



Republic of Kenya

THE NATIONAL TREASURY AND ECONOMIC PLANNING

Quarterly Economic and Budgetary Review

**First Half, Financial Year 2024/2025
Period Ending 31st December, 2024**

February 2025 Edition

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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
BADEA	Arab Bank for Economic Development of Africa
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CF	Contingency Fund
CFS	Consolidated Fund Services
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
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
KNBS	Kenya National Bureau of Statistics
KSh.	Kenya Shillings

MDAs	Ministries, Departments and Agencies
Mn	Million
NDA	Net Domestic Assets
NDF	Nordic Development Fund
NFA	Net Foreign Assets/Non-Financial Assets
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
SGR	Standard Gauge Railway
SOEs	State Owned Enterprises
SPC&R	Social Protection, Culture and Recreation
UK	United Kingdom
US\$	United States Dollar
VAT	Value Added Tax
O/W	Of Which

LEGAL BASIS FOR THE QUARTERLY ECONOMIC AND BUDGETARY REVIEW REPORT

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 FIRST HALF ECONOMIC AND BUDGETARY REVIEW REPORT IN THE 2024/25 FINANCIAL YEAR

1. Economic growth

The economy remained strong in the first three quarters of 2024 and grew by an average of 4.5 percent (5.0 percent in the first quarter and 4.6 percent in the second quarter and 4.0 percent in the third quarter). Growth in the first three quarters of 2024 was primarily underpinned by strong performance in the agriculture sector, a recovery of manufacturing sector, and the resilience of services sector. The diversified structure of the economy remains a key source of resilience for the Kenyan economy to domestic and external shocks.

2. Inflation rate

Overall inflation declined and has remained below the mid-point of the target band of 5.0 percent since June 2024, mainly reflecting impact of the tightening of the monetary policy, declines in energy prices and continued easing of food prices. Inflation declined to 3.0 percent in December 2024 from 6.6 percent in December 2023 and a peak of 9.6 percent in October 2022.

3. Interest Rates

Interest rates have declined in line with the easing of the monetary policy. The interbank rate declined to 11.5 percent in December 2024 compared to 11.7 percent in December 2023 while the 91-day Treasury Bills rate also declined to 10.0 percent from 15.7 percent over the same period. The average lending rate however, increased to 16.9 percent in December 2024 from 14.6 percent in December 2023 while the average deposit rate increased to 10.5 percent from 10.1 percent over the same period.

4. Money and Credit

Broad money supply, M3, contracted by 0.2 percent in the year to December 2024 compared to a growth of 21.2 percent in the year to December 2023. The slowdown in growth of M3 was due to a decline in the growth of Net Domestic Assets (NDA) particularly the domestic credit.

5. Current Account

The current account deficit was US\$. 4,542.6 million (3.6 percent of GDP) in December 2024 compared to US\$ 4,294.0 million (4.4 percent of GDP) in December 2023, reflecting strong performance of export of goods as well as increased remittances.

6. Foreign Exchange Reserves

The official foreign exchange reserves held by the Central Bank stood at US\$. 10,090.6 million in December 2024 an improvement compared to US\$ 7,341.8 million in December 2023. This represented 5.1 months of import cover as compared to the 3.9 months of import cover, respectively, and therefore provides adequate cover and a buffer against short term shocks in the foreign exchange market.

7. Capital Markets

Activity in the capital markets improved in the year to December 2024. The NSE 20 Share Index improved to 2,011 points in December 2024 compared to 1,501 points in December 2023 while market capitalization also improved to KSh 1,940 billion from KSh 1,439 billion over the same period.

8. Revenue Collection

The National Government revenue collection including ministerial Appropriation in Aid (A-I-A) and Grants for the period between July-December, 2024 amounted to KSh 1,383.5 billion (7.9 percent of GDP) against a target of KSh 1,445.5 billion. The revenue collection was below the target by KSh 62.0 billion mainly due to shortfall in taxes revenue.

9. Expenditure and Net Lending

The total expenditure and net lending inclusive of transfers to County Governments for the period ending 31st December, 2024 amounted to KSh 1,955.5 billion, 14.7 percent growth compared to a similar period in FY 2023/24. Transfers to County Governments were below target by KSh 27.6 billion.

10. Guaranteed Debt

During the period under review, the National Government did not service any guaranteed debt on behalf of Government Parastatals.

11. Fiscal Balance

The fiscal balance excluding grants (on a commitment basis) amounted to a deficit of KSh 586.8 billion (3.4 percent of GDP), as at the end December, 2024.

12. External Financing

The Net Foreign Repayment amounted to KSh 8.1 billion (0.05 percent of the GDP) during the period under review.

13. Net Domestic Borrowing

Net domestic financing amounted to a net borrowing of KSh 399.4 billion (2.2 percent of GDP) in the period ending 30th December, 2024.

14. Domestic Debt Stock

The stock of gross domestic debt increased by KSh 818.7 million from KSh 5,050.1 billion in December, 2023 to KSh 5,868.8 billion in December, 2024.

15. External Debt Stock

The total external debt stock, including the International Sovereign Bond, stood at KSh 5057.0 billion by the end of December, 2024. The debt stock comprised of multilateral debt (54.9 percent), commercial debt (23.0 percent), bilateral debt (21.8percent) and suppliers' credit (0.3 percent).

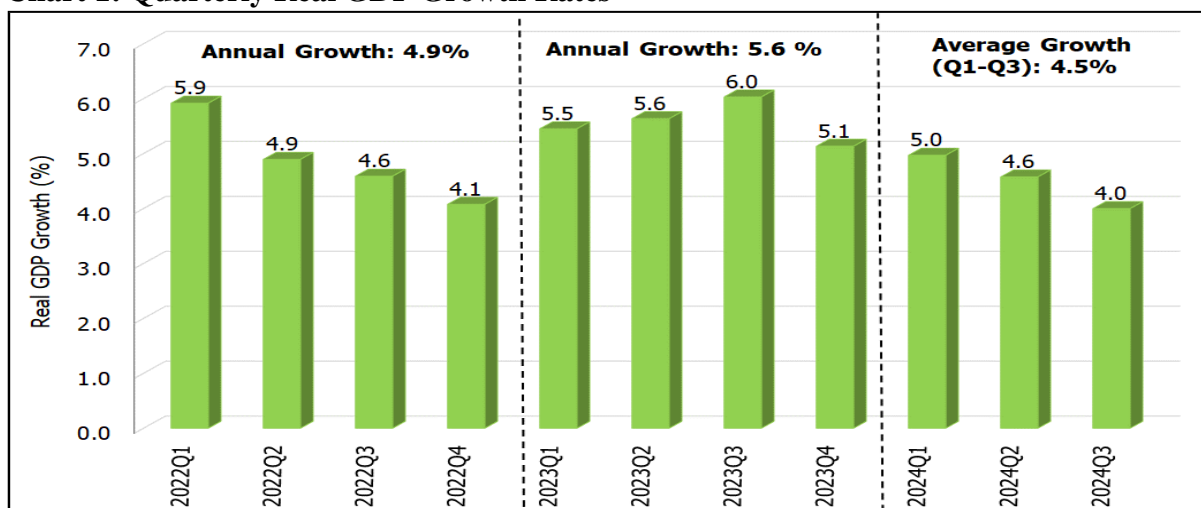
1.0 RECENT ECONOMIC DEVELOPMENTS

1.1 Economic Growth

1. The economy remained strong and resilient in the first three quarters of 2024 with economic growth averaging 4.5 percent (5.0 percent Q1, 4.6 percent Q2 and 4.0 percent Q3). The growth was primarily underpinned by strong performance in the agriculture sector and the resilience of services sector. In addition, all economic sub-sectors, except mining and quarrying and construction, recorded positive growth rates in the first three quarters of 2024, though the magnitudes varied across sub-sectors. The diversified structure of the economy remains a key source of resilience for the Kenyan economy to domestic and external shocks.

2. In the third quarter of 2024, the economy recorded a slowed growth of 4.0 percent compared to a growth of 6.0 percent in the same period in 2023 (**Chart 1**). The growth, albeit slower than the corresponding quarter of 2023, was supported by notable performances in Agriculture, Forestry & Fishing; Wholesale & Retail; Transportation and Storage; and Accommodation and Food services sub-sectors. However, growth was constrained by the contractions in Construction; and Mining and Quarrying sub-sectors.

Chart 1: Quarterly Real GDP Growth Rates



Source of Data: Kenya National Bureau of Statistics

3. The Primary sector grew by 3.2 percent in the third quarter of 2024 compared to a growth of 4.8 percent in the third quarter of 2023. This was as a result of the robust growth in the agriculture, forestry and fishing sub-sector despite a contraction in the mining and quarrying sub sector. Activities in the agriculture, forestry and fishing sub-sector expanded by 4.2 percent in the third quarter of 2024 compared to a growth of 5.1 percent in a similar quarter in 2023 (**Table 1**). This growth was largely on account of favourable weather conditions that prevailed throughout the first three quarters of 2024, albeit with less in intensity compared to 2023. Some of the activities that supported the growth were sugarcane and milk production. However, the sector’s growth was constrained by a decline in tea production.

4. The Mining and Quarrying sub-sector contracted by 11.1 percent in the third quarter of 2024 compared to a growth of 0.8 percent over the same period in 2023. This was due to a decline in production of most minerals such as titanium, soda ash and gemstone as a result of the closure of Kwale miner of Base Titanium that formally shut down its mining activity in Kenya in December 2024 due to depletion of commercially viable ore.

Table 1: Sectoral Quarterly Real GDP Growth Rate (Percent)

Sectors	Quarterly Growth Rates					
	2023 Q1	2023 Q2	2023 Q3	2024 Q1	2024 Q2	2024 Q3
1. Primary Industry	5.3	6.9	4.8	5.0	4.4	3.2
1.1. Agriculture, Forestry and Fishing	6.4	7.8	5.1	6.1	4.8	4.2
1.2. Mining and Quarrying	(11.0)	(8.3)	0.8	(14.8)	(2.7)	(11.1)
2. Secondary Sector (Industry)	2.5	2.1	3.3	1.0	0.8	0.6
2.1. Manufacturing	1.7	1.5	2.8	1.2	3.3	2.3
2.2. Electricity and Water supply	3.7	2.8	3.3	2.4	1.0	0.9
2.3. Construction	3.0	2.7	4.0	0.1	(2.9)	(2.0)
3. Tertiary sector (Services)	6.5	6.7	7.6	6.2	5.3	5.3
3.1. Wholesale and Retail trade	2.9	2.1	3.1	4.9	4.4	4.8
3.2. Accommodation and Restaurant	47.1	42.7	34.5	28.0	26.6	13.7
3.3. Transport and Storage	6.6	4.6	5.1	3.9	3.6	5.2
3.4. Information and Communication	9.5	7.6	8.8	7.8	7.2	6.1
3.5. Financial and Insurance	5.9	13.2	15.5	7.0	5.1	4.7
3.6. Public Administration	7.6	3.2	4.6	5.8	5.1	5.4
3.7. Others	5.7	5.9	6.6	5.9	5.1	5.1
of which: Professional, Admin & Support Services	8.6	6.6	9.7	9.9	6.8	7.8
Real Estate	7.3	8.1	7.7	6.6	6.0	5.5
Education	2.0	3.1	3.5	4.0	3.1	3.8
Health	5.1	4.7	5.0	5.5	5.5	4.4
Taxes less subsidies	3.0	1.8	1.9	4.5	5.8	3.4
Real GDP	5.5	5.6	6.0	5.0	4.6	4.0

Source of Data: Kenya National Bureau of Statistics

5. The Industrial sector performance remained subdued, with growth of the sector slowing down to 0.6 percent in the third quarter of 2024 from a growth of 3.3 percent in a similar quarter of 2023. This was mainly on account of a decline in activities in electricity & water supply and construction sub-sectors.

6. The Manufacturing sub-sector recorded a growth of 2.3 percent in the third quarter of 2024, slightly lower than the 2.8 percent growth recorded during the same period in 2023. The manufacturing sub-sector's growth in the third quarter of 2024 was largely driven by food processing particularly increased sugar and soft drinks production. The growth of the sub-sector was constrained by the decline in the manufacture of galvanized sheet, cement production and assembly of motor vehicles.

7. The Electricity and Water Supply sub-sector also recorded a decelerated growth to 0.9 percent in the third quarter of 2024 compared to a growth of 3.3 percent in the corresponding quarter of 2023. The slowed growth was due to a decline in generation of electricity from geothermal, wind and solar in the third quarter of 2024. The minimal growth of the Electricity and Water Supply subsector was supported by an increase in the generation of electricity from hydro, and a reduction in the generation of electricity from thermal given its reliance on costly inputs.

8. Activities in the Construction sub-sector registered a contraction of 2.0 percent in the third quarter of 2024, down from the 4.0 percent growth recorded in a similar quarter of 2023. The slowdown was reflected in the decline in the volume of cement consumption, production of galvanized sheets and imported bitumen in spite of import of iron and steel products rise during the review period.

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9. The activities in the Services sector continued to sustain strong growth momentum in the third quarter of 2024 and grew by 5.3 percent compared to a growth of 7.6 percent in a similar period in 2023. The Accommodation and Food Service sub-sector remained strong in the third quarter of 2024 and grew by 13.7 percent compared to a growth of 34.5 percent in the third quarter of 2023. The growth, albeit slower than the corresponding period in 2023, benefitted from increased visitor arrivals through major border points.

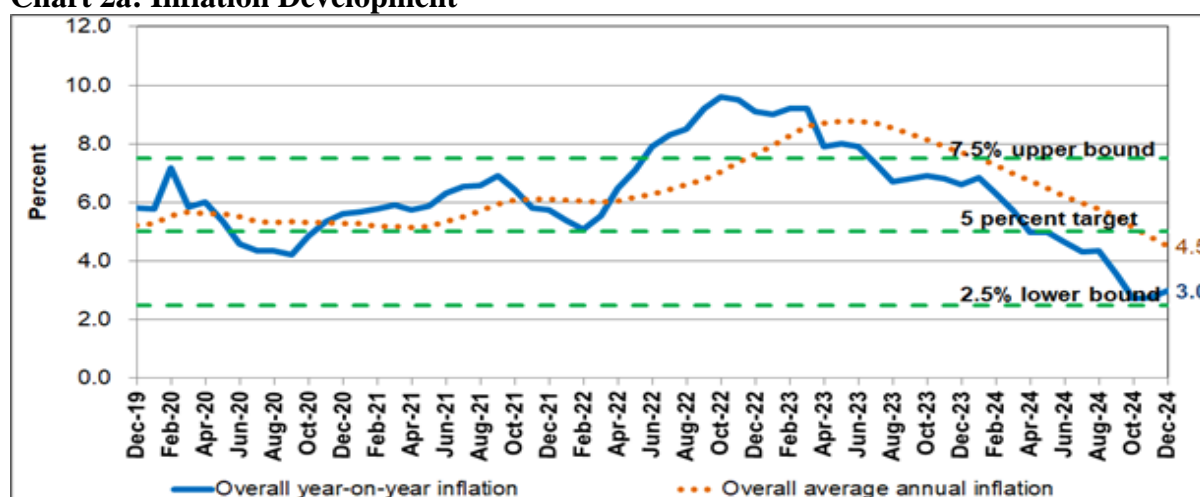
10. The Transportation and Storage sub-sector grew by 5.2 percent in the third quarter of 2024 compared to 5.1 percent growth in the corresponding quarter of 2023. The sub-sector growth was evidenced by increase in port throughput and consumption of light diesel. However, passengers ferried and freight transported through Standard Gauge Railway (SGR) declined during the review period.

11. The Financial and Insurance sub-sector sector grew by 4.7 percent in the third quarter of 2024 compared to 15.5 percent in the corresponding quarter of 2023. The slowdown was due to the impact of tightening of the monetary policy that resulted to a high cost of credit. The Information and Communication sub-sector grew by 6.1 percent in the third quarter of 2024 compared to a growth of 8.8 percent, over the same period in 2023. The growth in the Information and Communication sub-sector was supported by increased voice traffic, internet use and mobile money despite a decline in the use of domestic Short Messaging Services (SMSs).

1.2 Inflation

12. Overall year-on year inflation declined and has remained below the mid-point of the policy target band of 5.0 percent since June 2024. The decline was mainly due to the impact of the tight monetary policy stance; significant declines in energy prices; and continued easing of food prices. The year-on-year inflation declined to 3.0 percent in December 2024 from 6.6 percent in December 2023 and also from a peak of 9.6 percent in October 2022 (**Chart 2a**).

Chart 2a: Inflation Development



Source of Data: Kenya National Bureau of Statistics

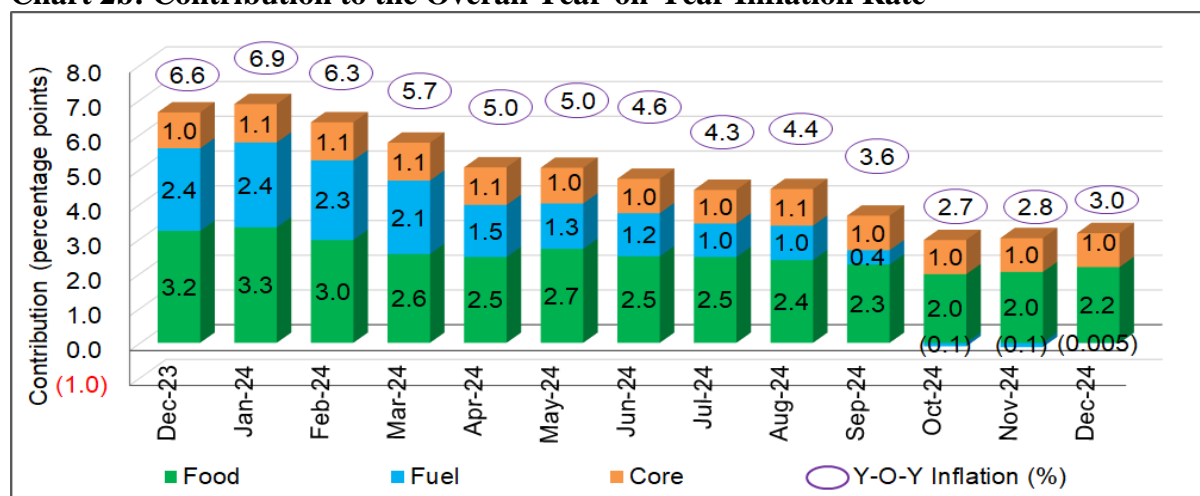
13. Food inflation remained the main driver of overall year-on-year inflation in December 2024, contributing 2.2 percentage points, a decline, compared to a contribution of 3.2 percentage points in December 2023 (**Chart 2b**). The easing of food prices was supported by increased food supply arising from favorable weather conditions; continued Government interventions particularly through subsidized fertilizer; and the general easing of international

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food prices. Prices of most vegetable food items increased in the month of December 2024 compared to the same period in 2023 while those of non-vegetable food items declined significantly during the same period.

14. Fuel inflation had a minimal contribution to the overall year-on-year inflation in December 2024 compared to a contribution of 2.4 percentage points in December 2023. The decline largely reflected the easing global oil prices and appreciation of the Kenya Shilling's which resulted in a downward adjustment of pump prices; and lower electricity prices. The contribution of core (non-food non-fuel) inflation to the overall year-on-year inflation has been low and stable. This is consistent with the muted demand pressures in the economy that is supported by prudent monetary policy.

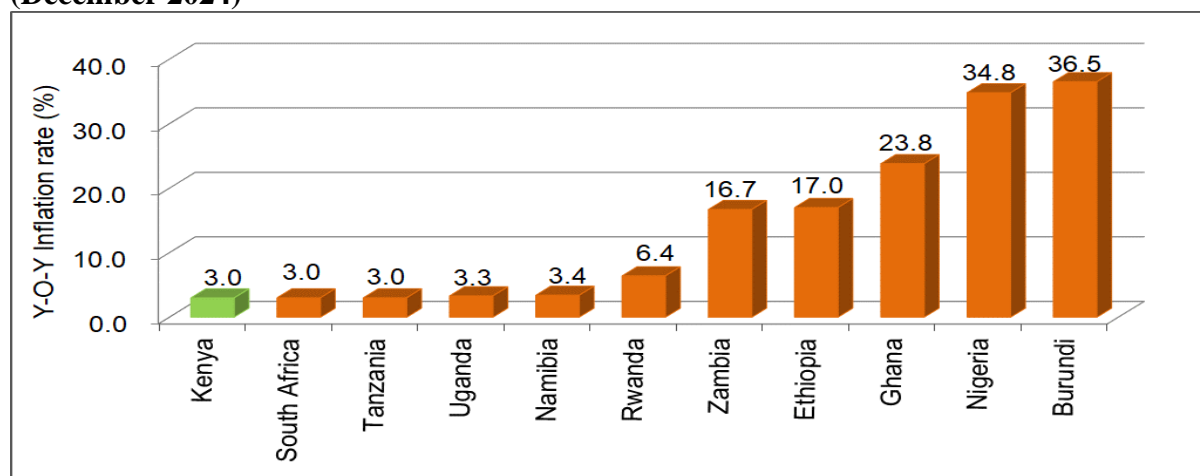
Chart 2b: Contribution to the Overall Year-on-Year Inflation Rate



Source of Data: Kenya National Bureau of Statistics

15. The year-on-year inflation rate remained high in some Sub-Saharan African economies fueled by rising energy prices; weakening currencies; and natural disasters. Kenya's inflation rate at 3.0 percent in December 2024 was much lower than that of majority of the countries in the Sub-Saharan African region while a significant number of the countries had double digits' inflation (**Chart 2c**).

Chart 2c: Year on Year Inflation Rates of Selected Sub-Saharan African Countries (December 2024)



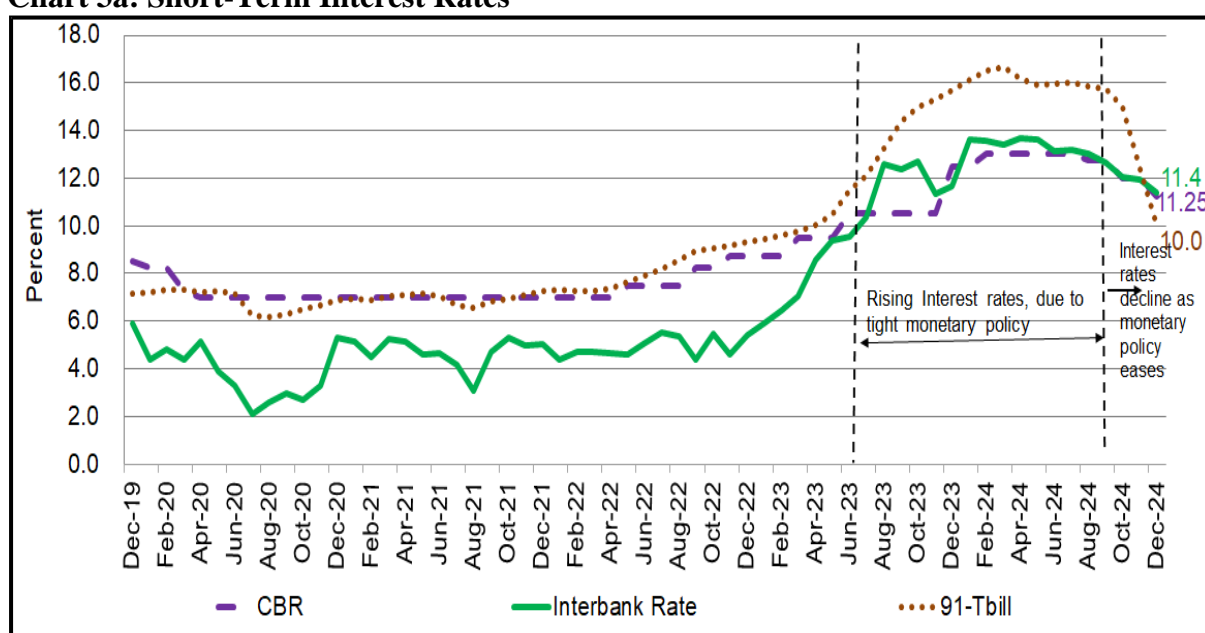
Source of Data: National Central Banks

1.3 Interest Rates

16. Given that the year-on-year inflation is below the mid-point of the policy target range and the exchange rate has stabilized, the Central Bank of Kenya through the Monetary Policy Committee (MPC) has gradually eased the monetary policy by lowering the Central Bank Rate (CBR) from 13 percent in July 2024 to 11.25 percent in December 2024. The easing of the monetary policy stance supports lowering of interest rates to boost lending by banks to the private sector thereby supporting economic activities.

17. The short term interest rates have declined in line with the easing of the monetary policy. The interbank rate declined to 11.4 percent in December 2024 compared to 11.7 percent in December 2023 and has remained within the prescribed corridor around the CBR (set at $CBR \pm 150$ basis points). The 91-day Treasury Bills rate declined to 10.3 percent in December 2024 compared to 15.7 percent in December 2023 (**Chart 3a**).

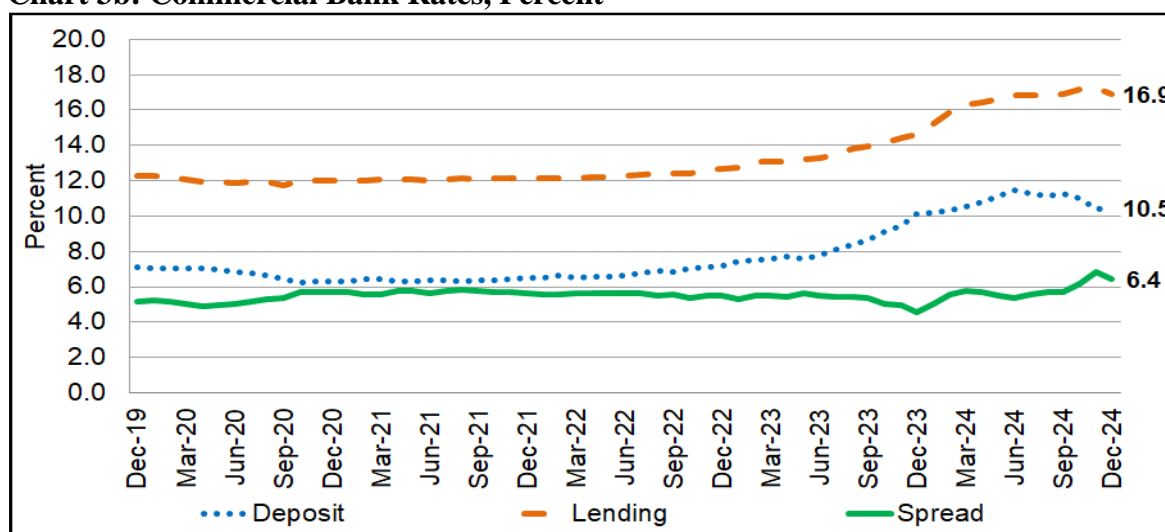
Chart 3a: Short-Term Interest Rates



Source of Data: Central Bank of Kenya

18. Commercial banks average lending and deposit rates increased in the year to December 2024 in tandem with the lingering impact of tight monetary policy stance thereby reflecting high cost of investable funds. The average lending rate increased to 16.9 percent in December 2024 from 14.6 percent in December 2023 while the average deposit rate increased to 10.5 percent from 10.1 percent over the same period. Consequently, the average interest rate spread increased to 6.4 percent in December 2024 from 4.5 percent in December 2023 (**Chart 3b**).

Chart 3b: Commercial Bank Rates, Percent



Source of Data: Central Bank of Kenya

1.4 Money and Credit

19. Broad money supply, M3, contracted by 0.2 percent in the year to December 2024 compared to a growth of 21.2 percent in the year to December 2023 (**Table 2**). The slowdown in growth of M3 was due to a decline in the growth of Net Domestic Assets (NDA) particularly the domestic credit. The primary source of the growth in M3 was the resilience in the Net Foreign Assets (NFA) of the banking system, mainly reflected in the stability of banking systems' Foreign Assets. The NFA of the banking system in the year to December 2024 grew by 6.1 percent compared to a growth of 179.5 percent in the year to December 2023.

Table 2: Money and Credit Developments (12 Months to December 2024 KSh Billion)

				Change		Percent Change	
	2022 December	2023 December	2024 December	2022-2023 December	2023-2024 December	2022-2023 December	2023-2024 December
COMPONENTS OF M3							
1. Money supply, M1 (1.1+1.2+1.3)	1,971.1	2,044.1	2,121.4	73.0	77.3	3.7	3.8
1.1 currency outside banks (M0)	260.8	282.1	292.8	21.3	10.7	8.2	3.8
1.2 Demand deposits	1,621.5	1,663.9	1,672.0	42.5	8.1	2.6	0.5
1.3 Other deposits at CBK	88.8	98.0	156.6	9.2	58.6	10.3	59.8
2. Money supply, M2 (1+2.1)	3,617.5	3,952.3	4,231.3	334.9	279.0	9.3	7.1
2.1 Time and savings deposits	1,646.4	1,908.3	2,109.9	261.9	201.7	15.9	10.6
Money supply, M3 (2+3.1)	4,538.5	5,498.6	5,488.7	960.1	(9.8)	21.2	(0.2)
3.1 Foreign currency deposits	921.1	1,546.3	1,257.4	625.2	(288.8)	67.9	(18.7)
SOURCES OF M3							
1. Net foreign assets (1.1+1.2)	283.9	793.6	841.7	509.6	48.1	179.5	6.1
1.1 Central Bank	537.8	486.9	610.1	(50.9)	123.3	(9.5)	25.3
1.2 Banking Institutions	(253.9)	306.7	231.5	560.6	(75.2)	220.8	(24.5)
2. Net domestic assets (2.1+2.2)	4,254.6	4,705.0	4,647.1	450.4	(57.9)	10.6	(1.2)
2.1 Domestic credit (2.1.1+2.1.2+2.1.3)	5,439.7	6,252.0	6,458.5	812.3	206.5	14.9	3.3
2.1.1 Government (net)	1,924.3	2,239.5	2,533.7	315.3	294.2	16.4	13.1
2.1.2 Other public sector	81.9	101.3	67.1	19.4	(34.2)	23.7	(33.8)
2.1.3 Private sector	3,433.5	3,911.2	3,857.7	477.6	(53.5)	13.9	(1.4)
2.2 Other assets net	(1,185.2)	(1,547.0)	(1,811.4)	(361.9)	(264.4)	(30.5)	(17.1)

Source of Data: Central Bank of Kenya

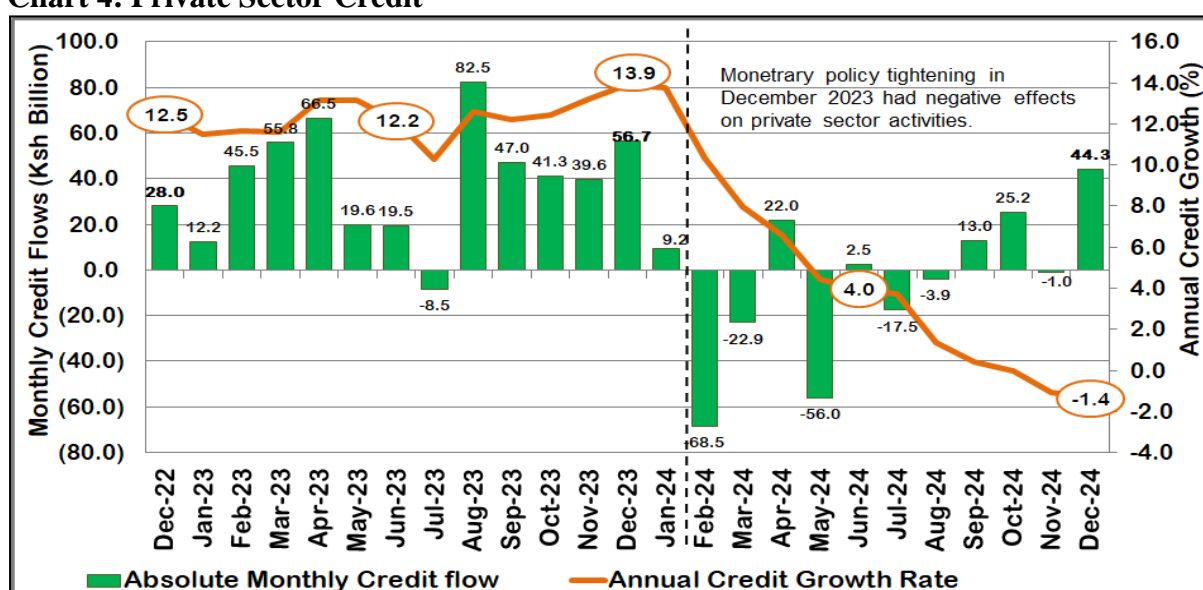
RECENT ECONOMIC DEVELOPMENTS

20. Net Domestic Assets (NDA) contracted by 1.2 percent in the year to December 2024, compared to a growth of 10.6 percent over a similar period in 2023. The slowdown in growth of the NDA was mainly due to a decline in growth of the domestic credit to the private sector. The domestic credit extended by the banking system to the Government grew by 13.1 percent in the year to December 2024 compared to a growth of 16.4 percent in the year to December 2023 while lending to other public sectors contracted by 33.8 percent compared to a growth of 23.7 percent over the same period.

21. Growth in private sector credit from the banking system contracted by 1.4 percent in the year to December 2024 compared to a growth of 13.9 percent in the year to December 2023, due to the impact of exchange rate appreciation on foreign currency denominated loans and the lagged effects of monetary policy tightening. Reduced credit growth was observed in manufacturing, finance and insurance, trade (exports) and building and construction sub-sectors. These are some of the sub-sectors with significant foreign currency denominated loans.

22. The Monthly (month on month) credit flows to the private sector have slowed down since December 2023 following the monetary policy action of increasing the central bank rate from 10.5 percent in November 2023 to 13.0 percent in July 2024 to manage inflation expectation which resulted in the increased cost of credit (**Chart 4**). With the strong easing of monetary policy stance since August 2024, credit to the private sector is expected to recover as lending rates decline. Sustained demand particularly for working capital due to resilient economic activity and the implementation of the Credit Guarantee Scheme for the vulnerable MSMEs will continue to support private sector credit uptake.

Chart 4: Private Sector Credit



Source of Data: Central Bank of Kenya

1.5 Balance of Payments

22 The overall balance of payments position slowed down to a deficit of US\$. 1,616.8 million (1.3 percent of GDP) in December 2024 from a surplus of US\$. 1,008.1 million (1.0 percent of GDP) in December 2023. This was mainly due to a decline in the current account in spite of an improvement in the capital and financial account (**Table 3**).

RECENT ECONOMIC DEVELOPMENTS

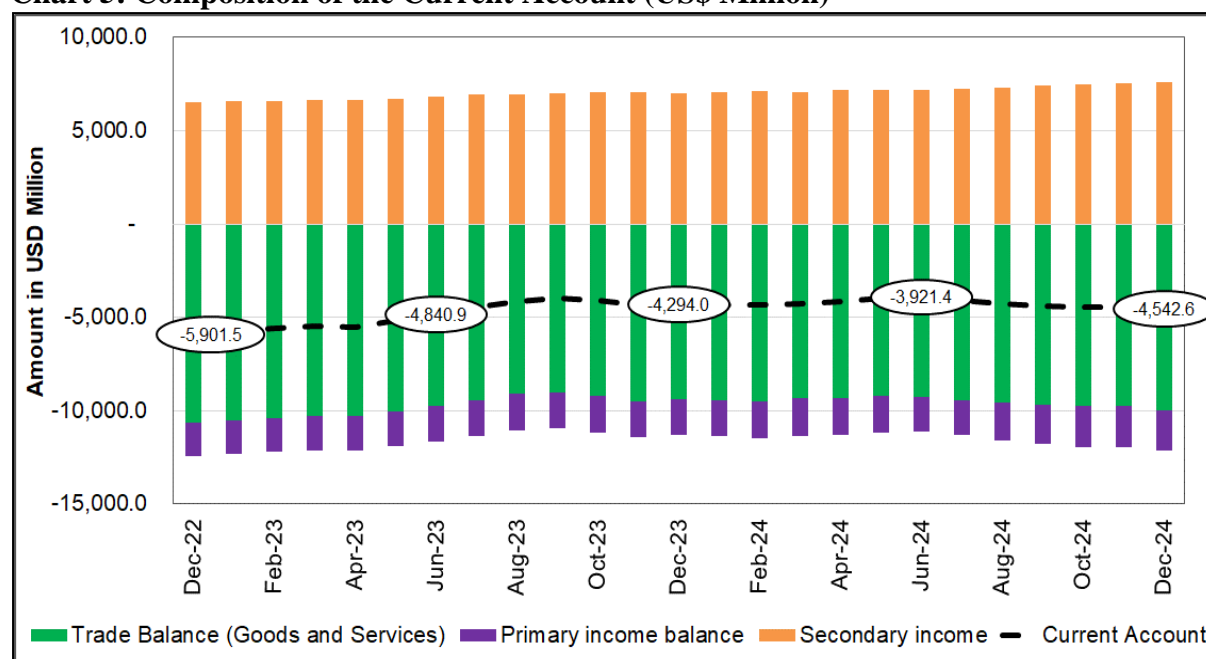
Table 3: Balance of Payments (US\$ Million)

				Year to December 2024		Actuals as a Percent of GDP	
	Dec-22	Dec-23	Dec-24	Change	Percent Change	Dec-23	Dec-24
Overall Balance	2,140.5	1,008.1	(1,616.8)	(2,624.9)	(260.4)	1.0	(1.3)
A) Current Account	(5,901.5)	(4,294.0)	(4,542.6)	(248.6)	(5.8)	(4.4)	(3.6)
<i>Merchandise Account (a-b)</i>	(11,933.9)	(10,010.8)	(10,603.9)	(593.2)	(5.9)	(10.4)	(8.3)
a) Goods: exports	7,421.4	7,227.8	8,343.7	1,115.9	15.4	7.5	6.5
b) Goods: imports	19,355.2	17,238.5	18,947.6	1,709.1	9.9	17.9	14.8
<i>Net Services (c-d)</i>	1,277.2	632.3	639.7	7.5	1.2	0.7	0.5
c) Services: credit	6,528.3	5,454.8	5,582.6	127.8	2.3	5.6	4.4
d) Services: debit	5,251.1	4,822.6	4,942.9	120.3	2.5	5.0	3.9
<i>Net Primary Income (e-f)</i>	(1,760.7)	(1,901.3)	(2,153.6)	(252.3)	(13.3)	(2.0)	(1.7)
e) Primary income: credit	141.6	204.6	311.5	107.0	52.3	0.2	0.2
f) Primary income: debit	1,902.3	2,105.9	2,465.1	359.2	17.1	2.2	1.9
<i>Net Secondary Income</i>	6,515.9	6,985.8	7,575.1	589.4	8.4	7.2	5.9
g) Secondary income: credit	6,563.1	7,079.0	7,687.3	608.3	8.6	7.3	6.0
h) Secondary income: debit	47.3	93.3	112.2	18.9	20.3	0.1	0.1
B) Capital Account	141.3	127.6	176.5	48.9	38.3	0.1	0.1
C) Financial Account	(4,158.8)	(2,631.2)	(5,989.2)	(3,358.0)	(127.6)	(2.7)	(4.7)

Source of Data: Central Bank of Kenya

23. The current account deficit was US\$. 4,542.6 million (3.6 percent of GDP) in December 2024 compared to US\$ 4,294.0 million (4.4 percent of GDP) in December 2023 (**Table 3 and Chart 5**). The current account balance was supported by an improvement in net receipts on the services account and net secondary income balance despite a deterioration in the net merchandise account and net primary income balance.

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



Source of Data: Central Bank of Kenya

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24. The balance in the merchandise account deteriorated by US\$ 593.2 million to a deficit of US\$. 10,603.9 million in December 2024 mainly due to an increase in import bill that more than offset the increase in exports (**Table 3**). Goods imports increased by 9.9 percent in the 12 months to December 2024, reflecting increases in intermediate and capital goods. On the other hand, goods exports increased by 15.4 percent in the 12 months to December 2024, reflecting increased exports of agricultural commodities and re-exports.

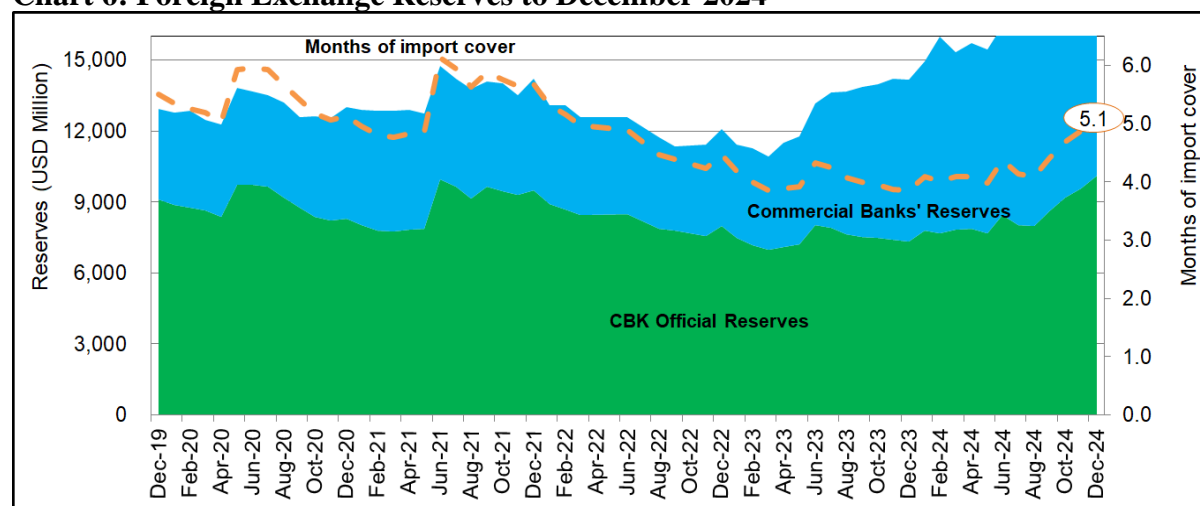
25. Net receipts on the services account increased by US\$. 7.5 million to US\$. 639.7 million in December 2024 compared to similar period in 2023. This was mainly on account of an increase in receipts from tourism as international travel continued to improve in spite of a decline in receipts due to transport. Net Secondary income remained resilient and increased by US\$. 589.4 million during the review period owing to an increase in remittances which amounted to US\$. 4,872 million in the 12 months to December 2024, and were 16.7 percent higher compared to a similar period in 2023. However, the balance on the primary account widened by US\$. 252.3 million to a deficit of US\$. 2,153.6 million in the year to December 2024, compared to the same period last year, reflecting higher interest related payments on other investments.

26. The capital account balance increased by US\$. 48.9 million to register a surplus of US\$ 176.5 million in December 2024 compared to a surplus of US\$. 127.6 million in the same period in 2023. Net financial inflows improved to US\$. 5,989.2 million in December 2024 compared to US\$. 2,631.2 million in December 2023 reflecting a slowdown in inflows to the government and other sectors. The net financial inflows were mainly in the form of other investments and direct investments. However, portfolio investments and financial derivatives registered a net outflow during the period partly due to Kenya's limited access to international financial markets owing to elevated borrowing costs.

1.6 Foreign Exchange Reserves

27. The banking system's foreign exchange holdings remained strong at US\$. 16,348.5 million in December 2024, an improvement from US\$. 14,155.8 million in December 2023. The official foreign exchange reserves held by the Central Bank stood at US\$. 10,090.6 million compared to US\$ 7,341.8 million over the same period in 2023 (**Chart 6**). Commercial banks foreign exchange holdings decreased to US\$. 6,257.9 million in December 2024 from US\$. 6,814.0 million in December 2023.

Chart 6: Foreign Exchange Reserves to December 2024



Source of Data: Central Bank of Kenya

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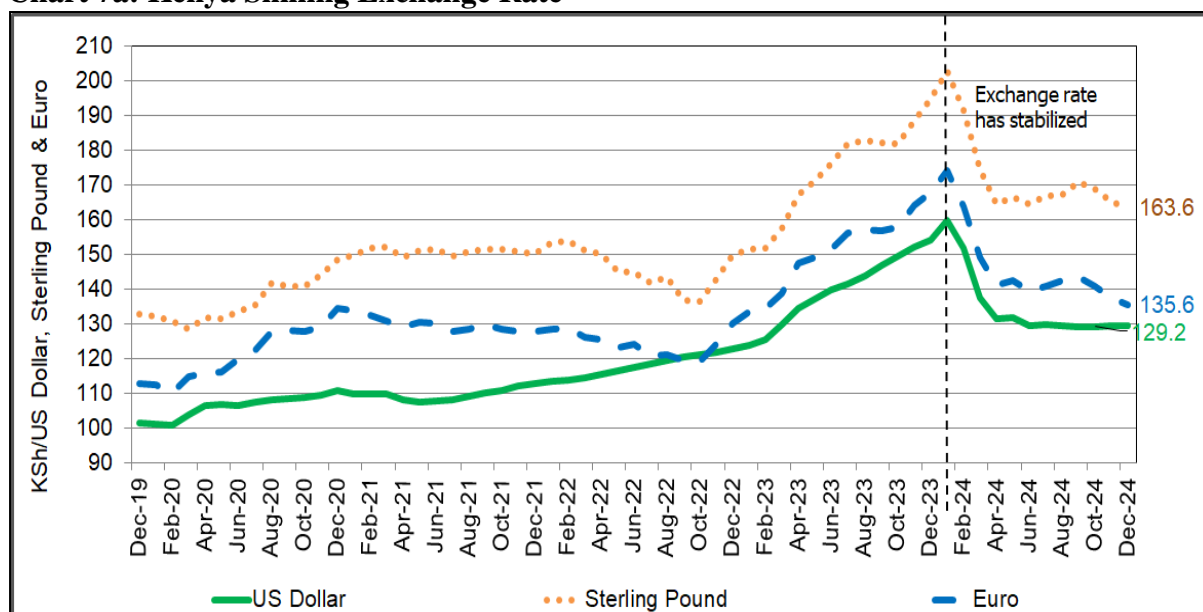
28. The official reserves held by the Central Bank in December 2024 represented 5.1 months of import cover as compared to the 3.9 months of import cover in December 2023. These reserves continue to provide adequate cover and buffer against any short-term shocks in the foreign exchange market.

1.7 Exchange Rates

29. The Kenya Shilling exchange rate has stabilized against major international currencies since February 2024. In December 2024, the exchange rate against the US dollar averaged at KSh 129.4 compared to an average of KSh 159.7 in January 2024, an appreciation of 19.0 percent. Against the Euro, the Kenya Shilling strengthened by 22.2 percent to exchange at an average of KSh 135.6 in December 2024 compared to an average of KSh 174.3 in January 2024. Against the Sterling Pound the Kenyan Shilling strengthened by 19.4 percent to exchange at an average of KSh 163.6 in December 2024 compared to an average KSh 202.9 in January 2024 (**Chart 7a**).

30. The foreign exchange market was mainly supported by inflows from agricultural exports, remittances and portfolio investors while demand was driven by pickup in economic activities specifically in the manufacturing, wholesale, and retail sub-sectors. The appreciation and stability of the exchange rate has created confidence and triggered inflows of foreign direct investment and attracted investors to the Nairobi Securities Exchange. This appreciation has helped to reduce debt service costs, improve performance of domestic borrowing and stabilize interest rates.

Chart 7a: Kenya Shilling Exchange Rate



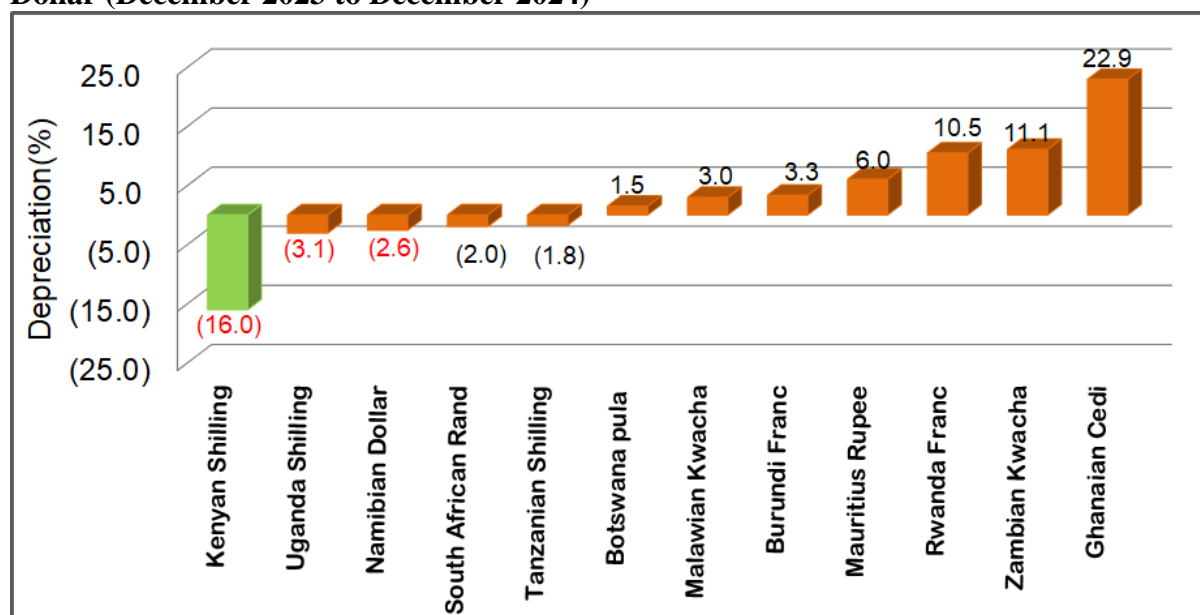
Source of Data: Central Bank of Kenya

31. In comparison to Sub-Saharan Africa currencies, the volatility of the Kenya Shilling exchange rate has remained relatively low amid high demand for the US dollar in the international markets. The Kenya Shilling strengthened against the US Dollar at a rate of 16.0 percent in the 12 months to December 2024 compared to depreciations of 25.3 percent in the 12 months to December 2023 (**Chart 7b**). The stability of the Kenyan Shilling was supported by resilient remittances, adequate foreign exchange reserves and strong exports receipts. Majority of the other Sub-Saharan Africa Currencies depreciated during the same period,

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particularly the Ghanaian Cedi, Zambian Kwacha, and Rwanda Franc that had double-digit depreciation rates in descending order respectively.

Chart 7b: Performance of Selected Sub-Saharan Countries Currencies against the US Dollar (December 2023 to December 2024)

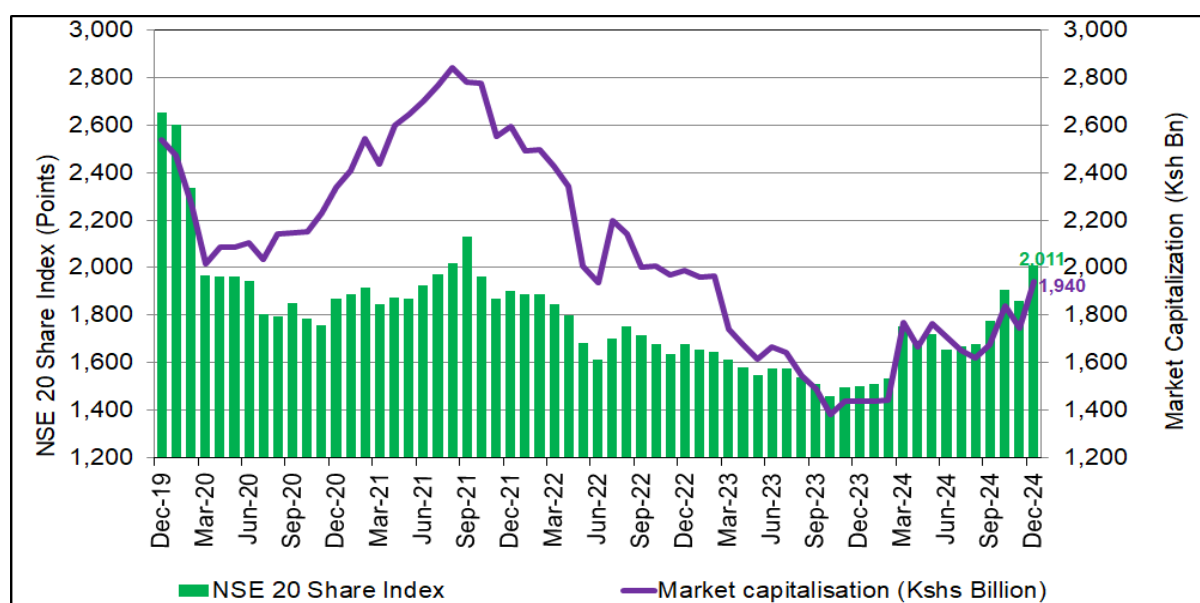


Source of Data: National Central Banks

1.8 Capital Markets

32. Appreciation of the Kenya Shilling against major international currencies and macroeconomic stability have created confidence and triggered inflows of foreign direct investment and attracted investors to the Nairobi Securities Exchange. The NSE 20 Share Index improved to 2,011 points in December 2024 compared to 1,501 points in December 2023. Market capitalization also improved to KSh 1,940 billion from KSh 1,439 billion over the same period (Chart 8).

Chart 8: Performance at the NSE to end December 2024.



Source of Data: Nairobi Securities Exchange

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2.0 FISCAL DEVELOPMENTS

2.1 Revenue

33. By the end of December, 2024, total revenue collected including A-I-A amounted to KSh 1,368.7 billion against a target of KSh 1431.6 billion (**Table 4**). The revenue collection was below target by KSh 62.8 billion. This performance is attributed to shortfall recorded in ordinary revenue of KSh 93.2 billion while collection of the ministerial A-I-A was above target by KSh 30.4 billion. Therefore, ordinary revenue collection was KSh 1,157.8 billion against a target of KSh 1,251.0 billion. All ordinary revenue categories recorded below target performance during the period under review except investment revenue which surpassed its target by KSh 6.2 billion. The total revenue recorded a growth of 4.2 percent compared to a growth of 14.5 per cent recorded in December 2023 (**Chart 9**).

34. The ministerial A-I-A collected amounted to KSh 211.0 billion against a target of KSh 180.6 billion, KSh 30.4 billion above the target. The performance of A-I-A translated into a decline of 6.1 percent compared to 38.6 growth for a similar period in FY 2023/24. The Railway Development Levy collection amounted to KSh 15.9 billion against a target of KSh 14.6 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 31st December, 2024 (KSh Millions)

	2023/2024	2024/2025		Deviation KSh.	% Growth
	Actual*	Actual*	Target		
Total Revenue (a+b)	1,313,290	1,368,747	1,431,561	(62,814)	4.2
(a) Ordinary Revenue	1,088,663	1,157,762	1,251,010	(93,249)	6.3
Import Duty	68,229	71,535	77,617	(6,082)	4.8
Excise Duty	139,797	141,349	155,019	(13,669)	1.1
PAYE	256,302	275,994	297,328	(21,334)	7.7
Other Income Tax	234,982	254,840	262,128	(7,288)	8.5
VAT Local	149,953	149,905	165,633	(15,728)	(0.0)
VAT Imports	167,988	154,175	174,974	(20,799)	(8.2)
Investment Revenue	17,713	58,330	52,145	6,185	229.3
Traffic Revenue	2,270	1,808	2,504	(696)	(20.4)
Taxes on Intl. Trade & Trans.(IDF Fee)	23,944	22,596	25,323	(2,728)	(5.6)
Others ¹	27,485	27,230	38,339	(11,110)	(0.9)
(b) Appropriation In Aid ²	224,626	210,985	180,550	30,435	(6.1)
o/w Railway Development Levy	16,521	15,878	14,624	1,254	(3.9)
(c) External Grants	5,455	14,751	13,970	781	170.4
Total Revenue and External Grants	1,318,745	1,383,498	1,445,530	(62,032)	4.9
Total Revenue and External Grants as a percentage of GDP	8.17	7.94	8.29		-

^{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 among others

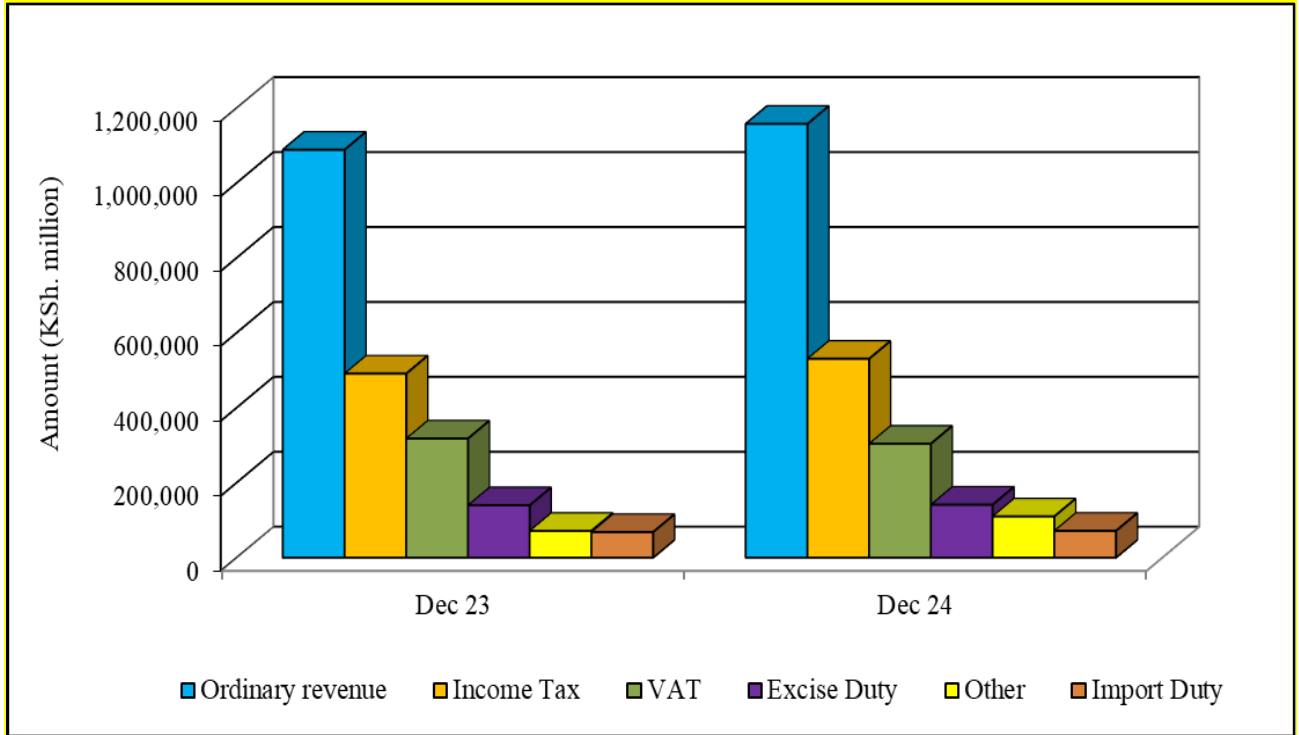
*Provisional

Source of Data: National Treasury

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35. As a proportion of GDP, the total revenue including grants in the period under review was 7.9 percent compared to 8.2 percent recorded in the corresponding period in the FY 2023/24. Total grants amounted to KSh 14.8 billion against a target of KSh 14.0 billion, translating to a shortfall of KSh.6.5 billion (Table 7).

Chart 9: Ordinary Revenue by Source, Period Ending 31st December, 2024



Source of Data: National Treasury

2.2 Expenditure

36. The total expenditure and net lending for the period under review amounted to KSh 1,955.5 billion, against a target of KSh 1,796.0 billion, a 14.7 percent growth compared to the same period in 2023/24. Transfers to County Governments were below target by KSh 27.6 billion. Recurrent expenditure for National Government amounted to KSh 1,459.2 billion (excluding KSh.30.4 billion for Parliament and Judiciary), against a target of KSh 1,299.4 billion implying that expenditures were above the set target by KSh 159.8 billion. The above target expenditure in recurrent category was mainly due to higher than targeted expenditures on pension payments, domestic interest payment, and Operation and Maintenance (Table 5 and Chart 10).

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Table 5: Expenditure and Net Lending, Period Ending 31st December, 2024 (KSh Millions)

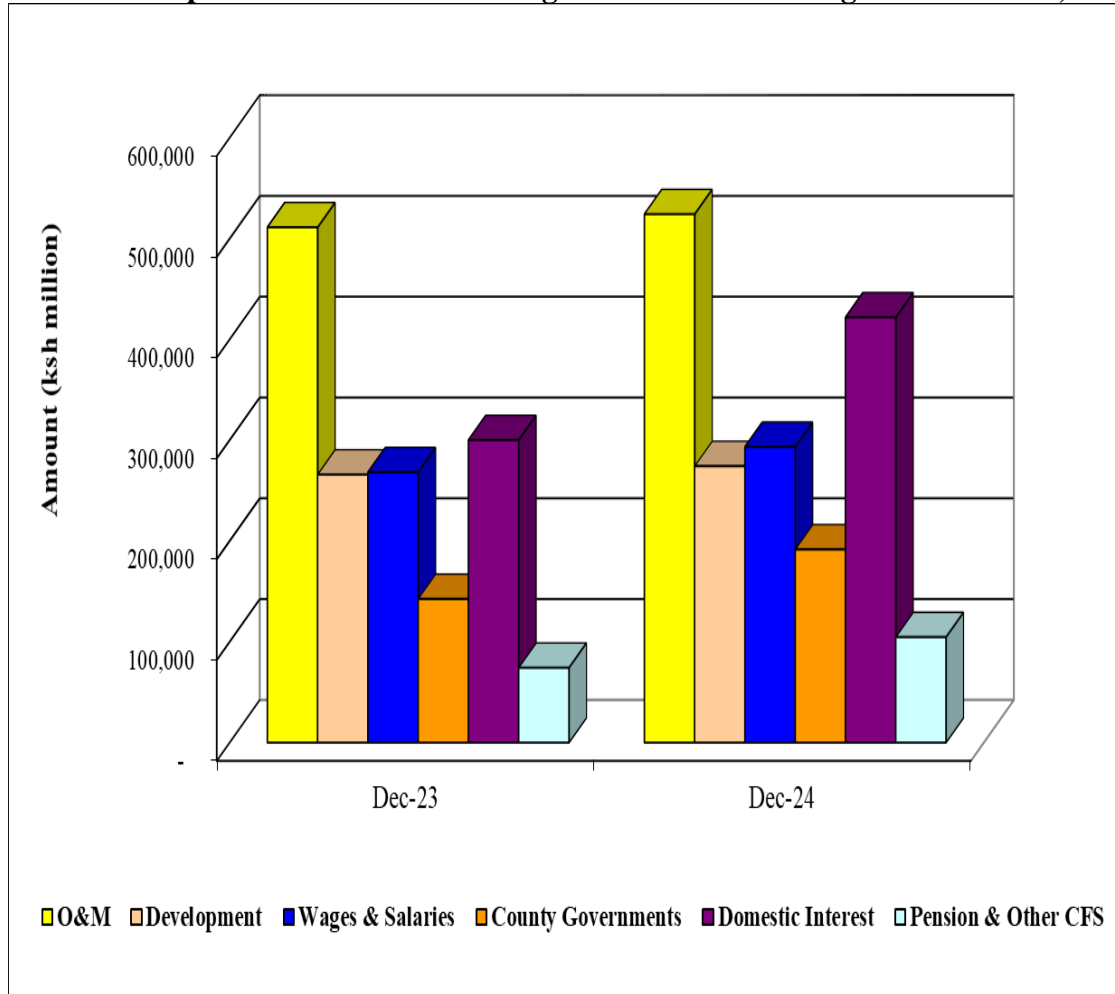
	2023/2024	2024/2025		Deviation	% Growth
	Actual*	Actual*	Targets		
1. RECURRENT	1,268,517	1,459,177	1,299,402	159,774	15.0
Domestic Interest	300,118	421,860	363,491	58,369	40.6
Foreign Interest	105,025	101,691	109,434	(7,743)	(3.2)
Pensions & Other CFS	74,214	104,618	82,461	22,157	41.0
Contribution to Civil Servants' Pension	9,723	13,381	14,232	(851)	37.6
Wages and Salaries	268,232	293,335	300,293	(6,958)	9.4
Operation and Maintenance	511,205	524,291	429,490	94,802	2.6
O/W: Appropriation-in-Aid	145,945	132,407	119,775	12,632	(9.3)
2. DEVELOPMENT	265,916	274,287	244,501	29,786	3.1
Development Projects (Net)	148,422	158,015	123,018	34,998	6.5
Payment of Guaranteed Loans	6,851	-	-	-	-
Appropriation-in-Aid	110,643	116,271	116,104	167	5.1
3. County Governments	142,468	191,615	219,221	(27,606)	34.5
4. Parliamentary Service	17,420	18,638	20,588	(1,950)	7.0
5. Judicial Service	10,512	11,801	11,253	548	12.3
6. Equalization Fund	-	-	5,379	(5,379)	
7. CF	-	-	1,000	(1,000)	
TOTAL EXPENDITURE	1,704,833	1,955,517	1,795,965	159,551	14.7

*Provisional

Source of Data: National Treasury

37. Foreign interest payments amounted to KSh 101.7 billion, a decrease from KSh 105.0 billion paid over the same period in the FY2023/24. The domestic interest payments totalled to KSh 421.9 billion, which was higher than the KSh 300.1 billion paid in the corresponding period in the previous financial year. The expenditure data in GFSM 2014 format is shown in annexes III and IV.

Chart 10: Expenditure and Net Lending for the Period ending 31st December, 2024



Source of Data: National Treasury

2.2.1 National Government Expenditures by Public Agencies

38. The total ministerial and other public agencies expenditure including A.I.A for the period ending 31st December, 2024 was KSh 963.1 billion against a target of KSh 1,119.2 billion. Recurrent expenditure was KSh 746.0 billion against a target of KSh 798.7 billion, while development expenditure amounted to KSh 217.4 billion against a target of KSh 320.6 billion. The percentage of total expenditures to the target was 86.1 per cent while the percentage of total expenditures to the target for recurrent and development were 93.4 percent and 67.8 percent respectively, as at the end of the period under review.

39. As at 31st December, 2024, recurrent expenditures by the State Department for Basic Education, State Department for Higher Education and Research; Teachers Service Commission; State Department for Vocational and Technical Training and the State Department for Public Health and Professional Standards and the State Department for Medical Services (Social Sector) accounted for 46 percent of total recurrent expenditure. In addition, the Ministry of Defence and the National Police Service accounted for 11.2 percent and 7.4 percent of total recurrent expenditure, respectively.

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40. Analysis of development outlay indicates that the State Department for Roads accounted for the largest share of the total development expenditure (25.4 percent), followed by the State Department for Economic Planning (10.5 percent), the State Department for Housing and Urban Development (9.7 percent), and the State Department for Energy (5.2 percent). **Table 6** shows the recurrent and development expenditures by Ministries, State Departments and other government entities for the period under review.

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Table 6: National Government Expenditures by Public Agencies, Period Ending 31st December, 2024 (KSh Millions)

MINISTRY/DEPARTMENT/COMMISSIONS	Dec-24									% of Total Exp. To Target
	Recurrent			Development			Total			
	Actual*	Target	Variance	Actual*	Target	Variance	Actual*	Target	Variance	
1011 Executive Office of the President	1,677	1,792	(115)	-	-	-	1,677	1,792	(115)	93.6
1012 Office of the Deputy President	1,325	1,316	9	-	-	-	1,325	1,316	9	100.7
1013 Office of the Prime Cabinet Secretary	356	361	(5)	-	-	-	356	361	(5)	98.6
1014 State Department for Parliamentary Affairs	147	182	(35)	-	-	-	147	182	(35)	80.9
1015 State Department for Performance and Delivery	264	254	10	-	-	-	264	254	10	103.9
1016 State Department for Cabinet Affairs	90	114	(24)	-	-	-	90	114	(24)	78.7
1017 State House	2,812	2,398	414	-	-	-	2,812	2,398	414	117.3
1023 State Department for Correctional Services	14,494	17,195	(2,701)	38	20	18	14,532	17,215	(2,683)	84.4
1024 State Department for Immigration and Citizen Services	6,122	4,937	1,184	6,180	2,198	3,982	12,302	7,135	5,166	172.4
1025 National Police Service	55,157	52,771	2,386	18	18	(18)	55,157	52,789	2,368	104.5
1026 State Department for Internal Security & National	18,322	13,913	4,410	2,835	180	2,655	21,158	14,093	7,065	150.1
1032 State Department for Devolution	533	721	(188)	677	1,327	(649)	1,210	2,048	(838)	59.1
1036 State Department for the ASALs and Regional	6,431	2,403	4,029	893	1,964	(1,071)	7,324	4,367	2,958	167.7
1041 Ministry of Defence	83,347	85,709	(2,362)	-	767	(767)	83,347	86,476	(3,129)	96.4
1053 State Department for Foreign Affairs	5,946	10,007	(4,061)	-	-	-	5,946	10,007	(4,061)	59.4
1054 State Department for Diaspora Affairs	230	319	(89)	-	-	-	230	319	(89)	72.0
1064 State Department for Vocational and Technical	12,933	11,548	1,385	1,900	2,556	(656)	14,833	14,104	729	105.2
1065 State Department for Higher Education and Research	64,668	59,621	5,047	92	610	(518)	64,761	60,231	4,529	107.5
1066 State Department for Basic Education	83,441	58,424	25,017	11,041	7,181	3,860	94,481	65,604	28,877	144.0
1071 The National Treasury	34,048	33,361	688	7,712	26,252	(18,540)	41,760	59,613	(17,852)	70.1
1072 State Department for Economic Planning	1,629	1,623	6	22,904	34,312	(11,408)	24,533	35,935	(11,402)	68.3
1082 State Department for Medical Services	23,874	32,121	(8,247)	9,472	13,870	(4,397)	33,346	45,991	(12,645)	72.5
1083 State Department for Public Health and Professional	9,019	11,293	(2,274)	1,663	2,145	(482)	10,682	13,437	(2,755)	79.5
1091 State Department for Roads	24,328	36,036	(11,708)	55,276	59,956	(4,680)	79,604	95,992	(16,388)	82.9
1092 State Department for Transport	1,425	8,169	(6,744)	726	16,004	(15,278)	2,151	24,172	(22,022)	8.9
1093 State Department for Shipping and Maritime Affairs	230	1,111	(882)	(0)	375	(375)	230	1,486	(1,257)	15.5
1094 State Department for Housing & Urban Development	605	651	(46)	21,113	42,598	(21,485)	21,718	43,249	(21,532)	50.2
1095 State Department for Public Works	1,339	1,841	(501)	3	112	(109)	1,343	1,953	(610)	68.8
1104 State Department for Irrigation	397	589	(192)	9,458	10,114	(656)	9,855	10,703	(848)	92.1
1109 State Department for Water & Sanitation	1,287	2,870	(1,583)	7,816	22,050	(14,234)	9,103	24,920	(15,817)	36.5
1112 State Department for Lands and Physical Planning	1,940	2,068	(128)	2,021	1,190	832	3,961	3,257	703	121.6
1122 State Department for Information Communication Technology & Digital Economy	880	1,754	(874)	4,645	8,245	(3,600)	5,525	9,999	(4,474)	55.3
1123 State Department for Broadcasting &	2,361	2,854	(492)	-	-	-	2,361	2,854	(492)	82.7
1132 State Department for Sports	410	546	(135)	6,936	8,232	(1,296)	7,346	8,778	(1,432)	83.7
1134 State Department for Culture and Heritage	1,040	1,379	(339)	-	35	(35)	1,040	1,414	(374)	73.6
1135 State Department for Youth Affairs and the Arts	881	952	(70)	191	768	(576)	1,072	1,719	(647)	62.4
1152 State Department for Energy	493	4,941	(4,448)	11,362	22,089	(10,727)	11,855	27,030	(15,175)	43.9
1162 State Department for Livestock Development	1,326	2,647	(1,320)	1,154	3,983	(2,829)	2,480	6,630	(4,149)	37.4
1166 State Department for the Blue Economy and Fisheries	1,171	1,224	(53)	5,121	3,946	1,174	6,292	5,171	1,121	121.7
1169 State Department for Crop Development	6,537	7,851	(1,314)	9,997	13,167	(3,170)	16,534	21,018	(4,484)	78.7
1173 State Department for Cooperatives	1,746	3,355	(1,609)	2,000	1,000	1,000	3,746	4,355	(609)	86.0
1174 State Department for Trade	511	1,536	(1,025)	290	145	145	801	1,681	(880)	47.6
1175 State Department for Industry	638	1,104	(466)	1,432	1,672	(240)	2,070	2,776	(706)	74.6
1176 State Department for Micro, Small and Medium	457	744	(286)	2,675	2,264	411	3,133	3,008	125	104.2
1177 State Department for Investment Promotion	297	583	(285)	600	600	-	897	1,183	(285)	75.9
1184 State Department for Labour and Skills Development	685	2,134	(1,449)	39	50	(11)	724	2,184	(1,460)	33.2
1185 State Department for Social Protection and Senior	23,286	16,631	6,656	2,500	954	1,546	25,786	17,585	8,201	146.6
1192 State Department for Mining	398	497	(99)	-	-	-	398	497	(99)	80.0
1193 State Department for Petroleum	3,234	13,660	(10,426)	1,031	1,750	(719)	4,266	15,410	(11,144)	27.7
1202 State Department for Tourism	297	4,923	(4,625)	14	235	(221)	311	5,158	(4,847)	6.0
1203 State Department for Wildlife	1,549	6,027	(4,478)	55	180	(125)	1,604	6,207	(4,603)	25.8
1212 State Department for Gender and Affirmative Action	853	-	853	1,675	1,792	(117)	2,528	1,792	736	141.0
1213 State Department for Public Service	9,395	9,329	65	97	182	(85)	9,492	9,511	(19)	99.8
1221 State Department for East African Community	-	286	(286)	-	-	-	-	286	(286)	-
1252 State Law Office	2,240	2,636	(396)	116	79	37	2,356	2,715	(359)	86.8
1261 The Judiciary	10,887	10,509	378	571	413	157	11,458	10,923	536	104.9
1271 Ethics and Anti-Corruption Commission	1,947	2,057	(110)	12	15	(3)	1,959	2,072	(113)	94.5
1281 National Intelligence Service	30,207	23,176	7,031	-	-	-	30,207	23,176	7,031	130.3
1291 Office of the Director of Public Prosecutions	1,837	1,980	(143)	5	13	(8)	1,841	1,993	(151)	92.4
1311 Office of the Registrar of Political Parties	941	964	(23)	-	-	-	941	964	(23)	97.6
1321 Witness Protection Agency	289	349	(60)	-	-	-	289	349	(60)	82.8
1331 State Department for Environment & Climate Change	991	1,577	(586)	325	654	(329)	1,316	2,231	(915)	59.0
1332 State Department for Forestry	2,242	4,516	(2,274)	1,638	1,524	114	3,879	6,040	(2,160)	64.2
2011 Kenya National Commission on Human Rights	239	239	(0)	-	-	-	239	239	(0)	100.0
2021 National Land Commission	943	891	52	-	-	-	943	891	52	105.8
2031 Independent Electoral and Boundaries Commission	1,791	1,909	(118)	-	-	-	1,791	1,909	(118)	93.8
2041 Parliamentary Service Commission	502	657	(155)	-	-	-	502	657	(155)	76.5
2042 National Assembly	10,851	12,497	(1,646)	-	-	-	10,851	12,497	(1,646)	86.8
2043 Parliamentary Joint Services	2,889	3,140	(251)	1,037	559	478	3,926	3,699	226	106.1
2044 Senate	3,359	3,735	(376)	-	-	-	3,359	3,735	(376)	89.9
2051 Judicial Service Commission	342	330	12	-	-	-	342	330	12	103.8
2061 Commission on Revenue Allocation	159	182	(23)	-	-	-	159	182	(23)	87.4
2071 Public Service Commission	1,727	1,738	(11)	-	-	-	1,727	1,738	(11)	99.4
2081 Salaries and Remuneration Commission	176	226	(50)	-	-	-	176	226	(50)	77.8
2091 Teachers Service Commission	149,493	178,746	(29,253)	136	198	(61)	149,630	178,944	(29,314)	83.6
2101 National Police Service Commission	476	504	(28)	-	-	-	476	504	(28)	94.4
2111 Auditor General	3,371	4,012	(641)	17	40	(22)	3,388	4,052	(663)	83.6
2121 Controller of Budget	257	352	(95)	-	-	-	257	352	(95)	73.0
2131 Commission on Administrative Justice	291	318	(27)	-	-	-	291	318	(27)	91.5
2141 National Gender and Equality Commission	214	204	10	5	5	(5)	214	209	5	102.4
2151 Independent Policing Oversight Authority	497	544	(47)	-	-	-	497	544	(47)	91.3
Total	746,021	798,662	(52,641)	217,488	320,583	(103,095)	963,509	1,119,245	(155,736)	86.1

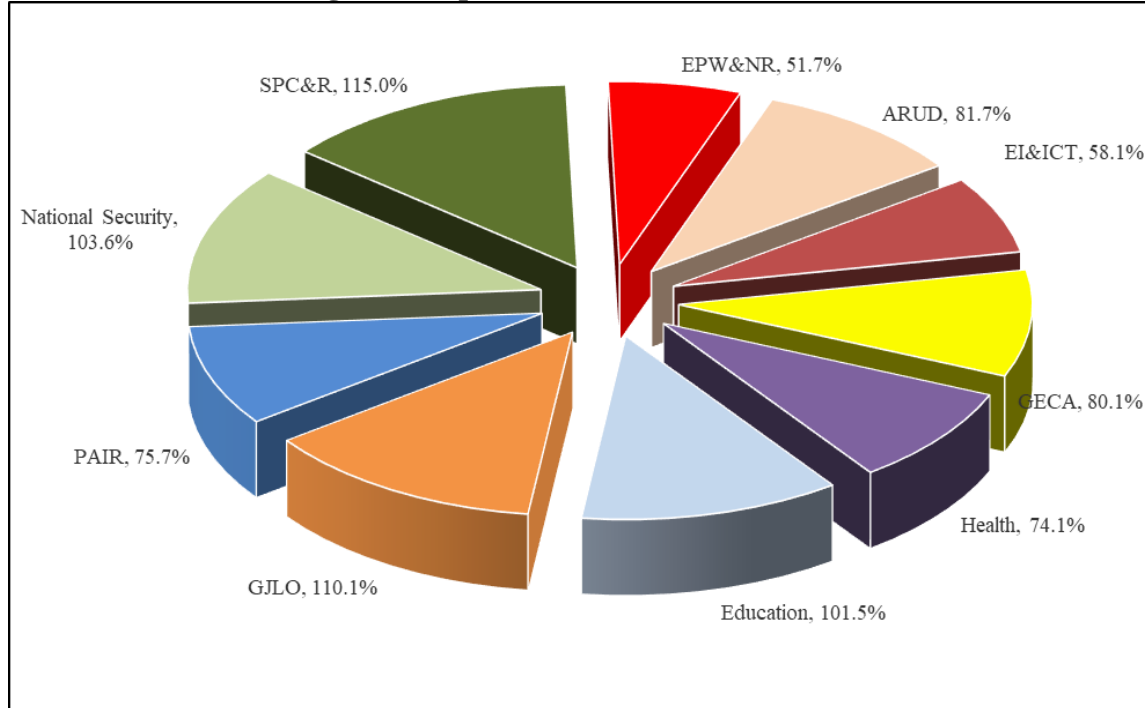
*Provisional

Source of Data: National Treasury

FISCAL DEVELOPMENTS

41. During the period under review, Social Protection, Culture and Recreation (SPC&R) sector recorded the highest absorption at 115.0 percent followed by Governance, Justice, Law and Order Sector at 110.1 percent and National Security Sector at 103.6 percent. The Environment Protection, Water and Natural Resources sector recorded the lowest absorption of 51.7 percent (**Chart 11**).

Chart 11: Sectoral Budget Absorption as at 31st December, 2024



Source of Data: National Treasury

2.2.2 Pending Bills

42. The total outstanding National Government pending bills as at 31st December, 2024 amounted to KSh 539.9 billion. These comprise of KSh 426.3 billion (81.34 percent) and KSh 97.8 billion (16.66 percent) for the State Corporations (SC) and Ministries/State Departments/other government entities respectively. Out of the total pending bills, 51.0 percent are development pending bills and 49.0 percent are recurrent pending bills.

43. The SC 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 belong to Contractor/Projects i.e. development, at 60.8 per cent and recurrent taking 39.2 per cent of the SC pending bills. For Ministries/State Departments and other government Agencies 75.2 per cent of the pending bills are recurrent while 24.8 per cent of the pending bills are development bills.

44. The National Government policy on clearance of pending bills continues to be in force. All MDAs are therefore, expected to continue with prioritization of payment of the pending bills by settling them as a first charge in the current financial year budget in line with the Treasury guidelines for implementation of the financial year 2024/25 and the medium-term budget, Treasury Circular No. 13/2023.

FISCAL DEVELOPMENTS

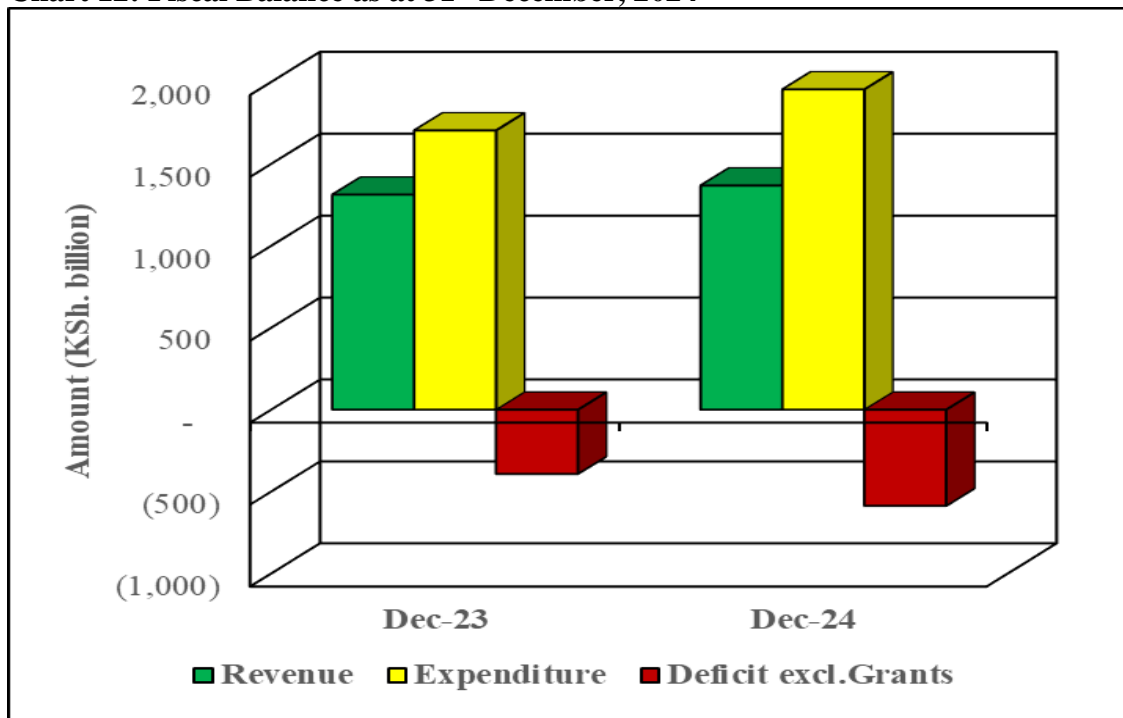
2.2.3 Guaranteed Debt Service

45. During the period under review, the National Government did not service any guaranteed debt on behalf of Government parastatals.

2.3 Fiscal Outturn

46. During the period July 2024 to December 2024, the fiscal balance (on commitment basis and excluding grants) amounted to KSh 586.8 billion (3.4 percent of GDP) against a targeted deficit of KSh 364.4 billion (2.1 percent of GDP) (**Chart 12 and Table 7**). The fiscal balance (on a commitment basis and including grants) was also 3.3 percent of GDP against a target deficit of 2.0 percent of GDP.

Chart 12: Fiscal Balance as at 31st December, 2024



Source of Data: National Treasury

47. Over the same period in FY2023/24, the fiscal deficit including grants (on commitment basis) stood at KSh 386.1 billion (2.4 percent of GDP). The fiscal outturn in the last six FYs and the Printed Estimates for the FY 2024/25 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 while the change in net worth is as shown in Annex IV.

FISCAL DEVELOPMENTS

Table 7: Budget Outturn, Cumulative Ending 31st December, 2024 (KSh Millions)

	2023/2024	2024/2025			% Growth	2024/2025 as a % of GDP		2023/2024 Actual as a % of GDP
	Actual*	Actual*	Targets	Deviation		Actual	Targets	
A. TOTAL REVENUE AND GRANTS	1,318,745	1,383,498	1,445,530	(62,032)	4.9	7.9	8.3	8.2
1. Revenue	1,313,290	1,368,747	1,431,561	(62,814)	4.2	7.9	8.2	8.1
Ordinary Revenue	1,088,663	1,157,762	1,251,010	(93,249)	6.3	6.6	7.2	6.7
Import Duty	68,229	71,535	77,617	(6,082)	4.8	0.4	0.4	0.4
Excise Duty	139,797	141,349	155,019	(13,669)	1.1	0.8	0.9	0.9
Income tax	491,284	530,834	559,456	(28,622)	8.1	3.0	3.2	3.0
VAT	317,942	304,080	340,607	(36,527)	(4.4)	1.7	2.0	2.0
Investment Revenue	21,573	58,330	52,145	6,185	170.4	0.3	0.3	0.1
Others	49,840	51,633	66,167	(14,534)	3.6	0.3	0.4	0.3
Appropriation-in-Aid	224,626	210,985	180,550	30,435	(6.1)	1.2	1.0	1.4
2. Grants	5,455	14,751	13,970	781	170.4	0.1	0.1	0.0
AMISOM Receipts	0	0	0	-	-	-	-	0.0
Nairobi County to NMS	0	0	0	-	-	-	-	0.0
Revenue	1,256	7,753	5,021	2,732	517.3	0.0	0.0	0.0
Appropriation-in-Aid	2,087	6,998	8,948	(1,951)	235.3	0.0	0.1	0.0
B.EXPENDITURE AND NET LENDING	1,704,833	1,955,517	1,795,965	159,551	14.7	11.2	10.3	10.6
1. Recurrent	1,296,449	1,489,615	1,331,243	158,372	14.9	8.5	7.6	8.0
Domestic Interest	300,118	421,860	363,491	58,369	40.6	2.4	2.1	1.9
Foreign Interest	105,025	101,691	109,434	(7,743)	(3.2)	0.6	0.6	0.7
Pension & Other CFS	74,214	104,618	82,461	22,157	41.0	0.6	0.5	0.5
Contribution to Civil Servants' Pension	9,723	13,381	14,232	(851)	37.6	0.1	0.1	0.1
Wages and Salaries	268,232	293,335	300,293	(6,958)	9.4	1.7	1.7	1.7
O & M/Others	539,137	554,729	461,330	93,399	2.9	3.2	2.6	3.3
2. Development and Net Lending	265,916	274,287	244,501	29,786	3.1	1.6	1.4	1.6
O/W Domestically financed	191,648	196,547	165,537	31,010	2.6	1.1	0.9	1.2
Foreign financed	67,417	77,740	73,585	4,155	15.3	0.4	0.4	0.4
3.Net Lending	6,851	0	0	-	(100.0)	0.0	-	0.0
4. Equalization Fund	0	-	5,379.4	(5,379)	-	0.0	0.0	0.0
5. County Governments	142,468	191,615	219,221	(27,606)	34.5	1.1	1.3	0.9
4. Parliamentary Service	0	-	-	-	#DIV/0!	0.0	-	0.0
5. Judicial Service	0	-	-	-	#DIV/0!	0.0	-	0.0
5. CF	0	-	1,000	(1,000)	0.0	0.0	0.0	0.0
C. DEFICIT EXCL.GRANT (Commitment)	(391,543)	(586,770)	(364,405)	(222,365)	49.9	(3.4)	(2.1)	(2.4)
D. DEFICIT INCL.GRANTS (Commitment)	(386,088)	(572,019)	(350,435)	(221,584)	48.2	(3.3)	(2.0)	(2.4)
E. ADJUSTMENT TO CASH BASIS	181,689	125,098	-	125,098	0.7	-	-	1.1
F. DEFICIT INCL.GRANTS (Cash basis)	(204,398)	(446,921)	(350,435)	(96,486)	118.7	(2.6)	(2.0)	(1.3)
<i>Discrepancy</i>	<i>(23,990)</i>	<i>(55,649)</i>	<i>-</i>	<i>(55,649)</i>	132.0	-	-	(0.1)
G. FINANCING	180,408	391,272	350,435	40,837	116.9	2.2	2.0	1.1
1. Net Foreign financing	(29,579)	(8,130)	284,836	(292,966)	(72.5)	(0.0)	1.6	(0.2)
Disbursements	105,033	121,471	427,312	(305,841)	15.7	0.7	2.5	0.7
Programme Loans	43,072	58,482	187,743	(129,261)	35.8	0.3	1.1	0.3
Project Cash Loans	32,086	32,293	35,167	(2,874)	0.6	0.2	0.2	0.2
Project Loans AIA	29,875	30,696	35,652	(4,956)	2.7	0.2	0.2	0.2
Commercial Financing	0	0	168,750	(168,750)	-	-	1.0	0.0
Debt repayment - Principal	(134,613)	(129,601)	(142,476)	12,875	(3.7)	(0.7)	(0.8)	(0.8)
2. Net Domestic Financing	209,987	399,402	65,599	333,803	90.2	2.3	0.4	1.3
Government Securities	191,542	450,974	353,510	97,464	135.4	2.6	2.0	1.2
Government Overdraft & Others	24,945	(28,467)	-	(28,467)	-	-0.2	-	0.2
Movement in Government Deposits	47,754	(7,371)	-	(7,371)	-	0.0	-	0.3
Domestic Loan Repayments (Net Receipts)	855	2,413	3,226	(813)	182.2	0.0	0.0	0.0
Domestic Loan Repayment	0	(555)	(555)	-	-	0.0	(0.0)	0.0
Other Accounts Payable	(55,108)	(17,591)	-	(17,591)	-	-0.1	-	(0.3)
MEMO ITEM								
GDP ESTIMATE	16,131,502	17,434,534.4	17,434,534.4	-	-	100.0	100.0	100.0

*Provisional

Source of Data: National Treasury

FISCAL DEVELOPMENTS

2.4 Financing

2.4.1 External Financing

48. During the period ending December, 2024, net foreign repayment amounted to KSh 8.1 billion (**Table 8**). Total disbursements (inflows) including Appropriations-in-Aid amounted to KSh.121.4 billion against a target of KSh 427.3 billion. The actual total disbursement comprised of KSh 58.5 billion program loans and KSh 63.0 billion Project Loans. The External repayments (outflows) of principal debt amounted to KSh 129.6 billion. The amount comprised of principal repayments due to bilateral sources, commercial institutions and multilateral sources amounting to KSh 76.2 billion, KSh 26.8 billion and KSh 26.6 billion, respectively.

Table 8: External Financing, Period Ending December, 2024 (KSh Millions)

Financing/Repayment	FY2023/24	FY2024/25	
	Actual*	Actual*	Target
DISBURSEMENTS:	105,033	121,471	427,312
Project Cash loans	32,086	32,293	35,167
Project loans A-I-A	29,875	30,696	35,652
Commercial Financing	-	0	168,750
Use of IMF SDR Allocation	-	0	-
Programme Loans	43,072	58,482	187,743
EXTERNAL REPAYMENTS:	134,613	129,601	142,476
Bilateral(incl. Italy Debt SWAP)	76,799	76,235	80,639
Multilateral (excl. IMF)	27,525	26,586	31,075
Commercial	30,289	26,780	30,763
NET FOREIGN FINANCING	(29,579)	(8,130)	284,836

*Provisional

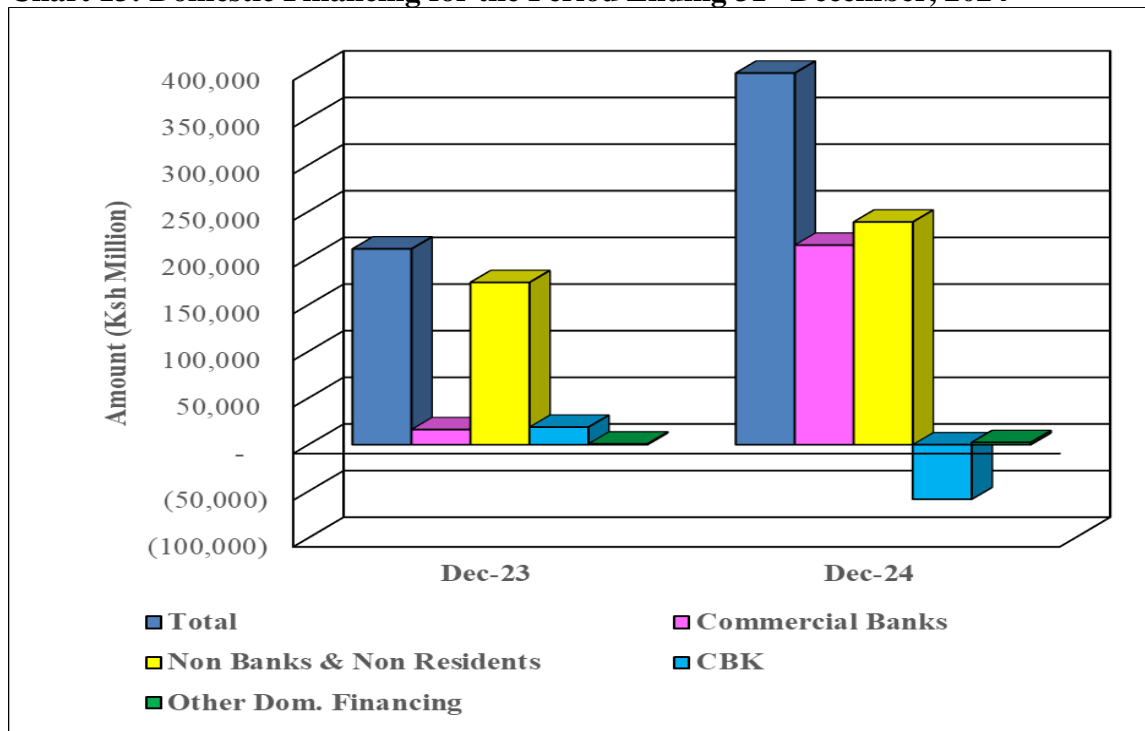
Source of Data: National Treasury

2.4.2 Domestic Financing

49. As at 31st December, 2024, net domestic borrowing amounted to KSh 399.4 billion (**Table 9**) against a target of KSh 356.2 billion (**Table 7**). The borrowing comprised of KSh 238.8 billion from Non-Banking Financial Institutions, KSh 215.2 billion from commercial banks, KSh 2.4 billion from Non-Residents, net repayment of KSh 56.9 billion to the Central Bank of Kenya, and net domestic loan repayments/receipts of KSh 2.4 billion. During the same period in FY 2023/24, the net domestic borrowing amounted to KSh 210.0 billion, comprising of KSh 172.4 billion from Non-Banking Financial Institutions, KSh 16.2 billion from Commercial Banks, 1.6 billion from Non-Residents, 18.8 billion from Central bank, and net domestic loan repayments receipts of KSh 0.9 billion (**Table 9 and Chart 13**).

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Chart 13: Domestic Financing for the Period Ending 31st December, 2024



Source of Data: Central Bank of Kenya

50. The stock of Treasury Bills held by commercial banks and Non-Banks recorded a net increase of KSh 207.1 billion and KSh 65 billion respectively while those held by non-residents declined by KSh 5 million. The stock of Fixed Rate Bonds held by commercial banks and Non-Banks recorded a net decrease of KSh 10.1 billion and a net increase of KSh 11.4 billion respectively. The stock of Fixed Rate Bonds held by Non-Residents recorded a net increase of KSh 881 million (**Table 9**).

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Table 9: Domestic Financing, Period Ending 31st December, 2024 (KSh Millions)

DEBT INSTRUMENT	September 2023*	December 2023*	March 2024	June 2024*	September 2024*	December 2024*
1.CENTRAL BANK	7,632	18,888	(15,351)	(2,983)	(36,331)	(56,964)
Overdraft	(753)	17,671	15,724	(15,436)	(61,147)	(23,544)
IMF funds onlet to Govt	934	8,523	10,767	(12,180)	1,832	(3,030)
Items on Transit	(10)	(39)	(36)	(33)	(6)	(7)
Frozen Account	-	-	(555)	(555)	(555)	(555)
Less Govt Deposits	7,460	(7,267)	(41,251)	25,222	23,545	(29,828)
2.COM. BANKS	(9,142)	16,245	104,967	190,262	123,141	215,177
Advances	(178)	(1,210)	(449)	(518)	1,023	716
Stocks						
Treasury bills	(43,491)	(56,493)	(85,989)	(63,055)	52,621	150,654
Floating rate T. Bonds						
Fixed rate Bonds	33,958	38,287	1,939	61,729	513	28,194
Infrastructure Bonds	(2,486)	35,748	191,020	191,020	48,594	32,122
Less Govt Deposits	3,054	(87)	(1,554)	1,085	20,390	3,491
3. NON BANKS	92,397	172,364	292,984	404,809	133,845	238,816
Stocks						
Treasury bills	(11,496)	(11,659)	20,534	39,424	33,192	53,309
Fixed rate Bonds	110,082	115,093	144,585	237,519	28,966	126,443
Infrastructure Bonds	(6,189)	68,930	127,866	127,866	71,686	59,064
4. NON RESIDENTS	1,638	1,635	2,404	2,056	(3)	2,373
Treasury bills	5	2	(3)	(7)	(3)	(3)
Fixed rate Bonds	1,633	1,633	1,573	1,229	-	2,514
Infrastructure Bond	-	-	834	834	-	(138)
5. NET CREDIT	92,525	209,132	385,005	594,144	220,653	399,402
6. OTHER DOMESTIC FINANCING						
Domestic Loan Repayments (Net Receipts)	587	855	1,429	1,429	-	2,413
RDL Deposits						
7. NET DOMESTIC FINANCING	93,111	209,987	386,434	595,572	220,653	401,815

Notes:

*provisional

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

Source of Data: Central Bank of Kenya

3.0 PUBLIC DEBT

3.1 Overall Debt Position

51. The total public and publicly guaranteed debt stock as at 31st December, 2024 amounted to KSh 10,925,780 million, a decline of KSh 213,914 million from KSh 11,139,694 million in December 2023. The decline was attributed to appreciation of the Kenya Shilling against major foreign currencies. The public and publicly guaranteed debt stock comprised KSh 5,057,006 million (46.3 percent of total debt) external debt and domestic debt of KSh 5,868,774 million (53.7 percent of total debt). The net public debt was KSh 10,358,854 million during the period under review (**Table 10**).

Table 10: Kenya’s Public and Publicly Guaranteed Debt, December, 2022 to December, 2024 (KSh Millions)

DEBT SOURCE	Dec-22	Mar- 23	Jun- 23	Sep-23*	Dec-23*	Mar-24	Jun-24*	Sep-24*	Dec-24*
EXTERNAL									
BILATERAL	1,206,883	1,291,851	1,339,503	1,341,779	1,422,180	1,175,582	1,163,715	1,133,389	1,101,069
MULTILATERAL	2,213,756	2,244,087	2,654,934	2,827,123	3,061,108	2,654,283	2,786,948	2,847,166	2,777,571
COMMERCIAL BANKS	1,239,681	1,301,153	1,437,276	1,483,613	1,588,656	1,318,975	1,207,503	1,193,820	1,165,072
SUPPLIERS CREDIT	12,824	14,004	14,848	15,284	17,641	14,583	13,537	13,990	13,294
SUB - TOTAL EXTERNAL	4,673,144	4,851,095	5,446,561	5,667,799	6,089,585	5,163,423	5,171,704	5,188,365	5,057,006
DOMESTIC:									
CENTRAL BANK	147,380	194,886	198,314	198,485	224,468	202,428	170,109	107,612	142,748
O/W IMF FUNDS ON-LENT TO GOVERNMENT	62,789	90,965	95,721	96,655	104,245	84,702	83,541	82,626	80,286
COMMERCIAL BANKS	2,017,402	1,992,823	2,095,069	2,081,576	2,109,720	2,190,148	2,278,836	2,386,381	2,508,943
TOTAL BANKS	2,164,782	2,187,709	2,293,383	2,280,061	2,334,188	2,392,576	2,448,944	2,493,994	2,651,691
NON BANKS & NON RESIDENTS	2,370,845	2,442,848	2,538,935	2,634,386	2,715,920	2,842,612	2,961,340	3,107,717	3,217,083
SUB-TOTAL DOMESTIC	4,535,627	4,630,557	4,832,318	4,914,447	5,050,109	5,235,188	5,410,284	5,601,710	5,868,774
GRAND TOTAL GROSS	9,208,771	9,481,652	10,278,879	10,582,245	11,139,694	10,398,612	10,581,988	10,790,075	10,925,780
LESS ON-LENDING	-	-	-	-	-	-	-	-	-
LESS GOVERNMENT DEPOSITS	(470,558)	(384,704)	(484,584)	(429,162)	(464,321)	(525,843)	(526,226)	(504,180)	(566,926)
GRAND TOTAL NET	8,738,213	9,096,948	9,794,294	10,153,083	10,675,372	9,872,769	10,055,762	10,285,895	10,358,854

Note:

* Provisional

Source of Data: National Treasury

3.2 Domestic Debt

52. The stock of gross domestic debt increased by KSh 818.7 million from KSh 5,050.1 billion in December, 2023 to KSh 5,868.8 billion in December, 2024. The net domestic debt was KSh 5,301.8 billion by end of the period under review (**Table 11**).

FISCAL DEVELOPMENTS

Table 11: Stock of Domestic Debt for the period December, 2024 to December, 2024 (KSh Millions)

DEBT SOURCE	Dec-22	Mar-23	Jun-23	Sep-23*	Dec-23*	Mar-24	Jun-24*	Sep-24*	Dec-24*
1.CENTRAL BANK	147,226	195,073	198,314	198,485	224,468	224,214	170,109	109,430	142,748
Overdraft	58,498	78,180	76,457	75,704	94,128	92,181	61,021	-	37,476
IMF funds onlet to Govt	62,789	90,965	95,721	96,655	104,245	106,488	83,541	84,444	80,286
Frozen Govt Accounts	18,344	18,344	17,789	17,789	17,789	17,234	17,234	16,679	16,679
Treasury bills / bonds rediscounts	112	109	230	230	230	230	230	230	230
Items on Transit	38	30	42	32	3	6	8	3	2
Fixed rate bonds	7,446	7,446	8,074	8,074	8,074	8,074	8,074	8,074	8,074
2.COM.BANKS	2,017,402	1,992,177	2,095,069	2,081,735	2,109,720	2,190,148	2,278,836	2,386,587	2,508,943
Advances	13,828	6,339	13,692	16,406	15,226	5,522	5,468	4,533	4,185
Treasury Bills	293,469	291,539	262,852	217,841	204,724	176,846	207,875	265,461	377,475
Fixed Rate T. Bonds	1,079,084	1,054,106	1,043,778	1,078,058	1,082,354	1,045,598	1,103,311	1,103,842	1,130,944
Special Bonds	-	-	-	-	-	-	-	-	-
Savings and Development Bond	7,648	7,648	7,648	7,648	7,648	7,648	7,648	7,648	7,648
Infrastructure Bonds	623,374	632,545	767,099	761,782	799,769	954,534	954,534	1,005,102	988,690
3. NON BANKS	2,339,242	2,411,375	2,506,970	2,600,834	2,682,371	2,808,554	2,927,632	3,073,163	3,180,217
Treasury Bills	377,812	374,484	351,636	340,128	341,939	379,924	407,784	446,756	468,396
Fixed Rate T. Bonds	1,428,132	1,450,047	1,503,056	1,614,753	1,619,733	1,649,417	1,740,635	1,772,150	1,870,837
Tax Reserve Certificate	-	-	-	-	-	-	-	(0)	-
Infrastructure Bonds	512,717	566,264	631,698	625,373	700,119	758,633	758,633	833,677	820,405
Savings and Development Bond	20,580	20,580	20,580	20,580	20,580	20,580	20,580	20,580	20,580
M- Akiba Bond	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0)	(0)
4. NON RESIDENTS	31,757	32,471	31,965	33,552	33,549	34,058	33,708	34,554	36,866
Treasury Bills	117	76	8	13	10	5	1	(2)	(2)
Fixed Rate T. Bonds	18,842	19,145	18,499	20,174	20,174	20,113	19,768	19,768	22,217
Savings and Development Bond	9	9	9	9	9	9	9	9	9
Infrastructure Bonds	12,790	13,241	13,449	13,356	13,356	13,931	13,931	14,779	14,641
5. TOTAL GROSS DEBT	4,535,628	4,631,095	4,832,318	4,914,606	5,050,109	5,256,974	5,410,284	5,603,733	5,868,773
6. LESS ON-LENDING	-	-	-	-	-	-	-	-	-
7. Less Govt Deposits	470,558	(384,704)	484,584	(429,162)	464,321	525,843	526,226	(504,180)	(566,926)
8. TOTAL NET DEBT	4,065,069	5,015,799	4,347,734	5,343,768	4,585,787	4,731,131	4,884,058	5,099,553	5,301,847

NOTE:

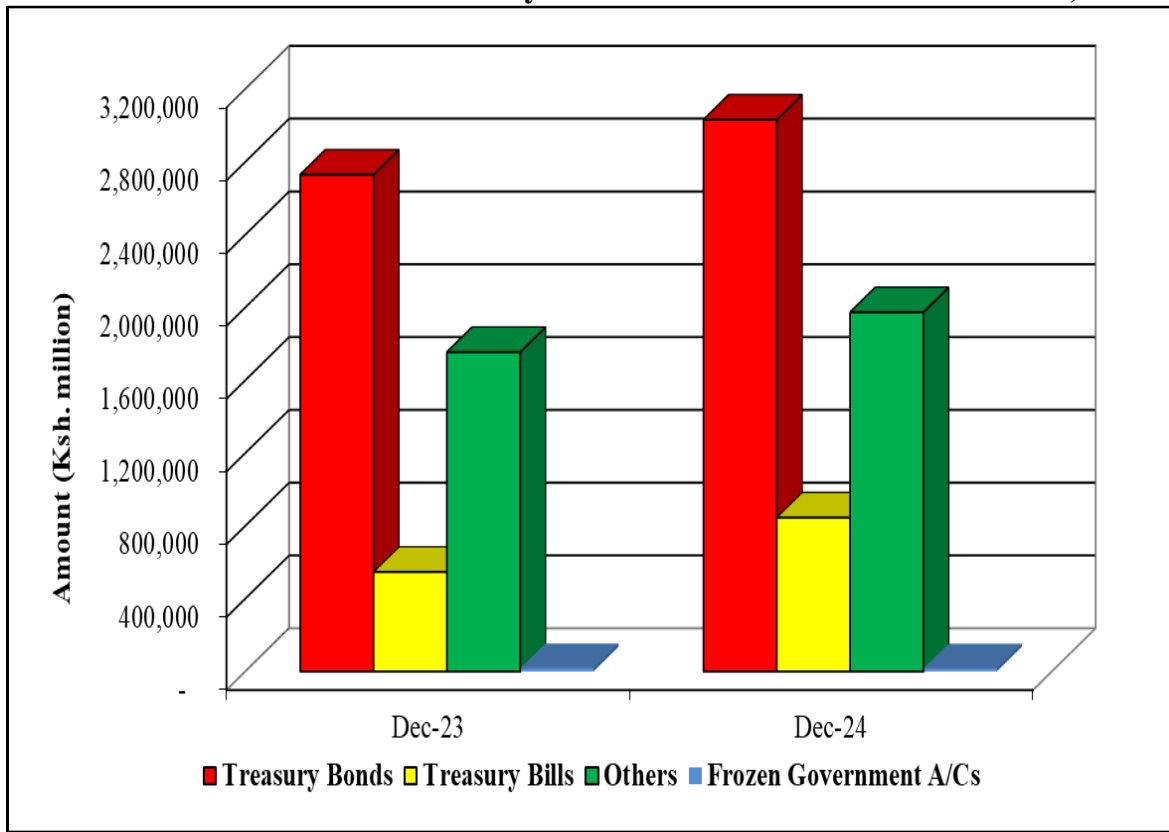
* Provisional

Treasury Bills reflected here are at face value as opposed to Table 9, given at cost

Source of Data: Central Bank of Kenya

53. The stock of Treasury Bills held by Central Bank, Commercial Banks, Non-Banking Financial Institutions and Non-Residents increased by KSh 299.2 billion from KSh 546.9 billion in December, 2023 to KSh 846.1 billion in December, 2024. The total stock of Treasury Bonds, which include Floating, Fixed Rate, Special and Zero-Coupon Bonds, increased by KSh 301.7 billion from KSh 2,730.3 billion in December, 2023 to KSh 3032.1 billion in December, 2024 (**Chart 14**).

Chart 14: Domestic Debt Stock by Instruments as at End December, 2024



Source of Data: Central Bank of Kenya

3.3 External Public Debt

54. In dollar terms, external public and publicly guaranteed debt stock increased by US\$.192.26 million to US\$. 39,112.85 million in December 2024 from US\$. 38,920.59 million in December 2023. This comprised debt owed to multilateral of 54.9 percent, commercial banks of 23.0 percent, bilateral of 21.8 percent, and Suppliers Credit of 0.3 percent.

FISCAL DEVELOPMENTS

Table 12: Kenya's External Public and Publicly Guaranteed Debt Stock from December, 2022 – December, 2024 (US\$ Millions)

CREDITOR	Dec-22	Mar-23	Jun-23	Sep-23*	Dec-23*	Mar-24	Jun-24*	Sep-24*	Dec-24*
<u>BILATERAL</u>									
AUSTRIA	13.82	14.07	13.75	13.21	13.63	13.19	12.77	13.20	11.77
BELGIUM	117.93	182.72	182.15	173.00	179.21	178.92	177.87	187.72	171.85
DENMARK	3.49	3.13	3.07	2.46	2.58	1.99	1.97	1.51	1.40
FINLAND	6.32	6.48	5.17	3.75	3.96	2.57	2.55	1.33	1.23
FRANCE	764.04	805.50	780.81	722.00	753.72	723.60	746.50	759.36	697.88
GERMANY	346.23	328.54	336.34	341.34	349.60	350.44	345.08	362.54	393.56
ITALY	333.82	344.47	343.70	332.56	212.13	195.64	254.10	229.60	211.75
JAPAN	1,304.89	1,453.84	1,271.01	1,229.02	1,269.92	1,187.69	1,158.65	1,283.89	1,137.10
USA	9.61	8.73	8.53	7.64	7.43	310.65	310.41	248.68	248.47
CHINA	6,569.52	6,307.40	6,280.39	5,943.60	6,006.71	5,674.35	5,696.97	5,394.35	5,356.85
OTHERS	312.68	307.29	307.30	291.37	290.73	280.34	277.46	290.47	284.24
TOTAL BILATERAL	9,782.35	9,762.17	9,532.23	9,059.95	9,089.63	8,919.39	8,984.34	8,772.65	8,516.10
<u>MULTILATERAL</u>									
ADB/ADF	3,490.90	3,591.12	3,685.50	3,695.82	3,792.02	3,800.87	3,925.83	4,001.98	3,918.64
BADEA	45.20	47.70	52.19	51.70	53.69	53.38	54.01	53.33	53.01
EEC/EIB	170.90	182.11	207.53	194.28	204.58	192.68	190.43	195.96	181.93
IBRD	579.24	581.75	1,082.86	1,079.71	1,085.13	1,089.11	1,938.74	1,944.34	1,940.45
IDA/IFAD	10,692.09	10,828.01	11,424.85	11,333.07	11,685.80	11,696.69	12,108.42	12,535.17	12,092.83
IMF**	2,915.30	1,673.40	2,388.16	2,684.95	2,694.19	3,257.39	3,251.72	3,259.95	3,252.51
OTHERS	49.89	53.86	52.08	49.77	49.15	48.52	47.21	46.89	43.45
TOTAL MULTILATERAL	17,943.52	16,957.95	18,893.17	19,089.28	19,564.57	20,138.64	21,516.35	22,037.62	21,482.81
COMMERCIAL¹	10,048.20	9,832.46	10,228.01	10,017.64	10,153.63	10,007.36	9,322.41	9,240.40	9,011.12
O/W International Sovereign Bond	7,100.00	7,100.00	7,100.00	7,100.00	7,100.00	7,156.97	6,600.00	6,600.00	6,600.00
EXPORT CREDIT	103.94	105.82	105.66	103.20	112.75	110.65	104.51	108.29	102.82
GRAND TOTAL	37,878.01	36,658.41	38,759.08	38,270.08	38,920.59	39,176.04	39,927.61	40,158.96	39,112.85
In percentage of total									
BILATERAL	25.8	26.6	24.6	23.7	23.4	22.8	22.5	21.8	21.8
MULTILATERAL	47.4	46.3	48.7	49.9	50.3	51.4	53.9	54.9	54.9
COMMERCIAL BANKS ¹	26.5	26.8	26.4	26.2	26.1	25.5	23.3	23.0	23.0
EXPORT CREDIT	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*Provisional

** include IMF item

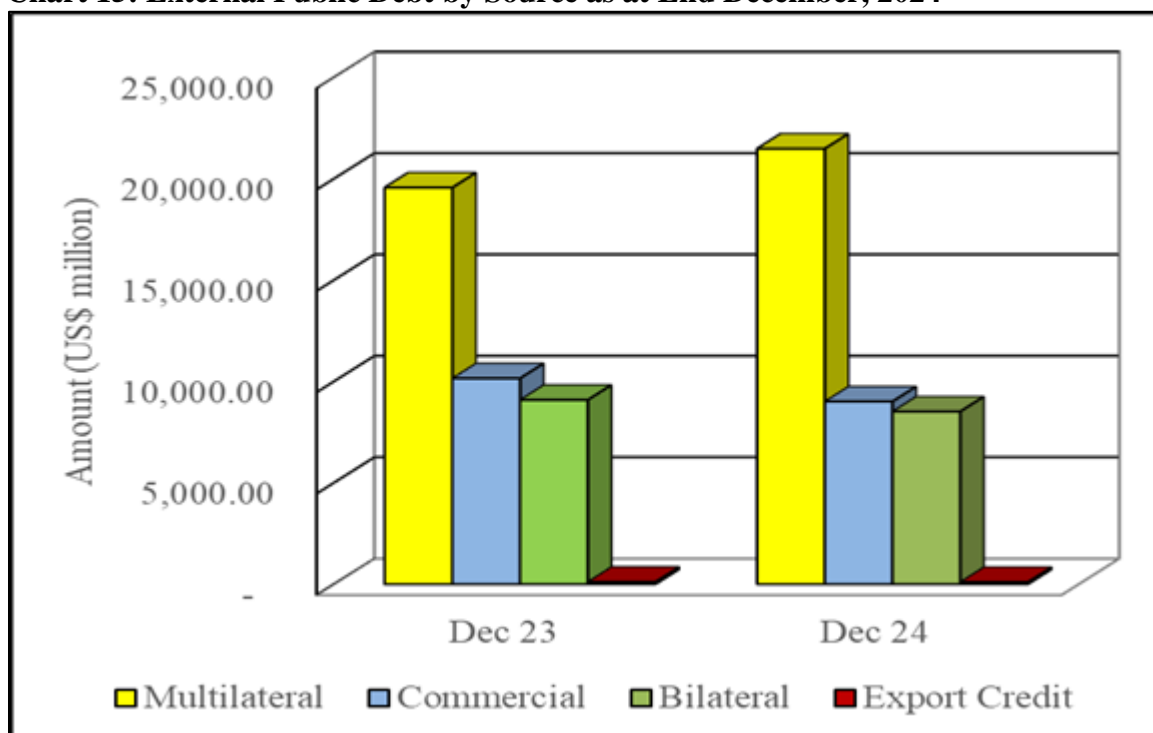
1/ incl. International Sovereign Bond

Note: The exchange rate as at end December, 2024 was KSh 129.3 per dollar.

Source of Data: National Treasury

55. Compared to the same period in FY 2023/24, external public debt stock from multilateral institutions recorded an increase of US\$. 1,918.2 million. Public debt stock from commercial banks, suppliers' credit and bilateral sources recorded a decline by US\$. 1,142.5 million and US\$. 9.9 million, and US\$. 573.5 million respectively in the period ending December, 2024 (**Chart 15**).

Chart 15: External Public Debt by Source as at End December, 2024



Source of Data: National Treasury

3.3.1 External Debt Service

56. As at end December 2024, the total cumulative debt service payments to external creditors amounted to KSh 231,292.61 million. This comprised KSh 129,601.45 million (56.0 percent) principal and KSh 101,691.16 million (44.0 percent) interest (**Table 13**).

FISCAL DEVELOPMENTS

Table 13: External Debt Service, July 2024 – December, 2024 (KSh Million)

CATEGORY	PRINCIPAL*	INTEREST*	TOTAL*
BILATERAL			
ABU DHABI	89.90	13.92	103.83
AUSTRIA	81.27	12.17	93.44
BELGIUM	927.24	80.44	1,007.69
CHINA	44,392.70	20,985.71	65,378.41
DENMARK	136.09	-	136.09
FINLAND	172.50	4.97	177.47
FRANCE	6,688.97	927.23	7,616.20
GERMANY	1,664.01	341.13	2,005.13
POLAND	49.98	9.59	59.57
INDIA	531.84	117.25	649.09
ISRAEL	384.69	62.89	447.57
ITALY	10,093.19	1,514.33	11,607.52
JAPAN	1,639.33	160.33	1,799.66
KOREA	107.91	14.62	122.54
KUWAIT	190.71	16.42	207.13
SAUDI ARABIA	131.69	17.22	148.91
SPAIN	829.30	79.26	908.56
USA	8,123.65	1,288.71	9,412.37
TOTAL BILATERAL	76,234.97	25,646.20	101,881.17
MULTILATERAL			
ADB/ADF	4,530.61	7,315.97	11,846.57
BADEA	131.18	35.59	166.76
EIB/EEC	951.81	316.62	1,268.43
IDA	19,779.00	10,642.01	30,421.02
OPEC	411.42	55.67	467.09
NDF	37.70	11.45	49.15
IFAD	383.74	139.00	522.74
IMF	-	-	-
IBRD	361.01	7,110.19	7,471.20
TOTAL MULTILATERAL	26,586.46	25,626.50	52,212.96
COMMERCIAL	26,780.02	50,418.46	77,198.48
GRAND TOTAL	129,601.45	101,691.16	231,292.61

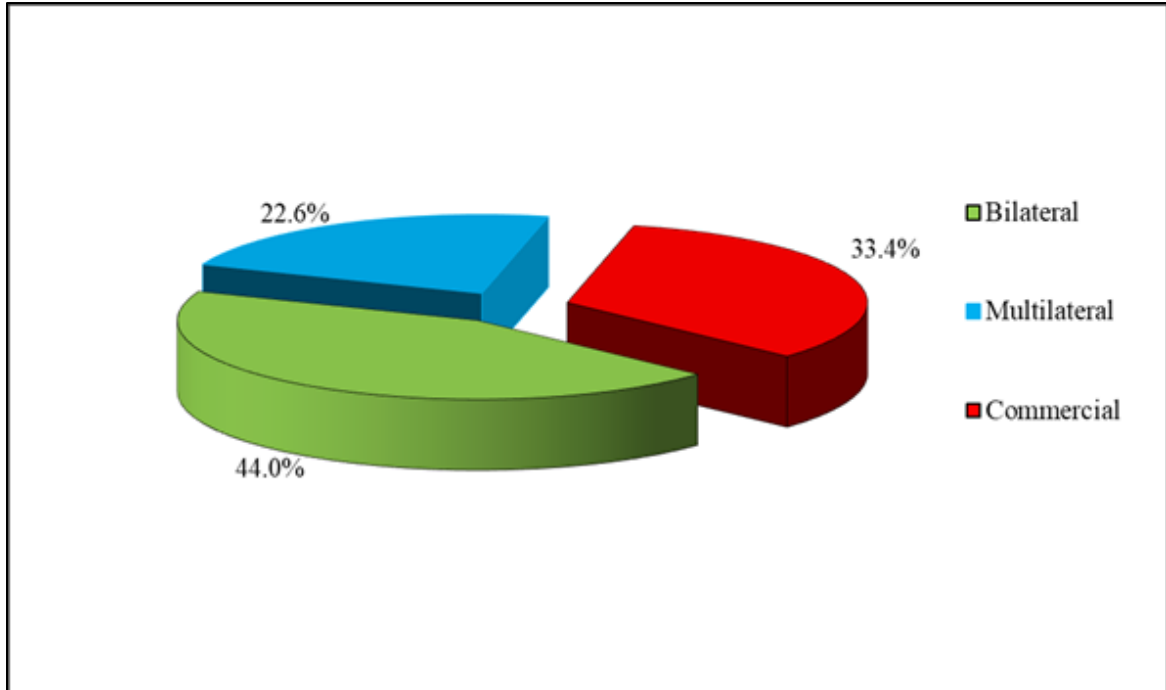
* Provisional

Source of Data: National Treasury

FISCAL DEVELOPMENTS

57. Debt service payments to bilateral, commercial, and multilateral creditors comprised of 44.0 percent, 33.4 percent and 22.6 percent of the total payments respectively (Chart 16).

Chart 16: External Debt Service by Creditors at end of December, 2024



Source of Data: National Treasury

4.0. ANNEXES

4.1. Annex I: Fiscal Results, 2019/20 – 2024/2025 (KSh Millions)

REVENUE/EXPENDITURE/FINANCING	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25		
	Actual			Prel. Actual	Prel. Actual	Revised Estimates II	Revised Estimates I	Printed Estimates
A.TOTAL REVENUE	1,797,666	1,803,536	2,199,808	2,360,510	2,702,662	3,065,208	3,059,970	3,343,174
1.Ordinary Revenue	1,573,418	1,562,015	1,917,911	2,041,119	2,288,921	2,580,927	2,631,418	2,917,198
Income Tax	706,936	694,053	876,707	941,576	1,043,097	1,165,181	1,180,303	1,230,196
VAT	383,713	410,758	523,098	550,440	645,489	694,332	723,783	812,230
Import Duty	98,022	108,375	118,280	130,123	133,929	152,497	160,038	187,407
Excise Duty	195,270	216,325	252,094	264,509	276,722	314,986	324,762	429,561
Other Revenue	189,477	132,504	147,731	154,472	189,685	253,931	242,532	257,804
2.Appropriation –in –Aid	224,247	241,521	281,897	319,391	413,740	484,281	428,552	425,976
B.EXPENDITURE & NET LENDING	2,629,478	2,769,254	3,027,836	3,221,001	3,605,209	3,880,824	3,880,824	3,992,003
1.Recurrent	1,696,121	1,813,271	2,135,305	2,311,564	2,678,437	2,895,111	2,826,240	2,841,941
Wages and Salaries	449,927	493,029	520,033	547,157	575,269	649,956	600,587	613,647
Interest Payments	437,202	495,142	577,978	687,322	840,732	995,767	1,009,877	1,009,877
Domestic Interest	315,362	388,830	456,849	533,098	622,544	767,244	749,970	749,970
Foreign Interest Due	121,840	106,312	121,130	154,223	218,188	228,523	259,907	259,907
Pensions, etc	89,605	112,872	122,432	120,425	178,112	190,307	160,356	203,576
O & M/ Others	677,293	668,748	866,050	895,717	797,427	771,948	704,772	731,193
Of which Appropriation-in-Aid	157,858	150,295	197,524	240,165	286,896	287,133	283,647	283,647
2.Development & Net Lending	608,079	556,990	540,117	493,663	546,385	576,072	596,353	701,523
Development Projects	389,571	335,022	346,355	319,289	402,105	367,926	443,449	551,194
Appropriation-in-Aid	217,847	221,968	193,762	162,048	126,844	186,460	144,904	142,329
4. Transfer to County Governments	325,278	398,993	352,414	415,774	380,388	461,019	454,231	444,539
5. Parliamentary Service	27,990	29,191	32,652	41,187	37,257	-	-	-
6. Judicial Service	14,103	14,289	16,160	19,755	21,027	-	-	-
7. Net Lending	661	-	-	12,327	17,436	19,685	-	-
8. Equalization Fund	-	-	-	-	-	2,000	8,000	8,000
9. Contingency Fund	-	-	-	-	-	4,000	4,000	4,000
D.DEFICIT EXCL. GRANTS (Commitment)	(831,812)	(965,717)	(828,028)	(860,491)	(902,548)	(815,616)	(820,855)	(648,829)
E.GRANTS	23,949	31,334	31,031	23,083	22,037	51,834	51,834	51,834
F.DEFICIT INCL.GRANTS (Commitment Basis)	(807,863)	(934,384)	(796,997)	(837,408)	(880,511)	(815,616)	(769,020)	(596,994)
G. ADJUSTMENT TO CASH BASIS	11,801	5,098	11,868	37,031	45,374	-	-	-
H.DEFICIT INCL.GRANTS (Cash Basis)	(796,062)	(929,286)	(785,129)	(800,377)	(835,136)	(815,616)	(769,020)	(596,994)
Discrepancy	(5,258)	20,950	(37,304)	(30,070)	(16,815)	-	-	-
I.FINANCING	790,804	950,235	747,825	770,307	818,321	866,390	769,020	596,994
Net Foreign Financing	340,431	323,310	142,524	310,759	222,749	289,928	355,927	333,816
Net Domestic Financing	450,373	626,926	605,301	459,548	595,572	576,462	413,093	263,178
In Percentage of GDP								
A.TOTAL REVENUE	16.9	15.9	17.3	16.5	16.8	17.6	16.9	15.0
1.Ordinary Revenue	14.8	13.7	15.1	14.3	14.2	14.8	14.6	12.7
Income Tax	6.7	6.1	6.9	6.6	6.5	6.7	6.5	5.8
VAT	3.6	3.6	4.1	3.9	4.0	4.0	4.0	3.6
Import Duty	0.9	1.0	0.9	0.9	0.8	0.9	0.9	0.7
Excise Duty	1.8	1.9	2.0	1.9	1.7	1.8	1.8	1.5
Other Revenue	1.8	1.2	1.2	1.1	1.2	1.5	1.3	1.1
2.Appropriation –in –Aid	2.1	2.1	2.2	2.2	2.6	2.8	2.3	2.3
B. EXPENDITURE & NET LENDING	24.8	24.4	23.8	22.6	22.4	22.3	21.5	20.0
1.Recurrent	16.0	15.9	16.8	16.2	16.6	16.6	15.7	14.8
Wages and Salaries	4.2	4.3	4.1	3.8	3.6	3.7	3.3	3.2
Interest Payments	4.1	4.4	4.5	4.8	5.2	5.7	5.6	4.7
Domestic Interest	3.0	3.4	3.6	3.7	3.9	4.4	4.2	3.4
Foreign Interest Due	1.1	0.9	1.0	1.1	1.4	1.3	1.4	1.2
Pensions, etc	0.8	1.0	1.0	0.8	1.1	1.1	1.3	1.0
O & M/ Others	6.4	5.9	6.8	6.3	5.0	4.4	3.9	4.4
of which Appropriation-in-Aid	1.5	1.3	1.6	1.7	1.8	1.6	1.6	1.6
2.Development & Net Lending	5.7	4.9	4.2	3.5	3.4	3.3	3.3	3.0
Development Projects	3.7	2.9	2.7	2.2	2.5	2.1	2.5	2.2
Appropriation-in-Aid	2.1	2.0	1.5	1.1	0.8	1.1	0.8	0.7
Payment of guaranteed loans	-	-	-	-	-	-	-	-
3. Drought Expenditures	-	-	-	-	-	-	-	-
4. Transfer to County Governments	3.1	3.5	2.8	2.9	2.4	2.6	2.5	2.1
5. Parliamentary Service	0.3	0.3	0.3	0.3	0.2	-	-	0.2
6. Judicial Service	0.1	0.1	0.1	0.1	0.1	-	-	0.1
7. Equalization Fund	-	-	-	-	0.1	0.1	-	0.1
D.DEFICIT EXCL. GRANTS (Commitment)	(7.8)	(8.5)	(6.5)	(6.0)	-	0.0	(4.5)	(3.6)
E.GRANTS	0.2	0.3	0.2	0.2	-	0.0	0.3	0.3
F.DEFICIT INCL.GRANTS (Commitment Basis)	(7.6)	(8.2)	(6.3)	(5.9)	(5.6)	(4.7)	(4.5)	(5.0)
G.ADJUSTMENT TO CASH BASIS	0.1	0.0	0.1	0.3	0.1	-	0.3	0.1
H.DEFICIT INCL.GRANTS (Cash Basis)	(7.5)	(8.2)	(6.2)	(5.6)	(5.5)	(4.7)	(4.3)	(4.9)
I.FINANCING	7.4	8.4	5.9	5.4	0.3	-	4.3	4.5
Foreign Financing	3.2	2.8	1.1	2.2	(5.2)	(4.7)	2.0	1.2
Net Domestic Financing	4.2	5.5	4.8	3.2	5.1	5.0	2.3	3.3
Memorandum Item:								
Nominal GDP at Market price (Ksh. million)	10,620,841.4	11,370,322.9	12,736,133.0	14,274,419.5	16,106,042	17,434,534.4	18,054,332.6	18,054,009

Source of Data: National Treasury

4.2. GFSM 2014 COMPLIANT TABLES FOR BUDGETARY CENTRAL GOVERNMENT

4.2.1 Annex II: Revenue (KSh Millions)

GFSM Code	Description	Budget Estimates FY2024/25	Prel. Actual FY2024/25 Q1	Prel. Actual FY2024/25 Q2
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
1	Revenue	3,111,804	698,829	1,383,498
11	Taxes	2,692,387	587,795	1,208,319
111	Taxes on income, profits, and capital gains	1,244,523	274,848	566,359
1111	Payable by individuals	685,960	152,579	311,519
1112	Payable by corporations and other enterprises	558,563	122,268	254,840
114	Taxes on goods and services	1,194,240	257,911	529,317
1141	General taxes on goods and services	751,449	153,127	315,128
11411	Value-added taxes	723,783	151,332	304,080
11414	Taxes on financial and capital transactions ¹	27,666	1,795	11,048
1142	Excises ²	442,791	104,784	214,189
115	Taxes on international trade and transactions	253,624	55,036	112,644
1151	Customs and other import duties ³	253,330	54,866	112,644
1152	Taxes on exports	295	171	-
12	Social contributions	640	50	146
122	Other social contributions	640	50	146
1221	Employee contributions	640	50	146
13	Grants	51,834	1,353	14,751
131	From foreign governments	51,834	1,353	14,751
1311	Current			
1312	Capital	51,834	1,353	14,751
132	From international organizations	-	-	-
1321	Current			
1322	Capital	-	-	-
14	Other revenue	366,942	109,631	160,282
141	Property income	107,315	48,412	60,297
1411	Interest	1,622	-	1,789
1412	Dividends	104,340	44,428	58,330
1415	Rent	1,354	3,984	178
142	Sales of goods and services	253,291	59,570	98,042
1422	Administrative fees	253,291	59,570	98,042
143	Fines, penalties, and forfeits	2,829	547	1,163
144	Miscellaneous and unidentified revenue	3,507	1,101	779

1. Includes Capital Gains Tax and Stamp duty

2. Includes Ordinary excise, RML, PDL, Electricity levy

3. Includes Import duty, RDL, IDF

Source: National Treasury

4.2.2. Annex III: Expense (KSh Millions)

GFSM Code	Description	Annual Budget Estimates FY2024/25	Prel. Actual FY2024/25 Q1	Prel. Actual FY2024/25 Q2
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
2	Expense	3,798,021	877,828	1,955,517
21	Compensation of employees	641,773	155,026	308,440
211	Wages and salaries	600,587	143,459	293,335
212	Social contributions	41,186	11,567	15,105
2121	Actual social contributions	41,186	11,567	15,105
22	Use of goods and services	359,242	52,369	183,206
	O/W Free Secondary Education (FSE)	67,084	14,146	49,790
	Free Primary Education (FPE)	11,066	1,624	7,433
24	Interest	1,009,877	249,103	523,551
241	To nonresidents	259,907	72,269	101,691
242	To residents other than general government	749,970	176,834	421,860
25	Subsidies	27,000	3,087	80,071
251	To public corporations			
252	To private enterprises	27,000	3,087	80,071
26	Grants	1,561,242	359,591	757,001
262	To international organizations	29,057	1,132	14,529
2621	Current	29,057	1,132	14,529
2622	Capital			
263	To other general government units	1,532,185	358,459	742,473
2631	Current	955,021	221,435	516,730
	O/W Transfer to County Governments (ES)	287,584	44,517	191,615
	Transfer to Other levels of Government (Includes transfers to SOEs)	667,437	176,919	325,115
2632	Capital	577,164	137,024	225,742
	O/W Transfer to County Governments (ES)	123,250	19,079	19,079
	Transfer to Other levels of Government (Includes transfers to SOEs)	453,914	117,945	206,664
27	Social benefits	186,886	58,652	103,247
272	Social Assistance Benefits	-	-	-
273	Employer social benefits	186,886	58,652	103,247
28	Other expense	12,000	-	-
282	Miscellaneous other expense	12,000	-	-

Source: National Treasury

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

GFSM Code	Description	Annual Budget Estimates FY2024/25	Prel. Actual FY2024/25 Q1	Prel. Actual FY2024/25 Q2
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
3	Change in Net Worth: Transactions	(676,843)	(32,016)	(390,931)
31	Net acquisition of nonfinancial assets	82,803	12,415	35,808
311	Fixed assets	82,803	12,415	35,808
3111	Buildings and structures	81,092	12,159	34,300
3113	Other fixed assets	1,711	256	1,508
32	Net acquisition of financial assets	4,687	64,334	9,229
3212	Currency and deposits (Domestic)	4,687	64,334	9,229
33	Net incurrence of liabilities	764,333	108,765	435,968
331	Domestic	408,406	165,068	444,098
3313	Securities other than shares	408,406	235,057	450,419
3314	Loans	-	(61,147)	(28,467)
3318	Other Accounts Payable	-	(8,842)	22,146
332	Foreign	355,927	(56,302)	(8,130)
3323	Securities other than shares	168,750	-	-
3324	Loans	187,177	(56,302)	(8,130)

Source: National Treasury

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

GFSM Code	Description	Annual Budget Estimates FY2024/25	Prel. Actual FY2024/25 Q1	Prel. Actual FY2024/25 Q2
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
	Cash Flows from Operating Activities:			
1	Cash receipts from operating activities	3,111,804	698,829	1,383,498
11	Taxes	2,692,387	587,795	1,208,319
12	Social contributions	640	50	146
13	Grants	51,834	1,353	14,751
14	Other receipts	366,942	109,631	160,282
2	Cash payments for operating activities	3,798,021	877,828	1,955,517
21	Compensation of employees	641,773	155,026	308,440
22	Purchases of goods and services	359,242	52,369	183,206
24	Interest	1,009,877	249,103	523,551
25	Subsidies	27,000	3,087	80,071
26	Grants	1,561,242	359,591	757,001
27	Social benefits	186,886	58,652	103,247
28	Other payments	12,000	-	-
	Net cash inflow from operating activities	(686,217)	(178,999)	(572,019)
	Cash Flows from Investments in Nonfinancial Assets (NFAs):			
31A	Purchases of nonfinancial assets	82,803	12,415	35,808
311	Fixed assets	82,803	12,415	35,808
3	Net cash outflow: investments in NFAs (31=31.1-31.2)	82,803	12,415	35,808
	Cash surplus / deficit	(769,020)	(191,414)	(607,827)
	Cash Flows from Financing Activities:			
32x	Net acquisition of financial assets other than cash	4,687	64,334	116,210
321	Domestic	4,687	64,334	116,210
322	Foreign			
33	Net incurrence of liabilities	764,333	108,765	435,968
331	Domestic	408,406	165,068	444,098
332	Foreign	355,927	(56,302)	(8,130)
NFB	Net cash inflow from financing activities	769,020	173,099	552,178
	Net change in the stock of cash	0	(18,315)	(55,649)
	Statistical Discrepancy⁴			

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

Source: National Treasury

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

GFSM Code	Description	Annual Budget Estimates FY2024/25	Prel. Actual FY2024/25 Q1	Prel. Actual FY2024/25 Q2
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>
	Transactions Affecting Net Worth:			
1	Revenue	3,111,804	698,829	1,383,498
11	Taxes	2,692,387	587,795	1,208,319
12	Social contributions	640	50	146
13	Grants	51,834	1,353	14,751
14	Other revenue	366,942	109,631	160,282
2	Expense	3,798,021	877,828	1,955,517
21	Compensation of employees	641,773	155,026	308,440
22	Use of goods and services	359,242	52,369	183,206
24	Interest	1,009,877	249,103	523,551
25	Subsidies	27,000	3,087	80,071
26	Grants	1,561,242	359,591	757,001
27	Social benefits	186,886	58,652	103,247
28	Other expense	12,000	-	-
GOB	Gross operating balance	(686,217)	(178,999)	(572,019)
NOB	Net operating balance	(686,217)	(178,999)	(572,019)
	Transactions on Nonfinancial Assets:			
31	Net Acquisition of Nonfinancial Assets	82,803	12,415	(71,173)
311	Fixed assets	82,803	12,415	(71,173)
312	Change in inventories	-	-	-
314	Nonproduced assets	-	-	-
NLB	Net lending / borrowing	(769,020)	(191,414)	(500,845)
	Transactions on Financial Assets and Liabilities (Financing):	769,020	173,099	445,197
32	Net acquisition of financial assets	4,687	64,334	9,229
321	Domestic	4,687	64,334	9,229
322	Foreign			
33	Net incurrence of liabilities	764,333	108,765	435,968
331	Domestic	408,406	165,068	444,098
332	Foreign	355,927	(56,302)	(8,130)
	Statistical Discrepancy ⁵	-	(18,315)	(55,649)

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

Source: National Treasury