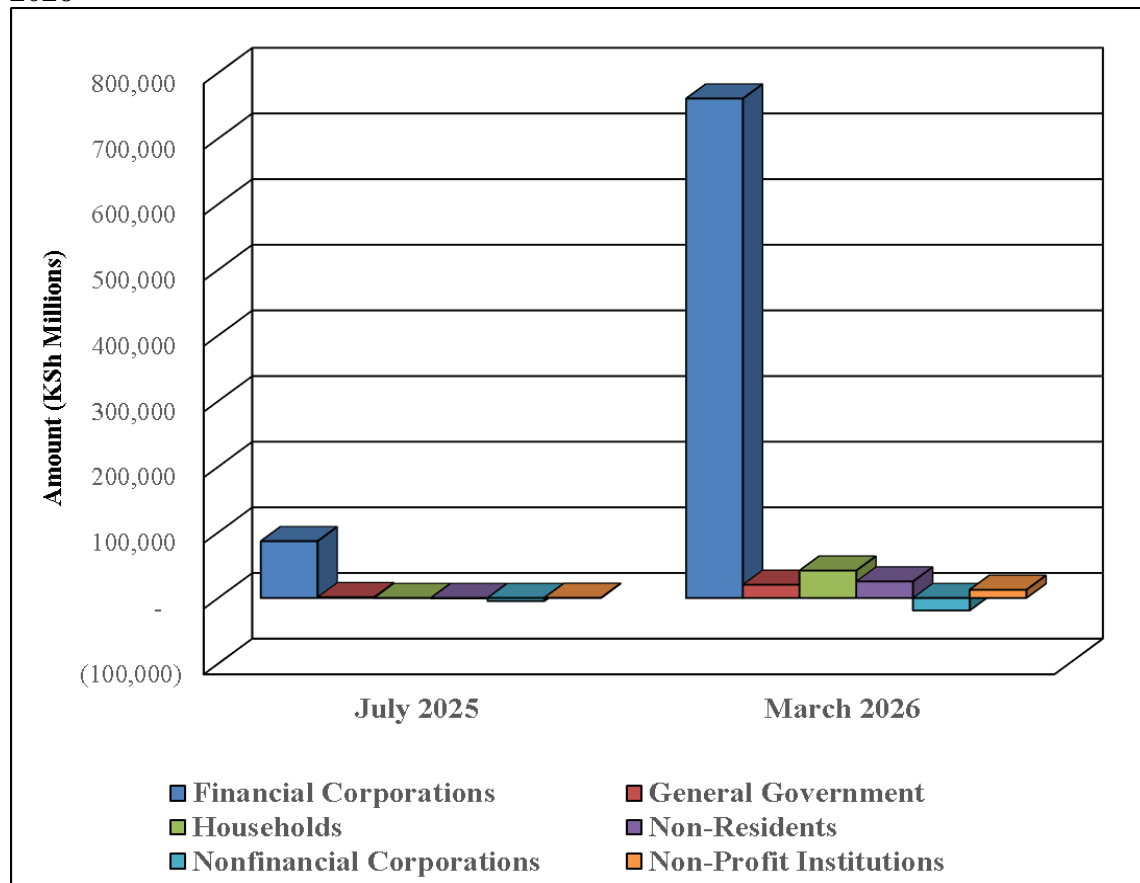
2.4.2 Domestic Financing

49. As at 31st March, 2026, net domestic borrowing amounted to KSh 724.9 billion (**Table 9**) against a target of KSh 725.5 billion. The borrowing comprised of KSh 760.8 billion from Financial corporations; KSh 41.8 billion from households; KSh 25.2 billion from Non-

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residents; KSh 20.2 billion from General Government; and KSh 12.5 billion from Non-Profit Institutions (**Table 9 and Chart 13**).

Chart 13: Domestic Financing by Securities Holder for the Period Ending 31st March, 2026



Source of Data: Central Bank of Kenya

50. Net domestic financing recorded an increase for the period ending 31st March 2026 from a net repayment of KSh 110.0 billion in July 2025 to a net domestic financing of KSh 700.7 billion in March 2026. Consequently, the government categories by all categories recorded an increase during the period under review. (**Table 9**).

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Table 9: Domestic Financing, Period Ending 31st March, 2026 (KSh Millions)

SECURITIES HOLDER	JUL 2025	SEP 2025	DEC 2025	MAR 2026
A. Government Securities	(82,465)	333,091	500,259	841,342
Households	210	26,041	30,434	41,755
Nonfinancial Corporations	4,663	11,197	(8,974)	(19,031)
Public Nonfinancial Corporations Sector	4,615	(4,370)	(28,606)	(37,485)
Other Nonfinancial Corporations	47	15,566	19,632	18,454
Private Companies	138	15,474	17,591	18,353
Unincorporated Private Businesses	(91)	92	2,041	101
Financial Corporations	(86,540)	262,544	422,172	760,802
Public Financial Corporations Sector	(1,485)	12,055	16,632	22,545
Other Depository Corporations	(55,741)	139,859	179,410	429,498
Commercial Banks	(35,013)	102,832	134,570	373,750
FOSA SACCOs	(270)	1,167	2,774	3,088
Money Market Funds	(20,793)	37,034	42,838	53,518
Other Depository Corporations Under Liquidation	108	(259)	90	107
Microfinance Banks	227	(914)	(862)	(965)
Other Financial Corporations	(29,314)	110,630	226,130	308,759
Insurance	(16,199)	47,717	97,375	151,766
Pension	(11,230)	49,475	82,952	90,867
Financial_auxiliaries	(1,040)	2,552	3,327	3,407
Non-Money Market Funds	(663)	1,543	3,464	1,210
BOSA SACCOs	(30)	241	253	219
Microfinance Institutions	(33)	112	370	513
Other Cooperative Societies	2	22	59	82
Other Financial Corporations Under Liquidation	430	(6)	59	267
Captive financial institutions and money lenders	(1)	2	425	335
Other financial intermediaries	(3,682)	11,501	37,263	57,361
Investment Banks	3,131	(2,527)	583	2,731
Non-Profit Institutions	(255)	1,574	2,981	12,480
Non-Residents	649	22,179	30,734	25,179
Non Resident Individuals	25	535	714	1,053
Other International Organisations	624	21,645	30,020	24,126
General Government	(1,191)	9,556	22,913	20,157
Budgetary Units	(83)	(744)	(1,915)	2,383
Extra-Budgetary Units	(905)	1,954	9,131	7,845
Social Security Funds	(203)	8,346	15,697	9,928
B. Others:	23,347	(14,912)	8,283	(18,084)
Overdraft	20,928	(12,606)	10,603	(14,467)
Uncleared Items awaiting transfer to PMG	19	(19)	(19)	(15)
IMF funds on-lent to Government	2,087	(1,629)	(2,179)	(1,885)
Bank Advances	313	(657)	(122)	(1,716)
C. Central Government Deposits	50,920	(52,882)	(46,418)	98,343
D. Domestic Financing	(110,037)	371,062	554,961	724,925
Other Domestic Financing				15,780
Domestic Loan Repayments (Net Receipt)	-	31,354	6,870	8,417
E. Net Domestic Financing	(110,037)	339,708	548,091	700,727

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

3.0 PUBLIC DEBT

3.1 Overall Debt Position

51. The total public and publicly guaranteed debt stock as at end of 31st March, 2026, was KSh 12,827.3 billion, up from KSh 11,364.8 billion in March 2025, an increase of 11.40 percent. 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 5,675.1 billion (44.2 per cent of total debt) in external debt and KSh 7,152.1 billion (55.7 per cent of total debt) in domestic debt. The net public debt was KSh 12,416.8 billion during the period under review (Table 10).

Table 10: Kenya’s Public and Publicly Guaranteed Debt, March 2024 to March 2026 (KSh Millions)

DEBT SOURCE	Mar- 24	Jun- 24	Sep-24	Dec-24	Mar-25	Jun-25*	Sep-25*	Dec-25*	Mar-26*
EXTERNAL									
BILATERAL	1,175,582	1,163,715	1,133,389	1,101,069	1,073,783	1,106,363	1,065,025	1,061,872	1,023,267
MULTILATERAL	2,654,283	2,786,948	2,847,166	2,777,571	2,876,953	3,045,391	3,057,763	3,034,030	3,067,945
COMMERCIAL BANKS	1,318,975	1,207,503	1,193,820	1,165,072	1,273,900	1,322,292	1,256,228	1,351,573	1,569,601
SUPPLIERS CREDIT	14,583	13,537	13,990	13,294	13,661	14,419	14,513	14,490	14,333
SUB – TOTAL EXTERNAL	5,163,423	5,171,704	5,188,365	5,057,006	5,238,297	5,488,465	5,393,528	5,461,966	5,675,145
DOMESTIC:									
CENTRAL BANK	202,428	170,109	107,612	142,043	189,642	172,082	163,066	185,834	161,504
O/W IMF FUNDS ON-LENT TO GOVERNMENT	84,702	83,541	82,626	79,582	78,705	80,559	2,296,926	78,380	79,534
COMMERCIAL BANKS	2,190,148	2,278,836	2,386,381	2,509,146	2,601,298	2,179,356	2,296,926	2,322,878	2,562,937
TOTAL BANKS	2,392,576	2,448,944	2,493,994	2,651,190	2,790,940	2,351,438	2,459,992	2,508,712	2,724,442
NON BANKS & NON RESIDENTS	2,842,612	2,961,340	3,107,717	3,217,083	3,335,626	3,974,016	4,200,426	4,330,553	4,427,673
SUB-TOTAL DOMESTIC	5,235,188	5,410,284	5,601,710	5,868,273	6,126,566	6,325,454	6,660,418	6,839,265	7,152,115
GRAND TOTAL GROSS	10,398,612	10,581,988	10,790,075	10,925,279	11,364,863	11,813,919	12,053,947	12,301,231	12,827,260
LESS ON-LENDING	-	-	-	-	-	-	-	-	-
LESS GOVERNMENT DEPOSITS	(525,843)	(526,226)	(504,180)	(493,980)	(533,706)	(337,315)	(261,242)	(248,634)	(410,510)
GRAND TOTAL NET	9,872,769	10,055,762	10,285,895	10,431,299	10,831,157	11,476,604	11,792,705	12,052,597	12,416,751

Note:

* Provisional

Source of Data: National Treasury

3.2 Domestic Debt

52. The stock of gross domestic debt increased by KSh 891.4 billion from KSh 5,235.2 billion in March, 2024 to KSh 6,126.6 billion in March, 2025. The net domestic debt was KSh 5,592.9 billion by end of the period under review (Table 11).

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Table 11: Stock of Domestic Debt by Securities Holder for the period July, 2025 to March, 2026 (KSh Millions)

SECURITIES HOLDER	Jun-25	Sep-25	Dec-25	Mar-26
Financial Corporations	4,819,750	5,097,636	5,246,440	5,582,962
Central Bank	178,569	163,066	201,791	159,111
Commercial Banks	2,179,356	2,296,926	2,315,509	2,562,937
Pensions	894,493	943,325	978,423	980,460
Insurance	799,140	847,845	891,997	948,920
General Government	467,486	476,870	488,845	486,431
Households	397,774	425,199	428,225	438,887
Non-Residents	279,734	302,816	311,294	307,396
Nonfinancial corporations	128,345	139,707	121,630	109,036
Non-Profit Institutions	53,796	55,124	56,550	65,898
Total Securities	6,146,885	6,497,352	6,652,984	6,990,611
Overdraft	67,629	55,023	94,188	53,161
UnCleared items	21	2	2	5
Bank advances	14,792	13,543	13,651	11,696
Pre-1997 Frozen Debt	15,569	15,569	15,569	15,574
IMF funds on-lent to Government**	80,559	78,930	78,381	78,674
Gross Domestic Debt	6,325,454	6,660,418	6,854,775	7,149,722
Less On-lending	-	-	-	-
Less Government Deposits	304,255	251,373	(248,634)	(364,164)
TOTAL NET DOMESTIC DEBT	6,021,199	6,409,045	6,606,141	6,785,558

NOTE:

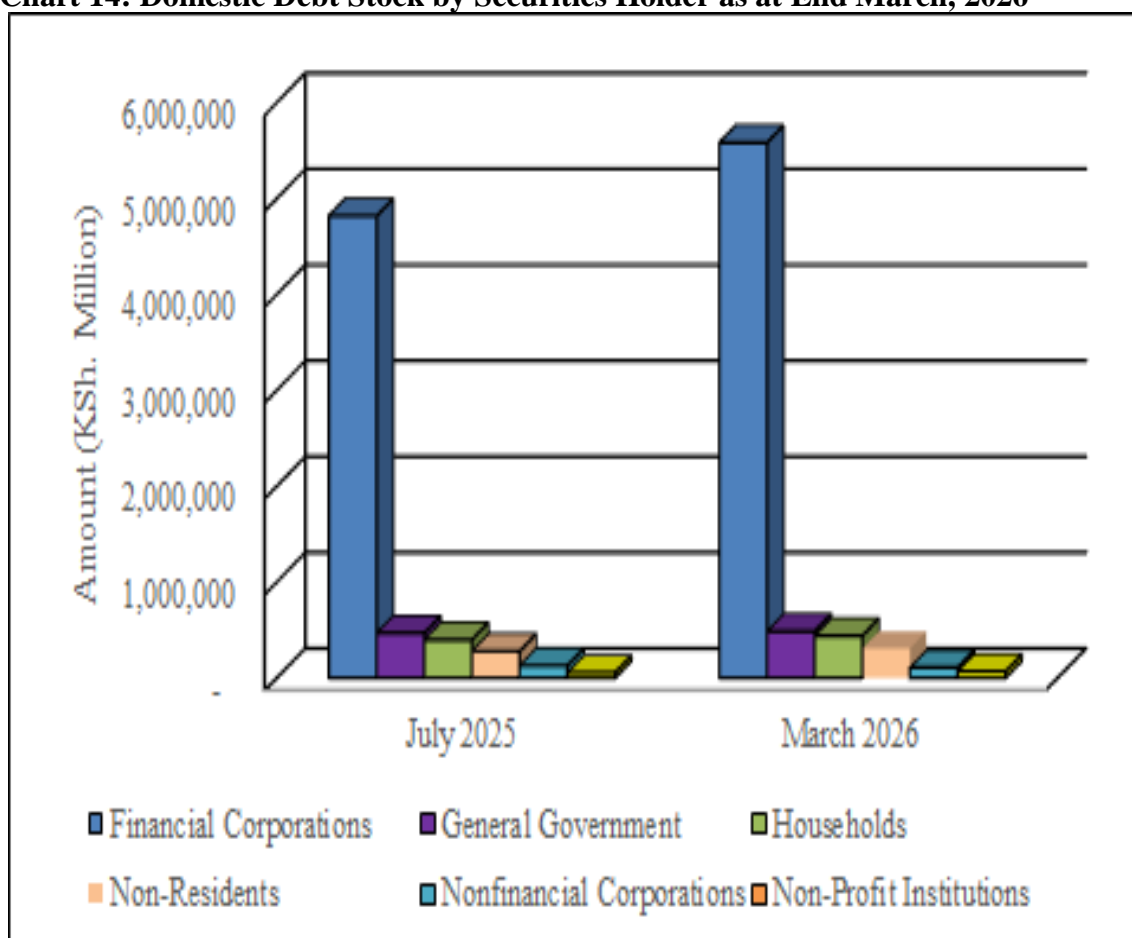
* Provisional

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

Source of Data: Central Bank of Kenya

53. The stock of gross domestic debt increased by KSh 824.3 billion from KSh 6,325.5 billion in July 2025 to KSh 7,149.7 billion in March 2026. The net domestic debt was KSh 6,785.6 billion by the end of the period under review (**Table 11**).

Chart 14: Domestic Debt Stock by Securities Holder as at End March, 2026



Source of Data: Central Bank of Kenya

3.3 External Public Debt

54. In US dollar terms, external public and publicly guaranteed debt stock increased to US\$ 43,678.48 million as at end March 2026 from US\$ 40,507.51 million in March 2025. This comprised debt owed to multilateral of 54.06 percent, commercial banks of 27.66 percent, bilateral of 18.03 percent, and suppliers credit of 0.25 percent (**Table 12**).

FISCAL DEVELOPMENTS

Table 12: Kenya's External Public and Publicly Guaranteed Debt March, 2024 – March, 2026 (US\$ Millions)

CREDITOR	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun 25*	Sep-25*	Dec-25*	Mar-26*
<u>BILATERAL</u>									
AUSTRIA	13.19	12.77	13.20	11.77	12.13	12.61	12.50	11.92	11.53
BELGIUM	178.92	177.87	187.72	171.85	175.11	196.87	193.18	197.92	189.94
DENMARK	1.99	1.97	1.51	1.40	0.93	1.01	0.43	0.43	0.33
FINLAND	2.57	2.55	1.33	1.23	-	-	0.00	-	-
FRANCE	723.60	746.50	759.36	697.88	704.88	784.39	800.25	786.76	779.63
GERMANY	350.44	345.08	362.54	393.56	401.07	439.64	433.76	445.26	432.40
ITALY	195.64	254.10	229.60	211.75	327.41	345.92	345.90	340.95	332.65
JAPAN	1,187.69	1,158.65	1,283.89	1,137.10	1,175.59	1,250.72	1,187.17	1,112.88	1,073.03
USA	310.65	310.41	248.68	248.47	186.72	185.47	124.03	123.82	62.68
CHINA	5,674.35	5,696.97	5,394.35	5,356.85	5,039.21	5,053.67	4800.05	4,873.10	4,690.47
OTHERS	280.34	277.46	290.47	284.24	280.43	290.61	343.37	337.88	302.86
TOTAL BILATERAL	8,919.39	8,984.34	8,772.65	8,516.10	8,303.47	8,560.91	8,240.65	8,230.92	7,875.52
<u>MULTILATERAL</u>									
ADB/ADF	3,800.87	3,925.83	4,001.98	3,918.64	4,001.09	4,257.66	4,396.29	4,367.00	4,350.60
BADEA	53.38	54.01	53.33	53.01	52.33	52.03	51.35	50.80	50.51
EEC/EIB	192.68	190.43	195.96	181.93	195.52	230.71	222.26	221.33	213.41
IBRD	1,089.11	1,938.74	1,944.34	1,940.45	1,948.47	2,024.99	2020.16	2,020.32	2,010.68
IDA/IFAD	11,696.69	12,108.42	12,535.17	12,092.83	12,432.93	13,181.46	13,165.20	13,165.31	13,331.66
IMF**	3,257.39	3,251.72	3,259.95	3,252.51	3,574.48	3,704.88	3,692.85	3,582.86	3,549.25
OTHERS	48.52	47.21	46.89	43.45	42.56	113.15	111.39	110.16	106.18
TOTAL MULTILATERAL	20,138.64	21,516.35	22,037.62	21,482.81	22,247.38	23,564.88	23,659.49	23,517.78	23,612.29
<u>COMMERCIAL¹</u>									
O/W International Sovereign Bond	7,156.97	6,600.00	6,600.00	6,600.00	7,518.86	7,913.54	7,913.54	8,785.10	10,619.75
EXPORT CREDIT	110.65	104.51	108.29	102.82	105.64	111.57	112.29	112.32	110.31
<u>INTERNATIONAL</u>									
GRAND TOTAL	39,176.04	39,927.61	40,158.96	39,112.85	40,507.51	42,469.10	41,732.53	42,337.50	43,678.48
In percentage of total									
BILATERAL	22.77	22.50	21.84	21.77	20.50	20.16	19.75	19.44	18.03
MULTILATERAL	51.41	53.89	54.88	54.93	54.92	55.49	56.69	55.55	54.06
COMMERCIAL BANKS ¹	25.54	23.35	23.01	23.04	24.32	24.09	23.29	24.75	27.66
EXPORT CREDIT	0.28	0.26	0.27	0.26	0.26	0.26	0.27	0.27	0.25
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

*Provisional

** include IMF item

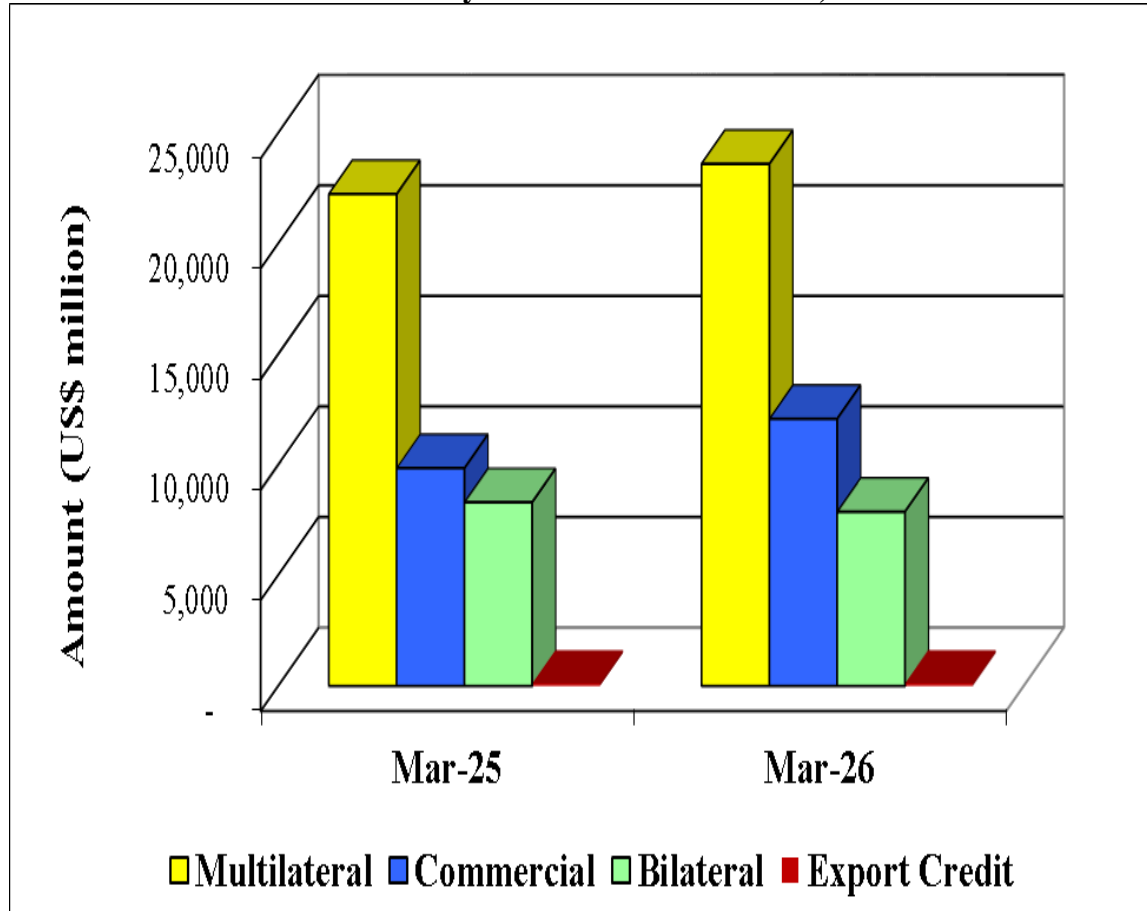
1/ incl. International Sovereign Bond

Note: The exchange rate as at end March, 2026 was KSh 129.93 per dollar.

Source of Data: National Treasury

55. Compared to the same period in FY 2025/25, external public debt stock from multilateral institutions recorded an increase of US\$. 1,365.0 million; stock of public debt from commercial banks recorded an increase of US\$ 2,229.0; and debt from suppliers' credit sources recorded an increase of US\$. 5.0 million in the period from end of March 2025 to end of March 2026. Stock from bilateral sources recorded a decrease of US\$. 428.0 million in the period under review (**Chart 15**).

Chart 12: External Public Debt by Source as at End March, 2026



Source of Data: National Treasury

3.3.1 External Debt Service

56. As at end March 2026, the total cumulative debt service payments to external creditors were KSh 588.8 billion. This comprised KSh 419.7 billion (71.26 percent) principal payment and KSh 169.2 billion (28.73 percent) interest payment (**Table 13**).

FISCAL DEVELOPMENTS

Table 13: External Debt Service, July, 2025 – March, 2026 (KSh Million)

CATEGORY	Mar-26		
	PRINCIPAL*	INTEREST*	TOTAL*
BILATERAL			
ABU DHABI	89.93	12.35	102.28
AUSTRIA	127.99	20.54	148.53
BELGIUM	1,484.05	104.13	1,588.18
CHINA	74,740.38	32,996.84	107,737.22
DENMARK	12.55	-	12.55
FINLAND	-	2.29	2.29
FRANCE	9,233.62	1,456.20	10,689.82
GERMANY	4,813.22	619.56	5,432.78
POLAND	52.92	9.22	62.14
INDIA	1,008.43	164.31	1,172.75
ISRAEL	1,063.86	239.64	1,303.50
ITALY	6,175.02	1,953.56	8,128.58
JAPAN	2,714.71	397.24	3,111.95
KOREA	103.14	17.72	120.86
KUWAIT	174.31	25.45	199.75
SAUDI ARABIA	134.96	16.67	151.62
SPAIN	933.39	89.85	1,023.24
USA	16,054.75	1,033.88	17,088.63
TOTAL BILATERAL	118,917.21	39,159.46	158,076.67
MULTILATERAL			
ADB/ADF	8,991.94	10,173.93	19,165.87
BADEA	295.96	48.35	344.32
EIB/EEC	2,176.11	601.45	2,777.56
IDA	33,992.26	16,807.13	50,799.39
OPEC	425.50	164.45	589.95
NDF	159.17	22.98	182.16
IFAD	852.24	221.84	1,074.08
IBRD	1,286.78	10,054.72	11,341.50
TOTAL MULTILATERAL	48,179.98	38,094.85	86,274.82
COMMERCIAL	252,595.61	91,901.49	344,497.10
GUARANTEED DEBT	-	-	-
GRAND TOTAL	419,692.79	169,155.80	588,848.59

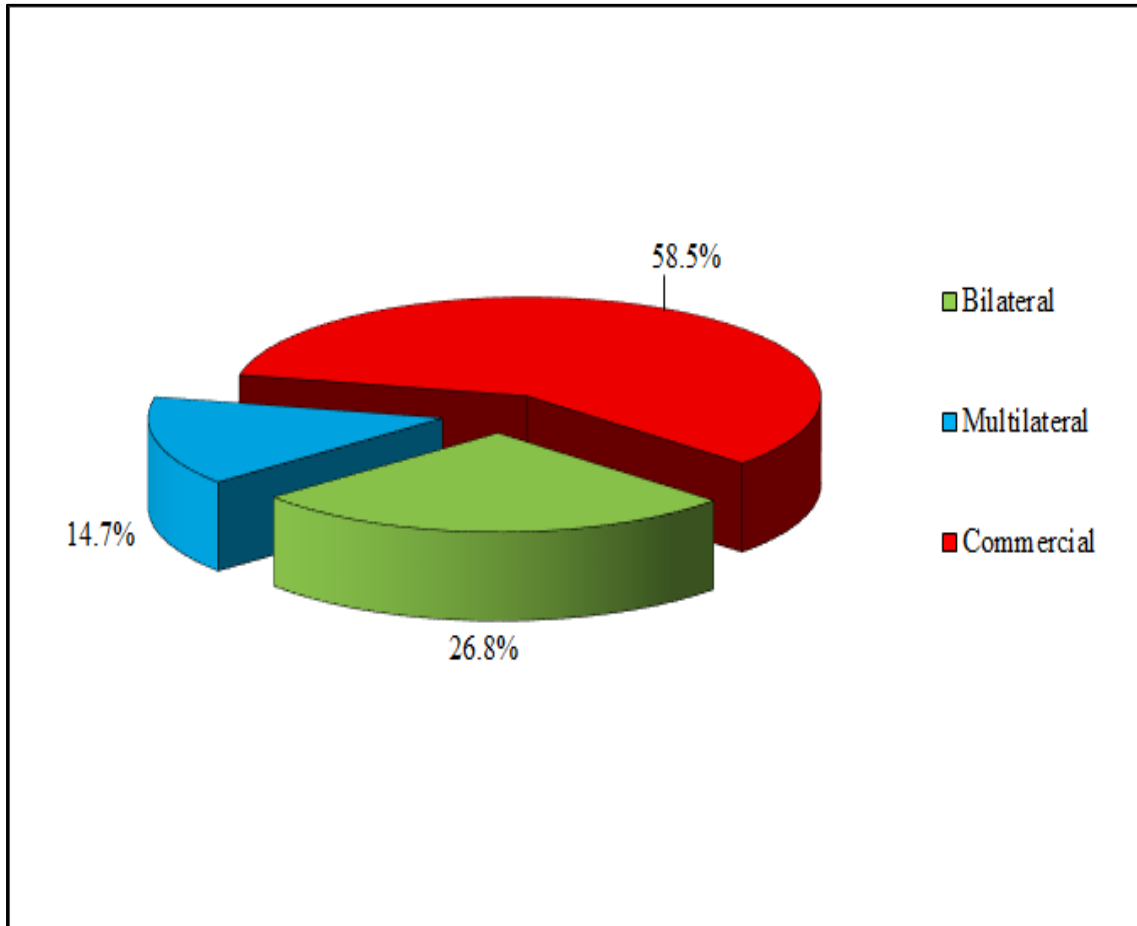
* Provisional

Source of Data: National Treasury

FISCAL DEVELOPMENTS

57. By the end of March 2026, the total cumulative debt service payments to external creditors comprised of Debt service payments to commercial, bilateral, and multilateral creditors comprised of 58.5 percent, 26.8 percent and 14.7 percent of the total payments respectively (**Chart 16**).

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



Source of Data: National Treasury

4.0. ANNEXES

4.1. Annex I: Fiscal Results, 200/21 – 2025/2026 (KSh Millions)

REVENUE/EXPENDITURE/FINANCING	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	
	Actual		Prel. Actual	Prel. Actual	Prel. Actual	Revised Estimates	Printed Estimates
A.TOTAL REVENUE	1,803,536	2,199,808	2,360,510	2,702,662	2,923,551	3,399,057	3,321,651
1.Ordinary Revenue	1,562,015	1,917,911	2,041,119	2,288,921	2,420,174	2,784,415	2,754,709
Income Tax	694,053	876,707	941,576	1,043,097	1,093,032	1,266,772	1,284,772
VAT	410,758	523,098	550,440	645,489	660,729	771,704	771,704
Import Duty	108,375	118,280	130,123	133,929	157,107	166,950	162,851
Excise Duty	216,325	252,094	264,509	276,722	292,468	323,139	335,531
Other Revenue	132,504	147,731	154,472	189,685	216,838	255,850	199,850
2.Appropriation –in –Aid	241,521	281,897	319,391	413,740	503,377	614,642	566,942
B.EXPENDITURE & NET LENDING	2,769,254	3,027,836	3,221,001	3,605,209	3,975,938	4,638,428	4,269,869
1.Recurrent	1,813,271	2,135,305	2,311,564	2,678,437	2,948,431	3,393,189	3,134,090
Wages and Salaries	493,029	520,033	547,157	575,269	624,689	689,334	657,285
Interest Payments	495,142	577,978	687,322	840,732	995,120	1,126,532	1,097,690
Domestic Interest	388,830	456,849	533,098	622,544	784,117	883,760	851,421
Foreign Interest Due	106,312	121,130	154,223	218,188	211,002	242,771	246,268
Pensions, etc	112,872	122,432	120,425	178,112	211,088	240,066	239,635
O & M/ Others	668,748	866,050	895,717	797,427	1,441,468	1,668,628	1,462,509
Of which Appropriation-in-Aid	150,295	197,524	240,165	286,896	300,755	357,962	334,256
2.Development & Net Lending	556,990	540,117	493,663	546,385	582,937	758,436	648,976
Development Projects	335,022	346,355	319,289	402,105	392,864	526,153	437,700
Appropriation-in-Aid	221,968	193,762	162,048	126,844	170,387	224,680	200,686
4. Transfer to County Governments	398,993	352,414	415,774	380,388	444,570	484,803	484,803
5. Parliamentary Service	29,191	32,652	41,187	37,257	-	-	-
6. Judicial Service	14,289	16,160	19,755	21,027	-	-	-
7. Net Lending	-	-	12,327	17,436	19,685	-	-
8. Equalization Fund	-	-	-	-	-	7,602	10,590
9. Contingency Fund	-	-	-	-	-	2,000	2,000
D.DEFICIT EXCL. GRANTS (Commitment Basis)	(965,717)	(828,028)	(860,491)	(902,548)	(1,052,387)	(1,239,370)	(948,218)
E.GRANTS	31,334	31,031	23,083	22,037	33,320	39,924	47,231
F.DEFICIT INCL.GRANTS (Commitment Basis)	(934,384)	(796,997)	(837,408)	(880,511)	(1,019,067)	(1,199,446)	(900,987)
G. ADJUSTMENT TO CASH BASIS	5,098	11,868	37,031	45,374	-	-	-
H.DEFICIT INCL.GRANTS (Cash Basis)	(929,286)	(785,129)	(800,377)	(835,136)	(1,019,067)	(1,199,446)	(900,987)
Discrepancy	20,950	(37,304)	(30,070)	(16,815)	15,146	-	-
I.FINANCING	950,235	747,825	770,307	818,321	1,034,213	1,199,446	900,987
Net Foreign Financing	323,310	142,524	310,759	222,749	179,738	225,829	287,440
Net Domestic Financing	626,926	605,301	459,548	595,572	854,474	973,618	613,547
In Percentage of GDP							
A.TOTAL REVENUE	15.9	17.3	16.5	17.3	15.8	16.1	16.1
1.Ordinary Revenue	13.7	15.1	14.3	14.6	13.4	13.9	13.9
Income Tax	6.1	6.9	6.6	6.7	6.1	6.2	6.2
VAT	3.6	4.1	3.9	4.1	3.8	3.8	3.8
Import Duty	1.0	0.9	0.9	0.9	0.8	0.8	0.8
Excise Duty	1.9	2.0	1.9	1.8	1.6	1.7	1.7
Other Revenue	1.2	1.2	1.1	1.2	1.1	1.3	1.3
2.Appropriation –in –Aid	2.1	2.2	2.2	2.6	2.4	2.3	2.3
B. EXPENDITURE & NET LENDING	24.4	23.8	22.6	23.0	21.0	20.4	20.4
1.Recurrent	15.9	16.8	16.2	17.1	15.6	14.9	14.9
Wages and Salaries	4.3	4.1	3.8	3.7	3.4	3.2	3.2
Interest Payments	4.4	4.5	4.8	5.4	4.9	5.3	5.3
Domestic Interest	3.4	3.6	3.7	4.0	3.6	3.9	3.9
Foreign Interest Due	0.9	1.0	1.1	1.4	1.3	1.4	1.4
Pensions, etc	1.0	1.0	0.8	1.1	1.0	1.2	1.2
O & M/ Others	5.9	6.8	6.3	5.1	4.7	3.7	3.7
of which Appropriation-in-Aid	1.3	1.6	1.7	1.8	1.7	1.5	1.5
2.Development & Net Lending	4.9	4.2	3.5	3.5	3.2	3.1	3.1
Development Projects	2.9	2.7	2.2	2.6	2.3	2.3	2.3
Appropriation-in-Aid	2.0	1.5	1.1	0.8	0.7	0.8	0.8
Payment of guaranteed loans	-	-	-	-	-	-	-
3. Drought Expenditures	-	-	-	-	-	-	-
4. Transfer to County Governments	3.5	2.8	2.9	2.4	2.2	2.4	2.4
5. Parliamentary Service	0.3	0.3	0.3	0.2	0.2	-	-
6. Judicial Service	0.1	0.1	0.1	0.1	0.1	-	-
7. Equalization Fund	-	-	-	0.1	0.1	-	-
D.DEFICIT EXCL. GRANTS (Commitment Basis)	(8.5)	(6.5)	(6.0)	-	(6.1)	(6.5)	(5.0)
E.GRANTS	0.3	0.2	0.2	-	0.2	0.2	0.2
F.DEFICIT INCL.GRANTS (Commitment Basis)	(8.2)	(6.3)	(5.9)	(5.8)	(5.3)	(4.3)	(4.3)
G.ADJUSTMENT TO CASH BASIS	0.0	0.1	0.3	0.1	0.1	0.3	0.3
H.DEFICIT INCL.GRANTS (Cash Basis)	(8.2)	(6.2)	(5.6)	(5.6)	(5.1)	(4.0)	(4.0)
I.FINANCING	8.4	5.9	5.4	0.3	4.8	4.0	4.0
Foreign Financing	2.8	1.1	2.2	(5.3)	1.3	1.9	1.9
Net Domestic Financing	5.5	4.8	3.2	5.2	3.5	2.2	2.2
Memorandum Item:							
Nominal GDP at Market price (Ksh. million)	11,370,322.9	12,736,133.0	14,274,419.5	15,666,642	17,143,951	18,993,485	18,993,485

Source: National Treasury

ANNEXES

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 FY2025/26	FY2025/26 Q1	FY2025/26 Q2	FY2025/26 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
1	Revenue	3,368,882	712,556	1,530,855	2,292,799
11	Taxes	2,918,497	626,995	1,306,340	1,959,338
111	Taxes on income, profits, and capital gains	1,379,772	271,149	581,225	837,926
1111	Payable by individuals	747,374	155,156	341,872	486,339
1112	Payable by corporations and other enterprises	632,398	115,993	239,353	351,587
114	Taxes on goods and services	1,276,242	291,034	588,618	912,346
1141	General taxes on goods and services	791,617	177,977	365,194	549,541
11411	Value-added taxes	771,704	173,371	350,996	533,243
11414	Taxes on financial and capital transactions ¹	19,913	4,605	14,199	16,298
1142	Excises ²	484,625	113,057	223,424	362,805
115	Taxes on international trade and transactions	262,483	64,812	136,496	209,066
1151	Customs and other import duties ³	261,018	64,376	135,733	207,817
1152	Taxes on exports	1,464	436	763	1,250
12	Social contributions	337	278	1,011	2,050
122	Other social contributions	337	278	1,011	2,050
1221	Employee contributions	337	278	1,011	2,050
13	Grants	47,231	2,950	5,759	14,708
131	From foreign governments	47,231	2,950	5,759	14,708
1312	Capital	47,231	2,950	5,759	14,707
14	Other revenue	402,817	82,333	217,746	316,702
141	Property income	94,731	11,699	55,965	71,040
1411	Interest	2,409	483	1,358	2,031
1412	Dividends	89,639	10,484	53,574	66,509
1415	Rent	2,683	732	1,033	2,500
142	Sales of goods and services	302,346	69,769	157,217	241,529
1422	Administrative fees	302,346	69,769	157,217	241,529
143	Fines, penalties, and forfeits	3,333	437	1,140	1,459
144	Miscellaneous and unidentified revenue	2,407	428	3,424	2,674

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			Prel. Actual
		Estimates FY2025/26	Prel. Actual FY 2025/26 Q1	Prel. Actual FY 2025/26 Q2	FY 2025/26 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
2	Expense	4,072,259	952,496	1,944,330	3,311,064
21	Compensation of employees	696,464	162,746	340,112	609,275
211	Wages and salaries	662,001	152,138	328,643	576,712
212	Social contributions	34,463	10,608	11,470	32,563
2121	Actual social contributions	34,463	10,608	11,470	32,563
22	Use of goods and services	325,949	98,397	184,364	563,251
	O/W Free Secondary Education (FSE)	10,977	10,417	36,500	36,500
	Free Primary Education (FPE)	6,184	1,748	5,451	5,451
24	Interest	1,097,690	273,000	518,834	806,128
241	To nonresidents	246,268	71,990	104,728	169,156
242	To residents other than general government	851,421	201,010	414,106	636,972
26	Grants	1,741,462	389,291	836,814	1,050,974
263	To other general government units	1,741,462	389,291	836,814	1,050,974
2631	Current	1,161,694	276,337	547,213	613,622
	O/W Transfer to County Governments (ES)	418,259	66,131	179,519	298,477
	Transfer to Other levels of Government (Includes transfers to SOEs)	743,435	210,206	367,694	315,145
2632	Capital	579,768	112,954	289,601	437,352
	O/W Transfer to County Governments (ES)	133,455	-	7,294	22,502
	Transfer to Other levels of Government (Includes transfers to SOEs)	446,314	112,954	282,307	414,850
27	Social benefits	210,694	29,063	64,205	112,280
272	Social Assistance Benefits				
273	Employer social benefits	210,694	29,063	64,205	112,280

Source: National Treasury

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

GFSM Code	Description	Annual Budget Estimates FY 2025/26	Prel. Actual FY 2025/26 Q1	Prel. Actual FY 2025/26 Q2	Prel. Actual FY 2025/26 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
3	Change in Net Worth: Transactions	(343,762)	(170,212)	(196,514)	(287,560)
31	Net acquisition of nonfinancial assets	165,457	40,509	75,247	118,447
311	Fixed assets	165,457	40,509	75,247	118,447
3111	Buildings and structures	159,553	40,351	73,755	115,867
3112	Machinery and equipment				
3113	Other fixed assets	5,904	158	1,492	2,580
312	Inventories				
314	Nonproduced assets				
32	Net acquisition of financial assets	10,795	29,875	27,945	115,546
3212	Currency and deposits (Domestic)	10,795	29,875	27,945	115,546
33	Net incurrence of liabilities	520,014	240,596	299,705	521,554
331	Domestic	453,751	338,676	481,286	800,548
3313	Securities other than shares	634,751	333,091	499,704	841,897
3314	Loans	-	14,422	-	(15,539)
3318	Other Accounts Payable	(181,000)	(8,836)	(18,418)	(25,810)
332	Foreign	66,262	(98,080)	(181,580)	(278,995)
3321	Special Drawing Rights (SDRs)				
3323	Securities other than shares				
3324	Loans	66,262	(98,080)	(181,580)	(278,995)

Source: National Treasury

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

GFSM Code	Description	Annual	Prel.	Prel.	
		Budget Estimates FY2025/26	Actual FY 2025/26 Q1	Actual FY 2025/26 Q2	Prel. Actual FY 2025/26 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	3,368,882	712,556	1,530,855	2,292,798
11	Taxes	2,918,497	626,995	1,306,340	1,959,338
12	Social contributions	337	278	1,011	2,050
13	Grants	47,231	2,950	5,759	14,707
14	Other receipts	402,817	82,333	217,746	316,702
2	Cash payments for operating activities	4,069,318	952,496	1,944,330	3,141,908
21	Compensation of employees	696,464	162,746	340,112	609,275
22	Purchases of goods and services	325,949	98,397	184,364	563,251
24	Interest	1,097,690	273,000	518,834	806,128
26	Grants	1,776,331	389,291	836,814	1,050,974
27	Social benefits	172,884	29,063	64,205	112,280
	Net cash inflow from operating activities	(700,436)	(239,940)	(413,474)	(849,111)
	Cash Flows from Investments in Nonfinancial Assets (NFAs):				
31A	Purchases of nonfinancial assets	165,457	40,509	75,247	118,447
311A	Fixed assets	165,457	40,509	75,247	118,447
31	Net cash outflow: investments in NFAs (31=31.1-31.2)	165,457	40,509	75,247	118,447
	Cash surplus / deficit	(865,893)	(280,449)	(488,721)	(967,558)
	Cash Flows from Financing Activities:				
32x	Net acquisition of financial assets other than cash	11,905	1,781	6,870	8,417
321x	Domestic	11,905	1,781	6,870	8,417
322x	Foreign				
33	Net incurrence of liabilities	520,014	240,596	299,705	521,554
331	Domestic	453,751	338,676	481,286	800,548
332	Foreign	66,262	(98,080)	(181,580)	(278,995)
NFB	Net cash inflow from financing activities	531,919	242,378	306,575	529,971
	Net change in the stock of cash	(333,974)	(38,072)	(182,146)	(437,587)
	<i>Statistical Discrepancy⁴</i>				

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	Prel. Actual FY 2025/26 Q2	Prel. Actual FY 2025/26 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
	Transactions Affecting Net Worth:				
1	Revenue	3,368,882	724,314	1,530,855	2,292,798
11	Taxes	2,918,497	626,995	1,306,340	1,959,338
12	Social contributions	337	278	1,011	2,050
13	Grants	47,231	14,707	5,759	14,707
14	Other revenue	402,817	82,333	217,746	316,702
2	Expense	4,102,412	952,496	1,863,415	3,141,908
21	Compensation of employees	691,748	162,746	259,198	609,275
22	Use of goods and services	633,696	98,397	268,674	563,251
24	Interest	1,097,690	273,000	518,834	806,128
26	Grants	1,473,300	389,291	752,504	1,050,974
27	Social benefits	205,978	29,063	64,205	112,280
GOB	Gross operating balance	(733,530)	(228,182)	(332,560)	(849,111)
NOB	Net operating balance	(733,530)	(228,182)	(332,560)	(849,111)
	Transactions on Nonfinancial Assets:				
31	Net Acquisition of Nonfinancial Assets	165,457	40,509	75,247	118,447
311	Fixed assets	165,457	40,509	75,247	118,447
NLB	Net lending / borrowing	(898,987)	(268,692)	(407,807)	(967,558)
	Transactions on Financial Assets and Liabilities (Financing):				
32	Net acquisition of financial assets	229,973	29,875	117,014	448,008
321	Domestic	229,973	29,875	117,014	448,008
322	Foreign				
33	Net incurrence of liabilities	669,014	240,596	299,705	521,554
331	Domestic	602,751	338,676	481,286	800,548
332	Foreign	66,262	(98,080)	(181,580)	(278,995)
	Statistical Discrepancy⁵	-	1,780	8,912	2,003

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

Source: National Treasury