REPUBLIC OF KENYA

THE NATIONAL TREASURY

# PRESS STATEMENT ON THE IMF MISSION THAT HAS BEEN IN THE COUNTRY FROM DECEMBER 2 – 16, 2015

1. We have been having the IMF Mission in the Country from December 2 – 16, 2015. The Mission team was headed by Vitaliy Kramarenko.

2. The purpose of the Mission was to undertake the second review of the precautionary arrangement under the Stand-By Arrangement and Stand-By Credit Facility for Kenya. The IMF Board in February 2015, approved SDR 488.52 million (about US$688.3 million or 180 percent of Kenya's quota) precautionary facility that comprises of SDR 352.82 million (about US$497.1 million) Stand-By Arrangement and a SDR 135.7 million (about US$191.2 million) Stand-By Credit Facility for Kenya. The IMF Executive Board completed the first review in September 2015 where, Kenya met all the March 2015 performance criteria and made significant progress on structural reforms.

3. The programme provided a policy anchor for continued macroeconomic and institutional reforms, to help mitigate the impact of potential exogenous shocks.

4. We had discussions on the recent economic developments and macroeconomic outlook. Kenya’s economic growth remains resilient and strong at 5.5 percent in the first half of the year and is expected at between 5.5 percent and 6.0 percent in 2015. The economy continues to witness macroeconomic stability with inflation within the target band by November 2015, exchange rate stable at Ksh 102 to the dollar, interest rates low, improved domestic financing for FY 2015/16 and pick up in budget execution.

5. With respect to performance under the programme, we have observed all the performance criteria targets and are on track to meeting all the structural benchmarks under the programme.

6. On the fiscal side, particularly in FY 2015/16, we shall undertake expenditure rationalization to cut on wastage and focus ministries, departments and agencies on only critical expenditures that have an impact on growth in line with the circular I issued recently. On the revenue side, we did discuss on the revenue enhancing measures most of which are administrative.

7. The yields from these expenditure and revenue measures will result in a lower fiscal deficit that domestic borrowing that will reduce pressure on interest rates.

8. During this Mission, we also initiated discussions on our future engagements with the IMF when the current programme comes to an end in January 2016.

**16th December 2015**