

Republic of Kenya

THE NATIONAL TREASURY

Quarterly Economic and Budgetary Review

**Third Quarter, Financial Year 2017/2018
Period ending 31st March, 2018**

May 2018 Edition

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LIST OF ABBREVIATIONS AND ACRONYMS

A-I-A	Appropriation in Aid
CBK	Central Bank of Kenya
FY	Fiscal Year
GDP	Gross Domestic Product
ICT	Information, Communication and Technology
IMF	International Monetary Fund
KNBS	Kenya National Bureau of Statistics
Ksh	Kenya Shillings
Mn	Million
NDA	Net Domestic Assets
NFA	Net Foreign Assets
NG-CDF	National Government Constituencies Development Fund
NSE	Nairobi Securities Exchange
QEBR	Quarterly Economic and Budgetary review
RDL	Railway Development Levy
US\$	United States Dollar

LEGAL BASIS/FOUNDATION/PROVISION FOR THE 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, 2017/2018

1. Economic growth

Kenya's economy remained resilient in 2017 growing at 4.9 percent supported by a largely stable macroeconomic environment and increased activities in the non-agricultural sector. As a result, the economy was able to generate 898 thousand new jobs in 2017 up from 833 thousand new jobs in 2016. However, this growth was slower than the 5.9 percent revised growth in 2016 as a result of uncertainty associated with political elections environment coupled with effects of adverse weather conditions.

2. Stable prices

The economy continues to register macroeconomic stability with low and stable interest rates and competitive exchange rate to support exports. The overall month on month inflation declined to 4.2 percent (within 5 percent target) in March 2018 from 4.5 percent in February 2018. The decline in inflation was a result of the fall in food prices which outweighed the increase in fuel prices as a result of the rise in international oil prices and an increase in charcoal prices.

3. Balance of Payments

The overall balance of payments position was at a deficit of US\$ 118.5 million (0.1 percent of GDP) in the year to January 2018 from a deficit of US\$ 70.2 million (0.1 percent of GDP) in the year to January 2017. The current account balance registered a deficit of US\$ 4,911.8 million (6.1 percent of GDP) in the year to January 2018 compared to a deficit of US\$ 4,228.7 million (5.4 percent of GDP) in the year to January 2017.

4. Foreign Exchange Reserves

The banking system's foreign exchange holding remained strong at US\$ 9,680.7 million in January 2018 from US\$ 9,724.1 million in January 2017. The official foreign exchange reserves held by the Central Bank improved to US\$ 7,514.4 million (5.0 months of import cover) in January 2018 compared with US\$ 7,466.2 million (4.9 months of import cover) in January 2017.

5. Money and Credit

Broad money supply, M3, grew by 8.0 percent in the year to February 2018 compared to a growth of 5.4 percent in the year to February 2017. The primary source of the growth in M3 was the increase in net domestic assets (NDA) of the banking system, largely reflected in growth of net domestic credit to government. Net foreign assets of the banking sector contracted during the review period.

6. Capital Markets

Activities at the stock market remained strong with the NSE 20 Share Index improving to 3,845 points by end- March 2018 from 3,441 points in March 2017 while Market Capitalization improved to Ksh 2,790 billion from Ksh 2,114 billion over the same period.

7. **Total Revenue Collection**

The National Government cumulative revenue collection including A-I-A for the period July 2017 to March 2018 amounted to Ksh 1,037.2 billion (equivalent to 12.0 per cent of GDP) against a target of Ksh 1,156.6 billion (13.4 per cent of GDP). This represented an underperformance of Ksh 119.3 billion mainly due to shortfalls in VAT, Excise duty, Income Tax, Import Duty, Investment Income and A-I-A collection.

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, 2018 amounted to Ksh 1,441.0 billion. This was Ksh 175.5 billion below the target of Ksh 1,616.5 billion and was largely attributed to low absorption levels in pension and wages and salaries for the National Government. Expenditure by County Government was also below target.

9. **Guaranteed Loans**

Between July 2017 and March 2018, the National Government paid a total of Ksh 1,049.29 million on account of guaranteed loans against the projected debt service of Ksh 1,140.85 million.

10. **Overall Fiscal Balance**

The cumulative overall fiscal balance, on a commitment basis (excluding grants), amounted to a deficit of Ksh 403.8 billion (equivalent to 4.7 per cent of GDP), as at end-March 2018.

11. **External Financing**

Between July 2017 and March 2018, external financing amounted to a net borrowing of Ksh 275.1 billion.

12. **Net Domestic Borrowing**

Net domestic financing amounted to a net borrowing of Ksh 125.6 billion (equivalent to 1.45 per cent of GDP) in the period ending 31st March 2018.

13. **Domestic Debt**

Total gross domestic debt stock increased by 21.9 per cent from Ksh 1,945.0 billion as at end-March 2017 to Ksh 2,371.7 billion by the end-March 2018.

14. **External Debt**

The total external debt stock, including the International Sovereign Bond, stood at Ksh 2,512.4 billion for the period ending March 2018. The debt stock comprised of multilateral debt (33.3 per cent), bilateral debt (31.9 per cent), Suppliers Credit debt (0.7 per cent), and Commercial banks' debt (34.1 per cent- including International Sovereign Bond).

RECENT ECONOMIC DEVELOPMENTS

1.0 RECENT ECONOMIC DEVELOPMENTS

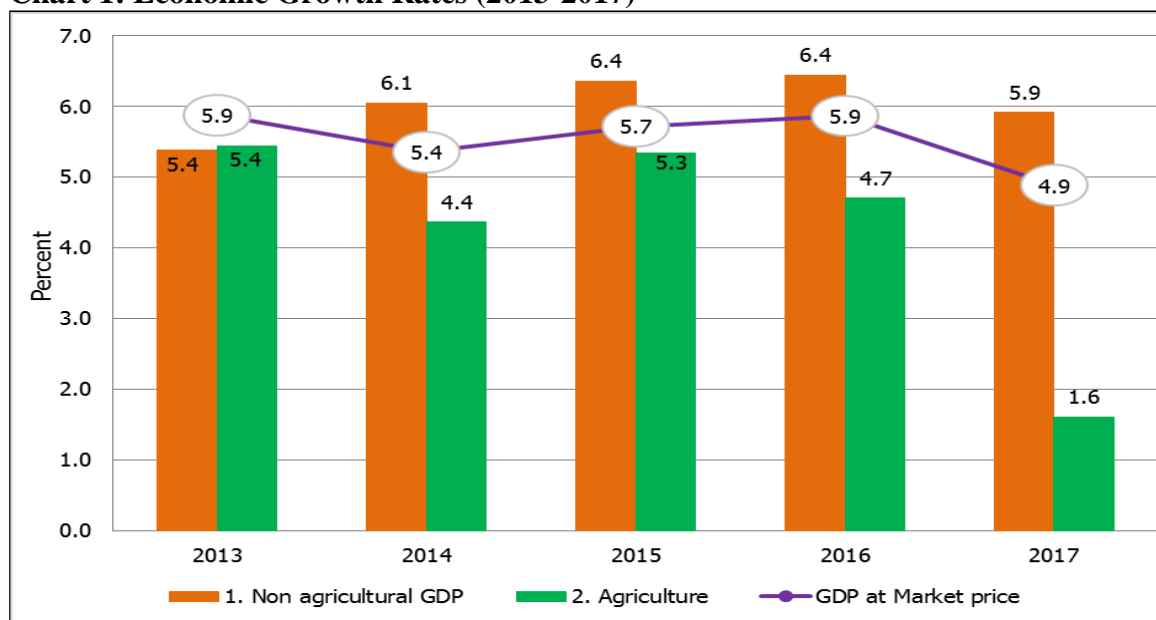
1.1 Economic Growth

1. Kenya's economy remained resilient in 2017 growing at 4.9 percent supported by a largely stable macroeconomic environment and increased activities in the non-agricultural sector. As a result, the economy was able to generate 898 thousand new jobs in 2017 up from 833 thousand new jobs in 2016. However, this growth was slower than the 5.9 percent revised growth in 2016 as a result of uncertainty associated with political elections environment coupled with effects of adverse weather conditions.

2. Agricultural sector slowed down in 2017 to a growth of 1.6 percent compared to a revised growth of 4.7 percent in 2016. The slowed growth was as a result of unfavourable weather conditions that suppressed production of key food products such as maize, some vegetables, tea and coffee and adversely affected production in the livestock sub-sector. However, despite the general underperformance of the sector, production of food crops such as potatoes, beans and some cereals posted relatively improved performance and somehow mitigated the impact of the decline in the production of the other crops, thereby anchoring the growth in 2017 (**Chart 1**). The contribution of Agricultural sector to overall GDP growth was at 0.4 percentage points in 2017 from 1.0 percentage points in 2016.

3. The Non-agricultural sector (service and industry) remained vibrant despite the subdued performance in 2017. The sector grew by 5.9 percent in 2017 compared to a growth of 6.4 percent in 2016. It has the largest percentage points to real GDP growth at 3.9 percentage points mainly supported by the service sector.

Chart 1: Economic Growth Rates (2013-2017)



Source: National Treasury; Data: Kenya National Bureau of Statistics

4. Services remain the main source of growth. It grew by 6.2 percent in 2017 compared to a growth of 6.5 percent in 2016. The service sector was supported by improved growth in accommodation and restaurant (14.7 percent), information and communication technology (11.0 percent), wholesale and retail trade (5.7 percent) and

RECENT ECONOMIC DEVELOPMENTS

public administration (5.3 percent) (**Table 1**). Transportation and storage sector remained vibrant in 2017 despite its growth slowing to 7.3 percent compared to a 7.8 percent growth in 2016. The slower growth was mainly on account of a significant rise in prices of petroleum products.

5. The slowdown of service sector in 2017 was mainly reflected in the subdued performance of the financial and insurance sector mainly on account of significantly constrained growth in financial activities, despite better performance in insurance activities. The sector slowed to a growth of 3.1 percent in 2017 compared to a growth of 6.7 percent in 2016.

Table 1: Sectoral GDP performance (2015-2017)

Sectors	Real GDP growth by sector			Sectoral contribution to Real GDP Growth Rate		
	2015	2016	2017	2015	2016	2017
Primary sector	5.6	4.9	1.8	1.3	1.1	0.4
Agriculture, forestry and fishing	5.3	4.7	1.6	1.2	1.0	0.4
Mining and Quarrying	12.3	9.5	6.1	0.1	0.1	0.1
Secondary sector (Industry)	7.0	5.5	3.4	1.3	1.0	0.6
Manufacturing	3.6	2.7	0.2	0.4	0.3	0.0
Electricity and Water supply	8.5	8.3	5.6	0.2	0.2	0.1
Construction	13.8	9.8	8.6	0.7	0.5	0.5
Tertiary Sector (Services)	6.4	6.5	6.2	3.2	3.2	3.1
Wholesale and Retail trade	5.9	3.4	5.7	0.5	0.3	0.4
Accommodation and Restaurants	-1.3	13.3	14.7	0.0	0.1	0.2
Transport and Storage	8.0	7.8	7.3	0.5	0.5	0.5
Information and Communication	7.4	9.7	11.0	0.3	0.4	0.4
Financial & Insurance	9.4	6.7	3.1	0.6	0.4	0.2
Public Administration	5.5	4.8	5.3	0.2	0.2	0.2
Other services	5.5	6.5	5.8	1.1	1.3	1.2
of which: Real estate	7.2	8.8	6.1	0.6	0.7	0.5
<i>Less: Financial services indirectly measured (FISM)</i>	<i>13.5</i>	<i>2.1</i>	<i>-5.7</i>	<i>-0.3</i>	<i>-0.1</i>	<i>0.1</i>
GDP Growth	5.7	5.9	4.9	5.7	5.9	4.9
Of which: Non- Agricultural GDP	6.4	6.4	5.9	4.2	4.3	3.9

Source: National Treasury; Data: Kenya National Bureau of Statistics

6. Services contributed 3.1 percentage points to real GDP growth in 2017 largely supported by the Real Estate (0.5 percentage points) and Transport and Storage (0.5 percentage points) and Information and communication (0.4 percentage points).

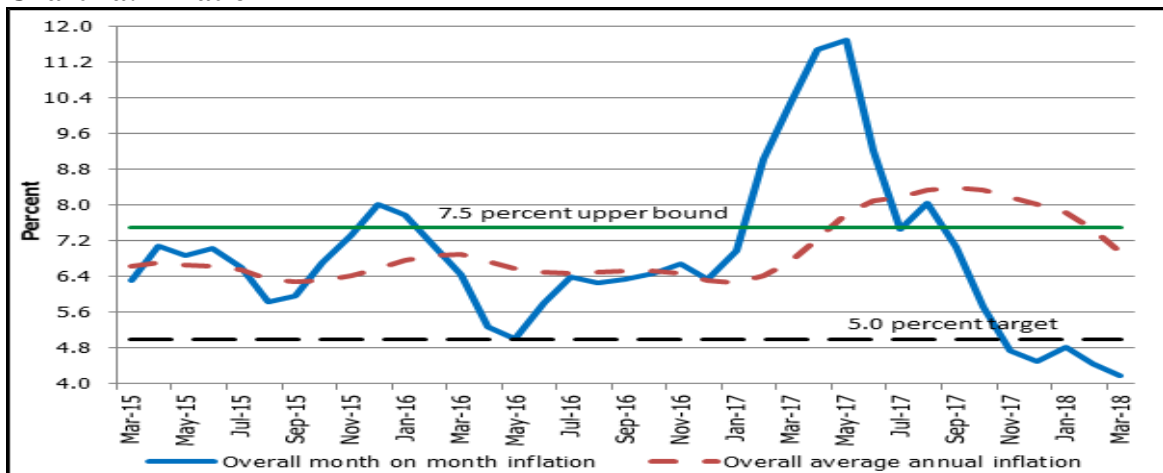
7. The performance of Industry slowed to a growth of 3.4 percent in 2017 compared to a growth of 5.5 percent in 2016 following subdued performance of manufacturing (0.2 percent) and electricity and water supply (5.6 percent) and construction (8.6 percent). The slow growth in the sector was partly attributed to the extended electioneering period, prompting investors to scale down construction activities. It, however, accounted for 0.6 percentage points to growth largely driven by the Construction Sector which contributed 0.5 percentage points.

RECENT ECONOMIC DEVELOPMENTS

1.2 Inflation

8. Month-on-month overall inflation fell to 4.2 percent in March 2018 from 4.5 percent in February 2018, thereby remaining within the 5.0 percent medium term target set by Government (**Chart 2a**). This decline reflected lower food prices particularly for Irish potatoes, cabbages, and sugar. The decrease in food prices outweighed the increase in fuel prices as a result of the rise in international oil prices and an increase in charcoal prices. In the twelve month to March 2018, the average annual inflation rate was 6.9 percent compared to 6.7 percent in the same period in 2017.

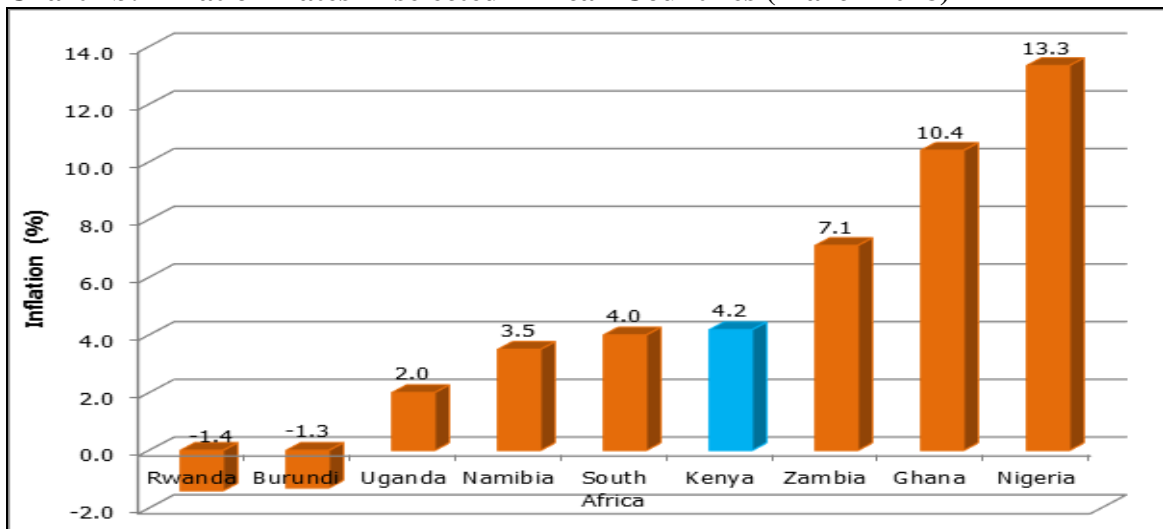
Chart 2a: Inflation



Source: National Treasury; Data: Kenya National Bureau of Statistics

9. Kenya's rate of inflation compares favorably with the rest of sub-Saharan African countries and especially its peers such as Nigeria and Ghana whose inflation rates were 13.3 percent and 10.4 percent, respectively in March 2018 (**Chart 2b**).

Chart 2b: Inflation Rates in selected African Countries (March 2018)



Source: National Treasury; Data: National Central Banks

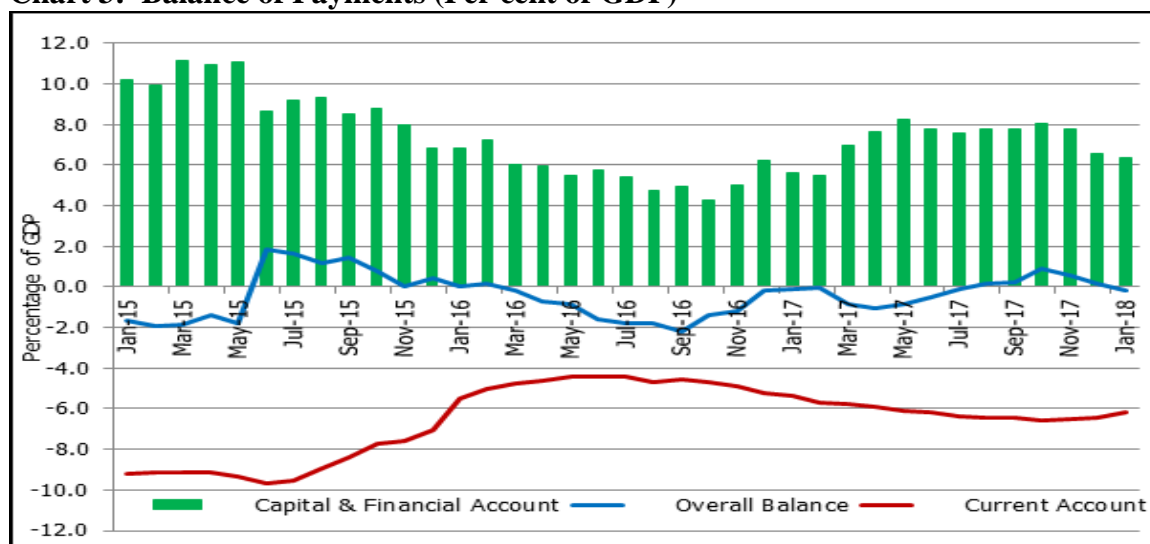
RECENT ECONOMIC DEVELOPMENTS

1.3 Balance of Payments

10. The overall balance of payments position was at a deficit of US\$ 118.5 million (0.1 percent of GDP) in the year to January 2018 from a deficit of US\$ 70.2 million (0.1 percent of GDP) in the year to January 2017 (**Chart 3**). This was due to the widening current account deficit that more than offset the improvement in the capital and financial account.

11. The current account balance registered a deficit of US\$ 4,911.8 million (6.1 percent of GDP) in the year to January 2018 compared to a deficit of US\$ 4,228.7 million (5.4 percent of GDP) in the year to January 2017. This reflects the widening of the trade account balance and the increased payments to foreign investors (due to high interest payments) despite an improvement in the secondary income account balance particularly increased workers' remittances.

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



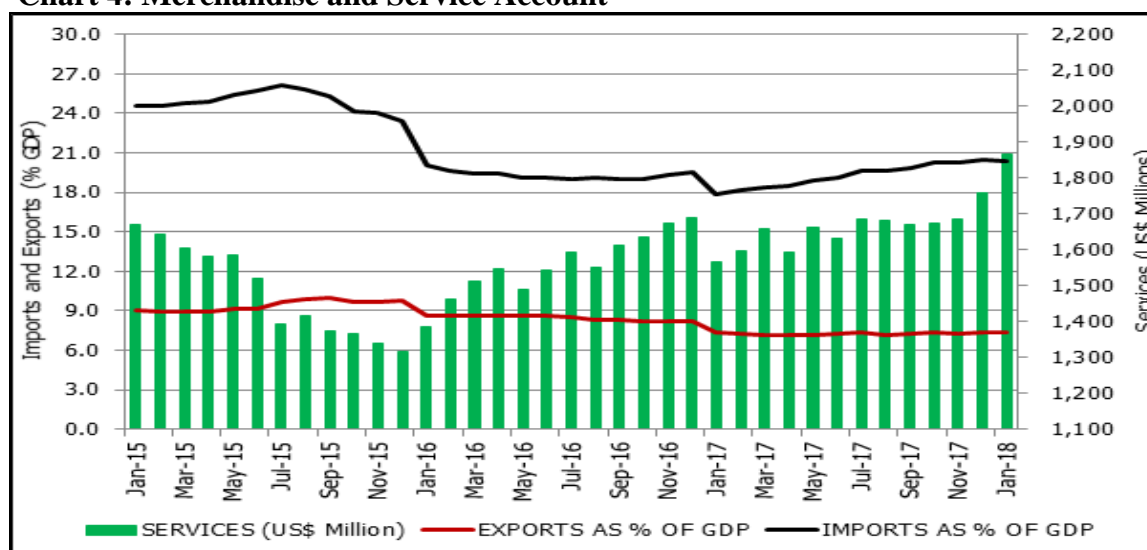
Source: National Treasury Data: Central Bank of Kenya

12. The deficit in the merchandise account widened by US\$ 2,133.7 million to US\$ 10,427.3 million in the year to January 2018 reflecting increase in payments for import of oil on account of the rebound in international oil prices and the increase in imports of machinery and transport equipment mostly on account of imports of wagons, locomotives and associated equipment related to the Standard Gauge Railway (SGR) project (**Chart 4**). Net services recorded a 19.1 percent increase in the year to January 2018 on account of higher inflows from transport and other services.

13. Flows in the Financial Account increased to US\$ 4,840.1 million in January 2018 compared with US\$ 4,257.5 million in January 2017, with the surplus reflecting higher liabilities compared to assets. The financial inflows were mainly in the form of Foreign Direct Investments and other investments which stood at US\$ 363.1 million and US\$ 5,422.3 million, respectively in January 2018. Other investment inflows mainly include foreign financing for Government infrastructure projects.

RECENT ECONOMIC DEVELOPMENTS

Chart 4: Merchandise and Service Account



Source: National Treasury Data: Central Bank of Kenya

1.4 Foreign Exchange Reserves

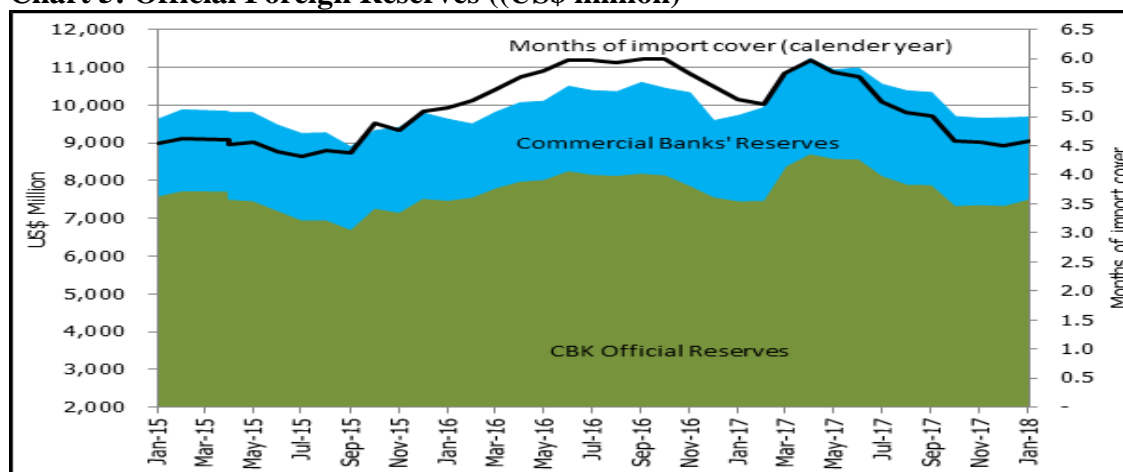
14. The banking system's foreign exchange holding remained strong at US\$ 9,680.7 million in January 2018 from US\$ 9,724.1 million in January 2017 (Table 2a and Chart 5). The official foreign exchange reserves held by the Central Bank improved to US\$ 7,514.4 million (5.0 months of import cover) in January 2018 compared with US\$ 7,466.2 million (4.9 months of import cover) in January 2017 while commercial banks holdings was at US\$ 2,166.2 million in 2018 from US\$ 2,257.9 million in 2017.

Table 2a: Foreign Exchange Reserves (US\$ million)

	Jan-17	Mar-17	Jun-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
Gross Foreign Exchange Reserves	9,724	10,786	10,984	10,332	9,698	9,694	9,646	9,681
Official	7,466	8,379	8,580	7,899	7,341	7,412	7,332	7,514
Commercial Banks	2,258	2,407	2,405	2,433	2,357	2,283	2,314	2,166
Import cover (36 mths imports)	4.94	5.53	5.68	5.29	4.92	4.95	4.91	5.02

Source: National Treasury, Data: Central Bank of Kenya

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



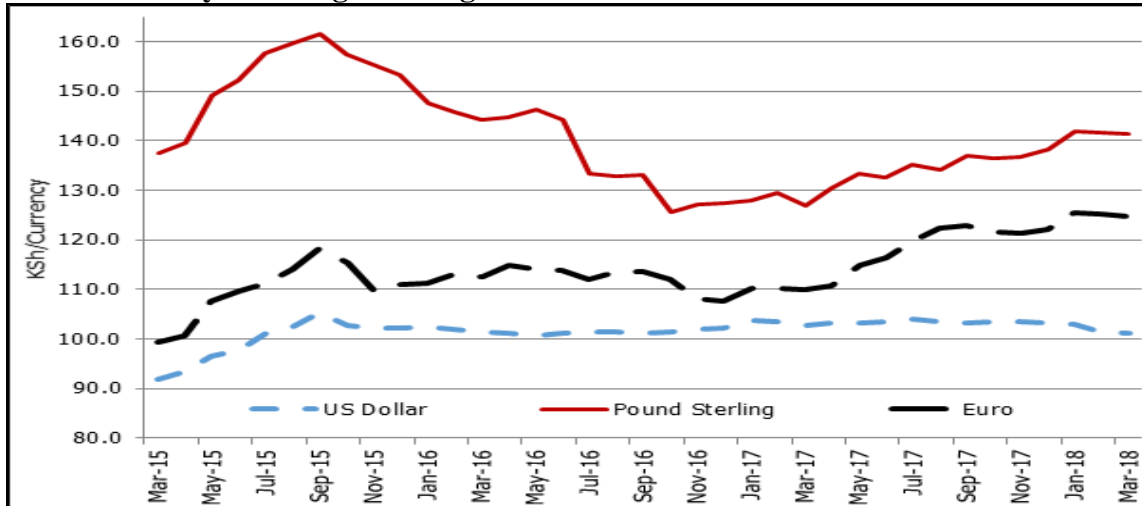
Source: National Treasury, Data: Central Bank of Kenya

RECENT ECONOMIC DEVELOPMENTS

1.5 Exchange Rates

15. The Kenya Shilling exchange rate remained broadly stable and competitive against major international currencies. Against the dollar, the exchange rate has been relatively less volatile exchanging at Ksh 101.2 in March 2018 from Ksh 102.8 in March 2017. Against the Euro and the Sterling pound, the Shilling weakened to Ksh 124.7 and Ksh 141.2 in March 2018 from Ksh 110.0 and Ksh 126.9 in March 2017, respectively (**Chart 6a**).

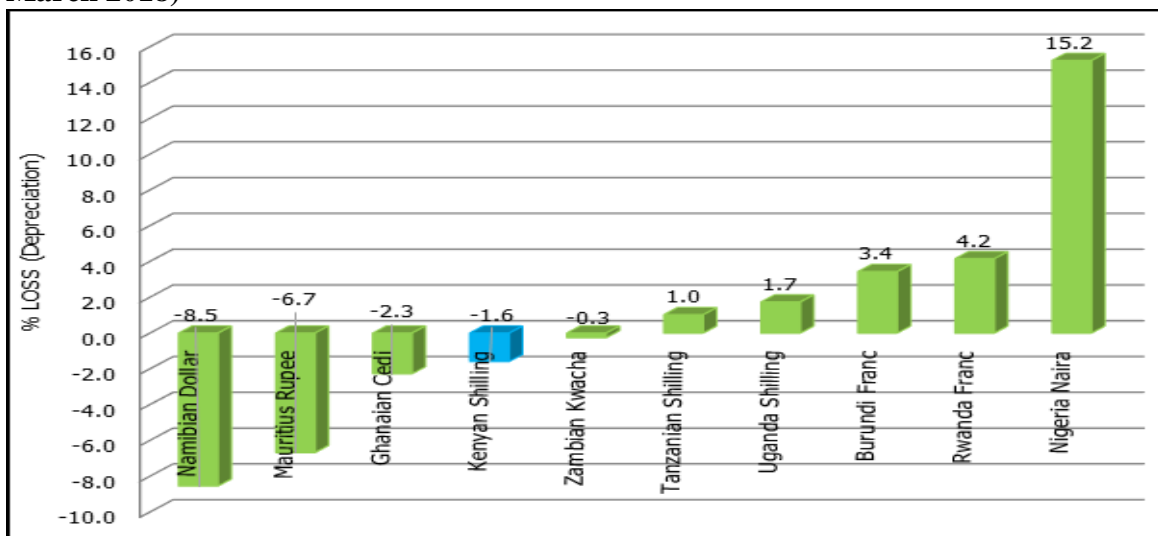
Chart 6a: Kenya Shilling Exchange Rate



Source: National Treasury, Data: Central Bank of Kenya

16. The Kenya Shilling exchange rate as compared to most Sub-Saharan African currencies, has continued to display relatively less volatility (**Chart 6b**). This stability reflected resilient export receipts from tea and horticulture despite lower export volumes due to adverse weather conditions in the first quarter of 2017. Additionally, receipts from tourism, coffee exports and Diaspora remittances remained strong.

Chart 6b: Performance of selected Currencies against the US Dollar (March 2017 to March 2018)



Source: National Treasury, Data: National Central Banks

RECENT ECONOMIC DEVELOPMENTS

1.6 Money and Credit

17. Broad money supply, M3, grew by 8.0 percent in the year to February 2018 compared to a growth of 5.4 percent in the year to February 2017 (**Table 2b**). This growth is reflected in the improvement in the growth of time and saving deposits. Growth in foreign currency deposits, demand deposits and other deposits at the Central Bank decreased in the year to February 2018.

Table 2b: Money and Credit Developments, Ksh billion

	2016	2017	2018	Absolute Change		percent change	
				2016-2017	2017-2018	12 months to	12 months to
	FEB	FEB	FEB	FEB	FEB	Feb-17	Feb-18
COMPONENTS OF M3							
1. Money supply, M1 (1.1+1.2+1.3)	1,040.9	1,287.1	1,395.3	246.2	108.2	23.7	8.4
1.1 currency outside banks	183.2	197.6	210.8	14.4	13.2	7.8	6.7
1.2 Demand deposits	836.2	1,034.9	1,159.6	198.7	124.7	23.8	12.0
1.3 Other deposits at CBK	21.5	54.6	25.0	33.1	-29.6	154.5	-54.3
2. Money supply, M2 (1+2.1)	2,249.3	2,350.4	2,547.7	101.1	197.3	4.5	8.4
2.1 Time and savings deposits	1,208.4	1,063.2	1,152.3	-145.2	89.1	-12.0	8.4
3. Money supply, M3 (2+3.1)	2,639.3	2,781.2	3,003.8	141.9	222.6	5.4	8.0
3.1 Foreign currency deposits	390.0	430.9	456.1	40.9	25.2	10.5	5.9
SOURCES OF M3							
1. Net foreign assets (1.1+1.2)	457.1	532.9	515.7	75.9	-17.3	16.6	-3.2
1.1 Central Bank	619.1	627.6	636.1	8.5	8.5	1.4	1.4
1.2 Banking Institutions	-162.0	-94.7	-120.4	67.4	-25.8	-41.6	27.2
2. Net domestic assets (2.1+2.2)	2,182.3	2,248.3	2,488.2	66.1	239.8	3.0	10.7
2.1 Domestic credit (2.1.1+2.1.2+2.1.3)	2,841.3	2,976.6	3,218.0	135.3	241.4	4.8	8.1
2.1.1 Government (net)	570.2	606.3	792.3	36.1	186.0	6.3	30.7
2.1.2 Other public sector	82.1	104.7	113.5	22.6	8.8	27.5	8.4
2.1.3 Private sector	2,189.0	2,265.6	2,312.2	76.7	46.6	3.5	2.1
2.2 Other assets net	-659.0	-728.3	-729.8	-69.3	-1.5	10.5	0.2

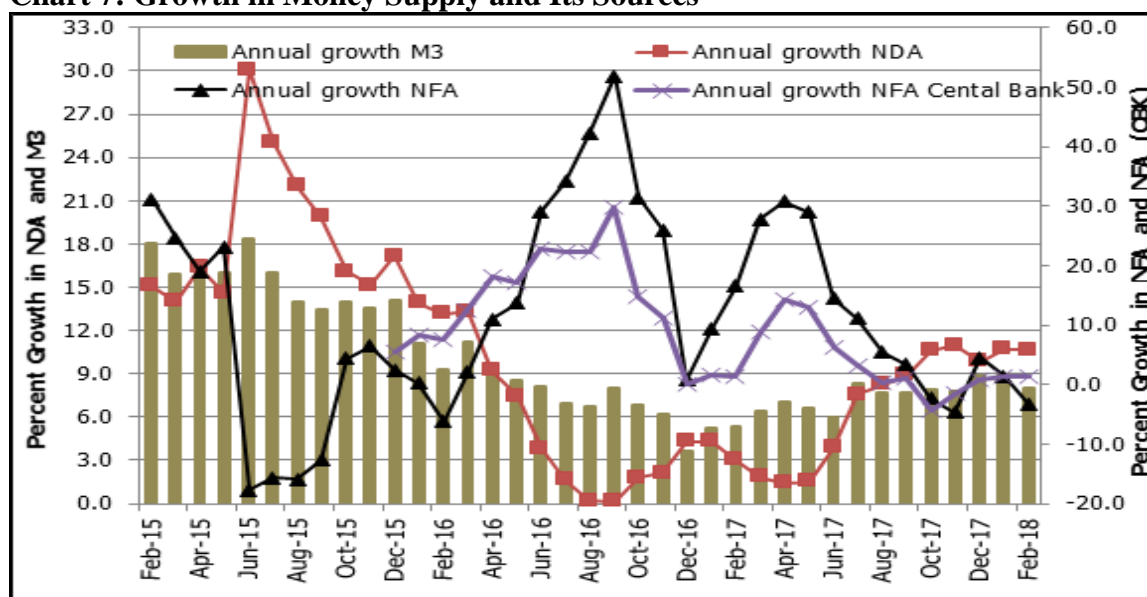
Source: National Treasury, Data: Central Bank of Kenya

18. The primary source of the growth in M3 in the year to February 2018 was the increase in net domestic assets (NDA) of the banking system, largely reflected in growth of net domestic credit to government. Net foreign assets of the banking sector contracted during the review period.

19. Net Foreign Assets (NFA) of the banking system in the year to February 2018 contracted by 3.2 percent from a growth of 16.6 percent over a similar period in 2017 (**Chart 7**). The decline is attributed to an increase in banks' nonresident deposit liabilities and external loans. The net foreign assets of the Central Bank increased during the period due to a pick-up in foreign exchange reserves.

RECENT ECONOMIC DEVELOPMENTS

Chart 7: Growth in Money Supply and Its Sources



Source: National Treasury, Data: Central Bank of Kenya

20. Meanwhile, the Net Domestic Assets (NDA) improved to a growth of 10.7 percent in the year to February 2018 from the growth of 3.0 percent over a similar period in 2017. The pickup in growth in 2017 is due to an improvement in the growth of net domestic credit. Domestic credit improved to an annual growth of Ksh 241.4 billion (8.1 percent) in the year to February 2018 compared to a growth of Ksh 135.3 billion (4.8 percent) in the year to February 2017. The improvement reflects increased lending mainly to the Government.

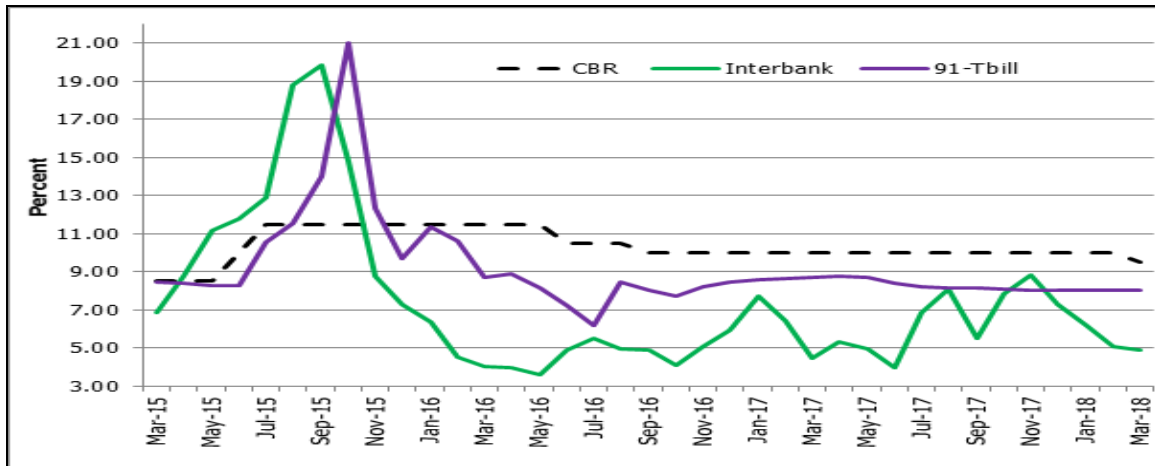
21. Annual growth of credit to the private sector grew by 2.1 percent in the year to February 2018, slightly lower than the 3.5 percent growth in February 2017. The slowdown in credit growth was largely due to substantial loan repayments in the transport and communication sector. Nevertheless, lending to the manufacturing, real estate, and trade sectors remained relatively strong, growing by 13.1 percent, 8.3 percent, and 5.9 percent, respectively.

1.7 Interest Rates

22. Short term interest rates have remained fairly low and stable. The Central Bank Rate was reduced to 9.5 percent in March 2018 from 10.0 percent in order to support economic activity. The interbank rate remained low at 4.9 percent in March 2018 from 4.5 percent in March 2017 due to ample liquidity in the money market (**Chart 8a**). The 91-day Treasury bill rate declined to 8.0 percent in March 2018 compared to 8.7 percent in March 2017 while over the same period, the 182 day and the 364 day Treasury bills averaged 10.4 percent and 11.1 percent from 10.5 percent and 10.9 percent, respectively.

RECENT ECONOMIC DEVELOPMENTS

Chart 8: Short-Term Interest Rates



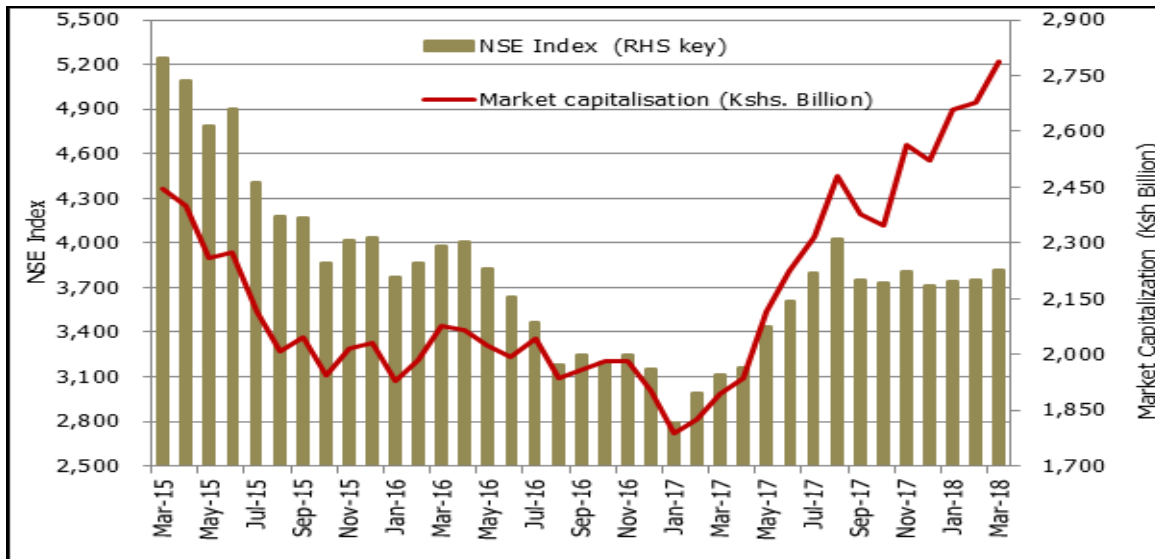
Source: National Treasury, Data: Central Bank of Kenya

23. The interest rate spread narrowed to 5.4 percent in December 2017 from 6.4 percent in December 2016 with the Commercial banks’ average lending interest declining to 13.6 percent from 13.7 percent over the same period. Meanwhile, the average commercial banks’ deposit rate increased to 8.2 percent in December 2017 from 7.3 percent in December 2016. As per the Banking (Amendment) Act 2016, the lending rates are expected to decline further to below 13.5 percent due to the reduction of the Central Bank rate to 9.5 percent.

1.8 Capital Markets

24. Activities at the stock market remained strong with the NSE 20 Share Index improving to 3,845 points by end- March 2018 from 3,441 points in March 2017 while Market Capitalization improved to Ksh 2,790 billion from Ksh 2,114 billion over the same period (Chart 9).

Chart 9: Performance at the NSE



Source: National Treasury, Data: Central Bank of Kenya

FISCAL DEVELOPMENTS

2.0 FISCAL DEVELOPMENTS

2.1 Revenue

25. By the end of March 2018, total cumulative revenue including A-I-A collected amounted to Ksh 1,037.2 billion against a target of Ksh 1,156.6 (Table 3 and Chart 10). This performance was below the target by Ksh 119.3 billion. Ordinary revenue collection was Ksh 975.4 billion against a target of Ksh 1,040.6 billion an under performance of Ksh 65.2 billion. The Railway Development Levy collection amounted to Ksh 15.6 billion against a target of Ksh 15.7 billion. Cumulative ministerial A-I-A recorded an under performance of Ksh 54.2 billion for the period under review, reflecting under reporting by the ministries in their expenditure return for the period under review. However, compared to the last FY., the Revenue collection increased by 5.3 per cent.

Table 3: Government Revenue and External Grants, Period Ending 31st March, 2018 (Ksh Million)

	2016/2017 Actual	2017/18		Deviation KShs.	Deviation in percentage
		Actual	Target		
Total Revenue (a+b)	984,623	1,037,227	1,156,562	(119,335)	(10.32)
(a) Ordinary Revenue	908,944	975,384	1,040,564	(65,180)	(6.26)
Import Duty	65,804	72,872	74,818	(1,946)	(2.60)
Excise Duty	121,568	117,481	132,701	(15,220)	(11.47)
PAYE	217,747	253,287	277,279	(23,992)	(8.65)
Other Income Tax	194,287	207,482	204,779	2,703	1.32
VAT Local	140,667	148,353	158,258	(9,905)	(6.26)
VAT Imports	105,417	110,195	123,379	(13,183)	(10.69)
Investment Revenue	21,955	15,469	16,736	(1,267)	(7.57)
Traffic Revenue	2,124	2,182	2,401	(219)	(9.12)
Taxes on Intl. Trade & Trans.(IDF Fee)	17,081	17,407	19,393	(1,987)	(10.24)
Others ¹	22,294	30,656	30,819	(164)	(0.53)
(b) Appropriation In Aid ²	75,678	61,843	115,998	(54,154)	(46.69)
o/w Railway Development Levy	13,769	15,594	15,653	(59)	(0.38)
(c) External Grants	20,479	18,184	45,470	(27,285)	(60.01)
Total Revenue and External Grants	1,005,102	1,055,412	1,202,032	(146,620)	(12.20)
Total Revenue and External Grants as a percentage of GDP	13.12	12.19	13.89		-

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

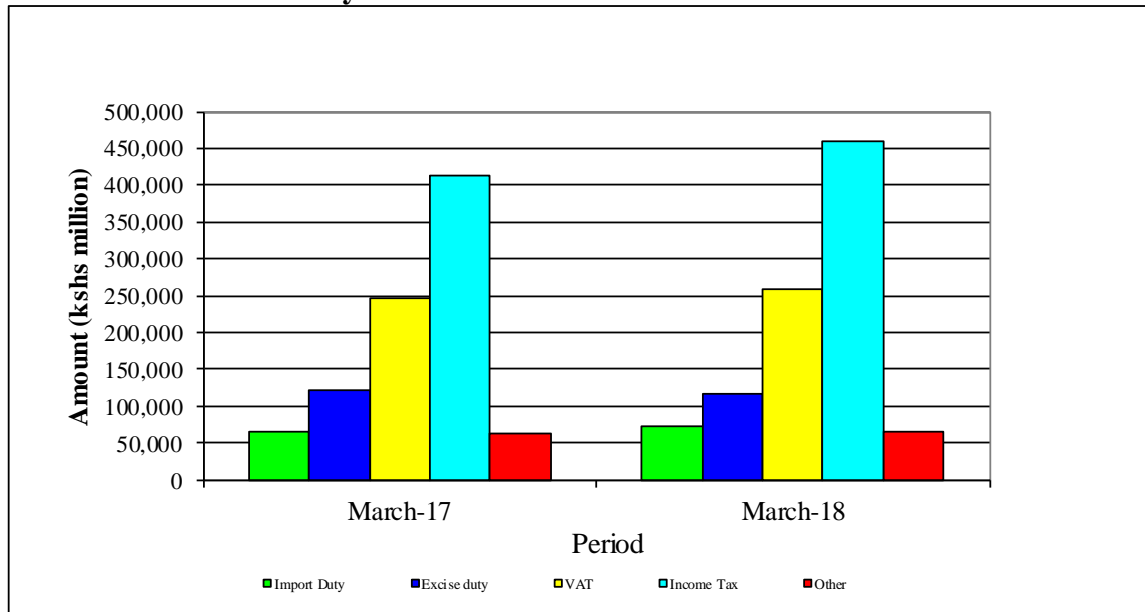
2/ includes receipts from Road Maintenance Levy Fund and A-I-A from Universities

Source: National Treasury

26. As a proportion of GDP, the total cumulative revenue and grants in the period under review amounted to 12.2 per cent compared to 13.1 per cent in the corresponding period of the FY 2016/17. External grants amounted to Ksh 18.2 billion against a target of Ksh 45.5 billion, representing an under performance of Ksh 27.3 billion.

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Chart 10: Total Ordinary Revenue



Source: National Treasury

2.2 Expenditure

27. The total expenditure and net lending for the period under review amounted to Ksh 1,441.0 billion, against a target of Ksh 1,616.5 billion. The shortfall of Ksh 175.5 billion was attributed to lower absorption recorded in both recurrent and development expenditures by the National Government and County Governments. (**Table 4 and Chart 11**). Recurrent expenditure for National Government amounted to Ksh 913.3 billion (excl. Ksh 27.8 billion for Parliament and Judiciary), against a target of Ksh 901.0 billion, with underperformance mainly recorded in wages and salaries, pension and A-I-A which accounted for Ksh 27.7 billion, Ksh 14.3 billion and Ksh 40.2 billion respectively.

28. Foreign interest payments amounted to Ksh 54.6 billion, compared to Ksh 38.2 billion in the same period of the FY 2016/17. The domestic interest payments totalled Ksh 164.6 billion, which was higher than Ksh 145.8 billion paid in the corresponding period of the previous financial year and also higher than the target of Ksh 128.1 billion.

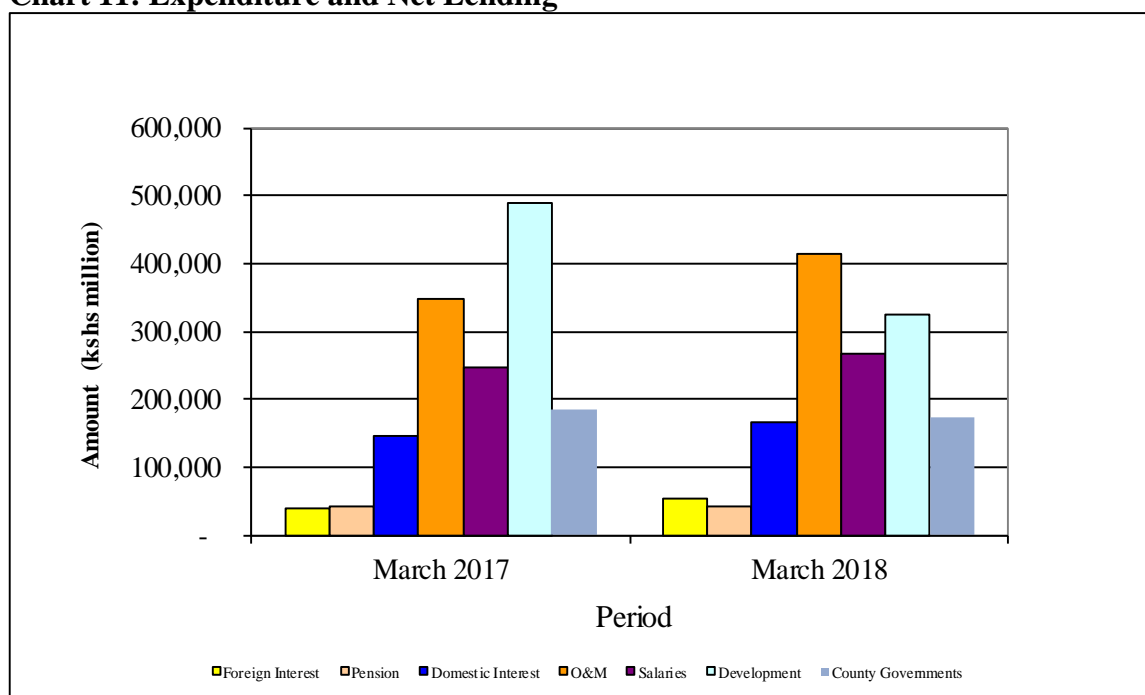
FISCAL DEVELOPMENTS

Table 4: Expenditure and Net Lending, Period Ending 31st March, 2018 (Ksh Million)

	2016/2017 Actual	2017/18		Deviation	% Growth
		Actual	Targets		
1. RECURRENT	790,265	913,334	901,014	12,320	15.6
Domestic Interest	145,792	164,585	128,079	36,507	12.9
Foreign Interest	38,199	54,563	55,595	(1,032)	42.8
Pensions	41,911	43,074	57,345	(14,271)	2.8
Wages and Salaries	242,535	265,884	293,444	(27,561)	9.6
Operation and Maintenance	321,827	385,228	366,551	18,676	19.7
O/W : Appropriation-in-Aid	60,629	42,383	82,619	(40,236)	(30.1)
2. DEVELOPMENT	491,573	321,321	450,794	(129,474)	(34.6)
Development Projects (Net)	279,246	206,206	251,755	(45,549)	(26.2)
Payment of Guaranteed Loans	1,658	1,604	1,696	(92)	(3.3)
Appropriation-in-Aid	210,668	111,509	193,485	(81,976)	(47.1)
3. County Governments	185,231	174,518	224,994	(50,476)	(5.8)
4. Parliamentary Service	16,729	19,298	22,409	(3,110)	-
5. Judicial Service	8,234	8,538	9,409	(871)	-
6. Equalization Fund	-	2,001	3,858	(1,857)	-
7. CF	-	4,000	4,000	-	-
TOTAL EXPENDITURE	1,492,031	1,441,008	1,616,478	(175,470)	(3.4)

Source: National Treasury

Chart 11: Expenditure and Net Lending



Source: National Treasury

29. The total cumulative ministerial and other public agencies expenditure was Ksh 990.5 billion against a target of Ksh 1,254.1 billion (**Table 5**). Recurrent expenditure was Ksh 768.9 billion against a target of Ksh 790.5 billion, while development expenditure was Ksh 311.6 billion against a target of Ksh 463.6 billion. The percentage of total expenditures to the target was 79.0 per cent, while the percentage of total expenditures to

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the target for recurrent and development were 85.9 per cent and 67.2 per cent respectively, as at the end of the period under review. Out of the Total expenditure recurrent was 68.5 per cent and Development was 31.5 Per cent. As indicated earlier, the discrepancy between actual and target expenditures partly reflect the non-capture of the sub-National expenditures and hence under reporting by Ministries. These ministerial expenditures are therefore, provisional.

30. As at the end of 31st March, 2018, expenditures by the Ministry of Education, Science and Technology; Teachers Service Commission and Ministry of Health (Social Sector) accounted for 38.9 per cent of total recurrent expenditure. While the State Department for Interior, and Ministry of Defence accounted for 10.5 per cent and 9.9 per cent respectively.

31. Analysis of development outlay indicates that the Ministry of Energy and Petroleum accounted for the largest share of the total development expenditures (16.9 per cent), followed by the Department for Infrastructure (15.6 per cent), Department of Transport (11.3 per cent) and the State Department for Planning and Statistics (7.3 per cent). The development expenditures in large ministries were below the target because of non-inclusion of expenditures from some donor funded projects.

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Table 5: Ministerial Expenditures, Period Ending 31st Mach, 2018 (Ksh Million)

MINISTRY/DEPARTMENT/COMMISSIONS	Mar-18		Variance	Mar-18		Variance	Mar-18		Variance	% total expenditure to total target
	Recurrent			Development			Total			
	Actual*	Target		Actual*	Target		Actual*	Target		
1011 The Presidency	5,605	5,900	(296)	278	670	(392)	5,883	6,570	(687)	89.5
1021 State Department for Interior	71,232	83,939	(12,707)	11,966	13,562	(1,596)	83,199	97,501	(14,303)	85.3
1023 State Department for Correctional Services	12,743	16,152	(3,409)	405	675	(270)	13,148	16,827	(3,678)	78.1
1032 State Department for Devolution	590	756	(165)	2,471	2,654	(183)	3,061	3,410	(349)	89.8
1033 State Department for Special Programmes	4,393	3,254	1,139	2,986	3,414	(428)	7,378	6,668	710	110.7
1034 State Department for Planning and Statistics	3,738	4,038	(300)	22,804	22,483	321	26,542	26,521	20	100.1
1041 Ministry of Defence	67,234	78,946	(11,712)	-	34	(34)	67,234	78,980	(11,746)	85.1
1052 Ministry of Foreign Affairs	6,326	10,928	(4,601)	87	186	(99)	6,413	11,113	(4,700)	57.7
1063 State Department for Basic Education	62,162	62,452	(290)	4,495	5,443	(947)	66,657	67,895	(1,237)	98.2
1064 State Department for Housing & Urban Development	1,804	1,902	(97)	7,485	10,502	(3,017)	9,289	12,404	(3,114)	74.9
1065 State Department for University Education	55,016	68,066	(13,050)	3,209	4,077	(868)	58,225	72,143	(13,918)	80.7
1071 The National Treasury	29,421	61,076	(31,655)	11,057	35,062	(24,004)	40,478	96,138	(55,659)	42.1
1081 Ministry of Health	20,701	23,158	(2,457)	16,682	22,517	(5,835)	37,383	45,675	(8,292)	81.8
1091 State Department for Infrastructure	32,342	40,365	(8,023)	48,474	97,491	(49,017)	80,816	137,856	(57,040)	58.6
1092 State Department for Transport	1,038	4,745	(3,708)	35,197	66,727	(31,531)	36,234	71,472	(35,238)	50.7
1093 State Department for Marine time Affairs	163	164	(1)	-	-	-	163	164	(1)	99.6
1094 State Department for Housing & Urban Development	1,355	1,207	148	9,075	9,928	(853)	10,430	11,134	(704)	93.7
1095 State Department for Public Works	502	592	(90)	444	408	36	945	1,000	(55)	94.5
1103 State Department for Water Services	1,680	3,303	(1,623)	22,266	24,189	(1,924)	23,946	27,492	(3,546)	87.1
1104 State Department for Irrigation	360	676	(316)	5,235	9,344	(4,109)	5,595	10,020	(4,425)	55.8
1105 State Department of Environment	2,389	2,058	332	969	1,624	(656)	3,358	3,682	(324)	91.2
1106 State Department for Natural Resources	4,996	9,669	(4,673)	1,437	2,411	(974)	6,433	12,080	(5,647)	53.3
1112 Ministry of Lands and Physical Planning	1,638	1,734	(96)	2,354	2,673	(319)	3,992	4,407	(415)	90.6
1122 State Department for Information Communication and Technology &	684	739	(55)	8,349	10,086	(1,736)	9,033	10,825	(1,791)	83.5
1123 State Department for Broadcasting & Telecommunications	1,912	1,468	444	129	143	(14)	2,041	1,611	430	126.7
1132 State Department for Sports Development	2,367	2,811	(444)	2,234	2,213	21	4,601	5,024	(423)	91.6
1133 State Department For Arts And Culture	2,164	2,149	15	482	481	1	2,647	2,630	16	100.6
1152 State Department of Energy	1,431	1,539	(108)	52,686	61,911	(9,226)	54,117	63,451	(9,334)	85.3
1153 State Department of Petroleum	106	146	(40)	1,629	3,208	(1,579)	1,735	3,354	(1,619)	51.7
1161 State Department for Agriculture	12,263	10,587	1,676	6,633	12,314	(5,682)	18,896	22,902	(4,005)	82.5
1162 State Department for Livestock	5,290	5,336	(45)	2,654	2,770	(116)	7,945	8,106	(161)	98.0
1164 State Department for Fisheries and The Blue Economy	1,263	1,383	(120)	113	316	(203)	1,376	1,699	(323)	81.0
1172 State Department for Investment and Industry	1,552	1,642	(90)	1,749	2,414	(665)	3,301	4,056	(755)	81.4
1173 State Department for Cooperatives	569	553	15	417	289	129	986	842	144	117.1
1174 State Department for Trade	1,078	1,623	(545)	30	53	(24)	1,108	1,677	(569)	66.1
1183 State Department for East African Integration	1,341	1,017	324	-	49	(49)	1,341	1,066	275	125.8
1184 State Department for Labour	1,163	1,345	(182)	161	477	(316)	1,324	1,822	(497)	72.7
1185 State Department for Social Protection	4,959	11,414	(6,454)	9,258	10,998	(1,740)	14,217	22,411	(8,194)	63.4
1191 Ministry of Mining	753	966	(212)	209	1,238	(1,029)	962	2,204	(1,242)	43.7
1201 Ministry of Tourism	990	2,083	(1,093)	504	735	(231)	1,494	2,818	(1,324)	53.0
1211 State Department of Public Service and Youth Affairs	10,847	10,842	5	9,827	8,919	908	20,674	19,761	913	104.6
1212 State Department for Gender	573	1,068	(495)	2,292	2,391	(99)	2,865	3,459	(594)	82.8
1252 State Law Office and Department of Justice	2,636	3,288	(652)	11	291	(280)	2,647	3,579	(932)	74.0
1261 The Judiciary	8,376	9,271	(895)	1,780	2,437	(657)	10,156	11,708	(1,552)	86.7
1271 Ethics and Anti-Corruption Commission	2,192	2,301	(110)	-	951	(951)	2,192	3,252	(1,061)	67.4
1281 National Intelligence Service	24,067	22,316	1,752	-	-	-	24,067	22,316	1,752	107.8
1291 Directorate of Public Prosecutions	1,217	1,458	(242)	6	2	4	1,223	1,460	(237)	83.8
1311 Registrar of Political Parties	504	599	(95)	-	-	-	504	599	(95)	84.1
1321 Witness Protection Agency	162	332	(170)	-	-	-	162	332	(170)	48.9
2011 Kenya National Commission on Human Rights	302	292	10	-	-	-	302	292	10	103.3
2021 National Land Commission	824	820	3	72	75	(3)	896	895	1	100.1
2031 Independent Electoral and Boundaries Commission	28,641	24,645	3,995	-	534	(534)	28,641	25,180	3,461	113.7
2041 Parliamentary Service Commission	6,598	7,715	(1,118)	947	1,978	(1,031)	7,544	9,693	(2,149)	77.8
2042 National Assembly	12,700	14,693	(1,993)	-	-	-	12,700	14,693	(1,993)	86.4
2051 Judicial Service Commission	162	138	24	-	-	-	162	138	24	117.5
2061 Commission on Revenue Allocation	243	294	(51)	-	-	-	243	294	(51)	82.7
2071 Public Service Commission	992	1,014	(22)	9	11	(2)	1,000	1,025	(24)	97.6
2081 Salaries and Remuneration Commission	403	457	(55)	-	-	-	403	457	(55)	88.0
2091 Teachers Service Commission	145,337	151,420	(6,083)	-	89	(89)	145,337	151,509	(6,172)	95.9
2101 National Police Service Commission	321	351	(30)	-	16	(16)	321	367	(46)	87.5
2111 Auditor General	3,413	3,833	(420)	43	128	(86)	3,456	3,962	(506)	87.2
2121 Controller of Budget	340	371	(31)	-	-	-	340	371	(31)	91.5
2131 The Commission on Administrative Justice	297	313	(16)	-	-	-	297	313	(16)	95.0
2141 National Gender and Equality Commission	244	265	(21)	-	-	-	244	265	(21)	92.2
2151 Independent Policing Oversight Authority	242	522	(280)	-	38	(38)	242	559	(317)	43.3
Total	678,948	790,500	(111,553)	311,598	463,627	(152,029)	990,546	1,254,127	(263,582)	79.0

*Provisional

Source: National Treasury

2.2.1 Guaranteed Loans to Parastatals Payments

32. Cumulative principal and interest payments of guaranteed loans to parastatals with liquidity problems amounted to Ksh 1,049.3 million (principal of Ksh 987.8 million and interest Ksh 61.5 million) against a payment target of Ksh 1,049.3 million (**Table 6**) for period ending 31st March, 2018.

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Table 6: Schedule and actual payments on Guaranteed Debt for the period ending 31st March, 2018 (Ksh million)

Borrower	Quarter I		Quarter II		Quarter III		Cumm. March 2018*	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
EAPC	203.65	187.29		-		191.81	203.65	379.10
TARDA	163.92	147.04		0.20		154.30	163.92	301.54
KBC	-	-	410.15	368.65	363.13		773.28	368.65
TOTAL (QTR)	367.58	334.33	410.15	368.85	363.13	346.11	1,140.85	1,049.29

* Provisional

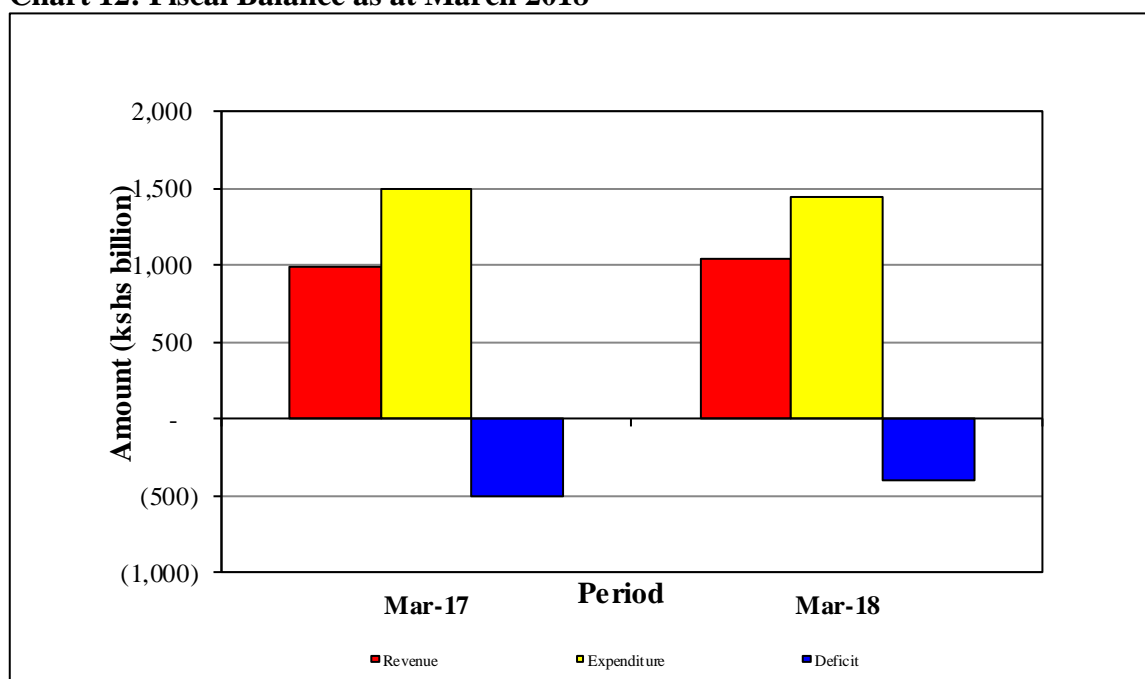
Source: National Treasury

2.3 Fiscal Outturn

33. Between July 1, 2017 and March 31, 2018, cumulative overall fiscal balance (on a commitment basis and excluding grants), amounted to Ksh 403.8 billion (equivalent to 4.7 per cent of GDP) against a targeted deficit of Ksh 459.9 billion (equivalent to 5.3 per cent of GDP) (**Chart 12 and Table 7**). Over the same period in 2017, the fiscal deficit stood at Ksh 507.4 billion (equivalent to 6.6 per cent of GDP). Including grants, the fiscal balance (on a commitment basis) deficit stood at 4.5 per cent of GDP against a targeted deficit of 4.8 per cent of GDP. The Fiscal Outturns for the past years is provided as **Annex I**.

34. The Government is planning to begin presenting its fiscal accounts in Government Finance Statistics Manual 2014 (GFSM 2014) format moving forward from the current GFSM 1986 format. GFSM 2014 is the latest standard for analysis, presentation of government fiscal accounts. Going forward our analysis of fiscal performance will be based on the GFSM 2014 presentation. In this edition of QEBR, we have attached the key GFS standard tables for public to note. Annex II to VI is a presentation of the Budget outturn using the GFSM 2014, for the budget 2017/18 and the first quarter 2017/18 actual.

Chart 12: Fiscal Balance as at March 2018



Source: National Treasury

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Table 7: Budget Outturn, Cumulative Ending 31st March, 2018 (Ksh Million)

	2016/2017 Actual	2017/2018		Deviation	% growth	2017/2018 as a % of GDP		2016/2017 Actual as a % of GDP
		Actual*	Targets			Actual	Targets	
A. TOTAL REVENUE AND GRANTS	1,005,102	1,055,412	1,202,032	(146,620)	5.01	12.19	13.89	13.12
1. Revenue	984,623	1,037,227	1,156,562	(119,335)	5.34	11.98	13.36	12.86
Ordinary Revenue	908,944	975,384	1,040,564	(65,180)	7.31	11.27	12.02	11.87
Import Duty	65,804	72,872	74,818	(1,946)	10.74	0.84	0.86	0.86
Excise Duty	121,568	117,481	132,701	(15,220)	(3.36)	1.36	1.53	1.59
Income tax	412,034	460,769	482,058	(21,289)	11.83	5.32	5.57	5.38
VAT	246,084	258,548	281,637	(23,089)	5.06	2.99	3.25	3.21
Investment Revenue	21,955	15,469	16,736	(1,267)	(29.54)	0.18	0.19	0.29
Others	41,499	50,245	52,614	(2,369)	21.07	0.58	0.61	0.54
Appropriation-in-Aid	75,678	61,843	115,998	(54,154)	(18.28)	0.71	1.34	0.99
2. Grants	20,479	18,184	45,470	(27,285)	(11.21)	0.21	0.53	0.27
AMISOM Receipts	4,975	4,680	4,471	209	(5.92)	0.05	0.05	0.06
Revenue	6,781	4,272	9,749	(5,477)	(36.99)	0.05	0.11	0.09
Appropriation-in-Aid	8,724	8,518	31,250	(22,731)	(2.36)	0.10	0.36	0.11
Italian Debt Swap	0	0	0	-	-	0.00	-	0.00
County Health Facilities - DANIDA	0	714	0	714	-	0.01	-	0.00
B. EXPENDITURE and NET LENDING	1,492,031	1,441,008	1,616,478	(175,470)	(3.42)	16.65	18.68	19.48
1. Recurrent	818,903	941,170	932,832	8,338	14.93	10.87	10.78	10.69
Domestic Interest	145,792	164,585	128,079	36,507	12.89	1.90	1.48	1.90
Foreign Interest	38,199	54,563	55,595	(1,032)	42.84	0.63	0.64	0.50
Pension	41,911	43,074	57,345	(14,271)	2.77	0.50	0.66	0.55
Wages and Salaries	246,211	265,884	293,444	(27,561)	7.99	3.07	3.39	3.22
O & M/Others	346,790	413,064	398,369	14,695	19.11	4.77	4.60	4.53
2. Development and Net Lending	487,897	319,320	450,795	(131,475)	(34.55)	3.69	5.21	6.37
3. Equalization Fund	0	2,001	3,858	(1,857)	-	0.02	0.04	0.00
4. County Governments	185,231	174,518	224,994	(50,476)	(5.78)	2.02	2.60	2.42
5. CF	0	4,000	4,000	-	-	0.05	0.05	0.00
C. DEFICIT EXCL.GRANT (Commitment basis)	(507,409)	(403,781)	(459,916)	56,136	(20.42)	(4.67)	(5.31)	(6.63)
D. DEFICIT INCL.GRANTS (Commitment basis)	(486,929)	(385,596)	(414,447)	28,850	(20.81)	(4.46)	(4.79)	(6.36)
E. ADJUSTMENT TO CASH BASIS	-536	(16,831)	-	(16,831)	3,041.36	(0.19)	-	(0.01)
F. DEFICIT INCL.GRANTS (Cash basis)	(487,465)	(402,427)	(414,447)	12,020	(17.45)	(4.65)	(4.79)	(6.37)
G. FINANCING	487,465	402,427	414,447	(12,020)	(17.45)	4.65	4.79	6.37
1. Foreign financing	304,437	275,074	310,044	(34,971)	(9.65)	3.18	3.58	3.98
Disbursements	329,504	351,098	355,452	(4,354)	6.55	4.06	4.11	4.30
Programme Loans	3,659	3,636	600	3,036	(0.63)	0.04	0.01	0.05
Project Cash Loans	22,579	13,932	25,996	(12,064)	(38.30)	0.16	0.30	0.29
Project Loans AIA	66,170	72,845	92,846	(20,002)	10.09	0.84	1.07	0.86
Project Loans SGR_PHASE_1&2A_AIA	120,725	10,686	36,010	(25,324)	(91.15)	0.12	0.42	1.58
Commercial Financing	116,371	250,000	200,000	50,000	114.83	2.89	2.31	1.52
O/W syndicated loan	116,371	0	0	-	(100.00)	0.00	-	1.52
Debt repayment - Principal	(25,067)	(76,025)	(45,408)	(30,617)	203.28	(0.88)	(0.52)	(0.33)
2. Other Domestic Financing	894	1,799	2,526	(727)	101.10	0.02	0.03	0.01
4. NET DOMESTIC FINANCING	182,134	125,554	101,877	23,678	(31.06)	1.45	1.18	2.38
MEMO ITEM								
GDP ESTIMATE	7,658,100.00	8,654,618.00	8,654,618.00					

*Provisional

Source: National Treasury

2.4 Financing

2.4.1 External Financing

35. Cumulative external financing for the period between July 1st 2017 and March 31st 2018 amounted to a net borrowing of Ksh 275.1 billion (**Table 8**). Total disbursements (inflows) amounted to Ksh 351.1 billion for the period ending 31st March, 2018 against a target of Ksh 355.5 billion. The actual disbursement amount included Ksh 13.9 billion Project cash loans, Ksh 83.5 billion project loans A.I.A.(incl. Ksh 10.7 billion, SGR), Ksh 3.6 billion Programme loans and Ksh 250.0 billion Commercial Financing. External repayments (outflows) of principal debt amounted to Ksh 76.0 billion. The amount comprises of principal repayments to bilateral, multilateral organizations and Commercial amounting to Ksh 16.7 billion, Ksh 12.1 billion and Ksh 47.3 billion, respectively.

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Table 8: External Financing, Period Ending 31st March, 2018 (Ksh Million)

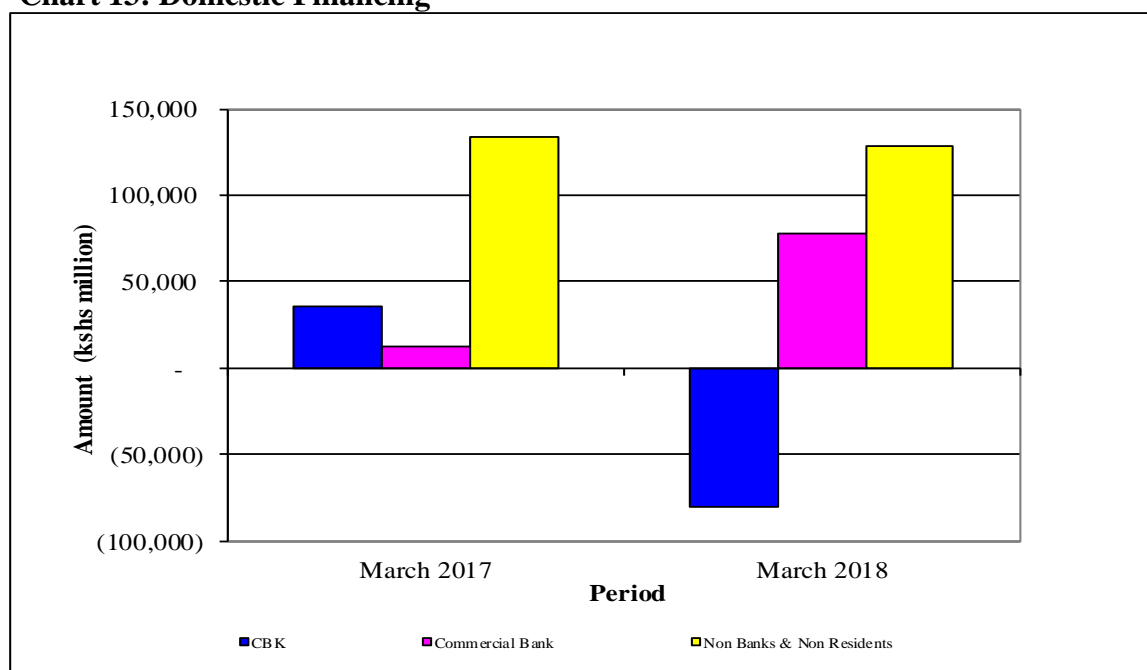
	Quarter III 2016/17 cumulative	Quarter I 2017/18	Quarter II 2017/18	Quarter III 2017/18	Cumulative March 2018*	
	Actual	Actual	Actual	Actual	Actual	Target
DISBURSEMENTS:	329,502.93	16,285.20	36,217	298,596	351,098	355,451.97
Project Cash loans	22,578.62	2,094.24	3,284	8,553	13,932	25,995.81
Project loans A-I-A	66,170.11	14,190.96	19,849	38,804	72,845	92,846.16
Project Loans SGR_PHASE_1&2A_AIA	120,724.83	-	-	10,686	10,686	36,010.00
Commercial Financing	116,371.44	-	10,760	239,240	250,000	200,000.00
Programme Loans	3,657.94	-	2,324	1,312	3,636	600.00
EXTERNAL REPAYMENTS:	25,067.17	9,073.06	19,343.44	47,608.03	76,024.53	61,575.66
Bilateral(incl. Italy Debt SWAP)	13,481.76	5,345.20	4,202.56	7,119.85	16,667.62	14,399.44
Multilateral (excl. IMF)	11,201.25	3,727.86	3,821.36	4,500.81	12,050.03	22,193.36
Commercial	384.16	-	11,319.51	35,987.37	47,306.88	24,982.86
NET FOREIGN FINANCING	304,435.76	7,212.13	16,873.82	250,987.56	275,073.51	293,876.31

Source: National Treasury

2.4.2 Domestic Financing

36. By the end of March 2018, net domestic borrowing amounted to Ksh 125.6 billion against a target borrowing of Ksh 101.9 billion (**Table 7**). The borrowing comprised of Ksh 125.1 billion from Non-Banking Financial Institutions, Ksh 3.2 billion from Non Residents, Ksh 77.5 billion from the Commercial Banks and a net repayment of Ksh 80.2 billion to the Central Bank of Kenya, , (**Table 9**). Comparatively, for the same period in 2017, the net domestic borrowing amounted to Ksh 182.1 billion, comprising of Ksh 12.5 billion from commercial banks, Ksh 1.4 billion from Non Residents, Ksh 132.4 billion from Non-Banks and Ksh 35.8 billion from the Central Bank of Kenya, (**Chart 13**).

Chart 13: Domestic Financing



Source: Central Bank of Kenya

FISCAL DEVELOPMENTS

37. The stock of Treasury Bills held by Non- Banks and Non-Residents recorded net increase of Ksh 23.5 billion, and Ksh 1.4 billion respectively, while the stock of Treasury Bills held by Commercial Banks decreased by Ksh 4.4 billion. The stock of Fixed Rate Bonds held by Commercial Banks, Non-Residents and non-Banks recorded a net increase of Ksh 59.8 billion, Ksh 1.8 billion, and Ksh 56.0 billion respectively.

Table 9: Domestic Financing, Period Ending 31st March, 2018 (Ksh Million)

	MARCH	JUNE	SEPTEMBER	DECEMBER	MARCH
	2017	2017	2017	2017	2018
1.CENTRAL BANK	35,840	(22,370)	8,300	108,925	(80,176)
Overdraft	(13,934)	(44,204)	24,717	42,316	39,655
Treasury bills rediscounts	-	-	-	-	-
Fixed rate Bonds	-	-	-	-	-
Items on Transit	(52)	(37)	(21)	(24)	(22)
Frozen Account	(555)	(555)	-	-	(555)
Less Govt Deposits	50,380	22,426	(16,396)	66,633	(119,254)
2.COM. BANKS	12,527	169,536	12,618	(4,036)	77,458
Advances	352	5,508	471	(4,293)	(4,207)
Treasury bills	(28,561)	53,818	(23,450)	(70,291)	(4,410)
Fixed rate Bonds	22,162	99,764	36,097	45,497	59,787
Special Bonds	-	(5,000)	-	-	-
Zero Coupon bonds	-	-	-	-	-
Infrastructure Bonds	10,291	10,291	(8,967)	15,789	31,891
Savings and Development Bond	-	-	-	-	-
Less Govt Deposits	8,282	5,155	8,466	9,262	(5,603)
3. NON BANKS	132,395	160,676	26,317	74,393	125,115
Treasury bills	60,341	98,820	1,723	9,249	23,479
Fixed rate Bonds	49,071	38,722	33,189	45,085	55,962
Zero Coupon bonds	-	-	-	-	-
Infrastructure Bonds	22,983	22,983	(8,843)	19,810	45,426
Savings and Development Bond	-	-	-	-	-
M-Akiba Bond	-	150	248	248	248
4. NON RESIDENTS	1,372	1,917	1,940	3,205	3,158
Treasury bills	(142)	(356)	1,317	1,867	1,439
Fixed rate Bonds	1,179	1,938	1,019	1,464	1,764
Infrastructure Bond	335	335	(396)	(126)	(45)
Savings and Development Bond	-	-	-	-	-
Zero Coupon bonds	-	-	-	-	-
5. NET CREDIT	182,134	309,760	49,176	182,487	125,554

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

38. The gross public debt increased by Ksh 837.7 billion, from Ksh 4,046.3 billion as at end of March 2017 to Ksh 4,884.1 billion by 31st March 2018, comprising of 51.4 per cent of External debt and 48.6 per cent of Domestic debt. The overall increase is attributed to increased external loan disbursements during the period. Net public debt increased by Ksh 628.8 billion, from Ksh 3,675.7 billion as at end of March 2017 to Ksh 4,304.5 billion by end of the period under review (**Table 10**).

FISCAL DEVELOPMENTS

Table 10: Kenya's Public and Publicly Guaranteed Debt, March 2016 to March 2018 (Ksh million)

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18*
EXTERNAL									
BILATERAL	478,883	548,351	545,652	641,763	689,119	724,823	742,063	782,588	800,912
MULTILATERAL	762,089	798,842	839,936	781,256	806,922	841,899	842,814	841,847	836,766
COMMERCIAL BANKS	360,175	432,377	452,495	458,122	594,140	712,100	708,231	712,274	858,062
SUPPLIERS CREDIT	16,359	16,628	16,628	15,302	11,210	15,914	17,089	17,086	16,691
SUB - TOTAL	1,617,506	1,796,198	1,854,711	1,896,443	2,101,391	2,294,736	2,310,197	2,353,795	2,512,431
DOMESTIC:									
CENTRAL BANK	102,648	99,856	58,945	85,528	85,316	55,061	79,201	96,797	93,583
COMMERCIAL BANKS	829,688	927,307	969,790	947,030	975,803	1,141,889	1,144,536	1,124,950	1,226,866
TOTAL BANKS	932,336	1,027,163	1,028,735	1,032,559	1,061,119	1,196,950	1,223,738	1,221,747	1,320,449
NON BANKS & NON RESIDENTS	714,192	787,970	825,820	898,415	883,834	915,316	949,098	998,618	1,051,202
SUB-TOTAL	1,646,527	1,815,133	1,854,555	1,930,973	1,944,953	2,112,265	2,172,835	2,220,365	2,371,651
GRAND TOTAL GROSS	3,264,033	3,611,331	3,709,266	3,827,417	4,046,344	4,407,001	4,483,032	4,574,160	4,884,082
LESS ON-LENDING	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)
LESS GOVERNMENT DEPOSITS	(320,041)	(394,856)	(426,911)	(373,016)	(364,909)	(428,774)	(432,113)	(350,924)	(573,884)
GRAND TOTAL NET	2,938,291	3,210,775	3,276,654	3,448,699	3,675,734	3,972,526	4,045,218	4,217,535	4,304,497

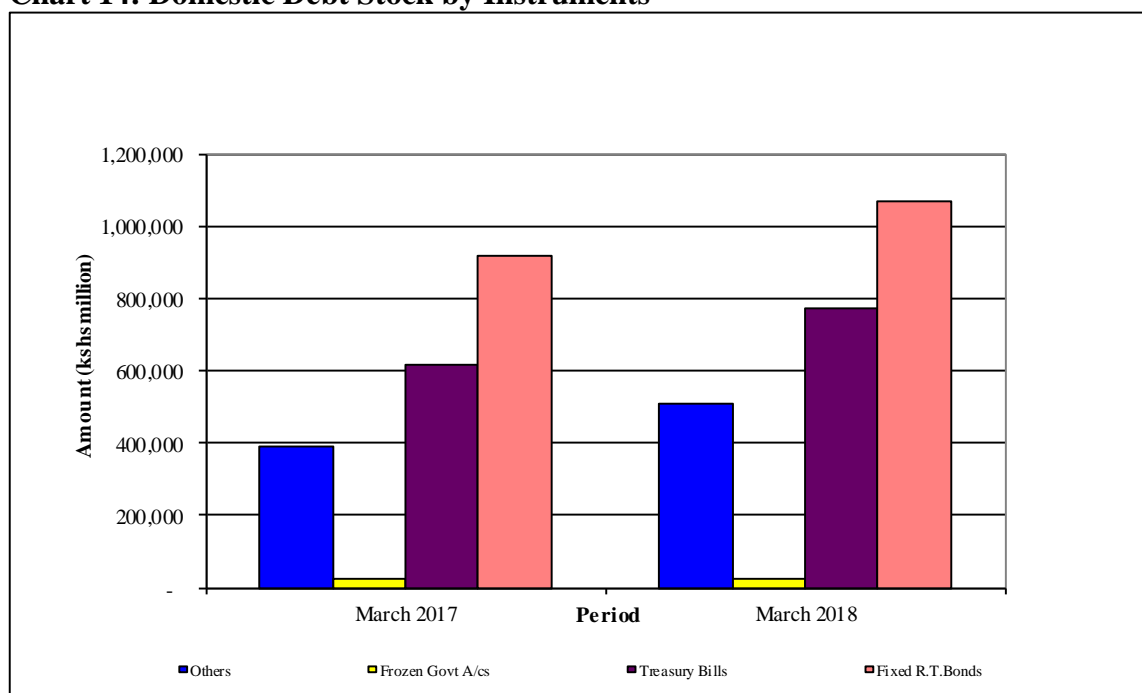
*Provisional

Source: National Treasury

3.2 Domestic Debt

39. The stock of gross domestic debt increased by Ksh 426.7 billion from Ksh 1,945.0 billion in March 2017 to Ksh 2,371.7 billion in March 2018. The stock of Treasury Bills held by Central Bank, Commercial Banks, Non-Banking Financial Institution and Non Residents increased by Ksh 156.9 billion from Ksh 615.8 billion in March 2017 to Ksh 772.7 billion in March 2018, (Table 11). The total stock of Treasury Bonds, Fixed Rate and Special increased by Ksh 147.1 billion from Ksh 926.2 billion in March 2017 to Ksh 1,073.4 billion in March 2018, (Chart 14).

Chart 14: Domestic Debt Stock by Instruments



Source: Data from CBK

FISCAL DEVELOPMENTS

Table 11: Stock of Domestic Debt, by end March 2018 (Ksh million)

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
1.CENTRAL BANK	102,648	99,856	58,945	85,528	85,316	55,061	79,201	96,797	93,583
Overdraft	46,455	44,204	3,319	29,933	30,270	0	24,717	42,316	39,655
Frozen Govt Accounts	26,114	25,559	25,559	25,559	25,004	25,004	24,449	24,449	23,894
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	65	80	52	23	28	43	22	19	21
Fixed rate bonds	9,426	9,426	9,426	9,426	9,426	9,426	9,426	9,426	9,426
2.COM.BANKS	829,688	927,307	969,790	947,030	975,803	1,141,889	1,144,536	1,124,950	1,226,866
Advances	5,559	5,093	5,530	5,857	5,657	11,020	12,218	7,524	7,476
Stocks									
Treasury Bills	296,347	361,859	382,112	349,544	328,624	415,923	391,905	343,340	415,596
Floating Rate T. Bonds									
Fixed Rate T. Bonds	390,314	403,844	433,059	428,536	426,565	504,989	541,061	550,284	565,098
Special Bonds	10,000	10,000	10,000	10,000	10,000	5,000	5,000	5,000	5,000
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	119,820	138,863	131,441	145,444	197,309	197,309	186,704	211,154	226,047
3. NON BANKS	702,233	774,943	809,375	879,998	862,291	893,215	924,962	973,201	1,025,704
Stocks									
Treasury Bills	149,588	199,033	210,788	243,989	260,232	301,522	304,742	312,661	328,801
Floating Rate T. Bonds									
Fixed Rate T. Bonds	416,825	422,830	456,711	468,465	473,083	462,566	460,708	472,532	484,153
Tax Reserve Certificate	69	69	69	69	69	69	69	69	69
Zero Coupon Bonds									
Infrastructure Bonds	115,171	132,431	121,227	146,894	108,327	108,327	138,464	166,962	191,703
Savings and Development Bond	20,580	20,580	20,580	20,580	20,580	20,582	20,580	20,580	20,580
M- Akiba Bond	-	-	-	-	-	150	398	398	398
4. NON RESIDENTS	11,958	13,027	12,020	13,632	21,543	22,100	24,136	25,417	25,498
Treasury Bills	6,370	6,608	4,760	6,069	6,322	6,122	7,567	8,134	7,714
Floating Rate T. Bonds									
Fixed Rate T. Bonds	5,135	5,966	6,806	7,110	7,174	7,934	8,955	9,401	9,716
Zero Coupon Bonds									
Savings and Development Bond	9	9	9	9	9	7	9	9	9
Infrastructure Bonds	445	445	445	445	8,037	8,037	7,605	7,873	8,058
5. TOTAL DEBT	1,646,527	1,815,133	1,850,129	1,926,189	1,944,953	2,112,265	2,172,835	2,220,365	2,371,651
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	320,041	394,856	426,911	373,016	364,909	428,774	432,113	350,924	573,884
8. NET DEBT	1,320,785	1,414,577	1,417,518	1,547,472	1,574,343	1,677,790	1,735,021	1,863,740	1,792,066

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

40. In dollar terms, external public debt stock increased by US \$ 4,497.8 million from US\$ 20,415.5 million in march 2017 to US\$ 24,913.2 million by end of March 2018 (**Table 12 and Chart 15**). The debt stock comprised 31.9 per cent, 33.3 per cent, 34.2 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 2016-
March 2018 (US \$ Million)**

CREDITOR	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar- 2018*
<u>BILATERAL</u>									
AUSTRIA	10.38	7.69	10.29	8.33	5.34	5.67	5.11	4.38	4.54
BELGIUM	66.18	72.16	77.10	70.45	86.56	94.82	101.84	100.06	107.19
CANADA	8.20	8.01	8.01	7.26	7.26	6.26	5.19	4.07	4.07
DENMARK	16.25	15.24	15.36	13.64	12.69	13.49	12.66	12.01	12.41
FINLAND	0.47	2.45	14.13	11.34	16.24	16.55	16.05	16.15	16.73
FRANCE	606.29	587.79	597.62	547.79	574.20	614.59	687.89	622.52	642.57
GERMANY	222.12	225.18	355.91	284.91	294.30	311.98	314.25	324.67	336.29
ITALY	8.81	6.15	6.22	1.17	5.94	6.31	6.42	1.20	1.24
JAPAN	835.50	1,025.20	985.45	841.59	850.60	883.47	879.29	824.81	1,022.38
NETHERLANDS	17.48	23.24	21.91	16.58	18.40	17.74	15.78	11.03	10.99
UK	12.02	9.81	9.45	7.46	7.63	6.27	6.46	4.70	4.74
USA	40.01	40.08	37.23	36.34	34.16	33.72	30.98	29.25	29.29
CHINA	3,141.41	3,097.14	3,258.07	4,089.09	4,426.05	4,614.78	4,733.94	5,202.37	5,295.84
OTHERS	170.06	212.89	335.16	326.03	351.11	363.18	362.06	423.66	453.57
TOTAL BILATERAL	5,155.18	5,333.03	5,731.90	6,261.97	6,690.48	6,988.82	7,177.91	7,580.89	7,941.83
<u>MULTILATERAL</u>									
ADB/ADF	1,732.41	1,967.01	1,768.98	1,760.18	1,788.41	1,880.33	1,993.19	1,983.67	2,045.52
BADEA			31.36	33.86	28.17	28.43	28.16	29.63	29.51
EEC/EIB	212.38	208.43	201.69	187.37	190.62	197.49	197.09	197.56	201.48
IBRD									
IDA/IFAD	4,684.74	4,928.48	4,998.98	4,846.50	5,026.45	5,210.20	5,132.15	5,181.44	5,237.31
IMF**	845.21	839.22	837.40	741.11	748.01	748.59	760.79	711.84	732.26
OTHERS	90.83	91.01	58.83	54.05	52.53	52.65	51.99	50.79	51.28
TOTAL MULTILATERAL	7,565.57	8,034.16	7,897.24	7,623.06	7,834.20	8,117.68	8,163.36	8,154.92	8,297.36
COMMERCIAL BANKS 1/	3,554.34	4,377.73	4,373.30	4,470.11	5,740.26	6,116.15	6,864.39	6,856.07	8,508.54
EXPORT CREDIT	161.43	91.06	152.66	149.30	150.55	153.45	165.51	165.51	165.51
GRAND TOTAL	16,436.52	17,835.97	18,155.10	18,504.45	20,415.48	21,376.10	22,371.18	22,757.39	24,913.24
In percentage of total									
BILATERAL	31.36	29.90	31.57	33.84	32.77	32.69	32.09	33.31	31.88
MULTILATERAL	46.03	45.04	43.50	41.20	38.37	37.98	36.49	35.83	33.31
COMMERCIAL BANKS 1/	21.62	24.54	24.09	24.16	28.12	28.61	30.68	30.13	34.15
EXPORT CREDIT	0.98	0.51	0.84	0.81	0.74	0.72	0.74	0.73	0.66
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

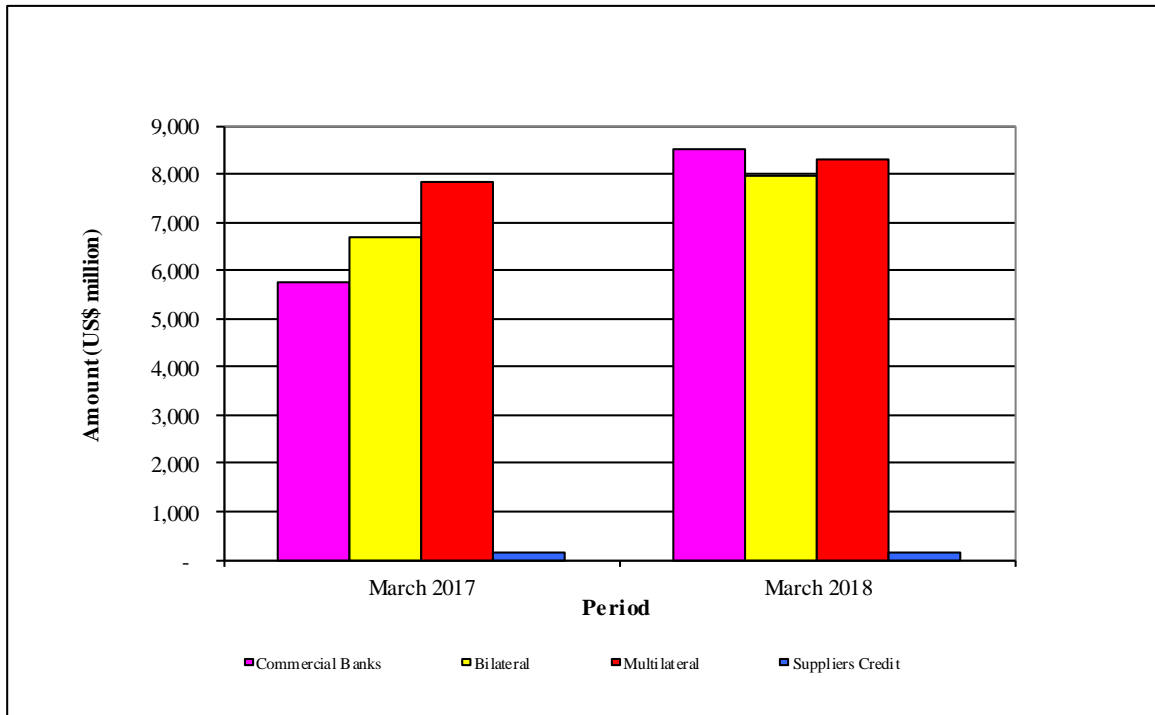
*Provisional

** include IMF item

Source: National Treasury

FISCAL DEVELOPMENTS

Chart 15: External Public Debt

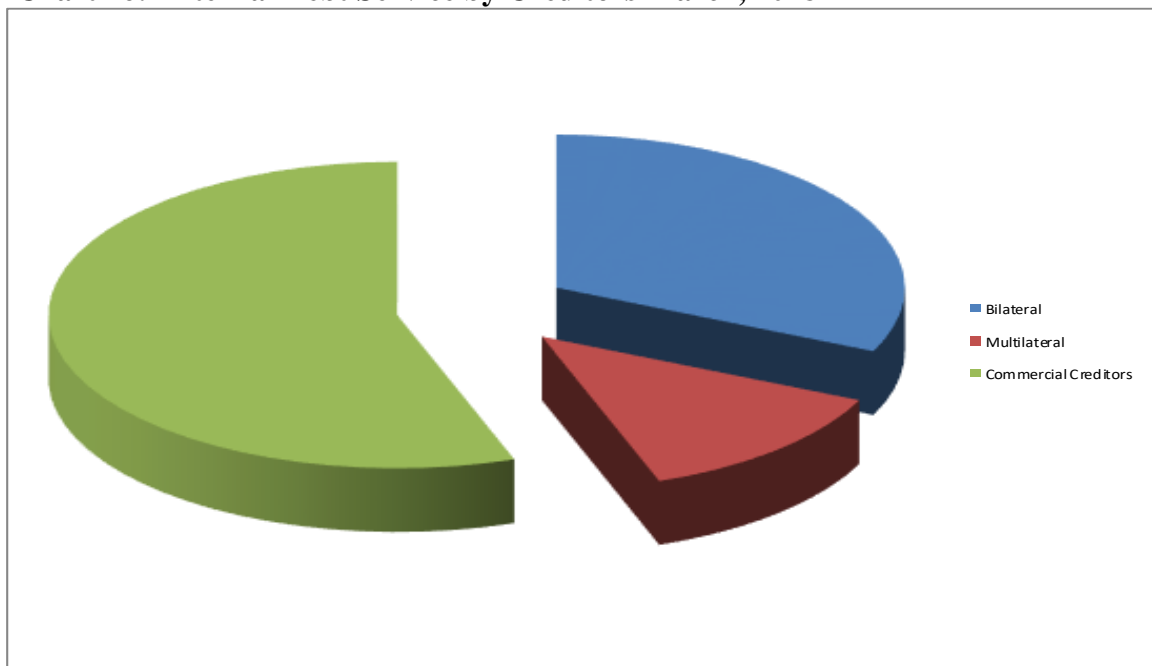


Source: National Treasury

3.3.1 External Debt Service

41. At the end of March 2018, the total cumulative debt service payments to external creditors amounted to Ksh 130.6 billion. This comprised of Ksh 76.0 billion (58.2 per cent) principal and Ksh 54.6 billion (41.8 per cent) interest (*Table 13 and chart 16*).

Chart 16: External Debt Service by Creditors March, 2018



Source: National Treasury

FISCAL DEVELOPMENTS

Table 13: External Debt Service, July 2017 – March 2018 (Ksh Million)

CATEGORY	PRINCIPAL*	INTEREST*	TOTAL*
BILATERAL			
AUSTRIA	82.67	244.84	327.50
FINLAND	140.64	107.76	248.40
FRANCE	3,582.68	1,290.44	4,873.12
ITALY	86.31	978.27	1,064.58
JAPAN	4,352.73	523.29	4,876.02
SAUDI FUND	499.14	192.80	691.94
SPAIN	657.75	313.57	971.32
USA	438.38	81.11	519.49
CANADA	89.30	3.17	92.47
BELGIUM	791.96	84.51	876.47
GERMANY	488.89	269.07	757.97
CHINA	4,535.57	20,112.60	24,648.17
KUWAIT	167.57	14.64	182.21
NETHERLANDS	334.59	27.30	361.88
SWEDEN	18.97	0.15	19.12
SWITZERLAND	36.04	0.28	36.32
DENMARK	82.76	-	82.76
KOREA	59.03	22.39	81.42
UK	187.60	3.77	191.38
INDIA	-	408.49	408.49
OTHERS/NEW LOANS	35.02	195.41	230.43
TOTAL BILATERAL	16,667.62	24,873.87	41,541.49
MULTILATERAL			
ADB/ADF	711.02	1,051.52	1,762.55
BADEA	129.33	61.60	190.93
EIB/EEC	559.36	503.60	1,062.96
IDA	9,927.29	2,794.45	12,721.75
OPEC	436.43	72.92	509.36
NDF	66.27	24.22	90.49
IFAD	220.32	68.59	288.91
**IMF			-
TOTAL MULTILATERAL	12,050.03	4,576.91	16,626.94
COMMERCIAL	47,306.88	25,112.32	72,419.20
GRAND TOTAL	76,024.53	54,563.10	130,587.63

* Provisional

** IMF debt serviced by CBK

Source: National Treasury

Budgetary Central Government*
STATEMENT OF SOURCES AND USES OF CASH

Budgetary central government			
STATEMENT OF SOURCES AND USES OF CASH			
GFSM CODE	Description	Annual Budget	Quarterly
		2017/18	2017Q1
CASH FLOWS FROM OPERATING ACTIVITIES:			
1	Cash receipts from operating activities	1,763,324	347,154
11	Taxes	1,588,767	341,856
12	Social contributions	168	24
13	Grants	58,821	1,597
14	Other receipts	115,568	3,677
2	Cash payments for operating activities	2,064,102	376,965
21	Compensation of employees	417,475	92,189
22	Purchases of goods and services	196,968	37,289
24	Interest	280,720	67,154
25	Subsidies	31,019	12,815
26	Grants	1,056,738	154,114
27	Social benefits	75,307	13,403
28	Other payments	5,876	-
IO	Net cash inflow from operating activities (1-2-ADJz)	(300,779)	(29,810)
CASH FLOWS FROM INVESTMENTS IN NONFINANCIAL ASSETS (NFAs):			
31A	Purchases of nonfinancial assets	217,290	26,491
311A	Fixed assets	214,445	26,491
312A	Strategic stocks	1,294	-
313A	Valuables		
314A	Nonproduced assets	1,551	-
31	Net cash outflow: investments in NFAs (31=31.1-31.2)	217,290	26,491
SD	Cash surplus / deficit (1-2-ADJz-31+CSDz)	(518,069)	(56,301)
CASH FLOWS FROM FINANCING ACTIVITIES:			
32x	Net acquisition of financial assets other than cash	8,279	1,288
321x	Domestic	8,279	1,288
322x	Foreign		
33	Net incurrence of liabilities	529,345	64,226
331	Domestic	274,679	57,105
332	Foreign	254,666	7,121
NFB	Net cash inflow from financing activities (-32x+33)	521,065	62,939
NB	Net change in the stock of cash (3212+3222)	2,996	6,637

Source: National Treasury

- National Government
- Accounting method is on a cash

Budgetary Central Government

STATEMENT OF GOVERNMENT OPERATIONS

STATEMENT OF GOVERNMENT OPERATIONS			
GFSM CODE	Description	Annual Budget	Quarterly
		2017/18	2017Q1
	Accounting method:	Non Cash	Non Cash
TRANSACTIONS AFFECTING NET WORTH:			
1	Revenue	1,763,324	347,154
11	Taxes	1,588,767	341,856
12	Social contributions	168	24
13	Grants	58,821	1,597
14	Other revenue	115,568	3,677
2	Expense	2,064,102	376,965
21	Compensation of employees	417,475	92,189
22	Use of goods and services	196,968	37,289
23	Consumption of fixed capital
24	Interest	280,720	67,154
25	Subsidies	31,019	12,815
26	Grants	1,056,738	154,114
27	Social benefits	75,307	13,403
28	Other expense	5,876	-
GOB	Gross operating balance (1-2+23+NOBz)	(300,779)	(29,810)
NOB	Net operating balance (1-2+NOBz)	(300,779)	(29,810)
TRANSACTIONS IN NONFINANCIAL ASSETS:			
31	Net Acquisition of Nonfinancial Assets	217,290	26,491
311	Fixed assets	214,445	26,491
312	Change in inventories	1,294	-
313	Valuables
314	Nonproduced assets	1,551	-
NLB	Net lending / borrowing (1-2+NOBz-31)	(518,069)	(56,301)
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):			
32	Net acquisition of financial assets	12,088	9,747
321	Domestic	12,088	9,747
322	Foreign		
33	Net incurrence of liabilities	529,345	64,226
331	Domestic	274,679	57,105
332	Foreign	254,666	7,121
Vertical check: Difference between net lending/borrowing and financing (1-2-31=32-33-NLBz=0)		(813)	(1,822)

Source: National Treasury

ANNEX IV

**Budgetary Central Government
REVENUE**

GFSM CODE	Description	Annual Budget	Quarterly
		2017/18	2017Q1
	Accounting method:	Cash	Cash
1	REVENUE	1,763,324	347,154
11	Taxes	1,588,767	341,856
111	Taxes on income, profits, and capital gains	765,602	157,245
1111	Payable by individuals	400,573	72,446
1112	Payable by corporations and other enterprises	365,029	84,799
112	Taxes on payroll and workforce		
113	Taxes on property	3,636	1,261
1134	Taxes on financial and capital transactions	3,523	1,261
1136	Other recurrent taxes on property	113	-
114	Taxes on goods and services	649,374	145,917
1141	General taxes on goods and services	383,522	86,382
11411	Value-added taxes	383,522	86,382
1142	Excises	197,370	40,328
1143	Profits of fiscal monopolies		
1144	Taxes on specific services	68,482	19,207
115	Taxes on international trade and transactions	156,608	32,179
1151	Customs and other import duties	102,401	20,974
1156	Other taxes on international trade and transactions	54,207	11,205
116	Other taxes	13,546	5,254
12	Social contributions	168	24
121	Social security contributions		
122	Other social contributions	168	24
1221	Employee contributions	168	24
13	Grants	58,821	1,597
131	From foreign governments	21,827	1,497
1311	Current		
1312	Capital	21,827	1,497
132	From international organizations	36,993	100
1321	Current	6,100	100
1322	Capital	30,893	-
14	Other revenue	115,568	3,677
141	Property income	23,525	273
1411	Interest	2,032	89
1412	Dividends	18,162	50
1415	Rent	3,332	133
142	Sales of goods and services	83,512	2,648
1421	Sales of market establishments		
1422	Administrative fees	83,512	2,648
143	Fines, penalties, and forfeits	2,908	578
145	Miscellaneous and unidentified revenue	5,624	178

Source: National Treasury

ANNEX V

**Budgetary Central Government
EXPENSE**

GFSM CODE	Description	Annual Budget	Quarterly
		2017/18	2017Q1
2	EXPENSE	2,064,102	376,965
21	Compensation of employees	417,475	92,189
211	Wages and salaries	403,379	86,580
212	Social contributions	14,097	5,609
2121	Actual social contributions	14,097	5,609
2122	Imputed social contributions		
22	Use of goods and services	196,968	37,289
23	Consumption of fixed capital		
24	Interest	280,720	67,154
241	To nonresidents	70,572	17,283
242	To residents other than general government	210,148	49,871
243	To other general government units		
25	Subsidies	31,019	12,815
251	To public corporations	30,585	12,755
252	To private enterprises	434	60
26	Grants	1,056,738	154,114
261	To foreign governments		
2611	Current		
2612	Capital		
262	To international organizations	7,638	276
2621	Current	7,638	276
2622	Capital		
263	To other general government units	1,049,100	153,838
2631	Current	489,992	53,341
2632	Capital	559,108	100,497
27	Social benefits	75,307	13,403
271	Social security benefits		
272	Social assistance benefits		
273	Employer social benefits	75,307	13,403
28	Other expense	5,876	-
281	Property expense other than interest		
282	Miscellaneous other expense	5,876	-
2821	Current	5,000	-
2822	Capital	876	-

Source: National Treasury

Budgetary Central Government TRANSACTIONS IN ASSETS AND LIABILITIES

GFSM CODE	Description	Annual Budget	Quarterly
		2017/18	2017Q1
3	CHANGE IN NET WORTH: TRANSACTIONS c/	(299,966)	(27,988)
31	Net acquisition of nonfinancial assets d/	217,290	26,491
311	Fixed assets	214,445	26,491
311A	Acquisitions: fixed assets	214,445	26,491
3111	Buildings and structures	174,476	25,867
3111A	Acquisitions: buildings and structures	174,476	25,867
3112	Machinery and equipment	36,873	-
3112A	Acquisitions: machinery and equipment	36,873	-
3113	Other fixed assets	3,096	624
3113A	Acquisitions: other fixed assets	3,096	624
312	Inventories	1,294	-
3121	Strategic stocks	1,294	-
314	Nonproduced assets	1,551	-
314A	Acquisitions: nonproduced assets	1,551	-
3141	Land	1,547	-
3141A	Acquisitions: land	1,547	-
3144	Intangible nonproduced assets	4	-
3144A	Acquisitions: intangible nonproduced assets	4	-
32	Net acquisition of financial assets [321+322+323]	12,088	9,747
3202	Currency and deposits [3212+3222]	3,809	8,459
3204	Loans [3214+3224]	8,279	1,288
321	Domestic	12,088	9,747
3212	Currency and deposits	3,809	8,459
3214	Loans	8,279	1,288
33	Net incurrence of liabilities [331+332]	529,345	64,226
3303	Securities other than shares [3313+3323]	475,789	31,938
3304	Loans [3314+3324]	53,556	32,288
331	Domestic	274,679	57,105
3313	Securities other than shares	275,789	31,938
3314	Loans	(1,110)	25,166
332	Foreign	254,666	7,121
3323	Securities other than shares	200,000	-
3324	Loans	54,666	7,121
	Memorandum items:		
3M2	Change in net financial worth: transactions (=32-33) i/	(517,257)	(54,479)

Source: National Treasury