

PART I

FACTS AND FIGURES ON PUBLIC DEBT IN KENYA

A FACTSHEET ON KENYA'S PUBLIC DEBT

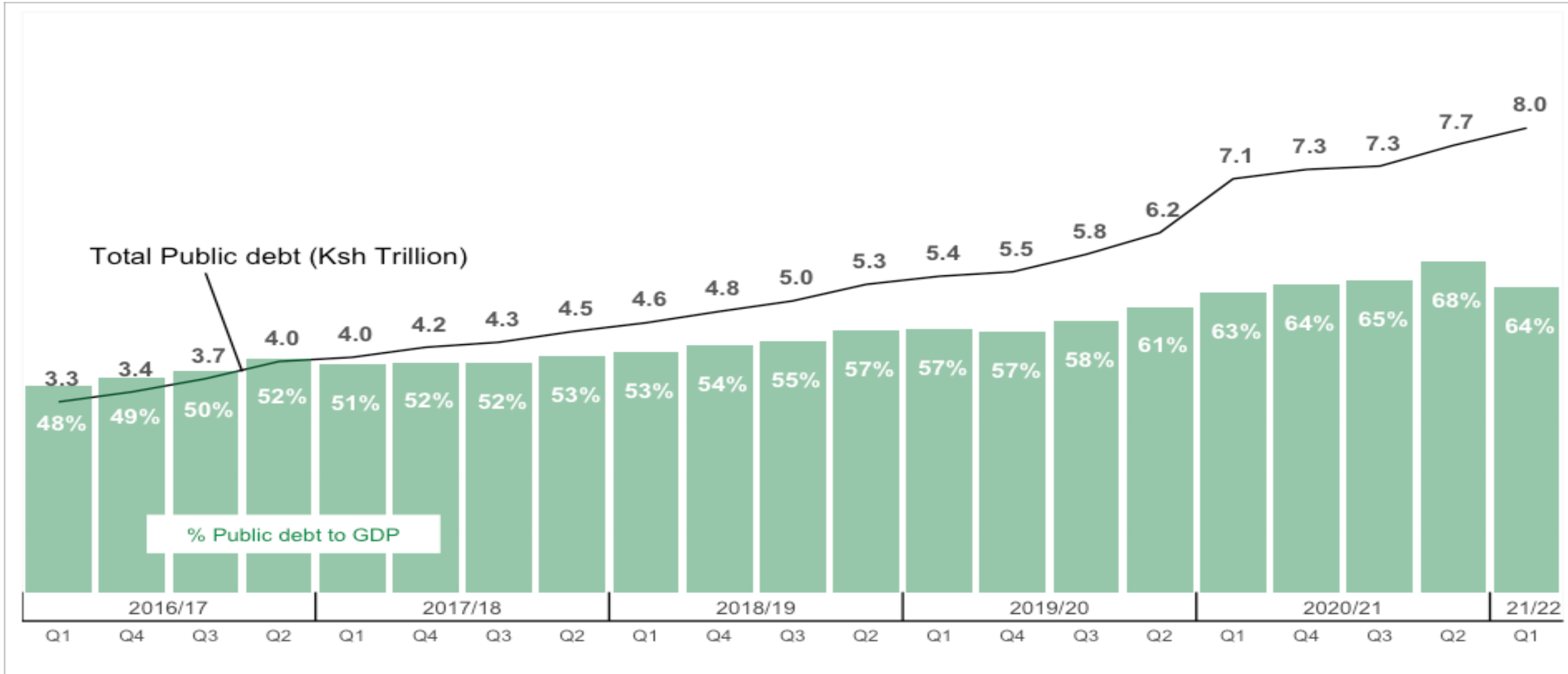
Outline of Presentation

- Public debt management architecture
- Size and evolution of public debt
- Composition and structure of debt

Public Debt Management Architecture

- Chapter 12 of the Constitution of Kenya, 2010 offers an elaborate institutional framework that outlines the principles of public finance
 - Public Debt means all financial obligations attendant to loans raised or guaranteed and securities issued or guaranteed by the national government
 - Public Finance Management Act 2012 that regulates financial management in national and county government
 - National Assembly directs on transparency and accountability in publishing debt database , use of debt , debt servicing and repayment and progress made on repayment.
 - National Treasury (NT) acts as a Directorate of Public Debt Management
 - MTDMS is an annual strategy by National Treasury on Debt Management and it's approved by National Assembly

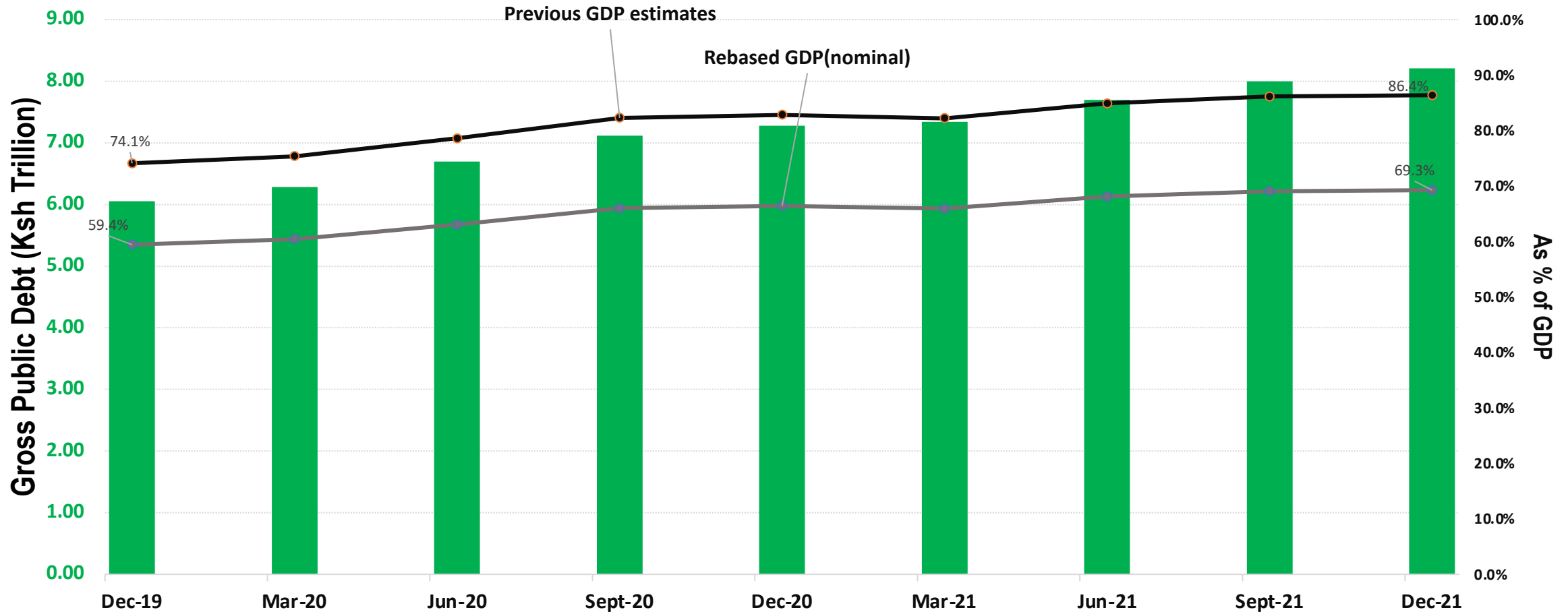
Size and evolution of Kenya's public debt



Source: Central Bank of Kenya

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Size and evolution of Kenya's public debt



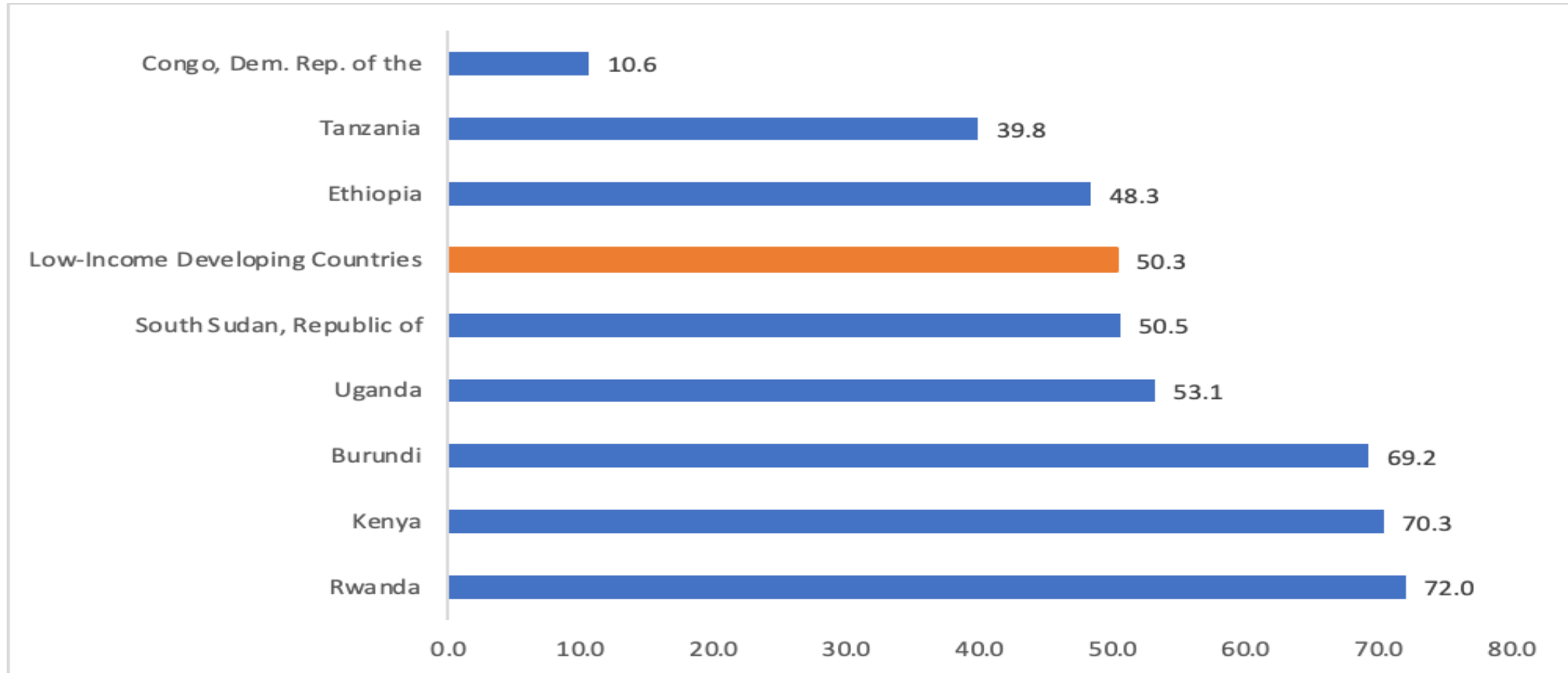
Source: QEBR for Q2 of 2021/22

Trend in Total Public Debt (Ksh Trillion)

	<u>Dec-19</u>	<u>Mar-20</u>	<u>Jun-20</u>	<u>Sep-20</u>	<u>Dec-20</u>	<u>Mar-21</u>	<u>Jun-21</u>	<u>Sep-21</u>	<u>Dec-21</u>	<u>Mar-22</u>
External Debt	3.11	3.21	3.52	3.66	3.79	3.77	4.00	4.06	4.17	4.15
Domestic Debt	2.94	3.07	3.18	3.46	3.49	3.57	3.70	3.94	4.03	4.25
External debt as a share of total debt (5)	51.4	51.0	52.6	51.4	52.1	51.4	51.9	50.8	50.8	50.06
Total Debt	6.05	6.29	6.69	7.12	7.28	7.34	7.70	8.00	8.21	8.4

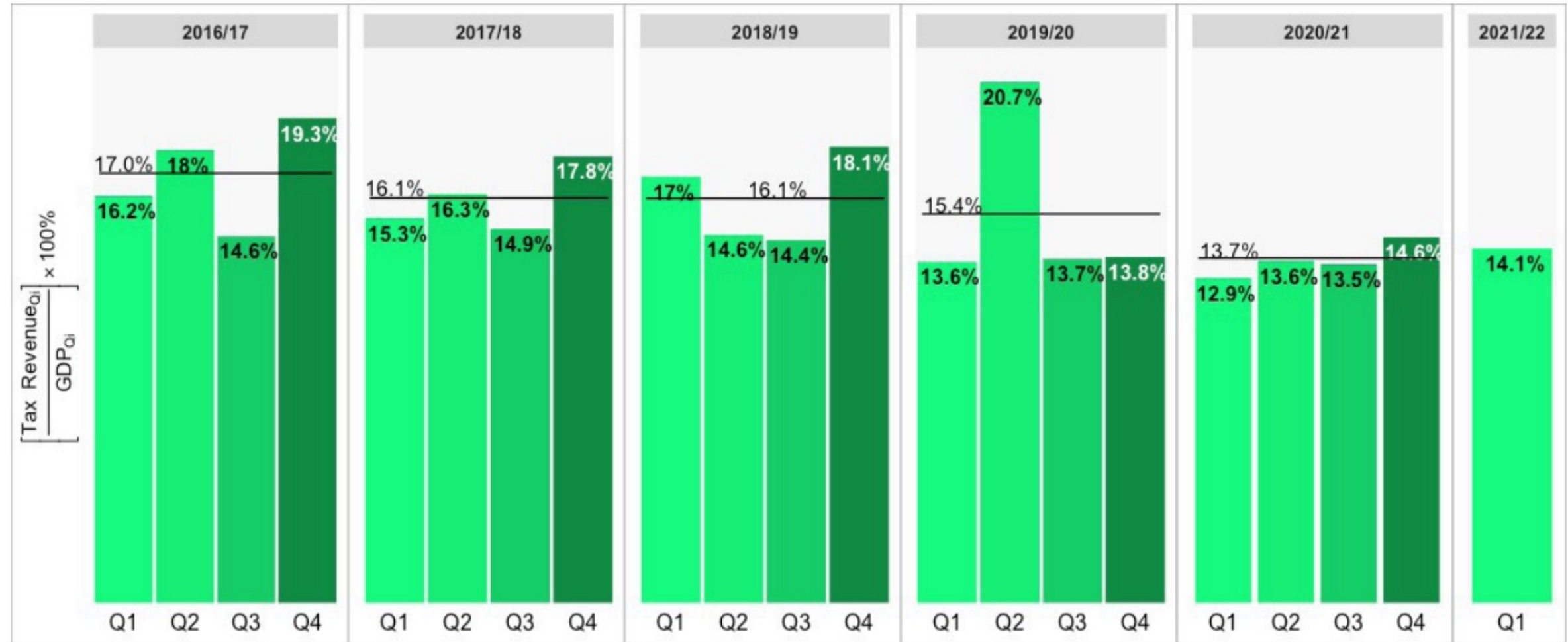
Source: QEBR Q2 2021/22

Comparison across region, Debt as a % of GDP



Source: IMF Data

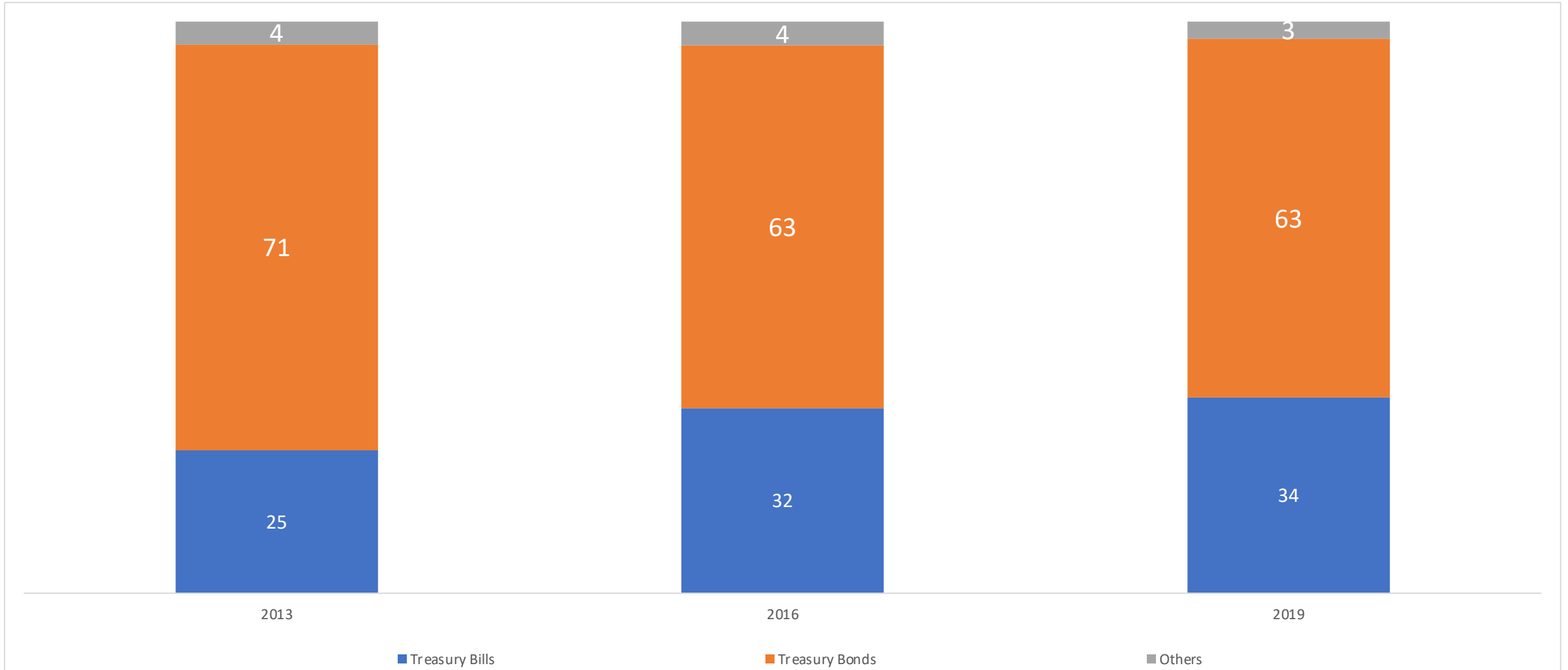
Tax Revenue as a share of GDP



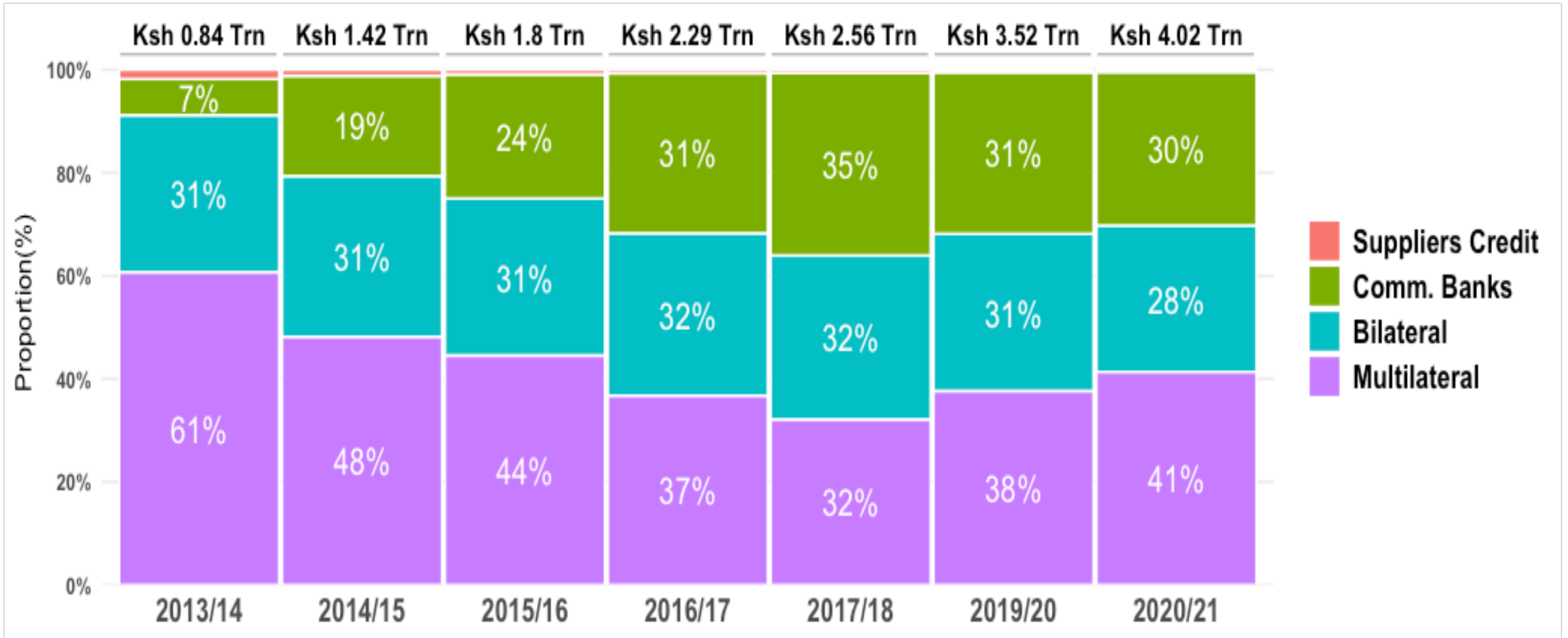
Source: The National Treasury | Quarterly Economic and Budget Review (QEBR)

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Composition of Domestic Public Debt (%)



Breakdown of Kenya's External debt



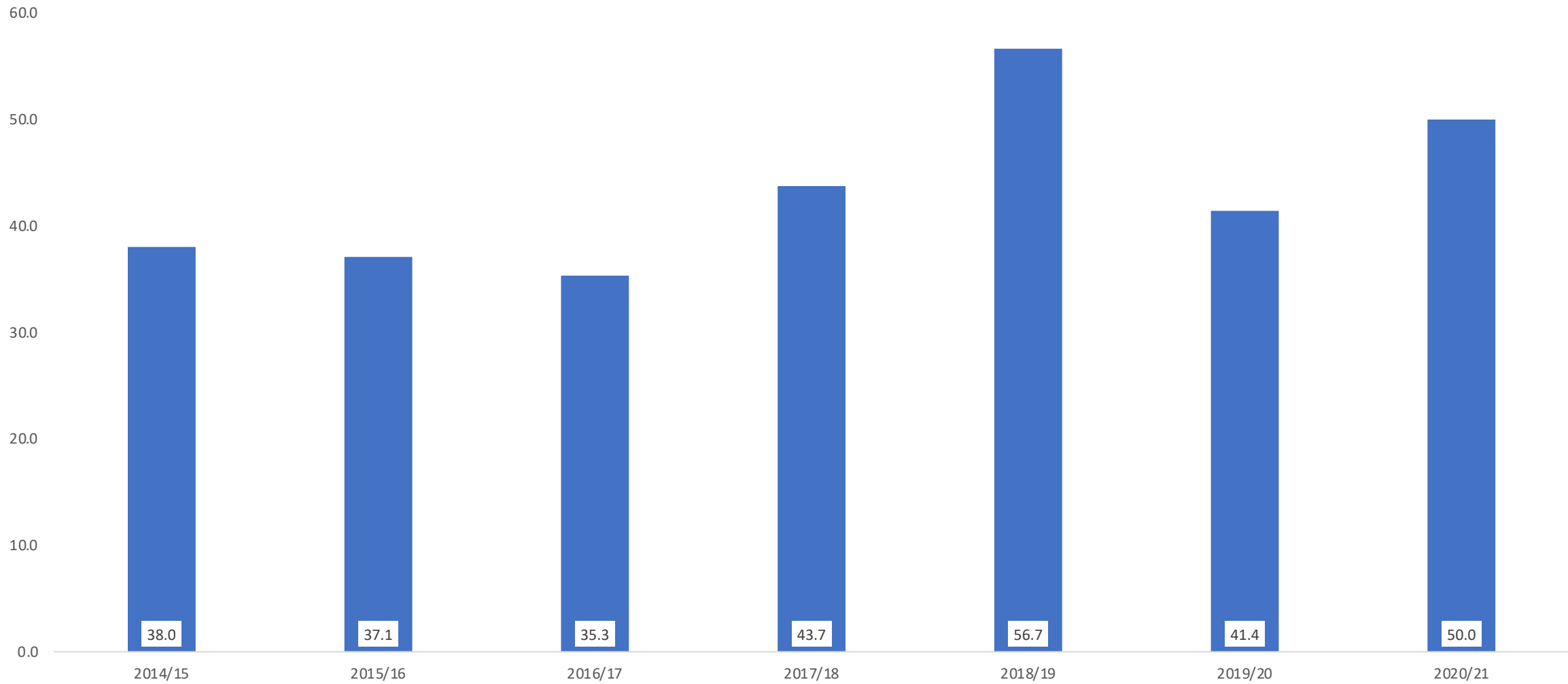
Source: Office of the Controller of Budget

Composition of Public Debt Servicing

		Ksh Billion					as a % of Sub Total				
		<u>18/19</u>	<u>19/20</u>	<u>20/21</u>	<u>21/22</u>	<u>22/23</u>	<u>18/19</u>	<u>19/20</u>	<u>20/21</u>	<u>21/22</u>	<u>22/23</u>
Interest	Domestic	302	340	422	482	508	70%	74%	75%	75%	73%
	External	132	119	138	161	187	30%	26%	25%	25%	27%
	Total	434	459	560	643	695	100%	100%	100%	100%	100%
Redemption	Domestic	214	362	347	437	457	64%	72%	57%	60%	46%
	External	121	138	262	297	534	36%	28%	43%	40%	54%
	Total	335	500	609	734	991	100%	100%	100%	100%	100%

Source: The National Treasury | Budget Estimates

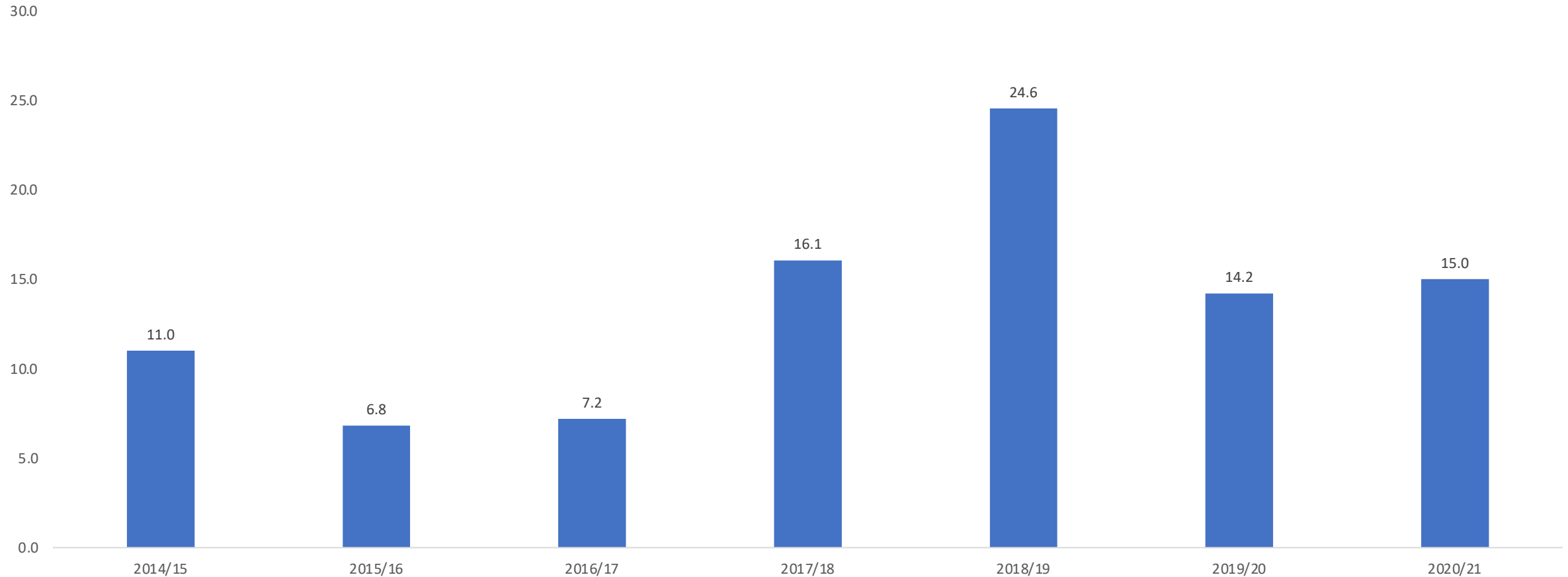
Total Debt Service to Revenue ratio



Source: National Treasury Annual Public Debt Management Report 2022

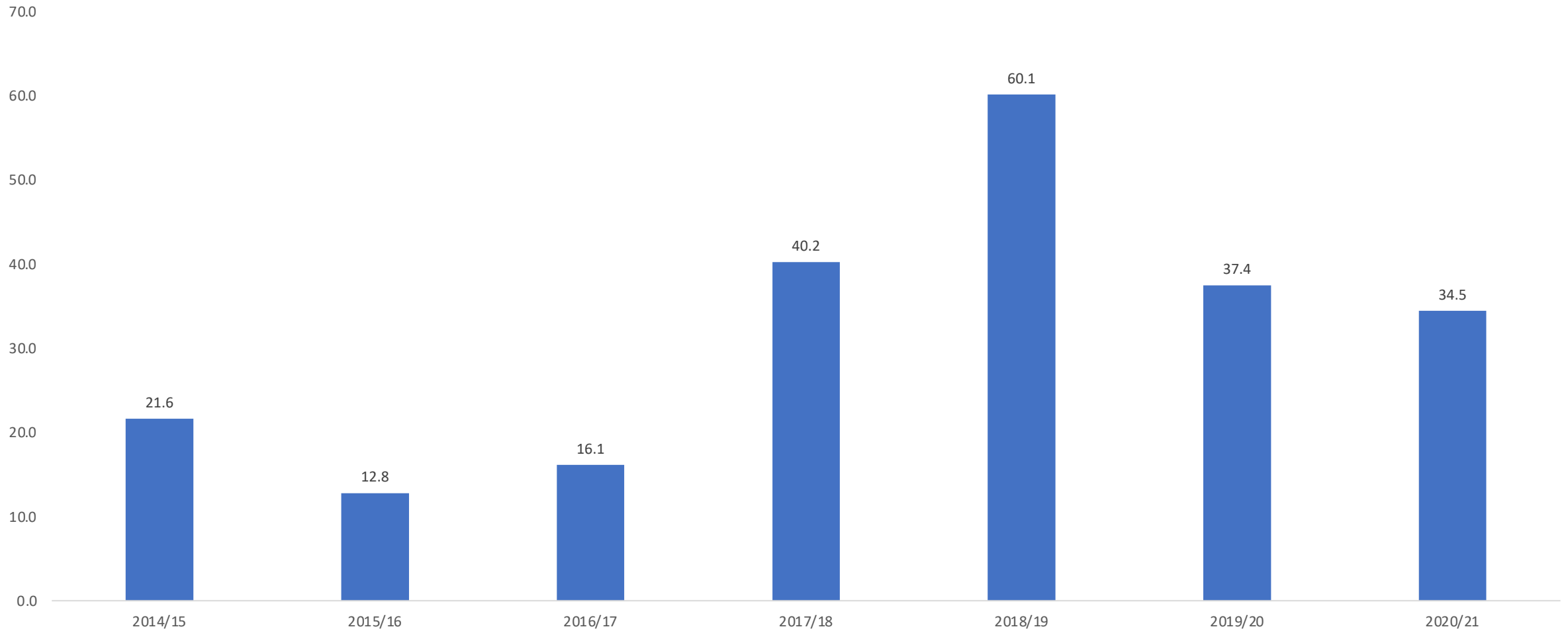
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External Debt Service as a Share of Revenue



Source: National Treasury Annual Public Debt Management Report 2022

External Debt Service to Exports (goods only) ratio



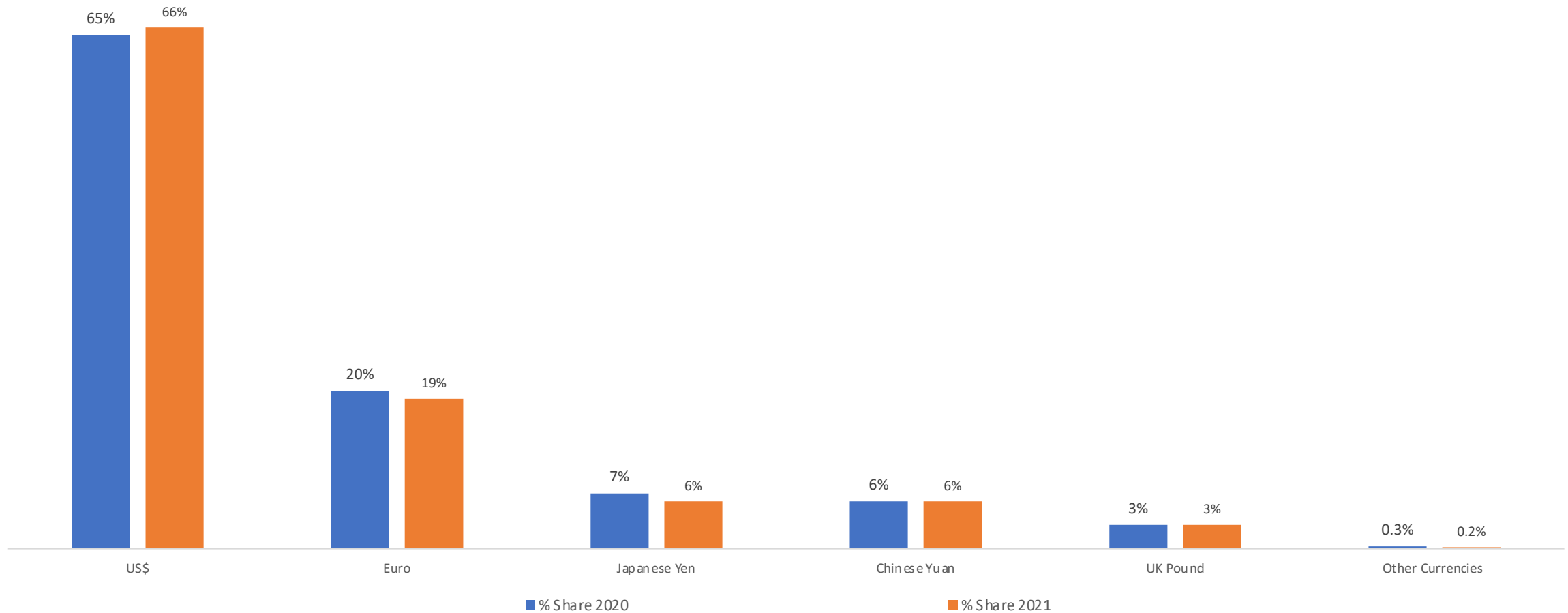
Source: National Treasury Annual Public Debt Management Report 2022

Terms of new external loans 2015-2017

	<u>Jun-15</u>	<u>Jun-17</u>	<u>Jun-21</u>
Avg maturity (yrs)	21	17.6	23.3
Grace period (yrs)	6.4	4.5	7.4
Weighted avg interest	2.5	2.6	2.1

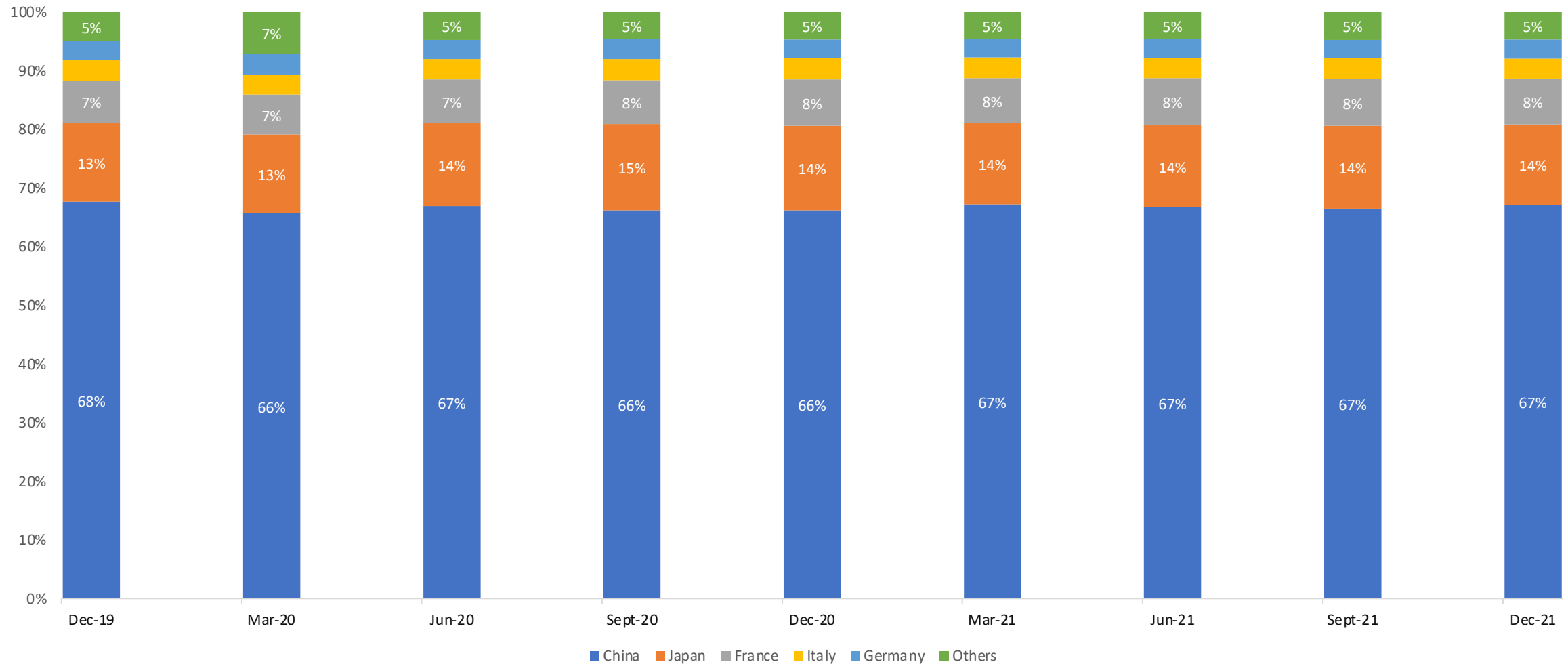
Source: *The National Treasury*

Currency Composition of External Debt



Source: National Treasury QEBR for Q2 FY 2021/22

From whom are we borrowing - our creditors (Bilateral Lenders)



Source: National Treasury QEBR for Q2 FY 2021/22

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Key Messages

- Debt management is critical - debt restructuring towards replacing expensive commercial debt with concessional debt and the need to explore non debt creating financing options (PPPs) for public investments
- As the country recovers and economic rebound
 - Need to revert to fiscal consolidation agenda-Expenditure management
 - Domestic resource mobilization efforts through tax administrative and collection reforms
- Reduction in development expenditure-subdued economy – thus providing an enabling environment for increased private sector investment is key