



## **GOVERNMENT DOMESTIC DEBT**

Public debt stands at Kes 1.894 trillion as end of June, 2013, out of which domestic debt is Kes 1.05 trln. A recent debt sustainability analysis undertaken by the IMF indicates that Kenya's debt is within acceptable thresholds; that is, Kenya still has room for additional borrowing. During the financial year 2013/14, the National Treasury plans to borrow from the domestic market a net Kes 106.7 bn to finance part of the budget deficit. This is a 36% reduction in domestic debt borrowing level from the fy 2012/13.

In addition, the National Treasury seeks to access the international financial market through issuance of USD 1 billion to bridge the resource gap. This debt financing strategy seeks to lift pressure on Government borrowing from the domestic market and thus contribute to the lowering of interest rates. Further, to promote the development of a vibrant domestic debt market, the National Treasury plans to step up issuance of Treasury Benchmark Bonds as a primary instrument for domestic borrowing. A vibrant secondary market for Government securities enhances efficiency of pricing of financial products and services in the financial market, again contributing towards lower cost of credit.

17<sup>th</sup> July, 2013