



Republic of Kenya

Ministry of Finance

Quarterly Budget Review

**First Quarter
2006/2007**

December 2006 Edition

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LIST OF ABBREVIATIONS

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

HIGHLIGHTS OF THE FIRST QUARTER BUDGET REVIEW: 2006/2007

❖ The overall fiscal balance

The Cumulative overall fiscal balance, on a commitment basis (excluding grants) registered a deficit of Kshs.3.1 billion (equivalent to 0.17 percent of GDP) through end September 2006 compared with a targeted deficit of Kshs. 19.3 billion (equivalent to 1.09 percent of GDP).

❖ Total revenue collection

The Central Government total cumulative revenue collection was Kshs 75,557 million (equivalent to 4.25 percent of GDP) through the first quarter of the 2006/2007 fiscal year. This was below the programme target by Kshs 11,708 million.

❖ Government expenditure and net lending

The Central Government expenditure and net lending for the period (July-September 2006) was Kshs 78,623 million against a target of Kshs 106,605 million. The under performance was due to lower absorption of recurrent and development expenditures by some line ministries.

❖ Stock of pending bills

The first quarter experienced an overall decrease in the stock of pending bills held by the line Ministries. In particular, the stock of pending bills decreased by Kshs 549.7 million, from Kshs 10,160.3 million in June 2006 to Kshs 9,610.6 million in September 2006.

❖ 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) was Kshs 202.6 million by the end of the first quarter. This amount however was rescheduled under the Paris Club.

❖ **External financing**

External financing in the first quarter registered a net repayment of Kshs 1,175 million compared to a net borrowing of Kshs 1,121 million recorded in a similar period in 2005/2006 fiscal year.

❖ **Net Domestic Borrowing**

The net domestic borrowing stood at Kshs 16,630 million (equivalent to 0.94 percent of GDP) in the first quarter 2006/07. This was slightly below the target of Kshs 17,568 million (equivalent to 0.99 percent of GDP).

❖ **Total Domestic Debt**

The total domestic debt stock increased from Kshs 359,787 million as at the end of June 2006 to Kshs 373,525 million by the end of first quarter, a 3.8% higher.

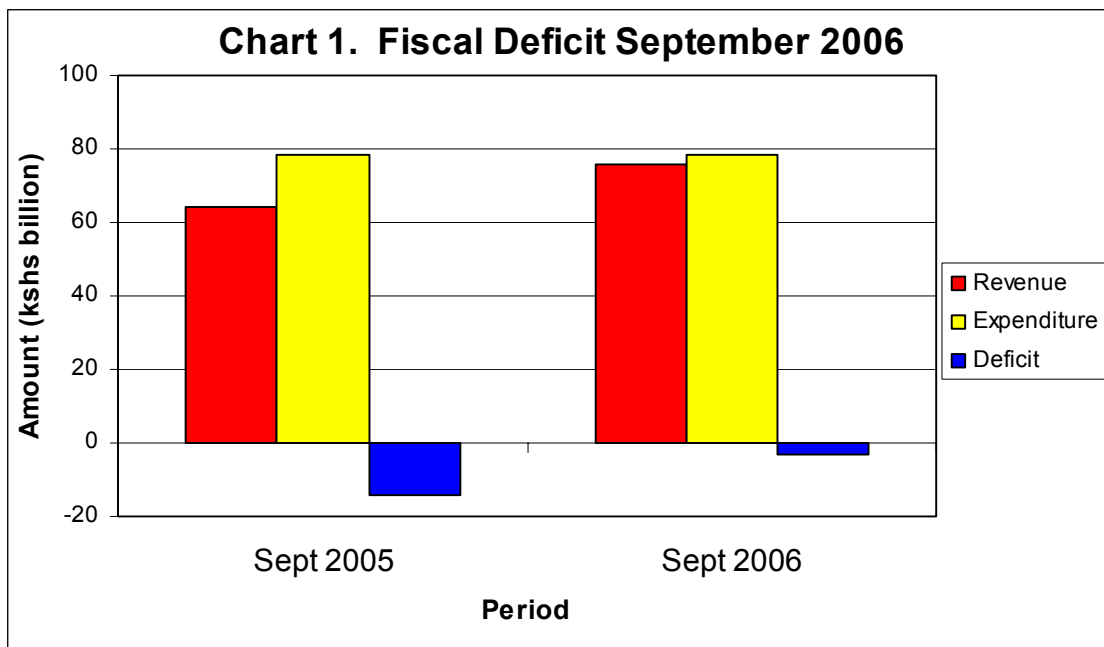
❖ **External Debt**

The total external debt stood at Kshs. 422,648 million by the end of first quarter. The debt stock comprised of Multilateral debt (59.6%), Bilateral debt (35.6%), Commercial Banks debt (0.3% and Export Credit debt (4.5%).

1. FISCAL DEVELOPMENTS

1.1 Introduction

During the first quarter 2006/07, the Government’s overall fiscal balance (on a commitment basis and excluding grants), registered a deficit of 0.17 percent of Gross Domestic Product (GDP) against a targeted deficit of 1.09 percent. Over the same period in the 2005/2006 fiscal year, the fiscal deficit stood at to 0.91 percent of GDP. On the other hand, the fiscal balance (on a commitment basis and including grants) recorded a deficit of 0.05 percent of GDP against a targeted deficit of 0.77 percent of GDP (*Chart 1 and Table 1*).



**Table 1: Budget Outturn, First Quarter (Cumulative) Ending 30th
September 2006 (Kshs Million)**

	2005/2006 Quarter I Actual	2006/2007 Quarter I Actual	2006/2007 Quarter I Targets	Quarter I Deviation	2006/07 Quarter I Actual as % of GDP	2006/07 Quarter I Target % of GDP	2005/2006 Quarter 1 % of GDP	% Growth
A. TOTAL REVENUE AND GRANTS	66,922	77,730	92,918	(15,188)	4.37	5.22	4.28	16.15
1. Revenue	64,388	75,557	87,265	(11,708)	4.25	4.91	4.12	17.35
Ordinary Revenue	61,532	72,273	77,679	(5,407)	4.06	4.37	3.94	17.46
Import Duty	4,652	6,971	7,045	(74)	0.39	0.40	0.30	49.85
Excise Duty	10,508	12,768	14,235	(1,467)	0.72	0.80	0.73	21.51
Income tax	25,948	28,625	30,375	(1,750)	1.61	1.71	1.66	10.32
VAT	15,632	19,560	21,131	(1,571)	1.10	1.19	0.94	25.13
Investment Revenue	37	345	59	286	0.02	0.00	0.00	832.43
Others	4,756	4,004	4,835	(831)	0.23	0.27	0.30	(15.81)
Appropriation-in-Aid	2,856	3,283	9,585	(6,302)	0.18	0.54	0.18	14.95
2. Grants	2,534	2,173	5,653	(3,480)	0.12	0.32	0.16	(14.25)
Cash	404	911	966	(55)	0.05	0.05	0.03	125.50
Appropriation-in-Aid	2,130	1,262	4,687	(3,425)	0.07	0.26	0.14	(40.75)
B. EXPENDITURE and NET LENDING	78,541	78,623	106,605	(27,982)	4.42	5.99	5.02	0.10
1. Recurrent	67,428	70,191	70,504	(15,843)	3.95	4.84	4.31	4.10
Domestic Interest	6,529	8,918	8,764	154	0.50	0.49	0.42	36.59
Foreign Interest Due	3,222	1,531	1,531	0	0.09	0.09	0.21	(52.48)
Pension, etc	4,438	7,705	6,821	884	0.43	0.38	0.28	73.61
Wages and Salaries	26,833	29,959	32,330	(2,371)	1.68	1.82	1.72	11.65
O & M/Others	26,406	22,078	36,588	(14,510)	1.24	2.06	1.69	(16.39)
2. Development and Net Lending	10,798	8,432	20,071	(11,639)	0.47	1.13	0.69	(21.91)
3. Civil Contingency Fund	315	0	500	(500)	0.00	0.03	0.02	(100.00)
C. DEFICIT EXCL. GRANT (Commitment basis)	(14,153)	(3,067)	(19,340)	16,273	(0.17)	(1.09)	(0.91)	(78.33)
D. DEFICIT INCL. GRANTS (Commitment basis)	(11,619)	(894)	(13,687)	12,793	(0.05)	(0.77)	(0.74)	(92.31)
E. ADJUSTMENT TO CASH BASIS								
F. DEFICIT INCL. GRANTS (Cash basis)	(4,045)	(14,562)	0	(14,562)	(0.82)	0.00	(0.32)	260.00
	(15,663)	(15,456)	(13,687)	(1,769)	(0.87)	(0.77)	(1.06)	(1.32)
G. FINANCING	15,663	15,456	13,687	1,769	0.87	0.77	1.06	(1.32)
1. Foreign financing	1,746	(1,174)	(3,881)	2,707	(0.07)	(0.22)	0.17	(167.24)
Disbursements	3,617	1,390	3,022	(1,632)	0.08	0.17	0.29	(61.57)
Programme Cash Loans	1,572	0	0	0	0.00	0.00	0.10	(100.00)
Project Cash Loans	1,432	1,264	1,037	227	0.07	0.06	0.09	(11.73)
Loans AIA	613	126	1,985	(1,859)	0.01	0.11	0.10	(79.45)
Repayment due (current)	(7,800)	(4,901)	(4,901)	0	(0.28)	(0.28)	(0.50)	(37.17)
Rescheduling	2,698	2,348	0	2,348	0.13	0.00	0.17	(12.97)
Of which Principal	2,074	1,776	0	1,776	0.10	0.00	0.13	(14.37)
Interest	624	572	0	572	0.03	0.00	0.04	(8.33)
Change in arrears (current)	3,231	0	0	0	0.00	0.00	0.21	(100.00)
Repayment (arrears)	0	(11)	(2,002)	(1,991)	0.00	0.11	0.00	
2. Privatization proceeds	0	0	0	0	0.00	0.00	0.00	
3. Domestic financing	13,917	16,630	17,568	(938)	0.94	0.99	0.89	19.49
GDP ESTIMATE	1,563,100	1,778,484	1,778,484					

Source: Ministry of Finance

1.2 REVENUE

The total Government revenue collection for the first quarter 2006/2007 was below the target by Kshs 11,708 million. Ordinary revenue collection amounted to Kshs 72,273 million against a target of Kshs 77,679 million, resulting in an under collection of Kshs 5,406 million. Ministerial Appropriation In Aid also recorded under performance amounting to Kshs 6,302 million below target. *(Table 2 and Chart 2).*

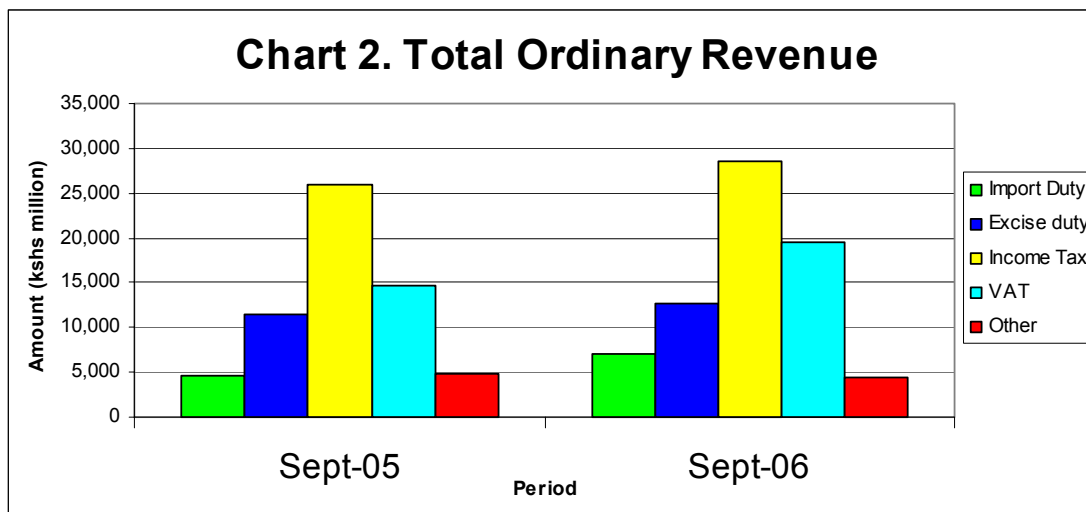
**Table 2: Government Revenue, First Quarter
Ending 30th September 2006
(Kshs Million)**

	2005/2006 Quarter I Actual	2006/2007 Quarter I Actual	2006/2007 Quarter I Target	Deviation
Total Revenue	64,389	75,557	87,265	(11,708)
(a) Ordinary Revenue	61,533	72,273	77,679	(5,406)
Import Duty	4,652	6,971	7,045	(74)
Excise Duty	11,369	12,768	14,235	(1,467)
PAYE	14,053	14,536	15,940	(1,404)
Other Income Tax	11,895	14,089	14,435	(346)
VAT Local	7,093	9,566	11,450	(1,884)
VAT Imports	7,678	9,994	9,681	313
Investment Revenue	37	345	59	286
Traffic Revenue	675	400	435	(35)
Airport Revenue	0	0	0	0
Essential Supplies Revenue	2,000	2,200	2,749	(549)
Others 1/	2,081	1,404	1,650	(245)
(b) Appropriation In Aid 2/	2,856	3,283	9,585	(6,302)
External Grants	2,534	2,173	5,653	(3,480)
Total Revenue and Grants	66,923	77,730	92,918	(15,188)
In % of GDP	4.28	4.37	5.22	(0.85)

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

Source: Ministry of Finance



As a proportion of GDP, total revenue and grants in the period under review was 4.37 percent compared to 4.28 percent in the corresponding period of the 2005/2006 financial year. External grants amounted to Kshs 2,173 million against a target of Kshs 5,653 million, an under performance of 62 percent.

1.3 Expenditure

The total Government Expenditure and Net Lending in the period under review, stood at Kshs 78,623 million, against a target of Kshs 106,605 million. The shortfall of Kshs 27,982 million was attributed to lower absorption recorded under the Recurrent and development expenditures by the line ministries during the first quarter. (*Table 3 and Chart 3*).

In particular, recurrent expenditure amounted to Kshs 70,191 million, against a target of Kshs 86,034 million. This shortfall was mainly due to low expenditures recorded in the Salaries and Wages and Operations and Maintenance/other expenditures categories by Kshs 2,371 million and Kshs 14,510 million respectively.

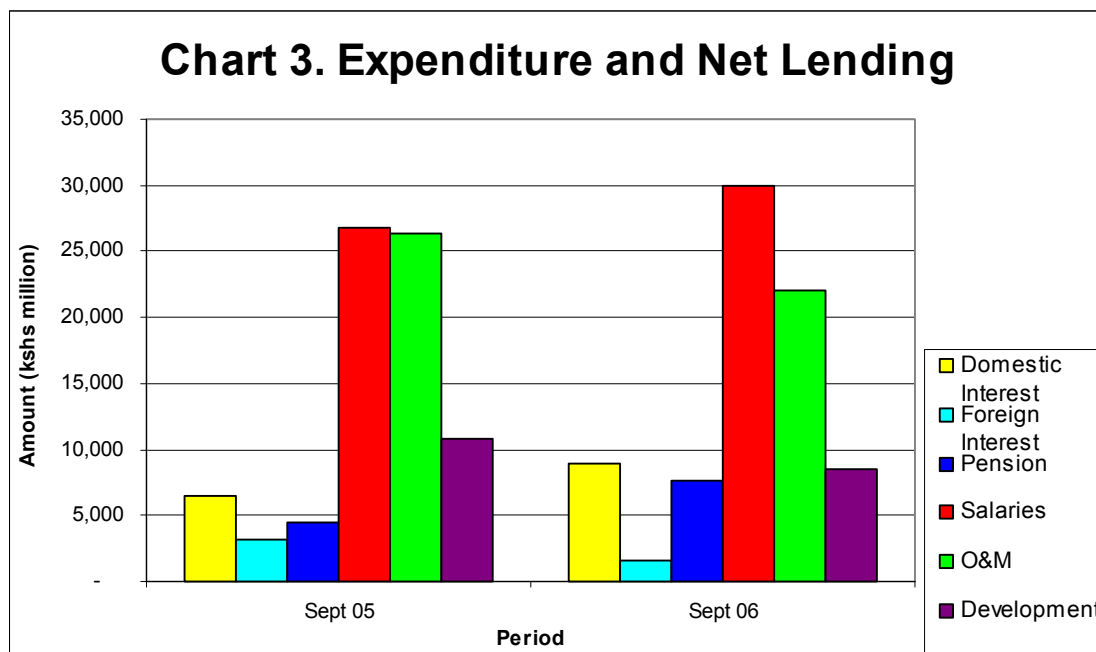
Similarly, Scheduled foreign interest payments amounted to Kshs 1,531 million, which was lower, compared to Kshs 3,222 million paid in the same period in the 2005/2006 fiscal year, while domestic interest payment totalled Kshs 8,918 million which was higher than Kshs 6,529 million paid in the corresponding period of the previous financial year.

**Table 3: Expenditure and Net Lending, First Quarter Ending 30th
September 2006 (Kshs Million)**

	2005/2006 Quarter I Actual	2006/2007 Quarter I Actual	2006/2007 Quarter I Target	Deviation	As % of Target
1. RECURRENT	67,488	70,191	86,034	(15,843)	81.6
Domestic Interest	6,529	8,918	8,764	154	101.8
Foreign Interest due	3,222	1,531	1,531	0	100.0
Pensions, etc	4,438	7,705	6,821	884	113.0
Wages and Salaries	26,833	29,959	32,330	(2,371)	92.7
Operation and Maintenance	27,830	22,078	36,588	(14,510)	60.3
O/W: Change in Pending Bills	(1,424)	(730)	0	(730)	
: Appropriation-in-Aid	2,821	2,600	7,710	(5,110)	33.7
2. DEVELOPMENT	10,798	8,432	20,071	(11,639)	42.0
Development Projects (Net)	6,508	6,678	8,735	(4,643)	76.5
Payment of Guaranteed Loans ¹	180	0	203	(203)	0.0
Appropriation-in-Aid	4,171	2,071	8,547	(6,476)	24.2
Change in pending bills	(61)	(317)	0	(317)	
3. Civil Contingency Fund	315	0	500	(500)	0.0
TOTAL EXPENDITURE	78,541	78,623	106,605	(27,982)	73.8

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

Source: Ministry of Finance



Analysis of ministerial expenditure shows that the Government continues to shift budgetary resources towards priority social sector. In the first quarter of the FY 2006/07, the ministries of Education, Science and Technology, and Health incurred 55.4 percent of total recurrent expenditure. Administrative Services also accounted for a significant percentage of total recurrent expenditure. The Office of the President incurred Kshs 2,037 million, which represented 4.3 percent of the total recurrent expenditure, while the Energy, Immigration and Registration of Persons and Public Service Commission were some of the ministries which incurred the least share of the total recurrent expenditure, all accounting for 0.1 percent in the first quarter of FY 2006/07.

However, analysis on development of expenditure outlay indicates that, the Ministry of Finance incurred the largest share mainly due to CDF disbursements. This was followed by the Ministry’s of Energy, Water and Irrigation, each accounting for 33.0 percent, 22.8 percent and 15.9 percent of the total development expenditure, respectively. Details of the various Ministerial and Departmental expenditures for the period under review are shown in table 4.

**Table 4: Ministerial Expenditures, First Quarter
Ending 30th September 2006
(Kshs Million)**

MINISTRIES	SEPTEMBER 2005			SEPTEMBER 2006			September 2005		
	Recurrent			Development			Total		
	Actual	Target	Variance	Actual	Target	Variance	Actual	Target	Variance
1.O.O.P	2,037	5,771	(3,733)	35	605	(570)	2,072	6,376	(4,303)
2. State House	169	223	(54)	41	105	(64)	210	328	(118)
3. DPM	238	487	(249)	0	59	(59)	239	546	(308)
4. Foreign Affairs & Int. Co-op.	1,216	1,471	(255)	0	105	(105)	1,216	1,576	(360)
5. OVP& Home Affairs	746	1,531	(785)	6	215	(209)	752	1,746	(994)
6. Planning and National Devt	162	230	(68)	110	188	(78)	272	417	(145)
7. Finance	1,823	2,189	(367)	2,113	2,920	(807)	3,936	5,109	(1,173)
8. Department of Defence	5,153	5,453	(300)	0	0	0	5,153	5,453	(300)
9. Regional Development	139	156	(17)	50	50	0	189	206	(17)
10.Agriculture & Rural Development	1,115	1,232	(117)	95	1,074	(979)	1,210	2,306	(1,096)
11.Health	4,155	4,482	(327)	108	607	(499)	4,263	5,089	(827)
12. Local Government	176	323	(146)	225	225	0	431	578	(147)
13. Roads & Public Works	1,568	431	1,138	556	1,972	(1,416)	2,125	2,403	(278)
14. Transport	263	374	(111)	58	190	(132)	321	564	(243)
15. Labour & Human Resources	185	236	(51)	4	55	(51)	189	291	(102)
16. Trade & Industry	188	758	(570)	7	82	(75)	195	840	(645)
17.Justice and Constitutional Affairs	88	118	(31)	42	40	2	129	158	(29)
18.Gender, Sports, Culture & Social	276	461	(185)	54	81	(27)	330	542	(212)
19.Livestock, Fisheries and Marketing	591	697	(107)	37	293	(256)	628	991	(363)
20.Water Resources Mgt & Devt	263	596	(333)	1,016	1,232	(217)	1,279	1,828	(550)
21. Environment & Natural Resources	451	672	(221)	29	120	(91)	480	793	(312)
22.Co-operative Development	125	184	(59)	0	10	(10)	125	194	(69)
23. Cabinet Office	-	197	-	0	30	(30)	-	227	-
35. East African & Regional Dev.	141	176	(35)	0	0	0	141	176	(35)
24. State Law Office	68	175	(108)	6	25	(19)	73	200	(127)
25. Judicial Department	102	329	(227)	49	91	(41)	151	419	(268)
26. Public Service Commission	49	57	(8)	0	0	0	49	57	(8)
27. Kenya National Audit Office	229	272	(43)	0	0	0	229	272	(43)
28. National Assembly	1,089	1,205	(116)	0	0	0	1,089	1,205	(116)
29. Energy	45	73	(28)	1,457	205	1,252	1,502	278	(1,225)
30. Education	22,384	24,645	(2,261)	174	256	(83)	22,558	24,902	(2,344)
36. Information	136	163	(27)	2	6	(4)	138	169	(31)
31. Electoral Commission of Kenya	131	1,058	(928)	0	0	0	131	1,058	(928)
32. Lands & Settlement	155	377	(222)	0	90	(90)	156	1,467	(311)
33. National Security Intell. Service	1,281	1,750	(469)	0	0	0	1,281	1,750	(469)
34. Tourism & Wildlife	371	443	(72)	95	50	45	467	493	(26)
37. Kenya Anti Corruption Com	256	304	(48)	0	0	0	256	304	(48)
38.Special Programmes	56	568	(512)	0	579	(579)	56	1,147	(1,091)
39. Immigration	59	77	(55)	0	140	(140)	59	217	(158)
40. National Heritage	83	210	(126)	66	25	41	149	235	(85)
41. Youth Affairs	46	759	(713)	23	35	(12)	70	794	(724)
42. Science and Technology	114	653	(540)	9	15	(6)	122	668	(546)
43. Housing	-	117	-	0	75	(75)	0	192	(192)
TOTAL	47,922	61,684	(13,762)	6,400	11,881	(1,170)	54,322	73,564	(19,242)

Source: Ministry of Finance

1.3.1 Pending Bills

**Table 5: Stock of Pending Bills, First Quarter
Ending 30th September 2006 (Kshs Million)**

Min/Dept.	June 30, 2006			September 30, 2006			Change during the Period		
	Rec.	Dev.	Total	Rec.	Dev.	Total	Rec.	Dev.	Total
Office Of the President	2,272.4	711.7	2,984.1	2,418.4	699.9	3,118.2	146.0	(11.8)	134.1
State House	73.6	0.02	73.6	0.0	0.0	0.0	(73.6)	(0.02)	(73.6)
DPM	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign Affairs	40.4	0.0	40.4	40.4	0.0	40.4	0.0	0.0	0.0
Home Affairs	617.8	0.0	617.8	888.9	1.8	890.9	271.2	1.8	273.0
Planning & National Development	0.0	0.0	0.0	2.5	7.1	9.6	2.5	7.1	9.6
Finance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Defence	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Regional Authorities	1,319.9	79.1	1,398.9	0.0	2.6	2.6	(1,319.9)	(76.3)	(1,396.3)
Agriculture and Rural Dev.	366.9	0.0	366.9	303.5	1.3	304.7	(63.4)	1.3	(62.1)
Health	226.0	29.5	255.5	114.9	27.0	141.8	(111.1)	(2.5)	(113.7)
Local Government	0.0	327.4	327.4	1.5	328.6	330.0	1.5	1.1	2.6
Roads and Public Works	971.3	696.6	1,667.8	484.6	34.3	518.9	(486.6)	(662.3)	(1,148.9)
Transport	112.2	0.0	112.2	114.4	7.6	122.0	2.2	7.6	9.8
Labour and Human Resources	0.2	0.0	0.2	1.5	0.0	1.5	1.3	0.0	1.3
Trade and Industry	8.4	0.0	8.4	13.4	9.9	23.3	5.0	9.9	14.9
Tourism & Wildlife	0.0	0.0	0.0	258.8	1.6	260.3	258.8	1.6	260.3
Livestock and Fisheries Dev	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water and Irrigation	1.7	13.5	15.2	346.2	490.9	837.1	344.5	477.4	821.9
Environment and Nat. Resources	47.9	337.4	385.3	47.9	337.4	385.3	0.0	0.0	0.0
Cooperative Development	0.0	0.0	0.0	7.6	0.0	7.6	7.6	0.0	7.6
East Africa	0.5	0.0	0.5	275.0	0.0	275.0	274.5	0.0	274.5
State Law Office	3.8	0.0	3.8	0.0	0.0	0.0	(3.8)	0.0	(3.8)
Judicial Department	29.9	41.9	71.8	29.9	41.9	71.8	0.0	0.0	0.0
PSC	0.0	0.0	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	0.0	0.0
National Assembly	0.0	0.0	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	1,330.9	1,330.9	0.0	1,330.9	1,330.9	0.0	0.0	0.0
Electoral Commission of Kenya	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Justice & Constitutional Affairs	2.5	0.0	2.5	2.5	0.0	2.5	0.0	0.0	0.0
Lands	150.0	245.4	395.4	150.0	245.4	395.4	0.0	0.0	0.0
Housing	0.0	0.0	0.0	0.0	54.4	54.4	0.0	54.4	54.4
Cabinet Office	0.0	0.0	0.0	18.8	0.0	18.8	18.8	0.0	18.8
Gender, Sport, & Social Services	101.8	0.0	101.8	59.4	0.0	59.4	(42.4)	0.0	(42.4)
Youth Affairs	0.0	0.0	0.0	0.0	26.4	26.4	0.0	26.4	26.4
Science and Technology	0.0	0.0	0.0	30.7	344.7	375.4	30.7	344.7	375.4
National Security Int. Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Information & Communication	0.0	0.0	0.0	6.4	0.0	6.4	6.4	0.0	6.4
Total	6,347.0	3,813.3	10,160.3	5,617.1	3,993.5	9,610.6	(729.9)	180.2	(549.7)

Source: Ministry of Finance

During the period under review, the stock of pending bills decreased by Kshs 549.7 million from Kshs 10,160.3 million as at the end of June 30th 2006 to Kshs 9,610.6 million. The recurrent pending bills decreased by Kshs 729.9 million from Kshs 6,347.0 million to Kshs 5,617.1 million, while the stock of development pending bills increased by Kshs 180.2 million from Kshs 3,813.3

FISCAL DEVELOPMENTS

million to Kshs 3,993.5 million. Notable decrease of pending bills was recorded in the ministry of Regional Authorities and Roads and Public Works whose pending bills reduced by Kshs 1,396 million and Kshs 1,149 million respectively (*Table 5*).

1.3.2 Guaranteed Loans for Parastatals

Scheduled Payments of Guaranteed Loans for Parastatals with liquidity problems amounted to Kshs 202.55 million during the first quarter. However these loans were rescheduled under the Paris Club and the Government plans to start servicing them in 2007/08 financial year (*Table 6*).

**Table 6: Payment of Guaranteed Loans, July 2006 – September 2006
(Kshs Million)**

	PRINCIPAL	INTEREST	TOTAL	PAID	BALANCE
Nairobi City Council	75.38	4.13	79.51	-	79.51
TARDA 1/	93.98	29.06	123.04	-	123.04
TOTAL	169.36	33.19	202.55	-	202.55

Source: Ministry of Finance

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

1.4 Financing the Budget

1.4.1 External Financing

During the first quarter, external financing represented a net repayment of Kshs 1,175 million compared to a net borrowing of Kshs 1,121 million in the 2005/2006 fiscal year. Total disbursements (inflows) including Appropriations-in-Aid amounted to Kshs 1,389 million in the first quarter FY 2006/07. This amount included Kshs 1,264 million Project Cash Loans and Kshs 126 million Project Loans (A.I.A). Repayments (Outflows) of principal on the other hand, amounted to Kshs 2,565 million, the bulk of these being made to Multilateral Creditors (*Table 7*).

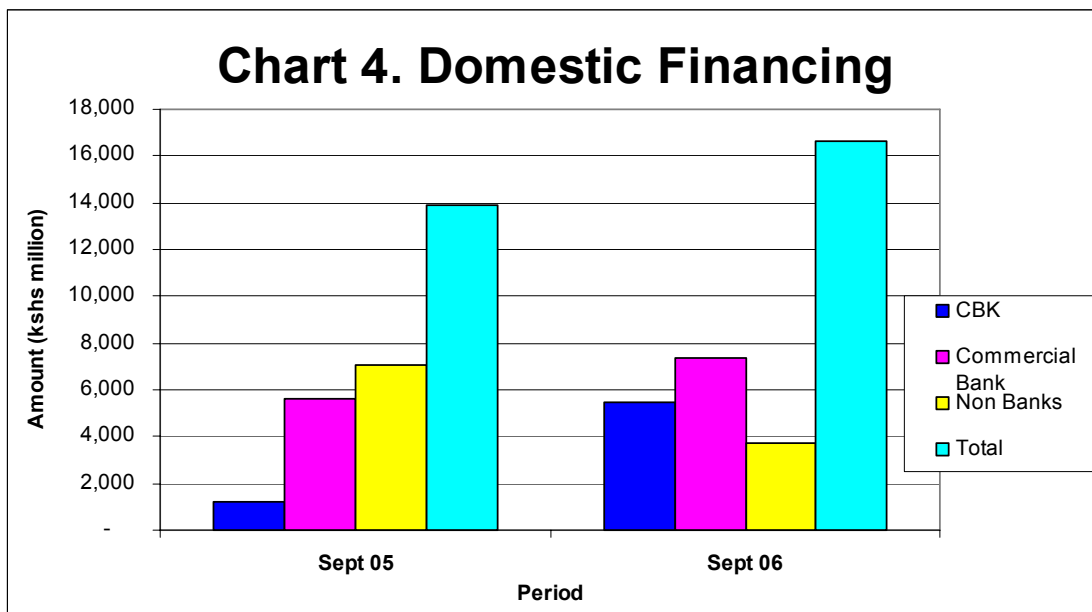
**Table 7: External Financing, First Quarter Ending 30th September 2006
(Kshs Million)**

	2005/2006 Quarter 1 Actual	2006/2007 Quarter 1 Actual	2006/2007 Quarter 1 Target
DISBURSEMENTS:	3,617.00	1,389.25	4,585.92
Project Cash loans	1,432.00	1,263.64	1,037.13
Programme loans	1,572.00	0.00	1,564.00
Project loans A-I-A	613.00	125.61	1,984.79
EXTERNAL REPAYMENTS:	2,495.97	2,564.59	3,125.25
Bilateral	306.88	520.92	902.23
Multilateral	2,189.09	2,043.67	2,222.94
Commercial	0.00	0.00	0.00
NET FOREIGN FINANCING	1,121.03	(1,175.34)	1,460.75

Source: Ministry of Finance

1.4.2 Domestic Financing

In the first quarter of the 2006/2007 fiscal year, the overall performance in the Government's financial position resulted in net borrowing of Kshs 16,630 million which was in line with the programme target. This amount comprised of a net borrowing of Kshs 5,504 million from the Central Bank, Kshs 7,368 million from Commercial Banks, Kshs 2,619 million from Non-Bank Financial Institutions and Kshs 1,139 million from Non Residents. Conversely, the same quarter in the 2005/2006 fiscal year, the net borrowing amounted to Kshs 13,917 million, which represented a net borrowing of Kshs 1,190 million from the Central Bank, Kshs 6,368 million from Non-Banks Financial Institutions, Kshs 733 million from Non Residents and Kshs 5,626 million from Commercial Banks (*chart 4*).



The stock of Treasury Bills held by the Central Bank, Commercial Banks and Non-Residents recorded a net increase of Kshs 14 million, Kshs 5,202 million and Kshs 1,145 million respectively, during the quarter. However, the stock of Treasury Bills held by Non-Bank Financial Institutions recorded a net decrease of Kshs 2,301 million. On the other hand, the stock of Floating Rate Treasury Bonds held by the Non-Bank Financial Institutions and Commercial Banks remained unchanged during the period. There was however, a net repayment of the overdraft facility from Central Bank to the tune of Kshs 1,533 million during the period under review. *(Table 8)*.

**Table 8: Domestic Financing, First Quarter Ending 30th September 2006
(Kshs Million)**

	SEPTEMBER 2005	JUNE 2006	SEPTEMBER 2006
1.CENTRAL BANK	1,190	(21,004)	5,504
Overdraft	3,684	(23)	(1,533)
IMF funds onlet to Govt	(76)	(273)	(14)
Treasury bills	(1)	(6)	14
Stocks	0	0	0
Floating rate T. Bonds	0	0	0
Fixed rate T. Bonds	0	0	0
Items on Transit	(5,505)	(4,931)	(166)
Frozen Govt Account	0	(368)	0
Less Govt Deposits	3,090	(15,403)	7,203
2.COM. BANKS	5,626	27,140	7,368
Advances	(103)	(248)	83
Stocks	0	0	0
Treasury bills	4,581	14,576	5,202
Floating rate T. Bonds	(867)	(2,383)	0
Fixed rate T. Bonds	3,855	26,653	3,469
Special Bonds	-	3,244	0
Zero Coupon Bonds	0	(14,268)	2,716
Less Govt Deposits	(1,840)	(434)	(4,102)
3. NON BANKS	6,368	23,471	2,619
Stocks	0	0	0
Treasury bills	2,136	8,705	(2,301)
Floating Rate T. Bonds	(1,123)	(2,510)	0
Fixed rate T. Bonds	5,355	30,341	4,280
Zero Coupon Bonds	0	(13,065)	640
NON RESIDENTS	733	(1,355)	1,139
Treasury bills	665	(1,152)	1,145
Floating rate T. Bonds	0	0	0
Fixed rate T. Bonds	68	182	(6)
Zero Coupon Bonds	0	(385)	0
NET CREDIT	13,917	28,252	16,630

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

PUBLIC DEBT**2.1 Overall Debt Position**

The total Public Debt in shilling terms increased from Kshs 789,076 million as at the end of June 2006 to Kshs 794,239 million by 30th September 2006. This was as a result of a 2.0 percent decrease in external debt and an increase in domestic debt by 4.0 percent during the period under review (*Table 9*).

**Table 9: Kenya's Public and Publicly Guaranteed Debt,
June 2001- September 2006 (Kshs millions)**

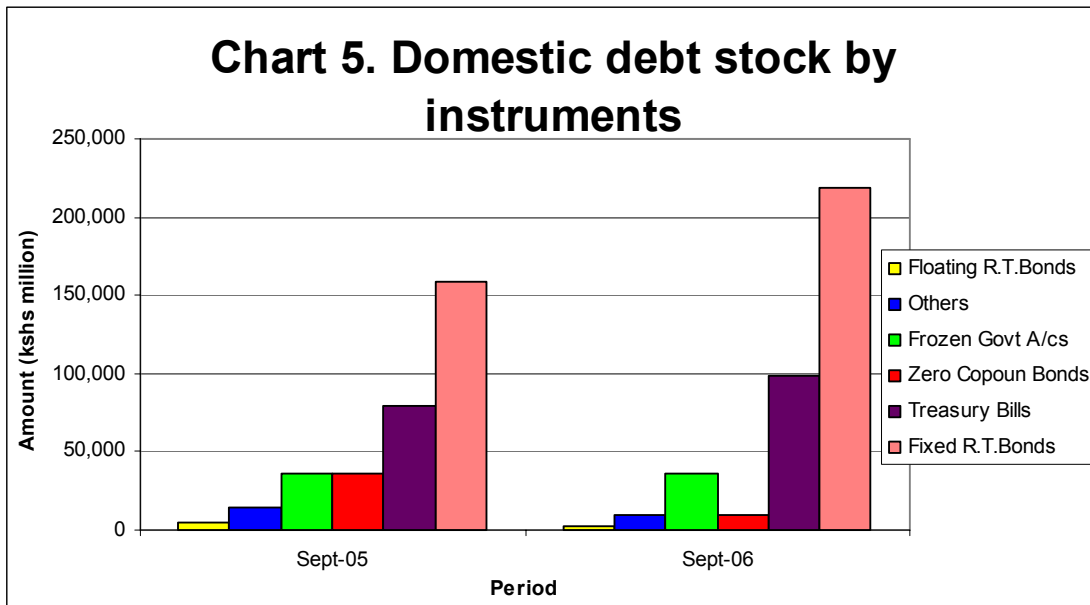
	June 01	June 02	June 03	June 04	June 05	June 06	Sept 06
EXTERNAL:							
BILATERAL	132,269	129,973	142,593	162,914	157,669	154,877	150,298
MULTILATERAL	228,497	222,452	233,829	260,658	255,784	255,550	251,897
COMMERCIAL BANKS	29,423	24,031	3,597	2,911	1,776	1,274	1,254
EXPORT CREDIT	3,789	1,292	27,034	16,674	19,224	19,536	19,199
SUB-TOTAL	393,978	377,748	407,053	443,157	434,453	431,237	422,648
DOMESTIC:							
CENTRAL BANK ¹	47,196	42,841	45,290	50,774	46,617	41,289	39,604
COMMERCIAL BANKS	62,046	78,000	112,369	128,214	122,912	149,473	161,188
TOTAL BANKS	101,242	120,841	157,659	178,988	169,529	190,762	200,793
NON-BANKS	102,572	115,150	131,722	127,247	146,044	167,077	170,799
SUB-TOTAL	211,814	235,991	289,381	306,235	315,573	357,839	371,591
GRAND TOTAL GROSS	605,792	613,739	696,434	749,392	750,026	789,076	794,239
LESS ON-LENDING	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)
LESS GOVERNMENT DEPOSITS	(43,877)	(29,659)	(38,046)	(48,281)	(58,600)	(74,437)	(71,336)
GRAND TOTAL NET	556,214	578,379	652,687	695,410	685,725	708,938	717,202

Source: Ministry of Finance

¹ The Central Bank stock is less IMF funds which has already been included in the External Debt stock

2.2 Domestic Debt

The stock of gross domestic debt increased from Kshs 359,787 million in June 2006 to Kshs 373,525 million in September 2006, reflecting a net increase of Kshs 13,738 million (*Table 10*). The stock of Treasury Bills held by Central Bank, Commercial Banks, Non Financial Institution and Non Residents recorded an increase from Kshs 94,777 million in June 2006 to Kshs 98,552 million in September 2006. Similarly the stock of Treasury Bonds, Floating, Fixed Rate, Special and Zero coupon Bonds, increased from Kshs 218,357 million in June 2006 to Kshs 229,950 million in September 2006 (*chart 5*).



**Table 10: Stock of Domestic Debt, First Quarter 2006/2007
(Kshs million)**

	JUNE 2005	SEPT 2005	JUNE 2006	SEPT 2006
1.CENTRAL BANK	48,838	46,940	43,237	41,538
Overdraft	5,225	8,909	5,202	3,669
Frozen Govt Accounts	35,917	35,917	35,549	35,549
Treasury Bills	7	6	1	15
IMF Funds on let to Govt	2,221	2,145	1,948	1,934
Items on Transit	5,468	(37)	537	371
2.COM.BANKS	122,912	130,652	149,473	161,188
Advances	2,539	2,436	2,291	2,373
Stocks	0	0	0	0
Treasury Bills	31,863	36,585	47,034	52,162
Floating Rate T. Bonds	4,215	3,347	1,830	1,830
Fixed Rate T. Bonds	63,888	67,877	90,530	94,149
			3,244	3,244
Zero Coupon Bonds	20,407	20,407	4,545	7,430
3. NON BANKS	139,542	146,094	162,029	164,591
Stocks	1,058	1,058	1,058	1,058
Treasury Bills	34,522	36,731	43,401	40,868
Floating Rate T. Bonds	2,914	1,789	402	402
Fixed Rate T. Bonds	85,297	90,765	115,894	120,308
Zero Coupon Bonds	15,682	15,682	1,205	1,886
Tax Reserve Certificate	69	69	69	69
4. NON RESIDENTS	6,502	7,260	5,047	6,208
Treasury Bills	5,546	6,236	4,341	5,507
Floating Rate T. Bonds	0	0	0	0
Fixed Rate T. Bonds	523	591	707	701
Zero Coupon Bonds	433	433	0	0
5. TOTAL DEBT	317,794	330,946	359,787	373,525
6. LESS ON-LENDING	(5,701)	(5,701)	(5,701)	(5,701)
7. Less Govt. Deposits	(58,600)	(57,350)	(74,437)	(71,336)
8. NET DEBT	253,493	267,895	279,649	296,488

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

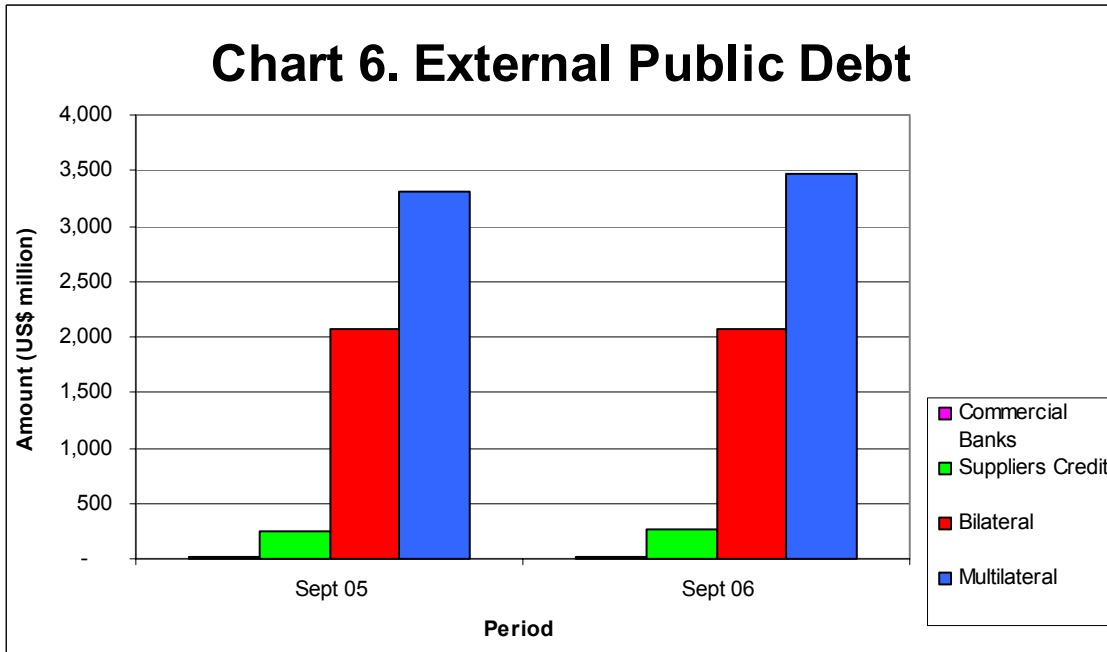
External debt stock stood at approximately US \$ 5.815 billion as at the end of September 2006, a decrease of 0.37 percent from the June 2006 position of US \$ 5.837 billion. Loans from multilateral agencies constituted a big portion of the Kenya's external debt due to their concessionary lending terms (low interest rates and long-term repayment period). Overall, external debt consists of 59.6 percent Multilateral, 35.6 percent Bilateral, 0.3 percent Commercial Banks, and 4.5 percent Export or Suppliers Credit (*Table 11 and Chart 6*).

**Table 11: Kenya's External Public and Publicly Guaranteed Debt
June 2001- September 2006US (\$ Million)**

CREDITOR	June 2001	June 2002	June 2003	June 2004	June 2005	June 2006	Sept 2006
<u>BILATERAL</u>							
AUSTRIA	16.1	25.0	30.50	33.14	32.35	32.99	32.52
BELGIUM	30.6	29.8	30.50	59.41	68.00	71.02	71.95
CANADA	67.7	28.0	36.40	22.18	17.00	17.15	17.15
DENMARK	32.4	24.8	26.10	26.22	31.00	32.38	31.38
FINLAND	2.5	5.0	3.60	3.08	1.76	2.17	1.93
FRANCE	219.6	199.0	182.60	201.02	237.33	252.34	253.24
GERMANY	98.1	94.4	109.80	137.14	169.63	188.28	188.37
ITALY	125.8	136.1	117.90	126.33	94.14	118.31	118.42
JAPAN	922.2	824.0	1,071.00	1,058.80	1,109.50	1,075.58	1,047.16
NETHERLANDS	52.4	44.2	50.40	52.79	28.94	37.25	37.12
U.K.	35.8	40.82	35.80	33.35	36.94	36.61	37.93
USA	43.0	55.4	89.70	74.55	79.40	79.08	79.08
OTHERS	49.7	143.1	138.40	153.90	163.00	153.17	150.74
SUBTOTAL	1,695.9	1,649.62	1,922.70	1,981.91	2,068.99	2,096.33	2,067.99
<u>MULTILATERAL</u>							
ADB/ADF	328.4	292.8	321.50	315.10	310.00	349.71	348.04
EEC/EIB	156.7	148.0	115.50	128.92	111.00	180.49	177.20
IBRD	20.0	11.50	11.50	14.22	0.50	0.00	0.00
IDA	2,306.8	2,263.0	2,616.60	2,492.88	2,757.00	2,765.38	2,776.68
IMF	111.3	98.0	80.75	111.50	172.00	154.41	153.71
OTHERS	6.3	10.05	6.90	0.75	6.00	8.98	10.26
SUBTOTAL	2,929.5	2,823.35	3,152.75	3,063.37	3,356.50	3,458.97	3,465.89
COMMERCIAL BANKS	377.2	305	48.50	46.9	23.30	17.25	17.25
EXPORT CREDIT	48.6	16.4	364.5	200.57	252.27	264.43	264.17
GRAND TOTAL	5,051.2	4,794.37	5,488.45	5,292.76	5,701.06	5,836.98	5,815.30
Bilateral	33.6	34.4	35.0	36.8	36.3	35.9	35.6
Multilateral	58.0	58.9	57.4	58.8	58.9	59.3	59.6
Commercial Banks	7.5	6.4	0.9	0.7	0.4	0.3	0.3
Export Credit	1.0	0.3	6.6	3.8	4.4	4.5	4.5
Total	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 3,994 million as at the end of September 2006. This comprised repayments of Kshs 1,344 million (34 percent) of bilateral and Kshs 2,600 million (66 percent) multilateral loans principal and interest during the first quarter. (*Table 12 and chart 7*).

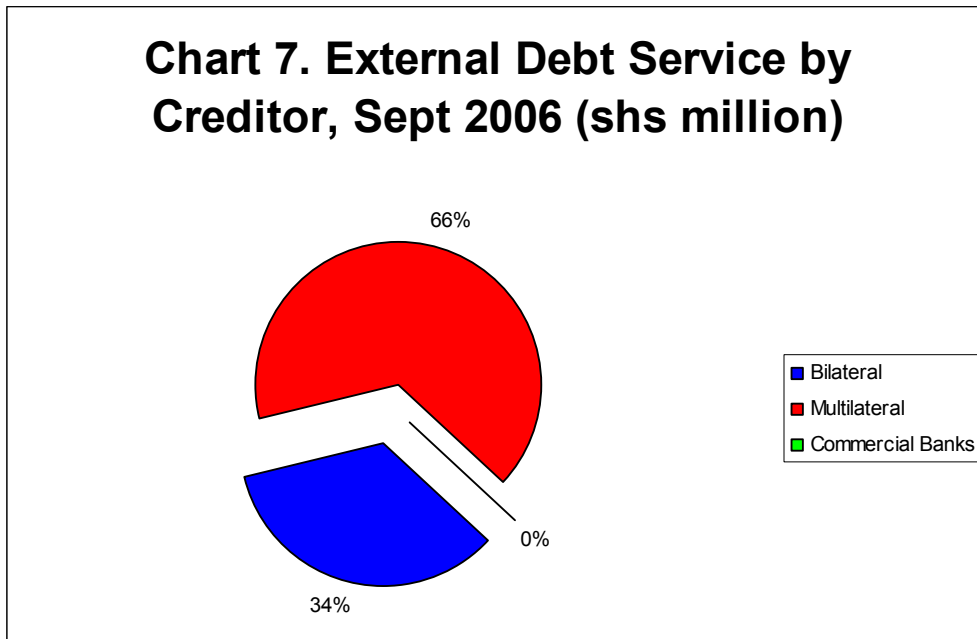


Table 12: External Debt Service, July – September 2006
(Kshs Million)

CATEGORY	Principal	Interest	Total
<u>BILATERAL</u>			
AUSTRIA	11.00	12.91	23.91
DENMARK	0.00	0.00	0.00
FINLAND	1.48	2.84	4.32
FRANCE	68.94	247.30	316.24
ITALY	31.57	27.39	58.96
JAPAN	5.20	96.88	102.08
SAUDI FUND	125.53	98.74	224.27
KUWAIT	44.04	22.02	66.06
SPAIN	29.13	10.81	39.94
SWEDEN	1.91	2.32	4.23
SWITZERLAND	3.56	2.76	6.32
NETHERLANDS	0.00	0.49	0.49
USA	26.73	83.91	110.64
CANADA	0.00	0.00	0.00
CHINA	0.00	0.00	0.00
GERMANY	53.59	51.13	104.72
UK	27.95	72.53	100.48
KOREA	0.00	0.00	0.00
BELGIUM	90.29	90.92	181.21
INDIA	0.00	0.00	0.00
TOTAL BILATERAL	520.92	822.95	1,344.45
<u>MULTILATERAL</u>			
ADB	230.31	66.06	296.37
BADEA	0.00	1.80	1.80
EEC	61.47	14.11	75.58
EIB	0.00	0.00	0.00
IBRD	0.00	0.00	0.00
IDA	1,708.74	470.26	2,179.00
OPEC	43.14	4.59	47.73
TOTAL MULTILATERAL	2,043.66	556.82	2,600.48
GRAND TOTAL	2,564.58	1,379.77	3,944.35

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**
A.TOTAL REVENUE	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.EXPENDITURE & NET LENDING	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
D.DEFICIT EXCL. GRANTS (Commitment Basis)	(1,084)	3,324	(40,608)	(29,147)	(53,394)	(27,506)	(13,571)	(84,669)
E.GRANTS	4,920	4,247	24,080	6,823	14,942	16,224	14,905	27,866
F.DEFICIT INCL.GRANTS (Commitment basis)	3,836	7,571	(16,528)	(22,324)	(38,452)	(11,282)	1,334	(56,803)
G. ADJUSTMENT TO CASH BASIS	(6,107)	(5,770)	3,423	(5,085)	2,683	11,282	5,964	0
H.DEFICIT INCL.GRANTS (cash basis)	(2,271)	1,801	(13,105)	(27,409)	(34,779)	0	7,298	(56,803)
I.FINANCING	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								
A.TOTAL REVENUE	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.EXPENDITURE & NET LENDING	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
D.DEFICIT EXCL. GRANTS (Commitment Basis)	(2.5)	(0.1)	(4.2)	(2.8)	(5.1)	(2.4)	(1.1)	(5.9)
E.GRANTS	0.8	0.7	2.5	0.7	1.4	1.4	1.2	1.9
F.DEFICIT INCL.GRANTS (Commitment basis)	(1.6)	0.5	(1.7)	(2.2)	(3.7)	(1.0)	0.1	(4.0)
G.ADJUSTMENT TO CASH BASIS	0.5	(0.8)	0.4	(0.5)	(0.3)	1.0	0.5	0.0
H.DEFICIT INCL.GRANTS (cash basis)	(1.1)	(0.3)	(1.4)	(2.7)	(3.3)	0.0	0.6	(4.0)
I.FINANCING	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
Memorandum Item: 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

ANNEX II

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
47	Tana & Athi River Development Authority	167,146	220,144	260,000

ANNEX II

	Name	Actual 2003/2004 Ksh.'000	Forecast 2004/2005 Ksh.'000	Budget 2005/2006 Ksh.'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
	Totals	34,855,538	49,161,994	59,602,398

Source: Ministry of Finance

ANNEX III

2003-04 & 2004-05 Actual Expenditures and 2005/2006 Budget Estimates for Local Authorities

LA Code	Local Authority Name	FY 2003-04	FY 2004-05	FY 2004-05	FY 2004-05	FY 2005-06
		Budget Actuals	Approved Estimates	actual	VARIANCE	Budget Estimates
1	Nairobi City	5,977,525,562	4,875,059,758	3,224,208,882	1,650,850,876	5,419,147,250
6	Ahero TC	NA	22,151,036	16,910,521	5,240,515	21,368,255
11	Awendo TC	23,957,709	24,843,622	21,454,108	3,389,514	27,815,868
16	Baringo CC	43,488,913	43,788,109	28,064,837	15,723,272	49,445,707
21	Bomet CC	36,397,592	36,315,512	36,544,076	(228,564)	45,071,716
26	Bomet MC	26,749,489	17,836,759	17,487,732	349,027	17,546,785
31	Bondo CC	35,577,979	33,122,079	26,241,228	6,880,851	38,450,030
36	Bondo TC	12,245,735	13,244,911	13,507,298	(262,387)	16,598,658
41	Bungoma CC	76,653,387	99,756,802	43,198,883	56,557,919	90,278,219
46	Bungoma MC	NA	42,552,317	70,047,112	(27,494,795)	54,268,467
51	Bureti CC	34,419,035	33,276,998	41,173,467	(7,896,469)	47,561,817
56	Burnt Forest TC	7,653,614	6,835,346	6,936,590	(101,244)	8,082,375
61	Busia CC	38,540,693	32,738,794	34,999,521	(2,260,727)	42,791,618
66	Busia MC	38,841,618	37,454,835	26,646,482	10,808,353	45,141,100
71	Butere-Mumias CC	68,309,949	78,465,526	68,828,782	9,636,744	92,570,606
76	Chepareria TC	3,736,242	3,911,502	2,816,185	1,095,317	4,249,344
81	Chogoria TC	12,469,513	10,148,286	7,079,278	3,069,008	9,515,951
86	Chuka MC	16,211,143	13,866,632	12,599,756	1,266,876	17,256,967
91	Eldama Ravine TC	17,379,502	18,740,504	17,349,618	1,390,886	21,089,827
96	Eldoret MC	226,830,714	314,349,579	254,441,783	59,907,796	296,452,275
101	Embu CC	25,338,834	31,780,878	23,605,591	8,175,287	34,580,989
106	Embu MC	80,069,113	79,596,315	35,901,048	43,695,267	83,828,020
111	Funyula TC	6,675,831	4,505,224	4,360,561	144,663	5,088,373
116	Garissa CC	35,516,291	12,630,968	37,280,135	(24,649,167)	45,562,763
121	Garissa MC	41,936,154	21,120,000	35,009,979	(13,889,979)	54,856,334
126	Gucha CC	27,223,856	39,107,994	37,508,967	1,599,027	45,310,367
131	Gusii CC	32,921,800	51,980,682	36,573,562	15,407,120	45,059,365
136	Homa Bay CC	26,730,764	35,396,212	27,023,848	8,372,364	35,251,616
141	Homabay MC	40,607,744	34,697,440	30,568,404	4,129,036	41,707,750
143	Ijara CC	9,114,541	3,028,454	10,394,766	(7,366,312)	11,631,898
146	Isiolo CC	88,897,584	97,466,946	19,893,750	77,573,196	103,946,223
151	Iten-Tambach TC	9,147,105	11,167,877	7,797,222	3,370,655	10,966,201
156	Kabarnet MC	17,709,562	20,280,635	13,972,905	6,307,730	22,537,262
161	Kajiado TC	15,790,747	13,129,020	9,362,104	3,766,916	15,433,487
166	Kakamega CC	NA	66,582,705	54,243,808	12,338,897	77,471,547
171	Kakamega MC	62,643,089	66,119,624	59,686,503	6,433,121	74,991,522
176	Kandara TC	4,933,991	4,949,170	5,070,919	(121,749)	5,699,602
181	Kangema TC	10,278,735	9,174,985	8,347,604	827,381	9,696,858
186	Kangundo TC	37,989,969	40,083,795	26,725,094	13,358,701	45,668,815
191	Kapenguria MC	15,318,669	16,180,075	15,736,619	443,456	21,005,691
196	Kapsabet MC	29,515,887	27,442,739	22,214,208	5,228,531	29,371,418
201	Karatina MC	52,113,306	31,348,528	35,309,087	(3,960,559)	34,363,793
206	Karuri TC	24,470,618	26,741,280	23,633,459	3,107,821	30,256,966
211	Kehancha MC	57,598,167	35,059,185	33,708,676	1,350,509	39,180,254
216	Keiyo CC	28,999,034	20,484,142	18,956,620	1,527,522	24,808,320
221	Kendu Bay TC	NA	8,552,033	5,022,710	3,529,323	7,373,896
226	Kericho MC	NA	79,077,381	66,379,501	12,697,880	101,835,572
231	Keroka TC	13,313,379	22,359,072	12,815,914	9,543,158	16,361,070
236	Kerugoya/Kutus MC	34,069,483	36,343,670	27,579,857	8,763,813	40,251,857
241	Kiambu CC	62,295,513	62,336,187	54,362,486	7,973,701	71,901,013

ANNEX III

LA Code	Local Authority Name	FY 2003-04	FY 2004-05	FY 2004-05	FY 2004-05	FY 2005-06
		Budget Actuals	Approved Estimates	actual	VARIANCE	Budget Estimates
246	Kiambu MC	NA	51,763,009	36,560,984	15,202,025	57,822,654
251	Kikuyu TC	54,779,338	53,294,573	52,268,885	1,025,688	58,822,591
256	Kilifi CC	52,344,550	69,430,906	579,765,597	(510,334,691)	87,456,984
261	Kilifi TC	31,371,593	31,408,924	34,982,864	(3,573,940)	38,664,896
266	Kimilili MC	18,498,733	18,525,641	15,424,039	3,101,602	22,362,373
271	Kipkelion TC	10,241,250	10,193,995	7,954,821	2,239,174	9,803,297
276	Kipsigis CC	50,656,123	64,329,835	64,065,621	264,214	80,092,464
281	Kirinyaga CC	111,298,816	94,886,127	96,097,550	(1,211,423)	110,194,000
286	Kisii MC	46,455,782	63,625,982	61,488,824	2,137,158	64,850,774
291	Kisumu CC	27,987,395	23,433,540	20,576,672	2,856,868	26,774,862
296	Kisumu MC	283,036,079	421,969,815	241,673,332	180,296,483	386,491,952
301	Kitale MC	69,700,416	86,141,279	75,998,372	10,142,907	94,960,333
306	Kitui CC	65,247,813	60,808,758	59,888,764	919,994	71,428,084
311	Kitui MC	44,335,165	34,407,580	36,693,244	(2,285,664)	48,354,441
316	Koibatek CC	22,000,146	26,845,043	16,846,027	9,999,016	31,041,651
321	Kwale CC	66,577,347	99,757,049	88,161,428	11,595,621	116,862,722
326	Kwale TC	15,378,211	9,426,756	7,471,726	1,955,030	16,748,682
331	Laikipia CC	50,972,972	54,285,788	42,770,895	11,514,893	53,256,975
336	Lamu CC	17,678,508	22,015,804	18,796,815	3,218,989	24,305,524
341	Limuru MC	28,989,378	31,481,882	31,129,766	352,116	34,917,733
346	Litein TC	18,823,562	19,131,929	15,924,799	3,207,130	21,297,030
351	Lodwar MC	14,648,472	13,791,970	13,098,115	693,855	16,544,216
356	Londiani TC	11,310,131	9,723,592	9,285,811	437,781	10,590,896
361	Luanda TC	15,274,800	15,660,197	13,983,956	1,676,241	17,925,191
366	Lugari CC	NA	42,323,000	37,191,947	5,131,053	57,214,558
371	Machakos MC	60,972,181	83,694,980	62,974,809	20,720,171	95,659,288
376	Makueni CC	113,708,710	106,312,416	92,701,252	13,611,164	122,826,901
381	Makuyu TC	9,557,374	11,672,026	9,468,588	2,203,438	13,045,531
386	Malaba TC	32,817,139	26,366,460	8,156,223	18,210,237	28,814,456
391	Malakisi TC	6,259,409	6,664,630	6,803,201	(138,571)	7,705,467
396	Malava TC	11,540,637	10,298,378	8,665,613	1,632,765	14,262,768
401	Malindi CC	43,491,090	39,416,178	18,946,362	20,469,816	47,681,286
406	Malindi MC	121,794,369	128,635,569	76,710,045	51,925,524	85,650,500
411	Mandera CC	30,566,175	33,677,536	27,750,313	5,927,223	39,402,705
416	Mandera TC	25,530,726	14,876,048	20,236,960	(5,360,912)	30,186,556
421	Maragwa CC	52,386,898	60,790,757	55,723,403	5,067,354	67,325,607
426	Maragwa TC	8,812,924	13,408,177	9,110,065	4,298,112	14,852,435
431	Marakwet CC	23,148,701	22,837,651	21,517,135	1,320,516	30,773,078
436	Maralal TC	14,323,278	15,359,808	16,976,694	(1,616,886)	18,252,465
441	Mariakani TC	NA	20,129,982	13,030,644	7,099,338	22,231,522
446	Marsabit CC	28,597,160	34,614,100	19,582,622	15,031,478	31,074,589
451	Masaku CC	108,418,698	110,663,575	78,929,244	31,734,331	121,704,625
456	Masimba TC	8,596,651	9,882,468	6,891,346	2,991,122	8,212,297
461	Matuu TC	14,464,507	20,098,520	12,996,199	7,102,321	16,802,304
466	Maua MC	21,840,723	25,724,773	16,137,926	9,586,847	25,365,802
471	Mavoko MC	92,789,143	78,035,197	85,021,306	(6,986,109)	90,052,574
476	Mbeere CC	23,440,403	39,391,568	30,349,431	9,042,137	36,689,482
481	Mbita Point TC	9,042,098	10,205,072	8,352,927	1,852,145	10,774,671
486	Meru CC	NA	85,721,208	78,674,398	7,046,810	120,458,563
491	Meru MC	57,064,459	56,344,971	52,440,590	3,904,381	73,060,547
496	Meru South CC	22,408,777	27,056,576	22,108,792	4,947,784	24,110,988
501	Migori CC	31,290,985	21,593,666	37,480,082	(15,886,416)	49,022,326

ANNEX III

LA Code	Local Authority Name	FY 2003-04	FY 2004-05	FY 2004-05	FY 2004-05	FY 2005-06
		Budget Actuals	Approved Estimates	actual	VARIANCE	Budget Estimates
506	Migori MC	44,042,430	40,129,442	28,672,359	11,457,083	32,460,233
511	Molo TC	24,460,155	28,420,982	19,516,253	8,904,729	31,263,840
516	Mombasa MC	NA	1,225,763,946	785,609,764	440,154,182	991,384,258
521	Mt. Elgon CC	NA	20,084,016	19,034,131	1,049,885	23,727,921
526	Moyale CC	29,070,835	28,261,571	24,982,019	3,279,552	32,718,308
531	Mtiti Andei TC	NA	13,706,286	9,316,464	4,389,822	10,684,145
536	Muhoroni TC	13,899,889	13,155,076	11,035,680	2,119,396	20,784,370
541	Mumias MC	38,564,865	36,873,007	30,366,188	6,506,819	42,543,779
546	Murang'a CC	59,820,651	60,206,046	52,301,896	7,904,150	68,419,836
551	Murang'a MC	36,294,858	38,881,247	25,553,111	13,328,136	39,069,819
556	Mwingi CC	29,350,745	34,559,815	34,296,788	263,027	39,519,747
561	Mwingi TC	17,600,081	17,567,580	16,537,325	1,030,255	19,776,942
566	Naivasha MC	76,240,361	68,421,558	62,950,771	5,470,787	80,511,745
571	Nakuru CC	173,067,513	165,701,896	160,827,505	4,874,391	178,197,996
576	Nakuru MC	304,008,034	362,047,534	341,553,490	20,494,044	330,454,154
581	Nambale TC	9,275,826	9,576,439	7,034,267	2,542,172	7,453,509
586	Nandi CC	57,203,535	76,396,217	62,009,102	14,387,115	74,098,442
591	Nandi Hills TC	13,801,353	13,836,878	12,312,861	1,524,017	16,252,730
596	Nanyuki MC	NA	132,103,995	73,788,881	58,315,114	143,453,427
601	Narok CC	364,837,460	377,850,927	37,776,739	340,074,188	367,565,912
606	Narok TC	20,652,275	22,791,031	18,885,265	3,905,766	27,864,749
616	Nyahururu MC	68,308,879	75,906,138	64,306,743	11,599,395	83,799,987
621	Nyamache TC	8,421,589	6,603,517	5,796,413	807,104	7,499,543
626	Nyamarambe TC	NA	8,043,518	6,579,694	1,463,824	7,176,060
631	Nyambene CC	50,297,683	73,872,413	66,906,496	6,965,917	86,729,884
636	Nyamira CC	41,655,903	42,281,613	46,007,362	(3,725,749)	54,555,489
641	Nyamira TC	12,619,683	28,019,454	13,019,066	15,000,388	16,618,940
646	Nyandarua CC	88,305,981	85,709,684	89,625,792	(3,916,108)	100,098,968
651	Nyando CC	29,991,254	59,914,342	32,635,130	27,279,212	42,825,242
656	Nyansiongo TC	14,504,084	10,649,080	9,526,703	1,122,377	9,907,398
661	Nyeri CC	89,222,362	89,085,293	79,418,779	9,666,514	129,425,180
667	Nyeri MC	124,181,771	92,680,669	93,457,889	(777,220)	113,316,392
671	Nzoia CC	55,432,890	71,745,022	55,047,187	16,697,835	78,833,926
676	Ogembo TC	15,856,349	11,734,103	9,228,831	2,505,272	12,021,860
681	Olkalou TC	26,101,780	21,856,232	19,328,360	2,527,872	24,974,329
686	Olkejuado CC	103,514,681	112,866,929	80,000,939	32,865,990	135,247,190
691	Othaya TC	15,073,444	14,353,331	12,762,103	1,591,228	14,734,611
696	Oyugis TC	22,175,355	17,678,714	21,059,770	(3,381,056)	24,041,607
701	Pokot CC	23,997,676	28,000,442	24,262,250	3,738,192	14,655,746
706	Port Victoria TC	12,163,300	11,379,492	5,493,024	5,886,468	11,655,746
711	Rachuonyo CC	27,564,319	27,886,836	25,284,455	2,602,381	33,155,009
716	Rongo TC	20,674,942	22,210,547	14,178,323	8,032,224	21,935,757
721	Ruiru MC	42,991,939	58,497,967	58,772,870	(274,903)	71,373,850
726	Rumuruti TC	11,631,737	12,232,826	7,770,457	4,462,369	12,728,535
731	Runyenjes MC	21,368,763	21,303,744	14,388,419	6,915,325	19,079,971
736	Sagana TC	11,484,338	13,731,669	8,808,678	4,922,991	11,666,161
741	Samburu CC	99,035,098	101,031,914	27,545,318	73,486,596	116,937,460
746	Siaya CC	48,806,566	40,130,610	39,598,340	532,270	48,174,831
751	Siaya MC	16,935,845	20,439,137	17,481,204	2,957,933	21,236,160
756	Sirisia TC	4,023,497	4,418,313	4,022,540	395,773	5,022,809
761	Sotik TC	10,254,471	17,251,773	10,189,628	7,062,145	11,241,467
766	Suba CC	21,185,830	24,950,169	20,547,093	4,403,076	29,550,102

ANNEX III

LA Code	Local Authority Name	FY 2003-04 Budget Actuals	FY 2004-05 Approved Estimates	FY 2004-05 actual	FY 2004-05 VARIANCE	FY 2005-06 Budget Estimates
771	Suneka TC	15,568,521	4,597,091	11,801,522	(7,204,431)	12,859,918
776	Tabaka TC	6,826,529	8,388,578	6,740,163	1,648,415	13,072,498
781	Taita Taveta CC	43,939,867	33,341,249	33,548,759	(207,510)	37,695,058
786	Tana River CC	29,010,978	30,842,864	33,008,334	(2,165,470)	41,675,410
791	Taveta TC	22,648,413	23,182,010	16,172,017	7,009,993	25,953,250
796	Teso CC	15,307,864	15,798,470	17,168,636	(1,370,166)	22,991,908
801	Tharaka CC	21,639,847	15,363,336	15,916,179	(552,843)	17,981,780
806	Thika CC	75,994,697	76,113,208	70,307,543	5,805,665	93,182,366
811	Thika MC	232,965,720	238,106,176	138,399	237,967,777	260,450,466
816	Transmara CC	90,820,150	70,524,069	19,823,474	50,700,595	18,171,924
821	Turkana CC	37,635,640	52,447,324	49,328,403	3,118,921	62,480,632
826	Ugunja TC	8,506,595	9,910,380	8,333,609	1,576,771	9,454,858
831	Ukwala TC	8,664,616	10,761,688	7,926,550	2,835,138	9,637,561
836	Vihiga CC	34,051,486	57,921,540	37,232,708	20,688,832	46,353,077
841	Vihiga MC	26,050,394	47,617,306	24,723,399	22,893,907	30,881,457
846	Voi MC	22,011,528	27,357,635	25,286,004	2,071,631	33,024,570
851	Wajir CC	52,676,267	55,961,541	46,305,926	9,655,615	61,696,810
856	Wareng CC	82,011,826	70,452,325	55,991,311	14,461,014	85,046,200
861	Webuye MC	NA	36,523,152	22,412,805	14,110,347	36,810,822
866	Wote TC	15,375,974	18,211,909	13,255,627	4,956,282	18,171,924
871	Yala TC	8,072,412	17,541,030	6,985,568	10,555,462	8,009,856
		12,988,430,149	14,243,081,248	10,685,236,721	3,557,844,527	15,249,514,310

Notes:

- These figures denoted * represent planned figures reported by the Local Authorities all the other figures are approved by the minister for Local Government.
NA signifies that the information is incomplete or not yet submitted by the Local Authority.