



Republic of Kenya

THE NATIONAL TREASURY AND PLANNING

Quarterly Economic and Budgetary Review

**Third Quarter, Financial Year 2020/2021
Period Ending 31st March, 2021**

May 2021 Edition

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ACKNOWLEDGEMENT

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LIST OF ABBREVIATIONS AND ACRONYMS

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

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

LEGAL BASIS FOR THE QUARTERLY ECONOMIC AND BUDGETARY REVIEW REPORT

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

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

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

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

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

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

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

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

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

(b) Publish and publicize the reports.

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



HIGHLIGHTS OF THE THIRD QUARTERLY ECONOMIC AND BUDGETARY REVIEW REPORT IN THE 2020/21 FY

1. Economic growth

The impact of COVID-19 pandemic on the economy and the attendant containment measures slowed down economic growth in 2020. Economic growth in the first three quarters of 2020 contracted by an average of 0.4 percent compared to an average growth of 5.3 percent over the same period in 2019. The economic performance in 2020 was supported mainly by enhanced production in the agriculture sector that benefited from adequate rainfall received within the year. The service and industry sectors were adversely affected by the COVID-19 pandemic.

2. Stable prices

Year-on-year overall inflation rate has remained low, stable and within the Government target range of 5+/-2.5 percent demonstrating prudent monetary policies. The inflation rate was stable at 5.9 percent in March 2021 compared to 5.8 percent in March 2020 supported by a reduction in prices of food such as tomatoes, fortified maize flour, maize grain and onions. The marginal increase was on account of a rise in fuel inflation.

3. Interest Rates

Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.0 percent on March 29, 2021 to signal lower lending rates. The money market was relatively liquid in March 2021 supported by government payments which partly offset tax receipts. As such, the interbank rate increased to 5.2 percent in March 2021 from 4.4 percent in March 2020.

4. Money and Credit

Growth in broad money supply, M3, improved to 10.1 percent in the year to March 2021 compared to a growth of 7.2 percent in the year March 2020. The improved growth in M3 was attributed to an increase in the Net Domestic Assets (NDA) particularly improvement in net credit flows to the government.

5. Current Account

The current account deficit improved to USD 4,996.5 million (4.7 percent of GDP) in the year to March 2021 from USD 5,635.7 million (5.6 percent of GDP) in the year to March 2020. The improvement in the current account balance was due to strong exports reflecting increased demand from key international markets and a decline in imports reflecting low value imports of oil products due to relatively low international oil prices.

6. Foreign Exchange Reserves

The official foreign exchange reserves held by the Central Bank stood at USD 7,740.6 million (4.7 months of import cover) in March 2021 compared with USD 8,634.9 million (5.2 months of import cover) in March 2020. This fulfils the requirement to maintain the reserves at minimum of 4.0 months of imports cover to provide adequate buffer against short term shocks in the foreign exchange market.

7. Capital Markets

The NSE 20 Share Index stood at 1,846.4 points by end of March 2021, a decline compared to 1,966 points by end March 2020. However, market capitalization improved to Ksh. 2,437.1 billion from Ksh. 2,016 billion over the same period indicating increased trading activities.

8. Revenue Collection

The National Government's cumulative revenue collection including A-I-A for the period between July 2020-March 2021 amounted to KSh. 1,245.3 billion (11.1 percent of GDP) against a target of KSh. 1,276.9 billion. The revenue was below target by KSh. 31.6 billion mainly due to underperformance in major taxes such as Pay As You Earn, Other Income Taxes, Domestic Value Added Taxes and the ministerial A-I-A.

9. Expenditure and Net Lending

The total expenditure and net lending inclusive of transfers to County Governments for the period ending 31st March, 2021 amounted to KSh. 1,820.7 billion, against a target of KSh. 1,948.2 billion. The resultant under expenditure of KSh. 127.5 billion is mainly attributed to lower absorption recorded in recurrent and development expenditures by the National Government and lower than targeted transfers to County Governments.

10. Guaranteed Debt

The government did not service any guaranteed debt on behalf of Parastatals during the period under review. As at the end of March 2021, all guaranteed debts were performing.

11. Fiscal Balance

The fiscal balance excluding grants (on a commitment basis) amounted to a deficit of KSh. 575.4 billion (5.2 percent of GDP), as at the end of March, 2021.

12. External Financing

The Net Foreign Financing amounted to KSh. 21.2 billion (0.2 percent of the GDP) during the period ending 31st March, 2021.

13. Net Domestic Borrowing

Net domestic financing amounted to a net borrowing of KSh. 466.5 billion (4.2 percent of GDP) in the period ending 31st March, 2021.

14. Domestic Debt Stock

The stock of gross domestic debt increased by KSh. 499.7 billion from KSh. 3,070.2 billion in March 2020 to KSh. 3,569.8 billion in March, 2021.

15. External Debt Stock

The total external debt stock, including the International Sovereign Bond, stood at KSh. 3,769.9 billion by the end of March, 2021. The debt stock comprised of multilateral debt (39.7 percent), bilateral debt (30.3 percent), commercial debt (29.5 percent), and suppliers' credit (0.5 percent).

1.0 RECENT ECONOMIC DEVELOPMENTS

1.1 Economic Growth

1. In 2020, the Kenyan economy was adversely affected by the outbreak of Covid-19 Pandemic and the swift containment measures, which disrupted economic activities. Additionally, Kenya faced two other shocks in 2020: The invasion of swarms of desert locusts that damaged crops and floods following receipt of more than normal rainfall in May 2020. As a result, economic growth in the first three quarters of 2020 contracted by an average of 0.4 percent compared to an average growth of 5.3 percent over the same period in 2019 (Table 1).

Table 1: Sectoral GDP performance

Sectors	Sector Growth (%)											
	2018				2019				2020			
	Q1	Q2	Q3	Q1-Q3	Q1	Q2	Q3	Q1-Q3	Q1	Q2	Q3	Q1-Q3
Primary Industry	6.7	5.9	6.5	6.4	3.9	2.2	4.9	3.6	5.9	7.4	6.9	6.7
Agriculture, Forestry and Fishing	6.9	6.0	6.7	6.5	4.0	2.0	5.0	3.6	5.8	7.3	6.3	6.4
Mining and Quarrying	3.1	3.5	3.2	3.2	1.4	5.0	3.4	3.2	9.5	10.0	18.2	12.6
Secondary Sector (Industry)	5.1	5.4	6.1	5.5	4.2	5.5	5.1	5.0	4.1	(1.0)	4.2	2.4
Manufacturing	4.1	4.6	4.8	4.5	2.3	4.1	3.9	3.5	2.9	(3.9)	(3.2)	(1.4)
Electricity and Water supply	6.1	8.3	8.1	7.5	7.8	7.3	6.4	7.2	6.3	(0.6)	4.7	3.3
Construction	6.7	5.6	7.3	6.5	6.1	7.2	6.6	6.6	5.3	3.9	16.2	8.6
Tertiary sector (Services)	6.2	6.0	6.6	6.2	6.3	6.8	6.7	6.6	5.5	(11.0)	(4.7)	(3.5)
Wholesale and Retail trade	5.6	6.5	7.3	6.5	6.3	7.8	6.1	6.7	6.4	(7.0)	(2.5)	(1.3)
Accommodation and Restaurant	13.3	15.1	15.5	14.5	11.0	12.1	9.9	10.9	(9.3)	(83.2)	(57.9)	(45.1)
Transport and Storage	6.5	6.6	8.5	7.2	6.4	7.6	7.6	7.2	6.1	(11.4)	2.9	(0.9)
Information and Communication	13.2	11.7	9.8	11.7	10.0	7.5	8.0	8.6	9.8	4.6	7.3	7.5
Financial and Insurance	4.0	3.5	5.1	4.2	6.3	5.2	8.1	6.5	6.2	4.2	5.3	5.3
Public Administration	5.5	6.1	7.1	6.3	8.9	8.7	8.4	8.7	6.7	5.7	9.6	7.3
Others	5.1	5.0	4.9	5.0	4.8	5.8	5.6	5.4	4.7	(19.2)	(13.0)	(9.3)
of which Real Estate	5.2	4.5	3.8	4.5	4.7	6.0	5.5	5.4	4.4	2.3	5.3	4.0
Education	5.3	5.2	5.5	5.4	4.3	6.0	6.0	5.4	5.3	(56.2)	(41.9)	(31.2)
Health	4.1	3.4	5.3	4.3	5.4	6.2	5.5	5.7	5.8	10.3	5.6	7.3
Taxes less subsidies	6.1	6.0	6.2	6.1	4.7	4.0	4.2	4.3	3.4	(14.2)	(4.2)	(5.2)
Real GDP	6.3	6.1	6.5	6.3	5.2	5.1	5.8	5.3	5.2	(5.5)	(1.1)	(0.4)
of which Non-Agriculture	6.2	6.1	6.5	6.3	5.7	6.4	6.3	6.1	5.2	(8.4)	(2.5)	(2.0)

Source of Data: Kenya National Bureau of Statistics

2. The contraction in economic growth in the first three quarters of 2020 was mainly as a result of significant contractions in the services sectors especially Accommodation and Restaurant (45.1 percent), Education (31.2 percent), Wholesale and retail trade (1.3 percent) and transport and Storage (0.9 percent). However, the performance in quarter three of 2020, albeit constrained was relatively better compared to quarter two of 2020 due to partial easing of COVID-19 containment measures.

3. The overall performance of the economy during the first three quarters of 2020 was cushioned from a deeper slump by improved growths in Mining and Quarrying activities (12.6 percent); Construction (8.6 percent); Health Services (7.3 percent) and Agriculture, Forestry and Fishing activities (6.4 percent). Other sectors of the economy that supported growth in the first three quarters of 2020 despite their slowed positive growth rates compared to the same period in 2019 are Information and Communication (7.5 percent); Financial and Insurance activities (5.3 percent); Real Estate Activities (4.0 percent) and Electricity and water supply (3.3 percent)

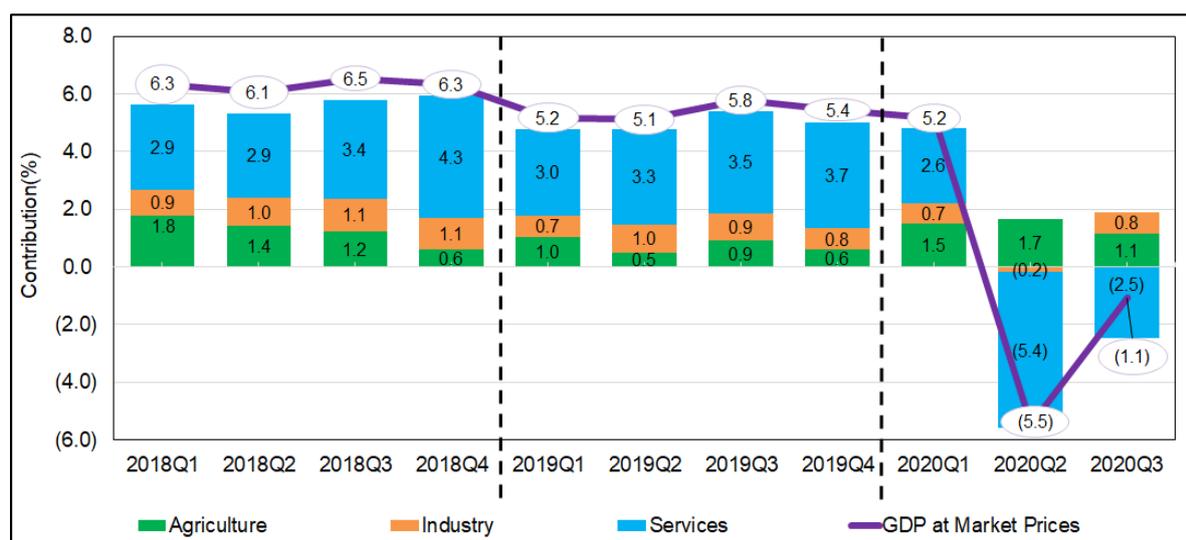
4. The agriculture sector recorded an improved average growth of 6.4 percent in the first three quarters of 2020 compared to a growth of 3.6 percent in the corresponding period of 2019. The sector's performance was supported by a notable increase in tea production, exports of fruits and sugarcane production. The sector's contribution to GDP growth was at

RECENT ECONOMIC DEVELOPMENTS

1.1 percentage points in the third quarter of 2020 compared to 0.9 percentage points over the same period in 2019 (**Table 1 and Chart 1**).

5. The non-agriculture (service and industry) sectors were adversely affected by the Covid-19 pandemic. As a result, the sectors contracted by an average of 2.0 percent in the first three quarters of 2020 down from an average growth of 6.1 percent in a similar period in 2019. The sector's contribution to real GDP was -1.7 percentage points in the third quarter of 2020 compared to a contribution of 4.3 percentage points in the same quarter of 2019.

Chart 1: Sectors Contribution to Real GDP Growth.

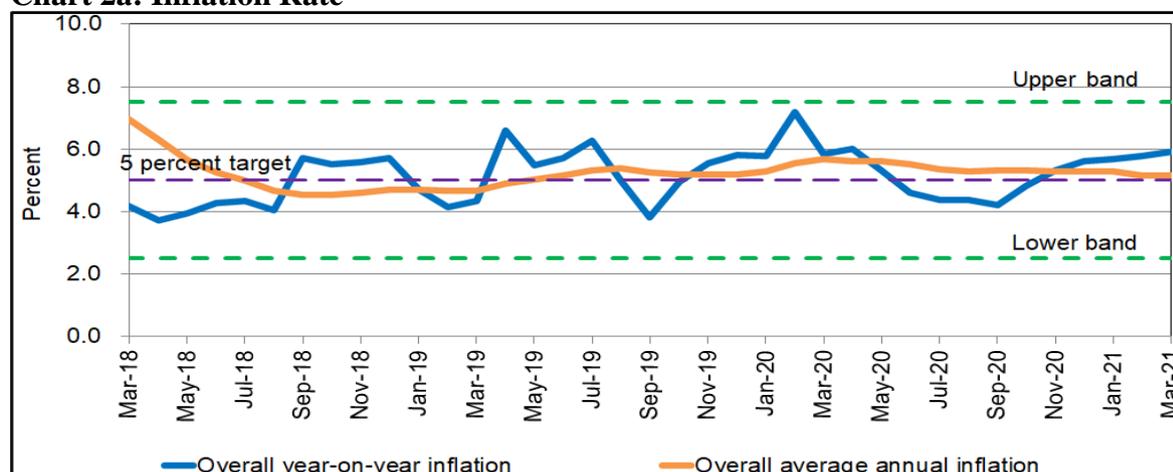


Source of Data: Kenya National Bureau of Statistics

1.2 Inflation

6. Year-on-year overall inflation rate has remained low, stable and within the Government target range of 5+/-2.5 percent since the end of 2017 demonstrating prudent monetary policies. The inflation rate was stable at 5.9 percent in March 2021 compared to 5.8 percent in March 2020 supported by a reduction in food prices such as tomatoes, fortified maize flour, maize grain and onions. The marginal increase was on account of a rise in fuel inflation. Similarly, overall annual average inflation remained within Government target range at 5.2 percent in March 2021 compared to the 5.7 percent recorded in March 2020 (**Chart 2a**).

Chart 2a: Inflation Rate

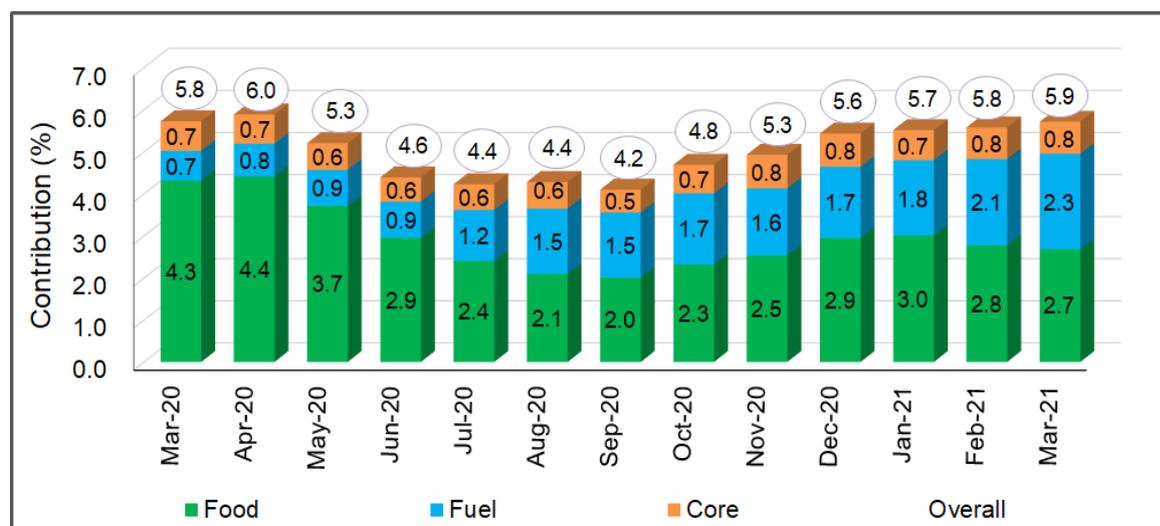


Source of Data: Kenya National Bureau of Statistics

RECENT ECONOMIC DEVELOPMENTS

7. Core inflation (Non-Food-Non-Fuel) contribution to overall year-on-year inflation remained stable increasing marginally to 0.8 percent in March 2021 from 0.7 percent in March 2020 due to muted demand pressures in the economy on account of prudent monetary policies. The contribution of fuel inflation to overall year-on-year inflation rose to 2.3 percent in March 2021 from 0.7 percent in March 2020 on account of increasing electricity, diesel and petrol prices (**Chart 2b**). The major driver of the overall year-on-year inflation has been food inflation, though its contribution to overall inflation has declined from 4.3 percent in March 2020 to 2.7 percent in March 2021 on account of a reduction in food prices due to favorable weather conditions.

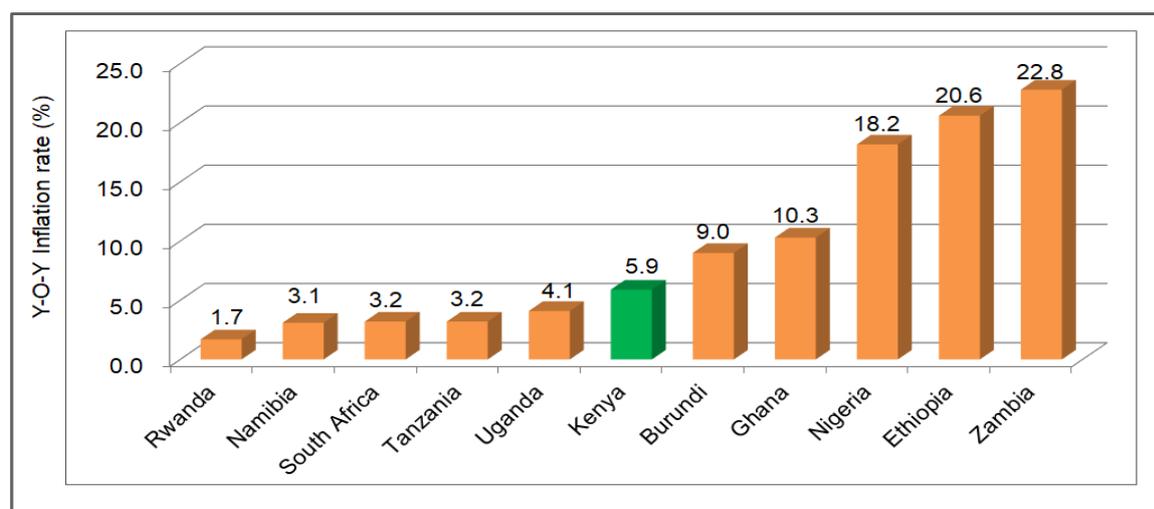
Chart 2b: Contribution to Overall Year-on-Year Inflation



Source of Data: Kenya National Bureau of Statistics

8. Kenya's rate of inflation compares favorably with the rest of Sub-Saharan Africa countries. In March 2021, Kenya recorded a lower inflation rate than Burundi, Ghana, Nigeria, Ethiopia, and Zambia (**Chart 2c**).

Chart 2c: Inflation Rates of selected Sub-Saharan African Countries (March, 2021)



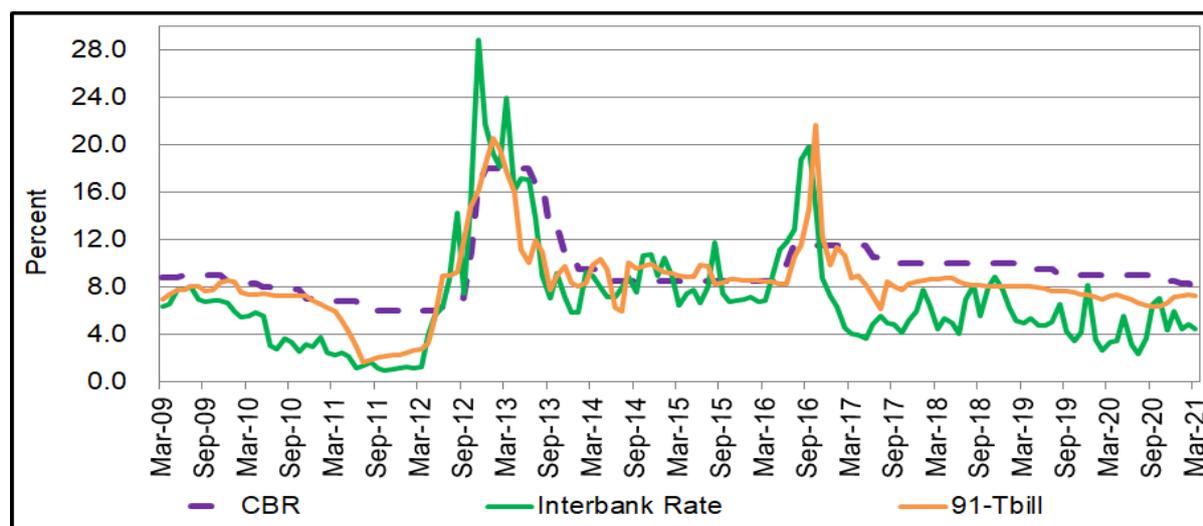
Source of Data: National Central Banks

RECENT ECONOMIC DEVELOPMENTS

1.3 Interest Rates

9. Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.0 percent on March 29, 2021 to signal lower lending rates in order to support credit access by borrowers especially the Micro, Small and Medium Enterprises, distressed by COVID-19 pandemic. The money market was relatively liquid in March 2021 supported by government payments which partly offset tax receipts. As such, the interbank rate increased to 5.2 percent in March 2021 from 4.4 percent in March 2020 (**Chart 3**).

Chart 3: Short-Term Interest Rates



Source of Data: Central Bank of Kenya

10. Interest rates on the Treasury bills remained relatively stable in March 2021. The 91-day Treasury Bills rate declined to 7.0 percent in March 2021 compared to 7.3 percent in March 2020. Over the same period, the 182-day Treasury Bills rate declined to 7.8 percent from 8.1 percent while the 364-day decreased to 9.1 percent from 9.2 percent.

11. The improved liquidity in the money market has resulted in stable commercial bank rates. The average lending rate declined from 12.2 percent in March 2020 to 12.0 percent in March 2021 while the average deposit rate declined from 7.1 percent to 6.5 percent over the same period. This led to the increase of the average interest rates spread by 0.5 percentage points over the review period.

1.4 Money and Credit

12. Growth in broad money supply, M3, improved to 10.1 percent in the year to March 2021 compared to a growth of 7.2 percent in the year March 2020 (**Table 2**). The improved growth in M3 was attributed to an increase in the Net Domestic Assets (NDA) particularly improvement in net credit flows to the government.

13. Net Domestic Assets (NDA) increased to register a growth of 15.4 percent in the year to March 2021 from a growth of 7.3 percent over a similar period in 2020. This is largely due to an improvement in net credit flows to both government and the private sectors (**Table 2, Chart 4**). Credit to the government sector improved in the year to March 2021 as most banks preferred to lend to government over private sector due to increased borrowing risk associated with the Covid-19 pandemic.

RECENT ECONOMIC DEVELOPMENTS

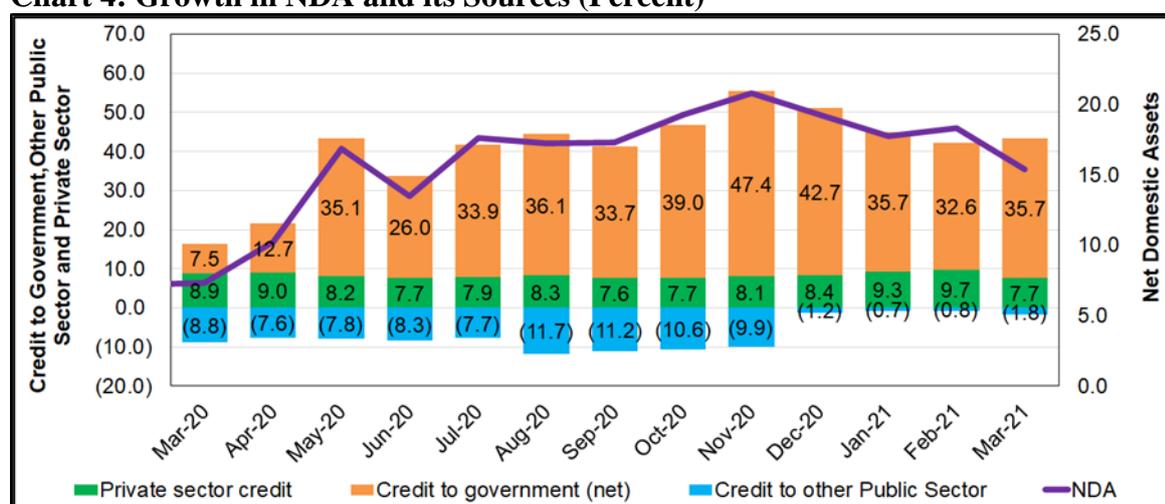
Table 2: Money and Credit Developments (12 Months to March 2021 Ksh. Billion)

				Absolute Change		Percent Change	
	2019 March	2020 March	2021 March	2019-2020 March	2020-2021 March	2019-2020 March	2020-2021 March
COMPONENTS OF M3							
1. Money supply, M1 (1.1+1.2+1.3)	1,520.3	1,595.1	1,716.7	74.8	121.6	4.9	7.6
1.1 currency outside banks (M0)	225.2	198.3	225.8	(27.0)	27.6	(12.0)	13.9
1.2 Demand deposits	1,208.9	1,306.2	1,390.8	97.3	84.6	8.0	6.5
1.3 Other deposits at CBK	86.2	90.7	100.1	4.5	9.5	5.2	10.5
2. Money supply, M2 (1+2.1)	2,838.4	3,018.9	3,250.3	180.4	231.4	6.4	7.7
2.1 Time and savings deposits	1,318.1	1,423.7	1,533.5	105.6	109.8	8.0	7.7
Money supply, M3 (2+3.1)	3,415.3	3,661.0	4,030.0	245.7	369.0	7.2	10.1
3.1 Foreign currency deposits	576.9	642.2	779.7	65.2	137.5	11.3	21.4
SOURCES OF M3							
1. Net foreign assets (1.1+1.2)	720.0	767.7	690.5	47.7	(77.2)	6.6	(10.1)
1.1 Central Bank	747.5	800.6	690.7	53.1	(109.9)	7.1	(13.7)
1.2 Banking Institutions	(27.5)	(32.9)	(0.2)	(5.4)	32.6	(19.6)	99.3
2. Net domestic assets (2.1+2.2)	2,695.3	2,893.3	3,339.5	198.0	446.2	7.3	15.4
2.1 Domestic credit (2.1.1+2.1.2+2.1.3)	3,508.1	3,789.0	4,363.0	280.9	574.1	8.0	15.2
2.1.1 Government (net)	964.2	1,036.8	1,406.6	72.6	369.8	7.5	35.7
2.1.2 Other public sector	99.7	90.9	89.3	(8.8)	(1.6)	(8.8)	(1.8)
2.1.3 Private sector	2,444.2	2,661.2	2,867.1	217.0	205.9	8.9	7.7
2.2 Other assets net	(812.8)	(895.6)	(1,023.5)	(82.9)	(127.9)	(10.2)	(14.3)

Source of Data: Central Bank of Kenya

14. Private sector credit grew by 7.7 percent in the 12 months to March 2021, a decline compared to a growth of 8.9 percent in the year to March 2020. The slowdown was due to the adverse effects of the end March, 2021 third wave COVID-19 containment measures on economic activities. Strong credit growth was observed in the following sectors: manufacturing (10.7 percent), transport and communications (15.2 percent), agriculture (12.3 percent), consumer durables (17.6 percent). Credit to private sector is expected to improve as Micro Small and Medium sized Enterprises (MSMEs) continue to tap into the Credit Guarantee Scheme that was rolled out in 2020. The scheme continues to de-risk lending by commercial banks and already, Banks in the scheme have started providing loans to the MSMEs.

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



Source of Data: Central Bank of Kenya

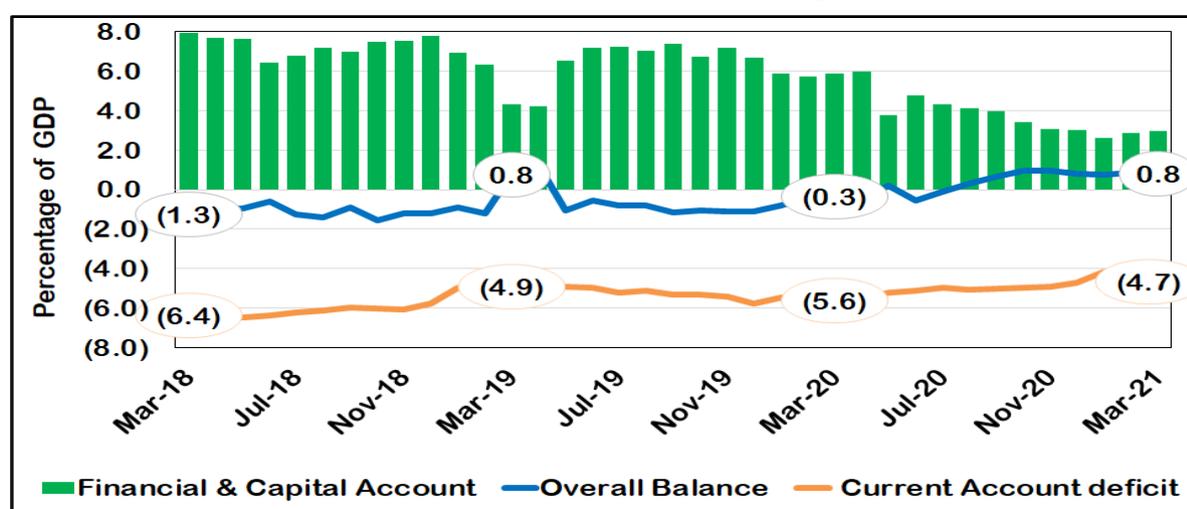
RECENT ECONOMIC DEVELOPMENTS

15. Net Foreign Assets (NFA) of the banking system in the year to March 2021 contracted by 10.1 percent, compared to a growth of 6.6 percent in the year to March 2020. The contraction in the growth of NFA was mainly due to the decline of the foreign currency reserves by the Central Bank. The NFA of commercial banks improved by 99.3 percent during the review period as a result of an increase in the commercial banks' deposits with the non-resident banks.

1.5 Balance of Payments

16. The overall balance of payments position improved to a surplus of USD 859.6 million (0.8 percent of GDP) in the year to March 2021 from a deficit of USD 340.9 million (0.3 percent of GDP) in the year to March 2020 (Chart 5). This was mainly due to an improvement in the current account balance.

Chart 5: Performance of Balance of Payments and its Components



Source of Data: Central Bank of Kenya

17. The current account deficit improved to USD 4,996.5 million (4.7 percent of GDP) in March 2021 from USD 5,635.7 million (5.6 percent of GDP) in the year to March 2020. The improvement in the current account balance was mainly due to the improvement in the merchandise account balance and the net primary income balance.

18. The balance in the merchandise account improved by USD 1,674.4 million to a deficit of USD 8,768.3 million in the year to March 2021 on account of a decline in imports. In the year to March 2021, exports remained strong primarily driven by tea and horticulture exports, on account of increased production and increased demand from the key international markets. On the other hand, imports declined by 10.3 percent in the year to March 2021 mainly on account of low value imports of oil products due to relatively low international oil prices.

19. Net services declined by 103.1 percent in the year to March 2021 mainly due to a significant decline in transport services and international travel receipts as a result of the uncertainty associated with the Covid-19 pandemic and the resultant containment measures. However, the cargo throughput performed well during the review period and provided a buffer in terms of transport receipts.

20. The capital account balance registered a surplus of USD 190.2 million in the year to March 2021, a growth of 0.3 percent from the surplus recorded in March 2020. Net Financial Inflows declined from USD 5,720.5 million in the year to March 2020 to USD 2,994.9

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million in the year to March 2021 (**Table 3**). The net financial inflows were mainly in the form of direct investments (USD 238.7 million) and other investments (USD 3,907.6 million). Net financial outflows were recorded in portfolio investments (USD 1,149.9 million) and financial derivatives (USD 1.5 million).

Table 3: Balance of Payments (USD Million)

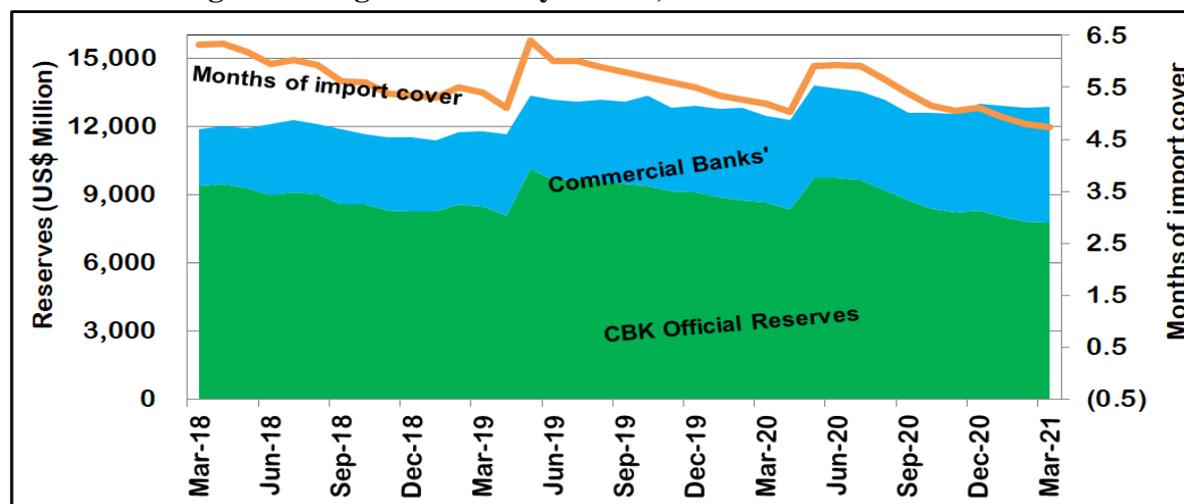
							Year to March 2021		Percent of GDP	
	Mar-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	absolute change	Percent Change	Mar-20	Mar-21
Overall Balance	748.7	(340.9)	(526.4)	622.1	784.3	859.6	1,200.4	352.2	(0.3)	0.8
A) Current Account	(4,744.3)	(5,635.7)	(5,076.8)	(4,882.7)	(4,564.2)	(4,996.5)	639.1	11.3	(5.6)	(4.7)
<i>Merchandise Account (a-b)</i>	(10,163.9)	(10,442.8)	(9,460.0)	(8,940.4)	(8,349.5)	(8,768.3)	1,674.4	16.0	(10.4)	(8.2)
a) Goods: exports	6,057.6	6,070.1	5,923.6	6,015.9	6,060.8	6,037.8	(32.3)	(0.5)	6.0	5.7
b) Goods: imports	16,221.5	16,512.8	15,383.6	14,956.3	14,410.3	14,806.1	(1,706.7)	(10.3)	16.4	13.9
<i>Net Services (c-d)</i>	1,892.3	1,352.7	1,028.1	605.2	238.5	(41.9)	(1,394.6)	(103.1)	1.3	(0.04)
c) Services: credit	5,680.4	5,333.0	4,783.4	4,288.8	3,834.0	3,525.3	(1,807.7)	(33.9)	5.3	3.3
d) Services: debit	3,788.1	3,980.3	3,755.3	3,683.6	3,595.5	3,567.2	(413.1)	(10.4)	4.0	3.3
<i>Net Primary Income (e-f)</i>	(1,648.3)	(1,778.2)	(1,657.5)	(1,534.9)	(1,428.1)	(1,332.8)	445.3	25.0	(1.8)	(1.2)
e) Primary income: credit	216.3	226.6	188.4	171.9	147.6	128.0	(98.6)	(43.5)	0.2	0.1
f) Primary income: debit	1,864.7	2,004.8	1,845.8	1,706.8	1,575.8	1,460.9	(544.0)	(27.1)	2.0	1.4
<i>Net Secondary Income</i>	5,175.6	5,232.6	5,012.6	4,987.5	4,974.8	5,146.5	(86.0)	(1.6)	5.2	4.8
g) Secondary income: credit	5,227.4	5,286.8	5,064.1	5,042.4	5,026.3	5,194.0	(92.7)	(1.8)	5.3	4.9
h) Secondary income: debit	51.7	54.2	51.5	55.0	51.5	47.5	(6.7)	(12.4)	0.1	0.0
B) Capital Account	222.4	189.6	146.1	155.1	130.4	190.2	0.6	0.3	0.2	0.2
C) Financial Account	(3,936.9)	(5,720.5)	(4,597.6)	(3,726.2)	(2,783.4)	(2,994.9)	2,725.6	(47.6)	(5.7)	(2.8)

Source of Data: Central Bank of Kenya

1.6 Foreign Exchange Reserves

21. The banking system's foreign exchange holdings remained strong at USD 12,849.6 million in March 2021 up from USD 12,447.0 million in March 2020. The official foreign exchange reserves held by the Central Bank stood at USD 7,740.6 million (4.7 months of import cover) in March 2021 compared with USD 8,634.9 million (5.2 months of import cover) in March 2020 (**Chart 6**). This fulfils the requirement to maintain the reserves at minimum of 4.0 months of imports cover to provide adequate buffer against short term shocks in the foreign exchange market. Commercial banks holdings increased to US\$ 5,109.0 in March 2021 from US\$ 3,812.1 million in March 2020.

Chart 6: Foreign Exchange Reserves by March, 2021



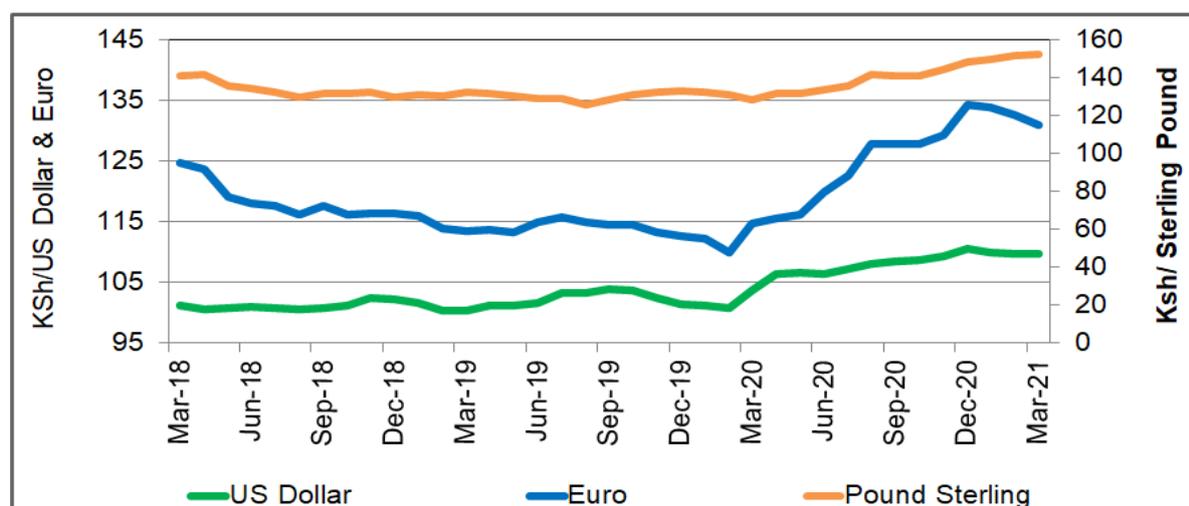
Source of Data: Central Bank of Kenya

RECENT ECONOMIC DEVELOPMENTS

1.7 Exchange Rates

22. The foreign exchange market has largely remained stable but was partly affected by a significant strengthening of the US Dollar in the global markets and uncertainty with regard to the Covid-19 pandemic. In this regard, the Kenya Shilling to the dollar exchanged at Ksh 109.7 in March 2021 compared to Ksh. 103.7 in March 2020 (**Chart 7a**).

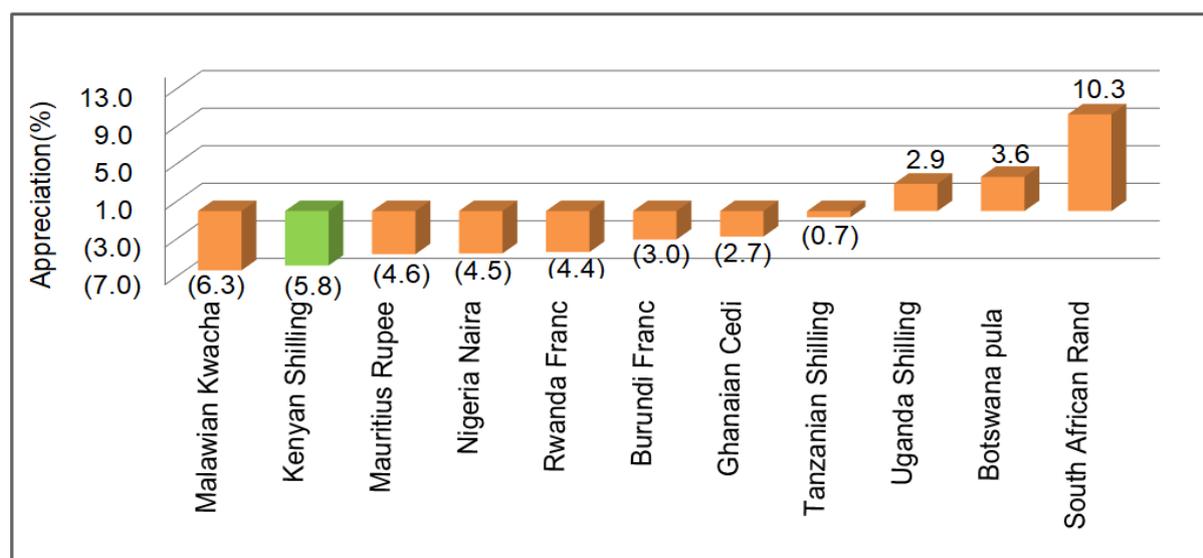
Chart 7a: Kenya Shilling Exchange Rate



Source of Data: Central Bank of Kenya

23. Like most Sub-Saharan African currencies, the Kenya Shilling has remained relatively stable weakening by only 5.8 percent against the US Dollar (**Chart 7b**). This stability in the Kenya Shilling was supported by increased remittances and adequate foreign exchange reserves.

Chart 7b: Performance of Selected Sub-Saharan Countries Currencies against the US Dollar (March, 2020 to March, 2021)



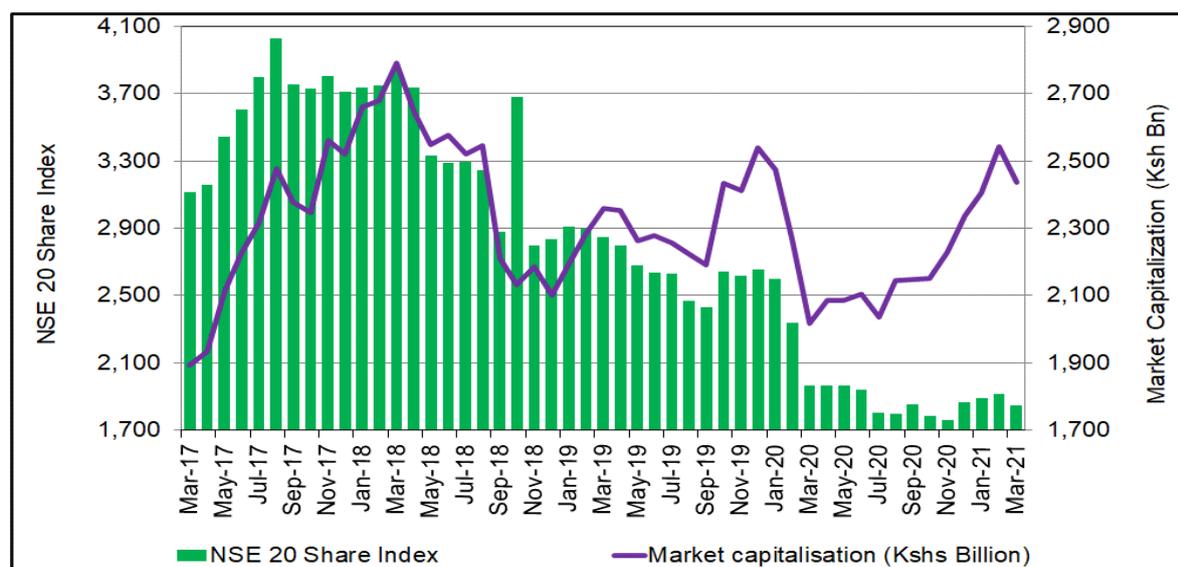
Source of Data: National Central Banks

RECENT ECONOMIC DEVELOPMENTS

1.8 Capital Markets

24. Activity in the capital markets declined in March 2021 compared to March 2020, with equity share prices declining as shown by the NSE 20 Share Index. The decline is due to the volatility in the financial markets as a result of the uncertainty surrounding the corona virus pandemic. The NSE 20 Share Index stood at 1,846 points by end of March 2021, a decline compared to 1,966 points by end March 2020. However, market capitalization improved to Ksh. 2,437.1 billion from Ksh. 2,016 billion over the same period indicating increased trading activities (**Chart 8**).

Chart 8: Performance at the NSE by end March, 2021.



Source of Data: Nairobi Securities Exchange

FISCAL DEVELOPMENTS

2.0 FISCAL DEVELOPMENTS

2.1 Revenue

25. By the end of March 2021, total revenue collected including A-I-A amounted to KSh. 1,245.3 billion against a target of KSh. 1,276.9 billion (**Table 4**). The revenue was below target by KSh. 31.6 billion mainly due to underperformance of Pay As You Earn (PAYE), ministerial A-I-A, other income taxes and domestic Value Added Taxes. The total revenue inclusive of the ministerial A-I-A contracted by 6.5 percent, a decline from a growth of 12.9 percent recorded in March 2020. The decline is largely attributed to the difficult operating environment due to the Covid-19 pandemic, which has adversely affected revenue performance as from March 2020. Ordinary revenue collection was KSh. 1,106.6 billion against a target of KSh. 1,113.9 billion, KSh. 7.3 billion below the target (**Chart 9**).

26. The ministerial A-I-A collected was below target by KSh. 24.3 billion during the period under review. The underperformance of A-I-A was mainly due to underreporting of SAGAs' A.I.A through the Ministerial expenditure returns for the period under review. The Railway Development Levy collection amounted to KSh. 21 billion against a target of KSh. 20.1 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, 2021 (KSh. Millions)

	2019/2020 Actual	2020/2021		Deviation KSh.	% Growth
		Actual*	Target		
Total Revenue (a+b)	1,332,191	1,245,286	1,276,904	(31,617)	(6.5)
(a) Ordinary Revenue	1,215,802	1,106,648	1,113,936	(7,289)	(9.0)
Import Duty	76,931	80,135	74,639	5,496	4.2
Excise Duty	159,491	162,057	153,419	8,638	1.6
PAYE	310,625	251,584	276,366	(24,782)	(19.0)
Other Income Tax	209,088	203,703	218,996	(15,293)	(2.6)
VAT Local	171,563	139,710	149,430	(9,720)	(18.6)
VAT Imports	134,094	152,519	142,926	9,593	13.7
Investment Revenue	41,625	41,886	26,335	15,550	0.6
Traffic Revenue	3,032	3,360	2,908	452	10.8
Taxes on Intl. Trade & Trans.(IDF Fee)	22,741	29,189	23,285	5,904	28.4
Others ¹	86,611	42,505	45,632	(3,128)	(50.9)
(b) Appropriation In Aid ²	116,388	138,639	162,967	(24,329)	19.1
o/w Railway Development Levy	18,034	21,043	20,065	978	16.7
(c) External Grants	13,577	18,351	29,402	(11,051)	35.2
Total Revenue and External Grants	1,345,768	1,263,637	1,306,306	(42,669)	(6.1)
Total Revenue and External Grants as a percentage of GDP	12.96	11.31	11.70	-	-

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

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

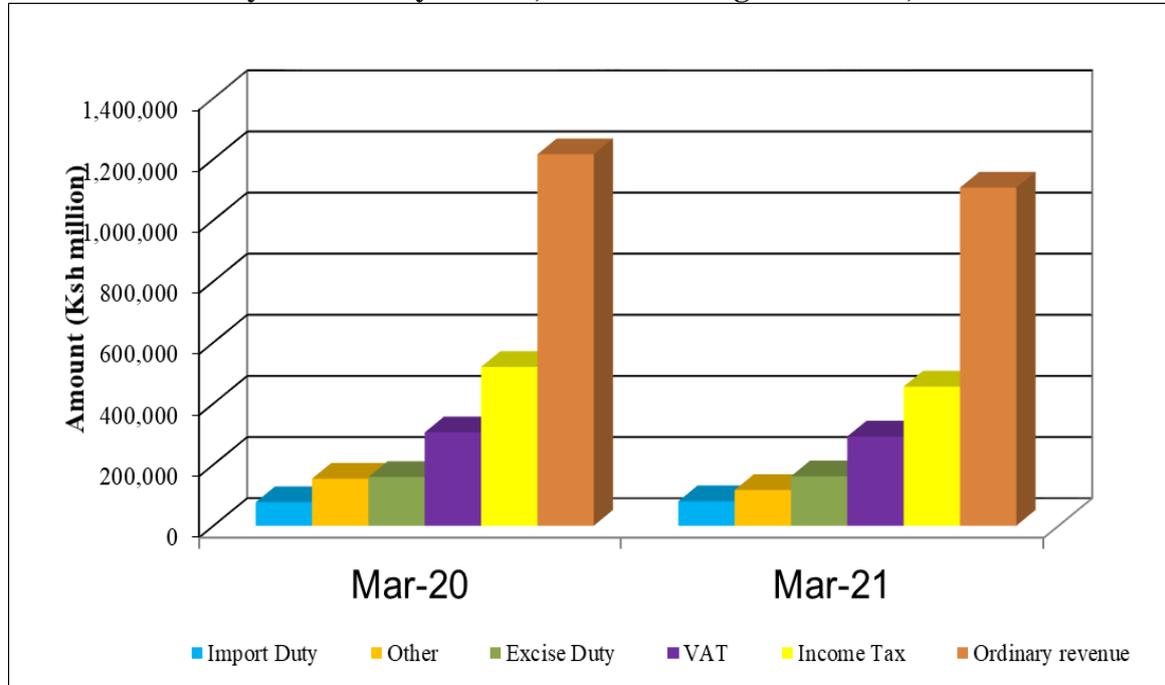
*Provisional

Source of Data: National Treasury

FISCAL DEVELOPMENTS

27. As a proportion of GDP, the total revenue and grants in the period under review was 11.3 percent compared to 13 percent in the corresponding period in the FY 2019/20. Total grants amounted to KSh. 18.4 billion against a target of KSh. 29.4 billion, which is an under performance by KSh.11.1 billion.

Chart 9: Ordinary Revenue by Source, Period Ending 31st March, 2021



Source of Data: National Treasury

2.2 Expenditure

28. The total expenditure and net lending for the period under review amounted to KSh. 1,820.7 billion, against a target of KSh. 1,948.2 billion. The resultant under expenditure of KSh. 127.5 billion is attributed to lower absorption recorded in recurrent and development expenditures by the National Government and below target transfers to County Governments. Recurrent expenditure for National Government amounted to KSh. 1,217.4 billion (excluding KSh. 23.5 billion for Parliament and Judiciary), against a target of KSh. 1,227.2 billion leading to an under expenditure of KSh. 9.8 billion. The under expenditure in recurrent category was mainly due to below target expenditure on Operation and Maintenance (O&M), wages and salaries, below target payments on foreign interest, and low pension payments. The below target expenditure was also attributed to the scaled down operations of the National Government due to Covid-19 Pandemic and exchange rate fluctuations (**Table 5 and Chart 10**).

FISCAL DEVELOPMENTS

Table 5: Expenditure and Net Lending, Period Ending 31st March, 2021 (KSh. Millions)

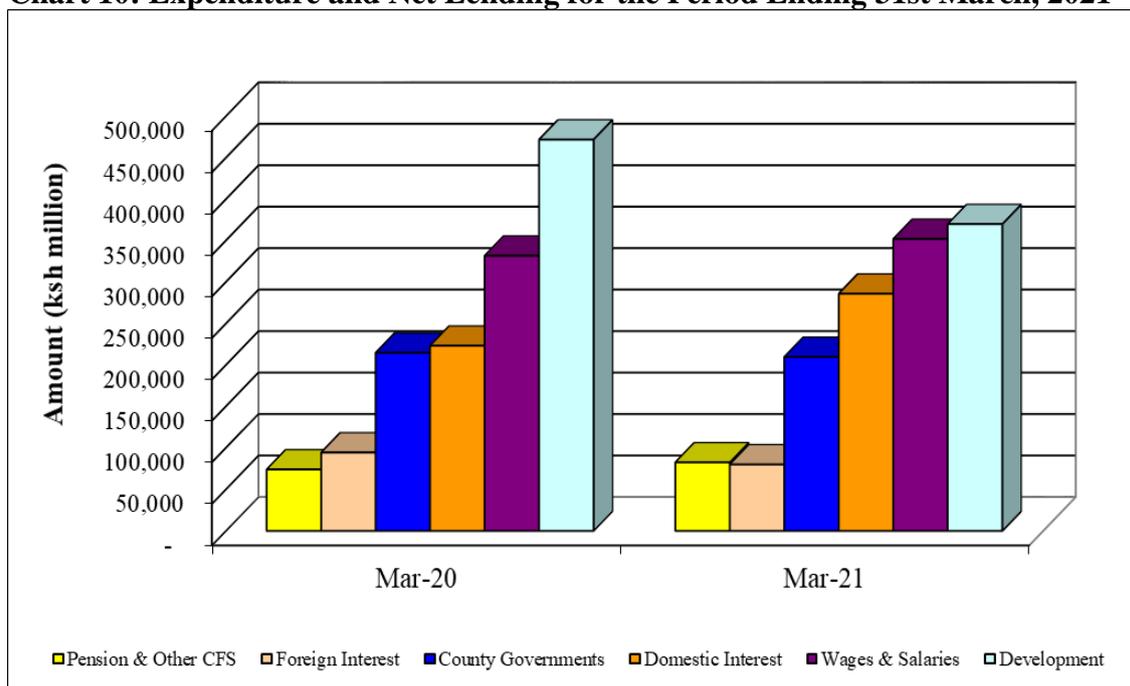
	2019/2020 Actual	2020/2021		Deviation	% Growth
		Actual*	Targets		
1. RECURRENT	1,154,405	1,217,376	1,227,156	(9,780)	5.5
Domestic Interest	223,269	286,106	254,738	31,368	28.1
Foreign Interest	94,548	80,183	88,832	(8,649)	(15.2)
Pensions & Other CFS	74,146	82,672	87,666	(4,994)	11.5
Wages and Salaries	331,864	352,075	363,903	(11,828)	6.1
Operation and Maintenance	430,578	416,341.2	432,018	(15,676)	(3.3)
O/W: Appropriation-in-Aid	75,497	69,029.8	105,109	(36,079)	(8.6)
2. DEVELOPMENT	471,960	369,948	419,201	(49,253)	(21.6)
Development Projects (Net)	299,507	234,306	234,355	(50)	(21.8)
Payment of Guaranteed Loans	661	-	-	-	(100.0)
Appropriation-in-Aid	171,792	135,642	183,834	(48,191)	(21.0)
3. County Governments	214,785	209,871	262,641	(52,770)	(2.3)
4. Parliamentary Service	16,418	15,692	25,305	(9,613)	(4.4)
5. Judicial Service	10,675	7,795	11,409	(3,614)	(27.0)
6. Equalization Fund	-	-	1,012	(1,012)	-
7. CF	-	-	2,500	(2,500)	-
TOTAL EXPENDITURE	1,868,242	1,820,682	1,948,212	(127,529)	(2.5)

*Provisional

Source of Data: National Treasury

29. Foreign interest payments amounted to KSh. 80.2 billion, lower than KSh. 94.5 billion paid over the same period in the FY2019/20. The domestic interest payments totalled to KSh. 286.1 billion, which was higher than the KSh. 223.3 billion paid in the corresponding period in the previous financial year. The expenditure data in GFSM 2014 format is shown in annexes III and IV.

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



Source of Data: National Treasury

2.2.1 National Government Expenditures by Public Agencies

30. The total ministerial and other public agencies expenditure including A.I.A was KSh. 1,092.4 billion against a target of KSh. 1,717.8 billion. Recurrent expenditure was KSh. 762.3 billion against a target of KSh. 956.3 billion, while development expenditure amounted to KSh. 330.1 billion against a target of KSh. 522.4 billion. The percentage of total expenditures to the target was 63.6 percent while the percentage of total expenditures to the target for recurrent and development were 79.7 percent and 63.2 percent respectively, as at the end of the period under review. The discrepancy between actual and target expenditures was partly due to the non-capture of the parastatals and some other government entities expenditures. These ministerial expenditures are therefore, provisional.

31. As at the period ending 31st March, 2021, recurrent expenditures by the State Department for Early Learning and Basic Education, State Department for University Education; Teachers Service Commission; State Department for Vocational and Technical Training and the Ministry of Health (Social Sector) accounted for 43.1 percent of total recurrent expenditure. In addition, the State Department for Interior and the Ministry of Defence accounted for 10.6 percent and 10.4 percent of total recurrent expenditure respectively.

32. Analysis of development outlay indicates that the State Department for infrastructure accounted for the largest share of the total development expenditure (14.3 percent), followed by the State Department for Transport (13 percent), State Department for Planning (12.8 percent), Ministry of Health (10.1 percent), Ministry of water, Sanitation and irrigation (9.8 percent) and the Ministry of Energy (7.4 percent). The expenditures by large Ministries/State Departments were below target because of under reporting of expenditure from the sub-national, parastatals and some donor funded projects. **Table 6** shows the recurrent and development expenditures by Ministries, State Departments and other government entities for the period under review.

FISCAL DEVELOPMENTS

Table 6: National Government Expenditures by Public Agencies, Period Ending 31st March, 2021 (KSh. Millions)

Budget Head	MINISTRY/DEPARTMENT/COMMISSIONS	Mar-21			Mar-21			Mar-21			% of Total Exp. To Target
		Recurrent			Development			Total			
		Actual*	Target	Variance	Actual*	Target	Variance	Actual*	Target	Variance	
1011	Executive Office of the President	13,212	20,911	(7,699)	9,060	10,506	(1,446)	22,272	31,418	(9,145)	70.9
1021	State Department for Interior and Citizen Services	80,601	96,595	(15,994)	3,184	2,945	239	83,786	99,541	(15,755)	84.2
1023	State Department for Correctional Services	15,122	20,417	(5,295)	39	193	(154)	15,160	20,610	(5,450)	73.6
1032	State Department for Devolution	600	698	(98)	425	2,379	(1,954)	1,025	3,077	(2,052)	33.3
1035	State Department for Development of the ASAL	710	722	(12)	3,750	5,253	(1,503)	4,460	5,975	(1,515)	74.6
1041	Ministry of Defence	79,420	84,467	(5,048)	1,833	7,307	(5,474)	81,253	91,774	(10,522)	88.5
1052	Ministry of Foreign Affairs	5,834	11,943	(6,110)	279	762	(483)	6,113	12,706	(6,593)	48.1
1064	State Department for Vocational and Technical Training	9,338	13,794	(4,456)	848	4,755	(3,907)	10,186	18,549	(8,363)	54.9
1065	State Department for University Education	42,837	79,329	(36,493)	4,346	2,707	1,638	47,183	82,037	(34,854)	57.5
1066	State Department for Early Learning & Basic Education	63,019	66,006	(2,987)	3,334	8,553	(5,218)	66,353	74,558	(8,205)	89.0
1068	State Department for Post Training and Skills Development	78	97	(19)	-	-	-	78	97	(19)	80.5
1071	The National Treasury	28,917	43,122	(14,205)	16,253	45,488	(29,235)	45,170	88,610	(43,439)	51.0
1072	State Department for Planning	2,261	2,464	(203)	42,140	41,947	193	44,401	44,411	(10)	100.0
1081	Ministry of Health	28,877	50,313	(21,436)	33,422	39,084	(5,663)	62,299	89,397	(27,099)	69.7
1091	State Department for Infrastructure	41,407	50,591	(9,185)	47,186	90,070	(42,884)	88,593	140,661	(52,069)	63.0
1092	State Department for Transport	510	6,806	(6,296)	43,062	55,407	(12,344)	43,572	62,213	(18,640)	70.0
1093	State Department for Shipping and Maritime	1,243	1,235	8	-	424	(424)	1,243	1,659	(416)	74.9
1094	State Department for Housing & Urban Development	714	751	(37)	14,005	18,558	(4,553)	14,719	19,310	(4,591)	76.2
1095	State Department for Public Works	1,647	1,746	(100)	750	568	181	2,396	2,315	82	103.5
1108	Ministry of Environment and Forestry	6,676	7,700	(1,024)	1,962	2,811	(849)	8,638	10,511	(1,873)	82.2
1109	Ministry of Water & Sanitation and Irrigation	2,659	4,639	(1,980)	32,331	54,873	(22,543)	34,990	59,513	(24,523)	58.8
1112	Ministry of Lands and Physical Planning	1,918	2,134	(216)	2,373	2,699	(326)	4,291	4,834	(543)	88.8
1122	State Department for Information Communication Technology & Innovation	807	1,231	(424)	11,590	15,059	(3,470)	12,396	16,290	(3,894)	76.1
1123	State Department for Broadcasting & Telecommunications	3,908	6,026	(2,118)	236	212	24	4,144	6,237	(2,093)	66.4
1132	State Department for Sports	672	984	(312)	3,858	2,470	1,389	4,530	3,454	1,077	131.2
1134	State Department for Culture and Heritage	1,632	1,771	(139)	21	24	(4)	1,653	1,796	(143)	92.1
1152	Ministry of Energy	978	4,422	(3,443)	24,547	59,347	(34,800)	25,525	63,769	(38,243)	40.0
1162	State Department for Livestock	1,544	1,728	(184)	1,617	1,655	(39)	3,161	3,383	(222)	93.4
1166	State Department for Fisheries, Aquaculture & the Blue Economy	1,364	1,845	(481)	2,245	2,321	(76)	3,609	4,166	(558)	86.6
1169	State Department for Crop Development & Agricultural Research	17,890	17,605	285	11,026	20,274	(9,248)	28,916	37,879	(8,963)	76.3
1173	State Department for Cooperatives	260	646	(386)	349	360	(11)	609	1,007	(397)	60.5
1174	State Department for Trade and Enterprise Development	1,151	1,511	(360)	640	1,036	(396)	1,791	2,547	(757)	70.3
1175	State Department for Industrialization	1,426	2,129	(704)	1,339	3,405	(2,066)	2,764	5,534	(2,770)	49.9
1184	State Department for Labour	928	2,014	(1,086)	653	1,096	(443)	1,581	3,111	(1,530)	50.8
1185	State Department for Social Protection, Pensions & Senior Citizens Affairs	17,837	22,828	(4,991)	248	1,560	(1,312)	18,085	24,388	(6,303)	74.2
1192	State Department for Mining	305	441	(136)	138	41	97	443	482	(39)	91.8
1193	State Department for Petroleum	151	178	(27)	1,192	2,512	(1,320)	1,343	2,690	(1,348)	49.9
1202	State Department for Tourism	1,677	4,432	(2,754)	2,154	2,662	(508)	3,832	7,094	(3,262)	54.0
1203	State Department for Wildlife	4,666	5,737	(1,071)	394	479	(85)	5,060	6,216	(1,156)	81.4
1212	State Department for Gender	608	745	(138)	2,287	2,174	114	2,895	2,919	(24)	99.2
1213	State Department for Public Service	11,917	11,295	621	576	748	(173)	12,492	12,043	449	103.7
1214	State Department for Youth Affairs	872	971	(99)	952	1,574	(622)	1,823	2,545	(721)	71.7
1221	State Department for East African Community	290	404	(114)	-	-	-	290	404	(114)	71.8
1222	State Department for Regional and Northern Corridor Development	1,420	1,668	(247)	412	617	(205)	1,832	2,285	(453)	80.2
1252	State Law Office and Department of Justice	2,453	3,485	(1,032)	71	92	(21)	2,524	3,577	(1,053)	70.6
1261	The Judiciary	10,045	11,020	(975)	1,196	1,919	(723)	11,240	12,939	(1,698)	86.9
1271	Ethics and Anti-Corruption Commission	2,556	2,454	102	-	31	(31)	2,556	2,485	71	102.9
1281	National Intelligence Service	26,522	34,163	(7,641)	-	-	-	26,522	34,163	(7,641)	77.6
1291	Office of the Director of Public Prosecutions	1,951	2,428	(477)	3	97	(94)	1,954	2,525	(571)	77.4
1311	Office of the Registrar of Political Parties	944	998	(54)	-	-	-	944	998	(54)	94.6
1321	Witness Protection Agency	304	350	(46)	-	-	-	304	350	(46)	86.9
2011	Kenya National Commission on Human Rights	257	286	(29)	-	-	-	257	286	(29)	89.8
2021	National Land Commission	775	854	(79)	-	-	-	775	854	(79)	90.8
2031	Independent Electoral and Boundaries Commission	3,404	3,901	(497)	75	56	19	3,479	3,957	(478)	87.9
2041	Parliamentary Service Commission	3,655	4,752	(1,097)	-	-	-	3,655	4,752	(1,097)	76.9
2042	National Assembly	13,762	16,354	(2,592)	-	-	-	13,762	16,354	(2,592)	84.1
2043	Parliamentary Joint Services	3,506	4,199	(692)	1,592	2,674	(1,082)	5,099	6,873	(1,774)	74.2
2051	Judicial Service Commission	349	389	(40)	-	-	-	349	389	(40)	89.8
2061	The Commission on Revenue Allocation	228	247	(19)	-	-	-	228	247	(19)	92.4
2071	Public Service Commission	1,524	1,630	(105)	15	14	1	1,540	1,644	(104)	93.7
2081	Salaries and Remuneration Commission	247	345	(98)	-	-	-	247	345	(98)	71.6
2091	Teachers Service Commission	184,652	205,087	(20,436)	60	480	(420)	184,712	205,567	(20,855)	89.9
2101	National Police Service Commission	375	493	(117)	-	-	-	375	493	(117)	76.2
2111	Auditor General	3,474	4,114	(640)	46	148	(101)	3,521	4,262	(741)	82.6
2121	Office of the Controller of Budget	290	439	(149)	-	-	-	290	439	(149)	66.0
2131	The Commission on Administrative Justice	322	353	(30)	-	-	-	322	353	(30)	91.4
2141	National Gender and Equality Commission	273	284	(11)	-	4	(4)	273	288	(15)	94.9
2151	Independent Policing Oversight Authority	515	613	(98)	-	-	-	515	613	(98)	84.0
	Total	762,286	956,334	(194,048)	330,113	522,431	(192,318)	1,092,399	1,717,848	(625,449)	63.6

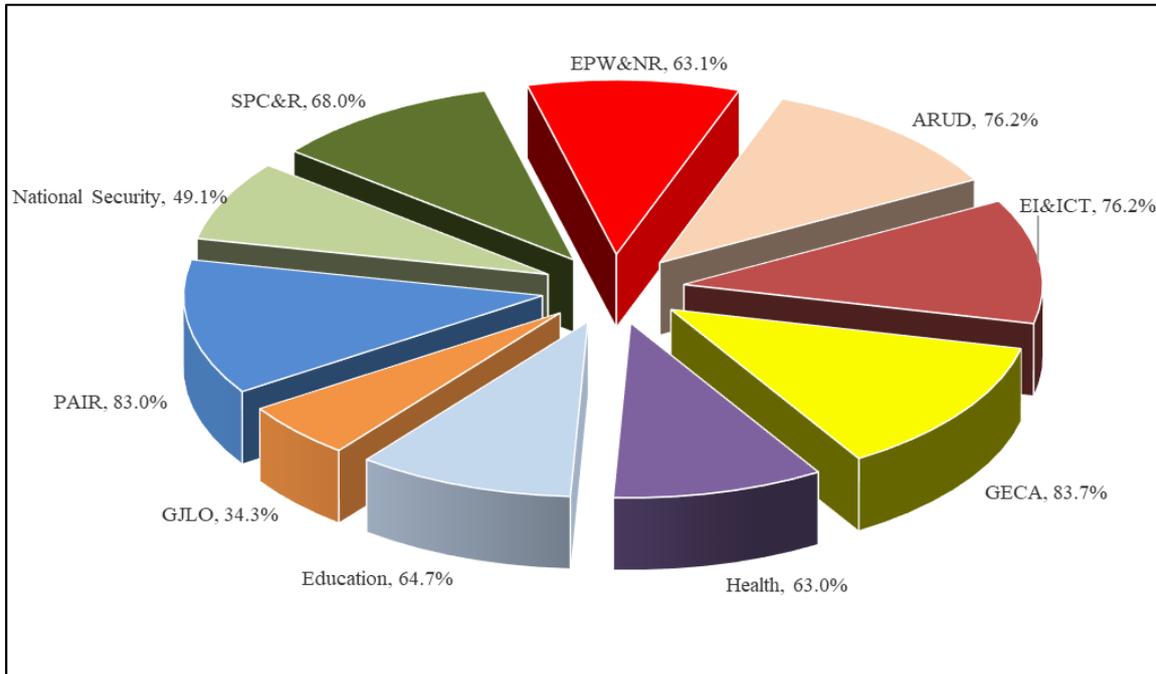
*Provisional

Source of Data: National Treasury

FISCAL DEVELOPMENTS

33. During the period under review, the General Economic and Commercial Affairs (GECA) Sector recorded the highest absorption of 83.7 percent of its budget, followed by Public Administration and International Relations (PAIR) at 83.0 percent. Governance, Justice Law and Order (GJLO) recorded the lowest absorption of 34.3 percent (Chart 11).

Chart 11: Sectoral Budget Absorption as at 31st March, 2021



Source of Data: National Treasury

2.2.2 Pending Bills

34. The total outstanding national government pending bills as at 31st March, 2021 amounted to KSh. 307.8 billion. These comprise of KSh. 262.9 billion (85.4 percent) and KSh. 44.9 billion (14.6 percent) for the State Corporations (SC) and Ministries/State Departments/other government entities respectively. The SC pending bills include payment to contractors/projects, suppliers, unremitted statutory and other deductions, pension arrears for Local Authorities Pension Trust, and others. The highest percentage of the SCs pending bills (62.4 percent) belong to Contractor/Projects and Suppliers. Ministries/State Departments and other government entities pending bills constitutes mainly of historical pending bills as at the end of the 2019/20 Financial Year. The national Government policy on clearance of pending bills continues to be in force. All MDAs are therefore, expected to continue with prioritization of payment of the pending bills by settling them as a first charge in the FY 2020/21 budget in line with the Treasury Circular No. 7/2019.

2.2.3 Guaranteed Debt Service

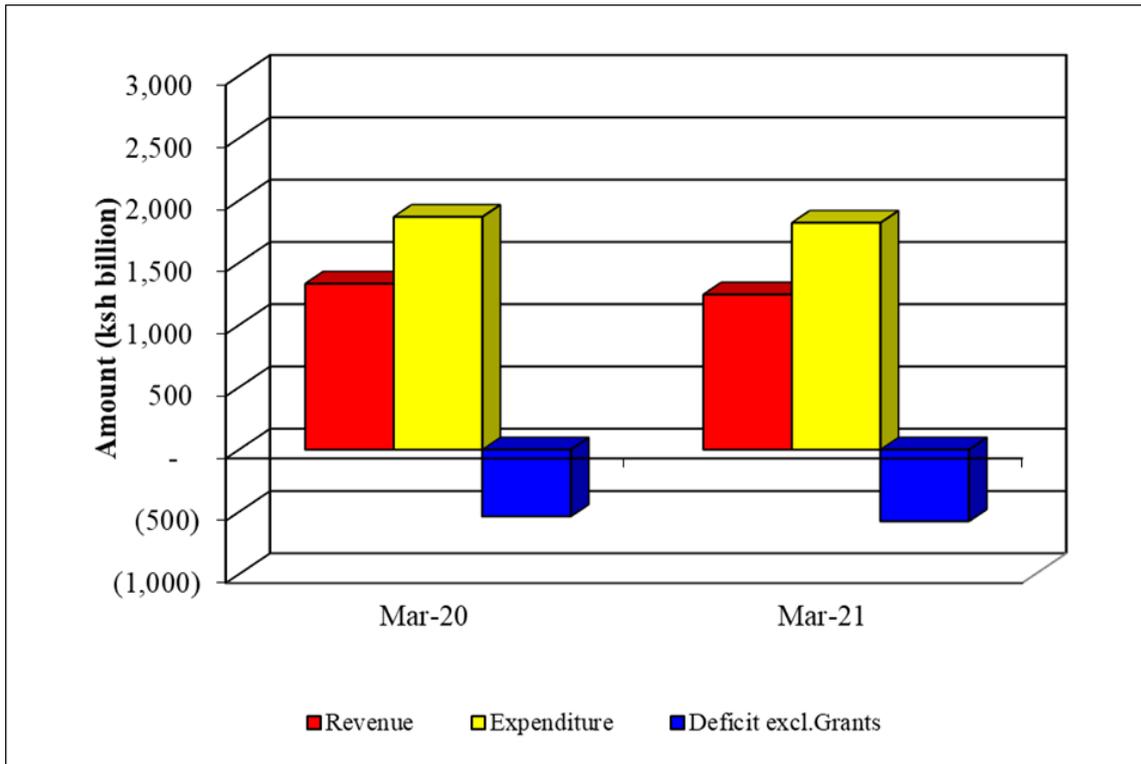
35. The government did not service any guaranteed debt during the period under review since cumulative principal and interest payments of guaranteed loans to parastatals with liquidity problems were fully paid. As at end of March 2021, all guaranteed debts were performing.

FISCAL DEVELOPMENTS

2.3 Fiscal Outturn

36. Between 1st July, 2020 and 31st March, 2021, the fiscal balance (on commitment basis and excluding grants) amounted to KSh. 575.4 billion (5.2 percent of GDP) against a targeted deficit of KSh. 671.3 billion (6 percent of GDP) (**Chart 12 and Table 8**). The fiscal balance (on a commitment basis and including grants) stood at 5.0 percent of GDP against a target deficit of 5.7 percent of GDP.

Chart 12: Fiscal Balance as at 31st March, 2021



Source of Data: National Treasury

37. Over the same period in FY2019/20, the fiscal deficit including grants (on commitment basis) stood at KSh. 522.5 billion (5 percent of GDP). The fiscal outturn in the last six FYs, the original budget, and Supplementary I figures for the FY 2020/21 are shown in **Annex I**. Further, GFSM 2014 Compliant Budgetary Central Government fiscal data for the FY 2020/21 are shown in annexes V and VI.

FISCAL DEVELOPMENTS

Table 8: Budget Outturn, Cumulative Ending 31st March, 2021 (KSh. Millions)

	2019/2020 Actual	2020/2021		Deviation	% growth	2020/2021 as a % of GDP		2019/2020 Actual as a % of GDP
		Actual*	Targets			Actual	Targets	
A. TOTAL REVENUE AND GRANTS	1,345,768	1,263,637	1,306,306	(42,669)	(6.1)	11.3	11.7	13.0
1. Revenue	1,332,191	1,245,286	1,276,904	(31,617)	(6.5)	11.1	11.4	12.8
Ordinary Revenue	1,215,802	1,106,648	1,113,936	(7,289)	(9.0)	9.9	10.0	11.7
Import Duty	76,931	80,135	74,639	5,496	4.2	0.7	0.7	0.7
Excise Duty	159,491	162,057	153,419	8,638	1.6	1.5	1.4	1.5
Income tax	519,714	455,287	495,361	(40,075)	(12.4)	4.1	4.4	5.0
VAT	305,657	292,229	292,356	(127)	(4.4)	2.6	2.6	2.9
Investment Revenue	41,625	41,886	26,335	15,550	0.6	0.4	0.2	0.4
Others	112,385	75,054	71,826	3,228	(33.2)	0.7	0.6	1.1
Approval-in-Aid	116,388	138,639	162,967	(24,329)	19.1	1.2	1.5	1.1
2. Grants	13,577	18,351	29,402	(11,051)	35.2	0.2	0.3	0.1
AMISOM Receipts	2,901	3,347.5	6,862	(3,514)	-	0.0	0.1	0.0
Revenue	7,003	7,609	9,236	(1,627)	8.7	0.1	0.1	0.1
Approval-in-Aid	3,672	7,394	13,304	(5,910)	101.4	0.1	0.1	0.0
B. EXPENDITURE AND NET LENDING	1,868,242	1,820,682	1,948,212	(127,529)	(2.5)	16.3	17.4	18.0
1. Recurrent	1,181,497	1,240,864	1,263,870	(23,006)	5.0	11.1	11.3	11.4
Domestic Interest	223,269	286,106	254,738	31,368	28.1	2.6	2.3	2.2
Foreign Interest	94,548	80,183	88,832	(8,649)	(15.2)	0.7	0.8	0.9
Pension & Other CFS	74,146	82,672	87,666	(4,994)	11.5	0.7	0.8	0.7
Wages and Salaries	331,864	352,075	363,903	(11,828)	6.1	3.2	3.3	3.2
O & M/Others	457,670	439,829	468,732	(28,903)	(3.9)	3.9	4.2	4.4
2. Development and Net Lending	471,960	369,948	419,201	(49,253)	(21.6)	3.3	3.8	4.5
OW Domestically financed	306,690	250,733	241,487	9,245	(18.2)	2.2	2.2	3.0
Foreign financed	164,609	119,215	176,701	(57,486)	(27.6)	1.1	1.6	1.6
3. Equalization Fund	0	-	1,012	(1,012)	-	0.0	0.0	0.0
4. County Governments	214,785	209,871	262,641	(52,770)	(2.3)	1.9	2.4	2.1
5. CF	-	-	2,500	(2,500)	-	0.0	0.0	0.0
C. DEFICIT EXCL. GRANT (Commitment basis)	(536,051)	(575,396)	(671,308)	95,912	7.3	(5.2)	(6.0)	(5.2)
D. DEFICIT INCL. GRANTS (Commitment basis)	(522,475)	(557,045)	(641,906)	84,861	6.6	(5.0)	(5.7)	(5.0)
E. ADJUSTMENT TO CASH BASIS	11,517	55,995	-	55,995	386.2	0.5	-	0.1
F. DEFICIT INCL. GRANTS (Cash basis)	(510,957)	(501,050)	(641,906)	140,856	(1.9)	(4.5)	(5.7)	(4.9)
Discrepancy	(43,015)	(13,347)	-	-	-	-	-	-
G. FINANCING	467,942	487,702	641,906	(154,203)	4.2	4.4	5.7	4.5
1. Net Foreign financing	98,354	21,171	68,427	(47,256)	(78.5)	0.2	0.6	0.9
Disbursements	173,697	124,911	176,049	(51,138)	(28.1)	1.1	1.6	1.7
Programme Loans	11,770	7,100	1,248	5,851	(39.7)	0.1	0.0	0.1
Project Cash Loans	27,249	50,839	55,212	(4,373)	86.6	0.5	0.5	0.3
Project Loans AIA	83,996	49,067	104,103	(55,036)	(41.6)	0.4	0.9	0.8
Project Loans SGR PHASE 1&2A AIA	12,242	11,514	2,000	9,514	-	0	0.0	0.1
Project Loans SGR PHASE 2B AIA	32,569	-	7,278	(7,278)	-	-	0.1	0.3
Commercial Financing	5,870	6,391	6,209	182	-	0	0.1	0.1
Debt repayment - Principal	(75,343)	(103,740)	(107,623)	3,882	37.7	(0.9)	(1.0)	(0.7)
2. Net Domestic Financing	369,588	466,532	573,479	(106,947)	26.2	4.2	5.1	3.6
Government Securities	367,434	430,219.9	550,482	(120,262)	17.1	3.9	4.9	3.5
Government Overdraft & Others	-	3,848.8	17,373	(13,524)	-	0.0	0.2	0.0
Movement in Government Deposits	-	32,233.9	6,643	25,591	-	0.3	0.1	0.0
Domestic Loan Repayments (Net Receipts)	2,154	229.1	91	138	(89.4)	0.0	0.0	0.0
Domestic Loan Repayment	-	(1,110.0)	(1,110)	-	-	0.0	(0.0)	0.0
MEMO ITEM								
GDP ESTIMATE	10,383,092.64	11,168,511.00	11,168,511.00	-	7.56	100.00	100	100.00

*Provisional

Source of Data: National Treasury

FISCAL DEVELOPMENTS

2.4 Financing

2.4.1 External Financing

38. During the period under review, net external financing amounted to KSh. 21.2 billion (**Table 9**). Total disbursements (inflows) including Appropriations-in-Aid amounted to KSh. 124.9 billion for the period ending 31st March, 2021 against a target of KSh. 176 billion. The actual total disbursement included KSh. 60.6 billion Project Loans A.I.A, KSh. 50.8 billion Project Loans-Cash, KSh. 6.4 billion commercial financing and KSh. 7.1 billion program loans. The External repayments (outflows) of principal debt amounted to KSh. 103.7 billion. The amount comprised of principal repayments due to commercial institutions, bilateral sources, and multilateral sources amounting to KSh. 55 billion, KSh. 31.8 billion and KSh. 16.9 billion respectively.

Table 9: External Financing, Period Ending March, 2021 (KSh. Millions)

	Quarter 1 2020/21	Quarter 2 2020/21	Quarter 3 2020/21	Cumulative March 2021	
	Actual	Actual*	Actual*	Actual*	Target
DISBURSEMENTS:	24,777.04	70,466.60	29,667	124,911	176,049
Project Cash loans	8,684.25	22,900.95	19,253.87	50,839.07	55,211.71
Project loans A-I-A	16,092.78	26,082.35	6,892.13	49,067.26	104,102.91
Project Loans SGR_PHASE_1_AIA	-	4,643.48	-	4,643.48	2,000.00
Project Loans SGR_PHASE_2A_AIA	-	6,871.00	-	6,871.00	7,278.00
Commercial Financing	-	6,390.53	-	6,390.53	6,208.59
Semi concessional Loans	-	-	-	-	-
Programme Loans	-	3,578.30	3,521.28	7,099.58	1,248.09
EXTERNAL REPAYMENTS:	47,414.41	33,296.17	23,029.55	103,740.13	107,622.58
Bilateral(incl. Italy Debt SWAP)	21,397.61	7,781.45	2,629.37	31,808.42	29,275.37
Multilateral (excl. IMF)	7,393.35	4,311.34	5,235.36	16,940.04	19,839.78
Commercial	18,623.46	21,203.38	15,164.83	54,991.67	58,507.42
NET FOREIGN FINANCING	(22,637.37)	37,170.43	6,637.73	21,170.79	68,426.72

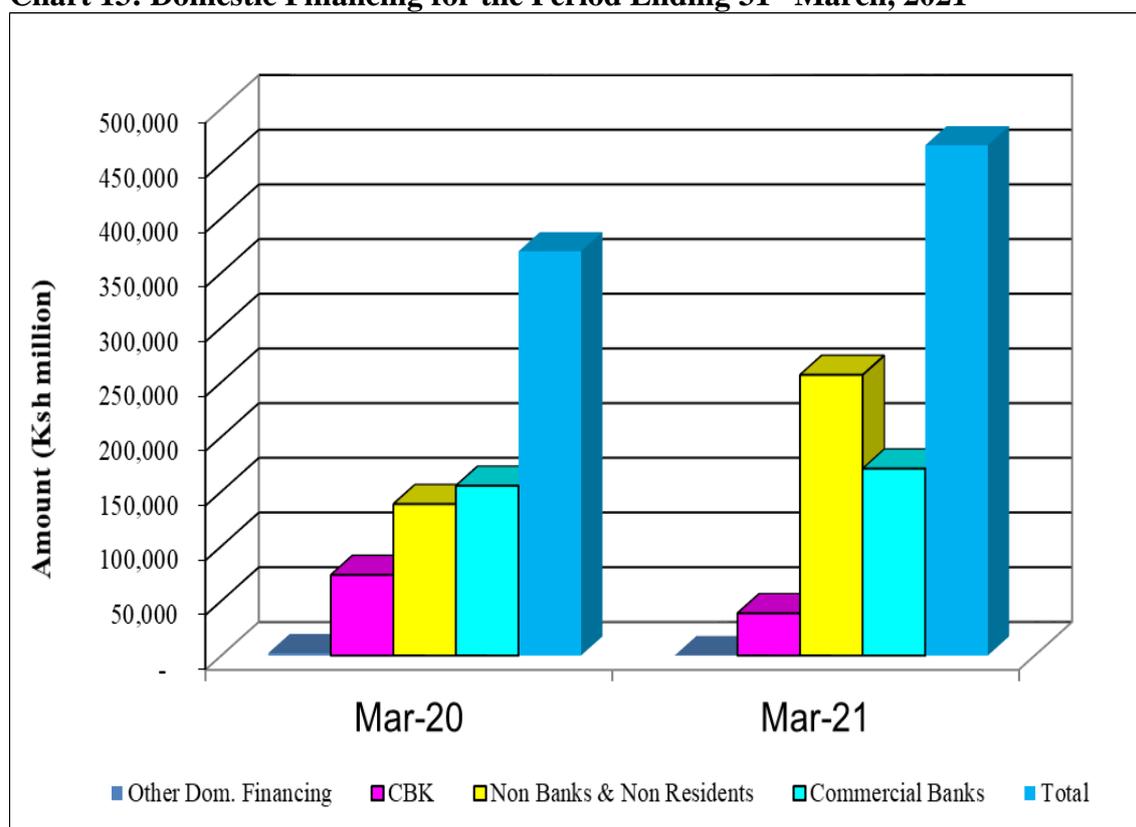
*Provisional

Source of Data: National Treasury

2.4.2 Domestic Financing

39. By the end of March 2021, net domestic borrowing amounted to KSh. 466.5 billion (**Table 10**) against a target borrowing of KSh. 574.6 billion (**Table 8**). The borrowing comprised of KSh. 255.7 billion from Non-Banking Financial Institutions, KSh. 171 billion from commercial banks, Ksh. 38.7 billion from the Central Bank and KSh. 0.9 billion from Non-Residents while the Government deposit to CBK amounted to KSh. 0.2 billion from other domestic sources. Comparatively, for the same period in FY 2019/20, the domestic borrowing amounted to KSh. 369.6 billion, comprising of KSh. 155.2 billion from Commercial Banks, Ksh. 134.9 billion from Non-Banking Financial Institutions, KSh. 73.7 billion from the Central Bank of Kenya, and KSh. 3.6 billion from Non-Residents while the Government deposit to CBK amounted to KSh. 2.1 billion from other domestic sources (**Table 10 and Chart 13**).

Chart 13: Domestic Financing for the Period Ending 31st March, 2021



Source of Data: Central Bank of Kenya

40. The stock of Treasury Bills held by commercial banks and Non-Residents recorded a net decrease of KSh. 98 and KSh. 3.4 billion respectively while those held by Non-Banks increased by KSh.41.1 billion. The stock of Fixed Rate Bonds held by Commercial Banks, Non-Banks, and Non-Residents recorded a net increase of KSh. 49.7 billion, KSh. 48.1 billion and KSh. 0.3 billion respectively (**Table 10**).

FISCAL DEVELOPMENTS

Table 10: Domestic Financing, Period Ending 31st March, 2021 (KSh. Millions)

Debt Instrument	March 2020	June 2020	September 2020	December 2020*	March 2021*
1.CENTRAL BANK	73,708	41,946	(116,695)	21,572	38,669
Overdraft	(3,146)	(10,178)	9,057	448	2,133
Items on Transit	(28)	4	(23)	(30)	(32)
Frozen Account	-	(555)	-	-	(555)
Less Govt Deposits	76,882	52,675	(125,729)	21,154	37,123
2.COM. BANKS	155,240	235,444	152,077	126,895	171,031
Advances	(621)	(1,231)	440	74	1,193
Treasury bills	(820)	(7,751)	17,743	(29,842)	(97,160)
Fixed rate Bonds	117,436	138,821	86,704	104,910	167,129
Infrastructure Bonds	40,664	108,455	54,024	54,024	104,759
Less Govt Deposits	(1,418)	(2,851)	(6,834)	(2,270)	(4,889)
3. NON BANKS	134,879	165,762	117,775	197,868	255,743
Treasury bills	(50,890)	(52,684)	(3,185)	8,666	(9,761)
Fixed rate Bonds	170,586	179,004	97,938	166,046	218,673
Infrastructure Bonds	14,919	39,328	23,918	24,051	47,727
M-Akiba Bond	264	114	(896)	(896)	(896)
4. NON RESIDENTS	3,607	5,178	1,047	868	859
Treasury bills	881	(145)	(478)	(1,369)	(2,490)
Fixed rate Bonds	2,350	3,198	904	1,750	2,659
Infrastructure Bond	376	2,125	620	487	690
5. NET CREDIT	367,434	448,331	154,203	347,204	466,303
6. Other Domestic Financing					
Domestic Loan Repayments (Net Receipts)	2,154	2,044	(512)	(464)	229
RDL Deposits	-	-	(1,287)	-	
7. NET DOMESTIC FINANCING	369,588	450,375	152,404	346,740	466,532

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

*provisional

Source of Data: Central Bank of Kenya

FISCAL DEVELOPMENTS

3.0 PUBLIC DEBT

3.1 Overall Debt Position

41. The gross public debt as at 31st March, 2021 increased by KSh. 1,056.9 billion to KSh. 7,339.7 billion compared to KSh. 6,282.8 billion as at end of March 2020. The gross public debt comprised of 51.4 percent external debt and 48.6 percent domestic debt. The increase in the public debt is attributed to external loan disbursements; exchange rate fluctuation; and the uptake of domestic debt during the period. The net public debt was KSh. 6,917.2 billion by end of the period under review (Table 11).

Table 11: Kenya's Public and Publicly Guaranteed Debt, March 2019 to March 2021 (KSh. Millions)

DEBT SOURCE	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sept-20	Dec-2020*	Mar-2021*
EXTERNAL									
BILATERAL	916,572	996,059	1,024,092	1,037,538	1,060,609	1,074,257	1,102,890	1,156,991	1,142,718
MULTILATERAL	846,587	914,394	1,001,817	1,023,821	1,075,901	1,321,629	1,421,840	1,498,837	1,495,606
COMMERCIAL BANKS	941,763	1,095,753	1,068,664	1,028,691	1,058,796	1,102,294	1,120,803	1,119,388	1,113,417
SUPPLIERS CREDIT	16,676	16,932	17,194	16,773	17,328	17,630	17,958	18,069	18,126
SUB-TOTAL EXTERNAL	2,721,598	3,023,138	3,111,767	3,106,823	3,212,634	3,515,810	3,663,491	3,793,285	3,769,867
DOMESTIC:									
CENTRAL BANK	89,709	109,607	120,494	115,972	106,433	98,878	107,356	98,741	99,869
COMMERCIAL BANKS	1,397,771	1,414,275	1,417,997	1,491,438	1,570,594	1,653,194	1,808,043	1,769,185	1,776,713
TOTAL BANKS	1,487,480	1,523,882	1,538,492	1,607,410	1,677,028	1,752,072	1,915,400	1,867,926	1,876,583
NON BANKS & NON RESIDENTS	1,211,052	1,261,601	1,313,148	1,334,694	1,393,162	1,425,454	1,541,707	1,620,615	1,693,258
SUB-TOTAL DOMESTIC	2,698,532	2,785,483	2,851,639	2,942,104	3,070,189	3,177,526	3,457,107	3,488,541	3,569,841
GRAND TOTAL GROSS	5,420,130	5,808,621	5,963,406	6,048,927	6,282,823	6,693,336	7,120,598	7,281,826	7,339,708
LESS ON-LENDING	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)
LESS GOVERNMENT DEPOSITS	(398,223)	(501,728)	(516,182)	(524,752)	(457,623)	(497,609)	(614,353)	(440,630)	(416,765)
GRAND TOTAL NET	5,016,206	5,301,192	5,441,523	5,518,474	5,819,499	6,190,026	6,500,544	6,835,495	6,917,242

*Provisional

Source of Data: National Treasury

FISCAL DEVELOPMENTS

3.2 Domestic Debt

42. The stock of gross domestic debt increased by KSh. 499.7 billion from KSh. 3,070.2 billion in March 2020 to KSh. 3,569.8 billion in March, 2021. The net domestic debt was KSh. 3,147.4 billion by end of the period under review (Table 12).

Table 12: Stock of Domestic Debt by end of March, 2021 (KSh. Millions)

DEBT SOURCE	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20*	Mar-21*
1.CENTRAL BANK	89,709	109,607	120,494	115,972	106,433	98,878	107,356	98,741	99,869
Overdraft	36,896	57,328	68,232	63,724	54,182	47,150	56,206	47,598	49,283
Frozen Govt Accounts	22,784	22,229	22,229	22,229	22,229	21,674	21,119	21,119	20,564
Treasury bills / bonds rediscounts	20,588	20,588	20,588	20,588	20,588	20,588	20,588	20,588	20,588
Items on Transit	16	36	20	5	9	40	17	11	9
Fixed rate bonds	9,426	9,426	9,426	9,426	9,426	9,426	9,426	9,426	9,426
2.COM.BANKS	1,397,771	1,414,275	1,417,997	1,491,438	1,570,594	1,653,194	1,808,043	1,769,185	1,776,713
Advances	3,458	3,422	3,404	2,447	2,790	2,007	2,717	2,699	3,551
Treasury Bills	570,588	577,483	556,228	549,732	576,426	567,096	580,609	531,648	458,025
Fixed Rate T. Bonds	565,157	575,939	611,920	641,650	693,770	714,224	799,624	818,384	881,349
Special Bonds	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Savings and Development Bond	7,648	6,798	7,648	7,648	7,648	7,648	7,648	7,648	7,648
Infrastructure Bonds	245,920	245,634	233,798	284,960	284,960	357,218	412,445	403,805	421,141
3. NON BANKS	1,185,670	1,233,618	1,283,764	1,304,121	1,361,587	1,392,300	1,507,591	1,586,772	1,661,567
Treasury Bills	352,367	348,771	344,235	300,354	295,241	292,227	286,848	297,759	278,760
Fixed Rate T. Bonds	600,375	651,235	715,520	759,642	822,221	829,572	925,842	993,979	1,047,541
Tax Reserve Certificate	69	69	69	69	69	69	69	69	69
Infrastructure Bonds	211,685	211,332	202,319	222,434	222,434	248,961	274,252	274,384	314,616
Savings and Development Bond	20,580	21,433	20,580	20,580	20,580	20,580	20,580	20,580	20,580
M-Akiba Bond	595	778	1,041	1,041	1,041	891	(0)	(0)	(0)
4. NON RESIDENTS	25,382	27,983	29,383	30,572	31,574	33,154	34,115	33,844	31,692
Treasury Bills	6,113	7,408	7,858	8,261	8,368	7,231	6,688	5,720	4,525
Fixed Rate T. Bonds	11,162	12,470	13,536	13,932	14,827	15,675	16,552	17,381	18,319
Savings and Development Bond	9	7	9	9	9	9	9	9	9
Infrastructure Bonds	8,098	8,097	7,980	8,371	8,371	10,239	10,866	10,734	8,839
5. TOTAL GROSS DEBT	2,698,532	2,785,483	2,851,639	2,942,104	3,070,189	3,177,526	3,457,107	3,488,541	3,569,841
6. LESS ON-LENDING	5,701	5,701	5,701	5,701	5,701	5,701	5,701	5,701	5,701
7. Less Govt Deposits	398,223	501,728	516,182	524,752	457,623	497,609	614,353	440,630	416,765
8. TOTAL NET DEBT	2,294,608	2,278,054	2,329,756	2,411,651	2,606,865	2,674,216	2,837,053	3,042,210	3,147,375

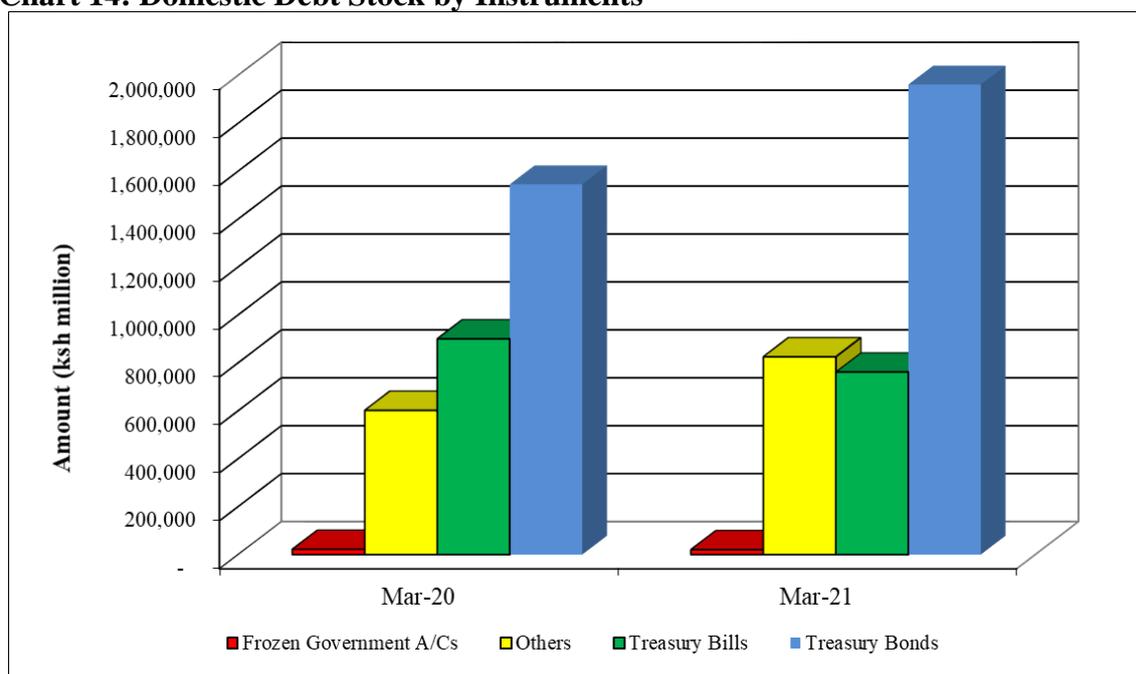
NOTE: Treasury Bills reflected here are at face value as opposed to Table 10, given at cost

*Provisional

Source of Data: Central Bank of Kenya

43. The stock of Treasury Bills held by Central Bank, Commercial Banks, Non-Banking Financial Institution and Non-Residents declined by KSh. 138.7 billion from KSh. 900.6 billion in March 2020 to KSh. 761.9 billion in March 2021. The total stock of Treasury Bonds, which include Floating, Fixed Rate, Special and Zero Coupon Bonds, increased by KSh. 416.4 billion from KSh. 1,545.2 billion in March 2020 to KSh. 1,961.6 billion in March 2021 (Chart 14).

Chart 14: Domestic Debt Stock by Instruments



Source of Data: Central Bank of Kenya

3.3 External Public Debt

44. In dollar terms, external public debt stock increased by US\$. 3,737.9 million from US\$. 30,686.4 million by end of March 2020 to US\$. 34,424.3 million by the end of March, 2021 (**Table 13**). This comprised debt owed to multilateral (39.7%), bilateral (30.3%), commercial banks (29.5%), and Suppliers Credit (0.5%). This increase is attributed to disbursements and exchange rate fluctuations during the period.

FISCAL DEVELOPMENTS

Table 13: Kenya's External Public and Publicly Guaranteed Debt March, 2019 – March, 2021 (US\$ Millions)

CREDITOR	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20*	Mar-21*
<u>BILATERAL</u>									
AUSTRIA	9.34	17.63	17.65	18.62	12.84	13.14	13.52	14.18	13.57
BELGIUM	75.20	113.31	108.49	109.80	113.08	112.42	113.07	123.31	121.70
CANADA	1.52	1.08	1.08	0.58	0.58	0.00	0.00	0.00	0.00
DENMARK	8.39	8.55	7.45	6.41	5.87	5.67	5.41	5.03	4.33
FINLAND	16.00	17.56	15.58	15.95	13.09	13.40	12.51	13.11	11.16
FRANCE	668.45	709.38	679.88	728.89	698.14	748.38	762.54	835.65	800.13
GERMANY	360.65	364.39	338.66	332.14	371.11	333.07	345.47	342.54	323.67
ITALY	345.75	354.78	344.1	351.90	342.57	349.64	365.49	383.17	366.88
JAPAN	1,272.62	1,321.91	1,372.56	1,353.47	1,385.84	1,423.97	1,489.84	1,525.90	1,447.97
NETHERLANDS	3.31	3.35	2.19	1.79	1.00	0.51	0.53	-	-
UK	0.84	0.58	0.56	0.32	0.30	-	-	-	-
USA	20.75	20.42	18.12	17.45	15.16	14.83	12.32	11.98	11.77
CHINA	6,006.17	6,462.07	6,410.61	6,840.23	6,746.26	6,753.13	6,731.17	7,016.85	7,013.42
OTHERS	308.51	341.8	326.53	325.62	570.92	316.66	313.28	326.17	320.06
TOTAL BILATERAL	9,097.49	9,736.81	9,643.46	10,103.18	10,276.76	10,084.80	10,165.16	10,597.89	10,434.65
<u>MULTILATERAL</u>									
ADB/ADF	2,233.19	2,244.79	2,301.03	2,393.60	2,404.62	2,475.99	2,726.74	2,910.65	2,886.38
BADEA	34.53	36.08	36.21	36.28	36.06	36.66	36.34	38.36	37.51
EEC/EIB	173.89	168.53	160.53	162.18	152.65	157.67	186.99	195.65	185.05
IBRD	-	-	-	-	-	250.00	250.00	296.11	294.15
IDA/IFAD	5,403.95	5,953.08	6,900.25	7,234.42	7,146.77	8,399.27	8,808.04	9,219.83	9,220.59
IMF**	501.48	481.02	407.37	360.66	341.14	1,038.33	1,047.10	1,016.70	985.04
OTHERS	55.80	55.01	52.49	51.40	49.46	49.13	49.66	51.86	48.32
TOTAL MULTILATERAL	8,402.85	8,938.51	9,857.88	10,238.54	10,130.70	12,407.05	13,104.87	13,729.16	13,657.03
COMMERCIAL¹	9,347.52	10,711.36	10,286.93	10,151.24	10,113.38	10,348.00	10,330.26	10,253.45	10,167.10
EXPORT CREDIT	165.51								
GRAND TOTAL	27,013.37	29,552.19	29,953.79	30,658.48	30,686.36	33,005.37	33,765.80	34,746.02	34,424.30

*Provisional

** include IMF item

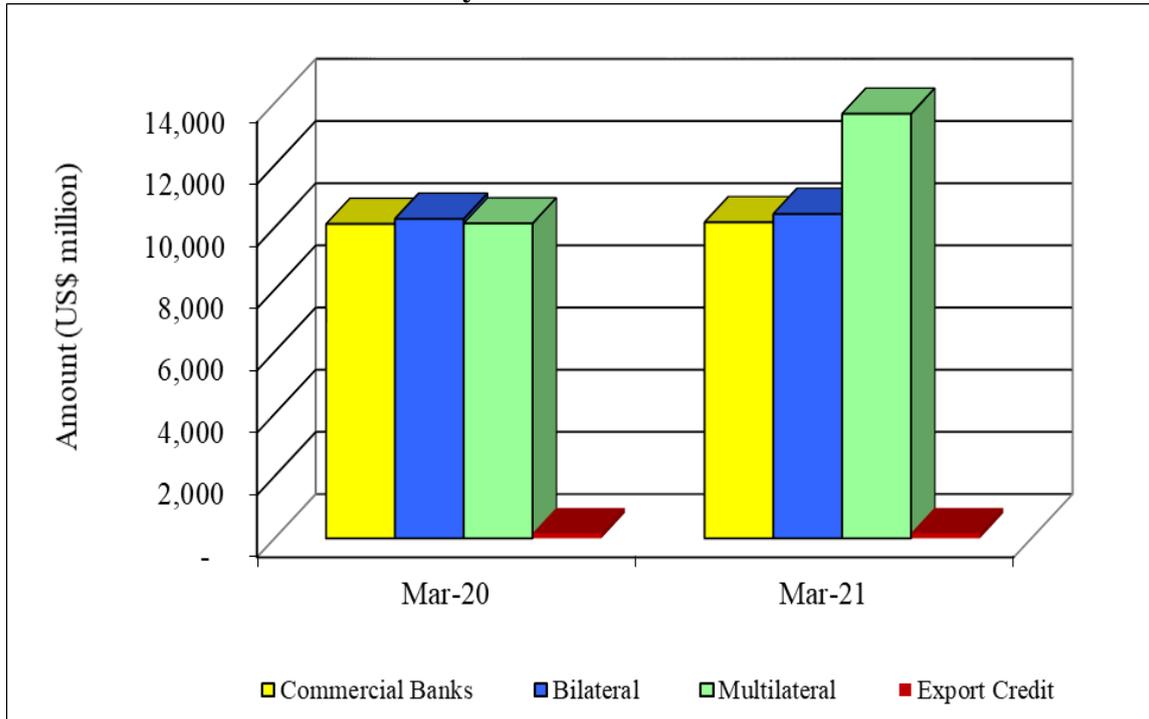
1/ incl. International Sovereign Bond

Note: The exchange rate as at end March 2020 was KSh. 109.5 per dollar.

Source of Data: National Treasury

45. Compared to the same period in FY 2019/20, external public debt stock from multilateral institutions, bilateral sources and Commercial Banks recorded an increase in the period ending March, 2021. External debt stock from suppliers' credit remained constant in March, 2020 and March, 2021 (**Chart 15**).

Chart 15: External Public Debt by Source



Source of Data: National Treasury

3.3.1 External Debt Service

46. By the end of March 2021, the total cumulative debt service payments to external creditors amounted to KSh. 183.9 billion. This comprised of KSh. 103.7 billion (56.4 percent) principal and KSh. 80.2 billion (43.6 percent) interest (**Table 14**).

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Table 14: External Debt Service, July 2020 – March 2021 (KSh. Million)

CATEGORY	PRINCIPAL*	INTEREST*	TOTAL*
BILATERAL			
ABU DHABI	110.79	15.50	126.29
AUSTRIA	418.96	79.40	498.36
BELGIUM	1,515.87	219.73	1,735.60
CANADA	-	-	-
CHINA	16,842.47	14,405.83	31,248.31
DENMARK	97.23	-	97.23
FINLAND	313.27	-	313.27
FRANCE	3,345.00	835.06	4,180.06
GERMANY	1,370.95	375.21	1,746.15
INDIA	648.09	118.78	766.87
ISRAEL	323.31	67.55	390.85
ITALY	1,612.52	454.09	2,066.61
JAPAN	2,752.73	398.83	3,151.57
KOREA	85.65	14.38	100.03
KUWAIT	163.21	20.22	183.43
NETHERLANDS	420.56	45.46	466.02
POLAND	-	7.91	7.91
SAUDI ARABIA	56.74	13.69	70.43
SPAIN	1,454.97	185.27	1,640.24
UK	-	-	-
USA	276.09	28.42	304.51
TOTAL BILATERAL	31,808.42	17,285.32	49,093.75
MULTILATERAL			
ADB/ADF	1,814.80	2,119.48	3,934.28
BADEA	181.22	33.02	214.23
EIB/EEC	1,075.50	272.91	1,348.41
IDA	12,892.30	7,581.05	20,473.35
OPEC	545.89	44.04	589.93
NDF	67.67	22.46	90.12
IFAD	362.67	143.36	506.03
IBRD	-	308.99	308.99
TOTAL MULTILATERAL	16,940.04	10,525.30	27,465.34
COMMERCIAL	54,991.67	52,371.91	107,363.58
GRAND TOTAL	103,740.13	80,182.54	183,922.67

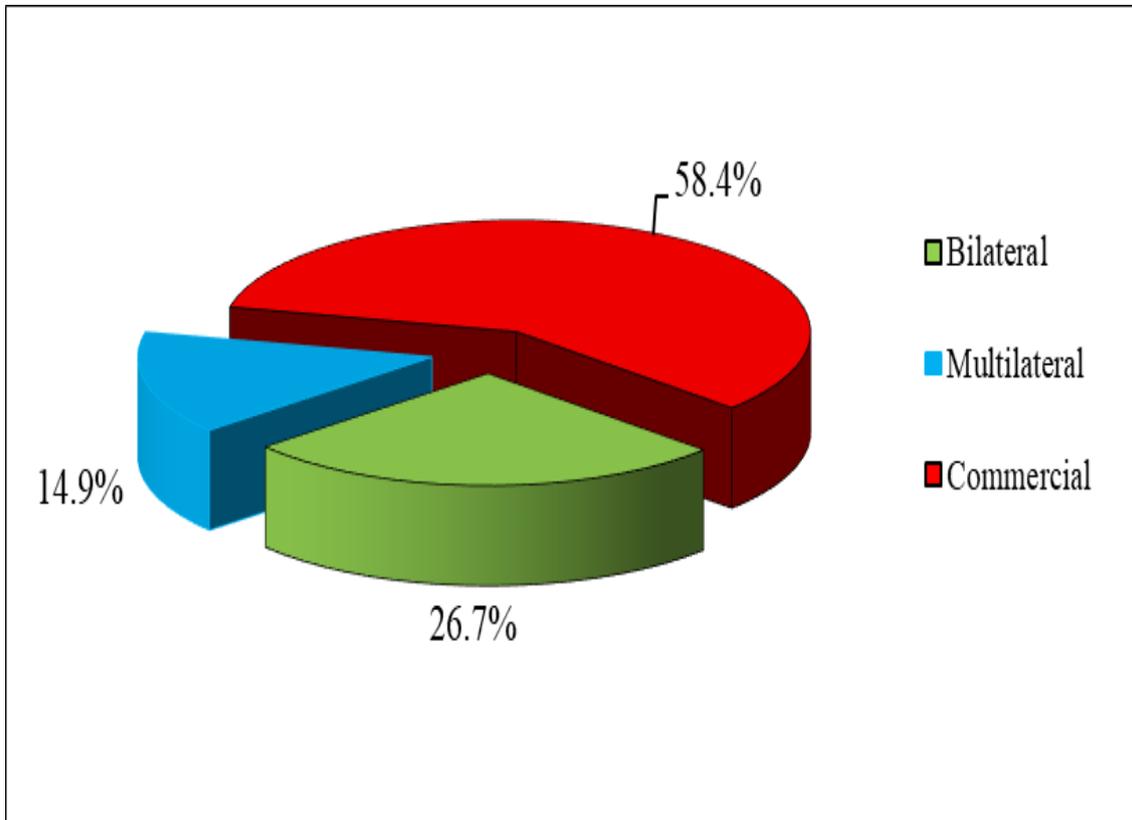
* Provisional

Source of Data: National Treasury

FISCAL DEVELOPMENTS

47. By the end of March 2021, the total cumulative debt service payments to external creditors comprised of 58.4 percent, 26.7 percent and 14.9 percent of the total payments to commercial, bilateral and multilateral creditors respectively (**Chart 16**).

Chart 16: External Debt Service by Creditors at end of December, 2020



Source of Data: National Treasury

4.0. ANNEXES

4.1. Annex I: Fiscal Results, 2014/15 – 2020/2021 (KSh. Millions)

REVENUE/EXPENDITURE/FINANCING	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20*	2020/21		
	Actual					Prel. Actual	SUPP I	Printed	
								Estimates	
A.TOTAL REVENUE	1,107,772	1,254,790	1,440,389	1,525,556	1,704,363	1,736,982	1,848,026	1,892,647	
1.Ordinary Revenue	1,031,819	1,152,544	1,306,568	1,365,063	1,499,757	1,573,418	1,594,009	1,633,767	
Income Tax	508,581	560,762	625,050	640,546	685,330	706,936	733,000	685,014	
VAT	259,685	289,213	339,034	357,129	414,143	383,713	395,185	481,612	
Import Duty	74,048	79,638	89,943	93,685	106,875	98,022	96,291	106,762	
Excise Duty	115,872	140,212	165,474	167,753	194,310	195,270	208,786	241,378	
Other Revenue	73,633	82,719	87,067	105,950	99,099	189,477	160,747	119,001	
2.Appropriation –in –Aid	75,953	102,247	133,820	160,493	204,606	163,564	254,017	258,880	
B.EXPENDITURE & NET LENDING	1,639,881	1,804,520	2,111,896	2,146,843	2,433,707	2,565,444	2,891,955	2,790,631	
1.Recurrent	895,199	1,036,636	1,165,037	1,349,896	1,531,083	1,645,222	1,835,059	1,826,718	
Wages and Salaries	297,978	307,421	336,636	388,938	417,526	449,927	501,215	481,665	
Interest Payments	171,876	215,328	271,233	323,890	375,723	437,202	458,742	463,108	
Domestic Interest	139,615	172,857	212,865	239,470	272,351	315,362	339,993	308,424	
Foreign Interest Due	32,261	42,471	58,368	84,420	103,372	121,840	118,748	154,684	
Pensions, etc	37,508	53,401	63,958	65,099	70,804	89,605	111,142	123,360	
O & M Others	353,206	429,046	457,150	534,347	625,791	626,394	715,008	709,632	
Of which Appropriation-in-Aid	50,566	71,915	58,536	109,861	147,765	106,958	176,550	177,177	
2.Development & Net Lending	510,536	486,662	641,843	469,673	541,884	594,944	652,971	589,705	
Development Projects	294,735	343,338	392,217	255,213	289,029	389,371	390,472	337,538	
Appropriation-in-Aid	213,276	134,757	241,183	211,931	243,408	204,712	255,711	245,379	
Payment of guaranteed loans	2,125	2167	2,443	2,529	2,485	661	-	-	
3. Drought Development Expenditures/CF	4,951	5,000	-	-	-	-	5,000	5,000	
4. Transfer to County Governments	229,195	276,223	305,016	327,274	360,740	325,278	398,924	369,208	
5. Parliamentary Service	22,743	19,777	24,215	25,678	28,525	27,990	33,740	33,740	
6. Judicial Service	11,887	11,662	11,846	11,944	12,713	14,103	15,212	15,212	
7. Equalization Fund	400	6,400	6,000	-	6,962	-	6,788	6,788	
D.DEFICIT EXCL. GRANTS (Commitment Basis)	(532,109)	(549,730)	(671,507)	(621,287)	(729,344)	(828,461)	(1,043,928)	(897,984)	
E.GRANTS	28,117	29,597	26,962	27,600	19,702	19,820	73,017	56,841	
F.DEFICIT INCL.GRANTS (Commitment Basis)	(503,992)	(520,133)	(644,546)	(593,687)	(709,642)	(808,642)	(970,911)	(841,143)	
G. ADJUSTMENT TO CASH BASIS	32,513	45,563	(14,169)	(34,678)	-	11,801	-	-	
H.DEFICIT INCL.GRANTS (Cash Basis)	(471,479)	(474,570)	(658,715)	(628,365)	(709,642)	(796,841)	(970,911)	(841,143)	
Discrepancy	(0)	(0)	38,502	2,716	11,416	(6,036)	-	-	
I.FINANCING	471,479	474,570	697,217	631,081	721,058	790,804	970,911	841,143	
Net Foreign Financing	217,479	269,924	385,745	354,977	414,518	340,431	426,991	346,793	
Net Domestic Financing	253,999	204,646	311,472	276,104	306,540	450,373	543,920	494,350	
In Percentage of GDP									
A.TOTAL REVENUE	19.0	18.7	18.8	17.9	18.2	17.1	16.5	16.8	
1.Ordinary Revenue	17.7	17.2	17.0	16.1	16.0	15.5	14.3	14.5	
Income Tax	8.7	8.4	8.1	7.5	7.3	6.9	6.6	6.1	
VAT	4.5	4.3	4.4	4.2	4.4	3.8	3.5	4.3	
Import Duty	1.3	1.2	1.2	1.1	1.1	1.0	0.9	0.9	
Excise Duty	2.0	2.1	2.2	2.0	2.1	1.9	1.9	2.1	
Other Revenue	1.3	1.2	1.1	1.2	1.1	1.9	1.4	1.1	
2.Appropriation –in –Aid	1.3	1.5	1.7	1.9	2.2	1.6	2.3	2.3	
B. EXPENDITURE & NET LENDING	28.1	26.9	27.5	25.3	26.0	25.2	25.9	24.7	
1.Recurrent	15.4	15.4	15.2	15.9	16.3	16.2	16.4	16.2	
Wages and Salaries	5.1	4.6	4.4	4.6	4.5	4.4	4.5	4.3	
Interest Payments	2.9	3.2	3.5	3.8	4.0	4.3	4.1	4.1	
Domestic Interest	2.4	2.6	2.8	2.8	2.9	3.1	3.0	2.7	
Foreign Interest Due	0.6	0.6	0.8	1.0	1.1	1.2	1.1	1.4	
Pensions, etc	0.6	0.8	0.8	0.8	0.8	0.9	1.0	1.1	
O & M Others	6.1	6.4	6.0	6.3	6.7	6.2	6.4	6.3	
of which Appropriation-in-Aid	0.9	1.1	0.8	1.3	1.6	1.1	1.6	1.6	
2.Development & Net Lending	8.8	7.3	8.4	5.5	5.8	5.8	5.8	5.2	
Development Projects	5.1	5.1	5.1	3.0	3.1	3.8	3.5	3.0	
Appropriation-in-Aid	3.7	2.0	3.1	2.5	2.6	2.0	2.3	2.2	
Payment of guaranteed loans	0.0	0.0	0.0	0.0	0.0	0.0	-	-	
3. Drought Expenditures	0.1	0.1	-	-	-	-	0.0	0.0	
4. Transfer to County Governments	3.9	4.1	4.0	3.9	3.9	3.2	3.6	3.3	
5. Parliamentary Service	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	
6. Judicial Service	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	
7. Equalization Fund	0.0	0.1	0.1	-	0.1	-	0.1	0.1	
D.DEFICIT EXCL. GRANTS (Commitment Basis)	(9.1)	(8.2)	(8.7)	(7.3)	(7.8)	(8.1)	(9.3)	(8.0)	
E.GRANTS	0.5	0.4	0.4	0.3	0.2	0.2	0.7	0.5	
F.DEFICIT INCL.GRANTS (Commitment Basis)	(8.6)	(7.8)	(8.4)	(7.0)	(7.6)	(7.9)	(8.7)	(7.5)	
G.ADJUSTMENT TO CASH BASIS	0.6	0.7	(0.2)	(0.4)	-	0.1	-	-	
H.DEFICIT INCL.GRANTS (Cash Basis)	(8.1)	(7.1)	(8.6)	(7.4)	(7.6)	(7.8)	(8.7)	(7.5)	
I.FINANCING	8.1	7.1	9.1	7.4	7.7	7.8	8.7	7.5	
Foreign Financing	3.7	4.0	5.0	4.2	4.4	3.3	3.8	3.1	
Net Domestic Financing	4.4	3.1	4.1	3.2	3.3	4.4	4.9	4.4	
Memorandum Item:									
Nominal GDP at Market price (Ksh. million)	5,831,528.0	6,709,671.0	7,677,228.9	8,500,582.1	9,367,317.4	10,175,225.8	11,168,511.0	11,275,797.0	

Source: National Treasury

4.2. GFSM 2014 COMPLIANT TABLES FOR BUDGETARY CENTRAL GOVERNMENT

4.2.1 Annex II: Revenue (KSh. Millions)

GFSM Code	Description	Annual Budget Estimates FY2020/21	Prel. Actual FY2020/21 Q1	Prel. Actual FY2020/21 Q2	Prel. Actual FY2020/21 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
1	Revenue	1,949,488	382,593	819,052	1,263,637
11	Taxes	1,649,274	345,947	731,285	1,126,429
111	Taxes on income, profits, and capital gains	685,014	151,248	309,239	455,287
1111	Payable by individuals	376,991	71,556	152,617	251,584
1112	Payable by corporations and other enterprises	308,022	79,692	156,622	203,703
114	Taxes on goods and services	801,556	156,844	338,576	540,774
1141	General taxes on goods and services	498,951	86,597	186,612	303,818
11411	Value-added taxes	481,612	83,062	179,073	292,229
11414	Taxes on financial and capital transactions ¹	17,339	3,535	7,539	11,589
1142	Excises ²	302,605	70,247	151,965	236,956
115	Taxes on international trade and transactions	162,704	37,855	83,470	130,368
1151	Customs and other import duties ³	162,704	37,855	83,470	130,368
12	Social contributions	492	36	114	266
122	Other social contributions	492	36	114	266
1221	Employee contributions	492	36	114	266
13	Grants	56,841	3,915	8,500	18,351
131	From foreign governments	32,739	3,915	7,049	15,003
1311	Current	-	-	-	-
1312	Capital	32,739	3,915	7,049	15,003
132	From international organizations	24,102	-	1,451	3,347
1321	Current	24,102	-	1,451	3,347
1322	Capital	-	-	-	-
14	Other revenue	242,880	32,695	79,153	118,592
141	Property income	48,103	22,336	37,218	48,192
1411	Interest	1,660	3	13	45
1412	Dividends	40,906	21,321	35,123	44,836
1415	Rent	5,538	1,013	2,082	3,312
142	Sales of goods and services	191,844	10,121	40,033	67,531
1422	Administrative fees	191,844	10,121	40,033	67,531
143	Fines, penalties, and forfeits	1,812	229	909	1,552
144	Miscellaneous and unidentified revenue	1,121	9	993	1,317

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

ANNEXES

4.2.2. Annex III: Expense (KSh. Millions)

GFSM Code	Description	Annual Budget Estimates FY2020/21	Prel. Actual FY2020/21 Q1	Prel. Actual FY2020/21 Q2	Prel. Actual FY2020/21 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
2	Expense	2,681,769	483,358	1,146,230	1,675,696
21	Compensation of employees	511,368	119,237	239,594	359,493
211	Wages and salaries	507,200	118,581	238,293	352,215
212	Social contributions	4,168	655	1,301	7,277
2121	Actual social contributions	4,168	655	1,301	7,277
22	Use of goods and services	246,797	37,349	133,902	229,625
	O/W Defence and NIS	145,324	34,138	68,227	105,942
	Free Secondary Education (FSE)	62,661	-	28,851	45,483
	Free Primary Education (FPE)	12,401	-	4,530	9,895
24	Interest	463,108	115,302	247,809	366,288
241	To nonresidents	154,684	34,134	61,064	80,183
242	To residents other than general government	308,424	81,169	186,746	286,106
25	Subsidies	-	-	-	-
251	To public corporations	-	-	-	-
252	To private enterprises	-	-	-	-
26	Grants	1,326,467	185,845	472,236	639,343
262	To international organizations	4,200	-	-	2,362
2621	Current	4,200	-	-	2,362
2622	Capital	-	-	-	-
263	To other general government units	1,322,267	185,845	472,236	636,981
2631	Current	776,269	94,203	260,971	378,586
	O/W Transfer to County Governments (ES)	221,550	18,351	80,504	129,464
	Transfer to Other levels of Government (Includes transfers to SOEs)	554,719	75,852	180,467	249,122
2632	Capital	545,998	91,641	211,266	258,395
	O/W Transfer to County Governments (ES)	94,950	7,865	34,502	55,485
	Transfer to Other levels of Government (Includes transfers to SOEs)	451,048	83,777	176,764	202,911
27	Social benefits	119,742	25,626	52,688	80,947
273	Employer social benefits	119,742	25,626	52,688	80,947
28	Other expense	14,288	-	-	-
282	Miscellaneous other expense	14,288	-	-	-

Source: National Treasury

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

GFSM Code	Description	Annual Budget	Pre. Actual	Pre. Actual	Pre. Actual
		Estimates FY2020/21	FY2020/21 Q1	FY2020/21 Q2	FY2020/21 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
3	Change in Net Worth: Transactions	(735,582)	(84,279)	(285,608)	(329,810)
31	Net acquisition of nonfinancial assets	106,814	26,541	68,616	143,484
311	Fixed assets	95,646	26,541	63,978	137,699
3111	Buildings and structures	93,258	25,874	62,461	135,275
3113	Other fixed assets	2,388	667	1,517	2,423
312	Inventories	11,168	-	4,638	5,786
32	Net acquisition of financial assets	(627)	133,252	16,153	31,353
3212	Currency and deposits (Domestic)	(627)	133,252	16,153	31,353
33	Net incurrence of liabilities	841,770	244,072	370,377	504,647
331	Domestic	494,977	266,709	355,844	483,476
3313	Securities other than shares	494,977	276,738	327,273	431,330
3314	Loans	-	(10,028)	(1,564)	(3,849)
3318	Other Accounts Payable	-	-	30,135	55,995
332	Foreign	346,793	(22,637)	14,533	21,171
3323	Securities other than shares	124,094	-	-	-
3324	Loans	222,699	(22,637)	14,533	21,171

Source: National Treasury

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

GFSM Code	Description	Annual Budget Estimates FY2020/21	Prel. Actual FY2020/21 Q1	Prel. Actual FY2020/21 Q2	Prel. Actual FY2020/21 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	1,949,488	382,593	819,052	1,263,637
11	Taxes	1,649,274	345,947	731,285	1,126,429
12	Social contributions	492	36	114	266
13	Grants	56,841	3,915	8,500	18,351
14	Other receipts	242,880	32,695	79,153	118,592
2	Cash payments for operating activities	2,681,769	483,358	1,146,230	1,675,696
21	Compensation of employees	511,368	119,237	239,594	359,493
22	Purchases of goods and services	246,797	37,349	133,902	229,625
24	Interest	463,108	115,302	247,809	366,288
25	Subsidies	-	-	-	-
26	Grants	1,326,467	185,845	472,236	639,343
27	Social benefits	119,742	25,626	52,688	80,947
28	Other payments	14,288	-	-	-
	Net cash inflow from operating activities	(732,281)	(100,765)	(327,178)	(412,059)
	Cash Flowa from Investments in Nonfinancial Assets (NFAs):				
31A	Purchases of nonfinancial assets	106,814	26,541	68,616	143,484
311A	Fixed assets	95,646	26,541	63,978	137,699
312A	Strategic stocks	11,168	-	4,638	5,786
31	Net cash outflow: investments in NFAs (31=31.1-31.2)	106,814	26,541	68,616	143,484
	Cash surplus / deficit	(839,096)	(127,307)	(395,794)	(555,543)
	Cash Flows from Financing Activities:				
32x	Net acquisition of financial assets other than cash	(627)	133,252	16,153	31,353
321x	Domestic	(627)	133,252	16,153	31,353
322x	Foreign	-	-	-	-
33	Net incurrence of liabilities	841,770	244,072	370,377	504,647
331	Domestic	494,977	266,709	355,844	483,476
332	Foreign	346,793	(22,637)	14,533	21,171
NFB	Net cash inflow from financing activities	842,397	377,324	386,530	536,000
	Net change in the stock of cash	3,301	(16,486)	(41,570)	(82,249)
	Statistical Discrepancy⁴	-	-	-	-

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

Source: National Treasury

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

GFSM Code	Description	Annual Budget Estimates FY2020/21	Prel. Actual FY2020/21 Q1	Prel. Actual FY2020/21 Q2	Prel. Actual FY2020/21 Q3
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
	Transactions Affecting Net Worth:				
1	Revenue	1,949,488	382,593	819,052	1,263,637
11	Taxes	1,649,274	345,947	731,285	1,126,429
12	Social contributions	492	36	114	266
13	Grants	56,841	3,915	8,500	18,351
14	Other revenue	242,880	32,695	79,153	118,592
2	Expense	2,681,769	483,358	1,146,230	1,675,696
21	Compensation of employees	511,368	119,237	239,594	359,493
22	Use of goods and services	246,797	37,349	133,902	229,625
24	Interest	463,108	115,302	247,809	366,288
25	Subsidies	-	-	-	-
26	Grants	1,326,467	185,845	472,236	639,343
27	Social benefits	119,742	25,626	52,688	80,947
28	Other expense	14,288	-	-	-
GOB	Gross operating balance	(732,281)	(100,765)	(327,178)	(412,059)
NOB	Net operating balance	(732,281)	(100,765)	(327,178)	(412,059)
	Transactions on Nonfinancial Assets:				
31	Net Acquisition of Nonfinancial Assets	106,814	26,541	68,616	143,484
311	Fixed assets	95,646	26,541	63,978	137,699
312	Change in inventories	11,168	-	4,638	5,786
NLB	Net lending / borrowing	(839,096)	(127,307)	(395,794)	(555,543)
	Transactions on Financial Assets and Liabilities (Financing):				
32	Net acquisition of financial assets	(627)	133,252	16,153	31,353
321	Domestic	(627)	133,252	16,153	31,353
322	Foreign	-	-	-	-
33	Net incurrence of liabilities	841,770	244,072	370,377	504,647
331	Domestic	494,977	266,709	355,844	483,476
332	Foreign	346,793	(22,637)	14,533	21,171
	Statistical Discrepancy⁵	3,301	(16,486)	(41,570)	(82,249)

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

Source: National Treasury