

Republic of Kenya

THE NATIONAL TREASURY

Quarterly Economic and Budgetary Review

**Third Quarter, Financial Year 2016/2017
Period ending 31st March, 2017**

May 2017 Edition

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LIST OF ABBREVIATIONS AND ACRONYMS

A-I-A	Appropriation in Aid
CBK	Central Bank of Kenya
FISM	Financial Services Indirectly Measured
FY	Fiscal Year
GDP	Gross Domestic Product
IMF	International Monetary Fund
KNBS	Kenya National Bureau of Statistics
Ksh.	Kenya Shillings
Mn	Million
NDA	Net Domestic Assets
NFA	Net Foreign Assets
NSE	Nairobi Securities Exchange
RDL	Railway Development Levy

Legal basis for the publication of the Quarterly Economic and Budgetary Review Report (QEBR)

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 QUARTERLY ECONOMIC AND BUDGETARY REVIEW: THIRD QUARTER, 2016/2017

1. Economic Growth

The Kenyan economy remained resilient in 2016 with a growth of 5.8 per cent from a growth of 5.7 per cent in 2015. The growth in 2016 was largely supported by improved performance in accommodation and restaurant (13.3 per cent), transport and storage (8.4 per cent), information and communication (9.7 per cent) and real estate (8.8 per cent). Growth in other sectors, particularly agriculture, mining, manufacturing, electricity and water supply, construction, finance and insurance and wholesale and retail trade, remained robust in 2016.

2. Inflation

Overall month on month inflation rose to 10.3 per cent in March 2017 from 9.0 per cent in February 2017 on account of high food prices, mainly resulting from drought witnessed in the last months of 2016 and into 2017. On average, the annual inflation rate increased to 6.7 per cent in March 2017 compared to 6.6 per cent in the same period in 2016

3. Balance of Payments

The overall balance of payments position recorded a deficit of US\$ 6.7 million in the year to February 2017 from a surplus of US\$ 112.4 million in the year to February 2016. As a share to GDP, the current account deficit was estimated at 5.8 percent in the year to February 2017 compared to 5.5 percent in the year to February 2016.

4. Foreign Exchange Reserves

The banking system's foreign exchange holdings increased to US\$ 9,929 million in February 2017 from US\$ 9,501 million in February 2016. The official reserves held by the Central Bank stood at US\$ 7,475 million (5.2 months of import cover) in February 2017 from US\$ 7,566 million (4.9 months of import cover) in the same period 2016.

5. Money and Credit

Growth of broad money supply, M3, slowed to 5.9 per cent in the year to February 2017 compared to a growth of 9.1 per cent in the year to February 2016. The slowdown in growth in the year to February 2017 was largely on account of a decline in the uptake of domestic credit both by the Government and the private sector.

6. Capital Markets

Activities at the stock market were suppressed in the year to March 2017, due to the prolonged uncertainty in the global financial market. The Nairobi Securities Exchange (NSE) 20 share index slowed to 3,123 points in March 2017 from 3,982 points in March 2016.

7. Total Revenue Collection

The National Government cumulative revenue collection including A-I-A for the period July 2016 to March 2017 amounted to Ksh. 984.6 billion (equivalent to 12.8 per cent of GDP) against a target of Ksh. 1,050.5 billion or 13.7 per cent of

GDP. This represented an underperformance of Ksh. 65.9 billion mainly due to shortfalls in Income Tax, A-I-A collection, Investment Income and IDF fee.

8. Government Expenditure and Net Lending

The total cumulative expenditure and net lending inclusive of transfers to county governments for the period ending 31st March, 2017 amounted to Ksh. 1,492.0 billion. This was Ksh. 34.8 billion below the target of Ksh. 1,526.8 billion and was largely attributed to low absorption levels in wages and salaries for the National Government.

9. Guaranteed Loans

Between July 2016 and March 2017, the National Government paid a total of Ksh. 1,103.3 million on account of guaranteed loans comprising of Ksh. 1,000.9 million and Ksh. 102.4 million of principal and interest respectively.

10. Overall Fiscal Balance

The cumulative overall fiscal balance, on a commitment basis (excluding grants), amounted to a deficit of Ksh. 507.4 billion (equivalent to 6.6 per cent of GDP), as at end-March 2017.

11. External Financing

Between July 2016 and March 2017, external financing amounted to a net borrowing of Ksh. 304.4 billion, compared to a net borrowing of Ksh. 204.2 billion in the same period ending March 2016

12. Net Domestic Borrowing

Net domestic financing amounted to a net borrowing of Ksh. 182.1 billion (equivalent to 2.4 per cent of GDP) in the period ending 31st March 2017, compared to a net borrowing of Ksh. 109.2 billion in the same period ending March 2016

13. Domestic Debt

Total gross domestic debt stock increased by 18.1 per cent from Ksh. 1,646.5 billion as at end-March 2016 to Ksh. 1,945.0 billion by the end-March 2017.

14. External Debt

The total external debt stock, including the International Sovereign Bond, stood at Ksh. 2,101.4 billion at the period ending March 2017. The debt stock comprised of multilateral debt (38.4 per cent), bilateral debt (32.8 per cent), Suppliers Credit debt (0.5 per cent), and Commercial banks' debt (28.3 per cent including International Sovereign Bond). Compared to the same period of the last year, total external debt stood at Ksh 1,615.2 billion.

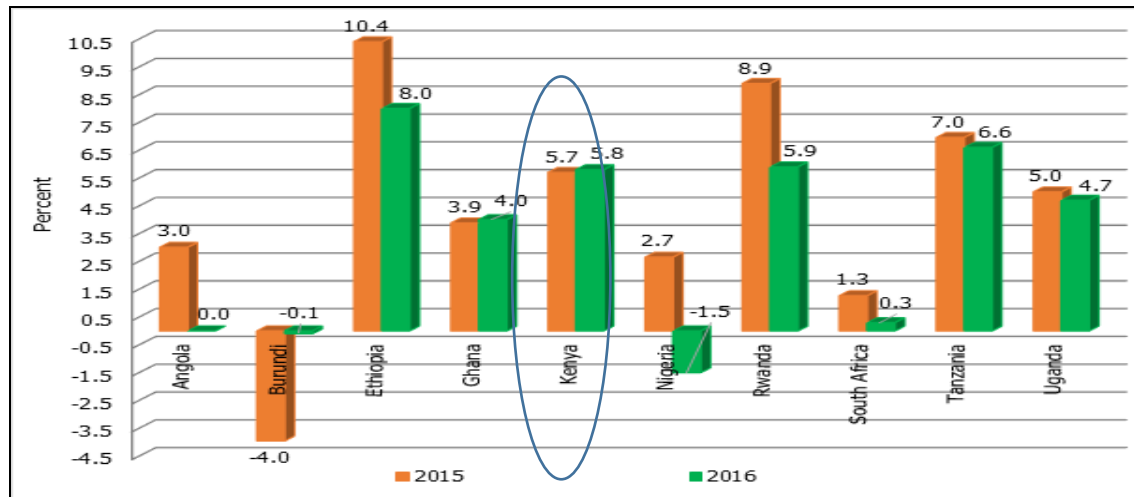
RECENT ECONOMIC DEVELOPMENTS

1.0 RECENT ECONOMIC DEVELOPMENTS

1.1 Economic Growth

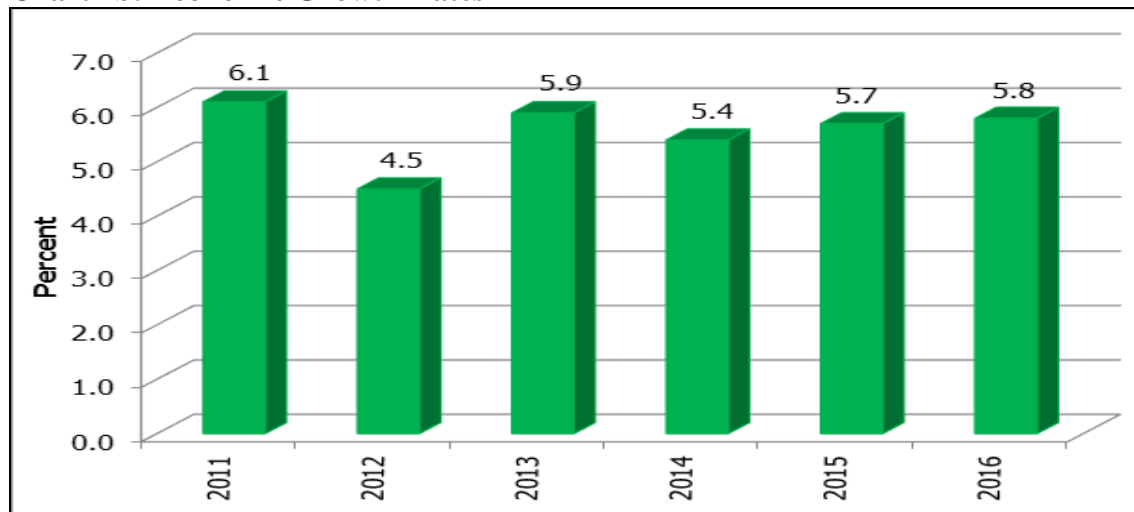
1. The Kenyan economy has remained robust despite global economic slowdown due to its diversified nature, registering strong economic growth of 5.8 per cent in 2016, from a growth of 5.7 per cent in 2015. This is above the 1.4 per cent growth for sub-Saharan Africa, which has mainly been suppressed by low commodity prices that have affected its three largest economies (Angola, Nigeria and South Africa) (**Chart 1a and 1b**).

Chart 1a: GDP Annual Growth rates for 2015 and 2016



Source of data: International Monetary Fund

Chart 1b: Economic Growth Rates

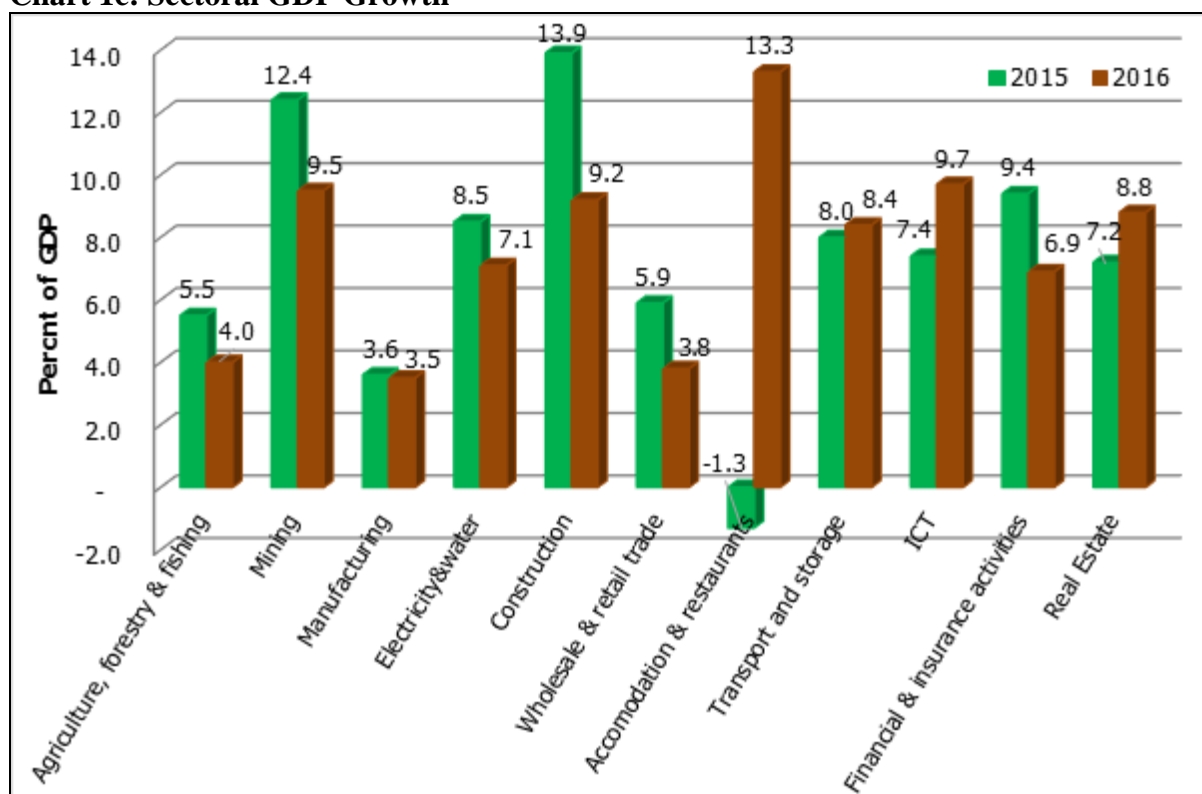


Source of data: Kenya National Bureau of Statistics

2. The growth in 2016 was largely supported by improved performance in accommodation and restaurant (13.3 per cent), transport and storage (8.4 per cent), information and communication (9.7 per cent) and real estate (8.8 per cent). Growth in other sectors, particularly agriculture, mining, manufacturing, electricity and water supply, construction, finance and insurance and wholesale and retail trade, remained robust in 2016 (**Chart 1c**).

RECENT ECONOMIC DEVELOPMENTS

Chart 1c: Sectoral GDP Growth



Source of data: Kenya National Bureau of Statistics

3. The accommodation and restaurant sector improved to 13.3 per cent in 2016, up from a contraction of 1.3 per cent in 2015, largely on account of a considerable boost from conference tourism coupled with concerted efforts to market Kenya as a preferred tourist destination. The recovery has also benefited from the reversal of travel advisories and other programmes such as charter incentive programmes and waiving of visa fees.

4. The information and communication sector recorded a growth of 9.7 per cent in 2016 compared to 7.4 per cent growth in 2015. The sustained growth in this sector has been on account of strong performance in mobile telephony sub-sector supported by the continued expansion of the scope of use of information and communication technologies coupled with greatly enhanced efficiency in connectivity.

5. The construction sector recorded a growth of 9.2 per cent in 2016, a slowdown from a growth of 13.9 per cent in 2015. The slower growth is partly on account of reduced activities in the construction of the Standard Gauge Railway (SGR) as its completion draws nearer despite an increase in private sector development in the real estate sector which is mirrored in the increased cement consumption.

6. The transport and storage sector grew by 8.4 per cent in 2016, an improvement from a growth of 8.0 per cent in 2015. The growth is attributed to the favourable prices of fuel that resulted to lower retail prices for petroleum products coupled with the continued improvement in the road network leading to a general increase in commuter services. Activities in Air transport and transport through pipeline also recovered during the period.

7. The electricity and water supply sector grew by 7.1 per cent in 2016 compared to a growth of 8.5 per cent in 2015. The slowed growth is partly occasioned by the substitution

RECENT ECONOMIC DEVELOPMENTS

of geothermal generation with the relatively more costly thermal generation to facilitate scheduled maintenance of the plants. In addition, the failed short rains in the fourth quarter of 2016 constrained the generation of hydroelectric power and affected water supply that led to water rationing.

8. Financial and insurance sector recorded a growth of 6.9 per cent in 2016 a slowdown from a growth of 9.4 per cent registered in 2015. The slowdown in 2016 is partly explained by the decline in domestic credit to both the public sector and the private enterprises despite a pick up in the insurance subsector.

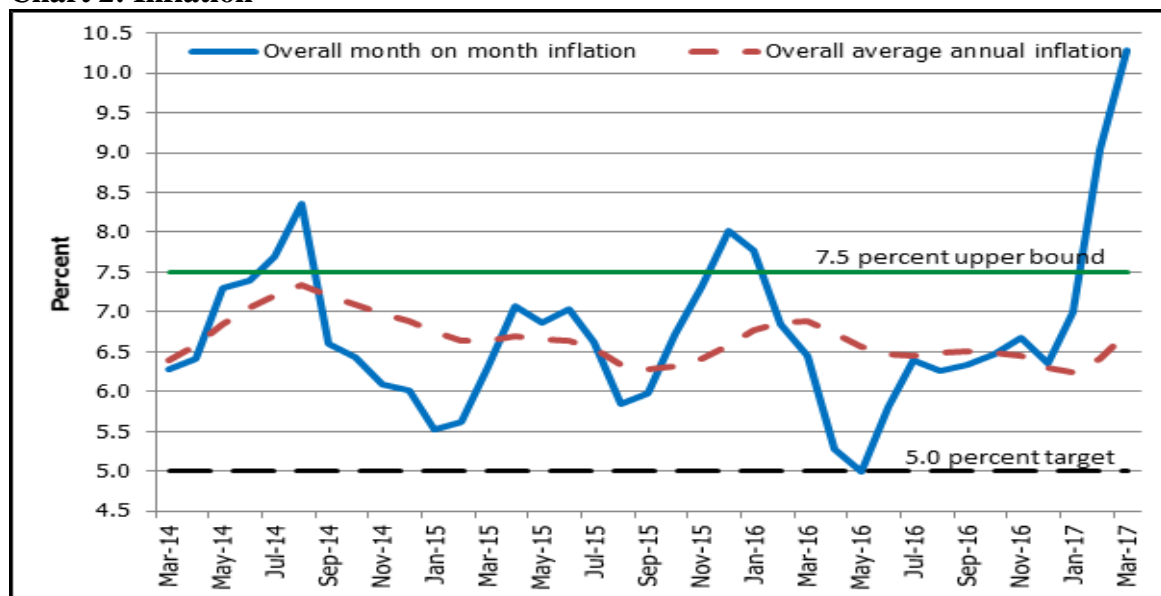
9. Agriculture, forestry and fishing sector recorded a growth of 4.0 per cent in 2016 compared to a growth of 5.5 per cent in the same period in 2015. The growth in the sector was dampened by unfavourable weather conditions that resulted to poor performance in the production of food crops despite increased output of tea and coffee. In addition, total volume of exports of cut flowers, fruits and vegetables increased during the review period.

10. The manufacturing sector registered a slow growth of 3.5 per cent in 2016 compared to a growth of 3.6 per cent in 2015. The growth slowdown in the sector was mainly attributable to underperformance of other sectors such as agriculture and electricity that provide inputs for manufacturing activities and was also manifest in the slow uptake of credit.

1.2 Inflation

11. Overall month on month inflation rose to 10.3 per cent in March 2017 from 9.0 per cent in February 2017 (**Chart 2**). The increase in inflation in March and February, 2017 was explained mainly by the rise in food prices due to the obtaining drought conditions. Fuel prices also increased during the period. On average, the annual inflation rate increased to 6.7 per cent in March 2017 compared to 6.6 per cent in the same period in 2016.

Chart 2: Inflation



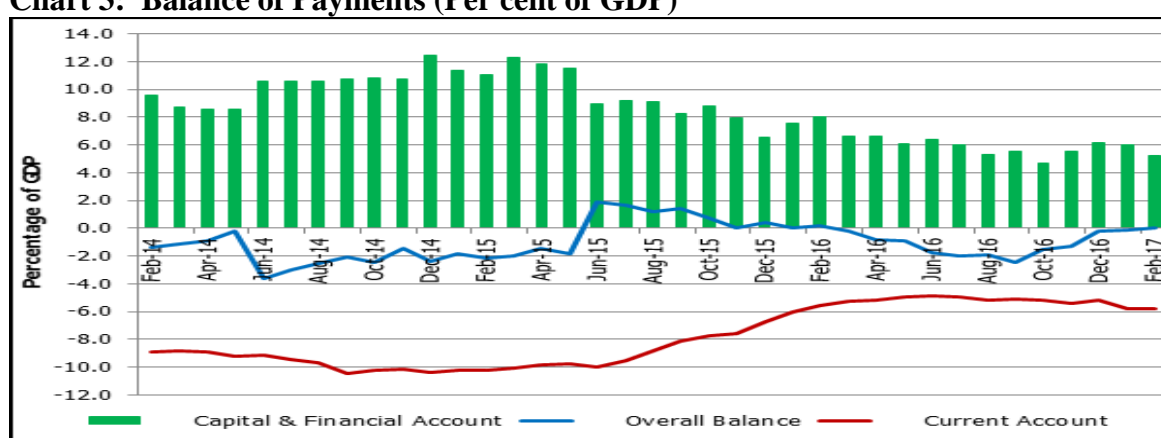
Source of data: Kenya National Bureau of Statistics

RECENT ECONOMIC DEVELOPMENTS

1.3 Balance of Payments¹

12. The overall balance of payments position recorded a deficit of US\$ 6.7 million in the year to February 2017 from a surplus of US\$ 112.4 million in the year to February 2016 (**Chart 3**). The current account balance was at a deficit of US\$ 4,464.7 million in the year to February 2017 from a deficit of US\$ 3,529.5 million in the year to February 2016. The widening reflects a 5.6 percent drop in receipts from export of goods, a 3.3 percent increase in imports of goods, and a decline in net payments primary and secondary income, which combined more than offset the 3.6 percent increase in the service account. As a share to GDP, the current account deficit was estimated at 5.8 percent in the year to February 2017 compared to 5.5 percent in the year to February 2016.

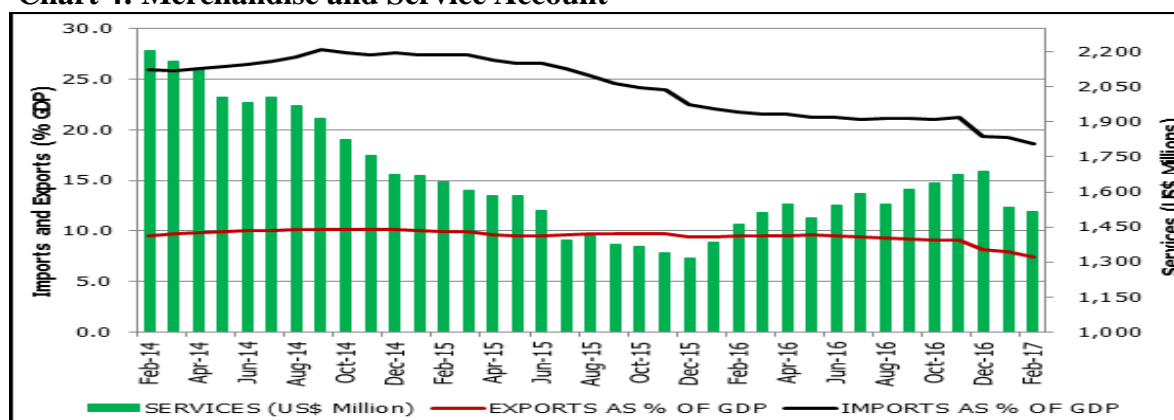
Chart 3: Balance of Payments (Per cent of GDP)



Source of data: Central Bank of Kenya

13. The deficit in the merchandise account widened by US\$ 794.3 million to US\$ 8,587.8 million in the year to February 2017 reflecting increase in payments for import of oil on account of the rebound in international oil prices. Net export of goods and services declined by 5.6 percent in the year to February 2017 on account of lower exports of goods (mainly coffee, horticulture, oil products, manufactured goods, chemicals and related products) (**Chart 4**).

Chart 4: Merchandise and Service Account



Source of data: Central Bank of Kenya

¹ BOP has been revised by CBK in line with the KNBS Economic Survey 2017 on GDP

RECENT ECONOMIC DEVELOPMENTS

14. In the period February 2016 to February 2017, the inflows from the services account declined by 7.0 percent mainly due to lower receipts from transport and other services (financial services). On the upside, travel services improved in line with the recovery in tourist arrivals. Inflows (secondary income) decreased by 6.1 percent in February 2017 mainly on account of lower income receipts by Non-Governmental Organizations despite an increase in remittance inflows under personal transfers.

15. Flows in the Financial Account decreased to US\$ 3,908.7 million in February 2017 compared with US\$ 4,735.5 million in February 2016, with the surplus reflecting higher liabilities compared to assets. The financial inflows were mainly in the form of direct investment and other investment which stood at US\$ 175.9 million and US\$ 4,197.7 million, respectively in February 2017. Other investment inflows mainly include foreign financing for Government infrastructure projects.

1.4 Foreign Exchange Reserves

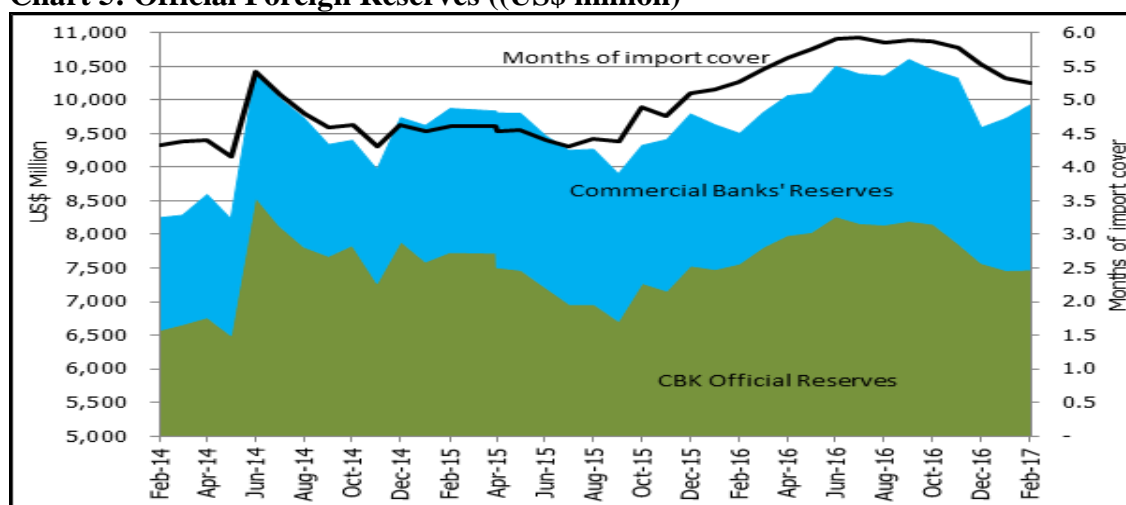
16. The banking system's foreign exchange holdings increased to US\$ 9,929 million in February 2017 from US\$ 9,501 million in February 2016 (**Table 1 and Chart 5**). The official reserves held by the Central Bank stood at US\$ 7,475 million (5.2 months of import cover) in February 2017 from US\$ 7,566 million (4.9 months of import cover) in the same period 2016. In addition, reserves held by commercial banks increased to US\$ 2,454 million in 2017 from US\$ 1,935 million in 2016

Table 1: Foreign Exchange Reserves (US\$ million)

	Jan-16	Feb-16	Mar-16	Jun-16	Sep-16	Dec-16	Jan-17	Feb-17
Gross Foreign Exchange Reserves	9,629	9,501	9,809	10,499	10,602	9,587	9,724	9,929
Official	7,481	7,566	7,807	8,267	8,200	7,573	7,466	7,475
Commercial Banks	2,148	1,935	2,002	2,232	2,402	2,015	2,258	2,454
Import cover (36 mths imports)	4.79	4.88	5.03	5.45	5.61	5.33	5.24	5.23

Source of data: Central Bank of Kenya

Chart 5: Official Foreign Reserves ((US\$ million)



Source of data: Central Bank of Kenya

RECENT ECONOMIC DEVELOPMENTS

1.6 Money and Credit

18. Growth of broad money supply, M3, slowed to 5.9 per cent in the year to February 2017 compared to a growth of 9.1 per cent in the year to February 2016 (**Table 2**). The slowdown in growth in the year to February 2017 was largely on account of a decline in the uptake of domestic credit both by the Government and the private sector despite the increase in growth in the net foreign assets (NFA).

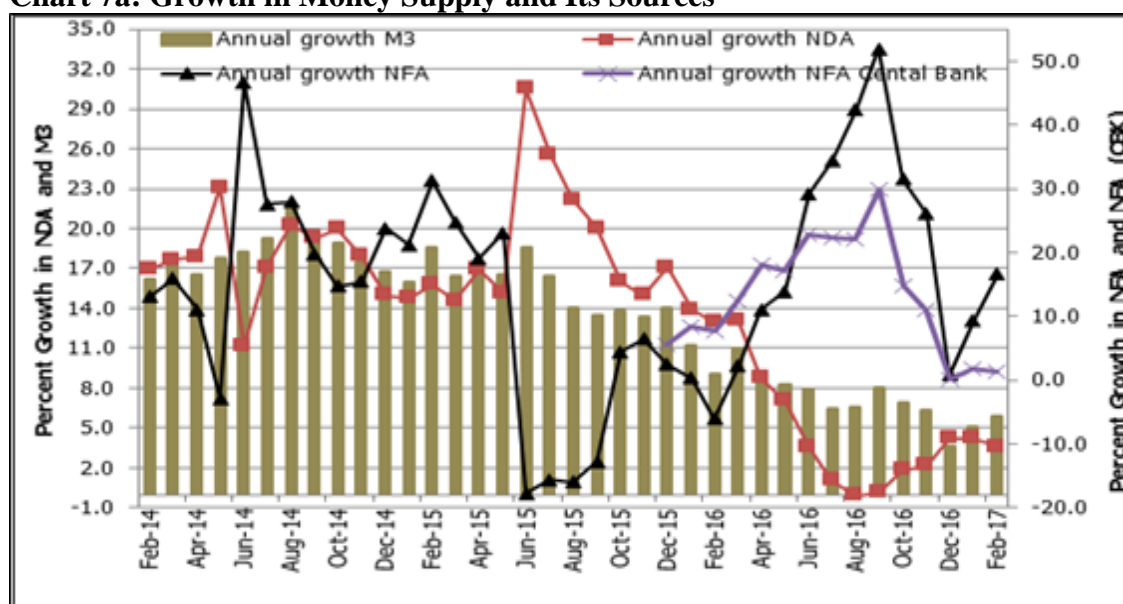
Table 2: Money and Credit Developments, Ksh. billion

	2015 FEB	2016 FEB	2017 FEB	Absolute Change		percent change	
				2015-2016	2016-2017	12 months to	12 months to
				FEB	FEB	Feb-16	Feb-17
Money supply, M3 (1+2)	2,407.8	2,627.4	2,781.7	219.6	154.3	9.1	5.9
1. Net foreign assets (1.1+1.2)	486.9	457.5	533.3	-29.4	75.8	-6.0	16.6
1.1 Central Bank	574.8	619.1	627.6	44.3	8.5	7.7	1.4
1.2 Banking Institutions	-87.9	-161.6	-94.3	-73.7	67.3	83.8	-41.6
2. Net domestic assets (2.1+2.2)	1,920.9	2,169.9	2,248.4	249.0	78.5	13.0	3.6
2.1 Domestic credit (2.1.1+2.1.2+2.1.3)	2,415.8	2,840.9	2,985.8	425.0	144.9	17.6	5.1
2.1.1 Government (net)	456.3	569.1	605.1	112.8	36.0	24.7	6.3
2.1.2 Other public sector	57.2	64.5	84.5	7.2	20.0	12.7	31.1
2.1.3 Private sector	1,902.3	2,207.3	2,296.2	305.0	88.9	16.0	4.0
2.2 Other assets net	-494.9	-671.0	-737.4	-176.1	-66.4	35.6	9.9

Source of data: Central Bank of Kenya

19. Net Foreign Assets (NFA) of the banking system in the year to February 2017 improved by 16.6 per cent from a contraction of 6.0 per cent over a similar period in 2016 (**Chart 7a**) and **Table 2**. The improvement in the NFA was as a result of a pickup in growth of the NFA by other banking institutions on account of decreased deposit holdings by banks abroad and other accounts payable while the slowdown in the NFA of the central bank is attributed to government payments and debt servicing.

Chart 7a: Growth in Money Supply and Its Sources



Source of data: Central Bank of Kenya

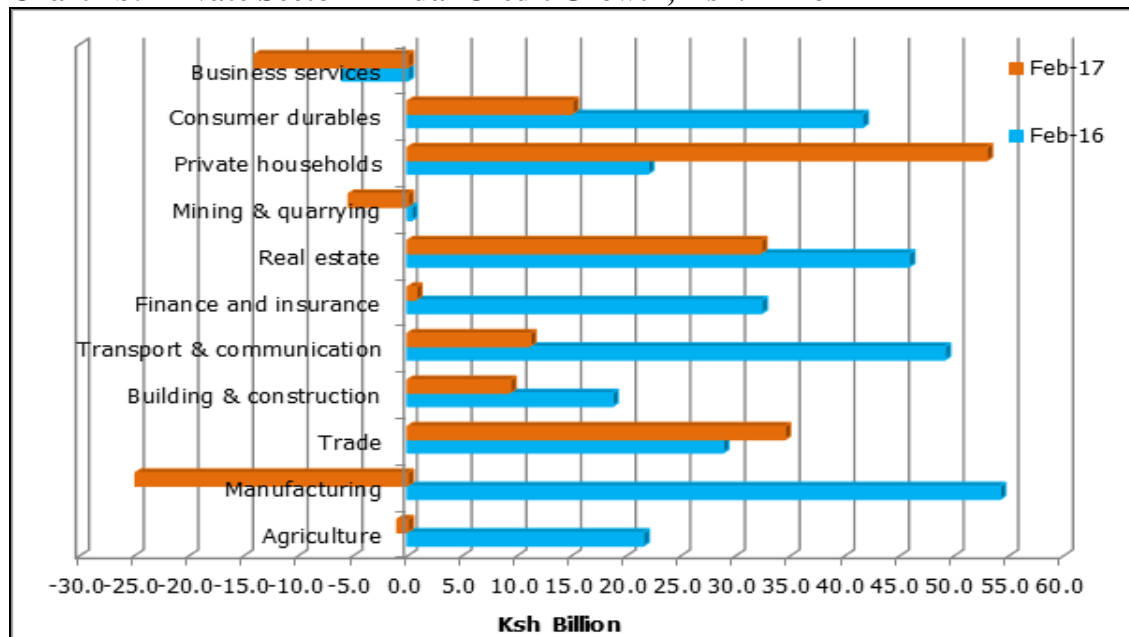
RECENT ECONOMIC DEVELOPMENTS

20. Meanwhile, the NDA of the banking system slowdown to a growth of 3.6 per cent in the year to February 2017 from the growth of 13.0 per cent over a similar period in 2016. The slowdown in 2017 is due to a decline in the growth of net domestic credit and the contraction in the other assets net of the banking system.

21. Domestic credit slowed to an annual growth of Ksh 144.9 billion (5.1 per cent) in the year to February 2017 compared to a growth of Ksh 425.0 billion (17.6 per cent) in February 2016. The slowdown reflects draw down of government deposits, leading to a decline in net bank credit to government and a decline in lending to the private sector despite an increase in growth to lending to other public sectors. Bank credit to the private sector slowed to a growth of 4.0 per cent in the year to February 2017 from a 16.0 per cent growth in the same period in 2016. The slowdown in the other assets in the year to February 2017 is attributed to a decline in the other items at the Central Bank and other banking institutions.

22. As shown in **Chart 7b**, most sectors of the economy, except trade and private households, experienced a slowdown in credit uptake compared to the same period in 2016 due to tight credit conditions.

Chart 7b: Private Sector Annual Credit Growth, Ksh. Billion



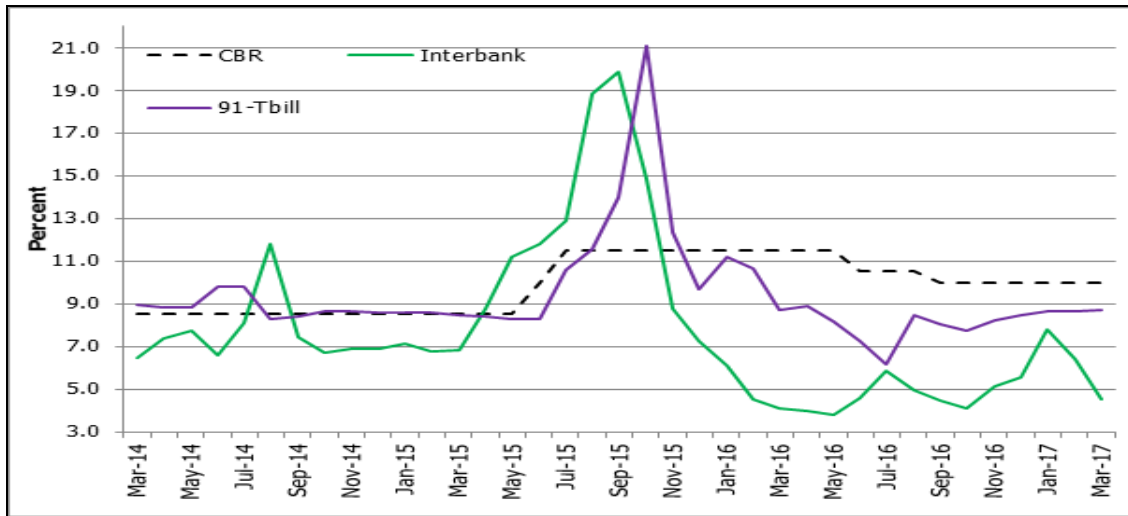
Source of data: Central Bank of Kenya

1.7 Interest Rates

23. The short term interest rates have remained fairly stable and oscillated around the 10 per cent Central Bank Rate (CBR). The interbank rate declined to 4.5 per cent in March 2017 from 6.4 per cent in February 2017 (**Chart 8a**), while the 91-day Treasury Bill rate stabilized at around 8.7 per cent from 8.6 per cent over the same period. The 182 day and the 364 day Treasury Bills averaged 10.5 per cent and 10.9 per cent, respectively in March and February, 2017.

RECENT ECONOMIC DEVELOPMENTS

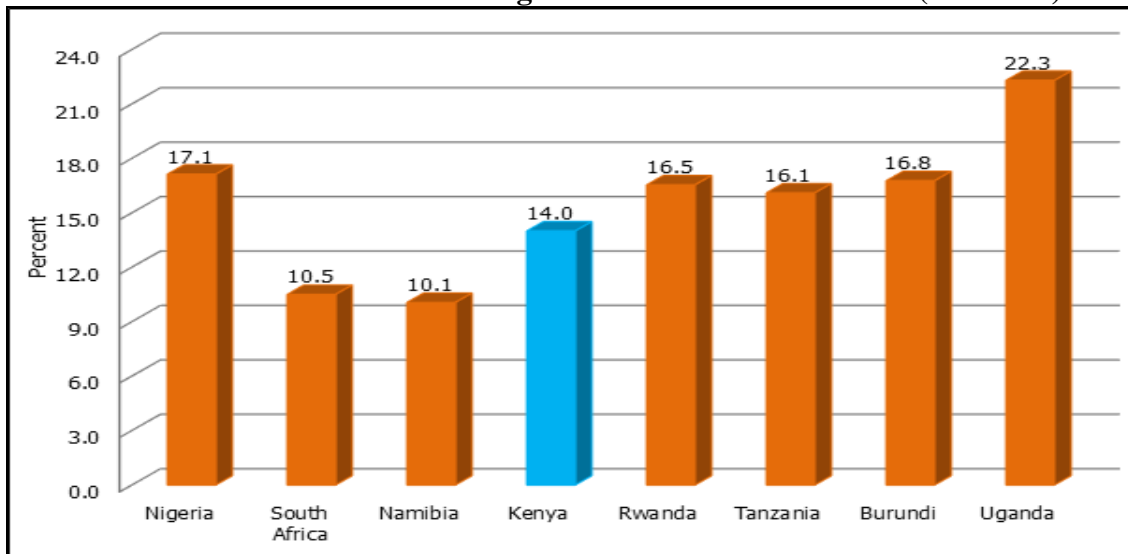
Chart 8a: Short-Term Interest Rates



Source of data: Central Bank of Kenya

24. Lending rates in the banking industry declined to 13.8 per cent in February 2017 which is below the maximum lending rate now at 14.0 per cent as per the Banking (Amendment) Act, 2016 while the deposit rate averaged 7.9 per cent over the same period. The developments in the lending and deposit rates have resulted to the narrowing of the interest rate spread to 5.9 per cent in February 2017. In addition, as a result of the new Act, Kenya has the lowest lending rate among the East African countries (Chart 8b).

Chart 8b: Commercial Banks Lending Rates of selected Countries (Feb 2017)



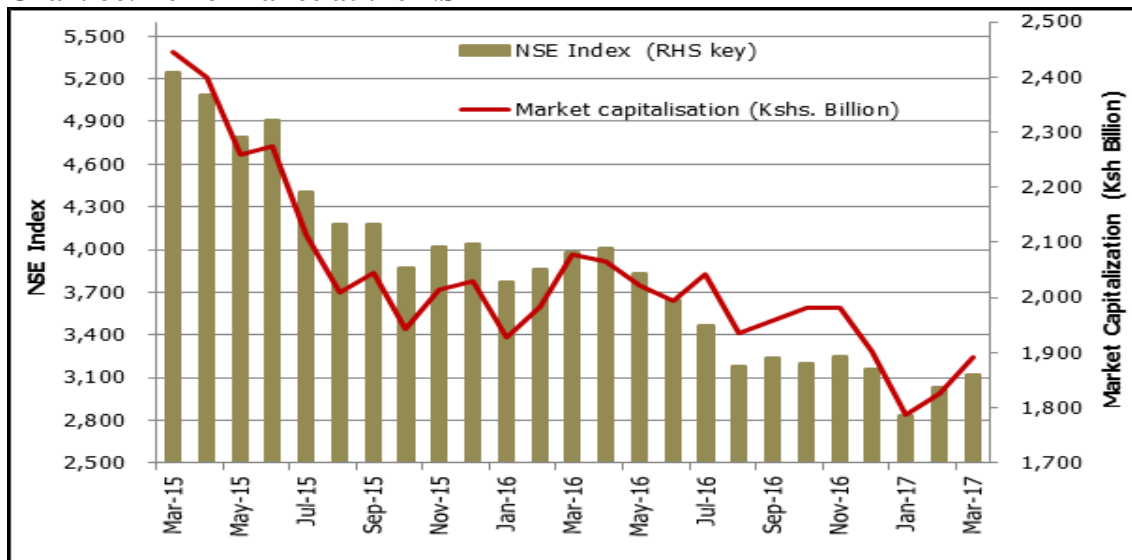
Source of data: National Central Banks

1.8 Capital Markets

25. Activities at the stock market were suppressed in the year to March 2017, due to the prolonged uncertainty in the global financial market. The NSE 20 share index slowed to 3,123 points in March 2017 from 3,982 points in March 2016 while market capitalization stood at Ksh 1,893 billion in March 2017 from Ksh 2,078 billion in March 2016 (Chart 8c).

RECENT ECONOMIC DEVELOPMENTS

Chart 8c: Performance at the NSE



Source of data: Central Bank of Kenya

FISCAL DEVELOPMENTS

2.0 FISCAL DEVELOPMENTS

2.1 Revenue

26. By the end of March 2017, total cumulative revenue including A-I-A collected amounted to Ksh. 984.6 billion against a target of Ksh. 1,050.5 (*Table 3 and Chart 9*). This performance was below the target by Ksh. 65.9 billion. Ordinary revenue collection was Ksh. 908.9 billion against a target of Ksh. 960.4 billion, which was Ksh. 54.5 billion below the target. The Railway Development Levy collection amounted to Ksh. 13.7 billion against a target of Ksh. 15.4 billion. Cumulative ministerial A-I-A recorded an under performance of Ksh. 14.5 billion for the period under review. The A-I-A under performance reflects the problem of under reporting by the Universities for the period under review. However, compared to the last quarter of the fiscal year 2015/16, the Revenue collection increased by 15.4 percentage points.

Table 3: Government Revenue and External Grants, Period Ending 31st March, 2017 (Ksh. Million)

	2015/2016 Actual	2016/17		Deviation KShs.	Deviation in percentage
		Actual	Target		
Total Revenue (a+b)	853,134	984,623	1,050,542	(65,919)	(6.27)
(a) Ordinary Revenue	804,916	908,944	960,408	(51,464)	(5.36)
Import Duty	57,793	65,804	70,268	(4,465)	(6.35)
Excise Duty	99,129	121,568	121,408	160	0.13
PAYE	201,050	217,747	251,983	(34,236)	(13.59)
Other Income Tax	178,494	194,287	201,505	(7,218)	(3.58)
VAT Local	114,631	140,667	134,804	5,863	4.35
VAT Imports	94,612	105,417	115,281	(9,864)	(8.56)
Investment Revenue	13,182	21,955	12,252	9,704	79.20
Traffic Revenue	2,760	2,124	3,202	(1,078)	(33.66)
Taxes on Intl. Trade & Trans.(IDF Fee)	18,583	17,081	22,474	(5,393)	(24.00)
Others ¹	24,683	22,294	27,231	(4,937)	(18.13)
(b) Appropriation In Aid ²	48,218	75,678	90,134	(14,456)	(16.04)
o/w Railway Development Levy	12,963	13,769	15,389	(1,620)	(10.53)
(c) External Grants	19,290	20,479	24,590	(4,110)	(16.72)
Total Revenue and External Grants	872,424	1,005,102	1,075,132	(70,030)	(6.51)
Total Revenue and External Grants as a percentage of GDP	13.00	13.07	13.98		-

1/ includes rent of buildings, fines and forfeitures, other taxes, reimbursements and other fund contributions, and miscellaneous revenue.

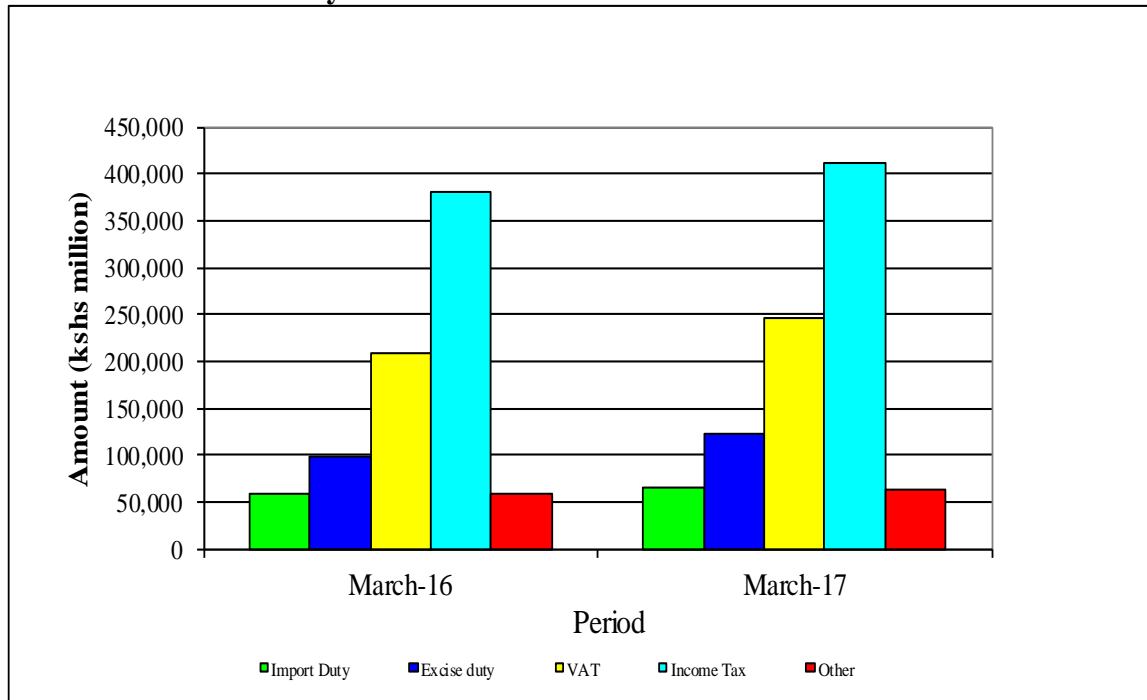
2/ includes receipts from Road Maintenance Levy Fund and A-I-A from Universities and Railway Development Levy

Source: National Treasury

27. As a proportion of GDP, the total cumulative revenue and grants in the period under review amounted to 13.1 per cent compared to 13.0 per cent in the corresponding period of the FY 2015/16. External grants amounted to Ksh. 20.5 billion against a target of Ksh. 24.6 billion, representing an under performance of Ksh. 4.1 billion.

FISCAL DEVELOPMENTS

Chart 9: Total Ordinary Revenue



Source: National Treasury

2.2 Expenditure

28. The total expenditure and net lending for the period under review amounted to Ksh. 1,492.0 billion, against a target of Ksh. 1,526.8 billion. The shortfall of Ksh. 34.8 billion was attributed to lower absorption recorded in recurrent expenditure by the National Government and County Governments. (**Table 4 and Chart 10**). Recurrent expenditure for National Government amounted to Ksh. 818.9 billion (Including Parliament and Judiciary, (Ksh. 25.0 billion)), against a target of Ksh. 851.3 billion, with underperformance recorded in wages and salaries, which accounted for Ksh. 24.4 billion.

29. Foreign interest payments amounted to Ksh. 38.2 billion, compared to Ksh. 26.2 billion in the same period of the 2015/16 FY. The domestic interest payments totalled Ksh. 145.8 billion, which was higher than Ksh. 122.6 billion paid in the corresponding period of the previous financial year.

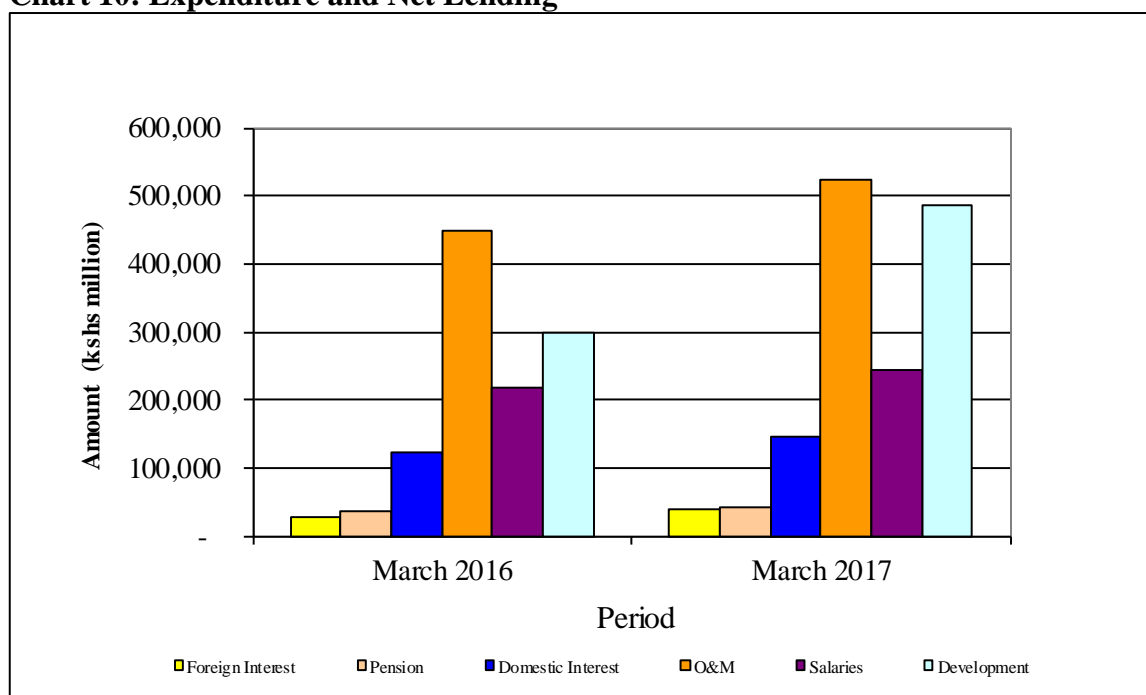
FISCAL DEVELOPMENTS

Table 4: Expenditure and Net Lending, Period Ending 31st March, 2017 (Ksh. Million)

	2015/2016 Actual, end March	2016/17		Deviation	% Growth
		Actual	Targets		
1. RECURRENT	663,642	790,265	820,627	(30,362)	19.1
Domestic Interest	122,587	145,792	125,166	20,626	18.9
Foreign Interest	26,168	38,199	37,280	919	46.0
Pensions	36,294	41,911	45,090	(3,179)	15.5
Wages and Salaries	217,624	242,535	270,582	(28,047)	11.4
Operation and Maintenance	260,970	321,827	342,509	(20,682)	23.3
O/W : Appropriation-in-Aid	33,789	60,629	47,870	12,758	79.4
2. DEVELOPMENT	299,374	491,573	448,819	42,754	64.2
Development Projects (Net)	190,652	279,246	279,721	(475)	46.5
Payment of Guaranteed Loans	1,208	1,658	1,207	452	37.3
Appropriation-in-Aid	107,515	210,668	167,891	42,777	95.9
3. County Governments	161,598	185,231	223,003	(37,771)	14.6
4. Parliamentary Service	16,236	16,729	20,550	(3,821)	-
5. Judicial Service	8,924	8,234	10,092	(1,858)	-
6. Equalization Fund	-	-	4,500	(4,500)	-
7. CF	-	-	3,750	(3,750)	-
TOTAL EXPENDITURE	1,149,775	1,492,031	1,526,840	(34,809)	29.8

Source: National Treasury

Chart 10: Expenditure and Net Lending



Source: National Treasury

30. The total cumulative ministerial and other public agencies expenditure was Ksh. 1,049.4 billion against a target of Ksh. 1,116.3 billion. Recurrent expenditure was Ksh. 593.1 billion against a target of Ksh. 688.6 billion, while development expenditure was Ksh. 456.3 billion against a target of Ksh. 427.7 billion. The percentage points of total

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expenditures to the target was 94.0 per cent, while the percentage points of the actual total expenditure were 56.5 per cent recurrent and 43.5 per cent development as at the end of the period under review. As indicated earlier, the discrepancy between actual and target expenditures partly reflect the non-capture of some National Sub-County expenditures and hence under reporting by ministries. These ministerial expenditures are therefore, provisional.

31. As at the end of the period ending 31st March, 2017, expenditures by the Ministry of Education; Teachers Service Commission and Ministry of Health (Social Sector) accounted for 38.3 per cent of total recurrent expenditure. While the State Department for Interior, and Ministry of Defence accounted for 11.2 per cent and 11.7 per cent respectively.

32. Analysis of development outlay indicates that the State Department for Transport (31.7 per cent) accounted for the largest share of the total development expenditures (mainly on SGR), followed by the State Department for Infrastructure (13.3 per cent), the State Department for Energy (9.7) and the State Department for Planning and Statistics (6.9 per cent, mainly on CDF). The development expenditures in large ministries were below the target because of non-inclusion of expenditures from the National Sub-County and some donor funded projects. **Table5** gives details of various Ministerial/Departmental and Commissions expenditures for the period under review.

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Table 5: Ministerial Expenditures, Period Ending 31st March, 2017 (Ksh. Million)

MINISTRY/DEPARTMENT/COMMISSIONS	Mar-17		Variance	Mar-17		Variance	Mar-17		Variance	% total expenditure to total target
	Recurrent			Development			Total			
	Actual*	Target		Actual*	Target		Actual*	Target		
1011 The Presidency	6,334	6,916	(583)	232	471	(239)	6,566	7,387	(821)	88.9
1021 State Department for Interior	66,120	77,942	(11,823)	11,134	27,188	(16,055)	77,253	105,130	(27,877)	73.5
1023 State Department for Correctional Services	12,637	14,312	(1,675)	128	523	(395)	12,766	14,836	(2,070)	86.0
1032 State Department for Devolution	501	592	(91)	165	295	(130)	666	887	(221)	75.1
1033 State Department for Special Programmes	4,505	6,256	(1,751)	3,822	4,678	(856)	8,327	10,934	(2,607)	76.2
1034 State Department for Planning and Statistics	4,999	3,968	1,031	31,542	30,360	1,182	36,542	34,328	2,214	106.4
1041 Ministry of Defence	69,201	75,862	(6,661)	-	-	-	69,201	75,862	(6,661)	91.2
1052 Ministry of Foreign Affairs	7,493	13,522	(6,029)	65	2,750	(2,685)	7,558	16,272	(8,714)	46.4
1063 State Department for Basic Education	46,983	43,602	3,381	8,875	9,428	(553)	55,858	53,030	2,828	105.3
1064 State Department for Vocational And Technical Training	1,649	1,777	(128)	2,416	2,346	70	4,065	4,123	(58)	98.6
1065 State Department for University Education	35,331	47,666	(12,335)	6,212	7,561	(1,349)	41,543	55,227	(13,684)	75.2
1071 The National Treasury	24,374	28,966	(4,592)	12,921	19,315	(6,394)	37,295	48,282	(10,986)	77.2
1081 Ministry of Health	16,507	25,608	(9,101)	22,027	18,858	3,169	38,534	44,466	(5,933)	86.7
1091 State Department for Infrastructure	28,937	37,474	(8,537)	60,585	105,063	(44,479)	89,522	142,538	(53,016)	62.8
1092 State Department for Transport	1,082	4,369	(3,287)	144,524	48,344	96,180	145,607	52,713	92,894	276.2
1093 State Department for Marine time Affairs	163	191	(27)	-	-	-	163	191	(27)	85.7
1094 State Department for Housing & Urban Development	2,090	1,738	351	9,257	4,242	5,015	11,347	5,980	5,366	189.7
1095 State Department for Public Works	553	582	(29)	822	1,169	(347)	1,374	1,750	(376)	78.5
1103 State Department for Water Services	1,825	3,484	(1,659)	17,513	10,466	7,047	19,338	13,950	5,388	138.6
1104 State Department for Irrigation	315	687	(372)	7,004	8,235	(1,231)	7,319	8,922	(1,603)	82.0
1105 State Department for Environment	1,912	2,760	(848)	1,210	1,096	113	3,122	3,856	(734)	81.0
1106 State Department for Natural Resources	4,319	9,422	(5,103)	1,298	1,546	(247)	5,617	10,968	(5,351)	51.2
1112 Ministry of Lands and Physical Planning	1,529	1,726	(197)	2,076	3,360	(1,284)	3,605	5,086	(1,481)	70.9
1122 State Department for Information Communication and Technology &	783	863	(80)	23,714	18,910	4,805	24,497	19,773	4,725	123.9
1123 State Department for Broadcasting & Telecommunications	1,487	2,237	(750)	306	329	(24)	1,793	2,566	(773)	69.9
1132 State Department for Sports Development	2,844	2,638	206	923	2,011	(1,087)	3,767	4,649	(882)	81.0
1133 State Department For Arts And Culture	2,315	2,158	156	443	493	(50)	2,757	2,651	106	104.0
1152 State Department of Energy	1,514	1,559	(45)	44,485	41,328	3,157	45,999	42,887	3,112	107.3
1153 State Department of Petroleum	61	152	(91)	904	2,550	(1,646)	965	2,702	(1,737)	35.7
1161 State Department for Agriculture	5,858	5,680	177	7,877	6,882	995	13,735	12,562	1,172	109.3
1162 State Department for Livestock	3,880	4,144	(264)	1,754	1,785	(31)	5,634	5,928	(294)	95.0
1164 State Department for Fisheries and The Blue Economy	1,173	1,385	(212)	1,733	1,203	531	2,907	2,587	319	112.3
1172 State Department for Investment and Industry	2,026	2,059	(33)	2,668	2,930	(262)	4,694	4,989	(295)	94.1
1173 State Department for Cooperatives	2,959	2,449	510	500	530	(30)	3,459	2,979	480	116.1
1174 State Department for Trade	2,965	2,587	378	63	123	(60)	3,028	2,710	318	111.7
1183 State Department for East African Integration	1,330	1,134	197	16	33	(16)	1,347	1,166	180	115.5
1184 State Department for Labour	897	1,194	(297)	195	239	(43)	1,093	1,433	(340)	76.3
1185 State Department for Social Protection	4,213	5,976	(1,763)	9,482	12,546	(3,064)	13,695	18,522	(4,827)	73.9
1191 Ministry of Mining	505	1,004	(499)	1,144	1,321	(177)	1,649	2,325	(676)	70.9
1201 Ministry of Tourism	1,024	1,806	(783)	2,384	3,592	(1,208)	3,408	5,398	(1,991)	63.1
1211 State Department of Public Service and Youth Affairs	9,454	10,791	(1,337)	7,928	14,353	(6,425)	17,382	25,144	(7,762)	69.1
1212 State Department for Gender	458	657	(199)	2,573	3,430	(858)	3,031	4,087	(1,056)	74.2
1252 State Law Office and Department of Justice	2,339	3,575	(1,236)	3	70	(67)	2,342	3,645	(1,303)	64.2
1261 The Judiciary	7,928	9,755	(1,827)	1,612	1,450	162	9,540	11,205	(1,665)	85.1
1271 Ethics and Anti-Corruption Commission	2,656	2,243	413	-	500	(500)	2,656	2,743	(87)	96.8
1281 National Intelligence Service	19,771	20,898	(1,127)	-	-	-	19,771	20,898	(1,127)	94.6
1291 Directorate of Public Prosecutions	1,165	1,641	(477)	57	96	(39)	1,221	1,737	(516)	70.3
1311 Registrar of Political Parties	466	620	(154)	-	-	-	466	620	(154)	75.1
1321 Witness Protection Agency	199	296	(97)	-	-	-	199	296	(97)	67.2
2011 Kenya National Commission on Human Rights	326	322	4	-	-	-	326	322	4	101.2
2021 National Land Commission	991	955	36	103	103	(0)	1,094	1,058	36	103.4
2031 Independent Electoral and Boundaries Commission	5,896	15,424	(9,529)	-	53	(53)	5,896	15,477	(9,582)	38.1
2041 Parliamentary Service Commission	6,370	7,839	(1,469)	1,542	3,150	(1,608)	7,912	10,989	(3,077)	72.0
2042 National Assembly	10,359	12,711	(2,352)	-	-	-	10,359	12,711	(2,352)	81.5
2051 Judicial Service Commission	306	338	(32)	-	-	-	306	338	(32)	90.6
2061 Commission on Revenue Allocation	222	267	(46)	-	-	-	222	267	(46)	82.9
2071 Public Service Commission	922	900	22	25	39	(14)	946	939	8	100.8
2081 Salaries and Remuneration Commission	300	400	(100)	-	-	-	300	400	(100)	75.0
2091 Teachers Service Commission	143,282	145,590	(2,308)	-	100	(100)	143,282	145,690	(2,408)	98.3
2101 National Police Service Commission	329	326	3	-	-	-	329	326	3	100.8
2111 Auditor General	2,971	3,190	(219)	42	224	(182)	3,013	3,414	(401)	88.3
2121 Controller of Budget	297	407	(110)	-	-	-	297	407	(110)	72.9
2131 The Commission on Administrative Justice	320	339	(19)	-	-	-	320	339	(19)	94.3
2141 National Gender and Equality Commission	293	290	3	-	-	-	293	290	3	100.9
2151 Independent Policing Oversight Authority	254	369	(114)	-	-	-	254	369	(114)	69.0
Total	593,065	688,592	(95,527)	456,305	427,735	28,570	1,049,370	1,116,327	(66,957)	94.0

*Provisional

Source: National Treasury

2.2.1 Guaranteed Loans to Parastatals

33. Cumulative principal and interest payments of guaranteed loans to parastatals with liquidity problems amounted to Ksh. 1,103.3 million, against a projected payment of Ksh. 1,037.9 million (**Table 6**) for period ending 31st March, 2017. The payments were Ksh. 1,000.9 million principal and Ksh. 102.4 million interest.

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Table 6: Schedule and actual payments on Guaranteed Debt for the period ending 31st March, 2017 (Ksh. Million)

Borrower	Quarter I		Quarter II		Quarter III		Cumm. March 2017*	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
EAPC	-	-	-	199.24	360.80	200.35	360.80	399.59
TARDA	156.10	163.50	-	-	134.15	157.54	290.25	321.04
KBC			361.34	365.55	25.50	17.13	386.84	382.68
TOTAL (QTR)	156.10	163.50	361.34	564.79	520.45	375.02	1,037.89	1,103.31

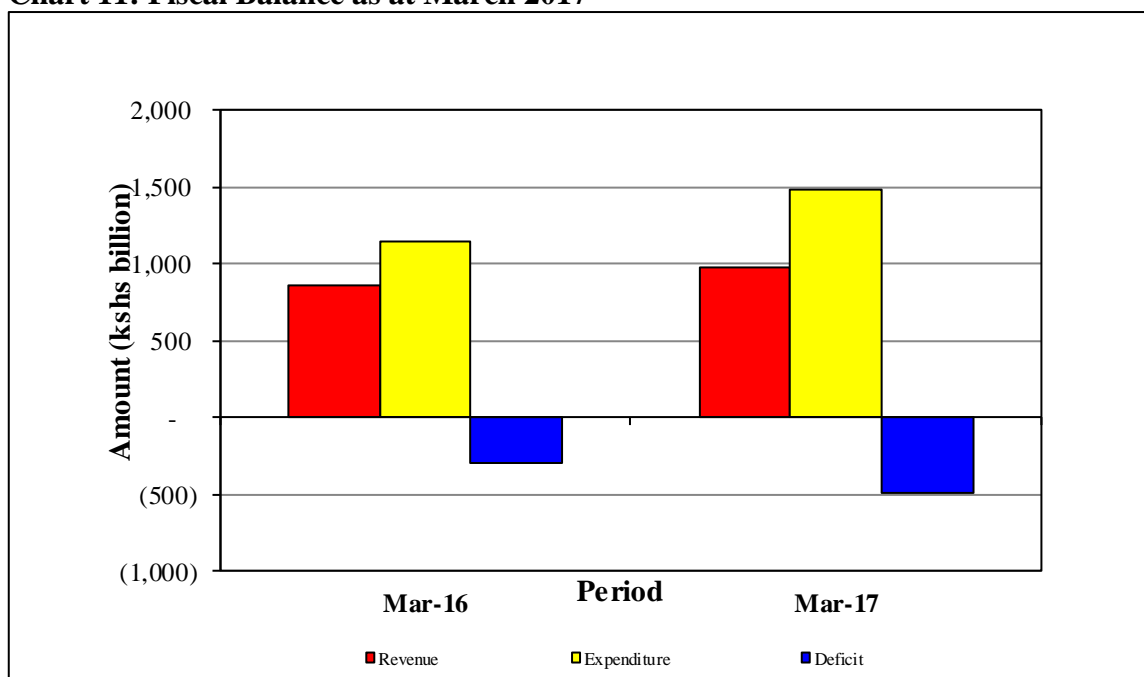
* Provisional

Source: National Treasury

2.3 Fiscal Outturn

34. Between July 1, 2016 and March 31, 2017, cumulative overall fiscal balance (on a commitment basis and excluding grants), amounted to a deficit of Ksh. 507.4 billion (equivalent to 6.6 per cent of GDP) against a targeted deficit of Ksh. 476.3 billion (equivalent to 6.2 per cent of GDP) (*Chart 11 and Table 7*). Over the same period in 2016, the fiscal deficit stood at Ksh. 296.6 billion (equivalent to 4.4 per cent of GDP). Including grants, the fiscal balance (on a commitment basis) deficit stood at 6.3 per cent of GDP against a targeted deficit of 5.9 per cent of GDP. The Fiscal Outturns for the past years is provided as **Annex I**.

Chart 11: Fiscal Balance as at March 2017



Source: National Treasury

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Table 7: Budget Outturn, Cumulative Ending 31st March, 2017 (Ksh. Million)

	2015/2016 Actual end march	2016/2017		Deviation	% growth	2016/2017 as a % of GDP		2015/2016 Actual as a % of GDP
		Actual*	Targets			Actual	Targets	
A. TOTAL REVENUE AND GRANTS	872,424	1,005,102	1,075,132	(70,030)	15.21	13.07	13.98	13.00
1. Revenue	853,134	984,623	1,050,542	(65,919)	15.41	12.80	13.66	12.72
Ordinary Revenue	804,916	908,944	960,408	(51,464)	12.92	11.82	12.49	12.00
Import Duty	57,793	65,804	70,268	(4,465)	13.86	0.86	0.91	0.86
Excise Duty	99,129	121,568	121,408	160	22.64	1.58	1.58	1.48
Income tax	379,544	412,034	453,488	(41,454)	8.56	5.36	5.90	5.66
VAT	209,243	246,084	250,085	(4,001)	17.61	3.20	3.25	3.12
Investment Revenue	13,182	21,955	12,252	9,704	-	0.29	0.16	0.20
Others	46,025	41,499	52,907	(11,408)	(9.83)	0.54	0.69	0.69
Appropriation-in-Aid	48,218	75,678	90,134	(14,456)	56.95	0.98	1.17	0.72
2. Grants	19,290	20,479	24,590	(4,110)	6.16	0.27	0.32	0.29
AMISOM Receipts	4,293	4,975	3,579	1,395	-	0.00	0.05	0.06
Revenue	4,080	6,781	6,620	160	66.21	0.09	0.09	0.06
Appropriation-in-Aid	9,952	8,724	13,698	(4,974)	(12.34)	0.11	0.18	0.15
Italian Debt Swap	499	0	375	0	-	0.00	-	0.00
County Health Facilities - DANIDA	467	0	317	0	-	0.00	-	0.00
B. EXPENDITURE and NET LENDING	1,149,775	1,492,031	1,526,840	(34,809)	29.77	19.40	19.85	17.14
1. Recurrent	688,802	818,903	851,269	(32,366)	18.89	10.65	11.07	10.27
Domestic Interest	122,587	145,792	125,166	20,626	18.93	1.90	1.63	1.83
Foreign Interest	26,168	38,199	37,280	919	45.98	0.50	0.48	0.39
Pension	36,294	41,911	45,090	(3,179)	15.48	0.54	0.59	0.54
Wages and Salaries	217,624	246,211	270,582	(24,371)	13.14	3.20	3.52	3.24
O & M/Others	286,130	346,790	373,151	(26,361)	21.20	4.51	4.85	4.26
2. Development and Net Lending	299,374	487,897	444,319	43,578	62.97	6.34	5.78	4.46
3. Equalization Fund	0	0	4,500	(4,500)	-	0.00	0.06	0.00
4. County Governments	161,598	185,231	223,003	(37,771)	14.62	2.41	2.90	2.41
5. CF	0	0	3,750	(3,750)	-	0.00	0.05	0.00
C. DEFICIT EXCL. GRANT (Commitment basis)	(296,641)	(507,409)	(476,298)	-31,110	71.05	(6.60)	(6.19)	(4.42)
D. DEFICIT INCL. GRANTS (Commitment basis)	(277,350)	(486,929)	(451,709)	-35,221	75.56	(6.33)	(5.87)	(4.13)
E. ADJUSTMENT TO CASH BASIS	-7,333	(536)	-	(536)	(92.69)	(0.01)	-	(0.11)
F. DEFICIT INCL. GRANTS (Cash basis)	(284,684)	(487,465)	(451,709)	-35,757	71.23	(6.34)	(5.87)	(4.24)
G. FINANCING	284,684	487,465	451,709	35,757	71.23	6.34	5.87	4.24
1. Foreign financing	154,856	304,437	204,174	100,262	96.59	3.96	2.65	2.31
Disbursements	180,015	329,504	237,860	91,644	83.04	4.28	3.09	2.68
Programme Loans	6,534	3,659	5,516	(1,857)	-	0.00	0.07	0.10
Project Cash Loans	16,014	22,579	35,300	(12,721)	40.99	0.29	0.46	0.24
Project Loans AIA	31,013	66,170	42,273	23,897	113.36	0.86	0.55	0.46
Project Loans SGR _ AIA	52,121	120,725	69,657	51,068	-	0.00	0.91	0.78
Commercial Financing	74,332	116,371	85,114	31,257	-	0.00	1.11	1.11
O/W syndicated loan	74,332	0	0	-	-	0.00	-	1.11
Debt repayment - Principal	(25,159)	(25,067)	(33,686)	8,619	(0.37)	(0.33)	(0.44)	(0.38)
2. Other Domestic Financing	20,584	894	2,624	(1,729)	-	0.01	0.03	0.31
4. NET DOMESTIC FINANCING	109,243	182,134	244,911	(62,777)	66.72	2.37	3.18	1.63
MEMO ITEM								
GDP ESTIMATE	6,709,079.75	7,692,269.41	7,692,269.41					

*Provisional

Source: National Treasury

2.3.1. Government Financial Statistics (GFS) 2014

35. In line with the international best practice the Government is committed to improving the quality and coverage of its statistics, as such this QEBR has included a statement of Government operation in the GFSM 2014 format for budgetary Central Government (National Government) from 2015/16 to 2016/17. See annex II.

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2.4 Financing

2.4.1 External Financing

36. Cumulative external financing for the period between July 1st 2016 and March 31st 2017 amounted to a net borrowing of Ksh. 304.4 billion (**Table 8**). Total disbursements (inflows) including Appropriations-in-Aid amounted to Ksh. 329.5 billion for the period ending 31st March, 2017 against a target of Ksh. 237.9 billion. This amount included Ksh. 35.3 billion Project cash loans, Ksh. 42.3 billion project loans A.I.A., Ksh. 69.7 billion project loans A.I.A. for SGR and Ksh. 85.1 billion Commercial Financing. External repayments (outflows) of principal debt amounted to Ksh. 25.1 billion. The amount comprises of principal repayments due to bilateral, multilateral organizations and Commercial amounting to Ksh. 13.5 billion, Ksh. 11.2 billion and Ksh. 384.2 million respectively.

Table 8: External Financing, Period Ending 31st March, 2017 (Ksh. Million)

	Quarter III 2015/16	Quarter I 2016/17	Quarter II 2016/17	Quarter III 2016/17	Cumulative March 2017*	
	Actual	Actual	Actual	Actual	Actual	Target
DISBURSEMENTS:	180,015.07	47,230.74	81,141.41	201,130.78	329,502.93	237,860.21
Project Cash loans	16,014.38	1,246.85	10,168.77	11,162.99	22,578.62	35,300.04
Project loans A-I-A	31,013.10	8,187.85	22,157.65	35,824.60	66,170.11	42,273.40
Project Loans SGR _ AIA	52,121.21	27,682.04	45,157.05	47,885.74	120,724.83	69,656.53
Commercial Financing	74,332.20	10,114.00	-	106,257.44	116,371.44	85,114.00
O/W syndicated loan	74,332.20	-	-	-	-	-
Export Credit	-	-	-	-	-	-
Programme Loans	6,534.18	-	3,657.94	-	3,657.94	5,516.25
EXTERNAL REPAYMENTS:	25,159.13	7,988.27	7,695.93	9,382.97	25,067.17	33,080.29
Bilateral(incl. Italy Debt SWAP)	13,444.15	3,434.00	5,009.68	5,038.08	13,481.76	19,039.66
Multilateral (excl. IMF)	11,310.93	4,554.27	2,302.10	4,344.89	11,201.25	13,624.88
Commercial	404.05	-	384.16	-	384.16	415.75
NET FOREIGN FINANCING	154,855.94	39,242.47	73,445.48	191,747.81	304,435.76	204,779.92

*Provisional

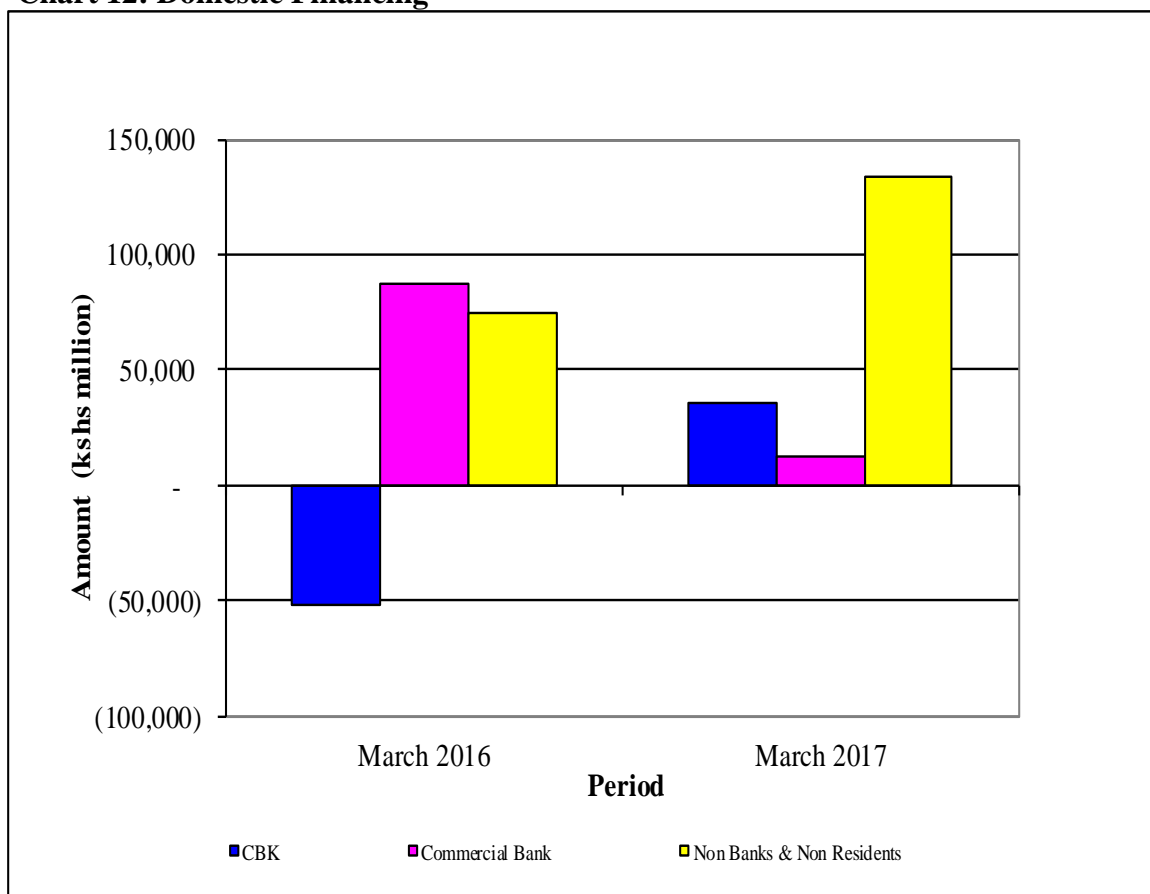
Source: National Treasury

2.4.2 Domestic Financing

37. By the end of March 2017, net domestic borrowing amounted to Ksh. 182.1 billion against a target borrowing of Ksh. 244.9 billion (**Table 7**). The borrowing comprised of Ksh. 12.5 billion from Commercial Banks, Ksh. 132.4 billion from Non-Banking Financial Institutions, Ksh. 35.8 billion from the Central Bank and Ksh. 1.4 billion from Non Residents, (**Table 9**). Comparatively, for the same period in 2016, the net domestic borrowing was Ksh. 109.2 billion, comprising of net repayments of, Ksh. 52.2 billion to Central Bank and a borrowing of Ksh. 87.1 billion from the Commercial Bank, Ksh. 1.1 billion from Non-Residents and Ksh. 73.2 billion from non-banking financial institutions (**chart 12**).

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Chart 12: Domestic Financing



Source: Central Bank of Kenya

38. The stock of Treasury Bills held by Non-residents and Commercial Banks recorded net decrease of Ksh. 142.0 million, and Ksh. 28.6 billion respectively, while the stock of Treasury Bills held by Non-Banks increased by Ksh. 60.3 billion. The stock of Fixed Rate Bonds held by Commercial Banks, Non-Residents and non-Banks recorded a net increase of Ksh. 22.2 billion, Ksh. 1.2 billion and Ksh. 49.1 billion respectively.

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Table 9: Domestic Financing, Period Ending 31st March, 2017 (Ksh. Millions)

	MARCH	JUNE	SEPTEMBER	DECEMBER	MARCH
	2016	2016	2016	2016	2017
1.CENTRAL BANK	(52,186)	(128,376)	(24,582)	37,830	35,840
Overdraft	9,961	7,709	(40,884)	(14,271)	(13,934)
Treasury bills rediscounts	20,549	20,549			
Fixed rate Bonds	9,381	9,381	-	-	-
Items on Transit	(17)	(2)	(27)	(57)	(52)
Frozen Account	(562)	(1,117)	-	-	(555)
Less Govt Deposits	(91,498)	(164,896)	16,329	52,158	50,380
2.COM. BANKS	87,075	187,152	37,357	18,858	12,527
Advances	2,996	2,830	243	275	352
Treasury bills	70,428	131,164	17,528	(10,647)	(28,561)
Fixed rate Bonds	23,341	37,281	29,011	24,219	22,162
Special Bonds	-	-	-	-	-
Zero Coupon bonds	-	-	-	-	-
Infrastructure Bonds	(8,335)	9,978	(6,933)	6,147	10,291
Savings and Development Bond	-	-	-	-	-
Less Govt Deposits	(1,355)	5,899	(2,493)	(1,136)	8,282
3. NON BANKS	73,248	139,440	37,529	106,819	132,395
Treasury bills	45,132	92,163	10,704	44,574	60,341
Fixed rate Bonds	32,742	37,705	33,055	44,471	49,071
Zero Coupon bonds	-	-	-	-	-
Infrastructure Bonds	(4,627)	9,573	(6,230)	17,774	22,983
Savings and Development Bond	-	-	-	-	-
4. NON RESIDENTS	1,106	4,576	(873)	1,088	1,372
Treasury bills	(404)	(119)	(1,695)	(363)	(142)
Fixed rate Bonds	1,541	2,339	822	1,115	1,179
Infrastructure Bond	(30)	2,356	(0)	336	335
Savings and Development Bond	-	-	-	-	-
Zero Coupon bonds	-	-	-	-	-
5. NET CREDIT	109,243	202,793	49,431	164,595	182,134

Note: Treasury Bills as reflected here are given at cost value as opposed to Table 11 given at Face value.

Source: Central Bank of Kenya

3.0 PUBLIC DEBT

3.1 Overall Debt Position

39. The gross public debt increased by Ksh. 782.3 billion from Ksh. 3,264.0 billion as at end of March 2016 to Ksh. 4,046.3 billion (equivalent to 52.6 per cent of GDP) by 31st March 2017, comprising of 51.9 per cent external debt and 48.1 per cent domestic debt. The overall increase is attributed to increased external debt due to exchange rate fluctuations, disbursements from external loans and more uptake of domestic debt during the period. Net public debt increased by Ksh. 737.4 billion from Ksh. 2,938.3 billion as at end of March 2016 to Ksh. 3,675.7 billion (equivalent to 47.9 per cent of GDP) by end of period under review (*Table 10*).

FISCAL DEVELOPMENTS

Table 10: Kenya's Public and Publicly Guaranteed Debt, March 2015 to March 2017 (Ksh. millions)

	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	March 17*
EXTERNAL									
BILATERAL	384,607	445,057	482,203	481,282	478,883	548,351	545,652	641,763	689,119
MULTILATERAL	618,456	684,631	754,599	751,154	762,089	798,842	839,936	781,256	806,922
COMMERCIAL BANKS	259,746	276,937	295,642	366,231	360,175	432,377	452,495	458,122	594,140
SUPPLIERS CREDIT	15,298	16,628	17,788	16,516	16,359	16,628	16,628	15,302	11,210
SUB-TOTAL	1,278,108	1,423,253	1,550,233	1,615,183	1,617,506	1,796,198	1,854,711	1,896,443	2,101,391
DOMESTIC:									
CENTRAL BANK	64,835	63,335	107,637	101,386	102,648	99,856	58,945	85,528	85,316
COMMERCIAL BANKS	715,011	730,419	682,694	764,399	829,688	927,307	969,790	947,030	975,803
TOTAL BANKS	779,846	793,755	790,331	865,785	932,336	1,027,163	1,028,735	1,032,559	1,061,119
NON BANKS & NON RESIDENTS	617,280	626,689	597,635	674,232	714,192	787,970	825,820	898,415	883,834
SUB-TOTAL	1,397,126	1,420,444	1,387,966	1,540,017	1,646,527	1,815,133	1,854,555	1,930,973	1,944,953
GRAND TOTAL GROSS	2,675,234	2,843,698	2,938,199	3,155,200	3,264,033	3,611,331	3,709,266	3,827,417	4,046,344
LESS ON-LENDING	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)
LESS GOVERNMENT DEPOSITS	(275,083)	(236,565)	(208,869)	(305,496)	(320,041)	(394,856)	(426,911)	(373,016)	(364,909)
GRAND TOTAL NET	2,394,449	2,601,432	2,723,628	2,844,004	2,938,291	3,210,775	3,276,654	3,448,699	3,675,734

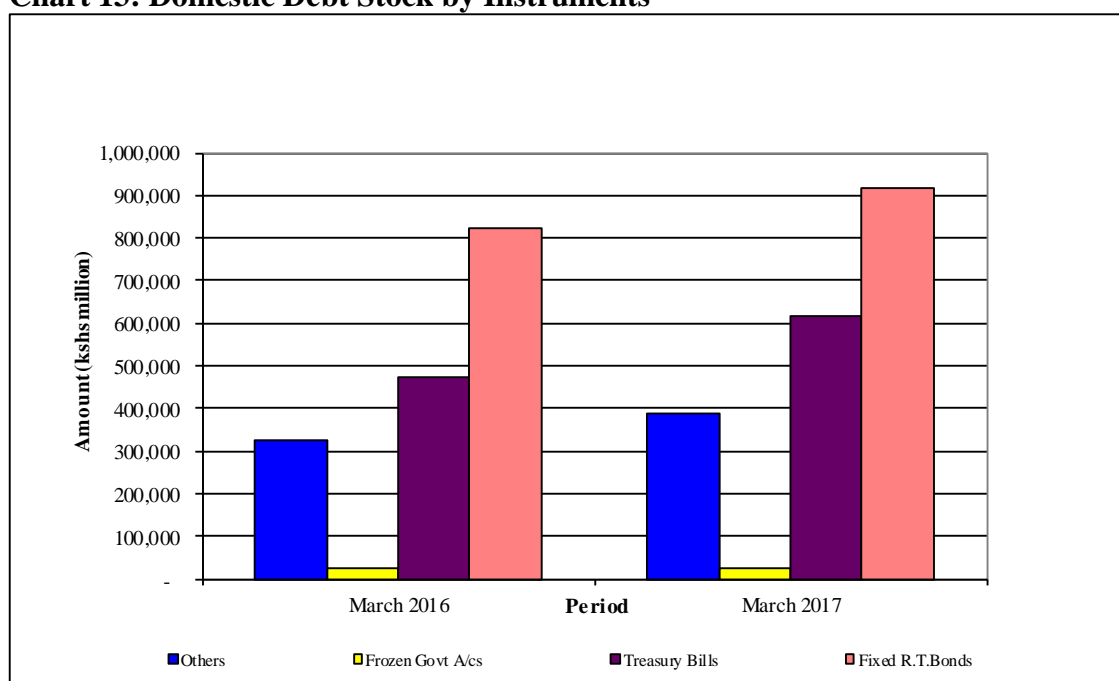
*Provisional

Source: National Treasury

3.2 Domestic Debt

40. The stock of gross domestic debt increased by Ksh. 298.4 billion from Ksh. 1,646.5 billion in March 2016 to Ksh. 1,945.0 billion in March 2017. The stock of Treasury Bills held by Central Bank, Commercial Banks, Non-Banking Financial Institution and Non Residents increased by Ksh. 142.9 billion from Ksh. 472.9 billion in March 2016 to Ksh. 615.8 billion in March 2017, (**Table 11**). The total stock of Treasury Bonds, Floating, Fixed Rate, Special and Zero coupon Bonds, increased by Ksh. 94.5 billion from Ksh. 831.7 billion in March 2016 to Ksh. 926.2 billion in March 2017 (**Chart 13**).

Chart 13: Domestic Debt Stock by Instruments



Source: Data from CBK

FISCAL DEVELOPMENTS

Table 11: Stock of Domestic Debt, Third Quarter 2016/2017 (Ksh. million)

	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
1.CENTRAL BANK	64,835	63,335	107,637	101,386	102,648	99,856	58,945	85,528	85,316
Overdraft	37,398	36,494	45,924	45,233	46,455	44,204	3,319	29,933	30,270
Frozen Govt Accounts	27,231	26,676	26,676	26,114	26,114	25,559	25,559	25,559	25,004
Treasury bills / bonds rediscounts	95	39	25,545	20,588	20,588	20,588	20,588	20,588	20,588
Items on Transit	62	82	47	26	65	80	52	23	28
Fixed rate bonds	48	45	9,445	9,426	9,426	9,426	9,426	9,426	9,426
2.COM.BANKS	715,011	730,419	682,694	764,399	829,688	927,307	969,790	947,030	975,803
Advances	2,594	2,488	1,717	5,446	5,559	5,093	5,530	5,857	5,657
Stocks	-	-	-	-	-	-	-	-	-
Treasury Bills	236,776	217,703	172,346	244,167	296,347	361,859	382,112	349,544	328,624
Floating Rate T. Bonds	-	-	-	-	-	-	-	-	-
Fixed Rate T. Bonds	348,473	364,511	373,861	373,753	390,314	403,844	433,059	428,536	426,565
Special Bonds	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Zero Coupon Bonds	-	-	-	-	-	-	-	-	-
Savings and Development Bond	7,648	7,648	7,648	7,648	7,648	7,648	7,648	7,648	7,648
Infrastructure Bonds	109,519	128,069	117,122	123,385	119,820	138,863	131,441	145,444	197,309
3. NON BANKS	604,389	616,025	586,102	661,652	702,233	774,943	809,375	879,998	862,291
Stocks	-	-	-	-	-	-	-	-	-
Treasury Bills	96,446	94,478	61,237	117,923	149,588	199,033	210,788	243,989	260,232
Floating Rate T. Bonds	-	-	-	-	-	-	-	-	-
Fixed Rate T. Bonds	374,585	382,006	393,498	404,174	416,825	422,830	456,711	468,465	473,083
Tax Reserve Certificate	69	69	69	69	69	69	69	69	69
Zero Coupon Bonds	-	-	-	-	-	-	-	-	-
Infrastructure Bonds	112,709	118,892	110,718	118,906	115,171	132,431	121,227	146,894	108,327
Savings and Development Bond	20,580	20,580	20,580	20,580	20,580	20,580	20,580	20,580	20,580
4. NON RESIDENTS	12,891	10,664	11,533	12,580	11,958	13,027	12,020	13,632	21,543
Treasury Bills	8,959	6,709	7,469	8,132	6,370	6,608	4,760	6,069	6,322
Floating Rate T. Bonds	-	-	-	-	-	-	-	-	-
Fixed Rate T. Bonds	3,478	3,502	3,611	3,994	5,135	5,966	6,806	7,110	7,174
Zero Coupon Bonds	-	-	-	-	-	-	-	-	-
Savings and Development Bond	9	9	9	9	9	9	9	9	9
Infrastructure Bonds	445	445	445	445	445	445	445	445	8,037
5. TOTAL DEBT	1,397,126	1,420,444	1,387,966	1,540,017	1,646,527	1,815,133	1,850,129	1,926,189	1,944,953
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	275,083	236,565	208,869	305,496	320,041	394,856	426,911	373,016	364,909
8. NET DEBT	1,116,341	1,178,178	1,173,395	1,228,821	1,320,785	1,414,577	1,417,518	1,547,472	1,574,343

NOTE: Treasury Bills reflected here are at face value as opposed to Table 9, given at cost

Source: Central Bank of Kenya

3.3 External Public Debt

41. In dollar terms, external public debt stock increased by US \$ 3,979.0 million from US\$ 16,436.5 million in March 2016 to US\$ 20,415.5 million by end of March 2017 (*Table 12 and Chart 14*). The debt stock comprised 32.8 per cent, 38.8 per cent, 28.1 per cent and 0.7 per cent of debt owed to bilateral, multilateral institutions, Commercial Banks and suppliers' credit, respectively. This increase is attributed to disbursements made during the period.

FISCAL DEVELOPMENTS

**Table 12: Kenya's External Public and Publicly Guaranteed Debt March 2015-
March 2017 (US \$ Million)**

CREDITOR	Mar. 2015	Jun-15	Sep-15	Dec. 2015	Mar. 2016	Jun-16	Sep-16	Dec-16	March 2017*
<u>BILATERAL</u>									
AUSTRIA	5.43	7.53	7.56	10.02	10.38	7.69	10.29	8.33	5.34
BELGIUM	64.79	62.26	73.03	68.01	66.18	72.16	77.10	70.45	86.56
CANADA	13.70	12.88	12.88	8.20	8.20	8.01	8.01	7.26	7.26
DENMARK	16.88	14.57	14.64	15.68	16.25	15.24	15.36	13.64	12.69
FINLAND	0.80	0.72	1.72	29.40	0.47	2.45	14.13	11.34	16.24
FRANCE	589.69	598.47	613.81	589.97	606.29	587.79	597.62	547.79	574.20
GERMANY	224.78	228.70	229.65	220.12	222.12	225.18	355.91	284.91	294.30
ITALY	10.83	11.17	6.39	13.43	8.81	6.15	6.22	1.17	5.94
JAPAN	803.01	801.06	814.31	795.64	835.50	1,025.20	985.45	841.59	850.60
NETHERLANDS	20.22	19.87	20.16	18.88	17.48	23.24	21.91	16.58	18.40
UK	15.47	14.87	14.33	12.44	12.02	9.81	9.45	7.46	7.63
USA	46.89	45.23	42.79	41.67	40.01	40.08	37.23	36.34	34.16
CHINA	2,214.53	2,555.16	2,536.23	2,734.72	3,141.41	3,097.14	3,258.07	4,089.09	4,426.05
OTHERS	138.33	139.46	147.16	145.92	170.06	212.89	335.16	326.03	351.11
TOTAL BILATERAL	4,165.34	4,511.95	4,534.64	4,704.10	5,155.18	5,333.03	5,731.90	6,261.97	6,690.48
<u>MULTILATERAL</u>									
ADB/ADF	1,438.45	1,523.02	1,617.33	1,645.79	1,732.41	1,967.01	1,768.98	1,760.18	1,788.41
BADEA							31.36	33.86	28.17
EEC/EIB	204.40	209.09	220.46	209.71	212.38	208.43	201.69	187.37	190.62
IBRD									
IDA/IFAD									
IMF**	4,176.27	4,243.70	4,409.66	4,564.97	4,684.74	4,928.48	4,998.98	4,846.50	5,026.45
OTHERS	786.53	873.38	871.74	860.55	845.21	839.22	837.40	741.11	748.01
OTHERS	92.32	91.55	92.49	60.82	90.83	91.01	58.83	54.05	52.53
TOTAL MULTILATERAL	6,697.96	6,940.74	7,211.68	7,341.84	7,565.57	8,034.16	7,897.24	7,623.06	7,834.20
COMMERCIAL BANKS 1/	2,813.09	2,807.57	2,807.81	3,579.57	3,554.34	4,377.73	4,373.30	4,470.11	5,740.26
EXPORT CREDIT	165.68	168.58	168.94	161.43	161.43	91.06	152.66	149.30	150.55
GRAND TOTAL	13,842.07	14,428.84	14,723.07	15,786.94	16,436.52	17,835.97	18,155.10	18,504.45	20,415.48
In percentage of total									
BILATERAL	30.09	31.27	30.80	29.80	31.36	29.90	31.57	33.84	32.77
MULTILATERAL	48.39	48.10	48.98	46.51	46.03	45.04	43.50	41.20	38.37
COMMERCIAL BANKS 1/	20.32	19.46	19.07	22.67	21.62	24.54	24.09	24.16	28.12
EXPORT CREDIT	1.20	1.17	1.15	1.02	0.98	0.51	0.84	0.81	0.74
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

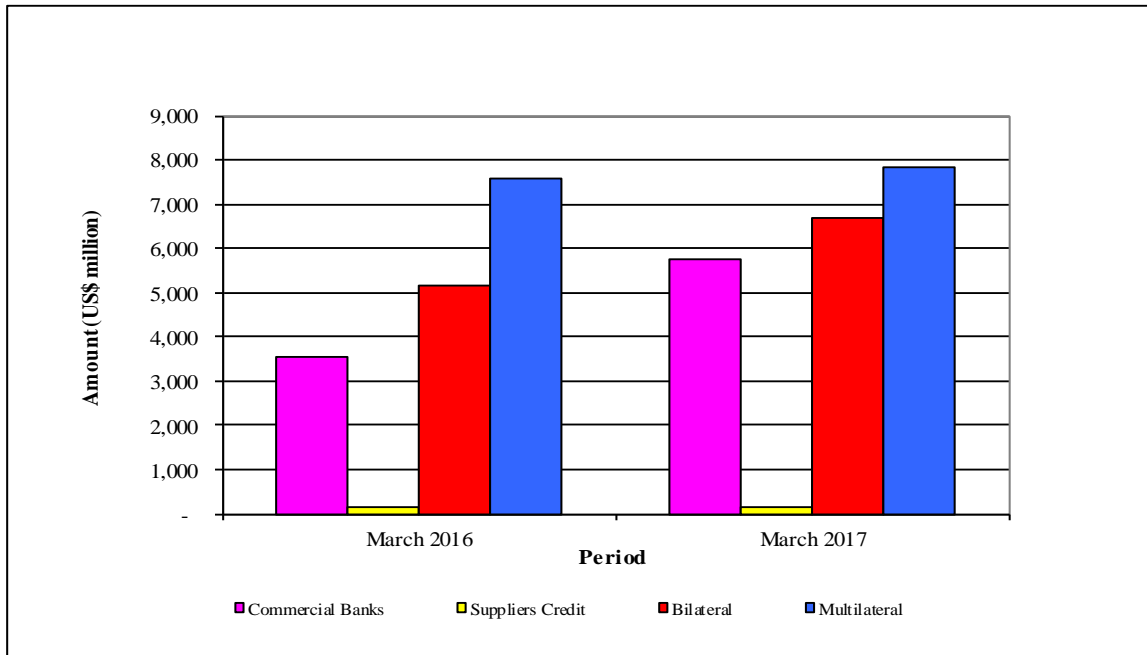
*Provisional

** include IMF item

Source: National Treasury

FISCAL DEVELOPMENTS

Chart 14: External Public Debt

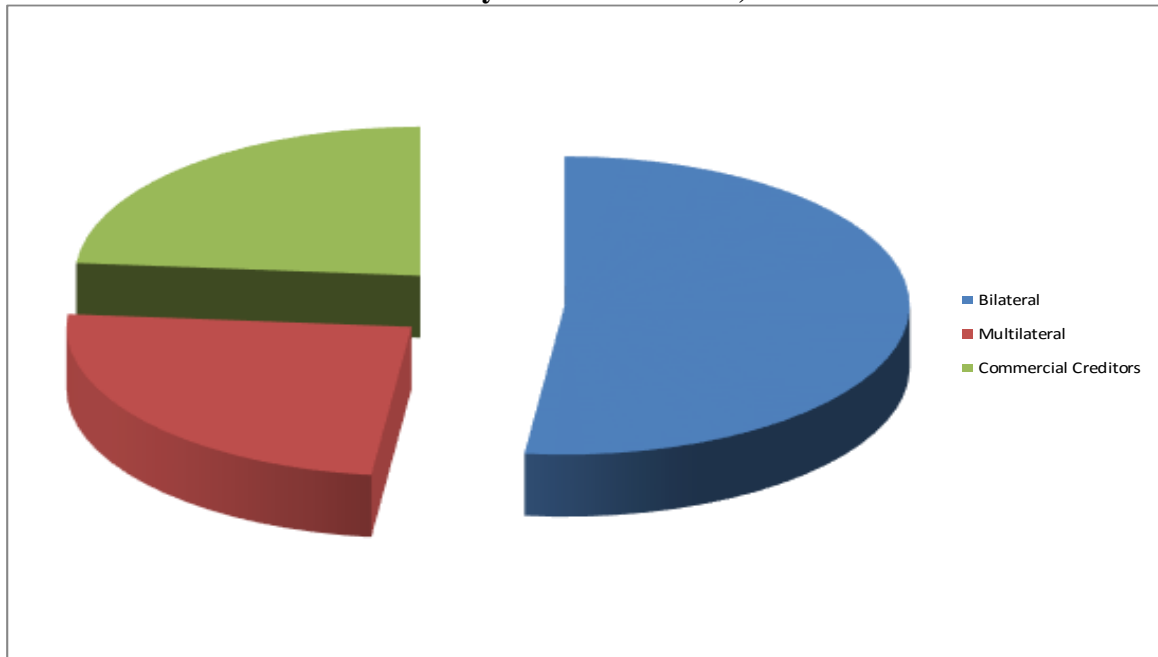


Source: National Treasury

3.3.1 External Debt Service

42. At the end of March 2017, the total cumulative debt service payments to external creditors amounted to Ksh. 63.3 billion. This comprised of Ksh. 25.1 billion (38.6 per cent) principal and Ksh. 38.2 billion (60.4 per cent) interest (*Table 13 and chart 15*).

Chart 15: External Debt Service by Creditors March, 2017



Source: National Treasury

FISCAL DEVELOPMENTS

Table 13: External Debt Service, July – March 2017 (Ksh. Million)

CATEGORY	PRINCIPAL*	INTEREST*	TOTAL*
BILATERAL			
AUSTRIA	66.26	5.88	72.14
FINLAND	187.64	2.91	190.54
FRANCE	2,724.08	1,537.97	4,262.05
ITALY	3.57	75.75	79.32
JAPAN	3,734.24	930.80	4,665.04
SAUDI FUND	502.82	126.43	629.25
SPAIN	591.06	197.54	788.60
USA	370.63	111.81	482.44
CANADA	103.79	6.11	109.89
BELGIUM	900.35	104.62	1,004.97
GERMANY	461.28	126.27	587.55
CHINA	3,109.61	15,525.41	18,635.02
KUWAIT	167.54	14.31	181.84
NETHERLANDS	76.98	252.43	329.41
SWEDEN	27.97	0.39	28.36
SWITZERLAND	31.80	0.44	32.24
DENMARK	206.12	41.78	247.90
KOREA	58.31	69.24	127.55
UK	157.71	6.73	164.43
INDIA		74.30	74.30
OTHERS/NEW LOANS	-	117.37	117.37
TOTAL BILATERAL	13,481.76	19,328.46	32,810.22
MULTILATERAL			
ADB/ADF	740.33	1,261.90	2,002.23
BADEA	163.46	36.40	199.86
EIB/EEC	681.35	426.78	1,108.13
IDA	9,084.12	2,354.26	11,438.38
OPEC	270.83	133.68	404.51
NDF	58.77	21.28	80.05
IFAD	202.39	64.45	266.84
**IMF			-
TOTAL MULTILATERAL	11,201.25	4,298.74	15,499.99
COMMERCIAL	384.16	14,572.16	14,956.32
GRAND TOTAL	25,067.17	38,199.36	63,266.53

* Provisional

** IMF debt serviced by CBK

Source: National Treasury

ANNEX I

FISCAL RESULTS, 2010/11 – 2016/2017 (Ksh. Millions)

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16*	2016/17***	2016/17**
A.TOTAL REVENUE	659,603	748,128	866,505	974,418	1,106,378	1,219,054	1,500,509	1,515,459
1.Revenue	621,852	681,766	775,698	918,990	1,031,248	1,152,875	1,376,424	1,371,547
Income Tax	272,439	312,463	373,086	449,590	508,581	560,665	671,099	659,803
VAT	171,881	176,386	184,916	232,630	259,685	289,213	345,582	338,680
Import Duty	46,072	51,712	57,650	67,555	74,048	79,188	96,281	90,398
Excise Duty	80,567	78,884	85,660	102,029	115,872	139,540	169,310	178,367
Other Revenue	50,893	62,320	74,386	67,185	73,062	84,269	94,151	104,299
2.Appropriation –in –Aid	37,752	66,362	90,807	55,428	75,130	66,179	124,085	143,912
B.EXPENDITURE & NET LENDING	819,767	945,313	1,132,126	1,300,589	1,639,199	1,768,453	2,275,556	2,259,423
1.Recurrent	584,126	650,414	816,365	752,502	860,569	1,014,050	1,168,483	1,213,141
Wages and Salaries	197,959	218,833	274,407	281,197	297,978	307,421	360,776	360,776
Interest Payments	78,876	81,913	121,235	134,821	171,876	215,329	250,787	233,711
Domestic Interest	71,887	71,873	110,184	119,193	139,615	172,857	197,267	171,323
Foreign Interest Due	6,989	10,039	11,051	15,628	32,261	42,471	53,520	62,387
Pensions, etc	26,670	26,082	27,611	30,155	37,508	53,401	60,169	60,169
Civil Service Reform	5	6	10	-	-	-	1,500	-
Operations & maintenance/ Others	280,616	323,580	393,102	306,330	353,206	437,899	495,250	558,485
Of which Appropriation-in-Aid	45,691	61,578	68,551	28,205	50,566	45,108	72,699	88,364
2.Development & Net Lending	234,566	294,899	305,978	319,274	509,713	453,925	517,289	756,498
Development Projects	183,658	190,116	186,231	225,850	278,676	300,686	405,396	416,737
Appropriation-in-Aid	48,379	102,144	117,346	91,239	228,511	145,071	403,766	331,634
Payment of guaranteed loans	2,529	2,639	2,400	2,185	2,125	2,167	2,127	2,127
3. Drought Development Expenditures/CCF	1,075	-	-	-	4,951	5,000	5,000	5,000
4. Transfer to County Governments	-	-	9,783	193,390	229,336	264,039	284,785	284,785
5. Parliamentary Service	-	-	-	22,473	22,743	19,777	-	-
6. Judicial Service	-	-	-	12,951	11,887	11,662	-	-
7. Equalization Fund	-	-	-	-	400	6,000	6,000	6,000
D.DEFICIT EXCL. GRANTS (Commitment Basis)	(160,164)	(197,185)	(265,621)	(326,172)	(532,821)	(549,398)	(775,047)	(743,965)
E.GRANTS	19,253	15,645	20,990	26,957	28,117	29,598	72,719	54,337
F.DEFICIT INCL.GRANTS (Commitment basis)	(140,910)	(181,540)	(244,631)	(299,214)	(504,703)	(519,801)	(702,328)	(689,627)
G.ADJUSTMENT TO CASH BASIS	20,765	3,752	(12,553)	(8,505)	33,129	45,231	-	-
H.DEFICIT INCL.GRANTS (cash basis)	(120,145)	(177,788)	(257,184)	(307,720)	(471,574)	(474,570)	(702,328)	(689,627)
I.FINANCING	120,145	177,788	257,184	307,720	471,574	474,570	702,328	689,627
Foreign Financing	28,602	112,575	85,306	104,726	217,479	269,924	462,267	402,145
Other Domestic Financing	1,160	1,813	2,102	1,267	2,992	2,389	3,956	2,629
NET DOMESTIC FINANCING	90,383	63,400	169,776	201,727	251,102	202,257	236,105	284,854
Of which Sovereign Bond Deposits	-	-	-	-	140,509	-	-	-
Others	-	-	-	-	110,593	-	-	-
In Percentage of GDP								
A.TOTAL REVENUE	19.13	18.73	19.24	19.20	18.98	18.17	19.51	19.70
1.Revenue	18.04	17.07	17.23	18.11	17.69	17.18	17.89	17.83
Income Tax	7.90	7.82	8.28	8.86	8.73	8.36	8.72	8.58
VAT	4.99	4.42	4.11	4.58	4.46	4.31	4.49	4.40
Import Duty	1.34	1.29	1.28	1.33	1.27	1.18	1.25	1.18
Excise Duty	2.34	1.97	1.90	2.01	1.99	2.08	2.20	2.32
Other Revenue	1.48	1.56	1.65	1.32	1.25	1.26	1.22	1.36
2.Appropriation –in –Aid	1.10	1.66	2.02	1.09	1.29	0.99	1.61	1.87
B.EXPENDITURE & NET LENDING	23.78	23.67	25.14	25.63	28.13	26.36	29.58	29.37
1.Recurrent	16.94	16.28	18.13	14.83	14.77	15.11	15.19	15.77
Wages and Salaries	5.74	5.48	6.09	5.54	5.11	4.58	4.69	4.69
Interest Payments	2.29	2.05	2.69	2.66	2.95	3.21	3.26	3.04
Domestic Interest	2.09	1.80	2.45	2.35	2.40	2.58	2.56	2.23
Foreign Interest Due	0.20	0.25	0.25	0.31	0.55	0.63	0.70	0.81
Pensions	0.77	0.65	0.61	0.59	0.64	0.80	0.78	0.78
Civil Service Reform	0.00	0.00	0.00	-	-	-	0.02	-
O &M/ Others	8.14	8.10	8.73	6.04	6.06	6.53	6.44	7.26
of which Appropriation-in-Aid	1.33	1.54	1.52	0.56	0.87	0.67	0.95	1.15
2.Development & Net Lending	6.80	7.38	6.79	6.29	8.75	6.77	10.62	9.83
Development Projects	5.33	4.76	4.14	4.45	4.78	4.48	5.27	5.42
Appropriation-in-Aid	1.40	2.56	2.61	1.80	3.92	2.16	5.25	4.31
Payment of guaranteed loans	0.07	0.07	0.05	0.04	0.04	0.03	0.03	0.03
3. Drought Expenditures	0.03	-	-	-	0.08	0.07	0.07	0.07
4. Transitional Transfer to County Governments	-	-	0.22	3.81	3.93	3.94	3.70	3.70
5. Parliamentary Service	-	-	-	0.44	0.39	0.29	-	-
6. Judicial Service	-	-	-	0.26	0.20	0.17	-	-
7. Equalization Fund	-	-	-	-	0.01	0.09	0.08	0.08
D.DEFICIT EXCL. GRANTS (Commitment Basis)	(4.65)	(4.94)	(5.90)	(6.43)	(9.14)	(8.19)	(10.08)	(9.67)
E.GRANTS	0.56	0.39	0.47	0.53	0.48	0.44	0.95	0.71
F.DEFICIT INCL.GRANTS (Commitment basis)	(4.09)	(4.54)	(5.43)	(5.90)	(8.66)	(7.75)	(9.13)	(8.97)
G.ADJUSTMENT TO CASH BASIS	0.60	0.09	(0.28)	(0.17)	0.57	0.67	-	-
H.DEFICIT INCL.GRANTS (cash basis)	(3.48)	(4.45)	(5.71)	(6.06)	(8.09)	(7.07)	(9.13)	(8.97)
I.FINANCING	3.48	4.45	5.71	6.06	8.09	7.07	9.13	8.97
Foreign Financing	0.83	2.82	1.89	2.06	3.73	4.02	6.01	5.23
Other Domestic Financing	0.03	0.05	0.05	0.02	0.05	0.04	0.05	0.03
NET DOMESTIC FINANCING	2.62	1.59	3.77	3.98	4.31	3.01	3.07	3.70
Of which Sovereign Bond Deposits	-	-	-	-	2.41	-	-	-
Others	-	-	-	-	1.90	-	-	-
Memorandum Item:								
Nominal GDP at Market price (Kshs. million)	3,447,609.95	3,994,393.13	4,503,256.73	5,073,776.75	5,828,115.16	6,709,079.75	7,692,269.41	7,692,269.41

Note: * indicate Preliminary results

** Supplementary I

*** Original Budget

Source: National Treasury

ANNEX II

BUDGET CENTRAL GOVERNMENT*

	STATEMENT OF SOURCES AND USES OF CASH	FY 2015/16		FY 2016/17	FY 2015/16		FY 2016/17
		Preliminary Actual	Approved Estimates	Budget Estimates	Preliminary Actual	Approved Estimates	Budget Estimates
		Ksh millions			% of GDP		
1	CASH FLOWS FROM OPERATING ACTIVITIES:						
	Cash receipts from operating activities	1,256,361.4	1,365,884.9	1,573,228	19.0	20.7	21.2
	Taxes	1,158,454.8	1,199,243.8	1,392,146	17.5	18.2	18.7
	Taxes on income, profits, and capital gains	560,664.7	577,985.3	671,099	8.5	8.8	9.0
	Taxes on property	3,898.8	5,335.7	6,159	0.1	0.1	0.1
	Taxes on goods & services	461,761.1	476,633.2	554,775	7.0	7.2	7.5
	Taxes on international trade & transactions	121,706.6	127,720.0	147,041	1.8	1.9	2.0
	Other taxes	10,423.5	11,569.6	13,071	0.2	0.2	0.2
	Social contributions	0.0	129.6	147	0.0	0.0	0.0
	Grants	37,307.2	65,973.3	72,719	0.6	1.0	1.0
	Other receipts	60,599.4	100,538.2	108,215	0.9	1.5	1.5
2	Cash payments for operating activities	1,559,185.9	1,664,928.5	1,880,989	23.6	25.2	25.3
	Compensation of employees	314,856.0	334,795.9	353,312	4.8	5.1	4.8
	Purchases of goods and services	133,262.4	170,653.0	192,671	2.0	2.6	2.6
	Interest	215,328.5	215,507.4	250,787	3.3	3.3	3.4
	Subsidies	30,299.6	30,300.0	31,553	0.5	0.5	0.4
	Grants	784,422.9	854,070.0	989,083	11.9	12.9	13.3
	Social benefits	52,049.5	53,022.2	58,583	0.8	0.8	0.8
	Other payments	28,966.9	6,580.0	5,000	0.4	0.1	0.1
3	Net cash inflow from operating activities (3=1-2)	-302,824.5	-299,043.6	-307,761.4	-4.6	-4.5	-4.1
	CASH FLOWS FROM INVESTMENTS IN NONFINANCIAL ASSETS (NFAs):						
4	Purchases of nonfinancial assets	183,595.5	322,445.8	368,504.8	2.8	4.9	5.0
	Fixed assets	182,473.1	321,323.4	366,925.0	2.8	4.9	4.9
	Strategic stocks	1,122.5	1,122.5	1,579.9	0.0	0.0	0.0
5	Sales of nonfinancial assets	0.0	0.0	0	0.0	0.0	0.0
6	Net cash outflow: investments in NFAs (6=4-5)	183,595.5	322,445.8	368,504.8	2.8	4.9	5.0
	Cash surplus / deficit (3-6)	-486,420.0	-621,489.5	-676,266.3	-7.4	-9.4	-9.1
	CASH FLOWS FROM FINANCING ACTIVITIES:						
7	Net acquisition of financial assets other than cash	30,172.3	32,510.4	14,617	0.5	0.5	0.2
	Domestic	26,422.0	28,760.0	11,017	0.4	0.4	0.1
	Foreign	3,750.3	3,750.4	3,600	0.1	0.1	0.0
8	Net incurrence of liabilities	626,996.6	661,990.4	696,244	9.5	10.0	9.4
	Domestic	358,123.1	243,925.3	234,995	5.4	3.7	3.2
	Foreign	268,873.5	418,065.2	461,250	4.1	6.3	6.2
	Net cash inflow from financing activities (8-7)	596,824.3	629,480.0	681,626.9	9.0	9.5	9.2
	Net change in the stock of cash	130,275.6	0.0	0.0	2.0	0.0	0.0
	Discrepancy	-19,871.4	7,990.6	5,360.7	-0.3	0.1	0.1
	Nominal GDP	6,604,178	6,604,178	7,435,211	100.0	100.0	100.0

Source: National Treasury

*National Government