



REPUBLIC OF KENYA  
THE NATIONAL TREASURY & PLANNING

**PRESS STATEMENT**

11<sup>th</sup> October, 2022.

**FOR IMMEDIATE RELEASE**

**PERFORMANCE OF CREDIT GUARANTEE SCHEME  
2,609 Businesses Access Loans Totalling KES 4.12 billion as at 31<sup>st</sup>  
August, 2022**

*Objective of the Credit Guarantee Scheme*

Micro, Small and Medium Enterprises (MSMEs) are key drivers of economic development and employment creation. However, most of these enterprises face constraints in accessing credit for their business needs. As a result, many of them close business before their 4<sup>th</sup> year of operation. To address this need, the Government of Kenya, through the National Treasury & Planning launched the Credit Guarantee Scheme (CGS) to support MSMEs in accessing credit from formal lending institutions. The Scheme is anchored on the Public Finance Management (Amendment) (No. 2) Act of 2020 and the Credit Guarantee Scheme Regulations, 2020. The objective of the Scheme is to **enhance access to quality and affordable credit for growth and operations by MSMEs**, who would otherwise be unable to raise the required collateral for such loans, and also face an uncertain and risky business environment.

*Participating Banks*

So far, **seven participating banks are taking part in the Scheme**: ABSA Bank Plc, Credit Bank Plc, Diamond Trust Bank Kenya Ltd., KCB Bank, NCBA Bank Plc, Stanbic Bank Kenya Ltd. and the Cooperative Bank of Kenya Ltd. The Government has been working closely with the banks to deepen the impact of the Scheme, through continuous performance-monitoring and capacity-building where necessary. Additional participating banks will be on boarded in the medium term to further increase the outreach of the Scheme.

*Performance as at 31<sup>st</sup> August, 2022*

The Scheme has a seed capital of **KES 3.0 billion**. The participating banks are expected to leverage this amount to lend to qualifying MSMEs. As at 31<sup>st</sup> August, 2022, the banks had leveraged the seed capital and lent **KES 4.12 billion**. The Scheme achieved the following results as at 31<sup>st</sup> August, 2022:

- **2,609** credit facilities amounting to **KES 4.12 billion** were advanced to MSMEs;
- The credit facilities range from **KES 30,000** to **KES 5 million**, with an average portfolio size of **KES 1,580,135**.
- Average repayment period for the facilities is **25** months



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- Beneficiary MSMEs were distributed across **46** counties, **11** different economic sectors;
- There has been a steady growth in the number of MSME since inception of the Scheme;
- **60%** of the CGS beneficiaries were small enterprises, while micro enterprises were **25%** and medium enterprises were **15%** of the beneficiaries. At least 20% of the credit facilities were extended to marginalized groups including women, youth and persons living with disabilities
- **383** facilities amounting to **KES 535.7 million** have been fully repaid, releasing a guarantee value of **KES 133.9 million** to other potential beneficiaries.

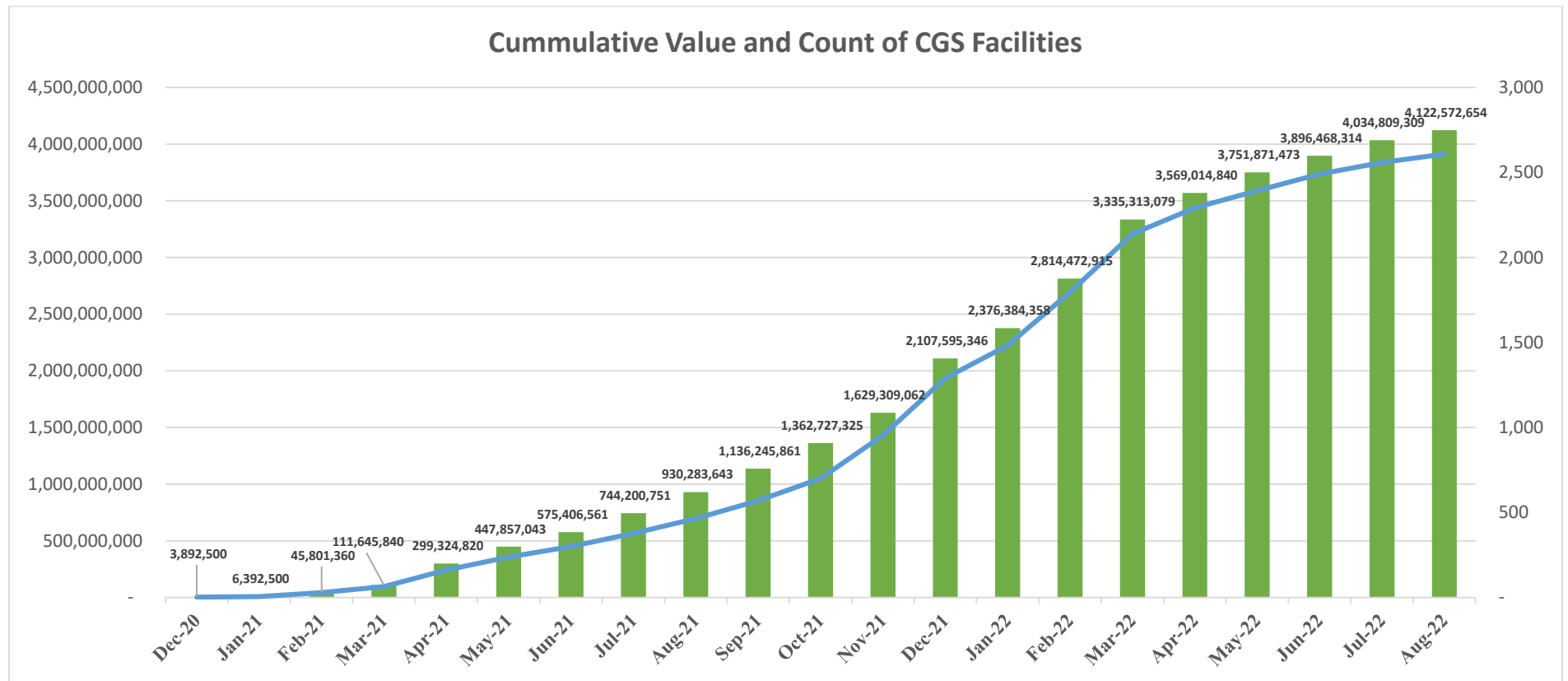
*Benefits that have accrued to MSMEs from CGS*

- The beneficiary MSMEs have created and/or retained about 16,000 employment opportunities for the benefit of Kenyans.
- A number of MSMEs have benefited from an interest rate that is lower than the participating bank's average rate due to the reduction of risk exposure by the CGS.
- Some credit facilities issued to MSMEs under CGS are either unsecured or have a low collateral to loan value ratio. This implies that the Scheme has enabled MSMEs with insufficient collateral to access credit.



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*Figure 1: Trend of CGS guaranteed facilities by number and value (KES)*





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*The Future Outlook of CGS*

As shown in figure 1, with a seed capital of **KES 3 billion**, the credit deployed to MSMEs by participating banks is now **KES 4.12 billion** and is expected to keep growing. As the economy continues to revive from the recession occasioned by the Covid-19 pandemic, the utilization of the Guarantee capital is expected to increase.

**The Government continues to work closely with the financial institutions, the private sector and development partners** to improve the design, resource mobilization and overall long-term sustainability of the Scheme. This include developing different guarantee products that target key sectors such as Agriculture and Manufacturing. This will enhance the impact of the Scheme and enable more MSMEs access credit at favourable terms. The Government has also initiated the process of converting CGS into an independent legal entity with a window for private sector investment in order to enhance sustainability. This is in line with international best practices for public Credit Guarantees.

The Credit Guarantee Scheme has demonstrated the effectiveness of Public Private Partnership arrangements in economic development. With a seed capital of KES 3 billion, the private financial institutions have already deployed KES 4.12 billion to MSMEs in a cost-effective manner. The Government is committed to this arrangement and will continue to enhance such partnerships. The Government also encourages qualifying MSMEs to approach participating banks and access guaranteed credit facilities to grow their businesses and the economy.

**Hon. (Amb.) Ukur Yatani, EGH**  
**Cabinet Secretary, The National Treasury & Planning**

NAIROBI, 11<sup>TH</sup> October, 2022.

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