REPUBLIC OF KENYA

THE NATIONAL TREASURY

Quarterly Economic and Budgetary Review

Fourth Quarter, Financial Year 2025/2026
Period Ending 30th June 2026

August, 2026 Edition

Quarterly Economic and Budgetary Review

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ACKNOWLEDGEMENT

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LIST OF ABBREVIATIONS AND ACRONYMS

ADB	African Development Bank
ADF	Asian Development Fund
A-I-A	Appropriation-in-Aid
AMISOM	African Union Mission in Somalia
ARUD	Agriculture, Rural and Urban Development
BAEA	Arab Bank for Economic Development of Africa
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CF	Contingency Fund
CFS	Consolidated Fund Services
EAPC	East African Portland Cement
EBUs	Extra Budgetary Units
EEC	European Economic Community
EIB	European Investment Bank
EI&ICT	Energy, Infrastructure and Information Communication Technology
EPW&NR	Environment Protection, Water and Natural Resources
ES	Equitable Share
Excl.	Exclude
DANIDA	Danish International Development Agency
FPE	Free Primary Education
FSE	Free Secondary Education
FY	Financial Year
GDP	Gross Domestic Product
GECA	General Economic and Commercial Affairs
GFSM	Government Finance Statistics Manual
GJLO	Governance, Justice, Law and Order
GOP	Gross Operating Balance
ICT	Information, Communication and Technology
IDA	International Development Association
IDF	Import Declaration Fee
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
Incl.	Include

IPO	Initial Public Offer
JKIA	Jomo Kenyatta International Airport
Jun.	June
KESONIA	Kenya Shilling Overnight Interbank Average Rate
KNBS	Kenya National Bureau of Statistics
KSh.	Kenya Shillings
M3	Broad Money Supply
MDAs	Ministries, Departments and Agencies
MIA	Mombasa International Airport
Mn	Million
MPC	Monetary Policy Committee
NDA	Net Domestic Assets/Net Domestic Financing
NDF	Nordic Development Fund
NFA	Net Foreign Assets/Non-Financial Assets
NFB	Net Financing Balance
NIS	National Intelligence Service
NLB	Net Lending/ Borrowing
NOB	Net Operating Balance
NSE	Nairobi Securities Exchange
O & M	Operation and Maintenance
OPEC	Oil Producing and Exporting Countries
PAIR	Public Administration and International Affairs
PAYE	Pay as You Earn
PDL	Petroleum Development Levy
QEBR	Quarterly Economic and Budgetary Review
RDL	Railway Development Levy
RML	Road Maintenance Levy
SAGAS	Semi-Autonomous Government Agencies
SC	State Corporations
SDR	Special Drawing Rights
SMS	Short Message Services
SGR	Standard Gauge Railway
SOEs	State Owned Enterprises
SPC&R	Social Protection, Culture and Recreation

TARDA	Tana River Development Authority
UK	United Kingdom
US$	United States Dollar
VAT	Value Added Tax
O/W	Of Which

LEGAL BASIS FOR THE QUARTERLY ECONOMIC AND BUDGETARY REVIEW REPORTS

The Quarterly Economic and Budgetary Review Report is Published in accordance with Section 83 of the Public Finance Management Act, 2012. It states as follows:

83. (1) An accounting officer for a national government entity shall prepare a report for each quarter of the financial year in respect of the entity.

(2) In preparing a quarterly report for a national government entity, the accounting officer shall ensure that the report—

(*a*) Contains information on the financial and non-financial performance of the entity; and

(*b*) Is in a form that complies with the standards prescribed and published by the Accounting Standards Board from time to time.

(3) Not later than fifteen days after the end of each quarter, the accounting officer shall submit the quarterly report to the Cabinet Secretary responsible for the entity and the National Treasury.

(4) The Cabinet Secretary responsible for an entity shall forward a copy of the report to the Cabinet Secretary and Controller of Budget.

(5) **Not later than forty-five days after the end of each quarter,** the National Treasury shall—

(*a*) consolidate the quarterly reports and submit them to the National Assembly and a copy of the reports to the Controller of Budget, Auditor General and the Commission on Revenue Allocation; and

(*b*) Publish and publicize the reports.

(6) In the case of an entity that is a state corporation, the accounting officer for the corporation shall submit the quarterly report to the Cabinet Secretary responsible for the corporation who shall, upon approving it, forward a copy to the Cabinet Secretary.

HIGHLIGHTS OF THE FOURTH QUARTER ECONOMIC AND BUDGETARY REVIEW REPORT IN THE FINANCIAL YEAR 2025/26

1. **Economic growth**
   The economy recorded improved performance in the first quarter of 2026, with real GDP growing by 5.3 percent, compared to 4.9 percent in the corresponding quarter of 2025. Growth was broad-based, with all sectors of the economy recording positive performance. The expansion was largely driven by stronger activity in the manufacturing, agriculture, forestry and fishing, accommodation and food services, financial and insurance services and real estate sub-sectors.
2. **Inflation rate**
   Overall inflation increased to 6.4 percent in June 2026 from 3.8 percent in June 2025 due to higher energy prices arising from the elevated global oil prices but remained within the target range of 5±2.5 percent. Inflation is expected to remain within the target range in the near term supported by the decline in global oil prices since June 2026, together with the Government's fuel stabilization measures.
3. **Interest Rates**
   Short-term interest rates remained relatively stable during the year to June 2026, with the 91-day Treasury bill rate increasing marginally to 8.7 percent in June 2026 from 8.2 percent in June 2025. The average commercial banks' lending rates declined to 14.4 percent in June 2026, down from 15.3 percent in June 2025 reflecting easing of the monetary policy stance.
4. **Money and Credit**
   Broad money supply, M3, grew by 11.3 percent in the year to June 2026, compared to a growth of 7.5 percent in the year to June 2025. The improved growth of M3 was driven by higher growth in both Net Foreign Assets (NFA) and Net Domestic Assets (NDA) particularly credit to the private sector.
5. **Current Account**
   The current account deficit widened to US$ 4,366.3 million (2.8 percent of GDP) in the year to June 2026, compared to US$ 2,585.3 million (1.9 percent of GDP) in the year to June 2025 mainly due to a higher trade deficit. The widening of the deficit was partly offset by resilient goods exports, increased service receipts and an improvement in net primary income.
6. **Foreign Exchange Reserves**
   The official foreign exchange reserves held by the Central Bank stood at US$ 14,023.5 million in June 2026, up from US$ 11,407.7 million in June 2025. This level of reserves represented 5.8 months of import cover, compared to 5.0 months of import cover over the same period in 2025, and continues to provide an adequate buffer against short-term external and foreign exchange market shocks.
7. **Capital Markets**
   Activities at the Nairobi Securities Exchange (NSE) improved significantly over the past year. The NSE 20 Share Index rose by 53.9 percent to 3,755 points in June 2026, up from 2,440 points in June 2025, while market capitalization expanded by 55.6 percent to KSh 3,762 billion from KSh 2,417 billion over the same period.

8. **Revenue Collection**
The National Government's cumulative revenue collection including A-I-A for the period between July 2025 and June 2026 amounted to KSh. 3,198.8 billion (17.3 percent of GDP) against a target of KSh. 3,259.0 billion. The revenue was below target mainly due to shortfalls recorded in collection of ordinary revenue.

9. **Expenditure and Net Lending**
The total expenditure and net lending inclusive of transfers to County Governments for the period ending 30th June 2026 amounted to KSh. 4,484.2 billion, against a target of KSh. 4,656.5 billion. The resultant under expenditure of KSh. 172.4 billion is mainly attributed to lower absorption recorded in both recurrent and development expenditures by the National Government.

10. **Guaranteed Debt**
During the period under review, the National Government serviced no Guaranteed Debt.

11. **Fiscal Balance**
The fiscal balance (on commitment basis and excluding grants) amounted to KSh. 1,285.4 billion (6.9 percent of GDP) against a target of KSh. 1,397.6 billion (7.3 percent of GDP).

12. **External Financing**
The Net Foreign financing amounted to KSh. 267.3 billion (1.4 percent of the GDP) during the period ending 30th June 2026.

13. **Net Domestic Financing**
Net domestic financing amounted to KSh. 983.7 billion (5.3 percent of GDP) for the period ending 30th June 2026.

14. **Domestic Debt Stock**
The stock of gross domestic debt increased by KSh. 1,003.1 billion from KSh. 6,325.4 billion in June 2025 to KSh. 7,328.5 billion in June 2026.

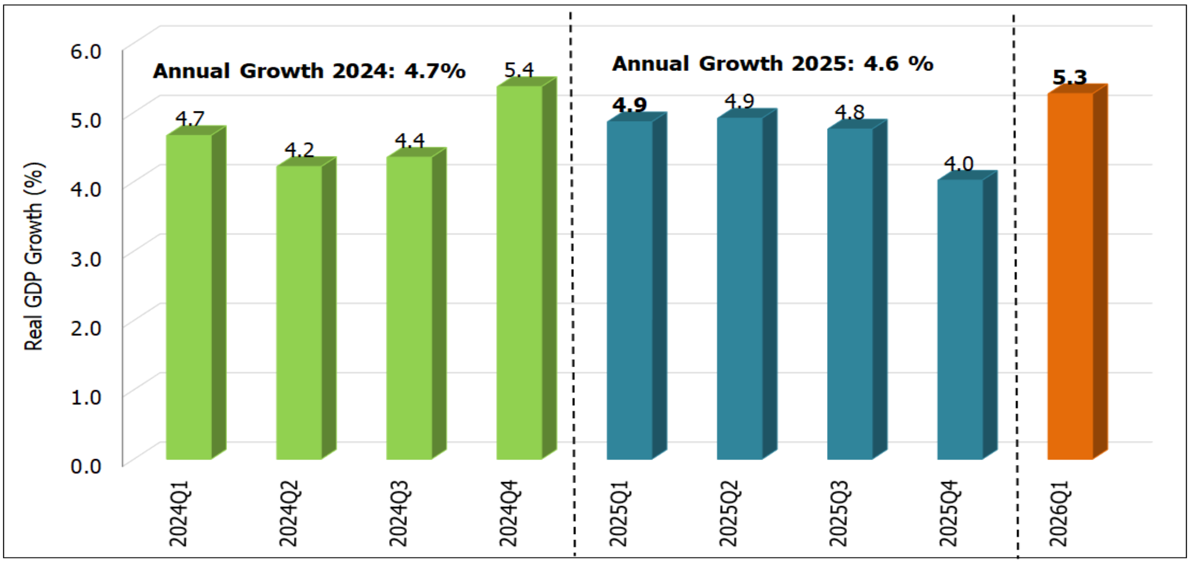
15. **External Debt Stock**
The total external debt stock, increased by US$. 1,428.1 million from US$ 42,469.1 million in June 2025 to US$ 43,897.2 million in June 2026. This comprised debt owed to multilateral of 54.6 percent, commercial sources of 27.0 percent, bilateral of 18.2 percent, and Suppliers Credit of 0.3 percent.

1.0 RECENT ECONOMIC DEVELOPMENTS

1.1 Economic Growth

1. The economy recorded improved performance in the first quarter of 2026, with real GDP growing by 5.3 percent, compared to 4.9 percent in the corresponding quarter of 2025 (Chart 1). Growth was broad-based, with all sectors of the economy recording positive performance. The expansion was largely driven by stronger activity in the manufacturing, agriculture, forestry and fishing, accommodation and food services, financial and insurance services and real estate sub-sectors.

Chart 1: Real GDP Growth Rates



Source of Data: Kenya National Bureau of Statistics

2. The primary sector grew by 5.1 percent in the first quarter of 2026, compared to a growth of 5.7 percent in the corresponding quarter of 2025 **(Table 1).** Growth in the sector was supported by positive performance in both the agriculture, forestry and fishing and mining and quarrying sub-sectors. However, the overall growth of the primary sector moderated compared to the corresponding quarter of 2025, reflecting slower expansion in these key sub-sectors.

3. The Agriculture, Forestry and Fishing sub-sector expanded by 4.9 percent in the first quarter of 2026, compared to 5.3 percent in the corresponding quarter of 2025. Growth was supported by improved output in tea, sugarcane and dairy, as well as stronger horticultural exports, reflecting favorable weather conditions, improved productivity and sustained export demand. However, overall growth moderated due to lower coffee production associated with the biennial production cycle and reduced fruit exports resulting from lower production and weaker demand in key export markets.

4. The Mining and Quarrying sub-sector grew by 9.1 percent in the first quarter of 2026, compared to 12.7 percent in the corresponding quarter of 2025. The sub-sector's performance was supported by increased production of key minerals, particularly soda ash, construction materials, and other quarry products, reflecting sustained demand from the construction and manufacturing sectors. However, growth moderated compared to the corresponding quarter of 2025, partly reflecting a higher base effect and slower expansion in mineral production.

Table 1: Sectoral Real GDP Growth Rate (Percent)

Sectors/Sub-sectors	Annual Growth Rates		Quartely Growth Rates	
	2024	2025	2025 Q1	2026 Q1
1. Primary sector	**3.7**	**3.7**	**5.7**	**5.1**
1.1. Agriculture, Forestry and Fishing	4.4	3.1	5.3	4.9
1.2 Mining and Quarrying	(7.8)	14.9	12.7	9.1
2. Secondary Sector (Industry)	**1.6**	**4.1**	**3.6**	**5.1**
2.1. Manufacturing	3.0	2.0	2.8	4.4
2.2. Electricity and Water supply	2.7	5.2	4.1	4.3
2.3. Construction	(0.7)	6.8	4.5	6.6
3. Tertiary sector (Services)	**6.2**	**5.0**	**4.8**	**5.0**
3.1. Wholesale and Retail trade	4.0	3.6	4.3	4.0
3.2. Accomodation and Restaurant	25.9	15.6	8.0	14.7
3.3. Transport and Storage	4.3	3.7	3.6	3.6
3.4. Information and Communication	7.1	4.8	5.5	5.0
3.5. Financial and Insurance	7.5	6.5	5.3	6.3
3.6. Public Administration	8.7	8.3	9.5	5.7
3.7. Others	5.3	3.8	3.7	4.6
of which: Professional, Admin & Support Services	6.4	5.0	4.1	2.4
Real Estate	5.3	3.9	4.6	5.0
Education	4.8	2.8	1.8	6.2
Health	6.0	5.5	4.7	4.3
Taxes less subsidies	3.3	3.1	4.1	4.3
Real GDP	**4.7**	**4.6**	**4.9**	**5.3**

Source of Data: Kenya National Bureau of Statistics

5. The industry sector grew by 5.1 percent in the first quarter of 2026 compared to a growth of 3.6 percent in the first quarter of 2025, supported by improved growth in manufacturing, construction, and electricity and water supply sub- sectors.

6. The manufacturing sub-sector grew by 4.4 percent in the first quarter of 2026, compared to 2.8 percent in the corresponding quarter of 2025. The improved performance was driven by increased production in both the food and non-food manufacturing. Growth in food manufacturing was supported by higher production of sugar, soft drinks and dairy products, while non-food manufacturing benefited from increased production of assembled vehicles, galvanized sheets and cement. The sub-sector's performance was further supported by increased credit to manufacturing enterprises.

7. The construction sub-sector grew by 6.6 percent in the first quarter of 2026, compared to 4.5 percent in the corresponding quarter of 2025. The improved performance reflected increased demand for key construction materials, including cement, bitumen, iron and steel, indicating sustained activity in infrastructure development and private sector construction. Continued implementation of public infrastructure projects and resilient private sector investment also supported the sub-sector's growth.

8. The electricity and water supply sub-sector grew by 4.3 percent in the first quarter of 2026, compared to 4.1 percent in the corresponding quarter of 2025. The improved performance was supported by increased electricity generation, driven mainly by higher output from geothermal and hydro sources following improved water availability and continued investment in renewable energy. However, the growth was partly moderated by lower generation from thermal, wind and solar sources.

9. The services sector recorded a growth of 5.0 percent in the first quarter of 2026 compared to a growth of 4.8 percent in the same period in 2025. The transportation and storage sub-sector grew by 3.6 percent in the first quarter of 2026, the same rate as in the corresponding quarter of 2025. The sub-sector's performance was supported by increased road transport activity, higher cargo throughput at the Port of Mombasa, and continued growth in freight and passenger traffic on the Standard Gauge Railway (SGR), reflecting sustained trade and logistics activity.

10. The accommodation and food service sub-sector grew by 14.7 percent in the first quarter of 2026, compared to 8.0 percent in the corresponding quarter of 2025. The strong performance was supported by increased international visitor arrivals through the country's major airports, reflecting sustained recovery in tourism, improved air connectivity, and stronger demand for hospitality services.

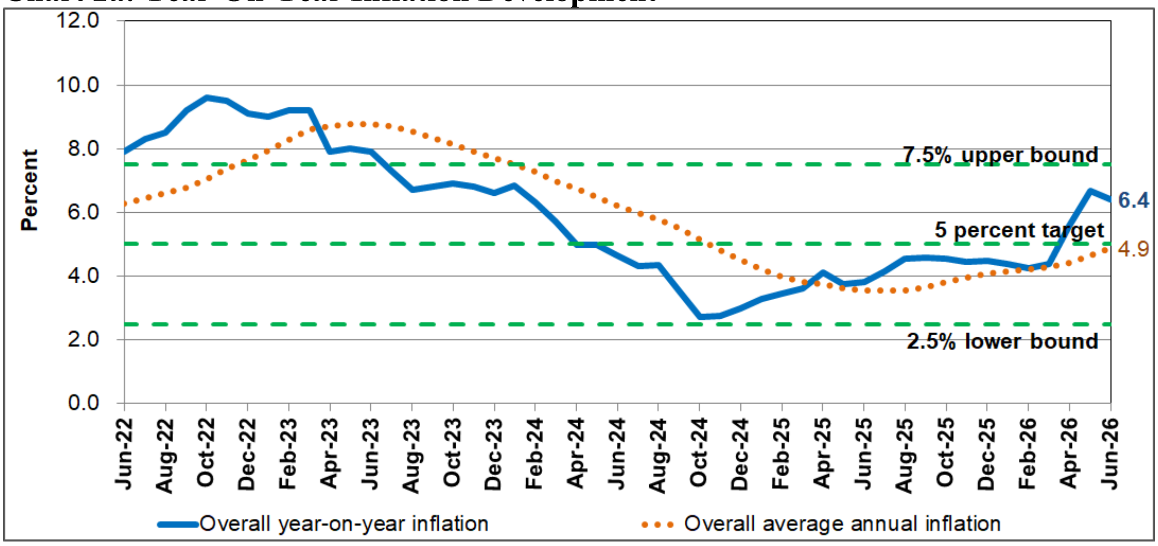
11. The information and communication sub-sector grew by 5.0 percent in the first quarter of 2026, compared to 5.5 percent in the corresponding quarter of 2025. The sub-sector's performance was supported by increased mobile voice traffic and higher international bandwidth utilization, reflecting continued growth in digital connectivity and communication services. However, overall growth moderated due to a decline in the use of SMS services and mobile money transactions, indicating evolving consumer preferences and payment patterns.

12. The financial and insurance sub-sector grew by 6.3 percent in the first quarter of 2026, compared to 5.3 percent in the corresponding quarter of 2025. The improved performance was supported by an accommodative monetary policy stance, reflected in lower policy and market interest rates, which reduced the cost of credit, improved liquidity conditions, and supported increased lending to the private sector.

1.2 Inflation

13. Overall inflation increased to 6.4 percent in June 2026 from 3.8 percent in June 2025 due to higher energy prices arising from the elevated global oil prices but remained within the target range of 5±2.5 percent **(Chart 2a).**

Chart 2a: Year-On-Year Inflation Development



Source of Data: Kenya National Bureau of Statistics

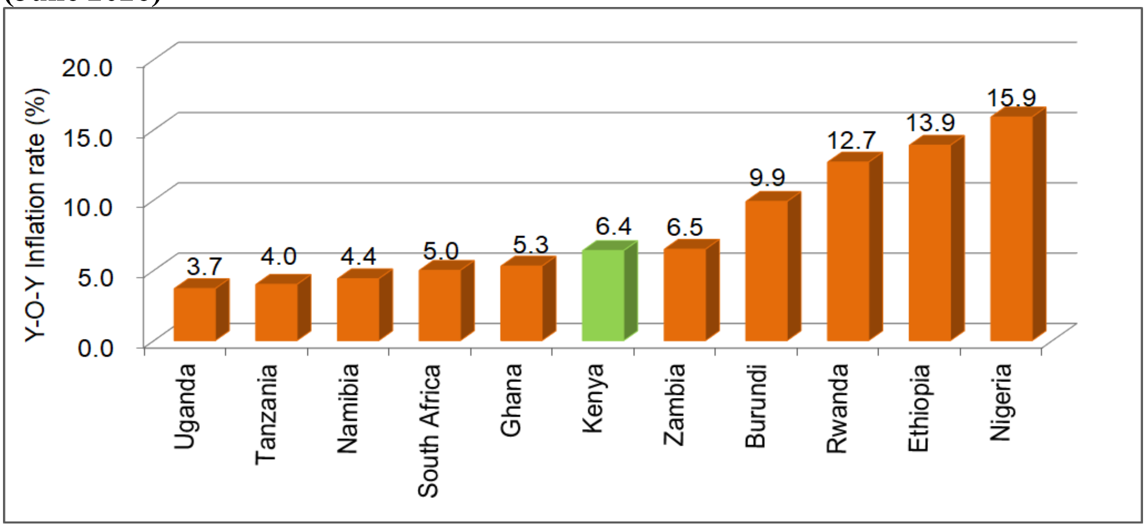
14. Core inflation remained stable at 3.1 percent in June 2026, compared to 3.0 percent in June 2025, supported by lower prices of selected manufactured food items, alongside stable prices in other non-volatile components. In contrast, non-core inflation rose to 15.1 percent from 6.2 percent over the same period, largely driven by relatively higher energy prices, transport costs and food prices.

15. In April 2026, the Government implemented targeted stabilization measures to cushion consumers from the full impact of rising global fuel prices. These interventions included the use of resources from the Petroleum Development Levy Fund to subsidize fuel pump prices. In addition, through Legal Notice No. 70 of 2026, the Government reduced the VAT rate on petroleum products from 16 percent to 8 percent for an initial period of three months. In July 2026, the Cabinet Secretary extended the application of the reduced 8 percent VAT rate for a further three months through a Gazette Notice.

16. Subsequently, global oil prices eased following the 18th June 2026 interim ceasefire agreement between the United States and Iran, which reduced geopolitical tensions and improved confidence in global energy markets. The agreement supported the phased reopening of commercial shipping through the Strait of Hormuz, easing concerns over oil supply disruptions despite continued operational uncertainties. Consequently, Murban crude oil prices declined by approximately 31.1 percent, from about USD 100.2 per barrel at the height of the conflict in late April 2026 to around USD 69.0 per barrel by late June 2026, reflecting improved supply expectations and lower geopolitical risk premiums. The decline in global oil prices, together with the Government's fuel stabilization measures, helped moderate domestic fuel prices and contributed to the easing of overall inflation from 6.7 percent in May to 6.4 percent in June 2026.

17. Inflation outcomes across Sub-Saharan Africa as of June 2026 remained mixed, with considerable variation across countries. Several economies, including Uganda, Tanzania, Namibia, South Africa and Ghana, maintained relatively low and stable inflation, reflecting prudent macroeconomic policies and relatively contained food and energy price pressures. In contrast, Burundi, Rwanda, Ethiopia, and Nigeria continued to experience elevated inflation, driven by stronger pass-through effects from food and energy prices, exchange rate pressures, and underlying structural constraints.

Chart 2b: Year on Year Inflation Rates of Selected Sub-Saharan Africa Countries (June 2026)



Source of Data: National Central Banks

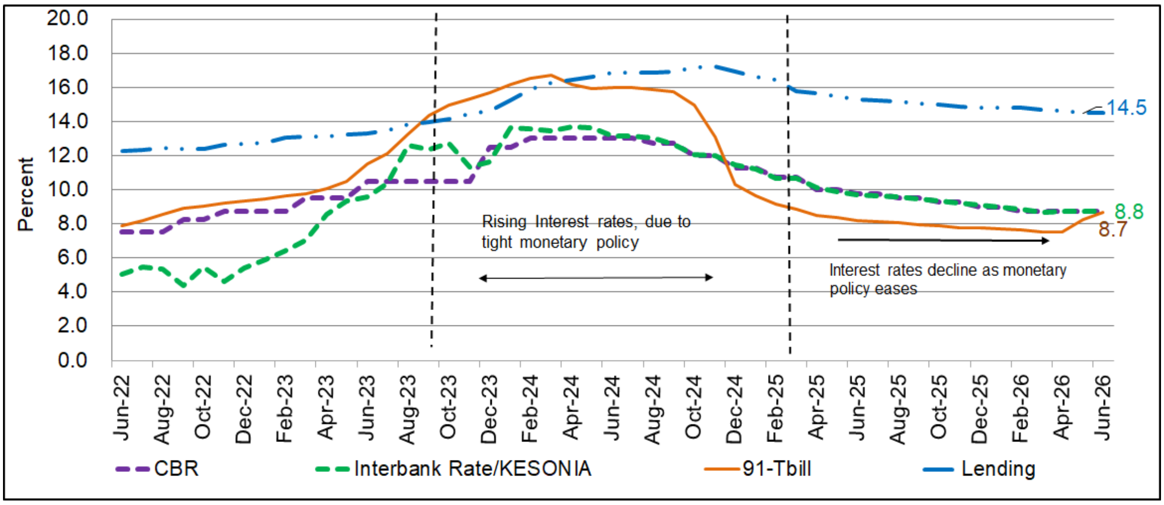
1.3 Interest Rates

18. The Central Bank of Kenya, through the Monetary Policy Committee (MPC), has progressively eased monetary policy, lowering the Central Bank Rate (CBR) from 13.0 percent in August 2024 to 8.75 percent by June 2026 **(Chart 3).** This stance is intended to reinforce earlier measures aimed at stimulating bank lending to the private sector and supporting economic activities, while ensuring inflation expectations remain well anchored and the exchange rate stable.

19. Short-term interest rates have declined. KESONIA (the overnight interbank rate) declined to 8.8 percent in June 2026 from 9.7 percent in June 2025. The decline signalled improved liquidity conditions in the interbank money market and lowering of banks' short-term funding costs, which supports credit expansion. Treasury bill rates remained relatively stable across all maturities during the year to June 2026, reflecting improved liquidity conditions and anchored inflation expectations. The 91-day Treasury bill rate increased marginally to 8.7 percent in June 2026 from 8.2 percent in June 2025, while the 182-day rate edged up to 8.6 percent from 8.5 percent over the same period. In contrast, the 364-day Treasury bill rate declined to 8.9 percent from 9.8 percent, reflecting easing financing costs amid improved macroeconomic stability and accommodative monetary policy.

20. In line with the easing in monetary conditions, average commercial bank lending rates declined to 14.4 percent in June 2026 from 15.3 percent in June 2025, while average deposit rates also declined to 6.8 percent from 8.4 percent over the same period. As a result, the interest rate spread widened to 7.5 percent from 6.9 percent, reflecting the faster adjustment in deposit rates relative to lending rates.

Chart 3: Interest Rates



Source of Data: Central Bank of Kenya

1.4 Money and Credit

21. Broad money supply, M3, grew by 11.3 percent in the year to June 2026, compared to a growth of 7.5 percent in the year to June 2025 **(Table 2).** The improved growth of M3 was driven by higher growth in both Net Foreign Assets (NFA) and Net Domestic Assets (NDA). The NFA of the banking system grew by 32.9 percent in the year to June 2026, compared to a growth of 17.7 percent in the year to June 2025. The increase in NFA was mainly attributable to a rise in the Central Bank's foreign assets reflecting increased foreign reserves by the Central Bank. The net foreign assets of commercial banks also increased, reflecting increased deposits abroad.

22. Net Domestic Assets (NDA) improved to a growth of 6.4 percent in the year to June 2026, compared to a growth of 5.5 percent in the year to June 2025. Domestic credit extended by the banking system to the Government grew by 5.5 percent in the year to June 2026 compared to a growth of 37.7 percent over a similar period in 2025. The decreased net lending to government mainly reflected decreased uptake of government securities by commercial banks. Lending to other public sector also declined, mainly reflecting net repayments by parastatals.

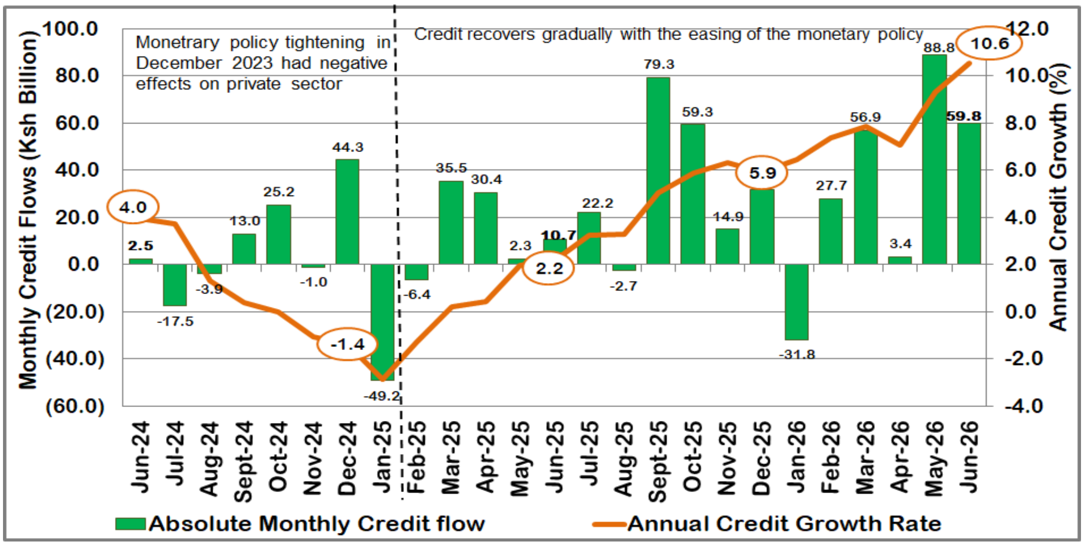
Table 2: Money and Credit Developments (12 Months to June 2026, KSh. Billion)

				Absolute Change		Percent Change	
	2024 June	**2025 June**	**2026 June**	**2024-2025 June**	**2025-2026 June**	**2024-2025 June**	**2025-2026 June**
COMPONENTS OF M3							
1. Money supply, M1 (1.1+1.2+1.3)	2,063.6	2,342.3	2,670.0	278.7	327.7	13.5	14.0
1.1 currency outside banks (M0)	274.2	286.0	331.0	11.8	45.0	4.3	15.7
1.2 Demand deposits	1,630.6	1,880.4	2,216.6	249.8	336.2	15.3	17.9
1.3 Other deposits at CBK	158.9	175.9	122.4	17.0	(53.5)	10.7	(30.4)
2. Money supply, M2 (1+2.1)	4,041.6	4,519.6	5,015.1	478.0	495.5	11.8	11.0
2.1 Time and savings deposits	1,978.0	2,177.3	2,345.2	199.3	167.9	10.1	7.7
Money supply, M3 (2+3.1)	**5,381.3**	**5,786.5**	**6,437.6**	**405.2**	**651.2**	**7.5**	**11.3**
3.1 Foreign currency deposits	1,339.7	1,266.9	1,422.5	(72.8)	155.6	(5.4)	12.3
SOURCES OF M3							
1. Net foreign assets (1.1+1.2)	**905.9**	**1,066.3**	**1,417.5**	**160.4**	**351.2**	**17.7**	**32.9**
1.1 Central Bank	479.2	810.8	1,144.1	331.6	333.3	69.2	41.1
1.2 Banking Institutions	426.7	255.5	273.5	(171.2)	17.9	(40.1)	7.0
2. Net domestic assets (2.1+2.2)	**4,475.4**	**4,720.2**	**5,020.1**	**244.7**	**300.0**	**5.5**	**6.4**
2.1 Domestic credit (2.1.1+2.1.2+2.1.3)	5,502.0	6,172.4	6,696.0	670.4	523.6	12.2	8.5
2.1.1 Government (net)	1,619.5	2,230.1	2,351.8	610.6	121.7	37.7	5.5
2.1.2 Other public sector	84.9	61.4	53.6	(23.5)	(7.8)	(27.7)	(12.6)
2.1.3 Private sector	**3,797.5**	**3,880.9**	**4,290.6**	**83.4**	**409.7**	**2.2**	**10.6**
2.2 Other assets net	(1,026.6)	(1,452.2)	(1,675.9)	(425.7)	(223.6)	(41.5)	(15.4)

Source of Data: Central Bank of Kenya

23. Growth in private sector credit from the banking system recorded a growth of 10.6 percent in the year to June 2026 compared to a growth of 2.2 percent in June 2025 **(Chart 4).** Growth in credit to key sectors of the economy, particularly manufacturing, building and construction, transport and communication, real estate and agriculture remained strong, reflecting improved demand for credit in line with the declining lending interest rates.

Chart 4: Private Sector Credit



Source of Data: Central Bank of Kenya

24. The Monthly (month on month) credit flows to the private sector improved to KSh 59.8 billion in June 2026 from Ksh 10.7 billion in June 2025 due to the easing of the monetary policy stance to lower the cost of funds for banks and sustained demand particularly for working capital due to resilient economic activities.

1.5 Balance of Payments

25. The current account deficit widened to US$ 4,366.3 million (2.8 percent of GDP) in the year to June 2026, compared to US$ 2,585.3 million (1.9 percent of GDP) in the year to June 2025 mainly due to a higher trade deficit **(Table 3 and Chart 5).** The current account balance was supported by resilient goods exports, increased service receipts and an improvement in net primary income. The current account deficit in the 12 months to June 2026 was more than fully financed by financial account inflows.

Table 3: Balance of Payments (US$ Million)

			Year to June 2026		Actuals as a Percent of GDP	
	Jun-25	Jun-26	Absolute Change	Percent Change	Jun-25	Jun-26
Overall Balance	**(2,830.8)**	**(1,509.4)**	**1,321.4**	**46.7**	**(2.1)**	**(1.0)**
A) Current Account	**(2,585.3)**	**(4,366.3)**	**(1,781.0)**	**(68.9)**	**(1.9)**	**(2.8)**
Merchandise Account (a-b)	(10,501.0)	(12,389.3)	(1,888.3)	(18.0)	(7.7)	(7.9)
a) Goods: exports	12,546.1	13,666.4	1,120.3	8.9	9.2	8.8
b) Goods: imports	23,047.0	26,055.6	3,008.6	13.1	16.9	16.7
Net Services (c-d)	2,417.2	2,558.1	141.0	5.8	1.8	1.6
c) Services: credit	8,190.5	8,873.3	682.8	8.3	6.0	5.8
d) Services: debit	5,773.3	6,315.1	541.8	9.4	4.2	4.2
Net Primary Income (e-f)	(2,110.9)	(1,884.7)	226.3	10.7	(1.6)	(1.3)
e) Primary income: credit	381.8	399.3	17.5	4.6	0.3	0.3
f) Primary income: debit	2,492.8	2,284.0	(208.8)	(8.4)	1.8	1.6
Net Secondary Income	7,609.4	7,349.5	(259.9)	(3.4)	5.6	4.9
g) Secondary income: credit	7,663.0	7,454.5	(208.5)	(2.7)	5.6	4.9
of which Remittances	5,084.1	4,960.4	(123.7)	(2.4)	3.7	3.3
h) Secondary income: debit	53.6	105.0	51.5	96.0	0.0	0.1
B) Capital Account	**250.3**	**159.9**	**(90.4)**	**(36.1)**	**0.2**	**0.1**
C) Financial Account	**(4,576.5)**	**(6,092.1)**	**(1,515.6)**	**(33.1)**	**(3.4)**	**(3.3)**

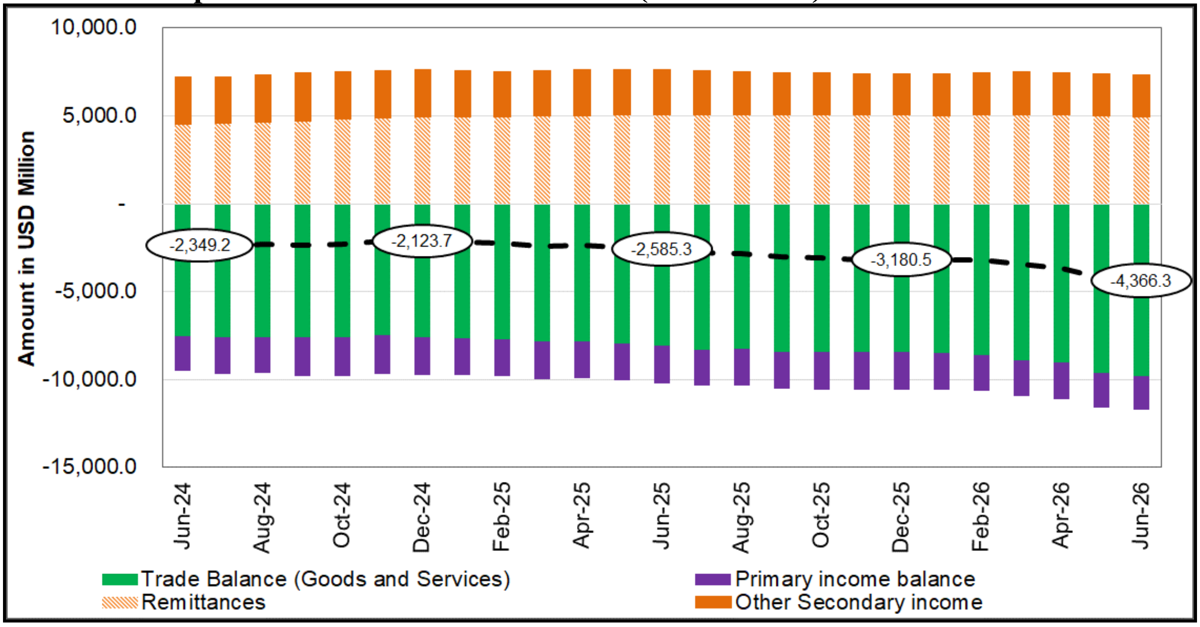
Source of Data: Central Bank of Kenya

26. The balance in the merchandise account deteriorated by US$ 1,888.3 million to a deficit of US$. 12,389.3 million in June 2026 mainly due to an increase in import bill that more than offset the increase in exports. Goods exports increased by 8.9 percent, driven by horticulture, tea, coffee, food, and machinery and transport equipment. Goods imports rose by 13.1 percent, reflecting higher imports of food, intermediate and capital goods and mineral fuels.

27. Services receipts increased by 8.3 percent, driven by transport and travel services receipts. The deficit on the primary account narrowed by US$ 226.3 million to a deficit of US$. 1,884.7 million in the year to June 2026, compared to the deficit of US$ 2,110.9 million in same period the previous year. Diaspora remittances decreased by 2.4 percent to

US$ 4,960.4 million in the 12 months to June 2026 compared to US$ 5,084.1 million in a similar period in 2025 **(Chart 5).**

Chart 5: Composition of the Current Account (US$ Million)



Source of Data: Central Bank of Kenya

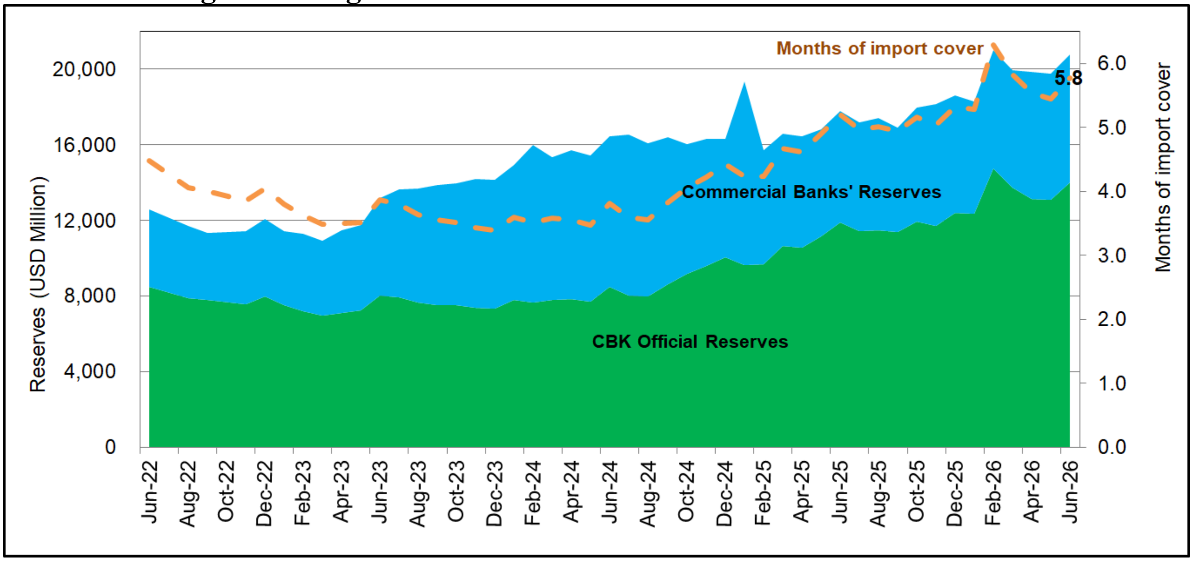
28. The capital account balance decreased by US$. 90.4 million to register a surplus of US$ 159.9 million in the year to June 2026 compared to a surplus of US$ 250.3 million in the same period in 2025. Net financial inflows improved to US$ 6,092.1 million in the year to June 2026, compared to US$ 4,576.5 million in the year to June 2025. This reflected an increase in net financial liabilities, which more than offset the decline in net acquisition of financial assets. The net financial inflows were mainly in the form of Portfolio investments, direct investments, financial derivatives and other investments.

1.6 Foreign Exchange Reserves

29. The banking system's foreign exchange holdings remained strong at US$. 20,795.4 million in June 2026 from US$. 17,199.4 million in June 2025. The official foreign exchange reserves held by the Central Bank stood at US$. 14,023.5 million compared to US$ 11,407.7 million over the same period in 2025 **(Chart 6).** Commercial banks foreign exchange holdings increased to US$. 6,772.0 million in June 2026 from US$. 5,791.8 million in June 2025.

30. The official reserves held by the Central Bank in June 2026 represented 5.8 months of import cover, compared to 5.0 months of import cover in June 2025. These reserves continue to provide adequate cover and a buffer against short-term shocks in the foreign exchange market.

Chart 6: Foreign Exchange Reserves to June 2026

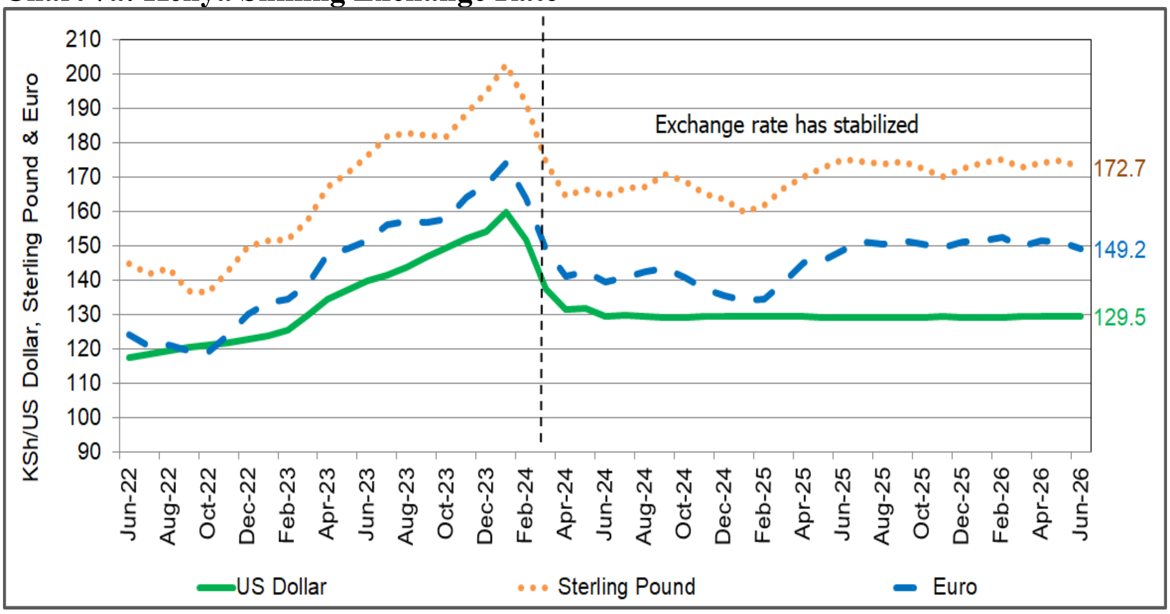


Source of Data: Central Bank of Kenya

1.7 Exchange Rates

31. The Kenya Shilling remained relatively stable against the US Dollar, averaging KSh 129.5 per US dollar in June 2026 compared to KSh 129.3 per US dollar in June 2025. The Shilling strengthened against the Sterling Pound, averaging KSh 172.7 per Pound in June 2026, down from KSh 175.2 per Pound in June 2025. Against the Euro, the Shilling averaged KSh 149.2 per Euro in June 2026 compared to KSh 148.9 per Euro in June 2025. Overall, the foreign exchange market remained well supported by steady inflows from agricultural exports and diaspora remittances, which helped cushion the Shilling against excessive volatility **(Chart 7a).**

Chart 7a: Kenya Shilling Exchange Rate



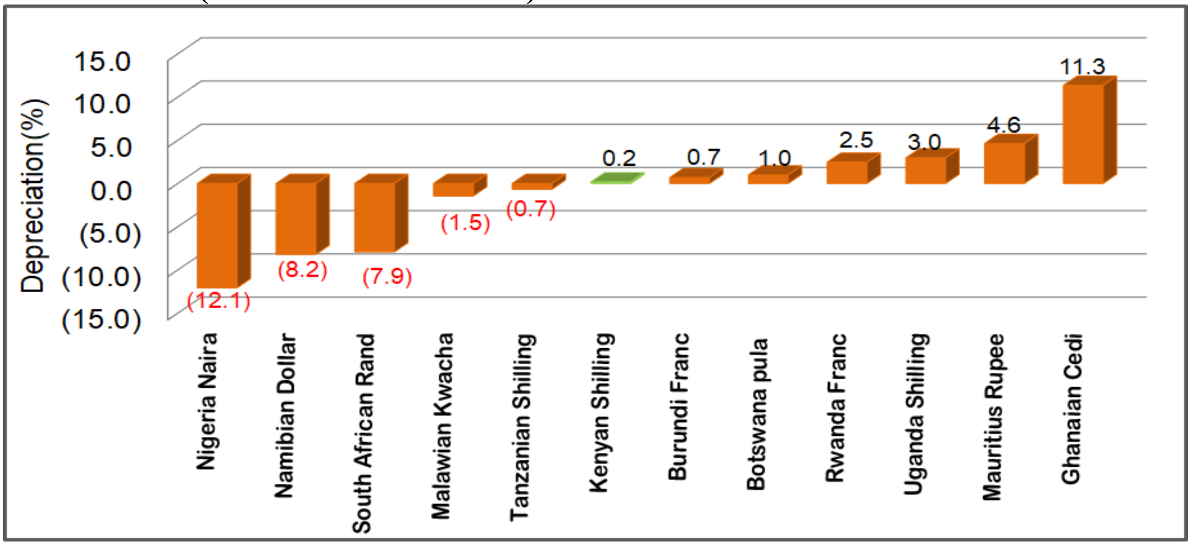
Source of Data: Central Bank of Kenya

32. The performance of selected Sub-Saharan African currencies against the US dollar was mixed during the period from June 2025 to June 2026, reflecting differing macroeconomic and external sector developments across countries **(Chart 7b).** The

Nigerian naira recorded the largest depreciation (12.1 percent), followed by the Namibian dollar (8.2 percent), South African rand (7.9 percent), Malawian kwacha (1.5 percent), and Tanzanian shilling (0.7 percent). These depreciations largely reflected external pressures, exchange rate adjustments, and country-specific macroeconomic challenges.

33. In contrast, several currencies appreciated against the US dollar over the same period. The Ghanaian cedi recorded the strongest appreciation (11.3 percent), followed by the Mauritian rupee (4.6 percent), Ugandan shilling (3.0 percent), Rwandan franc (2.5 percent), Botswana pula (1.0 percent), Burundi franc (0.7 percent), and the Kenyan shilling (0.2 percent). The appreciation of these currencies reflected relatively stronger external positions, improved foreign exchange inflows, prudent macroeconomic policies, and adequate foreign exchange market support in some countries.

Chart 7b: Performance of Selected Sub-Saharan Africa Countries' Currencies against the US Dollar (June 2025 to June 2026)



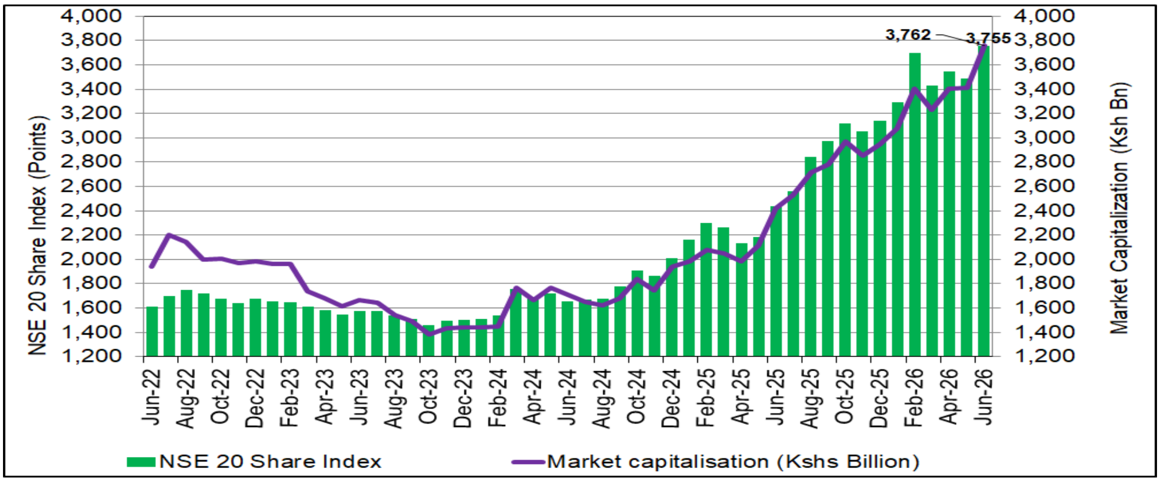
Source of Data: National Central Banks

1.8 Capital Markets

34. Activities at the Nairobi Securities Exchange (NSE) improved significantly over the past year. The NSE 20 Share Index rose by 53.9 percent to 3,755 points in June 2026, up from 2,440 points in June 2025, while market capitalization expanded by 55.6 percent to KSh 3,762 billion from KSh 2,417 billion over the same period **(Chart 8).** The improved performance reflected stronger investor confidence, supported by enhanced macroeconomic stability, lower domestic interest rates, and a relatively stable exchange rate.

35. Market activity was further boosted by two major capital market transactions: the successful Kenya Pipeline Company (KPC) Initial Public Offering (IPO), which broadened investment opportunities, and the Government's partial divestiture of a 15 percent stake in Safaricom PLC to Vodacom, one of the largest capital market transactions in Kenya's history. These transactions enhanced market liquidity and investor confidence and, together with improved corporate earnings and increased participation by domestic and foreign investors, supported higher equity valuations and overall market performance.

Chart 8: Performance at the NSE to end June 2026.



Source of Data: Nairobi Securities Exchange

2.0 FISCAL DEVELOPMENTS

2.1 Revenue

36. Total revenue collection by the end of June 2026, amounted to KSh. 3,198.8 billion against a target of KSh. 3,259.0 billion **(Table 4).** The collection was below target by KSh. 60.2 billion on account of a shortfall recorded in ordinary revenue and appropriation in aid. The total revenue inclusive of the ministerial A-I-A grew by 9.4 percent compared to a growth of 8.2 percent recorded in June 2025. Ordinary revenue collection was KSh. 2,588.4 billion against a target of KSh. 2,640.6 billion, KSh. 52.2 billion below the target **(Chart 9)**.

37. The Ministerial A-I-A collection was below target by KSh. 7.9 billion during the period under review. The Railway Development Levy collection amounted to KSh. 48.5 billion against a target of KSh. 47.1 billion. The revenue data in Government Finance Statistics Manual 2014 (GFSM 2014) format is shown in annex II.

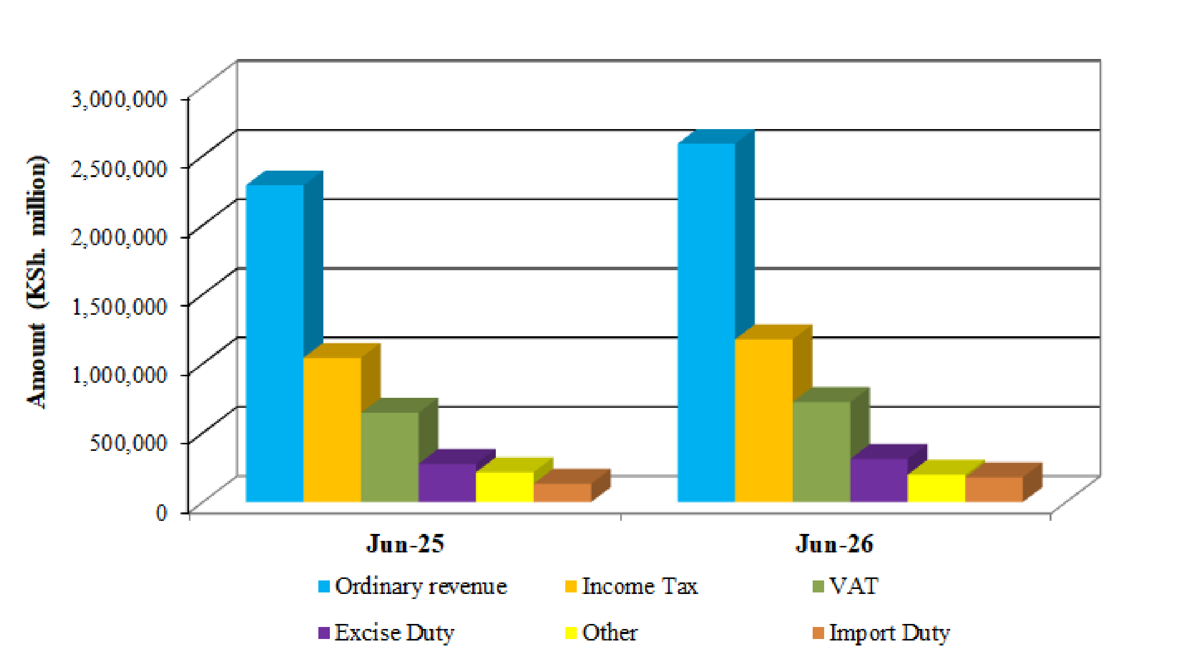
Table 4: Government Revenue and External Grants, Period Ending 30th June 2026 (KSh. Millions)

	2024/2025 Actual	2025/2026		Deviation KSh.	% Growth
		Actual*	Target		
Total Revenue (a+b)	**2,923,551**	**3,198,801**	**3,258,959**	**(60,158)**	**9.4**
(a) Ordinary Revenue	**2,420,174**	**2,588,401**	**2,640,617**	**(52,216)**	**7.0**
Import Duty	157,107	180,006	176,539	3,467	14.6
Excise Duty	292,468	311,955	313,306	(1,351)	6.7
PAYE	560,501	599,797	592,075	7,722	7.0
Other Income Tax	532,530	575,762	577,278	(1,516)	8.1
VAT Local	327,662	356,882	359,578	(2,696)	8.9
VAT Imports	333,067	365,562	361,811	3,751	9.8
Investment Revenue	84,828	84,816	150,204	(65,388)	(0.0)
Traffic Revenue	3,523	3,863	3,867	(4)	9.7
Taxes on Intl. Trade & Trans.(IDF Fee)	47,073	49,340	49,268	72	4.8
Others [1]	81,414	60,419	56,691	3,728	(25.8)
(b) Appropriation In Aid [2]	**503,377**	**610,400**	**618,342**	**(7,942)**	**21.3**
o/w Railway Development Levy	36,820	48,496	47,125	1,371	31.7
(c) External Grants	**33,320**	**20,662**	**39,924**	**(19,262)**	**(38.0)**
Total Revenue and External Grants	**2,956,871**	**3,219,463**	**3,298,883**	**(79,420)**	**8.9**
Total Revenue and External Grants as a percentange of GDP	**18.3**	**17.3**	**17.7**		

1/ includes rent on land/buildings, fines and forfeitures, other taxes, loan interest receipts reimbursements and other fund contributions, fees, and miscellaneous revenue.
2/ includes receipts from Road Maintenance Levy Fund and A-I-A from Universities
*Provisional
Source of Data: National Treasury

38. As a proportion of GDP, the total revenue and grants in the period under review was 17.3 percent compared to 18.3 percent in the corresponding period in the FY 2024/25. Total grants amounted to KSh. 20.7 billion against a target of KSh. 39.9 billion, recording an under performance by KSh. 19.3 billion.

Chart 9: Ordinary Revenue by Source, Period Ending 30th June 2026



Source of Data: National Treasury

2.2 Expenditure

39. The total expenditure and net lending for the period under review amounted to KSh. 4,484.2 billion, against a target of KSh. 4,656.5 billion. The resultant under expenditure of KSh. 172.4 billion is mainly attributed to lower absorption recorded in development and recurrent expenditures by the National Government and below target conditional allocation transfers to the County Governments. Recurrent expenditure for National Government amounted to KSh. 3,285.3 billion against a target of KSh. 3,400.7 billion translating to a below target expenditure by KSh. 115.4 billion. The below target expenditure in recurrent category is mainly attributed to below target expenditure on domestic interest, pension payments, and operation and maintenance (**Table 5 and Chart 10**).

Table 5: Expenditure and Net Lending, Period Ending 30th June 2026 (KSh. Millions)

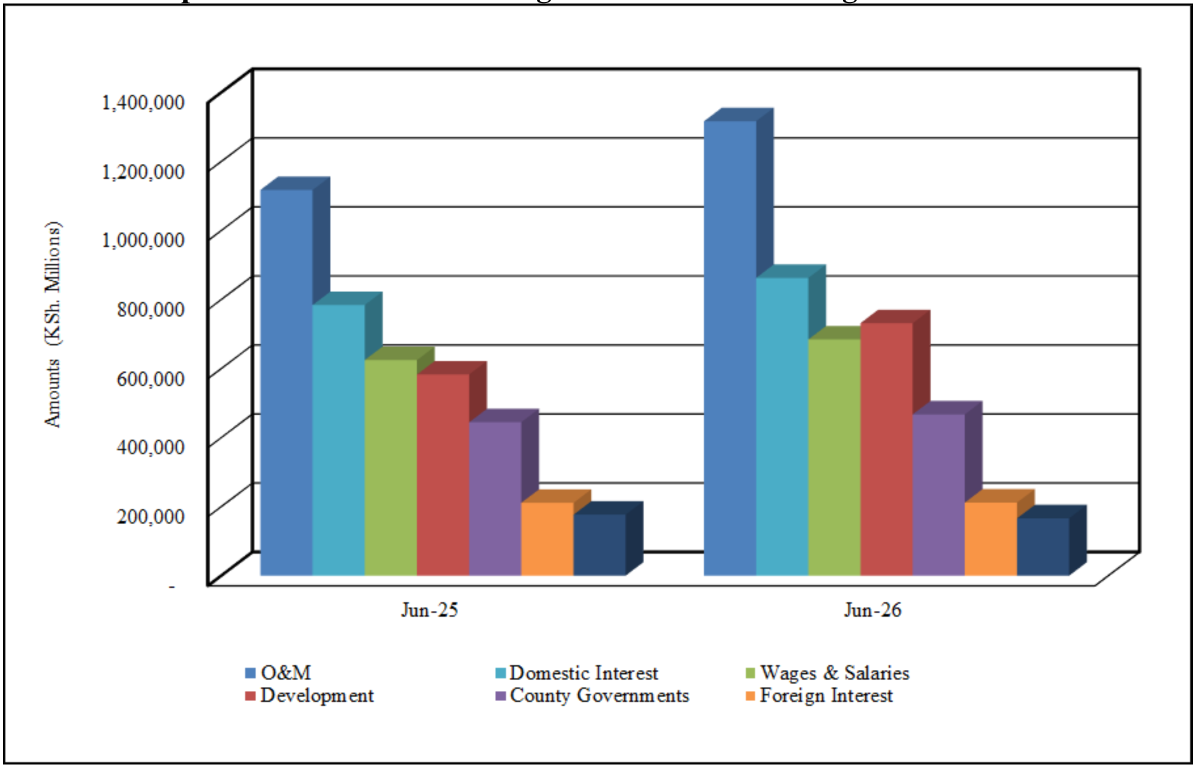
	2024/2025 Actual	2025/2026		Deviation	% Growth
		Actual*	Targets		
1. RECURRENT	**2,948,431**	**3,285,343**	**3,400,731**	**(115,388)**	**11.4**
Domestic Interest	784,117	862,652	911,946	(49,294)	10.0
Foreign Interest	211,002	211,760	214,808	(3,048)	0.4
Pensions & Other CFS	176,753	166,222	201,620	(35,398)	(6.0)
Contribution to Civil Servants' Pension	34,335	43,646	38,415	5,232	27.1
Wages and Salaries	624,689	684,351	689,334	(4,983)	9.6
Operation and Maintenance	1,117,534	1,316,711	1,344,608	(27,897)	17.8
O/W: Appropriation-in-Aid	300,755	344,646	357,561	(12,915)	14.6
2. DEVELOPMENT	**582,937**	**731,542**	**771,004**	**(39,462)**	**25.5**
Development Projects (Net)	392,864	500,739	542,223	(41,484)	27.5
Payment of Guaranteed Loans	19,685	-	-	-	(100.0)
Appropriation-in-Aid	170,387	230,803	228,781	2,022	35.5
3. County Governments	444,570	467,272	484,803	(17,531)	5.1
4. Parliamentary Service	41,552	45,311	47,102	(1,791)	9.0
5. Judicial Service	771	916	931	(15)	18.8
6. Equalization Fund	-	7,301	7,602	(301)	-
TOTAL EXPENDITURE	**3,975,938**	**4,484,157**	**4,656,537**	**(172,380)**	**12.8**

*Provisional

Source of Data: National Treasury

40. Interest payments amounted to KSh. 1,074.4 billion, higher than the KSh. 995.1 billion paid over the same period in the FY 2024/25. The domestic interest payments totalled to KSh. 862.7 billion, while foreign interest payment amounted to KSh. 211.8 billion during the period under review. The expenditure data in GFSM 2014 format is shown in annexes III and IV.

Chart 10: Expenditure and Net Lending for the Period Ending 30th June 2026



Source of Data: National Treasury

2.2.1 National Government Expenditures by Public Agencies

41. The total ministerial and other public agencies expenditure including A.I.A was KSh. 2,550.1 billion against a target of KSh. 2,931.7 billion. Recurrent expenditure was KSh. 1,828.6 billion against a target of KSh. 2,041.9 billion, while development expenditure amounted to KSh. 721.5 billion against a target of KSh. 889.9 billion. The percentage of total expenditure to the target was 87.0 percent while the percentage of total expenditures to the target for recurrent and development were 89.6 percent and 81.1 percent respectively, as at the end of the period under review.

42. As at the period ending 30th June, 2026, recurrent expenditures by the State Department for Basic Education, Higher Education and Research; Teachers Service Commission; Vocational and Technical Training; Public Health and Professional Standards; labour and Skills Development; correctional service; Youth Affairs and Arts; Culture and Heritage; Sports; Social Protection and Senior Citizens; Children Services; Immigration and Citizen Services and Medical Services (Social Sector) accounted for 49.1 percent of total recurrent expenditure. In addition, the security sector accounted for 25.4 percent of total recurrent expenditure.

43. Analysis of development outlay indicates that the State Department for Roads accounted for the largest share of the total development expenditure (19.3 percent) followed by the State Department for Housing and Urban Development (18.0 percent) and the State Department for Economic Planning (8.6 percent). **Table 6** shows the recurrent and development expenditures by Ministries, State Departments and other government entities for the period under review.

Table 6: National Government Expenditures by Public Agencies, Period Ending 30th June 2026 (KSh. Millions)

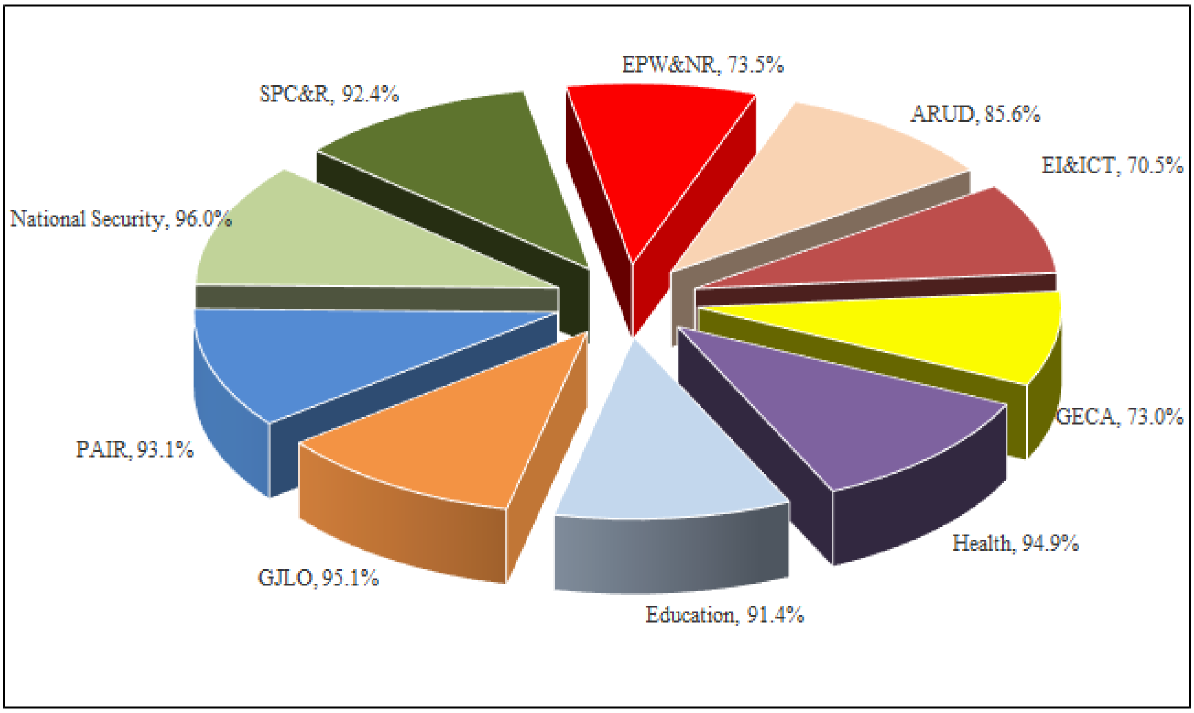
MINISTRY/DEPARTMENT/COMMISSIONS	Jun-26									% of Total Exp. To
	Recurrent			Development			Total			
	Actual*	Target	Variance	Actual*	Target	Variance	Actual*	Target	Variance	
1011 Executive Office of the President	6,684	6,860	(176)	1,329	1,344	(15)	8,013	8,204	(191)	97.7
1012 Office of the Deputy President	5,112	5,268	(155)	100	100	(0)	5,212	5,368	(155)	97.1
1013 Office of the Prime Cabinet Secretary	602	629	(27)	-	-	-	602	629	(27)	95.7
1014 State Department for Parliamentary Affairs	433	440	(6)	-	-	-	433	440	(6)	98.5
1015 State Department for Performance and Delivery Management	-	-	-	-	-	-	-	-	-	-
1016 State Department for Cabinet Affairs	226	235	(9)	-	-	-	226	235	(9)	96.1
1017 State House	17,121	17,254	(133)	1,292	1,295	(3)	18,413	18,549	(135)	99.3
1018 State Department for National Government Coordination	967	1,034	(67)	21	22	(1)	988	1,056	(68)	93.5
1023 State Department for Correctional Services	38,574	38,737	(163)	267	329	(62)	38,841	39,066	(225)	99.4
1024 State Department for Immigration and Citizen Services	14,249	14,960	(711)	12,878	14,302	(1,425)	27,126	29,262	(2,136)	92.7
1025 National Police Service	134,004	134,493	(488)	1,671	1,713	(42)	135,675	136,206	(531)	99.6
1026 State Department for Internal Security & National Administration	47,894	49,877	(1,983)	8,031	8,037	(6)	55,925	57,914	(1,989)	96.6
1032 State Department for Devolution	1,370	1,374	(4)	9,666	14,176	(4,510)	11,036	15,550	(4,514)	71.0
1033 State Department for Special Programmes	13,330	13,809	(478)	166	166	-	13,496	13,974	(478)	96.6
1036 State Department for the ASALs and Regional Development	9,010	9,623	(613)	4,718	4,976	(258)	13,728	14,598	(871)	94.0
1041 Ministry of Defence	213,852	221,819	(7,967)	1,000	4,634	(3,634)	214,852	226,453	(11,601)	94.9
1053 State Department for Foreign Affairs	17,234	23,746	(6,512)	782	2,346	(1,564)	18,016	26,092	(8,076)	69.0
1054 State Department for Diaspora Affairs	750	759	(8)	-	-	-	750	759	(8)	98.9
1064 State Department for Vocational and Technical Training	37,155	43,766	(6,611)	5,761	7,282	(1,521)	42,916	51,048	(8,132)	84.1
1065 State Department for Higher Education and Research	120,983	156,422	(35,440)	4,859	4,992	(133)	125,841	161,414	(35,573)	78.0
1066 State Department for Basic Education	108,461	114,599	(6,138)	15,721	18,073	(2,352)	124,181	132,672	(8,491)	93.6
1067 State Department for Science, Innovation and Research	859	1,070	(210)	-	-	-	859	1,070	(210)	80.3
1071 The National Treasury	79,973	89,873	(9,900)	30,538	37,262	(6,725)	110,510	127,135	(16,625)	86.9
1072 State Department for Economic Planning	4,385	4,433	(48)	62,047	62,211	(164)	66,432	66,644	(212)	99.7
1073 State Department for Public Investments and Assets Management	3,485	3,873	(388)	726	736	(10)	4,211	4,609	(398)	91.4
1082 State Department for Medical Services	93,317	93,491	(174)	29,817	33,704	(3,887)	123,134	127,195	(4,061)	96.8
1083 State Department for Public Health and Professional Standards	29,615	33,523	(3,908)	3,688	4,202	(514)	33,303	37,725	(4,422)	88.3
1091 State Department for Roads	58,158	71,628	(13,470)	139,289	182,745	(43,456)	197,447	254,373	(56,926)	77.6
1092 State Department for Transport	2,316	6,833	(4,517)	14,067	61,200	(47,134)	16,382	68,033	(51,651)	24.1
1093 State Department for Shipping and Maritime Affairs	625	3,629	(3,004)	565	2,625	(2,060)	1,189	6,253	(5,064)	19.0
1094 State Department for Housing & Urban Development	2,346	6,926	(4,580)	129,956	140,987	(11,031)	132,302	147,913	(15,610)	89.4
1095 State Department for Public Works	3,433	4,045	(612)	762	813	(51)	4,194	4,858	(664)	86.3
1097 State Department for Aviation and Aerospace Development	474	14,359	(13,886)	653	653	(0)	1,126	15,012	(13,886)	7.5
1104 State Department for Irrigation	813	1,131	(318)	9,130	10,935	(1,805)	9,942	12,065	(2,123)	82.4
1109 State Department for Water & Sanitation	3,378	8,496	(5,118)	48,360	51,838	(3,477)	51,738	60,334	(8,596)	85.8
1112 State Department for Lands and Physical Planning	5,082	5,607	(525)	7,582	7,702	(120)	12,663	13,309	(645)	95.2
1122 State Department for Information Communication Technology & Digital Economy	3,151	3,628	(477)	7,912	8,587	(676)	11,063	12,215	(1,152)	90.6
1123 State Department for Broadcasting & Telecommunications	4,190	6,240	(2,050)	276	325	(50)	4,466	6,565	(2,100)	68.0
1132 State Department for Sports	5,486	5,655	(169)	21,493	23,611	(2,118)	26,979	29,266	(2,286)	92.2
1134 State Department for Culture and Heritage	2,229	3,000	(770)	125	212	(87)	2,354	3,212	(857)	73.3
1135 State Department for Youth Affairs and the Arts	2,787	2,892	(105)	2,410	3,226	(816)	5,197	6,119	(922)	84.9
1152 State Department for Energy	1,126	12,140	(11,013)	34,695	50,488	(15,793)	35,822	62,628	(26,806)	57.2
1162 State Department for Livestock Development	3,168	6,296	(3,127)	6,976	7,331	(354)	10,145	13,626	(3,481)	74.5
1166 State Department for the Blue Economy and Fisheries	3,180	3,585	(405)	6,514	7,564	(1,049)	9,695	11,149	(1,454)	87.0
1169 State Department for Crop Development	15,464	24,352	(8,888)	46,399	48,865	(2,466)	61,863	73,217	(11,353)	84.5
1173 State Department for Cooperatives	4,711	5,944	(1,233)	3,349	3,371	(22)	8,060	9,315	(1,255)	86.5
1174 State Department for Trade	2,991	5,083	(2,092)	300	300	-	3,291	5,383	(2,092)	61.1
1175 State Department for Industry	3,252	4,734	(1,482)	5,628	5,690	(62)	8,880	10,362	(1,482)	85.7
1176 State Department for Micro, Small and Medium Enterprises	1,482	2,257	(775)	9,314	9,842	(528)	10,796	12,099	(1,302)	89.2
1177 State Department for Investment Promotion	866	1,612	(746)	2,697	3,261	(564)	3,563	4,873	(1,311)	73.1
1184 State Department for Labour and Skills Development	2,087	4,986	(2,899)	537	853	(315)	2,624	5,839	(3,215)	44.9
1185 State Department for Social Protection and Senior Citizens Affairs	33,172	33,285	(113)	146	207	(61)	33,318	33,492	(174)	99.5
1186 State Department for Children Services	11,599	11,941	(342)	183	184	(0)	11,782	12,125	(343)	97.2
1192 State Department for Mining	1,656	2,194	(537)	74	267	(194)	1,730	2,461	(731)	70.3
1193 State Department for Petroleum	19,683	25,030	(5,347)	5,048	5,291	(243)	24,731	30,321	(5,590)	81.6
1202 State Department for Tourism	7,432	11,758	(4,327)	2,036	5,210	(3,174)	9,468	16,968	(7,501)	55.8
1203 State Department for Wildlife	3,760	13,566	(9,806)	2,076	3,529	(1,453)	5,836	17,095	(11,259)	34.1
1212 State Department for Gender and Affirmative Action	1,515	1,666	(151)	4,557	4,633	(77)	6,071	6,300	(228)	96.4
1213 State Department for Public Service	19,217	22,254	(3,037)	1,832	2,024	(192)	21,049	24,278	(3,230)	86.7
1221 State Department for East African Community	1,259	1,281	(23)	-	-	-	1,259	1,281	(23)	98.2
1252 State Law Office	4,382	5,116	(734)	300	300	(0)	4,682	5,416	(734)	86.4
1253 State Department for Justice Human Rights and Constitutional Affairs	1,035	1,064	(28)	-	-	-	1,035	1,064	(28)	97.3
1261 The Judiciary	25,271	25,637	(366)	981	1,513	(532)	26,253	27,151	(898)	96.7
1271 Ethics and Anti-Corruption Commission	4,334	4,359	(25)	162	180	(18)	4,495	4,539	(43)	99.0
1281 National Intelligence Service	64,947	64,947	-	-	-	-	64,947	64,947	-	100.0
1291 Office of the Director of Public Prosecutions	5,357	5,560	(203)	272	286	(14)	5,629	5,846	(217)	96.3
1311 Office of the Registrar of Political Parties	3,027	3,057	(30)	-	-	-	3,027	3,057	(30)	99.0
1321 Witness Protection Agency	592	791	(199)	-	-	-	592	791	(199)	74.8
1331 State Department for Environment & Climate Change	2,649	4,142	(1,493)	1,374	1,704	(329)	4,024	5,846	(1,822)	68.8
1332 State Department for Forestry	6,112	11,088	(4,976)	5,412	6,462	(1,050)	11,523	17,550	(6,026)	65.7
2011 Kenya National Commission on Human Rights	501	521	(20)	-	-	-	501	521	(20)	96.1
2021 National Land Commission	5,554	5,553	1	556	556	(0)	6,110	6,109	1	100.0
2031 Independent Electoral and Boundaries Commission	10,975	12,980	(2,005)	30	30	-	11,005	13,010	(2,005)	84.6
2041 Parliamentary Service Commission	2,732	2,870	(137)	-	-	-	2,732	2,870	(137)	95.2
2042 National Assembly	27,466	28,929	(1,463)	-	-	-	27,466	28,929	(1,463)	94.9
2043 Parliamentary Joint Services	6,814	6,948	(134)	1,564	1,565	(1)	8,378	8,513	(135)	98.4
2044 Senate	8,306	8,379	(73)	-	-	-	8,306	8,379	(73)	99.1
2051 Judicial Service Commission	916	941	(25)	-	-	-	916	941	(25)	97.4
2061 Commission on Revenue Allocation	424	488	(64)	-	-	-	424	488	(64)	86.9
2071 Public Service Commission	3,513	3,627	(114)	-	-	-	3,513	3,627	(114)	96.8
2081 Salaries and Remuneration Commission	803	869	(66)	-	-	-	803	869	(66)	92.4
2091 Teachers Service Commission	397,945	410,622	(12,677)	466	671	(205)	398,411	411,293	(12,882)	96.9
2101 National Police Service Commission	1,395	1,455	(61)	-	-	-	1,395	1,455	(61)	95.8
2111 Auditor General	8,282	8,359	(77)	320	330	(10)	8,602	8,689	(87)	99.0
2121 Controller of Budget	933	948	(15)	-	-	-	933	948	(15)	98.4
2131 Commission on Administrative Justice	642	666	(24)	-	-	-	642	666	(24)	96.4
2141 National Gender and Equality Commission	560	560	(0)	-	-	-	560	560	(0)	100.0
2151 Independent Policing Oversight Authority	1,405	1,406	(1)	-	-	-	1,405	1,406	(1)	99.9
Total	**1,828,607**	**2,041,882**	**(213,275)**	**721,452**	**889,866**	**(168,414)**	**2,550,059**	**2,931,686**	**(381,627)**	**87.0**

*Provisional

Source of Data: National Treasury

44. During the period under review, the National Security Sector recorded the highest absorption of 96.0 percent, followed by Agriculture, Governance, Justice, Law and Order Sector at 95.1 percent and Health Sector at 94.9 percent of its budget. Energy, Infrastructure & ICT Sector recorded the lowest absorption of 70.5 percent (Chart 11).

Chart 11: Sectoral Budget Absorption as of 30th June 2026



Source of Data: National Treasury

2.2.2 Pending Bills

45. The total outstanding National Government pending bills as of 30th June 2026 amounted to KSh. 475.5 billion. These comprise of KSh. 365.6 billion (76.9 percent) and KSh. 109.9 billion (23.1 percent) for the State Corporations (SCs) and Ministries/State Departments/other government entities respectively. The SCs pending bills include payment to contractors/projects, suppliers, unremitted statutory and other deductions, pension arrears for Local Authorities Pension Trust, and others. The highest percentage of the SCs pending bills are related to Development expenditure (53.3 percent) with recurrent expenditure pending bills accounting for 46.7 percent of the total SC pending bills. Ministries/State Departments and other government entities pending bills constitutes mainly of the historical ones.

46. The National Government policy on clearance of pending bills continues to be in force. The National Treasury is currently developing a comprehensive strategy to clear outstanding stock of verified pending bills of the National Government over the medium term. In this strategy, deficiencies and lapses that led to accumulation of pending bills will be addressed. In the FY 2026/27 all MDAs are expected to clear all the expenditure carryovers from FY 2025/26 as a first charge before payment of commitments in the current financial year.

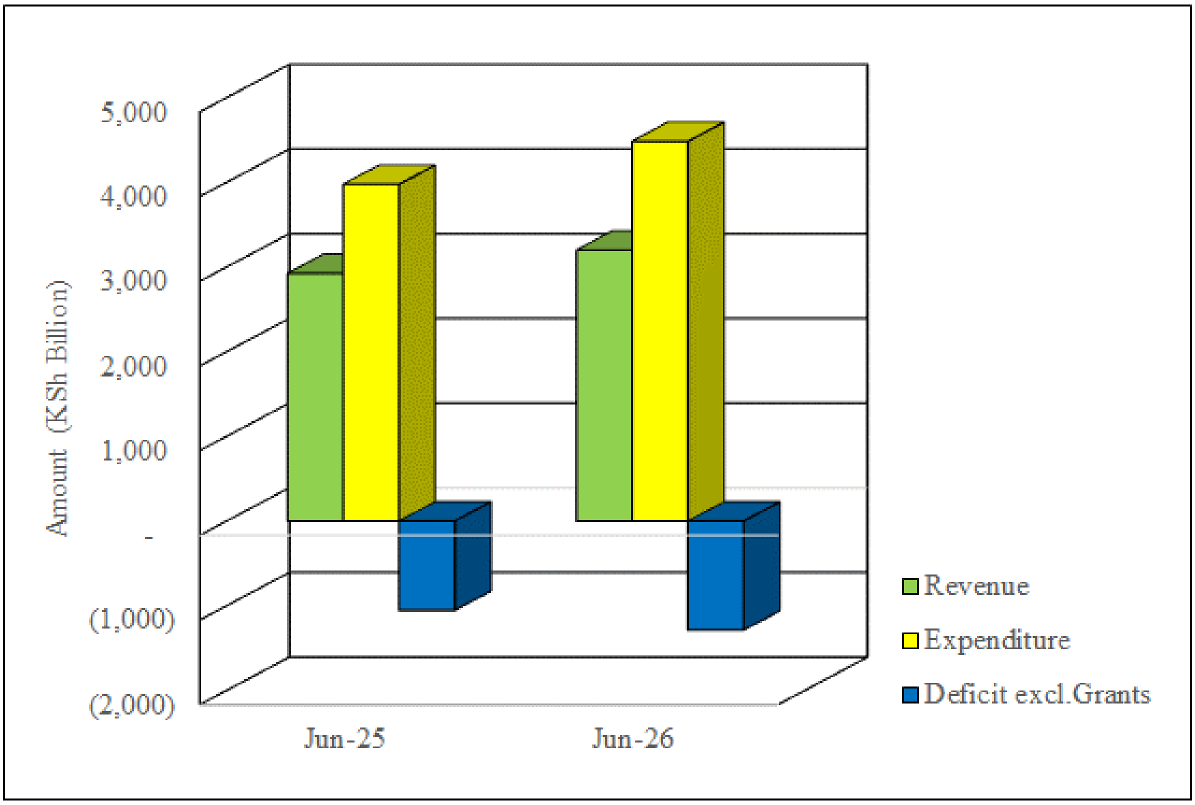
2.2.3 Guaranteed Debt Service

During the period under review, the National Government serviced no Guaranteed Debt.

2.3 Fiscal Outturn

47. In the FY 2025/26, the fiscal balance (on commitment basis and excluding grants) amounted to KSh. 1,285.4 billion (6.9 percent of GDP) against a target of KSh. 1,397.6 billion (7.3 percent of GDP) **(Chart 12 and Table 8)**. The fiscal balance (on a commitment basis and including grants) was KSh. 1,264.7 billion (6.8 percent of GDP) against a target of KSh.1,357.7 billion (7.3 percent of GDP).

Chart 12: Fiscal Balance as of 30th June 2026



Source of Data: National Treasury

48. Over the same period in FY2024/25, the fiscal deficit including grants (on commitment basis) stood at KSh. 1,019.1 billion (6.7 percent of GDP). The fiscal outturn in the last six FYs and the original and supplementary budgets in the FY 2025/26 are shown in **Annex I**. Further, GFSM 2014 Compliant Budgetary Central Government fiscal data for the FY 2024/25 are shown in annexes V and VI.

Table 8: Budget Outturn, Cumulative Ending 30th June 2026 (KSh. Millions)

	2024/2025	2025/2026			% growth	2025/2026 as a % of GDP		2024/2025 Actual as a % of GDP
	Actual	Actual*	Targets	Deviation		Actual	Targets	
A. TOTAL REVENUE AND GRANTS	**2,956,871**	**3,219,463**	**3,298,883**	**(79,420)**	**8.9**	**17.3**	**17.7**	**17.0**
1. Revenue	**2,923,551**	**3,198,801**	**3,258,959**	**(60,158)**	9.4	17.2	17.5	16.8
Ordinary Revenue	**2,420,174**	**2,588,401**	**2,640,617**	**(52,216)**	7.0	13.9	14.2	13.9
Import Duty	157,107	180,006	176,539	3,467	14.6	1.0	0.9	0.9
Excise Duty	292,468	311,955	313,306	(1,351)	6.7	1.7	1.7	1.7
Income tax	1,093,032	1,175,559	1,169,353	6,206	7.6	6.3	6.3	6.3
VAT	660,729	722,444	721,389	1,055	9.3	3.9	3.9	3.8
Investment Revenue	84,828	84,816	150,204	(65,388)	(0.0)	0.5	0.8	0.5
Others	132,010	113,622	109,826	3,796	(13.9)	0.6	0.6	0.8
Appropriation-in-Aid	503,377	610,400	618,342	(7,942)	21.3	3.3	3.3	2.9
2. Grants	**33,320**	**20,662**	**39,924**	**(19,262)**	**(38.0)**	**0.1**	**0.2**	**0.2**
AMISOM Receipts	956	0	5,081	(5,081)	(100.0)	-	0.0	0.0
Revenue	18,922	13,880	20,676	(6,796)	(26.6)	0.1	0.1	0.1
Appropriation-in-Aid	13,442	6,782	14,168	(7,386)	(49.5)	0.0	0.1	0.1
B.EXPENDITURE AND NET LENDING	**3,975,938**	**4,484,157**	**4,656,537**	**(172,380)**	**12.8**	**24.1**	**25.0**	**22.8**
1. Recurrent	**2,948,431**	**3,285,343**	**3,400,731**	**(115,388)**	**11.4**	**17.6**	**18.2**	**16.9**
Domestic Interest	784,117	862,652	911,946	(49,294)	10.0	4.6	4.9	4.5
Foreign Interest	211,002	211,760	214,808	(3,048)	0.4	1.1	1.2	1.2
Pension & Other CFS	176,753	166,222	201,620	(35,398)	(6.0)	0.9	1.1	1.0
Contribution to Civil Servants' Pension	34,335	43,646	38,415	5,232	27.1	0.2	0.2	0.2
Wages and Salaries	624,689	684,351	689,334	(4,983)	9.6	3.7	3.7	3.6
O & M/Others	1,117,534	1,316,711	1,344,608	(27,897)	17.8	7.1	7.2	6.4
2. Development and Net Lending	**582,937**	**731,542**	**771,004**	**(39,462)**	**25.5**	**3.9**	**4.1**	**3.3**
O/W Domestically financed	397,657	548,361	552,760	(4,399)	37.9	2.9	3.0	2.3
Foreign financed	165,595	175,879	210,641	(34,762)	6.2	0.9	1.1	0.9
3.Net Lending	19,685	0	0	-	(100.0)	0.0	-	0.1
4. Equalization Fund	-	7,301.0	7,602.2	(301)	-	0.0	0.0	0.0
5. County Governments	444,570	467,272	484,803	(17,531)	5.1	2.5	2.6	2.5
5. CF	-	-	-	-	-	**0.0**	-	**0.0**
C. DEFICIT EXCL.GRANT (Commitment basis)	**(1,052,387)**	**(1,285,356)**	**(1,397,578)**	**112,223**	**22.1**	**(6.9)**	**(7.3)**	**(6.0)**
D. DEFICIT INCL.GRANTS (Commitment basis)	**(1,019,067)**	**(1,264,694)**	**(1,357,654)**	**92,960**	**24.1**	**(6.8)**	**(7.3)**	**(5.8)**
E. ADJUSTMENT TO CASH BASIS								
F. DEFICIT INCL.GRANTS (Cash basis)	**(1,019,067)**	**(1,264,694)**	**(1,357,654)**	**92,960**	**24.1**	**(6.8)**	**(7.3)**	**(5.8)**
Discrepancy	*15,146*	*(13,647)*	*0*	*(13,647)*	-	*-0.1*	*0.0*	*0.1*
G. FINANCING	**1,034,213**	**1,251,047**	**1,357,655**	**(106,608)**	**21.0**	**6.7**	**7.3**	**5.9**
1. Net Foreign financing	**179,738**	**267,347**	**384,037**	**(116,690)**	**48.7**	**1.4**	**2.1**	**1.0**
Disbursements	**527,042**	**771,691**	**907,677**	**(135,986)**	**46.4**	**4.1**	**4.9**	**3.0**
Programme Loans	113,683	99,860	130,900	(31,040)	(12.2)	0.5	0.7	0.7
Project Cash Loans	85,810	110,650	130,245	(19,595)	28.9	0.6	0.7	0.5
Project Loans AIA	65,633	86,110	102,461	(16,351)	31.2	0.5	0.5	0.4
OPEC Funds	8,847	-	4,000	(4,000)	(100.0)	-	0.0	0.1
Commercial Financing	253,070	475,071	540,071	(65,000)	88	3	2.9	1.5
Debt repayment - Principal	(347,304)	(504,344)	(523,640)	19,297	**45.2**	**(2.7)**	**(2.8)**	**(2.0)**
2. Net Domestic Financing **	**854,474**	**983,701**	**973,618**	**10,082**	**15.1**	**5.3**	**5.2**	**4.9**
Government Securities	853,121	993,652	961,666	31,987	16.5	5.3	5.2	4.9
Government Overdraft & Others	1,862	21,793	-	21,793	1,070.4	0.1	-	0.0
Movement in Government Deposits	24,789	(9,408)	33,157	(42,565)	(138.0)	-0.1	0.2	0.1
Domestic Loan Repayments (Net Receipts)	8,048	13,725	11,905	1,819	70.5	0.1	0.1	0.0
Domestic Loan Repayment	(1,110)	(1,110)	(1,110)	-	-	0.0	(0.0)	(0.0)
Other Accounts Payable	(32,235)	(34,951)	(32,000)	(2,951)	8.4	(0.2)	(0.2)	(0.2)
MEMO ITEM								
GDP ESTIMATE	**17,434,534**	**18,642,472**	**18,642,472**	**-**	**6.9**	**100.0**	**100.0**	**100.0**

*Provisional

**Net Domestic Financing figure different Domestic Financing in Table 10 due to movement in Government Deposits and other domestic financing items*

Source of Data: National Treasury

2.4 Financing

2.4.1 External Financing

49. During the period under review, net external financing amounted to KSh. 267.3 billion **(Table 9)**. Total disbursements (inflows) including Appropriations-in-Aid amounted to KSh. 771.7 billion for the period ending 30th June 2026 against a target of KSh. 907.7

billion. The total disbursement included KSh. 86.1 billion Project Loans A.I.A; KSh. 99.9 billion program loans; and KSh. 110.7 billion Project Loans-Cash. The external repayments (outflows) of principal debt amounted to KSh. 504.3 billion. The amount comprised of principal repayments due to commercial institutions; bilateral sources; and multilateral sources amounting to, KSh. 278.1 billion, KSh. 132.8 billion and KSh. 93.4 billion respectively.

Table 9: External Financing, Period Ending June 2026 (KSh. Millions)

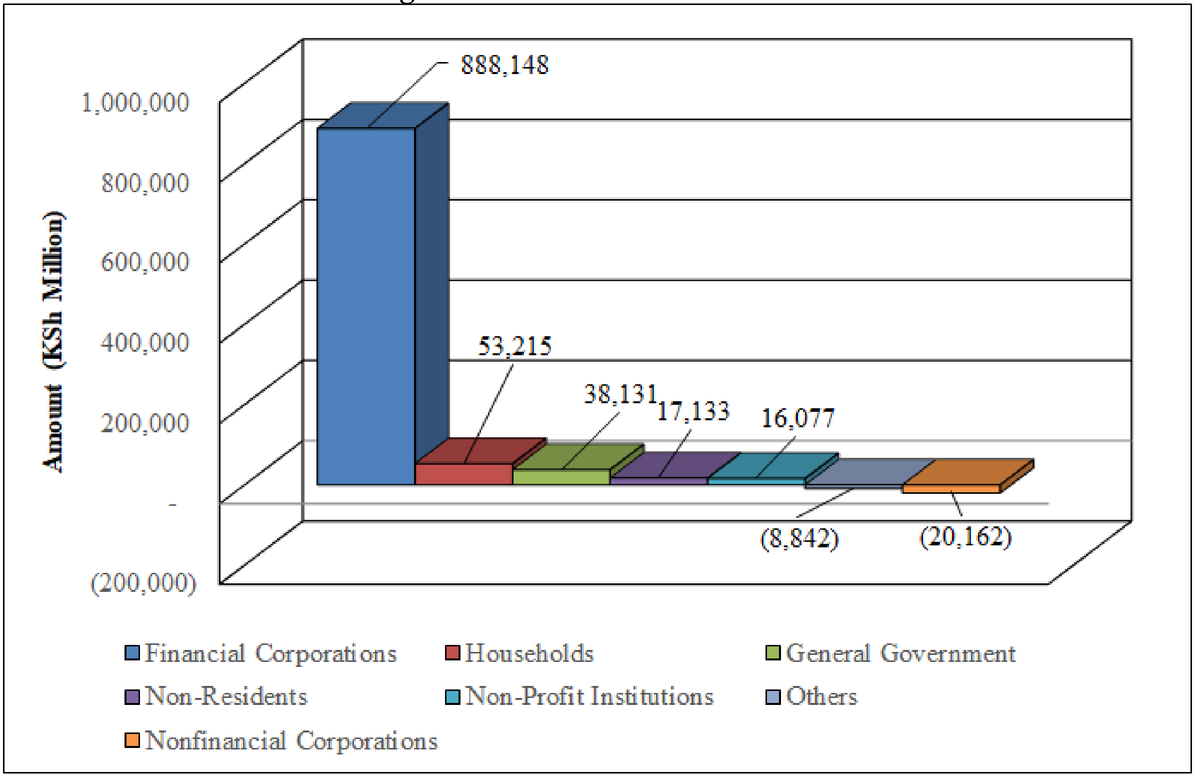
	FY2024/25	FY2025/26	
	Actual*	Actual*	Target
DISBURSEMENTS:	**527,042**	**771,691**	**907,677**
Project Cash loans	85,810	110,650	130,245
Project loans A-I-A	65,633	86,110	102,461
Commercial Financing	253,070	475,071	540,071
OPEC Funds	8,847	-	4,000
Programme Loans	113,683	99,860	130,900
EXTERNAL REPAYMENTS:	**347,304**	**504,344**	**340,190**
Bilateral(incl. Italy Debt SWAP)	150,685	132,795	154,077
Multilateral (excl. IMF)	54,291	93,429	84,393
Commercial	142,327	278,120	101,720
NET FOREIGN FINANCING	**179,738**	**267,347**	**567,487**

*Provisional
Source of Data: National Treasury

2.4.2 Domestic Financing

50. As of 30th June 2026, net domestic financing amounted to KSh. 983.7 billion (**Table 10**) against a target of KSh. 973.6 billion. The borrowing comprised of KSh. 888.1 billion from financial corporations; KSh. 53.2 billion from households; KSh. 38.1 billion from General Government; KSh. 17.1 billion from Non-residents; and KSh. 20.2 billion net repayment to Non-Profit Institutions **(Table 10 and Chart 13).**

Chart 13: Domestic Financing as at 30th June 2026



Source of Data: Central Bank of Kenya

51. Net domestic financing recorded an increase for the period ending 30th June 2026 from a net repayment of KSh. 110.0 billion in July 2025 to a net domestic financing of KSh. 983.7 billion in June 2026. Consequently, the government securities holdings recorded an increase under all holder categories except for Non-Financial Corporations and Non-residents during the period under review. **(Table 9).**

Table 10: Domestic Financing, Period Ending 30th June 2026 (KSh. Millions)

SECURITIES HOLDER	JUL 2025	SEP 2025	DEC 2025	MAR 2026	JUN 2026*
A. Government Securities	**(82,465)**	**333,091**	**500,259**	**841,342**	**992,542**
Households	**210**	**26,041**	**30,434**	**41,755**	**53,215**
Nonfinancial Corporations	**4,663**	**11,197**	**(8,974)**	**(19,031)**	**(20,162)**
Public Nonfinancial Corporations Sector	**4,615**	**(4,370)**	**(28,606)**	**(37,485)**	**(42,261)**
Other Nonfinancial Corporations	**47**	**15,566**	**19,632**	**18,454**	**22,099**
Private Companies	138	15,474	17,591	18,353	22,007
Unincorporated Private Businesses	(91)	92	2,041	101	92
Financial Corporations	**(86,540)**	**262,544**	**422,172**	**760,802**	**888,148**
Public Financial Corporations Sector	**(1,485)**	**12,055**	**16,632**	**22,545**	**27,251**
Other Depository Corporations	**(55,741)**	**139,859**	**179,410**	**429,498**	**428,249**
Commercial Banks	(35,013)	102,832	134,570	373,750	359,999
FOSA SACCOs	(270)	1,167	2,774	3,088	8,603
Money Market Funds	(20,793)	37,034	42,838	53,518	60,204
Other Depository Corporations Under Liquidation	108	(259)	90	107	(89)
Microfinance Banks	227	(914)	(862)	(965)	(468)
Other Financial Corporations	**(29,314)**	**110,630**	**226,130**	**308,759**	**432,649**
Insurance	(16,199)	47,717	97,375	151,766	209,003
Pension	(11,230)	49,475	82,952	90,867	134,155
Financial_auxiliaries	(1,040)	2,552	3,327	3,407	5,181
Non-Money Market Funds	(663)	1,543	3,464	1,210	(36)
BOSA SACCOs	(30)	241	253	219	590
Microfinance Institutions	(33)	112	370	513	847
Other Cooperative Societies	2	22	59	82	77
Other Financial Corporations Under Liquidation	430	(6)	59	267	255
Captive financial institutions and money lenders	(1)	2	425	335	198
Other financial intermediaries	(3,682)	11,501	37,263	57,361	80,871
Investment Banks	3,131	(2,527)	583	2,731	1,508
Non-Profit Institutions	**(255)**	**1,574**	**2,981**	**12,480**	**16,077**
Non-Residents	**649**	**22,179**	**30,734**	**25,179**	**17,133**
Non Resident Individuals	25	535	714	1,053	970
Other International Organisations	624	21,645	30,020	24,126	16,163
General Government	**(1,191)**	**9,556**	**22,913**	**20,157**	**38,131**
Budgetary Units	(83)	(744)	(1,915)	2,383	4,585
Extra-Budgetary Units	(905)	1,954	9,131	7,845	10,041
Social Security Funds	(203)	8,346	15,697	9,928	23,505
B. Others:	**23,347**	**(14,912)**	**8,283**	**(18,084)**	**21,793**
Overdraft	20,928	(12,606)	10,603	(14,467)	23,364
Uncleared Items awaiting transfer to PMG	19	(19)	(19)	(15)	(10)
IMF funds on-lent to Government	2,087	(1,629)	(2,179)	(1,885)	(1,521)
Bank Advances	313	(657)	(122)	(1,716)	(40)
C. Central Government Deposits	**50,920**	**(52,882)**	**(46,418)**	**98,343**	**164,001**
D. Domestic Financing	**(110,037)**	**371,062**	**554,961**	**724,925**	**850,334**
Other Domestic Financing				**15,780**	**(147,086)**
Domestic Loan Repayments (Net Receipt)	**-**	**31,354**	**6,870**	**8,417**	**13,725**
E. Net Domestic Financing	**(110,037)**	**339,708**	**548,091**	**700,727**	**983,701**

Note: Treasury Bills as reflected here are given at cost value as opposed to Table 12 given at face value.

*Provisional

Source of Data: Central Bank of Kenya; National Treasury

3.0 PUBLIC DEBT

3.1. Overall Debt Position

52. The total public and publicly guaranteed debt stock as at end of 30th June 2026, was KSh 13,013.2 billion, up from KSh 11,813.9 billion in June 2025, an increase of 9.2 percent. The increase is majorly attributed to domestic borrowing to finance the fiscal deficit during the period. The public and publicly guaranteed debt stock comprised KSh 5,684.7 billion (43.7 per cent of total debt) in external debt and KSh 7,328.5 billion (56.3 per cent of total debt) in domestic debt. The net public debt was KSh 12,645.6 million during the period under review **(Table 11)**.

Table 11: Kenya's Public and Publicly Guaranteed Debt, June 2024 to June 2026 (KSh. Millions)

CREDITOR	Jun-24	Sep-24	Dec-24	Mar-25	Jun 25	Sep-25	Dec-25	Mar-26	Jun 26*
BILATERAL									
AUSTRIA	12.77	13.20	11.77	12.13	12.61	12.50	11.92	11.53	10.91
BELGIUM	177.87	187.72	171.85	175.11	196.87	193.18	197.92	189.94	187.09
DENMARK	1.97	1.51	1.40	0.93	1.01	0.43	0.43	0.33	0.33
FINLAND	2.55	1.33	1.23	-	-	0.00	-	-	-
FRANCE	746.50	759.36	697.88	704.88	784.39	800.25	786.76	779.63	780.03
GERMANY	345.08	362.54	393.56	401.07	439.64	433.76	445.26	432.40	417.98
ITALY	254.10	229.60	211.75	327.41	345.92	345.90	340.95	332.65	326.68
JAPAN	1,158.65	1,283.89	1,137.10	1,175.59	1,250.72	1,187.17	1,112.88	1,073.03	1,064.93
USA	310.41	248.68	248.47	186.72	185.47	124.03	123.82	62.68	62.46
CHINA	5,696.97	5,394.35	5,356.85	5,039.21	5,053.67	4800.05	4,873.10	4,690.47	4,763.67
OTHERS	277.46	290.47	284.24	280.43	290.61	343.37	337.88	302.86	364.63
TOTAL BILATERAL	**8,984.34**	**8,772.65**	**8,516.10**	**8,303.47**	**8,560.91**	**8,240.65**	**8,230.92**	**7,875.52**	**7,978.70**
MULTILATERAL									
ADB/ADF	3,925.83	4,001.98	3,918.64	4,001.09	4,257.66	4,396.29	4,367.00	4,350.60	4,375.16
BADEA	54.01	53.33	53.01	52.33	52.03	51.35	50.80	50.51	51.84
EEC/EIB	190.43	195.96	181.93	195.52	230.71	222.26	221.33	213.41	212.08
IBRD	1,938.74	1,944.34	1,940.45	1,948.47	2,024.99	2020.16	2,020.32	2,010.68	2,349.71
IDA/IFAD	12,108.42	12,535.17	12,092.83	12,432.93	13,181.46	13,165.20	13,165.31	13,331.66	13,446.08
IMF**	3,251.72	3,259.95	3,252.51	3,574.48	3,704.88	3,692.85	3,582.86	3,549.25	3,417.68
OTHERS	47.21	46.89	43.45	42.56	113.15	111.39	110.16	106.18	104.42
TOTAL MULTILATERAL	**21,516.35**	**22,037.62**	**21,482.81**	**22,247.38**	**23,564.88**	**23,659.49**	**23,517.78**	**23,612.29**	**23,956.96**
COMMERCIAL[1]	**9,322.41**	**9,240.40**	**9,011.12**	**9,851.02**	**10,231.74**	**9,720.09**	**10,476.49**	**12,080.36**	**11,852.36**
O/W International Sovereign Bond	6,600.00	6,600.00	6,600.00	7,518.86	7,913.54	7,913.54	8,785.10	10,619.75	10,512.98
EXPORT CREDIT INTERNATIONAL	**104.51**	**108.29**	**102.82**	**105.64**	**111.57**	**112.29**	**112.32**	**110.31**	**109.18**
GRAND TOTAL	**39,927.61**	**40,158.96**	**39,112.85**	**40,507.51**	**42,469.10**	**41,732.53**	**42,337.50**	**43,678.48**	**43,897.20**
In percentage of total									
BILATERAL	22.50	21.84	21.77	20.50	20.16	19.75	19.44	18.03	18.18
MULTILATERAL	53.89	54.88	54.93	54.92	55.49	56.69	55.55	54.06	54.58
COMMERCIAL BANKS[1]	23.35	23.01	23.04	24.32	24.09	23.29	24.75	27.66	27.00
EXPORT CREDIT	0.26	0.27	0.26	0.26	0.26	0.27	0.27	0.25	0.25
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

*Provisional

Source of Data: National Treasury

3.2 Domestic Debt

53. The stock of gross domestic debt increased by KSh. 1,003.0 billion from KSh. 6,325.5 billion in June 2025 to KSh. 7,328.5 billion in June 2026. The net domestic debt was KSh. 6,960.9 billion by end of the period under review **(Table 12)**.

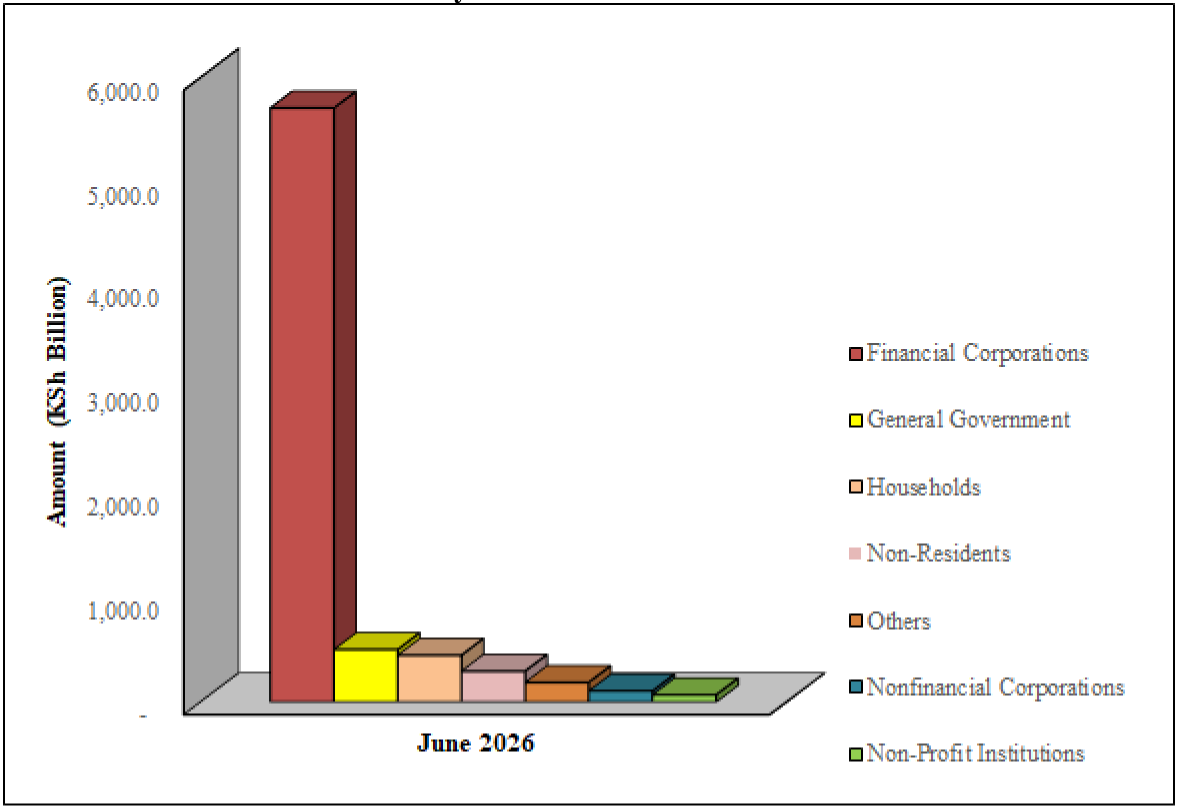
Table 12: Stock of Domestic Debt by end of June 2026 (KSh. Millions)

SECURITIES HOLDER	Jun 2025	Sep 2025	Dec 2025*	Mar 2026*	Jun 2026*
Financial Corporations	4,819,750	5,097,636	5,246,440	5,582,962	5,707,012
Central Bank	178,569	163,066	201,791	159,111	189,219
Commercial Banks	2,179,356	2,296,926	2,315,509	2,562,937	2,538,622
Pensions	894,493	943,325	978,423	980,460	1,028,357
Insurance	799,140	847,845	891,997	948,920	1,009,762
General Government	467,486	476,870	488,845	486,431	506,203
Households	397,774	425,199	428,225	438,887	451,180
Non-Residents	279,734	302,816	311,294	307,396	297,411
Nonfinancial corporations	128,345	139,707	121,630	109,036	107,902
Non-Profit Institutions	53,796	55,124	56,550	65,898	69,597
Total Securities	**6,146,885**	**6,497,352**	**6,652,984**	**6,990,611**	**7,139,305**
Overdraft	67,629	55,023	94,188	53,161	90,993
UnCleared items	21	2	2	5	10
Bank advances	14,792	13,543	13,651	11,696	3,603
Pre-1997 Frozen Debt	15,569	15,569	15,569	15,574	15,574
IMF funds on-lent to Government**	80,559	78,930	78,381	78,674	79,039
Gross Domestic Debt	**6,325,454**	**6,660,418**	**6,854,775**	**7,149,722**	**7,328,524**
Less On-lending	-	-	-	-	-
Less Government Deposits	(337,315)	(261,242)	(248,634)	(410,510)	(367,659)
TOTAL NET DOMESTIC DEBT	**5,988,140**	**6,399,177**	**6,606,141**	**6,739,213**	**6,960,865**

NOTE: Treasury Bills reflected here are at face value as opposed to Table 10, given at cost
*Provisional
Source of Data: Central Bank of Kenya

54. As at end of June 2026, majority of the stock domestic debt was held by financial corporations, accounting for approximately 78.0 percent of the total domestic debt stock. General government entities held approximately 6.9 percent, while households held about 6.2 percent of the stock of domestic debt. Non-residents held KSh 297.4 billion (4.1 percent), while non-financial corporations held KSh 107.9 billion (1.5 percent), others categories, including overdraft, uncleared items, bank advances, frozen debt and IMF funds on-lent to government) accounted for KSh 189.2 billion (2.6 percent). Non-profit institutions accounted for KSh 69.6 billion (1.0 percent) of the stock of domestic debt (**Chart 14**).

Chart 14: Domestic Debt Stock by Holders as at 30th June 2026



Source of Data: Central Bank of Kenya

3.3 External Public Debt

55. In US dollar terms, external public and publicly guaranteed debt stock increased to US$ 43,897.2 million as at end June 2026 from US$ 42,469.1 million in June 2025. This comprised debt owed to multilateral of 54.6 percent, commercial banks of 27.0 percent, bilateral of 18.2 percent, and suppliers credit of 0.3 percent. **(Table 13).**

Table 13: Kenya's External Public and Publicly Guaranteed Debt June 2024 – June 2026 (US$ Millions)

CREDITOR	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26*
BILATERAL									
AUSTRIA	12.77	13.20	11.77	12.13	12.61	12.50	11.92	11.53	10.91
BELGIUM	177.87	187.72	171.85	175.11	189.96	193.18	197.92	189.94	187.09
DENMARK	1.97	1.51	1.40	0.93	1.01	0.43	0.43	0.33	0.33
FINLAND	2.55	1.33	1.23	-	-	-	-	-	-
FRANCE	746.50	759.36	697.88	704.88	784.22	800.25	786.76	779.63	780.03
GERMANY	345.08	362.54	393.56	401.07	426.93	433.76	445.26	432.40	417.98
ITALY	254.10	229.60	211.75	327.41	345.92	345.90	340.95	332.65	326.68
JAPAN	1,158.65	1,283.89	1,137.10	1,175.59	1,225.48	1,187.17	1,112.88	1,073.03	1,064.93
USA	310.41	248.68	248.47	186.72	186.51	124.03	123.82	62.68	62.46
CHINA	5,696.97	5,394.35	5,356.85	5,039.21	5,052.51	4,800.05	4,873.10	4,690.47	4,763.67
OTHERS	277.46	290.47	284.24	280.43	288.22	343.37	337.88	302.86	364.63
TOTAL BILATERAL	**8,984.34**	**8,772.65**	**8,516.10**	**8,303.47**	**8,513.36**	**8,240.65**	**8,230.92**	**7,875.52**	**7,978.70**
MULTILATERAL									
ADB/ADF	3,925.83	4,001.98	3,918.64	4,001.09	4,154.68	4,396.29	4,367.00	4,350.60	4,375.16
BADEA	54.01	53.33	53.01	52.33	52.03	51.35	50.80	50.51	51.84
EEC/EIB	190.43	195.96	181.93	195.52	230.73	222.26	221.33	213.41	212.08
IBRD	1,938.74	1,944.34	1,940.45	1,948.47	2,024.99	2,020.16	2,020.32	2,010.68	2,349.71
IDA/IFAD	12,108.42	12,535.17	12,092.83	12,432.93	13,181.76	13,165.20	13,165.31	13,331.66	13,446.08
IMF	3,251.72	3,259.95	3,252.51	3,574.48	3,704.88	3,692.85	3,582.86	3,549.25	3,417.68
OTHERS	47.21	46.89	43.45	42.56	113.30	111.39	110.16	106.18	104.42
TOTAL MULTILATERAL	**21,516.35**	**22,037.62**	**21,482.81**	**22,247.38**	**23,462.38**	**23,659.49**	**23,517.78**	**23,612.29**	**23,956.96**
COMMERCIAL[1]	**9,322.41**	**9,240.40**	**9,011.12**	**9,851.02**	**9,724.48**	**9,720.09**	**10,476.49**	**12,080.36**	**11,852.36**
O/W International Sovereign Bond	6,600.00	6,600.00	6,600.00	7,518.86	7,413.54	7,913.54	8,785.10	10,619.75	10,512.98
EXPORT CREDIT	**104.51**	**108.29**	**102.82**	**105.64**	**112.30**	112.29	**112.32**	**110.31**	**109.18**
GRAND TOTAL	**39,927.61**	**40,158.96**	**39,112.85**	**40,507.51**	**41,812.51**	**41,732.53**	**42,337.50**	**43,678.48**	**43,897.20**
In percentage of total									
BILATERAL	22.50	21.84	21.77	20.50	20.36	19.75	19.44	18.03	18.18
MULTILATERAL	53.89	54.88	54.93	54.92	56.11	56.69	55.55	54.06	54.58
COMMERCIAL BANKS[1]	23.35	23.01	23.04	24.32	23.26	23.29	24.75	27.66	27.00
EXPORT CREDIT	0.26	0.27	0.26	0.26	0.27	0.27	0.27	0.25	0.25
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

*Provisional

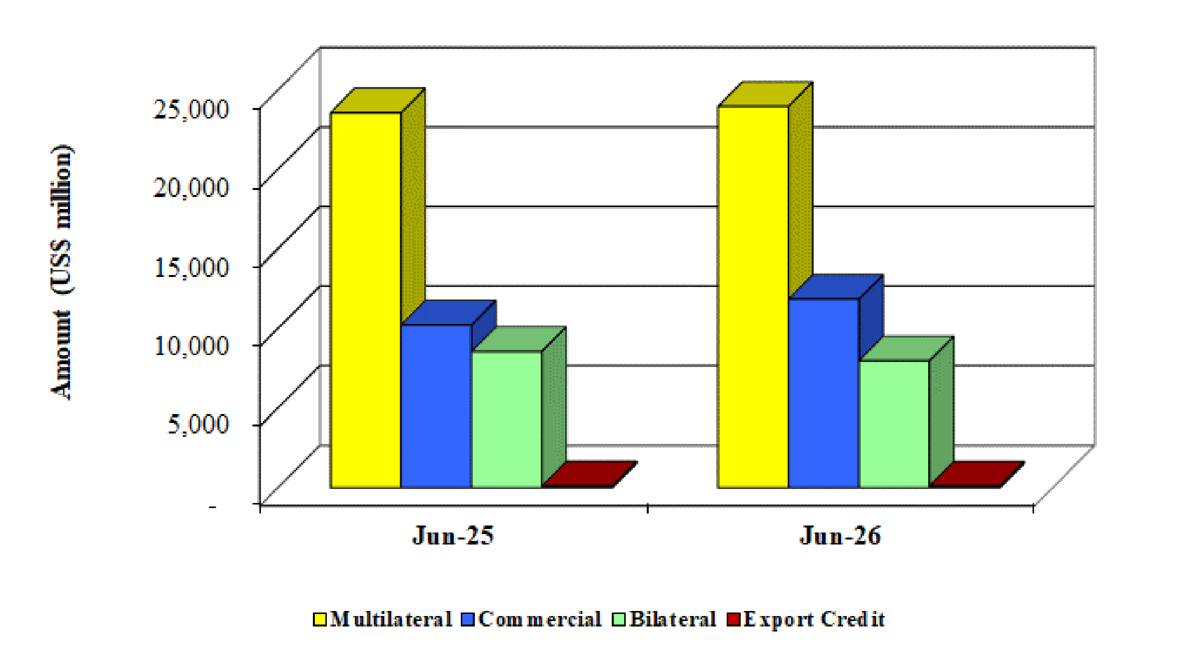
1/ incl. International Sovereign Bond

Note: The exchange rate as at end June 2026 was KSh. 129.5 per dollar.

Source of Data: National Treasury

56. As at the end of June 2026, compared to the corresponding period in FY 2024/25, the stock of external public debt from multilateral institutions and commercial creditors increased by US$ 392.1 million and US$ 1,620.6 million, respectively. Over the same period, debt from bilateral creditors and suppliers' credit declined by US$ 582.2 million and US$ 2.4 million, respectively. **(Chart 15).**

Chart 15: External Public Debt by Source



Source of Data: National Treasury

3.3.1 External Debt Service

57. As at end June 2026, the total cumulative debt service payments to external creditors was KSh 716.1 billion. This comprised KSh 504.3 billion (70.4 percent) principal payment and KSh 211.8 billion (29.6 percent) interest payment (**Table 14)**.

Table 14: External Debt Service, July 2025 – June 2026 (KSh. Million)

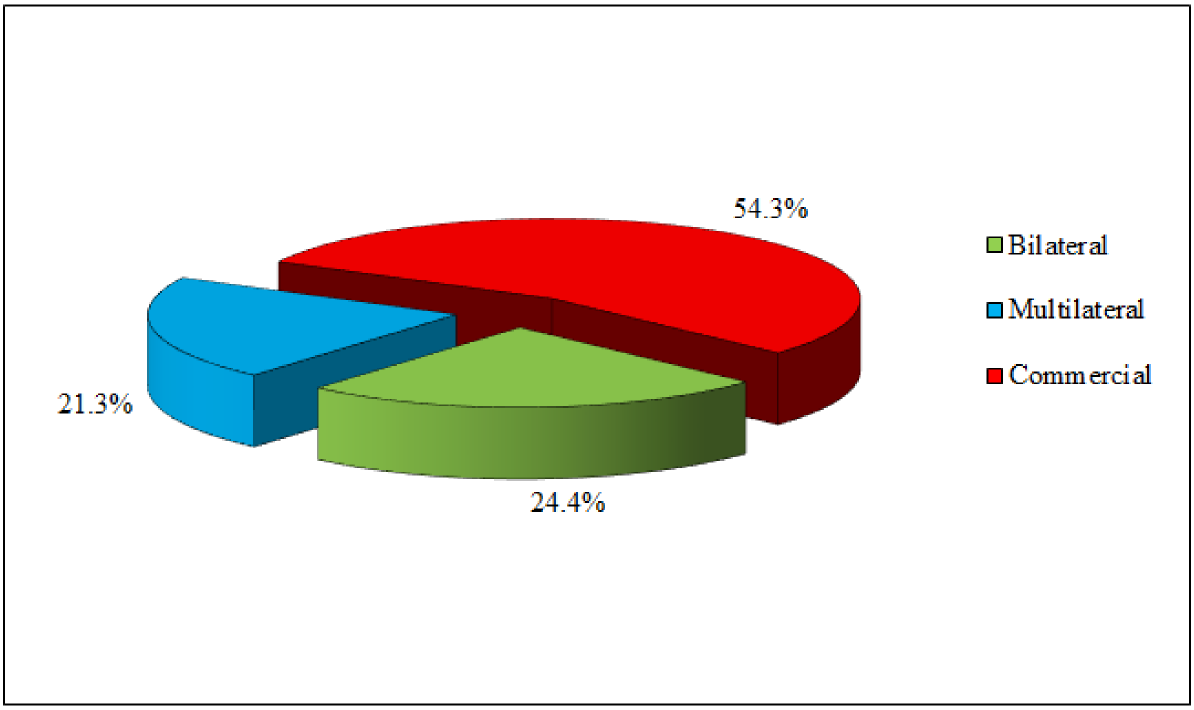
	Jun-26		
CATEGORY	**PRINCIPAL***	**INTEREST***	**TOTAL***
BILATERAL			
ABU DHABI	179.66	23.57	203.23
AUSTRIA	227.78	23.60	251.38
BELGIUM	1,785.37	152.40	1,937.77
CHINA	74,875.28	33,210.58	108,085.86
DENMARK	24.79	-	24.79
FINLAND	434.04	2.29	436.33
FRANCE	11,763.99	2,156.86	13,920.85
GERMANY	6,899.53	947.87	7,847.40
POLAND	106.65	18.11	124.76
INDIA	1,056.46	168.59	1,225.06
ISRAEL	1,063.86	239.64	1,303.50
ITALY	12,311.04	3,196.58	15,507.62
JAPAN	3,859.04	510.02	4,369.06
KOREA	203.23	28.75	231.98
KUWAIT	219.74	39.65	259.40
SAUDI ARABIA	256.50	31.61	288.11
SPAIN	1,444.91	158.98	1,603.89
USA	16,083.35	1,035.64	17,118.99
TOTAL BILATERAL	**132,795.25**	**41,944.74**	**174,739.99**
MULTILATERAL			
ADB/ADF	13,398.70	13,105.11	26,503.81
BADEA	387.40	68.70	456.09
EIB/EEC	2,312.20	723.43	3,035.63
IDA	48,314.08	23,959.26	72,273.34
OPEC	572.71	355.77	928.49
NDF	159.17	22.98	182.16
IFAD	965.31	269.62	1,234.93
IMF	26,649.69	6,813.72	33,463.41
IBRD	669.45	13,604.39	14,273.84
TOTAL MULTILATERAL	**93,428.72**	**58,922.98**	**152,351.70**
COMMERCIAL	**278,119.77**	**110,892.62**	**389,012.39**
GUARANTEED DEBT			
GRAND TOTAL	**504,343.75**	**211,760.33**	**716,104.08**

* Provisional

Source of Data: National Treasury

58. By the end of June 2026, the cumulative debt service payments to commercial, bilateral, and multilateral creditors comprised of 54.3 percent, 24.4 percent and 21.3 percent of the total payments respectively **(Chart 16)**.

Chart 16: External Debt Service by Creditors at end of June 2026



Source of Data: National Treasury

4.0. ANNEXES

4.1. Annex I: Fiscal Results, 2020/21 – 2025/26 (KSh. Millions)

REVENUE/EXPENDITURE/FINANCING	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	
	Actual				Prel. Actual	Revised Estimates II	Printed Estimates
A.TOTAL REVENUE	**1,803,536**	**2,199,808**	**2,360,510**	**2,702,662**	**2,923,551**	**3,258,959**	**3,321,651**
1.Ordinary Revenue	**1,562,015**	**1,917,911**	**2,041,119**	**2,288,921**	**2,420,174**	**2,640,617**	**2,754,709**
Income Tax	694,053	876,707	941,576	1,043,097	1,093,032	1,169,353	1,284,772
VAT	410,758	523,098	550,440	645,489	660,729	721,389	771,704
Import Duty	108,375	118,280	130,123	133,929	157,107	176,539	162,851
Excise Duty	216,325	252,094	264,509	276,722	292,468	313,306	335,531
Other Revenue	132,504	147,731	154,472	189,685	216,838	260,030	199,850
2.Appropriation –in –Aid	241,521	281,897	319,391	413,740	503,377	618,342	566,942
B.EXPENDITURE & NET LENDING	**2,769,254**	**3,027,836**	**3,221,001**	**3,605,209**	**3,983,540**	**4,656,538**	**4,269,869**
1.Recurrent	**1,813,271**	**2,135,305**	**2,311,564**	**2,678,437**	**2,948,431**	**3,400,731**	**3,134,090**
Wages and Salaries	493,029	520,033	547,157	575,269	624,689	689,334	657,285
Interest Payments	495,142	577,978	687,322	840,732	995,120	1,126,754	1,097,690
Domestic Interest	388,830	456,849	533,098	622,544	784,117	911,946	851,421
Foreign Interest Due	106,312	121,130	154,223	218,188	211,002	214,808	246,268
Pensions, etc	112,872	122,432	120,425	178,112	211,088	240,035	239,635
O & M/ Others	668,748	866,050	895,717	797,427	1,441,468	1,676,380	1,462,509
Of which Appropriation-in-Aid	150,295	197,524	240,165	286,896	300,755	357,561	334,256
2.Development & Net Lending	**556,990**	540,117	**493,663**	**546,385**	**590,539**	**771,004**	**648,976**
Development Projects	335,022	346,355	319,289	402,105	392,864	534,621	437,700
Appropriation-in-Aid	221,968	193,762	162,048	126,844	170,387	228,780	200,686
4. Transfer to County Governments	398,993	352,414	415,774	380,388	444,570	484,803	484,803
5. Parliamentary Service	29,191	32,652	41,187	37,257		45,311	
6. Judicial Service	14,289	16,160	19,755	21,027		916	
7. Net Lending	-	-	12,327	17,436	19,685	-	-
8. Equalization Fund	-	-	-	-	7,602	7,602	10,590
9. Contigency Fund	-	-	-	-	-	-	2,000
D.DEFICIT EXCL. GRANTS (Commitment Basis)	**(965,717)**	**(828,028)**	**(860,491)**	**(902,548)**	**(1,059,989)**	**(1,397,579)**	**(948,218)**
E.GRANTS	31,334	31,031	23,083	22,037	33,320	39,924	47,231
F.DEFICIT INCL.GRANTS (Commitment Basis)	**(934,384)**	**(796,997)**	**(837,408)**	**(880,511)**	**(1,026,669)**	**(1,357,655)**	**(900,987)**
G. ADJUSTMENT TO CASH BASIS	5,098	11,868	37,031	45,374	-	-	-
H.DEFICIT INCL.GRANTS (Cash Basis)	**(929,286)**	**(785,129)**	**(800,377)**	**(835,136)**	**(1,026,669)**	**(1,357,655)**	**(900,987)**
Discrepancy	20,950	(37,304)	(30,070)	(16,815)	7,543	-	-
I.FINANCING	**950,235**	**747,825**	**770,307**	**818,321**	**1,034,213**	**768,073**	**900,987**
Net Foreign Financing	323,310	142,524	310,759	222,749	179,738	384,037	287,440
Net Domestic Financing	626,926	605,301	459,548	595,572	854,474	384,037	613,547
In Percentage of GDP							
A.TOTAL REVENUE	**15.9**	**17.3**	**16.5**	**17.3**	**17.1**	**17.5**	**17.5**
1.Ordinary Revenue	**13.7**	**15.1**	**14.3**	**14.6**	**14.1**	**14.2**	**14.5**
Income Tax	6.1	6.9	6.6	6.7	6.4	6.3	6.8
VAT	3.6	4.1	3.9	4.1	3.9	3.9	4.1
Import Duty	1.0	0.9	0.9	0.9	0.9	0.9	0.9
Excise Duty	1.9	2.0	1.9	1.8	1.7	1.7	1.8
Other Revenue	1.2	1.2	1.1	1.2	1.3	1.4	1.1
2.Appropriation –in –Aid	2.1	2.2	2.2	2.6	2.9	3.3	3.0
B. EXPENDITURE & NET LENDING	**24.4**	**23.8**	**22.6**	**23.0**	**23.2**	**25.0**	**22.5**
1.Recurrent	**15.9**	**16.8**	**16.2**	**17.1**	**17.2**	**18.2**	**16.5**
Wages and Salaries	4.3	4.1	3.8	3.7	3.6	3.7	3.5
Interest Payments	4.4	4.5	4.8	5.4	5.8	6.0	5.8
Domestic Interest	3.4	3.6	3.7	4.0	4.6	4.9	4.5
Foreign Interest Due	0.9	1.0	1.1	1.4	1.2	1.2	1.3
Pensions, etc	1.0	1.0	0.8	1.1	1.2	1.3	1.3
O &M/ Others	5.9	6.8	6.3	5.1	8.4	9.0	7.7
of which Appropriation-in-Aid	1.3	1.6	1.7	1.8	1.8	1.9	1.8
2.Development & Net Lending	**4.9**	**4.2**	**3.5**	**3.5**	**3.4**	**4.1**	**3.4**
Development Projects	2.9	2.7	2.2	2.6	2.3	2.9	2.3
Appropriation-in-Aid	2.0	1.5	1.1	0.8	1.0	1.2	1.1
Payment of guaranteed loans	-	-	-	-	-	-	-
3. Drought Expenditures	-	-	-	-	-	-	-
4.Transfer to County Governments	3.5	2.8	2.9	2.4	2.6	2.6	2.6
5. Parliamentary Service	0.3	0.3	0.3	0.2	-	0.2	-
6. Judicial Service	0.1	0.1	0.1	0.1	-	0.0	-
7. Equalization Fund	-	-	-	0.1	0.1	-	-
D.DEFICIT EXCL. GRANTS (Commitment Basis)	**(8.5)**	**(6.5)**	**(6.0)**	-	**(6.2)**	**(7.5)**	**(5.0)**
E.GRANTS	0.3	0.2	0.2	-	0.2	0.2	0.2
F.DEFICIT INCL.GRANTS (Commitment Basis)	**(8.2)**	**(6.3)**	**(5.9)**	**(5.8)**	**(6.2)**	**(7.5)**	**(5.0)**
G.ADJUSTMENT TO CASH BASIS	0.0	0.1	0.3	0.1	0.2	0.2	0.2
H.DEFICIT INCL.GRANTS (Cash Basis)	**(8.2)**	**(6.2)**	**(5.6)**	**(5.6)**	**(6.0)**	**(7.3)**	**(4.7)**
I.FINANCING	**8.4**	**5.9**	**5.4**	**0.3**	**6.0**	**4.1**	**4.7**
Foreign Financing	2.8	1.1	2.2	(5.3)	1.0	2.1	1.5
Net Domestic Financing	5.5	4.8	3.2	5.2	5.0	2.1	3.2
Memorandum Item:							
Nominal GDP at Market price (Ksh. million)	**11,370,322.9**	**12,736,133.0**	**14,274,419.5**	**15,666,642**	**17,143,951**	**18,642,472**	**18,993,485**

Source: National Treasury

4.2. GFSM 2014 COMPLIANT TABLES FOR BUDGETARY CENTRAL GOVERNMENT

4.2.1 Annex II: Revenue (KSh. Millions)

GFSM Code	Description	Revised Estimates II FY2025/26	Prel. Actual FY2025/26 Q1	Prel. Actual FY2025/26 Q2	Prel. Actual FY2025/26 Q3	Prel. Actual FY2025/26 Q4
	Accounting method:	*Cash*	*Cash*	*Cash*	*Cash*	*Cash*
1	**Revenue**	**3,293,802**	**712,556**	**1,530,855**	**2,292,799**	**3,219,465**
11	Taxes	2,755,271	626,995	1,306,340	1,959,338	2,768,453
111	**Taxes on income, profits, and capital gains**	**1,264,353**	**271,149**	**581,225**	**837,926**	**1,254,636**
1111	Payable by individuals	687,075	155,156	341,872	486,339	678,873
1112	Payable by corporations and other enterprises	577,278	115,993	239,353	351,587	575,762
114	**Taxes on goods and services**	**1,209,891**	**291,034**	**588,618**	**912,346**	**1,222,928**
1141	General taxes on goods and services	747,491	177,977	365,194	549,541	749,243
11411	Value-added taxes	721,389	173,371	350,996	533,243	722,444
11414	Taxes on financial and capital transactions[1]	26,102	4,605	14,199	16,298	26,800
1142	Excises[2]	462,400	113,057	223,424	362,805	473,685
115	**Taxes on international trade and transactions**	**281,027**	**64,812**	**136,496**	**209,066**	**290,889**
1151	Customs and other import duties[3]	279,563	64,376	135,733	207,817	289,040
1152	Taxes on exports	1,464	436	763	1,250	1,849
12	**Social contributions**	**337**	**278**	**1,011**	**2,050**	**2,641**
122	**Other social contributions**	**337**	**278**	**1,011**	**2,050**	**2,641**
1221	Employee contributions	337	278	1,011	2,050	2,641
13	**Grants**	**34,843**	**2,950**	**5,759**	**14,708**	**20,664**
131	From foreign governments	34,843	2,950	5,759	14,708	20,664
1312	Capital	34,843	2,950	5,759	14,707	20,662
14	**Other revenue**	**503,351**	**82,333**	**217,746**	**316,702**	**427,707**
141	**Property income**	**155,296**	**11,699**	**55,965**	**71,040**	**89,640**
1411	Interest	2,409	483	1,358	2,031	3,453
1412	Dividends	150,204	10,484	53,574	66,509	84,816
1415	Rent	2,683	732	1,033	2,500	1,371
142	**Sales of goods and services**	**342,315**	**69,769**	**157,217**	**241,529**	**330,792**
1422	Administrative fees	342,315	69,769	157,217	241,529	330,792
143	**Fines, penalties, and forfeits**	**3,333**	**437**	**1,140**	**1,459**	**1,504**
144	**Miscellaneous and unidentified revenue**	**2,407**	**428**	**3,424**	**2,674**	**5,771**

1. Includes Capital Gains Tax and Stamp duty
2. Includes Ordinary excise, RML, PDL and Electricity levy
3. Includes Import duty, RDL and IDF

Source: National Treasury

4.2.2. Annex III: Expense (KSh. Millions)

GFSM Code	Description	Revised Estimates II FY2025/26	Prel. Actual FY 2025/26 Q1	Prel. Actual FY 2025/26 Q2	Prel. Actual FY 2025/26 Q3	Prel. Actual FY 2025/26 Q4
	Accounting method:	*Cash*	*Cash*	*Cash*	*Cash*	*Cash*
2	**Expense**	**4,377,744**	**952,496**	**1,944,330**	**3,141,908**	**4,210,114**
21	**Compensation of employees**	**732,885**	**162,746**	**340,112**	**609,275**	**731,857**
211	Wages and salaries	689,334	152,138	328,643	576,712	684,351
212	**Social contributions**	**43,551**	**10,608**	**11,470**	**32,563**	**47,506**
2121	Actual social contributions	43,551	10,608	11,470	32,563	47,506
22	**Use of goods and services**	**672,936**	**98,397**	**184,364**	**563,251**	**619,730**
	O/W Free Secondary Education (FSE)	54,886	10,417	36,500	36,500	49,956
	Free Primary Education (FPE)	7,908	1,748	5,451	5,451	6,865
24	**Interest**	**1,126,754**	**273,000**	**518,834**	**806,128**	**1,074,413**
241	To nonresidents	214,808	71,990	104,728	169,156	211,760
242	To residents other than general government	911,946	201,010	414,106	636,972	862,652
25	**Subsidies**	**-**	**-**	**-**	**-**	**-**
251	To public corporations				-	-
252	To private enterprises	-	-	-	-	-
26	**Grants**	**1,648,405**	**389,291**	**836,814**	**1,050,974**	**1,614,089**
262	**To international organizations**	**-**	**-**	**-**	**-**	**-**
2621	Current	-	-	-	-	
2622	Capital					
263	**To other general government units**	1,648,405	389,291	836,814	1,050,974	1,614,089
2631	Current	904,354	276,337	547,213	613,622	934,225
	O/W Transfer to County Governments (ES)	290,500	66,131	179,519	298,477	415,000
	Transfer to Other levels of Government (Includes transfers to SOEs)	613,854	210,206	367,694	315,145	519,225
2632	Capital	744,051	112,954	289,601	437,352	679,864
	O/W Transfer to County Governments (ES)	194,303	-	7,294	22,502	41,542
	Transfer to Other levels of Government (Includes transfers to SOEs)	549,748	112,954	282,307	414,850	638,322
27	**Social benefits**	**196,764**	**29,063**	**64,205**	**112,280**	**170,025**
272	Social Assistance Benefits					
273	Employer social benefits	196,764	29,063	64,205	112,280	170,025
28	**Other expense**	**-**	**-**	**-**	**-**	**-**
282	Miscellaneous other expense					

Source: National Treasury

4.2.3. Annex IV: Transaction in Assets and Liabilities (KSh. Millions)

GFSM Code	Description	Revised Estimates II FY2025/26	Prel. Actual FY 2025/26 Q1	Prel. Actual FY 2025/26 Q2	Prel. Actual FY 2025/26 Q3	Prel. Actual FY 2025/26 Q4
	Accounting method:	*Cash*	*Cash*	*Cash*	*Cash*	*Cash*
3	**Change in Net Worth: Transactions**	**(560,665)**	**(170,212)**	**(196,514)**	**(287,560)**	**(571,633)**
31	**Net acquisition of nonfinancial assets**	**165,013**	**40,509**	**75,247**	**118,447**	**179,114**
311	**Fixed assets**	**165,013**	**40,509**	**75,247**	**118,447**	**179,114**
3111	Buildings and structures	159,109	40,351	73,755	115,867	173,253
3112	Machinery and equipment					
3113	Other fixed assets	5,904	158	1,492	2,580	5,861
312	**Inventories**					
314	**Nonproduced assets**					
32	**Net acquisition of financial assets**	**43,953**	**29,875**	**27,945**	**115,546**	**22,023**
3212	Currency and deposits (Domestic)	43,953	29,875	27,945	115,546	22,023
33	**Net incurrence of liabilities**	**769,631**	**240,596**	**299,705**	**521,554**	**772,770**
331	**Domestic**	**929,666**	**338,676**	**481,286**	**800,548**	**980,494**
3313	Securities other than shares	961,666	333,091	499,704	841,897	993,652
3314	Loans	-	14,422	-	(15,539)	21,793
3318	Other Accounts Payable	(32,000)	(8,836)	(18,418)	(25,810)	(34,951)
332	**Foreign**	**(160,034)**	**(98,080)**	**(181,580)**	**(278,995)**	**(207,724)**
3321	Special Drawing Rights (SDRs)					
3323	Securities other than shares					
3324	Loans	(160,034)	(98,080)	(181,580)	(278,995)	(207,724)

Source: National Treasury

4.2.4. Annex V: Statement of Sources and Uses of Cash (KSh. Millions)

GFSM Code	Description	Revised Estimates II FY2025/26	Prel. Actual FY 2025/26 Q1	Prel. Actual FY 2025/26 Q2	Prel. Actual FY 2025/26 Q3	Prel. Actual FY 2025/26 Q4
	Accounting method:	*Cash*	*Cash*	*Cash*	*Cash*	*Cash*
	Cash Flows from Operating Activities:					
1	**Cash receipts from operating activities**	**3,298,883**	**712,556**	**1,530,855**	**2,292,798**	**3,219,463**
11	Taxes	2,755,271	626,995	1,306,340	1,959,338	2,768,453
12	Social contributions	337	278	1,011	2,050	2,641
13	Grants	39,924	2,950	5,759	14,707	20,662
14	Other receipts	503,351	82,333	217,746	316,702	427,707
2	**Cash payments for operating activities**	**4,377,744**	**952,496**	**1,944,330**	**3,141,908**	**4,210,115**
21	Compensation of employees	732,885	162,746	340,112	609,275	731,857
22	Purchases of goods and services	672,936	98,397	184,364	563,251	619,730
24	Interest	1,126,754	273,000	518,834	806,128	1,074,413
26	Grants	1,648,405	389,291	836,814	1,050,974	1,614,089
27	Social benefits	196,764	29,063	64,205	112,280	162,724
28	Other payments	-	-	-		7,301
	Net cash inflow from operating activities	**(1,078,861)**	**(239,940)**	**(413,474)**	**(849,111)**	**(990,652)**
	Cash Flows from Investments in Nonfinancial Assets (NFAs):					
31A	**Purchases of nonfinancial assets**	**165,013**	**40,509**	**75,247**	**118,447**	**179,114**
311A	Fixed assets	165,013	40,509	75,247	118,447	179,114
31	***Net cash outflow: investments in NFAs (3***	***165,013***	***40,509***	***75,247***	***118,447***	***179,114***
	Cash surplus / deficit	**(1,243,874)**	**(280,449)**	**(488,721)**	**(967,558)**	**(1,169,766)**
	Cash Flows from Financing Activities:					
32x	Net acquisition of financial assets other tha	33,157	1,781	6,870	8,417	9,408
321x	Domestic	33,157	1,781	6,870	8,417	9,408
322x	Foreign					
33	**Net incurrence of liabilities**	**1,089,700**	**436,756**	**299,705**	**521,554**	**1,188,218**
331	Domestic	929,666	338,676	481,286	800,548	980,494
332	Foreign	160,034	98,080	(181,580)	(278,995)	207,724
NFB	**Net cash inflow from financing activities**	**1,122,857**	**438,537**	**306,575**	**529,971**	**1,197,626**
	Net change in the stock of cash	***(187,331)***	***154,525***	***(195,886)***	***(454,422)***	***9,044***
	Statistical Discrepancy [4]					

4/Vertical check: Difference between cash surplus/deficit and total net cash inflow from financial activities

Source: National Treasury

4.2.5 Annex VI: Statement of Government Operations (KSh. Millions)

GFSM Code	Description	Revised Estimates II FY2025/26	Prel. Actual FY 2025/26 Q1	Prel. Actual FY 2025/26 Q2	Prel. Actual FY 2025/26 Q3	Prel. Actual FY 2025/26 Q4
	Accounting method:	*Cash*	*Cash*	*Cash*	*Cash*	*Cash*
	Transactions Affecting Net Worth:					
1	**Revenue**	**3,298,883**	**724,314**	**1,530,855**	**2,292,798**	**3,219,463**
11	Taxes	2,755,271	626,995	1,306,340	1,959,338	2,768,453
12	Social contributions	337	278	1,011	2,050	2,641
13	Grants	39,924	14,707	5,759	14,707	20,662
14	Other revenue	503,351	82,333	217,746	316,702	427,707
2	**Expense**	**4,483,922**	**952,496**	**1,863,415**	**3,141,908**	**4,305,043**
21	Compensation of employees	732,885	162,746	259,198	609,275	731,857
22	Use of goods and services	672,936	98,397	268,674	563,251	619,730
24	Interest	1,126,754	273,000	518,834	806,128	1,074,413
25	Subsidies	106,179	-	-	-	94,929
26	Grants	1,648,405	389,291	752,504	1,050,974	1,614,089
27	Social benefits	196,764	29,063	64,205	112,280	162,724
28	Other expense	-	-	-	-	7,301
GOB	***Gross operating balance***	***(1,185,040)***	***(228,182)***	***(332,560)***	***(849,111)***	***(1,085,580)***
NOB	***Net operating balance***	***(1,185,040)***	***(228,182)***	***(332,560)***	***(849,111)***	***(1,085,580)***
	Transactions on Nonfinancial Assets:					
31	**Net Acquisition of Nonfinancial Assets**	**165,013**	**40,509**	**75,247**	**118,447**	**179,114**
311	Fixed assets	165,013	40,509	75,247	118,447	179,114
312	Change in inventories	-	-	-	-	-
313	Valuables					
314	Nonproduced assets	-	-	-	-	-
NLB	***Net lending / borrowing***	***(1,350,053)***	***(268,692)***	***(407,807)***	***(967,558)***	***(1,264,694)***
	Transactions on Financial Assets and Liabilities (Financing):	***813,584***	***270,472***	***416,719***	***969,561***	***794,792***
32	**Net acquisition of financial assets**	**43,953**	**29,875**	**117,014**	**448,008**	**22,023**
321	Domestic	43,953	29,875	117,014	448,008	22,023
322	Foreign					
33	**Net incurrence of liabilities**	**769,631**	**240,596**	**299,705**	**521,554**	**772,770**
331	Domestic	929,666	338,676	481,286	800,548	980,494
332	Foreign	(160,034)	(98,080)	(181,580)	(278,995)	(207,724)

5/Vertical check: Difference between net lending/borrowing and financing

Source: National Treasury