



THE NATIONAL TREASURY MONTHLY DEBT BULLETIN MARCH 2021

I.1 Introduction

The total public and publicly guaranteed debt in nominal terms as at end of March 2021 was Kshs. 7,339.71 billion (65.7 per cent of GDP). Domestic debt was Kshs. 3,569.84 billion (31.9 per cent of GDP) equivalent to USD 32.60 billion while the external debt stock was Kshs. 3,769.87 billion (33.8 per cent of GDP) equivalent to USD 34.42 billion. Domestic accounted for 48.6 per cent of total debt while external debt accounted for 51.4 per cent.

I.2 Movement in Exchange Rates

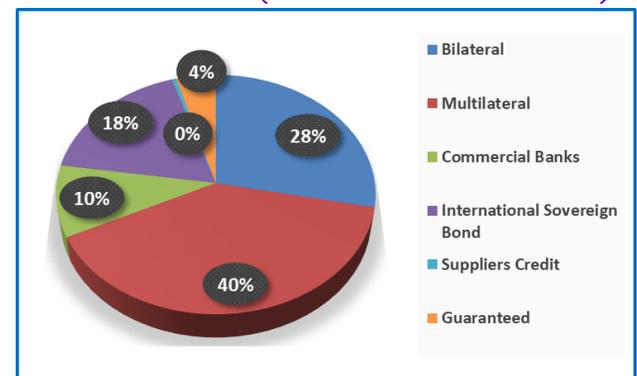
Kenya's public debt is denominated in five major currencies namely the USD, Euro, Yen, Yuan and Sterling Pound. The Kenya shilling remained relatively stable against the major world currencies. Kenya Shilling appreciated against US Dollar, Euro, Japanese Yen, Yuan and GBP by 0.3, 3.1, 4.1, 1.8 and 2.7 per cent respectively as at end of March compared to end February 2021. The base¹ exchange rate for the afore-mentioned currencies (USD, Euro, Yen, Yuan and Sterling pound) was Kshs. 109.80, Kshs. 133.83, Kshs. 103.45, Kshs. 16.97 and Kshs. 154.84.

I.3 Size of Public and Publicly Guaranteed External Debt

Overall, the National Government external debt decreased by Kshs. 44.42 billion from Kshs. 3,814.29 billion in February 2021. Debt owed to bilateral decreased by Kshs. 13.45 billion from Kshs. 1,077.59 billion while multilateral debt decreased by Kshs. 21.04 billion from Kshs 1,511.71 billion. Commercial debt decreased by Kshs. 6.37 billion from Kshs. 1,055.78 billion during the same period. Publicly guaranteed external debt marginally decreased from Kshs. 169.21 billion in

February 2021 to Kshs. 165.64 billion in March 2021.

Chart I: External Debt Composition by Creditor Category as at end March 2021 (Percent of Total External Debt)

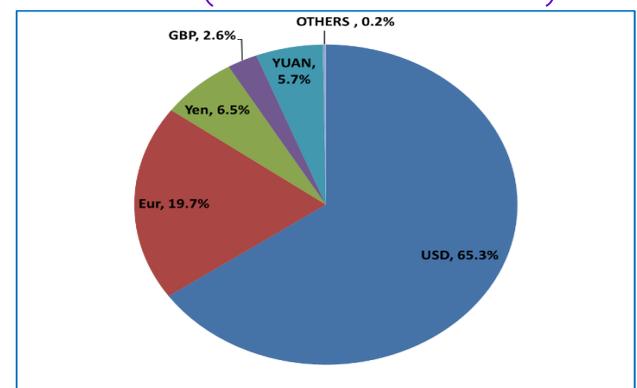


Source: National Treasury

I.4 Currency composition of external debt

The proportion of external debt denominated in USD, Euro, Yen, Yuan and Sterling Pound was 65.3 per cent, 19.7 per cent, 6.5 percent, 5.7 percent and 2.6 percent respectively. Other currencies combined accounted for 0.2 per cent of external debt.

Chart 2: External Debt by Currency Composition as at end March 2021 (Percent of Total External Debt)



Source: National Treasury

¹ End February 2021 is the base month for all parameters

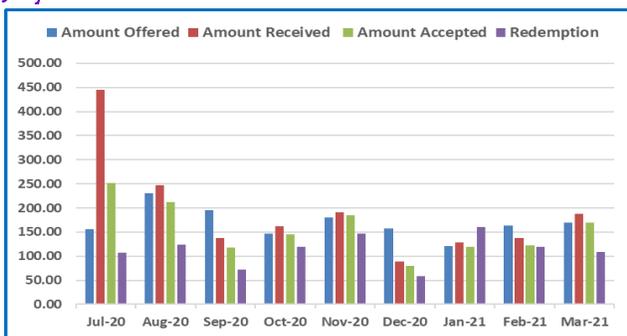
1.5 Actual Cumulative External Debt Service

The actual cumulative external debt service as at end March 2021 amounted to Kshs. 183.92 billion. For the month of March 2021, external debt service amounted to Kshs. 17.33 billion, comprising of principal and interest payments of Kshs. 7.11 billion and Kshs. 10.22 billion respectively. Cumulatively, debt service to bilateral creditors accounted for 26.69 per cent of the total debt service while commercial and multilateral creditors accounted for 58.37 per cent 14.93 per cent respectively.

1.6 Government Domestic Borrowing

During the month of March 2021, Government securities amounting to Kshs. 170.00 billion were advertised. Bids worth Kshs. 187.41 billion were received comprising of Kshs. 138.70 billion and Kshs. 48.71 billion Treasury Bills and Bonds respectively. Successful bids amounted to Kshs. 170.10 billion; out of which Kshs. 121.79 billion and Kshs. 48.31 billion were Treasury Bills and Bonds respectively. The monthly redemption amounted to Kshs. 108.20 billion, mainly drawn from Treasury Bills since there were no redemption from Treasury Bonds. In aggregate, the exchequer had a surplus of Kshs. 61.90 billion during the period under review.

Chart 3: Government Securities Performance from July 2020 to March 2021 in Kshs. Billions

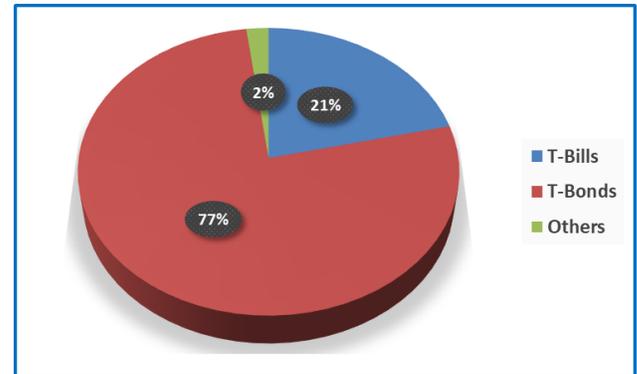


Source: National Treasury

1.7 Domestic Debt by Instruments

Total domestic debt stock was Kshs. 3,569.84 billion. The ratio of Bonds to Bills was 77:21 while the Government overdraft at the Central Bank of Kenya, Tax Reserve Certificates and bank advances accounted for 2.1 per cent of domestic debt as at end of March 2021.

Chart 4: Stock of Domestic debt instruments as at end March 2021 (Percent of Total Domestic Debt)



Source: National Treasury

1.8 Net Domestic Financing

The net domestic financing as at end March 2021 was Kshs. 466.30 billion against an annual target of Kshs. 544.46 billion for FY2020/21.

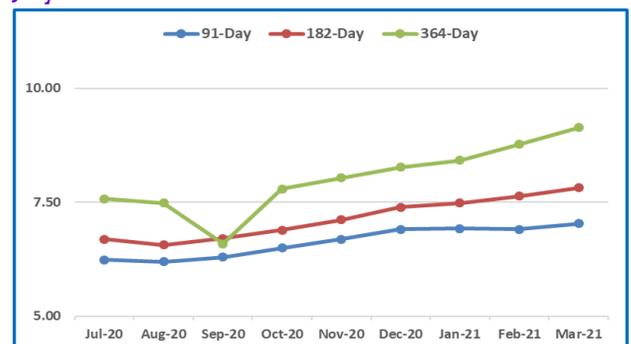
1.9 Cumulative Domestic Interest Payments

The actual cumulative domestic debt interest payment as at end of March 2021 stood at Kshs. 286.11 billion. For the Month of March 2021, interest payments for Treasury Bonds and Bills amounted to Kshs. 22.93 billion and Kshs. 7.26 billion respectively. There was no interest payment on overdraft.

1.10 Average Interest rates for Treasury Bills

On average, interest rate for Treasury bills increased during the month. The 91-day, 182-day and 364-day Treasury bills increased to 7.0 per cent, 7.8 per cent and 9.1 per cent in March 2021 from 6.9 per cent, 7.6 per cent and 8.8 per cent in February 2021 respectively as shown in Chart 5.

Chart 5: Average Interest rates for Treasury Bills from July 2020 to March 2021



Source: National Treasury

In Chart 5, the average interest rates for the 91-day, 182-day and 364-day T-bills increased marginally by 10, 20 and 30 basis points respectively.

I.II Average Time to Maturity for Treasury Bonds

The Average Time to Maturity (ATM) for Treasury Bonds in the month of March 2021 was 8.5 years.

ANNEX I: STOCK OF PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT BY SOURCE (IN KSHS MILLIONS) AS AT END OF MARCH 2021

| CREDITOR | Stock at the End February 2021 | Stock at the End March 2021 | CHANGE |
|--|--------------------------------|-----------------------------|--------------------|
| BILATERAL | | | |
| BELGIUM | 13,869.89 | 13,327.98 | (541.90) |
| AUSTRIA | 1,546.97 | 1,486.53 | (60.44) |
| DENMARK | 492.33 | 474.08 | (18.25) |
| FINLAND | 1,431.08 | 1,222.37 | (208.71) |
| FRANCE | 91,023.81 | 87,623.35 | (3,400.46) |
| GERMANY | 31,632.97 | 30,397.06 | (1,235.92) |
| ITALY | 41,811.40 | 40,177.81 | (1,633.59) |
| JAPAN | 87,018.36 | 85,037.17 | (1,981.19) |
| NETHERLANDS | - | - | - |
| USA | 1,292.02 | 1,288.63 | (3.39) |
| SPAIN | 14,191.95 | 13,675.16 | (516.79) |
| Other PARIS CLUB | 3,520.21 | 3,506.40 | (13.81) |
| Other NON -PARIS CLUB | 17,926.03 | 17,868.44 | (57.60) |
| CHINA | 771,830.60 | 768,051.72 | (3,778.88) |
| Sub Total | 1,077,587.62 | 1,064,136.68 | (13,450.94) |
| MULTILATERAL | | | |
| ADB/ADF | 319,690.51 | 316,092.18 | (3,598.33) |
| EEC/EIB | 21,088.72 | 20,264.78 | (823.95) |
| IDA | 997,537.00 | 983,830.22 | (13,706.78) |
| IFAD | 21,417.26 | 21,004.93 | (412.34) |
| IMF | 109,840.89 | 107,873.44 | (1,967.44) |
| Others | 42,138.70 | 41,612.44 | (526.26) |
| Sub Total | 1,511,713.09 | 1,490,678.00 | (21,035.09) |
| COMMERCIAL | | | |
| Commercial Bank | 367,821.83 | 363,261.34 | (4,560.49) |
| International Sovereign Bond | 669,780.00 | 668,021.98 | (1,758.02) |
| Suppliers Credit | 18,173.45 | 18,125.75 | (47.70) |
| Sub Total | 1,055,775.28 | 1,049,409.07 | (6,366.21) |
| Total Central Government | 3,645,075.99 | 3,604,223.74 | (40,852.25) |
| GUARANTEED | | | |
| JAPAN | 76,667.91 | 73,532.51 | (3,135.39) |
| GERMANY | 5,253.87 | 5,048.60 | (205.27) |
| IDA (KR Concessionaire) | 4,941.00 | 4,928.03 | (12.97) |
| Kenya Airways (Commercial Debt) | 82,350.00 | 82,133.85 | (216.15) |
| Sub Total | 169,212.78 | 165,642.99 | (3,569.78) |
| CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT | 3,814,288.77 | 3,769,866.74 | (44,422.03) |

Source: National Treasury

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