



**Republic of Kenya**

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**Ministry of Finance**

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# **Quarterly Budget Review**

**First Quarter  
2005/2006**

**March 2006 Edition**

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## **LIST OF ABBREVIATIONS**

<b>ADB</b>	<b>African Development Bank</b>
<b>ADF</b>	<b>African Development Fund</b>
<b>A-I-A</b>	<b>Appropriation in Aid</b>
<b>BADEA</b>	<b>Arab Bank for Economic Development of Africa</b>
<b>CBK</b>	<b>Central Bank of Kenya</b>
<b>Dev</b>	<b>Development</b>
<b>DPM</b>	<b>Directorate of Personnel Management</b>
<b>EEC</b>	<b>European Economic Community</b>
<b>EIB</b>	<b>European Investment Bank</b>
<b>FY</b>	<b>Fiscal Year</b>
<b>GDP</b>	<b>Gross Domestic Product</b>
<b>IBRD</b>	<b>International Bank for Reconstruction and Development</b>
<b>IDA</b>	<b>International Development Association</b>
<b>IMF</b>	<b>International Monetary Fund</b>
<b>Kshs</b>	<b>Kenya Shillings</b>
<b>NBF's</b>	<b>Non Bank Financial Institutions</b>
<b>O&amp;M</b>	<b>Operation and Maintenance</b>
<b>OOP</b>	<b>Office of the President</b>
<b>OPEC</b>	<b>Organisation for Petroleum Exporting Countries</b>
<b>OVP</b>	<b>Office of the Vice President</b>
<b>PAYE</b>	<b>Pay As You Earn</b>
<b>PSC</b>	<b>Public Service Commission</b>
<b>Rec</b>	<b>Recurrent</b>
<b>VAT</b>	<b>Value Added Tax</b>

## **HIGHLIGHTS OF THE FIRST QUARTER BUDGET REVIEW: 2005/2006**

### **❖ The overall fiscal balance:**

The cumulative overall fiscal balance, on a commitment basis and excluding grants, registered a deficit of Kshs.14.2 billion (equivalent to 0.99 percent of GDP), through end September 2005. Compared with a targeted deficit of Kshs. 18.5 billion (equivalent to 1.29 percent of GDP).

### **❖ Total revenue collection:**

The Central Government total cumulative revenue collection was Kshs 64,388 million (equivalent to 4.50 percent of GDP) through the first quarter of the 2005/2006 fiscal year. This was slightly above the programme target by Kshs 862 million.

### **❖ Government expenditure and net lending:**

The Central Government expenditure and net lending for the period ending 30<sup>th</sup> September 2005 was Kshs 78,541 million against a target of Kshs 82,029 million. The variance is attributable to lower than targeted Recurrent and Development expenditures.

### **❖ Stock of pending bills:**

During the first quarter, there was an overall decrease in the stock of pending bills held by the line Ministries. The stock of pending bills decreased by Kshs 1,485.1 million, from Kshs 11,688.1 million in June 2005 to Kshs 10,183.1 million in September 2005.

### **❖ Guaranteed Loans:**

The scheduled Debt payment by the Central Government on government guaranteed loans on behalf of the State Enterprises and Local Authorities with liquidity problems through the end of the first quarter was Kshs 180.17 million. This amount however was rescheduled under the Paris Club.

❖ **External financing:**

External financing represented a net borrowing of Kshs 2,020 million compared to a net repayment of Kshs 280 million in a similar period in 2004/2005 fiscal year.

❖ **Net Domestic Borrowing:**

The net domestic borrowing stood at Kshs 13,917 million in the period ending first quarter.

❖ **Public Debt**

The total Public Debt decreased from Kshs 750,026 million as at the end of June 2005 to Kshs 747,662 million by 30<sup>th</sup> September 2005

❖ **Total Domestic Debt:**

The total domestic debt stock increased from Kshs 315,573 million as at the end of June 2005 to Kshs 328,800 million by the end of first quarter.

❖ **External Debt:**

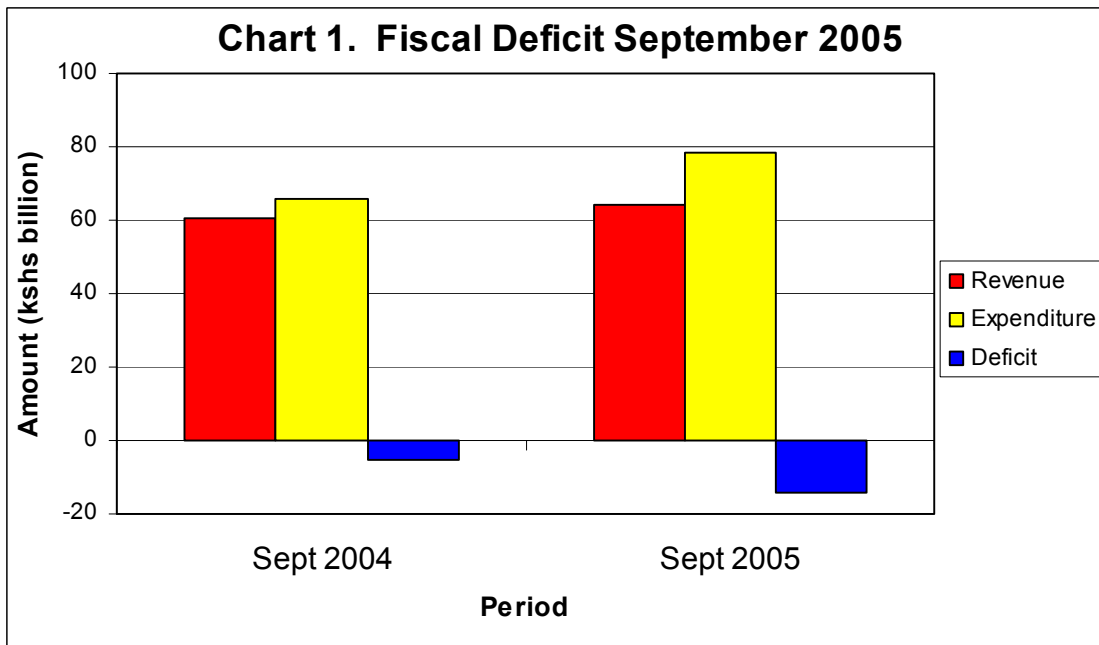
The total external debt stock decreased from Kshs 434,453 million as at the end of June 2005 to Kshs 418,861 million by the end of first quarter. Most of the external debt was from multilateral institutions who accounted for 58.6% of the total external debt, followed by Bilateral Creditors accounting for 36.5%. Both the Commercial Banks and Export Credit accounted for 0.4% and 4.5% of the total external debt respectively.



## 1. FISCAL DEVELOPMENTS

### 1.1 Introduction

The Government’s overall fiscal balance on a commitment basis and excluding grants, during the first quarter of the fiscal year 2005/2006 recorded a deficit of 0.99 percent of Gross Domestic Product (GDP), against a targeted deficit of 1.29 percent. Over the same period in the 2004/2005 fiscal year, the fiscal deficit amounted to 0.42 percent of GDP. On the other hand, the fiscal balance on a commitment basis and including grants was a deficit of 0.81 percent of GDP, against a targeted deficit of 1.15 percent of GDP (*Chart 1 and Table 1*).



**Table 1: BUDGET OUTFURN, First Quarter (Cumulative) Ending 30<sup>th</sup>  
September 2005 (Kshs Million)**

	2004/2005 Quarter I Actual	2005/2006 Quarter I Actual	2005/2006 Quarter I Targets	Quarter I Deviation	2005/06 Quarter I Actual as % of GDP	2005/06 Quarter I Target % of GDP	2004/2005 Quarter I % of GDP
A. TOTAL REVENUE AND GRANTS	64,031	66,922	65,565	1,356	4.67	4.58	5.03
1. Revenue	60,636	64,388	63,526	862	4.50	4.44	4.76
Ordinary Revenue	56,750	61,532	61,500	32	4.30	4.30	4.46
Import Duty	5,744	4,652	4,652	0	0.32	0.32	0.45
Excise Duty	9,830	10,508	10,508	0	0.73	0.73	0.77
Income tax	20,225	25,948	25,948	0	1.81	1.81	1.59
VAT	17,664	15,632	15,637	(5)	1.09	1.09	1.39
Investment Revenue	0	37	0	37	0.00	0.00	0.00
Others	3,287	4,756	4,756	0	0.33	0.33	0.26
Appropriation-in-Aid	3,886	2,856	2,026	830	0.20	0.14	0.31
2. Grants	3,395	2,534	2,039	495	0.18	0.14	0.27
Cash	1,622	404	404	0	0.03	0.03	0.13
Appropriation-in-Aid	1,773	2,130	1,635	495	0.15	0.11	0.14
B. EXPENDITURE and NET LENDING	65,938	78,541	82,029	(3,488)	5.49	5.73	5.18
1. Recurrent	58,277	67,428	70,504	(3,076)	4.71	4.92	4.58
Domestic Interest	5,228	6,529	6,529	0	0.46	0.46	0.41
Foreign Interest Due	2,184	3,222	2,649	573	0.23	0.19	0.17
Pension	3,030	4,438	2,830	1,608	0.31	0.20	0.24
Wages and Salaries	26,489	26,833	26,262	571	1.87	1.83	2.08
O & M/Others	21,346	26,406	32,234	(5,828)	1.84	2.27	1.68
2. Development and Net Lending	7,661	10,798	11,210	(412)	0.75	0.78	0.60
3. Civil Contingency Fund	0	315	315	0	0.02	0.02	0.00
C. DEFICIT EXCL. GRANT (Commitment basis)	(5,302)	(14,153)	(18,503)	4,350	(0.99)	(1.29)	(0.42)
D. DEFICIT INCL. GRANTS (Commitment basis)	(1,907)	(11,619)	(16,464)	4,845	(0.81)	(1.15)	(0.15)
E. ADJUSTMENT TO CASH BASIS							
F. DEFICIT INCL. GRANTS (Cash basis)	1,501	(4,943)	1,345	(6,288)	(0.35)	0.09	0.12
	(406)	(16,562)	(15,119)	(1,443)	(1.16)	(1.06)	(0.03)
G. FINANCING	406	16,562	15,119	1,443	1.16	1.06	0.03
1. Foreign financing	(280)	2,645	1,202	1,443	0.18	0.08	(0.02)
Disbursements	2,336	4,516	3,020	1,496	0.32	0.21	0.18
Programme Cash Loans	0	1,572	1,564	8	0.11	0.11	0.00
Project Cash Loans	1,382	1,432	1,432	0	0.10	0.10	0.11
Loans AIA	954	1,512	24	1,488	0.11	0.00	0.07
Repayment due (current)	(6,166)	(7,800)	(6,363)	(1,437)	(0.54)	(0.44)	(0.48)
Rescheduling	1,729	2,698	2,697	1	0.19	0.19	0.14
<i>Of which Principal</i>	-	2,074	2,074	0	0.14	0.14	-
<i>Interest</i>	-	624	623	1	0.04	0.04	-
Change in arrears (current)	1,821	3,231	1,848	1,383	0.23	0.13	0.14
Repayment (arrears)	0	0	0	0	0.00	0.00	0.00
2. Privatization proceeds	0	0	0	0	0.00	0.00	0.00
3. Domestic financing	686	13,917	13,917	0	0.97	0.97	0.05
<b>Memo Item</b>							
Nominal GDP	1,273,716	1,431,576	1,431,579				

Source: Ministry of Finance



## 1.2 REVENUE

The total Government revenue for the first quarter of the fiscal year 2005/2006 was above the target by Kshs 862 million, mainly due to the over collection of the ministerial appropriation in Aid which was above the target by Ksh. 830 million. Ordinary revenue collection amounted to Kshs 61,532 million against a target of Kshs 61,500 million, resulting in an over collection of Kshs 32 million. (*Table 2 and Chart 2*).

**Table 2: Government Revenue and External Grants, First Quarter (Cumulative) Ending 30<sup>th</sup> September 2005 (Kshs Million)**

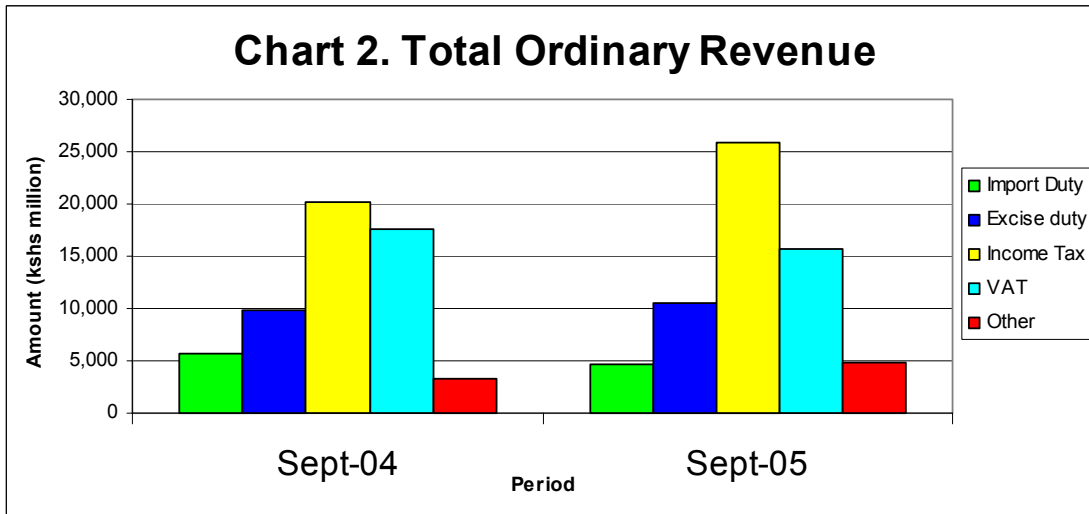
	2004/2005 Quarter I Actual	2005/2006 Quarter I Actual	2005/2006 Quarter I Target	Deviation
<b>Total Revenue</b>	<b>60,636</b>	<b>64,388</b>	<b>63,526</b>	<b>862</b>
<b>(a) Ordinary Revenue</b>	<b>56,750</b>	<b>61,532</b>	<b>61,500</b>	<b>32</b>
Import Duty	5,744	4,652	4,652	0
Excise Duty	9,830	10,508	10,508	0
PAYE	11,191	14,053	14,053	0
Other Income Tax	9,034	11,895	11,895	0
VAT Local	9,055	7,954	7,956	-2
VAT Imports	8,609	7,678	7,681	-3
Investment Revenue	0	37	0	37
Traffic Revenue	591	675	675	0
Airport Revenue	478	0	0	0
Essential Supplies Revenue	700	2,000	2,000	0
Others 1/	1,518	2,081	2,081	0
<b>(b) Appropriation In Aid 2/</b>	<b>3,886</b>	<b>2,856</b>	<b>2,026</b>	<b>830</b>
<b>External Grants</b>	<b>3,395</b>	<b>2,534</b>	<b>2,039</b>	<b>495</b>
<b>Total Revenue and Grants</b>	<b>64,031</b>	<b>66,922</b>	<b>65,565</b>	<b>1,357</b>
In % of GDP	5.03	4.67	4.58	0.09

**Source: Ministry of Finance**

1/ includes aviation, land, forest, mining, rent of buildings, trade licenses, fines and forfeitures, other taxes, reimbursements and other fund contributions, and miscellaneous revenue.

2/ includes receipts from Road Maintenance Levy Fund

Total revenue and grants, as a proportion of GDP, in the period under review was 4.67 percent compared to 5.03 percent in the corresponding period of the 2004/2005 financial year. External grants amounted to Kshs 2,534 million against a target of Kshs 2,039 million.



### 1.3 Expenditure

The total Government Expenditure and Net Lending in the period under review, was Kshs 78,541 million, against a target of Kshs 82,029 million. The shortfall of Kshs 3,488 million was attributed to lower than targeted Recurrent and development expenditures during the first quarter. *(Table 3 and Chart 3).*

Recurrent expenditure amounted to Kshs 67,428 million, against a target of Kshs 70,504 million. This shortfall was mainly due to low expenditures recorded in the Operations and Maintenance/other expenditures category by Kshs 5,828 million.

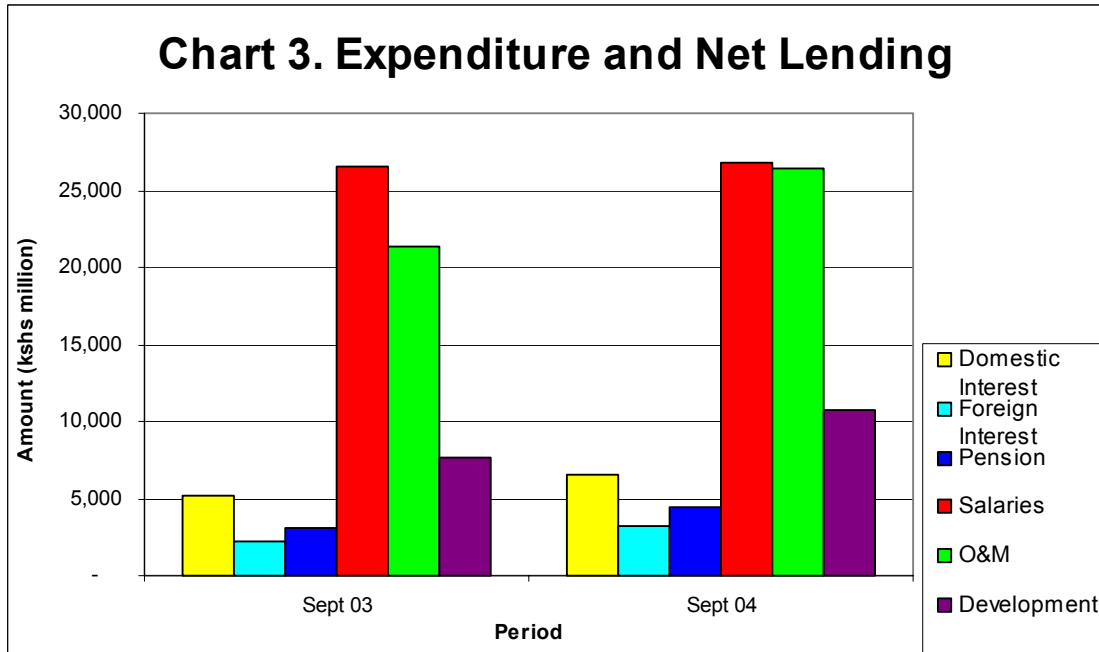
Similarly, foreign interest payments amounted to Kshs 3,222 million, which is higher, compared to Kshs 2,184 million paid in the same period in the 2004/2005 fiscal year. Domestic interest payment totalled Kshs 6,529 million which was higher than Kshs 5,228 million paid in the corresponding period of the previous financial year.

**Table 3: Expenditure and Net Lending, First Quarter (Cumulative) Ending 30<sup>th</sup>  
September 2005  
(Kshs Million)**

	2004/2005 Quarter I Actual	2005/2006 Quarter I Actual	2005/2006 Quarter I Target	Deviation
<b>1. RECURRENT</b>	<b>58,277</b>	<b>67,488</b>	<b>70,504</b>	<b>(3,076)</b>
Domestic Interest	5,228	6,529	6,529	0
Foreign Interest	2,184	3,222	2,649	573
Pensions, etc	3,030	4,438	2,830	1,608
Wages and Salaries	26,489	26,833	26,262	571
Operation and Maintenance	21,346	27,830	32,234	(5,828)
O/W: Change in Pending Bills	0	(1,424)	0	(1,424)
: Appropriation-in-Aid	3,886	2,821	1,390	1,431
<b>2. DEVELOPMENT</b>	<b>7,661</b>	<b>10,798</b>	<b>11,210</b>	<b>(412)</b>
Development Projects (Net)	4,483	6,508	8,735	(2,227)
Payment of Guaranteed Loans <sup>1</sup>	0	180	180	0
Appropriation-in-Aid	3,178	4,171	2,295	1,876
Change in pending bills	0	(61)	0	(61)
<b>3. Civil Contingency Fund</b>	<b>0</b>	<b>315</b>	<b>315</b>	<b>0</b>
<b>TOTAL EXPENDITURE</b>	<b>65,938</b>	<b>78,541</b>	<b>82,029</b>	<b>(3,488)</b>

1/ the guaranteed Loans were rescheduled and are shown here as commitments

Source: Ministry of Finance



Analysis of Ministries’ expenditure reveals that much of Government expenditure continues to go to the Social Sector Ministries. The Ministries of Education, Science and Technology, and Health incurred 45.3 percent of total recurrent expenditure during the first quarter. Administrative Services also accounted for a significant percentage of total recurrent expenditure. The Office of the President incurred Kshs 8,396.0 million, which represented 15.4 percent of the total recurrent expenditure. The Ministry of Regional development, Justice and Constitutional Affairs, Energy and Public Service Commission incurred the least share of the total recurrent expenditure, each accounting for 0.2 percent, 0.2 percent, 0.1 percent and 0.1 percent, respectively (*Table 4*).

However, analysis on development expenditure indicates that, the Ministry of Finance incurred the largest share mainly due to CDF disbursements, followed by the Ministry of Energy and Office of the President each accounting for 46.0 percent, 12.4 percent and 10.6 percent of the total development expenditure, respectively. Details of the various Ministries and Departments in the total expenditures for the period under review are shown in table 4.

**Table 4: Ministerial Expenditures, First Quarter (Cumulative) Ending  
30<sup>th</sup> September 2005  
(Kshs Million)**

MINISTRIES	SEPTEMBER 2005			SEPTEMBER 2005			SEPTEMBER 2005		
	Recurrent			Development			Total		
	Actual	Target	Variance	Actual	Target	Variance	Actual	Target	Variance
1.O.O.P	8,396	7,932	464	851	1,514	(663)	9,248	9,446	(199)
2. State House	271	192	80	19	35	(16)	290	226	64
3. DPM	621	494	127	0	127	(127)	621	621	0
4. Foreign Affairs & Int. Co-op.	1,557	1,617	(60)	0	14	(14)	1,557	1,631	(74)
5. OVP& Home Affairs	1,291	1,501	(210)	98	195	(97)	1,389	1,696	(307)
6. Planning and National Devt	190	179	11	14	239	(226)	204	418	(214)
7. Finance	2,938	2,340	598	3,683	3,734	(51)	6,621	6,074	548
8. Department of Defence	5,717	6,202	(485)	0	0	0	5,717	6,202	(486)
9. Regional Development	130	138	(8)	25	145	(120)	155	284	(129)
10.Agriculture & Rural Development	941	1,114	(173)	2	478	(476)	943	1,591	(648)
11.Health	4,834	4,440	(56)	220	243	(23)	4,604	4,683	(79)
12. Local Government	45	116	(71)	135	116	19	180	232	(52)
13. Roads & Public Works	375	508	(133)	441	506	(65)	816	1,014	(198)
14. Transport	305	382	(77)	121	145	(24)	425	527	(101)
15. Labour & Human Resources	170	213	(43)	0	27	(27)	170	240	(71)
16. Trade & Industry	283	345	(62)	46	118	(72)	330	464	(134)
17.Justice and Constitutional Affairs	90	125	(35)	5	16	(11)	95	141	(46)
18.Gender, Sports, Culture & Social	300	378	(78)	11	23	(12)	311	401	(90)
19.Livestock, Fisheries and Marketing	587	583	4	58	50	8	645	632	12
20.Water Resources Mgt & Devt	576	631	(55)	833	537	296	1,409	1,169	240
21. Environment & Natural Resources	579	758	(179)	76	101	(25)	655	860	(205)
22.Co-operative Development	109	172	(63)	0	17	(17)	109	189	(80)
23. State Law Office	149	155	(6)	5	5	0	155	160	(5)
24. Judicial Department	278	280	(2)	0	58	(58)	278	338	(60)
25. Public Service Commission	50	43	7	0	0	0	50	43	(7)
26. Kenya National Audit Office	232	264	(32)	0	0	0	232	264	(32)
27. National Assembly	984	1,132	(148)	0	0	0	984	1,132	(147)
28. Energy	43	74	(31)	992	243	749	1,035	317	718
29. Education, Science & Technology	20,402	23,076	(2,674)	363	371	(8)	20,765	23,447	(2,681)
30. Electoral Commission of Kenya	257	365	(108)	0	0	0	257	365	(108)
31. Lands & Settlement	275	437	(162)	8	96	(88)	283	533	(250)
32. National Security Intell. Service	1,288	1,403	(115)	0	0	0	1,288	1,403	(115)
33. Tourism & Wildlife	339	336	3	0	22	(22)	339	357	(19)
34. East African & Regional Dev.	149	171	(22)	0	0	0	149	171	(22)
35. Information	142	164	(22)	0	3	(3)	142	167	(25)
36. Kenya Anti Corruption Com	221	276	(55)	0	0	0	221	276	(55)
<b>TOTAL</b>	<b>54,664</b>	<b>58,537</b>	<b>(3,873)</b>	<b>8,007</b>	<b>9,177</b>	<b>(1,170)</b>	<b>62,671</b>	<b>67,714</b>	<b>(5,044)</b>

Source: Ministry of Finance

## 1.3.1 Pending Bills

**Table 5: Stock of Pending Bills,  
(Kshs Million)**

Min/Dept.	June 30, 2005			September 30, 2005			Change during the Period		
	Rec.	Dev.	Total	Rec.	Dev.	Total	Rec.	Dev.	Total
Office Of the President	3,920.4	852.8	4,773.1	2,399.1	852.8	3,251.9	(1,521.3)	0.0	(1,521.3)
State House	68.5	15.5	84.0	56.1	11.2	67.3	(12.4)	(4.3)	(16.7)
DPM	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign Affairs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Home Affairs	721.2	0.0	721.2	674.9	0.0	674.9	(46.3)	0.0	(46.3)
Planning & National Development	47.1	14.8	61.9	47.1	14.8	61.9	0.0	0.0	0.0
Finance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Defence	501.0	0.0	501.0	501.0	-	501.0	0.0	-	0.0
Regional Authorities	373.1	911.2	1,284.3	373.1	911.2	1,284.3	0.0	0.0	0.0
Agriculture and Rural Dev.	500.0	78.0	578.0	641.0	0.0	641.0	141.0	(78.0)	63.0
Health	111.1	5.6	116.8	111.1	5.6	116.7	0.0	0.0	0.0
Local Government	6.0	737.7	743.7	4.6	691.7	696.4	(1.4)	(46.0)	(47.3)
Roads and Public Works	176.6	488.8	665.3	176.6	488.8	665.4	0.0	0.0	0.0
Transport	64.1	0.0	64.1	64.1	0.0	64.1	0.0	0.0	0.0
Labour and Human Resources	86.1	22.3	108.4	86.1	22.3	108.4	0.0	0.0	0.0
Trade and Industry	1.1	0.0	1.1	21.2	9.9	31.1	20.1	9.9	30.0
Tourism & Wildlife	8.2	0.6	8.8	8.2	0.6	8.8	0.0	0.0	0.0
Livestock and Fisheries Dev	10.0	0.0	10.0	0.1	9.6	9.7	(9.9)	9.6	(0.3)
Water and Irrigation	34.2	0.7	34.9	34.2	0.7	34.9	0.0	0.0	0.0
Environment and Nat. Resources	47.9	298.5	337.4	47.9	337.4	385.3	0.0	47.9	47.9
Cooperative Development	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State Law Office	4.9	0.0	4.9	4.9	4.9	4.9	0.0	0.0	0.0
Judicial Department	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PSC	0.0	0.0	0.0	0.0	-	0.0	0.0	-	0.0
National Audit Office	0.0	0.0	0.0	0.0	-	0.0	0.0	-	0.0
National Assembly	0.0	0.0	0.0	0.0	-	0.0	0.0	-	0.0
Energy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Education, Science and Tech.	0.0	1,357.9	1,357.9	0.0	1,357.9	1,357.9	0.0	0.0	0.0
Electoral Commission of Kenya	0.0	0.0	0.0	0.0	-	0.0	0.0	-	0.0
Justice & Constitutional Affairs	86.1	24.7	110.8	86.1	24.7	110.8	0.0	0.0	0.0
Lands and Housing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gender, Sport, & Social Services	100.4	0.0	100.4	106.4	0.0	106.4	6.0	0.0	6.0
National Security Int. Service	0.0	0.0	0.0	0.0	-	0.0	0.0	-	0.0
Information & Communication	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>6,868.0</b>	<b>4,800.1</b>	<b>11,668.1</b>	<b>5,443.8</b>	<b>4,739.3</b>	<b>10,183.1</b>	<b>(1,424.2)</b>	<b>(60.9)</b>	<b>(1,485.1)</b>

Source: Ministry of Finance

During the period under review, the stock of pending bills decreased by Kshs 1,485.1 million from Kshs 11,688.1 million as at the end of June 30<sup>th</sup> 2005 to Kshs 10,183.1 million. The recurrent pending bills decreased by Kshs 1,424.2 million from Kshs 6,868.0 million to Kshs 5,443.8 million. At the same time, the stock of development pending bills decreased by Kshs 60.9million from Kshs 4,800.1 million to Kshs 4,739.3 million. There was significant decrease of pending bills in the Office of the President whose pending bills reduced by Kshs 1,521.3 million (*Table 5*).

### 1.3.2 Guaranteed Loans for Parastatals

Scheduled Payments of Guaranteed Loans for Parastatals with liquidity problems amounted to Kshs 180.17 million during the first quarter. However these loans were rescheduled under the Paris Club and the Government will start servicing in 2007/08 financial year. (*Table 6*).

**Table 6: Payment of Guaranteed Loans, July 2005 – September 2005  
(Kshs Million)**

	PRINCIPAL	INTEREST	TOTAL	PAID	BALANCE
Nairobi City Council	33.60	4.81	38.41	-	38.41
TARDA 1/	102.86	38.9	141.76	-	141.76
KBC 2/	0.00	0.00	0.00	-	0.00
ICDC 3/	0.00	0.00	0.00	-	0.00
<b>TOTAL</b>	<b>136.46</b>	<b>43.71</b>	<b>180.17</b>	<b>-</b>	<b>180.17</b>

1/ TARDA stands for Tana and Athi Rivers Development Authority

2/ KBC stands for Kenya Broadcasting Corporation

3/ ICDC stands for Industrial and Commercial Development Corporation

Source: Ministry of Finance

## 1.4 Financing the Budget Deficit

### 1.4.1 External Financing

During the first quarter, external financing represented a net borrowing of Kshs 2,020 million. The external financing for the same period in the 2004/2005 fiscal year was a net repayment of Kshs 280 million.

Total disbursements (inflows) including Appropriations-in-Aid amounted to Kshs 4,516 million. This amount includes Kshs 1,572 million Program Loans, Kshs 1,432 million Project Cash Loans and Kshs 1,512 million Project Loans A.I.A. Repayments (Outflows) of principal on the other hand, amounted to Kshs 2,496 million, the bulk of these being made to Multilateral Creditors (*Table 7*).

**Table 7: Net External Financing (Loans), First Quarter Ending 30<sup>th</sup> September 2005 (Kshs Million)**

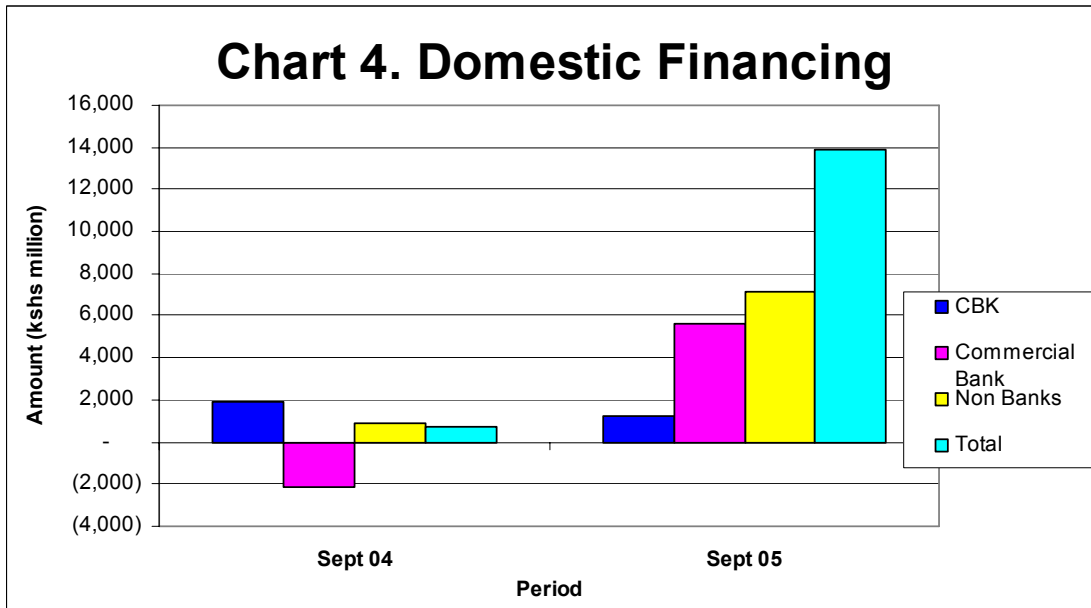
	2004/2005 Quarter 1 Actual	2005/2006 Quarter 1 Actual	2005/2006 Quarter 1 Target
<b>DISBURSEMENTS:</b>	<b>2,336.00</b>	<b>4,516.00</b>	<b>3,020.00</b>
Project Cash loans	1,382.00	1,432.00	1,432.00
Programme loans	0.00	1,572.00	1,564.00
Project loans A-I-A	954.00	1,512.00	24.00
<b>EXTERNAL REPAYMENTS:</b>	<b>2,616.38</b>	<b>2,495.97</b>	<b>2,442.66</b>
Bilateral	373.61	306.88	253.57
Multilateral	2,189.12	2,189.09	2,189.09
Commercial	59.65	0.00	0.00
<b>NET FOREIGN FINANCING</b>	<b>(280.38)</b>	<b>2,020.03</b>	<b>577.34</b>

Source: Ministry of Finance

### 1.4.2 Domestic Financing

In the first quarter of the 2005/2006 fiscal year, the overall performance in the Government's financial position resulted in net borrowing of Kshs 13,917 million which was in line with the programme target. This comprised a net borrowing of Kshs 1,190 million from the Central Bank, Kshs 5,626 million from Commercial Banks, Kshs 6,368 million from Non-Bank Financial Institutions and Kshs 733 million from Non Residents. Conversely, the same quarter in the 2004/2005 fiscal year, the net borrowing amounted to Kshs 686 million, which represented a net borrowing of Kshs 1,918 million from the Central Bank, Kshs 764 million from Non-Banks Financial Institutions, Kshs 122 million from Non Residents and a net repayment of Kshs 2,118 million to Commercial Banks (*chart 4*).





The stock of Treasury Bills held by the Commercial Banks, Non-Bank Financial Institutions and Non-Residents registered a net increase of Kshs 4,581 million, Kshs 2,136 million and Kshs 665 million, respectively, during the quarter. However, the stock of Treasury Bills held by the Central Bank registered a net reduction of Kshs 1 million. On the other hand, the Floating Rate Treasury Bonds held by the Non-Bank Financial Institutions and Commercial Banks registered a net reduction of Kshs 1,123 million and Kshs. 867 million respectively. The overdraft facility from Central Bank was utilized to the tune of Kshs 3,684 million during the period under review. **(Table 8).**

**Table 8: Cumulative Domestic Financing, First Quarter Ending 30<sup>th</sup> September 2005 (Kshs Million) <sup>1</sup>**

	SEPTEMBER 2004	JUNE 2005	SEPTEMBER 2005
<b>1.CENTRAL BANK</b>	<b>1,918</b>	<b>(10,401)</b>	<b>1,190</b>
Overdraft	0	(4,007)	3,684
IMF funds onlet to Govt	48	(110)	(76)
Treasury bills	669	4	(1)
Stocks	0	0	0
Floating rate T. Bonds	0	0	0
Fixed rate T. Bonds	0	0	0
Items on Transit	(4,473)	846	(5,505)
Frozen Govt Account	(1,000)	(1,000)	0
Less Govt Deposits	6,679	(6,134)	3,090
<b>2.COM. BANKS</b>	<b>(2,118)</b>	<b>(15,327)</b>	<b>5,626</b>
Advances	87	(235)	(103)
Stocks	0	0	0
Treasury bills	(1,774)	(9,681)	4,581
Floating rate T. Bonds	(1,923)	(5,632)	(867)
Fixed rate T. Bonds	2,925	(8,462)	3,855
Zero Coupon Bonds	(2,203)	12,931	0
Less Govt Deposits	770	(4,248)	(1,840)
<b>3. NON BANKS</b>	<b>764</b>	<b>16,757</b>	<b>6,368</b>
Stocks	0	0	0
Treasury bills	886	15,274	2,136
Floating Rate T. Bonds	(3,066)	(7,710)	(1,123)
Fixed rate T. Bonds	3,651	(2,606)	5,355
Zero Coupon Bonds	(707)	11,799	0
<b>NON RESIDENTS</b>	<b>122</b>	<b>2,299</b>	<b>733</b>
Treasury bills	128	1,900	665
Floating rate T. Bonds	(1)	0	0
Fixed rate T. Bonds	(5)	22	68
Zero Coupon Bonds	0	377	0
<b>NET CREDIT</b>	<b>686</b>	<b>(6,672)</b>	<b>13,917</b>

*Note: Treasury bills as reflected here are given at cost value as opposed to Table 10 given at Face value.*

**Source: Central Bank of Kenya**

1. Cumulative from the beginning of the respective fiscal year

**PUBLIC DEBT****2.1 Overall Debt Position**

The total Public Debt in shilling terms decreased from Kshs 750,026 million as at the end of June 2005 to Kshs 747,662 million by 30<sup>th</sup> September 2005. This was as a result of a 3.59 percent decrease in external debt and an increase in domestic debt by 4.19 percent during the period under review (*Table 9*).

**Table 9: Kenya's Public and Publicly Guaranteed Debt,  
June 2000- September 2005 (Kshs millions)**

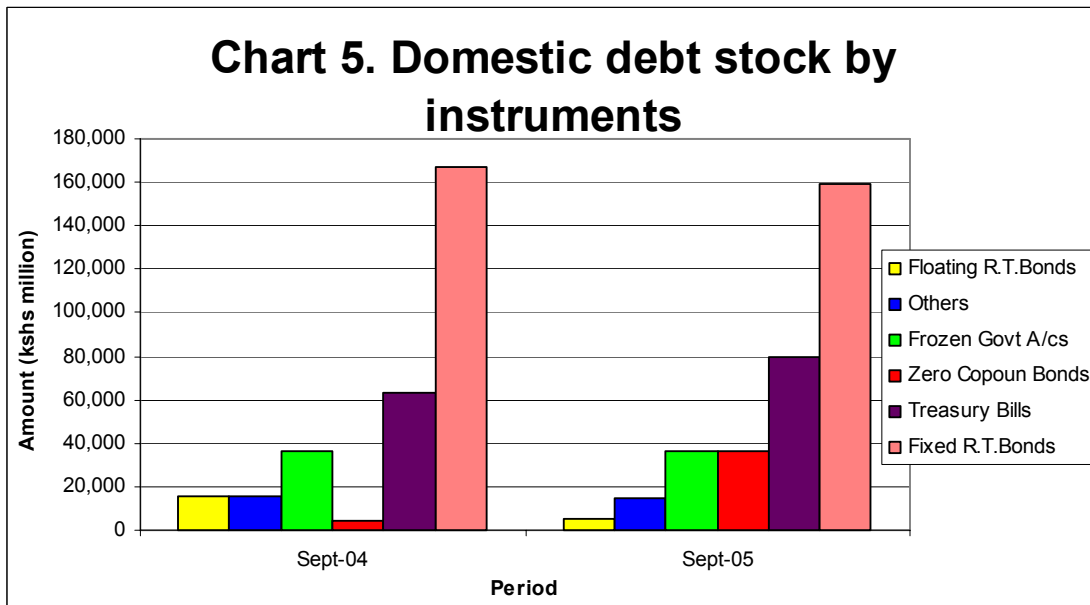
	June 00	June 01	June 02	June 03	June 04	June 05	Sept 05
<b>EXTERNAL:</b>							
BILATERAL	138,567	132,269	129,973	142,593	162,914	157,669	152,960
MULTILATERAL	230,740	228,497	222,452	233,829	260,658	255,784	245,487
COMMERCIAL BANKS	24,913	29,423	24,031	3,597	2,911	1,776	1,726
EXPORT CREDIT	1,474	3,789	1,292	27,034	16,674	19,224	18,688
<b>SUB-TOTAL</b>	<b>395,694</b>	<b>393,978</b>	<b>377,748</b>	<b>407,053</b>	<b>443,157</b>	<b>434,453</b>	<b>418,861</b>
<b>DOMESTIC:</b>							
CENTRAL BANK <sup>1</sup>	50,986	47,196	42,841	45,290	50,774	46,617	44,795
COMMERCIAL BANKS	69,102	62,046	78,000	112,369	128,214	122,912	130,652
<b>TOTAL BANKS</b>	<b>120,088</b>	<b>109,242</b>	<b>120,841</b>	<b>157,659</b>	<b>178,988</b>	<b>169,529</b>	<b>175,447</b>
<b>NON-BANKS</b>	<b>86,039</b>	<b>102,572</b>	<b>115,150</b>	<b>131,722</b>	<b>127,247</b>	<b>146,044</b>	<b>153,354</b>
<b>SUB-TOTAL</b>	<b>206,127</b>	<b>211,814</b>	<b>235,991</b>	<b>289,381</b>	<b>306,235</b>	<b>315,573</b>	<b>328,801</b>
<b>GRAND TOTAL GROSS</b>	<b>601,821</b>	<b>605,792</b>	<b>613,739</b>	<b>696,434</b>	<b>749,392</b>	<b>750,026</b>	<b>747,662</b>
LESS ON-LENDING	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)
LESS GOVERNMENT DEPOSITS	(37,021)	(43,877)	(29,659)	(38,046)	(48,281)	(58,600)	(57,350)
<b>GRAND TOTAL NET</b>	<b>559,099</b>	<b>556,214</b>	<b>578,379</b>	<b>652,687</b>	<b>695,473</b>	<b>685,725</b>	<b>684,611</b>

Source: Ministry of Finance

<sup>1</sup> The IMF funds on let to Government have been excluded from Central Bank to avoid double counting since they are already included in External Debt under Multilateral

## 2.2 Domestic Debt

The stock of gross domestic debt increased from Kshs 317,794 million in June 2005 to Kshs 330,946 million in September 2005, reflecting a net increase of Kshs 13,152 million (*Table 10*). The stock of Treasury Bills held by Central Bank, Commercial Banks, Non Financial Institution and Non Residents recorded a increase from Kshs 71,938 million in June 2005 to Kshs 79,558 million in September 2005. Similarly the stock of Treasury Bonds, Floating, Fixed Rate Treasury and Zero coupon Bonds, increased from Kshs 193,359 million in June 2005 to Kshs 200,891 million in September 2005 (*chart 5*).



**Table 10: Stock of Domestic Debt, First Quarter Ending 30<sup>th</sup> September  
2005/2006  
(Kshs million)**

	JUNE 2004	SEPT 2004	JUNE 2005	SEPT 2005
<b>1.CENTRAL BANK</b>	<b>53,105</b>	<b>48,346</b>	<b>48,838</b>	<b>46,940</b>
Overdraft	9,232	9,232	5,225	8,909
Frozen Govt Accounts	36,917	35,917	35,917	35,917
Treasury Bills	3	669	7	6
IMF Funds on let to Govt	2,331	2,379	2,221	2,145
Items on Transit	4,622	149	5,468	(37)
<b>2.COM.BANKS</b>	<b>128,214</b>	<b>125,438</b>	<b>122,912</b>	<b>130,652</b>
Advances	2,774	2,861	2,539	2,436
Stocks	0	0	0	0
Treasury Bills	41,021	39,315	31,863	36,585
Floating Rate T. Bonds	7,325	5,402	4,215	3,347
Fixed Rate T. Bonds	72,251	75,278	63,888	67,877
Zero Coupon Bonds	4,843	2,582	20,407	20,407
<b>3. NON BANKS</b>	<b>123,200</b>	<b>124,164</b>	<b>139,542</b>	<b>146,094</b>
Stocks	1,058	1,058	1,058	1,058
Treasury Bills	18,387	19,368	34,522	36,731
Floating Rate T. Bonds	13,140	10,071	2,914	1,789
Fixed Rate T. Bonds	87,699	91,476	85,297	90,765
Zero Coupon Bonds	2,847	2,122	15,682	15,682
Tax Reserve Certificate	69	69	69	69
<b>4. NON RESIDENTS</b>	<b>4,047</b>	<b>4,177</b>	<b>6,502</b>	<b>7,260</b>
Treasury Bills	3,526	3,661	5,546	6,236
Floating Rate T. Bonds	12	11	0	0
Fixed Rate T. Bonds	500	496	523	591
Zero Coupon Bonds	9	9	433	433
<b>5. TOTAL DEBT</b>	<b>308,566</b>	<b>302,125</b>	<b>317,794</b>	<b>330,946</b>
6. LESS ON-LENDING	(5,701)	(5,701)	(5,701)	(5,701)
7. Less Govt. Deposits	(48,281)	(40,771)	(58,600)	(57,350)
<b>8. NET DEBT</b>	<b>254,647</b>	<b>255,653</b>	<b>253,493</b>	<b>267,895</b>

NOTE: Treasury bills reflected here are at face value as opposed to Table 8, given at cost

Source: Central Bank of Kenya

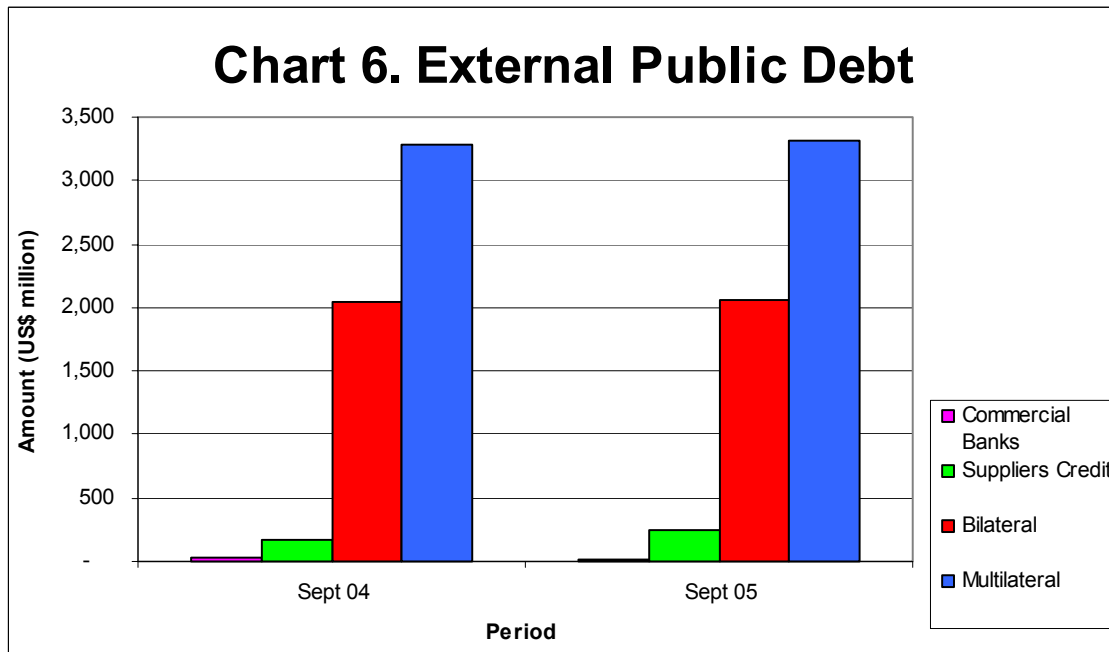
## 2.3 External Public Debt

External debt stock stood at approximately US \$ 5.654 billion as at the end of September 2005 showing a decrease of 0.82 percent from the June 2005 position of US \$ 5.701 billion. Loans from multilateral agencies constitute a big portion of the Kenya's external debt due to their concessionary lending terms of low interest rates and long-term repayment period. Overall, external debt consists of 58.61 percent Multilateral, 36.52 percent Bilateral, 0.41 percent Commercial Banks, and 4.46 percent Export or Suppliers Credit (*Table 11 and Chart 6*).

**Table 11: Kenya's External Public and Publicly Guaranteed Debt  
June 2000- September 2005 US (\$ Million)**

CREDITOR	June 2000	June 2001	June 2002	June 2003	June 2004	June 2005	Sept 2005
<b><u>BILATERAL</u></b>							
AUSTRIA	34	16.1	25.0	30.50	33.14	32.35	32.35
BELGIUM	38	30.6	29.8	30.50	59.41	68.00	66.94
CANADA	41	67.7	28.0	36.40	22.18	17.00	17.00
DENMARK	40	32.4	24.8	26.10	26.22	31.00	31.00
FINLAND	2	2.5	5.0	3.60	3.08	1.76	1.76
FRANCE	179	219.6	199.0	182.60	201.02	237.33	237.33
GERMANY	109	98.1	94.4	109.80	137.14	169.63	169.63
ITALY	82	125.8	136.1	117.90	126.33	94.14	94.14
JAPAN	1,031	922.2	824.0	1,071.00	1,058.80	1,109.50	1,109.50
NETHERLANDS	58	52.4	44.2	50.40	52.79	28.94	28.94
U.K.	37	35.8	40.82	35.80	33.35	36.94	36.94
USA	72	43.0	55.4	89.70	74.55	79.40	79.40
OTHERS	54	49.7	143.1	138.40	153.90	163.00	159.92
<b>SUBTOTAL</b>	<b>1,787</b>	<b>1,695.9</b>	<b>1,649.62</b>	<b>1,922.70</b>	<b>1,981.91</b>	<b>2,068.99</b>	<b>2,064.85</b>
<b><u>MULTILATERAL</u></b>							
ADB/ADF	308	328.4	292.8	321.50	315.10	310.00	346.40
EEC/EIB	115	156.7	148.0	115.50	128.92	111.00	108.75
IBRD	91	20.0	11.50	11.50	14.22	0.50	0.00
IDA	2,332	2,306.8	2,263.0	2,616.60	2,492.88	2,757.00	2,688.00
IMF	104	111.3	98.0	80.75	111.50	172.00	164.76
OTHERS	9	6.3	10.05	6.90	0.75	6.00	6.00
<b>SUBTOTAL</b>	<b>2,958</b>	<b>2,929.5</b>	<b>2,823.35</b>	<b>3,152.75</b>	<b>3,063.37</b>	<b>3,356.50</b>	<b>3,313.91</b>
COMMERCIAL BANKS	319	377.2	305	48.50	46.9	23.30	23.30
EXPORT CREDIT	19	48.6	16.4	364.5	200.57	252.27	252.27
<b>GRAND TOTAL</b>	<b>5,083</b>	<b>5,051.2</b>	<b>4,794.37</b>	<b>5,488.45</b>	<b>5,292.76</b>	<b>5,701.06</b>	<b>5,654.33</b>
<b>In Percentage of total Debt</b>							
<b>Bilateral</b>	35.0	33.6	34.4	35.0	36.8	36.3	36.5
<b>Multilateral</b>	58.3	58.0	58.9	57.4	58.8	58.9	58.6
<b>Commercial Banks</b>	6.3	7.5	6.4	0.9	0.7	0.4	0.4
<b>Export Credit</b>	0.4	1.0	0.3	6.6	3.8	4.4	4.5
<b>Total</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Ministry of Finance



### 2.3.1 External Debt Service

The Government external debt service amounted to Kshs 3,470 million as at the end of September 2005. This comprised repayments of Kshs 617 million (18 percent) of bilateral and Kshs 2,853 million (82 percent) multilateral loans principal and interest during the first quarter. (*Table 12 and chart 7*).

**Table 12: External Debt Service, July – September 2005**  
(Kshs Million)

CATEGORY	Principal	Interest	Total
<b><u>BILATERAL</u></b>			
AUSTRIA	0.00	10.98	10.98
DENMARK	0.00	0.00	0.00
FINLAND	0.00	0.00	0.00
FRANCE	0.00	75.26	75.26
ITALY	0.00	0.00	0.00
JAPAN	0.00	0.00	0.00
SAUDI FUND	130.95	105.16	236.11
KUWAIT	49.98	19.52	69.50
SPAIN	47.46	21.96	69.42
SWEDEN	0.00	0.00	0.00
SWITZERLAND	0.00	0.00	0.00
NETHERLANDS	0.00	0.00	0.00
USA	0.00	9.91	9.91
CANADA	0.00	9.28	9.28
CHINA	0.00	0.00	0.00
GERMANY	0.00	13.25	13.25
UK	0.00	4.33	4.33
KOREA	0.00	0.00	0.00
BELGIUM	78.49	40.92	119.41
INDIA	0.00	0.00	0.00
<b>TOTAL BILATERAL</b>	<b>306.88</b>	<b>310.57</b>	<b>617.45</b>
<b><u>MULTILATERAL</u></b>			
ADB	420.83	157.38	578.21
BADEA	0.00	0.11	0.11
EEC	68.66	15.34	84.00
EIB	98.27	6.11	104.38
IBRD	0.00	0.00	0.00
IDA	1,601.34	484.48	2,085.82
OPEC	0.00	0.00	0.00
<b>TOTAL MULTILATERAL</b>	<b>2,189.10</b>	<b>663.42</b>	<b>2,852.52</b>
<b>COMMERCIAL BANKS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>GRAND TOTAL</b>	<b>2,495.97</b>	<b>973.99</b>	<b>3,469.97</b>

Source: Ministry of Finance.



## ANNEX I

## FISCAL RESULTS, FINANCIAL YEAR 1998/9 – 2005/2006 (Kshs. Millions)

	1998/99	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005*	2005/06**
<b>A.TOTAL REVENUE</b>	196,257	178,443	192,313	196,613	210,750	254,681	289,802	326,247
1.Revenue	173,550	163,769	175,481	175,746	190,591	226,478	265,715	296,106
Income Tax	55,235	54,402	53,429	55,862	66,744	77,410	94,095	109,820
VAT	39,205	40,944	50,298	50,871	56,135	61,725	75,989	78,603
Import Duty	28,444	28,605	28,726	21,584	18,477	22,324	23,532	25,732
Excise Duty	28,733	28,493	28,318	32,077	35,643	40,085	44,151	55,557
Other Revenue	21,933	11,325	14,710	15,352	13,592	24,934	27,948	26,394
2.Appropriation –in –Aid	22,707	14,674	16,832	20,867	20,159	28,203	24,087	30,140
<b>B.EXPENDITURE &amp; NET LENDING</b>	197,341	175,119	232,921	225,760	264,144	282,187	303,373	410,916
1.Recurrent	165,331	156,535	198,941	200,807	220,618	244,476	257,746	308,893
Wages and Salaries	63,253	65,861	68,119	77,638	85,087	95,850	105,612	105,612
Interest Payments	40,055	29,387	31,035	30,384	36,026	29,700	30,470	35,902
Domestic Interest	31,743	20,752	23,232	23,744	27,567	23,281	23,375	26,890
Foreign Interest Due	8,312	8,635	7,803	6,640	8,459	6,419	7,095	9,012
Pensions, etc	5,171	5,145	6,136	8,995	9,450	13,612	12,568	19,941
Civil Service Reform	750	443	6,095	1,665	957	273	0	2,000
Drought Recurrent Expenditures	0	0	15,972	0	0	0	2,000	1,701
Operations & maintenance/ Others	56,102	55,699	71,584	82,125	89,098	105,041	107,096	132,460
Of which Appropriation-in-Aid	13,567	14,836	14,723	17,733	18,221	23,443	20,999	27,274
2.Development & Net Lending	32,010	18,584	33,980	24,953	43,526	37,711	45,627	100,023
Development Projects	13,332	7,096	9,434	11,727	16,835	25,943	28,824	64,308
Appropriation-in-Aid	17,727	10,252	11,592	14,526	17,894	12,341	15,929	34,913
Drought Development Expenditures	0	0	5,806	0	0	0	0	0
Payment of guaranteed loans	951	1,880	3,957	1,862	1,799	1,368	860	802
<b>D.DEFICIT EXCL. GRANTS (Commitment Basis)</b>	(1,084)	3,324	(40,608)	(29,147)	(53,394)	(27,506)	(13,571)	(84,669)
<b>E.GRANTS</b>	4,920	4,247	24,080	6,823	14,942	16,224	14,905	27,866
<b>F.DEFICIT INCL.GRANTS (Commitment basis)</b>	3,836	7,571	(16,528)	(22,324)	(38,452)	(11,282)	1,334	(56,803)
<b>G. ADJUSTMENT TO CASH BASIS</b>	(6,107)	(5,770)	3,423	(5,085)	2,683	11,282	5,964	0
<b>H.DEFICIT INCL.GRANTS (cash basis)</b>	(2,271)	1,801	(13,105)	(27,409)	(34,779)	0	7,298	(56,803)
<b>I.FINANCING</b>	2,271	(1,801)	13,105	27,409	34,779	0	(7,298)	56,803
Foreign Financing	(8,745)	(19,337)	12,489	(13,314)	(12,143)	(8,809)	(625)	23,425
Domestic Financing	11,016	17,536	616	40,723	46,922	8,809	(6,673)	33,378
Of which Domestic Borrowing	11,016	17,536	616	40,723	46,922	8,809	(6,673)	25,378
Others	0	0	0	0	0	0	0	8,000
In Percentage of GDP								
<b>A.TOTAL REVENUE</b>	28.7	26.5	19.9	19.2	20.3	22.3	22.8	22.8
1.Revenue	26.9	23.5	18.1	17.1	18.3	19.8	20.9	20.7
Income Tax	8.9	7.5	5.5	5.4	6.4	6.8	7.4	7.7
VAT	5.6	5.3	5.2	5.0	5.4	5.4	6.0	5.5
Import Duty	4.0	3.8	3.0	2.1	1.8	2.0	1.8	1.8
Excise Duty	4.6	3.9	2.9	3.1	3.4	3.5	3.5	3.9
Other Revenue	3.8	3.0	1.5	1.5	1.3	2.2	2.2	1.8
2.Appropriation –in –Aid	1.8	3.1	1.9	2.0	1.9	2.5	1.9	2.1
<b>B.EXPENDITURE &amp; NET LENDING</b>	31.1	26.7	23.7	22.3	24.8	24.7	23.8	28.7
1.Recurrent	25.6	22.3	20.6	19.6	21.2	21.4	20.2	21.6
Wages and Salaries	9.9	8.6	7.0	7.6	8.2	8.4	8.3	8.2
Interest Payments	6.1	5.4	3.2	3.0	3.5	2.6	2.4	2.5
Domestic Interest	4.8	4.3	2.4	2.3	2.7	2.0	1.8	1.9
Foreign Interest Due	1.2	1.1	0.8	0.6	0.8	0.6	0.6	0.6
Pensions	0.8	0.7	0.6	0.9	0.9	1.2	1.0	1.4
Civil Service Reform	0.1	0.1	0.6	0.2	0.1	0.0	0.0	0.1
Drought Recurrent Expenditures	0.0	0.0	1.7	0.0	0.0	0.0	0.2	0.1
O &M/ Others	8.7	7.6	7.4	8.0	8.6	9.2	8.4	9.3
of which Appropriation-in-Aid	1.3	1.8	1.5	1.7	1.8	2.1	1.6	1.9
2.Development & Net Lending	5.5	4.3	3.2	2.7	3.5	3.3	3.6	7.0
Development Projects	2.1	1.8	1.0	1.1	1.6	2.3	2.3	4.5
Appropriation-in-Aid	3.0	2.4	1.2	1.4	1.7	1.1	1.3	2.4
Drought Development Expenditures	0.0	0.0	0.6	0.0	0.0	0.0	0.0	0.0
Payment of guaranteed loans	0.4	0.1	0.4	0.2	0.2	0.1	0.1	0.1
<b>D.DEFICIT EXCL. GRANTS (Commitment Basis)</b>	(2.5)	(0.1)	(4.2)	(2.8)	(5.1)	(2.4)	(1.1)	(5.9)
<b>E.GRANTS</b>	0.8	0.7	2.5	0.7	1.4	1.4	1.2	1.9
<b>F.DEFICIT INCL.GRANTS (Commitment basis)</b>	(1.6)	0.5	(1.7)	(2.2)	(3.7)	(1.0)	0.1	(4.0)
<b>G.ADJUSTMENT TO CASH BASIS</b>	0.5	(0.8)	0.4	(0.5)	(0.3)	1.0	0.5	0.0
<b>H.DEFICIT INCL.GRANTS (cash basis)</b>	(1.1)	(0.3)	(1.4)	(2.7)	(3.3)	0.0	0.6	(4.0)
<b>I.FINANCING</b>	1.1	0.3	1.4	2.7	3.3	0.0	(0.6)	4.0
Foreign Financing	(1.1)	(1.2)	1.3	(1.3)	(1.2)	(0.8)	0.0	1.6
Domestic Financing	2.3	1.5	0.1	4.0	4.5	0.8	(0.5)	2.3
Of which Domestic Borrowing	2.3	1.5	0.1	4.0	4.5	0.8	(0.5)	1.8
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6
<b>Memorandum Item:</b>								
Nominal GDP at Market price (Kshs. million)	739,800.0	777,838.0	967,838.0	1,025,918.0	1,038,764.0	1,141,780.0	1,273,716.0	1,431,579.0

Note: \* indicate Preliminary results and \*\* Printed Estimates

Source: Ministry of Finance and Planning

## 2003/04 Approved Estimates and 2004/05 Budget for some State Corporations

	Name	Actual 2003/2004 Ksh.'000	Forecast 2004/2005 Ksh.'000	Budget 2005/2006 Ksh.'000
1	Kenya Institute of Administration	162,224	176,658	184,730
2	Capital Markets Authority	145,759	117,800	141,978
3	Retirement Benefits Authority	191,447	180,550	195,050
4	Kenya Revenue Authority	3,883,000	5,676,000	7,208,000
5	Registration Of Accountants Board	2,781	3,140	3,647
6	Registration Of Certified Public Secretaries Board	1,517	1,797	1,828
7	KIPPRA	312,477	221,985	192,652
8	Kenya Civil Aviation Authority	-	1,974,195	2,059,500
9	Kenya Maritime Authority	-	-	180,000
10	Kenya Industrial Research & Development Institute	144,358	145,878	264,161
11	Export Processing Zones Authority	306,894	315,736	360,353
12	Kenya Industrial Estates	188,704	153,130	364,138
13	Investment Promotion Centre	-	90,000	275,718
14	Catering Training & Tourism Development Levy Trustees.	443,520	526,480	545,394
15	Kenya Tourist Board	738,974	752,850	976,748
16	Kenya Utalii College	547,360	472,677	533,811
17	Communication Commission of Kenya	1,757,551	1,821,310	1,915,350
18	Agricultural Development Corporation	373,484	567,621	830,467
19	Horticultural Crops Development Authority	176,044	197,448	207,410
20	National Irrigation Board	192,267	450,864	382,720
21	Coffee Research Foundation	142,557	211,268	200,960
22	Pyrethrum Board Of Kenya	1,085,653	1,240,785	1,465,157
23	Pest Control Products Board	31,188	36,432	42,759
24	KEPHIS	301,295	295,200	289,900
25	Sugar Research Foundation	-	172,761	220,662
26	Kenya Sugar Board	113,128	219,157	305,281
27	Tea Board Of Kenya	175,677	170,448	173,358
28	Tea Research foundation of Kenya	121,910	105,058	136,768
29	Kenya Sisal Board	11,519	11,853	15,554
30	Kenya Agricultural Research Institute	1,639,294	2,726,777	3,309,000
31	Kenya Dairy Board	87,009	85,035	100,638
32	Kenya Marine & Fisheries Research Institute	231,238	366,414	497,428
33	Cooperative College Of Kenya	94,690	100,937	103,886
34	Egerton University	1,880,493	1,999,925	2,566,537
35	Jomo Kenyatta University of Agriculture & Technology	916,981	1,500,202	1,980,622
36	Kenyatta University	1,572,170	2,150,196	2,800,914
37	Maseno University	621,300	938,078	1,039,589
38	Moi University	1,737,911	2,391,877	2,734,394
39	University Of Nairobi	4,080,679	5,101,300	6,557,786
40	High Education Loans Board	565,350	653,391	714,000
41	Commission For High Education	108,277	109,587	171,236
42	Kenya National Examination Council	1,502,104	1,527,318	1,640,240
43	Kenyatta National Hospital	3,409,863	6,649,746	7,296,200
44	Moi Teaching & Referral Hospital	783,911	1,310,665	1,920,734
45	Kenya Medical Training College	951,359	949,899	1,003,013
46	Kenya Medical Research Institute	1,739,496	2,414,739	2,856,212

## ANNEX II

	Name	Actual 2003/2004 Ksh.'000	Forecast 2004/2005 Ksh.'000	Budget 2005/2006 Ksh.'000
47	Tana & Athi River Development Authority	167,146	220,144	260,000
48	Ewaso Ng'iro North Development Authority	31,316	54,243	68,256
49	Coast Development Authority	48,613	77,092	117,766
50	Electricity Regulatory Board	116,532	125,693	131,097
51	Bomas of Kenya	107,825	98,699	87,500
52	National Museums of Kenya	559,535	779,353	1,083,266
53	Sports Stadia Management Board	-	119,150	207,060
54	Kenya National Library Services	351,158	402,453	680,970
	<b>Totals</b>	<b>34,855,538</b>	<b>49,161,994</b>	<b>59,602,398</b>

Source: Ministry of Finance

## 2003/2004 Actual Expenditures and 2004/2005 Budget Estimates for Local Authorities

LA Code	Local Authority Name	FY 2003-04	FY 2003-04	FY 2004-05
		Budget Estimates	Budget Actuals	Approved Estimates
001	Nairobi City	9,801,000,000	5,977,525,562	4,875,059,758
006	Ahero TC	27,283,832	NA	22,151,036
011	Awendo TC	25,673,612	23,957,709	24,843,622
016	Baringo CC	42,523,718	43,488,913	43,788,109
021	Bomet CC	36,295,451	36,397,592	36,315,512
026	Bomet MC	16,347,582	26,749,489	17,836,759
031	Bondo CC	35,804,073	35,577,979	33,122,079
036	Bondo TC	18,777,597	12,245,735	13,244,911
041	Bungoma CC	76,999,788	76,653,387	99,756,802
046	Bungoma MC	58,590,534	NA	42,552,317
051	Bureti CC	28,785,755	34,419,035	33,276,998
056	Burnt Forest TC	7,319,941	7,653,614	6,835,346
061	Busia CC	34,962,129	38,540,693	32,738,794
066	Busia MC	53,266,179	38,841,618	37,454,835
071	Butere-Mumias CC	70,421,217	68,309,949	78,465,526
076	Chepareria TC	5,834,860	3,736,242	3,911,502
081	Chogoria TC	9,493,701	12,469,513	10,148,286
086	Chuka MC	16,483,455	16,211,143	13,866,632
091	Eldama Ravine TC	17,002,004	17,379,502	18,740,504
096	Eldoret MC	290,247,000	226,830,714	314,349,579
101	Embu CC	38,074,711	25,338,834	31,780,878
106	Embu MC	74,824,881	80,069,113	79,596,315
111	Funyula TC	5,158,321	6,675,831	4,505,224
116	Garissa CC	38,972,201	35,516,291	12,630,968
121	Garissa MC	43,719,344	41,936,154	21,120,000
126	Gucha CC	35,474,588	27,223,856	39,107,994
131	Gusii CC	48,360,758	32,921,800	51,980,682
136	Homa Bay CC	35,652,622	26,730,764	35,396,212
141	Homabay MC	45,026,511	40,607,744	34,697,440
143	Ijara CC	9,188,176	9,114,541	3,028,454
146	Isiolo CC	108,434,949	88,897,584	97,466,946
151	Iten-Tambach TC	11,302,167	9,147,105	11,167,877
156	Kabarnet MC	18,882,816	17,709,562	20,280,635
161	Kajiado TC	21,278,974	15,790,747	13,129,020
166	Kakamega CC	68,325,788	NA	66,582,705
171	Kakamega MC	81,977,072	62,643,089	66,119,624
176	Kandara TC	6,237,840	4,933,991	4,949,170
181	Kangema TC	11,775,396	10,278,735	9,174,985
186	Kangundo TC	42,514,562	37,989,969	40,083,795
191	Kapenguria MC	15,493,711	15,318,669	16,180,075
196	Kapsabet MC	26,229,702	29,515,887	27,442,739
201	Karatina MC	3,912,000	52,113,306	31,348,528
206	Karuri TC	32,451,385	24,470,618	26,741,280
211	Kehancha MC	58,685,313	57,598,167	35,059,185

## ANNEX III

LA Code	Local Authority Name	FY 2003-04	FY 2003-04	FY 2004-05
		Budget Estimates	Budget Actuals	Approved Estimates
216	Keiyo CC	32,314,225	28,999,034	20,484,142
221	Kendu Bay TC	8,234,292	NA	8,552,033
226	Kericho MC	86,116,427	NA	79,077,381
231	Keroka TC	26,677,311	13,313,379	22,359,072
236	Kerugoya/Kutus MC	42,746,744	34,069,483	36,343,670
241	Kiambu CC	57,707,405	62,295,513	62,336,187
246	Kiambu MC	47,495,000	NA	51,763,009
251	Kikuyu TC	51,862,308	54,779,338	53,294,573
256	Kilifi CC	63,783,847	52,344,550	69,430,906
261	Kilifi TC	36,051,151	31,371,593	31,408,924
266	Kimilili MC	19,846,882	18,498,733	18,525,641
271	Kipkelion TC	9,928,020	10,241,250	10,193,995
276	Kipsigis CC	68,402,179	50,656,123	64,329,835
281	Kirinyaga CC	100,432,277	111,298,816	94,886,127
286	Kisii MC	64,990,878	46,455,782	63,625,982
291	Kisumu CC	31,660,569	27,987,395	23,433,540
296	Kisumu MC	364,470,387	283,036,079	421,969,815
301	Kitale MC	105,130,063	69,700,416	86,141,279
306	Kitui CC	56,298,899	65,247,813	60,808,758
311	Kitui MC	56,348,264	44,335,165	34,407,580
316	Koibatek CC	25,824,783	22,000,146	26,845,043
321	Kwale CC	139,117,890	66,577,347	99,757,049
326	Kwale TC	14,327,228	15,378,211	9,426,756
331	Laikipia CC	45,972,051	50,972,972	54,285,788
336	Lamu CC	20,418,457	17,678,508	22,015,804
341	Limuru MC	36,156,115	28,989,378	31,481,882
346	Litein TC	21,074,244	18,823,562	19,131,929
351	Lodwar MC	16,723,853	14,648,472	13,791,970
356	Londiani TC	13,596,749	11,310,131	9,723,592
361	Luanda TC	15,213,710	15,274,800	15,660,197
366	Lugari CC	55,756,016	NA	42,323,000
371	Machakos MC	77,960,340	60,972,181	83,694,980
376	Makueni CC	130,920,457	113,708,710	106,312,416
381	Makuyu TC	11,520,386	9,557,374	11,672,026
386	Malaba TC	24,617,428	32,817,139	26,366,460
391	Malakisi TC	6,491,557	6,259,409	6,664,630
396	Malava TC	10,387,549	11,540,637	10,298,378
401	Malindi CC	34,144,761	43,491,090	39,416,178
406	Malindi MC	105,365,678	121,794,369	128,635,569
411	Mandera CC	35,433,757	30,566,175	33,677,536
416	Mandera TC	26,730,312	25,530,726	14,876,048
421	Maragwa CC	60,123,697	52,386,898	60,790,757
426	Maragwa TC	18,345,896	8,812,924	13,408,177
431	Marakwet CC	21,373,496	23,148,701	22,837,651
436	Maralal TC	17,239,825	14,323,278	15,359,808
441	Mariakani TC	23,628,574	NA	20,129,982
446	Marsabit CC	25,745,580	28,597,160	34,614,100
451	Masaku CC	110,503,868	108,418,698	110,663,575

## ANNEX III

LA Code	Local Authority Name	FY 2003-04	FY 2003-04	FY 2004-05
		Budget Estimates	Budget Actuals	Approved Estimates
456	Masimba TC	18,521,370	8,596,651	9,882,468
461	Matuu TC	18,881,535	14,464,507	20,098,520
466	Maua MC	18,445,240	21,840,723	25,724,773
471	Mavoko MC	81,668,932	92,789,143	78,035,197
476	Mbeere CC	35,596,661	23,440,403	39,391,568
481	Mbita Point TC	10,435,056	9,042,098	10,205,072
486	Meru CC	96,930,287	NA	85,721,208
491	Meru MC	73,929,287	57,064,459	56,344,971
496	Meru South CC	26,171,844	22,408,777	27,056,576
501	Migori CC	46,934,418	31,290,985	21,593,666
506	Migori MC	55,557,071	44,042,430	40,129,442
511	Molo TC	31,435,246	24,460,155	28,420,982
516	Mombasa MC	1,199,825,798	NA	1,225,763,946
521	Mt. Elgon CC	24,189,705	NA	20,084,016
526	Moyale CC	29,255,898	29,070,835	28,261,571
531	Mtiti Andei TC	18,396,564	NA	13,706,286
536	Muhoroni TC	12,860,711	13,899,889	13,155,076
541	Mumias MC	49,925,623	38,564,865	36,873,007
546	Murang'a CC	61,079,375	59,820,651	60,206,046
551	Murang'a MC	38,745,560	36,294,858	38,881,247
556	Mwingi CC	33,386,239	29,350,745	34,559,815
561	Mwingi TC	14,849,823	17,600,081	17,567,580
566	Naivasha MC	64,942,522	76,240,361	68,421,558
571	Nakuru CC	157,715,775	173,067,513	165,701,896
576	Nakuru MC	500,843,067	304,008,034	362,047,534
581	Nambale TC	12,400,502	9,275,826	9,576,439
586	Nandi CC	59,372,114	57,203,535	76,396,217
591	Nandi Hills TC	14,062,845	13,801,353	13,836,878
596	Nanyuki MC	127,176,963	NA	132,103,995
601	Narok CC	27,590,425	364,837,460	377,850,927
606	Narok TC	20,218,985	20,652,275	22,791,031
616	Nyahururu MC	79,533,226	68,308,879	75,906,138
621	Nyamache TC	6,687,783	8,421,589	6,603,517
626	Nyamarambe TC	11,400,389	NA	8,043,518
631	Nyambene CC	65,785,558	50,297,683	73,872,413
636	Nyamira CC	46,889,245	41,655,903	42,281,613
641	Nyamira TC	29,279,587	12,619,683	28,019,454
646	Nyandarua CC	81,113,536	88,305,981	85,709,684
651	Nyando CC	55,373,711	29,991,254	59,914,342
656	Nyansiongo TC	10,629,056	14,504,084	10,649,080
661	Nyeri CC	83,405,384	89,222,362	89,085,293
667	Nyeri MC	88,191,311	124,181,771	92,680,669
671	Nzoia CC	66,058,134	55,432,890	71,745,022
676	Ogembo TC	12,984,546	15,856,349	11,734,103
681	Olkalou TC	25,113,315	26,101,780	21,856,232
686	Olkejuado CC	116,878,336	103,514,681	112,866,929
691	Othaya TC	14,007,318	15,073,444	14,353,331
696	Oyugis TC	20,071,540	22,175,355	17,678,714

## ANNEX III

LA Code	Local Authority Name	FY 2003-04	FY 2003-04	FY 2004-05
		Budget Estimates	Budget Actuals	Approved Estimates
701	Pokot CC	43,364,888	23,997,676	28,000,442
706	Port Victoria TC	10,518,261	12,163,300	11,379,492
711	Rachuonyo CC	35,162,776	27,564,319	27,886,836
716	Rongo TC	20,693,569	20,674,942	22,210,547
721	Ruiru MC	55,812,435	42,991,939	58,497,967
726	Rumuruti TC	17,165,388	11,631,737	12,232,826
731	Runyenjes MC	22,992,604	21,368,763	21,303,744
736	Sagana TC	11,545,215	11,484,338	13,731,669
741	Samburu CC	87,507,176	99,035,098	101,031,914
746	Siaya CC	36,131,295	48,806,566	40,130,610
751	Siaya MC	17,649,167	16,935,845	20,439,137
756	Sirisia TC	4,599,347	4,023,497	4,418,313
761	Sotik TC	16,512,848	10,254,471	17,251,773
766	Suba CC	19,500,949	21,185,830	24,950,169
771	Suneka TC	13,669,866	15,568,521	4,597,091
776	Tabaka TC	11,610,253	6,826,529	8,388,578
781	Taita Taveta CC	42,516,344	43,939,867	33,341,249
786	Tana River CC	38,345,626	29,010,978	30,842,864
791	Taveta TC	29,097,866	22,648,413	23,182,010
796	Teso CC	15,200,273	15,307,864	15,798,470
801	Tharaka CC	16,531,869	21,639,847	15,363,336
806	Thika CC	75,151,588	75,994,697	76,113,208
811	Thika MC	229,565,050	232,965,720	238,106,176
816	Transmara CC	58,551,825	90,820,150	70,524,069
821	Turkana CC	54,645,090	37,635,640	52,447,324
826	Ugunja TC	10,966,924	8,506,595	9,910,380
831	Ukwala TC	9,569,241	8,664,616	10,761,688
836	Vihiga CC	56,718,412	34,051,486	57,921,540
841	Vihiga MC	35,103,504	26,050,394	47,617,306
846	Voi MC	23,426,923	22,011,528	27,357,635
851	Wajir CC	43,716,942	52,676,267	55,961,541
856	Wareng CC	63,544,280	82,011,826	70,452,325
861	Webuye MC	30,971,214	NA	36,523,152
866	Wote TC	19,099,088	15,375,974	18,211,909
871	Yala TC	15,803,379	8,072,412	17,541,030