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**REPUBLIC OF KENYA
THE NATIONAL TREASURY AND ECONOMIC
PLANNING**

**2023 Medium Term Debt Management
Strategy**

FEBRUARY 2023

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FOREWORD

The preparation of the 2023 Medium-Term Debt Management Strategy is in accordance with the requirements of Section 33 (2) of the Public Finance Management (PFM) Act, 2012 and the guidelines outlined in the Debt and Borrowing Policy. The strategy underscores the public debt management objectives over the medium term which aims at reducing the cost and risk linked to public debt and is anchored in the 2023 Budget Policy Statement (BPS).

The Strategy is prepared to guide prudent public debt management, informing the minimization of costs given the risks characteristics of the current debt stock using the designed alternative borrowing strategies and the fiscal deficit approved by parliament.

While preparing the 2023 MTDS, various alternative sources of financing were considered in regards to the cost and risk associated with each alternative strategy to arrive at the optimal financing strategy. Key elements include potential funding sources from domestic and external debt capital markets and the corresponding risks and costs.

Accordingly, the 2023 MTDS envisaged maximization of concessional and semi concessional external debt while proposing liability management operations in the domestic and in the international capital markets. The domestic funding components will be through medium to long term bonds as the stock of treasury bills is reduced to lengthen the maturity structure and to reduce refinancing risk.

The development of the domestic debt market is a precursor for accelerating attainment of affordable, sustainable long-term financing for economic recovery. This is in the context of pursuing the objective of a vibrant domestic debt market as per Kenya's Vision 2030 and the Medium-Term Plan. In the same context, sustainability of public debt depends on the commitment to pursue a fiscal consolidation path and macroeconomic stability.

To augment public debt sustainability, the 2023 MTDS re-iterates the importance of stepping up reforms in the domestic debt markets to ensure more depth, diversification and increased role of domestic debt market in meeting the financing needs of Government. In tandem with the vision for a deeper domestic

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debt market, the National Treasury and Economic Planning through the fiscal agent and Capital Markets Authority, is implementing strategic debt market reforms aimed at increasing domestic market efficiency. Deployment of a modern Central Securities Depository (CSD) system that will automate issuance and settlement of government securities processes at both primary and secondary markets will be set by the fiscal agent, while the Over-The-Counter (OTC) market trading platform to improve liquidity and price discovery and complement the NSE role will be operationalized in collaboration with financial markets institutions in Kenya.

Implementation of the Strategy will be closely monitored to ensure its smooth implementation while maintaining public debt at sustainability levels.



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CABINET SECRETARY/ THE NATIONAL TREASURY AND
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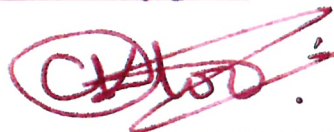
ACKNOWLEDGEMENT

The 2023 MTDS is prepared and revised annually to provide guidance for public debt management in the medium term. Preparation and formulation of the 2023 MTDS involves careful reflection on the costs and risks of public debt. The analysis is geared towards minimizing the cost and risks of the ever-evolving debt portfolio. The technical process of preparing MTDS involving use of an analytical tool to analyze the existing debt portfolio debt risk characteristics and potential borrowing alternatives which an optimal borrowing strategy is determined. The analysis takes into account the macro-economic assumptions presented in the 2023 Budget Policy Statement.

The resources raised through borrowing facilitate the achievement of the government's development agenda while minimizing cost of public debt management, promoting development of domestic debt market institutions and intergenerational equity.

Preparation of the strategy was spearheaded by the National Treasury and Central Bank of Kenya. This is therefore to convey gratitude to the staff and all Heads of Directorates and Departments of the National Treasury and other stakeholders whose inputs contributed towards the development of this Strategy. Involvement of the Central Bank of Kenya ensured the Strategy is in line with the liquidity position of the country. I wish to recognize the dedication of the technical officers from the Debt Policy, Strategy and Risk Management Department of the Public Debt Management Office for the exceptional commitment in the development of the strategy.

The 2023 MTDS and previous years' versions of the Medium-Term Debt Strategy are available for reference in the National Treasury website: www.treasury.go.ke.



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ABBREVIATIONS AND ACRONYMS

ADF	African Development Fund
AfDB	Africa Development Bank
AGD	Accountant General Department
AiA	Appropriation in Aid
ATM	Average Time to Maturity
ATR	Average Time to Re-fixing
BPS	Budget Policy Statement
BROP	Budget Review and Outlook Paper
CBK	Central Bank of Kenya
CFS	Consolidated Fund Service
CI	Composite Indicator
CMA	Capital Markets Authority
CoG	Council of Governors
COVID-19	Coronavirus Disease
CPI	Consumer Price Index
CPIA	Country Policy and Institutional Assessment
CSD	Central Securities Depository
DCC	Debt Carrying Capacity
DPO	Development Policy Operations
DSA	Debt Sustainability Analysis
DSF	Debt Sustainability Framework
ECA	Export Credit Agencies
ERS	Economic Recovery Strategy
FCCL	Fiscal Commitment and Contingent Liabilities
FX	Foreign Exchange
FY	Financial Year
G20	Group of 20 Developed Countries
GBP	Great Britain Pound
GDP	Gross Domestic Product
GoK	Government of Kenya
IB	Internet Banking
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IEBC	Independent Electoral and Boundaries Commission
IFAD	International Finance for Agricultural Development
IMF	International Monetary Fund
ISB	International Sovereign Bond
KenGen	Kenya Electricity Generating Company
KPA	Kenya Ports Authority
KPLC	Kenya Power
KQ	Kenya Airways
Kshs.	Kenya Shillings
MDAs	Ministries, Departments and Agencies
MFAD	Macro and Fiscal Affairs Department

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MTDS	Medium Term Debt Management Strategy
MTEF	Medium Term Expenditure Framework
MTP III	Medium Term Plan III
NSE	Nairobi Stock Exchange
OTC	Over the Counter
PDMO	Public Debt Management Office Directorate
PFM	Public Finance Management, Act 2012
PPG	Public & Public Guaranteed
PPP	Public Private Partnerships
PV	Present Value
RMD	Resources Mobilization Department
S1	Strategy 1
S2	Strategy 2
S3	Strategy 3
S4	Strategy 4
SDR	Special Drawing Rights
SGR	Standard Gauge Railway
SOEs	State Owned Enterprises
TMD	Treasury Mobile Direct
USD	United States Dollar
WB	World Bank

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EXECUTIVE SUMMARY

This strategy covers the period FY 2023/24- 2025/26 over which the optimal debt portfolio will be achieved. The 2023 Medium Term Debt Strategy (MTDS) has been prepared amid global economic slowdown caused by the effects of the COVID-19 pandemic and elevated global inflation caused by supply chain disruptions and monetary tightening in the United States.

The strategy is aligned to 2023 Budget Policy Statement (BPS) whose aim is to support economic recovery through a growth friendly fiscal consolidation plan aimed at slowing the public debt accumulation without compromising service delivery to citizens.

The Government's plan in the fiscal year 2023/24 and over the medium term is to implement various priority economic policies, structural reforms, fiscal consolidation plan and sectoral expenditure programs outlined in the 2023 BPS, through a Bottom-Up approach for a socio-economic transformation, economic turnaround and inclusive growth. The agenda is geared towards economic turnaround and inclusive growth. Special focus will be placed on increased employment, more equitable distribution of income, social security while also expanding the tax revenue base, and increased foreign exchange earning

The scope of coverage of this strategy is the existing debt stock, non-performing guarantees, and the stated fiscal deficits in the 2023 BPS.

The Kenya's present value of public debt was at 60.0 percent of GDP of which the domestic debt was 33.2 percent of GDP while external debt was 26.8 percent of GDP. This is as per the IMF-World Bank debt sustainability analysis conducted in December 2022 in collaboration with the National Treasury.

Public and publicly guaranteed debt in nominal terms as at end December 2022 was Kshs. 9,145.9 billion compared to the statutory public debt limit of Kshs. 10,000 billion as per the PFM (National Government) (Amended 2022) Regulations, 2015. Total external debt was Kshs. 4,673.1 billion while total domestic debt was Kshs. 4,472.8 billion. The debt levels remain sustainable with elevated risk of debt distress as per the Debt Sustainability Analysis (DSA) report by World Bank and International Monetary Fund as at December, 2022.

Preparation of the 2023 MTDS to guide borrowing in the medium term is in line with the PFM Act 2012. The 2023 optimal strategy of the 2023 is to minimize costs and risks through a net financing combination of 50 percent from both

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external and domestic sources. The strategy will maximize concessional borrowing while rolling over the commercial debt from external debt sources. From the domestic sources, the strategy seeks to lengthen the maturity and deepen the domestic markets through issuance of medium to long term debt securities under the benchmark bond programme.

The strategy will meet the government requirements while repaying its debt maturities. The outcomes of the optimal strategy are:

- i. It results to the least Present Value (PV) of debt to GDP of 53.1 percent in the medium term compared to strategy 1 at 54.9 percent, strategy 2 at 54.4 percent and strategy 3 at 54.5 percent.
- ii. Interest payments to GDP will improve from 5.3 percent as at end December 2022 to 4.4 percent in the medium term. This is attributed to maximization of concessional sources while commercial borrowing is reduced, thereby leading to reduction in the cost of debt over the medium term.
- iii. Minimizes refinancing risk by lengthening the total portfolio ATM as a result of lengthening of external debt portfolio. This is attributed to concessional terms that have longer maturities.
- iv. Minimizes interest rate risk in terms of average time to refixing.
- v. Deepens the domestic bond market through issuance of more medium to long term instruments as the main source of domestic financing.
- vi. It allows for flexibility in the borrowing plan to adjust either external or domestic borrowing targets depending on prevailing market conditions as it is more realistic.

Implementation of the strategy will be monitored and evaluated closely to factor any changes as they evolve based on market realities and fiscal adjustments. Changes in global economic and market conditions may necessitate deviation from the optimal strategy. Appropriate measures will be taken to align the strategy to policy actions at the time.

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I. INTRODUCTION

1. PFM Act 2012, 'General responsibilities of the National Treasury' Section 12. Provides that: (1) Subject to the Constitution and this Act, the National Treasury shall— (b) manage the level and composition of national public debt, national guarantees and other financial obligations of national government within the framework of this Act and develop a framework for sustainable debt control; The public debt management objectives as outlined in Section 62(3) of the PFM Act, 2012 are: (a) minimizing the cost of public debt management and borrowing over the long-term taking risks into account; (b) promoting development of the market institutions for Government debt securities; and (c) ensuring sharing of the benefits and costs of public debt between the current and future generations.
2. The MTDS is prepared as required by as per the requirements of Section 33(2) of the Public Finance Management Act, 2012. The 2023 Medium-Term Debt Management Strategy (MTDS) outlines the strategies and initiatives to be implemented by the National Treasury, the fiscal agent, and Capital Markets Authority aimed at reducing costs and risks of debt management and borrowing, development of domestic debt market institutions and pursuit of intergenerational equity in costs and benefits of public debt.
3. The 2023 debt management strategy covers initiatives to manage the costs and risks of the current debt stock and projected debt service, and to minimize the costs and risks of financing the fiscal deficits for the period FY2023/24-2025/26. The deficits for the period are as proposed in the 2023 Budget Policy Statement (BPS). The MTDS analysis takes into account the outstanding public debt and projected debt service in the context of ongoing and projected macroeconomic environment and the conditions in the international capital markets. Performing guaranteed debt and other local debt are excluded from the proposed debt management strategies. Debts excluded amounts to Kshs. 236.2 billion which includes Kshs. 151.1 billion uncalled guaranteed debts, Kshs. 58.5 billion Government overdraft at CBK, Kshs. 12.8 billion Suppliers credit and Kshs. 13.9 billion Bank advances.

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Background to the 2023 Medium-Term Debt Strategy

4. Kenya is in the process of recovering from the COVID-19 pandemic and grew by 7.5 per cent in 2021 up from a contraction of 0.3 percent in 2020; and is estimated to have grown by 5.5 per cent in 2022 amidst global economic slowdown occasioned by global supply chain disruptions associated with Russia-Ukraine war in Europe. The economy is projected to grow by 6.1 per cent in 2023 as the recovery process gains momentum.
5. Owing partly to the ensuing global supply chain disruptions, Kenya's annual inflation was 9.1 per cent by end December 2022 up from 5.7 per cent in December 2021. Inflation is projected to stabilize in the near term and converge towards the target range of 5 ± 2.5 per cent. Kenya shilling exchange rate and interest rates are projected to stabilize as inflation declines with the easing of global supply chain disruptions. Exchange rate stability will be supported by recovery in remittances inflow, and tourism as well as reduced import of capital goods. However, there are downside risks to this projection associated with increasing prices of crude oil and delays in full normalization of global supply chain.
6. Total revenue is projected at 17.8 per cent of GDP in the FY 2023/24 while total expenditure is projected to decline to 22.5 per cent of GDP in FY2023/24 on account of planned reduction of the fiscal deficits.
7. Public and publicly guaranteed debt in nominal terms as at end December 2022 was Kshs. 9,145.9 billion compared to the statutory public debt limit of Kshs. 10,000 billion as per the PFM (National Government) (Amended 2022) Regulations, 2015. Total external debt was Kshs. 4,673.1 billion while total domestic debt was Kshs. 4,472.8 billion.
8. The December 2022 Debt Sustainability Analysis (DSA) indicates that Kenya's public debt remain sustainable but government must reduce fiscal deficits to reduce the rate of debt accumulation.
9. The next chapter reviews the costs and risks characteristics of public debt followed by debt sustainability analysis, macroeconomic assumptions and key risks, potential sources of financing, cost and risks of alternative debt management strategies and the last section describes the strategy implementation work plan.

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II. REVIEW OF COST AND RISK CHARACTERISTICS OF PUBLIC DEBT

i. Review of the implementation of the 2021 MTDS.

10. The 2021 debt management strategy guided the borrowing strategies for FY 2021/22 and in funding the borrowing needs of Government. The strategy sought to address refinancing risks of the debt stock through gradual reduction of short-term debt including repayment of Treasury bills and part of external commercial debt through liability management operations. The strategy envisaged maximization of borrowing concessional and semi concessional external debt while maintaining presence in the international capital market. The fiscal deficit was to be financed through issuance of medium to long term debt (in both domestic and external markets) to lengthen the maturity structure to reduce refinancing risk.

11. In terms of gross borrowing, the external and domestic financing was to account for 27 per cent and 73 per cent respectively. The gross external borrowing targeted concessional, semi-concessional and commercial sources at 12 per cent, 10 per cent and 5 per cent respectively; while the gross domestic borrowing issuance of medium- and long-term bonds including net repayment of treasury bills replaced by treasury bonds during the period. Gross external borrowing would include USD 1, 000 million in new borrowing and USD 2, 000 million for liability management operations.

12. Overall, actual borrowing mix outcome deviated from the projected 27:73 per cent external to domestic financing in the 2021 Strategy compared to the achieved 15:85 per cent external to domestic on account of volatilities in international capital markets that prevented. As shown in Table 1 there were deviations of actual borrowing mix against the 2021 MTDS.

Table 1: 2021 MTDS Targets against borrowing outturn (percent)

Borrowing source		FY2018/19	FY2019/20	FY2020/21	FY2021/22
External	MTDS	57	38	28	27
	Actual	58	28	19	15
	Deviation	-1	10	9	12
Domestic	MTDS	43	62	72	73
	Actual	42	72	81	85
	Deviation	1	-10	-9	-12

Source: National Treasury

13. The total net borrowing to fund the fiscal deficit was Kshs. 732.0 billion. The net foreign borrowing was Kshs. 142.5 billion against a target of Kshs. 343.1 billion while actual net domestic borrowing was Kshs. 589.5 billion against a target of Kshs. 678.1 billion. External commercial borrowing was not actualized due to elevated yields in external capital markets while the shortfall in domestic borrowing was as a result of tightness of liquidity in the economy.
14. During the FY 2021/22, the actual gross domestic borrowing was Kshs. 1,867.1 billion while gross external borrowing was Kshs. 327.1 billion as at end June 2022. The actual outstanding domestic securities composed of Treasury bills and Treasury bonds at 15 per cent and 85 per cent respectively.
15. The total actual gross external borrowing was only 15 percent of total borrowing against a target of 27 percent and was largely from concessional and semi concessional borrowing from multilateral and bilateral sources in form of program loans, project AIA and cash loans.
16. Under the 2021 MTDS, the actual gross external borrowing comprised of concessional and semi concessional at 15.0 percent compared to 22.0 percent while on the other hand, the government did not raise funds from commercial external sources due to unfavourable market conditions arising from global economic shocks (**Table 2**).

Table 2: Gross borrowing for FY2021/22

	MTDS 2021 targets (%)	FY2021-2022 actuals (%)	FY2021-2022 (Kshs millions)
Gross domestic borrowing	73.0	85.0	1,867,145
Gross external borrowing	27.0	15.0	327,059
o/w Concessional and semi concessional	22.0	15.0	327,059
Commercial borrowing	5.0	0	0

Source: National Treasury

17. The actual gross domestic borrowing in FY2021/22 was 85.0 percent of the total borrowing compared to 73.0 percent as envisaged in the strategy.

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18. The total actual gross external borrowing of 15 percent was from concessional and semi concessional sources. This comprised of disbursements from multilateral and bilateral sources in form of program loans and project AIA and cash loans.
19. Table 3 compares the costs and risks characteristics of the 2021 MTDS and December 2022. There was an overall improvement in the risk characteristics of the debt portfolio while that of cost slightly worsened.
20. There was an overall improvement in refinancing, foreign exchange and interest rate risk. This is reflected by the decrease in the proportion of debt maturing in one year as a proportion of GDP from 10.2 percent to 8.4 percent. The proportion of debt maturing in one year as a percentage of total debt also improved from 14.8 percent to 11.7 percent.
21. There was an improvement in the average time to maturity for domestic debt from 6.9 years to 7.8 years indicating issuance of longer dated instrument in line with the 2021 strategy while the debt denominated in foreign currency reduced from 51.3 percent to 49.0 percent showing a reduction in foreign exchange rate risk (**Table 3**).
22. On cost characteristic, interest cost as a share of GDP increased by 0.7 percent from 4.6 percent in 2021 to 5.3 percent in 2022 (**Table 3**). This was partially attributed to depreciation of the exchange rate, rising domestic and international market interest rates and rise in stock of public debt.

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Table 3: Review of cost and risk indicators: 2021 MTDS against actuals as at December 2022

Risk Indicators						
		Baseline Dec 2020	2021 MTDS	Actual End December 2022	Deviation (4-3)	Remark on deviation
Nominal debt as % of GDP		63.3	67.8	67.0	-0.8	debt to GDP increasing
Present value debt as % of GDP		56.8	61.4	60.0*	-1.4	
Interest costs as % of GDP		4.4	4.6	5.3	0.7	Increased debt service cost in domestic and international debt market
Refinancing risk	Debt maturing in 1yr (% of total debt)	15.5	14.8	11.7	-3.1	Reduced refinancing risk- issuance of longer dated domestic debt and contracting concessional loans ATM external reduced due to short term commercial debt,2024 maturities-\$2bn domestic improved
	Debt maturing in 1yr (% of GDP)	11	10.2	8.4	-1.8	
	ATM External Portfolio (years)	11.2	10.8	9.8	-1.0	
	ATM Domestic Portfolio (years)	6.3	6.9	7.8	0.9	
	ATM Total Portfolio (years)	9.1	9.0	8.8	-0.2	
Interest rate risk	ATR (years)	8.4	8.3	8.1	-0.2	Partial improvement in interest rate risk indicators
	Debt refixing in 1yr (% of total)	27.1	25.4	23.0	-2.4	
	Fixed rate debt (% of total)	86.9	87.7	87.2	-0.5	
Foreign exchange (FX) risk	FX debt as % of total debt	51.2	51.3	49.0	-2.3	Reduced foreign exchange exposure

Source: The National Treasury

* The PV and the nominal in the table above are the result of the DSA conducted by IMF and WB in collaboration with the National Treasury. However, the MTDS nominal and the PV of debt of 61.4 percent and 55.4 percent respectively excludes 2 percent composed of guaranteed debts, over draft, pre-1997 domestic debts, Bank advances, supplies credit, in addition it excludes future interest payment.

Average terms of new external debt

23. New external debts average maturity increased to 25.9 years as at end June 2022 from 23.3 years at end June 2021. However, the grace period reduced from 7.4 years to 4.2 years during the same period. The weighted average interest rate decreased to 0.8 percent from 2.1 percent in June 2021 (**Table 4**). The improved borrowing terms reflect the government's strategy to maximise concessional borrowing during the fiscal year. In addition, the government did not contract the planned commercial debt.

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Table 4: Average Terms of New External Debt

Terms	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20	Jun-21	Jun-22
Average Maturity (years)	21.0	20.3	17.6	20.8	15.3	26.1	23.3	25.9
Grace Period (years)	6.4	6.2	4.5	10.3	5.6	7.4	7.4	4.2
Average Interest Rate (%)	2.5	2.6	2.6	3.9	3.9	0.5	2.1	0.8

Source: *The National Treasury*

ii. Review of 2022 MTDS

24. The 2022 MTDS guiding the borrowings in FY 2022/23 aims at minimizing the costs and risks through a net financing mix of 32 percent net borrowing from external sources and 68 percent in net borrowing from the domestic debt market. In gross terms, the strategy seeks to achieve 25 percent and 75 percent from external and domestic sources respectively.

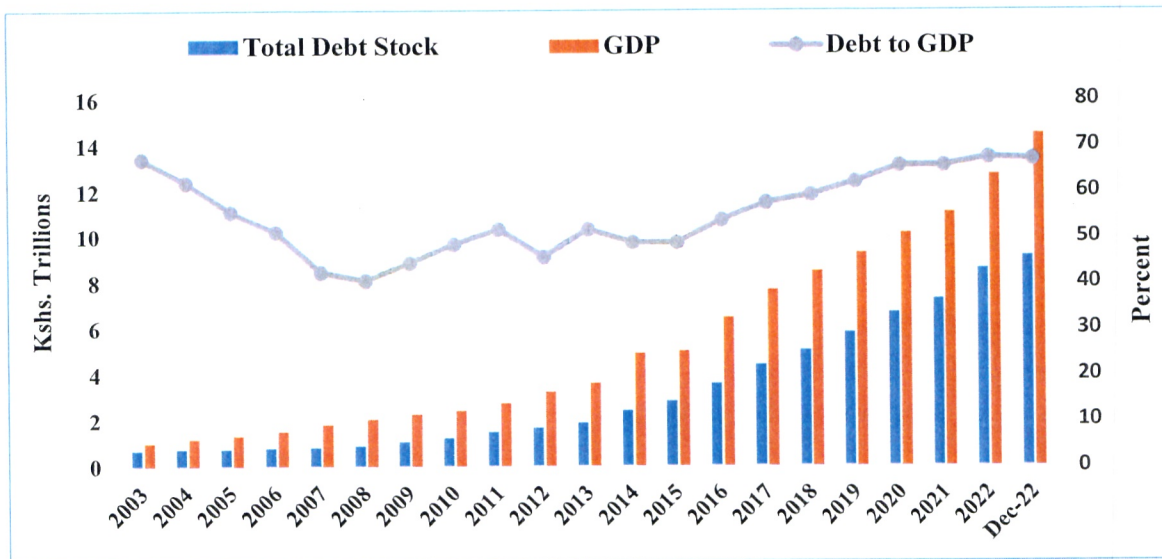
25. So far, the 2022 MTDS has been under implementation for six months (July to December 2022). Post facto analysis of costs and risks characteristics of public debt outcome in the subsequent financial year will inform the formulation of the 2024 MTDS.

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III. STOCK OF PUBLIC AND PUBLICLY GUARANTEED DEBT

26. The stock of public and publicly guaranteed debt was Kshs. 9,145.9 billion or USD 74.1 billion in nominal terms as at end December 2022. Out of that amount, domestic debt was Kshs. 4,472.8 billion while external debt was Kshs. 4,673.1 billion (**Table 5**).

Figure 1: Nominal GDP, gross debt and Debt to GDP ratio (%) from 2003-2022



Source: The National Treasury

27. The analysis to inform 2023 MTDS considers a debt stock of Kshs 8,909.7 billion or USD 72.2 billion comprising external debt of Kshs 4,509.2 billion or USD 36.6 billion and domestic debt of Kshs 4,400.5 billion or USD 35.7 billion as at end December 2022. It excludes Kshs. 236.2 billion of which Kshs. 151.1 billion relates to uncalled guaranteed debts, Kshs. 58.5 billion Government overdraft at CBK, Kshs. 12.8 billion Suppliers credit and Kshs. 13.9 billion Bank advances.

28. The stock of external public debt is composed of multilateral, bilateral and commercial creditors. As a proportion of total external debt multilateral, commercial debt (including international sovereign bond) and bilateral accounted for 47.4¹ percent, 26.5 percent and 25.8 percent respectively. (**Table 5**). As a

¹ Multilateral comprises IDA/IBRD; ADF/AfDB and other multilaterals

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percentage of total domestic debt Treasury bonds accounted for 83.0 per cent while Treasury bills accounted for 15.0 per cent of GDP.

29. The stock of debt comprised of Treasury bills in tenors of 91, 182 and 364 days amounting to Kshs 671.5 billion, Treasury bonds of Kshs 3,710.6 billion, and outstanding pre-1997 government debt of Kshs. 18.3 billion as at end December 2022.

Table 5: Public and Publicly Guaranteed Debt in the MTDS end-December 2022

	Kshs. (millions)	USD (millions)
I. Domestic Debt (included in MTDS)		
Treasury Bills	671,509	5,443
Treasury Bonds	3,710,622	30,076
Pre-1997 Government Debt	18,344	149
Sub Total	4,400,475	35,668
II. External debt (included in MTDS)		
IDA/IBRD	1,363,195	11,049
ADF/AfDB	430,685	3,491
Bilateral	1,134,465	9,195
Multilateral	419,876	3,403
Commercial Banks	285,073	2,311
International Sovereign Bond	875,952	7,100
Sub Total	4,509,246	36,550
III. Excluded from MTDS		
Suppliers Credit	12,824	104
CBK Overdraft	58,498	474
Performing Guarantees	151,075	1225
Bank advances	13,866	112
Sub Total	236,263	1,915
TOTAL DEBT Included in MTDS (I+II)	8,909,721	72,217
TOTAL DEBT (I+II+III)	9,145,984	74,132
Domestic	4,472,839	36,254
External	4,673,145	37,878

Source: The National Treasury and Central Bank of Kenya

30. As at end December 2022, the guaranteed debt by the Government to Kenya Ports Authority (KPA), Kenya Electricity Generation Company (KenGen) and Kenya Airways (KQ) amounted to Kshs. 151.1 billion (Table 6).

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Table 6: Outstanding Government Guaranteed Debt (End-December 2022)

Beneficiary Entity	KSH (millions)	USD (Millions)
Kenya Electricity Generating Company	36,568	296.4
Kenya Ports Authority	35,850	290.6
Kenya Airways	78,657	637.5
Sub-Total Un-Called Guarantees	151,075	1,224.5

Source: The National Treasury

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IV. COST AND RISKS ANALYSIS OF THE EXISTING PUBLIC DEBT PORTFOLIO

31. This section analyze the cost and risks characteristics of existing public debt portfolio as at end December 2022, to assess the costs and risks and to design the optimal borrowing strategy that minimizes costs and risks over the medium term.
32. The Kenya's present value of public debt was at 60.0 percent of GDP of which the domestic debt was 33.2 percent of GDP while external debt was 26.8 percent of GDP. This is as per the IMF-World Bank debt sustainability analysis conducted in December 2022 in collaboration with the National Treasury.
33. The scope of the MTDS covers outstanding debt of Kshs. 8,909.7 billion comprising of domestic debt of Kshs. 4,400.5 billion and external debt of Kshs. 4,509.2 billion (**Table 7**).
34. The total interest payments as a percentage of GDP as at end December 2022, was at 5.3 per cent comprising 3.9 percent for domestic debt and 1.4 per cent for external debt. Interest payment for the domestic debt remained high almost triple the level paid on external debt even though their respective stocks are the same. This difference reflects the high interest rates on domestic debt due to shallow domestic debt market attracting minimal capital inflows.
35. The overall debt portfolio re-financing risk indicator improved during the fiscal year as stock of Treasury bills decreased and more borrowing on concessional terms in line with debt management strategy. The proportion of debt maturing in one year as a percent of total debt improved to 11.7 percent from 14.8 percent in 2021 whereas debt maturing in 1 year as a percentage of GDP improved to 8.4 percent from 10.2 percent in the same period (**Table 7**).
36. Average Time to Maturity was at 8.8 years as at end December 2022 as compared to 9.0 years in 2021.

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37. The Average Time to Refixing (ATR) for total debt was 8.1 years in December 2022. The share of debt refixing in 1 year was 23.0 percent while share of the fixed rate debt was 87.2 percent during the same period (**Table 7**).

Table 7: Cost and risk indicators for existing debt as at end December 2022

Risk Indicators		External debt	Domestic debt	Total debt
Amount (in millions of KSH)		4,673,145	4,472,839	9145,984
Amount (in millions of USD)		37,878	36,254	74,132
Nominal debt as percent of GDP		34.4	32.6	67.0
PV as percent of GDP		26.8	33.2	60.0
Cost of debt ²	Interest payment as percent of GDP ³	1.4	3.9	5.3
	Weighted Av. IR (percent)	3.9	11.4	7.6
Refinancing risk	ATM (years)	9.8	7.8	8.8
	Debt maturing in 1yr (percent of total)	5.1	18.7	11.7
	Debt maturing in 1yr (percent of GDP)	1.9	6.5	8.4
Interest rate risk ²	ATR (years)	8.4	7.8	8.1
	Debt refixing in 1yr (percent of total)	27.0	18.7	23.0
	Fixed rate debt incl T-bills (percent of total)	75.3	100.0	87.2
	T-bills (percent of total)	0.0	15.3	7.4
FX risk	FX debt (percent of total debt)			49.0
	ST FX debt (percent of reserves)			23.9

Source: The National Treasury

38. The maturity structure of domestic debt improved during the period under review. Government domestic debt securities falling due within a year decreased from 25.9 per cent in December 2021 to 19.5 per cent in December 2022 while instruments with over 11 years remaining to maturity improved to 40.9 per cent in December 2022 from 30.7 per cent in December 2021 following successful issuance of medium to long-term bonds aligned with the objective of lengthening the maturity profile (**Table 8**).

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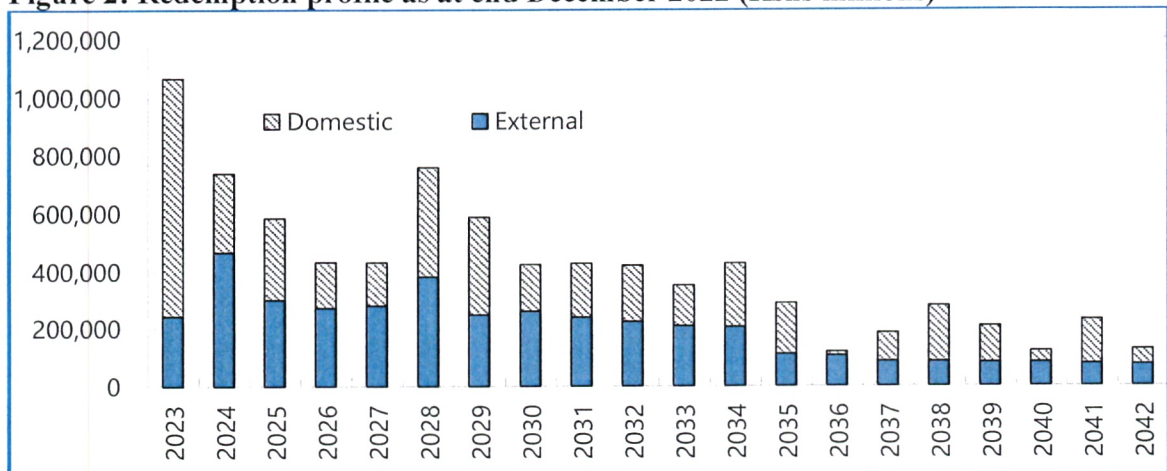
Table 8: Domestic Debt by Maturity Profile, in USD equivalent

Remaining Maturity in Years	End June 2021 In million USD	In Percent of Total	End Dec 2022 In million USD	In Percent of Total
Less than one year	8,734	25.9	6,963	19.5
2 to 3 years	4,263	12.6	3,598	10.1
4 to 5 years	2,616	7.8	3,119	8.7
6 to 10 years	7,740	23.0	7,401	20.8
Above 11 years	10,355	30.7	14,587	40.9
Total	33,707	100.0	35,668	100

Source: The National Treasury

39. The maturity of domestic debt is highest in 2023 majorly due to maturing short term government securities. The repayment structure is relatively smooth except for spikes in 2023, 2024 and 2028 due to maturities of international sovereign bonds. The overall public debt redemption structure as at end of December 2022 is shown in Figure 2 below.

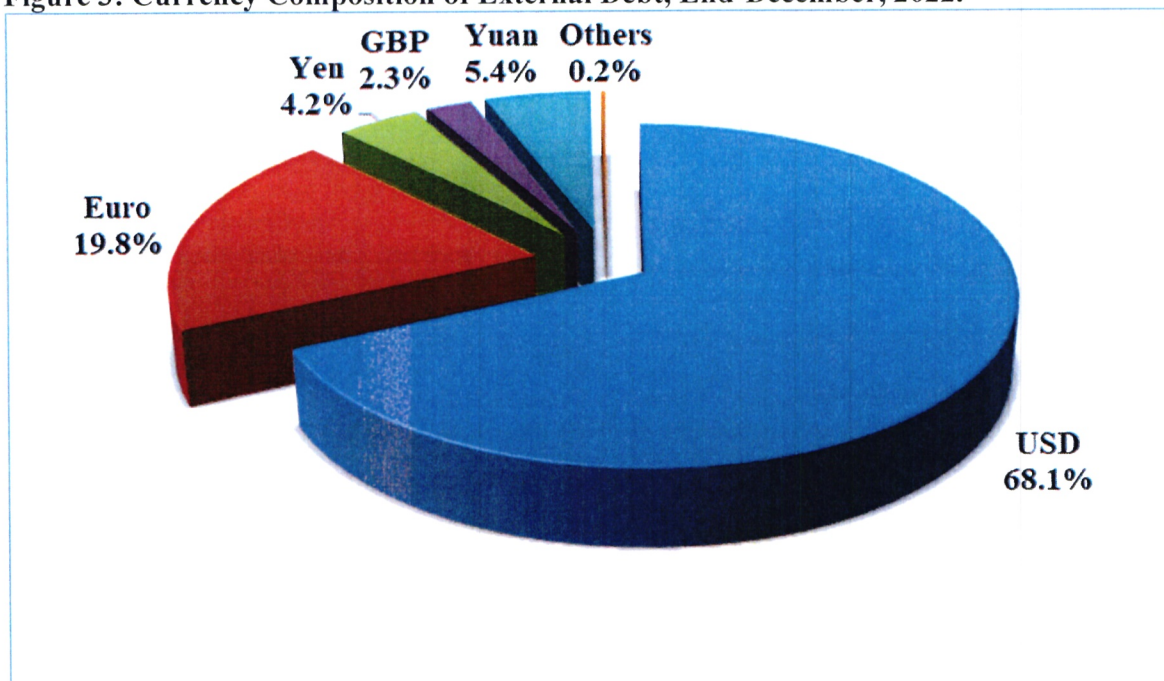
Figure 2: Redemption profile as at end December 2022 (Kshs millions)



Source: National Treasury and Central Bank of Kenya

40. As at December 2022, 49.0 percent of total public debt is in foreign currencies and thus exposed to foreign exchange rate volatility risk. The major currencies in the external debt portfolio are U.S. dollars at 68.1 percent; Euro at 19.8 percent; Chinese Yuan at 5.4 percent; Japanese Yen at 4.2 per cent; Great Britain Pound (GBP) at 2.3 percent while other currencies account for 0.2 percent (Figure 3).

Figure 3: Currency Composition of External Debt, End-December, 2022.



Source: The National Treasury

V. DEBT SUSTAINABILITY ANALYSIS

- 41. Kenya is rated as a medium performer in terms of Debt Carrying Capacity (DCC) with high risk of debt distress. This was as a result of Covid-19 global pandemic contributing to slowdown of economic growth and worsened by high inflation and supply chain disruptions due to the Russia-Ukraine war.
- 42. The World Bank and IMF uses a Composite Index (CI) to measure a country’s DCC. The CI is computed using the World Bank’s Country Policy and Institutional Assessment (CPIA), real GDP growth, remittances, international reserves and world economic growth. Kenya’s current assessment shows that the CI is at 3.02 compared to the previous assessment of 3.03 reflecting a weaker outlook of the global growth and a lower projected path of import coverage of reserves.
- 43. As shown in Table 9, Kenya’s DCC was downgraded from strong in 2019 to Medium in 2020 to 2022. Kenya is also ranked as being in risk of debt distress. The risk rating rose from low in 2017 to high since 2020.

Table 9: Kenya’s debt risk levels and debt carrying capacity

	2017	2018	2019	2020	2021	2022
<i>Debt carrying capacity</i>	Strong	Strong	Strong	Medium	Medium	Medium
<i>Risk of debt distress</i>	Low	Moderate	Moderate	High	High	High

Source: National Treasury & IMF country reports

- 44. The downgrade from strong to medium performer resulted to lower external debt and total public debt thresholds (Table 10).

External Debt Sustainability Analysis

- 45. The external DSA demonstrates that the Present Value (PV) of external debt to GDP ratio is below the 40 percent sustainability threshold throughout the projection period. The debt service to revenue ratio breaches the threshold in 2024 due to the upcoming international sovereign bond repayment.

Table 10: Thresholds and Benchmark

Debt Burden Indicators		Strong DCC	Medium DCC
External Debt Thresholds	PV of debt in % of Exports	240	180
	PV of debt in % of GDP	55	40
	Debt service in % of Exports	21	15
	Debt service in % of Revenue	23	18
Total Public Debt thresholds	PV of total public debt in % of GDP	70	55

Source: IMF country reports

46. However, the PV of external debt-to-exports ratio breaches the threshold until 2025. Nevertheless, it is projected to break-even in 2026 as exports recover. The debt service to exports ratio remains above the threshold due to the international sovereign bond maturing in 2024 and the rollover of external commercial loans coming due in 2025.

Table 11: Kenya’s External Debt Sustainability Analysis

Indicators	Thresholds	2022	2023	2024	2025	2026	2027
PV of PPG external debt to GDP ratio	40	26.6	26.8	26.1	25.6	25.1	25.0
PV of PPG external debt to export ratio	180	221.5	208.6	195.9	186.5	179.8	175.4
PPG debt service to export ratio	15	22.6	20.5	29.6	21.1	19.2	15.8
PPG debt service to revenue ratio	18	15.7	15.2	22.3	16.5	15.2	12.6

Source: National Treasury & IMF country report

47. The assessment of PV of external debt to exports and debt service to export indicate that subdued growth in exports has increased debt vulnerabilities. This is more evident in 2024 which coincides with high debt maturities. Therefore, there is need for implementation of development policies aimed at improving Kenya’s export sector. The Government may explore liability management operations to manage the refinancing risks in 2024.

Total Public Debt Sustainability Analysis

48. The PV of debt to GDP ratio is projected to remain above the 55 percent benchmark until 2025 (**Table 12**). To maintain debt at sustainable levels, the Government is pursuing a fiscal consolidation path by broadening the tax revenue base and minimizing non-priority expenditures.

Table 12: Kenya's Public Debt Sustainability Analysis

Indicators	Thresholds	2022	2023	2024	2025	2026	2027
PV of debt-to-GDP ratio	55	61.7	60.0	57.8	55.9	54.0	52.5
PV of public debt-to-revenue and grants ratio	n/a	353.1	340.4	332.5	310.9	301.0	289.6
Debt service-to-revenue and grants ratio	n/a	52.0	57.0	62.7	54.5	49.9	43.9

Source: National Treasury & IMF country report

49. Public debt sustainability indicators are projected to begin improving in 2026 after settlement of major maturities in 2024, 2025, and 2026 couple with anticipated recovery in exports sector as global economy recover from 2020 COVID-19 pandemic effects and shocks to global supply chain, as well as implementation of the ongoing fiscal reforms under the EFF/ECF program.

50. The Government will continue to optimize use of concessional funding, lengthening the maturity profile of public debt through issuance of medium to long dated bonds and deepening domestic debt market.

51. Additionally, it should be noted that although Kenya's public debt continues to be sustainable, annual borrowing limits (fiscal deficits) must be reduced to limit the rate of accumulation of public debt.

VI. MACROECONOMIC ASSUMPTIONS AND KEY RISKS UNDER THE 2023 BUDGET POLICY STRATEGY (BPS)

a) 2023 BPS Baseline Macroeconomic Assumptions

52. The 2023 MTDS is anchored on the macroeconomic assumptions outlined in the 2023 Budget Policy Statement (BPS) as summarized in Table 13.

53. The 2023 BPS is anchored on Governments development agenda on the Bottom-up Approach that is geared towards economic turn-around and inclusive growth. In the FY 2023/24, the economy is projected to grow by 6.1 percent, an improvement from the projected growth of 5.8 percent in the FY2022/23. This growth will be supported by Governments priority programmes outlined in the fourth Medium Term Plan of Vision 2030.

54. Growth is projected to remain above 6.1 percent over the medium - term supported by the Governments Economic Recovery Strategy geared towards economic turnaround and inclusive growth through increased employment, more equitable distribution of income, enhanced social security and expansion of the tax revenue base.

Table 13: Baseline Macroeconomic Assumptions

	Unit	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
		Actual	Pre-Act.	Projection				
Real GDP	Percent	3.6	6.5	5.8	6.1	6.2	6.1	6.2
GDP Deflator	Percent	5.0	6.2	6.9	5.8	4.8	5.9	6.0
Inflation	Percent	5.7	6.8	7.0	5.8	5.0	5.0	5.0
Revenue	Percent of GDP	15.9	17.3	17.4	17.8	17.8	18.0	18.3
Expenditure	Percent of GDP	24.4	23.7	23.4	22.5	22.0	21.8	22.3
Overall Fiscal Balance	Percent of GDP	(8.2)	(6.2)	(5.7)	(4.4)	(3.9)	(3.6)	(3.6)
Primary Budget Balance	Percent of GDP	(3.8)	(1.6)	(1.1)	0.3	0.7	0.7	0.7
Revenue	Kshs Billion	1,803.5	2,199.8	2,528.8	2,894.9	3,231.1	3,669.9	4,195.2
Expenditure	Kshs Billion	2,769.3	3,027.8	3,394.1	3,663.1	3,991.9	4,457.9	5,089.9
Overall Fiscal Balance	Kshs Billion	(950.2)	(747.8)	(833.8)	(720.1)	(711.5)	(734.6)	(826.1)
Primary Budget Balance	Kshs Billion	(434.1)	(207.2)	(158.0)	55.0	122.1	150.6	154.0
GDP (Current Prices)	Kshs Billion	11,370.3	12,752.2	14,521.6	16,290.3	18,180.2	20,436.9	22,872.3

Source: The National Treasury

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55. Inflation rate increased above the government target range of 5 ± 2.5 in 2022. This notwithstanding, the rates declined to 9.1 percent in December 2022 from 9.5 percent in November 2022 and is projected to ease in the near term due to muted demand pressures and policy interventions.
56. The Government continues to pursue growth responsive fiscal consolidation measures aimed at reducing the fiscal deficits and lower debt service costs and release resources for priority programs. In this regard, the deficit is projected to decline to 4.4 per cent of GDP in the FY 2023/24 and 3.6 percent of GDP over the medium-term.
57. The alternative debt management strategies under the 2023 MTDS are aligned to the IMF program and the 2023 BPS policy priorities.

b) Risks to the 2023 BPS baseline macroeconomic assumptions

58. Global economic growth remains uncertain due to the ongoing geo-political tensions, effects of COVID-19 pandemic, global inflation pressures and climate change related supply chain disruptions. As a result, global growth is projected to slow to 2.7 percent in 2023 from the projected growth of 3.2 percent in 2022. These uncertainties will negatively impact economic growth in developing economies which will in turn lead to deterioration of the debt indicators. However, the Government strategy to revive the economy and its commitment to fiscal consolidation will lead to improvement of the debt ratios.
59. Market volatility due to geo-political tensions and monetary tightening in advanced economies has hindered access to international capital markets. The inflation rates have led to high interest rates and this may limit the Government in performing liability management operation on its debt portfolio. However, the Government will continue to monitor the market conditions before performing any liability management operations.
60. The on-going implementation of reforms in the domestic debt aimed at deepening the market continues to cushion the Government against downside risks from external factors.

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61. The rising interest rates both in the domestic and external market have an adverse implication on debt service. In addition, rising interest rates have limited Government's access to long-term funding thus increasing refinancing risk.
62. Kenya's external debt is held in various foreign currencies to minimize foreign currency risk exposure. Currency depreciation increases debt service costs. The USD accounts for 68 per cent of external debt, Euro 20 per cent and other² currencies at 12 per cent. The Government is committed to continued implementation of prudent fiscal and monetary policies aimed at stabilizing prices.
63. Contingent liabilities expose the Government to fiscal risks which may lead to additional debt service costs in the event of materialization. The Government will continue monitoring these liabilities with an aim of mitigating the risks.

² Others, majorly – Yuan, Yen and GBP

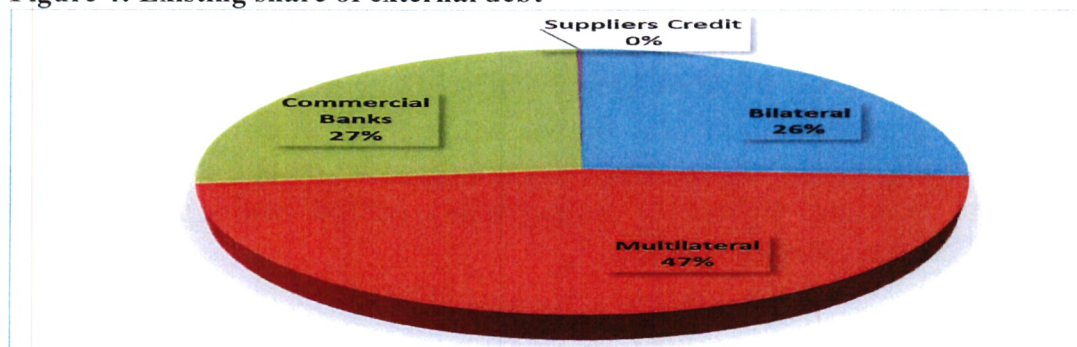
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VII. ASSESSMENT OF POTENTIAL SOURCES OF FINANCING

A. Sources of financing of the fiscal deficit

64. The Government funds the deficit through borrowing from both domestic and external sources.
65. Traditionally, the external borrowing sources comprise of multilateral, bilateral and commercial sources while Treasury bonds and bills remain the main instruments used by the Government to raise funds from the domestic market.
66. Treasury bonds comprise of benchmark instruments (with tenors of 2, 5, 10, 15, 20 and 25 years), savings development bond, retail bond (M-Akiba) and infrastructure bonds. However, the Government may issue off-benchmark bonds depending on the prevailing market conditions. Treasury bills are used as liquidity management instrument.
67. As at December 2022, the outstanding Treasury bonds and bills were majorly held by non-bank institutions (pension funds, insurance firms, parastatals and retail investors) at 53.2 percent while commercial banks accounted for 46.8 per cent, compared to December 2021 where commercial banks and non-banks held 50.2 per cent and 49.8 per cent respectively.
68. The share of multilateral, bilateral and commercial (including syndicated loans) in external debt was 47.4 percent, 25.8 percent and 26.5 per cent respectively while other sources accounted for 0.3 percent (Figure 4).
69. The major multilateral lenders were International Development Association (IDA), African Development Bank (AfDB) and International Monetary Fund (IMF) while China and Japan dominated the bilateral sources as at end December, 2022.

Figure 4: Existing share of external debt



Source: The National Treasury

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B. Potential sources to finance the medium-term budget

i. Domestic Sources

70. Domestic debt market is one of the main sources of financing the fiscal deficit. Over the years, it has contributed to half of total financing requirements of the Government. The Government has successfully mobilized domestic debt financing targets over the years despite the challenges of high interest costs in the market.
71. Additional, alternative sources may include issuance of a Kenya Shilling syndicated debt, foreign currency denominated domestic bond, private placement among others.
72. To promote a national savings culture and encourage financial inclusion and access to government securities, the Government will re-engineer the issuance of the M-Akiba bond. The digital platform will be re-engineered to provide efficiency accessible alternative investment opportunities for the informal sector.
73. The National Treasury will sustain spearheading key reforms that deepen the market and diversify the investor base. To enhance the growth of the non-bank financial institutions such as pension, insurance and mutual funds, there is need to expand the volumes and initiate new financial products such as post retirement and contributory pension schemes, diversified asset classes, private equity and venture capital.

ii. External Sources

74. External financing contributed 19.1 per cent of net new funding in the FY 2021/22, thus remaining a key source of financing the fiscal deficit.
75. Global supply chain uncertainties, volatility in financial markets and tensions related to the Russia-Ukraine war continue to have adverse impact on Kenya's medium-term prospects. Slowdown in global demand and spikes in oil and commodity prices are exerting pressure on inflation and the exchange rate leading to monetary tightening among many central banks globally amidst increased cost of external finance.

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76. The Government will continue to source concessional financing from multilateral financial institutions and bilateral lenders to finance development expenditure.
77. Government may explore the issuance of green and blue bonds to finance climate related or environmental sustainability projects as part of instrument diversification.

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VIII. PUBLIC DEBT RISKS AND COSTS EVALUATION UNDER ALTERNATIVE PUBLIC DEBT MANAGEMENT STRATEGIES

A. Public Debt costs and risks evaluation

78. To better manage the costs and risk of public debt a careful evaluation of the risks and costs of managing public debt under various alternative debt management options is undertaken to inform the optimal strategy for adoption. The results of the evaluation are used to populate the following matrix of risks and costs of public debt to help identify the optimal strategy that provides the best projection of costs minimization and risks optimization against the current indicators:

Table 14: Cost and risk characteristics table

Risk Indicators		2022	As at end 2026			
		Current	Alt. 1	Alt. 2	Alt. 3	Alt. 4
Nominal debt as percent of GDP		67.0				
Present value debt as percent of GDP		60.0				
Interest payment as percent of GDP		5.3				
Implied interest rate (percent)		7.6				
Refinancing risk	Debt maturing in 1yr (percent of total)	11.7				
	Debt maturing in 1yr (% of GDP)	8.4				
	ATM External Portfolio (years)	9.8				
	ATM Domestic Portfolio (years)	7.8				
	ATM Total Portfolio (years)	8.8				
Interest rate risk	ATR (years)	8.1				
	Debt refixing in 1yr (percent of total)	23.0				
	Fixed rate debt incl T-bills (percent of total)	87.2				
	T-bills (percent of total)	7.4				
FX risk	FX debt as % of total	49.0				
	ST FX debt as % of reserves	23.9				

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B. Baseline Pricing Assumptions and Description of Shock Scenarios

79. The pricing assumptions under the baseline scenario for interest rates and the exchange rates are as follows:
- i. ADF loans are priced at an average fixed rate of 0.75 percent, with a 40-year tenor and up-to 10-year grace period.
 - ii. IDA/IFAD loans are priced at an average fixed rate of 1.75 percent, with a 35-year tenor and up-to 8-year grace period.
 - iii. Other concessional loans are priced at an average fixed rate of 1.17 percent, with a 28-year tenor and up-to 7-year grace period.
 - iv. Semi-concessional loans are assumed to be contracted at a fixed interest rate of approximately 2.3 percent and a maturity of 23 years including a grace period of up to 5 years.
 - v. Commercial borrowings and Export Credit Agencies financing with floating rates are contracted at a reference rate plus a margin.
 - vi. The pricing of Kenya's International Sovereign debt is based on the prevailing Sovereign Bond yield curve as at end December 2022.
 - vii. Pricing on the domestic debt instruments is based on the prevailing market yield curve as at end December 2022.
80. The outlook on the baseline interest rates and exchange rates is based on the following considerations;
- i. The exchange rate (Kshs. /USD) is assumed to depreciate annually at an average of 1.6 percent.
 - ii. The fixed interest rates of market-based instruments in the international markets were based on the prevailing yields as at end December 2022. The domestic market yields were based on the average of the last one year and historical trend in the last 3 years.
 - iii. The interest rates for fixed rate loans are assumed to remain priced as per the existing portfolio.
81. Three risk scenarios are evaluated as follows:
- i. The risk scenario for interest rates assumes moderate interest rate shock of 2.5 percent over the baseline projections and a stand-alone extreme shock of 5 per cent which remains constant thereafter.

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- ii. The risk scenario for exchange rate assumes a stand-alone extreme shock of 25 percent in 2024 which was applied on the baseline exchange rate projections.
- iii. The combined exchange rate and interest rate risk shock scenario assumes an increase in interest rate by a moderate shock of 2.5 percent combined with a 12.5 percent exchange rate depreciation in 2024.

C. Highlights of Alternative Debt Management Strategies

82. The 2023 MTDS considered four alternative financing strategies to fund the fiscal deficits for the FY2023/2024 and the medium-term borrowing.
83. The various external financing sources include a mix of concessional, semi-concessional, commercial loans and international debt securities while domestically the sources include a combination of Treasury bills and bonds.
- i. **Option 1 (S1) – Biased financing towards more domestic borrowing:** This strategy assumes a net borrowing of 81 percent from domestic and 19 percent from external sources. Domestic borrowing is through issuance of Treasury bonds while maintaining the stock of Treasury bills to continue mitigating refinancing risk. External sources are assumed to be through concessional debt with no commercial borrowing to reduce the cost of debt and foreign exchange rate risk.
 - ii. **Option 2 (S2) – Biased financing towards more external debt:** This option assumes financing majorly from external debt with a net financing of 60 percent external and 40 percent domestic. Under this strategy, financing will be majorly from commercial, semi-concessional and concessional sources. From the domestic market, the strategy assumes Treasury bonds to be the only source of domestic financing. This option aims at reducing refinancing risk and interest rate risk while at the same time reducing the overall cost of debt.
 - iii. **Option 3 (S3) – Gradual lengthening of domestic debt maturity profile:** This strategy assumes financing the fiscal deficit majorly from the domestic market with a net domestic financing of 71 percent and 29 percent from external sources. The strategy aims at gradually reducing the stock of Treasury bills to manage refinancing risk and issuing medium-long term Treasury

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bonds. On the external borrowing, it assumes that the total financing will be from concessional debt.

- iv. **Option 4 (S4) – Balanced domestic-external financing strategy:** The strategy targets a balanced funding of the deficit from both domestic and external sources. The strategy envisages 50 percent net domestic and external borrowing from each source. It will maximise concessional borrowing while commercial debt will be rolled over. The medium to long term Treasury bonds will be the main source of financing from the domestic market. This strategy is positioned for flexibility in financing the deficit from both sources should one source fail. Under this strategy, the Government may consider augmenting any of the two sources depending on domestic and external market conditions.

D. Cost-Risk Analysis of Alternative Debt Management Strategies

84. The cost and risk indicators generated by the MTDS Analytical Tool (MTDS AT) under each of the four alternative strategies provides the output of the evolution of the debt costs and risks characteristics in the medium term. The tool also provides the characteristics of the debt portfolio under standard shock scenarios. In addition, the MTDS AT provides projected stock and cash flow of the debt profile.

i. *Baseline projection and alternative strategies*

85. The average gross borrowing in each alternative strategies during the period ending FY 2025/26 are presented in Table 15.

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Table 15: Average new borrowing by instrument under alternative strategies (in percent of gross borrowing by end of FY 2025/26)

New debt in % of Total Gross Borrowing	S1	S2	S3	S4
ADF	-	-	-	-
IDA/IFAD	8	7	8	12
Concessional	6	8	7	9
Semi-Concessional	1	4	3	1
Commercial/International Sovereign Bond	11	19	12	13
Treasury bills	34	34	33	34
Treasury bonds 2-3 Years	4	2	3	3
Treasury bonds 4-7 Years	4	4	4	3
Treasury bonds 8-12 Years	8	5	7	6
Treasury bonds 13-17 Years	11	7	11	8
Treasury bonds 18-22 Years	9	6	9	7
Treasury bonds 23-30 Years	5	3	4	3
External	26	38	29	35
Domestic	74	62	71	65
Total	100	100	100	100

Source: The National Treasury

86. The composition of the debt portfolio arising from the financing options in Table 15 during the period ending FY 2025/26 are presented in Table 16.

Table 16: Composition of Debt Portfolio by Instrument under Alternative Options , (in Percent of Outstanding Portfolio as at End of -FY 2025/26)

In Percent of Total	FY 2021/22	As at end FY2025/26			
Outstanding by Instrument	Current	S1	S2	S3	S4
ADF	3	2	2	2	2
IDA/IFAD	15	15	15	15	18
Concessional	4	7	8	7	9
Semi-Concessional	8	5	7	6	5
Commercial/International Sovereign Bond	20	16	21	16	17
Treasury bills	8	6	6	5	6
Treasury bonds 2-3 Years	1	2	1	2	2
Treasury bonds 4-7 Years	5	3	3	3	2
Treasury bonds 8-12 Years	9	10	8	9	9
Treasury bonds 13-17 Years	14	16	13	16	13
Treasury bonds 18-22 Years	11	14	12	13	12
Treasury bonds 23-30 Years	3	6	4	5	4
External	51	45	53	47	51
Domestic	49	55	47	53	49
Total	100	100	100	100	100

Source: The National Treasury

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87. In the medium term, under strategy 1 and 3 domestic debt portfolio increases, declines under strategy 2 and remains constant under 4.

88. The trade off between costs and risks as portrayed by the outcomes of the various alternative options is used in the selection of the optimal strategy (Table 17 and Figure 6).

Table 17: Cost and Risk Indicators Under Alternative Options

Risk Indicators		2022	As at end 2026			
		Current	S1	S2	S3	S4
Nominal debt as percent of GDP		67.0	60.4	59.9	60.1	59.8
Present value debt as percent of GDP		60.0	54.9	54.4	54.5	53.1
Interest payment as percent of GDP		5.3	4.8	4.5	4.6	4.4
Implied interest rate (percent)		7.6	8.5	8.0	8.3	7.9
Refinancing risk	Debt maturing in 1yr (percent of total)	11.7	10.7	10.5	10.1	10.5
	Debt maturing in 1yr (% of GDP)	8.4	6.4	6.3	6.1	6.3
	ATM External Portfolio (years)	9.8	10.8	10.4	10.8	11.4
	ATM Domestic Portfolio (years)	7.8	9.3	8.4	9.0	8.5
	ATM Total Portfolio (years)	8.8	10.0	9.5	9.9	10.0
Interest rate risk	ATR (years)	8.1	9.6	8.8	9.4	9.6
	Debt refixing in 1yr (percent of total)	23.0	19.3	23.7	19.4	20.1
	Fixed rate debt incl T-bills (percent of total)	87.2	89.7	85.2	89.4	88.9
	T-bills (percent of total)	7.4	5.5	5.6	5.2	5.5
FX risk	FX debt as % of total	49.0	45.3	53.3	47.3	51.4
	ST FX debt as % of reserves	23.9	30.9	31.4	28.1	29.5

Source: The National Treasury

89. The nominal and present value (PV) of debt to GDP ratios under all the alternative options are declining from December 2022 levels. This is attributed to higher GDP growth and lower fiscal deficit as projected in the medium term.

90. As shown in Table 17, strategy 4 (S4) optimally achieves the debt management objectives compared to the other three strategies in terms of costs and risks characteristics. Its characteristics are;

- i. It result to the least Present Value (PV) of debt to GDP of 53.1 percent in the medium term compared to strategy 1 at 54.9 percent, strategy 2 at 54.4 percent and strategy 3 at 54.5 percent.

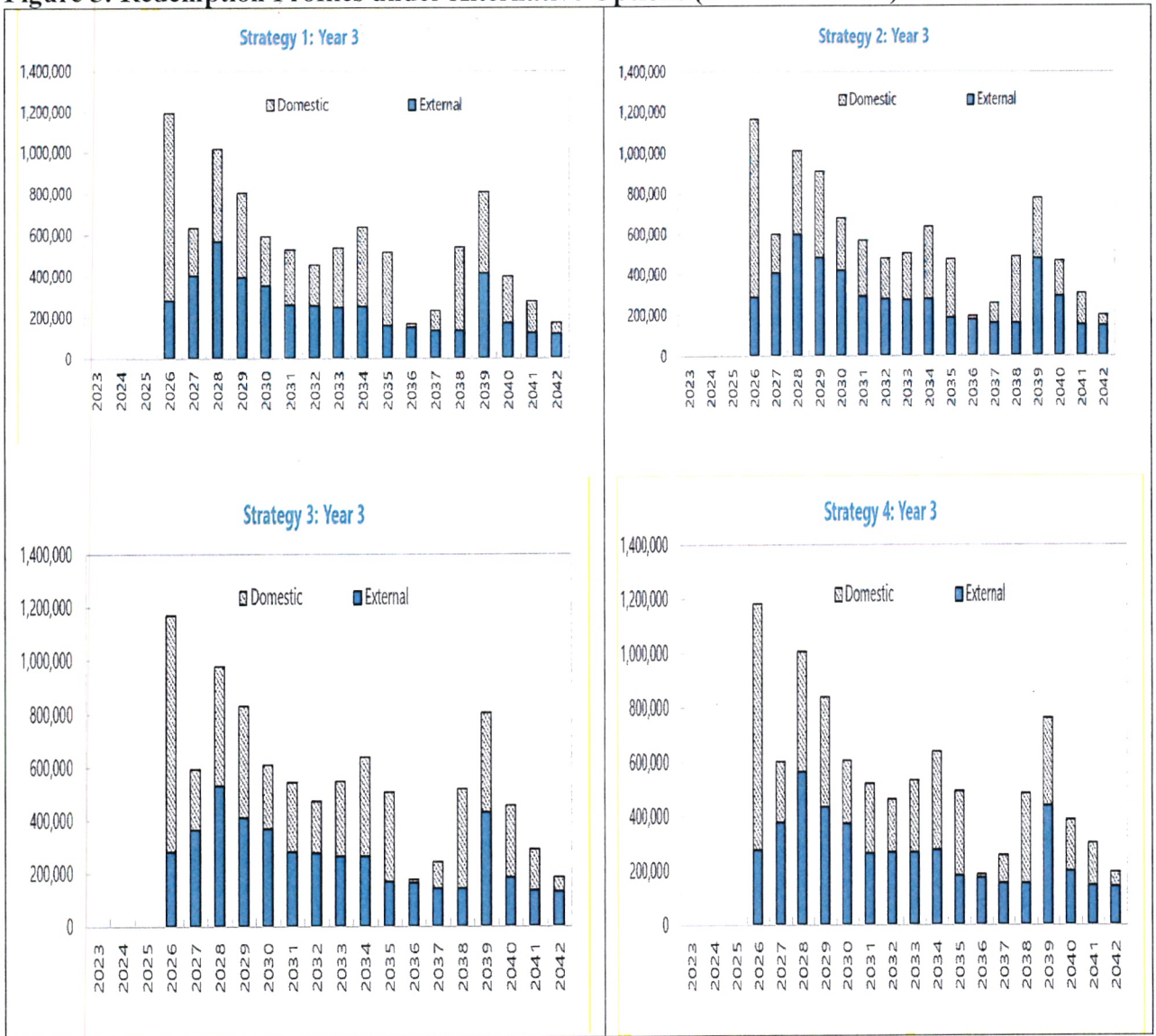
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- ii. Interest payment to GDP improve from 5.3 percent as at end December 2022 to 4.4 percent in the medium term. This is attributed to maximization of concessional sources as commercial borrowing is reduced, thereby leading to reduction in the cost of debt over the medium term. It also portrays the lowest implied interest rates amongst the four strategies.
 - iii. Minimizes refinancing risk by lengthening the total portfolio ATM as a result of lengthening the ATM of external debt portfolio. This is attributed to concessional terms that have longer maturities.
 - iv. Minimizes interest rate risk in terms of average time to refixing.
 - v. Deepens the domestic bond market through issuance of more medium to long term instruments as the main source of domestic financing.
 - vi. It allows for flexibility in the borrowing plan to adjust either external or domestic borrowing targets depending on prevailing market conditions as it is more realistic to implement.
91. Overall, strategy 1 has the highest cost characteristic but provides minimum risk exposure compared to the other alternative strategies.
92. Strategy 2 provides undesirable results in the trade-off between all costs and risk indicators and may be unrealistic to implement.
93. Strategy 3 minimizes refinancing and foreign exchange risk in terms of debt maturing in 1 year and short-term foreign debt as a percentage of reserves respectively.
94. Figure 5 shows the redemption profiles for alternative options by end of 2026. High maturities of both domestic and external debt are observed in 2026, 2028 and 2029. Maturities in 2026 are majorly due to maturing short term domestic debt, while elevated maturities in 2028 and 2029 are associated with maturing International Sovereign bond as well as other commercial loans.

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Figure 5: Redemption Profiles under Alternative Options (End-FY2025/26)



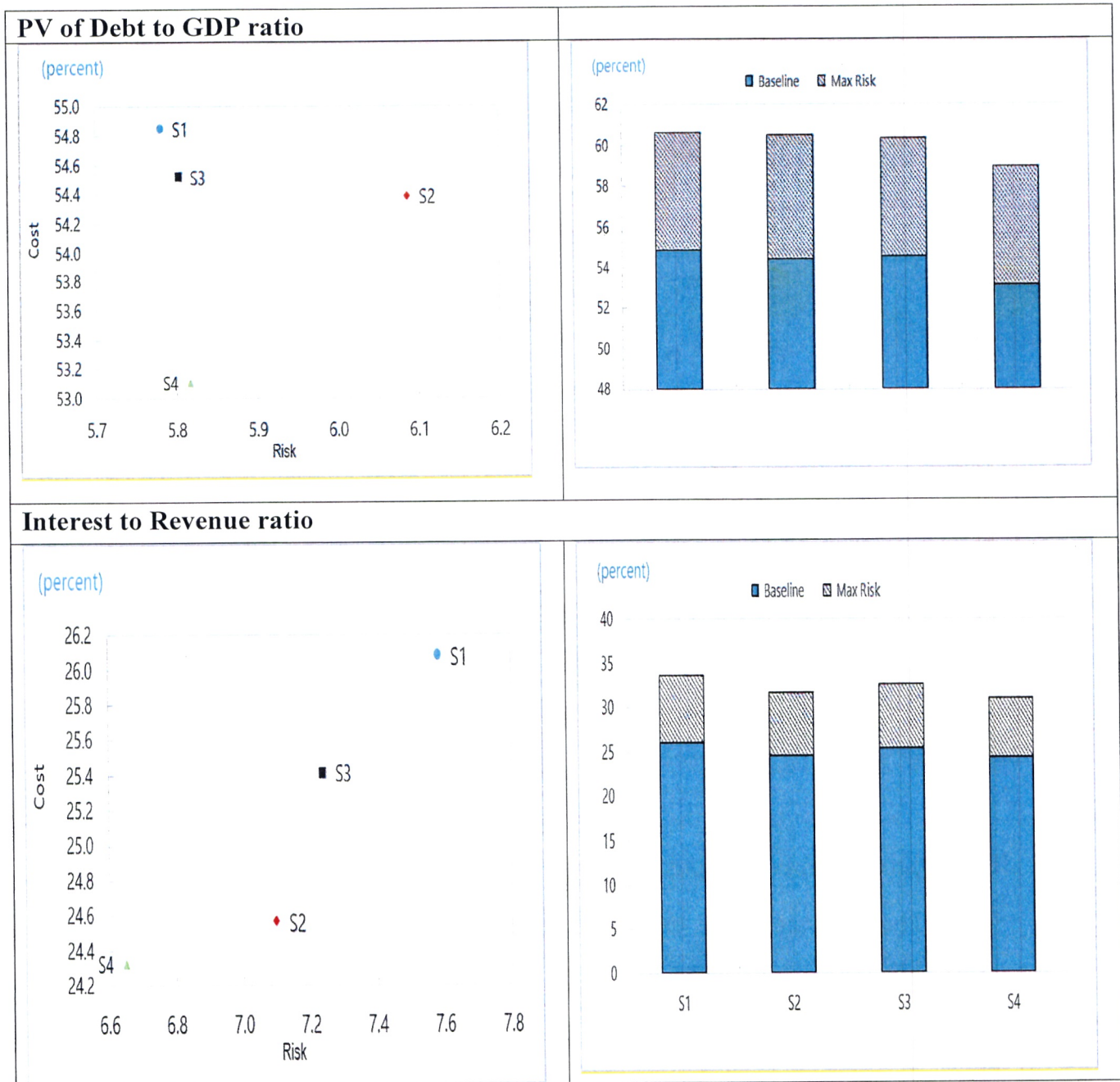
Source: The National Treasury

ii. Effect of shocks on the costs and risks characteristics of debt

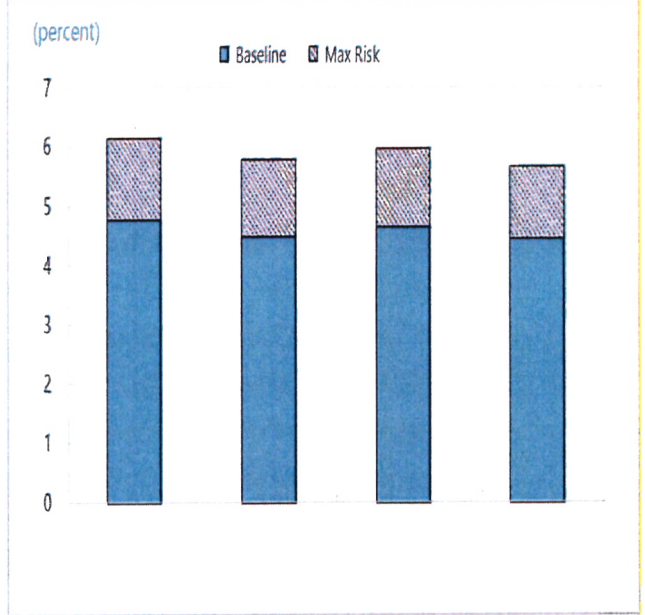
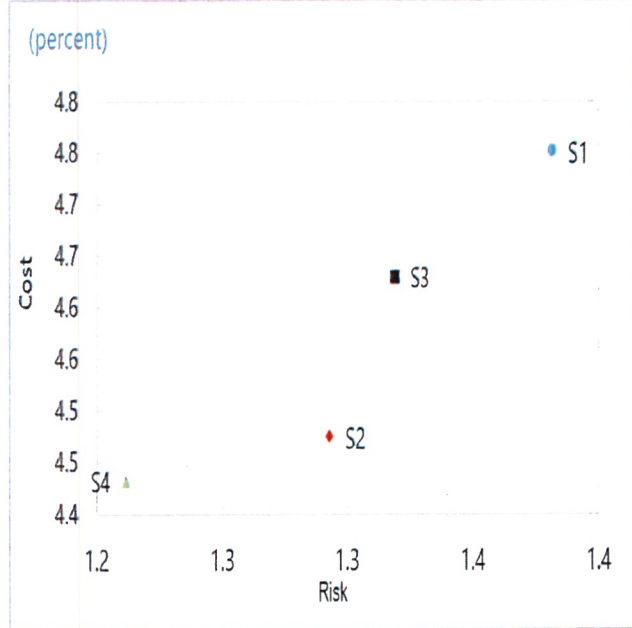
95. The analysis of the baseline and shock scenarios considered indicators such as; Present Value of Debt to GDP, interest payments to revenues, interest payments to GDP and total debt service to GDP (Figure 6).

96. The level of risks associated with each strategy under the baseline and shock scenarios are as indicated by the outcome of the analysis. Strategy 4 has the lowest cost-risk combination.

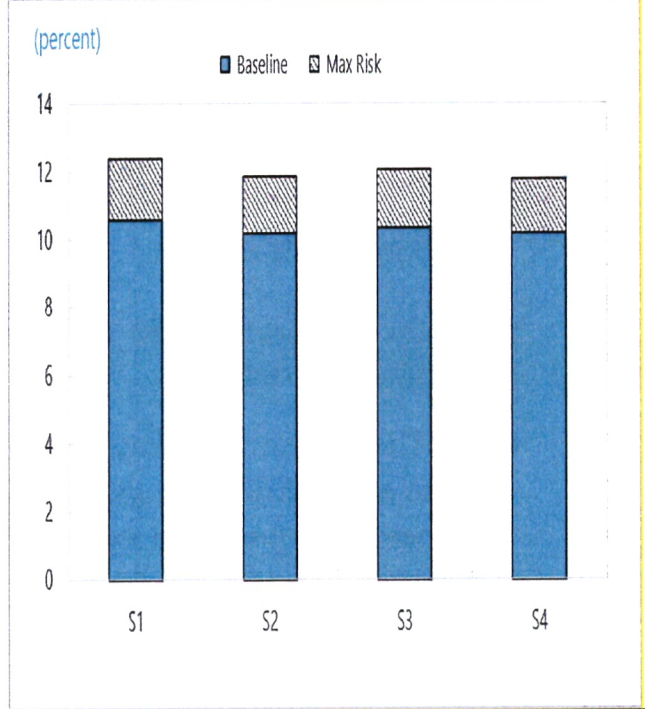
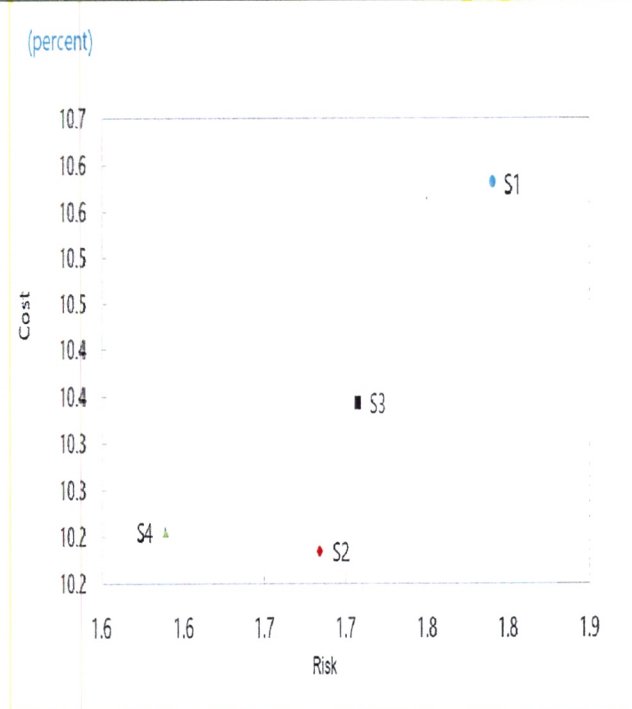
Figure 6: Cost and Risk Characteristics under Alternative Strategies



Interest to GDP ratio



Total debt service to GDP ratio



Source: The National Treasury

iii. *The preferred deficit financing strategy*

97. The optimal deficit financing strategy derived from the results of analysis of various options is 50:50 net external and domestic borrowing mix (option 4) as it leads to the best costs and risks characteristic combination. The strategy recommends suggests allocation of Ksh. 360 billion to both external and domestic sources; use of medium to long term Treasury bonds as domestic financing tool and maximization of external concessional borrowing while commercial debt is rolled over before eventually being minimized. This strategy is positioned for flexibility in financing the deficit from both sources should one source fail, and depending on domestic and global debt markets condition and takes into account the continued tightening of domestic debt market liquidity.

iv. *Public Debt Stock Management Strategy*

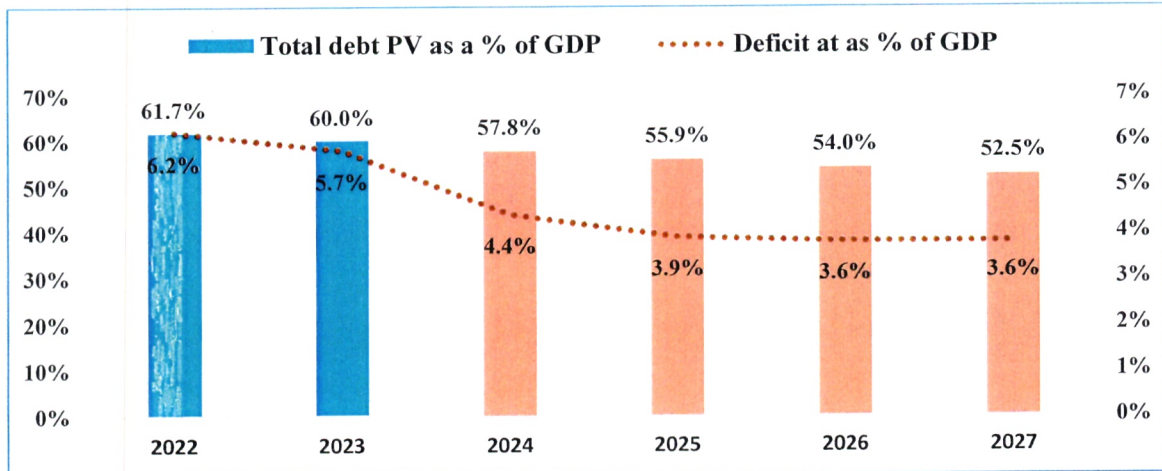
98. Under Strategy 4 above, overall public debt gross borrowing consists of 35 and 65 percent in external and domestic sources, respectively, as the optimal strategy. The larger proportion of gross domestic borrowing is driven by the recurrent nature short-term domestic securities (treasury bills) which rollover a number of times within the financial year.

99. The following are the projected debt level under various annual borrowing limit assumptions:

Scenario I: Total Public Debt growth projection under the proposed fiscal consolidation trends

100. The Government has committed to pursue a fiscal consolidation policy to reduce and stabilize the growth of public debt under the ongoing IMF supported program. The projected evolution of public debt under the fiscal consolidation program is shown in Figure 5 below. The PV of total public debt as a percent of GDP is projected to decline to 52.5 percent in June 2027 from 61.7 percent in June 2022.

Figure 5: Fiscal consolidation path as per the fiscal framework



Source: National Treasury

101. In effect, under the fiscal consolidation program it will take at least four years (2023-2026) to revert the present value of public debt to the sustainability threshold of 55 percent to GDP.

Table 18: Fiscal Consolidation for a Sustainable Debt Path

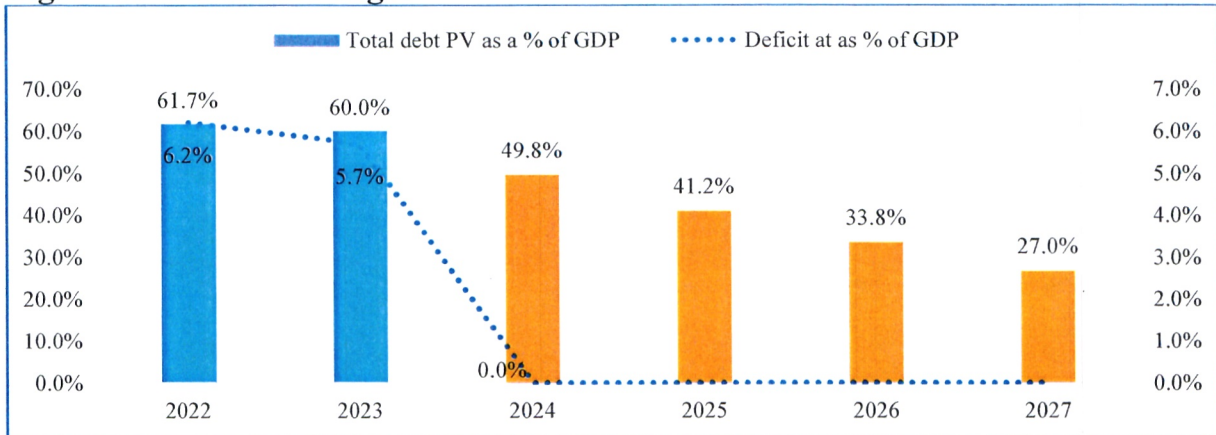
Optimization of public debt to a sustainable path	2023	2024	2025	2026	2027
PV of total public debt	9,301,925	9,985,145	10,686,646	11,428,3244	12,288,736
Reducing the Fiscal Deficit/increase	(772,633)	(482,628)	(171,783)	211,371	584,671
PV of total public debt to GDP (%)	60.0	57.8	55.9	54.0	52.5

Source: National Treasury

Scenario 2: Balanced Budget

Maintaining a zero deficit from the fiscal year 2023/24 leads to a drop in PV of debt to GDP from the 61.7 percent end June 2022 to 49.8 percent in June 2024 and thereafter to 27.0 percent in the medium term.

Figure 5: Balanced budget



Source: National Treasury

102. The nominal growth in debt under this scenario is only driven by the depreciation of the foreign exchange effect on external debt and disbursement of already existing external debt (**Figure 2 and Table 19**).

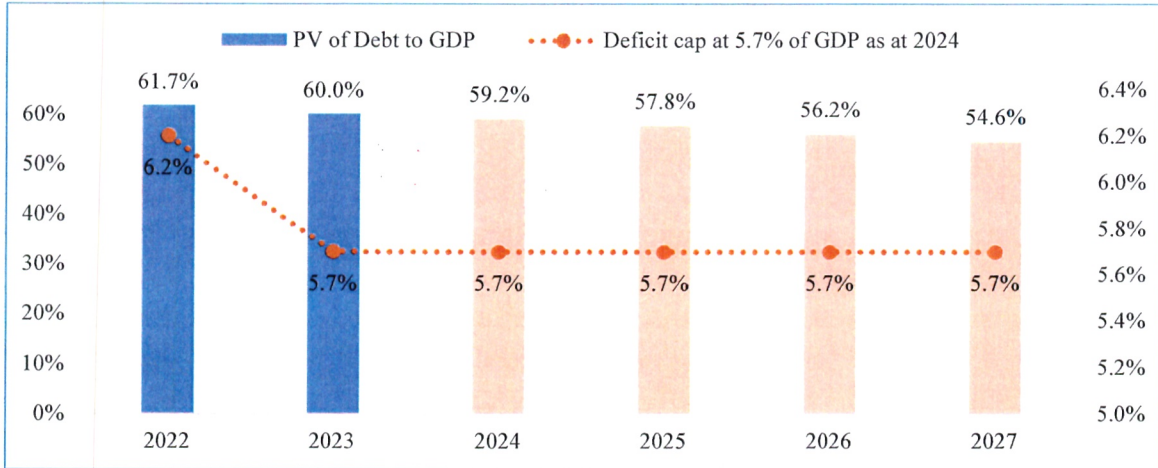
Table 19: Balanced Budget

	2022	2023	2024	2025	2026	2027
Current Deficit Projection as a % of GDP	6.2%	5.7%	4.4%	3.9%	3.6%	3.6%
Deficit Capped at 0% from 2024	6.2%	5.7%	0%	0%	0%	0%
Fiscal Deficit	(747,825)	(833,809)	(720,250)	(711,522)	(734,640)	(826,051)
Resultant Public Debt Stock	8,588,281	9,422,089	8,701,839	7,990,317	7,255,677	6,429,626
Resultant Public Debt to GDP	61.7	60.0	49.8	41.2	33.8	27.0

Scenario 3: Capping the overall deficits at 5.7 percent of GDP in the medium term

103. If the fiscal deficit is capped at 5.7 percent of GDP, then the ratio of PV of debt to GDP declines to 60.0 percent in June 2023 and thereafter declines to 54.6 percent in June 2027. However, compared to the fiscal consolidation path, the PV of public debt GDP ratio in this scenario is elevated as shown in **Figure 6**.

Figure 6: Capping the overall deficits at 5.7 percent of GDP in the medium term



Source: National Treasury

104. Table 20 shows the resulting debt stock when the fiscal deficit is capped at 5.7 percent in the medium term.

Table 20: Capping the overall deficits at 5.7 percent of GDP in the medium term

	2022	2023	2024	2025	2026	2027
Deficit Capped at 5.7% as at 2024	6.2%	5.7%	5.7%	5.7%	5.7%	5.7%
Resultant Public Debt Stock Kshs Mn	8,588,281	9,422,089	10,366,416	11,421,504	12,600,023	13,917,198
Resultant Public Debt to GDP	61.7	60.0	59.2	57.8	56.2	54.6

Source: National Treasury

105. The policy implications emanating from the foregoing analysing under different fiscal deficits scenarios/assumptions are that:

- a. although Kenya’s public debt continues to be sustainable, annual borrowing limits (fiscal deficits) must be reduced without any further delays to tame the rate of accumulation of public debt stock which is imperative to public debt sustainability.
- b. For Kenya to revert public debt stock and profile to sustainable path in the medium (by 2026) annual borrowing limits should be maintained below 4 percent of GDP. This implies given projected GDP of Ksh. 14, 521.6 billion and debt stock of Ks. 9,145.9 billion in December 2022, the recommended annual borrowing limit for 2023/24 should be Ksh. 580.9 billion. It should be noted that the 2023 BPS has recommended a net financing of Ksh. 720.1 billion (equivalent to 4.4 per cent of GDP eventually dropping to 3.6 percent in 2027) in line with the ongoing Kenya-

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IMF economic program. Ideally growth of public debt should be less than the growth of GDP for public debt to remain within sustainable thresholds. The projected GDP growth for 2023/24 is 6.1 per cent and therefore the fiscal consolidation allows for debt to revert to sustainable path.

- c. funding fiscal deficits and refinancing external debt should rely more on concessional funding, less costly commercial debt, combined with implementation of development policies geared towards improving Kenya's export sector;
- d. there is an urgent need to reduce over reliance on external debt markets and instead shift the focus to deepening and developing domestic debt market to assume more role in funding government borrowing needs, facilitate borrowing in local currency, attract more capital inflows to lower the local currency yields hence reducing borrowing costs and risks of public debt and by extension for the rest of the economy;
- e. to meet external liabilities as they fall due and at same time ensure debt projection is retained in a sustainable path, the Government will have to optimize use of concessional funding sources, lengthen the maturity profile of public debt through issuance of medium to long dated bonds and deepen domestic debt market to be able to finance a bigger portion of budget deficits.

106. Despite the optimal strategy leading to reduced overall debt to GDP, cost of debt, refinancing risk and interest rate risk exposure, its implementation will depend on prevailing market condition that will trail the current global economic uncertainties. The Government will maintain its presence in the international financial markets through refinancing the existing commercial maturities and may consider liability management operations ahead of scheduled maturities if the international debt capital market condition improves.

107. The policy implications derived from the technical analysis of costs and risks and debt sustainability are that: funding fiscal deficits and refinancing external debt has to be through concessional borrowing and less commercial debt, while implementing development policies geared towards improving Kenya's export sector. The Government will focus to deepening and developing domestic debt market to minimize reliance on external market.

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108. The Public Debt Management Office has proposed liability management operation measures to refinance and re-profile debt maturities subject to favorable market conditions.
109. To pursue debt sustainability, the Government will continue to lengthen the maturity profile of public debt through issuance of medium to long tenor bonds and deepen domestic debt market to be able to finance a higher proportion of budget deficits.
110. Opportunities for ‘debt for climate/nature swaps’ will be pursued under the proposed Government water dams investment/funding programme with eligible creditors. Additionally, there is need for restraint measures aimed at reducing the rate of accumulation of public debt stock as an imperative to public debt sustainability.
111. To better manage net sovereign cash flow in funding development programmes, to the extent possible, projects that generate local currency benefits should be funded through local currency while projects that promote economic sectors that have direct and indirect foreign currency income generation may be funded through external borrowing.

v. *Public Debt Management Framework Reforms*

112. Article 214 (2) of the Constitution of Kenya defines public debt. The Public Finance Management (PFM) Act, 2012 and attendant Regulations make reference to ‘National Debt’, ‘Public County Debt’ and ‘Public Debt which brings ambiguity with the Constitution of Kenya, hence weakening effective management of public debt. The National Treasury has proposed amendments to replace the terms National Debt and County Debt with Public Debt as enshrined in the Constitution of Kenya.
113. The National Treasury has proposed to Parliament amendments to the PFM (National Government) Regulations, 2015 to replace the current public debt limit of Ksh. 10 trillion with a debt anchor hinged on Gross Domestic Product as a desired level of public debt as a ratio of GDP. The rationale is to allow flexibility and recognition of the periodic impact of exogenous shocks on debt and GDP.

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Practicability of anchoring debt limit to National Gross Product will be assessed as a more precise measure of relative size of debt.

114. Additionally, the National Treasury has developed draft guidelines for the operationalization of the Sinking Fund in conformity with Regulation 206 (1) of the PFM (National Government) Regulations, 2015, to provide liquidity for timely funding for redemption of government securities, and payment of expenses, or incidental to, redemption of an issue of national government loans. The guidelines will be subjected to public participation process before submission to Parliament for consideration and approval.

115. The public debt risks and costs mitigation strategy is defined for each in the following matrix:

Table 21: Costs and risks mitigation strategies

General risk indicators	Risk Indicators	Risk management and mitigation strategies
Debt stock	Nominal debt as percent of GDP	<ul style="list-style-type: none"> Reduce the overall public expenditure and fiscal deficits in line with the consolidation plan recommended in the IMF program Use concessional debt under external borrowing and long tenor debt under domestic
	Present value debt as percent of GDP	
Cost of debt	Interest payment as percent of GDP	<ul style="list-style-type: none"> The Government to maximize the use of concessional under external borrowing, rollover the existing commercial debt at lower or similar costs, and only access commercial borrowing as a last resort if concessional debt is completely unavailable On the domestic debt implement reforms to improve national savings, deepen the domestic debt market and improve the domestic debt market infrastructure to attract capital and lower the yields of the domestic borrowing (details of domestic debt reforms below)
Refinancing risk	Debt maturing in 1yr and ATM of the total portfolio	<ul style="list-style-type: none"> Reduce gradually the stock of T-bills and replace with issuance of long tenor debt Maximize the use of concessional external debt
Interest rate risk	Debt refixing in 1yr	<ul style="list-style-type: none"> Borrow fixed rate debt as a priority and only resort to variable debt as a last resort. Develop capacity in the use of debt derivatives, develop a debt derivative utilization framework undertake liability management operations on regular basis to refinance near-term maturities
	Fixed rate debt percent of total	
	T-bills (percent of total)	
FX risk	FX debt as % of total	<ul style="list-style-type: none"> Borrow in local currency debt as a priority and diversify foreign currencies when borrowing Develop capacity in the use of derivatives in debt swap arrangement, develop a derivative utilization framework and begin implementing derivatives in low quantity and increase the use gradually in the medium term

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vi. Domestic Debt Market Development Strategy

116. Development of the domestic debt market is a necessary catalyst for public debt sustainability. With domestic debt comprising half the proportion of public debt, it mitigates against foreign exchange risk exposure and cushions the public debt against the downside risks of the global market volatilities.

117. A number of strategic reforms aimed at increasing domestic market efficiency are operational whereas others are at different stages of implementation. These include:

- i. CBK implementation of the Internet Banking (IB) platform for institutional investors has increased operational efficiency in the domestic debt market with investors provided with access to services such as bidding, receipt of auction results for Government securities and viewing of portfolio positions. The launch of the Treasury mobile Direct (TMD) for retail investors has enhanced financial inclusion by providing easier access and uptake of government securities.
- ii. Deployment of a modern Central Securities Depository (CSD) system that will automate Government securities processes at both primary and secondary markets is at advanced level. The CSD system is envisaged to promote market deepening, improve market liquidity distribution, enhance operational efficiency and support capital market growth. It will also improve access to the Kenyan capital market by both domestic and foreign investors and is envisioned to position Kenya as the preferred financial hub in the region.
- iii. M-Akiba bond focuses on promoting financial inclusion and enhancing a savings culture to the Kenyan populace. Re-engineering of M-Akiba will support Government initiative to provide more financial products to retail investors at the bottom of the pyramid.
- iv. Enhance investor education and outreach to promote awareness in government securities and grow the retail base to boost a savings culture, promote financial inclusion and broadening the investor base.

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- v. Strengthen secondary market liquidity by reducing bond fragmentation through issuance of benchmark bonds and maintaining a well-priced stable yield curve.
- vi. Enhancement of secondary market efficiency through the establishment of the Over-The-Counter (OTC) trading platform to complement the NSE to improve liquidity and price discovery.
- vii. Enhance sustained market engagement and stakeholder consultations to improve coordination in debt management and market development initiatives to support the growth of the capital market.
- viii. The Government is undertaking liability management operations through switch auctions as part of a market-based debt re-profiling approach with the objective to smoothen the domestic debt maturity profile, manage refinancing risks and enhance market development.

vii. *Recommendations on intergenerational debt equity*

118. The PDMO will regularly advise borrowing proposals in regards to promoting sharing of benefits and costs of public debt between current and future generations. In particular, repayment for debts for projects requiring low value investments shall be structured to have shorter repayment periods to minimize of carry costs of debt associated with long grace and repayment periods which increase the overall debt burden on the future generations.

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IX. MTDS IMPLEMENTATION, MONITORING AND EVALUATION

i. Domestic and external borrowing Plan

119. The Government through the annual borrowing plan will implement both the debt management strategy and the optimal fiscal funding strategy
120. The PDMO will prepare domestic and external borrowing plan comprising of projected borrowing and settlement of maturities within the 2023/24 financial year.
121. The external borrowing plan will comprise of expected disbursements by creditor, the disbursement period and currency of disbursement within the financial year as per 2023 MTDS.
122. The borrowing plan may be revised to include liability management operations to manage debt stock risks when the market conditions allow.

ii. Review of the Borrowing Plan

123. Review of the outcome of implementation of the borrowing plan will be done on weekly basis (internal reporting) and on monthly quarterly basis to provide data for strategy evaluation and for public information.
124. The progress of implementation of the 2023 MTDS will be monitored and reported through monthly and annual debt reports. Annual Debt Management Report is regularly prepared and published after end of each financial year.

iii. Monitoring and Review of Cost and Risk Indicator Outturn of the Strategy

125. The actual costs and risks characteristics of debt will be assessed against sustainability threshold indicators and any deviations will be used to inform strategy review in the next MTDS cycle.
126. The costs and risks outcome characteristics in the 2023 MTDS are evaluated semi-annually and annually against sustainability threshold indicators to determine deviations and suggest mitigation measures. Table 22 outlines the costs and risks parameters to be evaluated.

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127. The evolving public debt structure and fiscal deficit will inform review of strategy for management of costs and risks of the public debt going forward.
128. Likewise, guaranteed State corporations' debt, fiscal commitments and contingent liabilities will be tracked and assessed against overall sustainability levels.

Table 22: Template for Monitoring and Evaluation of Cost and Risk Indicators Under Alternative Strategies

Risk Indicators		Baseline December 2022	MTDS 2023	Actual*	Deviation	Remarks
Nominal debt as % of GDP						
Present value debt as % of GDP						
Interest payment as % of GDP						
Implied interest rate (%)						
Refinancing risk	Debt maturing in 1yr (% of total)					
	Debt maturing in 1yr (% of GDP)					
	ATM External Portfolio (years)					
	ATM Domestic Portfolio (years)					
	ATM Total Portfolio (years)					
Interest rate risk	ATR (years)					
	Debt refixing in 1yr (% of total)					
	Fixed rate debt (% of total)					
FX risk	FX debt as % of total					
*December 2022 for Semi-Annual and June 2023 for Annual assessment						

iv. Dissemination

129. To uphold commitment to debt transparency principles and ensure public access to information on public debt, the National Treasury will publish and upload the 2023 MTDS on the National Treasury's website upon approval by Parliament.

County Borrowing

130. According to Article 212 of the constitution of Kenya, County Governments are allowed to borrow only if approved by the County Assembly and guaranteed by the National Assembly as stipulated in section 58 of the PFM Act, 2012.

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131. County borrowing should conform to the fiscal responsibility principles as prescribed in the PFM Act, 2012. Borrowing by County Government should be informed by County Medium Term Debt Strategy. As the National Treasury and Economic Planning prepares the MTDS that takes into account public debt and borrowing by the national government, respective county governments are required by law to do the same..

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X. ANNEXES

ANNEX I: Publication of the Debt Management Strategy

Section 33 of the Public Finance Management Act, 2012 provides:

- 1) On or before 15th February in each year, the Cabinet Secretary shall submit to Parliament a statement setting out the debt management strategy of the national government over the medium term with respect to its actual liability in respect of loans and guarantees and its plans for dealing with those liabilities.
- 2) The Cabinet Secretary shall ensure that the medium term debt management strategy is aligned to the broad strategic priorities and policy goals set out in the Budget Policy Statement.
- 3) The Cabinet Secretary shall include in the statement the following information:-
 - a) The total stock of debt as at the date of the statement;
 - b) The sources of loans made to the national government and the nature of guarantees given by the national government;
 - c) The principal risks associated with those loans and guarantees;
 - d) The assumptions underlying the debt management strategy; and
 - e) An analysis of the sustainability of the amount of debt, both actual and potential.
- 4) Within fourteen days after the debt strategy paper is submitted to Parliament under this section, the Cabinet Secretary shall submit the statement to the Commission on Revenue Allocation and the Intergovernmental Budget and Economic Council, publish, and publicize the statement.
- 5) PFM Act 2012, 'General responsibilities of the National Treasury' Section 12. Provides that: (1) Subject to the Constitution and this Act, the National Treasury shall— (b) manage the level and composition of national public debt, national guarantees and other financial obligations of national government within the framework of this Act and develop a framework for sustainable debt control;

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ANNEX II: MTDS Implementation Work Plan

NO.	OUTPUT	ACTIVITY	TIME FRAME	ACTION BY	DATA/INFORMATION SOURCE
1.	MTDS 2023	Review of 2021 & 2022 MTDS, preparation and submission of 2023 to Parliament MTDS	January to February 2023	PDMO PS/NT CS/NT&P Cabinet Parliament	BPS 2023, BROP 2022 CS DRMS CBK MTDS 2021& 2022
2.	Dissemination of the MTDS 2023 to the National Treasury Departments	Circulation of printed copies, clear dissemination of the information to implementing departments and training counties	April -June 2023	PDMO CBK	MTDS 2023
3.	CFS (Debt) Budget estimates	Prepare the debt service projections and CFS budget estimates	Annually as per Budget Calendar and during revisions	PDMO BD MFAD CBK PS/NT CS/NT&P Cabinet Parliament	PDMO
4.	Monitoring reports and briefs	Access of domestic and external borrowing and repayment data	Weekly	PDMO CBK	RMD CBK MFAD
5.	Quarterly MTDS monitoring and evaluation report	Technical Fora and peer review of implementation of the MTDS	Quarterly	PDMO MFAD CBK CoG Peer countries	BPS 2023, BROP 2022 CS DRMS CBK MTDS 2022, 2023
6.	Monthly debt management reports	Access of domestic and external borrowing and repayment data	Monthly	PDMO CBK	RMD CBK FMA/NT
7.	MTDS 2022 half year performance review	Undertake half year review of performance of the 2022 MTDS	Every six months after effective date of the MTDS	PDMO CBK MFAD	RMD DRS CBK MFAD
8.	FCCL Report	Undertake analysis of FCCL and FCCL assessment	Annually	PDMO PPP Unit MFAD CBK	PPP Unit
9.	Review of issuance calendar	Stakeholders Forums to review issuance calendar	Quarterly	PDMO AGD CBK MFAD Market Participants Participants PS/NT CS/NT&P	PDMO CBK AGD Market Participants

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