

KINGDOM SECURITIES

Actual Revenues and Exchequers Issues as at 31st December 2021



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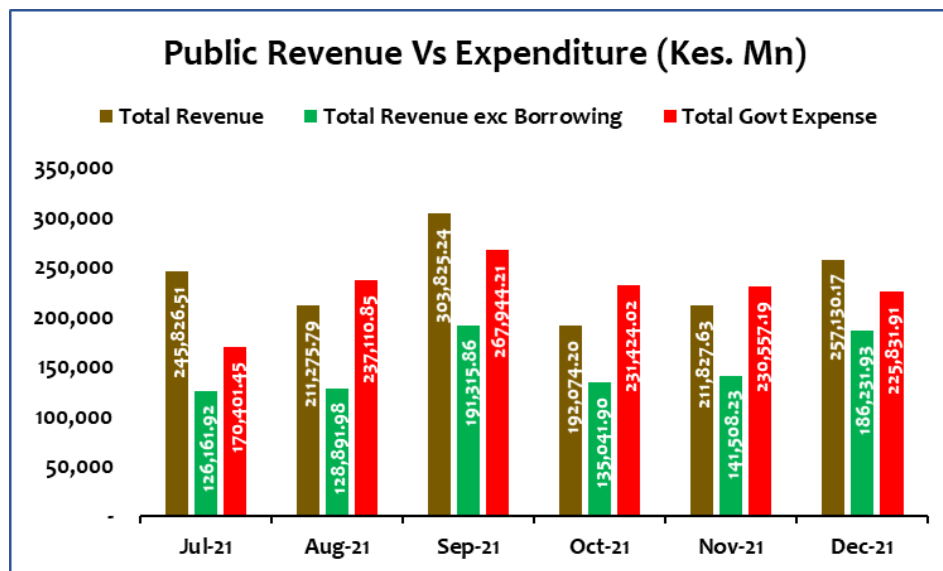
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Actual Revenues and Net Exchequer

Revenues for the first half of the fiscal year 2021/2022 stood at Kes. 1,421.96Bn, a 44.5% and 89.1% performance against a fiscal target of Kes. 3.19Tr and the first six months proportionate respectively. This represented an 18.2% Y/Y improvement compared to that of Kes. 1.20Tr witnessed the same period FY 2020/2021 bolstered by resumption of 30.0% corporate tax up from 25.0%.

The growth is largely attributed to the near full reopening of the economy witnessed in Q3-2021 when curfews were lifted leading to more economic activities. This resulted to upticks on sales volumes in the hotel and restaurant sector as night movements boosted the transport sector.

Government spending picked faster in the in the first four months at an average growth of 12.8% while receding to a contraction of 1.2% in November and December 2021 on low activity during the holiday season.



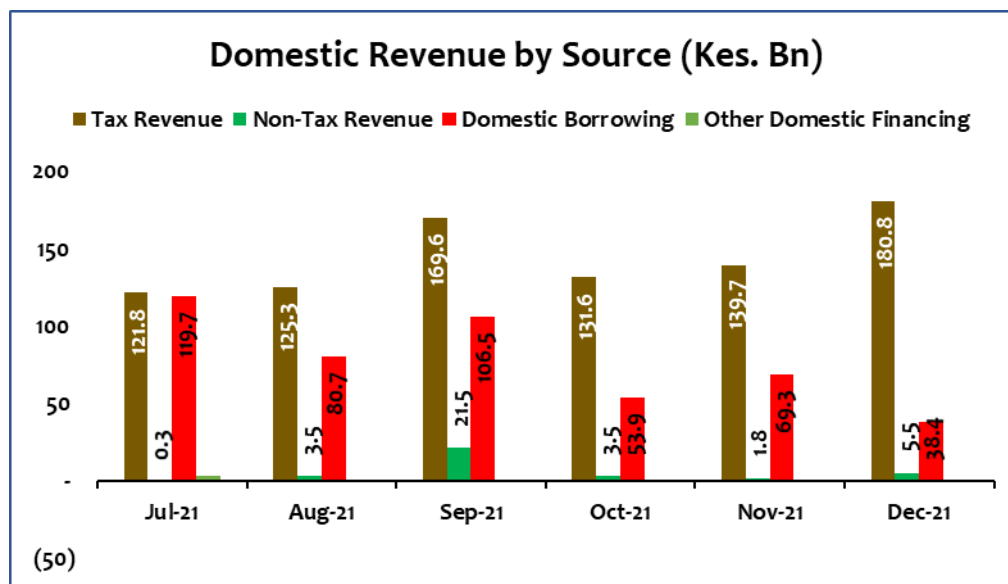
December revenues jumped 21.4% up from Kes. 211.83Bn to Kes. 257.13Bn from growths in tax revenue which spiked 29.4% up from Kes. 139.70Bn in November to Kes. 180.75Bn on high tax compliance adopted by KRA.

Revenues (Kes. MN)	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	%Δ y-y	%Δ m-m
Tax Revenue	121,833.95	125,349.25	169,641.46	131,562.63	139,695.22	180,752.91	29.0%	29.4%
Non-Tax Revenue	348.87	3,542.73	21,501.21	3,479.26	1,813.01	5,479.02	-31.6%	202.2%
Domestic Borrowing	119,664.59	80,666.27	106,510.63	53,913.45	69,334.34	38,375.67	21.4%	-44.7%
External Loans and Grants	-	1,717.54	5,998.76	3,118.85	985.06	32,522.58	11.5%	3201.6%
Total Revenue	245,826.51	211,275.79	303,825.24	192,074.20	211,827.63	257,130.17	23.1%	21.4%
Total Revenue exc Borrowing	126,161.92	128,891.98	191,315.86	135,041.90	141,508.23	186,231.93	24.6%	31.6%

Tax Revenues

- Tax contribution to total revenue stood at an average of 61.6% or Kes. 144.81Bn per month out of the country's monthly total average revenue of Kes. 236.99Bn.
- The tax man, KRA surpassed target at 105.1% at Kes. 976.66Bn against a target of Kes. 929.13Bn with customs duty contributing the most at Kes. 355.79Bn surpassing target by 10.2% on growths experienced in the trade sector.
- Economic recoveries and enhanced compliance efforts by the authority saw VAT record a 101.3% by collecting a total of Kes. 121.04Bn against a target of Kes. 119.54Bn.
- PAYE and corporate tax recorded surpluses on gradual growths in employment and increased remittances by various economic industries.
- Quarterly tax performance was at Kes. 416.82Bn and Kes. 452.01Bn in Q3-2021 and Q4-2021 against a proportionate target of Kes. 426.

KRA Revenue Performance			
Parameter	Target	Actual	%Δ Performance
PAYE	209.339	221.328	105.7%
Corporation tax	91.56607	107.407	117.3%
VAT	119.543	121.044	101.3%
Customs	322.737	355.788	110.2%

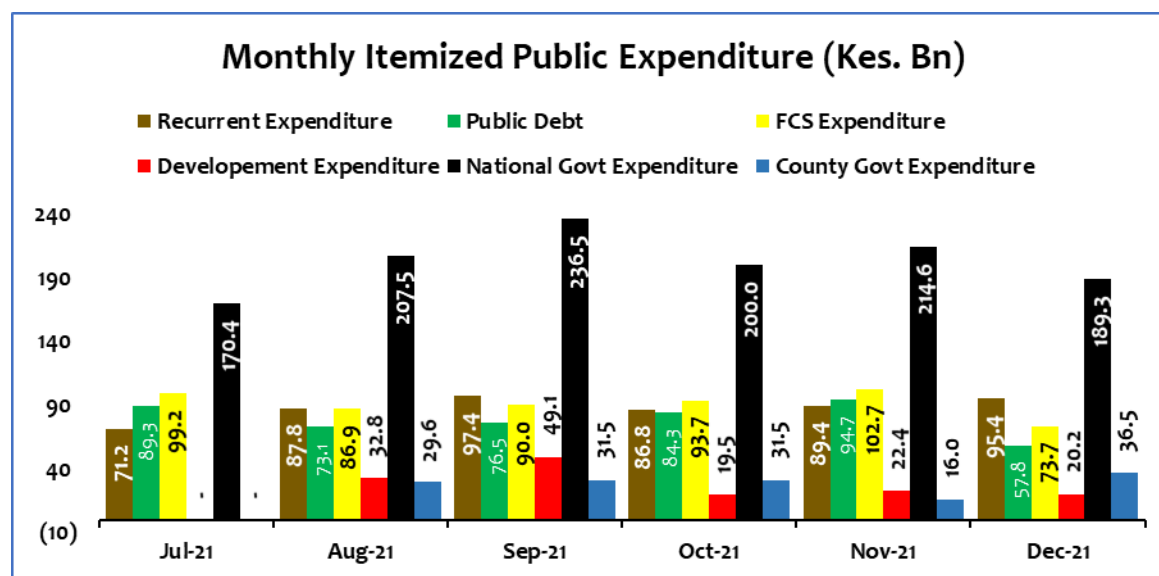


Total domestic borrowing

- Domestic borrowings for the six months stood at Kes. 468.46Bn, a 46.5% performance commensurable to a half year's target of Kes. 504.21Bn. This was on heavy T-bill maturities at Kes. 492.83Bn against an uptake of Kes. 443.20Bn as the treasury rejected Kes. 181.48Bn on aggressive bidding.
- Domestic borrowings performed better in the first three months of the fiscal year at 121.7% against a quarterly target of Kes. 252.11Bn in comparison to the last three months ending December 2021. This was on the infrastructure bond (IFB) issued in September 2021 which saw subscriptions of Kes. 151.26Bn at an acceptance of 70.6%

External Loans and Grants

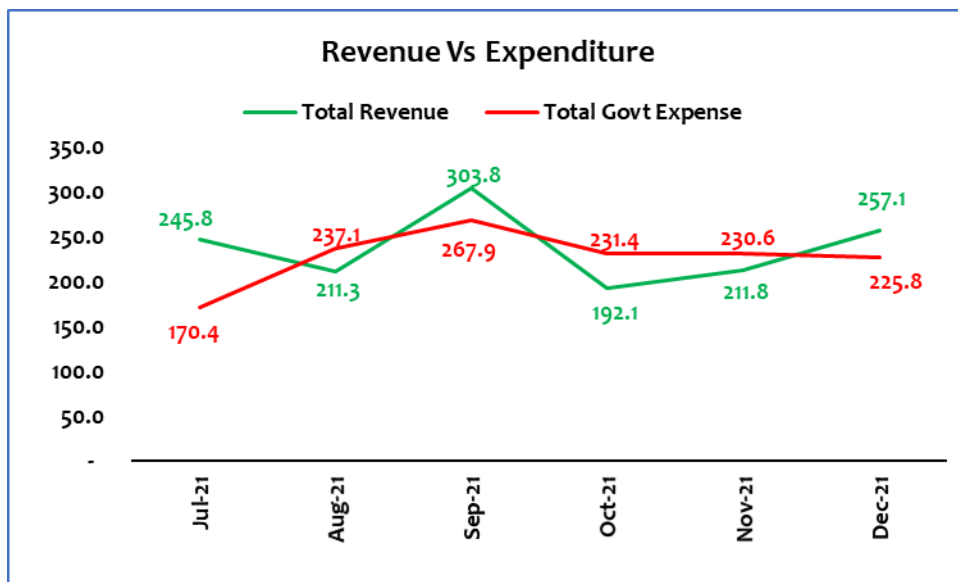
- External loans and grants saw an outstanding performance in Dec-2021 at a 3,201.6% m/m growth from dismal performances in the first 5-months of the year.
- This was on International Monetary Fund (IMF) 38-month USD 258.10Mn program facility released to the country in late December 2021 addressing debt vulnerability and covid-19 response as well as to support governance issues.



Expenditure

- Average monthly government expenses were Kes. 227.21Bn compared to a monthly revenue of Kes. 236.99Bn for the half year ending 31st December.
- The December total expenditure fell 2.0% on little activity by the national government during the holiday season.

- Disbursements to county governments double at 128.9% M/M in December with a total of Kes. 36.53Bn being released to the devolved units. Total disbursements to county governments were Kes. 144.98Bn, a 78.4% performance for the six months period and 39.2% against the annual estimates.



Recurrent, Cfs, Development and Country Exchequer Issues (KES Bn)	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	%Δ y-y	%Δ m-m
Recurrent Expenditure	71.20	87.79	97.42	86.78	89.45	95.40	14.9%	6.7%
Public Debt	89.31	73.06	76.53	84.26	94.66	57.75	15.0%	-39.0%
FCS Expenditure	99.20	86.93	90.01	93.67	102.73	73.74	19.4%	-28.2%
Development Expenditure	-	32.79	49.07	19.52	22.42	20.17	3.3%	-10.0%
National Govt Expenditure	170.40	207.51	236.49	199.97	214.60	189.31	15.3%	-11.8%
County Govt Expenditure	-	29.60	31.45	31.45	15.96	36.53	17.0%	128.9%
Total Govt Expense	170.40	237.11	267.94	231.42	230.56	225.83	15.5%	-2.0%

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