THE NATIONAL TREASURY AND PLANNING

ANNUAL PUBLIC DEBT REPORT
2020/2021

SEPTEMBER 2021

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

FOREWORD

The *Annual Public Debt Report* is prepared in compliance with the Constitution of Kenya and the Public Finance Management Act (PFMA), 2012 that obligates reporting on public debt. *The 2020/21 Annual Public Debt Report* provides a broad analysis of the developments in public debt and borrowing during the fiscal year 2020/2021. The report covers the legal framework on public debt, public debt market reforms, the level of public debt, non-guaranteed debt, on-lent loans, status of implementation of the Medium-Term Debt Management Strategy (MTDS) 2020 and evaluates the outcome of the recent Debt Sustainability Analysis (DSA). The report highlights the changing structure of public debt portfolio and debt service during the period.

Total public and publicly guaranteed debt increased from Kshs 6.7 trillion in June 2020 to Kshs 7.7 trillion in June 2021 equivalent to 68.1 percent of GDP. As at June 2021, the debt comprised 52.0 percent external and 48.0 percent domestic debt. External debt is largely owed to multilateral creditors on concessional terms. The average maturity period, grace period and average interest rate on new external loan commitments were 23 years, 7 years and 2.1, percent respectively. The COVID-19 pandemic and containment measures worsened the fiscal position and heightened the need for borrowing to save lives and livelihood thus raising public debt levels. However public debt remains within sustainable levels and the debt burden is expected to decline over the medium term. The Government is implementing a tight fiscal consolidation policy to lower the rate of debt accumulation and overall debt to GDP ratio.

The National Treasury is working closely with the Central Bank of Kenya (CBK), Kenya Bankers' Association (KBA) and the Capital Markets Authority (CMA) among other stakeholders in improving operational efficiency within the domestic debt market. Specifically, the National Treasury and Planning is spearheading the implementation of Over-The-Counter (OTC) platforms and the establishing a new Central Securities Depositories (CSD) in collaboration with the Central Bank of Kenya. The CSD is set to improve liquidity in the debt market. Additionally, an Investor Relations Unit (IRU) has been established within the Public Debt Management Office (PDMO) to dissemination of transparent, accurate and timely information on public debt and borrowing (including grants) to development partners, investors and general public. The PDMO has further advanced other reforms in the financial markets that are being implemented in collaboration with other key stakeholders.

The Government has demonstrated its commitment to providing accurate and timely debt information to the public and as such the contents of this report will provide insights into the size, structure and dynamics of public debt management in Kenya.

HON. (AMB.) UKUR K. YATANI, EGH
CABINET SECRETARY/NATIONAL TREASURY AND PLANNING

ACKNOWLEDGEMENT

The *2021 Annual Public Debt Report* prepared by the National Treasury and Planning presents major developments in Kenya's public debt for the FY 2020/21.

Prudent public debt management is critical for all sovereigns especially those classified as developing countries. The National Treasury has been implementing comprehensive public debt reform agenda to strengthen public debt management. The debt management reforms supported by both multilateral and bilateral agencies involve streamlining public debt management processes and building capacity to perform functions in line with international best practice. Progressively, the reforms are bearing fruit and the Government is committed towards achievement of desired outcomes.

This report seeks to promote fiscal transparency, minimize information asymmetries on public debt and strengthens good governance by allowing more detailed scrutiny of debt management by oversight bodies, the general public and international community. In enhancing these best practices in public debt management, there is a better chance for improved investor confidence and sovereign credit rating.

The institutional capacity for public debt management has significantly increased but the challenge remains in attracting and retaining human resource in this highly specialized field. Sustained capacity building supported by robust IT Systems and underlying infrastructure in important in the current environment following the adverse effects of Covid - 19 pandemic on the country's fiscal position.

I wish to recognize the role played by the PDMO in coordinating the production of this report. This report and other publications on public debt are available on the National Treasury website: www.treasury.go.ke.

JULIUS MUIA, PhD, CBS
PRINCIPAL SECRETARY / NATIONAL TREASURY

ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
A-I-A	Appropriation in Aid
ATM	Average Time to Maturity
BPS	Budget Policy Statement
CBK	Central Bank of Kenya
CBR	Central Bank Rates
CI	Composite Index
CMA	Capital Markets Authority
COB	Controller of Budget
COVID-19	Coronavirus Disease 2019
CRA	Commission on Revenue Allocation
CSD	Central Securities Depositories
CUB	Committed Undisbursed Balance
DPO	Development Policy Operations
DPS&RM	Debt Policy, Strategy and Risk Management Department
DSA	Debt Sustainability Analysis
EAPC	East African Portland Cement
EAPCC	East African Portland Cement
EBR	Economic Budget Review
ECF	Extended Credit Facility
EFF	Extended Fund Facility
FCCL	Fiscal Commitments and Contingent Liabilities
FY	Financial year
GBP	Sterling Pound
GDP	Gross Domestic Product
GoK	Government of Kenya
IBEC	Intergovernmental Budget and Economic Council
IDA	International Development Association
IFB	Infrastructure Bond
IMF	International Monetary Fund
IRU	Investor Relations Unit
ISB	International Sovereign Bond
JKUAT	Jomo Kenyatta University of Advanced Technology
KAA	Kenya Airports Authority
KBA	Kenya Bankers' Association
KBC	Kenya Broadcasting Corporation
KenGen	Kenya Electricity Generating Company
KMC	Kenya Meat Commission
KPC	Kenya Pipeline Company
KPLC	Kenya Power and Lighting Company
KU	Kenyatta University
MCDAs	Ministries, Counties, Departments and Government Agencies
MSMEs	Micro, Small and Medium Enterprises
MTDS	Medium Term Debt Management Strategy

NBFI	Non-Bank Financial Institution
NSE	Nairobi Securities Exchange
NSSF	National Social Security Fund
OAG	Office of the Auditor General
OTC	Over-The-Counter
PCK	Postal Corporation of Kenya
PDMO	Public Debt Management Office
PFF	Project Facilitation Fund
PFMA	Public Finance Management Act
PPA	Power Purchase Agreements
PPG	Public and Publicly Guaranteed
PPP	Public Private Partnership
PPPs	Public-Private Partnerships
PRG	Partial Risk Guarantees
PV	Present Value
Q4	Quarter four
QEBR	Quarterly Economic Budget Review
SBLC	Stand By letter of Credit
SGR	Standard Gauge Railway
SLB	Securities Lending and Borrowing
SOEs	State Owned Enterprises
T-Bills	Treasury Bills
TDS	Total Debt Service
TEDS	Total External Debt Service
TMD	Treasury Mobile Direct
UON	University of Nairobi
USD	United States Dollar

EXECUTIVE SUMMARY

The outstanding public and publicly guaranteed debt has grown steadily over the years. As at end June 2021, the public debt stood at Kshs 7,696,635 million rising from Kshs 6,693,338 million in June 2020. The debt to GDP ratio increased from 65.8 percent in June 2020 to 68.1 percent in June 2021. External debt to GDP ratio rose from 34.4 percent in June 2020 to 35.4 percent in June 2021, while domestic debt as a percentage of GDP was at 32.7 percent in June 2021 rising from 31.2 percent in June 2020. The ratio of debt service to revenue increased from 41.4 percent in June 2020 to 50.0 percent in June 2021. Treasury bills and Treasury bonds are the main instruments for contracting domestic debt. Treasury bonds accounted for 77.1 percent of total domestic debt while Treasury bills share was 20.7 percent. Commercial banks were the main holders of domestic debt at 49.1 percent while non-bank financial institutions held 47.7 percent. Reforms in domestic debt market have improved market liquidity and broadened investor base. Secondary market trading for Government securities rose from Kshs. 513,300 million in June 2020 to Kshs. 637,000 million in June 2021.

The PDMO has implemented measures diversifying foreign currency mix to minimize the exchange rate risks exposure in the external debt portfolio. The proportion of external debt held in US Dollar declined from 67.3 percent in June 2020 to 66.0 percent in June 2021. The share of external debt in Euro rose to 19.4 percent as at end June 2021 from 18.0 percent in June 2020. As at end June 2021, 6.3 percent of external debt was denominated in Japanese Yen, 5.6 percent in Yuan, 2.5 percent in Sterling Pounds while other currencies accounted for 0.2 percent.

The stock of on-lent loans by the Government to State owned enterprises (SOE)increased from Kshs 867,005 million in June 2020 to Kshs 921,930 million as at end June 2021. Public non-guaranteed debt contracted by SOEs was Kshs. 104,843 million as at end December 2020. This comprised loans obtained by SOEs from local banks and external creditors.

The PDMO is mandated under the *PPP Act 2013* to assess the fiscal risks and contingent liabilities associated with PPP projects. The Government has not issued any direct loan guarantees on PPP projects but provided an indemnity to backstop Partial Risk Guarantees (PRGs). As at end June 2021, the total PRGs covered by indemnity agreements were Kshs 19,602 million. The Government is committed to promoting the PPP mode of financing to bridge the funding gap for capital projects.

The recently conducted Debt Sustainability Analysis (DSA) revised the debt carrying capacity from strong to medium signifying that the country's debt remains sustainable but with heightened risk of debt distress. The Government commitment to fiscal consolidation, implementation of public debt reforms and promotion of local exports will improve debt indicators sustainably.

The *2020 MTDS* set out to reduce refinancing risk by lengthening the maturity profile of debt and increasing the uptake of concessional external loans. The debt strategy sets the optimal financing ratio for net external financing at 60 percent and net domestic borrowing to 40 percent. Government domestic borrowing will constitute more Treasury bonds than bills to lower risk and costs. The successful implementation of the debt management strategy resulted in net domestic financing of 65.8 percent of total net financing while net external borrowing was 34.2 percent as at end June, 2021. The ratio of Treasury bills to bonds was 21:79. Net borrowing to finance the fiscal deficit was Kshs 879,599 million comprising Kshs 323,310 million external borrowing and Kshs 556,289 million domestic borrowing.

The PDMO is mandated under the PFM Act, 2012 to prepare and submit the Annual Public Debt Management Report to the Cabinet Secretary National Treasury. The office is organised in three key distinct but interdependent departments in accordance with the international best practice. The Government has been implementing reforms towards strengthening the institutional arrangements for public debt by aligning functions to the relevant departments, promoting development of domestic debt market and has established Investor Relations Unit to manage and coordinate investor relations. The Unit will promote debt market transparency, increase investor base and maintain prudent risk level of debt.

CHAPTER ONE

LEGAL AND INSTITUTIONAL SET UP FOR PUBLIC DEBT MANAGEMENT

1.1 Legal Framework

The legal framework for the management of public debt is the Constitution of Kenya 2010, the Public Finance Management Act (PFMA), 2012 and the PFMA Regulations, 2015. Section 214 (2) of the Constitution defines public debt as all financial obligations attendant to loans raised or guaranteed and securities issued or guaranteed by the national government. Section 201 of the Constitution stipulates principles that guide all aspects of public finance management. The principles which apply to public borrowing and debt management are as follows:

a) Openness and accountability in borrowing and management of public debt;
b) Promotion of an equitable society;
c) Equitable sharing of the burdens and benefits of the use of resources and public borrowing between present and future generations;
d) Prudent and responsible use of public money; and
e) Responsible borrowing and management of public debt and accurate fiscal reporting.

The PFMA 2012 mandates the Cabinet Secretary responsible for finance on behalf of the national government to borrow or raise money from any reputable source for purposes of economic management and development of the country. The Act also mandates the Cabinet Secretary to guarantee loans of government entities and private institutions with approval of Parliament.

The legal provision in Section 62 of the PFMA 2012 establishes the PDMO within the National Treasury with the following objectives.

a) Minimise the cost of public debt management and borrowing over the long-term taking account of risk;

b) Promote the development of the market institutions for Government debt securities; and,

c) Ensure the sharing of the benefits and costs of public debt between the current and future generations.

The PFMA 2015 regulations require that PDMO prepares the Annual Debt Management Report which shall include outstanding guarantees, outstanding lending and government On-lending by Government. Other important reports prepared by PDMO include:

a) annual Medium Term Debt Management Strategy
b) Debt Statistical Bulletins;
c) Public Debt Register

Public debt management is guided by the Public Debt and Borrowing Policy of 2020 which is anchored in the Constitution of Kenya and PFMA 2012 and the underlying regulations. It provides for a strong accountability framework in borrowing and management of the public debt portfolio. The policy also seeks to promote the development of the domestic market for Government debt securities.

1.2 Institutional Framework of Public Debt Management

The institutional set up for managing public debt and borrowing includes the Parliament, the Cabinet, the Cabinet Secretary responsible for Finance and the PDMO. Parliament stands at the apex of governance structure for public debt management. The role of Parliament includes among others: enacting laws governing public debt management; approving Annual Budget Estimates, Budget Policy Statement (BPS) and MTDS; setting the public debt ceiling; annual government borrowing limit; setting borrowing thresholds of both levels of government; approving Government guarantees and providing oversight on public debt management.

The Cabinet considers and approves various policy documents which include the public debt and borrowing policy, the Annual Budget Estimates, BPS, MTDS and new projects in accordance with the relevant laws and guidelines.

The Cabinet Secretary is mandated to borrow and issue sovereign guarantees on behalf of the Government. The responsibilities of the cabinet secretary are clearly defined in Section 46 of the PFMA, 2012.

Section 62 of the *PFMA, 2012* establishes PDMO whilst Section 64 provides the operational independence in the management of public debt and day-to-day operations of the Office.

1.3 Organizational Structure of Public Debt Management Office

PDMO is one of the Directorates of the National Treasury, headed by a Director General who reports to the Principal Secretary. It is organized in three (3) technical inter-dependent departments namely the Resource Mobilization Department, Debt Policy, Strategy and Risk Management Department, and Debt Recording and Settlement Department.

The ***Resource Mobilization Department*** is mandated to mobilize external and domestic resources to bridge the budget deficit, prepare and implement the National Government borrowing plan, undertake coordination and investor relations activities, process government guarantees and ensure effective disbursement of borrowed funds.

The ***Debt Policy, Strategy and Risk Management Department*** undertakes portfolio analysis, formulating the MTDS, producing several debt reports to comply with the statutory requirements, handle fiscal commitments related to Public Private Partnerships (PPPs), contingent liability management and coordinate domestic debt market development.

The ***Debt Recording and Settlement Department*** maintains a reliable debt database, process and settles debt service, reconciles debt records, prepares financial statements on public debt, maintains and report public debt register including certification of the level of the country's indebtedness.

1.4 Relationship of PDMO with other Agencies

PDMO interacts with other agencies in conducting its day-to-day operations. The key agencies include; Ministries, Counties, Departments and Government Agencies (MCDAs), lenders, development partners, investors and rating agencies.

PDMO monitors County Government debt operations, process guarantee requests and assists County Governments on debt management and borrowing. The CBK acts as the Fiscal Agent to the National Treasury, as well as the registrar of government domestic debt securities.

The Office of the Attorney General provides legal clearances and opinions on financial contracts, framework agreements and Memoranda of Understanding (MOUs) as required by the relevant laws. MCDAs participate in the loan negotiation process for financing projects under their mandate and ensure compliance with all relevant laws governing optimal utilization of proceeds from loans and grants. PDMO assess and advises on fiscal risks and contingent liabilities associated with PPP projects.

Furthermore, PDMO collaborates with the Capital Market Authority (CMA) in developing a robust and vibrant domestic debt market for Government securities. PDMO submits the MTDS to the Commission on Revenue Allocation (CRA) and the Intergovernmental Budget and Economic Council (IBEC) as required under the relevant laws.

The Office of the Auditor General (OAG) audits all public debt management operations in accordance with the law. The Controller of Budget (COB) authorizes the withdrawal of funds for debt management operations.

1.5 Reforms to Strengthen the PDMO

Section 64(1) (c) of the PFMA,2012 states that the Cabinet Secretary shall ensure that the Public Debt Management Office has the resources and skills to manage the debt and borrowing according to international best practice.

The Government has been implementing deep institutional reforms aimed at improving legal and institutional structures, internal processes and tools to manage public debt portfolio.

The reforms are supported by both multi-lateral and bilateral development partners through technical assistance to strengthen capacity in public debt management and enhance debt transparency and accountability.

CHAPTER TWO

DEBT MARKET REFORMS

2.1 Introduction

The National Treasury continues to spearhead the implementation of reforms to improve management of Government domestic and external debt. The aim is to ensure debt is contracted at the *least possible cost consistent with a prudent degree of risk while at the same time promoting development of the debt market.* The reforms identified for implementation have been through collaborative partnerships among various stakeholders including regulators, investors and other market players to support market development.

2.2 Domestic debt market reforms

The Government has identified a number of strategic reforms aimed at increasing efficiency of the domestic debt market. The reforms at various stages of implementation include.

2.2.1 Enhancement of market infrastructure

The purpose of this reform agenda is to automate processes at both primary and secondary markets, including deployment of a new Central Securities Depository (CSD) system by the CBK. This will reduce primary market auction cycle, create an efficient payment and settlement system and provide convenient access to government debt securities by both institutional and retail investors.

The National Treasury in collaboration with the CBK has implemented the Treasury Mobile Direct (TMD) and the M-Akiba bond programs. The roll out of TMD enables retail investors to bid in an automated platform for ease of accessing government securities. The National Treasury and the CBK is developing new auction rules for Government debt instruments consistent with best practices to guide the primary market operations.

Plans are underway to automate the auction process for institutional investors through the Bloomberg terminals and transfer of funds through internet banking. These initiatives will lead to eventual separation of the retail and institutional investors market. Subsequently, institutional investors will support the development of a strong base for primary dealership to improve efficiency in the issuance of Government debt securities.

2.2.2 Enhancement of the market structure

To increase liquidity, price discovery and transparency, the Over-The-Counter (OTC) trading platform is being established to complement the exchange trading platform at the Nairobi Securities Exchange (NSE).

Currently, only Treasury bills are trading OTC in T24 platform at CBK. However, a two-way quote system is envisaged in the debt reform program

2.2.3 Product enhancement

The objective is to increase liquidity and promote use of Government debt securities in the money market. This will be achieved through restructuring the interbank repo to provide for transfer of ownership of securities provided as collateral and introduction of Securities Lending and Borrowing (SLB). Additionally, the CMA in collaboration with the National Treasury amended laws and regulations to allow short selling and revised the Master Repurchase Agreement to allow transfer of ownership of encumbered security.

The issuance of fewer but large size benchmark bonds at the primary market will continue to foster market liquidity and the development of the benchmark yield curve. The Government has continued to implement the benchmark bond program to ensure concentration of liquidity around benchmark bonds and improve the management of debt portfolio. The benchmark bond program is ongoing and has been a success.

2.3 Cross-cutting reforms in the management of external and domestic debt

2.3.1 Government Sinking Fund

Regulation 206 (1) of the Public Finance Management Regulations, 2015, establishes the *Government Sinking Fund* to be used for redemption of loans and Government debt securities. The National Treasury has developed draft guidelines for the operationalization of the Sinking Fund. The Fund will be established once the ongoing public review process is completed and guidelines considered and approved by Parliament.

2.3.2 Investor Relations Unit (IRU)

In September 2020, an *Investor Relations Unit (IRU)* was established at PDMO and is responsible for both Investor Relations and Donor Co-ordination. The IRU is committed to providing information on borrowing and public debt under the four (4) key principles of Sovereign Investor Relations namely:

1. *Transparency* - the publication of all information, data and decision in suitable format
2. *Accessibility* - the availability of Government and its officers to explain information, data and decision.
3. *Predictability* - publishing information on a timely basis
4. *Accuracy* - producing data and information that is as accurate and comprehensive as possible.

The IRU intends to improve communication with investors through dissemination of information. The IRU website (*iru@treasury.go.ke*) provides investors with a single-entry point to a wide range of information disseminated by the government.

CHAPTER THREE

RISK MANAGEMENT FOR PUBLIC DEBT MANAGEMENT

3.1 Risk management framework

The National Treasury is developing a risk management framework that sets out how risks associated with debt are identified, quantified and mitigated. The risks associated with debt include; operational risk, market risk, default risk and liquidity risk. The objective is to maximize upside potential and minimize the consequences of negative events to ensure debt sustainability is not impaired. The framework shall provide guidelines on the acceptable risk tolerance levels.

3.2 Debt Management Risk Register

The PDMO will maintain a debt management risk register which shall be updated frequently with each department assuming the ultimate responsibility and implementation of the proposed actions to minimize adverse effects. The risk management framework will set parameters and thresholds for risk measurement, descriptions / classification and timelines for remedial actions.

PDMO will improve the existing business continuity plans and support internal and external audit functions perform oversight roles on borrowing and debt management to enhance accountability and transparency.

3.3 Fiscal Risk Reporting

The PDMO will provide periodic input to the comprehensive fiscal risk reporting of the National Treasury. Specifically, the scope and coverage shall include sensitivity of the stock of public debt and debt-servicing costs to variations in key parameters (e.g., interest rates and exchange rates); discussion of medium-term debt management strategies; and summary results of debt-sustainability analysis. In addition, in the fiscal risk reporting, the PDMO will state the policy purpose of Government guarantees issued and any guarantee programs under implementation; intended beneficiaries; total guaranteed amounts (gross exposure); the likelihood that guarantees will be called (where appropriate and feasible) and the associated costs; the history of guarantee calls (i.e., amount of government payments on servicing guaranteed loans); information on any recoveries; guarantee fees; and budget provisions.

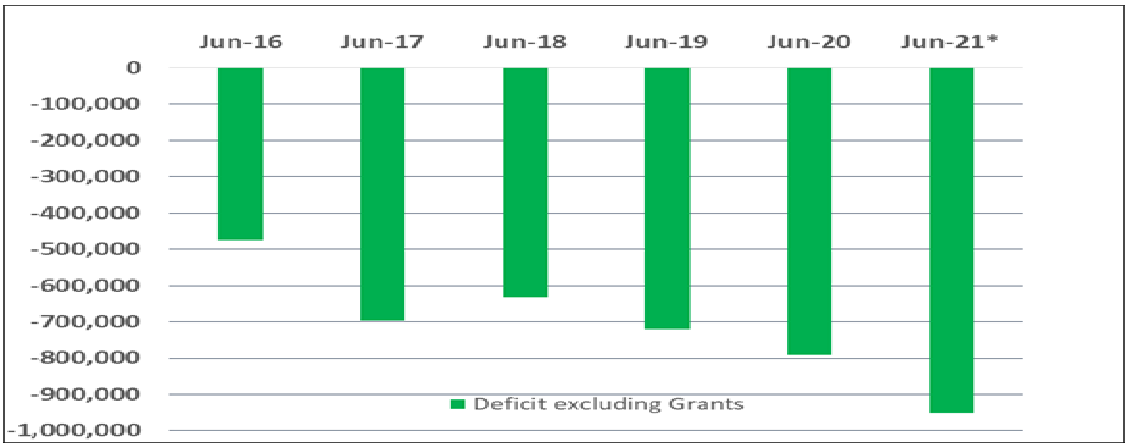
CHAPTER FOUR

FISCAL DEFICITS AND PUBLIC DEBT

4.1 Fiscal Balance

The actual fiscal balance for the FY 2020/21 amounted to Kshs 950,235 million equivalent to 8.5 percent of GDP up from Kshs 790,804 million (7.8 percent of GDP) in FY 2019/20. This was below the target deficit of 8.7 percent of GDP (Table 4.1-1).

Figure 4.1-1: Fiscal Deficit since 2016 (Kshs million)



**Provisional*

Source: National Treasury, QEBR Q4, 2021

Table 4.1-1: Financing Fiscal Deficit (Kshs million)

Financing item	2018/19		2019/20		2020/21*	
	Amount	As % of GDP	Amount	As % of GDP	Amount	As % of GDP
Net Foreign Financing	414,518	4.4	340,431	3.3	323,310	2.9
Net Domestic financing	306,536	3.2	450,373	4.4	626,926	5.6
Total	**721,054**	**7.6**	**790,804**	**7.8**	**950,235**	**8.5**

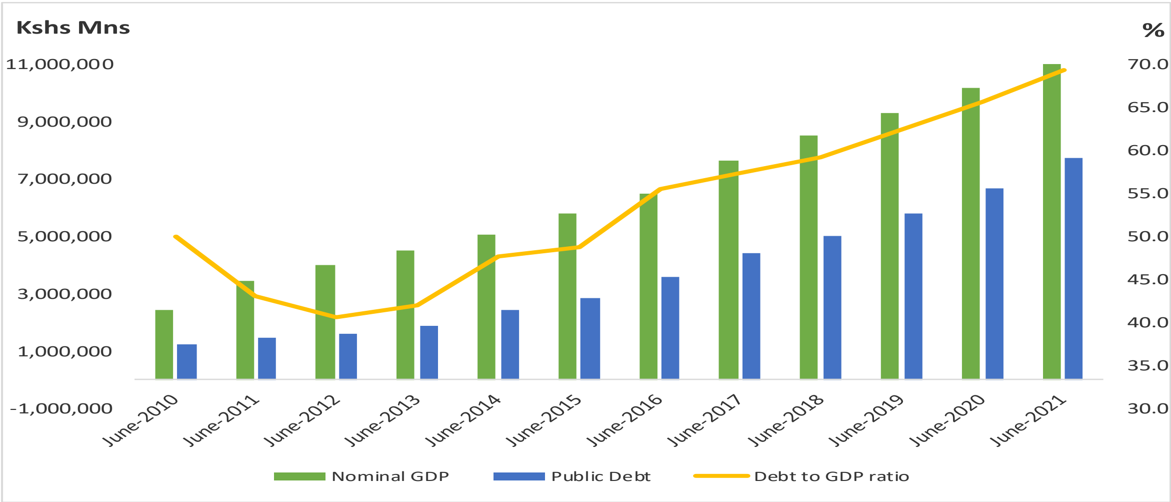
** Provisional*

Source: National Treasury, QEBR Q4, 2021

4.2 Growth in Public Debt

The stock of public debt has risen reflecting expansion of fiscal deficit. Nominal debt to GDP ratio declined from 50 percent in June 2010 to 41 percent in June 2012 (Figure 4.2.1) but steadily rose to the current level of 68.1 percent.

Figure 4.2.1 Evolution of public debt and debt to GDP ratio

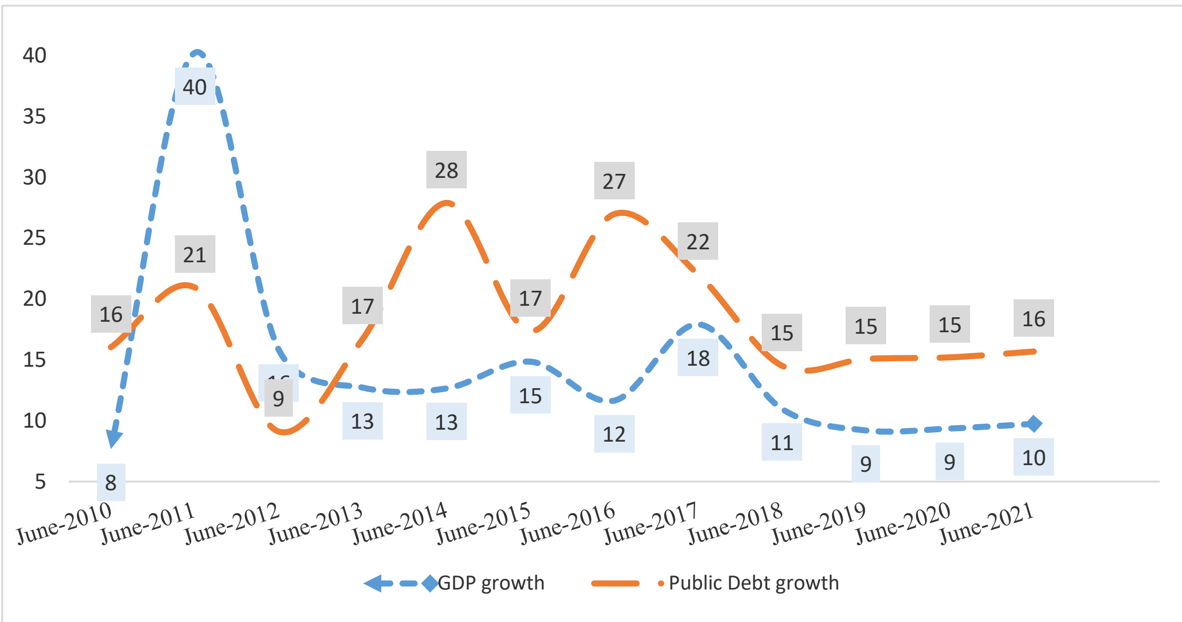


***Source**: National Treasury*

4.3 Growth of Public Debt vis a vis Nominal GDP (2012-2021)

Since June 2013, growth in public debt has been consistently higher than growth of GDP in nominal terms. High growth in public debt accumulation is observed in the fiscal years ending June 2014 and June 2016 before declining to average 15 percent between June 2018 and June 2021. During the same period, nominal GDP grew on average rate of 9.8 percent per annum (figure 4.3-1).

Figure 4.3.1 GDP and Public Debt Growth (%)

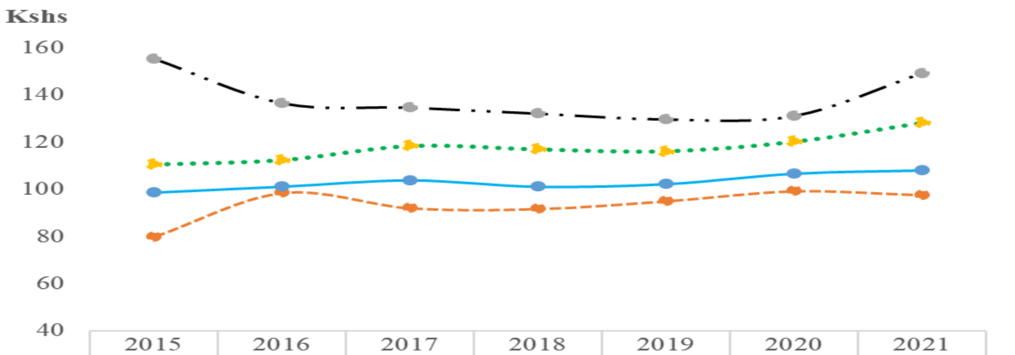


***Source**: National Treasury*

4.4 Exchange rate movement and implications on public debt

After a period of relative stability, the Kenya shilling exchange rate depreciated against other key foreign currencies on account of the negative economic impact of the global COVID-19 pandemic (see figure 4.4-1). The Kenya shilling to the US Dollar exchanged at Kshs 107.85 in June 2021 compared to Kshs 106.52 in June 2020, and against the Sterling Pound and Euro at Ksh.131.17 and Ksh.120.14 in June 2020 compared to Ksh.149.20 and Ksh.128.23 in June 2021, respectively. The depreciation of the Kenya shilling contributed the increase in the nominal stock of external debt as expressed in Kenya shillings and to the overall stock of debt level. In addition, debt servicing cost of external debt increased on account of depreciation of the Kenya shilling.

Figure 4.4-1 Exchange rate of Kenya Shilling against selected foreign currencies



	2015	2016	2017	2018	2019	2020	2021
Yen (100)	79.8	98.4	91.9	91.6	94.92	99.14	97.46
GBP	155.1	136.44	134.6	132.1	129.64	131.17	149.2
Euro	110.4	112.3	118.31	116.86	116.07	120.14	128.23
USD	98.64	101.1	103.71	101.05	102.17	106.52	107.85

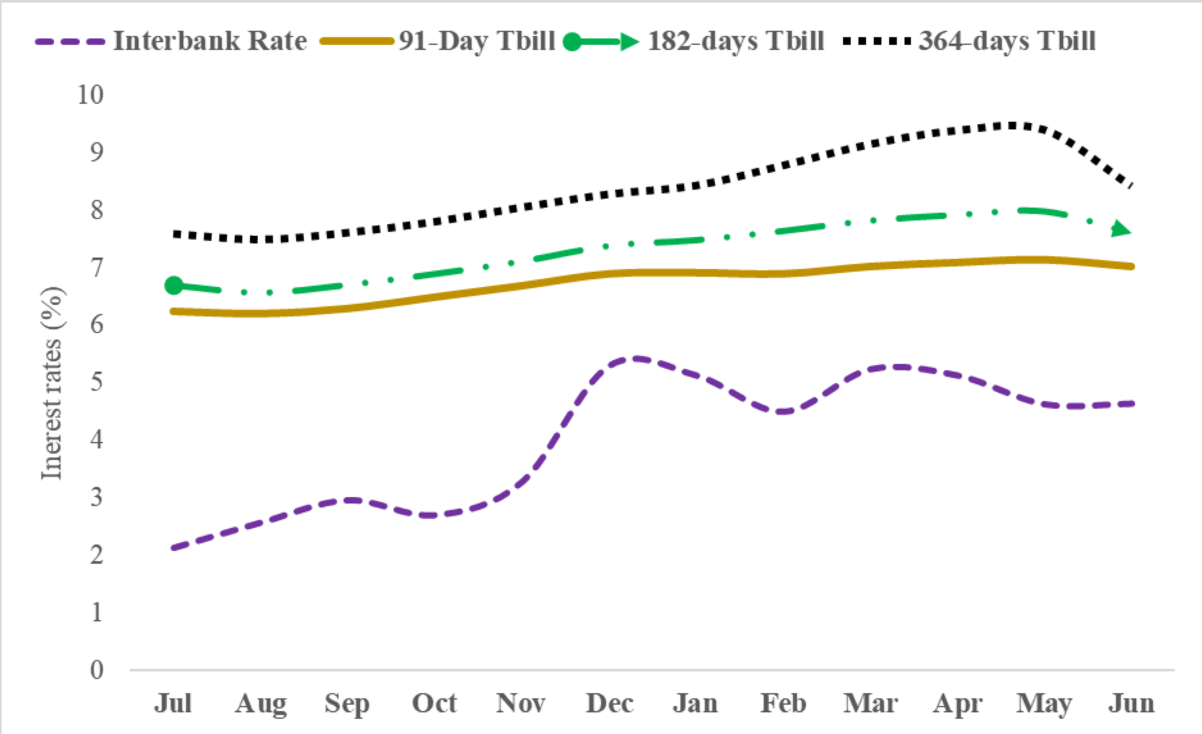
Source: *Central Bank of Kenya*

4.5 Domestic interest rates and public debt

The average interest rate for 91- day Treasury bills remained unchanged at 6.7 percent in the FY2019/20 and FY2020/21. There was a mixed outcome on the other two tenures of Treasury Bills (Figure 4.5-1) during the financial year ended June 2021. The 182-day Treasury bills rate declined to 7.3 percent from 7.4 percent while the 364-day Treasury bills increased to 8.4 percent from 8.2 percent over the same period. Overall, change interest rates on the short-term Government debt securities remained stable with marginal impact on domestic debt.

The interbank rate remained low but increased slightly to 4.6 percent in June 2021 from 3.3 percent in June 2020. The improved liquidity in the money market resulted in stable commercial bank rates. The average lending rate remained stable at 12.0 percent in June 2021 compared to 11.9 percent in June 2020 while the average deposit rates declined to 6.4 percent from 6.9 percent over the same period. The Central Bank rate (CBR) was retained at 7.0 percent throughout the year and signaled stable lending rates.

Figure 4.5-1: Short-term interest rates during the FY 2020/21



Source: *Central Bank of Kenya*

4.6 Total Public and Publicly Guaranteed Debt

During the financial year, the stock of public and publicly guaranteed debt increased by Kshs 1,003,297 million to stand at Kshs 7,696,635 million (or 68.1percent of GDP) against a debt ceiling set under the PFM Act of Kshs 9,000,000 million (Table 4.6-1). This is exclusive of Committed Undisbursed Balance (CUB) of Kshs 1,293,852 million. The PDMO actively implemented debt management strategies in accordance with the 2020 MTDS to reduce refinancing and settlement risks, and lower the overall cost of borrowing to support public debt sustainability over the medium term. The measures include re-profiling of domestic debt by borrowing more through Treasury bonds with long term maturities while issuing Treasury bills primarily for cash management.

Total external and domestic debt as a percentage of total debt was 52.0 percent and 48.0 percent as at June 2021 compared to 52.5 percent and 47.5 percent in June 2020 respectively (Table 4.6-1). The increase in public debt stock was mainly attributed to loan disbursements for budget support following the adverse effects of COVID-19 pandemic on revenue collection, financing of ongoing and new development programs and depreciation of the Kenya shilling.

Table 4.6-1: Trends in Kenya's Total Public Debt in (Kshs million)

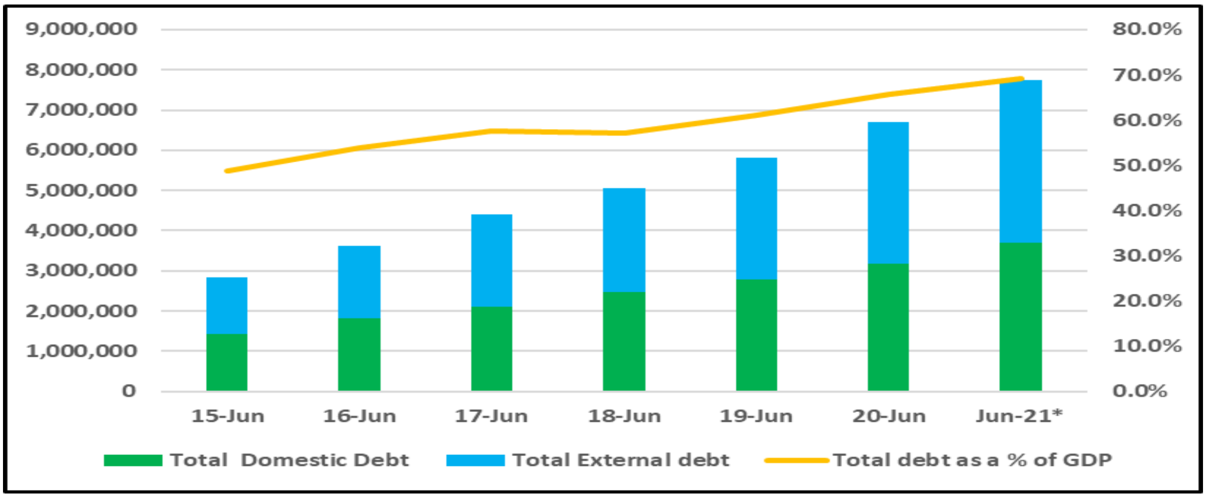
DEBT TYPE	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20	Jun-21*
DOMESTIC DEBT							
Central Bank	63,335	99,856	54,506	110,782	109,607	98,878	87,575
Commercial Banks	730,419	927,307	1,142,889	1,266,457	1,414,275	1,653,194	1,814,199
Sub-total: Banks	793,754	1,027,163	1,197,395	1,377,239	1,524,037	1,752,072	1,901,774
Non-Banks	626,690	787,970	915,315	1,101,596	1,261,899	1,425,454	1,795,319
Total Gross Domestic	**1,420,444**	**1,815,133**	**2,112,710**	**2,478,835**	**2,785,937**	**3,177,526**	**3,697,093**
As a % of GDP	24.4%	27.1%	27.5%	29.2%	29.7%	31.2%	32.7%
As a % of total debt	50.0%	50.3%	47.9%	49.1%	48.0%	47.5%	48.0%
EXTERNAL DEBT							
Bilateral	405,562	491,864	669,839.70	759,016.70	917,980.46	993,696	1,064,272
Multilateral	680,192	794,797.50	839,721.70	825,298.70	909,791.39	1,316,835	1,659,411
Commercial Banks	276,937	432,377	634,108.90	830,652.10	1,019,029.88	1,022,402	1,106,476
Suppliers Credits	16,628	16,628	15,303.10	16,725.20	16,931.81	17,631	12,162
Sub-Total	**1,379,319**	**1,735,667**	**2,158,973.4**	**2,431,692.7**	**2,863,733.54**	**3,350,564**	**3,842,322**
GUARANTEE DEBT							
Bilateral	39,495	56,487	52,728.80	56,371.20	78,078.78	80,562	76,257
Commercial	0	0	77,783.80	75,787.50	76,723.73	79,892	80,963
Sub-Total	**43,934**	**60,531**	**135,179.60**	**136,706**	**159,405.93**	**165,248**	**157,220**
Total External debt	**1,423,253**	**1,796,198**	**2,294,153**	**2,568,398.7**	**3,023,139.47**	**3,515,812**	**3,999,542**
As a % of GDP	24.4%	26.8%	29.9%	30.2%	32.3%	34.4%	35.4%
As a % of total debt	50.0%	49.7%	52.1%	50.9%	52.0%	52.5%	52.0%
GRAND TOTAL	**2,843,696**	**3,611,331**	**4,406,863**	**5,047,234**	**5,809,076**	**6,693,338**	**7,696,635**
Total debt as a % of GDP	48.8%	53.8%	57.4%	59.4%	62.0%	65.8%	68.1%
Memorandum item							
Nominal GDP at Market Price (in Kshs million)	5,831,528	6,709,671	7,677,228.9	8,500,582.1	9,367,317.4	10,175,225.8	11,304,100

**Provisional*

Source: *National Treasury and Central Bank of Kenya*

The rising share of external debt to the total debt (Figure 4.6-1) has stabilized. As at end June 2021 external debt to total public debt declined following deliberate efforts to slow the uptake of external borrowing to lower exchange rate risk in the portfolio and improve debt sustainability indicators over the medium term.

Figure 4.6-1: Public Debt Stock and Public Debt to GDP: June 2015-2021 (Ksh. Mn)



**Provisional*

Source: National Treasury and Central Bank of Kenya

4.7 Debt Service

The total public debt service increased from Kshs 651,473 million in the Fy 2019/20 to Kshs 780,628 million in the Fy 2020/21 (Table 4.7-1). Over the period, external debt service as a percent of total debt service declined to 30.1 percent from 34.3 percent, while domestic debt service rose from 65.7 percent to 69.9 percent. The fall in external debt service as percentage of total public debt service is partly attributed to debt service suspension under the G20-Debt Service Suspension Initiative.

Table 4.7-1: Total Public Debt Service (Kshs million)

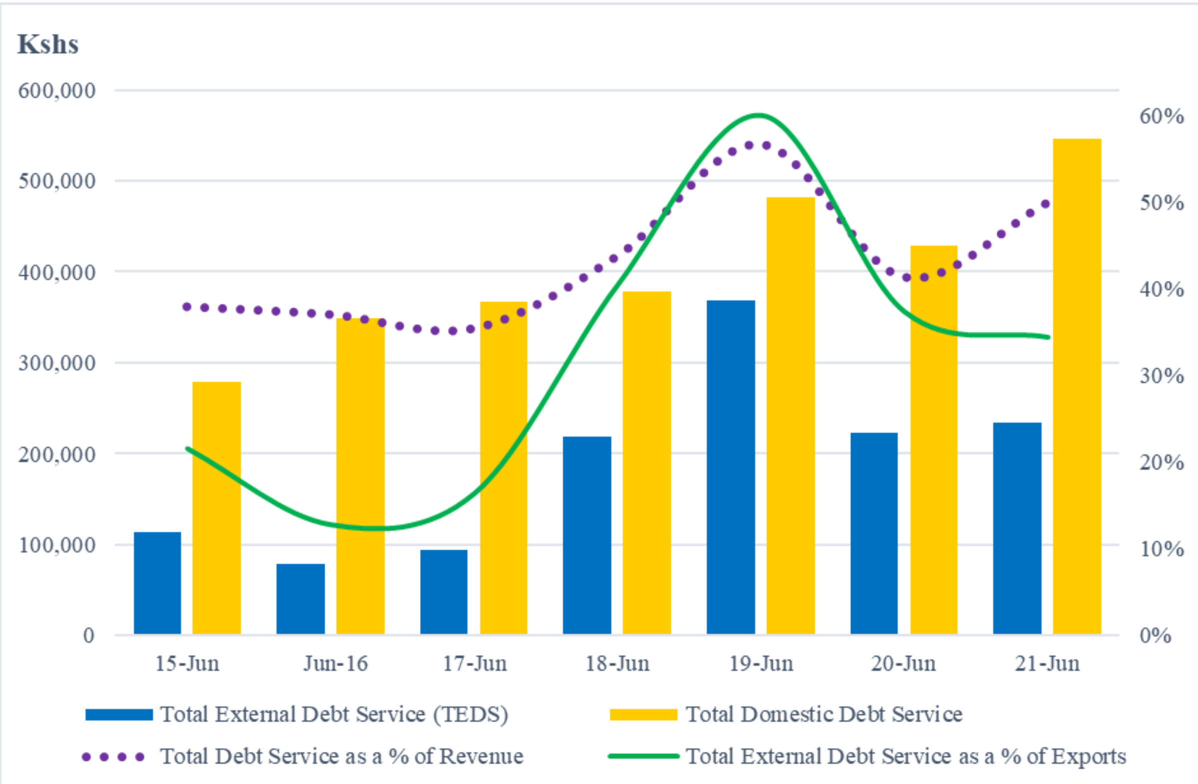
	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20	Jun-21*
External Principal	80,214	36,015	35,921	137,645	265,106	101,600	128,278
External Interest	33,330	42,568	58,259	81,574	103,372	121,840	106,312
Total External Debt Service (TEDS)	**113,544**	**78,583**	**94,180**	**219,220**	**368,478**	**223,440**	**234,590**
TEDS as a % of Total Debt Service (TDS)	*29.0%*	*18.4%*	*20.6%*	*36.9%*	*43.3%*	*34.3%*	*30.1%*
Domestic Interest	139,727	172,857	212,865	239,497	272,351	315,453	388,830

Treasury bond Redemption	138,891	176,153	154,722	138,373	209,242	112,580	157,208
Total Domestic Debt Service	**278,618**	**349,010**	**367,587**	**377,870**	**481,593**	**428,033**	**546,038**
Domestic Debt Service as a % of TDS	*71.0%*	*81.6%*	*79.4%*	*63.1%*	*56.7%*	*65.7%*	*69.9%*
Total Debt Service (TDS)	**392,162**	**427,593**	**463,210**	**598,508**	**850,071**	**651,473**	**780,628**
Ordinary Revenue	1,031,819	1,152,544	1,306,568	1,365,063	1,500,482	1,573,732	1,562,015
Export Earnings (goods only)	524,992	615,125	583,219	544,666	612,900	596,677	680,731
Total Debt Service as a % of Revenue	***38.0%***	***37.1%***	***35.5%***	***43.8%***	***56.7%***	***41.4%***	***50.0%***
Total External Debt Service as a % of Exports	***21.6%***	***12.8%***	***16.4%***	***40.5%***	***60.1%***	***37.4%***	***34.4%***

**Provisional*

Source: *National Treasury and Central Bank of Kenya*

Figure 4.7-1: Total Public Debt Service (Kshs million)



Source: *National Treasury and Central Bank of Kenya*

The total debt service as a percentage of ordinary revenue rose from 41.4 percent in FY 2019/20 to 50.0 percent in FY 2020/21 (Figure 4.8-1). The total external debt service as a percentage of exports decreased to 34.5 percent in FY 2020/21 against 37.4 percent in FY 2019/20.

In the Fy 2020/21, total domestic debt service amounted to Kshs 546,038 million compared to Kshs 234,590 million external debt service.

CHAPTER FIVE

DOMESTIC DEBT

5.5 Domestic Debt Stock

The stock of domestic debt stood at Kshs. 3,697,093 million as at June 2021 from Kshs. 3,177,526 million at end June 2020 (Table 5.1-1). The increase was attributed to a net domestic borrowing of Kshs. 519,567 million during the fiscal year to finance the budget deficit. The stock of Treasury bills reduced to Kshs. 765,375 million at end June 2021 from Kshs 887,142 million at end June 2020 while the stock of Treasury bonds increased to Kshs. 2,849,936 million at end June 2021 from Kshs 2,219,444 million at end June 2020. The reduction in stock of Treasury bills and increase in stock of Treasury bonds was in line with *2020 & 2021 MTDS* to lengthen the debt maturity structure and lower the rollover risk. The pre-1997 CBK debt declined to Kshs. 20,009 million at end June 2021 from Kshs. 21,674 million as at end June 2020. The outstanding amount of CBK overdraft to the government increased to Kshs. 59,279 million as at end June 2021 from Kshs. 47,150 million by end June 2020.

Table 5.5-1: Outstanding Domestic Debt (in Kshs million): June 2018 to June 2021

	Instrument	June-18		June-19		June-20		June-21*	
		Kshs	*% of stock*	Kshs	*% of stock*	Kshs	*% of stock*	Kshs	*% of stock*
	Total Domestic Debt (A+B)	**2,478,835**	***100***	**2,785,483**	***100***	**3,177,526**	***100***	**3,697,093**	***100***
A	Government domestic debt Securities (1+2+3)	2,414,388	*97.4*	2,702,853	*97*	3,128,260	*98.4*	3,635,319	98.3
1)	**Treasury Bills**	**878,622**	***35.4***	**954,250**	***34.3***	**887,142**	***27.9***	**765,375**	**20.7**
	o/w Banking Institutions	502,606	*20.3*	598,071	*21.5*	587,684	*18.5*	452,891	12.2
	Others	376,016	*15.2*	356,179	*12.8*	299,458	*9.4*	312,484	8.5
2)	**Treasury Bonds**	**1,511,872**	***61***	**1,748,603**	***62.8***	**2,219,444**	***69.8***	**2,849,936**	**77.1**
	o/w Banking Institutions	786,361	*31.7*	842,952	*30.3*	1,093,517	*34.4*	1,367,100	37.0
	Others	725,511	*29.3*	905,650	*32.5*	1,125,927	*35.4*	1,482,835	40.1
3)	**Pre-1997 Government Debt**	**23,894**	***1***	**22,229**	***0.8***	**21,674**	***0.7***	**20,009**	**0.5**
B.	Others[1]	64,447	*2.6*	60,855	*2.2*	49,267	*1.6*	61,774	1.7
	o/w CBK Overdraft	56,849	*2.3*	57,328	*2.1*	47,150	*1.5*	59,279	1.6

[1] *Consists of CBK Overdraft to GoK, uncleared items awaiting transfer to PMG, commercial bank advances and Tax Reserve Certificates*

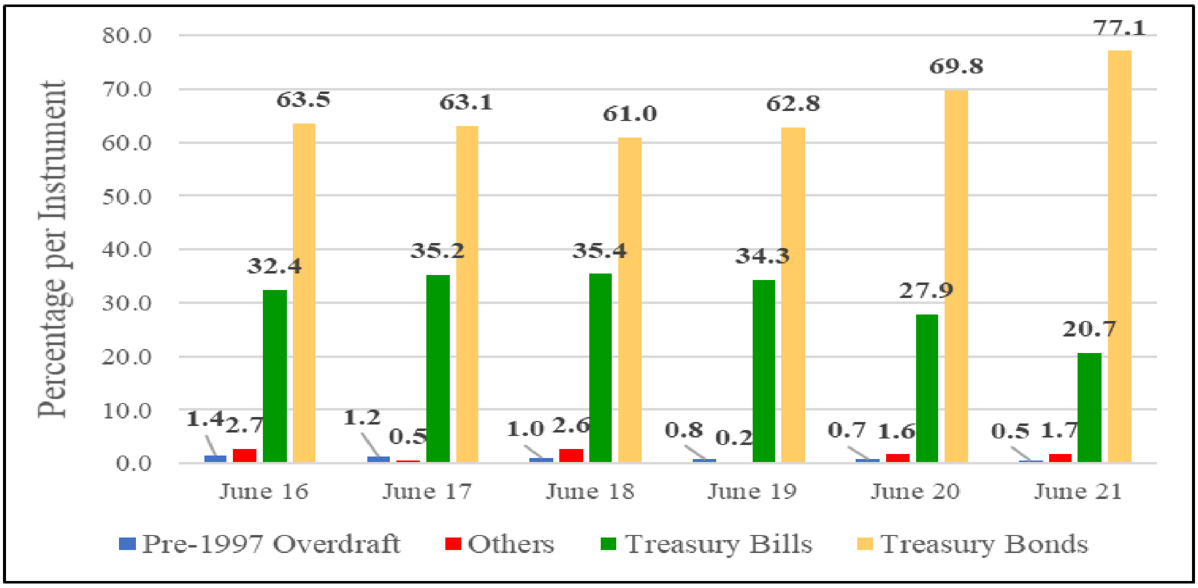
*Provisional

Source: *Central Bank of Kenya*

5.6 Domestic Debt by Instrument

The total domestic debt by instrument comprises Treasury bills, Treasury bonds, pre-1997 CBK debt and government overdraft at CBK. Treasury bonds account for 77.1 percent of the total outstanding domestic debt at end June 2021 which was an increase of 7.3 percent from June 2020. Treasury bills holding declined to 20.7 percent in June 2021 from 27.9 percent in June 2020 (Figure 5.2-1). The proportion of pre-1997 CBK debt declined following repayment of principal amount due during the year. The closing end year government overdraft at CBK was higher than the previous year.

Figure 5.6-1: Domestic Debt by Instruments



Source: *Central Bank of Kenya*

5.7 Domestic Debt by Holder

As the ratio of Treasury Bonds in domestic debt increased, commercial banks holding of government domestic debt securities decreased to 49.1 percent as at end of June 2021, from 52.0 percent in June 2020. The holding of non-banks increased to 48.6 percent as at end June 2021 from 44.9 percent at end June 2020 and non-residents holding declined to 0.8 percent from 1.0 percent over the same period (Table 5.3-1).

Table 5.7-1: Domestic Debt by Holder (Kshs Million)

Description		Jun-17	Jun-18	Jun-19	Jun-20	Jun-21*
1. Banks	% of total	56.7	55.6	54.7	55.1	51.4
	Kshs	**1,197,395**	**1,377,239**	**1,524,037**	**1,752,072**	**1,901,774**
a. Central Bank of Kenya	% of total	2.6	4.5	3.9	3.1	2.4
	Kshs	54,506	110,782	109,607	98,878	87,575
b. Commercial Banks	% of total	**54.1**	**51.1**	**50.8**	**52.0**	**49.1**
	Kshs	1,142,889	1,266,457	1,414,275	1,653,194	1,814,199
2. Non-banks	% of total	**43.3**	**44.4**	**45.3**	**44.9**	**48.6**
	Kshs	915,315	1,101,596	1,261,899	1,425,454	1,795,319
a. Non residents	% of total	**1.0**	**1.0**	**1.0**	**1.0**	**0.8**
	Kshs	22,100	25,308	27,984	33,154	31,086
b. Non-bank Financial Institutions	% of total	42.3	43.4	44.3	43.8	47.7
	Kshs	893,215	1,076,288	1,233,915	1,392,300	1,764,233
Total = 1+2	**Kshs**	**2,112,710**	**2,478,835**	**2,785,483**	**3,177,526**	**3,697,093**
	% of total	100	100	100	100	100.0

*Provisional

Source: *Central Bank of Kenya*

Domestic debt stock held by pension funds increased to Kshs. 1,135,049 million in June 2021 from Kshs. 923,094 million in June 2020. The stock held by the insurance companies increased to Kshs. 246,351 million in June 2021 from Kshs. 192,216 million in June 2020. (Table 5.3-2 and Figure 5.3-1).

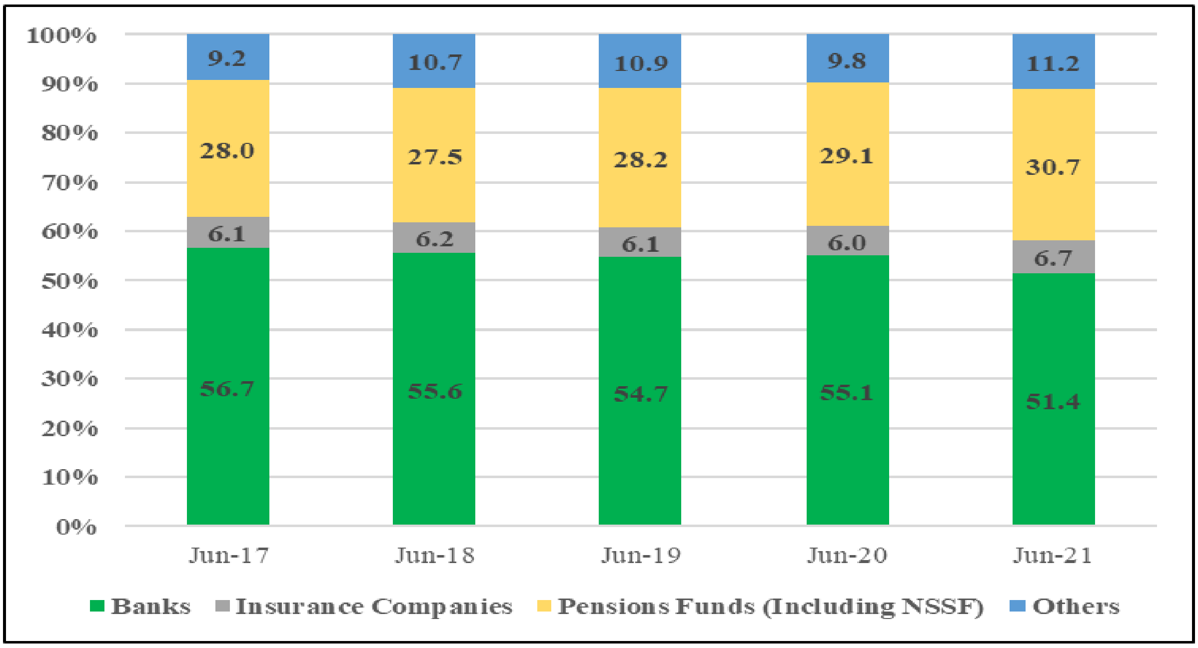
Table 5.7-2: Holdings of Domestic Debt Stock by Pensions Funds and insurance companies (Kshs million)

Holder	Jun-17		Jun-18		Jun-19		Jun-20		Jun-21*	
	Kshs	**%**	**Kshs**	**%**	**Kshs**	**%**	**Kshs**	%	**Kshs**	%
Banks	1,196,395	*56.7*	1,377,239	*55.6*	1,524,037	*54.7*	1,752,072	*55.1*	1,901,774	*51.4*
Non-Bank Financial Institutions (NBFIs)	183	*0*	183	*0*	183	*0*	183	*0*	183	*0*
Insurance Companies	128,420	*6.1*	154,509	*6.2*	170,833	*6.1*	192,216	*6.0*	246,351	*6.7*
Pension Funds (Including NSSF)	591,758	*28.0*	681,783	*27.5*	786,541	*28.2*	923,094	*29.1*	1,135,049	*30.7*
Others	194,885	*9.2*	265,121	*10.7*	304,342	*10.9*	309,960	*9.8*	413,737	*11.2*
Total	**2,111,641**	***100***	**2,478,835**	***100***	**2,785,936**	***100***	**3,177,526**	***100***	**3,697,093**	***100***

**Provisional*

Source: *Central Bank of Kenya*

Figure 5.7-1: Outstanding Domestic Debt Stock by Holders



Source: *Central Bank of Kenya*

5.8 Treasury Bills by Holder

Banks including CBK accounted for 59.2 percent of the Treasury bills stock at end June 2021 compared to 66.2 percent at end June 2020. Holdings by pension funds increased to 18.9 percent at end June 2021 from 18.1 percent at end June 2020 while proportion held by insurance companies remained unchanged at 0.9 percent during the period. Other Treasury bill holders comprising of parastatals, building societies, retail investors and non-residents accounted for 21.0 percent. (Table 5.4-1).

Table 5.8-1: Stock of Treasury Bills by Holder (Kshs million)

Holder	**Jun-17**		**Jun-18**		**Jun-19**		**Jun-20**		**Jun-21***	
	Kshs	**%**	**Kshs**	**%**	**Kshs**	**%**	**Kshs**	**%**	**Kshs**	**%**
Banks[2]	436,511	*58.7*	502,606	*57.2*	598,071	*62.7*	587,684	*66.2*	452,891	*59.2*
NBFIs	-	-	-	-	-	-	-	-	-	-
Insurance companies	13,747	*1.8*	21,172	*2.4*	18,225	*1.9*	7,640	*0.9*	7,176	*0.9*
Pensions Funds (including NSSF)	179,456	*24.1*	180,140	*20.5*	170,298	*17.8*	161,007	*18.1*	144,434	*18.9*
Others	114,441	*15.4*	174,705	*19.9*	167,657	*17.6*	130,811	*14.7*	160,874	*21.0*
Total	**744,155**	***100***	**878,623**	***100***	**954,251**	***100***	**887,142**	***100***	**765,375**	***100***

**Provisional*

Source: *Central Bank of Kenya*

[2] Banks refer to CBK and commercial banks

5.9 Treasury Bonds by Holder

The stock of Treasury Bonds holdings by Banks declined to 48.0 percent in June 2021 from 49.3 percent in June 2020. Pension funds holding increased to 34.8 percent in June 2021 from 34.3 percent in June 2020 while insurance companies holding was at 8.4 percent in June 2021 from 8.3 percent in June 2020. Other Treasury Bond holders had 8.9 percent of the total in June 2021 (Table 5.5-1).

Table 5.9-1: Outstanding Stock of Treasury Bonds by Holder (Kshs million)

Holder	Jun-17		Jun-18		Jun-19		Jun-20		Jun-21*	
	Kshs	%	Kshs	%	Kshs	%	Kshs	%	Kshs	%
Banks	724,814	*54.4*	786,361	*52*	842,952	*48.2*	1,093,517	*49.3*	1,367,100	*48.0*
NBFIs	183	*0*	183	*0*	183	*0*	183	*0*	183	*0.0*
Insurance companies	114,673	*8.6*	133,337	*8.8*	152,608	*8.7*	184,576	*8.3*	239,174	*8.4*
Pensions Funds (including NSSF)	412,303	*30.9*	501,643	*33.2*	616,243	*35.2*	762,088	*34.3*	990,615	*34.8*
Others	80,887	*6.0*	90,348	*6.0*	136,616	*7.8*	179,080	*8.1*	252,863	*8.9*
Total	**1,332,860**	***100***	**1,511,873**	***100***	**1,748,603**	***100***	**2,219,444**	***100***	**2,849,936**	***100***

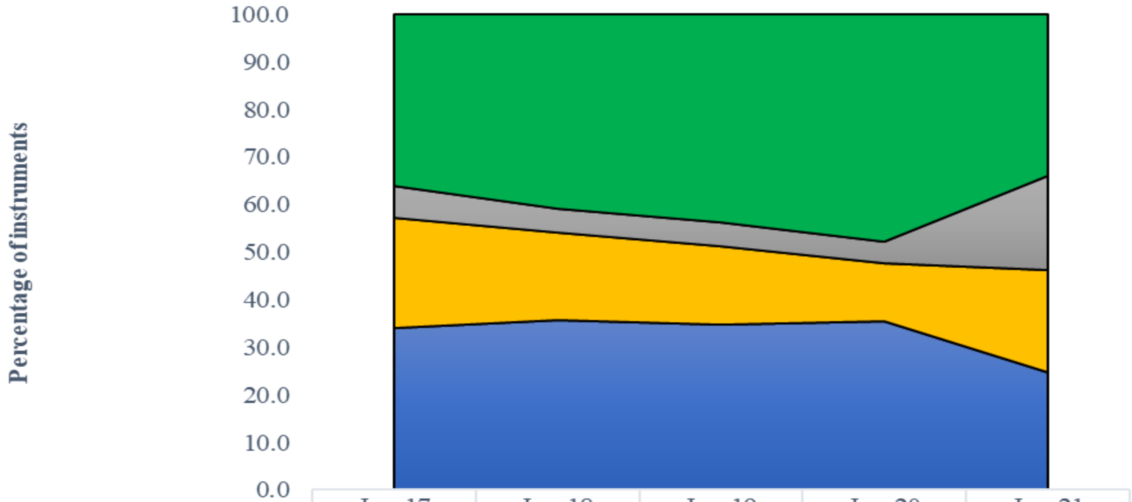
**Provisional*

Source: *Central Bank of Kenya*

5.10 Treasury Bills and Treasury Bonds by Tenor

The Treasury bills and Treasury bonds with maturity of less than a year accounted for 24.8 percent of the domestic debt at end June 2021 from 35.4 percent at end June 2020. This reflects successful implantation of the *2020 MTDS* to lower refinancing and settlement risks in the domestic debt portfolio. The proportion of Treasury bonds with maturity between 1-5 years increased from 12.3 percent at end June 2020 to 21.5 percent at end June 2021. The share of Treasury bonds maturing between 6-9 years increased to 19.8 percent at end June 2021 from 4.4 percent in June 2020. On the other hand, Treasury bonds with maturity of more than 10 years decreased to 33.9 percent at end June 2021 from 47.9 percent at end June 2020 (Figure 5.6-1).

Figure 5.10-1: Government Domestic Debt Securities by Tenor



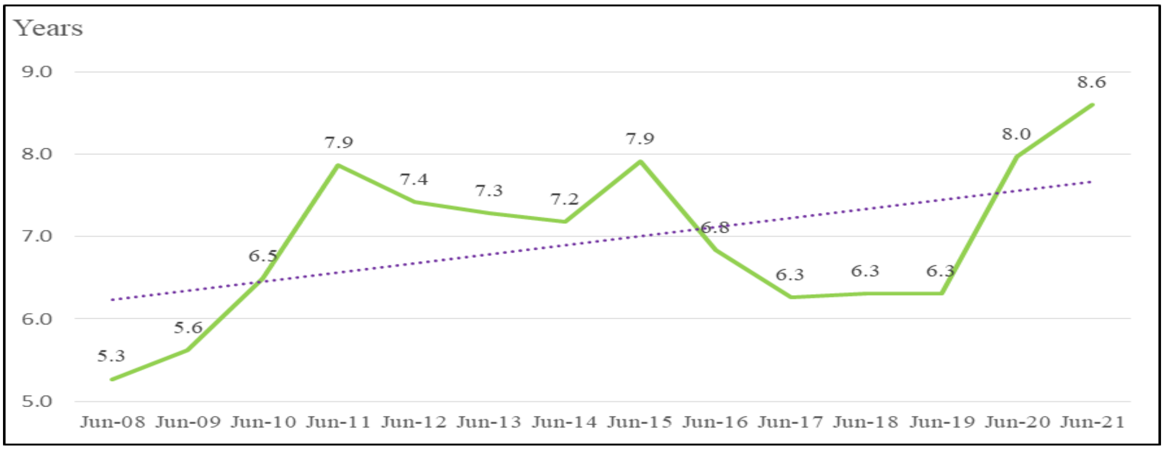
	Jun-17	Jun-18	Jun-19	Jun-20	Jun-21
Bonds (>=10 Years)	36.1	40.8	43.8	47.9	33.9
Bonds (6-9 Years)	6.7	5.2	4.9	4.4	19.8
Bonds (1-5 Years)	23.1	18.2	16.5	12.3	21.5
Treasury Bills (<1 Year)	34.1	35.8	34.8	35.4	24.8

***Source**: Central Bank of Kenya*

5.11 Treasury Bills and Bonds by Time to Maturity

The Average Time to Maturity (ATM) on Treasury bonds increased to 8.6 years in June 2021 from 8.0 years in June 2020. This is in line with the objective of lengthening the maturity of debt outlined in the *2020 MTDS*.

Figure 5.11-1: Average Time to Maturity of Treasury Bonds



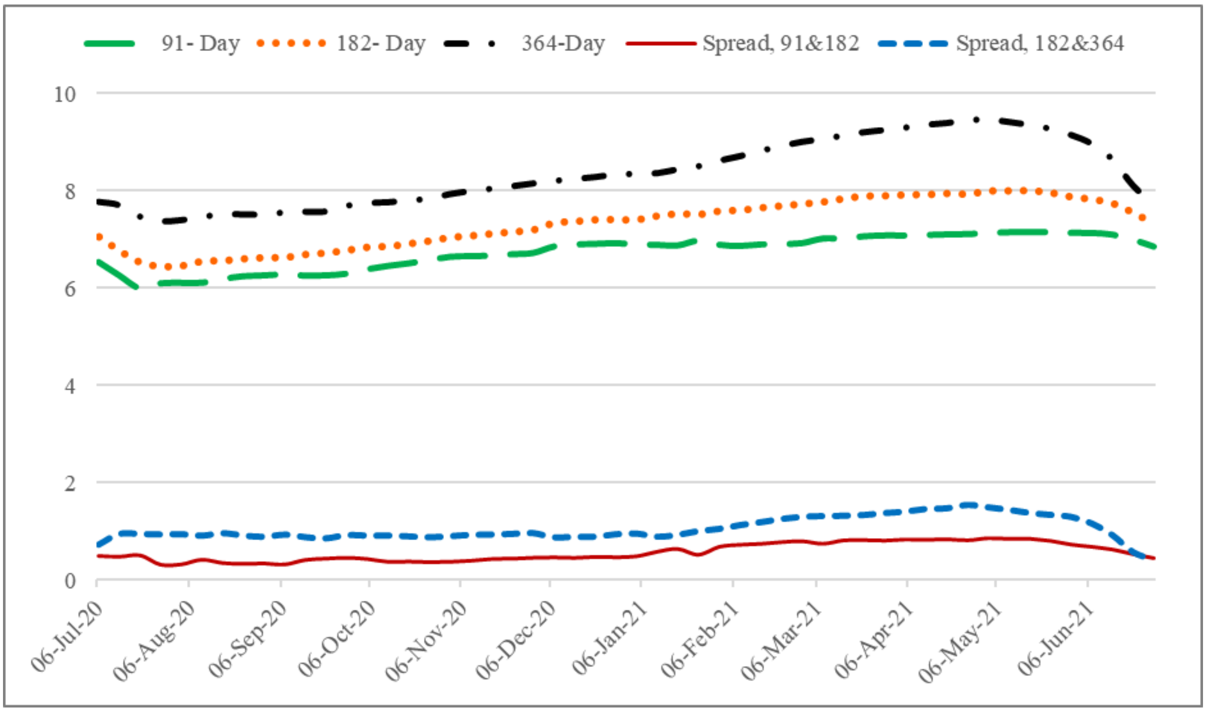
***Source:** Central Bank of Kenya*

5.12 Average Interest Rates on Treasury Bills

Overall, average interest rates on Treasury bills have been relatively stable throughout the financial year. Average interest rates for the 91-day, 182-day and 364-day Treasury bills were

6.7 percent, 7.4 percent and 8.2 percent per annum at end June 2020 as compared to 6.7 percent, 7.3 percent and 8.4 percent in at end June 2021, respectively (Figure 5.8-1).

Figure 5.12-1: Average Interest Rates and spreads on Treasury Bills: Fiscal Year 2020/21

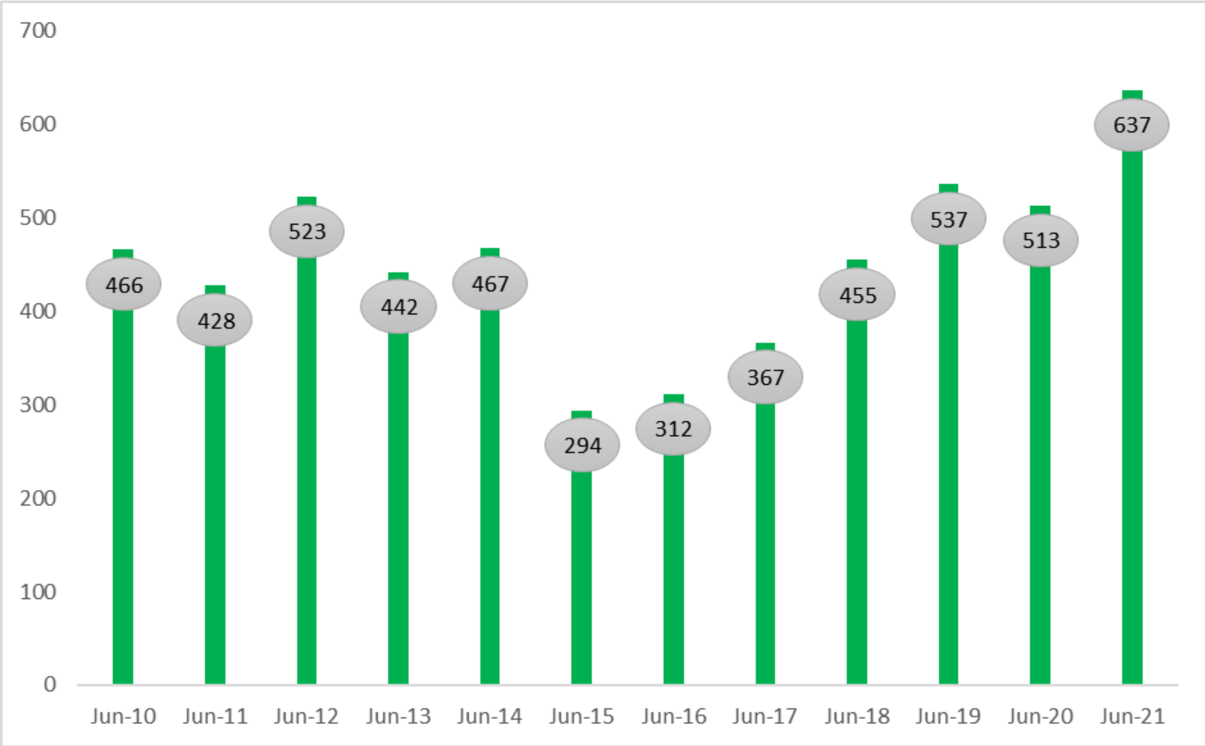


Source: *Central Bank of Kenya*

5.13 Government Securities Trading

The annual turnover of Treasury bonds traded at the NSE increased by Kshs 123,700 million in June 2021 to Kshs 637,000 million as compared to Kshs 513,300 million traded in June 2020 (Figure 5.9-1). The improvement in trading in the secondary market is attributed to domestic debt market reforms by the government.

Figure 5.13-1: Annual Treasury Bonds Trading, June 2010-June 2021

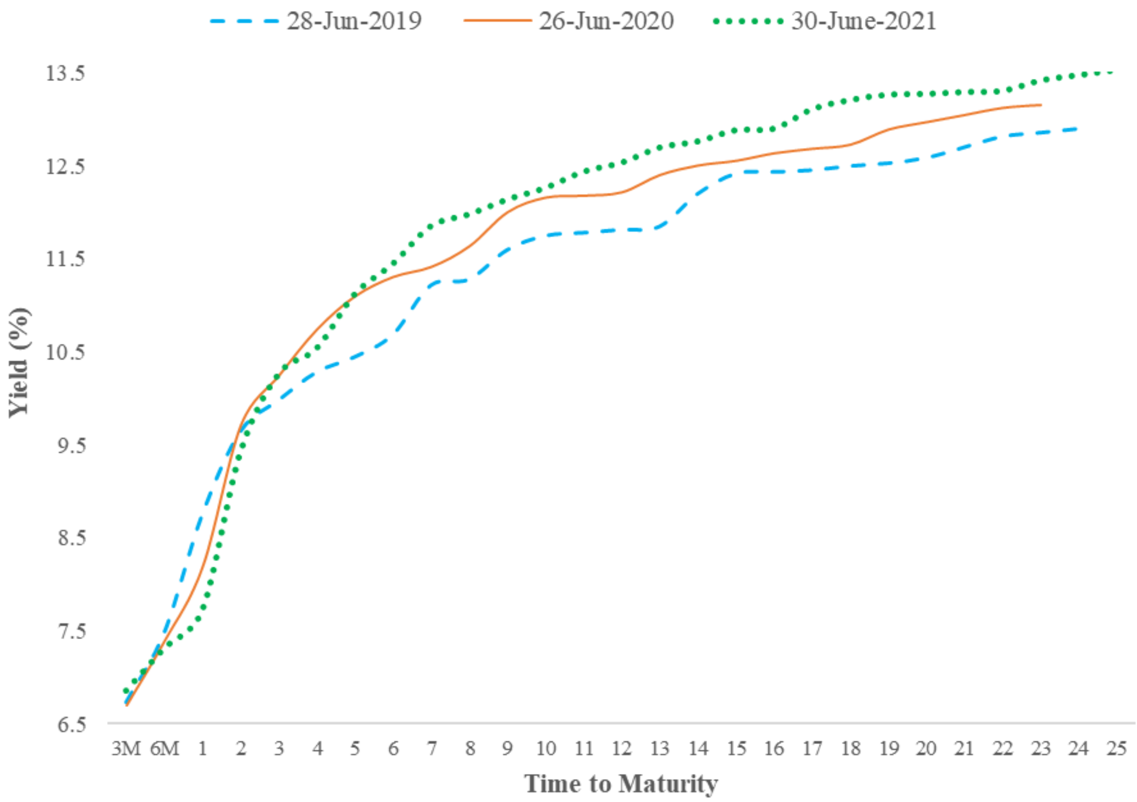


Source: *Central Bank of Kenya*

5.14 Government Securities Yield Curve

The CBK as a fiscal agent to the government successfully implemented the National Treasury's annual borrowing plan through issuance of Treasury bills and Treasury bonds while promoting the development of the domestic market. The yield curve had a downward shift at the shorter end but shifted upwards at the medium to long-end (Figure 5.10-1). This was attributed to investors shifting their preference of short-term investments to high yielding long-term securities to lock in higher yield in relation to the uncertainty of the COVID-19 pandemic effects and the upcoming General Election scheduled in 2022.

Figure 5.14-1: Government of Kenya Securities Yield Curve, June 2021



Source: *National Securities Exchange*

5.15 Interest Payments on Domestic Debt

Interest payment on Treasury bills reduced from Kshs. 80,517 million in June 2020 to Kshs. 74,903 million in June 2021 while interest payment on Treasury bonds increased from Kshs. 228,028 million to Kshs. 308,412 million during the same period. The decline in interest cost of Treasury bills was due to reduced stock of bills. Meanwhile, the increase in interest cost of Treasury bonds was due to increased stock and interest rates on medium term bonds. The total interest payments and other charges on the overall domestic debt stood at Kshs 388,834 million as at end June 2021 from Kshs. 315,453 million in June 2020 (Table 5.11-1) consistent with increased level of domestic debt during the year.

The ratios of domestic interest payments to both revenue and GDP continued to grow, a reflection of rise in domestic debt burden. As at end June 2021, the ratios of domestic interest payments to total revenue and GDP increased to 21.8 percent and 3.4 percent from 18.2 percent and 3.1 percent in June 2020, respectively (Table 5.11-1).

Table 5.15-1: Interest Payments on Domestic Debt (Kshs Million)

Type of Debt	**June 2017**	**June 2018**	**June 2019**	**June 2020**	**June 2021***
Treasury Bills	66,270	66,545	81,876	80,517	74,903
Treasury Bonds	144,566	167,030	184,771	228,028	308,412
CBK Commission	3,000	3,000	3,000	3,000	3,000
Pre - 1997 Debt	759	725	707	669	628
Others (Overdraft)	1,270	2,197	1,997	3,239	1,892
Total	**212,865**	**239,497**	**272,351**	**315,453**	**388,834**
Ratios (Percent)					
Domestic Interest/Revenue	***15.2***	***17.6***	***16.8***	***18.2***	***21.8***
Domestic Interest/GDP	***2.8***	***2.7***	***2.9***	***3.1***	***3.4***

**Provisional*

Source: *Central Bank of Kenya*

CHAPTER SIX

EXTERNAL DEBT

6.5 Public external debt

Public external debt stock increased by 14.7 percent from Kshs 3,350,564 million at end June 2020 to Kshs 3,842,322 million at end June 2021 (Table 6.1-1). All debts by external creditor categories increased except for debts under supplier credit. The major increase was mainly attributed to significant disbursements from multilateral and bilateral lenders.

Table 6.5-1: External Debt by Creditor Type (Kshs Million)

Creditor type	*Jun-15*	*Jun-16*	*Jun-17*	*Jun-18*	*Jun-19*	*Jun-20*	*Jun-21**
Bilateral	405,562	491,864	669,840	759,017	917,980	993,696	1,064,272
Multilateral	680,192	794,797	839,721	825,299	909,791	1,316,835	1,659,411
Commercial Banks	276,937	432,377	634,109	830,652	1,019,030	1,022,402	1,106,476
Suppliers' Credit	16,628	16,628	15,303	16,725	16,932	17,631	12,162
Total	**1,379,319**	**1,735,667**	**2,158,973**	**2,431,693**	**2,863,733**	**3,350,564**	**3,842,322**
As a percentage of total external debt							
Bilateral	*29.4*	*28.3*	*31*	*31.2*	*32.1*	*29.7*	*27.7*
Multilateral	*49.3*	*45.8*	*38.9*	*33.9*	*31.8*	*39.3*	*43.2*
Commercial Banks	*20.1*	*24.9*	*29.4*	*34.2*	*35.6*	*30.5*	*28.8*
Suppliers Credits	*1.2*	*1*	*0.7*	*0.7*	*0.6*	*0.5*	*0.3*

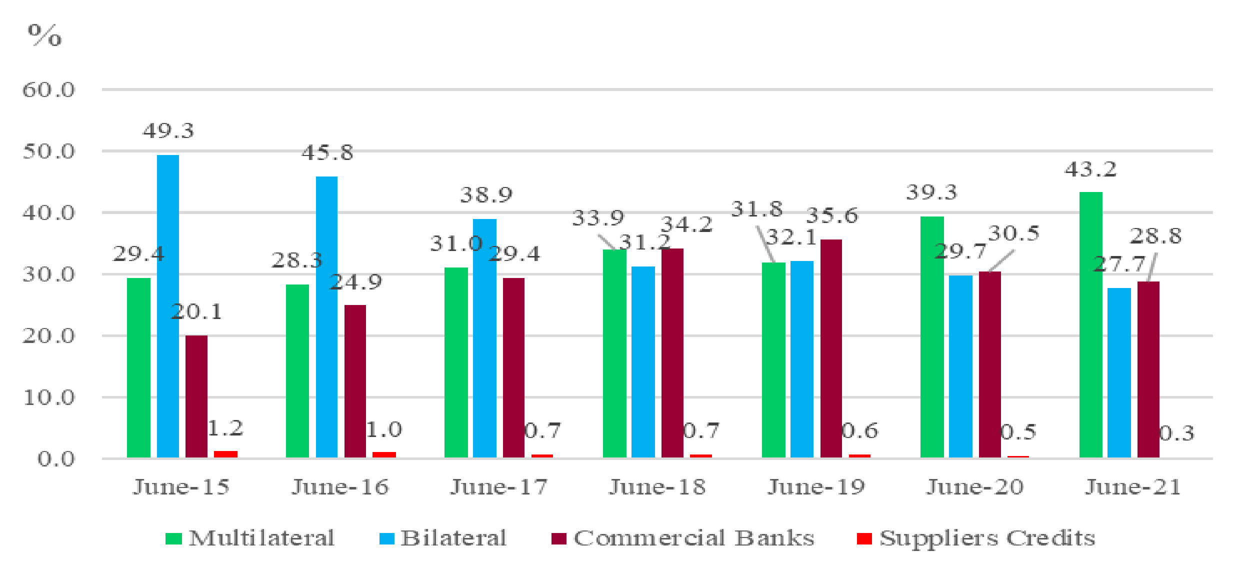
**Provisional*

Source: *National Treasury*

6.5.1 Change in external debt by creditor

The share of multilateral debt increased to 43.2 percent at end June 2021 from 39.3 percent at end June 2020. The rise of multilateral debt stock is attributed to deliberate borrowing strategy to gradually move away from high-cost commercial debt in line with *2020 MTDS* and access long term highly concessional loans. During the year, the government contracted and enhanced disbursement of soft loans from the World Bank (WB), International Monetary Fund (IMF) and African Development Bank (AfDB) to finance the projects and programs in the budget. The long term highly concessional loans contribute to lower costs and risks in the overall public debt portfolio and contributes to improvement in debt sustainability. The share of debt from bilateral creditors and commercial banks[3] decreased from 29.7 percent and 30.5 percent to 27.7 percent and 28.8 percent respectively between June 2020 and June 2021 (Table 6.1-1 and Figure 6.1-1). The share of debt from suppliers' credit declined to 0.3 percent in June 2021.

Figure 6.5-1: External debt by key creditor category (Percent)



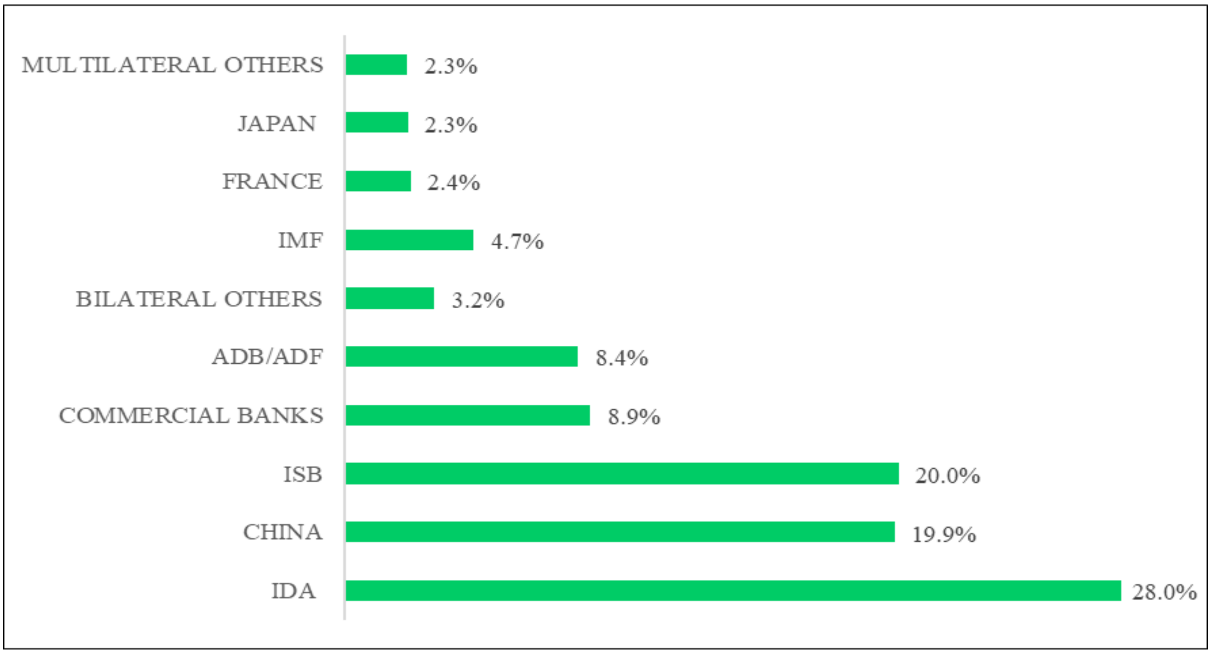
Source: *National Treasury*

6.5.2 External debt by mmajor creditor

Figure 6.1-2 The major external creditors to Kenya as at end June 2021 were International Development Association (IDA), China and International Sovereign Bond (ISB) holders. Consistent with medium term debt strategy to raise loans at the lowest interest rates to finance public capital investments, the government considers IDA loans, the softer lending arm of the World Bank Group as most appropriate to finance programs with long gestation period. As at end June 20201, drawn and outstanding debts to IDA stood at 28.0 percent of external debt. Kenya's key bi-lateral creditors are China, France and Japan account for 24.6 percent while the ISB holders 20.0 percent.

[3] Commercial Banks refer to Syndicated Loans and International Sovereign Bonds

Figure 6.5-2: Classification by Major Creditors

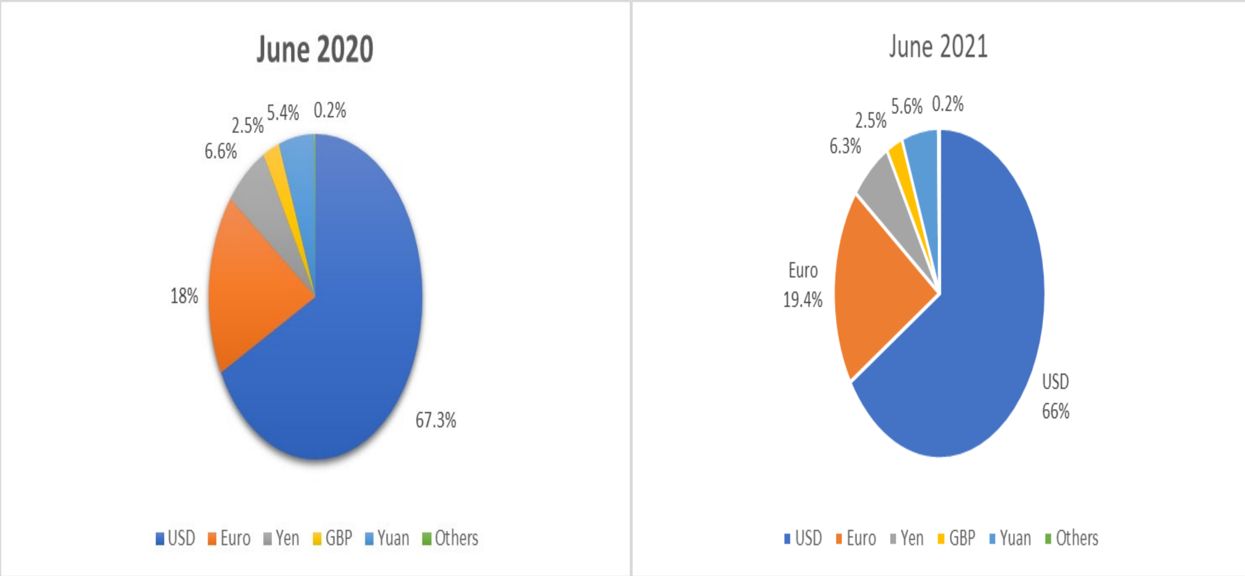


Source: *National Treasury*

6.5.3 Structure of external debt by currency

A key objective of the 2021 MTDS is to diversify currency mix in the external debt portfolio to minimize exchange rate risk. The proportion of external debt held in US Dollar (USD) declined from 67.3 percent in June 2020 to 66.0 percent in June 2021 (see Figure 6.5-3). The share of external debt in Euro rose to 19.4 percent as at end June 2021 from 18.0 percent in June 2020. The composition of external debt held in Japanese Yen was 6.3 percent, Chinese Yuan was 5.6 percent, and the Sterling Pound (GBP) was 2.5 percent while other currencies accounted for 0.2 percent.

Figure 6.5-4: Currency composition of External Debt end June 2021and June 2021



***Source**: National Treasury*

6.5.4 Maturity structureof external debt

The maturity structure of external debt lengthened during the financial year in line with the current medium-term debt strategy. Longer maturity structure lowers the stock of stock of outstanding external debt in present value terms and minimizes refinancing and settlement risks. Table 6.1-4 shows the maturity structure of outstanding external debt. At the end of June 2021 external debt maturing in more than 10 years account 82.6 percent of total external debt stock compared to 63.1 percent the previous year.

Table 6.5-4: Maturity structure of outstanding external debt

Remaining Maturity	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20	Jun-21
1 -4 years	*14.7*	*8.2*	*11.4*	*15.4*	*6.7*	*2.9*	*9.0*	*0.1*
5-10 years	*22.9*	*25.5*	*24.7*	*22.5*	*21.9*	*20.7*	*27.8*	*17.3*
Over 10 years	*62.4*	*66.3*	*63.9*	*62.1*	*71.4*	*76.3*	*63.1*	*82.6*

***Source:** National Treasury*

6.6 External Debt Service

During the financial year ended June 2021, principal and interest payments on external debt amounted to Kshs. 234,590 million up from Kshs 223,440 million the previous year (Table 6.2-1). The rise in debt service payments on commercial and multilateral debt was moderated by declined in debt service payments on bi-lateral debt. The sharp decline in debt service payments due to bi-lateral debt is attributed to debt service suspension extended to Kenya under the G20-

Debt Service Suspension Initiative (DSSI). Out of the interest payments amounting to Kshs 106,312 million during the FY 2020/21, commitment fees payments on undisbursed external loans were Kshs. 1,813.47 million. Payments on commitment fees declined from Kshs 1,901 million in the previous year due to improved project management funded through external loans. Debt service payments on commercial debt stood at 58.9percent of total debt service. This cost is explained by the high interest rates on commercial debt relative to multi-lateral and bi-lateral debt which are on below market interest rates.

Table 6.6-1: External debt service payments by creditor category (Kshs million)

Creditor		June-15	June-16	June-17	June-18	June-19	June-20	June-21*
Multilateral	Principal	13,349	15,424	15,821	16,205	17,786	18,782	25,122
	Interest	4,881	5,641	5,764	6,038	7,422	9,788	15,324
	Sub Total	**18,230**	**21,065**	**21,585**	**22,243**	**25,208**	**28,571**	**40,446**
Bilateral	Principal	13,097	19,789	19,329	21,357	30,119	40,149	37,518
	Interest	10,574	15,270	22,613	30,255	33,379	34,344	18,475
	Sub Total	**23,671**	**35,059**	**41,942**	**51,613**	**63,498**	**74,492**	**55,993**
Commercial	Principal	53,768	802	771	100,083	217,201	42,669	65,638
	Interest	17,875	21,657	29,882	45,281	62,571	77,708	72,513
	Sub Total	**71,643**	**22,460**	**30,653**	**145,364**	**279,772**	**120,377**	**138,151**
Grand Total	Principal	80,214	36,015	35,921	137,645	265,106	101,600	128,278
	Interest	33,330	42,568	58,259	81,574	103,372	121,840	106,312
	Total	**113,544**	**78,583**	**94,180**	**219,220**	**368,478**	**223,440**	**234,590**
As a percentage of total external debt service								
Multilateral		*16.1*	*26.8*	*22.9*	*10.1*	*6.8*	*12.8*	*17.2*
Bilateral		*20.8*	*44.6*	*44.5*	*23.5*	*17.2*	*33.3*	*23.9*
Commercial		*63.1*	*28.6*	*32.5*	*66.3*	*75.9*	*53.9*	*58.9*
Total		*100*	*100*	*100*	*100*	*100*	*100*	*100*

**Provisional*

***Source**: The National Treasury*

6.7 Average terms of new external loan commitments

The average terms of new external loan commitments are indicated on Table 6.3-1. The average maturity, grace period and average interest rate on new external loan commitments as at end of June 2021, were 23.3 years, 7.4 years and 2.1 percent, respectively. On average, the terms on new external loans are highly concessional and consistent with the objective of maintaining public debt on sustainable level.

Table 6.7-1: Average terms of new external loan commitments

Terms	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20	Jun-21
Average Maturity (years)	18.1	21.0	20.3	17.6	20.8	15.3	26.2	23.3
Grace Period (years)	6.2	6.4	6.2	4.5	10.3	5.6	7.4	7.4
Average Interest Rate (%)	2.6	2.5	2.6	2.6	3.9	3.9	0.5	2.1

Source: *National Treasury*

6.8 Disbursements of external loans

Disbursements of external loans increased by 5.6 percent to Kshs 467,157 million as at end June 2021 from Kshs 442,403 million the previous year. The major category of external financing were commercial loans (ISB) and program loans (World Bank's Development Policy Operation loans). The disbursements in cash for project financing increased to Kshs 77,492 million while project loans A-I-A declined relative to the previous year (Table 6.4-1).

Table 6.8-1: External Loans Disbursements (Kshs million)

Type of disbursement	June-2016		June-2017		June-2018		June-2019		June-2020		June-2021	
	Kshs	%	Kshs	%	Kshs	%	Kshs	%	Kshs	%	Kshs	%
Project Cash Loans	43,654	*14.3*	30,908	*7.3*	24,214	*5.5*	41,681	*6.1*	47,798	*10.8*	77,492	*16.6*
Project loans A-I-A	55,369	*18.2*	86,322	*20.5*	162,872	*36.9*	100,622	*14.8*	104,525	*23.6*	95,215	*20.4*
Project loans A-I-A, SGR	52,357	*17.2*	111,367	*26.4*	54,000	*12.2*	35,201	*5.2*	12,242	*2.8*	4,643	*1.0*
Project loans A-I-A, SGR - Phase 2A	-	-	-	-	-	-	44,759	*6.6*	32,569	*7.4*	6,871	*1.5*
Commercial Financing	145,031	*47.6*	186,303	*44.2*	200,000	*45.3*	373,712	*54.9*	5,870	*1.3*	114,292	*24.5*
Programme loans	8,574	*2.8*	6,767	*1.6*	-	-	84,784	*12.5*	239,399	*54.1*	168,644	*36.1*
Total	**304,986**	*100*	**421,667**	*100*	**441,086**	*100*	**680,759**	*100*	**442,403**	*100*	**467,157**	*100*

Source: *The National Treasury*

6.9 New external loans contracted during the Fy ended June 2021

During the FY 2020/21 the Government contracted twenty-two (22) external loans. Eleven (11) of the loans were from multi-lateral lenders, ten (10) from bi-lateral lenders and one (1) from International Sovereign Bond (ISB) investors consistent with the medium-term debt management strategy of contracting concessional financing to finance the budget deficit. The total value of the twenty-two (22) external loans was equivalent to Kshs. 435,232 million.

6.10 Government guaranteed debt

The total outstanding government guaranteed debt declined to Kshs 157,220 million in June 2021 from Kshs 165,248 million at end June 2020 (Table 6.6-1). During the FY 2020/21, the national government entities with guaranteed debts did not submit unpaid call-ups to the National Treasury for settlement. No debt arrears were reported, or defaults occurred and, hence no payments were made by the National Treasury on their behalf. No County Government has debt with National Government guarantee.

Table 6.6-1: Stock of publicly guaranteed external debt by creditor category (Kshs millions)

Creditor Category	Jun 14	Jun 15	Jun 16	Jun 17	Jun 18	Jun 19	Jun 20	Jun 21*
Commercial	-	-	-	77,784	75,787	76,724	79,892	80,963
Bilateral	41,278	39,495	56,487	52,729	56,371	78,079	80,562	76,257
Multilateral	3,943	4,439	4,044	4,667	4,547	4,603	4,794	0
Total	**45,221**	**43,934**	**60,531**	**135,180**	**136,705**	**159,406**	**165,248**	**157,220**

Provisional

Source: *National Treasury*

CHAPTER SEVEN

PUBLIC NON-GUARANTEED DEBT

7.5 Introduction

The government is committed to expand coverage in reporting of public debt to include non-guaranteed public sector debt through a gradual approach to promote debt transparency and accountability. During the year ended June 2021, the PDMO began collating information on debt held by eighteen (18) key public entities including state owned enterprises.

7.6 Non-guaranteed debt public sector

Public sector non-guaranteed debt covers debts contracted by public entities owned by government (including county governments). The entities, which include state corporations borrow to finance strategic and high priority projects in the government development agenda. The non-guaranteed loans therefore pose contingent liability risk and potential fiscal commitments to the government.

Out of the 260 state corporations, the National Treasury identified eighteen (18) state corporations that pose the greatest potential fiscal risks to the government. These include; Athi Water Works Development Agency (AWWDA), East African Portland Cement (EAPCC), Jomo Kenyatta University of Advanced Technology (JKUAT), Kenya Electricity Generating Company (KenGen), Kenya Airports Authority (KAA), Kenya Broadcasting Corporation (KBC), Kenya National Examination Council (KNEC), Kenya Pipeline Company (KPC), Kenya Ports Authority (KPA), Kenya Post Office Savings Bank (KPOSB), Kenya Power and Lighting Company (KPLC), Kenya Railways Company (KRC), Kenya Wildlife Service (KWS), Kenyatta National Hospital (KNH), Kenyatta University (KU), Moi University, Postal Corporation Of Kenya (PCK) and the University of Nairobi (UON).These 18 entities have either on- lent, guaranteed and non-guaranteed debt out of which only nine (9) have non-guaranteed outstanding debts at end June 2021.

7.7 Structure of non-guaranteed debt held by key state owned entities

At the end of June 2020, the total debt stock of non-guaranteed public debt for the nine (9) SOEs stood at Kshs 104,843 million (or 0.1 percent of GDP) of which domestic debt stood at 90,779 million while the rest was external debt at Kshs 14,064 million. This brings the total public, publicly guaranteed and non-guaranteed debt to Kshs 7,801,478 which is 69.0 percent of GDP.

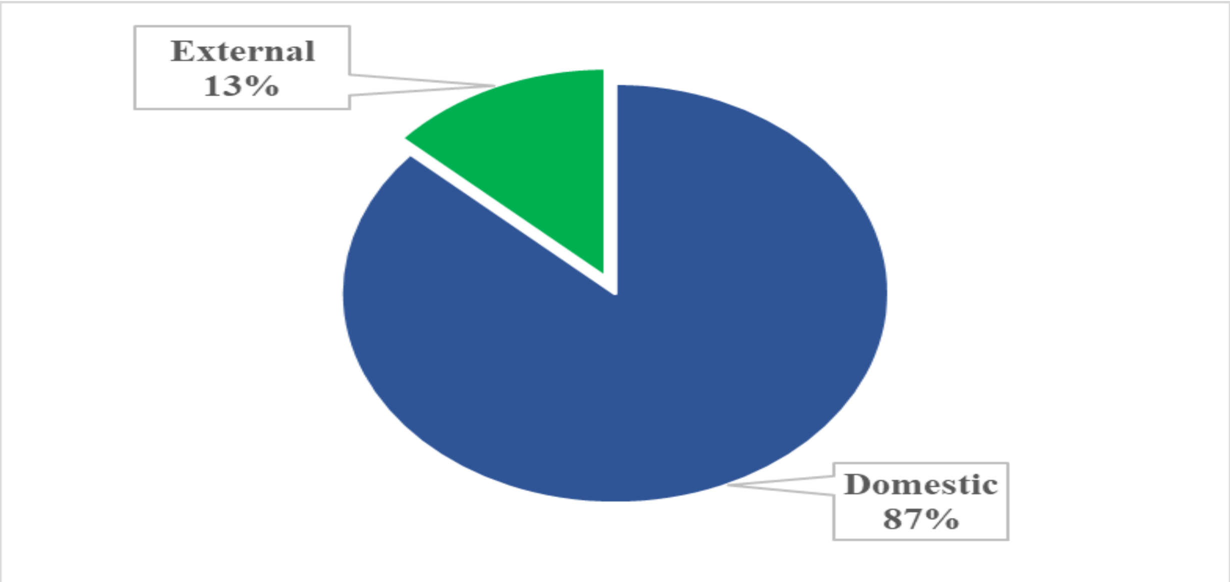
Table 7.3-1: Public sector non-guaranteed debt (Kshs million)

STATE CORPORATION		Domestic	External	Total
1	East African Portland Cement	1,750		1,750
2	Jomo Kenyatta University of Advanced Technology	2,739		2,739
3	Kenya Airports Authority		11,824	11,824
4	Kenya Electricity Generating Company	11,381	2,241	13,621
5	Kenya Pipeline Company	19,000		19,000
6	Kenya Power and Lighting Company	53,842		53,842
7	Kenyatta University	1,264		1,264
8	Postal Corporation of Kenya	20		20
9	University of Nairobi	783		783
	Grand Total	**90,779**	**14,064**	**104,843**

Source: *National Treasury*

Nearly 87 percent of the total debt is owed to local commercial banks while the rest is owed to external creditors, mainly Agence Française de Development (AFD) and HSBC London (Figure 7.2-1).

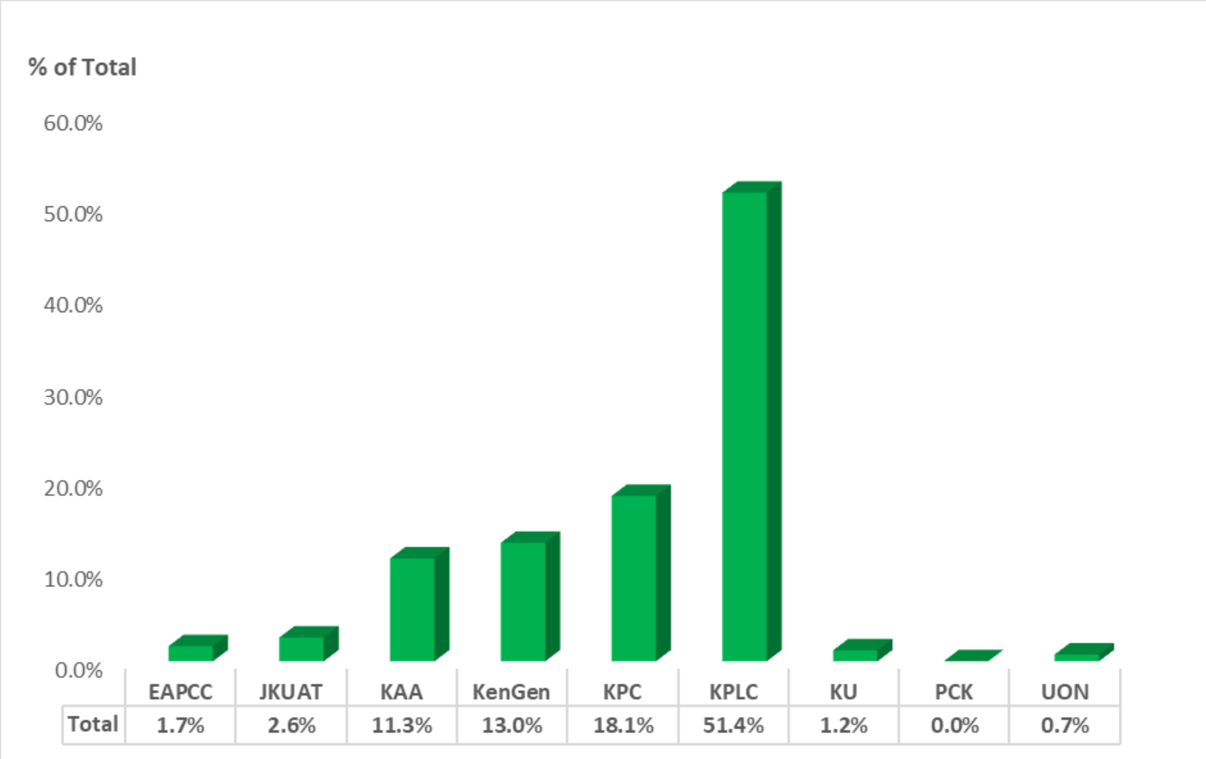
Figure 7.3-1: Composition of non-guaranteed debt



Source: *National Treasury*

The three (3) state corporations (KPLC, KPC and KenGen) in the energy sector held 82.5 percent of the total non-guaranteed debt mainly by KPLC (Figure 7.3-2).

Figure 7.3-2: Composition of non-guaranteed Loans in (Kshs millions)



Source: *National Treasury*

7.8 Maturity structure of non-guaranteed debt

Table 7.4-1 shows the outstanding non-guaranteed debt by maturity structure. Most of the debt is medium to long term. Debt maturing in less than 4 years, 5-10 and over 10 years accounts for 45.7 percent, 43.0 percent and 11.3 percent of total non-guaranteed debt, respectively.

Table 7.4-1: Maturity Structure of non-guaranteed loans

Remaining Maturity	Outstanding Balance (Millions)	Percentage (%) of Outstanding
1-4 years	47,935	45.7%
5-10 years	45,108	43.0%
Over 10 years	11,801	11.3%
Grand Total	**104,843**	**100.0%**

Source: *National Treasury*

CHAPTER EIGHT

FISCAL COMMITMENTS AND CONTINGENT LIABILITIES

8.5 Introduction

Fiscal commitments to Public-Private Partnership (PPP) refer to payments made to safeguard against certain risks or reduce the cost of operation. This includes direct payments made by government to PPP which arise from PPP contracts such as capital contributions, subsidies, and payment for services. Fiscal commitments that relate to payment commitments whose occurrence, timing and magnitude depend on some uncertain future event, outside the control of government are referred to as *contingent liabilities*. Thus, financial obligations attendant to PPP projects constitutes the Fiscal Commitments and Contingent Liabilities (FCCLs). PPPs are long-term contracts between a government or a government entity with a private party to build or acquire an asset, operate it for economic gains and later transfer it to the government/government entity.

The PPP Act 2013 provides mechanisms of addressing major infrastructure funding gap which cannot be financed through borrowing due to competing development needs. The Act allows participation of the private sector in financing, construction and operation or maintenance of public projects. PPPs are off balance sheet financing that have a potential to create fiscal risks when contingent government support measures materialise. Sections 35 (2) and 53 (4) of the PPP Act 2013 mandates PDMO to assess FCCLs' of proposed PPP projects after feasibility study and before financial close.

8.6 Government support measures with potential fiscal risks issued to existing PPP projects

Whereas the government has not issued explicit loan guarantees on the existing PPP projects, the assurance granted by the Government through specific instruments that constitutes fiscal commitments constitutes contingent liabilities. The main instrument of support issued by the government is the *Letter of Support* which may cover, among others political risks that adversely affect the operations of a project, payment of outstanding debt, equity investment and returns together with any breakage costs (see Annex 1 for list of PPP projects with respective support measures).

Another support measure with a potential of creating contingent liability is the *Indemnity Agreements* issued by the government to multilateral agencies backstopping Partial Risk Guarantees (PRGs). The existing PRGs have been issued by AfDB and World Bank to provide investor confidence when financing projects. The total PRG's covered by Indemnity Agreements amounts to Kshs 19,602 million. This includes the principal PRG amount and excludes accrued interest that can be drawn in case the guarantee crystallizes (Table 8.2-1).

Table 8.6-1: Projects Issued with PRGs guaranteed SBLCs, Indemnity agreements

	Project description	**Project cost Millions**	**PRG amount Millions**	**PRG Kshs Millions**	**Issuer**
1	87MW Thika thermal power project	USD 146	USD 45	4,819	World Bank
2	83MW Triumph thermal power plant	USD 157	USD 45	4,819	World Bank
3	80MW Gulf thermal power plant	USD 108	USD 45	4,819	World Bank
4	OrPower4's 36MW Olkaria III	USD 212	Cancelled (USD 31)	-	World Bank
5	Proposed 300 MW Lake Turkana Wind Power	Euro 623	Euro 46	5,145	AfDB
6	Rabai Power Plant – 90 MW	USD 155			
	Total			**19,602**	

Source: *National Treasury*

CHAPTER NINE

PUBLIC DEBT SUSTAINABILITY

9.5 Introduction

The National Treasury in conjunction with the IMF and World Bank work together to conduct and disseminate results of debt sustainability. The scope of the DSA includes both external and domestic debt including guaranteed by the government. Stress tests take into account contingent liabilities posed by public sector entities including PPPs. Further, the stress tests include exchange rate, bank crisis and GDP shocks.

9.6 Assumptions underlying most recent DSA

The DSA assumed that the economy will rebound from the COVID-19 shock to register real GDP growth rate of 6 percent over the medium to long term. This growth is anchored on deep economic and financial policy and structural reforms supported under the 38 months IMF Extended Fund Facility/Extended Credit Facility program. Further, the DSA assumed that the fiscal deficit is expected to decline to 1.2 percent of GDP in 2023 and reach a primary surplus of 0.5 percent of GDP in the medium term through fiscal consolidation. Under this economic recovery and debt stabilization program, the government is committed to implement measures to lower the size of the fiscal deficit and raise the level of revenue to GDP over the medium term.

In addition, the DSA assumed a resilient performance in the current account supported by increased exports of tea, horticulture and lower global energy prices. Remittances were expected to perform well and tourism receipts to contract on account of the COVID-19 crisis.

9.7 Scenario Stress Tests

The DSA was done based on a two-tailored stress tests. The first test is a one-time debt shock that combines contingent liabilities from SOEs (2 percent of GDP), PPPs (1.1 percent of GDP) and a need for bank recapitalization (5 percent of GDP). The second stress test is a market financing shock which is applied to low-income countries with market access, such as Kenya. The scenario assesses rollover risks resulting from a deterioration in global risk sentiment, temporary nominal depreciation and shortening of maturities of new external commercial borrowing.

9.8 Debt Carrying Capacity

The Debt Carrying Capacity (DCC) determines external debt indicative thresholds and total public debt benchmark for the public and publicly guaranteed (PPG) debt. The results of the DSA show that Kenya's DCC is assessed as *Medium*, with an estimated Composite Indicator (CI) of 3.01 down from a rating of *Strong* with a CI of 3.12 in April 2020. The decline is rating assessment is attributed to lower than projected global economic growth.

9.9 External Debt Sustainability Analysis

As indicated in Table 10.5-1, the present value (PV) of external debt-to-export and PPG of debt-service-to-exports indicators were breached under the baseline and the shock scenario. Both indicators remained above the thresholds throughout the medium-term projection period. This is due to repayment of the Eurobond in 2024 and revision of the Kenya's DCC due to downward revision of the global economic outlook.

Table 9.9-1: External Debt Sustainability Analysis

Indicators	Thresholds	2020	2021	2022	2023	2024	2025
PV of debt–to-GDP ratio	40	28.7	28.7	28.3	27.3	26.3	25.7
PV of debt-to-exports ratio	180	**288.3**	**255.8**	**239.2**	**219.8**	**204.2**	**193.6**
PPG Debt service-to-exports ratio	15	**26.5**	**19.1**	**22.7**	**20.1**	**29.7**	**18.4**
PPG Debt service-to-revenue ratio	18	15.5	13.0	15.8	14.0	**21.0**	13.1

Source: *IMF Country Report No. 21/72, March 2021*

9.10 Public Debt Sustainability

The PV of total public debt to GDP was above the 55 percent benchmark and projected to remain elevated before declining after year 2023(Table 9.6-1).

Table 9.10-1: Kenya's public debt sustainability

Indicators	Threshold	2020	2021	2022	2023	2024	2025
PV of debt–to-GDP ratio	**55**	**62.4**	**63.0**	**64.2**	**63.4**	**62.9**	**61.1**
PV of public debt-to-revenue and grants ratio		360.0	372.6	370.8	348.7	339.2	324.0
Debt service-to-revenue and grants ratio		52.2	47.6	61.9	68.3	79.3	72.0

Source: *IMF Country Report No. 21/72, March 2021*

9.11 improving DCC and DSA

Kenya's public debt remains sustainable with a high risk of debt distress. The debt sustainability ratios worsened following the adverse effects of COVID-19 pandemic on the economy. Going forward, debt sustainability is projected to improve gradually through sustained implementation of economic recovery policy and structural reforms supported under the current IMF EFF/ECF program. Successful implementation of the program will support economic growth including exports and fiscal consolidation to stabilize the growth of debt.

Commitment to implement the annual medium term debt strategies to lower cost and risk in the public debt portfolio will lead to improvement in the debt sustainability. The medium-term strategies include debt management operations to refinance or reprofile high cost and risk maturities. The government will continue to maximize use of concessional borrowing to finance capital investment and limit non-concessional financing to projects with high returns and preferably with export potential. Further, ratcheting up domestic debt market reforms to enhance efficiency and liquidity in the secondary markets for government debt securities will lower the cost of borrowing and support a normal smooth yield curve. Finally, commitment to fiscal consolidation is critical to reduction of the overall debt level.

CHAPTER TEN

THE 2020 MEDIUM TERM DEBT MANAGEMENT STRATEGY

10.5 Introduction

The *2020 MTDS* was prepared as per Section 33 of the PFM Act 2012 to guide borrowing and manage the existing debt portfolio in the fiscal year 2020/21. The *2020 MTDS* lays out the strategy for the period FY2020/21 to FY2022/23 with respect to the stock of debt and projected financing for the fiscal deficits in the *2020 Budget Policy Statement* (BPS).

10.6 Review of implementation of *2020 MTDS*

The *2020 MTDS* focussed on reducing refinancing risk by lengthening the maturity profile of public debt stock. It envisages gross external financing of 28 percent and gross domestic borrowing 72 percent. External financing is biased towards multi-lateral and bi-lateral loans, typically long-term at below market interest rates. Specifically, external borrowing is expected to comprise 14 per cent concessional, 1 per cent semi-concessional will be limited to 13 per cent on commercial terms. Funding of the fiscal deficits is to progressively shift away from external borrowing to improve the external debt service to revenue and export ratios. *2020 MTDS* underscored the importance of promoting Kenya's export competitiveness and diaspora remittances to enhance the level of foreign reserves necessary for external debt servicing.

On domestic financing, Treasury bonds is the main source of funding of the fiscal deficit while issuance of Treasury bills will be for cash management purposes consistent with Section 15 (3) of the PFM Act 2012. Treasury bonds will be used to refinance Treasury bills maturities so as to achieve the desired debt re-profiling as part strategy for managing risk. Further, domestic debt market development will be sustained to lower recourse to external commercial financing, a major cost driver for debt service in the overall public debt portfolio.

During the financial year ended June 2020, actual external borrowing comprised 20.9 percent concessional, 0.0 percent semi-concessional and 7.1 percent on commercial terms a slight deviation from *2020 MTDS* strategy. The major sources were the IMF, IDA and AfDB for Development Policy Operations and financing of COVID-19 containment measures - all on highly concessional terms. A US$ 1 billion ISB (the Eurobond) was issued successfully issued in the international capital markets. The Eurobond was oversubscribed five (5) times, a strong signal of strong investor confidence on Kenya's economy. As at end of June 2021, the stock of Treasury bills declined to Kshs. 765,375 million while Treasury bonds increased to Kshs. 2,849,936 million resulting to increase in the Average to Maturity of Treasury Bonds to 8.6 years.

Overall, the borrowing mix to finance the budget deficit was consistent with the *2020 MTDS* and led to lowering of costs and risks in the debt portfolio. However, the fiscal deficit remains elevated contributing to the increase in debt stock both in nominal terms and as a percent of GDP. The *2020 MTDS* emphasizes the need to keep the rate of debt accumulation below the rate of economic growth to safeguard debt sustainability.

10.7 Some highlight of the *2021 MTDS*

The FY2021/2022 borrowing will be guided by the *2021 MTDS*. The strategy seeks to achieve a ***net*** financing mix of 57 per cent from external sources and 43 per cent from domestic market. The *2021 MTDS* seeks to continue gradual reduction in the stock of Treasury bills in the domestic debt portfolio, re-profile external commercial debt through debt management operations to weed out expensive debts. Further, the strategy aims at issuance of medium to long term Treasury bonds to lengthen the maturity structure through benchmark bond program and reforms to deepen the domestic debt market. The *2020 MTDS* reiterates the need for fiscal consolidation to stabilize growth of public debt and adjustment of the debt ceiling in the medium term.

The evaluation of performance of the *2021 MTDS* will be provided in FY 2021/22 *Annual Debt Management Report.*

CHAPTER ELEVEN

OUTLOOK FOR THE MEDIUM TERM

11.5 Debt Sustainability

Tables 9.5-1 and Tables 9.6-1 show *improvement in debt sustainability indicators in the medium term* due to implementation of economic and financial policies and structural reforms for economic recovery and stabilization of growth of debt to GDP. The *debt carrying capacity* is expected to improve while external debt portfolio will shift significantly away from external commercial borrowing reflecting sustained implementation of robust public debt management strategies.

11.6 Size of public debt

The total public debt in nominal terms as at the end of June 2021 stood at Kshs 7,696,635 million and is projected to rise to Kshs 10,627,215 million in June 2025 (Table 11.1-1). However, *total public debt as a percent of GDP is projected to decline to 62.0 percent in June 2025* from the current level of 68.1 percent. This is attributed to lower fiscal deficit and slow-down in external borrowing. External public debt as a percentage of GDP is projected to decline from 35.4percent to 29.5 percent while domestic debt will remain stable at 32.5 percent.

Table 11.6-1: Projected public debt over the medium term (Kshs Million)

Stock/Fiscal Years	2020/21*	2021/22	2022/23	2023/24	2024/25
External Debt	3,999,542	4,329,862	4,668,542	4,904,250	5,058,515
% of GDP	*35.4*	*34.9*	*33.9*	*31.9*	*29.5*
Domestic Debt	3,697,093	4,317,139.30	4,740,904.87	5,136,542	5,568,700
% of GDP	*32.7*	*34.8*	*34.5*	*33.4*	*32.5*
Total Public Debt	**7,696,634**	**8,647,001**	**9,409,447**	**10,040,792**	**10,627,215**
% of GDP	*68.1*	*69.8*	*68.4*	*65.3*	*62*
Nominal GDP	**11,304,100**	**12,393,063**	**13,759,945**	**15,373,117**	**17,128,375**

**Provisional*

Source: *National Treasury*

11.7 Debt Service

As at June 2021, the total debt service was Kshs 780,628 million and is projected to increase to Kshs 1,299,101 million in the FY2024/25. As a proportion of revenue, the *debt service is projected to decrease to 46.3 percent in FY2024/25* from 50.0 percent in FY2020/21.

Despite the upward trend on overall interest payments as a percent of GDP and revenue in the medium term, the same is expected to remain relatively constant at an average of 4.6 percent and 30.2 percent, respectively.

Interest payments on domestic debt is projected to increase to Kshs 614,956 million in FY2024/25 from Kshs 388,829 million in FY2020/21. As a percentage of revenue, *interest payments on domestic debt are projected to decrease to 21.9 percent in FY2024/25* from 24.9 percent in the period under review. As a ratio of GDP, interest payments on domestic debt projected to increase to 3.6 percent in FY2024/25 from 3.4 percent in FY2020/21.

Interest on external debt is projected to increase to Kshs 152,072 million in FY 2024/25 from Kshs 106,312 million in FY 2020/21. *As a ratio of both GDP and revenue, external interest payments are projected to decline to 29.5 percent and 5.4 percent in FY 2024/25* from 36.2 percent and 6.8 percent in FY2020/21, respectively.

Principal repayments on external debt are projected to increase from Kshs 128,277 million in FY2020/21 and peak to Kshs. 493,007 million in FY2023/24 due to the Eurobond repayments in year 2024 before falling to Kshs 294,765 million in FY2024/25. As a ratio of GDP and revenue, the external repayments will peak to 3.2 percent and 19.6 percent in FY 2023/24 from 1.1 percent and 8.2 percent in FY 2020/21 before falling to 1.7 percent and 10.5 percent FY 2024/25, respectively.

Table 11.7-1: Projected Debt Service (Kshs million)

Debt Service	**Fiscal years**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Domestic interest	Amount (Kshs Million)	388,829	459,776	515,160	563,340	614,956
	% of GDP	*3.4*	*3.7*	*3.7*	*3.7*	*3.6*
	% of Revenue	*24.9*	*25.4*	*24.1*	*22.4*	*21.9*
External Interest	Amount (Kshs Million)	106,312	130,858	144,059	156,410	152,072
	% of GDP	*0.9*	*1.1*	*1.0*	*1.0*	*0.9*
	% of Revenue	*6.8*	*7.2*	*6.7*	*6.2*	*5.4*
Total Interest payments	Amount (Kshs Million)	495,141	590,634	659,219	719,750	767,028
	% of GDP	*4.4*	*4.8*	*4.8*	*4.7*	*4.5*
	% of Revenue	*31.7*	*32.7*	*30.8*	*28.6*	*27.3*
Domestic Treasury Bond Repayment	Amount (Kshs Million)	157,208	145,700	243,963	152,159	237,308
	% of GDP	*10.1*	*9.3*	*13.5*	*7.1*	*9.4*
	% of Revenue	*1.4*	*1.3*	*2.0*	*1.1*	*1.5*
External Principal Repayments	Amount (Kshs Million)	128,277	210,173	250,020	493,007	294,765
	% of GDP	*1.1*	*1.7*	*1.8*	*3.2*	*1.7*
	% of Revenue	*8.2*	*11.6*	*11.7*	*19.6*	*10.5*
Total Debt service	Amount (Kshs Million)	780,628	*946,507*	*1,153,202*	*1,364,916*	*1,299,101*
	% of Revenue	*50.0*	*52.4*	*53.8*	*54.2*	*46.3*
	% of GDP	*6.9*	*7.6*	*8.4*	*8.9*	*7.6*
Ordinary Revenue	**Amount (Kshs Million)**	**1,562,015**	**1,806,797**	**2,141,584**	**2,516,259**	**2,807,370**
Nominal GDP	**Amount (Kshs Million)**	**11,304,100**	**12,393,063**	**13,759,945**	**15,373,117**	**17,128,374**

Source: *National Treasury*

ANNEXES

Annex 1: Public Private Partnership (PPP) Projects with effective Project Agreements or Power Purchase Agreements (PPAs) Kenya, Government's Support Measures and Termination Terms

No.	Project Name	Project Description	Term (Years)	Project Value ($ Mn)	Status	Type/Value/ Government Support Measure	Amount of Termination Payment (Default by GOK)	Call on Government Support Measure (Y/N)
1	LOT 33 of the Road Annuity Programme	Construction and rehabilitation to bitumen standards the roads in Lot 33 (90.55km) Ngong-Kiserian-Isinya and Kajiado-Mashuru-Isara. This is being done under a Finance, Design, Build, Maintain and Transfer PPP arrangement	10	98.8	**Date of contract execution**: 16th November 2016 **Financial Close:** February 2018 **Status:** Construction was completed. Operations commenced on 1st November 2020.	Letter of Support covering political risks issued on 4th August 2017	-Debt Due -The NPV and -Sub-Contractor Costs	Y
2	Nairobi Expressway	Construction of the Mlolongo – JKIA- South C- Uhuru Highway – Westlands- James Gichuru (27Km) section of A8 road, a dual carriageway with Class A standard. This is being done under Design, Construct, Finance, Operate, Maintain and Transfer PPP arrangement.	30	667.8	**Date of contract execution**: 15th October 2019 **Financial Close:** Pending **Status:** Early works are ongoing	Letter of Support covering political risks issued on 20th August 2020.	-Debt Due -The NPV and -Contract Breakage Costs	Y
		INDEPENDENT POWER PRODUCERS (IPPs)						
3	Africa Geothermal International 140 MW	25year Power Purchase Agreement on a Build, Own, Operate (BOO) basis at Longonot geothermal power project adjacent to Olkaria, Kenya	25	760	**Date of contract execution**: 3rd April 2013 **Date of PPA Effectiveness**: 2nd October 2015. **Financial Close**: Pending	Letter of support covering political risks issued on 29th January 2015.	1. Total Project cost depreciated at 5% per annum 2. Expenses incurred by the seller as a result of termination 3. Net Present Value of 5 Years profits at 10%	N

4	Lake Turkana Wind Power – 300 MW	The wind turbine farm is being developed on BOO basis in Loyangalani, Marsabit West, on a 20 Year PPA with Kenya Power	20	847	**Date of contract execution**: 13th May 2013 **Financial Close**: 24th March, 2014 **Status**: Operational	Letter of support covering political risks issued on 28th February, 2013 Indemnity Agreement LC to be replaced with Escrow Account	1. Total Project cost depreciated at 5% per annum 2. Expenses incurred by the seller as a result of termination 3. Net Present Value of 5 Years profits at 10%	N
5	Gulf Power – 80.32 MW	The Heavy Fuel Oil (HFO) power plant developed on a BOO basis, in the Athi River region, on a 20-year PPA with KPLC.	20	108	**Date of contract execution**: 17th December 2012 **Financial Close**: 18th November, 2013 **Status**: Operational	Letter of support covering political risks issued on 2nd July 2012 Indemnity Agreement covering PRG payments was signed on 14th March 2013. PRG amount US$ 35 Mn and Euros 7 Mn	1. Total Project cost depreciated at 5% per annum 2. Expenses incurred by the seller as a result of termination 3. Net Present Value of 5 Years profits at 10%	N
6	Triumph Power – 83 MW	The Heavy Fuel Oil (HFO) power plant developed on a BOO basis, at Kitengela near the Athi River area of Mavoko, on a 20- year PPA with KPLC.	20	156.5	**Date of contract execution**: 14th June 2012 **Financial Close**: 7th August 2013 **Status**: Operational	Letter of support covering political risks issued on 2nd July 2012 Indemnity Agreement covering PRG payments was signed on 5th December 2012. PRG Amount US$ 45 Mn	1. Total Project cost depreciated at 5% per annum 2. Expenses incurred by the seller as a result of termination 3. Net Present Value of 5 Years profits at 10%	N
7	Thika Power - 87MW	The Heavy Fuel Oil (HFO) power plant is being developed on a BOO basis, at located near Thika town in Kiambu County, on a 20-year PPA with KPLC.	20	146	**Date of contract execution**: 2nd July 2012 Financial Close: 11th October 2012 **Status**: Operational from August 2013	Letter of support covering political risks issued on 2nd July 2012 Indemnity Agreement covering PRG payments was signed on 28th August 2014. PRG Amount US$ 35 Mn and Euros 7.7 Mn	1. Total Project cost depreciated at 5% per annum 2. Expenses incurred by the seller as a result of termination 3. Net Present Value of 5 Years profits at 10%	N
8	Orpower 150MW Olkaria III Geothermal power plant** (Expanded 1st plant	Description: 20 year – BOO, Geothermal. Location – Naivasha in Nakuru		***558	**Date of contract execution**: 26th November 2014	Letter of support covering political risks issued on 16th	1. Total Project cost depreciated at 5% per annum 2. Expenses incurred by the seller as a result of	N

	63.8MW,2nd Plant 39.6MW,3rd plant 17.6 MW and 4th Plant 29MW)	County			**Financial Close**: January 1999 **Status**: Operational	April, 2015 Indemnity Agreement LC covering PRG payments of Amount US$ 31Mn	termination 3. Losses incurred by the Seller	
9	Rabai Power Plant – 90 MW	20 year – BOOT, Thermal Power (Diesel) Plant. Located at Rabai in Kilifi County	20	155	**Date of contract execution**: 4th September 2008 **Financial Close**: October, 2008 **Status**: Operational	Indemnity Agreement LC Account	Net Present Value of Non- Escalabe Capacity Charges for the remaining period to the expiry of the term discounted at 12% per annum	N
10	Kipevu II 74MW	Located in Mombasa next to Kilindini seaport, the Heavy Fuel Oil (HFO) power plant is on BOO basis over a 20-year period	20	85	**Date of contract execution**: 28th January 2000 **Financial Close**: Sept, 1999 **Status**: Operational	Indemnity Agreement	1. Net Present Value of Non- escalabe Capacity Charges for the remaining period to the expiry of the term discounted at 10% per annum. 2. Expenses incurred by the Seller as a result of termination. 3. The value of the stock of fuel and other consumables and spare parts at the Plant	N
11	Imenti tea Factory Limited 0.28MW	Feed in Tariff Hydro Power Plant on a BOO basis PPA period – 20 years Location – Meru County	20	1.11	**Date of contract execution**: 1st September 2009 **Status**: Operational	None	None	N
12	Power Technology Solutions Ltd. Gikira Kianjora Small Hydro Power Stations 0.514MW	Feed in Tariff, Hydro Power Plant on a BOO basis PPA period -20 years Location – Nyeri County	20	2.01	**Date of contract execution**: 12th June 2013 **Status**: Operational	None	None	N
13	1050 MW Lamu Power Project	Located in Manda Bay, the Lamu Coal Power Plant is on a BOO basis over a 20- year period	25	2,000	**Date of contract execution**: 4th August 2017 **Status**: PPA not yet effective	Letter of support covering political risks issued on 4th August, 2017	1. Total amount outstanding and unpaid to all Financing Parties – Debt & Equity 2. NPV of 5 years profits at 10% discount rate 3. Redundancy payments/ Termination & Breakage costs 4. Value of unpaid construction works as at termination	N
14	100 MW Kipeto Wind Power	Feed in Tariff, Wind Power Plant on a BOO basis PPA period – 20 years Location - Kajiado County	20	323	**Date of contract execution**: 17th June 2016 **Status**: Plant commissioning underway	Letter of support covering political risks issued on 4th August 2017.	1. Total amount outstanding and unpaid to all Financing Parties – Debt & Equity 2. NPV of 5 years' profits at 10% discount rate 3. Redundancy payments/ Termination & Breakage costs 4. Value of unpaid construction works as at termination	N

15	35MW Geothermal Quantum Power Project	Located in Nakuru County, the Quantum Geothermal Power project is based on BOO arrangement over 20 years	25	90	**Date of contract execution**: 30th October 2014 Status: Financial Close pending	Letter of support covering political risks issued	1. Total amount outstanding and unpaid to all Financing Parties – Debt & Equity 2. NPV of 5 years profits at 10% discount rate 4. Redundancy payments/ Termination & Breakage costs 3. Value of unpaid construction works as at termination	N
16	40 MW Cedate Solar Power	Feed in Tariff Power Plant on a BOO basis PPA period – 20 years Location – Uasin Gishu County	20	77	**Date of contract execution: 5th June 2017** **Status**: Commissioning underway	Letter of support covering political risks issued on 4th August 2017.	1. The total project costs as derived from the audited Selenkei/Cedate Financial Model depreciated at 5% per annum. 2. The compensation amount to Cedate/ Selenkei shall be limited in aggregate to an amount equal to net present value calculated at 10% discount rate of the audited profit of Selenkei for the last 5 years for the loss of return on equity.	N
17	40 MW Selenkei Solar Power	Feed in Tariff Power Plant on a BOO basis PPA period – 20 years Location – Uasin Gishu County	20	84	**Date of contract execution:** 5th June 2017 **Status**: Commissioning underway	Letter of support covering political risks issued on 4th August 2017.		N
18	40 MW Malindi Solar Power Project	Feed in Tariff Power Plant on a BOO basis PPA period – 20 years Location – Kilifi County	20	82	**Date of contract execution:** 5th June 2017 **Status**: Under construction	Letter of support covering political risks issued.	1. Total amount total amount outstanding and unpaid to all Financing Parties – Debt & Equity 2. NPV of 5 years profits at 10% discount rate 3. Redundancy payments/ Termination & Breakage costs 4. Value of unpaid construction works as at termination	N
19	40 MW Alten Solar Power Project	Feed in Tariff Power Plant on BOO basis PPA period – 20 years Location – Uasin Gishu County	20	105	**Date of contract execution:** 5th June 2017 **Status**: Review of Interconnection Facility designs underway.	Letter of support covering political risks issued on 14th December 2017.	1. The total project costs as derived from the audited Financial Model depreciated at 5% per annum. The compensation amount to Alten shall be limited in aggregate to amount equal to net present value calculated at 10% discount rate of the audited profit of Alten for the last complete five (5) Contract Years prior to the date of termination of the PPA	N

20	Chania Green 50MW Wind Power Plant	Feed in Tariff Wind Power Plant on a BOO basis PPA period – 20 years Location – Kajiado County	20	102	**Date of contract execution:** 24th August 2017 **Status**: Construction ongoing	Letter of support covering political risks issued on 26th January 2018.	1.Total amount Total amount outstanding and unpaid to all Financing Parties – Debt & Equity 2. All amounts paid to Seller by way of subscription in Seller capital, less dividends and other distribution made to shareholders of Seller 3. Redundancy payments/ Termination & Breakage costs 4. Value of unpaid construction works as at termination	N
21	Biojoule 2MW	Feed in Tariff, Biogas, 2MW Power Plant on a BOO basis PPA period – 20 years Location – Nakuru County	20	6	**Date of contract execution:** 25th January 2016 **Status**: Operational		Monthly Liquidated Damages, until the operating year when the agreement would have terminated by effluxion of time, an amount equivalent to the average monthly revenue which the seller would have earned.	N
22	Regen Terem	Feed in Tariff Power Plant 5.0MW on a BOO basis PPA period – 20 years Location – Bungoma County	20	20	**Date of contract execution:** 28th January 2014 **Status**: Operational	-	Total project costs incurred by the Seller as at the time of termination, less 5% depreciation for every year of service from the Full Commercial Operation Date.	N
23	Chania Power 0.5MW	Feed in Tariff Hydro Power Plant on a BOO basis PPA period – 20 years Location – Murang'a County	20	1.4	**Date of contract execution**: 25th May 2017 **Status**: under Commissioning	-	Total project costs incurred by the Seller as at the time of termination, less 5% depreciation for every year of service from the Full Commercial Operation Date. However, Seller and Buyer may agree on alternative arrangements.	N
24	Gura (KTDA), 2.8MW	Feed in Tariff, Hydro Power Plant on a BOO basis PPA period – 20 years Location – Nyeri County	20	12	**Date of contract execution:** 25th May 2017 **Status**: Operational	-	All amounts owed between the parties shall be paid upon termination	N

Source: *National Treasury*

Annex 2: List of State Owned Enterprises (SOEs) with Non-Guaranteed Loans

SOE	CREDITOR NAME	PURPOSE	CREDITOR CATEGORY	LOAN CUR	LOAN AMOUNT	MATURITY	OUTSTANDING BAL_CUR	OUTSTANDING BALANCE_FX	Kshs Millions	% Of Total
KAA	Agence Francaise De Developpement (AFD)	Upgrade facilities at JKIA	External	USD	90,000,000.00	5-10 years	KES	6,773,031,880.00	6,773	6.5%
KAA	Agence Francaise De Developpement (AFD)	Rehabilitation of Airside Pavements at MIA	External	USD	66,000,000.00	Over 10 years	KES	5,050,651,367.00	5,051	4.8%
JKUAT	KCB Bank	JKUAT Towers	Domestic	KSH	1,897,777,000.00	5-10 years	KES	1,456,388,000.00	1,456	1.4%
JKUAT	KCB Bank	Kenyatta Road 1	Domestic	KSH	1,800,000,000.00	1-4 years	KES	901,676,000.00	902	0.9%
JKUAT	KCB Bank	Kenyatta Road 2	Domestic	KSH	750,000,000.00	1-4 years	KES	380,976,000.00	381	0.4%
KU	Co-operative Bank	Term loan - infrastructural developments	Domestic	KSH	820,000,000.00	1-4 years	KES	564,000,000.00	564	0.5%
KU	Equity Bank	Overdraft facility & Term Loan - for running the operations of the University (Kshs. 450 million -term loan and Kshs. 250 million-overdraft)	Domestic	KSH	700,000,000.00	1-4 years	KES	700,000,000.00	700	0.7%
KPLC	EQUITY BANK USD MEDIUM TERM LOAN	CAPEX	Domestic	USD	150,000,000.00	1-4 years	KES	4,063,000,000.00	4,063	3.9%
KPLC	RAND MERCHANT BANK	CAPEX	Domestic	USD	140,000,000.00	1-4 years	KES	1,258,200,000.00	1,258	1.2%
KPLC	STANDARD CHARTERED BANK	REFINANCING	Domestic	KSH	15,180,000,000.00	1-4 years	KES	7,590,000,000.00	7,590	7.2%
KPLC	STANDARD CHARTERED BANK USD WB GUARANTEED LOAN	REFINANCING	Domestic	USD	350,000,000.00	5-10 years	KES	27,719,300,000.00	27,719	26.4%
KPLC	RAND MERCHANT BANK	CAPEX	Domestic	USD	70,000,000.00	1-4 years	KES	5,661,800,000.00	5,662	5.4%
KPLC	STANDARD CHARTERED BANK MONEY MARKET	WORKING CAPITAL	Domestic	KSH	800,000,000.00	1-4 years	KES	800,000,000.00	800	0.8%
KPLC	NCBA BANK	OVERDRAFT CONVERSION	Domestic	KSH	6,750,000,000.00	Over 10 years	KES	6,750,000,000.00	6,750	6.4%
KPC	Syndicated- Commercial Bank of Africa, Citibank N.A., CFC Stanbic Bank, Standard Chartered Bank, Rand Merchant Bank, Cooperative Bank of Kenya	Construction of Line V pipeline.	Domestic	KSH	35,000,000,000.00	1-4 years	KES	19,000,000,000.00	19,000	18.1%
KenGen	Cooperative Bank of Kenya	Drilling of 89 Geothermal Wells	Domestic	KSH	7,000,000,000.00	1-4 years	KES	2,333,333,336.00	2,333	2.2%
KenGen	PUBLIC INFRASTRUCTURE BOND OFFER -PIBO	Various Projects Project Term Loan	Domestic	KSH	25,000,000,000.00	1-4 years	KES	-	-	0.0%
KenGen	Commercial Bank of Africa (NCBA)	Well heads	Domestic	USD	100,000,000.00	5-10 years	USD	78,445,742.90	8,356	8.0%
KenGen	Standard Chartered Bank of Kenya	Olkaria II 3rd Unit	Domestic	USD		1-4 years	USD			0.7%

					39,000,000.00			6,486,481.65	691	
KenGen	HSBC of London	Purchase of Rigs	External	USD	34,000,000.00	1-4 years	USD	13,516,346.80	1,440	1.4%
KenGen	Agence Francaise De Developpement (AFD)	Olkaria II 3rd Unit AFD	External	EUR	20,000,000.00	1-4 years	EUR	6,666,666.56	801	0.8%
UON	ABSA Bank	ABSA BANK	Domestic	KSH	950,000,000.00	5-10 years	KES	783,000,000.00	783	0.7%
PCK	CBA Bank	Working capital Loan (i) to improve payment services (KShs. 150 million); (ii) to improve Kisumu office (KShs. 50 million); (iii) to improve agency business (KShs. 50 million).	Domestic	KSH	250,000,000.00	5-10 years	KES	20,000,000.00	20	0.0%
EAPCC	KCB Bank	The company had Kshs. 6.6Bn. loan with KCB which was partially liquidated - by Kshs. 4.85B - through the sale of land.	Domestic	KSH	6,600,000,000.00	1-4 years	KES	1,750,000,000.00	1,750	1.7%
									104,843	**100.0%**

Source: *National Treasury*

CBK Exchange Rate Used as at 30/06/2020

Annex 3: Outstanding Stock of T. Bonds as at 30-Jun-2021

ISSUE NUMBER	MATURITY DATE	FACE VALUE
FXD2/2016/005	19-Jul-21	24,395,300,000
FXD3/2016/005	20-Sep-21	23,051,050,000
IFB2/2009/012	22-Nov-21	5,388,325,000
FXD1/2007/015	7-Mar-22	3,654,600,000
SFX1/2007/015	13-May-22	6,000,000,000
FXD2/2007/015	6-Jun-22	7,236,950,000
FXD2/2007/015	6-Jun-22	25,445,650,000
FXD1/2012/010	13-Jun-22	443,150,000
FXD1/2012/010	13-Jun-22	5,298,850,000
FXD1/2012/010	13-Jun-22	11,061,750,000
FXD1/2012/010	13-Jun-22	18,469,950,000
FXD1/2017/005	22-Aug-22	12,109,150,000
FXD1/2017/005	22-Aug-22	17,490,000,000
FXD2/2017/005	17-Oct-22	13,492,100,000
FXD2/2017/005	17-Oct-22	7,220,000,000
FXD3/2007/015	7-Nov-22	7,841,100,000
FXD3/2007/015	7-Nov-22	10,189,100,000
FXD3/2007/015	7-Nov-22	14,927,900,000
FXD1/2021/002	9-Jan-23	55,851,550,000
FXD1/2008/015	13-Mar-23	7,380,900,000
FXD1/2008/015	13-Mar-23	4,695,250,000
FXD1/2008/015	13-Mar-23	2,692,550,000
FXD1/2008/015	13-Mar-23	20,021,100,000
FXD1/2018/005	20-Mar-23	23,055,800,000
FXD1/2018/005	20-Mar-23	7,739,750,000
FXD1/2013/010	19-Jun-23	12,121,350,000
FXD1/2013/010	19-Jun-23	521,700,000
FXD1/2013/010	19-Jun-23	11,909,050,000
FXD1/2013/010	19-Jun-23	4,737,700,000
FXD1/2013/010	19-Jun-23	9,958,400,000
IFB1/2011/012	18-Sep-23	11,735,500,000
FXD1/2014/010	15-Jan-24	15,030,150,000
FXD1/2014/010	15-Jan-24	15,587,650,000
FXD1/2014/010	15-Jan-24	5,234,350,000
FXD1/2019/005	19-Feb-24	20,587,250,000
FXD1/2019/005	19-Feb-24	44,772,250,000
FXD2/2019/005	6-May-24	39,201,400,000
FXD1/2009/015	7-Oct-24	9,420,450,000
FXD1/2009/015	7-Oct-24	11,806,950,000
FXD1/2009/015	7-Oct-24	10,725,050,000
IFB1/2017/007	18-Nov-24	41,469,450,000
IFB1/2015/009	2-Dec-24	16,480,150,000
FXD3/2019/005	9-Dec-24	18,737,950,000
FXD3/2019/005	9-Dec-24	9,747,300,000
FXD3/2019/005	9-Dec-24	16,345,250,000

FXD1/2010/015	10-Mar-25	10,206,450,000
FXD1/2010/015	10-Mar-25	12,129,800,000
FXD1/2010/015	10-Mar-25	5,000,000,000
FXD1/2010/015	10-Mar-25	357,650,000
FXD1/2020/005	5-May-25	20,774,600,000
FXD1/2020/005	5-May-25	8,960,350,000
FXD1/2020/005	5-May-25	8,842,900,000
IFB1/2016/009	12-May-25	28,035,400,000
IFB1/2013/012	15-Sep-25	27,925,350,000
FXD2/2010/015	8-Dec-25	7,329,350,000
FXD2/2010/015	8-Dec-25	6,183,750,000
FXD2/2010/015	8-Dec-25	11,686,700,000
IFB1/2020/006	25-May-26	20,226,650,000
FXD1/2016/010	17-Aug-26	18,306,450,000
IFB1/2014/012	12-Oct-26	27,045,950,000
IFB1/2015/012	15-Mar-27	33,486,550,000
FXD1/2017/010	19-Jul-27	5,178,850,000
FXD1/2017/010	19-Jul-27	7,014,300,000
FXD1/2017/010	19-Jul-27	5,488,450,000
FXD1/2017/010	19-Jul-27	6,307,250,000
FXD1/2017/010	19-Jul-27	624,700,000
FXD1/2017/010	19-Jul-27	5,388,400,000
FXD1/2017/010	19-Jul-27	5,172,450,000
FXD1/2012/015	6-Sep-27	21,089,450,000
FXD1/2012/015	6-Sep-27	6,004,150,000
FXD1/2012/015	6-Sep-27	21,843,500,000
FXD1/2012/015	6-Sep-27	8,721,250,000
FXD1/2012/015	6-Sep-27	2,564,900,000
FXD1/2013/015	7-Feb-28	5,875,700,000
FXD1/2013/015	7-Feb-28	7,507,100,000
FXD1/2013/015	7-Feb-28	15,582,800,000
FXD1/2013/015	7-Feb-28	13,172,850,000
FXD1/2013/015	7-Feb-28	9,648,100,000
FXD1/2013/015	7-Feb-28	7,152,850,000
FXD2/2013/015	10-Apr-28	17,385,850,000
FXD2/2013/015	10-Apr-28	9,615,400,000
FXD2/2013/015	10-Apr-28	9,186,600,000
FXD2/2013/015	10-Apr-28	3,688,750,000
FXD2/2013/015	10-Apr-28	25,515,300,000
FXD1/2008/020	5-Jun-28	1,912,250,000
FXD1/2008/020	5-Jun-28	7,613,900,000
FXD1/2008/020	5-Jun-28	10,834,800,000
FXD1/2008/020	5-Jun-28	9,683,350,000
FXD1/2008/020	5-Jun-28	8,100,800,000
FXD1/2018/010	14-Aug-28	19,363,100,000
FXD1/2018/010	14-Aug-28	21,221,500,000
FXD2/2018/010	4-Dec-28	26,143,600,000
FXD2/2018/010	4-Dec-28	6,623,550,000
FXD2/2018/010	4-Dec-28	20,133,950,000
FXD1/2019/010	12-Feb-29	32,800,400,000

FXD1/2019/010	12-Feb-29	19,243,600,000
FXD1/2019/010	12-Feb-29	15,480,850,000
IFB1/2017/012	12-Feb-29	14,330,400,000
FXD2/2019/010	2-Apr-29	51,325,000,000
IFB1/2020/009	2-Apr-29	78,973,600,000
FXD3/2019/010	6-Aug-29	45,005,050,000
FXD4/2019/010	12-Nov-29	28,344,450,000
FXD4/2019/010	12-Nov-29	8,082,100,000
FXD4/2019/010	12-Nov-29	32,923,550,000
FXD1/2011/020	5-May-31	8,138,500,000
FXD1/2011/020	5-May-31	1,227,300,000
FXD1/2011/020	5-May-31	8,404,900,000
FXD1/2011/020	5-May-31	19,258,700,000
IFB1/2020/011	11-Aug-31	80,249,600,000
IFB1/2016/015	6-Oct-31	40,029,650,000
FXD1/2012/020	1-Nov-32	3,461,350,000
FXD1/2012/020	1-Nov-32	4,956,500,000
FXD1/2012/020	1-Nov-32	10,882,700,000
FXD1/2012/020	1-Nov-32	9,363,050,000
FXD1/2012/020	1-Nov-32	2,060,550,000
FXD1/2012/020	1-Nov-32	13,857,500,000
FXD1/2012/020	1-Nov-32	23,555,300,000
FXD1/2012/020	1-Nov-32	4,054,300,000
FXD1/2012/020	1-Nov-32	6,465,800,000
IFB1/2018/015	10-Jan-33	41,184,800,000
FXD1/2018/015	9-May-33	13,223,850,000
FXD1/2018/015	9-May-33	17,482,750,000
FXD1/2018/015	9-May-33	15,116,850,000
FXD1/2018/015	9-May-33	3,431,400,000
FXD2/2018/015	3-Oct-33	7,848,300,000
FXD2/2018/015	3-Oct-33	21,216,050,000
FXD1/2019/015	9-Jan-34	14,716,500,000
FXD1/2019/015	9-Jan-34	15,850,150,000
FXD1/2019/015	9-Jan-34	48,530,200,000
FXD2/2019/015	24-Apr-34	19,314,450,000
FXD2/2019/015	24-Apr-34	17,227,200,000
FXD2/2019/015	24-Apr-34	5,905,650,000
FXD2/2019/015	24-Apr-34	9,747,500,000
FXD2/2019/015	24-Apr-34	7,421,600,000
FXD2/2019/015	24-Apr-34	6,131,200,000
FXD2/2019/015	24-Apr-34	15,897,150,000
FXD3/2019/015	10-Jul-34	50,552,950,000
FXD1/2020/015	5-Feb-35	5,191,250,000
FXD1/2020/015	5-Feb-35	44,725,900,000
FXD1/2010/025	28-May-35	20,192,500,000
IFB1/2019/016	8-Oct-35	71,028,550,000
FXD1/2016/020	1-Sep-36	12,761,200,000
IFB1/2021/016	5-Jan-37	80,958,350,000
FXD1/2018/020	1-Mar-38	8,564,250,000
FXD1/2018/020	1-Mar-38	7,841,300,000

FXD1/2018/020	1-Mar-38	6,856,600,000
FXD1/2018/020	1-Mar-38	8,321,600,000
FXD1/2018/020	1-Mar-38	27,450,400,000
FXD2/2018/020	5-Jul-38	10,635,550,000
FXD2/2018/020	5-Jul-38	5,211,100,000
FXD2/2018/020	5-Jul-38	40,221,850,000
FXD2/2018/020	5-Jul-38	33,130,100,000
IFB1/2018/020	25-Oct-38	36,787,300,000
FXD1/2019/020	21-Mar-39	9,018,150,000
FXD1/2019/020	21-Mar-39	14,541,900,000
FXD1/2019/020	21-Mar-39	13,741,000,000
IFB1/2021/018	21-Mar-39	81,785,600,000
SDB1/2011/030	21-Jan-41	8,718,100,000
SDB1/2011/030	21-Jan-41	10,041,550,000
SDB1/2011/030	21-Jan-41	3,376,800,000
SDB1/2011/030	21-Jan-41	1,752,500,000
SDB1/2011/030	21-Jan-41	2,003,350,000
SDB1/2011/030	21-Jan-41	667,900,000
SDB1/2011/030	21-Jan-41	19,000,000
SDB1/2011/030	21-Jan-41	712,400,000
SDB1/2011/030	21-Jan-41	853,100,000
FXD1/2018/025	25-May-43	5,152,600,000
FXD1/2018/025	25-May-43	22,991,850,000
FXD1/2018/025	25-May-43	15,073,650,000
FXD1/2018/025	25-May-43	43,156,400,000
FXD1/2018/025	25-May-43	7,952,200,000
IFB1/2019/025	22-Feb-44	16,828,650,000
FXD1/2021/025	9-Apr-46	14,243,500,000
FXD1/2021/025	9-Apr-46	5,015,600,000
Grand Total		**2,849,935,625,000**

Source: CBKEDW

Annex 4: Outstanding Stock of Treasury Bills as at 30 June 2021

ISSUE NUMBER	MATURITY DATE	FACE VALUE
2296/364	05-Jul-21	25,503,900,000.00
2375/182	05-Jul-21	591,750,000.00
2415/091	05-Jul-21	2,046,000,000.00
2297/364	12-Jul-21	22,209,200,000.00
2376/182	12-Jul-21	3,173,500,000.00
2416/091	12-Jul-21	3,214,000,000.00
2298/364	19-Jul-21	6,160,900,000.00
2377/182	19-Jul-21	8,400,300,000.00
2417/091	19-Jul-21	4,161,450,000.00
2299/364	26-Jul-21	25,369,300,000.00
2378/182	26-Jul-21	937,000,000.00
2418/091	26-Jul-21	3,720,500,000.00
2300/364	02-Aug-21	10,883,200,000.00
2379/182	02-Aug-21	2,042,100,000.00
2419/091	02-Aug-21	1,738,200,000.00
2301/364	09-Aug-21	14,323,900,000.00
2380/182	09-Aug-21	2,082,400,000.00
2420/091	09-Aug-21	1,867,300,000.00
2302/364	16-Aug-21	5,702,950,000.00
2381/182	16-Aug-21	4,377,000,000.00
2421/091	16-Aug-21	1,389,700,000.00
2303/364	23-Aug-21	6,648,850,000.00
2382/182	23-Aug-21	11,090,400,000.00
2422/091	23-Aug-21	4,706,700,000.00
2304/364	30-Aug-21	1,963,350,000.00
2383/182	30-Aug-21	7,616,800,000.00
2423/091	30-Aug-21	2,441,500,000.00
2305/364	06-Sep-21	6,442,700,000.00
2384/182	06-Sep-21	7,064,600,000.00
2424/091	06-Sep-21	1,364,300,000.00
2306/364	13-Sep-21	4,251,850,000.00
2385/182	13-Sep-21	6,299,500,000.00
2425/091	13-Sep-21	6,937,150,000.00
2307/364	20-Sep-21	9,481,250,000.00
2386/182	20-Sep-21	6,362,500,000.00
2426/091	20-Sep-21	4,563,450,000.00
2308/364	27-Sep-21	4,763,400,000.00
2387/182	27-Sep-21	3,171,050,000.00
2427/091	27-Sep-21	2,030,150,000.00
2309/364	04-Oct-21	2,518,700,000.00
2388/182	04-Oct-21	783,950,000.00

2310/364	11-Oct-21	15,167,450,000.00
2389/182	11-Oct-21	2,519,900,000.00
2311/364	18-Oct-21	16,966,500,000.00
2390/182	18-Oct-21	3,743,300,000.00
2312/364	25-Oct-21	8,765,650,000.00
2391/182	25-Oct-21	2,071,300,000.00
2313/364	01-Nov-21	11,503,850,000.00
2392/182	01-Nov-21	2,901,750,000.00
2314/364	08-Nov-21	22,376,950,000.00
2393/182	08-Nov-21	3,910,050,000.00
2315/364	15-Nov-21	14,109,700,000.00
2394/182	15-Nov-21	2,942,750,000.00
2316/364	22-Nov-21	13,064,100,000.00
2395/182	22-Nov-21	7,182,900,000.00
2317/364	29-Nov-21	4,285,400,000.00
2396/182	29-Nov-21	4,586,900,000.00
2320/364	06-Dec-21	5,086,500,000.00
2397/182	06-Dec-21	10,257,550,000.00
2321/364	13-Dec-21	5,586,200,000.00
2398/182	13-Dec-21	8,165,850,000.00
2322/364	20-Dec-21	5,362,500,000.00
2399/182	20-Dec-21	7,489,650,000.00
2323/364	27-Dec-21	2,194,200,000.00
2400/182	27-Dec-21	5,753,850,000.00
2324/364	03-Jan-22	4,283,050,000.00
2325/364	10-Jan-22	10,832,400,000.00
2326/364	17-Jan-22	14,387,200,000.00
2327/364	24-Jan-22	15,695,350,000.00
2328/364	31-Jan-22	14,547,350,000.00
2329/364	07-Feb-22	13,421,200,000.00
2330/364	14-Feb-22	15,300,200,000.00
2331/364	21-Feb-22	14,651,350,000.00
2332/364	28-Feb-22	15,793,150,000.00
2333/364	07-Mar-22	18,826,600,000.00
2334/364	14-Mar-22	13,288,500,000.00
2335/364	21-Mar-22	12,810,300,000.00
2336/364	28-Mar-22	13,805,100,000.00
2337/364	04-Apr-22	4,749,750,000.00
2338/364	11-Apr-22	15,850,300,000.00
2339/364	18-Apr-22	11,395,000,000.00
2340/364	25-Apr-22	8,490,300,000.00
2342/364	02-May-22	17,297,300,000.00
2343/364	09-May-22	16,610,550,000.00
2344/364	16-May-22	17,684,050,000.00

2345/364	23-May-22	11,778,250,000.00
2346/364	30-May-22	15,009,200,000.00
2347/364	06-Jun-22	12,678,750,000.00
2348/364	13-Jun-22	4,100,000,000.00
2349/364	20-Jun-22	5,971,800,000.00
2350/364	27-Jun-22	9,726,300,000.00
	Grand Total	**765,374,750,000.00**

Source: *CBK EDW*

Annex 5: Public and Publicly Guaranteed External Debt by Creditor (Kshs Million)

CREDITOR	June-15	June-16	June-17	June-18	June-19	June-20	June-21
1. BILATERAL							
AUSTRIA	743	1,030	513	578	1,803	1,399	1,438
BELGIUM	6,142	7,469	9,938	10,208	11,591	11,975	12,684
CANADA	1,270	809	538	409	111	-	-
DENMARK	1,437	1,541	1,356	1,175	875	604	473
FINLAND	71	269	1,712	1,642	1,796	1,427	1,220
GERMANY	22,559	-	31,669	34,655	37,277	35,479	36,487
ITALY	1,101	622	654	125	36,293	37,244	40,104
JAPAN	79,017	-	91,456	101,886	135,229	151,685	159,048
NETHERLANDS	1,960	2,350	1,753	1,079	343	55	-
UK	1,467	992	650	463	60	-	-
USA	4,462	4,035	3,497	2,947	2,089	1,580	1,418
CHINA	252,039	313,127	478,607	559,071	661,059	719,359	761,089
OTHERS	13,756	31,385	36,963	53,822	107,534	113,451	126,568
TOTAL	**445,056**	**798,841**	**722,568**	**829,846**	**996,059**	**1,074,257**	**1,140,529**
2. MULTILATERAL							
ADB/ADF	161,532	179,227	197,490	204,776	229,638	263,749	322,293
EEC/EIB	20,625	21,073	20,399	19,455	17,241	16,796	23,229
IDA/IFAD/IBRD	407,294	488,330	540,515	516,774	608,989	921,341	1,126,130
IMF	86,150	84,847	77,637	71,588	49,208	110,605	178,215
OTHERS	9,030	9,204	8,347	2,795	9,319	9,138	9,544
TOTAL	**320,871**	**492,908**	**844,389**	**815,388**	**914,395**	**1,321,629**	**1,659,411**
3. COMMERCIAL BANKS	**276,937**	**432,377**	**711,893**	**906,389**	**1,095,754**	**1,102,294**	**1,187,439**
4. EXPORT CREDIT	**16,628**	**16,628**	**15,303**	**16,725**	**16,932**	**17,631**	**12,162**
GRAND TOTAL	**1,423,252**	**1,796,198**	**2,294,153**	**2,568,299**	**3,023,139**	**3,515,811**	**3,999,542**

Annex 6: List of new loans signed in FY2020-2021

No	Purpose of the Loan	Perceived benefits	Creditor	Original loan amount	Ksh Equivalent	Exchange rate	Loan Currency	Currency of payment	Agreement Date	Maturity Date	Disbursement during the period (Foreign currency)	Disbursement during the period in (Ksh)	Outstanding amount as at June, 2021	Grace period	Interest rate	Terms of repayment
1	Establishment of Bus Rapid Transit Line 5 Project	To finance the implementation of the project whose objective is to: Provide economically feasible Bus Rapid Transit (BRT); Secure the citizen's mobility, accessibility and safety and reduce the environmental effects caused by traffic congestion.	Export-Import Bank of Korea	59,000,000	6,363,150,000	107.85	USD	Korean Won	29th January 2021	20th January 2061	Not Disbursed	Not Disbursed	Nil	10 Years	Interest rate of the loan is 0.1 per cent per annum and the service charge of the loan is 0.1 per cent per annum on disbursed loan amount.	The loan will be repaid in 60 semi-annual instalments of KRW 1,092,592,593 from 20th July 2031 through to 20th January 2061
2	Nairobi ITS Establishment and Junctions Improvement Project Phase II	To finance the implementation of the project whose objective is to: Provide the structural improvement of junctions and expansion of ITS; Enhance urban mobility and safety in Nairobi and Reduce social cost caused by traffic congestion.	Export-Import Bank of Korea	100,000,000	10,785,000,000.	107.85	USD	Korean Won	29th January 2021	20th January 2061	Not Disbursed	Not Disbursed	Nil	10 Years	Interest rate of the loan is 0.1 per cent per annum and the service charge of 0.1 per cent per annum on disbursed loan amount.	The loan will be repaid in 60 semi-annual instalments of KRW 1,851,851,851.85 from 20th July 2031 through to 20th January 2061.

3	Nairobi ITS Establishment and Junctions Improvement Project	To finance the implementation of the project whose objective is to: Reduce social losses due to traffic congestion and enhance urban mobility in Nairobi through the development of ITS.	Export-Import Bank of Korea	61,000,000.00	6,578,850,000.00	107.85	USD	Korean Won	29th January 2021	20th January 2061	Not Disbursed	Not Disbursed	Nil	10 Years	Interest rate of the loan is 0.1 per cent per annum and the service charge of 0.1 per cent per annum on disbursed loan amount.	The loan will be repaid in 60 semi-annual instalments of KRW 1,129,629,630 from 20th July 2031 through to 20th January 2061.
4	Lake Victoria Water and Sanitation Project Kisumu	To finance eligible expenses: Production and distribution of drinking water; Sanitation and Governance and capacity building for KIWASCO and the County of Kisumu.	Agence Francaise De Developpement	20,000,000.00	2,564,530,000.00	128.23	EUR	EUR	2nd October 2020	30th September 2040	Not Disbursed	Not Disbursed	Nil	6 Years	Interest rate applicable to each drawdown shall be the fixed reference rate increased or decreased by any fluctuation of the index rate for the period	The loan will be repaid in 28 equal semi-annual instalments of EUR 714,286 from 31st March 2027 through to 30th September 2040.
5	Ithanga Water Supply Project-Phase III	To finance materials/goods and services originating from Belgium.	KBC BANK NV	8,300,579.00	1,064,354,193.14	128.23	EUR	EUR	25th February 2021	30th September 2038	Not Disbursed	Not Disbursed	Nil	3 Years	A liquity fee of 0.75 percent per annum calculated on the outstanding balance of the credit.	The loan will be repaid in 30 equal semi-annual instalments of EURO 276,686 from 31st March 2024 through to 30th September 2038.

6	LV WATSAN-KISUMU	To finance the project which consist the expansion of the water supply and rehabilitation and expansion of the wastewater system in the city of Kisumu, as well as certain satellite towns around the city including the construction of a new wastewater treatment works.	European Investment Bank	35,000,000.00	4,487,927,500.00	128.23	EUR	EUR	2nd October 2020	1st October 2041	Not Disbursed	Not Disbursed	Nil	1.5 Years	Interest shall be paid on the outstanding balance of each Fixed Rate Tranche at an annual rate of interest equal to the higher of (a) the Fixed rate less 3%, unless this value is less than zero, in which case it will be set at zero and (b) 50% of the Fixed rate.	The loan will be repaid in 40 equal semi-annual instalments of EUR 875,000 from 1st April 2022 through to 1st October 2041.
7	Arid and Semi-Arid Land Rural Roads Project	To finance eligible expenses of the Project whose main objective is to: (i) Provide basic all-season road accessibility in the project are to facilitate the transportation of people and goods in 6 ASAL counties (Kenya) (ii) Build capacity of local contractors and consultants in labour-based road construction methods (including improvement of roads) through training (iii) capacity building of the different persons/entitles in charge in road maintenance. The specific objective of	Agence Francaise De Developpment	60,000,000.00	7,693,590,000.00	128.23	EUR	EUR	2nd October 2020	31st May 2040	Not Disbursed	Not Disbursed	Nil	6 Years	Interest rate applicable to each drawdown shall be the fixed reference rate increased or decreased by any fluctuation of the index rate	The loan will be repaid in 26 equal semi-annual instalments of EUR 2,307,692 from 30th November 2027 through to 31st May 2040.

		the project will be: (i) Building climate resistant infrastructure thus mitigating the impact of drought and floods; (ii) Improving livelihoods and reinforcing food security for an estimated population of 1.5 million.														
8	Samatar-Wajir Road Project	To support Kenya's north eastern province in achieving its full economic potential and improve the socio-economic welfare of its population through upgrading the Isiolo – Modogashe – Wajir – Mandera road corridor, with a total length of 750 km, from the existing earth/gravel to bitumen standard. The Project's will be achieved through upgrading of the 90 km section between Samatar and Wajir town, which is a section of the corridor to an asphalt concrete standard with 7 m wide carriageway and 2 m wide shoulder on each side.	OPEC Fund for International Development	20,000,000.00	2,157,000,000.00	107.85	USD	USD	30th December 2020	15th May 2040	Not Disbursed	Not Disbursed	Nil	5 Years	The interest rate of 1.75% percent per annum and a service charge of 1 percent per annum charged on the principal amount of the Loan withdrawn and outstanding.	The loan will be repaid in 30 equal semi-annual instalments USD 666,667 from 15th November 2025 through to 15th May 2040.

9	Horn of Africa Gateway Development Project	To improve: (i) Movement of people and goods and digital connectivity and access to social services to communities at designated locations along the targeted sections of the Isiolo-Mandera Regional Road Corridor; and (i) Capacity of selected transport related institutions in Kenya.	International Development Association	669,200,000.00	85,809,173,800.00	128.23	EUR	EUR	7th October, 2020	1st May 2050	11,000,000.00	1,410,491,500.00	1,410,491,500.00	5 Years	The interest rate of the loan is 1.25 percent per annum and the service charge is 0.75 percent per annum on the withdrawn credit balance	40 principal payments of 11,041,800 EUR, to be paid semi-annually beginning from 1st November 2025 through to 1st May 2045 and 10 principal payments of 22,752,800 EUR to be paid semi-annually beginning from 1st November 2045 through to 1st May 2050
10	Samatar-Wajir Road Project	To upgrade the existing "Samatar-Wajir'' road (90 km) to a first-degree bitumen standard (Category A), that connects "Samatar'' town to "Wajir'' town, that is wholly situated in Wajir County in the North Eastern Region. Wajir town is the administrative headquarter of Wajir County, as well as a link to the northern-east regions of the country and borders of the neighboring countries of Ethiopia and Somalia.	The Arab Bank for Economic Development in Africa	15,000,000.00	1,617,750,000.00	107.85	USD	USD	7th June 2021	30th June 2053	Not Disbursed	Not Disbursed	Nil	8 Years	The interest rate of the loan is 2 per cent per annum on the principal amount of the loan withdrawn and outstanding.	The loan will be repaid in 40 different semi-annual instalments starting from 1st September 2029 up to 1st March 2049.

11	Samatar-Wajir Road Project	To construct 90km road between Samatar to Wajir. The road will enhance movement of people and goods between the Counties of Isiolo, Wajir, Garissa and Mandera.	Saudi Fund for Development	75,000,000.00	2,156,767,500.00	28.76	Saudi Riyals	Saudi Riyals	7th June 2021	31st May 2051	Not Disbursed	Not Disbursed	Nil	10 years	Interest rate of of the loan is 1 per cent per annum on the principal amount of the loan withdrawn and outstanding.	The loan will be repaid in 40 equal semi-annual instalments of 1,875,000 Saudi Riyals from 30th November 2031 through to 31st May 2051.
12	Supply of Medical Equipment and Associated Services to Public Healthcare Institutions in Kenya	To supply of medical equipment and associated services to the Moi Teaching and Referral Hospital (MTRH) of Eldoret and 6 sub-county hospitals, as well as the supply of medical equipment to fight COVID-19.	Government of The French Republic	33,000,000.00	4,231,474,500.00	128.23	EUR	EUR	27th August, 2020	20th December 2059	Not Disbursed	Not Disbursed	Nil	12 Years	0.0067 percent per annum	56 principal payments of 589,285.71 EUR, to be paid semi-annually on June 30 and December 30, beginning from 30th December 2032 through to 30th June 2060
13	Phase II of the Medical Waste Management Project	To finance materials/goods and services originating from Belgium	CBC BANQUE SA	9,271,590.24	1,188,863,565.91	128.23	EUR	EUR	25th June 2021	25th September 2036	Not Disbursed	Not Disbursed	Nil	3 years	The relieved interest rate of the loan is 0 per cent per annum.	The loan will be repaid in 24 equal and consecutive semi-annual instalments of EUR 386,316.26 beginning from 25th March 2025 to 25th September 2036.
14	Financial Assistance for Medical Waste Treatment Plants	To finance the production, delivery and installation of 15 AMB Series 250 Ecosteryl medical waste treatment plants.	Government of the Kingdom of Belgium	10,000,000.00	1,282,265,000.00	128.23	EUR	EUR	12th May 2021	31st December 2060	Not Disbursed	Not Disbursed	Nil	20 Years	The interest rate of the loan is 0 per cent per annum.	The loan will be repaid in 20 equal annual instalments of EUR 500,000 beginning 31st December 2041 to 31st December 2060

15	Health Sector Policy Loan for Attainment of the Universal Health Coverage (Phase 2)	To strengthen health financing and service delivery by facilitating priority policy actions towards the attainment of the Universal Health Coverage through policy dialogue and financial support, thereby contributing to promoting the economic stability and development efforts of Kenya.	Japan International Cooperation Agency	80,000,000.00	7,796,504,000.00	97.46	JPK	JPK	27th August 2020	20th August 2050	Not Disbursed	Not Disbursed	Nil	11 Years	The interest rate of the loan is 0.95 percent per annum on the principal disbursed and outstanding for each interest period.	1 Principal Repayments of 1,951,600.00 JPY(100), to be paid on 20th August 2030 and 40 instalments of 1,951,210.00 beginning on 20th February 2031 through to 20th August 2050.
16	Second Informal Settlements Improvement Project	To improve access to basic services and tenure security of residents in participating urban informal settlements and strengthen institutional capacity for slum upgrading in Kenya.	International Development Association	134,800,000.00	17,284,932,200.00	128.23	EUR	EUR	17th August 2020	April 15th 2050	Not Disbursed	Not Disbursed	Nil	5 Years	The interest rate of the loan is 1.25% percent per annum and service charge of 0.75 percent per annum on disbursed loan amount	40 Principal Repayments of 2,224,200.00 EURO, to be paid semi-annually on 15th May and 15th October, beginning in October 15th 2025 through to April 15th 2045 and 10 Principal Repayments of 4,583,200.00 EURO, beginning in October 15th 2045 through to April 15th 2050.
17	International Sovereign Bond 2021	To finance the budget under the development expenditure	Citi Group Global Markets Europe AG	1,000,000,000.00	107,850,000,000.00	107.85	USD	USD	14th June 2021	23rd January 2034	1,000,000,000.00	107,850,000,000.00	107,850,000,000.00	12 Years	The interest rate of the loan is 6.3 per cent per annum on the disbursed amount	The loan will be repaid in 2 equal annual repayments of USD 500,000,000 from 23rd January 2033 through to 23rd January 2034.

18	Extended Fund Facility	To provide direct budget financing.	International Monetary Fund	339,250,000.00	52,190,015,432.25	153.84	SDR	SDR	2nd April 2021	25th June 2031	339,250,000.00	52,190,015,432.25	52,190,015,432.25	4 Years	No interest payment	The 1st Tranche has 10 principal repayments of SDR 7,599,000, to be paid semi-annually from 6th October 2025 to 6th April 2031. The 2nd Tranche has 10 principal repayments of SDR 8,685,000, to be paid semi-annually from 25th December 2025 to 25th June 2031.
19	Extended Credit Facility	To provide direct budget financing.	International Monetary Fund	162,840,000.00	25,051,207,407.48	153.84	SDR	SDR	1st April 2021	25th June 2031	162,840,000.00	25,051,207,407.48	25,051,207,407.48	4 Years	No interest payment	The 1st Tranche has 10 principal repayments of SDR 7,599,000, to be paid semi-annually from 8th October 2026 to 8th April 2031. The 2nd Tranche has 10 principal repayments of SDR 8,685,000, to be paid semi-annually from 25th December 2026 to 25th June 2031.
20	Accelerating Reforms for an Inclusive and Resilient Recovery Development Policy Financing	To facilitate fiscal and debt reforms to make spending more transparent and efficient and enhance domestic debt market performance; To facilitate electricity sector reforms to strengthen the cornerstone utility	International Development Association	750,000,000.00	80,887,500,000.00	107.85	USD	USD	14th June 2021	15th May 2051	750,000,000.00	80,887,500,000.00	80,887,500,000.00	5 Years	The interest rate of the loan is 1.25 percent per annum and the service charge is 0.75 percent per annum on the	The loan will be repaid in 40 equal semi-annual repayments of USD 1,237,500 from 15th November 2026 through to 15th May 2046 and 10 equal semi-annual

		(KPLC) and place Kenya on an efficient ,green path; To facilitate natural capital reforms to strengthen environmental governance ,combat climate change and make land and water -resource use more efficient ,equitable and sustainable; and to facilitate Human 99capital reforms to strengthen Kenya's health and education sectors and support an inclusive ,resilient recovery.													withdrawn credit balance.	instalments of USD 2,550,000 from 15th November 2046 through to 15th May 2051.
E: AGRICULTURE																
21	Kenya Livestock Commercialization Project	To increase incomes of 110,000 poor livestock and pastoralist households (HHs), especially youth and women, in an environmentally-friendly manner, in selected project areas of the ten participating counties. This is to be achieved through: Climate-smart production for small livestock; and Support to livestock market development	International Fund for Agricultural Development	16,010,000.00	2,052,906,265.00	128.23	EUR	EUR	16th February 2021		Not Disbursed	Not Disbursed	Nil	5 Years		The loan will be repaid in 40 equal semi-annual repayments of EUR 400,250 from 1st May 2026 through to 1st November 2045.
E: EDUCATION																
22	Technical and Vocational Education	To increase youth employment by improving the employability and competitiveness of Kenyan youth	African Development 999Fund	26,900,000.00	4,138,269,100.00	153.84	AUA	EUR	11th January, 2021	15th November 2049	Not Disbursed	Not Disbursed	Nil	4 Years	The interest rate of the loan is 1 percent per annum and	The loan will be repaid in 50 equal and consecutive semi-annual instalments

	al Training and Entrepreneurship (TVETE) Project	through improved access to, quality and relevant Technical Education and99 Entrepreneurship Training (TVET).													service charge of 0.75 percent per annum on disbursed loan amount.	AUA 538,000 from 15th May 2025 through to 15th November 2049.
	Total				**293,547,328,431.90**							**271,266,475,994.07**	**271,266,475,994.07**			