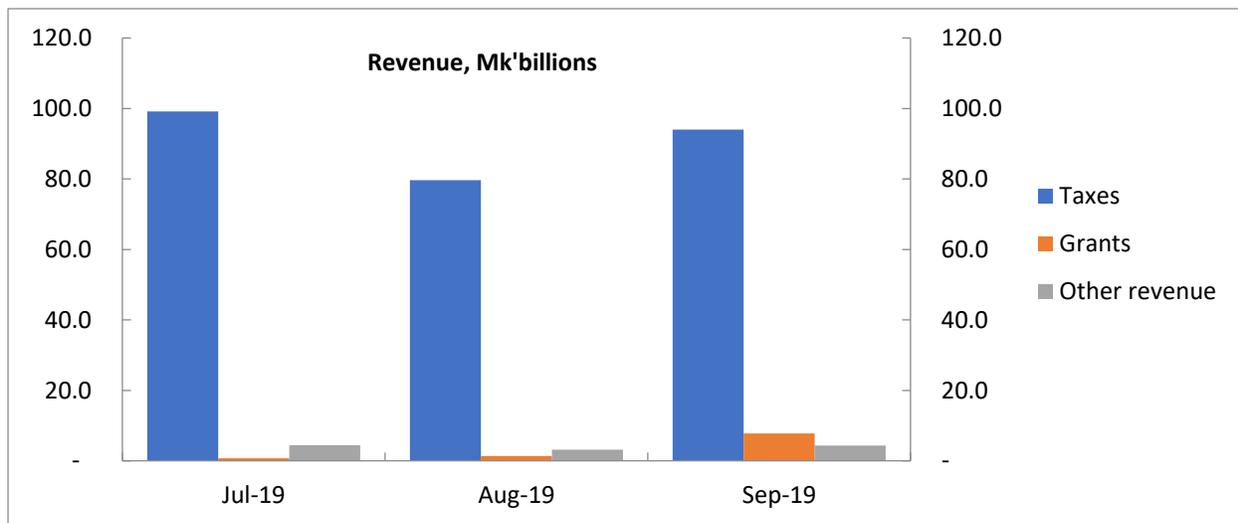


2019-2020 FY PERFORMANCE REPORT-QUARTER ONE

Revenue

Revenue for July to September 2019 amounted to 294.6 billion, thus an underperformance by K50.8 billion when compared against the target of K345.5 billion in the approved budget. This underperformance is on account of developments in both taxes and grants. Taxes totaled to K272.9 billion comprising K117.1 billion taxes on income profits and capital gains, K132.7 billion taxes on goods and services, and K23.0 billion taxes on international trade and transactions, and K156.5 million other taxes. Taxes were below quarter 1 target of K298.7 billion by K25.8 billion and this underperformance was recorded in all tax categories as a result of slow economic activities on account of post-election uncertainties. Figure one below shows that revenue performed better in July than in subsequent months.

Figure 1: Revenue performance



A total of K9.9 billion was disbursed in grants during the first quarter. However, this was lower by K28.1 billion against the K38.0 billion expected disbursements for the period. Other revenue totaled to K11.8 billion, surpassing the target of K8.8 billion. The performance of other revenue is attributed to remittances of dividends, most of which were expected in 2018-19 fiscal year.

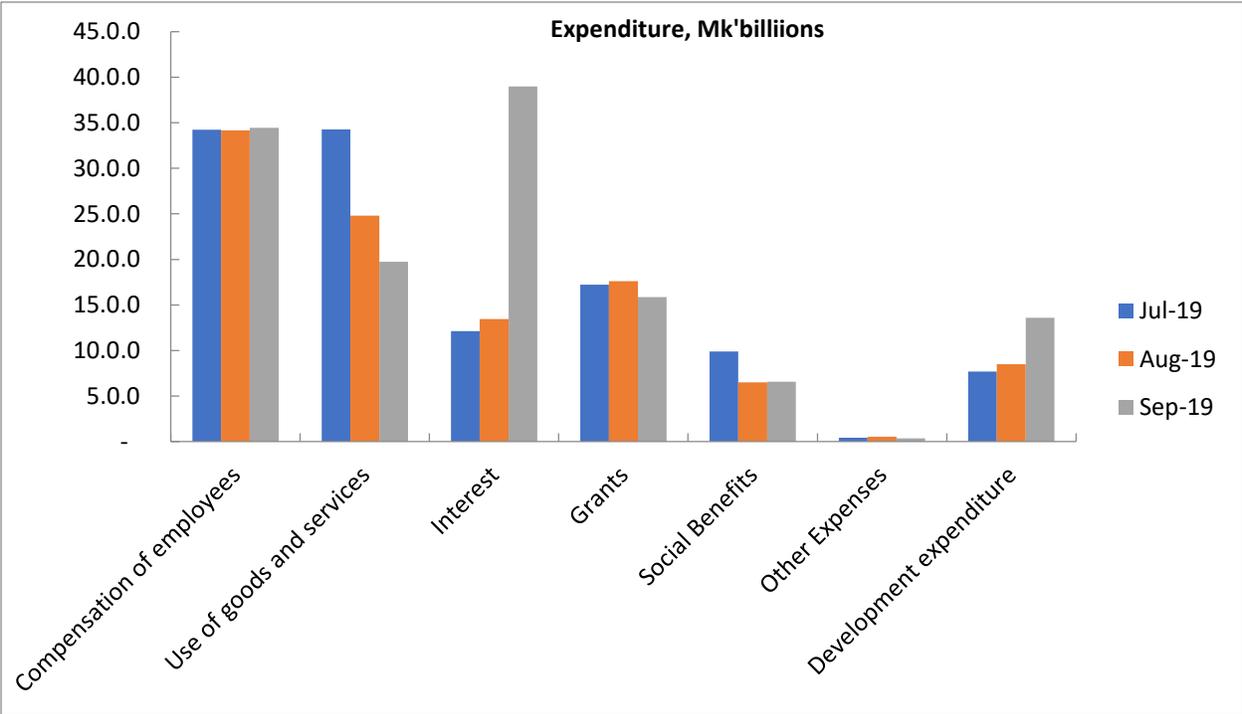
Expenditure

Expenditure amounted to K351.0 billion comprising K321.2 billion expenses and K29.8 billion development expenditure. Expenses underperformed the target of K301.5 billion by K19.7 billion.

Across the categories of expenses, compensation of employees amounted to K102.8 billion performing within the target of K104.2 billion; use of goods and services totaled to K78.8 billion, thus spending beyond the target of K66.1 billion; interest totaled to K64.6 billion which was beyond the target of K60.6 billion; grants amounted to K50.7 billion spending beyond the target of K46.5 billion; social benefits amounted to K23.0 billion spending beyond the target of K22.7 billion; and other expenses amounted to K1.3 billion spending within the target of K1.3 billion. Of the K29.8 billion spent on development, K16.3 billion was financed domestically while K13.5 billion was financed using foreign inflows. The development budget underperformed by K54.9 billion against the target of K84.7 billion mainly on account of slow disbursements of project related inflows due to slow progress in project implementation.

Figure two below shows the expenditure performance of major items during the quarter under review. The overall performance in revenue and expenditure translated to a net borrowing of K56.4 billion during the quarter.

Figure 2: Expenditure performance



Statement of Government Operations						
	Jul-19	Aug-19	Sep-19	Q1 Actual	Q1 Projection	Q1 Variance
REVENUE	104,313.77	84,206.37	84,125.60	272,645.74	345,459.63	(72,813.89)
Taxes	99,203.55	79,672.69	79,809.17	258,685.41	298,698.37	(40,012.96)
Taxes on income profits and capital gains	44,856.48	37,480.13	34,792.28	117,128.89	133,022.56	(15,893.67)
Taxes on goods and services	45,815.06	34,659.86	37,939.79	118,414.71	134,409.81	(15,995.10)
Taxes on international trade and transaction	8,496.28	7,486.59	7,002.42	22,985.28	30,507.13	(7,521.85)
Other taxes	35.73	46.12	74.69	156.53	758.87	(602.34)
Social Contribution	-	-	-	-	-	-
Grants	730.26	1,397.46	-	2,127.71	37,959.56	(35,831.84)
Other Revenue	4,379.97	3,136.22	4,316.43	11,832.62	8,801.70	3,030.91
Property income	1,787.36	186.59	1,973.95	3,947.89	158.10	3,789.79
Parastatal dividends	1,787.36	186.59	1,973.95	3,947.89	158.10	3,789.79
sales of goods and services	2,345.35	2,790.19	1,926.58	7,062.12	8,125.11	(1,062.99)
Departmental receipts	2,345.35	2,790.19	1,909.25	7,044.79	8,125.11	(1,080.32)
EXPENSE	108,178.88	97,092.40	114,791.21	320,062.49	301,519.71	18,542.78
Compensation of employees	34,219.64	34,177.37	34,448.09	102,845.10	104,199.56	(1,354.46)
Use of goods and services	34,249.44	24,797.70	19,730.88	78,778.03	66,127.95	12,650.08
Consumption of fixed capital	-	-	-	-	-	-
Interest	12,137.48	13,472.79	38,969.85	64,580.12	60,637.00	3,943.12
Subsidies	-	-	-	-	-	-
Grants	17,239.07	17,619.83	14,684.63	49,543.53	46,545.75	2,997.78
Social Benefits	9,900.76	6,492.21	6,592.76	22,985.72	22,709.45	276.27
Other Expenses	432.50	532.50	365.00	1,330.00	1,300.00	30.00
NET OPERATING BALANCE	(3,865.11)	(12,886.03)	(30,665.61)	(47,416.75)	43,939.92	(91,356.67)
Acquisition of Non-Financial Assets	7,695.21	8,508.59	5,777.14	21,980.94	84,723.56	(62,742.62)
Foreign (Part I)	2,259.94	3,390.21	-	5,650.16	71,185.56	(65,535.40)
Domestic (Part II)	5,435.27	5,118.37	5,777.14	16,330.78	13,538.00	2,792.78
EXPENDITURE	115,874.10	105,600.99	120,568.35	342,043.43	386,243.27	(44,199.84)
NET LENDING/BORROWING	(11,560.33)	(21,394.62)	(36,442.75)	(69,397.69)	(40,783.64)	(28,614.05)
DOMESTIC PRIMARY BALANCE	2,106.84	(5,929.07)	2,527.11	(1,295.13)	53,079.36	(54,374.49)
DPB (Plus Discrepancy)	16,704.86	(8,531.52)	(971.87)	7,201.48	53,309.36	(46,107.88)
NET FINANCING (Repayment if negative)	(3,037.70)	23,997.07	39,941.72	60,901.09	40,553.64	20,347.45
Net Acquisition of Financial Assets	15,159.52	(65,587.63)	(18,590.24)	(69,018.35)	-	(69,018.35)
Currency and deposits	15,159.52	(65,587.63)	(18,590.24)	(69,018.35)	-	(69,018.35)
Net Incurrence of Liabilities	12,121.82	(41,590.56)	21,351.48	(8,117.26)	40,553.64	(48,670.90)
Foreign Creditors (net)	312.86	1,377.09	(7,255.06)	(5,565.11)	21,426.00	(26,991.11)
Domestic Creditors (net)	11,808.96	(42,967.65)	28,606.54	(2,552.15)	19,127.64	(21,679.80)
Statistical adjustment (underfinancing if positive)	14,598.03	(2,802.45)	(3,498.97)	8,496.61	230.00	8,266.61