

**Table 2. Kenya: Public Sector Debt Sustainability Framework, Baseline Scenario, 2020–43**  
(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 6/ Historical Projections	
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2033	2043		
Public sector debt 1/	68.0	68.2	67.9	73.2	73.3	70.3	67.8	65.4	63.1	54.0	38.2	55.1	63.7
of which: external debt	35.4	34.7	34.5	40.5	42.4	40.4	38.8	36.7	35.0	29.5	18.8	27.7	35.7
	33.46												
Change in public sector debt	8.9	0.3	-0.3	5.3	0.0	-3.0	-2.5	-2.4	-2.3	-1.8	-0.6		
Identified debt-creating flows	7.8	1.0	2.1	-2.0	-2.5	-2.5	-2.5	-2.4	-2.3	-1.8	-1.2	2.7	-2.1
Primary deficit	3.8	2.7	1.4	0.1	-1.2	-1.7	-1.7	-1.6	-1.5	-0.5	-0.3	3.3	-1.1
Revenue and grants	16.7	16.8	17.3	17.9	19.1	19.4	19.5	19.5	19.5	19.5	20.1	17.4	19.3
of which: grants	0.2	0.3	0.2	0.2	0.3	0.3	0.3	0.2	0.2	0.2	0.3		
Primary (noninterest) expenditure	20.5	19.6	18.6	18.1	17.9	17.7	17.8	17.8	18.0	18.9	19.9	20.7	18.2
Automatic debt dynamics	4.0	-1.8	0.7	-2.1	-1.3	-0.8	-0.8	-0.8	-0.8	-1.3	-1.0		
Contribution from interest rate/growth differential	2.7	-3.0	-2.5	-2.1	-1.3	-0.8	-0.8	-0.8	-0.8	-1.3	-1.0		
of which: contribution from average real interest rate	2.6	1.8	0.7	1.1	2.2	2.9	2.7	2.6	2.5	1.6	1.0		
of which: contribution from real GDP growth	0.2	-4.8	-3.2	-3.3	-3.5	-3.7	-3.5	-3.4	-3.3	-2.8	-2.0		
Contribution from real exchange rate depreciation	1.2	1.2	3.2	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	1.1	-0.7	-2.4	7.3	2.5	-0.5	0.0	0.0	0.0	0.0	0.6	0.3	0.9
<b>Sustainability indicators</b>													
PV of public debt-to-GDP ratio 2/	...	...	63.9	68.2	67.2	64.0	61.4	59.1	56.9	48.1	34.0		
PV of public debt-to-revenue and grants ratio	...	...	370.3	380.3	352.0	330.1	315.1	303.5	292.2	247.3	168.7		
Debt service-to-revenue and grants ratio 3/	54.1	55.2	56.0	55.2	68.9	58.0	55.5	50.5	50.9	43.6	26.6		
Gross financing need 4/	12.8	12.0	11.0	10.1	11.9	9.5	9.2	8.2	8.4	8.0	5.1		
<b>Key macroeconomic and fiscal assumptions</b>													
Real GDP growth (in percent)	-0.3	7.6	4.8	5.1	5.0	5.3	5.3	5.3	5.3	5.3	5.3	4.5	5.3
Average nominal interest rate on external debt (in percent)	3.5	3.1	3.0	3.7	3.7	3.4	3.3	3.3	3.2	3.4	2.7	2.9	3.4
Average real interest rate on domestic debt (in percent)	6.7	7.5	5.9	3.7	5.5	8.0	7.6	7.7	7.4	4.8	4.9	5.3	6.4
Real exchange rate depreciation (in percent, + indicates depreciation)	4.0	3.8	10.1	...	...	...	...	...	...	...	...	0.2	...
Inflation rate (GDP deflator, in percent)	4.9	4.3	6.0	8.1	7.0	5.2	5.5	5.1	5.0	4.9	1.6	6.1	5.5
Growth of real primary spending (deflated by GDP deflator, in percent)	-0.2	2.9	-0.1	2.0	3.7	4.0	6.2	5.4	6.3	5.8	8.3	3.7	5.4
Primary deficit that stabilizes the debt-to-GDP ratio 5/	-5.1	2.5	1.7	-5.1	-1.2	1.3	0.8	0.8	0.8	1.2	0.4	-0.3	0.2
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government plus social security, central bank, government-guaranteed debt. Definition of external debt is Currency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio (/-): a primary surplus, which would stabilize the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Definition of external/domestic debt	Currency-based
Is there a material difference between the two criteria?	No

Public sector debt 1/

■ of which: local-currency denominated  
■ of which: foreign-currency denominated

