

ther having been written off or repaid, leaving outstand-ing amount at Sh920.69bn Sh52.6bn was marked as ei-Of the debt State firms owe

ANALYSIS PATRICK ALUSHULA

ly low pace of repayments that have led to write-offs in some instances. State corporations has crossed the Shi trillion mark despite the persistent-The value of government loans to

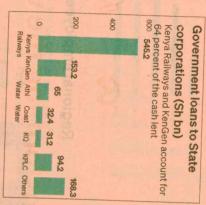
lion from Sh967.3 billion a year earlier. Of the Sh1.089 trillion, Sh52.6 bilpany (KenGen) hit Sh1.089 trillion at the end of last June, up by Sh121.7 bil-Kenya Railways Corporation and Kenya Electricity Generating Com-The Treasury data shows the amounts lent out to firms such as

lion was marked as either having been written off or repaid, leaving the outstanding amount at Sh920.69 billion.

The Kenya Railways Corporation and KenGen had Sh81.53 billion and Sh566.12 billion respectively as outstanding loans at the end of June last year, with the two accounting for about 70 percent of the total

More than half (31) of the 59 State corporations did not make any repayments in the financial year ended June 2022, highlighting the struggles unpaid loans se entities are having in keeping

up with loan repayments.
Other top outstanding loans include Kenya Power (Sh56.15 billion),



Kenya Airways (Sh31.27 billion) Athi Water Services Board (Sh47.18 billion), Coast Water Services Board (Sh15.84 billion) and Rural Electrification Authority (Sh13.4 billion).

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nancial year cross Sh50 billion in the 2026/2027 fientities, with the figure projected to lion as investment income from these loans are despite the Treasury projecting that it will raise Sh41.38 bil-The Sh920.69 billion with standing

that the government earned from its shareholdings in the financial year The dividend earnings are howeverless than half of the Sh116.14 billion

gling State firms, which may require support for critical activities such as The State in addition to lending to the parastatals, was also facing about Sh1.3 trillion fiscal risk from strugrepaying loans, paying suppliers and

Previous Treasury analysis of 18 major state corporations estimated that it may require Sh382 billion

transfers to these entities match the socio-economic benefits

The analysis revealed that 11 of these State firms were loss-making and with a high liquidity risk, implying that they are unable to service short-term obligations when they fall due.

timate represents the potential cost to the government in the event the firms defaulted on guaranteed and commercial debt and required imsure of the 18 State corporations was estimated at Sh436.2 billion. This es-The maximum gross fiscal expo-

have on the economy. tegic and of national interest due to the overall impact their failure would mediate repayment.

Firms such as Kenya Power and
Kenya Airways are considered stra-

The Treasury says this obligates the State to bail them out from financial distress, despite the competing budgetary needs

out of which 46 are commercial en-terprises, and 201 are non-commer-

State corporations are concentrated in the transport and energy sectors, performing strategic functions.

The International Monetary A high number of commercial

owned entities, including trimming Fund has been pushing Kenya to start rolling out reforms in State-

for five years to cover their liquidity shortfalls amid the debate on whether

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Kenya has 248 State corporations,

the headcount to make their business models sustainable.

→ palushula@ke.nationmedia.com

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