



MONTHLY DEBT BULLETIN AUGUST 2019

1.1 Introduction

The nominal public and publicly guaranteed debt as at end of August 2019 stood at Kshs 6.01 trillion or USD 58.03 billion which is 55.85 percent of GDP. Domestic debt stood at Kshs. 2.85 trillion or USD 27.77 billion while the External debt stock stood at Kshs 3.13 trillion or USD 30.35 billion. Domestic debt as a percentage of GDP stood at 26.71 percent whereas External debt stood at 29.11 percent. The structure of debt remained the same where domestic debt accounts for 47.86 percent while external debt accounts for 52.14 percent of the total debt.

1.2 Movement in Exchange Rates

The key currencies in which Kenya's public debt is denominated are USD, Euro, Yen, Yuan and Sterling Pound. The USD moved from Kshs. 104.21 in July 2019 to Kshs. 103.55 in August 2019 against the Kenya Shilling while the Euro moved from Kshs. 115.94 to Kshs. 114.63 during the same period. The Sterling Pound moved from Kshs. 126.87 to Kshs. 126.40 while the Japanese Yen moved from Kshs. 95.93 (per 100 JPY) to Kshs. 97.29 against the Kenya Shilling in the same period. Movements in exchange rates have implications on both the size of the external debt stock and the cost of external debt service.

1.3 Size of Public and Publicly Guaranteed External Debt

Overall public and publicly guaranteed external debt decreased by Kshs 26.49 billion from Kshs 3,160.06 billion in July 2019 to Kshs 3,133.54 billion in August 2019. Between July and August 2019, debt owed to bilateral creditors decreased by Kshs 8.69 billion to Kshs. 1,033.43 billion from Kshs 1,042.12 billion while multilateral credit decreased by Kshs.11.08 billion to Kshs 1,011.28 billion from Kshs. 1,022.36 billion. Commercial debt decreased by Kshs 6.63 billion to stand at Ksh 1,071.69 billion.

1.4 Currency composition of external debt

The proportion of debt denominated in USD stood at 68.3 percent, followed by Euro which accounts for 17.1 percent. The Japanese Yen, Yuan, and Sterling Pound accounted for 6.7 percent, 2.4 percent and 5.2 per cent respectively. Other currencies accounted for 0.3 percent.

1.5 Actual Cumulative External Debt Service

As at end August 2019 the accumulative actual debt service stood at Kshs. 31.71 billion; comprising of principal payments of Kshs. 6.18 billion and interest payments of Kshs. 25.53 billion. Bilateral creditors accounted for Kshs 17.19 billion which is 54.21 percent while Commercial creditors accounts for 29.74 percent of the total debt service.

Multilateral creditors stood at Kshs 5.09 billion accounting for 16.05 percent of the total debt service respectively.

At the end of August 2019, the government did not pay any amount towards the guaranteed loans towards KBC modernization, TARDA, and East African Portland Company.

1.6 Government Domestic Borrowing

During the month of August 2019, amounts worth Kshs. 146.0 billion were advertised for Government securities. Bids worth Kshs. 167.96 billion were received composed of Kshs. 100.52 billion and Kshs. 67.44 billion for the Treasury Bills and Treasury Bonds respectively. Successful bids from Treasury bills and bonds amounted to Kshs. 146.42 billion against redemptions of Kshs. 91.74 billion leaving a surplus of Kshs. 54.68 billion to the exchequer.

1.7 Domestic Debt by Instruments

The Treasury Bonds still continue to dominate at 64.08 percent of Government domestic debt , Treasury Bills at 32.96 percent while the remainder of 2.96 percent was held as Government overdraft at the Central Bank of Kenya , Tax Reserve Certificates and advances from commercial loans.

1.8 Net Domestic Financing

As at end August 2019 the net domestic financing stood at Kshs. 46.85 billion against an annual target of Ksh 300.3 billion for FY2019/20.

1.9 Cumulative Domestic Interest Payments

The overall cumulative actual domestic interest payment as at August 2019 stood at Kshs.50.62 billion .During the month of August 2019, interest payment for Treasury bonds and Treasury bills stood at Kshs.15.66 billion and Kshs. 6.03 billion, respectively.

1.10 Average Interest rates for Treasury Bills

The average interest rate for Treasury bills continued to decrease during the period under review. The 91-day, and the 182-day Treasury bills decreased by 18, and 30 basis points from July position to stand at 6.44 percent and 7.12 percent respectively. The 364 days Treasury bill increased by 40 basis points to stand at 9.16 percent in August 2019.

**ANNEX 1: STOCK OF PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT BY
SOURCE (IN KSHS MILLIONS) AS AT END OF AUGUST 2019**

Creditor	Stock at end July 2019	Stock at end August 2019	Change
BILATERAL			
AUSTRIA	869.59	859.72	(9.87)
BELGIUM	11,671.66	11,420.15	(251.51)
CANADA	112.67	111.96	(0.71)
DENMARK	790.61	780.96	(9.65)
FINLAND	1,653.08	1,634.33	(18.75)
FRANCE	72,741.56	71,922.62	(818.94)
GERMANY	61,454.37	60,806.77	(647.60)
ITALY	36,505.08	36,090.96	(414.12)
JAPAN	66,582.52	67,910.77	1,328.25
NETHERLANDS	306.07	302.60	(3.47)
UK	58.15	57.93	(0.22)
USA	1,933.77	1,875.88	(57.89)
Other PARIS CLUB	23,293.87	22,768.03	(525.84)
Other NON-PARIS CLUB	11,306.39	11,118.33	(188.06)
CHINA	673,317.76	665,833.95	(7,483.81)
Sub Total	962,597.16	953,494.97	(9,102.19)
MULTILATERAL			
ADB/AFDB	235,938.64	234,803.79	(1,134.85)
EEC/EIB	17,680.96	17,461.21	(219.75)
IDA	692,870.62	685,328.71	(7,541.91)
IFAD	18,127.65	17,400.73	(726.92)
IMF	43,762.92	42,339.07	(1,423.85)
OTHERS	9,293.96	9,283.23	(10.73)
Sub Total	1,017,674.74	1,006,616.73	(11,058.01)
COMMERCIAL			
Commercial Banks	364,487.09	361,881.75	(2,605.34)
International Sovereign Bond	635,679.78	631,655.00	(4,024.78)
Suppliers Credit	17,248.20	17,138.99	(109.21)
Sub Total	1,017,415.07	1,010,675.74	(6,739.33)
Total Central Government	2,997,686.96	2,970,787.44	(26,899.52)
GUARANTEED			
JAPAN	73,012.90	73,427.98	415.08
GERMANY	6,510.81	6,510.81	0.00
IDA (KR Concessionaire)	4,689.44	4,659.75	(29.69)
Kenya Airways (commercial debt)	78,157.35	78,157.35	-
Sub Total	162,370.50	162,755.89	385.39
Central Government+ Guaranteed Total Debt	3,160,057.46	3,133,543.34	(26,514.12)
Source: National Treasury			

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