(1) DCPS
Please deal.
13/01/22

(2) Head, Table Office
To register, acknowledge receipt, cause tabling & referral to Committee as necessary
17/1/21
17/1/21

MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES AND CO-OPERATIVES
OFFICE OF THE CABINET SECRETARY

Telephone: 2718870/9
Website: www.kilimo.go.ke
Email: cabinetsecretary@kilimo.go.ke

KILIMO HOUSE
CATHEDRAL ROAD
P.O. BOX 30028-00100
NAIROBI.

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 25 JAN 2022 DAY: Tues
TABLED BY: L.O.M
CLERK-AT THE-TABLE: S. Kalama

NATIONAL ASSEMBLY
RECEIVED
12 JAN 2022
DEPUTY CLERK
P. O. Box 41842 - 00100, NAIROBI

Ref: MLD/PARL/2

11th January, 2022

Michael R. Sialai, EBS
Clerk of the National Assembly
Parliament buildings
NAIROBI

Dear Clerk

RE: GAZETTMENT OF VETERINARY CERTIFICATION FEES AND PAYMENTS

Attached find the published legal notice on review of veterinary certification fees and payments in regard to import/export of livestock products charged by the Directorate of Veterinary Services.

The objective of fees is to support the services provided by the Directorate of Veterinary Services in the country by providing funds for the development and delivery of veterinary services. The Director of Veterinary Services is mandated by section 15 of the Animal Diseases Act (CAP 364), to set or amend the fees and payments.

The last review of fees and charges was done more than 20 years ago through the Legal Notice 97 of 1998, hence the need to adjust the charges. This will improve the effectiveness and efficiency of the delivery of veterinary services with resultant improvement of livelihood and poverty alleviation.

Stakeholder consultation was conducted during the development of the legal notice and comments from the Solicitor General office have been considered.

The purpose of this letter therefore is to request for your concurrence and approval of the enclosed Legal Notice No. 266 in accordance to the Animal Disease Act (Cap. 364) and statutory instruments Act, 2013.

Also attached is a report confirming stakeholders' participation.

Yours Sincerely

HON. PETER MUNYA, EGH
CABINET SECRETARY

Encls.

Kenya Gazette Supplement No. 237 *31st December, 2021*

(Legislative Supplement No. 107)

LEGAL NOTICE NO. 266

THE ANIMAL DISEASES ACT

(Cap. 364)

FEES AND PAYMENTS

IN EXERCISE of the powers conferred by section 15 of the Animal Diseases Act, the Director of Veterinary Services amends the Fees and Payments prescribed under the said section by deleting parts 1(b) and 1(d) of the First Schedule and substituting therefor the parts set out in the Schedule. L.N. No. 166 of 2021 is revoked.

SCHEDULE

(b) *Import permits*	*KSh.*
Meat and meat products per consignment	3,000
Milk and milk products per consignment	3,000
Animal feeds and feedstuff per consignment	3,000
Honey and other apiary products per consignment	3,000
Eggs and egg products per consignment	3,000
Cattle for breeding per head	500
Cattle for slaughter (trade) per head	20
Horse per head	1000
Camel for breeding per head	350
Camel for slaughter (trade) each	50
Sheep, goats for slaughter (trade) each	10
Sheep, goats for breeding each	300
Rabbits for breeding per consignment	500
Other species for breeding each	400
Pigs for breeding each	200
Pigs for slaughter (trade) each	15
Parent stock, grandparent stock each chick	50
Other day old chicks, poults, ducklings each	50
Hatching eggs each	50
Ostrich or breeding each	100
Ostrich for slaughter each	50
Ostrich egg for hatching each	100
Semen each dose	20
Embryo each	200
Fish per consignment	1,000
Parrots per consignment	300
Other ornamental birds 1–10	300

Over 100 each	30
Dogs and cats each	500
Import permits for all pets (dogs, cats, etc.) issued at embassies each	US$ 50
(d) Permits and health certificates for animals	*KSh.*
Meat and meat products per consignment	2,000
Milk and milk products per consignment	2,000
Animal feeds and feedstuff per consignment	2,000
Honey and other apiary products per consignment	2,000
Egg and eggs product per consignment	2,000
Products for export (horns, hooves, bones, fish) excluding laboratory tests per consignment	1,000
Export health certificate for wool per consignment	500
Export health certificate for skins of wild animals per consignment	2,000
Export certificate for ostrich skins per piece	50
Export certificate for semen per dose	5
Export certificate for embryo each	200
Export and import of drums made of hides/skins 1-100 pieces	1,000
Over 100 pieces	2,000

Made on the 27th November, 2021.

OBADIAH N. NJAGI,
Director of Veterinary Services.

LEGAL NOTICE NO. 267

THE NUTRITIONISTS AND DIETICIANS ACT

(No.8 of 2007)

IN EXERCISE of the powers conferred by section 38(e) of the Nutritionists and Dieticians Act, 2007, the Nutritionists and Dieticians Council, in consultation with the Cabinet Secretary for Health makes the following Regulations—

THE NUTRITIONISTS AND DIETICIANS (ENTRY REQUIREMENTS)(TRAINING INSTITUTIONS)(AMENDMENT) REGULATIONS, 2021

1. These Regulations may be cited as the Nutritionists and Dieticians (Entry Requirements) (Training Institutions) (Amendment) Regulations, 2021. Citation

2. The Schedule to the Nutritionists and Dieticians (Entry Requirements) (Training Institutions) Regulations, 2019, in these Regulations referred to as the "principal regulations" is amended — L.N. 215/2019

(a) In part A by inserting the following new paragraph immediately after paragraph (b) —

(a) Pass in KNDI upgrade examination for English, Human Biology, Basic Chemistry and Basic Mathematics.

(b) In part B by inserting the following new paragraph immediately after paragraph (b) —

(a) Pass in KNDI upgrade examination for English, Human Biology, Basic Chemistry and Basic Mathematics.

(c) In part C by inserting the following new paragraph immediately after paragraph (b) —

(a) Pass in KNDI upgrade examination for English, Human Biology, Basic Chemistry and Basic Mathematics.

Made on the 3rd December, 2021.

EVAYLINE M. NKIRIGACHA,
Chairperson,
Kenya Nutritionists and Dieticians Council.

DR. DAVID OMONDI OKEYO,
Chief Executive Officer,
Kenya Nutritionist and Dieticians Institute.

PRINTED AND PUBLISHED BY THE GOVERNMENT PRINTER, NAIROBI

Kenya Gazette Supplement No. 237 *31st December, 2021*

(Legislative Supplement No. 107)

LEGAL NOTICE NO. 266

THE ANIMAL DISEASES ACT

(Cap. 364)

FEES AND PAYMENTS

IN EXERCISE of the powers conferred by section 15 of the Animal Diseases Act, the Director of Veterinary Services amends the Fees and Payments prescribed under the said section by deleting parts 1(b) and 1(d) of the First Schedule and substituting therefor the parts set out in the Schedule. L.N. No. 166 of 2021 is revoked.

SCHEDULE

(b) *Import permits*	*KSh.*
Meat and meat products per consignment	3,000
Milk and milk products per consignment	3,000
Animal feeds and feedstuff per consignment	3,000
Honey and other apiary products per consignment	3,000
Eggs and egg products per consignment	3,000
Cattle for breeding per head	500
Cattle for slaughter (trade) per head	20
Horse per head	1000
Camel for breeding per head	350
Camel for slaughter (trade) each	50
Sheep, goats for slaughter (trade) each	10
Sheep, goats for breeding each	300
Rabbits for breeding per consignment	500
Other species for breeding each	400
Pigs for breeding each	200
Pigs for slaughter (trade) each	15
Parent stock, grandparent stock each chick	50
Other day old chicks, poults, ducklings each	50
Hatching eggs each	50
Ostrich or breeding each	100
Ostrich for slaughter each	50
Ostrich egg for hatching each	100
Semen each dose	20
Embryo each	200
Fish per consignment	1,000
Parrots per consignment	300
Other ornamental birds 1–10	300

Over 100 each	30
Dogs and cats each	500
Import permits for all pets (dogs, cats, etc.) issued at embassies each	US$ 50
(d) Permits and health certificates for animals	*KSh.*
Meat and meat products per consignment	2,000
Milk and milk products per consignment	2,000
Animal feeds and feedstuff per consignment	2,000
Honey and other apiary products per consignment	2,000
Egg and eggs product per consignment	2,000
Products for export (horns, hooves, bones, fish) excluding laboratory tests per consignment	1,000
Export health certificate for wool per consignment	500
Export health certificate for skins of wild animals per consignment	2,000
Export certificate for ostrich skins per piece	50
Export certificate for semen per dose	5
Export certificate for embryo each	200
Export and import of drums made of hides/skins 1-100 pieces	1,000
Over 100 pieces	2,000

Made on the 27th November, 2021.

OBADIAH N. NJAGI,
Director of Veterinary Services.

LEGAL NOTICE NO. 267

THE NUTRITIONISTS AND DIETICIANS ACT

(*No.*8 *of* 2007)

IN EXERCISE of the powers conferred by section 38(e) of the Nutritionists and Dieticians Act, 2007, the Nutritionists and Dieticians Council, in consultation with the Cabinet Secretary for Health makes the following Regulations—

THE NUTRITIONISTS AND DIETICIANS (ENTRY REQUIREMENTS)(TRAINING INSTITUTIONS)(AMENDMENT) REGULATIONS, 2021

1. These Regulations may be cited as the Nutritionists and Dieticians (Entry Requirements) (Training Institutions) (Amendment) Regulations, 2021. Citation.

2. The Schedule to the Nutritionists and Dieticians (Entry Requirements) (Training Institutions) Regulations, 2019, in these Regulations referred to as the "principal regulations" is amended — L.N. 215/2019

(a) In part A by inserting the following new paragraph immediately after paragraph (b) —

Preamble

The Directorate of Veterinary Services wish to review veterinary certification fees and payments in regard to import/export of livestock products and animal feeds ingredients charged by the Directorate of Veterinary Services.

The objective of fees is to support the services provided by the Directorate of Veterinary Services in the country by providing funds for the development and delivery of veterinary services. The Director of Veterinary Services is empowered by section 15 of the Animal Diseases Act (CAP 364), to set or amend the fees and payments.

The last review of fees and charges was done more than 20 years ago through the LN 97 of 1998, hence the need to adjust the charges. This will improve the effectiveness and efficiency of the delivery of veterinary services with resultant improvement of livelihood and poverty alleviation.

Stakeholder consultation was conducted during the development of the legal notice and comments from the Ministry's legal office have been considered.

1. **Background information**

Provision of the delivery of veterinary services is provided in the Fourth Schedule of Constitution of Kenya. It aligns developments in the animal resource industry to the Constitution as well as the Kenya Vision 2030, Big 4 agenda specifically food and nutritional security and the international animal health laws, treaties, agreements and conventions ratified by Kenya. The overarching treaty is the World Trade Organization agreement particularly the agreement on the Application of Sanitary and Phyto Sanitary measures which Kenya ratified on 23rd December 1994 and came into effect on 1st January 1995.

The Animal Disease Act Cap 364 –This Act of Parliament to provide for matters relating to the diseases of animals (Act No. 4 of 1965, L.N.106/1965, Act No. 5 of 2007, Act No. 12 of 2012). Section 15, empowers the Director of Veterinary Services to prescribe fees and charges as follows:-

(a) The fees and payments for drugs and vaccines supplied by the Director;

(b) Fees for the examination of animals carried out under this Act;

(c) Fees and payments for feeding and stalling of animals detained in quarantine;

(d) Fees and payments in connection with any services rendered under this Act; and

(e) Fees and payments in connection with any matter under this Act.

Section 8 empowers Director by notice in the Gazette, prohibit for such time as he thinks necessary, or regulate, the importation or the exportation of all animals or any specified kinds of animals, or of carcasses, meat, hides, skins, hair, wool, litter, dung, live viruses capable of setting up infections in animals, sera, vaccines and other biological or chemical products intended to be used for the control of animal disease, or fodder, from any specified country, port or territory.

The fees and charges will enable the Director to offer the veterinary services

Justification

In sufficient public expenditure in animal health as noted in 60% of 108 OIE members, results in poor delivery of veterinary services. Animal diseases are responsible for annual losses of over 4 billion dollars in sub Saharan Africa amounting to a quarter of total of livestock production in the region.

The Director of Veterinary Services is charged with the following responsibilities which are significant in the economic growth of the country

i. Protection of the country from entry and establishment of animal disease and pest
through development of strategies for the eradication of animal diseases including disease-free zoning and compartmentalization in line with the Kenya Vision 2030 and other national and regional priorities, development and review of breeding programmes for animals including cattle, sheep, goats, camels, poultry, bees, pigs, donkeys, aquatic animals and farmed wildlife;. Infectious and contagious diseases that spread fast while causing heavy economic losses require prompt attention. These diseases are notifiable and include Foot and Mouth Disease, Contagious Bovine Pleuro-Pneumonia, African Swine Fever, New Castle Disease and Peste des Petits Ruminants with negative impact of livestock and livestock products trade, food security and food safety.

ii. Promotion of animal welfare through regulation of animal welfare basing the measures on national guidelines and international standards to safeguard trade.

iii. Trade facilitation through import and export certification of livestock, livestock products and livestock by products, formulation of national livestock policies, standards and guidelines.

iv. Protection of human health through development of suitable protocols for total quality assurance of all food types of animal origin, regulation of food safety and food defence, capacity development for compliance with sanitary measures and quality assurance at all levels in animal value chains.

v. Capacity development of the counties through training, provision of guidelines, Standard Operating Procedure, technical backstopping and information sharing.

The fees and charges are collected and utilized through Veterinary Services Development Fund which was created through the Exchequer and Audit Act Cap 412, Legal Notice No. 109 of 27th May 1996. The objective of VSDF is to support the services provided by the Director in the country by providing funds for the development and delivery of veterinary services. Since the review of fees and charges was done about 20 years ago, there is need to adjust the charges to align to the current economic status in the country. This will improve the effectiveness and efficiency of the delivery of veterinary services with resultant improvement of livelihood and poverty alleviation. The fees and charges were last revised through the LN 97 of 1998.

Budgetary Requirement and Resource Allocation

Veterinary diagnostic services are the main consumers of veterinary allocation. In the FY 2017/18, the allocation was Kshs.31million to analyze 80,000 samples as per laboratory business plan, against the budget requirement of 90 million resulting in a budget deficit of Kshs.59 million.

a. Statement on proof and demonstration that sufficient public consultation was conducted

Internal consultation by the Directorate of Veterinary Services was held to identify the various fees and charges for provision of various services, which required to be reviewed. During this period, the relevant stakeholders were identified for the involvement in the public consultation

b. A brief statement of all the consultations undertaken before the Regulations were made

There was stakeholder consultation during the development of the legal notice with stakeholders derived from the livestock industry (Annex). The stakeholders were drawn from the following areas of livestock production chain: -

- Livestock keepers.
- Livestock transporters
- Slaughterhouses proprietors
- Milk and meat exporters and exporters
- Honey and hive products importers and exporters
- Animal feeds and inputs importers
- Public and private animal health service providers

All the stakeholders were in agreement that this review of fees and charges need to be conducted, to enable the Directorate of Veterinary Services to offer the services for the growth of livestock industry, assurance of safety of foods of animal origin, assurance of animal feed and feed input safety, promotion of domestic and international trade in livestock and livestock products. In addition, the stakeholders were of the opinion that the review of fees and charges by the Directorate of Veterinary Services should be undertaken regularly in line with the changing economic situation.

c. Brief statement of the way consultation was done

During the internal consultation, fees and charges proposals were considered in line with the veterinary services being a public good bearing in mind that the last fees and charges review was done in 1998. Other factors considered were the inflation, efficiency of the Directorate of

Veterinary Services delivery, the need to align the charges with the trading partners such as East Africa Community countries

Stakeholder consultation was conducted during the development of the legal notice with stakeholders derived from the industry. The consultative workshop was held at Agriculture Resource Information Centre- Kabete Nairobi.

d. An outline of the results of the consultation

The current import/export charges are Kshs 1,000.00 per consignment. Most consignment are truckloads.

The results of the consultation were that the fees and charges to be reviewed as follows: -

(a) Import permit *Kshs.*

Meat and meat products per consignment..........	3,000.00
Milk and milk products per consignment..........	3,000.00
Animal feeds and feedstuff per consignment..........	3,000.00
Honey and other apiary products per consignment..........	3,000.00
Egg and eggs products per consignment	3,000.00

(b) Permits and health certificates for animals *Kshs.*

Meat and meat products per consignment..........	2,000.00
Milk and milk products per consignment..........	2,000.00
Animal feeds and feedstuff per consignment..........	2,000.00
Honey and other apiary products per consignment..........	2,000.00
Egg and egg products per consignment	2,000.00

e. Brief explanation of any changes to the legislation as a result of the consultation.

The legal notice will change the fees and charges as follows:

Import permit

	Item	Current charge	Proposed charge
1	Meat and meat products per consignment	Kshs 1,000	Kshs 3,000
2	Milk and milk products per consignment	Kshs 1,000	Kshs 3,000
3	Animal feeds and feedstuff per consignment	Kshs 1,000	Kshs 3,000
4	Honey and other apiary products per consignment	Kshs 1,000	Kshs 3,000
5	Egg and eggs products per consignment	Kshs 1,000	Kshs 3,000

Permits and health certificates for animals

	Item	Current charge	Proposed charge
1	Meat and meat products per consignment	Kshs 1,000	Kshs 2,000
2	Milk and milk products per consignment	Kshs 1,000	Kshs 2,000
3	Animal feeds and feedstuff per consignment	Kshs 1,000	Kshs 2,000
4	Honey and other apiary products per consignment	Kshs 1,000	Kshs 2,000
5	Egg and eggs products per consignment	Kshs 1,000	Kshs 2,000

The rest of the charges and fees in the published legal notice Annex) remains uncharged

How the increase in fees and charges affect the livestock industry stakeholders:

- The Directorate of Veterinary Services will have improved service delivery to the stakeholders efficiently and effectively.
- Improvement surveillance of emerging and re-emerging livestock and zoonotic disease such as Rift Valley Fever, Anthrax, Brucellosis, Corvid 19, Food and Mouth Disease, Pestes de Petit Ruminants.
- Improvement of human health and safety through control of zoonotic diseases
- Increased food security through protection of animal resources
- Increased safety of foods of animal origin
- Better quality livestock, livestock products and livestock by products.
- Access to international markets of livestock, livestock products and livestock by products
- Protect the country against entry, establishment and spread of animal disease and pests.
- Improved livelihood of the livestock value chain actors.
- Enhanced contribution of the livestock industry to the Gross Domestic Product

MINUTES OF MEETING HELD ON 17/7/2018 AT THE AGRICULTURAL INFORMATION AND RESOURCE CENTRE (AIRC), NAIROBI TO REVIEW VETERINARY CHARGES AND FEES

In attendance

See attached list

MIN/01/01/018 INTRODUCTION AND WELCOME REMARKS

Meeting started at 9.30 a.m with a word of prayer by Dr. Ole Saroiyo. The participants were then asked to do self-introduction. This was followed by opening remarks by Dr Ayore who informed the meeting the participants are representing the stakeholders from the following segment in the livestock sector:

- Meat exporters
- Livestock traders
- Milk processors
- Slaughter houses proprietors
- Honey processors
- Feed processors
- Veterinary medicine dealers
- Private veterinarians
- Directorate of Veterinary staff
- Meat processors

Dr Ayore then asked the participants to contribute freely to the discussion and way forward as they are critical in the success of the efficient service delivery by Directorate of Veterinary Services.

MIN/02/01/018 OPENING ADRESS

Dr Mbatha gave opening address on behalf of the Director of Veterinary Services. He highlighted that;

- Increasing the fees would benefit all stakeholders. This would be attributed to the increased and improved services to the general public and to the livestock product business community.
- The livestock segment of the President's 'Big Four Agenda' would be better funded through increased Veterinary Services Development Fund(VSDF) charges.
- The World Trade Organization guideline required that the fees prescribed should be commensurate to the service delivered.
- The purpose of the day's meeting was to consult all stakeholders and be in agreement as pertains the suggested new charges.

After official opening of the meeting, Dr Mwaniki presented a brief overview of the services offered by the Directorate of Veterinary Services.

MIN/03/01/018 CURRENT AND PROPOSED VETERINARY CHARGES AND FEES

An overview of the current and new (proposed) charges was presented by Dr Mung'athia. He also highlighted that the current charges were last reviewed in 1998 thus there was a need for a second review to reflect the current economic situation in the country. He gave justification of the need to review the charges as follows;

- Owing to the existence of the VSDF revolving funds, the budgetary allocation from the National Treasury is very small leading to inadequate funds for running the Directorate.
- Increased fees would enable training of more staff and industry players on matters of food safety and risk assessment.
- Cost of printing permits and sanitary documents had increased.
- The food certification process involves sample collection which requires staffing and laboratory infrastructure.
- VSDF collects 50million shillings from the previous 100million before devolution. The DVS' budget for the 2017-2018 financial year was 70million thus there was a budgetary deficit to fund activities.

Plenary discussion

- As a further justification for the need to raise the fees, a stakeholder in the plenary indicated that Kenya has the lowest regional benchmarks in the East African Community(EAC).
- A stakeholder suggested that the DVS should look into other services that it could charge fees for such as bee and bee colony movement permits; and bee product sanitary documents. This is so as to expand its fee collection base.DrMuthuma said that the DVS has already taken this in consideration from the proposed charges as presented.

Dr. Mbatha explained the budget-making process in the government system indicating that it had four stages, namely;

- Planning
- Approval
- Implementation
- Monitoring and Evaluation (Oversight and Audit)

He assured the participants that all funds received by DVS is spent as per the public financial guidelines

Various fees that have been previously charged by the national government for varying services were displayed, alongside the proposed new fees.

There are also new proposed charges that were not being charged. For exampleapplication to construct a slaughterhouse and inspection of imported goods at the port of entry.

The proposed new charges were for both for services offered in Veterinary Public Health andDisease Control sections.

MIN/04/01/018 DISCUSSION

There followed a plenary discussion where members gave their views as follows:-

- It was proposed that other than increasing the charges the DVS should also net those who are no paying or remitting the revenue to increase the charges.
- The stakeholders were informed that the county governments had already increased the service charges immediately devolution was incepted.
- However, for the national government the charges are aimed at improving the services offered other than revenue collection.
- There are existing forums for continuous consultation between the count and the national government to ensure there is uniformity in charges and service delivery.
- The national government is the one charged with making standards and capacity building for the county government. Some stakeholders suggested that instead of doubling the service e charges, the increase to be staggered over a period.
- The DVS was requested to check on movement of bee colonies especially with the threat of foreign bee diseases.
- There were also concerns that some clients had their products sampled at the ports of entry but they are not given laboratory results. The DVS encouraged them to report any issues they encountered to enhance transparency and better service
- Members also suggested that going forward, the government should review the charges more often rather than waiting for twenty years.
- Stakeholders from the pharmaceutical industries were made to understand that even with formation of Veterinary Medicines Directorate the DVS will still have some residual roles.in the regulations of veterinary medicines like approval of import
- Members were reminded on the using of the online Kentradesystem, the Kenya trade portal and how they will soon be using the E-citizen portal.
- It was also clarified that the DVS is the only one who issues the import and export permits and the embassies role is to give information on the requirements on import and export trade with Kenya.

MIN/05/01/018 WAY FORWARD AND CONCLUSION

After lengthy discussion, the participants were in agreement that the Directorate of Veterinary Services offers crucial the livestock industry and with the constraints the DVS faces due to low funding, it is difficult to offer quality services. The members unanimously agreed on the charges as proposed by DVS and therefore the process should be moved to the next level of issuing of relevant Legal Notices for the new fees and charges to take legal effect.

There being no other business, the meeting ended at 1.30 p.m

REPUBLIC OF KENYA
MINISTRY OF AGRICULTURE AND IRRIGATION
STATE DEPARTMENT OF LIVESTOCK
Office of the Director of Veterinary Services

STAKEHOLDERS MEETING ON REVIEW OF VETERINARY FEES AND CHARGES – 17TH APRIL 2018

ATTENDANCE LIST

NO	NAME	ORGANIZATION	P/NO/ID NO	PHONE	EMAIL	SIGN
1	DR. OLESARIOYO J.S	DVS	22393455	0733254951	olesarioyodvs@gmail.com	
2	Mugai Kihuga	Crystal Frozen & Chill Foods Ltd	25270894	0725987460	mugai@crystal.co.ke	
3	Dr Harry Mwimali	NRVC.	5318984	721 258 198	harry_mwimali@yahoo.com	
4	DR. STANLEY KIVITE	ANIMAL CARE CENTRE	12450280	0721546956	drkivite@gmail.com	
5	LAVANYA' BAKHSHI	MUSTY DISTRIBUTION	786078	0715735550	Lavanya.bakhshi@pearldairy.co	
6	GAKII MBAE	ESSENTIAL DRUGS	24273341	0724 809763	info@essential-drugs.com	
7	JACKSON DAIDO	OSHO CHEMICAL	23806765	0720423500	jackson.daido@oshochem.com	
8	Jiyce Thaiya	AVS	7153771	0722952346	thaiya.jcw@yahoo.com	
9	Jay Singh changan	musty Distribution Ltd	0780702282	0780702282	jpsingh.changan@pearldairy.com	
10	DR. Naftaly Mwanki	DVS	0717389581	1991002485	mwanwiknaftaly@yahoo.com	

REPUBLIC OF KENYA
MINISTRY OF AGRICULTURE AND IRRIGATION
STATE DEPARTMENT OF LIVESTOCK
Office of the Director of Veterinary Services

STAKEHOLDERS MEETING ON REVIEW OF VETERINARY FEES AND CHARGES – 17TH APRIL 2018

ATTENDANCE LIST

NO	NAME	ORGANIZATION	P/NO/ID NO	PHONE	EMAIL	SIGN
1	Dr. Edmund Owuor	Suam Fuel Vet Clinic	23974217	0723447910	info@vetclinic.co.ke	
2	IQBAL KANJI	SMART BRANDS LTD	0251143	0722512515	IQBAL@SMARTBRANDS.CO.KE	
3	Dr Maurice Msanya	Bimeda Ltd	995175	0722855101	mmsanya@bimeda.com	
4	Dr Andrew Matole	The Andys Vet	8620933	0720988391	andrewmatole@andysvetclinic.com	
5	Dr David Rutere	NORBROOK	2369655	0727532432	david.rutere@norbrook.co.ke	
6	Timothy Mulwa	Kenchic	23668881	0702418504	tmulwa@kenchic.com	
7	SAMUEL GATIHO	SAMUCOM GENERAL TRADING	23953352	0722342594	info@samucomtrading.com	
8	FRANCIS KISUA	OMP (DVS)	8631167	0722704222	fkisua@gmail.com	
9	JACKSON MASESI	BEE-CARE APIARIES	20035436	0726349853	beecareapiaries@gmail.com	
10	Dr. Kariuki John	DVS - Kenchic	2011003095	0721278324	dockarisj@gmail.com	

REPUBLIC OF KENYA
MINISTRY OF AGRICULTURE AND IRRIGATION
STATE DEPARTMENT OF LIVESTOCK
Office of the Director of Veterinary Services

STAKEHOLDERS MEETING ON REVIEW OF VETERINARY FEES AND CHARGES – 17TH APRIL 2018

ATTENDANCE LIST

NO	NAME	ORGANIZATION	P/NO/ID NO	PHONE	EMAIL	SIGN
1	Henry Mwmate	DVS	1997074061	0726142138	henrymwmate558@yahoo.com	
2	Dr. Peter Mbatha	DVS	1994030039	0725620179	Mbalkapeterm@yahoo.com	
3	Dr. Evans N. Muthuma	DVS	1994000327	0722885183	evansmuthuma@gmail.com	
4	Rose Makau	DVS	2009003542	0736292909	crosemakau@yahoo.com	
5	Dr Agnes Maina	DVS	22263687	0722342742	agnesga@yahoo.com	
6	Dr. CAMELINE MULAI	DVS	2009054496	0720321059	cameunmua@gmail.com.	
7						
8						
9						
10						

REPUBLIC OF KENYA

MINISTRY OF AGRICULTURE AND IRRIGATION

STATE DEPARTMENT OF LIVESTOCK

Office of the Director of Veterinary Services

STAKEHOLDERS MEETING ON REVIEW OF VETERINARY LABORATORY FEES AND CHARGES AT AIRC– 04-05-2018

ATTENDANCE LIST -

NO	NAME	ORGANIZATION	P/NO/ID/NO	PHONE	EMAIL	SIGN
1	Dr. J.W. Wanyonyi	Kenya Prisons	23263991	0721852668	wekesa08@yahoo.com	
2	DR. DANIEL NYORO	COUNTY GOVT-KJD	2011002332	0706392247	drnyoro@gmail.com	
3	MR PETER M. MUTISO	COUNTY GOVT KJD	8404782	0721329570	Petermusyimi@Gmail	
4	KHAOMA BARASA	DVS - CVL	2009086419	0724836797	khaomabarasa@gmail.com	
5	Lucy M. Muema	DVS - CVL	2009098678	0726618325	Lucymbeke@yahoo.com	
6	Justus Kyalo Kasivelu	DVS - CVL	2009086590	0723848641	Kyalo988@gmail.com	
7	Dr. Diana Onyango	KSPCA	21207387	0747742015	exec.officer@kspca-kenya.org	
8	Charles Ochodo	DVS - [illegible]	[illegible]	0722439322	[illegible]	
9	Nicholas M. Kivuvo	DVS - DS	[illegible]854840	0715784520	[illegible]@yahoo.com	
10	Wachira [illegible]	DVS - CVL	97004362	0723701305	[illegible]@yahoo.com	

REPUBLIC OF KENYA

MINISTRY OF AGRICULTURE AND IRRIGATION

STATE DEPARTMENT OF LIVESTOCK

Office of the Director of Veterinary Services

STAKEHOLDERS MEETING ON REVIEW OF VETERINARY LABORATORY FEES AND CHARGES AT AIRC– 04-05-2018

ATTENDANCE LIST -

NO	NAME	ORGANIZATION	P/NO/ID/NO	PHONE	EMAIL	SIGN
1	Esther Mwendo	DVS	1987078262	0722539498	esthermuendo07@gmail	
2	Dr. Sabenzia Wekesa	DVS	1997006346	0722804255	sabenwekesa@gmail.com	
3	Dr Mungathia	DVS	1997004059	0722968609	drMungathia@yahoo.c	
4	Hesbon Amenya Zablon	DVS	2011002201	0796826578	amenyahesbon@gmail.c	
5	George Karuki		13622773	0723955934	georgekaris@yahoo.com	
6	Maina S. Kungu	Mutango	0494867	0716918057	sgkumaina@gmail.com	
7	Dr Mwangangi	DVS RVIL KARATINA	62600773 ~~0725832185~~	0725321857	mwangangid@gmail.com	
8	Abraham Sangula	DVS	1988034457	0722302444	aksangula@gmail.com	
9	Beia Mollo	DVS	27452491	0717779101	bellybellee717@gmail	
10	Catherine Nganga	DVS	5358533	0790735791	Catenganga67@gmail.com	

REPUBLIC OF KENYA

MINISTRY OF AGRICULTURE AND IRRIGATION

STATE DEPARTMENT OF LIVESTOCK

Office of the Director of Veterinary Services

STAKEHOLDERS MEETING ON REVIEW OF VETERINARY LABORATORY FEES AND CHARGES AT AIRC– 04-05-2018

ATTENDANCE LIST -

NO	NAME	ORGANIZATION	P/NO/ID/NO	PHONE	EMAIL	SIGN
1	Eng. Mimi. Patel.	Kigwa Estate	M835097	0722828416	Kigwaestate@Gmail.com	
2	K	Jersey ~~Sset~~ of Kenya				
3		JCSK.				
4	Kennedy Irungu	DVS	1989008830	07203463x	[illegible]@gmail.com	[illegible]
5	Rose Makau	DVS	2004003572	0736292909	crosemakau@yahoo.com	[illegible]
6						
7						
8						
9						
10						

D L & P
is this for
tabling?
16/12/21

REPUBLIC OF KENYA

THE NATIONAL TREASURY & PLANNING

Telegraphic Address: 22921
Finance – Nairobi
FAX NO. 310833
Telephone: 2252299
When Replying Please Quote

The National Treasury
P.O. Box 30007- 00100
NAIROBI

Ref:TNTP/SDP/11/82 VOL.II

9th December, 2021

Dr. Fred Okengo Matiang'i, EGH
Cabinet Secretary
Ministry of Interior and Coordination of National Government
Harambee House
NAIROBI

Hon. Eugene Wamalwa, EGH
Cabinet Secretary
Ministry of Defence
Ulinzi House
NAIROBI

Amb. Dr. Raychelle A. Omamo, SC, EGH
Cabinet Secretary
Ministry of Foreign Affairs
Old Treasury Building
NAIROBI

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 25 JAN 2022
DAY: Tue
TABLED BY: LOM
CLERK-AT THE-TABLE: G. Kalama

Ms. Betty Chemutai Maina, CBS
Cabinet Secretary
Ministry of Industrialization, Trade and Enterprise Development
Social Security House, Block "A"
NAIROBI

Hon. Mutahi Kagwe, EGH
Cabinet Secretary
Ministry of Health
Afya House
NAIROBI

NATIONAL ASSEMBLY
RECEIVED
16 DEC 2021
DEPUTY CLERK
J.W.N
P. O. Box 41842 -00100, NAIROBI

Hon. Peter Munya, MGH
Cabinet Secretary
Ministry of Agriculture, Livestock and Fisheries and Irrigation
Kilimo House
NAIROBI

Mr. James Wainaina Macharia, EGH
Cabinet Secretary
Ministry of Transport, Infrastructure, Housing
and Urban Development and Public Works
Transcom House
NAIROBI

Hon. Charles Keter, EGH
Cabinet Secretary
Ministry of Devolution and ASALS
Teleposta Towers House
NAIROBI

Mr. Joe Mucheru, EGH
Cabinet Secretary
Ministry of Information, Communication and Technology (ICT)
Teleposta Towers House
NAIROBI

Amb. Amina C. Mohamed, EGH
Cabinet Secretary
Ministry of Sports, Culture and Heritage
Kencom House
NAIROBI

Prof. George Albert Magoha, CBS, MBS, EBS
Cabinet Secretary
Ministry of Education
Jogoo "B"
NAIROBI

Mr. Adan Abdulla Mohamed, EGH
Cabinet Secretary
Ministry of East African Community (EAC) and Regional Development
Cooperative Bank House
NAIROBI

Hon. Najib Balala, EGH
Cabinet Secretary
Ministry of Tourism and Wildlife
Social Security House, Block "A"
NAIROBI

Justice (RTD) Paul Kihara Kariuki, EGH
Attorney General
The State Law Office and Department of Justice
Sheria House
NAIROBI

Dear Colleagues,

RE: REPORT ON THE STATUS OF THE KENYAN ECONOMY (DECEMBER, 2021)

Please find attached for your information and reference, a Report on the Status of the Kenyan Economy. The Report incorporates the most recent GDP estimates from Kenya National Bureau of Statistics (KNBS) as well as other recent data on the performance of the economy. The Report is produced by the National Treasury and Planning through consultative meetings with Central Bank of Kenya, Kenya Revenue Authority, Kenya National Bureau of Statistics and Kenya Institute of Public Policy Research and Analysis. The production of the Report also involved consultations with relevant Ministries, Department and Agencies with regard to sourcing of data and necessary information and analysis.

The Report provides a review of the Country's Economic Performance based on the most recently data (annual and quarterly GDP) sectoral performance, fiscal and monetary policies, banking and financial sector, balance of payments and economic outlook (global, regional and Kenya's). It provide risks to the Country's economic outlook as well as recommendations for implementation.

Yours Sincerely,

Hon. (Amb.) Ukur Yatani, EGH
CABINET SECRETARY, NATIONAL TREASURY AND PLANNING

Copy to: **Dr. Joseph K. Kinyua, EGH**
Head of Public Service
Executive Office of the President
State House
NAIROBI

Clerk of National Assembly & Senate

All Principal Secretaries

Mr. Keriako Tobiko, CBS, SC
Cabinet Secretary
Ministry of Environment and Forestry
Social Security Building, Block A, 2nd Floor
Eastern Wing
NAIROBI

Mrs. Sicily Kanini Kariuki, EGH
Cabinet Secretary
Ministry of Water and Sanitation and Irrigation
Maji House, Ngong Road
NAIROBI

Ms. Farida Chepchumba Karoney, EGH
Cabinet Secretary
Ministry of Lands and Physical Planning
Ardhi House
NAIROBI

Amb. Dr. Monica K. Juma, CBS
Cabinet Secretary
Ministry of Energy
Nyayo House
NAIROBI

Hon. John K. Munyes, EGH
Cabinet Secretary
Ministry of Petroleum and Mining
Works Building
NAIROBI

Prof. Margaret Kobia, MGH
Cabinet Secretary
Ministry of Public Service, Youth and Gender
Harambee House
NAIROBI

Mr. Simon Chelugui
Cabinet Secretary
Ministry of Labour and Social Protection
Social Security House
Eastern Wing Block "A"
NAIROBI

REPUBLIC KENYA

THE NATIONAL TREASURY AND PLANNING

STATE DEPARTMENT FOR PLANNING

STATE OF THE ECONOMY

December, 2021

TABLE OF CONTENTS

PREAMBLE

The Status of Kenya Economy Report is a publication by Macroeconomic Planning and International Cooperation Directorate of the State Department of Planning, the National Treasury and Planning. The Report provides a review of the country's economic performance (annual and quarterly GDP), sectoral performance, fiscal and monetary policies, banking and financial sector, and economic outlook (global, regional and Kenya). The analysis of various economic variables guides in making recommendations in the report.

The Report is prepared by the Macro Working Group (MWG) through regular consultative meetings. MWG comprises of representatives from State Department for Planning, the National Treasury, Central Bank of Kenya (CBK), Kenya Revenue Authority (KRA), Kenya National Bureau of Statistics (KNBS), Kenya Institute for Public Policy Research and Analysis (KIPPRA), Commission on Revenue Allocation, and Controller of Budget. Consultations with relevant Ministries, Departments and Agencies (MDAs) with regards to sourcing of data and necessary information are undertaken.

The report is enriched by the most recent data provided by the following institutions:

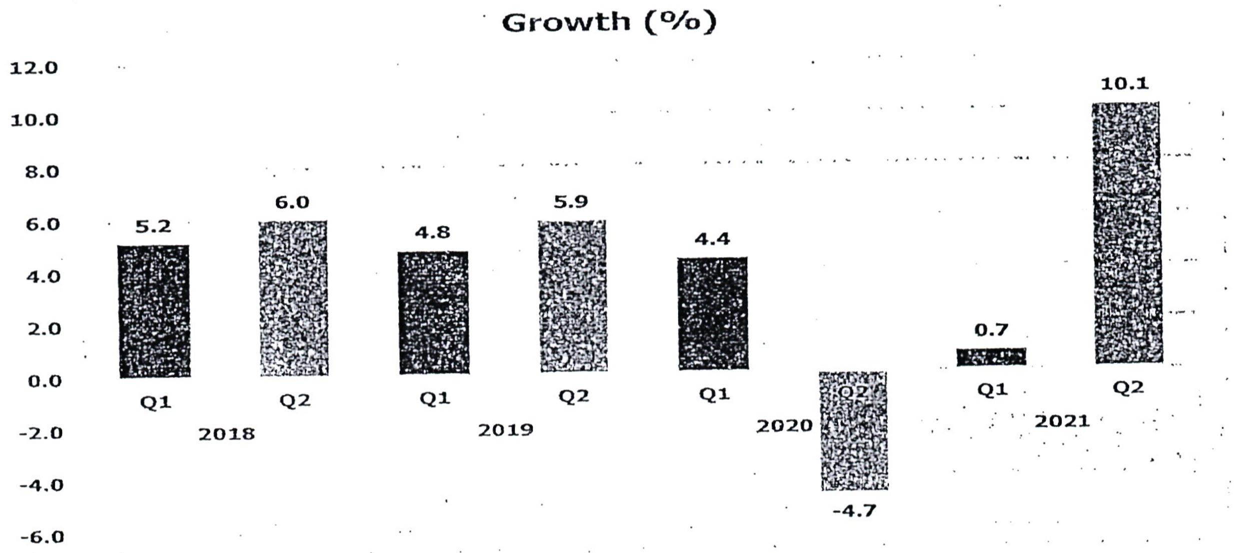
i. The National Treasury and KRA – Fiscal data
ii. Central Bank of Kenya (CBK) – Balance of Payments and Financial and Banking Sector
iii. Kenya National Bureau of Statistics (KNBS) – Annual and quarterly GDP and Sectoral data
iv. Kenya Institute for Public Policy Research and Analysis (KIPPRA) – Forecasts of macroeconomic indicators based on KIPPRA-Treasury Macroeconomic Model (KTMM)
v. Controller of Budget and CRA- County Expenditures and Own Source Revenue
vi. International Monetary Fund (IMF) – Global and Regional Economic Trends and Projections.

The Report acts as a briefing note to the Cabinet Secretaries, Principal Secretaries and other Senior Government Officers to inform policy. It also acts as reference document during Economic Review Missions and meetings with development partners.

1.0 ECONOMIC PERFORMANCE

Real Gross Domestic Product (GDP) is estimated to have contracted by 0.3 per cent in 2020 compared to a growth of 5.0 per cent in 2019. The economy recorded a growth of 0.7 per cent in the first quarter of 2021 compared to 4.4 per cent recorded in the first quarter of 2020. The low growth in first quarter of 2021 was as a result of severe effect of COVID-19 on economic activities as compared to first quarter of 2020. During the second quarter of 2021, the economy grew by 10.1 per cent compared to a contraction of 4.7 per cent recorded in a similar period of 2020. The significant recovery in the second quarter was mainly on account of lifting and easing of some of the containment measures that consequently enabled gradual resumption of economic activity. Figure 1 shows the quarterly GDP for the first and second quarters for the period 2018-2021.

Figure 1: GDP Growth Rates for First and Second Quarters, 2018-2021



Source: KNBS Quarterly GDP Reports

Some of the sectors that supported overall growth in the second quarter included Manufacturing (9.6%), Education (67.6%), Transportation and Storage (16.9%), Information and Communication (25.2%) and Other Services Activities (20.2%). Performance of the agricultural sector, which is the mainstay of the Kenyan economy was dismal (-0.5%) in the first half of 2021 as a result of dry weather conditions that greatly affected agricultural output and somewhat curtailed overall growth during the period.

The economy benefitted from the gradual reopening of the global economy that saw a surge in the demand of goods and services especially in the hospitality sector. In addition, the improved performance was driven by resumption of schooling activities, which were largely subdued for the better part of 2020. During the period, vaccination of significant proportion of the population in developed economies coupled with improved availability of vaccines in the developing world supported economic growth in the second quarter of 2021.

2.0 ANALYSIS OF ECONOMIC PERFORMANCE BY SECTOR

2.1 Agriculture

The agricultural sector contracted by 0.9 per cent in the second quarter of 2021 compared to a growth of 4.9 per cent in a similar period of 2020 mainly attributed to unfavourable weather conditions. The sector's performance was cushioned from a steeper slump by a notable increase in milk production, horticultural exports and production of sugarcane. Noteworthy, the significant growth in volumes and values of horticultural exports in 2021 was as a result of a recovery from the dismal performance in 2020 mainly attributed to increased demand from key destination markets which fully reopened following 2020 Covid-19 lockdowns.

Table 1a shows production of selected agricultural output for 2020 and 2021 for the period January to October except for tea where the data available is for the period January to August 2021. The volume of cut flower, fruit and vegetable exports grew by 40.4, 14.3 and 35.3 per cent, respectively during the 10 months of 2021 due to increased demand from Kenya's export markets. Similarly, milk intake increased by 20.9 per cent from 555.9 million litres in 2020 to 672.1 million litres in 2021. However, tea production dropped by 9.1 per cent from 376.7 thousand Metric Tonnes (MT) in 2020 to 342.4 thousand MT in 2021.

As shown in Table 1b, the value of tea exports declined by 3.1 per cent, while that of coffee and horticultural produce increased by 17.6 and 2.7 per cent, respectively. The price of coffee at the auction increased from $ 3.94 per kg in the first 10 months of 2020 to $ 5.72 per kg in the same period of 2021. The surge in prices was attributed to low production in Brazil which is the world largest producer of coffee occasioned by unfavorable weather condition resulting to higher prices. On the other hand, the price of tea decreased to $ 1.95 per kg for the period between January and August 2021 from $ 2.20 per kg in a similar period in 2020.

Table 1a: Quantity of Main Agricultural Production: (000 MT)

Crop	Period	2020	2021	Growth rate (%)
Tea production	January-August	376.7	342.4	-9.1
Coffee sales	January-October	21.4	21.8	1.8
Cut flowers Exports	January-October	120.0	168.5	40.4
Fruit Exports	January-October	93.9	107.3	14.3
Vegetable Exports	January-October	49.8	67.4	35.3
Sugarcane Deliveries	January-October	5,831.6	6,304.4	8.1
Milk Intake (Million Litres)	January-October	555.9	672.1	20.9

Source: KNBS Leading Economic Indicators

Table 1 b: Value of Main Agricultural Exports: (Kshs billion)

Crop	2020-Jan-Oct	2021-Jan-Oct	Growth rate (%)
Tea	109.3	105.9	-3.1
Coffee	19.1	22.5	17.6
Horticulture	128.8	132.3	2.7

Source: KNBS Leading Economic Indicators

2.2 Manufacturing

The sector expanded by 9.6 per cent in the second quarter of 2021 compared to a contraction of 4.7 per cent in the corresponding quarter of 2020. The recovery of the sector was mainly driven by vibrant activities in the manufacture of food products which recorded impressive performance. Manufacture of sugar increased by 21.0 per cent in the first half of the year to 361,214 Metric Tonnes (MT) from 298,435 MT in a similar period in 2020. Manufacture of soft drinks grew by 16.8 per cent from 216,916 thousand litres in 2020 to 253,406 thousand litres for the period between January and May of 2021.The sector's growth was also buoyed by improved performance in dairy processing as reflected by a substantial increase in milk intake by processors. In the non-food products category, growth was supported by manufacture of cement and galvanized sheets. The volume of cement produced during the 9 months of 2021 expanded by 26.7 per cent compared to a growth of 19.0 per cent in a similar period of 2020. The quantity of galvanized sheets produced increased by 9.7 per cent in the first half of 2021 compared to a contraction of 19.8 per cent during the same period in 2020.

2.3 Electricity Supply

The electricity supply grew by 6.8 per cent in the second quarter of 2021 compared to a contraction of 7.3 per cent in the second quarter of 2020. The rebound was mainly attributed to increased electricity consumption after the easing of COVID-19 restrictions. Total electricity generation for the period between January and October 2021 increased by 6.6 per cent to 10,087.0 million Kilowatt-hour (KWh). The share of electricity generated from wind, thermal and solar increased to 16.4, 9.5 and 1.2 per cent, respectively, in 2021 compared to 11.1, 6.5 and 0.8 per cent, respectively in 2020. On the other hand, the share of electricity generated from geothermal and hydro declined to 42.7 and 30.2 per cent, in 2021 compared to 45.1 and 36.5 per cent, respectively, in 2020. Electricity generation from geothermal increased by a paltry 0.9 per cent from 4,270.5 million KWh in 2020 to 4,310.7 million KWh in 2021. Generation of electricity from wind expanded by 58.1 per cent to 1,657.7 million KWh in 2021 from 1,048.5 million KWh. Electricity generation from thermal sources increased from 618.0 million KWh to 960.0 million KWh in 2021. However, generation of electricity from hydro declined by 11.9 per cent to 3,042.5 million KWh mainly due to insufficient rainfall received in 2021. Electricity sales increased by 9.2 per cent to 7,959.4 million KWh between January and October 2021 from 7,288.3 million KWh in the same period of 2020.

2.4 Accommodation and Food Service Activities

Accommodation and food service activities grew by 9.1 per cent in the second quarter of 2021 compared to a contraction of 56.8 per cent in a similar quarter of 2020, which represented a significant recovery from the effects of COVID-19. The recovery of the sector has been gaining momentum though the number of visitor arrivals is below the pre-pandemic level. The performance is attributed to the relaxation of the Covid-19 travel restriction as well as an increase in the proportion of the vaccinated population in tourist source markets. Total visitor arrival through Jomo Kenyatta International Airport (JKIA) and Moi International Airport (MIA) increased by 47.5 per cent from 356,508 visitors to 525,728 visitors in the first ten months of 2021.

2.5 Construction

The sector grew by 6.5 per cent in the second quarter of 2021 compared to a growth of 8.2 per cent in a similar quarter of 2020. The level of activity in the sector has remained resilient despite the Covid-19 disruptions mainly supported by public investment in roads and other civil works. Cement consumption, a key input in the sector expanded by 26.8 per cent during the first nine months of 2021 to stand at 6,676.5 thousand tonnes. Accelerated growth in construction activity was reflected in increase in the volume of import of petroleum bitumen, and iron and steel products by 0.4 and 13.5 per cent, respectively, for the first nine months of 2021.

2.6 Transportation and Storage

Transportation and Storage activities have shown a rebound in 2021 mainly due to easing and the eventual lifting of the covid-19 restriction measures to allow public service vehicles to operate at full capacity. In addition, easing of containment measures coupled with the reopening of economies abroad also supported growth in passenger air transportation which had been affected adversely in 2020. As a result, the sector is estimated to have expanded by 16.9 per cent in the second quarter of 2021 compared to a contraction of 16.8 per cent in the second quarter of 2020. In the land transportation subsector, light diesel which is widely used as an input in the sector increased by 9.0 per cent in the first nine months of 2021 to 1,700.0 thousand MT from 1,559.2 thousand MT in the same period of 2020. In the railway subsector, revenue from passengers ferried through Standard Gauge Railway (SGR) increased to Ksh 1,495.2 million for the first 10 months of 2021 from Ksh 473.5 million in the same period in 2020. Similarly, revenue from cargo transported through SGR increased from Ksh 8,990.9 million in 2020 to Ksh 9,983.4 million in 2021. Port throughput for the first ten months of 2021 increased by 4.9 per cent from 28,106.2 thousand MT in 2020 to 29,493.5 thousand MT, an indicator of increased transportation activities.

2.7 Information and Communication

The sector benefitted immensely from the pandemic as organizations harnessed technology such as online platforms to conduct their operations remotely. Online platforms have revolutionized workplaces resulting in some people working from the comfort of their homes. Consequently, the sector recorded a robust growth of 25.2 per cent in the second quarter of 2021 compared to a growth of 2.6 per cent in a similar quarter of 2020. The impressive performance was attributed to rebound in publishing and broadcasting activities as well as increased usage of data. Bandwidth utilization increased from 6,290.1 Gigabits per second (Gbps) in first half of 2020 to 8,877.1 Gbps in the first half of 2021. Similarly, usage of mobile data for the same period expanded by 46.7 per cent to stand at 356.6 million gigabits (GB). Domestic voice traffic increased by 27.8 per cent to 39.0 billion minutes in the first six months of 2021 from 30.5 billion minutes in the same period of 2020. However, the Short Messaging Services (SMS) declined by 36.8 per cent to 23.3 billion messages in the first half of 2021.

3.0 FISCAL DEVELOPMENTS

Budget execution in the first four months (July to October) of the FY 2021/22 progressed well, an indication that the end year targets are still on course. In the first four months of the FY 2021/22, revenue grew by 29.3 per cent compared to a contraction of 9.6 per cent in a similar period in the FY 2020/21. This was as a result of improved business environment, reversal of tax relief measures and easing of COVID-19 containment measures implemented within the year. Overall expenditures were within target underpinned by good revenue performance and adequate liquidity in the government securities market.

3.1 Revenue

Total revenue including A-in-A amounted to KSh. 653.6 billion (5.2 per cent of GDP) in the first four months of FY 2021/22 against a target of KSh. 635.0 billion (5.1 per cent of GDP) **(Table 2).** The surplus of KSh.18.6 billion was on account of above target performance of KSh. 16.6 billion in ordinary revenue collections and KSh. 2.0 billion in ministerial A-in-A. Total revenue grew by 29.3 per cent in the four months of FY 2021/22 compared to a contraction of 9.6 per cent recorded in similar period in FY 2020/21 where total revenue was KSh. 505.3 billion (4.5 per cent of GDP).

Table 2: Government Revenue & External Grants- July 2021 to October 2021 (KSh. billion)

	Jul-Oct 2020		Jul-Oct 2021				
	Prel. Issues	% of GDP	Printed Target	Prel. Issues	Deviation	% of GDP	% Growth
Total Revenue (a+b)	**505.3**	**4.5%**	**635.0**	**653.6**	**18.6**	**5.2%**	**29.3%**
a. Ordinary Revenue	**458.2**	**4.1%**	**560.0**	**576.6**	**16.6**	**4.6%**	**25.8%**
Import Duty	32.1	0.3%	36.5	35.9	(0.6)	0.3%	11.9%
Excise Taxes	64.5	0.6%	75.6	78.8	3.2	0.6%	22.2%
Income Tax	**198.2**	**1.8%**	**257.2**	**253.2**	**(3.9)**	**2.0%**	**27.8%**
PAYE	98.0	0.9%	136.2	144.1	7.9	1.2%	47.0%
Other Income Tax	100.2	0.9%	121.0	109.2	(11.8)	0.9%	9.0%
Value Added Tax (VAT)	**114.1**	**1.0%**	**150.6**	**159.7**	**9.1**	**1.3%**	**39.9%**
VAT (Domestic)	55.7	0.5%	79.0	78.5	(0.6)	0.6%	40.9%
VAT (Imports)	58.5	0.5%	71.6	81.2	9.6	0.6%	38.9%
Other Revenue[1]	**49.4**	**0.4%**	**40.1**	**49.0**	**8.9**	**0.4%**	**-0.8%**
b. Ministerial A-in-A[2]	**47.1**	**0.4%**	**75.0**	**77.0**	**2.0**	**0.6%**	**63.6%**
Recurrent A-in-A	26.1	0.2%	47.5	51.0	3.5	0.4%	95.8%
Development A-in-A	21.0	0.2%	27.5	26.0	(1.5)	0.2%	23.6%
c. External Grants	**4.4**	**0.0%**	**15.5**	**7.0**	**(8.6)**	**0.1%**	**58.6%**
Total Revenue and External Grants	**509.7**	**4.5%**	**650.5**	**660.5**	**10.0**	**5.3%**	**29.6%**
GDP	**11,304.1**	**100%**	**12,514.5**	**12,514.5**	**-**	**100.0%**	**10.7%**

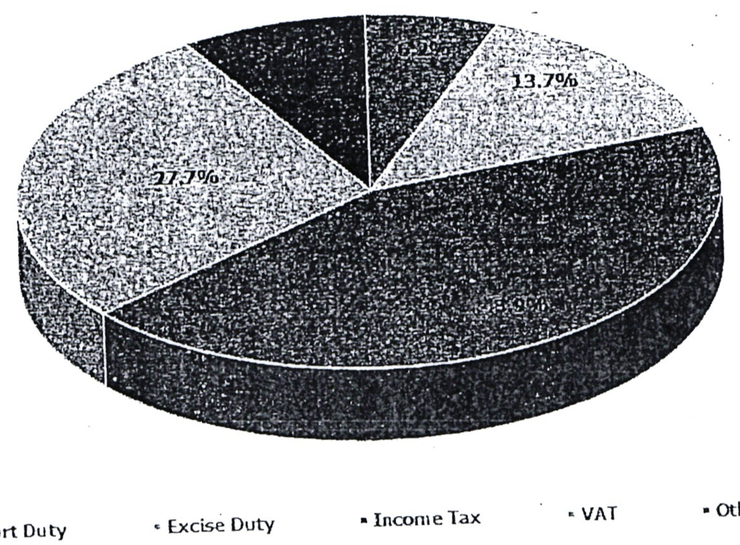
1/ other revenue includes rent on land/buildings, capital gains tax, import declaration fee, fines and forfeitures, other taxes, loan interest receipts reimbursements and other fund contributions, fees, and miscellaneous revenue.

2/ ministerial A-in-A includes receipts from Road Maintenance Levy Fund, Railway Development Levy, and A-in-A from Universities

Source: National Treasury

In the period under review, ordinary revenue collection was KSh. 576.6 billion (4.6 per cent of GDP) against a target of KSh. 560.0 billion (4.5 per cent of GDP) recording a surplus collection of KSh. 16.6 billion from target. The above target performance in ordinary revenue was mainly attributed to surpluses in Value Added Tax (VAT) of KSh. 9.1 billion, excise taxes of KSh. 3.2 billion and 'Other Revenue' category of KSh. 8.9 billion. On the other hand, Income tax and import duty performed marginally below target by KSh. 3.9 billion and KSh. 0.6 billion, respectively. Income tax remains the largest share of ordinary revenue, at 43.9 per cent followed by VAT at 27.7 per cent and excise taxes at 13.7 per cent **(Figure 2)**.

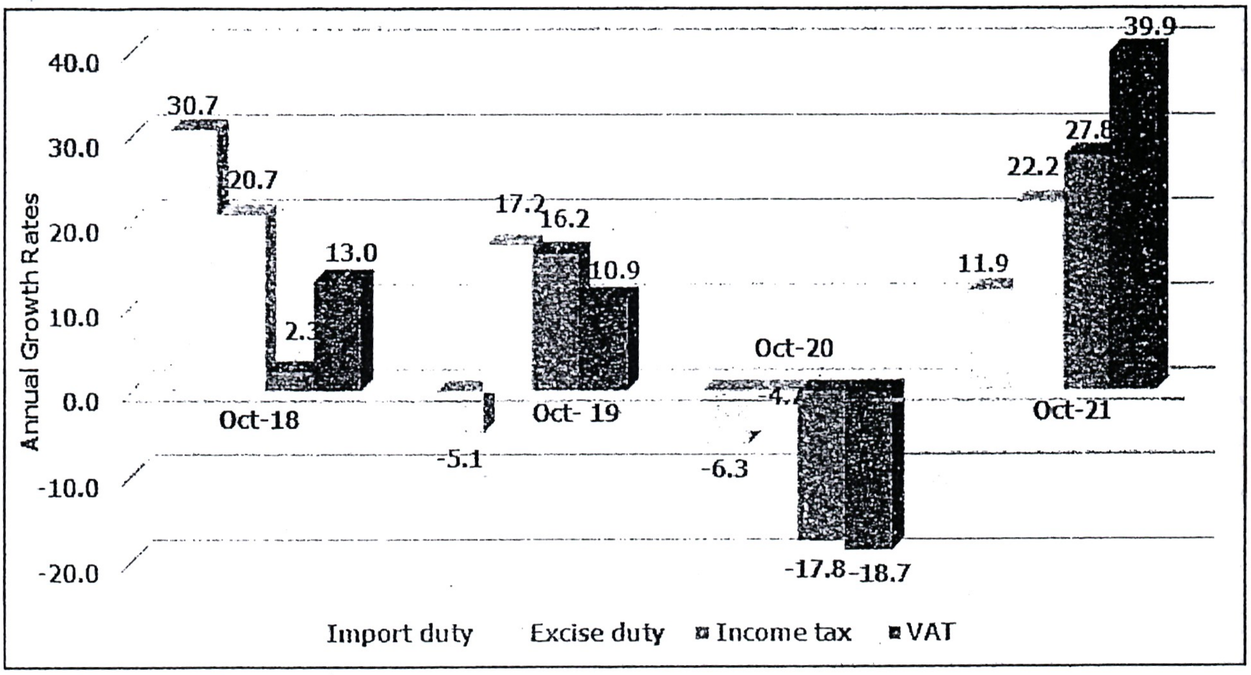
Figure 2: Composition of Ordinary Revenue in FY 2021/22 (Percentage)



Source: The National Treasury

Ordinary revenue for the period ending 31st October 2021 grew by 25.8 per cent compared to a contraction of 10.8 per cent recorded in similar period in FY 2020/21. Income tax grew by 27.8 per cent, import duty by 11.9 per cent, excise taxes by 22.2 per cent, and VAT by 39.9 per cent, however, 'other revenue' contracted by 0.8 per cent **(Figure 3)**. The growth in taxes was attributed to the improving business conditions as the economy was on a recovery path from the impact of the COVID-19 pandemic as well as the reversal of COVID-19 tax measures. In addition, the depreciation of exchange rate increased the taxable base for imports.

Figure 3: Growth rates of the ordinary revenue categories in October 2018 to October 2021



Source: The National Treasury

3.2 Expenditure

Total expenditure and net lending for the four months of the FY2021/22 amounted to KSh. 854.2 billion (6.8 per cent of GDP) against a target of KSh. 904.2 billion (7.2 per cent of GDP) **(Table 3).** The below target expenditure of KSh. 50.0 billion was largely attributed to below target absorption of recurrent expenditure by KSh. 7.6 billion and development expenditure by KSh. 17.3 billion.

Table 3: Expenditures Performance for the period Jul-Oct 2020 – Jul-Oct 2021 (KSh. billion)

	Jul-Oct 2020	Jul-Oct 2021				
	Actual	Target	Actual	Deviation	% of GDP	% Growth
TOTAL EXPENDITURE AND NET LENDING	721.7	904.2	854.2	(50.0)	6.8%	18.4%
1. Recurrent Expenditure	502.5	620.4	612.8	(7.6)	4.9%	21.9%
Domestic Interest	115.7	133.3	141.8	8.5	1.1%	22.6%
Foreign Interest due	38.1	34.0	33.8	(0.2)	0.3%	-11.5%
Pensions & Other CFS	30.4	41.5	32.0	(9.5)	0.3%	5.3%
Contribution to Civil Ser. Pension	-	5.7	14.7	9.0	0.1%	0.0%
Operations & Maintenance	130.3	186.0	167.8	(18.2)	1.3%	28.8%
Wages & Salaries	165.4	175.4	175.4	0.0	1.4%	6.0%
Ministerial Recurrent A-in-A	22.6	44.6	47.4	2.8	0.4%	109.6%
2. Development	137.3	166.2	148.9	(17.3)	1.2%	8.4%
Domestically Financed (Gross)	99.9	104.7	118.4	13.7	0.9%	18.5%
Foreign Financed	37.4	60.8	30.5	(30.2)	0.2%	0.0%
Net Lending	-	-	-	-	-	-
Equalization Fund	-	0.7	-	(0.7)	0.0%	0.0%
3. County Transfer	81.9	117.7	92.5	(25.2)	0.7%	12.9%
o/w Equitable Share	78.4	114.4	92.5	(21.9)	0.7%	17.9%
4. Contingency Fund	-	-	-	-	-	-

Source: National Treasury

Recurrent expenditure for the period was KSh. 612.8 billion against a target of KSh. 620.4 billion. The shortfall of KSh. 7.6 billion was mainly due to below target expenditure on pension & other Consolidated Fund Services (CFS) by KSh. 9.5 billion, foreign interest payment by KSh. 0.2 billion, and operations & maintenance by KSh. 18.2 billion. However, domestic interest payments for the period was above target by KSh. 8.5 billion.

Development Expenditure by end October 2021 amounted to KSh. 148.9 billion against a target of KSh. 166.2 billion. The shortfall in disbursement of KSh. 17.3 billion was on account of below target absorption of KSh. 30.2 billion for foreign financed programmes. Equitable share transfer to County governments was KSh. 92.5 billion.

3.3 Fiscal Balance and Financing

Fiscal deficit incl. grants (on commitment basis) by end October 2021 stood at Ksh 193.7 billion (1.5 per cent of GDP) against a target of Ksh 253.7 billion (2.0 per cent of GDP). The overall deficit in a corresponding period in 2020 was KSh. 212.0 billion (1.9 percent of GDP).

This deficit was financed by net domestic financing of Ksh 214.9 billion against a target of Ksh 267.0 billion, and net external repayment amounting to KSh. 33.5 billion against a target of KSh. 13.3 billion. Net Foreign Financing for the period comprised of disbursements (inflows) including A-in-A of Ksh 26.3 billion and repayments (outflows) of principal debt of Ksh 59.8 billion. The disbursements included KSh. 18.2 billion Project Loans A-in-A and KSh. 8.2 billion Projects Loans Revenue. Comparatively, during similar period in the FY 2020/21, the net domestic financing amounted to KSh. 237.5 billion and the net external repayment was KSh. 27.5 billion

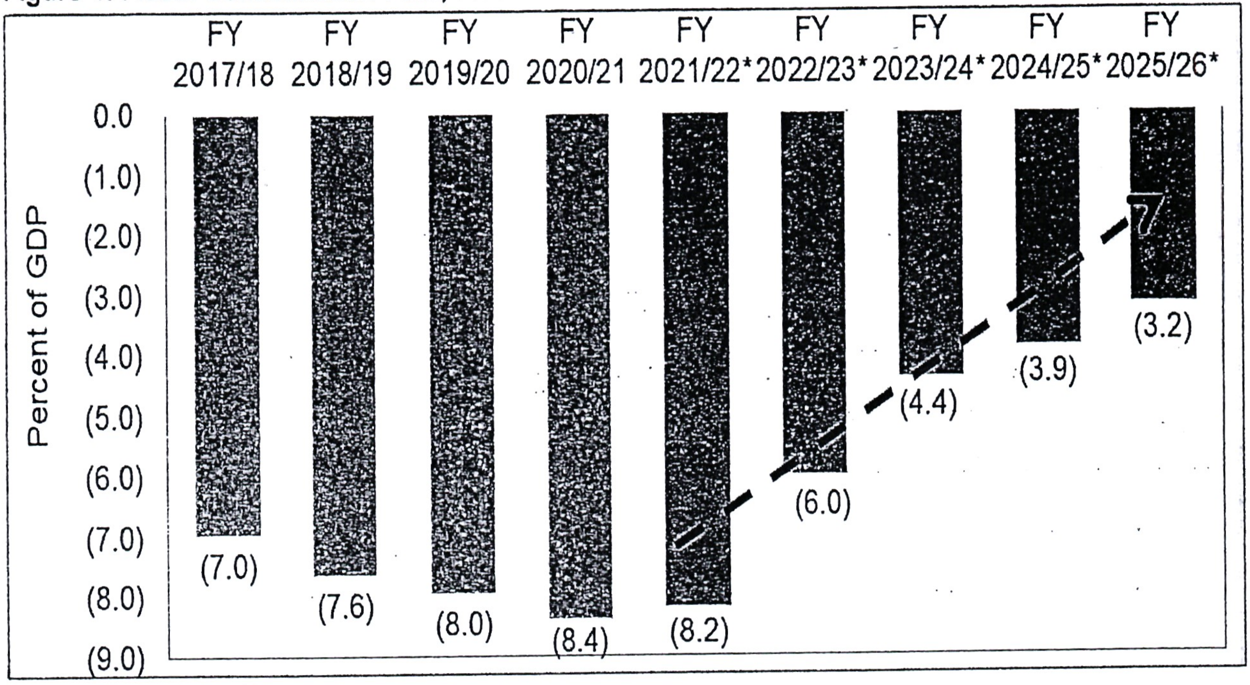
3.4 Fiscal outlook for FY 2021/22

Fiscal performance for FY 2021/22 is anchored on enhanced revenue mobilization and expenditure prioritization through restricted growth in recurrent spending. This will support economic recovery and create fiscal space for the implementation of the "Big Four" Agenda and other priority programmes.

Revenue performance will be driven by economic recovery, continued reforms in tax policy and revenue administration. The National Tax Policy that the government is developing will enhance administrative efficiency of the tax system and provide consistency and certainty in tax legislation. In light of this, revenues for the FY 2021/22 are projected at Ksh 2,063.1 billion (16.3 per cent of GDP) with ordinary revenues at Ksh 1,800.0 billion (14.3 per cent of GDP). On the other hand, overall expenditures are projected at Ksh 3,054.3 billion (25.0 per cent of GDP) with recurrent expenditures projected at Ksh 2,071.8 billion (16.4 per cent of GDP) and development expenditures are projected at Ksh 672.7 billion (5.3 per cent of GDP). Transfer to County Governments is projected at Ksh 409.9 billion (3.3 per cent of GDP).

Taking into account the projected revenues and expenditures, the fiscal deficit incl. grants is projected at Ksh 1,029.3 billion (8.2 per cent of GDP) in the FY 2021/22. This will be financed by a net external financing of Ksh 412.5 billion (3.3 per cent of GDP) and a net domestic borrowing of Ksh 616.8 billion (4.4 per cent of GDP). The fiscal deficit is expected to decline further to 6.0 per cent of GDP in FY 2022/2023 and to 3.9 per cent of GDP over the medium term to maintain the economy on a fiscal consolidation path so as to reduce the growth in public debt (Figure 4).

Figure 4: Fiscal Consolidation Path, Fiscal Deficit as a Percent of GDP



Source of Data: National Treasury

3.6 Public Debt

During the financial year, the stock of public and publicly guaranteed debt as at end of September 2021 was Kshs. 8001.82 billion (70.79 per cent of GDP). Domestic debt stock was Kshs.3939.32 billion (34.85 per cent of GDP) equivalent to USD 35.65 billion while the External debt stock was Kshs.4062.50 billion (35.94per cent of GDP) equivalent to USD 36.77 billion. Domestic and external debt stock accounted for 49.2 and 50.8 per cent of total debt stock respectively.

The actual cumulative external debt service as at end September 2021 was Kshs. 101.14 billion. External debt service during the month of September 2021 was Kshs. 77.28 billion comprising principal and interest payments of Kshs. 47.27 billion and Kshs. 30.01 billion respectively. Cumulatively, debt service to bilateral creditors accounted for 53.26 per cent of the total debt service while commercial and multilateral creditors accounted for 31.22 per cent and 15.52 per cent respectively.

Table 4: Kenya's External Debt Sustainability Analysis

Indicators	Thresholds	2020	2021	2022	2023	2024
PV of debt–to-GDP ratio	40	28.7	28.7	28.3	27.3	26.3
PV of debt-to-exports ratio	180	288.3	255.8	239.2	219.8	204.2
PPG Debt service-to-exports ratio	15	26.5	19.1	22.7	20.1	29.7
PPG Debt service-to-revenue ratio	18	15.5	13.0	15.8	14.0	21.0

Source: IMF Country Report No.21/72 April 2021DSA Report

PV of debt-to-exports ratio and PPG Debt service-to-exports ratio breaches debt thresholds under the baseline driven by the slowdown in exports and increasing external debt. The PV of PPG external debt as a share of GDP remains firmly below 40 percent debt threshold at 28.7 per cent in 2020 and projected to remain at the same level in 2021.

4.0 EXTERNAL TRADE AND BALANCE OF PAYMENTS

4.1 Balance of Payments

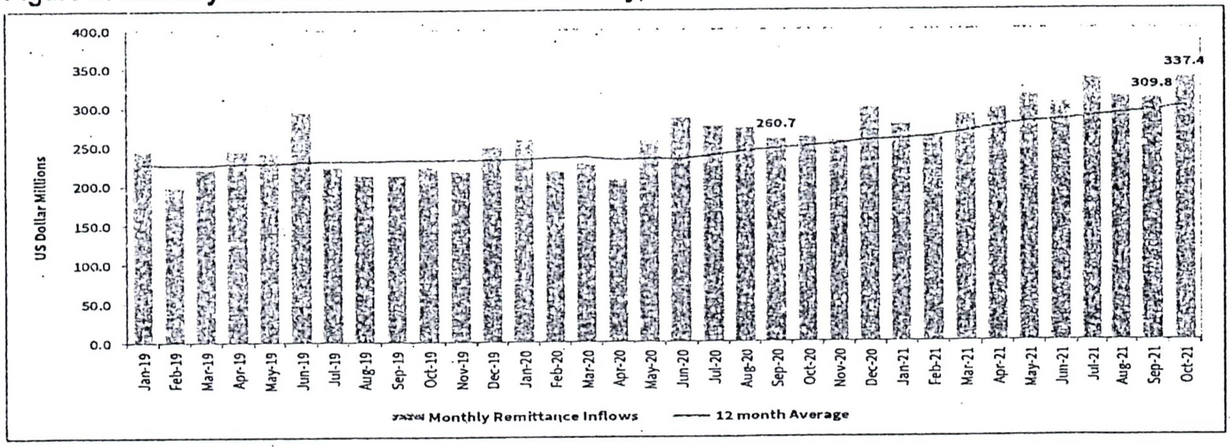
The current account balance recorded a deficit of USD 5,796 million during the year to October 2021 from a deficit of USD 4,884 million in a similar period in 2020 driven by increase in imports of oil and intermediate goods. Provisional data on balance of payments shows that the current account deficit was 5.4 per cent of GDP in the 12 months to October 2021 compared to 4.8 per cent of GDP in the 12 months to October 2020. Exports of goods remained strong, growing by 10.8 per cent in the year to October 2021 compared to a similar period in 2020. Receipts from exports of horticulture and manufactured goods rose by 19.1 per cent and 35.3 per cent, respectively, in the year to October 2021 compared to a similar period in 2020. However, receipts from tea exports declined by 6.2 per cent, partly due to the impact of accelerated purchases in 2020. Imports of goods increased by 23.6 per cent in the year to October 2021 compared to a similar period in 2020, mainly reflecting a pickup in imports of oil and intermediate inputs. Travel and transport receipts continued to recover in 2021 following the resumption of international travel. The current account deficit is projected at 5.2 per cent of GDP in 2021, largely supported by improving external demand for goods and services. The foreign exchange market remained stable supported by increased receipts from exports and diaspora remittances.

The usable foreign exchange reserves remained adequate at USD 8,773 million (5.36 months of import cover) as at 25th November 2021. This continues to provide adequate cover and a buffer against short-term shocks in the foreign exchange market.

4.2 Remittances from the Diaspora

Remittances remained robust at USD 337 million in October 2021, and were 20.1 per cent higher in the period January to October 2021 compared to a similar period in 2020. Inflows increased by 8.9 per cent to 337.4 million in October compared to 309.8 million in September 2021 (figure 5). The cumulative inflows for the 12 months to October 2021 totaled USD 3,605 million compared to USD 3,006 million in the same period in 2020, a 19.9 per cent increase. The United States remains the largest source of remittances into Kenya, accounting for 65.9 per cent in October 2021.

Figure 5: Monthly Remittance Inflows from January, 2019 to October, 2021

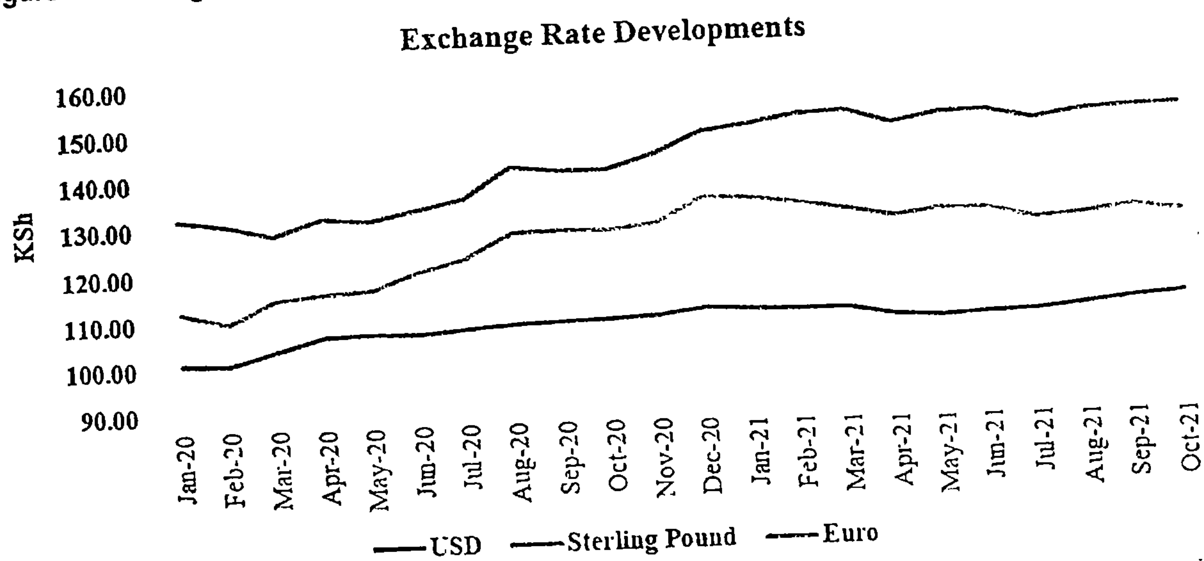


Source: Central Bank of Kenya

4.3 Exchange Rate

The Kenya Shilling weakened against major international currencies in October 2021 relative to October 2020. It weakened by 1.4 per cent and 5.1 per cent against the US Dollar and the Sterling Pound while it strengthened by 0.4 per cent against the Euro (figure 6).

Figure 6: Exchange Rate Developments (January 2020 – October 2021)



Source: Central Bank of Kenya

5.0 BANKING AND FINANCIAL SECTOR

5.1 Money Supply and Domestic Credit

Annual growth in broad money, M3, moderated to 7.3 per cent in October 2021 compared to 11.5 per cent in October 2020, largely reflecting a decline in growth of net domestic assets of the banking system, due to reduced net lending to government. Growth in net lending to government moderated to 12.6 per cent in October 2021 compared to 23.2 per cent in October 2020. Credit to the private sector grew by 7.8 per cent in the 12 months to October 2021. This was supported by improved demand with recovery in economic activities, accommodative monetary policy stance and other policy measures by government to mitigate the adverse impact of COVID-19 on the economy. In particular, the implementation of the Credit Guarantee Scheme for Micro, Small and Medium sized Enterprises (MSMEs) continued to boost lending to the sector. Strong lending was registered in manufacturing (10.9%), transport and communication (9.6%), finance and insurance (8.9%), business services (8.2%) and consumer durables (16.5%) (Table 5).

Table 5: 12-Month Growth in Private Sector Credit by activity (percent)

	Shares in credit	12-month growth in Private Sector Credit (%)												
Sectors	**Oct-21**	**Oct-20**	**Nov-20**	**Dec-20**	**Jan-21**	**Feb-21**	**Mar-21**	**Apr-21**	**May-21**	**Jun-21**	**Jul-21**	**Aug-21**	**Sep-21**	**Oct-21**
Agriculture	3.2	17.0	19.3	15.3	15.6	13.4	12.3	10.0	4.3	3.7	2.8	1.4	3.3	2.7
Manufacturing	14.9	7.8	10.0	12.0	12.6	15.8	10.7	4.0	1.5	8.1	9.4	9.3	9.8	10.9
Trade	17.0	2.5	4.0	3.8	5.5	3.9	2.1	0.9	3.8	1.9	1.3	2.7	4.7	5.5
o/w domestic trade	15.4	*3.5*	*4.2*	*5.6*	*7.7*	*6.1*	*4.2*	*3.0*	*3.2*	*1.5*	*1.5*	*3.4*	*4.4*	*5.4*
Building & construction	4.1	8.2	7.4	3.4	2.5	5.2	2.9	3.4	4.5	2.0	0.4	1.7	0.5	(0.5)
Transport & communication	7.9	21.1	17.5	13.6	14.4	19.0	17.4	13.3	16.3	11.8	0.2	11.8	10.9	9.6
Finance and insurance	3.6	(2.2)	0.2	7.1	14.0	9.0	7.5	7.6	6.7	11.5	8.9	7.7	11.7	8.9
Real estate	13.7	7.6	9.1	8.7	8.8	8.8	7.7	5.8	5.7	4.0	3.2	2.8	2.9	2.4
Mining & quarrying	0.5	(14.2)	(15.4)	(12.9)	(6.1)	21.6	(3.6)	(8.8)	(18.1)	(13.0)	(22.1)	(23.1)	(8.4)	6.2
Private households	15.7	6.9	5.8	3.9	4.7	4.2	2.9	4.5	3.1	3.2	2.4	2.0	2.6	2.7
Consumer durables	10.9	15.7	18.8	18.1	18.7	20.3	17.6	19.3	22.0	23.4	21.7	20.1	17.6	16.5
Business services	5.7	5.9	2.7	4.0	6.5	5.0	5.7	7.2	6.9	5.2	4.9	5.8	7.6	8.2
Other activities	2.8	(10.4)	(14.5)	14.0	5.8	3.8	5.2	24.3	39.8	65.2	58.0	56.0	59.5	64.1
Total Private Sector Credit	100.0	7.6	8.1	8.4	9.3	9.6	7.7	6.7	7.1	7.7	6.1	7.0	7.7	7.8

Source: Central Bank of Kenya

5.2 Capital Market (NSE)

Trading of equities at the Nairobi Securities Exchange (NSE) increased in October 2021 compared to October 2020, reflecting improving investor confidence. The Nairobi Securities Exchange All Share Index (NASI), NSE 20 Share Index, market capitalization total number of shares traded and equities turnover, increased by 27.08 per cent, 5.89 per cent, 29.16 per cent and 20.47 per cent at the end of October 2021 compared to the end of October 2020, respectively. The share of foreign investors trading in total equity turnover declined to 64.83 per cent in October 2021 from 68.16 per cent in October 2020 (Table 6). In the domestic secondary bond market, bonds turnover increased by 5.70 per cent to KSh 66.2 billion in October 2021 from KSh 62.67 billion in October 2020.

Table 6: Developments in Capital Markets (October 2020 – October 2021)

	NASI (2008=100) Points	NSE 25 Share Index	NSE 20 Share Index (1966=100) Points	Number of Shares Traded (Million)	Equities Turnover (KSh Million)	Market Capitalization (KSh Billion)	Bond Turnover (KSh Million)	Number of Deals	Foreign Participation to Equity Turnover (%)	FTSE NSE Kenya Govt. Bond Index	7-Year Eurobond Yield (%) (2027)	10-Year Eurobond Yield (%) (2024)	10-Year Eurobond Yield (%) (2028)	12-Year Eurobond Yield (%) (2032)	13-Year Eurobond Yield (%) (2034)	30-Year Eurobond Yield (%) (2048)
Oct-20	140.04	3,170.87	1,352.29	219.42	5,880.91	2,150.06	62,672.73	1,356.00	65.16	97.77	6.19	5.12	6.62	7.34		8.16
Nov-20	145.20	3,264.15	1,783.68	381.00	11,393.09	2,229.90	48,524.72	1,222.00	67.97	97.50	5.21	4.42	5.61	6.16		7.24
Dec-20	152.11	3,415.24	1,759.93	369.13	10,236.93	2,336.70	58,061.98	1,459.00	61.79	98.21	4.86	3.92	5.22	5.85		7.04
Jan-21	156.56	3,434.52	1,868.39	281.70	8,176.28	2,405.34	54,414.45	2,070.00	29.71	97.21	4.85	3.68	5.34	6.10		7.19
Feb-21	165.39	3,624.96	1,915.68	330.63	10,819.73	2,541.16	77,395.00	2,124.00	61.96	97.00	4.63	3.21	5.32	6.27		7.27
Mar-21	158.62	3,531.58	1,846.41	372.93	12,064.04	2,437.04	67,569.02	1,658.00	56.37	96.40	5.60	3.56	6.28	7.12		7.93
Apr-21	169.15	3,674.77	1,866.58	293.00	9,577.58	2,599.05	67,590.61	2,046.00	64.75	96.69	5.01	3.24	5.75	6.63		7.66
May-21	169.97	3,669.57	1,871.55	355.94	14,161.67	2,646.71	107,044.58	4,256.00	56.71	96.80	4.63	3.28	5.31	6.24		7.33
Jun-21	173.53	3,772.19	1,927.53	420.71	13,952.58	2,702.22	96,603.95	1,668.00	44.74	96.81	4.77	3.32	5.57	6.25	6.25	[illegible]
Jul-21	177.52	3,890.09	1,974.29	294.95	9,275.32	2,766.28	92,793.15	1,720.00	56.16	96.35	4.81	3.27	[illegible]	5.22	5.19	[illegible]
Aug-21	182.33	4,018.77	2,020.77	344.56	11,854.12	2,841.40	87,139.60	2,019.00	48.53	96.57	4.63	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sep-21	178.31	3,914.52	2,031.17	316.97	10,231.97	2,778.65	115,188.78	2,559.00	49.91	96.73	4.63	3.20	5.29	6.51	6.15	[illegible]
Oct-21	177.96	3,851.67	1,961.33	264.32	10,274.23	2,777.07	66,243.60	1,924.00	64.53	96.83	[illegible]	3.72	5.75	6.71	6.51	[illegible]

Source: Nairobi Securities Exchange

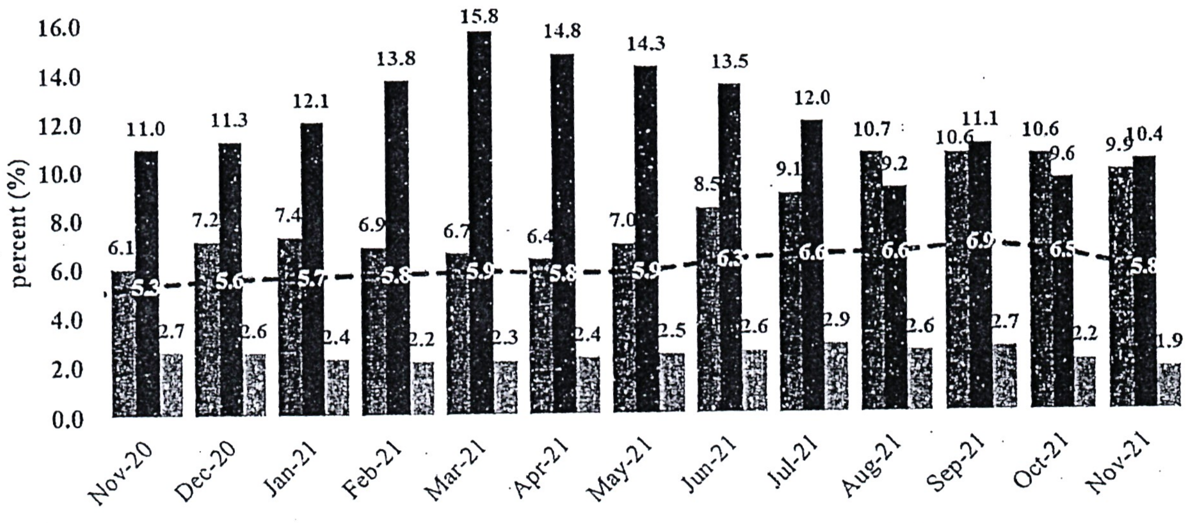
6.0 PERFORMANCE OF OTHER MACRO –ECONOMIC INDICATORS

6.1 Inflation

Overall inflation remained stable within the medium-term target band in the year to November 2021. It increased to 5.8 per cent in November 2021, from 5.3 per cent in a similar period of 2020, driven by elevated food and fuel prices. Fuel inflation remained elevated and stood at 10.4 per cent from 11.0 per cent in November 2020, mainly driven by rising international oil prices. Food inflation increased to 9.9 per cent from 6.1 per cent in November 2020, driven by seasonal factors and supply constraints. Non-Food Non-Fuel (NFNF) inflation remained low, reflective of muted demand pressures in the economy. It declined to 1.9 per cent in November 2021 from 2.7 per cent in November 2020 (Figure 7).

In the near term, fuel inflation is expected to gradually decline supported by Government interventions to moderate fuel pump prices. However, food inflation is expected to remain elevated due to seasonal factors, drought conditions, and supply chain disruptions. In the medium term, inflation is expected at the mid-point of its target range, supported by prudent monetary policy and muted demand pressures.

Figure 7: Developments in inflation rates (November 2020 to November 2021)



Source: KNBS and Central Bank of Kenya

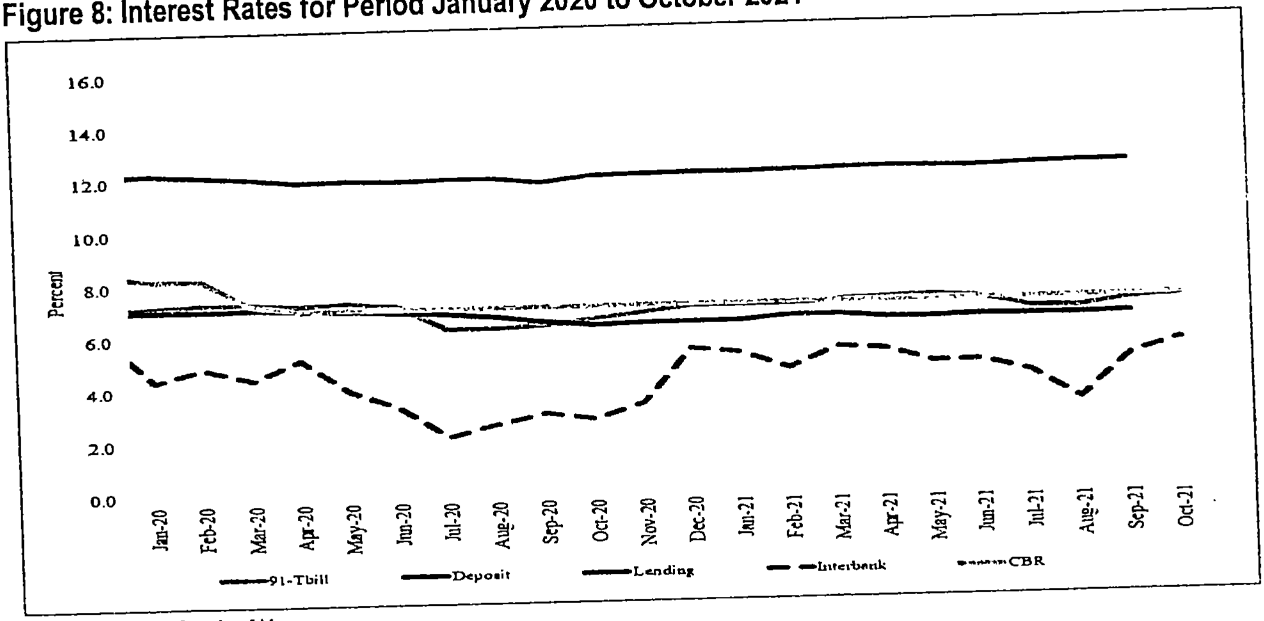
6.2 Interest rates

The Monetary Policy Committee (MPC) retained the Central Bank Rate at 7.00 per cent in November 2021, noting that the current accommodative monetary policy stance remains appropriate. The Committee noted that inflation expectations remained anchored within the target range, and leading economic indicators showed continued robust performance.

Short term interest rates remained relatively stable during the first ten months of 2021 supported by accommodative monetary policy stance and ample liquidity conditions in the market. The weighted average interbank rate was on a downward trend from 5.12 per cent in January to 3.10 per cent in August. However, it increased marginally to 4.73 per cent and 5.26 per cent in September and October 2021, respectively, partly reflecting reduced liquidity due to higher government receipts relative to payments. Similarly, the average 91-day Treasury bill rate declined to 6.57 per cent in August compared to 6.92 per cent in January, and thereafter rose slightly to 6.95 per cent in October.

Commercial banks' lending and deposit rates remained relatively stable during the first nine months of 2021. The weighted average lending rate increased marginally to 12.10 per cent in September 2021 from 12.00 per cent in January 2021 while the weighted average deposit increased to 6.34 per cent from 6.31 per cent (Figure 8).

Figure 8: Interest Rates for Period January 2020 to October 2021



Source: Central Bank of Kenya

7.0 OUTLOOK FOR 2021

7.1 Global Economy

Global growth contracted by 3.1 per cent in 2020 compared to growth of 2.8 per cent registered in 2019 as a result of adverse effects of COVID-19 pandemic. As shown in Table 7, all advanced economies with exception of China registered a contraction in economic growth in 2020 with UK and France registering higher contraction of 9.8 per cent and 8.0 per cent respectively. After a sharp decline in 2020, global GDP is projected to rise by 5.9 per cent in 2021 supported by the roll-out of vaccines, policy support and continued supportive financial conditions. The Euro Area is projected to grow by 4.2 per cent in 2021 supported by projected growth of 6.3 per cent and 6.8 per cent in France and UK respectively.

China was the only economy to record a positive performance of 2.3 per cent in 2020 reflecting the vitality and resilience of its economy supported by aggressive efforts to fight the COVID-19 pandemic. Growth estimates for 2021 indicate that China will register a higher growth of 8.0 per cent.

Table 7: Global Economic Outlook and Growth in the Leading Economies

	2019	2020	2021*	2022*
World Economy	2.8	-3.1	5.9	4.9
United States	2.3	-3.4	6.0	5.2
Japan	0.0	-4.6	2.4	3.2
China	6.0	2.3	8.0	5.6
India	4.0	-7.3	9.5	8.5
Euro Area	1.5	-6.3	4.2	3.6
Germany	1.1	-4.6	3.1	4.6
Netherlands	2.0	-3.8	3.8	3.2
France	1.8	-8.0	6.3	3.9
United Kingdom	1.4	-9.8	6.8	5.0

Source: IMF World economic Outlook (October, 2021)
* Projections

7.2 Regional Economies and Sub-Sahara Africa

Table 8 indicates that Economic growth in Sub-Saharan Africa contracted by 1.7 per cent in 2020 compared to a growth of 3.1 per cent in 2019. It is projected that with various policy interventions countries are putting in place to mitigate adverse effect of COVID-19 pandemic and to aid economic recovery, growth will rebound to 3.7 per cent in 2021. Among East Africa Community countries, only Tanzania registered a positive growth in 2020. It is projected that growth in the East African countries will average 5.6 per cent in 2021.

Table 8: Economic Outlook for SSA and Regional Economies

	2019	2020	2021*	2022*
SSA	3.1	-1.7	3.7	3.8
South Africa	0.1	-6.4	5.0	2.2
Nigeria	2.2	-1.8	2.6	2.7
Burundi	1.8	-1.0	1.6	4.2
Kenya	5.0	-0.3	5.6	6.0
Rwanda	9.5	-3.4	5.1	7.0
Tanzania	7.0	4.8	4.0	5.1
Uganda	7.7	-0.8	4.7	5.1

Source: IMF Regional Economic Outlook Sub-Saharan Africa (October, 2021)

* Projections

7.3 The Medium-Term Prospects for Kenya

The impact of COVID-19 on the country's economy is expected to be lighter supported by ongoing vaccination drive. The economy contracted by 0.3 per cent in 2020 due to COVID-19 pandemic and other economic shocks like the desert locusts. However, the easing of containment measures towards the end of 2020 and the access to COVID-19 vaccine as from March 2021 is instrumental towards economic recovery in 2021. A gradual recovery therefore is expected with growth in 2021 and 2022, projected at 5.4 and 6.0 per cent respectively as shown in Table 9.

The medium-term prospect is expected to be stable mainly due to the countrywide rollout of COVID-19 vaccination, recovery of economic activities in all sectors as well as the Governments policy support. The Country's recovery will also be supported by the expected rebound of global economic activities.

Table 9: The medium-term prospects in Kenya

	2018	2019	2020	2021	2022	2023	2024
Rates (%)							
GDP Growth	5.6	5.0	-0.3	5.4	6.0	9.1	9.7
Inflation	4.7	5.3	5.2	6.2	5.6	5.1	3.9
Interest Rate	7.8	6.9	6.9	6.9	7	7.1	6.9
Volumes (%)							
Private Consumption	6.5	5.2	-3.1	5	5.6	7.3	8.7
Government Consumption	7	7	4.3	6.6	10.1	10.4	9.1
Private Investments	-0.8	8.5	6.5	4.7	5.4	2.8	4.1
Government Investments	-10.6	-18.3	-21	65.2	-1.4	30.8	4.5
Exports Goods & Services	6.8	-3.2	-8.2	11.9	7.6	18.4	18.1
Imports Goods & Services	1.4	1.8	-8.5	3.8	6.6	5.5	5.1
% of GDP							
Current Account Balance	-5.5	-5.3	-4.6	-5.1	-5.3	-5.0	-4.5
Index							
Kshs per Dollar	101.3	102.1	106.5	109.1	107.3	107.3	107.1

Source: KIPPRA Treasury Macro Model (KTMM)

8.0 RISKS TO THE ECONOMIC OUTLOOK

i. Rising oil prices will increase cost of living and cost of production;

ii. The ongoing drought will lead to low performance of crop and livestock sub- sectors; and loss of lives and incomes in the affected regions;

iii. Covid-19 pandemic particularly the emergence of new variants such as 'Omicron' will continue posing risk to growth;

iv. Exchange rate depreciation could lead to an increase in debt service which may in turn affect the country's debt sustainability;

v. Slow payment of pending bills at the county level will affect businesses especially the Micro Small and Medium Enterprises that delivered goods and services to government;

vi. The 2022 general election early campaigns may slow down implementation of government programmes and project.

9.0 RECOMMENDED ACTIONS

i. Continue scaling-up COVID-19 vaccination to ensure majority of the population are reached. This will involve mobilization of health personnel to offer vaccination at strategic centres across the country;

ii. Review the status of implementation of Credit Guarantee Scheme since inception in April, 2021 to inform policy on how to strengthen it further;

iii. Support pastoralist in drought affected regions through scaling up livestock purchase off-take programme. To put in place requisite mechanisms to bridge the gaps in crop production to ensure food security

iv. Broadening the tax base by enhancing recruitment of new taxpayers especially in real estate, businesses in the Turnover Tax (ToT) regime, registered companies, agriculture sector, distributive trade, personal service activities, professionals, High Net worth Individuals and digital economy.

v. Simplify tax processes, forms and technology links to make it easy for taxpayers to meet their tax obligations and enhance compliance.

vi. Fast-track the development of a National Tax Policy (NTP) and the Medium-Term Revenue Strategy (MTRS) to support mobilization of domestic revenue and enhance efficiency and fairness in tax administration.