



Republic of Kenya

Ministry of Finance

Quarterly Economic and Budgetary Review

**Fourth Quarter
2006/2007**

August 2007 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
CDF	Constituency Development Fund

HIGHLIGHTS OF THE FOURTH QUARTER ECONOMIC AND BUDGET REVIEW: 2006/2007

1. **Recent Economic developments**

The Real gross domestic product is estimated to have increased by 6.3 percent in the first quarter of 2007 compared to 4.1 percent in the first quarter of 2006. The agriculture sector, which experienced drought during the first quarter of 2006, recovered strongly to record a growth of 12.0 percent in 2007 compared to 0.3 percent in 2006. The other sectors that contributed to the growth are manufacturing, hotels and restaurants and transport and communication.

2. **The overall fiscal balance**

The cumulative overall fiscal balance, on a commitment basis (excluding grants) registered a deficit of Kshs.37.1 billion (equivalent to 2.0 percent of the GDP), which was lower than a targeted deficit of Kshs.102.4 billion (equivalent to 5.6 percent of GDP).

3. **Total revenue collection**

The Central Government total revenue collection for the fiscal year was Kshs.368.1 billion which was below the target by Kshs.12.9 billion. The under performance was mainly due to shortfall recorded in Ministerial Appropriation in Aid collections.

4. **Government expenditure and net lending**

The total Central Government expenditure and net lending for the FY ending 30th June 2007 amounted to Kshs.405.1 billion against a target of Kshs.483.4 billion. This under-spending was attributed mainly to lower payments of wages & salaries, operation & maintenance and low absorption of external funds under the development vote.

5. **Stock of pending bills**

During the period under review, there was an overall decreased in the stock of pending bills held by the line Ministries. In particular, the stock of pending bills decreased by Kshs.775.0 million, from Kshs.10.2 billion in June 2006 to Kshs.9.4 billion by end of June 2007.

6. **Guaranteed Loans**

The Scheduled Debt Service payment by the Central Government on government guaranteed loans (on behalf of the State Enterprises and Local Authorities with liquidity problems) was Kshs.1,481 million by the end of the fiscal year. Of this amount however, Kshs.756.2 million was rescheduled under the Paris Club and payments amounting to Ksh 427.3 million were made.

7. **External financing**

External financing registered a net repayment of Kshs. 1.5 billion in the fiscal year, compared to a net repayment of Kshs. 1.1 billion in the FY 05/06.

8. **Net Domestic Borrowing**

Net domestic borrowing stood at Kshs.34.7 billion in the period ending 30th June 2007, compared with a revised targeted borrowing of Kshs.33.0 billion.

9. Public Debt

The total Public Debt increased from Kshs.789.1 billion as at the end of June 2006 to Kshs. 801.2 billion by the end of the FY06/07.

10. Total Domestic Debt

The total domestic debt stock increased from Kshs.357.8 billion as at the end of June 2006 to Kshs. 404.7 billion by the end of June 2007. This was due to additional borrowing to finance Government operations.

11. External Debt

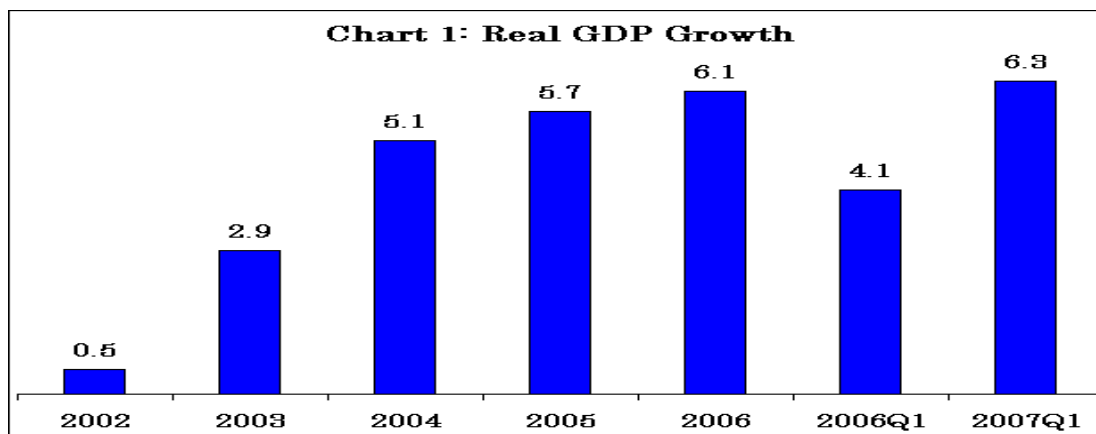
The total external debt stock decreased from Kshs.431.2 billion as at the end of June 2006 to Kshs.396.6 billion by the end of June 2007. Of the total stock, the Multilateral Creditors accounted for 60.6 percent, Bilateral Creditors 34.8 percent, and Commercial Banks and Export Credit accounted for 4.7 percent of the total external debt in that order respectively.

RECENT ECONOMIC DEVELOPMENTS

1.0 RECENT ECONOMIC DEVELOPMENTS

1.1 Economic Growth

The Real gross domestic product is estimated to have increased by 6.3 percent in the first quarter of 2007 compared to 4.1 percent in the first quarter of 2006. The agriculture sector, which experienced drought during the first quarter of 2006, recovered to record a growth of 12.0 percent in 2007 compared to 0.3 percent in 2006. The other sectors that spurred the growth are manufacturing, hotels and restaurants and transport and communication.



Incoming data through May/June 2007 show continued improvement in the key sectors of the economy.

The strong performance in the agricultural sector continued in the second quarter of 2007 with output of tea, dairy, and horticulture sub sectors registering 61.2%, 32.8% and 1.8% growth in May 2007 compared with minus 25.5%, minus 5.6% and plus 5.3% growth in a similar period in 2006, respectively. Nevertheless, output of coffee and sugar declined. In the manufacturing sector, production of cement, galvanized sheets, cigarette and beer continued recorded remarkable improvement.

Tourism remained buoyant with tourist arrivals growing by 7.6% to 877,430 tourists in the first half of 2007 from 812,100 tourists in 2006. Tourism earnings recorded an increase of 25.5% to Kshs. 34.0 billion from Kshs. 27.2 billion in 2006. The strong growth is expected to have positive spillover effects on air transport and hotels and restaurants.

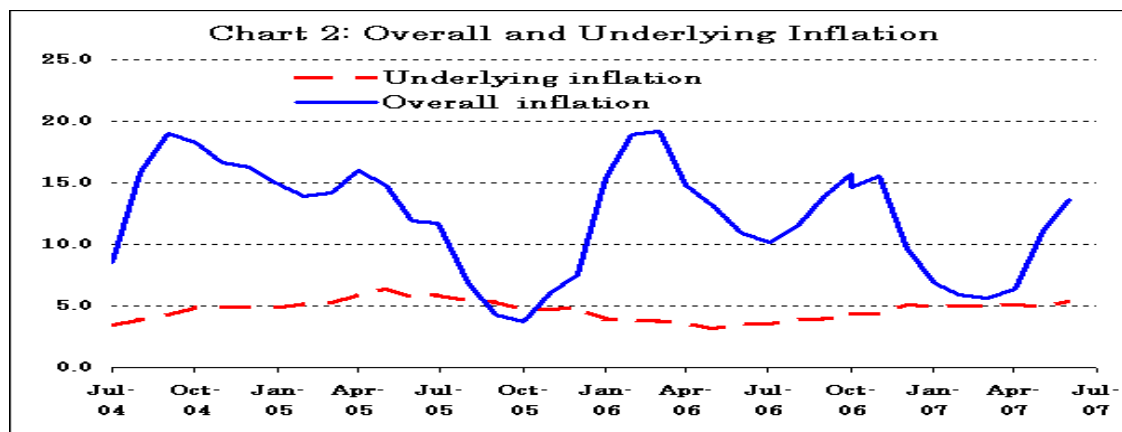
Transport and communication sector recorded a decelerated growth of 6.4 percent in 2007 compared to 15.6 percent in the first quarter of 2006. The consumption of light fuel went down by 10.6 percent from 245.0 thousand metric tonnes in 2006 to 219 thousand metric tonnes in 2007 while the consumption of motor spirit went up by 2.9 percent from 79.6 thousand metric tonnes in 2006 to 81.9 thousand metric tonnes in 2007 which are the indicators for road, rail and water transport sub sector.

The expansion in economic activity was also reflected in increased electricity consumption and total electricity generation which rose by 7.6% and 7.8% over the period compared with an increase of 5.5% and 5.9% over a similar period in 2006, respectively.

RECENT ECONOMIC DEVELOPMENTS

1.2 Inflation

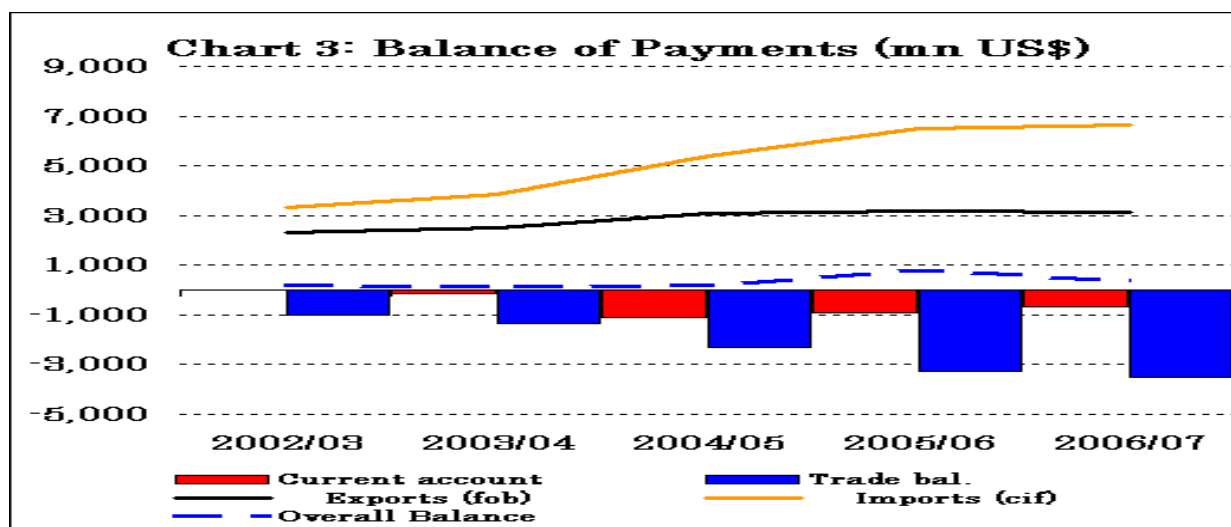
The 12-month overall inflation edged upwards to 13.6 percent in July 2007 from 5.7 percent in April 2007 (Chart 2). The pick up in inflationary pressures in the year to July 2007 related to a jump in prices of food (mainly kales, cabbages, sugar and bread), wines and spirits, cooking gas and charcoal as well housing costs.



The underlying rate of inflation has generally been within the 5 percent target so far in the FY 2006/07, owing to prudent monetary and fiscal policies.

1.3 Balance of Payments

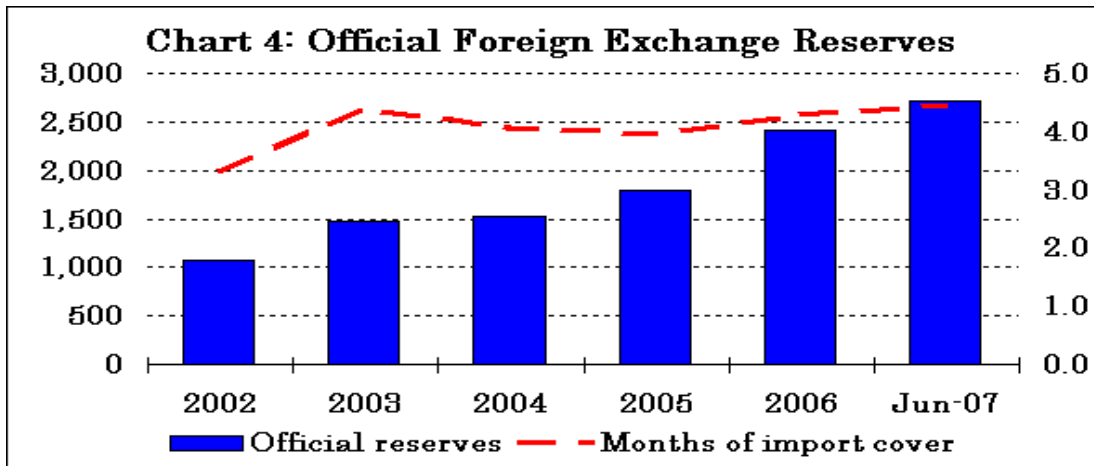
The external current account deficit narrowed to US\$ 668 million in the first ten months of 2006/07 from US\$ 920 million over a similar period in 2005/06 (Chart 3). The reduction in current account deficit reflected improved surplus in the service account following increased receipts from tourism, transportation services and remittances. Meanwhile, the trade balance worsened due to a faster growth in imports that more than offset the increase in exports. Much of the increase in imports was mainly in machinery and transport equipments (49.6 percent), manufactured/intermediate goods (49.1 percent), chemicals (25.5 percent) and oil (6.6 percent). The increased demand for imports is therefore expected to support growth in 2007. With strong private capital inflows, which more than financed the current account, the overall balance of payments remained in surplus.



RECENT ECONOMIC DEVELOPMENTS

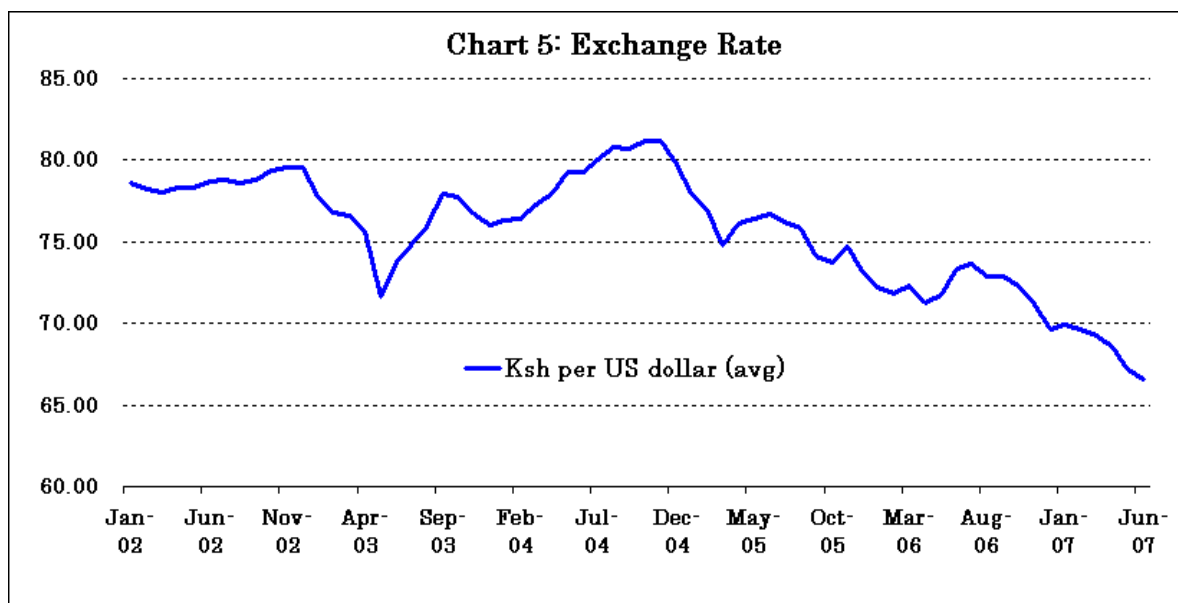
1.4 Foreign Exchange Reserves

Following the strong balance of payments performance, official foreign exchange reserves held by the Central Bank of Kenya continued to increase reaching about US\$ 2.7 billion (equivalent to 4.5 months import cover) at the end-June 2007 from US\$ 2.4 billion at the end-June 2006 (equivalent to 4.7 months imports cover) (Chart 4).



1.5 Exchange Rate

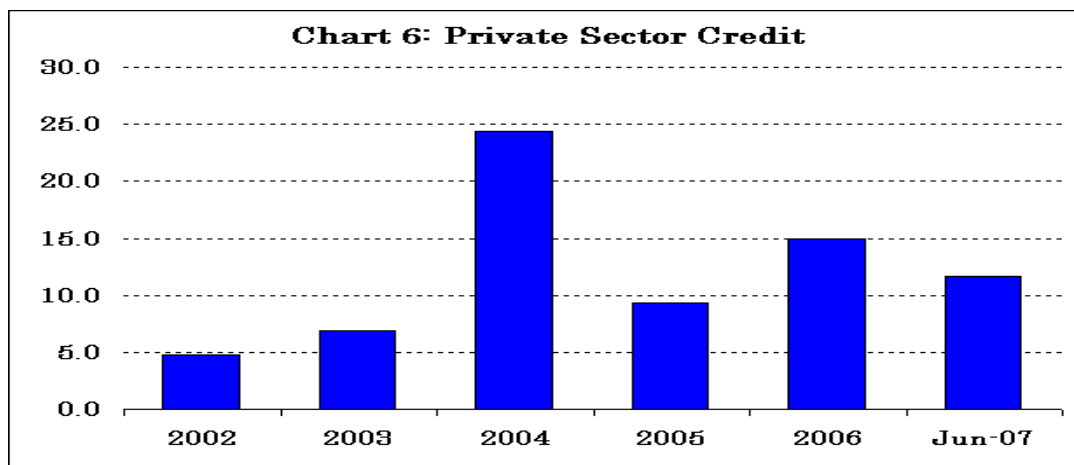
The exchange rate remained firm against the US dollar for a greater part of 2006/07. It gained 9.3 percent to US dollar to trade at Kshs. 66.6 per US dollar in June 2007 compared to Kshs. 73.4 per dollar in June 2006. The strengthening of the shilling reflected the strong balance of payments performance on the back of increased inflows from tourism, remittances and private capital. The weakening of the U.S. dollar against major international currencies also explains the strengthening of the shilling exchange rate against the US dollar (Chart 5).



RECENT ECONOMIC DEVELOPMENTS

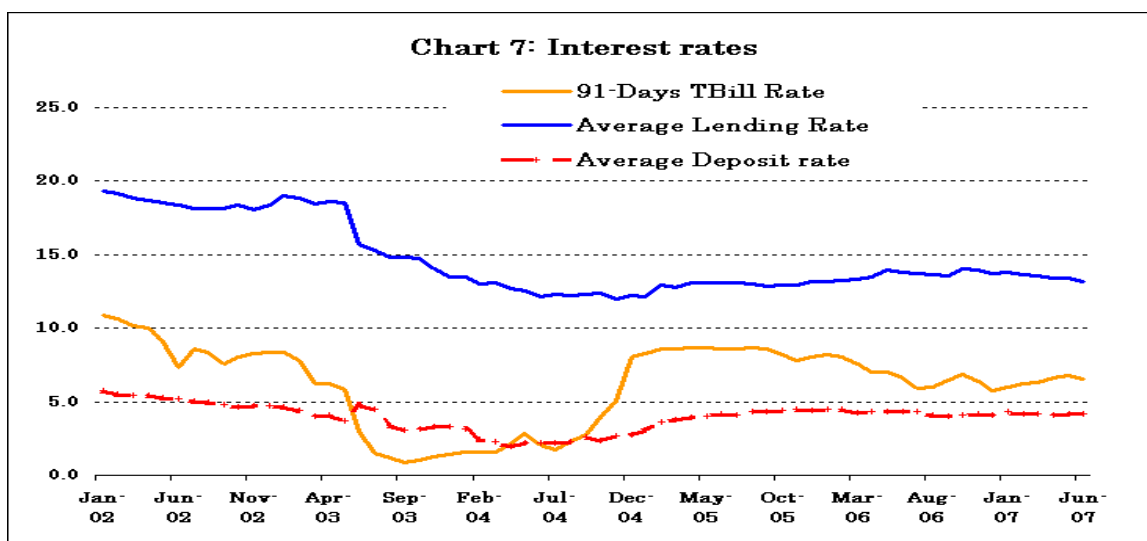
1.6 Money and Credit

Annual expansion in broad money (M3) was 18.8 percent in June 2007 compared with 16.1 percent in a similar period in 2006. The strong expansion in M3 was backed by strong expansion in domestic credit and increased in net foreign assets following improvement in balance of payments. Meanwhile, credit extension to the private sector eased to 11.6 percent from 15.0 percent in June 2006 and benefited such sectors as manufacturing, trade, transport and communication sectors and private households (Chart 6).



1.7 Interest rates

Reflecting prudent fiscal policy, the 91-day Treasury bill rate has generally stabilized at the range of 6-7 percent, after declining from over 8 percent in 2002 (Chart 7). The average interest rate on the 91-day Treasury bills in financial year 2006/07 was 6.3 compared with an average of 7.9 in the previous financial year 2005/06. By June 2007, the 91-day Treasury bill rate stood at 6.5 percent compared to 6.6 percent recorded in June last year. The relatively low interest rates bode well for Government domestic interest outlays for 2006/07.



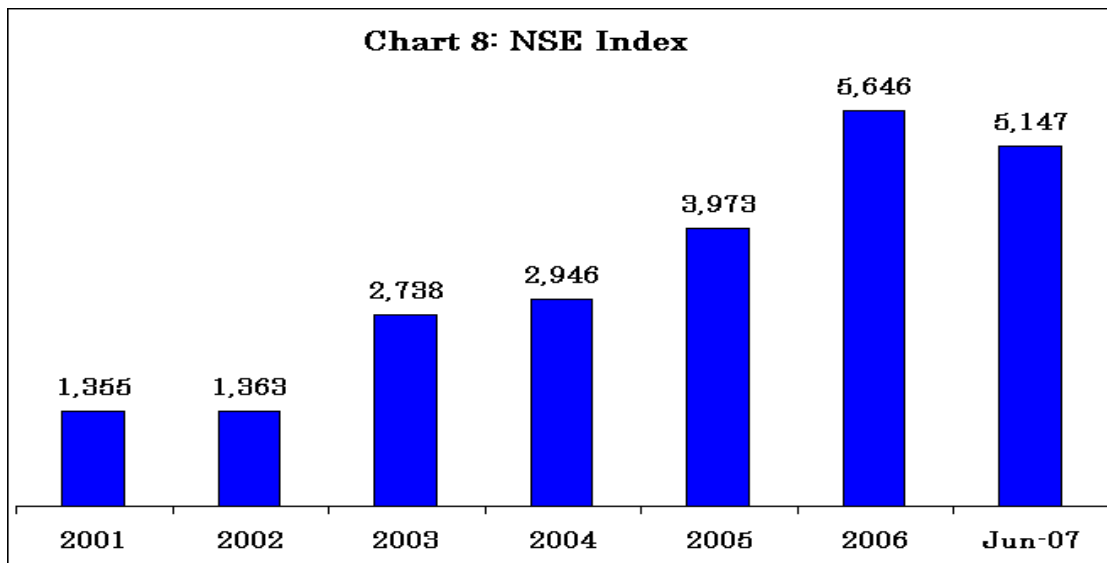
Meanwhile, commercial bank lending rate has declined significantly from over 18 percent

RECENT ECONOMIC DEVELOPMENTS

in 2002 to about 13-14 percent in 2006/07, with the increased competition in the financial sector following entry of new banks. By June 2007, the average lending rate stood at 13.1 percent compared to 13.8% recorded in June last year

1.8 Capital Market

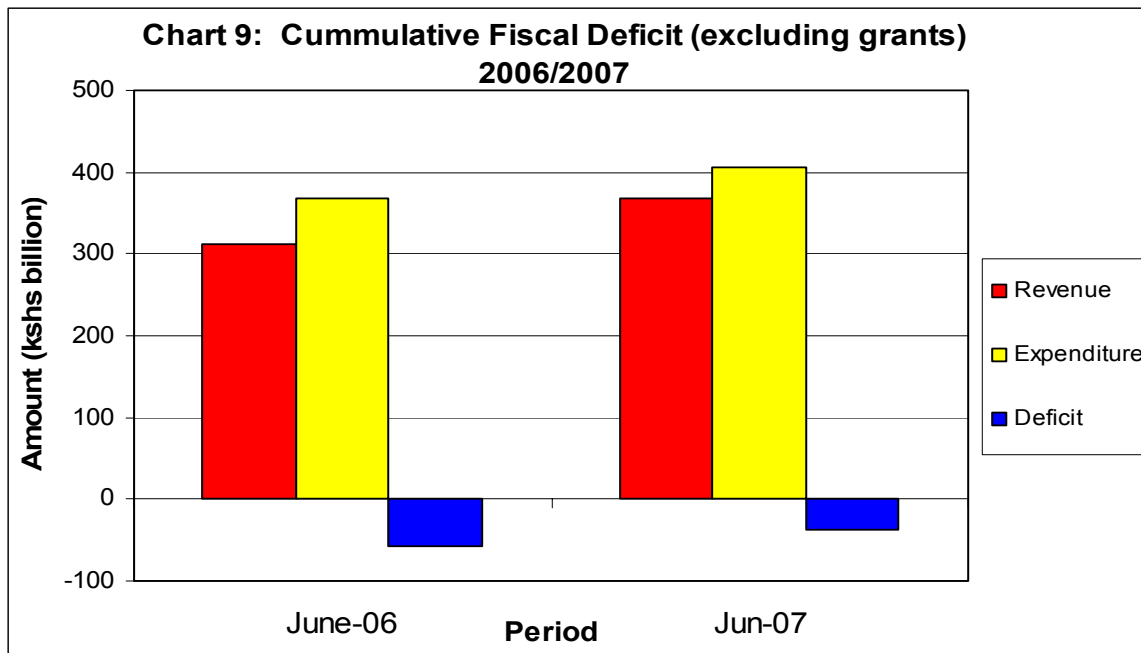
Reflecting the good performance of the economy and increased profitability of the companies traded at the Nairobi Stock Exchange (NSE), the NSE Index increased by 20.8 percent from 4,260 in end June 2006 to 5,147 in June 2006 (Chart 8). Similarly, market capitalization rose from Kshs. 623.0 billion at end-June 2006 to Kshs. 743.0 billion by end-June 2007, an increase of 19.3 percent.



FISCAL DEVELOPMENTS

2.1 Fiscal Outturn

The overall fiscal balance on a commitment basis and excluding grants, in the fourth quarter ending 30th June 2007 recorded a deficit of Kshs. 37.1 billion (equivalent to 2.0 percent of Gross Domestic Product (GDP)), against a target deficit of Kshs. 102.4 billion (equivalent to 5.6 percent of GDP) compared to Kshs. 57.4 billion deficit (equivalent to 3.7 percent of GDP) during the same period in the FY 05/06. On the other hand, the fiscal balance on a commitment basis including grants recorded a deficit of Kshs.21.6 billion (equivalent to 1.2 percent of GDP), against a targeted deficit of Kshs.67.9 billion (equivalent to 3.7 percent of GDP) (*Chart 9 and Table 1*).



FISCAL DEVELOPMENTS

Table 1: BUDGET OUTFURN, 2006/2007 (Kshs. Millions)

	2005/2006 Quarter IV Actual	2006/2007 Quarter IV Actual	2006/2007 Quarter IV Targets	Deviation	2006/07 Quarter IV Actual as percent of GDP	2006/07 Quarter IV Target percent of GDP	2005/06 Quarter IV Actual percent of GDP
A. TOTAL REVENUE AND GRANTS	331,214	383,591	415,525	(31,934)	21.0	22.7	21.1
1. Revenue	311,251	368,097	381,007	(12,910)	20.1	20.8	19.8
Ordinary Revenue	283,427	336,657	339,157	(2,500)	18.4	18.6	18.1
Import Duty	20,511	27,510	28,256	(746)	1.5	1.6	1.3
Excise Duty	50,309	56,406	58,045	(1,639)	3.1	3.2	3.2
Income tax	108,897	124,855	124,155	700	6.8	6.8	6.9
VAT	76,263	96,270	91,574	4,696	5.3	5.0	4.9
Investment Revenue	2,239	6,587	5,281	1,306	0.4	0.3	0.1
Others	25,208	25,209	31,846	(6,817)	1.4	1.7	1.6
Appropriation-in-Aid	27,824	31,440	41,850	(10,410)	1.7	2.3	1.8
2. Grants	19,963	15,494	34,518	(19,024)	0.9	1.9	1.3
Cash	4,872	8,938	13,937	(4,999)	0.5	0.8	0.3
Appropriation-in-Aid Programme	10,720 4,371	6,556 0	15,725 4,856	(9,169) (4,856)	0.4 0.0	0.9 0.3	0.9 0.3
B. EXPENDITURE and NET LENDING	368,654	405,202	483,397	(78,195)	22.2	26.4	23.5
1. Recurrent	300,470	324,148	359,083	(34,935)	17.7	19.6	19.1
Domestic Interest	31,445	36,860	36,393	467	2.0	2.0	2.0
Foreign Interest Due	9,802	5,677	5,677	0	0.3	0.3	0.6
Pension	19,759	20,479	23,130	(2,651)	1.1	1.3	1.3
Wages and Salaries	108,742	128,755	130,555	(1,800)	7.0	7.1	6.9
O & M/Others	130,722	132,378	163,328	(30,950)	7.2	8.9	8.3
2. Development and Net Lending	68,184	81,054	124,314	(43,260)	4.4	6.8	4.3
3. Civil Contingency Fund	0	0	0	0	0.0	0.0	0.0
C. DEFICIT EXCL. GRANT (Commitment basis)	(57,403)	(37,105)	(102,390)	65,285	(2.0)	(5.6)	(3.7)
D. DEFICIT INCL. GRANTS (Commitment basis)	(37,440)	(21,611)	(67,872)	46,261	(1.2)	(3.7)	(2.4)
E. ADJUSTMENT TO CASH BASIS	1,043	(16,430)	728	(17,158)	(0.9)	0.0	(0.1)
F. DEFICIT INCL. GRANTS (Cash basis)	(36,397)	(38,042)	(67,144)	29,101	(2.1)	(3.7)	(2.3)
G. FINANCING	36,397	38,042	67,144	(29,101)	2.1	3.3	1.8
1. Foreign financing	1,146	(619)	16,114	(16,732)	(0.0)	0.4	0.0
Disbursements	8,918	11,685	29,831	(18,145)	0.6	1.0	0.4
Programme Cash Loans	1,572	0	0	0	0.0	0.0	0.1
Project Cash Loans	2,788	6,848	14,349	(7,500)	0.4	0.5	0.2
Loans AIA	4,558	4,837	15,482	(10,645)	0.3	0.5	0.1
Repayment due (current)	(27,490)	(16,679)	(16,679)	0	(0.9)	(0.7)	(1.5)
Rescheduling	7,113	3,317	3,317	0	0.2	0.2	0.4
Of which principal	5,656	2,574	2,573	0	0.1	0.1	0.3
Of which interest	1,457	743	743	0	0.0	0.0	0.1
Change in arrears (current)	12,605	1,265	(355)	1,620	0.1	(0.0)	0.7
Repayment (arrears)	0	(207)	0	(207)	(0.0)	0.0	0.0
2. Privatization proceeds	7,000	4,000	18,226	(14,226)	0.2	0.3	0.0
3. Bank restructuring Costs	0	(20,000)	(20,000)	0	0.0	(0.0)	0.0
4. Bank restructuring financing	0	20,000	20,000	0	1.1	1.1	0.0
5. Domestic financing	28,251	34,661	32,804	1,857	1.9	1.8	1.8
Memo item							
Nominal GDP	1,569,769	1,828,104	1,828,104				

Source: Ministry of Finance

FISCAL DEVELOPMENTS

2.2 REVENUE

The total Government revenue collection for the FY 06/07 was below target by Kshs.12.9 billion. Ordinary revenue amounted to Kshs.336.7 billion against a target of Kshs.339.2 billion, resulting in an under performance of Kshs.2.5 billion. This under-performance was mainly attributed to revenue collections under excise taxes and Import Declaration fees (IDF). Ministerial Appropriation In Aid also recorded a shortfall of Kshs.10.4 billion against the target (*Table 2 and Chart 10*).

**Table 2: Government Revenue and External Grants, Fourth Quarter
(Cumulative) Ending 30th June 2007
(Kshs. Million)**

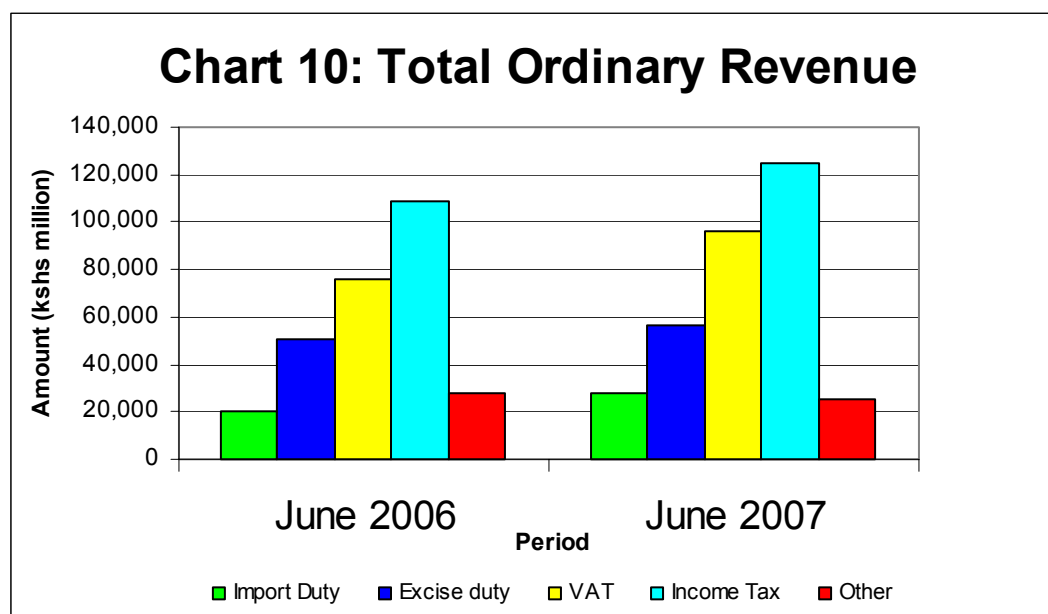
	2005/2006 Quarter IV Actual	2006/2007 Quarter IV Actual	2006/2007 Quarter IV Target	Deviation
Total Revenue	311,251	368,134	381,007	(12,873)
(a) Ordinary Revenue	283,427	336,656	339,157	(2,501)
Import Duty	20,511	27,510	28,256	(746)
Excise Duty	50,309	56,406	58,045	(1,639)
PAYE	57,460	67,569	67,190	379
Other Income Tax	51,437	57,286	56,965	321
VAT Local	42,430	52,568	50,004	2,564
VAT Imports	33,833	43,701	41,701	2,132
Investment Revenue	2,239	6,587	5,281	1,306
Traffic Revenue	2,742	1,814	2,098	(284)
Import/Export & Essential Supplies Revenue	9,350	10,973	12,308	(1,335)
Others 1/	13,116	12,242	17,441	(5,199)
(b) Appropriation In Aid 2/	27,824	31,478	41,850	(10,372)
External Grants	19,963	14,622	34,518	(19,896)
Total Revenue and Grants	331,214	382,756	415,525	(32,769)
In percent of GDP	21.10	20.94	22.73	(1.79)

Source: Ministry of Finance

1/ includes, aviation, land, forest and 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 ratio of GDP, in the period under review amounted to 20.9 percent compared to 21.1 percent in the FY 05/06. Total External Grants amounted to Kshs. 14.6 billion against a target of Kshs.34.5 billion resulting in a deficit of Kshs.19.9 billion. (*Table 1 and Table 2*)



2.3 Expenditure

The total Government Expenditure and Net Lending, for the period under review, amounted to Kshs.405.2 billion, against a target of Kshs.483.4 billion. The shortfall of Kshs.78.2 billion was attributed to lower absorption recorded under recurrent and development expenditures by line ministries during the period under review (*Table 3 and Chart 11*).

In particular, recurrent expenditure amounted to Kshs.324.1 billion, against a target of Kshs.359.1 billion. The shortfall was mainly due to low expenditures recorded in Operation and Maintenance (Kshs.31.0 billion) and wages and salaries (Kshs.1.8 billion).

Scheduled foreign interest payments for the period under review amounted to Kshs.5.7 billion as compared to Kshs.9.8 billion due in a similar period in the FY 05/06. Domestic interest payment amounted to Kshs.36.9 billion, which was higher than Kshs.31.4 billion paid in the corresponding period of the previous financial year.

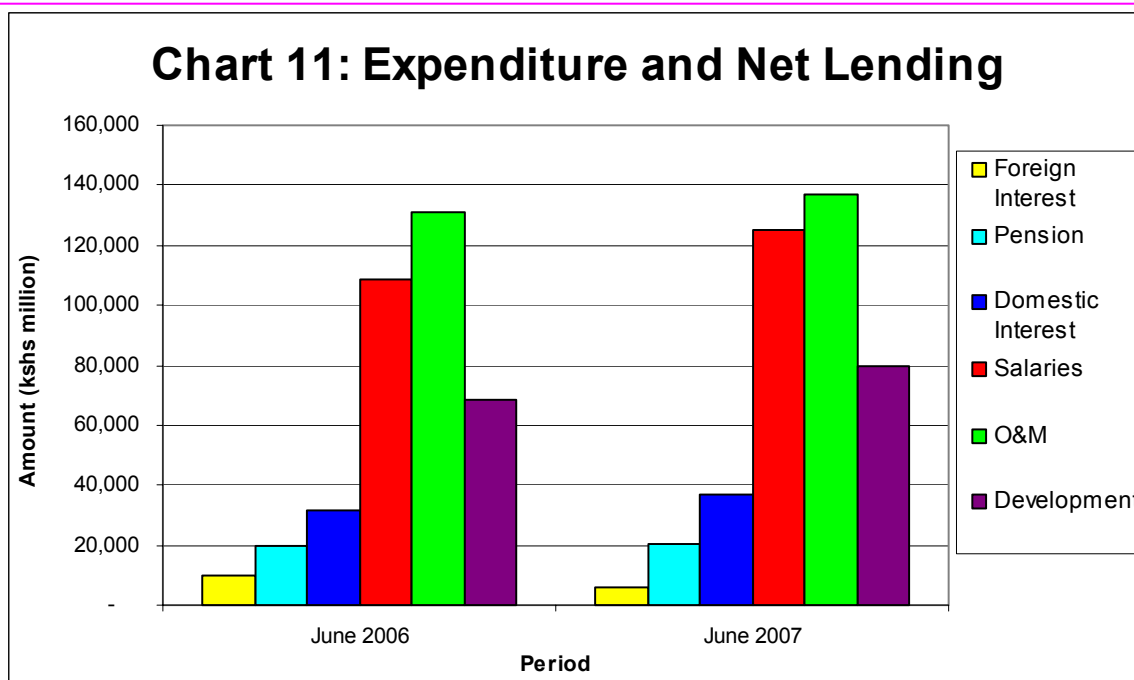
Development expenditures amounted to Kshs.81.0 billion against a target of Kshs.124.3 indicating a shortfall of Kshs.43.3 billion due to low absorption of external funds.

FISCAL DEVELOPMENTS

**Table 3: Expenditure and Net Lending, Fourth Quarter (Cumulative)
Ending June 2007
(Kshs. Million)**

	2005/2006 Quarter IV Actual	2006/2007 Quarter IV Actual	2006/2007 Quarter IV Targets	Deviation
1. RECURRENT	300,470	324,148	359,083	(34,935)
Domestic Interest	31,445	36,860	36,393	467
Foreign Interest	9,802	5,677	5,677	0
Pensions	19,759	20,479	23,130	(2,651)
Wages and Salaries	108,742	128,755	130,555	(1,800)
Operation and Maintenance	130,722	132,378	163,328	(30,950)
O/W : Civil Service Reform	1,299	1,392	1,400	(8)
: Appropriation-in-Aid	24,671	26,084	41,850	(15,766)
2. DEVELOPMENT	68,184	81,054	124,314	(43,260)
Net Issues	49,023	62,823	83,863	(21,040)
Payment of Guaranteed Loans	1,048	1,481	1,744	(263)
Appropriation-in-Aid	18,430	16,750	38,707	(21,957)
3. Civil Contingency Fund	0	0	0	0
TOTAL EXPENDITURE	368,654	405,202	483,397	(78,195)

Source: Ministry of Finance



Analysis of Ministries' expenditure reveals that the Social Sector Ministries continue to take the largest share of the total Government recurrent expenditure. In particular, the Ministries of Education and Health accounted for 36.3 percent and 7.1 percent of total recurrent expenditure respectively during the period under review. Similarly, administrative services accounted for a significant proportion of total recurrent expenditure. The Office of the President led in this category, accounting for 8.7 percent of the total recurrent expenditure. The Ministry of Energy and Public Service Commission had the least share of the total recurrent expenditure, each accounting for 0.1 percent of the total recurrent expenditure (*Table 4*).

On the development expenditure, the Ministry of Finance spent the largest share (mainly on Account of CDF and NBK restructuring costs) followed by Ministry of Roads and Public Works, the Ministry of Energy, Ministry of Water and Irrigation and Ministry of Education; accounting for 32.3 percent, 19.6 percent, 7.5 percent, 6.8 percent and 6.1 percent of the total development expenditure, respectively. The Ministry of Lands, State Law Office and the Ministry of Science and Technology incurred the least share of development expenditures during the period under review.

Ministries in the infrastructure sector continue to exhibit low absorption capacities not only in the development votes but also in the recurrent votes. Ministry of Roads absorbed only 76.1 and 34.6 percent of development and recurrent allocations respectively. Ministry of health absorbed 22.7 percent of development funds while the Ministry of Education absorbed only 59 percent.

FISCAL DEVELOPMENTS

Table 4: Ministerial Expenditures, FY 2006/07

MINISTRIES	Jun-07			Jun-07			Jun-07		
	Recurrent			Development			Total		
	Actual	Target	Variance	Actual	Target	Variance	Actual	Target	Variance
1. Provincial Administration (OOP)	22,688	26,587	(3,899)	1,912	3,187	(1,275)	24,600	29,774	(5,174)
2. State House	961	972	(11)	348	348	(0)	1,309	1,320	(11)
3. DPM	2,324	2,362	(38)	208	215	(7)	2,532	2,577	(45)
4. Foreign Affairs	5,267	6,835	(1,568)	582	735	(153)	5,849	7,570	(1,721)
5. OVP & MHA	6,464	7,581	(1,117)	833	1,327	(494)	7,297	8,908	(1,611)
6. Planning	1,107	1,260	(153)	810	1,188	(378)	1,917	2,448	(531)
7. Finance	9,073	9,649	(576)	33,056	35,819	(2,763)	42,129	45,467	(3,338)
8. Department of Defence	22,678	27,540	(4,862)	0	0	0	22,678	27,540	(4,862)
9. Regional Dev. Authority	578	592	(13)	307	585	(278)	885	1,177	(291)
10. Agriculture	5,538	6,413	(875)	3,789	5,037	(1,248)	9,327	11,450	(2,123)
11. Health	18,652	22,335	(3,683)	2,475	11,029	(8,555)	21,127	33,364	(12,237)
12. Local Government	7,313	7,336	(23)	1,878	2,420	(542)	9,190	9,756	(565)
13. Roads & Public Works	5,622	16,233	(10,611)	20,028	26,318	(6,291)	25,650	42,551	(16,901)
14. Transport	2,501	3,558	(1,058)	3,506	7,444	(3,938)	6,007	11,003	(4,996)
15. Labour & Human Resources	990	1,010	(20)	257	260	(3)	1,247	1,270	(23)
16. Trade & Industry	2,980	3,109	(129)	424	775	(351)	3,404	3,884	(481)
17. Justice & Constitutional Affairs	638	737	(99)	798	1,763	(965)	1,436	2,500	(1,064)
18. Gender, Sports, Culture & SS	2,095	2,117	(21)	307	574	(267)	2,403	2,691	(288)
19. Livestock & Fisheries Dev.	3,689	3,240	449	1,091	1,775	(683)	4,781	5,015	(235)
20. Water & Irrigation	2,935	3,014	(79)	6,910	8,524	(1,614)	9,845	11,538	(1,694)
21. Environment & Natural Resources	3,035	3,123	(87)	724	1,179	(455)	3,759	4,301	(542)
22. Cooperative Dev. & Marketing	749	774	(24)	176	189	(13)	925	962	(37)
23. Cabinet Office	824	1,421	(597)	239	387	(148)	1,063	1,808	(745)
24. East African Community	747	775	(28)	0	0	0	747	775	(28)
25. State Law Office	653	765	(112)	65	148	(82)	719	913	(194)
26. Judicial Department	1,755	1,764	(9)	369	402	(32)	2,125	2,166	(41)
27. Public Service Commission	240	248	(8)	0	0	0	240	248	(8)
28. Kenya National Audit Office	1,070	1,120	(50)	0	0	0	1,070	1,120	(50)
29. National Assembly	4,483	4,535	(51)	0	0	0	4,483	4,535	(51)
30. Energy	292	322	(30)	7,706	10,111	(2,405)	7,998	10,433	(2,435)
31. Education	94,686	94,859	(173)	6,211	10,492	(4,282)	100,896	105,351	(4,455)
32. Information & Comm.	738	802	(65)	1,949	2,070	(121)	2,687	2,872	(186)
33. Electoral Commission of Kenya	3,675	4,878	(1,203)	0	0	0	3,675	4,878	(1,203)
34. KACC	1,189	1,486	(297)	0	0	0	1,189	1,486	(297)
35. Special Programmes	4,085	4,306	(221)	829	2,541	(1,712)	4,914	6,847	(1,933)
36. Lands & Settlement	1,510	1,885	(375)	104	209	(105)	1,614	2,094	(480)
37. Immigration & Registration of Persons	2,068	2,522	(454)	690	983	(293)	2,758	3,505	(747)
38. National Heritage	793	806	(13)	394	537	(143)	1,187	1,342	(156)
39. Youth Affairs	2,798	2,917	(119)	1,332	1,484	(152)	4,130	4,401	(271)
40. Science and Technology	2,753	2,808	(55)	75	101	(26)	2,828	2,909	(81)
41. Housing	1,067	1,377	(310)	615	615	(0)	1,682	1,992	(311)
42. National Security Intell. Service	6,023	6,025	(2)	0	0	0	6,023	6,025	(2)
43. Tourism & Wildlife	1,802	1,883	(80)	1,218	1,654	(436)	3,020	3,536	(516)
TOTAL	261,131	293,883	(32,751)	102,214	142,422	(40,209)	363,345	436,305	(72,960)

Source: Ministry of Finance

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2.3.1 Pending Bills

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

Min/Dept.	30-Jun-06			30-Jun-07			Change during the Period		
	Rec.	Dev.	Total	Rec.	Dev.	Total	Rec.	Dev.	Total
Provincial Administration	2,272.40	711.7	2,984.10	3,375.18	1,015.90	4,391.08	1,102.78	304.2	1,406.98
State House	73.6	0.02	73.62	0.00	-	0.00	-73.60	-0.02	-73.62
DPM	0	0	0.00	0.00	-	0.00	0.00	0	0.00
Foreign Affairs	40.4	0	40.40	26.60	-	26.60	-13.80	0	-13.80
Home Affairs	617.8	0	617.80	73.47	99.61	173.08	-544.33	99.6	-444.72
Planning & National Dev.	0	0	0.00	12.42	10.28	22.71	12.42	10.3	22.71
Finance	0	0	0.00	2.06	-	2.06	2.06	0	2.06
Defence	0	0	0.00	0.00	-	0.00	0.00	0	0.00
Regional Authorities	1,319.90	79.1	1,399.00	1,313.46	-	1,313.46	-6.44	-79.1	-85.54
Agriculture and Rural Dev.	366.9	0	366.90	29.20	24.20	53.40	-337.70	24.2	-313.50
Health	226	29.5	255.50	144.57	8.78	153.35	-81.43	-20.72	-102.15
Local Government	0	327.4	327.40	247.07	-	247.07	247.07	-327.4	-80.33
Roads and Public Works	971.3	696.6	1,667.90	450.63	125.08	575.71	-520.67	-571.52	-1,092.19
Transport	112.2	0	112.20	14.91	5.59	20.50	-97.29	5.59	-91.70
Labour and Human Resources	0.2	0	0.20	0.91	-	0.91	0.71	0	0.71
Trade and Industry	8.4	0	8.40	62.02	4.59	66.61	53.62	4.59	58.21
Tourism & Wildlife	0	0	0.00	33.02	-	33.02	33.02	0	33.02
Livestock and Fisheries Dev	0	0	0.00	0.12	-	0.12	0.12	0	0.12
Water and Irrigation	1.7	13.5	15.20	321.58	473.33	794.90	319.88	459.83	779.70
Environment and Nat. Resources	47.9	337.4	385.30	0.52	1.20	1.72	-47.38	-336.2	-383.58
Cooperative Development	0	0	0.00	31.20	-	31.20	31.20	0	31.20
East African Cooperation	0.5	0	0.50	0.00	-	0.00	-0.50	0	-0.50
State Law Office	3.8	0	3.80	0.00	1.82	1.82	-3.80	1.82	-1.98
Judicial Department	29.9	41.9	71.80	0.00	-	0.00	-29.90	-41.9	-71.80
PSC	0	0	0.00	0.00	-	0.00	0.00	0	0.00
National Audit Office	0	0	0.00	0.00	-	0.00	0.00	0	0.00
National Assembly	0	0	0.00	0.00	-	0.00	0.00	0	0.00
Energy	0	0	0.00	0.00	-	0.00	0.00	0	0.00
Education	0	1,331	1,330.90	0.00	1,330.93	1,330.93	0.00	0.03	0.03
Electoral Commission of Kenya	0	0	0.00	0.00	-	0.00	0.00	0	0.00
Justice & Constitutional Affairs	2.5	0	2.50	2.49	-	2.49	-0.01	0	-0.01
Lands	150	245.4	395.40	8.50	-	8.50	-141.50	-245.4	-386.90
Housing	0	0	0.00	106.10	12.30	118.40	106.10	12.3	118.40
Cabinet Office	0	0	0.00	0.00	-	0.00	0.00	0	0.00

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Gender, Sport, & Social Services	101.8	0	101.80	16.47	-	16.47	-85.33	0	-85.33
Youth Affairs	0	0	0.00	0.00	-	0.00	0.00	0	0.00
Science and Technology	0	0	0.00	0.00	-	0.00	0.00	0	0.00
National Security Int. Service	0	0	0.00	0.00	-	0.00	0.00	0	0.00
Information & Communication	0		0.00	0.00	-	0.00	0.00	0	0.00
Total	6,347.20	3,813.42	10,160.62	6,272.50	3,113.61	9,386.11	-74.70	-699.81	-774.51

Source: Ministry of Finance

The stock of pending bills decreased by Kshs.775.0 million from Kshs.10.2 billion as at the end of June 30th 2006 to Kshs.9.4 billion by end June 2007. In particular, the stock of recurrent pending bills decreased by Kshs.75.0 million, while the stock of development pending bills decreased by Kshs.700.0 million. However, there were increases in pending bills of the Ministries of Water and Irrigation by Kshs.780.0 million, Office of the President (Provincial Administration) by Kshs.1.4 billion, and Housing by Kshs.118.4 million. These increases in pending bills were mainly due to inadequate provision for utilities in the recurrent budget and personal claims due for contractors and suppliers on development (*Table 5*). There were also decreases in pending bills of the Ministries of Roads and Public Works by Kshs. 1,092.2 million, Lands by Kshs.387.0 million, Home Affairs by Kshs.445.0 million and Environment by Kshs.384.0 million.

2.3.2 Guaranteed Loans for Parastatals

Scheduled Payments of Guaranteed Loans for Parastatals with liquidity problems amounted to Kshs.1,481.2 million during the FY 06/07. Kshs.756.2 million of these loans were rescheduled under the Paris Club and Kshs. 427.3 million was paid; the payments of the remaining Kshs.297.7 were delayed slightly due to late demand notes and certificate approvals from the Attorney General. (*Table 6*).

**Table 6: Payments on Guaranteed Loans, July 2006 – June 2007
(Kshs. Million)**

	PRINCIPAL	INTEREST	TOTAL	PAID	BALANCE
Nairobi City Council	150.75	8.10	158.85	45.40	113.45
TARDA 1/	187.95	56.44	244.40	110.93	133.46
KBC 2/	474.55	156.88	631.43	270.93	360.50
Others	436.55	9.94	446.49	-	446.49
TOTAL	1,249.80	231.36	1,481.16	427.26	1,053.90

1/ TARDA stands for Tana and Athi Rivers Development Authority

2/ KBC stands for Kenya Broadcasting Corporation

Source: Ministry of Finance

FISCAL DEVELOPMENTS

2.4 Financing the Budget

2.4.1 External Financing

Through to the close of the financial year, cumulative net external financing (loans) amounted to a net repayment of Kshs.1.5 billion (which excludes rescheduled interest of Kshs.743 million as in table 1) against a borrowing target of Kshs.13.7 billion. Comparatively, the external financing for the same period in the FY 05/06 recorded a net repayment of Kshs.1.1 billion.

Total disbursements (inflows) including Appropriations-in-Aid amounted to Kshs. 11.7 billion, which included Kshs. 6.8 billion from Project Cash Loans and Kshs. 4.8 billion from Project Loans A.I.A. On the other hand, repayments (Outflows) amounted to Kshs. 13.2 billion, the bulk of these being made to Multilateral and Bilateral Creditors (*Table 7*).

**Table 7: Net External Financing (Loans), Ending 30th June 2007
(Kshs. Million)**

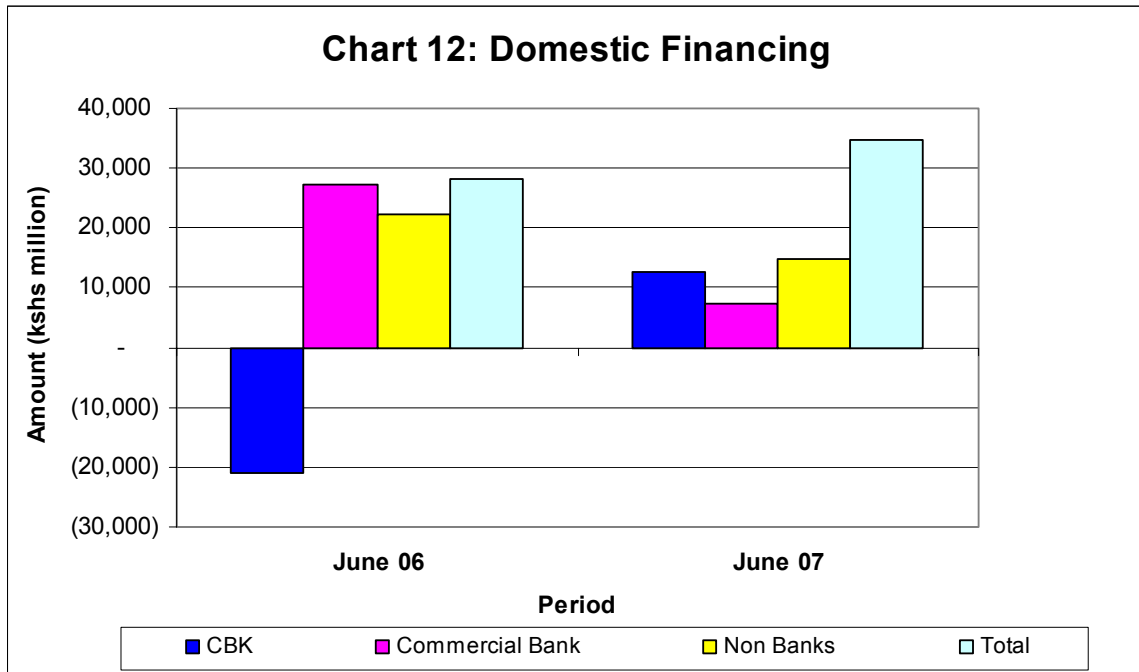
	Cumulative June 2006	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative June 2007	June 2007 Target
DISBURSEMENTS:	6,334.00	1,389.25	3,383.20	1,167.14	1,167.14	11,685.47	29,830.48
Project Cash loans	2,608.00	1,263.64	1,277.68	720.63	720.63	6,848.31	14,348.58
Programme loans	1,572.00	0.00	0.00	0.00	0.00	0.00	0.00
Project loans A-I-A	2,154.00	125.61	2,105.53	446.51	446.51	4,837.16	15,481.90
EXTERNAL REPAYMENTS:	7,445.66	2,357.58	3,011.35	4,972.20	2,843.00	13,184.13	16,679.31
Bilateral/1	1,230.35	313.91	1,300.63	2,394.00	1,175.49	5,184.02	8,858.12
Multilateral	5,991.30	2,043.67	1,710.73	2,271.59	1,376.51	7,402.50	7,174.46
Commercial	224.11	0.00	0.11	306.61	291.00	597.61	646.73
NET FOREIGN FINANCING	(1,111.66)	(968.33)	371.86	(3,805.06)	2,902.87	(1,498.66)	13,703.47

Source: Ministry of Finance

1/ Bilateral payments in the first quarter includes arrears of Kshs.207.01 million due in FY 05/06 but paid current financial year

2.4.2 Domestic Financing

In the fourth quarter of the FY 06/07, the overall performance of the Government fiscal position resulted in a net borrowing of Kshs.34.7 billion. This amount comprised of a net borrowing of Kshs.12.5 billion from the Central Bank, Kshs.7.3 billion from Commercial Banks, Kshs.18.8 billion from Non-Bank Financial Institutions and a net repayment of Kshs.3.9 billion to Non Residents (table 8). Comparatively, the same period in FY 05/06, net borrowing amounted to Kshs.28.3 billion, which represented a net repayment to Kshs.21.0 billion to the Central Bank, Kshs.1.4 billion to Non Residents and a net borrowing of Kshs.27.1 billion from Commercial Banks, Kshs.23.5 billion Non-Banks Financial Institutions. (*chart 12*).



The stock of Treasury Bills held by Central Bank and Non-Bank Financial Institutions increased by Kshs.2 million and Kshs.5,185 million respectively, while those held by the Commercial Banks and Non-Residents decreased by Kshs.1,978 million and Kshs.3,851 million respectively during the period under review. On the other hand, the Fixed Rate Treasury Bonds held by Commercial Banks, Non Bank Financial Institutions increased by Kshs.18,756 million, Kshs.14,003 million respectively, while those held by Non Residents decreased by Kshs.32 million during the period under review. While the zero coupon bonds held by the Commercial Banks, Non-Bank Financial Institutions and increased by Kshs.3,328 million, Kshs.159 million respectively, during the period under review. There was no change in those held by Non-Residents. **(Table 8)**

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**Table 8: Cumulative Domestic Financing, Fourth Quarter Ending 30th June 2007
(Kshs. Million)¹**

	JUNE 2006	SEPTEMBER 2006	DECEMBER 2006	MARCH 2007	JUNE 2007
1.CENTRAL BANK	(21,004)	5,505	8,834	7,107	12,467
Overdraft	(23)	(1,533)	6,122	(5,076)	(5,161)
IMF funds on let to Govt	(273)	(14)	(281)	(284)	(538)
Treasury bills	(6)	14	0	(1)	2
Stocks	0	0	0	0	0
Floating rate T. Bonds	0	0	0	0	0
Fixed rate Bonds	0	0	0	0	0
Items on Transit	(4,931)	(166)	(282)	(333)	52
Government Deposits	(15,403)	7,203	3,274	12,801	18,111
Frozen Account	(368)	0	0	0	0
2.COM. BANKS	(27,140)	7,367	11,774	13,195	7,280
Advances	(248)	83	211	391	(1,224)
Stocks	0	0	0	0	0
Treasury bills	14,576	5,202	(148)	286	(1,978)
Floating rate T. Bonds	(2,383)	0	(455)	(455)	(1,240)
Fixed rate Bonds	26,653	3,469	7,545	16,168	18,756
Special Bonds	3,244	0	0	0	(1,000)
Zero Coupon Bonds	(14,268)	2,716	6,573	3,328	3,328
Government Deposits	(434)	(4,102)	(1,953)	(6,523)	(9,361)
3. NON BANKS	23,471	2,619	5,385	14,190	18,796
Stocks	0	0	(303)	(303)	(303)
Treasury bills	8,705	(2,301)	748	3,539	5,185
Floating Rate T. Bonds	(2,510)	0	(288)	(288)	(247)
Fixed rate Bonds	30,341	4,280	3,706	11,082	14,003
Zero Coupon Bonds	(13,065)	640	1,522	159	159
4. NON RESIDENTS	(1,355)	1,139	1,253	(751)	(3,883)
Treasury bills	(1,152)	1,145	1,263	(754)	(3,851)
Floating rate T. Bonds	0	0	0	0	0
Fixed rate Bonds	182	(6)	(10)	3	(32)
Zero Coupon Bonds	(385)	0	0	0	0
NET CREDIT	28,252	16,630	27,246	33,742	34,661

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

FISCAL DEVELOPMENTS

3. PUBLIC DEBT

3.1 Overall Debt Position

The Total Public Debt in shilling terms increased from Kshs. 789.1 billion as at end of June 2006 to Kshs.801.2 billion by 30th June 2007. This was as a result of 8.7 percent decrease in external debt and an increase in domestic debt² of 28.2 percent during the period under review. The significant reduction in external debt (Kenya Shilling terms) was mainly due to the appreciation of the Kenya Shilling against the major foreign currencies (*Table 9*).

Table 9: Kenya's Public and Publicly Guaranteed Debt, June 2001– June 2007(Kshs. millions)

	June 01	June 02	June 03	June 04	June 05	June 06	June 07
EXTERNAL:							
BILATERAL	132,269	129,973	142,593	162,914	157,669	154,877	137,890
MULTILATERAL	228,497	222,452	233,829	260,658	255,784	255,550	240,349
COMMERCIAL BANKS	29,423	24,031	3,597	2,911	1,776	1,274	286
EXPORT CREDIT	3,789	1,292	27,034	16,674	19,224	19,536	18,039
SUB-TOTAL	393,978	377,748	407,053	443,157	434,453	431,237	396,565
DOMESTIC:							
CENTRAL BANK ³	47,196	42,841	45,290	50,774	46,617	41,289	36,182
COMMERCIAL BANKS	62,046	78,000	112,369	128,214	122,912	149,473	186,801
TOTAL BANKS	109,242	120,841	157,659	178,988	169,529	190,762	222,983
NON-BANKS	102,572	115,150	131,722	127,247	146,044	167,077	181,722
SUB-TOTAL	211,814	235,991	289,381	306,235	315,573	357,839	404,705
GRAND TOTAL GROSS	605,792	613,739	696,434	749,392	750,026	789,076	801,270
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)	(65,687)
GRAND TOTAL NET	556,214	578,379	652,687	695,410	685,725	708,938	729,881

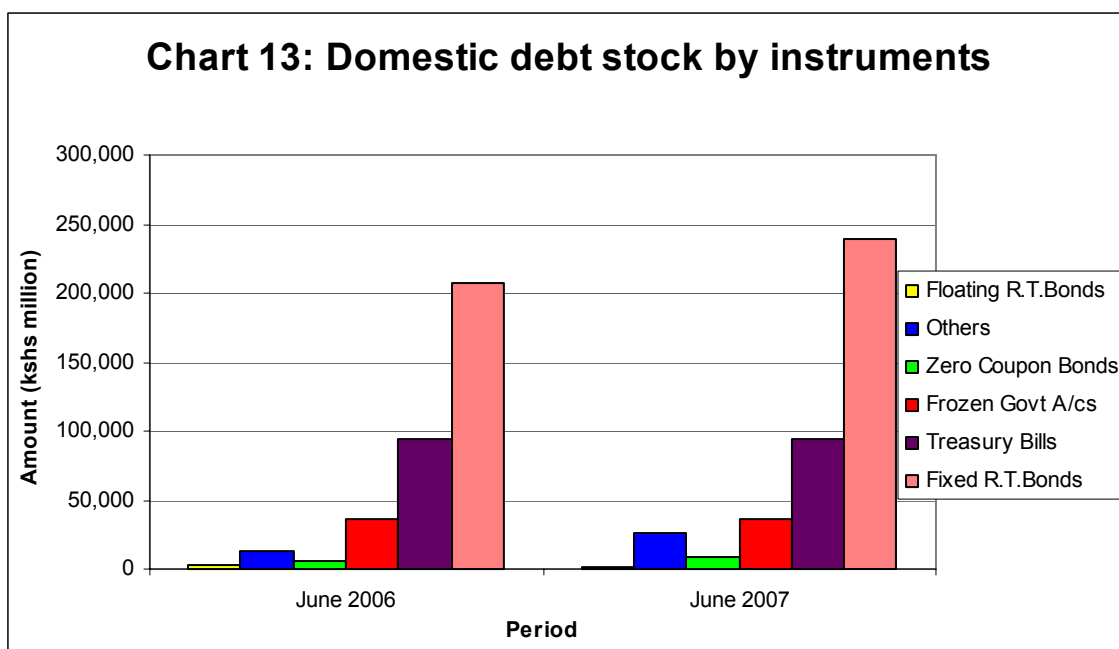
Source: Ministry of Finance

2. The domestic debt figures are net of Government deposits held in financial institutions.

3 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

3.2 Domestic Debt

The stock of domestic debt increased from Kshs.357.8 billion in June 2006 to Kshs.404.7 billion in June 2007, reflecting a net increase of Kshs. 46.9 billion or 13.1 percent (**Table 10**). The stock of Treasury Bills held by Central Bank, Commercial Banks, Non Bank Financial Institutions and Non Residents declined marginally from Kshs.94.8 billion in June 2006 to Kshs.94.4 billion in June 2007, while the stock of Treasury Bonds, Floating, Fixed Rate and Zero Coupon, increased from Kshs.207.1 billion in June 2006 to Kshs.239.5 billion in June 2007 (**chart 13 and Table 10**).



FISCAL DEVELOPMENTS

Table 10: Stock of Domestic Debt, Fourth Quarter Ending 30th June 2007 (Kshs. million)

	JUNE 2006	SEPT 2006	DEC 2006	MARCH 2007	JUNE 2007
1.CENTRAL BANK	41,289	39,604	47,130	35,879	36,182
Overdraft	5,202	3,669	11,324	126	41
Frozen Govt Accounts	35,549	35,549	35,549	35,549	35,549
Treasury Bills	1	15	2	0	4
Items on Transit	537	371	255	204	588
2.COM.BANKS	149,474	161,188	163,907	168,965	186,801
Advances	2,291	2,373	2,502	2,682	1,066
Stocks	0	0	0	0	0
Treasury Bills	47,034	52,162	46,840	47,478	45,051
Floating Rate T. Bonds	1,830	1,830	1,376	1,376	591
Fixed Rate T. Bonds	90,530	94,149	98,310	107,095	109,759
Special Bonds	3,244	3,244	3,244	3,244	23,244
Zero Coupon Bonds	4,545	7,430	11,635	7,090	7,090
3. NON BANKS	162,029	164,591	167,733	177,134	180,631
Stocks	1,058	1,058	755	755	755
Treasury Bills	43,401	40,868	44,181	47,234	48,969
Floating Rate T. Bonds	402	402	112	112	153
Fixed Rate T. Bonds	115,894	120,308	119,773	127,327	129,048
Zero Coupon Bonds	1,205	1,886	2,843	1,637	1,637
Tax Reserve Certificate	69	69	69	69	69
4. NON RESIDENTS	5,048	6,208	6,351	4,309	1,091
Treasury Bills	4,341	5,507	5,656	3,598	415
Floating Rate T. Bonds	0	0	0	0	0
Fixed Rate T. Bonds	707	701	695	711	676
Zero Coupon Bonds	0	0	0	0	0
5. TOTAL DEBT	357,840	371,591	385,121	386,287	404,705
6. LESS ON-LENDING	5,701	5,701	5,701	5,701	5,701
7. Less Govt. Deposits	74,437	71,336	73,116	65,555	65,687
8. NET DEBT	277,702	294,554	306,304	315,031	333,317

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

Source: Central Bank of Kenya

FISCAL DEVELOPMENTS

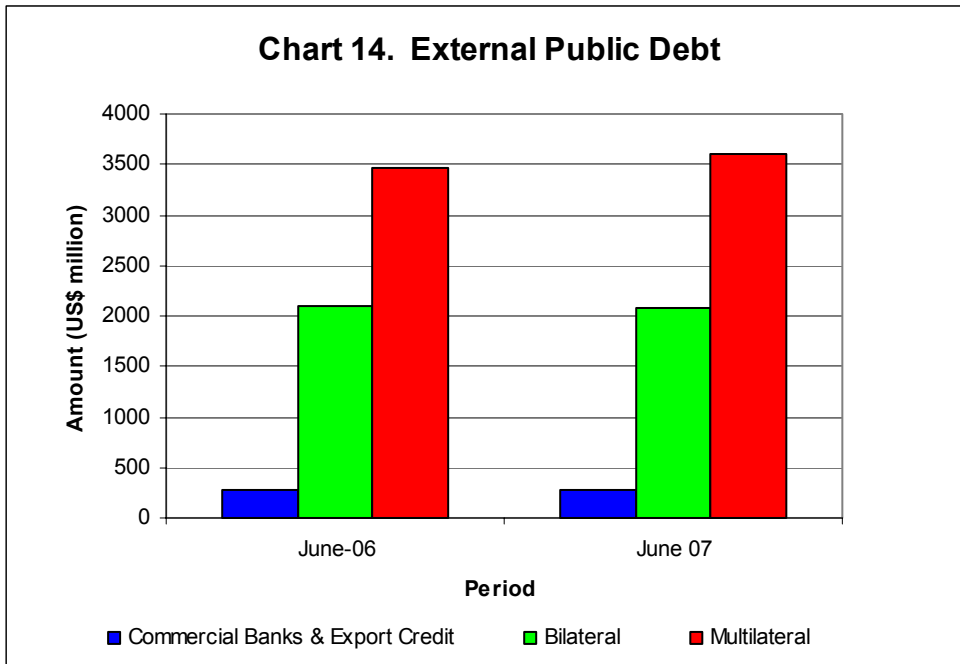
3.3 External Public Debt

External debt stock was estimated at US \$ 6.0 billion as at end of June 2007 which reflected an increase of US \$ 121.0 million from the June 2006 position. Loans from multilateral agencies constituted a large portion of the Kenya's external debt owing to their favourable lending terms including low interest rates and long-term repayment period. Overall, external debt comprised of 60.6 percent Multilateral, 34.8 percent Bilateral, 4.7 percent Commercial Banks and Export or Suppliers Credit (*Table 11 and Chart 14*).

**Table 11: Kenya's External Public and Publicly Guaranteed Debt
June 2001- June 2007 US (\$ Million)**

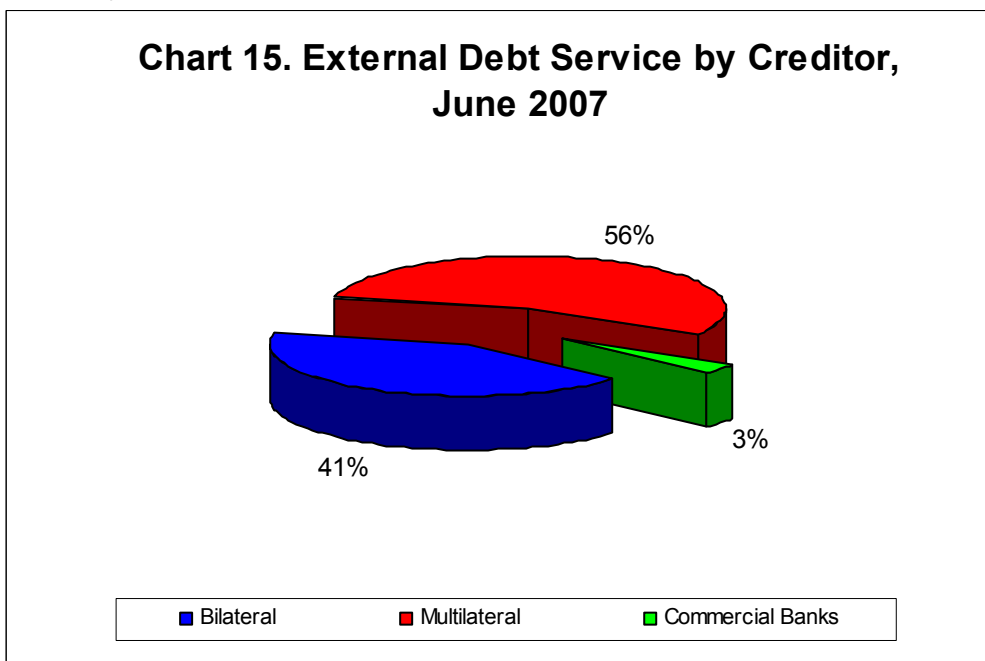
CREDITOR	June 2001	June 2002	June 2003	June 2004	June 2005	June 2006	June 2007
<u>BILATERAL</u>							
AUSTRIA	16.1	25.0	30.50	33.14	32.35	32.99	45.60
BELGIUM	30.6	29.8	30.50	59.41	68.00	71.02	69.60
CANADA	67.7	28.0	36.40	22.18	17.00	17.15	22.15
DENMARK	32.4	24.8	26.10	26.22	31.00	32.38	32.25
FINLAND	2.5	5.0	3.60	3.08	1.76	2.17	1.77
FRANCE	219.6	199.0	182.60	201.02	237.33	252.34	277.75
GERMANY	98.1	94.4	109.80	137.14	169.63	188.28	198.11
ITALY	125.8	136.1	117.90	126.33	94.14	118.31	107.61
JAPAN	922.2	824.0	1,071.00	1,058.80	1,109.50	1,075.58	1,006.06
NETHERLANDS	52.4	44.2	50.40	52.79	28.94	37.25	35.60
U.K.	35.8	40.82	35.80	33.35	36.94	36.61	39.55
USA	43.0	55.4	89.70	74.55	79.40	79.08	70.90
OTHERS	49.7	143.1	138.40	153.90	163.00	153.17	164.76
SUBTOTAL	1,695.9	1,649.62	1,922.70	1,981.91	2,068.99	2,096.33	2,071.67
<u>MULTILATERAL</u>							
ADB/ADF	328.4	292.8	321.50	315.10	310.00	349.71	353.09
EEC/EIB	156.7	148.0	115.50	128.00	111.00	180.49	150.41
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	2,867.69
IMF	111.3	98.0	80.75	111.50	172.00	154.41	212.76
OTHERS	6.3	10.05	6.90	0.75	6.00	8.98	27.06
SUBTOTAL	2,929.5	2,823.35	3,152.75	3,062.45	3,356.50	3,458.97	3,611.01
COMMERCIAL BANKS	377.2	305	48.50	46.9	23.30	17.25	4.30
EXPORT CREDIT	48.6	16.4	364.5	200.57	252.27	264.43	271.02
GRAND TOTAL	5,051.2	4,794.37	5,488.45	5,291.83	5,701.06	5,836.98	5,958.00
In percent of Total Debt							
Bilateral	33.6	34.4	57.4	37.5	36.3	35.9	34.8
Multilateral	58.0	58.9	0.9	57.9	58.9	59.3	60.6
Commercial Banks	7.5	6.4	6.6	0.9	0.4	0.3	0.1
Export Credit	1.0	0.3	100.0	3.8	4.4	4.5	4.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Ministry of Finance – Debt Department



3.3.1 External Debt Service

As at end of June 2007, the Government external debt service amounted to Kshs.18.3 billion. The debt service was mainly due to repayment of Bilateral and Multilateral loans during the period under review. The total debt service comprised of the debt 41.3 percent Bilateral , 55.3 percent Multilateral and 3.5 percent Commercial Banks & Export Credit(*Table 12*) & (*Chart 15*).



FISCAL DEVELOPMENTS

**Table 12: External Debt Service, July 2006 – June 2007
(Kshs. Million)**

CATEGORY	Principal	Interest	TOTAL
<u>BILATERAL</u>			
AUSTRIA	121.94	761418	183.12
DENMARK	119.28	0.0	119.28
FINLAND	1.67	18.91	20.58
FRANCE	389.45	327.36	716.81
ITALY	695.48	73.10	768.58
JAPAN	1,618.28	742.56	2,360.84
SAUDI FUND	286.49	198.15	484.64
KUWAIT	90.25	37.96	128.21
SPAIN	122.63	36.30	158.93
SWEDEN	4.31	4.62	8.93
SWITZERLAND	6.74	3.58	10.33
NETHERLANDS	248.34	71.59	319.93
USA	264.79	309.70	574.49
CANADA	42.15	6.73	48.88
GERMANY	41.27	50.11	91.38
UK	0.53	77.19	77.71
KOREA	56.58	72.00	128.58
BELGIUM	480.76	220.27	701.02
CHINA	593.07	60.65	653.72
INDIA	0.00	0.00	0.00
TOTAL BILATERAL	5,184.01	2,371.96	7,555.97
<u>MULTILATERAL</u>			
ADB/ADF	637.00	254.30	891.3
BADEA	0.00	4.76	4.76
EEC	273.65	49.68	323.33
EIB	1,660.33	249.07	1,909.40
IMF	699.62	0.85	700.47
IDA	4,739.68	1,447.17	6,186.85
OPEC	91.84	15.64	107.48
TOTAL MULTILATERAL	8,102.12	2,021.47	10,123.59
COMMERCIAL BANKS 1/	597.61	39.92	637.53
GRAND TOTAL	13,883.74	4,433.19	18,317.09

Source: Ministry of Finance

FISCAL DEVELOPMENTS

4.0 CORE POVERTY PROGRAMMES

The Core Poverty Projects/Programmes (CPP) are those activities that impact positively on the lives of the poor, including increasing incomes for the poor, improving the quality of life, enhancing security, empowering the poor, improving governance as well as promoting equity and equality in our society. These programmes are given top priority by the government to cushion them from budget cuts and ensure that their goals are achieved as targeted. The overall expenditures on these programmes by the end of the FY 06/07 was Kshs.50.9 billion equivalent to 70.7 percent of the total budget allocation on the CPP.

4.1 Analysis of Recurrent Expenditures

The total recurrent expenditure (non-wage) of the Core Poverty Programmes for all the ministries/departments was Kshs.25.3 billion equivalent to 83.0 percent of the total revised allocation by the end of the fiscal year. The table below is a summary of ministries/departments' total payments and commitments for the third quarter on the Core Poverty Programmes.

Table 13: Recurrent Expenditures 2006/07 (Non-Wage) Kshs.

MINISTRIES/DEPARTMENTS	Printed Estimates	Revised Estimates	Payments	Commitments	Total Payments & Commitments
EDUCATION, SCIENCE & TECHNOLOGY	10,174,162,667	10,090,307,471	9,932,959,941	101,701,579	10,034,661,520
HEALTH	4,315,633,195	4,301,681,301	3,512,010,959	219,823,463	3,731,834,422
OFFICE OF THE PRESIDENT	77,354,000	79,854,000	83,027,549	-	83,027,549
OVP AND MINISTRY OF HOME AFFAIRS	117,495,626	127,252,319	115,177,166	3,477,912	118,655,078
ENVIRONMENT & NATURAL RESOURCES	310,430,030	436,480,030	381,616,985	142,124	381,759,109
AGRICULTURE	1,006,987,140	1,401,816,256	1,062,455,991	15,778,597	1,078,234,588
MINISTRY OF LABOUR AND HUMAN RESOURCES DEVELOPMENT	36,323,810	36,259,554	35,767,702	662,896	36,430,598
KENYA ANTI-CORRUPTION COMMISSION	571,860,802	841,325,438	564,558,306	-	564,558,306
MINISTRY OF JUSTICE AND CONSTITUTIONAL AFFAIRS	34,400,000	34,400,000	32,282,059	1,202,457	33,484,516
LANDS	400,000,000	463,000,000	463,000,000	-	463,000,000
LOCAL GOVERNMENT	1,340,160,000	1,340,160,000	1,340,160,000	-	1,340,160,000
ROADS AND PUBLIC WORKS	4,824,830,000	5,767,021,717	2,099,177,557	-	2,099,177,557
GENDER, SPORTS, CULTURE AND SOCIAL SERVICES	42,953,238	44,193,793	41,884,006	-	41,884,006
WATER AND IRRIGATION	473,504,617	455,903,717	444,062,427	-	444,062,427
NATIONAL AUDIT OFFICE	317,702,530	360,944,720	312,520,373	23,907,902	336,428,275
STATE LAW OFFICE	56,660,000	40,660,000	36,411,327	1,399,650	37,810,977
LIVESTOCK AND FISHERIES	254,941,184	296,123,188	267,260,206	16,241,941	283,502,147
COOPERATIVE DEVELOPMENT AND MARKETING	100,590,988	127,251,851	125,430,756	-	125,430,756
SPECIAL PROGRAMMES	2,351,605,750	4,210,840,750	4,028,904,298	1,297,361	4,030,201,659
TOTAL	26,807,595,577	30,455,476,105	24,878,667,608	385,635,882	25,264,303,490

Source of data: Ministries/Departments monthly expenditure returns

FISCAL DEVELOPMENTS

4.2 Analysis of Development Expenditures

Notably, the expenditure absorption under the development, portfolio was very low compared to the recurrent expenditure, as at end of the period under review, with only 61.6 percent of the total budget provision spent. The details of expenditures on directly funded programmes by the donors were not available to the line Ministries/Departments.

Table 14: Development Expenditures (Kshs.)

MINISTRIES/DEPARTMENTS	Printed Estimates	Revised Estimates	PAYMENTS	COMMITMENTS	TOTAL PAYMENTS+ COMMIT
OFFICE OF THE PRESIDENT	1,260,000,000	868,000,000	652,165,129	-	652,165,129
OVP & MINISTRY OF HOME AFFAIRS	331,157,325	331,157,325	4,356,006	59,250,000	63,606,006
MINISTRY OF AGRICULTURE	2,871,357,859	3,580,943,114	2,166,493,200	328,464,419	2,494,957,619
MINISTRY OF HEALTH	9,834,331,036	9,216,549,730	1,842,363,158	441,980,453	2,284,343,611
MINISTRY OF ROADS AND PUBLIC WORKS	2,497,000,000	1,666,057,521	1,046,417,272	-	1,046,417,272
MINISTRY OF ENVIRONMENT AND NATURAL RESOURCES	382,960,492	447,486,000	183,709,364	31,944,333	215,653,697
MINISTRY OF EDUCATION	2,715,016,993	7,215,580,277	4,051,481,756	10,366,770	4,061,848,526
MINISTRY OF LABOUR AND HUMAN RESOURCE DEVELOPMENT	7,500,000	900,000	-	-	-
MINISTRY OF PLANNING AND NATIONAL DEVELOPMENT	298,103,504	298,103,504	87,675,572	-	87,675,572
MINISTRY OF GENDER, SPORTS, CULTURE AND SOCIAL SERVICES	299,334,200	305,825,200	60,189,086	-	60,189,086
MINISTRY OF WATER AND IRRIGATION	3,325,461,514	2,445,592,268	2,700,798,176	565,274,346	3,266,072,522
JUSTICE AND CONSTITUTIONAL AFFAIRS	1,165,933,943	1,673,630,473	714,042,619	10,965,190	725,007,809
LANDS	28,436,412	28,436,412	24,137,490	2,889,950	27,027,440
TRADE AND INDUSTRY	92,000,000	92,000,000	92,000,000	-	92,000,000
FINANCE	433,000,001	178,000,001	84,157,518	-	84,157,518
ENERGY	2,813,804,005	6,119,511,703	5,648,844,840	-	5,648,844,840
LIVESTOCK & FISHERIES DEVELOPMENT	1,325,626,157	1,261,670,548	600,673,055	129,245,211	729,918,266
LOCAL GOVERNMENT	2,092,552,356	2,419,553,530	1,870,173,955	7,355,920	1,877,529,875
COOPERATIVE DEVELOPMENT & MARKETING	20,800,000	21,270,900	20,600,000	-	20,600,000
STATE LAW OFFICE	25,000,000	36,000,000	35,998,544	-	35,998,544
JUDICIARY SERVICES	400,000,000	401,785,000	354,919,607	14,545,322	369,464,929
SPECIAL PROGRAMMES	3,811,239,851	2,249,802,877	1,150,150,832	-	1,150,150,832
HOUSING	550,000,000	615,000,000	614,907,407	-	614,907,407
Total	36,580,615,648	41,472,856,383	24,006,254,586	1,602,281,914	25,608,536,500

Source of data: Ministries/Departments monthly expenditure returns

FISCAL DEVELOPMENTS

FISCAL RESULTS, FINANCIAL YEAR 1999/00 – 2006/2007

(Kshs. Millions)

	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006*	2006/07*
A.TOTAL REVENUE	178,443	192,313	196,613	210,750	254,681	289,802	311,251	368,097
1.Revenue	163,769	175,481	175,746	190,591	226,478	265,715	283,427	336,657
Income Tax	54,402	53,429	55,862	66,744	77,410	94,095	108,897	124,855
VAT	40,944	50,298	50,871	56,135	61,725	75,989	76,263	96,270
Import Duty	28,605	28,726	21,584	18,477	22,324	23,532	20,511	27,510
Excise Duty	28,493	28,318	32,077	35,643	40,085	44,151	50,309	56,406
Other Revenue	11,325	14,710	15,352	13,592	24,934	27,948	27,447	31,616
2.Appropriation –in –Aid	14,674	16,832	20,867	20,159	28,203	24,087	27,824	31,440
B.EXPENDITURE & NET LENDING	175,119	232,921	225,760	264,144	282,187	303,373	382,818	405,202
1.Recurrent	156,535	198,941	200,807	220,618	244,476	257,746	306,515	324,148
Wages and Salaries	65,861	68,119	77,638	85,087	95,850	105,612	112,277	128,755
Interest Payments	29,387	31,035	30,384	36,026	29,700	30,470	41,247	42,537
Domestic Interest	20,752	23,232	23,744	27,567	23,281	23,375	31,445	36,860
Foreign Interest Due	8,635	7,803	6,640	8,459	6,419	7,095	9,802	5,677
Pensions, etc	5,145	6,136	8,995	9,450	13,612	12,568	19,759	20,479
Civil Service Reform	443	6,095	1,665	957	273	0	1,300	1,392
Operations & maintenance/ Others	55,699	71,584	82,125	89,098	105,041	107,096	131,932	132,378
Of which Appropriation-in-Aid	14,836	14,723	17,733	18,221	23,443	20,999	23,891	26,084
2.Development & Net Lending	18,584	33,980	24,953	43,526	37,711	45,627	67,692	81,054
Development Projects	7,096	9,434	11,727	16,835	25,943	28,824	48,037	62,832
Appropriation-in-Aid	10,252	11,592	14,526	17,894	12,341	15,929	18,607	16,750
Payment of guaranteed loans	1,880	3,957	1,862	1,799	1,368	860	1,048	1,481
3. Drought Development Expenditures	0	5,806	0	0	0	2,000	8,611	0
4. CCF	0	0	0	0	0	0	0	0
D.DEFICIT EXCL. GRANTS (Commitment Basis)	3,324	(40,608)	(29,147)	(53,394)	(27,506)	(13,571)	(71,567)	(37,105)
E.GRANTS	4,247	24,080	6,823	14,942	16,224	14,905	20,070	15,494
F.DEFICIT INCL.GRANTS (Commitment basis)	7,571	(16,528)	(22,324)	(38,452)	(11,282)	1,334	(51,497)	(21,611)
G. ADJUSTMENT TO CASH BASIS	(5,770)	3,423	(5,085)	2,683	11,282	5,964	15,030	16,430
H.DEFICIT INCL.GRANTS (cash basis)	1,801	(13,105)	(27,409)	(34,779)	0	7,298	(36,467)	(38,042)
I.FINANCING	(1,801)	13,105	27,409	34,779	0	(7,298)	36,467	38,042
Foreign Financing	(19,337)	12,489	(13,314)	(12,143)	(8,809)	(625)	1,216	(619)
Domestic Financing	17,536	616	40,723	46,922	8,809	(6,673)	35,251	38,661
Of which Domestic Borrowing	17,536	616	40,723	46,922	8,809	(6,673)	28,251	34,661
Others	0	0	0	0	0	0	7,000	4,000
In percentage of GDP								
A.TOTAL REVENUE	26.5	19.9	19.2	20.3	22.3	22.8	19.9	20.1
1.Revenue	23.5	18.1	17.1	18.3	19.8	20.9	18.1	18.4
Income Tax	7.5	5.5	5.4	6.4	6.8	7.4	7.0	6.8
VAT	5.3	5.2	5.0	5.4	5.4	6.0	4.9	5.3
Import Duty	3.8	3.0	2.1	1.8	2.0	1.8	1.3	1.5
Excise Duty	3.9	2.9	3.1	3.4	3.5	3.5	3.2	3.1
Other Revenue	3.0	1.5	1.5	1.3	2.2	2.2	1.8	1.7
2.Appropriation –in –Aid	3.1	1.9	2.0	1.9	2.5	1.9	1.8	1.7
B.EXPENDITURE & NET LENDING	26.7	23.7	22.3	24.8	24.7	23.8	24.5	22.2
1.Recurrent	22.3	20.6	19.6	21.2	21.4	20.2	19.6	17.7
Wages and Salaries	8.6	7.0	7.6	8.2	8.4	8.3	7.2	7.0
Interest Payments	5.4	3.2	3.0	3.5	2.6	2.4	2.6	2.3
Domestic Interest	4.3	2.4	2.3	2.7	2.0	1.8	2.0	2.0
Foreign Interest Due	1.1	0.8	0.6	0.8	0.6	0.6	0.6	0.3
Pensions	0.7	0.6	0.9	0.9	1.2	1.0	1.3	1.1
Civil Service Reform	0.1	0.6	0.2	0.1	0.0	0.0	0.1	0.1
O &M/ Others	7.6	7.4	8.0	8.6	9.2	8.4	8.4	7.2
of which Appropriation-in-Aid	1.8	1.5	1.7	1.8	2.1	1.6	1.5	1.4
2.Development & Net Lending	4.3	3.2	2.7	3.5	3.3	3.6	4.3	4.4
Development Projects	1.8	1.0	1.1	1.6	2.3	2.3	3.1	3.4
Appropriation-in-Aid	2.4	1.2	1.4	1.7	1.1	1.3	1.2	0.9
Payment of guaranteed loans	0.1	0.4	0.2	0.2	0.1	0.1	0.1	0.1
3. Drought Expenditures	0.0	2.6	0.0	0.0	0.0	0.2	0.6	0.0
4. CCF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D.DEFICIT EXCL. GRANTS (Commitment Basis)	(0.1)	(4.2)	(2.8)	(5.1)	(2.4)	(1.1)	(4.6)	(2.0)
E.GRANTS	0.7	2.5	0.7	1.4	1.4	1.2	1.3	0.8
F.DEFICIT INCL.GRANTS (Commitment basis)	0.5	(1.7)	(2.2)	(3.7)	(1.0)	0.1	(3.3)	(1.2)
G.ADJUSTMENT TO CASH BASIS	(0.8)	0.4	(0.5)	(0.3)	1.0	0.5	1.0	(0.9)
H.DEFICIT INCL.GRANTS (cash basis)	(0.3)	(1.4)	(2.7)	(3.3)	0.0	0.6	(2.3)	(2.1)
I.FINANCING	0.3	1.4	2.7	3.3	0.0	(0.6)	2.3	2.1
Foreign Financing	(1.2)	1.3	(1.3)	(1.2)	(0.8)	0.0	0.1	0.0
Domestic Financing	1.5	0.1	4.0	4.5	0.8	(0.5)	2.3	2.1
Of which Domestic Borrowing	1.5	0.1	4.0	4.5	0.8	(0.5)	1.8	1.9
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0
Memorandum Item:								
Nominal GDP at Market price (Kshs. million)	777,838.0	967,838.0	1,025,918.0	1,038,764.0	1,141,780.0	1,273,716.0	1,563,099	1,828,104

Note: * indicate Preliminary results

Source: Ministry of Finance

ANNEX I

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

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

Source: Ministry of Finance

ANNEX II

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

LA Code	Local Authority Name	FY 2003-04 Budget Actuals	FY 2004-05 Actual	FY 2005-06 Budget Estimates	FY 2005-06 VARIANCE	FY 2005-06 ACTUAL
1	Nairobi City	5,977,525,562	3,224,208,882	5,419,147,250	437,336,384	4,981,810,866
6	Ahero TC	NA	16,910,521	21,368,255	-91,093	21,459,348
11	Awendo TC	23,957,709	21,454,108	27,815,868	-2,545,447	30,361,315
16	Baringo CC	43,488,913	28,064,837	49,445,707	5,440,873	44,004,834
21	Bomet CC	36,397,592	36,544,076	45,071,716	-3,096,299	48,168,015
26	Bomet MC	26,749,489	17,487,732	17,546,785	-3,114,045	20,660,830
31	Bondo CC	35,577,979	26,241,228	38,450,030	-2,071,068	40,521,098
36	Bondo TC	12,245,735	13,507,298	16,598,658	-431,582	17,030,240
41	Bungoma CC	76,653,387	43,198,883	90,278,219	1,502,319	88,775,900
46	Bungoma MC	NA	70,047,112	54,268,467	15,232,913	39,035,554
51	Bureti CC	34,419,035	41,173,467	47,561,817	6,618,968	40,942,849
56	Burnt Forest TC	7,653,614	6,936,590	8,082,375	-3,413,070	11,495,445
61	Busia CC	38,540,693	34,999,521	42,791,618	-3,071,249	45,862,867
66	Busia MC	38,841,618	26,646,482	45,141,100	-5,114,802	50,255,902
71	Butere-Mumias CC	68,309,949	68,828,782	92,570,606	16,726,520	75,844,086
76	Chepareria TC	3,736,242	2,816,185	4,249,344	-1,312,101	5,561,445
81	Chogoria TC	12,469,513	7,079,278	9,515,951	-2,141,106	11,657,057
86	Chuka MC	16,211,143	12,599,756	17,256,967	-3,660,657	20,917,624
91	Eldama Ravine TC	17,379,502	17,349,618	21,089,827	-10,044,868	31,134,695
96	Eldoret MC	226,830,714	254,441,783	296,452,275	-52,496,960	348,949,235
101	Embu CC	25,338,834	23,605,591	34,580,989	2,860,174	31,720,815
106	Embu MC	80,069,113	35,901,048	83,828,020	22,870,425	60,957,595
111	Funyula TC	6,675,831	4,360,561	5,088,373	112,302	4,976,071
116	Garissa CC	35,516,291	37,280,135	45,562,763	120,232	45,442,531
121	Garissa MC	41,936,154	35,009,979	54,856,334	9,496,464	45,359,870
126	Gucha CC	27,223,856	37,508,967	45,310,367	2,903,187	42,407,180
131	Gusii CC	32,921,800	36,573,562	45,059,365	-1,002,671	46,062,036
136	Homa Bay CC	26,730,764	27,023,848	35,251,616	1,770,937	33,480,679
141	Homabay MC	40,607,744	30,568,404	41,707,750	-1,199,085	42,906,835
143	Ijara CC	9,114,541	10,394,766	11,631,898	-148,905	11,780,803
146	Isiolo CC	88,897,584	19,893,750	103,946,223	-66,040,852	169,987,075
151	Iten-Tambach TC	9,147,105	7,797,222	10,966,201	-2,152,918	13,119,119
156	Kabarnet MC	17,709,562	13,972,905	22,537,262	3,683,866	18,853,396
161	Kajiado TC	15,790,747	9,362,104	15,433,487	107,370	15,326,117
166	Kakamega CC	NA	54,243,808	77,471,547	3,776,129	73,695,418
171	Kakamega MC	62,643,089	59,686,503	74,991,522	-3,958,924	78,950,446
176	Kandara TC	4,933,991	5,070,919	5,699,602	-681,729	6,381,331
181	Kangema TC	10,278,735	8,347,604	9,696,858	-1,411,550	11,108,408
186	Kangundo TC	37,989,969	26,725,094	45,668,815	5,879,068	39,789,747
191	Kapenguria MC	15,318,669	15,736,619	21,005,691	-1,412,134	22,417,825
196	Kapsabet MC	29,515,887	22,214,208	29,371,418	-4,162,928	33,534,346
201	Karatina MC	52,113,306	35,309,087	34,363,793	-7,518,532	41,882,325
206	Karuri TC	24,470,618	23,633,459	30,256,966	-2,806,202	33,063,168
211	Kehancha MC	57,598,167	33,708,676	39,180,254	-7,003,529	46,183,783
216	Keiyo CC	28,999,034	18,956,620	24,808,320	-1,649,075	26,457,395
221	Kendu Bay TC	NA	5,022,710	7,373,896	206,328	7,167,568
226	Kericho MC	NA	66,379,501	101,835,572	23,557,620	78,277,952
231	Keroka TC	13,313,379	12,815,914	16,361,070	-2,542,282	18,903,352
236	Kerugoya/Kutus MC	34,069,483	27,579,857	40,251,857	-4,796,968	45,048,825

ANNEX III

LA Code	Local Authority Name	FY 2003-04 Budget Actuals	FY 2004-05 Actual	FY 2005-06 Budget Estimates	FY 2005-06 VARIANCE	FY 2005-06 ACTUAL
241	Kiambu CC	62,295,513	54,362,486	71,901,013	53,376	71,847,637
246	Kiambu MC	NA	36,560,984	57,822,654	2,594,316	55,228,338
251	Kikuyu TC	54,779,338	52,268,885	58,822,591	-7,677,768	66,500,359
256	Kilifi CC	52,344,550	579,765,597	87,456,984	1,925,222	85,531,762
261	Kilifi TC	31,371,593	34,982,864	38,664,896	-5,900,303	44,565,199
266	Kimilili MC	18,498,733	15,424,039	22,362,373	-3,227,605	25,589,978
271	Kipkelion TC	10,241,250	7,954,821	9,803,297	-39,947	9,843,244
276	Kipsigis CC	50,656,123	64,065,621	80,092,464	15,744,151	64,348,313
281	Kirinyaga CC	111,298,816	96,097,550	110,194,000	-10,265,140	120,459,140
286	Kisii MC	46,455,782	61,488,824	64,850,774	-10,633,358	75,484,132
291	Kisumu CC	27,987,395	20,576,672	26,774,862	-2,055,645	28,830,507
296	Kisumu MC	283,036,079	241,673,332	386,491,952	4,592,128	381,899,824
301	Kitale MC	69,700,416	75,998,372	94,960,333	-802,242	95,762,575
306	Kitui CC	65,247,813	59,888,764	71,428,084	-8,070,200	79,498,284
311	Kitui MC	44,335,165	36,693,244	48,354,441	-3,148,894	51,503,335
316	Koibatek CC	22,000,146	16,846,027	31,041,651	-14,813,662	45,855,313
321	Kwale CC	66,577,347	88,161,428	116,862,722	1,851,701	115,011,021
326	Kwale TC	15,378,211	7,471,726	16,748,682	5,912,812	10,835,870
331	Laikipia CC	50,972,972	42,770,895	53,256,975	-208,692	53,465,667
336	Lamu CC	17,678,508	18,796,815	24,305,524	-4,098,789	28,404,313
341	Limuru MC	28,989,378	31,129,766	34,917,733	577,600	34,340,133
346	Litein TC	18,823,562	15,924,799	21,297,030	1,238,918	20,058,112
351	Lodwar MC	14,648,472	13,098,115	16,544,216	1,671,971	14,872,245
356	Londiani TC	11,310,131	9,285,811	10,590,896	-2,705	10,593,601
361	Luanda TC	15,274,800	13,983,956	17,925,191	785,006	17,140,185
366	Lugari CC	NA	37,191,947	57,214,558	12,562,988	44,651,570
371	Machakos MC	60,972,181	62,974,809	95,659,288	3,309,300	92,349,988
376	Makueni CC	113,708,710	92,701,252	122,826,901	6,007,377	116,819,524
381	Makuyu TC	9,557,374	9,468,588	13,045,531	-1,773,437	14,818,968
386	Malaba TC	32,817,139	8,156,223	28,814,456	-5,283,586	34,098,042
391	Malakisi TC	6,259,409	6,803,201	7,705,467	-65,180	7,770,647
396	Malava TC	11,540,637	8,665,613	14,262,768	-1,523,806	15,786,574
401	Malindi CC	43,491,090	18,946,362	47,681,286	-543,848	48,225,134
406	Malindi MC	121,794,369	76,710,045	85,650,500	-29,938,275	115,588,775
411	Mandera CC	30,566,175	27,750,313	39,402,705	-446,748	39,849,453
416	Mandera TC	25,530,726	20,236,960	30,186,556	-714,109	30,900,665
421	Maragwa CC	52,386,898	55,723,403	67,325,607	-5,186,019	72,511,626
426	Maragwa TC	8,812,924	9,110,065	14,852,435	-1,847,564	16,699,999
431	Marakwet CC	23,148,701	21,517,135	30,773,078	2,764,497	28,008,581
436	Maralal TC	14,323,278	16,976,694	18,252,465	-2,642,152	20,894,617
441	Mariakani TC	NA	13,030,644	22,231,522	-3,216,087	25,447,609
446	Marsabit CC	28,597,160	19,582,622	31,074,589	677,543	30,397,046
451	Masaku CC	108,418,698	78,929,244	121,704,625	7,247,647	114,456,978
456	Masimba TC	8,596,651	6,891,346	8,212,297	-406	8,212,703
461	Matuu TC	14,464,507	12,996,199	16,802,304	-6,328,428	23,130,732
466	Maua MC	21,840,723	16,137,926	25,365,802	-2,826,674	28,192,476
471	Mavoko MC	92,789,143	85,021,306	90,052,574	-54,586,016	144,638,590
476	Mbeere CC	23,440,403	30,349,431	36,689,482	-1,181,058	37,870,540
481	Mbita Point TC	9,042,098	8,352,927	10,774,671	-1,655,788	12,430,459
486	Meru CC	NA	78,674,398	120,458,563	25,096,398	95,362,165
491	Meru MC	57,064,459	52,440,590	73,060,547	5,947,369	67,113,178

ANNEX III

LA Code	Local Authority Name	FY 2003-04 Budget Actuals	FY 2004-05 Actual	FY 2005-06 Budget Estimates	FY 2005-06 VARIANCE	FY 2005-06 ACTUAL
496	Meru South CC	22,408,777	22,108,792	24,110,988	-5,751,795	29,862,783
501	Migori CC	31,290,985	37,480,082	49,022,326	-4,406,285	53,428,611
506	Migori MC	44,042,430	28,672,359	32,460,233	-5,419,815	37,880,048
511	Molo TC	24,460,155	19,516,253	31,263,840	-2,570,607	33,834,447
516	Mombasa MC	NA	785,609,764	991,384,258	-66,341,829	1,057,726,087
521	Mt. Elgon CC	NA	19,034,131	23,727,921	772,480	22,955,441
526	Moyale CC	29,070,835	24,982,019	32,718,308	6,366,158	26,352,150
531	Mtitiu Andei TC	NA	9,316,464	10,684,145	-1,905,564	12,589,709
536	Muhoroni TC	13,899,889	11,035,680	20,784,370	4,488,509	16,295,861
541	Mumias MC	38,564,865	30,366,188	42,543,779	-4,005,838	46,549,617
546	Murang'a CC	59,820,651	52,301,896	68,419,836	-8,796,770	77,216,606
551	Murang'a MC	36,294,858	25,553,111	39,069,819	-9,059,718	48,129,537
556	Mwingi CC	29,350,745	34,296,788	39,519,747	-667,721	40,187,468
561	Mwingi TC	17,600,081	16,537,325	19,776,942	-3,553,580	23,330,522
566	Naivasha MC	76,240,361	62,950,771	80,511,745	9,720,140	70,791,605
571	Nakuru CC	173,067,513	160,827,505	178,197,996	5,928,852	172,269,144
576	Nakuru MC	304,008,034	341,553,490	330,454,154	-39,939,457	370,393,611
581	Nambale TC	9,275,826	7,034,267	7,453,509	-1,687,621	9,141,130
586	Nandi CC	57,203,535	62,009,102	74,098,442	2,086,933	72,011,509
591	Nandi Hills TC	13,801,353	12,312,861	16,252,730	-4,845,930	21,098,660
596	Nanyuki MC	NA	73,788,881	143,453,427	-14,924,064	158,377,491
601	Narok CC	364,837,460	37,776,739	367,565,912	-141,900,005	509,465,917
606	Narok TC	20,652,275	18,885,265	27,864,749	-5,331,870	33,196,619
616	Nyahururu MC	68,308,879	64,306,743	83,799,987	4,941,519	78,858,468
621	Nyamache TC	8,421,589	5,796,413	7,499,543	181,711	7,317,832
626	Nyamarambe TC	NA	6,579,694	7,176,060	-880,860	8,056,920
631	Nyambene CC	50,297,683	66,906,496	86,729,884	-798,415	87,528,299
636	Nyamira CC	41,655,903	46,007,362	54,555,489	-4,048,333	58,603,822
641	Nyamira TC	12,619,683	13,019,066	16,618,940	370,001	16,248,939
646	Nyandarua CC	88,305,981	89,625,792	100,098,968	-37,706,800	137,805,768
651	Nyando CC	29,991,254	32,635,130	42,825,242	1,636,151	41,189,091
656	Nyansiongo TC	14,504,084	9,526,703	9,907,398	383,460	9,523,938
661	Nyeri CC	89,222,362	79,418,779	129,425,180	7,176,103	122,249,077
667	Nyeri MC	124,181,771	93,457,889	113,316,392	-4,844,515	118,160,907
671	Nzoia CC	55,432,890	55,047,187	78,833,926	-965,765	79,799,691
676	Ogembo TC	15,856,349	9,228,831	12,021,860	-166,091	12,187,951
681	Olkalou TC	26,101,780	19,328,360	24,974,329	-7,886,215	32,860,544
686	Olkejuado CC	103,514,681	80,000,939	135,247,190	75,107	135,172,083
691	Othaya TC	15,073,444	12,762,103	14,734,611	-3,898,257	18,632,868
696	Oyugis TC	22,175,355	21,059,770	24,041,607	-4,342,127	28,383,734
701	Pokot CC	23,997,676	24,262,250	33,459,792	1,920,493	31,539,299
706	Port Victoria TC	12,163,300	5,493,024	11,655,746	3,000,000	8,655,746
711	Rachuonyo CC	27,564,319	25,284,455	33,155,009	2,055,647	31,099,362
716	Rongo TC	20,674,942	14,178,323	21,935,757	-2,659,606	24,595,363
721	Ruiru MC	42,991,939	58,772,870	71,373,850	-359,072	71,732,922
726	Rumuruti TC	11,631,737	7,770,457	12,728,535	-910,848	13,639,383
731	Runyenjes MC	21,368,763	14,388,419	19,079,971	-3,105,877	22,185,848
736	Sagana TC	11,484,338	8,808,678	11,666,161	225,703	11,440,458
741	Samburu CC	99,035,098	27,545,318	116,937,460	-6,461,722	123,399,182
746	Siaya CC	48,806,566	39,598,340	48,174,831	999,714	47,175,117
751	Siaya MC	16,935,845	17,481,204	21,236,160	1,995,274	19,240,886

ANNEX III

LA Code	Local Authority Name	FY 2003-04 Budget Actuals	FY 2004-05 Actual	FY 2005-06 Budget Estimates	FY 2005-06 VARIANCE	FY 2005-06 ACTUAL
756	Sirisia TC	4,023,497	4,022,540	5,022,809	-208,340	5,231,149
761	Sotik TC	10,254,471	10,189,628	11,241,467	-6,277,074	17,518,541
766	Suba CC	21,185,830	20,547,093	29,550,102	-314,064	29,864,166
771	Suneka TC	15,568,521	11,801,522	12,859,918	-97,521	12,957,439
776	Tabaka TC	6,826,529	6,740,163	13,072,498	3,885,005	9,187,493
781	Taita Taveta CC	43,939,867	33,548,759	37,695,058	-2,365,078	40,060,136
786	Tana River CC	29,010,978	33,008,334	41,675,410	1,534,302	40,141,108
791	Taveta TC	22,648,413	16,172,017	25,953,250	-5,927,395	31,880,645
796	Teso CC	15,307,864	17,168,636	22,991,908	1,866,804	21,125,104
801	Tharaka CC	21,639,847	15,916,179	17,981,780	-5,691,516	23,673,296
806	Thika CC	75,994,697	70,307,543	93,182,366	-6,672,762	99,855,128
811	Thika MC	232,965,720	138,399	260,450,466	-50,497,972	310,948,438
816	Transmara CC	90,820,150	19,823,474	76,170,756	-30,767,048	106,937,804
821	Turkana CC	37,635,640	49,328,403	62,480,632	-392,318	62,872,950
826	Ugunja TC	8,506,595	8,333,609	9,454,858	-947,844	10,402,702
831	Ukwala TC	8,664,616	7,926,550	9,637,561	-181,766	9,819,327
836	Vihiga CC	34,051,486	37,232,708	46,353,077	-137,875	46,490,952
841	Vihiga MC	26,050,394	24,723,399	30,881,457	-6,841,054	37,722,511
846	Voi MC	22,011,528	25,286,004	33,024,570	2,775,324	30,249,246
851	Wajir CC	52,676,267	46,305,926	61,696,810	-26,197	61,723,007
856	Wareng CC	82,011,826	55,991,311	85,046,200	-4,651,097	89,697,297
861	Webuye MC	NA	22,412,805	36,810,822	-7,063,522	43,874,344
866	Wote TC	15,375,974	13,255,627	18,171,924	-227,866	18,399,790
871	Yala TC	8,072,412	6,985,568	8,009,856	-180,053	8,189,909
		12,988,430,149	10,685,236,721	15,326,317,188	-196,260,307	15,522,577,495

Notes:

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