



Republic of Kenya

Ministry of Finance

Quarterly Economic and Budgetary Review

**Fourth Quarter
2007/2008**

August 2008 Edition

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LIST OF ABBREVIATIONS AND ACCRONYMS

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
NBFI'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 FOURTH QUARTER ECONOMIC AND BUDGETARY REVIEW: 2007/2008

1. Recent Economic Developments

After growing by 7 % in 2007, the real GDP is expected to slow down in 2008 following economic disruptions in the first quarter (Chart 1). Based on the latest data from the KNBS, real GDP declined by 1.3 percent in the first quarter of 2008 with the leading sectors such as tourism, agriculture, transport and communications registering a sharp decline. Construction, mining and quarrying, financial intermediation and electricity and water, however, registered positive growth rates during the same period.

2. The Overall Fiscal Balance

The Cumulative overall fiscal balance, on a commitment basis (excluding grants) registered a deficit of Kshs 102.7 billion (equivalent to 4.9 percent of GDP) through end June 2008, compared with a deficit of Kshs. 37.1 billion (equivalent to 2.0 percent of GDP) for a similar period in 2007

3. Total Revenue Collection

The Central Government cumulative revenue collection to end-fourth quarter of FY 2007/08 amounted to Kshs 432.2 billion (equivalent to 20.8 percent of GDP) against a target of Kshs 434.5 billion. This performance was below the target by Kshs 2.3 billion.

4. Government Expenditure and Net Lending

The Central Government expenditure and net lending for the FY ending 30th June 2008 amounted to Kshs 535.2 billion, which was KSh.110.0 billion below the target of KSh.645.2 billion. This low absorption in expenditure arose mainly from lower expenditure uptake through under collections in ministerial Appropriations-In-Aid.

5. Stock of Pending Bills

The fourth quarter achieved an overall decrease in the stock of pending bills held by the line Ministries. In particular, the stock of pending bills decreased by Kshs 460.6 million, from Kshs 9.4 billion in June 2007 to Kshs 8.9 billion in June 2008.

6. Guaranteed Loans

Cumulative Scheduled payments of Guaranteed Loans for Parastatals with liquidity problems amounted to Kshs 1.24 billion during the fourth quarter of FY 2007/08. Kshs 1.22 billion of these loans were paid.

7. External Financing

External financing in the fourth quarter registered a net repayment of Kshs 1.8 billion compared to a net repayment of Kshs 2.9 billion recorded in a similar period in FY 2006/07.

8. Net Domestic Borrowing

The net domestic repayment stood at Kshs 13.9 billion (equivalent to 0.7 percent of GDP) in the fourth quarter of FY 2007/08. This was below the programme borrowing of Kshs 33.96 billion (equivalent to 1.6 percent of GDP).

9. Total Domestic Debt

The total domestic debt stock increased by 6.4 percent from Kshs 404.7 billion at end-June 2007 to Kshs 430.6 billion by the end of June 2008.

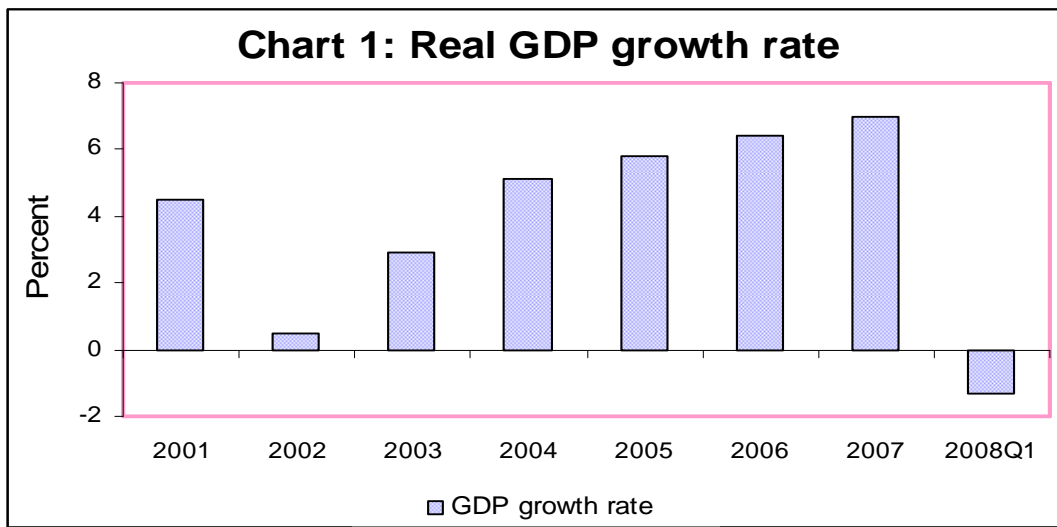
10. External Debt

The total external debt stood at Kshs. 439.97 billion at the end of fourth quarter. The debt stock comprised of multilateral debt (61.0%), bilateral debt (34.8%) and Export Credit debt (4.2%).

1.0 RECENT ECONOMIC DEVELOPMENTS

1.1 Economic Growth

1. After growing by 7 % in 2007, the real GDP is expected to slow down in 2008 following economic disruptions in the first quarter (Chart 1). Based on the latest data from the KNBS, real GDP declined by 1.3 percent in the first quarter with the leading sectors such as tourism and agriculture as well as transport and communication registering a sharp decline. Construction, mining and quarrying, financial intermediation and electricity and water, however, registered positive growth rates during the same period. Preliminary estimates show that the economy is on a recovery path and the real GDP growth is expected to reach 4.5% in 2008



2. Agriculture and forestry was greatly affected by the post-election violence early in the year. As a result, the sector recorded a decline in growth by 4.6 percent in the first quarter of 2008. This was primarily attributable to the fall in production of tea, coffee, maize, and milk. Horticultural produce, however, remained strong despite the economic disruptions, with the sector's export rising by 20.3 percent between January and March of 2008.

3. Growth in manufacturing was 0.4 percent in the first quarter of 2008 compared with the robust 5.2 percent growth in a similar period in 2007. This sector suffered from supply disruptions, production stoppages, and reduced demand early this year. The most affected sub-sectors were cement production, manufacture of textiles and footwear, and throughput of crude oil. However production of beer and cigarettes continued with a positive growth, albeit slower, thus keeping the sector afloat.

4. Hotels and restaurants bore the brunt of the post election economic disruptions. The sector contracted by a whopping 60.2 percent in the first 3 months of 2008. This decline was attributable to widespread cancellations of planned tourist visits to the country, closure of key tourist hotels, and reduction in international travels. During this period

RECENT ECONOMIC DEVELOPMENTS

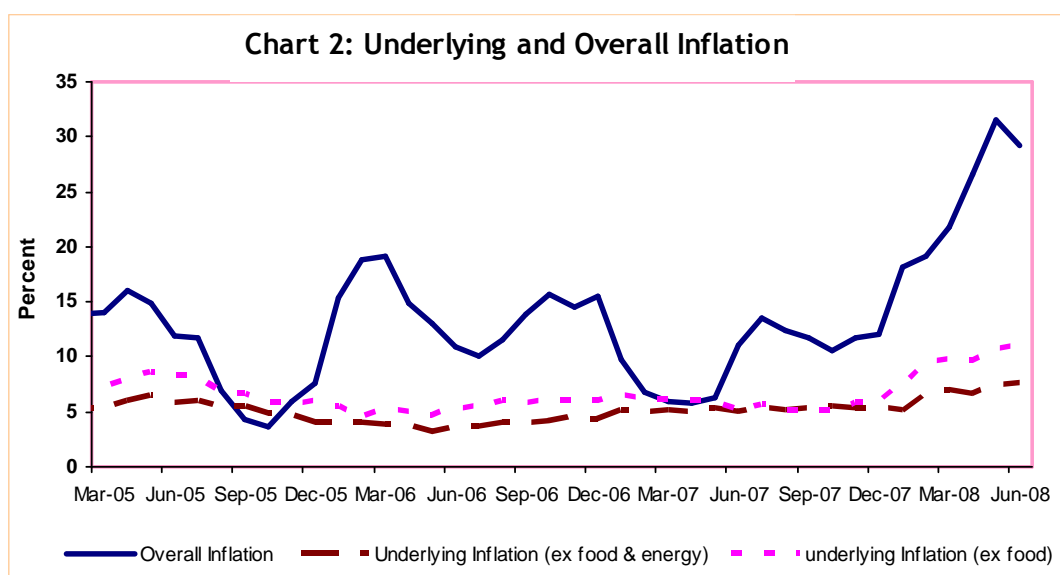
bed occupancy plunged by 64.6 percent.

5. After growing by 8.7 percent in 2007, transport and communication declined by 2.2 following major disruptions associated with post-elections disturbances. Consumption of light fuel plummeted by 6.6 percent and the growth in the communication sub-sector decelerated from 22.4 percent in 2007 first quarter to 20.2 percent in 2008 first quarter.
6. Other sectors such as construction and financial intermediation recorded 14.4 percent and 2.2 percent growth, respectively. With the widespread disruptions and human displacements, the real estate, renting and business services sector declined by 4.4 percent.

1.2 Inflation

7. Disruption of farming activities and supply of food due to post-election violence early this year, the dry spell which coincided with these supply shocks, combined with the rise in international fuel and commodity prices have primarily sustained the current inflationary pressures. Overall inflation increased from 21.8% in March 2008 to 31.5% in May 2008 as a result of rising prices of basic food stuffs and energy costs. Overall inflation has since slightly eased to 29.3% in June and 26.5 percent in July, before rising again to 27.6 percent in August following increases prices of electricity.

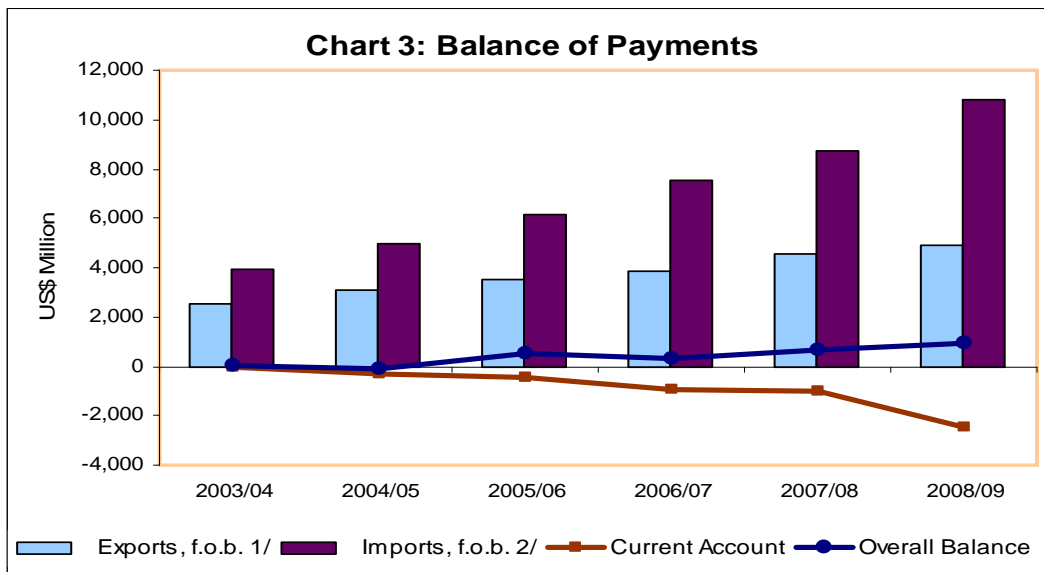
8. The underlying inflation (excluding food and energy) increased marginally from 7.2 percent in May 2008 to 7.6 percent in June. This reflects a rise in non-food and non-fuel components of the consumer price index. Similarly, underlying inflation (excluding food items) marginally increased from 9.6 percent in April 2008 to reach 11.2 percent by June 2008. While the prices of food are subject to seasonal volatility, the persistent rise in the two measures of underlying inflation indicate that some of the increases in volatile items had a spillover effect on the other items in the underlying basket. Moreover, money supply growth has been brisk over the recent months.



1.3 Balance of Payments

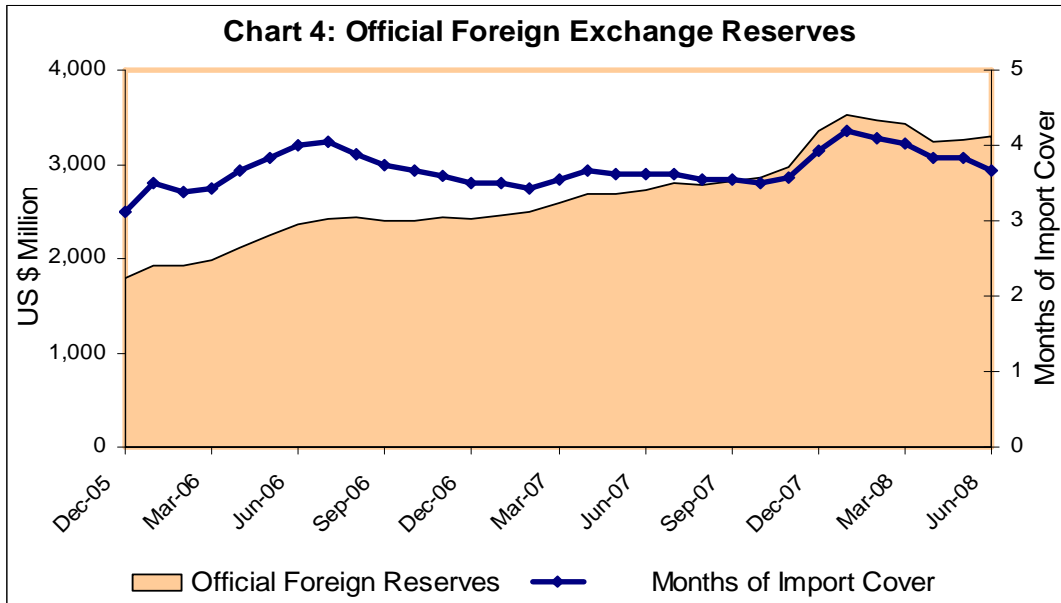
9. The overall balance of payments surplus increased to US\$ 744 million in the year to May 2008 from US\$ 431 million in the year to May 2007. The improvement was due to strong inflows in the capital and financial account occasioned by Telkom privatization receipts, equity inflows to local banks and Safaricom IPO. These inflows more than offset the deficit in the current account which widened to US\$ 1,373 million.

10. The balance of payments is expected to remain strong over the 2008/09 financial year, despite the projected expansion in the current account occasioned by the increasing import bill



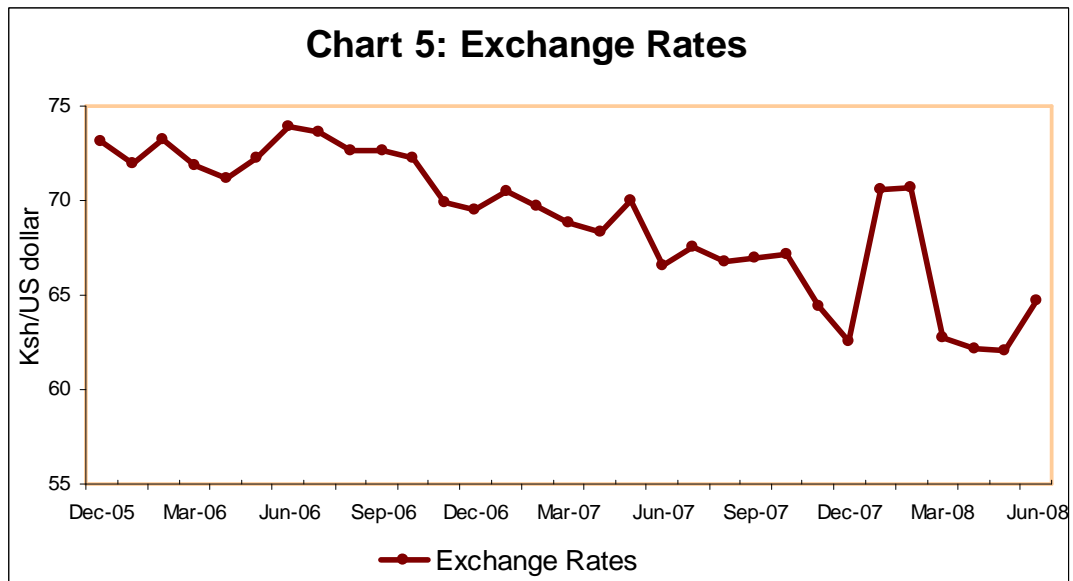
1.4 Foreign Exchange Reserves

11. Official foreign exchange reserves held by the Central Bank of Kenya rose to US\$ 3,300 million (equivalent to 3.7 months of import cover) by June 30, 2008 from US\$3,242 million by end-April 2008. This level of reserves was lower than US\$3,346 million recorded by end-February 2008, since the CBK used foreign exchange sales as an instrument for liquidity management. As a result, even though not significant, the number of months of import cover reduced from 4.1 months in February 2008 to 3.7 months by June.



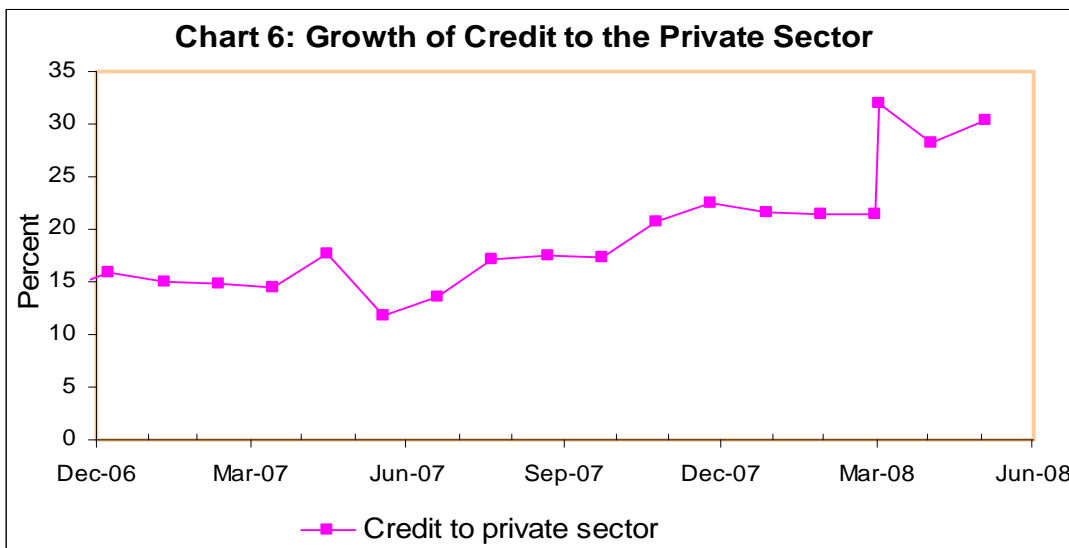
1.5 Exchange Rates

12. The Kenya shilling exchange rate appreciated towards the end of the 2007/08 financial year owing to the strong inflows of foreign exchange from the private capital. This trend was expected during the Safaricom’s Initial Public Offer (IPO). However, since the close of the IPO in the recent months, the Kenya shilling has gradually depreciated partly due to the effects of rising inflation and increased demand for foreign currency to finance rising import bill, especially for petroleum and food to close the current food deficits. From a level of Ksh. 62.2 in April 2008 to the US dollar, the shilling has depreciated to Ksh. 64.7 to the US dollar in June 2008.



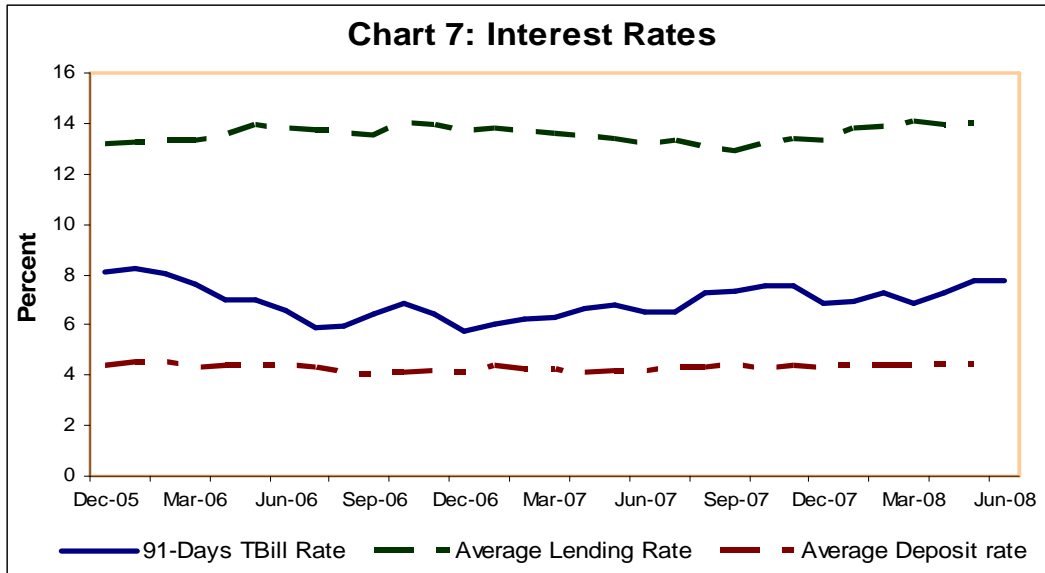
1.6 Money and Credit

13. Broad money (M3) expansion remains strong throughout the 2007/08 financial year. The expansion was supported by increase in net foreign assets with the strong balance of payments position. Following the Safaricom IPO that mobilized large amounts of money, there was a net increase in the domestic assets of the banking system as investors borrowed the funds for investment . Monetary expansion rose from 21.4 percent in March 2008 to 28.5 percent in April 2008, before easing to 19.3 percent by the end of the 2007/08 financial year. The increase in the credit to the private sector was primarily responsible for the expansion in M3 during the Safaricom IPO period. By April, credit to the private sector had peaked at 31.9 percent before slightly declining to 30.3 percent in June 2008.



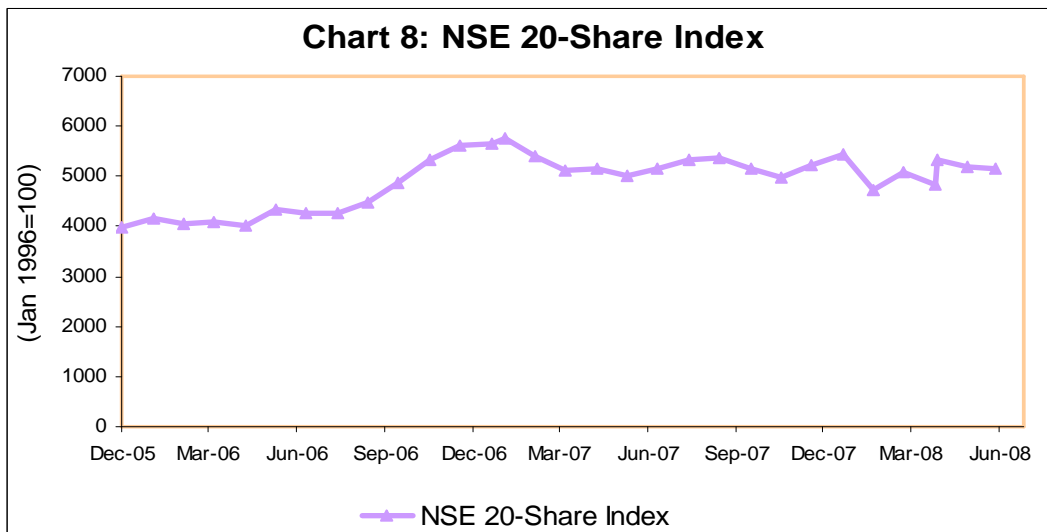
1.7 Interest Rates

14. The 91-day Treasury bill rate rose from 6.9 percent in March 2008 to 7.3 percent in April 2008. With sustained borrowing by the private to finance purchase of Safaricom shares, the Treasury bill rate further edged up to 7.8 percent in May 2008 before marginally declining to 7.7 percent in June 2008. Similarly, the average lending rates edged upwards since March 2008, marking the first time the lending rates reached 14 percent since October 2006. Average commercial bank lending rates closed at 14. 1 percent in May 2008. The average deposit rates however remained steady at 4.5 percent throughout the second quarter (Chart 7).



1.8 Capital Markets

15. After the fall in the NSE 20-Share Index during the first quarter, stock market activity quickly rebounded following the signing of the National Accord and Reconciliation Agreement. By end-April 2008, the Index had shot to 5,336 points from 4,843 points in the preceding month. The activity at the stock market was further boosted by the expected listing of the Safaricom shares and as a result the NSE 20-Share Index closed June 2008 at 5,159 points. Unlike in the past IPOs, the huge Safaricom share offering did not result in significant offloading of other stocks by retail investors in order to buy Safaricom shares. Rather, wide availability of credit from the financial sector as readily indicated by the sharp expansion of credit to the private sector helped finance participation of retail investors in the IPO. The stock market remained poised for strong performance after the listing of the 10 billion Safaricom shares.



2.0 FISCAL DEVELOPMENTS

2.1 Fiscal Outturn

16. The overall fiscal balance (on a commitment basis and excluding grants), in the fourth quarter ending 30th June 2008 recorded a deficit of Kshs. 102.7 billion (equivalent to 4.9 percent of Gross Domestic Product (GDP)), against a target deficit of Kshs. 119.8 billion (equivalent to 5.8 percent of GDP). This fiscal development compares unfavourably to Kshs. 37.1 billion deficit (equivalent to 2.0 percent of GDP) during the same period in the FY 06/07. On the other hand, the fiscal balance (on a commitment basis including grants) recorded a deficit of Kshs.77.2 billion (equivalent to 3.7 percent of GDP), against a targeted deficit of Kshs.82.9 billion (equivalent to 4.0 percent of GDP) (*Chart 9 and Table 1*).

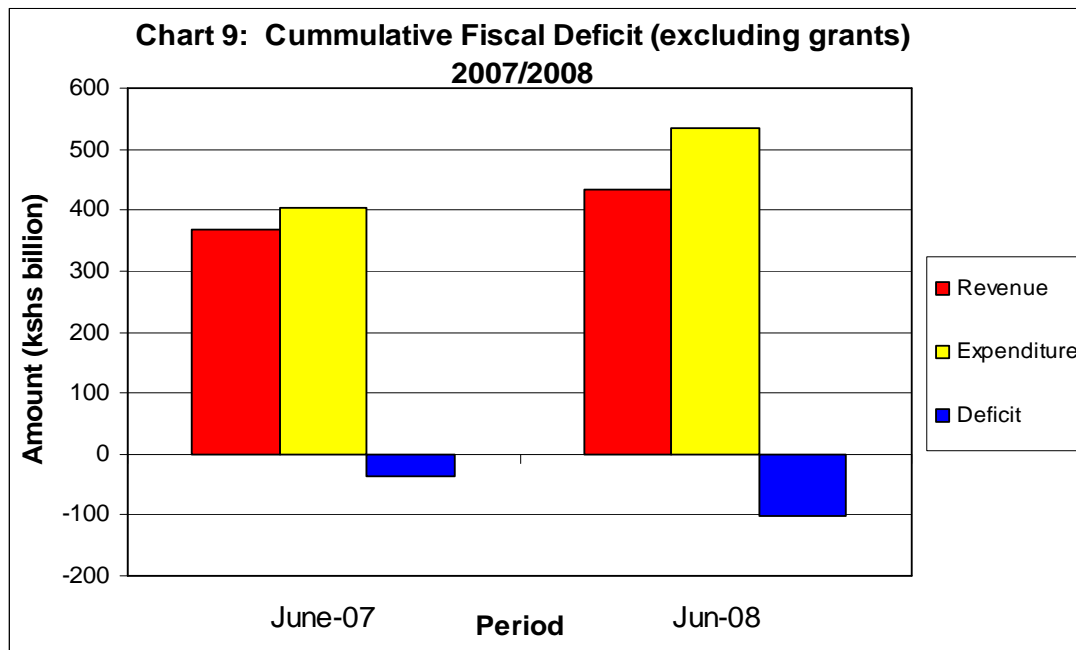


Table 1: Budget Outturn, 2007/2008(Kshs Million)

	2006/07 Quarter IV	2007/2008 Quarter IV		Quarter IV Deviation	% Growth	2007/08 Quarter IV as % of GDP		2006/07 Quarter IV % of GDP
	Actual	Actual	Targets			Actual	Target	
A. TOTAL REVENUE AND GRANTS	383,591	457,763	471,385	(13,622)	19.34	22.03	22.69	20.98
1. Revenue	368,097	432,219	434,474	(2,254)	17.42	20.80	20.91	20.14
Ordinary Revenue	336,657	396,488	389,022	7,466	17.77	19.08	18.72	18.42
Import Duty	27,510	32,944	32,456	488	19.75	1.59	1.56	1.50
Excise Duty	56,406	61,906	65,306	(3,400)	9.75	2.98	3.14	3.09
Income tax	124,855	156,832	147,598	9,234	25.61	7.55	7.10	6.83
VAT	96,270	111,939	109,777	2,162	16.28	5.39	5.28	5.27
Investment Revenue	6,587	3,133	2,703	430	(52.43)	0.15	0.13	0.36
Others	25,029	29,734	31,182	(1,448)	18.80	1.43	1.50	1.37
Appropriation-in-Aid	31,440	35,731	45,452	(9,721)	13.65	1.72	2.19	1.72
2. Grants	15,494	25,544	36,912	(11,368)	64.87	1.23	1.78	0.85
Cash	8,938	3,759	3,759	(7,343)	10.74	0.48	0.83	0.49
Appropriation-in-Aid	6,556	11,887	15,912	(4,025)	81.32	0.57	0.77	0.36
Programme loans	0	9,898	17,241	(7,343)	0.00	0.00	0.83	0.00
B. EXPENDITURE and NET LENDING	405,203	534,937	554,254	(19,317)	32.02	25.75	26.68	22.17
1. Recurrent	324,149	403,368	386,515	16,853	24.44	19.41	18.60	17.73
Domestic Interest	36,860	42,181	43,233	(1,052)	14.44	2.03	2.08	2.02
Foreign Interest Due	5,677	5,696	6,119	(423)	0.34	0.27	0.29	0.31
Pension	20,479	24,089	24,299	(210)	17.63	1.16	1.17	1.12
Wages and Salaries	128,755	145,996	146,410	(414)	13.39	7.03	7.05	7.04
O & M/Others	132,378	185,407	166,455	18,952	40.06	8.92	8.01	7.24
2. Development and Net Lending	81,054	131,568	167,739	(36,171)	62.32	6.33	8.07	4.43
3. CCF	0	0	0	0	0.00	0.00	0.00	0.00
C. DEFICIT EXCL.GRANT (Commitment basis)	(37,106)	(102,718)	(119,781)	17,063	176.82	(4.94)	(5.76)	(2.03)
D. DEFICIT INCL.GRANTS (Commitment basis)	(21,612)	(77,174)	(82,869)	5,695	257.08	(3.71)	(3.99)	(1.18)
E. ADJUSTMENT TO CASH BASIS	(16,430)	16,945	539	16,406	(203.13)	0.82	0.03	(0.90)
F. DEFICIT INCL.GRANTS (Cash basis)	(38,042)	(60,229)	(82,330)	22,101	58.32	(2.90)	(3.96)	(2.08)
G. FINANCING	38,042	60,229	124,606	(64,377)	58.32	2.90	6.00	2.08
1. Foreign financing	(619)	6,617	24,539	(17,922)	(1,169.31)	0.32	1.18	(0.03)
Disbursements	11,685	22,864	41,402	(18,538)	95.67	1.10	1.99	0.64
Programme Cash Loans	0	1,330	1,330	0	0.00	0.06	0.06	0.00
Project Cash Loans	6,848	8,190	16,692	(8,502)	19.59	0.39	0.80	0.37
Loans AIA	4,837	13,344	23,380	(10,036)	175.88	0.64	1.13	0.26
Repayment due (current)	(16,679)	(16,542)	(16,763)	221	(0.82)	(0.80)	(0.81)	(0.91)
Rescheduling	3,317	0	0	0	(100.00)	0.00	0.00	0.18
Of which principal	2,574	0	0	0	(100.00)	0.00	0.00	0.14
Of which interest	743	0	0	0	(100.00)	0.00	0.00	0.04
Change in arrears (current)	1,265	295	0	295	(76.68)	0.01	0.00	0.07
Commercial Financing	0	0	0	0	0.00	0.00	0.00	0.00
Repayment (arrears)	(207)	0	(100)	100	(100.00)	0.00	(0.00)	(0.01)
2. Privatization proceeds	4,000	76,303	74,909	1,394	0.00	3.67	3.61	0.22
TKL Restructuring costs	0	(36,434)	(36,749)	315	0.00	(1.75)	(1.77)	0.00
TKL Restructuring Financing	0	27,634	27,949	(315)	0.00	1.33	1.35	0.00
Bank Restructuring costs	(20,000)	1,062	1,062	0	0.00	0.05	0.05	(1.09)
Bank Restructuring Financing	20,000	(1,062)	(1,062)	0	0.00	(0.05)	(0.05)	1.09
3. Domestic financing	34,661	(13,891)	33,958	(47,849)	(140.08)	(0.67)	1.63	1.90

Memo item:

GDP ESTIMATE	1,828,104	2,077,795	2,077,795
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Source: Ministry of Finance

2.2 REVENUE

17. The total Government revenue collection for the FY 07/08 was below target by Kshs 2.3 billion. Ordinary revenue amounted to Kshs.396.5 billion against a target of Kshs.389.0 billion, resulting in an over performance of Kshs.7.5 billion. This over-performance was mainly attributed to revenue collections under PAYE, Other Income Tax and VAT Imports. On the other hand, the Ministerial Appropriation In Aid and Excise Duty recorded a shortfall of Kshs.9.7 and Kshs.3.4 billions, respectively against their target (*Table 2 and Chart 10*).

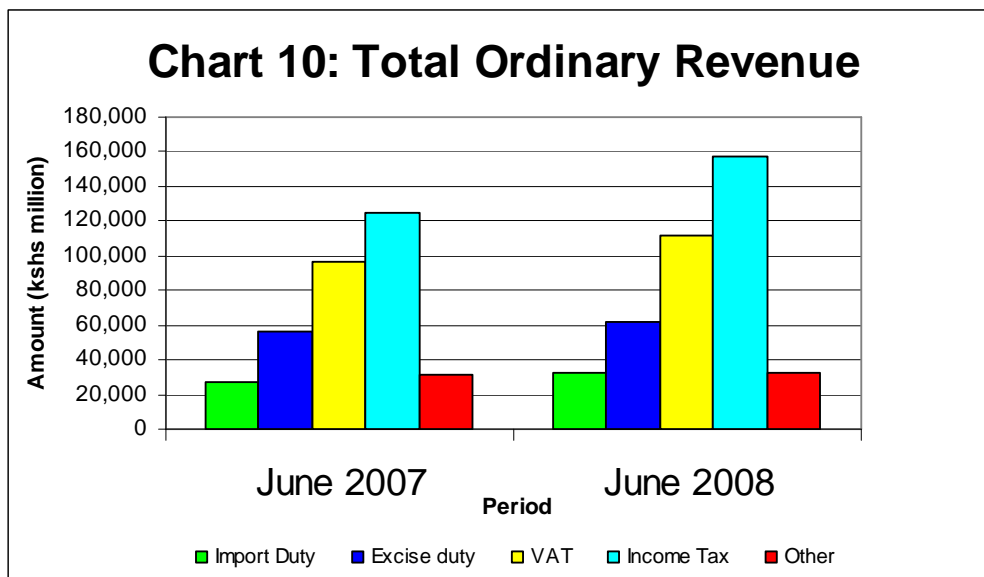
**Table 2: Government Revenue and External Grants, Fourth Quarter
(Cumulative) Ending 30th June 2008
(Kshs. Million)**

	2006/2007 Quarter IV Actual	2007/2008 Quarter IV		Deviation
		Actual	Target	
Total Revenue	368,134	432,219	434,474	(2,254)
(a) Ordinary Revenue	336,656	396,488	389,022	7,466
Import Duty	27,510	32,944	32,456	488
Excise Duty	56,406	61,906	65,306	(3,400)
PAYE	67,569	81,655	77,185	4,470
Other Income Tax	57,286	75,177	70,413	4,764
VAT Local	52,568	58,311	57,785	526
VAT Imports	43,701	53,628	51,992	1,636
Investment Revenue	6,587	3,133	2,703	430
Traffic Revenue	1,814	1,880	2,424	(544)
Essential Supplies Revenue	10,973	7,402	7,922	(520)
Others 1/	12,242	20,452	20,836	(384)
(b) Appropriation In Aid 2/	31,478	35,731	45,452	(9,721)
External Grants	14,622	25,544	36,912	(11,368)
Total Revenue and External Grants	382,756	457,763	471,385	(13,622)
In % of GDP	20.94	22.03	22.69	

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



18. As a proportion of GDP, total revenue and grants, in the period to end June 2008, was 22.0 percent compared to 20.9 percent in the corresponding period of the FY 2006/07. External grants amounted to Kshs 25.5 billion against a target of Kshs 36.9 billion, representing an under performance of 30.8 percent.

2.3 Expenditure

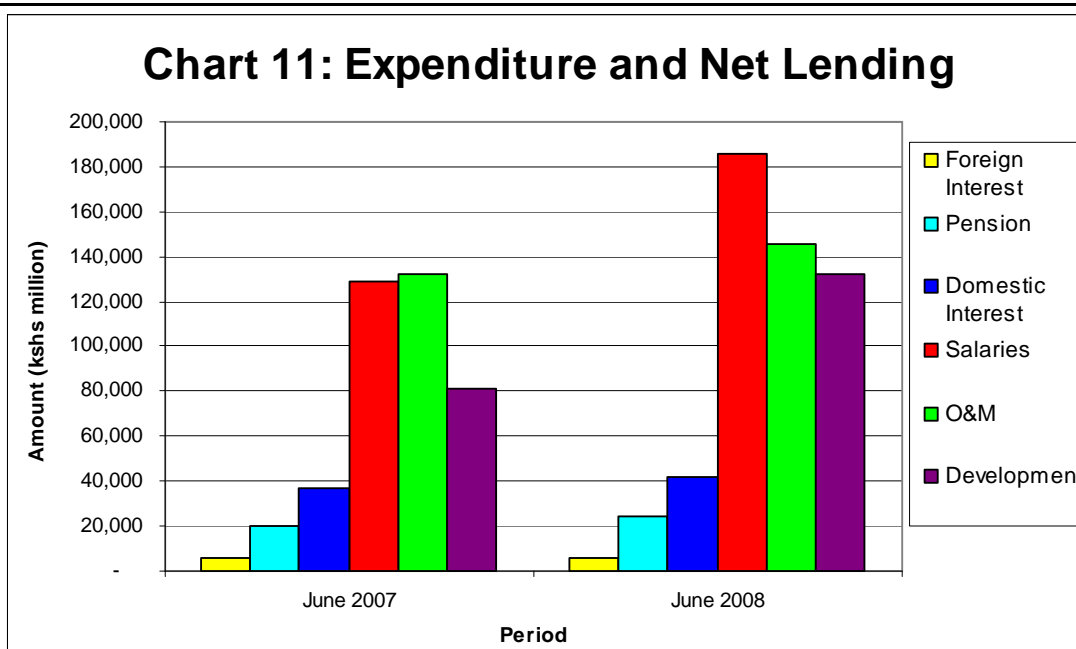
19. The total Government Expenditure and Net Lending, for the period under review, stood at Kshs 535.2 billion, against a target of Kshs 645.3 billion. The shortfall of Kshs 110.0 billion was attributed to lower absorption recorded under the Recurrent and development expenditures by the line ministries for the year ending June 2008. (*Table 3 and Chart 11*). In particular, recurrent expenditure amounted to Kshs 403.4 billion, against a target of Kshs 429.5 billion. The KSh.26.1 billion shortfall was mainly due to low expenditures recorded in Operations and Maintenance, which accounted for Kshs 24.0 billion.

20. Similarly, scheduled foreign interest payments amounted to Kshs 5.70 billion which was slightly higher than Kshs 5.68 billion due in the same period in the FY 2006/07. Domestic interest payment totalled Kshs 42.2 billion and was higher than Kshs 36.9 billion paid in the corresponding period of the previous financial year (*Table 3 and Chart 11*).

**Table 3: Expenditure and Net Lending, Fourth Quarter Ending 30th June 2008
(Kshs Million)**

	2006/2007 Quarter IV Actual	2007/2008 Quarter IV Actual	2007/2008 Quarter IV Target	Deviation
1. RECURRENT	324,149	403,369	429,477	(26,108)
Domestic Interest	36,860	42,181	43,233	(1,052)
Foreign Interest due	5,677	5,696	6,119	(423)
Pensions, etc	20,479	24,089	24,299	(210)
Wages and Salaries	128,755	145,996	146,410	(414)
Operation and Maintenance	132,378	185,407	209,417	(24,010)
O/W: Change in Pending Bills	0	(781)	(781)	-
: Civil Service Reforms	1,392	800	800	-
: Appropriation-in-Aid	26,084	32,012	42,962	(10,950)
2. DEVELOPMENT	81,054	131,859	213,769	(82,167)
Development Projects (Net)	62,823	102,643	167,739	(65,096)
Scheduled Payment of Guaranteed Loans and Net lending	1,481	2,328	1,380	948
Appropriation-in-Aid	16,750	26,630	44,650	(18,019)
Change in Pending Bills	0	258	0	258
3. Civil Contingency Fund	0	-	2,000	(2,000)
TOTAL EXPENDITURE	405,203	535,228	645,246	(110,018)

Source: Ministry of Finance



21. Analysis of ministerial expenditure shows that the Government continued to shift budgetary resources toward priority social sector projects/programmes. In the fourth quarter of the FY 2007/08, the ministries of Basic Education, Higher Education, Science and Technology, Medical Services and Public Health and Sanitation, accounting for 44.6 percent of total recurrent expenditure. Administrative Services also accounted for a significant percentage of total recurrent expenditure. The Ministry of State for Provincial Administration incurred Kshs 25.9 billion, which represented 8.6 percent of the total recurrent expenditure, while the Ministry of Energy, East African Community and Public Service Commission were some of the ministries spent the least share of the total recurrent expenditure in the fourth quarter of FY 2007/08.

22. However, on development expenditure, the Ministry of Finance (mainly on account of expenditures related to equity participation in several State corporations - among them Telkom Kenya) incurred the largest share, followed by the Ministries of Roads, Water & Irrigation and Energy, accounting for 48.3 percent, 13.1 percent, 4.9 percent and 4.9 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.

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**Table 4: Ministerial Expenditures, Fourth Quarter
Ending 30th June 2008
(Kshs Million)**

MINISTRIES	June 2008			June 2008			June 2008		
	Recurrent			Development			Total		
	Actual	Target	Variance	Actual	Target	Variance	Actual	Target	Variance
1.O.O.P	25,916	32,730	(6,814)	1,486	3,690	(2,204)	27,401	36,420	(9,019)
2. State House	1,230	1,231	(1)	186	189	(3)	1,416	1,420	(4)
3. DPM	1,855	1,865	(10)	260	358	(98)	2,116	2,223	(107)
4. Foreign Affairs	5,497	6,135	(638)	719	979	(260)	6,216	7,114	(898)
5. OVP&MHA	5,541	6,389	(848)	1,029	1,075	(46)	6,569	7,464	(895)
6. Planning	1,629	1,889	(260)	1,116	1,054	62	2,745	2,943	(198)
7. Finance	13,950	15,437	(1,487)	60,071	61,820	(1,749)	74,020	77,257	(3,237)
8. Department of Defense	37,959	39,062	(1,103)		-	0	37,959	39,062	(1,103)
9. Regional Development	628	640	(12)	436	503	(67)	1,065	1,143	(78)
10. Agriculture	5,214	9,501	(4,287)	1,737	4,022	(2,286)	6,951	13,523	(6,572)
11. Medical Services	19,437	22,770	(3,333)	2,204	2,835	(631)	21,641	25,605	(3,964)
12. Local Government	4,574	1,005	3,569	3,092	2,973	119	7,666	3,978	3,688
13. Roads	12,548	1,292	11,256	16,285	19,611	(3,326)	28,833	20,903	7,930
14. Transport	3,239	2,049	1,190	3,140	4,196	(1,056)	6,379	6,245	134
15. Labour & Human Resources	744	901	(157)	237	409	(172)	982	1,310	(328)
16. Trade	929	937	(8)	259	60	199	1,188	997	191
17. Justice, National Cohesion & Constitutional Affairs	719	774	(55)	1,072	279	793	1,791	1,053	738
18. Gender and Children	987	1,092	(105)	1,134	1,293	(159)	2,121	2,385	(264)
19. Livestock	3,057	3,341	(284)	750	1,041	(291)	3,807	4,382	(575)
20. Water & Irrigation	2,313	3,158	(845)	6,049	6,923	(874)	8,362	10,081	(1,719)
21. Environment & Mineral Resources	712	933	(221)	274	496	(222)	986	1,429	(443)
22.Cooperative Development & Marketing	665	830	(165)	165	170	(5)	830	1,000	(170)
23. Cabinet Office	1,376	1,535	(159)	60	75	(15)	1,437	1,610	(173)
24. East African Community	329	360	(31)		-	0	329	360	(31)
25. State Law Office	596	579	17	46	63	(17)	642	642	0
26. Judicial Department	1,821	1,324	497	60	335	(275)	1,881	1,659	222
27. Public Service Commission	246	299	(53)		-	0	246	299	(53)
28. Kenya National Audit Office	997	1,166	(169)		-	0	997	1,166	(169)
29. National Assembly	4,999	6,589	(1,590)		-	0	4,999	6,589	(1,590)
30. Energy	238	160	78	6,068	12,015	(5,947)	6,306	12,175	(5,869)
31. Education	100,273	96,487	3,786	4,097	7,449	(3,352)	104,370	103,936	434
32. Information & Communication	812	752	60	1,601	2,835	(1,234)	2,412	3,587	(1,175)
33. Electoral Commission of Kenya	2,373	7,713	(5,340)		-	0	2,373	7,713	(5,340)
34. KACC	1,504	1,235	269	232	60	172	1,736	1,295	441
35. Special Programme	3,910	2,807	1,103	604	2,746	(2,142)	4,514	5,553	(1,039)
36. Lands	1,152	1,440	(288)	1,583	1,792	(209)	2,735	3,232	(497)
40. Immigration & Registration of Persons	1,432	837	595	248	692	(444)	1,680	1,529	151
41. National Heritage & Culture	743	1,419	(676)	73	293	(220)	816	1,712	(896)
42. Youth Affairs & Sports	1,631	3,214	(1,583)	1,064	1,783	(719)	2,695	4,997	(2,302)
43. Higher Education, Science & Technology	14,301	15,860	(1,559)	883	1,012	(129)	15,183	16,872	(1,689)
44. Housing	813	879	(66)	889	1,356	(467)	1,702	2,235	(533)
45. National Security Intelligence Service	6,894	8,159	(1,265)		-	0	6,894	8,159	(1,265)

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MINISTRIES	June 2008			June 2008			June 2008		
	Recurrent			Development			Total		
	Actual	Target	Variance	Actual	Target	Variance	Actual	Target	Variance
46. Tourism	905	992	(87)	160	120	40	1,065	1,112	(47)
47. Office of the Prime Minister	228	243	(15)	-	71	(71)	228	314	(86)
48. Public Health and Sanitation	707	901	(194)	813	4,909	(4,096)	1,520	5,810	(4,290)
49. Forestry and Wildlife	2,939	3,219	(280)	1,150	1,523	(373)	4,089	4,742	(653)
50. Fisheries Development	647	577	70	-	213	(213)	647	790	(143)
51. Nairobi Metropolitan Development	37	42	(5)		-	0	37	42	(5)
52. Development of Northern Kenya & Other Arid Areas	42	42	0	1,614	1,614	0	1,656	1,656	0
53. Public Works	756	715	41	1,279	1,591	(312)	2,035	2,306	(271)
54. Industrialization	79	971	(892)	45	503	(458)	124	1,474	(1,350)
TOTAL	302,124	314,477	(12,353)	124,268	157,026	(32,758)	426,391	471,503	(45,112)

Source: Ministry of Finance

2.3.1 Pending Bills

23. The stock of pending bills decreased by Kshs 460.6 million from Kshs 9.4 billion as at the end of June 30th 2007 to Kshs 8.9 billion as at the end of June 2008. In particular, the stock of recurrent pending bills decreased by Kshs 718.3 million while the stock of development pending bills increased by Kshs 257.7 million. There was a notable decrease of pending bills recorded in the Ministry of State for Provincial Administration whose pending bills reduced by Kshs 1.5 billion, while pending bills recorded in the Ministry of Public Works whose pending bills increased by Kshs 747.8 million (*Table 5*).

**Table 5: Stock of Pending Bills, Fourth Quarter
Ending 30th June 2008 (Kshs Million)**

Min/Dept	30-Jun-07			30-June-08			Change during the Quarter		
	Rec.	Dev	Total	Rec.	Dev.		Rec.	Dev.	Total
Office of the President	3,375.2	1,015.9	4,391.1	2,272.5	628.4	2,900.9	(1,102.7)	(387.5)	(1,490.2)
State House	0.0	0.0	0.0	102.7	0.0	102.7	102.7	0.0	102.7
DPM	0.0	0.0	0.0	0.0	14.7	14.7	0.0	14.7	14.7
Foreign Affairs	26.6	0.0	26.6	11.0	0.0	11.0	(15.6)	0.0	(15.6)
OVP & Home Affairs	73.5	99.6	173.1	356.9	2.4	359.2	283.4	(97.2)	186.2
Planning	12.4	10.3	22.7	19.2	0.0	19.2	6.7	(10.3)	(3.5)
Finance	2.1	0.0	2.1	0.0	0.0	0.0	(2.1)	0.0	(2.1)
Defense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Regional Development Authorities	1,313.5	0.0	1,313.5	387.1	0.0	387.1	(926.4)	0.0	(926.4)
Agriculture and Rural Dev.	29.2	24.2	53.4	10.8	17.9	28.6	(18.4)	(6.3)	(24.8)
Medical Services	144.6	8.8	153.4	54.2	185.1	239.3	(90.3)	176.3	86.0
Deputy Prime Minister & Ministry of Local Government	247.1	0.0	247.1	0.0	91.6	91.6	(247.1)	91.6	(155.5)
Roads	450.6	125.1	575.7	437.4	0.0	437.4	(13.2)	(125.1)	(138.3)
Transport	14.9	5.6	20.5	70.2	0.0	70.2	55.3	(5.6)	49.7
Labour and Human Resources	0.9	0.0	0.9	0.0	0.0	0.0	(0.9)	0.0	(0.9)
Deputy Prime Minister & Ministry of Trade	62.0	4.6	66.6	0.0	0.0	0.0	(62.0)	(4.6)	(66.6)

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Min/Dept	30-Jun-07			30-June-08			Change during the Quarter		
	Rec.	Dev	Total	Rec.	Dev.		Rec.	Dev.	Total
Justice, National Cohesion & Constitutional Affairs	2.5	0.0	2.5	2.5	0.0	2.5	0.0	0.0	0.0
Gender & Children	16.5	0.0	16.5	224.8	0.0	224.8	208.4	0.0	208.4
Livestock	0.1	0.0	0.1	0.0	0.0	0.0	(0.1)	0.0	(0.1)
Water and Irrigation	321.6	473.3	794.9	807.5	0.0	807.5	486.0	(473.3)	12.6
Environment and Mineral Resources	0.5	1.2	1.7	73.9	95.3	169.2	73.4	94.1	167.5
Cooperative Development & Marketing	31.2	0.0	31.2	4.2	0.0	4.2	(27.0)	0.0	(27.0)
Cabinet Office	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
East African Community	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Attorney General	0.0	0.0	0.0	6.0	0.0	6.0	6.0	0.0	6.0
Judicial Department	0.0	0.0	0.0	7.6	0.0	7.6	7.6	0.0	7.6
PSC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kenya 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	1.4	0.0	1.4	1.4	0.0	1.4
Education	0.0	1,330.9	1,330.9	0.0	1,330.9	1,330.9	0.0	0.0	0.0
Information & Communication	17.2	0.0	17.2	6.8	0.0	6.8	(10.4)	0.0	(10.4)
Electoral Commission of Kenya	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
KACC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Programmes	0.0	0.0	0.0	470.2	0.0	470.2	470.2	0.0	470.2
Lands and Settlement	8.5	0.0	8.5	0.0	39.9	39.9	(8.5)	39.9	31.4
Immigration & Registration of Persons.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
National Heritage & Culture	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Youth Affairs and Sport	0.0	0.0	0.0	224.8	0.0	224.8	224.8	0.0	224.8
Higher Education, Science & Technology	0.0	0.0	0.0	7.8	0.0	7.8	7.8	0.0	7.8
Housing	106.1	12.3	118.4	0.0	0.0	0.0	(106.1)	(12.3)	(118.4)
National Security Intelligence Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tourism	33.0	0.0	33.0	0.0	0.0	0.0	(33.0)	0.0	(33.0)
Public Health & Sanitation	-	-	-	0.1	0.1	0.2	0.1	0.1	0.2
Forestry & Wildlife	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0
Fisheries development	-	-	-	7.3	20.0	27.3	7.3	20.0	27.3
Nairobi Metropolitan	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0
Development of Northern Kenya & Other Arid Ares	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0
Public Works	-	-	-	4.7	943.1	947.8	4.7	943.1	947.8
Industrialization	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0
Total	6,289.7	3,111.8	9,401.5	5,571.4	3,369.5	8,940.9	(718.3)	257.7	(460.6)

Source: Ministry of Finance

2.3.2 Guaranteed Loans for Parastatals

24. Scheduled payments of guaranteed loans to Parastatals with liquidity problems amounted to Kshs 294.52 out of the targeted Ksh 457.57 million for the fourth quarter of FY 2007/08. Overall, out of Kshs 1,238.87 million projected for the period to end June 2008, Kshs 1,217.86 million was paid. There were no arrears and the variance of Kshs 21.01 million was occasioned by non payment on NCC as a result of offset by the creditor under the Paris Club rescheduling arrangement s. (*Table 6*).

TABLE 6: SCHEDULE AND ACTUAL PAYMENTS ON GUARANTEED DEBT FOR QUARTER ENDING 30TH JUNE 2008

Borrower	Quarter I		Quarter II		Quarter III		Quarter IV		Cumulative June 2008*	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
NCC	44.35	42.99	0.00	0.00	43.29	0.00	0.00	0.00	87.64	42.99
TARDA	117.05	114.96	0.00	0.00	115.64	130.96	0.00	0.00	232.69	245.92
KBC	0.00	0.00	293.77	0.00	0.00	274.18	290.94	294.52	584.71	568.70
TELKOM	0.00	0.00	167.2	181.67	0.00	178.61	166.63	0.00	333.83	360.25
TOTAL (QTR)	161.40	157.95	460.97	181.67	158.93	583.75	457.57	294.52	1,238.87	1,217.86

* **Provisional**

Source: Ministry of Finance

1/ TARDA stands for Tana and Athi Rivers Development Authority

2/ KBC stands for Kenya Broadcasting Corporation

2.4 Financing the Budget

2.4.1 External Financing

25. The cumulative external financing to end June 2008 represented a net borrowing of Kshs 7.0 billion compared to a net borrowing of Kshs 2.9 billion in the FY 2006/07. Total disbursements (inflows) including Appropriations-in-Aid amounted to Kshs 22.9 billion by end of the fourth quarter of FY 2007/08. This amount included Kshs 8.2 billion Project Cash Loans, Kshs 13.3 billion Project Loans (A.I.A) and Kshs 1.3 billion Programme Loans. Cumulative Principal repayments on the other hand amounted to Kshs 15.8 billion. (*Table 7*). For the period April to June 2008 the total repayments amounted to Kshs 3.4 billion while interest payment amounted to Kshs 1.8 billion.

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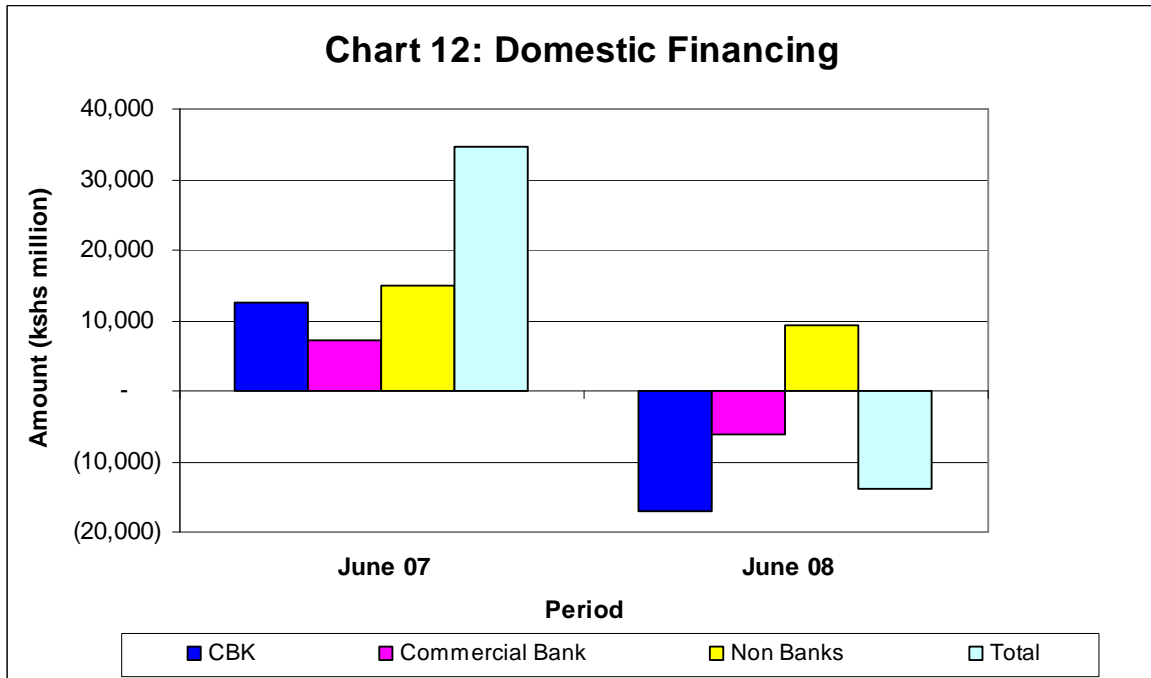
Table 7: External Financing, Fourth Quarter Ending 30th June 2008 (Kshs Million)

	Cumulative June. 2007	Quarter I	Quarter II	Quarter III	Quarter IV	Cumulati ve June. 2008	June- 2008 target
DISBURSEMENTS:	5,745.87	1,608.00	7,164.00	5,244.96	8,846.74	22,863.70	41,402.00
Project Cash loans	3,586.36	1,231.00	1,511.00	5,319.00	128.75	8,189.75	16,692.00
Programme loans	-	-	1,330.00	0.00	-	1,330.00	1,330.00
Project loans A-I-A	2,159.51	377.00	4,323.00	(74.04)	8,717.99	13,343.96	23,380.00
EXTERNAL REPAYMENTS:	2,843.00	3,936.27	1,883.57	6,582.21	3,412.64	15,814.69	16,763.20
Bilateral	1,175.49	1,855.28	810.48	3,377.55	1,802.31	7,845.62	8,349.70
Multilateral	1,376.51	2,080.99	1,073.09	2,915.25	1,327.71	7,397.04	7,807.20
Commercial	291.00	0		289.41	282.62	572.03	606.30
NET FOREIGN FINANCING	2,902.87	(2,328.27)	5,280.43	(1,337.25)	5,434.10	7,049.01	24,638.80

Source: Ministry of Finance

2.4.2 Domestic Financing

26. At the close of the FY 2007/08, the overall performance in the Government's financial position resulted in net repayment of Kshs 13.9 billion. This comprised of a net repayment of Kshs 17.1 billion to the Central Bank, Kshs 17.1 billion to Commercial Banks and a net borrowing of Kshs 8.0 billion from Non-Bank Financial Institutions, and Kshs 1.4 billion from Non Residents (table 8). Comparatively, the same quarter in the FY 2006/07, net borrowing amounted to Kshs 34.7 billion, which represented a net borrowing of Kshs 12.5 billion from the Central Bank, Kshs 7.2 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 (*chart 12*).



27. The stock of Treasury Bills held by the Commercial Banks and non-banking financial institutions recorded a net decrease of Kshs 16.1 billion and Kshs 14.4 billion respectively by the end of June 2008. However, the stock of Treasury Bills held by Non-Banking Financial Institutions and Central Bank recorded a net increase of Kshs 5.5 billion and Kshs 8.5 billion, respectively. On the other hand, the stock of Floating Rate Treasury Bonds held by the Non-Bank Financial Institutions and Commercial Banks recorded a net increase of Kshs 93.0 million and Kshs 652.0 million, respectively during the period. The stock of Fixed Rate Bonds held by commercial banks and Non-Resident Financial Institutions recorded a net decrease of Kshs 668.0 million and Kshs 136.0 million respectively while those held by Non Banks financial institutions increased by Kshs 1.1 billion. (*Table 8*).

Table 8: Domestic Financing, Fourth Quarter Ending 30th June 2008 (Kshs Million)

	JUNE 2007	SEPTEMBER 2007	DECEMBER 2007	MARCH 2008	JUNE 2008
1.CENTRAL BANK	12,467	465	(30,893)	5,899	(17,117)
Overdraft	(5,161)	13,228	1,951	8,101	(41)
IMF funds on lent to Govt.	(538)	46	(182)	(170)	(357)
Treasury bills	2	(0)	(2)	(4)	8,535
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	52	(388)	2,519	2,422	2,296
Frozen Account	0	0	0	(555)	(1,110)
Less Govt. Deposits	18,111	(12,420)	(35,179)	(3,895)	(26,440)
2.COM. BANKS	7,280	2,898	5,492	(9,255)	(6,240)
Advances	(1,224)	(1)	17	(1,048)	(639)
Stocks	0	0	0	0	0
Treasury bills	(1,978)	(3,908)	(9,157)	(13,024)	(18,056)
Floating rate T. Bonds	(1,240)	0	(588)	(588)	(588)
Fixed rate Bonds	18,756	6,736	18,181	10,826	18,088
Special Bonds	(1,000)	0	0	0	(1,000)
Zero Coupon bonds	3,328	(1,738)	(5,596)	(3,311)	(3,311)
Less Govt. Deposits	(9,361)	1,809	2,635	(2,110)	(734)
3. NON BANKS	18,797	8,104	16,584	23,871	8,036
Stocks	(303)	0	0	0	0
Treasury bills	5,185	4,801	5,834	5,040	(9,177)
Floating Rate T. Bonds	(247)	0	(154)	(154)	(154)
Fixed rate Bonds	14,003	1,949	10,431	16,707	15,088
Zero Coupon bonds	159	1,354	473	2,278	2,278
NON RESIDENTS	(3,883)	(187)	(70)	1,729	1,430
Treasury bills	(3,851)	(116)	0	1,801	1,599
Floating rate T. Bonds	0	0	0	0	0
Fixed rate Bonds	(32)	(71)	(70)	(72)	(168)
Zero Coupon bonds	0	0	0	0	0
NET CREDIT	34,661	11,280	(8,887)	22,244	(13,891)

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

3.0 PUBLIC DEBT

3.1 Overall Debt Position

28. The gross public debt in Shilling terms increased by Kshs 69.3 billion from Kshs 801.2 billion as at end of June 2007 to Kshs 870.6 billion by 30th June 2008. Out of 69.3 billion increase, external debt comprised of 62.6 percent and domestic debt comprised 37.4 percent. (Exchange rate 1Ksh to US\$ 64.69) (*Table 9*).

**Table 9: Kenya's Public and Publicly Guaranteed Debt,
June 2002- June 2008 (Kshs millions)**

	June 02	June 03	June 04	June 05	June 06	June 07	June 08
EXTERNAL:							
BILATERAL	129,973	142,593	162,914	157,669	154,877	137,890	153,200
MULTILATERAL	222,452	233,829	260,658	255,784	255,550	240,349	268,224
COMMERCIAL BANKS	24,031	3,597	2,911	1,776	1,274	286	0.00
EXPORT CREDIT	1,292	27,034	16,674	19,224	19,536	18,039	18,543
SUB-TOTAL	377,748	407,053	443,157	434,453	431,237	396,564	439,967
DOMESTIC:							
CENTRAL BANK ¹	42,841	45,290	50,774	46,617	41,289	36,182	45,862
COMMERCIAL BANKS	78,000	112,369	128,214	122,912	149,473	186,802	182,905
TOTAL BANKS	120,841	157,659	178,988	169,529	190,762	222,984	228,767
NON-BANKS	115,150	131,722	127,247	146,044	167,077	181,704	201,845
SUB-TOTAL	235,991	289,381	306,235	315,573	357,839	404,688	430,612
GRAND TOTAL GROSS	613,739	696,434	749,392	750,026	789,076	801,252	870,579
LESS ON-LENDING	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)	(5,701)
LESS GOVERNMENT DEPOSITS	(29,659)	(38,046)	(48,281)	(58,600)	(74,437)	(65,687)	(92,861)
GRAND TOTAL NET	578,379	652,687	695,410	685,725	708,938	729,864	772,017

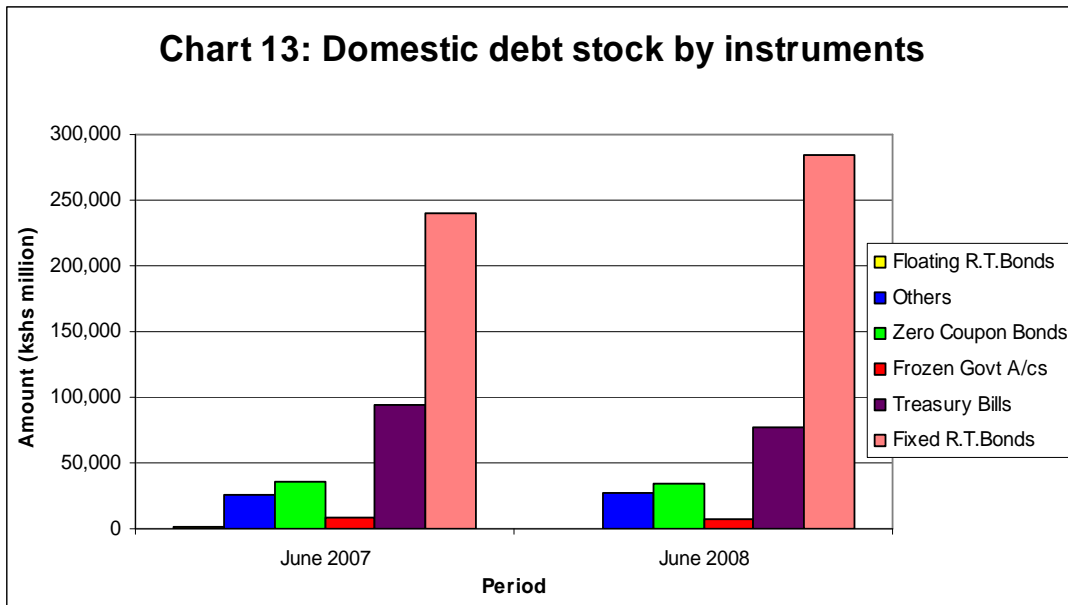
*Provisional

Source: Ministry of Finance

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

3.2 Domestic Debt

29. The stock of domestic debt increased from Kshs 404.7 billion in June 2007 to Kshs 430.6 billion in June 2008, reflecting a net increase of Kshs 25.9 billion (*Table 10*). The stock of Treasury Bills held by Central Bank, Commercial Banks, Non Banks Financial Institution and Non Residents recorded a decrease from Kshs 94.4 billion in June 2007 to Kshs 76.8 billion in June 2008. Similarly the stock of Treasury Bonds, Floating, Fixed Rate, Special and Zero coupon Bonds, increased from Kshs 272.2 billion in June 2007 to Kshs 315.2 billion in June 2008 (*chart 13*).



**Table 10: Stock of Domestic Debt, Fourth Quarter 2007/2008
(Kshs million)**

	Jun-07	Sep-07	Dec-07	Mar-08	June-08
1.CENTRAL BANK	36,182	49,022	40,651	46,146	45,862
Overdraft	41	13,269	1,992	8,142	-
Frozen Govt. Accounts	35,549	35,549	35,549	34,994	34,439
Treasury Bills	4	4	2	0	8,539
Items on Transit	588	200	3,108	3,011	2,885
2.COM.BANKS	186,802	187,847	189,561	179,865	182,905
Advances	1,066	1,066	1,083	18	427
Stocks	-	-	0	-	-
Treasury Bills	45,051	40,953	35,546	31,481	26,413
Floating Rate T. Bonds	591	591	0	-	-
Fixed Rate T. Bonds	109,759	116,725	128,625	121,570	129,269
Special Bonds	23,244	23,244	23,244	23,244	23,244
Zero Coupon Bonds	7,090	5,267	1,062	3,552	3,552
3. NON BANKS	180,613	189,057	206,834	215,878	199,293
Stocks	754	755	755	755	755
Treasury Bills	48,952	53,763	54,871	54,150	39,854
Floating Rate T. Bonds	153	153	0	-	-
Fixed Rate T. Bonds	129,048	131,194	148,973	156,767	154,476
Tax Reserve Certificate	69	69	69	69	69
Zero Coupon Bonds	1,637	3,124	2,167	4,138	4,138
4. NON RESIDENTS	1,091	897	1,013	2,846	2,552
Treasury Bills	415.15	292.00	407.90	2,243	2,042
Floating Rate T. Bonds	-	-	-	-	-
Fixed Rate T. Bonds	676.05	605.00	605.25	603	510
Zero Coupon Bonds	0.00	0.00	0.00	0	0
5. TOTAL DEBT	404,689	426,822	438,059	444,736	430,612
6. LESS ON-LENDING	5,701	5,701	5,701	5,701	5,701
7. Less Govt. Deposits	65,687	76,299	98,231	71,692	92,861
8. NET DEBT	333,301	344,822	334,127	367,343	332,050

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

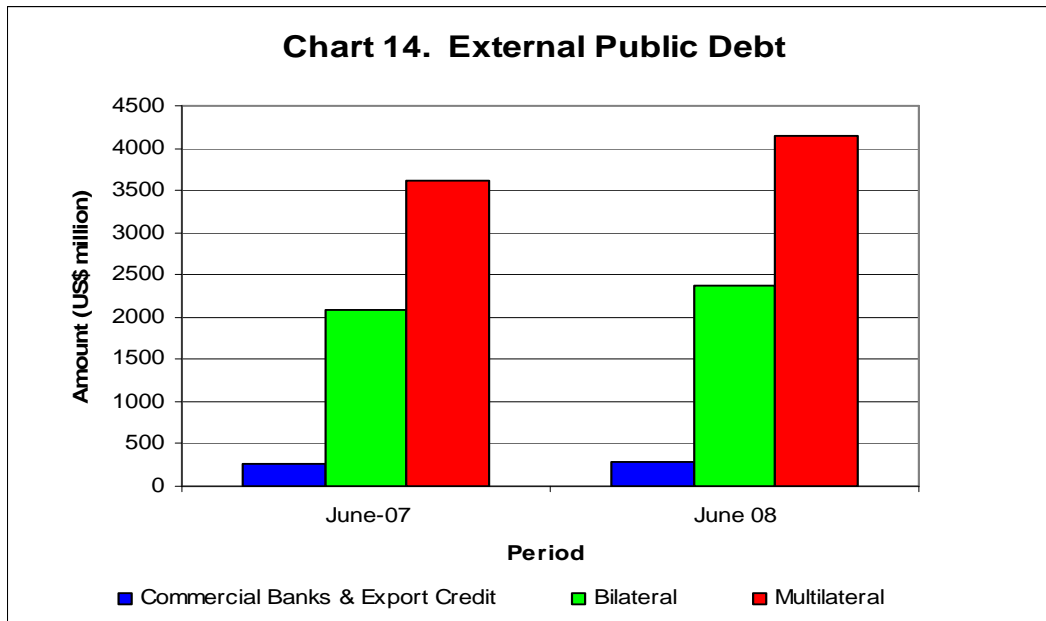
30. External public debt rose from US\$ 6.7 billion in March 2008 to US\$ 6.8 billion as at end of June 2008, reflecting an increase of 1.5 percent. Overall the external public debt rose from US\$ 6 billion in June 2007 to 6.8 billion as at end June 2008, an increase of 13 percent. The net increase is attributed to significant disbursements of loans from Japan, IMF, IDA and the African Development Bank (*Table 11 and Chart 14*).

**Table 11: Kenya's External Public and Publicly Guaranteed Debt
June 2001- June 2008 (US \$ Million)**

CREDITOR	June 2002	June 2003	June 2004	June 2005	June 2006	June 2007	June 2008*
<u>BILATERAL</u>							
AUSTRIA	25.0	30.50	33.14	32.35	32.99	45.60	50.26
BELGIUM	29.8	30.50	59.41	68.00	71.02	69.60	73.43
CANADA	28.0	36.40	22.18	17.00	17.15	22.15	21.64
DENMARK	24.8	26.10	26.22	31.00	32.38	32.25	36.11
FINLAND	5.0	3.60	3.08	1.76	2.17	1.77	1.85
FRANCE	199.0	182.60	201.02	237.33	252.34	277.75	360.22
GERMANY	94.4	109.80	137.14	169.63	188.28	198.11	243.67
ITALY	136.1	117.90	126.33	94.14	118.31	107.61	98.06
JAPAN	824.0	1,071.00	1,058.80	1,109.50	1,075.58	1,006.06	1,125.98
NETHERLANDS	44.2	50.40	52.79	28.94	37.25	35.60	35.83
U.K.	40.82	35.80	33.35	36.94	36.61	39.55	37.99
USA	55.4	89.70	74.55	79.40	79.08	70.90	68.96
OTHERS	143.1	138.40	153.90	163.00	153.17	164.76	214.05
SUBTOTAL	1,649.62	1,922.70	1,981.91	2,068.99	2,096.33	2,071.67	2,368.05
<u>MULTILATERAL</u>							
ADB/ADF	292.8	321.50	315.10	310.00	349.71	353.09	465.80
EEC/EIB	148.0	115.50	128.00	111.00	180.49	150.41	173.66
IBRD	11.50	11.50	14.22	0.50	0.00	0.00	0.00
IDA	2,263.0	2,616.60	2,492.88	2,757.00	2,765.38	2,867.69	3,194.00
IMF	98.0	80.75	111.50	172.00	154.41	212.76	271.24
OTHERS	10.05	6.90	0.75	6.00	8.98	27.06	41.31
SUBTOTAL	2,823.35	3,152.75	3,062.45	3,356.50	3,458.97	3,611.01	4,146.01
COMMERCIAL BANKS	305	48.50	46.9	23.30	17.25	4.30	0.00
EXPORT CREDIT	16.4	364.5	200.57	252.27	264.43	271.02	286.63
GRAND TOTAL	4,794.37	5,488.45	5,291.83	5,701.06	5,836.98	5,958.00	6,800.69
Bilateral	34.4	35.0	37.5	36.3	35.9	34.8	34.8
Multilateral	58.9	57.4	57.9	58.9	59.3	60.6	61.0
Commercial Banks	6.4	0.9	0.9	0.4	0.3	0.1	0.00
Export Credit	0.3	6.6	3.8	4.4	4.5	4.6	4.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

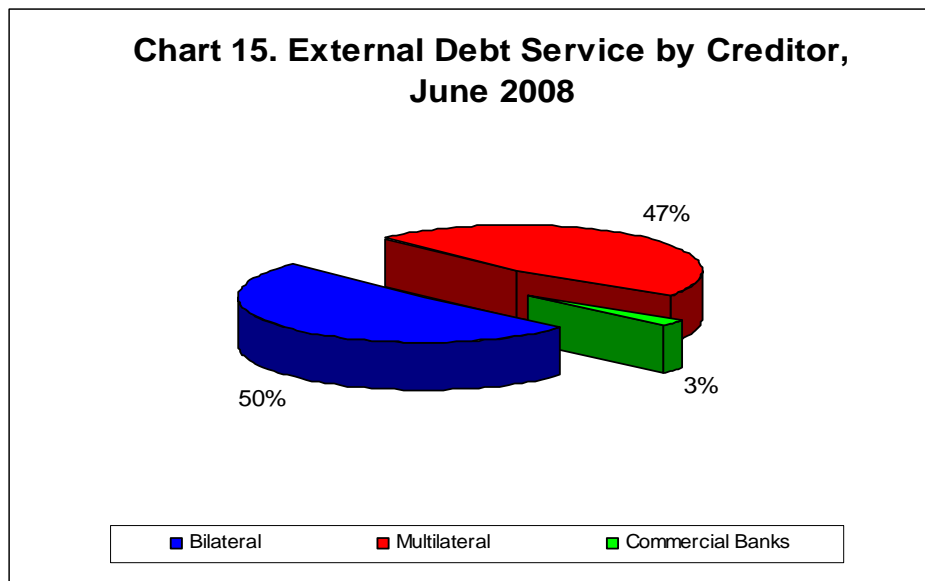
*Provisional

Source: Ministry of Finance



3.3.1 External Debt Service

31. At the end of June 2008, the total government external debt service amounted to Ksh 22.4 billion. This comprises principal repayment of Kshs 7.8 billion (48.1 percent) of bilateral loans, Kshs 7.9 billion (48.4 percent) Multilateral loans and Kshs 572 million (3.5 percent) commercial. Conversely, interest payments to bilateral creditors were Kshs 3.5 billion (57.5 percent) while payments to multilateral creditors amounted to Kshs 2.6 billion (42.3 percent). Total cumulative actual interest payments amounted to Kshs 6.1 billion (*Table 12 and chart 15*).



FISCAL DEVELOPMENTS

Table 12: External Debt Service, July 2007 – June 2008
(Kshs Million)

CATEGORY	PRINCIPAL	INTEREST	TOTAL
BILATERAL			
AUSTRIA	201.16	84.79	285.95
DENMARK	129.57	0.00	129.57
FINLAND	4.65	6.58	11.23
FRANCE	1,217.47	849.90	2,067.37
ITALY	984.19	48.02	1,032.21
JAPAN	2,845.26	1,267.12	4,112.38
SAUDI FUND	513.48	158.36	671.84
SPAIN	80.23	34.23	114.46
USA	100.57	100.97	201.54
CANADA	44.57	100.27	144.84
BELGIUM	530.82	296.95	827.77
CHINA	191.45	22.37	213.82
GERMANY	335.80	195.74	531.54
KUWAIT	94.19	30.29	124.48
INDIA	0.00	0.00	-
NETHERLANDS	408.64	106.15	514.79
SWEDEN	12.51	14.05	26.56
SWITZERLAND	14.19	10.84	25.03
UK	84.13	152.74	236.87
KOREA	52.80	31.51	84.31
TOTAL BILATERAL	7,845.68	3,510.88	11,356.56
MULTILATERAL			
ADB/ADF	759.97	369.45	1,129.42
BADEA	-	11.27	11.27
EEC	239.12	60.47	299.59
EIB	1,460.91	188.39	1,649.30
IBRD	0.00	0.00	0.00
IMF	503.71	157.67	661.38
IDA	4,811.51	1,763.26	6,574.77
OPEC	125.56	15.97	141.53
NDF	0.00	15.50	15.50
TOTAL MULTILATERAL	7,900.78	2,581.98	10,482.76
COMM.BANKS/ SUPPL.CREDIT	572.03	18.40	590.43
GRAND TOTAL	16,318.49	6,111.26	22,429.75

* Includes IMF debt serviced by CBK

Source: Ministry of Finance.

4.0 CORE POVERTY PROGRAMMES (CPP)

32. The Core Poverty Projects/Programmes (CPP) are programmes/projects that impact positively on the lives of the poor by: (i) increasing their incomes or improving their quality of life or enhancing security; (ii) empowering them or improving governance; and (iii) promoting equity and equality in our society. These programmes are given high priority by the Government and are cushioned against budget cuts to ensure that the goals are achieved as planned. The overall expenditures on these programmes by the end of fourth quarter of FY 2007/08 was Kshs 52.1 billion equivalent to 66.9 percent of the total budget allocation to CPP.

4.1 Recurrent Expenditures

33. The total recurrent expenditure (non-wage) of the Core poverty programmes was Ksh 30.9 billion for the period ending June 2008; which is equivalent to 84.3 percent of the total recurrent budget allocated for the programmes (CPP). Table 13 below is a summary of the ministerial recurrent expenditures on CPP.

Table 13: Recurrent Expenditures 2007/08 (Non-Wage) Kshs.

MINISTRY/DEPARTMENT	PRINTED 2007/08	PAYMENTS	COMITMENTS	PAY+COMIT
EDUCATION	17,250,156,835	16,325,201,618	49,436,800	16,374,638,418
MEDICAL SERVICES	3,783,732,088	2,482,537,214	142,103,362	2,624,640,576
OFFICE OF THE PRESIDENT	61,079,777	28,434,797	17,767,324	46,202,121
OVP & MINISTRY OF HOME AFFAIRS	22,710,000	4,367,422	60,950	4,428,372
ENVIRONMENT & MINERAL RESOURCES	11,225,000	9,876,305	773,792	10,650,097
AGRICULTURE	2,107,243,213	1,542,995,188	116,040,830	1,659,036,018
MINISTRY OF LABOUR & HUMAN RESOURCES DEVELOPMENT	37,892,537	26,680,145	314,225	26,994,370
KENYA ANTI-CORRUPTION COMMISSION	1,248,425,600	570,362,273	10,788,938	581,151,211
MINISTRY OF JUSTICE, NATIONAL COHENSION & CONSTITUTIONAL AFFAIRS	44,370,000	42,031,125	-	42,031,125
OFFICE OF THE DEPUTY PRIME MINISTER & MINISTRY OF LOCAL GOVERNMENT	1,830,145,991	758,292,851	-	758,292,851
ROADS	5,721,626,396	4,800,000,000	355,432,657	5,155,432,657
GENDER & CHILDREN	264,831,734	261,290,179	-	261,290,179
WATER & IRRIGATION	562,654,755	328,174,928	2,455,768	330,630,696
KENYA NATIONAL AUDIT OFFICE	378,428,390	212,293,810	1,086,413	213,380,223
STATE LAW OFFICE	44,180,534	43,799,282	-	43,799,282
LIVESTOCK	206,131,448	60,322,516	3,035,466	63,357,982
COOPERATIVE DEVELOPMENT & MARKETING	116,067,504	40,004,840	599,855	40,604,695
SPECIAL PROGRAMMES	2,394,000,022	2,321,258,444	50,385	2,321,308,829
FISHERIES DEVELOPMENT	50,515,000	44,547,958	-	44,547,958
FORESTRY AND WILDLIFE	457,025,187	244,799,132	13,119,665	257,918,798
GRAND TOTAL	36,592,442,011	30,147,270,027	713,066,429	30,860,336,456

FISCAL DEVELOPMENTS

4.2 Development Expenditures

34. Under the development budget, the total expenditures on CPP in the fourth quarter amounted to Ksh 21.3 billion, equivalent to 51.4 percent of the total development CPP allocation. Notable under-performance was recorded in the ministry of Education and the ministry of Gender & Children attributed to low absorption of the externally funded projects. Table 14 below gives summary details of the ministerial development CPP expenditures.

Table 14: Development Expenditures (Kshs.)

MINISTRY/DEPARTMENT)	PRINTED 2007/08	PAYMENTS	COMIT	PAY+COMIT
OFFICE OF THE PRESIDENT	1,133,000,000	547,249,168	-	547,249,168
MINISTRY OF AGRICULTURE	6,632,643,088	2,488,573,288	-	2,488,573,288
MINISTRY OF MEDICAL SERVICES	3,544,561,160	1,836,796,530	-	1,836,796,530
MINISTRY OF ROADS	2,429,000,000	758,581,095	-	758,581,095
MINISTRY OF ENVIRONMENT & MINERAL RESOURCES	1,789,732,848	373,397,402	-	373,397,402
MINISTRY OF EDUCATION	4,969,845,694	659,978,196	-	659,978,196
MINISTRY OF PLANNING & NATIONAL DEVELOPMENT	381,634,454	120164434.5	-	120,164,435
MINISTRY OF GENDER& CHILDREN	841,466,144	106,285,710	-	106,285,710
MINISTRY OF WATER AND IRRIGATION	3,604,993,854	3,025,558,733	-	3,025,558,733
JUSTICE, NATIONAL COHENSION & CONSTITUTIONAL AFFAIRS	1,951,781,488	1,147,554,030	-	1,147,554,030
LANDS	53,232,426	31,081,980	-	31,081,980
OFFICE OF THE DEPUTY PRIME MINISTER & MINISTRY OF TRADE	9,700,000	10,000,000	-	10,000,000
FINANCE	338,264,997	80,312,450	-	80,312,450
ENERGY	6,567,320,821	5,989,860,564	-	5,989,860,564
LIVESTOCK	1,419,960,633	477,235,527	-	477,235,527
OFFICE OF THE DEPUTY PRIME MINISTER & MINISTRY OF LOCAL GOVERNMENT	2,863,904,974	2,032,681,376	-	2,032,681,376
COOPERATIVE DEVELOPMENT & MARKETING	19,800,000	20,625,000	-	20,625,000
STATE LAW OFFICE	36,000,000	34,365,467	-	34,365,467
JUDICIARY DEPARTMENT	335,000,000	369,565,147	4,539,434	374,104,581
SPECIAL PROGRAMMES	1,536,673,052	477,661,472	-	477,661,472
HOUSING	564,000,000	491,233,954	-	491,233,954
MINISTRY OF INDUSTRIALIZATION	80,000,000	79,680,829	-	79,680,829
MINISTRY OF FORESTRY AND WILDLIFE	197,115,740	52,783,419	-	52,783,419
MINISTRY OF FISHERIES DEVELOPMENT	66,288,320	60,726,635	-	60,726,635
GRAND TOTAL	41,365,919,693	21,271,952,408	4,539,434	21,276,491,842

ANNEX I

ANNEX I FISCAL RESULTS, 2000/01 – 2007/2008 (Kshs. Millions)

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/06	2006/07*	2007/08**
A.TOTAL REVENUE	192,313	196,613	210,750	254,681	289,802	311,251	373,030	427,520
1.Revenue	175,481	175,746	190,591	226,478	265,715	283,427	340,010	387,870
Income Tax	53,429	55,862	66,744	77,410	94,095	108,897	124,855	144,156
VAT	50,298	50,871	56,135	61,725	75,989	76,263	96,270	112,484
Import Duty	28,726	21,584	18,477	22,324	23,532	20,511	27,510	32,337
Excise Duty	28,318	32,077	35,643	40,085	44,151	50,309	56,406	65,551
Other Revenue	14,710	15,352	13,592	24,934	27,948	27,447	34,970	33,342
2.Appropriation –in –Aid	16,832	20,867	20,159	28,203	24,087	27,824	33,020	39,650
B.EXPENDITURE & NET LENDING	232,921	225,760	264,144	282,187	303,373	382,818	419,570	557,605
1.Recurrent	198,941	200,807	220,618	244,476	257,746	306,515	335,473	406,801
Wages and Salaries	68,119	77,638	85,087	95,850	105,612	112,277	127,258	143,963
Interest Payments	31,035	30,384	36,026	29,700	30,470	41,247	42,537	49,686
Domestic Interest	23,232	23,744	27,567	23,281	23,375	31,445	36,860	43,962
Foreign Interest Due	7,803	6,640	8,459	6,419	7,095	9,802	5,677	5,724
Pensions, etc	6,136	8,995	9,450	13,612	12,568	19,759	20,449	24,377
Civil Service Reform	6,095	1,665	957	273	0	1,300	1,392	500
Drought Recurrent Expenditures	15,972	0	0	0	2,000	4611	3,743	3,700
Operations & maintenance/ Others	71,584	82,125	89,098	105,041	107,096	131,932	115,211	142,515
Of which Appropriation-in-Aid	14,723	17,733	18,221	23,443	20,999	23,891	28,701	36,625
2.Development & Net Lending	33,980	24,953	43,526	37,711	45,627	67,692	80,354	147,804
Development Projects	9,434	11,727	16,835	25,943	28,824	48,037	62,123	114,639
Appropriation-in-Aid	11,592	14,526	17,894	12,341	15,929	18,607	16,750	52,212
Drought Development Expenditures	5,806	0	0	0	2,000	4,000	0	0
Payment of guaranteed loans	3,957	1,862	1,799	1,368	860	1,048	1,481	2,397
D.DEFICIT EXCL. GRANTS (Commitment Basis)	(40,608)	(29,147)	(53,394)	(27,506)	(13,571)	(71,567)	(46,540)	(130,085)
E.GRANTS	24,080	6,823	14,942	16,224	14,905	20,070	15,494	30,657
F.DEFICIT INCL.GRANTS (Commitment basis)	(16,528)	(22,324)	(38,452)	(11,282)	1,334	(51,497)	(30,697)	(99,428)
G. ADJUSTMENT TO CASH BASIS	3,423	(5,085)	2,683	11,282	5,964	15,030	(5,571)	448
H.DEFICIT INCL.GRANTS (cash basis)	(13,105)	(27,409)	(34,779)	0	7,298	(36,467)	(36,269)	(98,980)
I.FINANCING	13,105	27,409	34,779	0	(7,298)	36,467	36,269	98,980
Foreign Financing	12,489	(13,314)	(12,143)	(8,809)	(625)	1,216	(2,392)	29,015
Domestic Financing	616	40,723	46,922	8,809	(6,673)	35,251	38,661	69,966
Of which Domestic Borrowing	616	40,723	46,922	8,809	(6,673)	28,251	34,661	33,958
Others	0	0	0	0	0	7,000	4,000	36,008
In Percentage of GDP								
A.TOTAL REVENUE	19.9	19.2	20.3	22.3	22.8	19.9	20.4	20.6
1.Revenue	18.1	17.1	18.3	19.8	20.9	18.1	18.6	18.7
Income Tax	5.5	5.4	6.4	6.8	7.4	7.0	6.8	6.9
VAT	5.2	5.0	5.4	5.4	6.0	4.9	5.3	5.4
Import Duty	3.0	2.1	1.8	2.0	1.8	1.3	1.5	1.6
Excise Duty	2.9	3.1	3.4	3.5	3.5	3.2	3.1	3.2
Other Revenue	1.5	1.5	1.3	2.2	2.2	1.8	2.0	1.6
2.Appropriation –in –Aid	1.9	2.0	1.9	2.5	1.9	1.8	1.8	1.9
B.EXPENDITURE & NET LENDING	23.7	22.3	24.8	24.7	23.8	24.5	23.0	26.8
1.Recurrent	20.6	19.6	21.2	21.4	20.2	19.6	18.4	19.6
Wages and Salaries	7.0	7.6	8.2	8.4	8.3	7.2	7.0	6.9
Interest Payments	3.2	3.0	3.5	2.6	2.4	2.6	2.3	2.4
Domestic Interest	2.4	2.3	2.7	2.0	1.8	2.0	2.0	2.1
Foreign Interest Due	0.8	0.6	0.8	0.6	0.6	0.6	0.3	0.3
Pensions	0.6	0.9	0.9	1.2	1.0	1.3	1.1	1.2
Civil Service Reform	0.6	0.2	0.1	0.0	0.0	0.1	0.1	0.0
Drought Recurrent Expenditures	1.7	0.0	0.0	0.0	0.2	0.3	0.2	0.2
O &M/ Others	7.4	8.0	8.6	9.2	8.4	8.4	7.9	9.1
of which Appropriation-in-Aid	1.5	1.7	1.8	2.1	1.6	1.5	1.5	1.8
2.Development & Net Lending	3.2	2.7	3.5	3.3	3.6	4.3	4.4	7.1
Development Projects	1.0	1.1	1.6	2.3	2.3	3.1	3.4	5.5
Appropriation-in-Aid	1.2	1.4	1.7	1.1	1.3	1.2	0.9	2.5
Drought Development Expenditures	0.6	0.0	0.0	0.0	0.0	0.3	0.0	0.0
Payment of guaranteed loans	0.4	0.2	0.2	0.1	0.1	0.1	0.1	0.1
D.DEFICIT EXCL. GRANTS (Commitment Basis)	(4.2)	(2.8)	(5.1)	(2.4)	(1.1)	(4.6)	(2.5)	(6.3)
E.GRANTS	2.5	0.7	1.4	1.4	1.2	1.3	0.8	1.5
F.DEFICIT INCL.GRANTS (Commitment basis)	(1.7)	(2.2)	(3.7)	(1.0)	0.1	(3.3)	(1.7)	(4.8)
G. ADJUSTMENT TO CASH BASIS	0.4	(0.5)	(0.3)	1.0	0.5	1.0	(0.3)	0.0
H.DEFICIT INCL.GRANTS (cash basis)	(1.4)	(2.7)	(3.3)	0.0	0.6	(2.3)	(2.0)	(4.8)
I.FINANCING	1.4	2.7	3.3	0.0	(0.6)	2.3	2.0	4.8
Foreign Financing	1.3	(1.3)	(1.2)	(0.8)	0.0	0.1	(0.1)	1.4
Domestic Financing	0.1	4.0	4.5	0.8	(0.5)	2.3	2.1	3.4
Of which Domestic Borrowing	0.1	4.0	4.5	0.8	(0.5)	1.8	1.9	1.6
Others	0.0	0.0	0.0	0.0	0.0	0.4	0.2	1.7
Memorandum Item:								
Nominal GDP at Market price (Kshs .million)	967,838.0	1,025,918.0	1,038,764.0	1,141,780.0	1,273,716.0	1,563,099.0	1,828,104.0	2,077,795.0

Note: * indicate Preliminary results and ** Printed Estimates

Source: Ministry of Finance

ANNEX II

ANNEX II Budget for State Corporations 2005/06 – 2007/08

	Name	Actual 2005/2006	Actual 2006/2007	Forecast 2007/2008
1	Kenya Institute of Administration	157,105	150,454	148,193
2	Capital Markets Authority	126,374	161,543	182,372
3	Retirement Benefits Authority	167,839	202,905	248,000
4	Kenya Revenue Authority	6,039,350	6,891,019	7,742,694
5	Registration Of Accountants Board	2,196	2,155	4,987
6	Registration Of Certified Public Secretaries Board	1,299	1,256	1,319
7	KIPPRA	188,105	157,898	206,800
8	Kenya Maritime Authority	94,657	96,551	196,000
9	Kenya Industrial Research & Development Institute	154,936	234,725	278,748
10	Export Processing Zones Authority	68,241	92,264	45,173
11	Kenya Industrial Estates	145,625	147,251	156,977
12	Investment Promotion Centre	85,705	92,136	100,062
13	Kenya Utalii College	407,020	481,613	438,974
14	Communication Commission of Kenya	950,994	1,025,245	1,157,626
15	Horticultural Crops Development Authority	308,562	320,914	387,245
16	National Irrigation Board	239,750	305,556	213,000
17	Pest Control Products Board	37,456	35,990	61,045
18	KEPHIS	317,075	368,380	454,961
19	Kenya Sugar Research Foundation	160,306	214,104	216,123
20	Kenya Sugar Board	317,625	285,297	297,006
21	Kenya Agricultural Research Institute	2,615,074	3,151,161	3,544,022
22	Kenya Marine & Fisheries Research Institute	406,955	433,725	604,017
23	Egerton University	1,868,340	2,139,203	2,363,618
24	Jomo Kenyatta University of Agriculture & Technology	1,277,786	1,588,926	1,837,490
25	Kenyatta University	2,424,729	2,506,715	2,888,217
26	Maseno University	922,335	1,015,259	1,115,824
27	Moi University	2,211,668	2,549,086	3,442,232
28	University Of Nairobi	6,722,308	5,500,501	6,055,123
29	High Education Loans Board	294,254	314,601	327,599
30	Kenyatta National Hospital	3,880,309	5,253,316	5,675,223
31	Kenya Medical Training College	1,230,870	1,362,410	2,377,690
32	Kenya Medical Research Institute	2,893,004	3,353,199	3,471,935
33	Tana & Athi River Development Authority	771,551	821,495	797,500
34	Ewaso Nyiro North Development Authority	28,795	32,071	34,568
35	Bomas of Kenya	130,779	97,894	170,423
36	National Museums of Kenya	477,333	629,597	770,993
37	Kenya National Library Services	479,716	444,000	102,976
38	Ewaso Nyiro South	53,056	64,752	85,605
39	Kenya Ferry Services	465,390	484,413	580,000
40	National Cereal And Produce Board	2,120,255	2,736,395	3,477,287
41	National Housing	428,842	554,951	685,470
42	NEMA	336,902	361,323	359,657
43	Agro-Chemical And Food Company Ltd	377,336	125,295	154,449
44	Coffee Development Fund		124,820	743,060
45	Athi Water Services Board	458,136	681,278	526,761

ANNEX II

46	Kenya Investment Authority	85,705	92,136	100,062
47	Co-Operative College Of Kenya	91,111	119,980	150,798
48	Kenya Literature Bureau	381,133	377,226	417,073
49	Kenya Medical Supplies Agency	245,080	353,941	398,570
50	Kenya Accountants And Secretaries National Examination Board	278,216	320,926	384,500
51	The Jomo Kenyatta Foundation	195,597	205,454	203,480
52	Kisii University	117,398	132,271	144,170
53	Kenyatta International Conference Center, (KICC)	178,428	240,526	265,365
54	Kenya Water Institute (KEWI)	62,892	92,632	145,396
55	Kenya Wildlife Services (KWS)	2,637,971	3,422,622	4,067,402
56	Lake Victoria South Water Services Board (LVSWSB)	97,811	126,732	108,400
57	Kenya Wines Agencies Limited (KWAL)	297,364	396,818	151,507
58	Nyayo Tea Zones Development Corporation	206,697	382,516	354,209
59	National Water Conservation & Pipeline Corporation	2,193,070	2,560,064	2,245,823
60	Sports Stadia Management Board (SSMB)	151,057	182,704	205,124
61	The Jomo Kenyatta Foundation	195,597	205,454	203,480

Source: Ministry of Finance

ANNEX III: EXPENDITURES AND APPROVED BUDGETS FOR LOCAL AUTHORITIES

495	Local Authority Name	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
		Budget Actuals	actual	ACTUAL	ESTIMATES
1	Nairobi City	5,977,525,562	3,224,208,882	4,981,810,866	6,083,296,563
6	Ahero TC	NA	16,910,521	21,459,348	27,784,648
11	Awendo TC	23,957,709	21,454,108	30,361,315	48,439,350
16	Baringo CC	43,488,913	28,064,837	44,004,834	62,266,275
21	Bomet CC	36,397,592	36,544,076	48,168,015	63,258,237
26	Bomet MC	26,749,489	17,487,732	20,660,830	25,169,976
31	Bondo CC	35,577,979	26,241,228	40,521,098	59,308,458
36	Bondo TC	12,245,735	13,507,298	17,030,240	20,488,786
41	Bungoma CC	76,653,387	43,198,883	88,775,900	132,369,998
46	Bungoma MC	NA	70,047,112	39,035,554	65,475,809
51	Bureti CC	34,419,035	41,173,467	40,942,849	56,293,121
56	Burnt Forest TC	7,653,614	6,936,590	11,495,445	11,279,493
61	Busia CC	38,540,693	34,999,521	45,862,867	57,856,202
66	Busia MC	38,841,618	26,646,482	50,255,902	56,616,989
71	Butere-Mumias CC	68,309,949	68,828,782	75,844,086	99,839,730
76	Chepareria TC	3,736,242	2,816,185	5,561,445	4,962,028
81	Chogoria TC	12,469,513	7,079,278	11,657,057	12,300,752
86	Chuka MC	16,211,143	12,599,756	20,917,624	21,667,844
91	Eldama Ravine TC	17,379,502	17,349,618	31,134,695	28,560,362
96	Eldoret MC	226,830,714	254,441,783	348,949,235	369,697,027
101	Embu CC	25,338,834	23,605,591	31,720,815	41,514,891
106	Embu MC	80,069,113	35,901,048	60,957,595	99,358,436
111	Funyula TC	6,675,831	4,360,561	4,976,071	6,319,529
116	Garissa CC	35,516,291	37,280,135	45,442,531	68,142,264
121	Garissa MC	41,936,154	35,009,979	45,359,870	65,783,894
126	Gucha CC	27,223,856	37,508,967	42,407,180	62,546,463
131	Gusii CC	32,921,800	36,573,562	46,062,036	69,246,210
136	Homa Bay CC	26,730,764	27,023,848	33,480,679	46,781,209
141	Homabay MC	40,607,744	30,568,404	42,906,835	58,321,813
143	Ijara CC	9,114,541	10,394,766	11,780,803	13,922,533
146	Isiolo CC	88,897,584	19,893,750	169,987,075	131,904,055
151	Iten-Tambach TC	9,147,105	7,797,222	13,119,119	13,223,275
156	Kabarnet MC	17,709,562	13,972,905	18,853,396	25,107,851
161	Kajiado TC	15,790,747	9,362,104	15,326,117	18,612,002
166	Kakamega CC	NA	54,243,808	73,695,418	96,664,207
171	Kakamega MC	62,643,089	59,686,503	78,950,446	92,601,710
176	Kandara TC	4,933,991	5,070,919	6,381,331	7,731,488
181	Kangema TC	10,278,735	8,347,604	11,108,408	12,288,648
186	Kangundo TC	37,989,969	26,725,094	39,789,747	63,458,484
191	Kapenguria MC	15,318,669	15,736,619	22,417,825	28,663,078
196	Kapsabet MC	29,515,887	22,214,208	33,534,346	43,395,964
201	Karatina MC	52,113,306	35,309,087	41,882,325	40,197,273
206	Karuri TC	24,470,618	23,633,459	33,063,168	46,395,212
211	Kehancha MC	57,598,167	33,708,676	46,183,783	63,179,377
216	Keiyo CC	28,999,034	18,956,620	26,457,395	33,060,049
221	Kendu Bay TC	NA	5,022,710	7,167,568	9,058,372
226	Kericho MC	NA	66,379,501	78,277,952	118,693,112
231	Keroka TC	13,313,379	12,815,914	18,903,352	20,849,032

ANNEX III

495	Local Authority Name	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
		Budget Actuals	actual	ACTUAL	ESTIMATES
236	Kerugoya/Kutus MC	34,069,483	27,579,857	45,048,825	47,710,918
241	Kiambu CC	62,295,513	54,362,486	71,847,637	107,798,164
246	Kiambu MC	NA	36,560,984	55,228,338	65,259,734
251	Kikuyu TC	54,779,338	52,268,885	66,500,359	71,999,369
256	Kilifi CC	52,344,550	579,765,597	85,531,762	131,761,490
261	Kilifi TC	31,371,593	34,982,864	44,565,199	57,830,854
266	Kimilili MC	18,498,733	15,424,039	25,589,978	30,253,827
271	Kipkelion TC	10,241,250	7,954,821	9,843,244	12,121,173
276	Kipsigis CC	50,656,123	64,065,621	64,348,313	85,177,683
281	Kirinyaga CC	111,298,816	96,097,550	120,459,140	144,211,225
286	Kisii MC	46,455,782	61,488,824	75,484,132	81,241,090
291	Kisumu CC	27,987,395	20,576,672	28,830,507	35,828,192
296	Kisumu MC	283,036,079	241,673,332	381,899,824	593,389,002
301	Kitale MC	69,700,416	75,998,372	95,762,575	117,046,279
306	Kitui CC	65,247,813	59,888,764	79,498,284	107,130,564
311	Kitui MC	44,335,165	36,693,244	51,503,335	63,471,732
316	Koibatek CC	22,000,146	16,846,027	45,855,313	43,960,776
321	Kwale CC	66,577,347	88,161,428	115,011,021	158,911,471
326	Kwale TC	15,378,211	7,471,726	10,835,870	16,357,598
331	Laikipia CC	50,972,972	42,770,895	53,465,667	71,486,712
336	Lamu CC	17,678,508	18,796,815	28,404,313	33,715,358
341	Limuru MC	28,989,378	31,129,766	34,340,133	40,986,726
346	Litein TC	18,823,562	15,924,799	20,058,112	27,516,991
351	Lodwar MC	14,648,472	13,098,115	14,872,245	20,393,432
356	Londiani TC	11,310,131	9,285,811	10,593,601	14,537,418
361	Luanda TC	15,274,800	13,983,956	17,140,185	23,049,480
366	Lugari CC	NA	37,191,947	44,651,570	71,027,000
371	Machakos MC	60,972,181	62,974,809	92,349,988	110,224,486
376	Makueni CC	113,708,710	92,701,252	116,819,524	166,828,411
381	Makuyu TC	9,557,374	9,468,588	14,818,968	15,926,893
386	Malaba TC	32,817,139	8,156,223	34,098,042	34,612,282
391	Malakisi TC	6,259,409	6,803,201	7,770,647	10,449,111
396	Malava TC	11,540,637	8,665,613	15,786,574	14,471,129
401	Malindi CC	43,491,090	18,946,362	48,225,134	53,549,287
406	Malindi MC	121,794,369	76,710,045	115,588,775	112,056,936
411	Mandera CC	30,566,175	27,750,313	39,849,453	54,549,388
416	Mandera TC	25,530,726	20,236,960	30,900,665	38,709,137
421	Maragwa CC	52,386,898	55,723,403	72,511,626	85,368,387
426	Maragwa TC	8,812,924	9,110,065	16,699,999	18,113,746
431	Marakwet CC	23,148,701	21,517,135	28,008,581	38,195,058
436	Maralal TC	14,323,278	16,976,694	20,894,617	26,308,794
441	Mariakani TC	NA	13,030,644	25,447,609	31,005,728
446	Marsabit CC	28,597,160	19,582,622	30,397,046	43,525,715
451	Masaku CC	108,418,698	78,929,244	114,456,978	165,974,832
456	Masimba TC	8,596,651	6,891,346	8,212,703	783,710
461	Matuu TC	14,464,507	12,996,199	23,130,732	22,138,743
466	Maua MC	21,840,723	16,137,926	28,192,476	16,948,237
471	Mavoko MC	92,789,143	85,021,306	144,638,590	148,783,243
476	Mbeere CC	23,440,403	30,349,431	37,870,540	49,254,508
481	Mbita Point TC	9,042,098	8,352,927	12,430,459	13,995,077
486	Meru CC	NA	78,674,398	95,362,165	136,964,326
491	Meru MC	57,064,459	52,440,590	67,113,178	81,907,158

ANNEX III

495	Local Authority Name	FY 2003-04 Budget Actuals	FY 2004-05 actual	FY 2005-06 ACTUAL	FY 2006-07 ESTIMATES
496	Meru South CC	22,408,777	22,108,792	29,862,783	33,099,417
501	Migori CC	31,290,985	37,480,082	53,428,611	68,067,112
506	Migori MC	44,042,430	28,672,359	37,880,048	42,741,111
511	Molo TC	24,460,155	19,516,253	33,834,447	37,869,707
516	Mombasa MC	NA	785,609,764	1,057,726,087	1,174,606,671
521	Mt. Elgon CC	NA	19,034,131	22,955,441	34,115,457
526	Moyale CC	29,070,835	24,982,019	26,352,150	41,103,617
531	Mtiti Andei TC	NA	9,316,464	12,589,709	13,835,156
536	Muhoroni TC	13,899,889	11,035,680	16,295,861	22,031,598
541	Mumias MC	38,564,865	30,366,188	46,549,617	56,067,985
546	Murang'a CC	59,820,651	52,301,896	77,216,606	85,585,640
551	Murang'a MC	36,294,858	25,553,111	48,129,537	47,055,002
556	Mwingi CC	29,350,745	34,296,788	40,187,468	51,986,140
561	Mwingi TC	17,600,081	16,537,325	23,330,522	29,732,563
566	Naivasha MC	76,240,361	62,950,771	70,791,605	101,276,389
571	Nakuru CC	173,067,513	160,827,505	172,269,144	241,778,155
576	Nakuru MC	304,008,034	341,553,490	370,393,611	260,921,352
581	Nambale TC	9,275,826	7,034,267	9,141,130	9,568,559
586	Nandi CC	57,203,535	62,009,102	72,011,509	103,096,650
591	Nandi Hills TC	13,801,353	12,312,861	21,098,660	21,573,630
596	Nanyuki MC	NA	73,788,881	158,377,491	157,376,688
601	Narok CC	364,837,460	37,776,739	509,465,917	448,904,765
606	Narok TC	20,652,275	18,885,265	33,196,619	97,771,306
616	Nyahururu MC	68,308,879	64,306,743	78,858,468	100,108,105
621	Nyamache TC	8,421,589	5,796,413	7,317,832	9,796,703
626	Nyamarambe TC	NA	6,579,694	8,056,920	10,024,049
631	Nyambene CC	50,297,683	66,906,496	87,528,299	117,378,264
636	Nyamira CC	41,655,903	46,007,362	58,603,822	90,630,208
641	Nyamira TC	12,619,683	13,019,066	16,248,939	22,843,843
646	Nyandarua CC	88,305,981	89,625,792	137,805,768	133,666,767
651	Nyando CC	29,991,254	32,635,130	41,189,091	56,728,825
656	Nyansiongo TC	14,504,084	9,526,703	9,523,938	12,650,529
661	Nyeri CC	89,222,362	79,418,779	122,249,077	141,994,740
667	Nyeri MC	124,181,771	93,457,889	118,160,907	137,278,155
671	Nzoia CC	55,432,890	55,047,187	79,799,691	104,330,289
676	Ogembo TC	15,856,349	9,228,831	12,187,951	16,699,009
681	Olkalou TC	26,101,780	19,328,360	32,860,544	35,158,549
686	Olkejuado CC	103,514,681	80,000,939	135,172,083	169,821,265
691	Othaya TC	15,073,444	12,762,103	18,632,868	19,449,288
696	Oyugis TC	22,175,355	21,059,770	28,383,734	31,073,129
701	Pokot CC	23,997,676	24,262,250	31,539,299	47,065,912
706	Port Victoria TC	12,163,300	5,493,024	8,655,746	10,280,006
711	Rachuonyo CC	27,564,319	25,284,455	31,099,362	44,516,944
716	Rongo TC	20,674,942	14,178,323	24,595,363	27,895,606
721	Ruiru MC	42,991,939	58,772,870	71,732,922	94,314,805
726	Rumuruti TC	11,631,737	7,770,457	13,639,383	16,223,108
731	Runyenjes MC	21,368,763	14,388,419	22,185,848	25,711,276
736	Sagana TC	11,484,338	8,808,678	11,440,458	14,178,028
741	Samburu CC	99,035,098	27,545,318	123,399,182	134,678,763
746	Siaya CC	48,806,566	39,598,340	47,175,117	66,529,759
751	Siaya MC	16,935,845	17,481,204	19,240,886	24,846,864
756	Sirisia TC	4,023,497	4,022,540	5,231,149	6,246,074

ANNEX III

495	Local Authority Name	FY 2003-04 Budget Actuals	FY 2004-05 actual	FY 2005-06 ACTUAL	FY 2006-07 ESTIMATES
761	Sotik TC	10,254,471	10,189,628	17,518,541	28,364,312
766	Suba CC	21,185,830	20,547,093	29,864,166	43,332,154
771	Suneka TC	15,568,521	11,801,522	12,957,439	16,980,539
776	Tabaka TC	6,826,529	6,740,163	9,187,493	15,864,614
781	Taita Taveta CC	43,939,867	33,548,759	40,060,136	52,153,997
786	Tana River CC	29,010,978	33,008,334	40,141,108	59,214,684
791	Taveta TC	22,648,413	16,172,017	31,880,645	34,975,342
796	Teso CC	15,307,864	17,168,636	21,125,104	34,569,862
801	Tharaka CC	21,639,847	15,916,179	23,673,296	27,525,315
806	Thika CC	75,994,697	70,307,543	99,855,128	126,510,613
811	Thika MC	232,965,720	138,399	310,948,438	299,908,561
816	Transmara CC	90,820,150	19,823,474	106,937,804	85,362,988
821	Turkana CC	37,635,640	49,328,403	62,872,950	97,866,469
826	Ugunja TC	8,506,595	8,333,609	10,402,702	11,966,983
831	Ukwala TC	8,664,616	7,926,550	9,819,327	12,505,954
836	Vihiga CC	34,051,486	37,232,708	46,490,952	78,939,111
841	Vihiga MC	26,050,394	24,723,399	37,722,511	41,388,844
846	Voi MC	22,011,528	25,286,004	30,249,246	40,520,612
851	Wajir CC	52,676,267	46,305,926	61,723,007	90,983,578
856	Wareng CC	82,011,826	55,991,311	89,697,297	122,053,132
861	Webuye MC	NA	22,412,805	43,874,344	44,399,496
866	Wote TC	15,375,974	13,255,627	18,399,790	24,484,206
871	Yala TC	8,072,412	6,985,568	8,189,909	9,871,414
		12,988,430,149	10,685,236,721	15,522,577,495	18,770,796,971

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.
NA signifies that the information is incomplete or not yet submitted by the Local Authority.