



REPUBLIC OF KENYA
THE NATIONAL TREASURY & PLANNING

PRESS STATEMENT

16th March, 2022.

FOR IMMEDIATE RELEASE

**PERFORMANCE OF CREDIT GUARANTEE SCHEME
1291 Businesses Access Loans Totalling KES 2.11 billion in First Year**

Overall Objective

Since its inception on 8th December, 2020, the Government of Kenya, through the National Treasury & Planning has been implementing the Credit Guarantee Scheme (CGS) to support Micro, Small and Medium Enterprises (MSMEs) in securing credit from formal lending institutions. Anchored on the Public Finance Management (Amendment) (No. 2) Act of 2020 and the Credit Guarantee Scheme Regulations, 2020, the Scheme's objective is to **enhance access to quality and affordable credit for growth and operations by MSMEs**, who would otherwise be unable to raise the required collateral for such loans, and also face an uncertain and risky business environment.

Participating Banks

So far, **seven commercial banks are taking part in the Scheme**: ABSA Bank Plc, Credit Bank Plc, Diamond Trust Bank Kenya Ltd., KCB Bank, NCBA Bank Plc, Stanbic Bank Kenya Ltd. and the Cooperative Bank of Kenya Ltd. The Government has been working closely with the banks to deepen the impact of the Scheme, through continuous performance-monitoring and capacity-building where necessary.

Overall Performance

In the Financial Year 2020/21, the Government allocated **KES 3.0 billion** towards the CGS, allowing the participating commercial banks to lend at least **KES 12.0 billion** to qualifying MSMEs, with the following results as at 31st December, 2021:

- **1, 291** credit facilities amounting to **KES 2.11 billion** were advanced to MSMEs;
- Beneficiary MSMEs were distributed across **45** counties, **11** different economic sectors and employing **8, 975** Kenyans;
- There was a steady growth in beneficiaries through the year, with **338** facilities issued in December, 2021 as compared to **2** facilities a year earlier;
- **52%** of the CGS beneficiaries were small enterprises, with medium enterprises accounting for **25%** of the beneficiaries and marginalized groups including women, youth and persons living with disabilities accounting for **23%** of the beneficiaries.



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Table 1: Trend of CGS guaranteed facilities by number and value (KShs.)

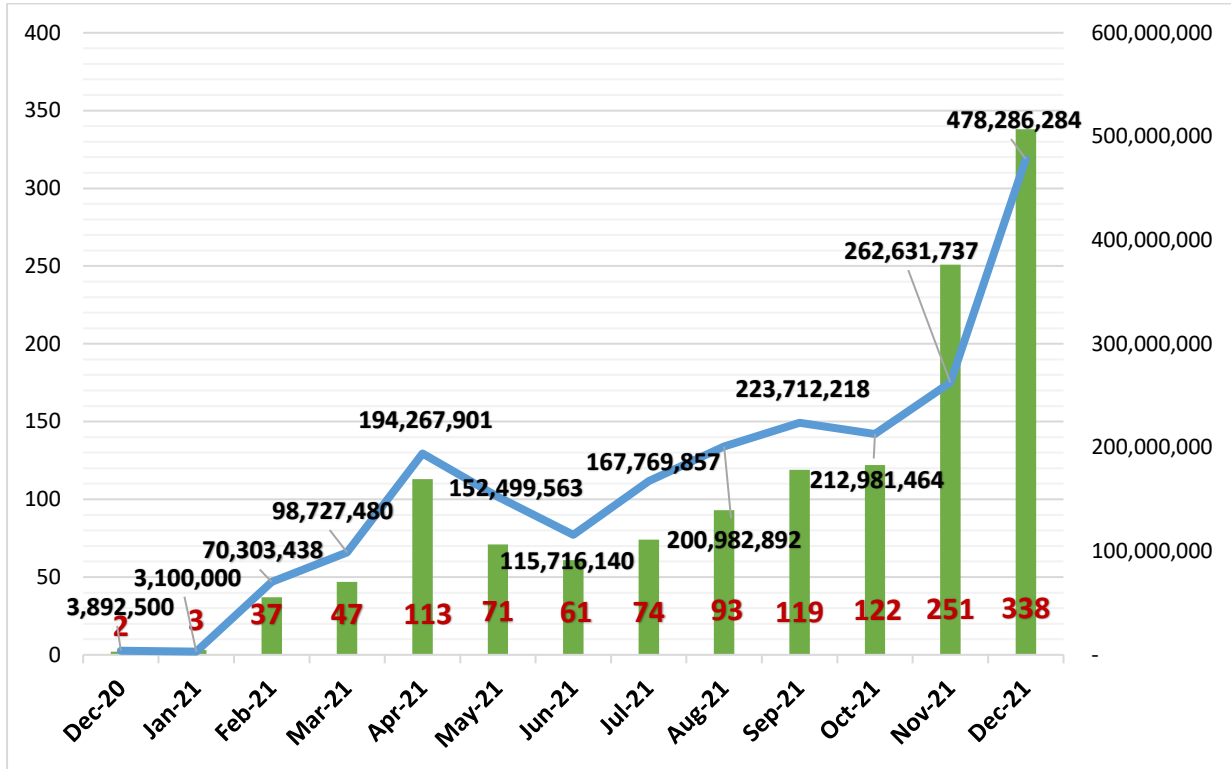
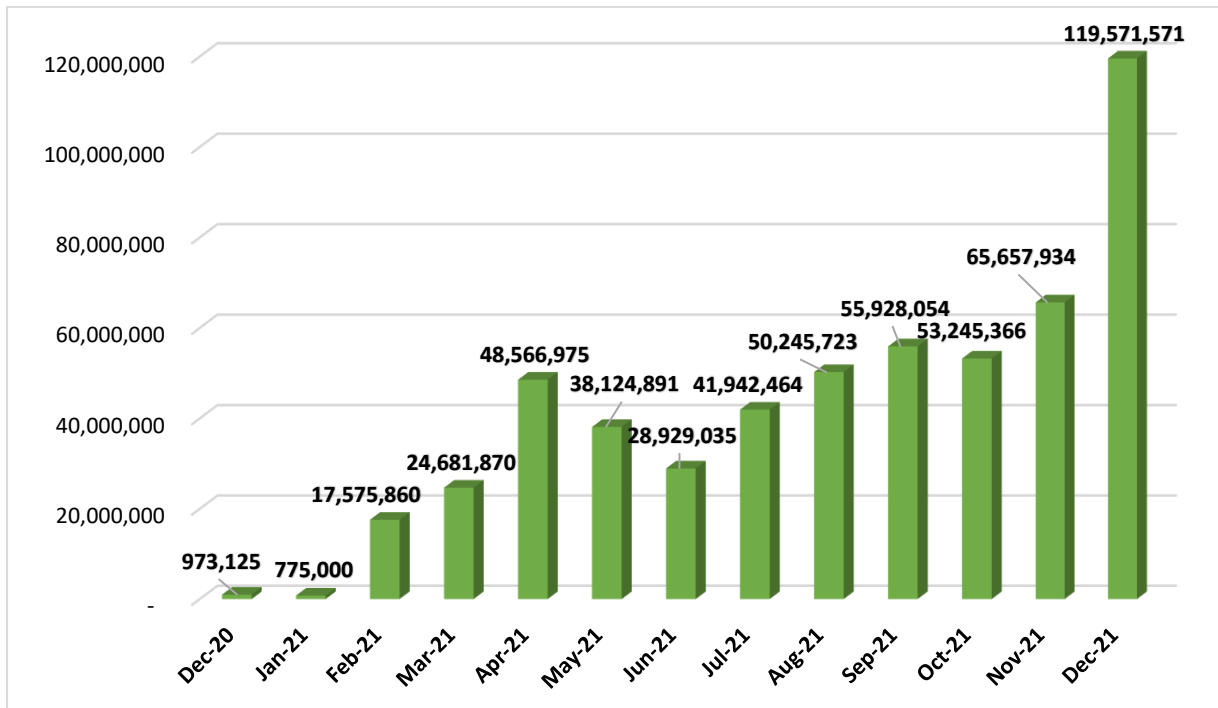


Table 2: Utilization of CGS credit guarantees (in KShs.) by month





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Overall, **20.15%** or **KES 546, 217, 869.00** of the CGS funds available were absorbed, with the balance of **KES 2, 453, 782, 131.00** still available to guarantee up to **KES 9.8 billion** in credit from the participating banks to qualifying MSMEs. This figure will go higher as repaid guarantee funds are also factored.

The Government continues to work closely with banks, the private sector and development partners to improve the design, resource mobilization and overall long-term sustainability of the Scheme. This will ensure that it keeps pace with international best practice and principles governing the management of prudent public credit guarantee schemes.

The Credit Guarantee Scheme is an **innovative instrument** and a testament to the **Government's commitment to supporting the private sector** in accessing credit. The Government, therefore, encourages qualifying MSMEs to approach participating banks and access these facilities, while being sure to repay them, and in so doing, grow their businesses and with it our economy.

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

NAIROBI, 16th March, 2022.

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