



MONTHLY DEBT BULLETIN SEPTEMBER 2019

1.1 Introduction

The nominal public and publicly guaranteed debt as at end of September 2019 stood at Kshs 5.97 trillion or USD 57.46 billion equivalent to 55.44 percent of GDP. Domestic debt stood at Kshs. 2.86 trillion or USD 27.50 billion while the External debt stock stood at Kshs 3.11 trillion or USD 28.90 billion. Domestic debt as a percentage of GDP stood at 26.53 percent whereas External debt stood at 28.90 percent. The structure of debt remained the same as it was in August 2019 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

Kenya's public debt is denominated in five major currencies which are USD, Euro, Yen, Yuan and Sterling Pound. The USD moved from Kshs. 103.55 in August 2019 to Kshs. 103.89 in September 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 declined by Kshs 21.77 billion to stand at Kshs 3,111.77 billion in September 2019. Debt owed to bilateral creditors decreased by Kshs 31.61 billion to stand at Kshs. 1,001.82 billion from Kshs 1,033.43 billion while multilateral credit declined by Kshs.12.81 billion to Kshs 1,024.09 billion from Kshs. 1,011.28 billion. Commercial debt decreased from Kshs 1,071.69 billion to Ksh 1,068.66 billion at the end of the month.

1.4 Currency composition of external debt

The composition remained the same for the month of September 2019. The proportion of debt denominated in USD stood at 68.4 percent, followed by the Euro at 17.0 percent. Other currencies which include among others; the Japanese Yen, Yuan, Sterling Pound and Other currencies stood at 6.7 percent, 2.4 percent, 5.2 per cent and 0.3 percent respectively.

1.5 Actual Cumulative External Debt Service

The accumulative actual debt service as at end September 2019 stood at Kshs 53.22 billion; comprising of principal payments of Kshs. 19.06 billion and interest payments of Kshs. 34.16 billion. Cumulatively, bilateral creditors accounted for 44.66 percent while Commercial creditors accounts for 39.37 percent of the total debt service.

Multilateral creditors held 15.98 percent of the total debt service.

At the end of September 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 September 2019, amounts worth Kshs. 170.00 billion were advertised for Government securities in Treasury Bills and bonds. Bids worth Kshs. 133.74 billion were received composed of Kshs. 101.12 billion and Kshs 32.62 billion for the Treasury Bills and Treasury Bonds respectively. Successful bids from Treasury bills and bonds amounted to Kshs. 116.69 billion against redemptions of Kshs. 144.75 billion leaving a deficit of Kshs. 28.06 billion to be financed through exchequer.

1.7 Domestic Debt by Instruments

The Treasury Bonds stood at 63.76 per cent of Government domestic debt, against 32.30 percent for Treasury Bills. The Government overdraft at the Central Bank of Kenya, Tax Reserve Certificates and advances from commercial loans accounted for 3.94 percent as at end September 2019.

1.8 Net Domestic Financing

The net domestic financing as at end September 2019 stood at Kshs. 80.77 billion against an annual target of Ksh 300.3 billion for FY2019/20.

1.9 Cumulative Domestic Interest Payments

The cumulative actual domestic debt interest payment as at September 2019 stood at Kshs 76.63 billion .Interest payments for Treasury bonds and Treasury bills during the month of September 2019 alone stood at Kshs.15.66 billion and Kshs. 7.40 billion, respectively.

1.10 Average Interest rates for Treasury Bills

On average, interest rate for Treasury bills continued to decrease. The 91-day and the 182-day Treasury bills decreased by 9, and 3 basis points from August 2019 position to stand at 6.35 percent and 7.09 percent respectively. The 364 days Treasury bill increased by 44 basis points from 9.16 percent in August 2019 to 9.60 percent in September 2019.

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

| Creditor | Stock at end August 2019 | Stock at end September 2019 | Change |
|--|-------------------------------------|--|--------------------|
| BILATERAL | | | |
| AUSTRIA | 859.72 | 1,833.34 | 973.62 |
| BELGIUM | 11,420.15 | 11,270.07 | (150.08) |
| CANADA | 111.96 | 112.32 | 0.36 |
| DENMARK | 780.96 | 773.81 | (7.15) |
| FINLAND | 1,634.33 | 1,618.77 | (15.56) |
| FRANCE | 71,922.62 | 70,630.03 | (1,292.59) |
| GERMANY | 60,806.77 | 29,131.44 | (31,675.33) |
| ITALY | 36,090.96 | 35,747.43 | (343.53) |
| JAPAN | 67,910.77 | 68,005.05 | 94.27 |
| NETHERLANDS | 302.60 | 227.37 | (75.23) |
| UK | 57.93 | 58.67 | 0.73 |
| USA | 1,875.88 | 1,881.96 | 6.08 |
| Other PARIS CLUB | 22,768.03 | 19,323.91 | (3,444.12) |
| Other NON-PARIS CLUB | 11,118.33 | 14,598.31 | 3,479.98 |
| CHINA | 665,833.95 | 665,969.66 | 135.71 |
| Sub Total | 953,494.97 | 921,182.14 | (32,312.84) |
| MULTILATERAL | | | |
| ADB/AFDB | 234,803.79 | 239,044.12 | 4,240.33 |
| EEC/EIB | 17,461.21 | 16,676.32 | (784.89) |
| IDA | 685,328.71 | 694,706.69 | 9,377.98 |
| IFAD | 17,400.73 | 17,455.06 | 54.34 |
| IMF | 42,339.07 | 42,320.14 | (18.92) |
| OTHERS | 9,283.23 | 9,214.64 | (68.59) |
| Sub Total | 1,006,616.73 | 1,019,416.98 | 12,800.24 |
| COMMERCIAL | | | |
| Commercial Banks | 361,881.75 | 357,047.89 | (4,833.86) |
| | - | - | - |
| International Sovereign Bond | 631,655.00 | 633,702.16 | 2,047.16 |
| Suppliers Credit | 17,138.99 | 17,194.54 | 55.55 |
| Sub Total | 1,010,675.74 | 1,007,944.59 | (2,731.15) |
| Total Central Government | 2,970,787.44 | 2,948,543.70 | (22,243.75) |
| GUARANTEED | | | |
| JAPAN | 73,427.98 | 74,584.13 | 1,156.15 |
| GERMANY | 6,510.81 | 6,050.39 | (460.42) |
| IDA (KR Concessionaire) | 4,659.75 | 4,674.85 | 15.10 |
| Kenya Airways (commercial debt) | 78,157.35 | 77,914.20 | (243.15) |
| Sub Total | 162,755.89 | 163,223.57 | 467.68 |
| Central Government+ Guaranteed Total Debt | 3,133,543.34 | 3,111,767.27 | (21,776.07) |
| Source: National Treasury | | | |

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