REPUBLIC OF KENYA

THE NATIONAL TREASURY AND ECONOMIC PLANNING

ANNUAL PUBLIC DEBT MANAGEMENT REPORT

2024/2025

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FOREWORD

The Annual Public Debt Management Report for the financial year 2024/25 has been prepared pursuant to Article 201 of the Constitution, Section 64(2)(c) of the Public Finance Management Act, Cap. 412A, and Regulation 200 of the Public Finance Management (National Government) Regulations, 2015. The Public Finance Management Regulation 200 requires the Cabinet Secretary for the National Treasury to prepare and submit to Parliament an annual report on review of previous year's financing of budget deficit; composition of external debt; publicly guaranteed debt; on-lent loans and contingent liabilities; debt strategy and debt sustainability; outlook for the medium term; and any commitment fees and penalties paid on any undisbursed loans.

This report provides a comprehensive account of Kenya's public and publicly guaranteed debt, outlining the Government's borrowing activities within the financial year. It is intended to enhance fiscal transparency, reduce information asymmetries, and strengthen accountability by facilitating effective oversight by Parliament, investors, and the general public. The Government's borrowing and debt management operations remain firmly anchored in the Debt and Borrowing Policy, 2020 and the Medium-Term Debt Management Strategy.The objective of this Report is to promote transparency and accountability in the management of Kenya's public debt.

During the financial year 2024/25, significant efforts were made to strengthen the domestic debt market and reduce portfolio risks. The Government prioritized the issuance of medium to long-term Treasury bonds while minimizing reliance on short-term Treasury bills and commercial borrowing. Reforms focused on rationalizing issuance strategies, introducing market-friendly instruments, and extending the average maturity of domestic debt. Institutional and operational enhancements improved the efficiency, transparency, and credibility of debt management.

Kenya's economy demonstrated resilience with a real Gross Domestic Product (GDP) growth rate of 4.9 percent in the first quarter of 2025, supported by a strong agricultural sector and favorable macroeconomic conditions. Inflation declined to 3.8 percent by end June 2025, remaining below the policy target mid-point. Kenya's public debt remains within sustainable levels, although it is exposed to high risk of distress. The Government is committed to fiscal consolidation through spending restraint and enhanced revenue mobilization to moderate debt accumulation and reduce the debt-to-GDP ratio.

Measures such as liability management operations and increased concessional financing are being implemented to lower borrowing costs and reduce debt-related risks. The successful issuance of a USD 1.5 billion Eurobond in February 2025 exemplifies efforts to smoothen the country's debt maturity profile. These initiatives contributed to the upgrade of Kenya's sovereign credit rating by S&P Global to 'B' with a stable outlook in August 2025, reflecting improved external reserves, export performance, and diaspora remittances.

Looking ahead, the National Treasury remains steadfast in its commitment to provide accurate, timely and comprehensive public debt information in line with the provisions of the law and international best practice. In addition, the Government remains focused to ensure fiscal and economic stability for Kenya's long-term development through the implementation of BETA agenda as espoused in Kenya's Vision 2030 and MTP IV while recognizing international obligations.

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<u>CABINET SECRETARY, THE NATIONAL TREASURY & ECONOMIC PLANNING</u>

ACKNOWLEDGEMENT

The Annual Public Debt Management Report for the Financial Year 2024/25 has been prepared pursuant to Section 64(2)(c) of the Public Finance Management Act, Cap. 412A, and Regulation 200 of the Public Finance Management (National Government) Regulations, 2015. The Report underscores the Government's commitment to transparency, accountability, and prudent management of public debt and serves as a valuable reference for policymakers, oversight institutions, investors, and the general public.

The preparation of the Annual Public Debt Management Report for the Financial Year 2024/25 has been coordinated by the Public Debt Management Office within the National Treasury taking into account the context within which public debt was managed including domestic and international economic environment. I would like to acknowledge the dedication of the technical officers at the Public Debt Management Office for ensuring that the preparation of the FY 2024/25 Annual Public Debt Management Report was within the statutory timelines and includes all the necessary aspects of transparency and accountability. Their technical expertise and commitment were instrumental in ensuring the report's quality and timeliness.

I also acknowledge the contributions of various departments and other government agencies whose cooperation and input enriched the preparation of this Report.

I trust that the report will provide valuable insights on Kenya's public debt to the public, investors and other stakeholders. I encourage the general public and professional to acquaint themselves with the content of this report and continue to participate in the public debt discourse. Comments and suggestions on this report can be channeled through pstnt@treasury.go.ke. This report and other public debt related reports and publications can be accessed on the National Treasury website: https://www.treasury.go.ke

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PRINCIPAL SECRETARY / THE NATIONAL TREASURY

ABBREVIATIONS AND ACRONYMS

ABP	Annual Borrowing Plan
AIA	Appropriation-In-Aid
APDMR	Annual Public Debt Management Report
ATM	Average Time to Maturity
ATR	Average Time to Re-fixing
ATS	Automated Trading System
BETA	Bottom-Up Economic Transformation Agenda
Cap.	Chapter
CBK	Central Bank of Kenya
CI	Composite Indicator
CRAs	Credit Rating Agencies
DES	Development Effectiveness Secretariat
DhowCSD	Central Securities Depository for Government Securities
DPF	Development Partnership Forums
DSA	Debt Sustainability Analysis
DSF	Debt Sustainability Framework
EDC	Effective Development Cooperation
EM	Emerging Markets
EUR	Euros
EURIBOR	Euro Interbank Offered Rate
FMIs	Financial Market Infrastructures

FTSE	Financial Times Stock Exchange
FX	Foreign Exchange
FY	Financial Year
GBP	Sterling Pound
GDP	Gross Domestic Product
GFSM	Government Finance Statistics Manual
HRT	Horizontal Repo Transactions
IDA	International Development Association
IFMIS	Integrated Financial Management Information System
IIF	Institute of International Finance
IMF	International Monetary Fund
ISB	International Sovereign Bond
JPY	Japanese Yen
KenGen	Kenya Electricity Generating Company PLC
KNBS	Kenya National Bureau of Statistics
KPA	Kenya Ports Authority
KQ	Kenya Airways
KSh	Kenya Shilling
LIBOR	London Interbank Offered Rate
MFS	Monetary and Financial Statistics
MSME	Micro, Small and Medium Enterprise
MTDS	Medium Term Debt Management Strategy
MTP	Medium Term Plan

O/W	Of which
OAFPs	Official Aid Funded Projects
ODA	Official Development Assistance
OTC	Over The Counter
PDMO	Public Debt Management Office
PFM	The Public Finance Management
PPG	Public & Publicly Guaranteed
PPPs	Public Private Partnership
PSDS	Public Sector Debt Statistics
PV	Present Value
S&P	Standard & Poor’s
SACCOs	Savings and Credit Cooperative Organizations
SDR	Special Drawing Rights
SGR	Standard Gauge Railway
SLB	Securities Lending and Borrowing
SNA	System of National Accounts
SOEs	State Owned enterprises
SOFR	Secured Overnight Financing Rate
TSA	Treasury Single Account
UNDP	United Nations Development Programme
US	United States
USD	United States Dollar
WAIR	Weighted Average Interest Rate

EXECUTIVE SUMMARY

The Annual Public Debt Management Report (APDMR) for the Financial Year 2024/25 whose primary objective is to promote transparency and accountability in the management of public debt has been prepared by the National Treasury and Economic Planning in accordance with the provisions of Section 64(2)(c) of the Public Finance Management Act, Cap. 412A and Regulation 200 of the Public Finance Management (National Government) Regulations, 2015.

The 2024 Medium Term Debt Management Strategy guided borrowing, projecting a 55:45 domestic to external financing mix. However, the actual borrowing deviated from this target, with 83 percent (KSh 854.5 billion) sourced domestically due to delayed disbursement from external financing sources, which necessitated increased reliance on domestic borrowing. As a result, the exposure to costs and risks associated with short term obligations increased as evidenced by the increase in proportion of debt maturing in one year to 13.5 per cent as at June 2025 against a target of 12.4. Similarly, the share of debt maturing in one year as a share of GDP was 9.4 percent against a target of 7.7 percent. In addition, the overall Average Time to Maturity shortened to 7.9 years compared to a target of 8.4 years. These developments underscore the heightened refinancing risks and signal the need for enhanced debt management measures to mitigate short-term vulnerabilities.

As end June 2025, Kenya's public and publicly guaranteed debt grew by 11.7 percent to KSh 11,814.5 billion (67.8 percent of GDP) compared to KSh 10,580.5 billion (66.9 percent of GDP) in June 2024. This growth was primarily driven by rise in domestic debt, which expanded by 17.0 percent to KSh 6,326.0 billion, compared to KSh 5,408.7 billion in June 2024. Over the same period, external debt registered a moderate increase of 6.1 percent, reaching KSh 5,488.5 billion from KSh 5,171.7 billion. Consequently, the composition of total debt shifted, with domestic debt accounting for 53.5 percent and external debt comprising 46.5 percent. The present value (PV) of debt to GDP was estimated at 63.7 percent. Despite the increase in debt, Kenya's public debt remains within sustainable levels but carries a high risk of distress. The analysis underscores the vulnerability of Kenya's debt indicators to macroeconomic shocks especially under stress scenarios. The government is pursuing fiscal consolidation characterized by slow-down in growth of public expenditures and increase in ordinary revenue aimed at moderating the pace of debt accumulation and reducing the debt-to-GDP ratio.

Debt service obligations have increased significantly over the past five years, with total debt service (including domestic and internal debt repayments/rollovers) reaching KSh 1,722.1 billion (71.2 percent of ordinary revenue) in the FY 2024/25, up from KSh 780.6 billion (50.0 percent of ordinary revenue) in the FY 2020/21. This increase has been predominantly driven by domestic debt, which continued on an upward trajectory, amounting to a debt service of KSh 1,143.1 billion in FY 2024/25. Interest payments comprised the largest component of domestic debt service, totaling KSh 776.3 billion. On a positive note, external debt service as a proportion of export earnings declined to 35.1 percent in FY 2024/25, down from a peak of 50.4 percent in June 2024, reflecting a temporary easing of external repayment pressures.

The rising debt service burden has significantly narrowed fiscal space and necessitates a recalibration of debt management strategies, prioritization of concessional financing, and acceleration of revenue mobilization as well as expenditure rationalization reforms to safeguard fiscal sustainability.

The Government is implementing reforms to lower borrowing costs and minimize debt-related risks, including liability management operations and optimizing concessional borrowing. In February 2025, the National Treasury successfully issued a USD 1.5 billion Eurobond for liability management operations, targeting the 2027 Eurobond which helped smoothen the country's debt repayment profile by spreading out repayment obligations and reducing immediate refinancing risks.

In addition, these efforts contribute positively to Kenya's sovereign credit rating which is a critical indicator of a country's financial reliability as it influences access to domestic and international capital markets, as well as acting as a vital guide to investors. As of August 2025, S&P Global upgraded Kenya's long-term sovereign credit rating to 'B' with a stable outlook from 'B-', citing improved foreign exchange reserves, robust export performance, and sustained diaspora remittances. Kenya's economy showed resilience despite global shocks, with improvements in economic growth, inflation control, fiscal management, and external balances. These developments underscore growing confidence in Kenya's external liquidity position and fiscal management framework.

Looking ahead, the government remains committed to providing accurate and timely information on public debt and continues to implement measures to ensure fiscal sustainability and economic stability

CHAPTER ONE

INTRODUCTION

1.0 Background

The Annual Public Debt Management Report (APDMR) for financial year (FY) 2024/25 provides highlights on Government borrowing and public debt management activities during the financial year. The APDMR is an account of Public and Publicly Guaranteed debt (herein after referred to as Public Debt) and provide highlights of financing arrangements undertaken by the Government during the period under review.

The objective of APDMR is to inform Parliament, lenders and investors in Government securities, and the general public on actual borrowing, the composition of the public debt portfolio, and the measures taken to manage it. The APDMR conforms to transparency and accountability tenets in public debt management, in line with the provisions of Chapter 12 of the Constitution.

1.1 Legal Framework

Public debt management in Kenya is anchored in the Constitution, specifically Article 201, which outlines the principles of public finance which provides for responsible utilization of public funds and clear fiscal reporting. It is further guided by the Public Finance Management (PFM) Act, Cap. 412A; the PFM (National Government) Regulations, 2015; and the PFM (County Governments) Regulations, 2015 as the primary legal framework.

The preparation of the Annual Public Debt Management Report (APDMR) is a legal requirement under Regulation 200 of the PFM (National Government) Regulations, 2015. This provision requires the Cabinet Secretary for the National Treasury and Economic Planning to prepare and submit to Parliament an annual public debt management report. The report highlights review of previous year's financing of budget deficit; composition of external debt; publicly guaranteed debt; on-lent loans and contingent liabilities; debt strategy and debt sustainability; outlook for the medium term; and any commitment fees and penalties paid on any undisbursed loans. This disclosure underscores the National Treasury's commitment to fiscal transparency and accountability in the management of public debt.

The National Treasury is committed to providing accurate, comprehensive, and timely information on public debt in line with the provisions of the law and international best practice. The report provides information that is disseminated to the general public to further enhance fiscal transparency and accountability in the management of public debt.

1.2 Institutional Framework

Section 62 of the PFM Act, Cap. 412A, established the Public Debt Management Office (PDMO) while Section 64 of the PFM Act, Cap. 412A and Regulation 194 of the PFM (National Government) Regulations, 2015 stipulates the roles and responsibilities of the Office and the Cabinet Secretary to the National Treasury in public debt management in Kenya.

The PDMO is organized into three departments namely: Resource Mobilization Department (Front Office) which is responsible for mobilizing domestic and international (external) resources; Debt Policy, Strategy and Risk Management Department (Middle Office) which provides financial analysis, policy, strategy and public debt risk management; and Debt Recording and Settlement Department (Back Office) which maintains debt register and debt service transactions. The functions of each department are distinct yet interrelated therefore require collaboration in execution.

In addition, the PDMO in executing its mandate including debt management collaborates with key stakeholders including debt market institutions, fiscal agents and investors. Further, PDMO collaborates with Parliament, the Central Bank of Kenya, the Office of the Auditor-General and Office of the Controller Budget thereby strengthening transparency, oversight, and reporting on Kenya's public debt.

Parliament holds the Constitutional mandate to enact legislation guiding public debt management and to monitor the overall level of indebtedness. In addition, it plays a pivotal role in public debt management by ensuring that fiscal strategies are consistent with national policies and long-term sustainability objectives.

The Central Bank of Kenya (CBK) also plays the role of a fiscal agent to the Government in issuance and settlement of Government local securities in line with Section 44 of the Central Bank of Kenya Act, Cap. 491.

The powers to borrow on behalf of the Republic is vested on the Cabinet Secretary to the National Treasury as provided in Section 49 of the PFM Act, Cap. 412A.

Further, Article 229 of the Constitution mandates the Auditor-General to audit and report on accounts of all government entities, including public debt thereby reinforcing oversight and accountability in the management of public debt.

In addition, the Office of the Controller Budget reinforces the oversight role in public debt management by approving debt service payments from the Consolidated Fund.

1.3 Structure of the report

The rest of the Report is organized as follows: Chapter Two reviews the 2024 Medium-Term Debt Management Strategy Objectives and Implementation, while Chapter Three highlights borrowing and related financing activities. Chapter Four outlines the total public and publicly guaranteed debt stock. Chapter Five discusses domestic debt, whereas Chapter Six focuses on public external debt. Chapter Seven reports on government's contingent liabilities while Chapter Eight addresses public debt sustainability and Chapter Nine highlights public debt risk management. Further, Chapter Ten presents sovereign credit ratings, while Chapter Eleven presents the medium-term outlook. Chapter Twelve examines investor relations, and Chapter Thirteen summarizes matters public debt management reforms. Finally, Chapter Fourteen covers public debt reporting and dissemination.

CHAPTER TWO

THE 2024 MEDIUM TERM DEBT MANAGEMENT STRATEGY REVIEW

2.0 Introduction

The 2024 Medium-Term Debt Management Strategy (MTDS) was approved by Parliament as the policy framework for public borrowing in the financial year 2024/2025 and over the medium term. The Strategy was aligned to the 2024 Budget Policy Statement (BPS), which sought to support economic recovery through a growth-friendly fiscal consolidation plan aimed at slowing the accumulation of public debt without compromising service delivery to citizens. The 2024 MTDS, which had been approved by Parliament in February 2024, was subsequently revised in August 2024 to address the financing gap arising from the withdrawal of the 2024 Finance Bill.

2.1 Key Aim of the 2024 Medium Term Debt Management Strategy

The 2024 Debt Management Strategy aimed at strengthening the domestic debt market capacity while reducing portfolio risks by prioritizing the issuance of medium to long term Treasury bonds while scaling down reliance on Treasury bills. Further, the Strategy emphasized maximizing concessional financing and minimizing commercial borrowing. For net financing of the fiscal deficit, the strategy projected that 55 percent of the deficit financing was to be sourced from the domestic market while 45 percent was to be raised through external sources.

2.2 Borrowing Performance under the 2024 Medium Term Debt Management Strategy

The actual net domestic financing to external financing ratio stood at 83:17, diverging from the targeted 55:45 mix. This variance was largely attributed to delayed disbursement from external financing, which necessitated increased reliance on domestic borrowing. As a result of the divergent borrowing outcome, the stock of Treasury bills increased from KSh 615.9 billion in June 2024 to KSh 1,036.9 billion in June 2025, indicating shift from long tenor to short tenor domestic borrowing to meet the Government's financing requirement. Maturing Treasury bills will be refinanced with long tenor bonds.

Table 1: 2.3-1: Evaluation of Costs and Risks Characteristics

Risk Indicators					
		2024 MTDS (1) Targets	Actual (2) June 2025	Deviation (2-1)	Remark on deviation
Interest payment as % of GDP		**5.4**	5.7	0.3	**Increased debt service costs due to high interest rates in the domestic debt market and increased domestic borrowing quantum.**
Refinancing risk	Debt maturing in 1yr (% of total debt)	**12.4**	13.5	1.1	**Increased refinancing risks due to investor preference to short-term instruments amidst market uncertainties.**
	Debt maturing in 1yr (% of GDP)	**7.7**	9.4	1.7	
	ATM External Portfolio (years)	**9.9**	9.4	-0.5	
	ATM Domestic Portfolio (years)	**7.0**	6.4	-0.6	
	ATM Total Portfolio (years)	**8.4**	7.9	-0.5	
Interest rate risk	ATR (years)	**8.0**	7.1	-0.9	**Worsening in interest rate risk indicators due to market interest rate fluctuations and credit rating downgrade**
	Debt refixing in 1yr (% of total)	**22.2**	24.6	2.4	
	Fixed rate debt (% of total)	**88.6**	87.0	-1.6	
	T-bills (percent of the total)	**4.5**	7.8	3.3	
Foreign exchange (FX) risk	**FX debt as % of total debt**	46.9	**47.0**	**0.1**	**Moderate exposure to foreign exchange rate risk**

Source: National Treasury

2.3 Costs and Risks Characteristics of the Public Debt as at end June 2025

Under the 2024 MTDS, borrowing outcomes reflected a moderate deviation from set targets, particularly with respect to refinancing risk. The proportion of debt maturing within one year increased to 13.5 percent of total debt as of June 2025, compared to the target of 12.4 percent, signaling elevated refinancing pressure. Similarly, debt maturing within one year as a share of GDP stood at 9.4 percent against the target of 7.7 percent, further underscoring the heightened exposure to short-term obligations (see **Table 1: 2.3-1** above).

The Average Time to Maturity (ATM) for the external, domestic, and total debt portfolios was below the projected target. The ATM for external debt declined to 9.4 years against a target of 9.9 years, while that of the domestic portfolio declined to 6.4 years compared to target of 7.0 years. Consequently, the overall ATM for public debt portfolio shortened to 7.9 years, below the target of 8.4 years. These outcomes reflect the surge in the short-term instruments, largely reflecting investor preferences, thereby increasing refinancing pressures.

The outturn on interest rate risk under the 2024 MTDS indicates higher-than-anticipated exposure to market fluctuations. The proportion of debt re-fixing within one year rose to 24.6 percent of total debt compared to the target of 22.2 percent, implying that a larger share of the portfolio is susceptible to immediate changes in interest rates, which could elevate future debt service costs.

The share of foreign currency-denominated debt remained broadly stable at 47.0 percent of total debt, against the target of 46.9 percent. This demonstrates that exposure to exchange rate volatility was maintained within the projected range, thereby minimizing exchange rate exposure.

Overall, while foreign exchange risk remained contained, the elevated refinancing and interest rate risks highlight the need for continued efforts to lengthen debt maturities and strengthen the resilience of the debt portfolio.

CHAPTER THREE

BORROWING AND RELATED FINANCING ACTIVITIES

3.0 Introduction

Kenya continues to enjoy a stable macro-economic environment that is supportive of growth. During the Financial Year 2024/25, the National Treasury continued to monitor and assess domestic and global macroeconomic and market developments with the objective of identifying new opportunities for diversifying sources of external financing.

Particular attention was given to the potential issuance of innovative instruments such as Diaspora Bonds, aimed at broadening the country's investor base, reducing reliance on traditional sources of financing, and promoting access to more affordable, sustainable and longer-term funding aligned with international best practices.

Further, the Government pursued reforms in the domestic debt market with a focus on reducing borrowing costs, minimizing refinancing and interest rate risks, and strengthening overall debt sustainability. These reforms included the rationalization of issuance strategies, introduction of market-friendly instruments, and efforts to lengthen the average maturity of domestic debt. In addition, institutional frameworks and operational policies were enhanced to improve the efficiency, transparency, and credibility of public debt management operations.

Together, these initiatives demonstrate the Government's commitment to prudent debt management practices, consistent with the Medium-Term Debt Strategy (MTDS) and the Public Finance Management (PFM) framework. They also reinforce investor confidence while creating a more resilient financing environment capable of supporting Kenya's long-term development priorities.

3.1 Macroeconomic Context

During the review period, Kenya's economy remained on a stable recovery trajectory, despite the persistence of external shocks that posed significant risks to growth. Conflicts in Eastern Europe and the Middle East disrupted global supply chains, leading to volatility in commodity prices, increased logistical costs, and heightened uncertainty in international trade. These global developments, coupled with tighter external financing conditions, created a challenging environment for domestic economic management. Nonetheless, the economy demonstrated resilience and recorded progress in several key areas:

Economic Growth: The economy remained strong and resilient in the first quarter of 2025, recording a real GDP growth rate of 4.9 percent. This performance was broadly in line with the growth achieved in the corresponding quarter of 2024, underscoring the stability of Kenya's growth momentum despite prevailing global and domestic challenges. The outturn was largely driven by the agriculture sector which registered robust performance which was supported by favorable weather conditions and government initiatives aimed at enhancing food security.

Inflation: Year-on-year inflation declined from 4.6 percent in June 2024 to 3.8 percent at the end of June 2025 and has remained below the mid-point of the policy target range of 5.0 percent since June 2024, reflecting the effectiveness of recent policy interventions. The decline was due to tight monetary policy, significant decline in energy prices which eased production and transport costs and continued easing of food prices which helped contain demand-side pressures in the economy.

This development signals a stable macroeconomic environment, consistent with the monetary authority's objective of maintaining price stability while supporting sustainable economic growth.

External Balances: The current account deficit stood at USD 2,098.2 million (equivalent to 1.5 percent of GDP) in June 2025, compared to USD 1,925.6 million (also 1.5 percent of GDP) in June 2024. Although the absolute deficit widened slightly, the ratio to GDP remained unchanged, signaling that external sector pressures were contained relative to the size of the economy. The current account deficit was supported by strong diaspora remittances, better export performance, and reduced import costs.

3.2 Deficit Financing

During the period under review, the total deficit financing amounted to KSh 1,034.2 billion (5.9 percent) against fiscal year target of KSh. 1,012.3 billion (5.8 percent of GDP) in FY 2024/25 (see **Table 2:3.2-1** below). The deviation of KSh 21.9 billion, though modest, points to higher than planned fiscal pressures which required additional resources to bridge the financing gap.

Table 2: 3.2-1: Financing Target and Outturn (KSh Billion)

	FY 2023/24				FY 2024/25	
	Target (A)	Outturn (B)	Deviation (B-A)	Target (A)	Outturn (B)	Deviation (B-A)
TOTAL FINANCING	**925.0**	**818.3**	**(106.7)**	**1,012.3**	**1,034.2**	**21.9**
NET FOREIGN FINANCING	**259.3**	**222.7**	**(36.6)**	**186.5**	**179.7**	**(6.8)**
Disbursements	**815.8**	**760.5**	**(55.3)**	**548.0**	**527.0**	**(21)**
i. Commercial Financing	286.9	286.9	-	253.1	253.1	-
o/w Other Commercial Financing	286.9	286.9	-	64.7	64.7	-
External Debt Operations - Refinancing	-	-	-	188.3	188.3	-
ii. Project Loans AIA	87.8	68.3	(19.5)	74.5	65.6	(8.9)
iii. Project Loans Revenue	103.0	87.4	(15.5)	93.8	85.8	(8.0)
iv. OPEC Funds	-	-	-	8.4	8.8	0.4
v. Programme Loans	338.1	317.8	(20.3)	118.2	113.7	(4.5)
o/w P for R Programme Loans	17.2	18.2	1.0	9.5	15.3	5.9
IMF - RCF/ECF/EFF	135.1	135.1	-	50.2	50.2	-
Development Policy Operations - WB	175.4	154.1	(21.3)	32.6	21.8	(10.9)
Support for COVID-19 Vaccine Purchase	-	-	-	-	-	-
Development Policy Operations - ADB	10.4	10.4	-	25.9	26.3	0.4
External Debt repayment - Principal	**(556.5)**	**(537.8**	18.7	**(361.5)**	**(347.3)**	**(14.2)**
i. Debut SV Bond/SV 2019	(301.5)	(278.8)	22.7	-	-	-
ii. TDB	(58.9)	(58.9)	(0.0)	(59.0)	(52.1)	6.9
iii. Other repayments	(68.4)	(59.9)	8.5	(75.2)	(77.0)	(1.9)
iv. Exim Bank of China	(91.9)	(100.5)	(8.5)	(91.4)	(88.6)	2.8
v. IDA	(35.8)	(39.7)	(3.9)	(40.7)	(39.3)	1.3
vi. External Debt Operations - Refinancing	-	-	-	(95.3)	(90.2)	5.1
vii. Food for Debt Swap	-	-	-	-	-	-
NET DOMESTIC FINANCING	**665.7**	**595.6**	**(70.1)**	**825.8**	**854.5**	**28.7**
i. Government Securities	662.4	596.6	(65.9)	817.3	853.1	35.8
ii. Government Overdraft & Others	-	(28.2)	(28.2)	-	1.9	1.86
iii. Government Deposits	-	8.7	8.7	-	24.8	24.8
iv. Domestic Loan Repayments (Receipts)	4.4	1.4	(2.9)	9.6	8.0	(1.9)
v. Domestic Loan Repayments CBK	(1.1)	(0.6)	0.6	(1.1)	(1.1)	-
vi. Accounts Payable	-	17.6	17.6	-	(32.2)	(32.2)
vii. Privatization Proceeds	-	-	-	-	-	-

Source: The National Treasury

The net external financing was KSh 179.7 billion (1.0 percent of GDP) and net domestic financing amounted to KSh 854.5 billion (4.9 percent of GDP). The structure of financing reveals a much heavier reliance on domestic markets, with domestic borrowing accounting for 82.6 percent of the total deficit. While reliance on domestic borrowing ensures that financing needs are met and reduces exposure to foreign exchange risk it can lead to increase in borrowing costs, rollover and interest rate risks for Government debt.

3.3 Domestic Financing

In the FY 2024/2025, the net domestic financing was KSh 854.5 billion against a target of KSh 825.8 billion. This deviation of KSh 28.7 billion indicates that the Government had to rely more heavily on domestic borrowing than initially projected, largely to bridge financing gaps and manage shortfalls in external resources. Money raised through Government securities amounted to KSh 853.1 billion. The performance reflects the depth and resilience of the domestic securities market in meeting the Government's financing needs.

3.4 External Financing

Net external financing in the FY 2024/2025 was KSh 179.7 billion, compared to a target of KSh 186.5 billion. This shortfall shows that the Government received less net inflows from external sources than anticipated, partly due to lower disbursements and relatively high debt service obligations. The total disbursements were KSh 527.0 billion against a year target of KSh 548.0 billion. The principal repayments in the period under review amounted to KSh 347.3 billion against a target of KSh 361.5 billion. Although the outturn was slightly lower than the target, the repayments still represented a significant outflow, reflecting the heavy external debt service burden.

In February 2025, The National Treasury successfully issued a new USD1.5 billion Eurobond, which will mature in 2036. The proceeds from this issuance were used to buy back USD 579 million of the USD 900 million Eurobond maturing in 2027. This Liability Management Operation (LMO) was a strategic move to smoothen the country's debt maturity profile, spreading out repayment obligations and reducing immediate refinancing risks.

LMO will be a regular undertaking to manage refinancing risks of Kenya's public debt and relaxing the fiscal space to support priority expenditures. However, the relatively high share of commercial loans in external financing increases debt servicing costs compared to concessional borrowing, underscoring the need to strike a balance between accessing international markets and maintaining long-term debt sustainability.

CHAPTER FOUR

TOTAL PUBLIC AND PUBLICLY GUARANTEED DEBT STOCK

4.0 Introduction

As at end of the 2024/2025 financial year, Kenya's total public and publicly guaranteed debt stock was KSh 11,814.5 billion (67.8 percent of GDP), an 11.7 percent increase from KSh 10,580.5 billion (66.9 percent of GDP) in June 2024 on account of financing fiscal deficit for the year.

Domestic debt grew by 17.0 per cent to reach KSh 6,326.0 billion, compared to KSh 5,408.7 billion in June 2024. External debt stood at KSh 5, 488.5 billion, an increase of 6.1 percent, however, its share of total debt declined to 46.5 percent, down from 48.9 percent in the previous year. In other words, the decline in external debt share is on account of faster accumulation of domestic debt. The growing reliance on domestic sources of financing is part of Kenya's public debt management strategy (**see Table 3: 4.0-1** below).

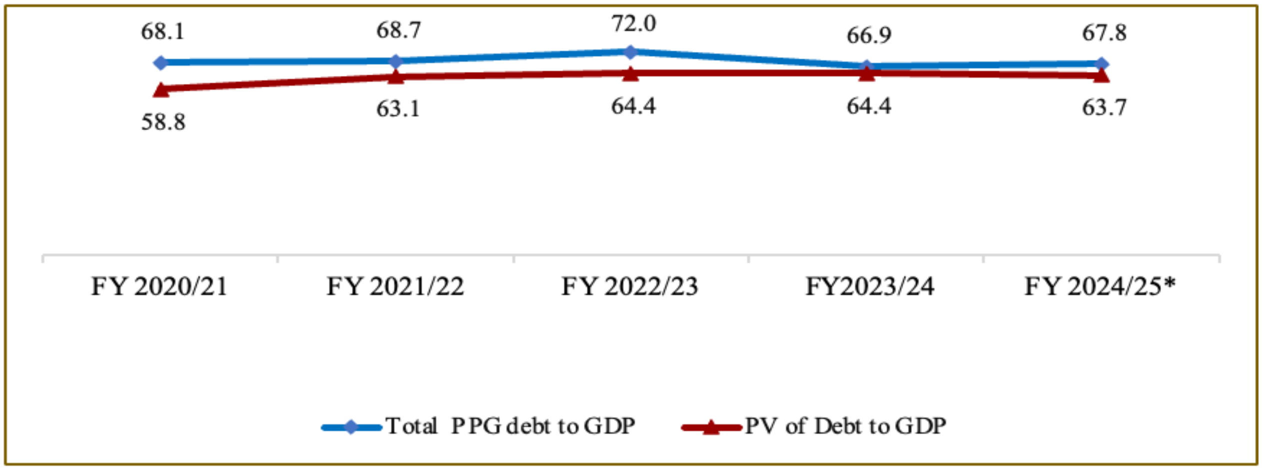
Table 3: 4.0- 1: Trends in Kenya's Public and Publicly Guaranteed Debt (KSh Million)

	FY 2020/21	FY 2021/22	FY 2022/23	FY2023/24	FY 2024/25*
Total PPG debt stock	**7,696,634**	**8,761,418**	**10,278,879**	**10,580,455**	**11,814,474**
O/w External	3,999,541	4,334,791	5,446,561	5,171,704	5,488,464.58
O/w Domestic	3,697,093	4,426,627	4,832,318	5,408,751	6,326,009.27
% share of External debt	52.0	49.5	53.0	48.9	46.5
% share of Domestic debt	48.0	50.5	47.0	51.1	53.5
Nominal GDP	**11,304,100**	**12,752,164**	**14,274,419**	**15,826,415**	**17,434,534**
As percentage of GDP					
Total PPG debt to GDP	**68.1**	**68.7**	**72.0**	**66.9**	**67.8**
O/w External	35.4	34.0	38.2	32.7	31.5
O/w Domestic	32.7	34.7	33.9	34.2	36.3
PV of Debt to GDP	58.8	63.1	64.4	64.4	63.7
Annual Growth rate					
Total PPG debt stock	15.0	13.8	17.3	2.9	11.7
O/w External	13.8	8.4	25.6	-5.0	6.1
O/w Domestic	16.4	19.7	9.2	11.9	17.0
Real GDP Growth	7.6	4.8	5.3	5.6	4.9

Provisional
Source: National Treasury

Kenya's nominal GDP rose to KSh 17,434.5 billion in FY 2024/25, while the nominal debt-to-GDP ratio increased to 67.8 percent from 66.9 percent in FY 2023/24. This indicates that debt accumulation outpaced economic growth, which slowed to 4.9 percent from 5.6 percent the previous year. Although the economy continues to expand, the faster rise in public debt levels calls for reduced fiscal deficit to ensure debt sustainability. The present value (PV) of debt to GDP stood at 63.7 percent, as illustrated in **Figure 1:4.0-1** below.

Figure 1: 4.0- 1: Evolution of Public and Publicly Guaranteed Debt-to-GDP Ratios



Source: National Treasury

4.1 Debt Service Trends

Kenya's public debt servicing obligations (include external and domestic debt redemption) have grown significantly over the past five-year period, rising from KSh 780.6 billion in FY 2020/21 to KSh 1,722.1billion in FY 2024/25. This increase reflects both rising principal repayments and growing interest payments, with interest payments at KSh 987.5 billion in FY2024/25 up from KSh 495.1 billion in FY 2020/21.

External debt service increased in FY 2023/24 to KSh 773.4 billion, driven by an increase in principal repayments of maturing Eurobond of USD 2 billion during that fiscal year. However, this figure declined to KSh 579.0 billion in FY 2024/25. Meanwhile, domestic debt service increased to KSh 1,143.1 billion in FY 2024/25, with interest payments accounting for the bulk of the debt service at KSh 776.3 billion.

Interest payments have consistently accounted for over 30 percent of revenue, with domestic interest being the dominant component. External interest payments, while smaller, have also grown, peaking at 9.7 percent of revenue in FY2023/24.

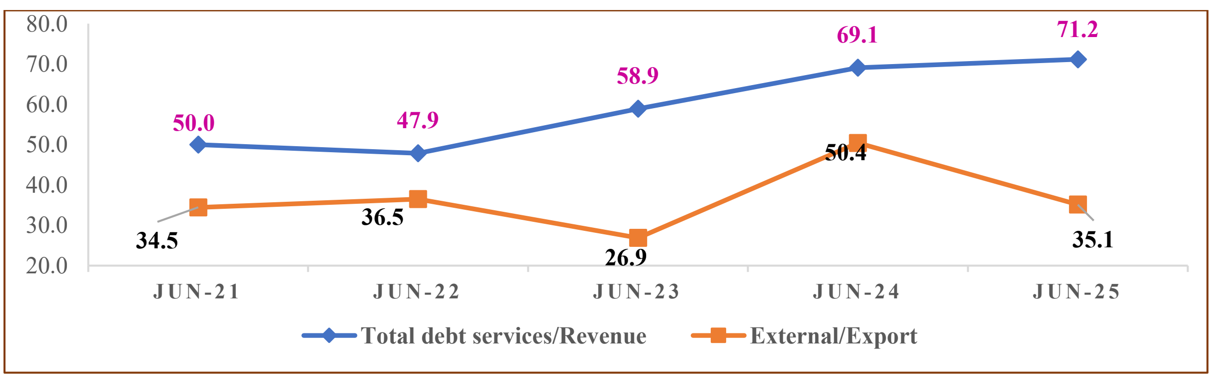
From a trade perspective, external debt service as a percentage of export earnings rose to 50.4 percent in FY 2023/24, before declining to 35.1 percent in FY 2024/25. This increase underscores the vulnerability of Kenya's external debt position to fluctuations in stunted export performance and foreign exchange conditions (**see Table 4: 4.1-1 and Figure 2:4.1-1** below).

Table 4: 4.1- 1: Trends in Public Debt Service and Interest Payments (FY 2020/21 – FY 2024/25) (KSh Million)

	FY 2020/21	FY 2021/22	FY 2022/23	FY2023/24	FY 2024/25*
Total Debt Service	**780,628**	**917,778**	**1,202,075**	**1,580,766**	**1,722,104**
Total interest	**495,142**	**577,979**	**689,327**	**843,846**	**987,495**
External Debt Service	**234,590**	**305,666**	**405,004**	**773,406**	**579,042**
External Principal	128,278	184,536	248,776	552,104	367,804
External Interest	106,312	121,130	156,229	221,302	211,238
Domestic Debt Service	**546,038**	**612,112**	**797,071**	**807,360**	**1,143,062**
Domestic Interest	388,830	456,849	533,098	622,544	776,257
Domestic Principal	157,208	155,263	263,973	184,816	366,805
Memorandum items					
As a percentage of Revenues					
Total debt services	50.0	47.9	58.9	69.1	71.2
Total interest	31.7	30.1	33.8	36.9	40.8
External interest	6.8	6.3	7.7	9.7	8.7
Domestic interest	24.9	23.8	26.1	27.2	32.1
Ordinary Revenue	1,562,015	1,917,911	2,041,119	2,288,921	2,420,174
As a percentage of Export					
External Debt Service	34.5	36.5	26.9	50.4	35.1
Export Earnings (Goods only)	680,731	838,024	1,507,072	1,533,781	1,648,898

*Domestic Principal excludes Treasury Bills Redemptions
Source: National Treasury and Central Bank of Kenya

Figure 2:4.1- 1: Trend of Debt service as percentage of revenue and export



Source: National Treasury

In terms of fiscal impact, total debt service as a share of government revenue rose from 50 percent in FY 2020/21 to 71.2 percent in FY 2024/25. This indicates that debt service consumed a substantial portion of Kenya's revenue, constraining other public spending priorities.

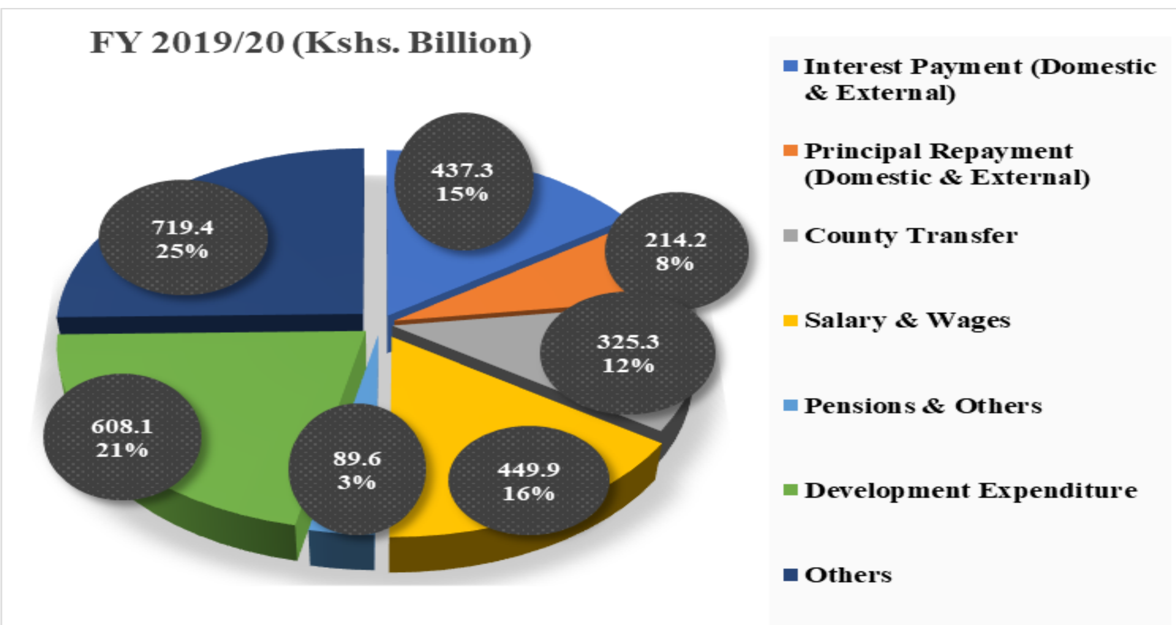
4.2 Fiscal Pressure from Rising Debt

Debt service expenditure as a percentage of total expenditure increased from 23 percent in FY 2019/20 to 39 percent in FY 2024/25, driven by a growing debt stock. This includes both interest payments and principal repayments, which together rose from KSh 651.5 billion to KSh 1,722.1 billion.

In FY 2019/20 contractual public expenditures including: debt service, county transfers, salaries, pensions took 54 percent of total public expenditure. Discretionary expenditures, including development expenditure and other operations and maintenance expenditures comprised of 46 percent (**see Chart 4a**).

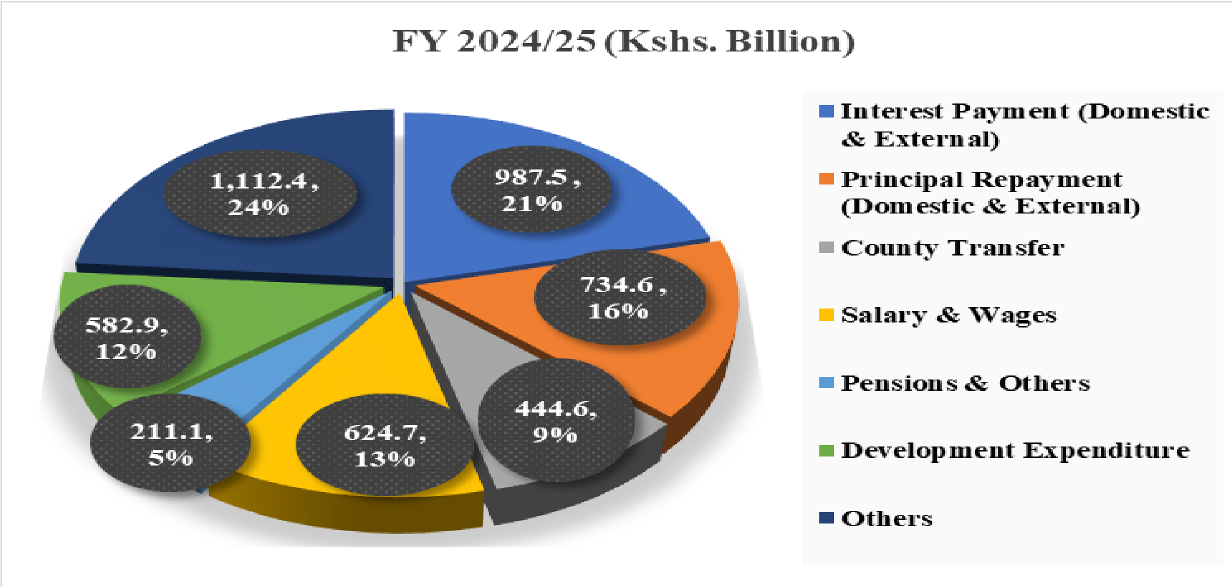
In FY 2024/25, debt service, county transfers, salaries, pensions took 63.9 percent of total public expenditure and is contractual. Discretion expenditures including development expenditure accounts for (12 percent) and other operations and maintenance expenditures accounts for (24 percent) composing only 36 percent **(see Chart 4b).**

Chart 4a: FY 2019/20 Expenditures



Source: National Treasury

Chart 4b: FY 2024/25 Expenditures



Source: National Treasury

In summary, Kenya's fiscal flexibility is encroached by the rise in debt service obligations adversely putting discretionary spending under pressure, making it harder for the government to invest in development and respond to emerging needs. This trend underscores the urgency of expenditure and fiscal deficit reform.

CHAPTER FIVE

PUBLIC DOMESTIC DEBT

5.0 Introduction

The stock of domestic debt comprises Treasury bills and bonds, Central Bank of Kenya (CBK) overdraft advanced to Government, pre-1997 CBK debt, bank advances from commercial banks, and CBK on-lent loans to Government (including IMF SDR allocations to Kenya).

In a significant stride towards modernization, CBK successfully implemented the DhowCSD system, a state-of-the-art Central Securities Depository in July 2023. Among other functions, this innovative platform serves as the official register of all Government securities, with the added capability of identifying ultimate beneficiaries or holders of these securities.

In addition, CBK has adopted sectorization of Government securities holders, aligning with globally recognized best practices, including the Government Finance Statistics Manual (GFSM) 2014, the Public Sector Debt Statistics Manual 2014, the System of National Accounts (SNA) 2008, and Monetary and Financial Statistics (MFS) 2016. Consequently, this Report adopts the new classification framework for Government securities holders, thereby enhancing transparency, comparability, and consistency with international standards.

5.1 Domestic Debt Stock

As at end June 2025, the domestic debt stock stood at KSh 6,326.0 billion, reflecting an increase of KSh 917.3 billion (16.9 percent) from KSh 5,408.8 billion at end June 2024. Growth in public debt reflects driven by increased recourse to domestic market to fund Government financing needs, occasioned by fiscal deficit.

The stock of Treasury bonds rose to KSh 5,110.0 billion in June 2025 from KSh 4,627.1 billion in June 2024, representing a 10.4 percent increase. The stock of Treasury bills rose to KSh 1,036.9 billion as at end June 2025 from KSh 615.9 billion in June 2024, marking a significant 68 percent increase, indicative of greater reliance on short-term instruments.

The pre-1997 CBK debt declined to KSh 16.1 billion by June 2025 from KSh 17.2 billion a year earlier, while the CBK overdraft to Government rose to KSh 67.6 billion up from KSh 61.0 billion over the same period (**See Table 5:5.1-1** below).

The significant rise in Treasury bills reflects increased refinancing and interest rate risks, underscoring the importance of strategies to lengthen maturities and strengthen debt sustainability.

Table 5: 5.1- 1: Outstanding Domestic Debt (KSh Million)

	Instrument	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25*
	Total Domestic Debt (A+B)	**3,177,527**	**3,697,093**	**4,329,099**	**4,832,318**	**5,408,751**	**6,326,009**
A	Government Securities (1+2+3)	3,128,260	3,635,319	4,216,745	4,646,405	5,260,246	6,163,009
1)	**Treasury Bills**	**887,142**	**765,375**	**628,754**	**614,726**	**615,890**	**1,036,875**
	Banking Institutions	587,684	452,891	287,684	263,082	185,610	534,235
	Others	299,458	312,484	341,070	351,644	430,280	502,640
2)	**Treasury Bonds**	**2,219,444**	**2,849,935**	**3,569,092**	**4,013,891**	**4,627,123**	**5,110,010**
	Banking Institutions	1,093,517	1,367,100	1,710,357	1,826,599	1,408,643	1,645,067
	Others	1,125,927	1,482,835	1,858,735	2,187,291	3,218,480	3,464,943
3)	**Pre-1997 Government Debt**	21,674	20,009	18,899	17,789	17,234	16,124
B.	Others	49,267	61,774	112,354	185,912	148,505	163,001
	O/w CBK Overdraft	47,150	59,279	58,502	76,457	61,021	67,629
	As a Percentage of outstanding domestic debt						
	Government Securities	98.4	98.3	97.4	96.2	97.3	97.4
	o/w Treasury bills	27.9	20.7	14.5	12.7	11.4	16.4
	Treasury bonds	69.8	77.1	82.4	83.1	85.5	80.8
	Pre-1997 Government Debt	0.7	0.5	0.4	0.4	0.3	0.3
	Others**	1.6	1.7	2.6	3.8	2.7	2.6

** Based on GFS 2014 Manual*
***Others include IMF On lent loans, Bank advances and CBK overdraft*
Source: National Treasury

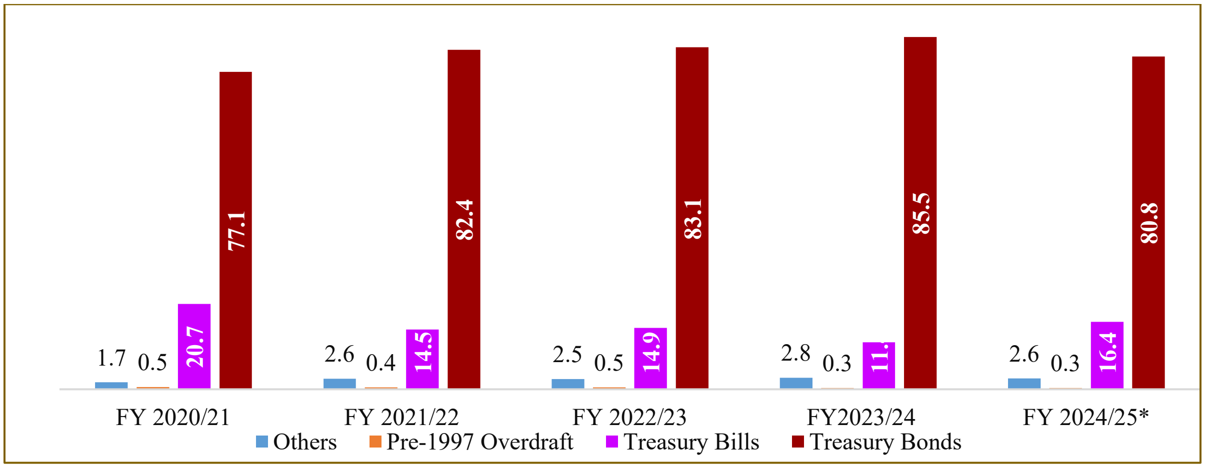
5.2 Domestic Debt by Type of Instrument

As at end June 2025, Treasury bonds and Treasury bills accounted for 80.8 percent and 16.4 percent of the total domestic debt, respectively, while IMF debt on-lent to Government and the CBK overdraft represented 2.6 percent and 0.3 percent, respectively.

The share of Treasury bonds in total domestic debt increased from 77.1 percent in June 2021 to 80.8 percent in June 2025, reflecting a gradual shift toward longer-term instruments. Conversely, the proportion of Treasury bills declined from 20.7 percent in June 2021 to 16.4 percent in June 2025, indicating reduced refinancing risk, as illustrated in **Figure 3:5.2-1** below.

However, despite this long-term structural shift toward bonds, the sharp rise in Treasury bill issuance during FY 2024/25 highlights persistent short-term refinancing pressures, underscoring the need for continued efforts to lengthen maturities and diversify funding sources.

Figure 3: 5.2- 1: Domestic Debt by Instruments (as percentage of total Domestic Debt)



** Provisional*
Source: Central Bank of Kenya

5.3 Domestic Debt by Investor Category

In FY 2024/25, the share of Government securities held by commercial banks increased to 37.4 percent, up from 32.7 percent in FY 2023/24 as shown in **Table 6:5.3-1** below. This reflects increased exposure to Government securities by banks, underscoring their continued dominance in the domestic debt market. While this provides stability in Government financing, it may also contribute to the crowding out of private sector credit, with potential implications for private investment and economic growth.

Table 6: 5.3- 1: Domestic Debt by Investor Category (KSh Million)

Description	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24*	FY 2024/25*
Banks	**1,900,876**	**2,103,687**	**2,294,332**	**1,769,829**	**2,366,785**
Central Bank of Kenya	87,575	85,141	198,108	170,109	172,637
Commercial Banks	1,813,301	2,018,546	2,096,223	1,599,720	2,194,148
Non-Banks	**1,796,015**	**2,185,521**	**2,537,929**	**3,648,760**	**3,959,224**
Government (Parastatals)	-	-	-	930,704	874,246
Households	-	-	-	333,743	382,411
Non-Residents	-	-	-	325,268	279,636
Pensions	1,133,453	1,403,175	1,583,455	751,870	894,493
Insurance Companies	246,004	309,904	345,796	689,684	799,140
Others	416,558	472,442	608,678	617,490	729,299
Total	**3,696,891**	**4,289,208**	**4,832,260**	**5,418,589**	**6,326,009**
As a Percentage of the Domestic Debt					
Banks	**51.4**	**49.0**	**47.5**	**32.7**	**37.4**
Central Bank of Kenya	2.4	2.0	4.1	3.1	2.7
Commercial Banks	49.0	47.1	43.4	29.5	34.7
Non-Banks	**48.6**	**51.0**	**52.5**	**67.3**	**62.6**
Government (Parastatals)	-	-	-	17.2	13.8
Households	-	-	-	6.2	6.0
Non-Residents	-	-	-	6.0	4.4
Pensions	30.7	32.7	32.8	13.9	14.1
Insurance Companies	6.7	7.2	7.2	12.7	12.6
Other Investors	11.3	11.0	12.6	11.4	11.5
Total	100.0	100.0	100.0	100.0	100.0

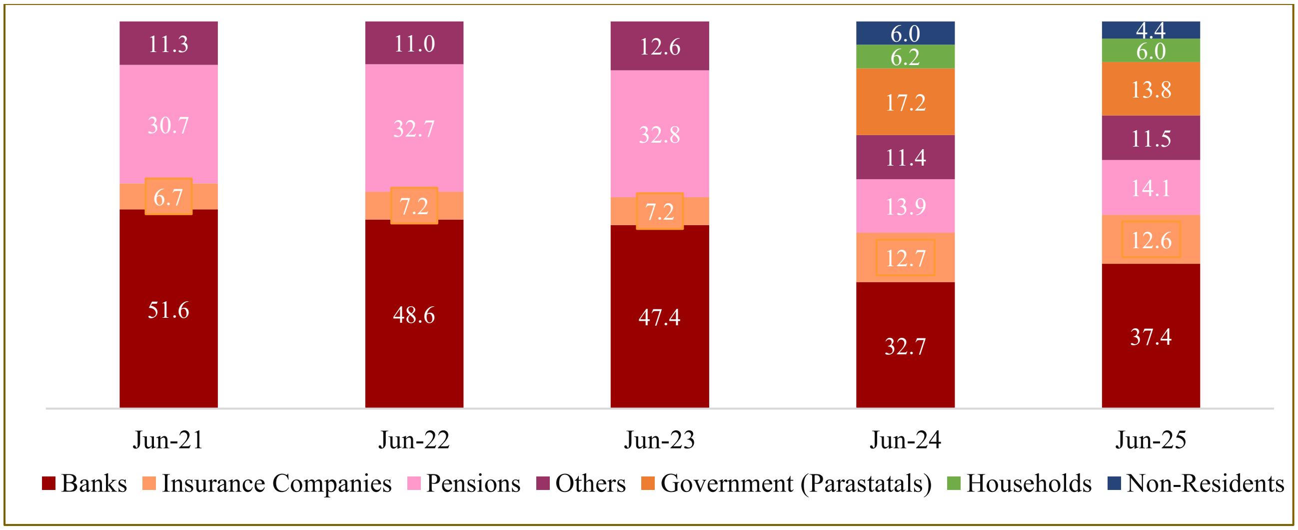
* Based on GFSM 2014 Manual

Source: National Treasury

The share of domestic debt stock held by pension funds increased slightly to 14.1 percent in June 2025 up from 13.9 percent in June 2024, while holdings by insurance companies remained relatively stable at 12.6 percent as at end-June 2025. The stock of domestic debt held by Other Investors Categories including private companies, Savings and Credit Cooperative Organization (SACCOs), investment banks, money market funds, and other organizations rose to 11.5 percent from 11.4 percent in June 2024. This trend reflects a gradual diversification of the investor base, as illustrated in **Figure 4:5.3-1** below.

The broadening of the investor base enhances market resilience and reduces concentration risks, thereby supporting the stability and efficiency of the domestic debt market.

Figure 4: 5.3- 1: Outstanding Domestic Debt Stock by Holders as a percentage of Total Domestic Debt



Source: National Treasury

5.4 Treasury Bills by Investor Category

As at end June 2025, commercial banks significantly increased their holdings of Treasury bills to KSh 534.3 billion, accounting for 51.5 percent of the total stock, up from KSh 185.6 billion (30.1 percent) in June 2024. This sharp rise reflects heightened bank appetite for short-term government securities, partly driven by liquidity management considerations. Insurance companies also modestly increased their holdings to KSh 11.0 billion from KSh 5.4 billion in June 2024. In contrast, pension funds reduced their exposure to Treasury bills, with holdings declining to KSh 24.4 billion down from KSh 36.6 billion, suggesting a preference for longer-term investment instruments. Meanwhile, household holdings remained broadly stable, increasing slightly to KSh 58.4 billion from KSh 57.8 billion as at end June 2024. Treasury bills are popular among banks and parastatals as shown in **Table 7:5.4-1** below.

Table 7: 5.4- 1: Outstanding Stock of Treasury Bills by Investor Category (KSh Million)

Holder	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Banks	452,891	287,684	263,082	185,610	534,289
Government (Parastatals)	-	-	-	161,041	190,143
Pension funds	144,434	167,554	166,420	36,659	24,395
Insurance Companies	7,176	6,581	6,937	5,371	10,994
Households	-	-	-	57,794	58,421
Non-Residents	-	-	-	2,890	3,584
Others	160,874	166,936	178,286	166,526	215,049
Total	**765,375**	**628,755**	**614,725**	**615,890**	**1,036,875**
As a percentage of the Total Outstanding Domestic Debt					
Banks	59.2	45.8	42.8	30.1	51.5
Government (Parastatals)	-	-	-	26.1	18.3
Pension funds*	18.9	26.6	27.1	6.0	2.4
Insurance Companies	0.9	1.0	1.1	0.9	1.1
Households	-	-	-	9.4	5.6
Non-Residents	-	-	-	0.5	0.3
Others	21.0	26.6	29.0	27.0	20.7
Total	**100**	**100**	**100**	**100**	**100**

** Pensions exclude NSSF*
Source: National Treasury

5.5 Treasury Bonds by Investor Category

The stock of outstanding Treasury bonds held by banks and pension funds rose significantly as at June 2025. Banks' holdings stood at KSh 1,645.1 billion (32.2 percent of total Treasury bonds stock), up from KSh 1,408.6 billion in June 2024, while pension funds increased their holdings to KSh 870.0 billion (17.0 percent) from KSh 715.2 billion. Similarly, insurance companies' holdings grew to KSh 788.1 billion (15.4 percent) from KSh 684.3 billion in June 2024. Notably, household holdings expanded to KSh 323.9 billion (6.3 percent of total Treasury bonds stock) from KSh 275.9 billion in June 2024, underscoring the transformational impact of the DhowCSD in broadening retail investor participation in the Government securities market. The distribution of Treasury bonds across key investor groups is shown in **Table 8:5.5-1** below.

Table 8: 5.5- 1: Outstanding Stock of Treasury Bonds by Holder (KSh Million)

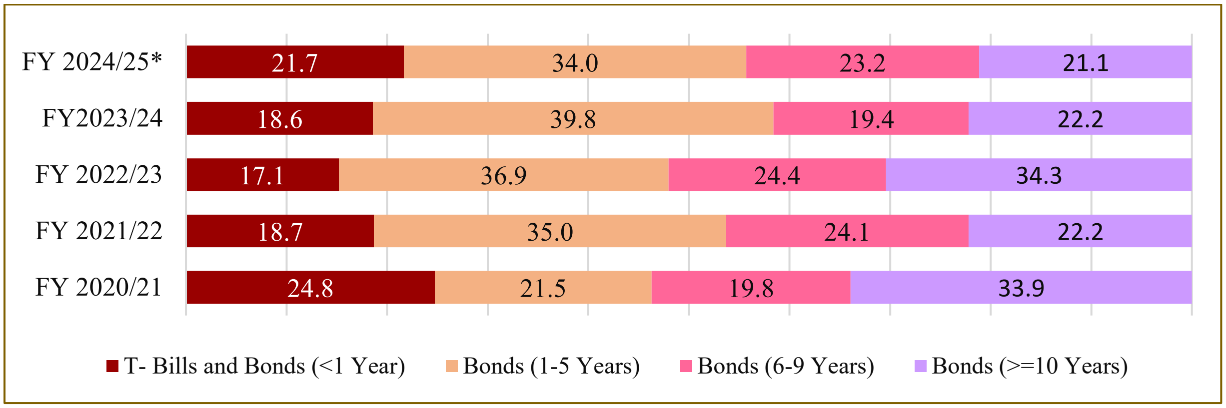
Holder	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Banks	1,367,100	1,710,357	1,826,599	1,408,643	1,645,067
Government (Parastatals)	-	-	-	769,663	684,102
Pensions*	990,615	1,224,108	1,416,117	715,212	870,098
Insurance Companies	239,174	301,265	338,657	684,313	788,146
Households	-	-	-	275,949	323,989
Non-Residents	-	-	-	322,378	276,052
Others	252,863	333,179	432,517	450,965	522,555
Total	**2,849,752**	**3,568,909**	**4,013,891**	**4,627,123**	**5,110,010**
***Pensions exclude NSSF**					
	As a percentage of Total Treasury Bonds				
Banks	48.0	47.9	45.5	30.4	32.2
Government (Parastatals)	-	-	-	16.6	13.4
Pensions	34.8	34.3	35.3	15.5	17.0
Insurance Companies	8.4	8.4	8.4	14.8	15.4
Households	-	-	-	6.0	6.3
Non-Residents	-	-	-	7.0	5.4
Others	8.9	9.3	10.8	9.7	10.2
Total	**100**	**100**	**100**	**100**	**100**

**Provisional*
Source: National Treasury

5.6 Treasury Bills and Treasury Bonds by Remaining Time to Maturity

The share of Treasury bills and bonds maturing within one year increased from 18.6 percent in FY 2023/24 to 21.7 percent in FY 2024/25, signalling elevated refinancing risk. Over the same period, the proportion of Treasury bonds with a remaining time to maturity of between 1–5 years declined to 34.0 percent from 39.8 percent, while those with more than 10 years to maturity decreased marginally to 21.1 percent from 22.2 percent. This trend in the maturity structure of domestic debt is illustrated in **Figure 5:5.6-1** below.

Figure 5: 5.6- 1: Government Domestic Debt Securities by Remaining Time to Maturity

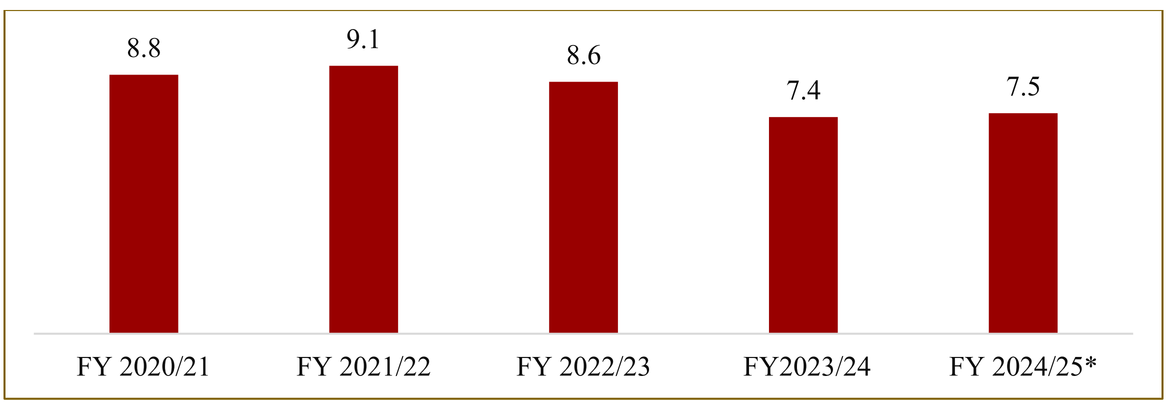


Source: National Treasury

5.7 Treasury Bonds Average Time to Maturity as at end June 2025

The Average Time to Maturity (ATM) of Treasury bonds remained broadly stable at 7.5 years as at end-June 2025, compared to 7.4 years in FY 2023/24, as shown in **Figure 6:5.7-1** below. This stability reflects the Government's domestic debt issuance strategy, particularly the implementation of the benchmark bonds program through the reopening of existing Treasury bonds to reduce market fragmentation and build up issuance sizes. These efforts have supported a more balanced maturity profile, thereby mitigating refinancing risk while enhancing liquidity and efficiency in the domestic debt market.

Figure 6: 5.7- 1: Average Time to Maturity of Treasury bonds in years



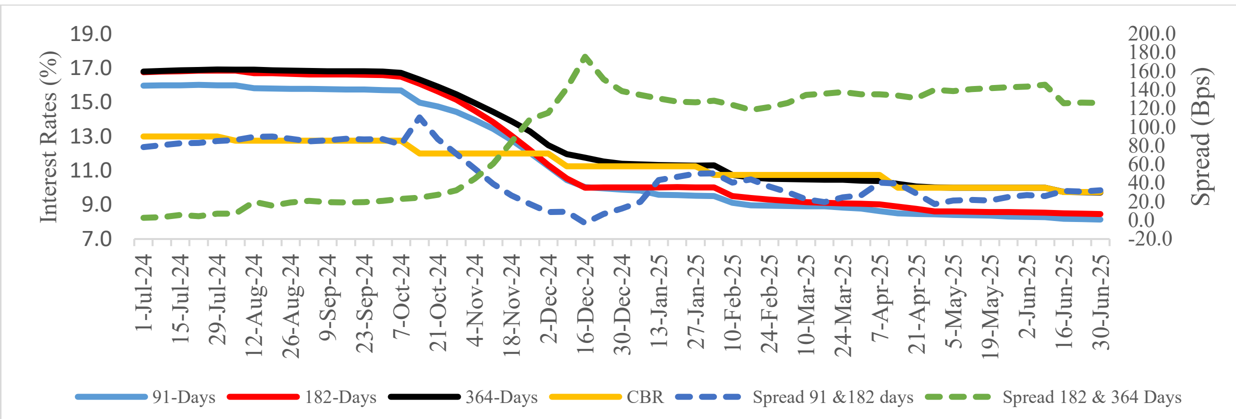
**Provisional*
Source: National Treasury

5.8 Average Interest Rates on Treasury Bills

The average interest rates eased from the second quarter of FY 2024/25, broadly aligning with the prevailing monetary policy stance. During the review period, the spread between the 182-day and 364-day tenors widened, while that between the 91-day and 182-day tenors narrowed (**see Figure 7:5.8-1** below). By June 2025, the average interest rates for the 91-day, 182-day, and 364-day Treasury bills had declined sharply to 8.1 percent, 8.5 percent, and 9.7 percent, respectively, compared to 16.0 percent, 16.7 percent, and 16.8 percent in June 2024.

This sharp decline in Treasury bill rates signals improved liquidity conditions, reduced Government borrowing costs, and reflects the impact of a more accommodative monetary policy stance as well as easing inflationary pressures during the fiscal year.

Figure 7: 5 .8- 1: Average Interest Rates and Spreads on Treasury Bills

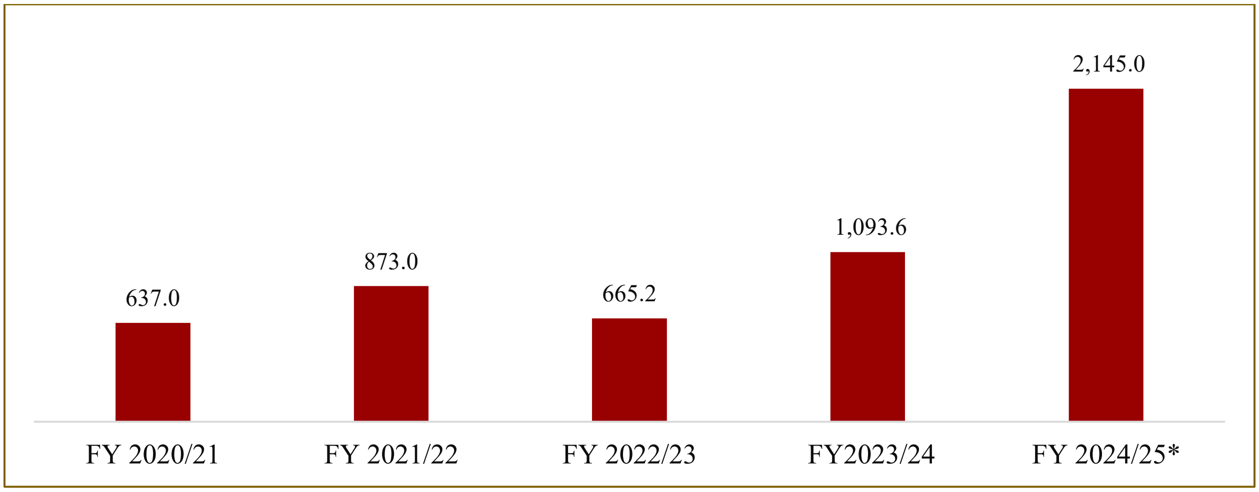


Source: *National Treasury*

5.9 Secondary Market for Government Securities

Treasury bonds secondary market turnover rose significantly to KSh 2,145.0 billion in FY 2024/25 from KSh 1,093.6 billion in FY 2023/24. This improvement was largely driven by increased issuance sizes under the expanded domestic borrowing programme thus stimulating supply and liquidity in the secondary market (**see Figure 8:5.9-1** below).

Figure 8: 5.9- 1: Secondary Market Turnover for Treasury Bonds, FY2019/2020- 2024/2025 (KSh. Billion

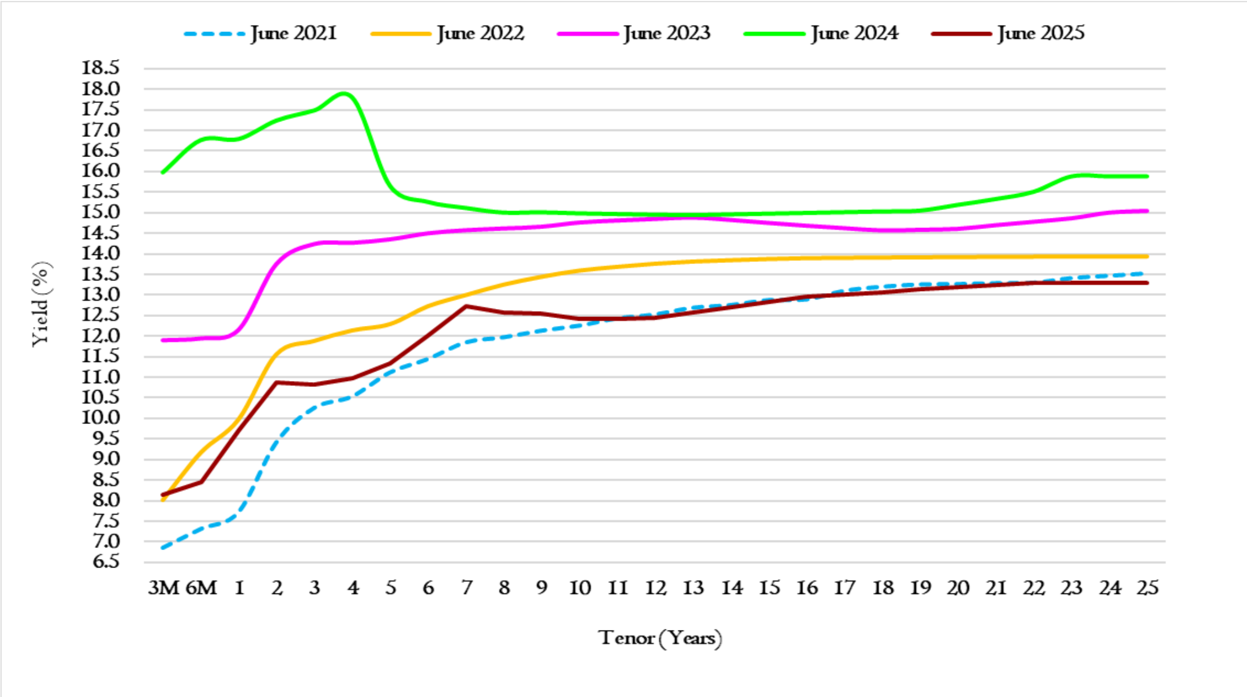


Source: National Treasury

5.10 Government Securities Yield Curve

The secondary trading yield curve normalization progressed during FY 2024/25, recording a downward shift from previous years as shown in **Figure 9:5.10-1** below. This development was partly attributed to a declining interest rate environment, consistent with the prevailing liquidity in both local and international markets. The 2025 yield curve was steeper in the short end segment but remained relatively stable in the medium to long term segments. The Yield curve had a downward shift in June 2025 from June 2024 reflecting reduced yield and interest rates in local currency debt instruments.

Figure 9: 5.10- 1: Government of Kenya Securities Yield Curve



Source: National Treasury

5.11 Interest Payments on Domestic Debt

During FY 2024/25, the total interest payments and other charges on domestic debt amounted to KSh 776.3 billion, representing an increase of KSh 153.7 billion from KSh 622.5 billion in the previous fiscal year. This rise was largely attributed to higher interest obligations on Treasury bonds, which increased to KSh 677.8 billion from KSh 539.0 billion in FY 2023/24. Similarly, the discount cost on Treasury bills rose to KSh 87.6 billion from KSh 70.4 billion over the same period.

Consequently, the ratio of domestic interest payments to total revenue rose to 32.1 percent in FY 2024/25, up from 27.2 percent in FY 2023/24, highlighting a growing share of government revenue devoted to debt servicing. Likewise, the ratio of domestic interest payments to GDP increased to 4.5 percent from 3.9 percent, underscoring rising debt service pressures on fiscal sustainability (**see Table 9:5.11-1** below).

Table 9: 5.12- 1: Interest Payments on Domestic Debt (KSh Million)

Type of Debt	FY 2020/21	FY 2021/22	FY 2022/23	FY2023/24	FY 2024/25*
Treasury Bills	74,903	61,374	58,987	70,395	87,560
Treasury Bonds	308,412	389,819	466,396	539,016	677,762
CBK Commission	3,000	3,000	3,000	3,000	3,000
Pre - 1997 Debt	628	592	557	524	491
Others (Overdraft)	1,892	2,064	4,158	9,608	7,444
Total	**388,834**	**456,849**	**533,098**	**622,544**	**776,257**
Nominal GDP	11,304,100	12,752,164	14,274,419	15,826,415	17,434,534
Ordinary Revenue	1,562,015	1,917,911	2,041,119	2,288,921	2,420,174
Ratios					
Domestic Interest/Revenue	24.9	23.8	26.1	27.2	32.1
Domestic Interest/GDP	3.4	3.6	3.7	3.9	4.5

Source: National Treasury

CHAPTER SIX

PUBLIC EXTERNAL DEBT

6.0 Introduction

During the financial year ending June 2025, Kenya's public and publicly guaranteed external debt increased by KSh 316.8 billion, representing a 6.1% rise from KSh 5,171.7 billion recorded in June 2024 to KSh 5,488.5 billion on account of external net deficit funding

Multilateral debt rose from KSh 2,786.9 billion as at end June 2024 to KSh 3,045.4 billion as at end June 2025. Consequently, the share of multilateral debt in total external debt increased to 55.5%, up from 53.9%, reaffirming the importance of multilateral institutions as a primary source of external funding. This trend highlights the successful implementation of securing funds from multilateral organizations for sustainable development projects.

Commercial debt also increased from KSh 1,178.4 billion as at end June 2024 to KSh 1,312.6 billion as at end June 2025. This category includes external debt held by Sovereign Bond (SB), which increased from KSh 854.9 billion to KSh 1,022.7 billion, indicating a reliance on the capital markets for financing. The rise in composition of multilateral debt in particular, signals sustained confidence and support from international institutions. (**See Table10: 6.0-1** below).

Table 10: 6.0- 1: External Debt Stock by Creditor Type (KSh Million)

Creditor Type	FY 2020/21	FY 2021/22	FY 2022/23	FY2023/24	FY 2024/25
Bilateral	1,064,272	1,105,737	1,257,498	1,092,689	1,032,812
Multilateral	1,659,411	1,923,444	2,654,934	2,786,948	3,045,391
Commercial	1,106,476	1,113,256	1,349,052	1,178,364	1,312,602
O/w ISB holders	766,445	836,610	997,717	854,878	1,022,701
Suppliers' Credit	12,162	12,154	14,848	13,537	14,419
Guaranteed External Debt					
Bilateral	76,257	67,532	82,005	71,026	73,551
Commercial	80,963	83,712	88,224	29,139	9,690
Multilateral	0	0	0	0	0
Total External Debt	**3,999,541**	**4,305,835**	**5,446,561**	**5,171,703**	**5,488,465**
In percentage of Total External Debt (%)					
Bilateral	28.5	27.2	24.6	22.5	20.2
Multilateral	41.5	44.7	48.7	53.9	55.5
Commercial	29.7	27.8	26.4	23.3	24.1
O/w ISB holders	19.2	19.4	18.3	16.5	18.6
Suppliers' Credit	0.3	0.3	0.3	0.3	0.3
Total	**100**	**100**	**100**	**100**	**100**

Source: National Treasury

In FY 2024/25, the Kenya Shilling remained stable against the US dollar but depreciated against all the three major currencies as illustrated in **Table 11:6.0-2** below.

Table 11: 6.1- 2: Exchange rate movement against major currencies

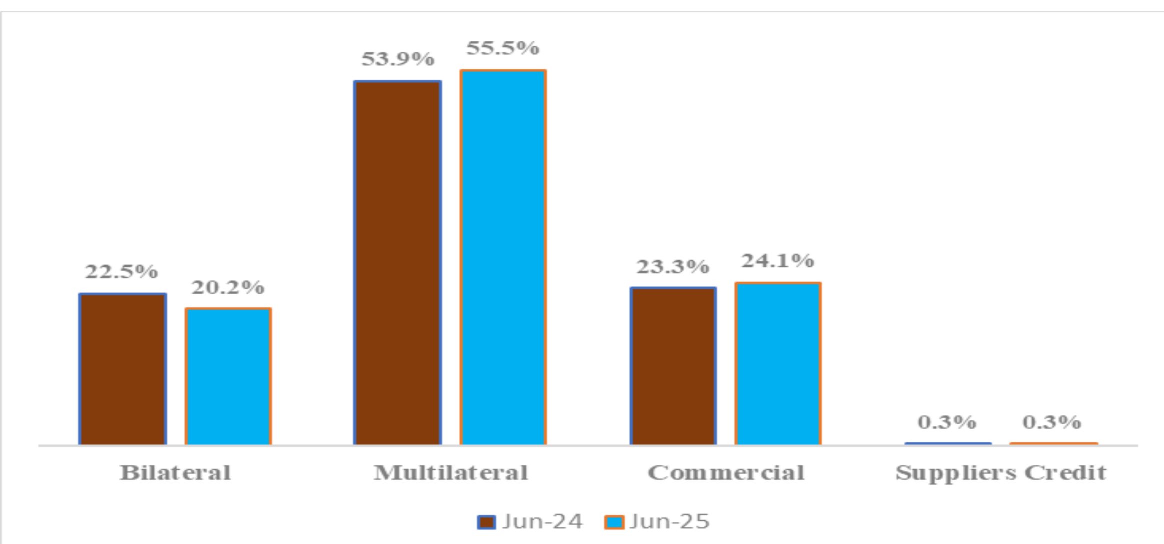
Major Currencies	Exchange rate		Percentage Change
	Jun-24	Jun-25	
US Dollar (USD)	129.5	129.2	-0.2
Euro (EUR)	138.9	151.7	8.4
Sterling Pound (GBP)	163.9	177.5	7.7
Japanese Yen (JPY)	80.7	89.8	10.2
Chinese Yuan	17.8	18.0	1.3

Source: National Treasury

6.1 External Debt by Creditor Category

As of the end of June 2025, the share of multilateral and commercial debt increased to 55.5 percent and 24.1 percent, respectively, compared to 53.9 percent and 23.3 percent at the end of June 2024. This marginal increase underscores the National Treasury's effort to focus on concessional financing to mitigate refinancing risks. On the other hand, the percentage of external debt owed to bilateral creditors declined from 22.5 percent to 20.2 percent, while the suppliers' credit remained steady at 0.3 percent during the period under review. This shift in debt composition reflects the government's strategy to foster more sustainable public debt portfolio while strengthening risks management.

Figure 10: 6.1-1: External Debt by Creditor Category as percentage of external debt for end June 2024 and end June 2025

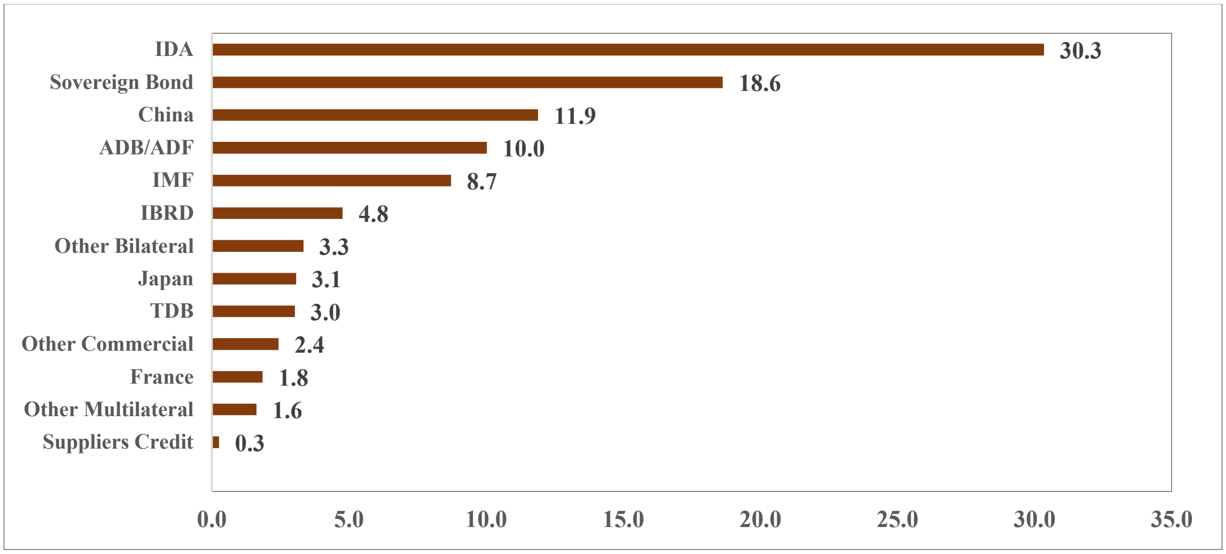


Source: National Treasury

6.2 External Debt by Major Creditors

As at end of June 2025, Kenya's primary external creditors were the International Development Association (IDA), International Sovereign Bond holders (ISB), and the Government of China, accounting for 30.3%, 18.6%, and 11.9% of the total external debt, respectively. (**See Figure11: 6.2-1 below**).

Figure 11: 6.2- 1: External Debt by Major Creditors

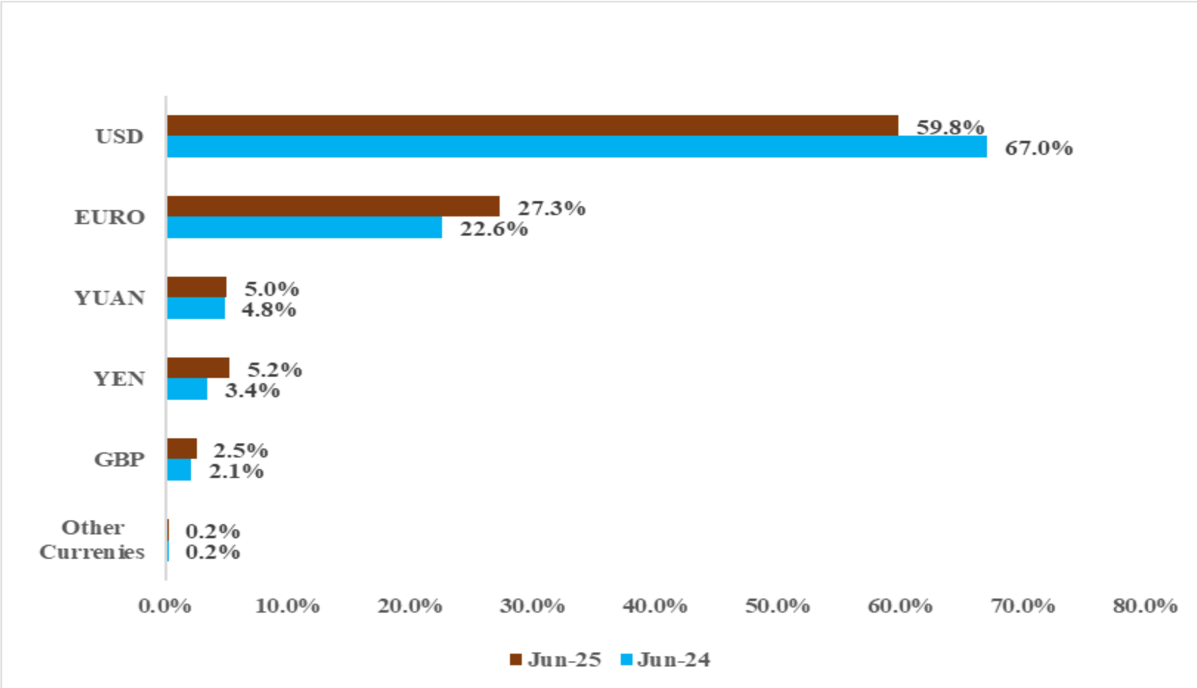


Source: National Treasury

6.3 Currency Composition of External Debt

During the financial year, the US Dollar (USD) dominated currency composition in Kenya's external public debt portfolio. However, the proportion of external debt denominated in USD fell from 67.0 percent in June 2024 to 59.8 percent in June 2025 (**See Figure 12:6.3-1**). At the same period, the proportion of Euro-denominated debt rose to 27.3 percent of the public debt portfolio. The share of public debt in Japanese Yen, Chinese Yuan, and Sterling Pound (GBP) were 5.2 percent, 5.0 percent, and 2.5 percent, respectively, while other currencies remained stable at 0.2 percent throughout the period.

Figure 12: 6.3- 1: Currency Composition of the External Debt Stock (Percentage)



Source: *National Treasury*

6.4 Maturity Structure of External Debt

During the financial year under review, the proportion of external debt with remaining maturity of more than 10 years decreased to 62.7 percent of total external debt stock from 64.4 percent in the previous year. The share of total external debt stock with remaining maturity of between 0-1 years increased from 0.3 percent to 1.5 percent, while those with remaining maturity between 2-5 increased from 11.6 percent to 11.7 percent and while those with remaining maturity between 6-10 years increased from 23.6 percent to 24.1 percent (**See Table 12:6.4-1**).

Table 12:6.4- 1: Outstanding External Debt by Remaining Maturity (Percentage)

Maturity Structure (Years)	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
0-1	0.3	0.8	5.6	0.3	1.5
2-5	8.0	11.0	10.5	11.6	11.7
6-10	22.6	23.1	20.2	23.6	24.1
Over 10 years	69.0	65.1	63.8	64.4	62.7

Source: National Treasury

6.5 External Debt Service

As at end June 2025, multilateral debt service increased from KSh 109.4 billion in June 2024 to KSh 118.9 billion in June 2025. The percentage share of multilateral debt service increased from 14.2 percent in June 2024 to 20.5 percent in June 2025.

Bilateral total debt service decreased from KSh 206.1 billion in June 2024 to KSh 200.6 billion in June 2025. The percentage share of bilateral debt service increased from 26.6 percent in June 2024 to 34.6 percent in June 2025.

Commercial debt service decreased from KSh 457.9 billion at end June 2024 to KSh 259.5 billion at end June 2025.The high debt service in the previous fiscal year ending June, 2024 was due to Eurobond maturity of USD 2 billion. Thus, the percentage share of commercial debt service decreased from 59.2 percent in June 2024 to 44.8 percent in June 2025.

Commitment fees payment decreased from KSh 1.6 billion paid in FY2023/24 to KSh 1.1 billion as at end June 2025.

Table 13: 6.5- 1: External Debt Service by Creditor Category (KSh Million)

		FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25*
Multilateral	Principal	25,122	32,249	45,879	52,643	55,433
	Interest	15,324	19,074	30,956	56,801	63,474
	Sub Total	**40,446**	**51,323**	**76,835**	**109,444**	**118,906**
Bilateral	Principal	37,518	75,161	116,482	147,464	150,358
	Interest	18,475	27,356	36,930	58,624	50,264
	Sub Total	**55,993**	**102,517**	**153,413**	**206,089**	**200,622**
Commercial	Principal	65,638	77,125	86,414	351,997	162,013
	Interest	72,513	74,700	88,342	105,876	97,501
	Sub Total	**138,151**	**151,825**	**174,757**	**457,874**	**259,513**
Grand Total	Principal	128,278	184,535	248,776	552,104	367,804
	Interest	106,312	121,130	156,229	221,302	211,238
	Sub Total	**234,590**	**305,665**	**405,004**	**773,406**	**579,042**
As as percentage		**FY 202021**	**FY 2021/22**	**FY 2022/23**	**FY 2023/24**	**FY 2024/25**
Multilateral		17.2	16.8	19.0	14.2	20.5
Bilateral		23.9	33.5	37.9	26.6	34.6
Commercial		58.9	49.7	43.1	59.2	44.8
Total		**100**	**100**	**100**	**100**	**100**

Source: *National Treasury*

6.6 External Loan Disbursements

During the period under review, external loan disbursed was KSh 527.0 billion. These disbursements included KSh. 74.5 billion in Project Loans A.I.A, KSh. 113.7 billion in program loans, KSh. 85.8 billion in Project Loans-Cash and KSh 253.1 billion in commercial loans. Commercial loans contributed the largest share (48.9%) of total disbursements as illustrated in **Table 14:6.6-1** below.

Table 14: 6.6- 1: External loans disbursements (KSh Million)

Type of Disbursement	FY 2020/21	FY 2021/2022	FY 2022/23	FY 2023/24	FY 2024/25*
Project Cash Loans	77,492	58,601	61,975	87,444	85,810
Project Loans A-I-A	95,215	92,619	74,245	68,343	74,480
Projects Loans A-I-A, SGR	4,643	0	0	0	0
Project Loans A-I-A, SGR-Phase 2A	6,871	0	0	0	0
Commercial Financing	114,292	0	102,218	286,875	253,070
Programme Loans	168,644	175,840	266,885	317,837	113,683
Total	**467,157**	**327,060**	**505,323**	**760,499**	**527,043**
As percentage of Total					
Project Loans	16.6	17.9	12.3	11.5	16.6
Project Cash Loans	20.4	28.3	14.7	9.0	12.5
Project Loans A-I-A	1.0	0.0	0.0	0.0	0.0
Budget Support Loans	1.5	0.0	0.0	0.0	0.0
Commercial Financing	24.5	0.0	20.2	37.7	48.9
Programme Loans	36.1	53.8	52.8	41.8	22.0

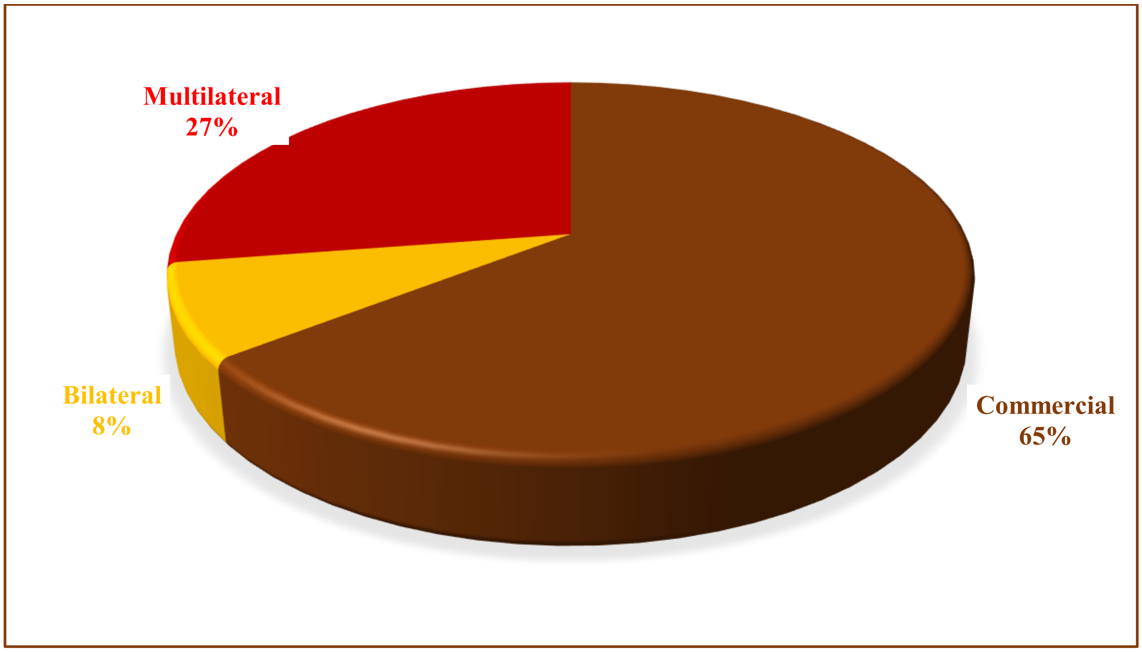
**Provisional*
Source: *National Treasury*

Commercial loans contributed the largest share (48.9 percent) of total disbursements followed by programme loans (22 percent) and project loans (16.6 percent).

6.7 New Commitments

During the period ending June 2025, the Government contracted twenty-nine (29) new external loans equivalent to KSh 457.0 billion out of which, seventeen (17) were from commercial banks, nine (9) from multilateral and three (3) from bilateral lenders.

Figure 13: 6.7- 1: Composition of new external borrowings by Creditor Category



Source: *National Treasury*

Quarterly reports on new borrowing were submitted to parliament during the fiscal and are part of the public debt register.

In line with the second objective of the public debt management, the National Treasury is spearheading domestic debt market reforms aimed at increasing the share of public debt raised from domestic debt market while reducing the cost of domestic credit.

CHAPTER SEVEN

CONTINGENT LIABILITIES

7.0 Introduction

Contingent liabilities refer to potential obligations that may require government payment only upon the occurrence of specific future events. During the period under review, no new guarantees were issued by the Government of Kenya. However, guarantees had been previously been extended to the following State-Owned Enterprises (SOEs): Kenya Electricity Generating Company PLC (KenGen), Kenya Ports Authority (KPA), and Kenya Airways (KQ). In addition to these guarantees, fourteen (14) SOEs held non-guaranteed debt obligations. Details of the guaranteed to loans provided to KenGen, KPA and Kenya Airways are presented in **Table 15:7.1-2** below.

7.1 Government Guaranteed Debt Stock

As at end June 2025, the stock of Government guaranteed debt at stood at KSh 83,241 million, reflecting a decline from KSh 100,165 million recorded in FY 2023/2024. This reduction is due to repayment of other guaranteed debt as summarized in **Table 15: 7.1-1** below.

Table 15: 7.1- 1: Stock of Public Guaranteed External Debt by Creditor Category (KSh. Million)

Debt Type	FY2020/21	FY2020/22	FY2022/23	FY2023/24	FY2024/25
Guaranteed Debt					
Bilateral	76,257	67,532	82,005	71,026	73,551
Commercial	80,963	83,712	88,224	29,139	9,690
Multilateral	0	0	0	0	0
Total	**157,220**	**151,244**	**170,229**	**100,165**	**83,241**

**Provisional*

Source: National Treasury

The Government has provided guarantee to loans secured by KENGEN, KPA and Kenya Airways as indicated in **Table 16:7.1-2 below**

Table 16: 7.1- 2: List of Guaranteed Stock Balances in FY 2024/2025 (KSh Million)

Agency	Agreement Date/Year	Project	Creditor	Amount
Kenya Electricity Generating Company	1997	Sondu Miriu Hydropower Project	Government of Japan	608
	2004	Sondu Miriu Hydro Power II	Government of Japan	5,907
	2007	Sondu - Miriu Hydropower Project Sangoro Power Plant	Government of Japan	2,798
	2010	Olkaria 1 Unit 4 and 5 Geothermal Power Project	Government of Japan	16,107
	2011	Rehabilitation and Upgrade of the Geothermal Plant Olkaria	Government of Fed. Republic of Germany - GTZ	791
	2021	DSSI Japan For KenGen Loans Phase I	Government of Japan	526
	2021	DSSI Japan For KenGen Loans Phase II	Government of Japan	655
Kenya Ports Authority	2007	Mombasa Port Development Programme (Mombasa Port A)	Government of Japan	15,726
	2007	Mombasa Port Development Programme (Mombasa Port)	Government of Japan	1,720
	2015	Kenya Port Development Project - Phase II (Principal I)	Government of Japan	25,490
	2015	Kenya Port Development Project - Phase II (Principal IIA)	Government of Japan	2,858
	2021	DSSI Japan-Kenya Ports Authority (KE-P25) -Phase I	Government of Japan	162
	2021	DSSI Japan-Kenya Ports Authority (KE-P25) -Phase II	Government of Japan	203
Kenya Airways	2017	Kenya Airways Guarantee (for Local Banks)	MTC Trust & Corporate Services Limited (Security Agent for Local Banks)	9,690
Total				**83,241**

Source: National Treasury

7.2 Called-up Kenya Airways Guaranteed Debt

During the FY2021/22, the National Treasury guarantee to Kenya Airways was called as a result of loan payment defaults. The loan was for the purchase of seven (7) aircrafts and one (1) engine. The lender of the loan is Private Export Funding Corporation (PEFCO) of USA and guaranteed by Exim Bank of USA who in turn were guaranteed by the Government of Kenya. The guarantee issued in 2017 was for USD 525 million. The loan tenure is ten years up to in FY2027/28. KQ experienced cash flow challenges in the past which were exacerbated following strict COVID-19 containment measures that cut down business operations and global travels.

Following the default KQ sought GoK intervention and the Cabinet gave approvals for the Government to pay the loan arrears on behalf of KQ and the loan balance to be novated to Government. The arrears have been paid and the novation process was concluded. Following the novation of KQ debt, the Government serviced guaranteed debt on behalf of Kenya Airways amounting to KSh 19.7 billion in principal repayment during FY 2024/25.

7.3 State-Owned Enterprises Non-Guaranteed Debt

State-Owned Enterprises (SOEs) are legal entities established by the Government under Section 3of the State Corporations (SC) Act, Cap. 446, or by an Act of Parliament, or under the CompaniesAct Cap. 486 where the Government holds all or majority of shares. The entities are mandated to provide public goods, implement the government's development agenda, policies, and projects within the social, business, and commercial sectors of the economy. SOEs fund their budgets through Government transfers (recurrent grants), Appropriation-in-Aid (A-in-A) and loans.

As a reform initiative, the Government continues to expand reporting on public debt by includingnon-guaranteed debt held by SOEs to enhance accountability and transparency in public debt management. To this end, the Government is in the process of implementing a digital platform, Government Investment Management Information System (GIMIS), to digitize and ease the collection of these critical public finance statistics. Over the medium-term, the coverage and reporting of SOEs' outstanding debt is expected to improve significantly. In FY 2024/25 Fourteen (14) SOEs reported non-guaranteed debt amounting to KSh 44,869 million (0.26 percent of GDP) (See **Table 17:7.3-1** below).

Table 17:7.3-1: Kenya's Outstanding Non-Guaranteed Public Debt in FY2024/2025 (KSh Million)

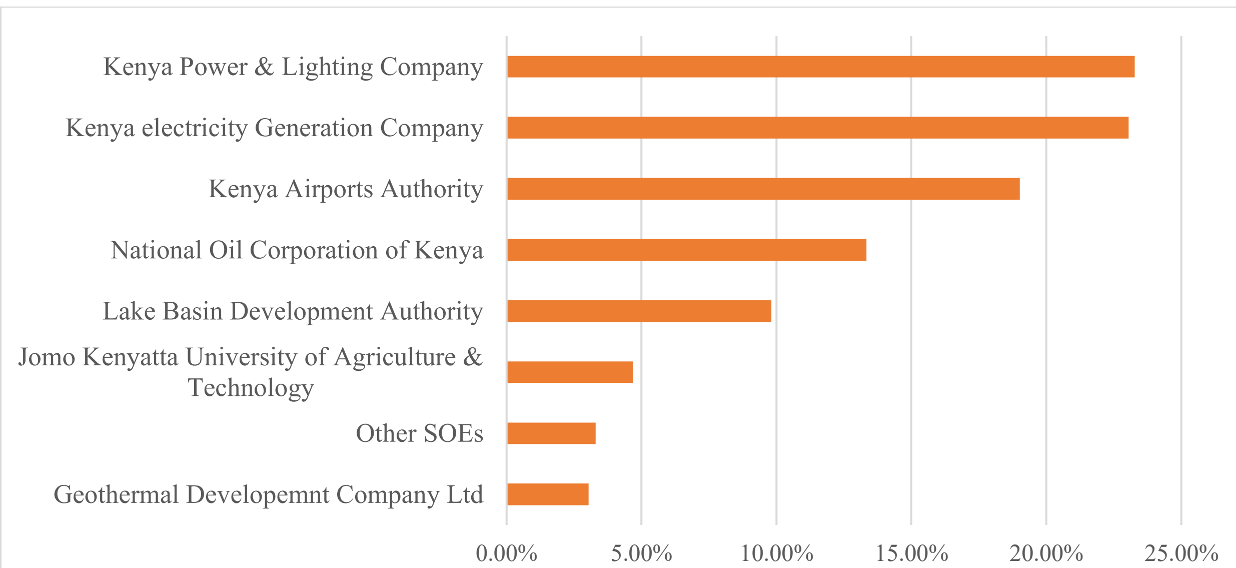
Entity	Lender	Borrowing Currency	Amount Borrowed (Original Currency) Millions	Amount Outstanding
University Of Kabianga	Cooperative Bank of Kenya	KSh	300.00	118.8
Maseno University	Equity Bank	KSh	716.00	497.0
Lake Basin Development Authority	Cooperative Bank of Kenya	KSh	2,500.00	4,401.0
Kenya Power	NCBA Bank	KSh	6,750.00	3,373.0
	Standard Chartered Bank	USD	350.00	7,068.0
Geothermal Development Company Limited	Cooperative Bank of Kenya	USD	29.10	1,361.0
National Oil Corporation of Kenya	KCB Bank	KSh	4,697.50	3,000.0
	STANBIC Bank	KSh	1,303.60	2,985.0
Kenya Airports Authority	AFD,Agence Francaise de Development - JKIA _	USD	93.00	3,795.0
	AFD,Agence Francaise de Development - JKIA _	USD	66.00	4,735.0
	World Bank-Kamp	USD	5.00	450.0
Agricultural Development Corporation	KCB Bank	KSh	340.00	196.0
Jomo Kenyatta University of Agriculture and Technology	KCB Bank	KSh	1,800.00	688.0
	KCB Bank	KSh	750.00	272.0
	KCB Bank	KSh	1,898.00	1,145.0
Nyayo Tea Zones Development Corporation	Credit Bank Limited	USD	4.00	296.0
	UBA Kenya Bank Ltd	USD	1.00	33.0
Kenya Electricity Generating Company Plc	ABSA Bank	USD	80.00	10,339.0
Development Bank of Kenya Ltd	Kenya Development Corporation	KSh	0.50	0.3
	EADB	KSh	0.30	0.2

Entity	Lender	Borrowing Currency	Amount Borrowed (Original Currency) Millions	Amount Outstanding
Jaramogi Oginga Odinga University of Science and Technology	Cooperative Bank of Kenya	KSh	174.00	55.0
Postal Corporation of Kenya	NCBA Bank Kenya PLC	KSh	220.00	61.0
			Total	**44,869.3**

Source: National Treasury

The distribution of State-Owned Enterprises Non-Guaranteed Debt as a percentage of the total non-guaranteed debt is as shown in **Figure 15:7.3-1** below. Kenya Power and Lighting Company (KPLC) had 23.27 percent representing the largest non-guaranteed debt followed by Kenya Electricity Generating Company (KENGEN) and Kenya Airports Authority at 23 and 19 percent respectively.

Figure 14:7.3-1: Distribution of State-Owned Enterprises Non-Guaranteed Debt (as a percentage of the total non-guaranteed debt)



Source: *National Treasury*

Sector analysis of non-guaranteed debt indicates that the largest stock of debt was held by four key sectors as follows: the Energy and Petroleum at 62.7 percent amounting to KSh 28,126 Million; Roads and Transport at 19.1 percent representing KSh 8,530 million; East African Community (EAC), the ASALS and Regional Development at 9.8 percent representing KSh 4,401 million and Education at 6.2 percent representing KSh 4,046 million as illustrated in

Table 18:7.3-2 below.

Table 18:7.3-2: Outstanding Balance by Sector in FY 2023/2024 (KSh Million)

Sector	Outstanding balance	As a % of Total Non-Guaranteed Debt
Agriculture and Livestock Development	525	1.17
East African Community (EAC), the ASALS and Regional Development	4,401	9.81
Education	4,046	6.2
Energy and Petroleum	28,126	62.7
Information, Technology and Digital Economy	61	0.14
Roads and Transport	8,530	19.1
Total	44,869	100

Source: National Treasury

7.4 On-Lent and GoK Direct Loans

As at end June 2025, the cumulative stock of Loans (On-Lent and GoK Direct) was KSh 1,051,134 million. Of this, Loans to the Kenya Railways Corporation amounted to KSh 547,378 million, representing 52 percent of the total loans portfolio and signaling a high concentration risk in a single state corporation.

During the review period, cumulative repayments of loans amounted to **KSh 76,932 million**, equivalent to only 7.3 percent of the total loan stock (see **Table 19:7.4-1** below)**.** This low repayment rate underscores persistent challenges in loan recovery, raising concerns about the sustainability of on-lending and GoK Direct Loans arrangements and the potential fiscal burden on the Government in the event of defaults by beneficiary entities.

Table 19: 7.4-1: Summary Schedule of Outstanding Loans (On lent and GoK Direct) in FY 2024/ 2025 (KSh Million)

No	To Whom Lent	Amount Disbursed	Amount Repaid/	Amount Outstanding As at 30th June 2025
1	Agricultural Finance Corporation	1,410	22	1,387
2	Agricultural Settlement Fund and Central Land Board.	126	52	74
3	Agro-chemical & food Company Ltd	2,942	-	2,942
4	Athi Water Works Development Agency	62,485	527	61,957
5	Catering Levy Trustee/Kenya Utalii College	140	18	122
6	Central Rift Valley Water Works Development Agency	5,225	302	4,922
7	Coast Water Works Development Agency	16,862	-	16,862
8	Co-operative Bank of Kenya Ltd	339	72	267
9	East Africa Portland and Cement Ltd	1,943	-	1,943
10	Eldoret Municipal Council/ Eldoret Water & Sanitation Co. Ltd	1,059	849	210
11	Equity Bank Ltd	445	255	190
12	Halal Meat Products	28	-	28
13	KDC- IDB Capital Limited	590	-	590
14	KDC- Industrial and Commercial Dev. Corporation	892	198	694
15	KDC- Kenya Tourist Development Corporation	48	-	48
16	Kenya Airports Authority	2,995	1,904	1,091
17	Kenya Airways PLC	122,952	-	122,952
18	Kenya Civil Aviation Authority	2,726	1,426	1,300
19	Kenya Development Corporation	2,350		2,350
20	Kenya Electricity Generating Co. Ltd.	133,449	50,873	82,576
21	Kenya Electricity Transmission Co. Ltd.	2,470	12	2,458
22	Kenya Meat Commission	940	-	940
23	Kenya Mortgage Refinance Company	30,814	-	30,814
24	Kenya Power and Lighting Co. Limited	92,777	19,372	73,405
25	Kenya Railways Corporation	547,378		547,378
26	Kenya Urban Transport Various Towns	41	-	41
27	Kenyatta University	10,774	-	10,774
28	Kilifi Mariakani Water & Sewerage Co. Ltd	1,256	-	1,256
29	Kwale Water & Sewerage Co. Ltd	1,385	-	1,385

No	To Whom Lent	Amount Disbursed	Amount Repaid/	Amount Outstanding As at 30th June 2025
30	Lake Basin Development Authority (LBDA)	2,000	-	2,000
31	Lake Victoria North Water Works Development Agency	16,191	35	16,156
32	Lake Victoria South Water Works Development Agency	9,608	5	9,603
33	Local Government Loans Authority	7,689	94	7,594
34	Malindi Water, Sewerage & Sanitation Co. Ltd	1,584	-	1,584
37	Moi University	250	19	231
38	Mombasa Pipeline Board	63	40	23
39	Mombasa Water & Sanitation Co. Ltd	1,301		1,301
40	Mumias Outgrowers Company Limited	43	26	17
41	Mumias Sugar Company Limited	3,000	-	3,000
42	Nairobi City Council	123	21	102
43	National Irrigation Board	1,128	-	1,128
44	National Water Conservation and Pipeline Corporation	2,460	-	2,460
45	Northern Water Works Development Agency	4,227	-	4,227
46	Nyeri Water and Sewarage Company	1,160	807	353
48	Rural Electrification Authority	13,589		13,589
50	Tana Water Works Development Agency	8,887	-	8,887
51	Tanathi Water Works Development Agency	5,375	-	5,375
52	Tavevo Water & Sewerage Co. Ltd	964	-	964
53	Uchumi Supermarkets Limited	1,200	-	1,200
54	Water Resource Management Authority	363	-	363
	Total	**1,128,045,**	**76,932**	**1,051,114**

Source: National Treasury

7.5 On-lent and GoK Direct Loans (Arrears)

As at end June 2025 loan arrears comprising both principal and accrued interest amounted to **KSh** 511,443 million. Of this, KSh 413,359 million relates to the Kenya Railways Corporation (SGR Project), which remains un-serviced and accounts for 81 percent of the total arrears. This heavy concentration exposes the Government to significant fiscal risk tied to a single infrastructure project.

A key concern behind the non-servicing of the loan is the escrow account arrangement. Revenues collected from SGR operations are deposited directly into an escrow account jointly managed with the financier. The escrow account entails maintaining a minimum balance at bank accountant before any surplus can be applied toward loan repayment. This arrangement has effectively locked out loan repayments, resulting in the steady accumulation of arrears despite continued SGR operations. In view of the above, it is recommended that escrow account terms should be renegotiated to allow for debt service alongside operation and maintenance costs.

During the period under review, arrears in the Water Sector was KSh 44,987 million. The sector continues to face financial challenges arising from ongoing legal reforms, given that water is a devolved function. In particular, some County Government owned Water Companies have not been remitting funds to the respective Water Agencies, thereby constraining debt-servicing capacity and exacerbating arrears accumulation. Addressing these challenges will require stronger enforcement mechanisms to ensure timely remittances, clearer intergovernmental financing frameworks, and possible restructuring of water sector debt to align with county-level revenue flows.

7.6 Public Private Partnership (PPP) contingent liabilities

Contingent liabilities associated with PPP projects generally arise from: revenue/demand guarantees; exchange rate guarantees; credit enhancement guarantees; and termination payments.

Based on the negotiated project agreements for PPPs within National Treasury, the key contingent liability is termination payments. The termination clauses for the PPP projects vary depending on the negotiated project agreements. Assuming the worst-case scenario of termination of PPP projects due to Contracting Authority default the maximum termination sums as at financial close for executed projects have been reported as the contingent liability. As end June 2025, the sums for PPP projects that had achieved financial close are shown in **Table 18:7.6-1** below. Total estimated exposure related to termination sum payments amounts to **KSh 203 billion**.

Therefore, assuming 5% probability of termination by the Contracting Authorities, contingent liability associated with PPP projects arising from projects termination payments is **KSh 10.19 billion** as end June 2025. However, it should be noted that the likelihood of occurrence, value, and timing of such termination payments cannot be determined with certainty in advance. Furthermore, it is unlikely that all projects will be terminated simultaneously, resulting in the aggregate termination sum of KES 203 billion becoming due at once.

Table 20: 7.6-1: Summary of PPP projects and associated contingent liabilities (estimated termination cost) (KSh million)

Sector/Project Name	Contracting Authority	Project Stage	Project Cost	Estimated Termination Payment
Roads				
1. Lot 13 Roads Annuity Project	KeRRA	Operations and Maintenance	9,883	**7,287**
2. Nairobi Expressway	KeNHA	Operations and Maintenance	70,783	**103,763**
3. Lot 15 Roads Annuity Project	KURA	Operations and Maintenance	8,117	**8,487**
4. Lot 18 Roads Annuity Project	KURA	Construction	6,397	**7,195**
Energy				
5. 40 MW Malindi Solar Power Plant Project	Kenya Power	Operations and Maintenance	8,440	**12,261**
6. 40 MW Cedate Solar Power Project	Kenya Power	Operations and Maintenance	8,189	**9,946**
7. 50 MW Chania Green Wind Power Project	Kenya Power	Operations and Maintenance	12,978	**14,706**
8. 40 MW Selenkei Solar Power Project	Kenya Power	Operations and Maintenance	8,446	**10,372**
9. 35MW Sosian Menengai Geothermal Power Plant	Geothermal Development Company	Operations and Maintenance	11,699	**11,518**
10. 35MW Quantum Menengai Geothermal Power Plant	Geothermal Development Company	Construction Operations and Maintenance	15,113	**14,789**
Housing				

11.Kenya Defence Residential Accommodation	Ministry of Defence	Construction	4,346.7	**3,570**
Total			**164,392**	**203, 894**

Source: National Treasury

CHAPTER EIGHT

PUBLIC DEBT SUSTAINABILITY

8.1 Introduction

Kenya's public debt is KSh 11,814.5 billion. This is equivalent to 63.7 percent of GDP in present value terms. Currently, the Present Value of total public debt-to-GDP ratio is above the sustainability threshold of 55 percent. The National Treasury is implementing fiscal consolidation reforms aimed at reducing fiscal deficit and the pace of debt accumulation.

Debt sustainability management analysis by the PDMO indicates that Kenya's public debt remains sustainable but is at high risk of debt distress.

8.2 Assumptions underlying the Debt Sustainability Analysis (DSA)

Kenya's Real GDP growth slowed down from 5.6% in 2023 to 4.7% in 2024. Growth is however projected to rebound in 2025 to 5.0 percent and thereafter remain stable over the medium-term under current conditions. Growth will be supported by improved performance in the services sector, agriculture, industry and manufacturing.

In 2024, inflation moderated to 4.5 percent compared to 7.7 percent in 2023. During the first half of 2025, inflation has ranged within the Central Bank of Kenya's target range of 5 percent (plus or minus 2.5 percentage points) and is projected to remain stable over the medium-term. Stability in inflation level will be supported by ensuring fiscal consolidation and tight monetary stance.

In the external sector, the current account deficit improved to 3.7 percent in 2024 compared to 4.9 percent in 2023. Improvement in the current account balance is projected to be sustained over the medium term supported by strong remittance inflows, better performance in exports, and a reduction in import costs. Kenya's foreign exchange reserves have remained above 4 months of import cover, providing a strong buffer against short-term external shocks. Kenyan shilling has experienced pressure due to the appreciation of the US dollar, but recent monetary policy tightening has helped stabilize the exchange rate.

The financial sector is showing signs of recovery as credit to the private sector continues to improve, driven by inflows and investment funds demand. Broad money growth is expected to remain aligned with nominal GDP growth, contributing to overall macroeconomic stability.

8.2 Debt Carrying Capacity Indicator

The Kenya's debt carrying capacity estimated Composite Indicator (CI) is 3.02 as per the most recent IMF assessment report (**See Table 18: 8:2-1**).

Table 21:8.2- 1: Kenya's Debt Carrying Capacity Classification

	May 2020	Mar 2021	Dec 2021	Dec 2022	June 2023	Dec 2023	Nov 2024
Debt Carrying Capacity	Strong	Medium	Medium	Medium	Medium	Medium	Medium
Composite Index (CI)	3.12	3.01	3.04	3.02	2.98	3.01	3.02

Source: *IMF Country Reports*

The CI captures the impact of several weighted average of an institutional factor, real GDP growth, remittances, international reserves, and world economic growth.

To improve Kenya's debt-carrying capacity above 3.05 threshold required for an upgrade to a stronger category with higher debt burden limits fiscal deficits must be restricted to rates below the growth of GDP and export sector needs to improve beyond current level.

8.3 External Debt Sustainability Analysis

The External Debt Sustainability Analysis for Kenya indicates that external debt faces a high risk of debt distress. Only External debt-to-GDP ratio remains below the threshold while the rest of the sustainability thresholds for external debt against exports and revenues are in breach. (See Table 19:8.4-1). The Present Value (PV) of external debt-to-exports is projected to remain above the 180 percent threshold until 2029 and debt service-to-exports ratio is projected to remain above the threshold 15 through 2029, while debt service-to-revenue ratio, is projected to remain above the threshold of 18 through 2028. External debt is more vulnerable to macro-economic shocks; such as exchange rate with potential breaches in debt indicators under stress events.

Table 22: 8.4- 1: Kenya's External Debt Sustainability Analysis

Indicators	Thresholds	2023	2024	2025	2026	2027	2028	2029	2030
		Actual		Projection					
PV of PPG external debt-to-GDP ratio	**40**	32.1	29.8	30.4	31.0	29.5	28.1	26.8	25.9
PV of PPG external debt-to-exports ratio	**180**	274.8	274.2	260.2	241.9	222.3	208.1	195	184.4
PPG debt service-to-exports ratio	**15**	26.9	40.5	31.9	29.8	27.3	27.0	22.0	22.3
PPG debt service-to-revenue ratio	**18**	18.8	25.2	20.6	20.4	18.9	18.6	15.5	16.0

Source: IMF Country Report, November 2024

8.4 Public Debt Sustainability Analysis

In the Financial Year under review, the Present Value (PV) of total public debt-to-GDP ratio remained above the 55 percent benchmark, signaling a breach of sustainability threshold as shown in Table 8.4-1 below. The present value of public debt was 63.0 percent of GDP in November 2024 and is projected to decline to 54.6 percent by 2030.

With the proposed fiscal consolidation, the PV of public debt-to-revenue ratio is projected to decrease from 356.2 percent in November 2024 to 274.6 percent by 2030. The PV of debt-to-GDP is likely to remain above the sustainability threshold over the medium term in the context of potential shock severe shocks involving primary balance.

Table 23:8.5- 1: Kenya's Public Debt Sustainability Analysis

Indicators	Benchmark	2023	2024	2025	2026	2027	2028	2029	2030
		Actual		Projections					
PV of debt–to-GDP ratio	55	68.7	63.0	64.0	63.7	61.2	58.6	56.2	54.6
PV of public debt-to-revenue and grants ratio		406.2	356.2	348.4	334.3	313.8	296.0	282.9	274.6
Debt service-to-revenue and grants ratio		60.6	63.7	62.5	61.4	58.1	55.7	49.0	47.1

Source: *IMF Country Report, November2024*

8.5 Improving Debt Sustainability

Kenya's overall and external public debt is deemed sustainable but carries a high risk of debt distress. To mitigate debt vulnerabilities, the National Treasury is implementing fiscal balance reforms to reduce fiscal deficits and reduce public debt accumulation. Fiscal deficit has been reduced from 5.6 percent in FY 2022/23 to 4.9 percent in FY 2024/25. Fiscal deficit is projected to reduce to 2.7 percent in FY 2028/29 **see Table 22:8.5- 1 below**.

Table 24:8.5- 1: Kenya's fiscal Deficit over the medium term

Fiscal Deficit	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
Balance inclusive of grants (cash basis) as a % of GDP	5.6	5.3	5.8	4.7	4.9	3.8	3.5

Source: National Treasury

CHAPTER NINE

PUBLIC DEBT RISKS MANAGEMENT

9.0 Introduction

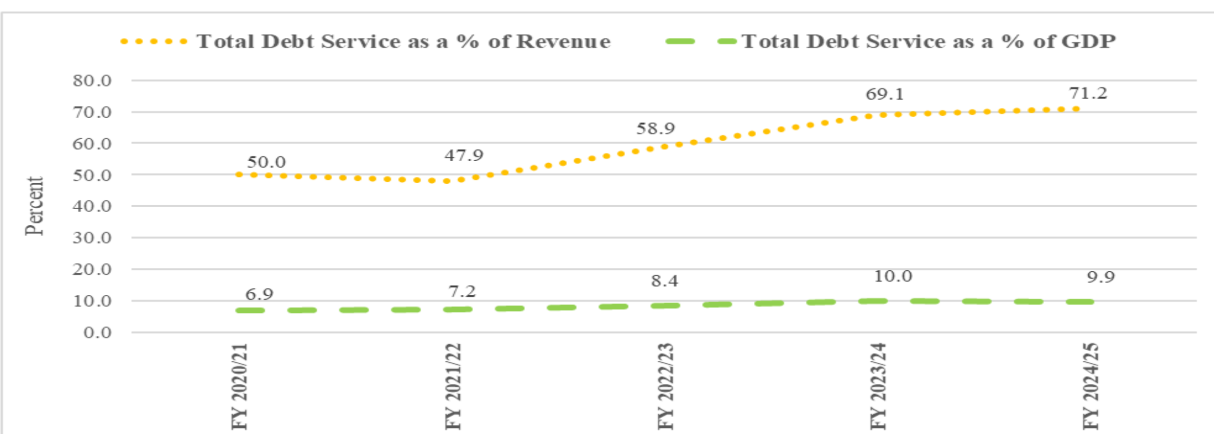
Section 15(2)(e) of PFM Act, Cap 412A requires the National Treasury to manage fiscal risks prudently in line with fiscal responsibility principles. In addition, Section 33(3)(c) of the Act requires the Treasury to prepare the Medium-Term Debt Management Strategy (MTDS) and provide a statement outlining the key risks linked to loans and guarantees.

In line with the above provisions, the National Treasury continues to manage, monitor, and report on public debt risks. The main market-related risks include rollover and refinancing pressures, interest rate volatility, exchange rate fluctuations, and limited access to diverse funding sources. Public debt costs are influenced by factors such as interest rates, principal repayments, exchange rate movements, as well as other charges (commitment, upfront, insurance premiums, and management/arrangement fees) alongside liabilities arising from guaranteed debt.

9.1 Debt Service as a Percentage of Revenue and GDP

Debt service costs as a share of revenue increased to 71.2 percent in FY 2024/25 from 69.1 percent in FY 2023/24. The rise was attributed to prevailing high interest rates and depreciation of the Kenya Shillings against major currencies during the period under review. Over the years, the debt service costs as a share of GDP continue to increase gradually as illustrated in **figure 14:9.1-1 below**.

Figure 15: 9.1- 1: Debt Service as a percentage of Revenue and GDP

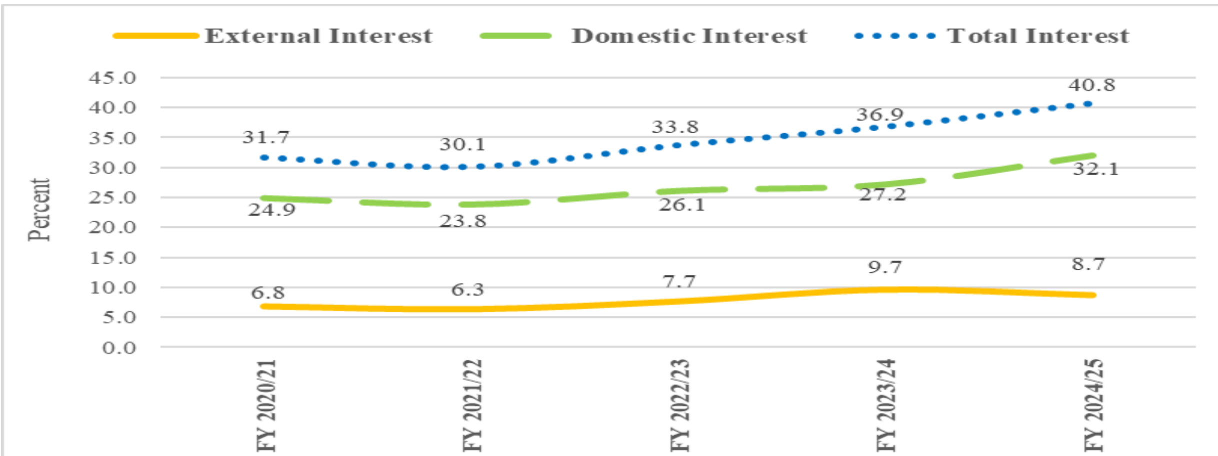


Source: National Treasury

9.2 Interest Payment as a percentage of Revenue

Total interest payment as a percentage of revenue increased to 40.8 percent in FY 2024/25 from 36.9 percent in FY 2023/24. Increased interest payments on overall debt were attributed to prevailing high interest rate for debt market instruments and depreciation of the Kenya Shilling for external debts during the year under review as well as increase in debt stock (**see figure 15:9.2-1 below**).

Figure 16: 9.2- 1: Interest Payments as a percentage of Revenue

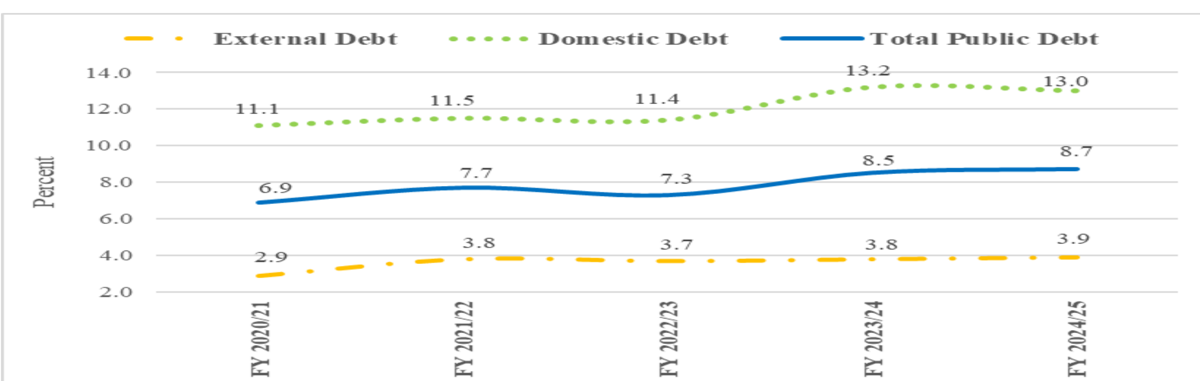


Source: National Treasury

9.3 Weighted Average Interest Rate

The Weighted Average Interest Rate (WAIR) of the total public debt increased by 0.2 percentage points to 8.7 percent in FY 2024/25 from 8.5 percent in FY 2023/25. The WAIR for domestic debt decreased by 0.2 percentage points from 13.2 percent to 13.0 percent during the period under review while for external debt, it increased by 0.1 percentage points to 3.9 percent from 3.8 percent (**see Figure 16:9.3-1 below**).

Figure 17: 9.3 1: Trend on Weighted Average Interest Rate of Public Debt

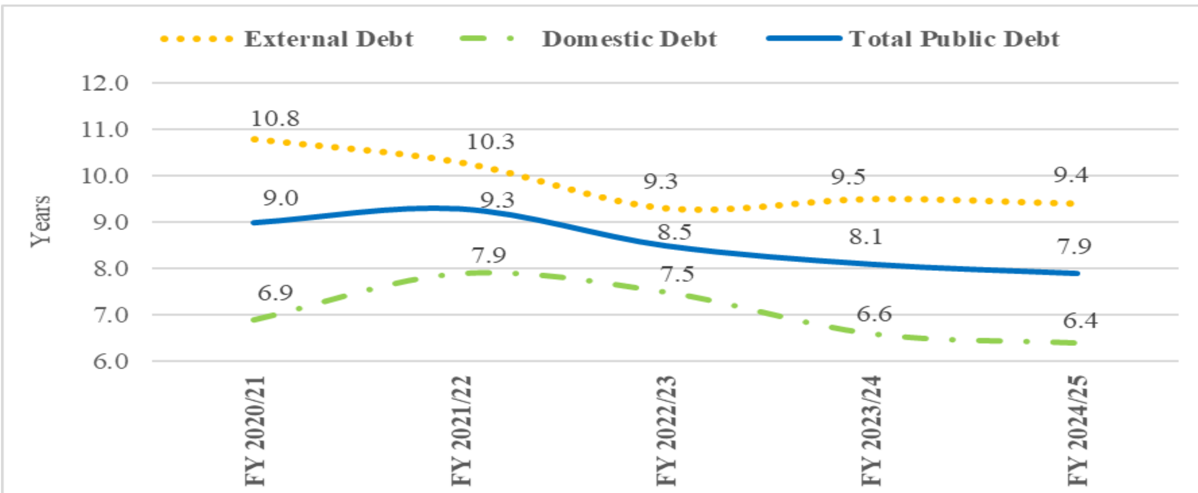


Source: National Treasury

9.4 Average Time to Maturity

The Average Time to Maturity (ATM) declined across domestic, external, and overall debt, reflecting investors' preference for shorter-term debt instruments. This downward trend, sustained over the past two years, is linked to heightened risk perceptions among local and foreign investors due to global monetary policies and interest rates uncertainties.

Figure 18: 9.4- 1: Average Time to Maturity

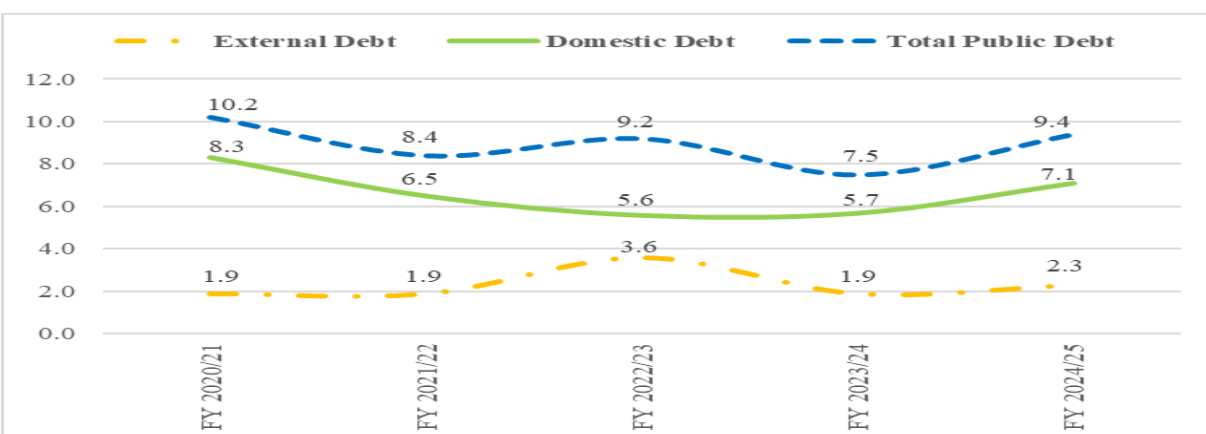


Source: National Treasury

9.5 Debt Maturing in One-Year as a percentage of GDP

The proportion of external and domestic public debt maturing within one year, as a share of GDP, rose significantly in FY 2024/25 due to increased reliance on short-term borrowing which heightens refinancing risk as illustrated in **Figure 18:9.5-1 below**.

Figure 19: 9.5- 1: Debt Maturing in One-Year as a percentage of GDP

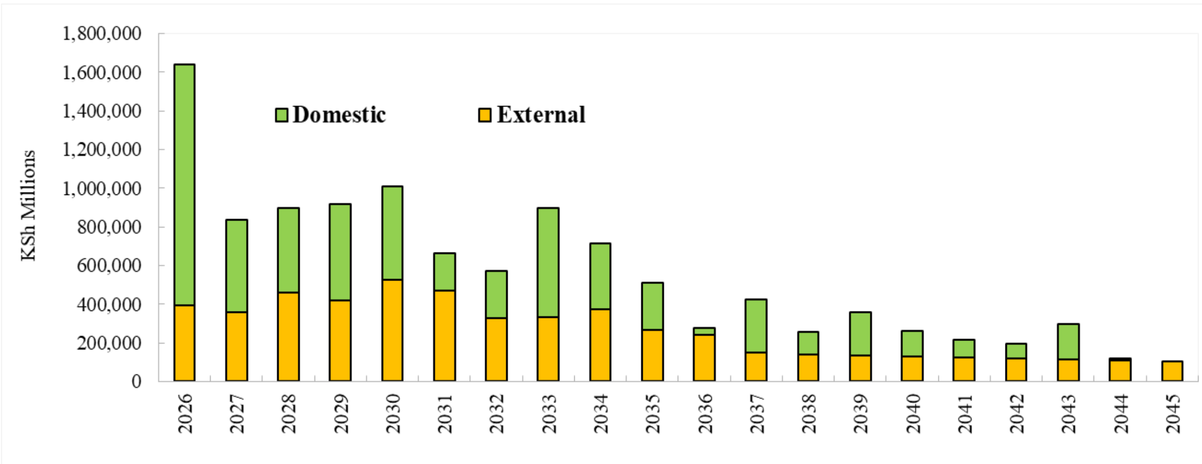


Source: National Treasury

9.6 Redemption Profile

The overall redemption profile is skewed to the longer tenors with maturity bundling in the short- to medium-term (**Figure 19:9.6-1**). Domestic debt maturities are projected to peak in 2025 and the medium term, before easing in the outer years. However, much of the near term maturities are in form of Treasury Bills which get rollover as they mature.

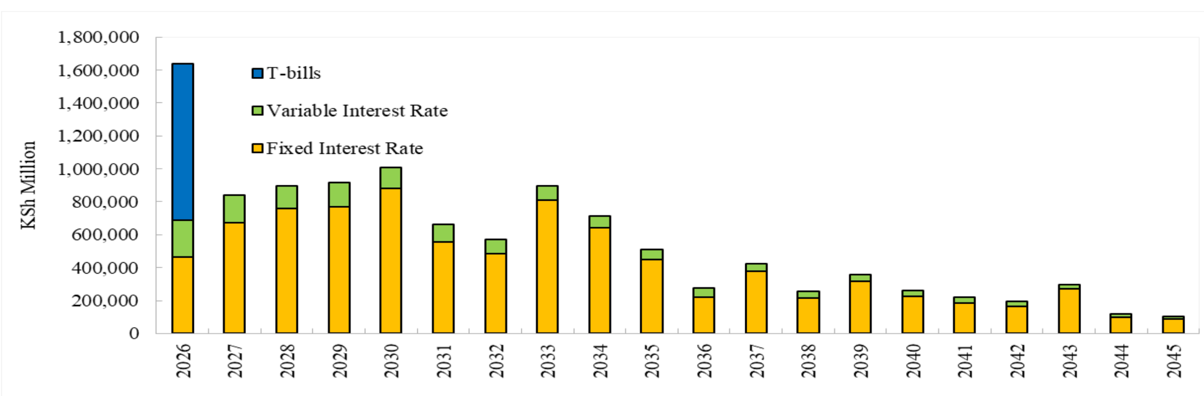
Figure 20: 9.6- 1: Redemption Profile of Total Public Debt



Source: National Treasury

Public debt contracted on fixed-rate terms, accounting for 87.0 percent of total debt (including Treasury bills) as at end-June 2025, compared to 13.0 percent on variable rate terms. Exposure to variable interest rates is expected to remain low and stable over the long term (**Figure 20:9.6-2** below).

Figure 21:9.6- 2: Redemption Profile of Total Public Debt by Interest Rate Type

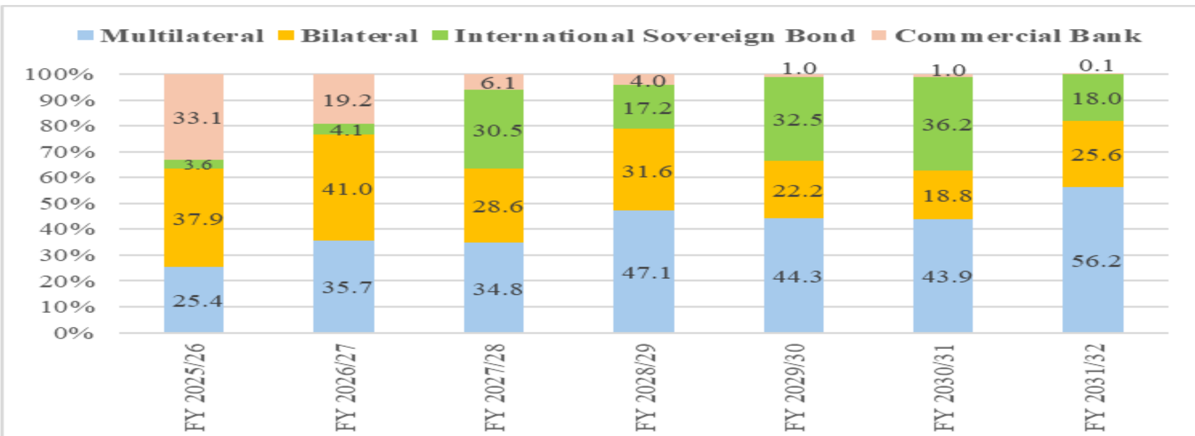


Source: National Treasury

9.7 Redemption Profile of External Debt by Creditor Category

Maturities of multilateral and bilateral debts is expected to rise significantly from 43.9 percent and 18.8 percent in FY 2030/31 to 56.2 percent and 25.6 percent, respectively, in FY 2031/32. In contrast, international sovereign bond debt redemptions will smoothen following the maturity of the USD 2 billion 2024 Eurobond and liability management operations (LMOs) on the 2027 Eurobond (**Figure 21:9.7-1**). The Government intends to undertake LMOs over the medium term, subject to market conditions, to smooth debt maturities profile.

Figure 22:9. 7- 1: Redemption Profile of External Debt by Creditor Category

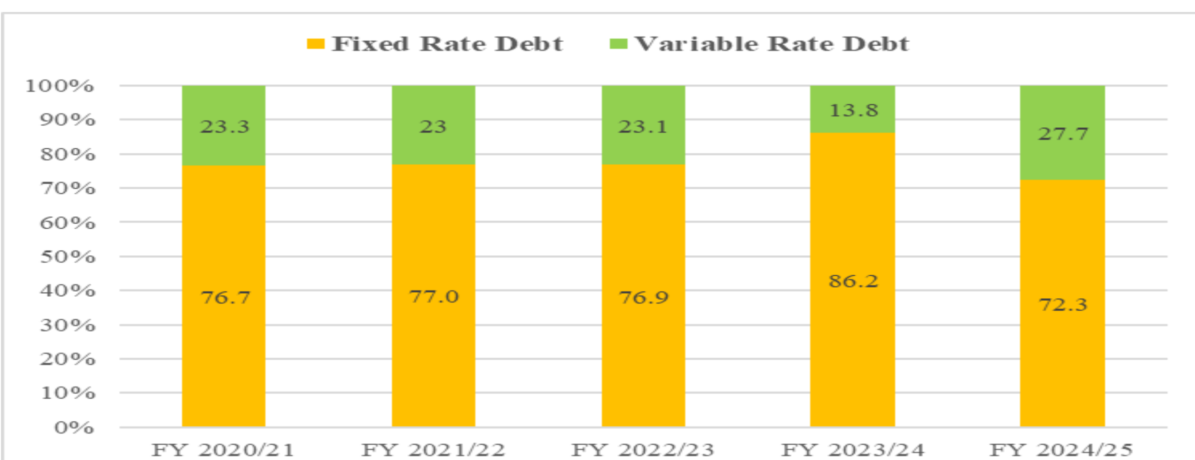


Source: National Treasury

9.8 Composition of Fixed and Variable Rate External Debt

In FY 2024/25, the share of fixed-rate external debt fell by 13.9 percentage points to 72.3 percent, while variable-rate debt rose to 27.7 percent from 13.8 percent (**Figure 22:9.8-1**).

Figure 23: 9.8- 1: Composition of Fixed and Variable Rate External Debt

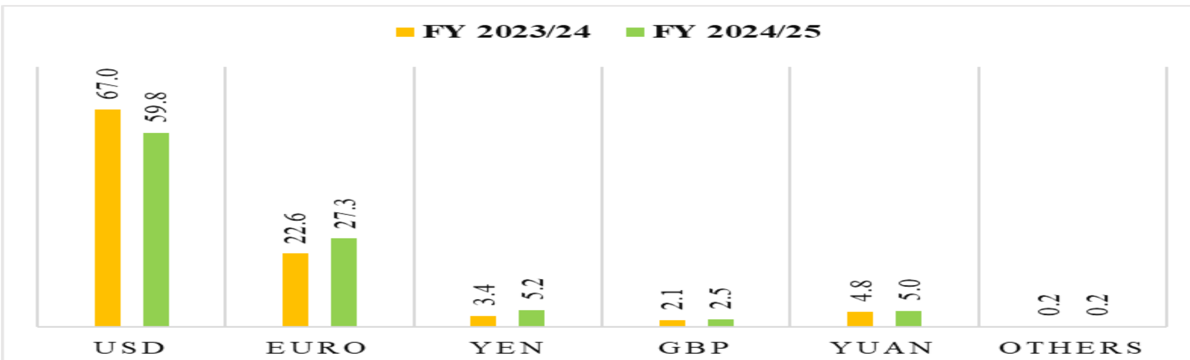


Source: National Treasury

9.9 Currency Composition

As at end-June 2025, the public debt portfolio exposure to exchange rate fluctuations stood at 46.4 percent, down from 48.9 percent in June 2024. External debt is concentrated in five major currencies: the US Dollar; Euro; Japanese Yen; British Pound and Chinese Yuan. The US Dollar accounted for the largest share at 59.8 percent, followed by the Euro (27.3 percent), Japanese Yen (5.2 percent), Yuan (5.0 percent), Pound Sterling (2.5 percent), with other currencies making up 0.2 percent.

Figure 24: 9.10- 1: External Debt Currency Composition



Source: National Treasury

The Government has continued to pursue currency diversification as a measure to mitigate foreign exchange risk.

The National Treasury shall continue to undertake reforms aimed at reducing the cost and minimize the risk of public debt while also improving the institutional structure and policies to ensure efficient and effective debt management operations.

CHAPTER TEN

SOVEREIGN CREDIT RATING

10.1 Introduction

Credit ratings are vital indicators of a country's financial health and the level of risk and cost involved in borrowing by the sovereign. Most credit ratings that attest to the cost and risks perception are by major global agencies such as Fitch Ratings, Standard & Poor's (S&P), and Moody's.

A sovereign credit rating acts as a measure of trust in a country's ability to repay its debts and has wide-ranging effects on its economy. A stronger rating lowers borrowing costs by allowing the government to access credit at cheaper interest rates, while a weaker rating drives up debt servicing expenses and can even limit access to international markets.

Table 22:10.1-1 below shows the rating scale used by the three major rating agencies that reflects the level of credit worthiness.

Table 22:10.1-1: Rating Scales

Moody`s	S&P	Fitch	Description	Grade
Aaa	AAA	AAA	Highest credit quality, minimum credit risk	Investment Grade
Aa1, Aa2, Aa3	AAA+, AA, AA-	AAA+, AA, AA-	Very high credit quality, very low credit risk	
A1, A2, A3	A+, A, A-	A+, A, A-	High credit quality (upper-medium grade)	
Baa1, Baa2, Baa3	BBB+, BBB, BBB-	BBB+, BBB, BBB-	Good credit quality, currently low credit risk	
Ba1, Ba2, Ba3	BB+, BB, BB-	BB+, BB, BB-	Speculative elements, issuer faces major uncertainties and adverse conditions	Non-Investment Grade
B1, B2, B3	B+, B, B-	B+, B, B-	High credit risk, but issuer still able to meet its financial commitments	
Caa1, Caa1, Caa3	CCC+, CCC, CCC-	CCC	Issuer currently highly vulnerable, default likely	
Ca	CC	CC	Issuer currently highly vulnerable near default	
C	R, SD, D	C, RD, D	Lowest rating, typically in default on some (SD, RD) or all its financial obligations	

Source: Credit Rating Institutions

In the global credit rating system, countries with an investment-grade (BBB) rating are considered low credit risk borrowers and enjoy lower interest rates.

10.2 Kenya's Sovereign Credit Rating and the underpinning Factors

Kenya's long term sovereign credit rating is currently classified at B with stable outlook, and B for short term sovereign credit rating by S&P Global Ratings. This is on account of the following factors:

Increased External Liquidity: reduced external liquidity pressures through high stock of foreign exchange reserves, strong inflows from both export earnings, and diaspora remittances. Foreign exchange reserves stood at unpreceded levels of USD 11,089 million (4.9 months of import cover) as of June 2025 by end of the fiscal year up from USD 6,710 million (3.6 months of import cover by December 2023. The current account deficit widened by USD 112 million to USD 1,397 million in the fourth quarter of 2024, up from USD 1,285 million in the same period of 2023.

Sustained Access to concessional external financing: To finance fiscal deficits and undertake liability management Kenya has had sustained access to adequate multiple external funding sources, both concessional and fairly priced commercial funding ensuring reduced refinancing risks of external debt. This supports strong buildup of foreign exchange reserves. Domestic debt market has been providing adequate back up funding for any shortage or delays in accessing foreign currency funding whenever they occur.

Smoothened External Debt Maturity Profile: ongoing liability management operations aimed at smoothening external debt maturity profile is viewed positively by investors and rating agencies alike. External refinancing pressures have consequently decreased.

Stronger and Deeper local currency debt market: the local currency debt market has increasingly deepened and facilitated local currency financing at unpreceded levels. Effectively the debt stock is now tilted in favor of domestic currency. It is expected that local financial institutions and fund managers will continue to play major role of funding Government borrowing needs.

Strong macroeconomic stability: inflation levels have remained within target and in single digits leveling to 3.8 percent by end of the financial year compared to 4.8 percent as of end June 2024. Kenya shilling exchange rate to the USD has been stable since early 2024. Private sector credit has been on a growth path supported by central bank rate cuts successively from 13 percent to 9.75 percent at the end of the financial year. The local currency yield curve has shifted downwards. GDP growth has remained robust at 4.7% percent in 2024 compared to 5.7 percent recorded in 2023. Annual GDP growth rate is projected to remain above 5 percent between 2026 and 2028.

The Kenyan economy is highly diversified including service industries, manufacturing and agricultural sectors, supported by a rapidly expanding middle class and growing per capita income. Service sector is growing fast and generating wealth leading to GDP expansion.

Reduction of fiscal deficits: Fiscal deficits were estimated at 4.7 percent by end of June 2025 down from target 5.8 percent at the beginning of the fiscal year. Fiscal deficits are expected to fall to 3.0 percent in the medium term thereby reducing the rate of accumulation of public debt. **Strong institutions: Ke**nya has an independent central bank, strong parliamentary oversight on public finances and public debt as well as hawkish general public. A strong, market based financial market and diversified banking sectors support economic resilience far better than its B rated peers.

10.3 Kenya's sovereign credit rating trends

The following table highlights the trends in Kenya's sovereign credit rating by the leading rating agencies:

Table 25: 10.1-2: Kenya's Credit Ratings in 2024 and 2025

Rating Agency	Date	Rate	Outlook
Standard and Poor's	22-Aug 2025	B	Stable
	25-Aug 2024	B-	Stable
	9-Feb 2024	B-	Stable
Fitch	25-Jul 2025	B-	Stable
	25-Feb 2025		
Moody's	25-Jan 2025	Caa1	Positive
	25-Aug2024	Caa1	Negative

Source: Credit Rating Institutions

Challenges in achieving higher rating scores: The cost of borrowing consists of base reference rates such as LIBOR, SOFR, or EURIBOR, which are influenced by monetary policies in major world economies and fixed margins determined by preferred rates of return investors and risk perception premiums. Many of these factors are beyond the control on the local monetary policy authority (CBK). Risk premiums are related to credit spreads, defined as the difference between the yield on risk-free US treasury securities and Kenya's sovereign bonds of similar maturity, capture the market's perception of Kenya's Credit risk.

Other embedded costs such as margins, fees, insurance premiums, and administrative charges further contribute to the total financial burden of borrowing, which encompasses principal repayment, interest payments and related expenses over the life of the loan.

Not so large per capita income and weather patterns: Kenya's real per capita income stands at KSh 208,061.1 in 2024 and GDP growth is constrained by unfavourable weather conditions affecting agricultural sector which constitute 20% of GDP. High domestic interest rates relative to external funding costs place further constraints on GDP growth.

10.4 Impact of Sovereign Credit Rating Upgrades

The recent credit rating upgrades by Fitch and Moody's mark an important milestone for Kenya's economy and reflect renewed confidence in the country's fiscal and economic management. These upgrades signal to global investors that Kenya's risk profile has improved, making the country a more attractive destination for investment. As a result, Kenya is expected to benefit from lower borrowing costs in international markets, reduced pressure on debt servicing, and greater access to much-needed financing for development priorities.

Beyond the direct impact on government borrowing, the upgrades are also expected to boost confidence in Kenya's financial system more broadly. Stronger sovereign ratings often translate into better borrowing terms for Kenyan businesses and banks, supporting private sector growth and job creation. At the same time, the improved outlook helps stabilize the Kenya shilling by encouraging capital inflows and strengthening the country's foreign exchange position.

Overall, these upgrades affirm the government's commitment to fiscal discipline, prudent debt management, and economic reforms. They send a clear message to both domestic and international stakeholders that Kenya is on a positive trajectory, creating an enabling environment for sustainable growth and long-term investment.

10.5 Engagement with Credit Rating Agencies

The National Treasury sustained active engagement with Credit Rating Agencies (CRAs) in the context of providing accurate and consistent fiscal and macro-economic data. In September 2024, with UNDP support, the PDMO, KNBS, and CBK participated in a regional credit rating induction seminar. Moody's held a sensitization meeting on June 23, 2025, with the National Treasury, CBK, CMA, and private sector representatives to discuss sovereign ratings methodology, key rating drivers, and Kenya's credit outlook. Further, during the review period, UNDP, AfriCatalyst and APRM supported participants from the National Treasury to participate in specialized credit rating engagements in Addis Ababa and Cape Town aimed at building in house expertise for technical officers in credit rating analysis.

10.6 Kenya credit rating improvement strategy

Kenya is committed to improving its credit standing by pursuing fiscal discipline, strengthening revenue collection, and managing debt more sustainably. The government is focused on reducing budget deficits, containing interest costs, and building foreign exchange reserves to ease external financing pressures. Recent progress, including timely Eurobond repayments and reforms in public financial management, has already supported greater investor confidence, reflected in Moody's positive outlook. Kenya's priority remains to place debt on a firm downward path and maintain reform momentum to secure future rating upgrades and lower borrowing costs.

In May 2025, Kenya's National Treasury took part in a regional workshop in Cape Town on sovereign credit rating transparency, hosted by APRM with support from UNDP Africa, UNECA, and AfriCatalyst. The event aimed to strengthen African governments' understanding of rating agency methodologies and improve engagement in the credit rating process. To build on this, the National Treasury has scheduled a National Credit Rating Strategic Workshop in the fiscal year 2025/2026 to enhance institutional capacity, align fiscal strategies with global best practices, and support efforts to improve Kenya's credit profile.

CHAPTER ELEVEN

OUTLOOK FOR THE MEDIUM TERM

11.0 Projected Public Debt Stock

Total nominal public debt as a share of GDP is projected to decline to decline to 57.0 percent in FY 2028/29 from 67.8 percent in the FY 2024/25 (**Table25:11.0-1**). The projected decline will be supported by a stable macroeconomic environment and the ongoing fiscal consolidation reforms. This is in line with Government's commitment to reduce debt levels to 55 percent in PV terms threshold. In nominal terms, debt is however projected to increase from KSh 11,814.4 billion in FY 2024/2025 to KSh 14,839.2 billion in FY 2028/2029.

Table 26: 11.0- 1: Projected Public Debt Stock

	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
External Debt	5,488,465	5,635,265	5,742,765	5,806,765	5,945,065
% of GDP	31.5	29.2	27.0	24.7	22.8
Domestic Debt	6,326,009	7,010,209	7,654,509	8,339,609	8,894,109
% of GDP	36.3	36.4	36.0	35.4	34.2
Total Public Debt	**11,814,474**	**12,645,474**	**13,397,274**	**14,146,374**	**14,839,174**
% of GDP	67.8	65.6	62.9	60.1	57.0
Fiscal Deficit % of GDP	5.8	4.7	4.9	3.8	3.5
Nominal GDP	17,434,534	19,272,810	21,285,576	23,529,478	26,018,804
Ordinary Revenue	2,420,174	2,835,041	3,176,454	3,566,357	4,024.984

Source: National Treasury

11.1 Public Debt Service

During the FY 2024/2025, total debt service for the fiscal year stood at KSh 1,722.1 billion and it is projected to increase to KSh 2,145.7 billion in FY 2028/2029 (**Table 26:11.1-1**). Public debt service as a share of revenue is projected to decrease to at 53.3 percent in the FY 2028/2029 from 71.2 percent in FY 2024/25. Public debt service as a share of GDP is projected to decrease to 8.2 percent in FY2028/2029 from 9. l9 percent in 2024/25.

Table 27: 11.1- 1: Projected Public Debt Service

	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
Domestic Interest	776,257	851,400	879,400	899,400	932,100
% of GDP	4.5	4.4	4.1	3.8	3.6
% of Revenue	32.1	30.0	27.7	25.2	23.2
External Interest	211,238	278,000	263,100	274,200	263,800
% of GDP	1.2	1.4	1.2	1.2	1.0
% of Revenue	8.7	9.8	8.3	7.7	6.6
Total Interest Payments	**987,495**	**1,129,400**	**1,142,500**	**1,173,600**	**1,195,900**
% of GDP	2.1	2.4	3.5	2.8	1.8
% of Revenue	15.2	16.3	23.1	18.2	11.5
Domestic Treasury Bond Redemption	366,805	463,511	735,241	647,858	463,824
% of GDP	2.1	2.5	2.2	2.6	1.9
% of Revenue	15.2	16.3	23.1	18.2	11.5
External Principal Payments	367,804	477,000	464,800	610,700	486,000
% of GDP	2.1	2.5	2.2	2.6	1.9
% of Revenue	15.2	16.8	14.6	17.1	12.1
Total Debt Service	**1,722,104**	**2,069,911**	**2,342,541**	**2,432,158**	**2,145,724**
% of GDP	9.9	10.7	11.0	10.3	8.2
% of Revenue	71.2	73.0	73.7	68.2	53.3
Ordinary revenue	2,420,174	2,835,041	3,176,454	3,566,357	4,024,984
Nominal GDP	17,434,534	19,272,810	21,285,576	23,529,478	26,018,804

Source: National Treasury

Total interest payment is projected to increase to KSh 1,195.9 billion in the FY 2028/29 from KSh 987.5 billion in the FY 2024/25 majorly driven by high domestic interest rates. As a share of GDP and revenue, total interest payments are projected to decrease to 1.8 percent and 11.5 percent respectively as at end June 2029 from 2.1 percent and 15.2 percent in FY 2024/2025 respectively.

Over the medium term, domestic interest payment as a share of GDP is projected to 3.6 percent while external interest payment is projected 1.0 percent in FY 2028/29 down from 4.5 percent and 1.2 percent respectively in FY 2024/25. As a share of revenue, domestic interest payment is projected to decrease to 23.2 percent while external interest payment is projected to decrease to 6.6 percent respectively in FY 2028/29 down from 32.1 percent and 8.7 percent in respectively FY 2024/25.

CHAPTER TWELVE

INVESTOR RELATIONS

12.0 Introduction

Public debt investor engagement involved the provision of timely and relevant data on public debt and related information to support sound decision-making. The data may include economic, fiscal, political, and social developments in the country. The National Treasury actively implemented investor relations and market engagement programs with both domestic and international investors, promoting confidence and transparency in financial management.

12.1 Investor Engagements

During the fiscal year 2024/25, the National Treasury organized a series of investor engagement including investor conference calls (both deal and non-deal roadshows) targeting international investors. These engagements provided investors with information on Kenya's economic performance, fiscal strategies, and investment opportunities. The National Treasury also hosted high-level investor meetings during the IMF/World Bank Spring Meetings held in Washington D.C. from April 15th to 21st, 2025.

On the domestic front, the CBK facilitated monthly institutional investors market engagements through the Bond Market Forum (BMF) throughout the fiscal year. This forum brings together representatives from the National Treasury, Capital Markets Authority, banking and insurance sectors, fund managers, and investment banks to discuss market dynamics, investor preferences, and funding strategies. In addition, the CBK conducted outreach programs targeting Kenyans in the diaspora and retail investors, focusing on investor education and awareness about government securities opportunities.

These comprehensive investor relations and education efforts contributed to increased investment in government securities. Household investment rose from KSh 334 billion in June 2024 to KSh 382 billion by June 2025 (reflecting growing awareness on government securities investment opportunities among individual investors.

Inclusion of Kenya in the Financial Times Stock Exchange EM bond index; Kenya was included in the global FTSE Frontier Emerging Markets Government Bond Index in 2021, among other 13 other countries thus providing expanded exposure for Kenya's bond market to international investors.

Promoting investor awareness and market engagement; the National Treasury remains committed to promoting fiscal transparency and maintaining open, consistent communication with key stakeholders among them investors, credit rating agencies, and the media. Through regular public disclosures on public debt developments, the government aims to build confidence in its debt management policies and ensure accountability in the use of borrowed funds.

12.2 Investor Relation Survey

The Institute of International Finance (IIF) conducts periodic assessments that highlight government efforts to strengthen dialogue with investors relative to other countries. The 2025 survey indicated that Kenya improved its sovereign investor relations and fiscal transparency practices, which is crucial for investor confidence. Kenya's transparency score rose from 36.92 out of 50 in 2024 to 42.13 in 2025 as illustrated in **Table 27:12.2-1** below.

Table 28: 12.2- 1: Scores since 2022

Year	Kenya's Overall Scores (out of 50)
2022	**34**
2023	**36.54**
2024	**36.92**
2025	**42.13**

Source: IIF investor relations and debt transparency reports

12.3 Effective Development Cooperation Coordination in Kenya

Effective Development Cooperation (EDC) promotes collaboration among development actors to maximize the realization of sustainable development. The Development Effectiveness Secretariat (DES) convened quarterly Development Effectiveness Group (DEG) meetings on the implementation of Official Aid Funded Projects (OAFPs). Development Partnership Forums (DPFs) also took place, including the 12th Forum during the review period, which culminated into a report outlining achievements, challenges, and recommendations.

Joint Working Groups and the Development Partnership Group co-chairs meeting on March 4, 2025, further advanced dialogue on Official Development Assistance (ODA).

12.4 Stakeholder Engagement

During the review period a wide range of stakeholders and institutions working at different levels were involved. Debt management activities were carried out across Ministries, Counties, Departments and Agencies, in collaboration with Development Partners and other institutions. The process required close engagement between the National Treasury, Parliament, the Office of the Attorney General and Department of Justice, the Central Bank of Kenya, as well as oversight institutions such as the Office of the Auditor General and the Controller of Budget. The Capital Markets Authority, investors, the media and the general public were also actively engaged.

In addition, during the year under review, the National hosted various investor engagement platforms, including conferences, roadshows, and technical briefings, provided insights into government borrowing plans, issuance performance, and fiscal strategy.

Public participation engagement on draft 2025 Medium-Term Debt Management Strategy across the country during which important feeding was provided by the general public. A report on the same was prepared and submitted to Parliament.

The PDMO webpage has been populated with investor relevant information. Going forward, more content will be uploaded.

CHAPTER THIRTEEN

PUBLIC DEBT MANAGEMENT REFORMS

13.0 Introduction

Effective public debt management is crucial for Kenya's economic stability and sustainable growth. Economic stability allows the Government to secure requisite funding at minimal cost and risk while protecting long-term fiscal sustainability. Recognizing this, the National Treasury has initiated several debt market reforms to enhance debt market infrastructure. These initiatives aim to build a robust institutional framework, improve operational efficiency, diversify financing options, and increase debt market transparency, as outlined below.

13.1 Legal Reforms

Kenya is undertaking significant legal reforms to strengthen its public debt management framework. There has been replacement of the fixed debt ceiling with a more dynamic debt-to-GDP anchor.

Digital integration is another major focus area. The government is working to fully link the public debt recording system with the Integrated Financial Management Information System (IFMIS). This will enable real-time debt repayment tracking and improve coordination between relevant debt management institutions. In addition, implementation of a Treasury Single Account (TSA) is expected to streamline government cash management by consolidating funds into a single central account, reducing the need for unnecessary borrowing.

13.2 Diversifying Borrowing Sources

Kenya is proactively enhancing the diversity of its borrowing sources to strengthen public debt profile and ensure long-term public financial resilience. By broadening the funding base, the Government aims to reduce single creditor or financial instrument concentration while optimizing the cost and risk profile of the debt portfolio; a key focus has been the strategic balance between multilateral, bilateral, and commercial financing. Multilateral and bilateral loans now represent the major share of external debt displacing commercial debts. Notably, Kenya successfully accessed international capital markets through multiple Eurobond issuances, using the proceeds for both development financing and to refinance near term debt maturities signaling prudent and forward-looking debt management.

In addition to bonds, Kenya has tapped syndicated loans as an alternative financing option to bolster liquidity demonstrating agility necessary for fiscal flexibility in an evolving market condition. In the domestic markets, efforts have focused on strengthening the local debt market, with treasury bonds forming the backbone of domestic debt held primarily by commercial banks and pension funds. Notably, holdings of Government securities by households have increased significantly, a clear reflection that the Government's effort to democratize access to government securities market is bearing fruits. This approach reflects the potential of local capital markets to mitigate exposure to foreign exchange shocks.

The Government is also exploring innovative financing methods such as asset securitization and public-private partnerships, including plans to raise capital through asset-backed securities listed on the Nairobi Securities Exchange. Furthermore, Kenya continues to engage with multilateral institutions like the World Bank and IMF, as well as bilateral partners such as China, while maintaining fiscal discipline to ensure debt sustainability.

13.3 Strategic shift to Debt Anchor

Parliament replaced the fixed debt ceiling with a more dynamic debt-to-GDP anchor that reflects Kenya's actual debt-carrying capacity. This approach was designed to ensure continuous monitoring of public debt stock to keep it within sustainable levels and within prudent limits.

13.4 Expanding Public Debt Reporting

Kenya has significantly expanded its public debt reporting in recent years, deepening both coverage and transparency. These changes aim to enhance fiscal accountability and provide a more comprehensive view of the country's debt landscape.

The National Treasury has expanded its public debt reporting to include debt held by state-owned entities. Plans to automate data collection across all SOEs, and introduce accrual accounting to capture assets and liabilities comprehensively are underway. Under the accrual system, every loan will be linked to specific projects, and the annual financial statements will include a detailed government balance sheet thus expanding visibility into public debt obligations and financing usage.

Transparency into off-budget debt instruments and complex financial arrangements has also improved, supported by a comprehensive debt audit. Parallel reforms have institutionalized regular disclosure of contingent liabilities and fiscal risks associated with PPPs and hybrid financing.

These reforms will significantly enhance Kenya's public debt transparency, accountability, and institutional oversight.

13.5 Liability Management Operations

Kenya has undertaken a range of LMOs in both domestic and external debt markets including debt buybacks and prepayments. In FY 2024/25, the Government successfully carried out a debut Treasury bond buyback operation where bonds worth for KSh 50.09 billion were repurchased contributing to the easing of refinancing pressures and boosted liquidity in the economy. In March 2025, Kenya raised USD 1.5 billion through a new 10-year Eurobond to refinance existing liabilities, including syndicated loans and a portion of its upcoming Eurobond maturities. A significant portion of the proceeds (USD 900 million) was used to repurchase part of the USD 1 billion Eurobond due in 2027, helping to reduce the near-term debt maturities.

This issuance was a continuation of Kenya's broader liability management efforts, following a similar Eurobond operation in 2024 that supported the stabilization of the foreign exchange market and bolstered the Kenyan Shilling. These reforms, aligned with Kenya's MTDS, aim to smoothen debt and lengthen debt maturity profile, improve market liquidity, and diversify financing instruments to strengthen fiscal space while reducing reliance on expensive short-term and commercial borrowing.

13.6 Status of Implementation of Domestic debt reforms

Kenya has made significant headway in domestic debt reforms hence shaping a more robust, efficient, and sustainable domestic debt framework:

i. **Retail Bond Program -** The launch of the Dhow Central Securities Depository (DhowCSD) system in July 2023 marked a significant milestone in democratizing access to Kenya's domestic debt market instruments. DhowCSD provides a fully digital interface that allows individual investors to open accounts and invest in Treasury bonds and bills directly, removing the need for intermediaries thus enhancing operational efficiency and investor convenience, aligning with Kenya's broader goals of deepening domestic capital markets and strengthening public debt management infrastructure. The Central Bank of Kenya as the fiscal agent of the Government is working with service providers on augmenting the retail bond program to enhance operational efficiency in the primary and secondary market for retail investors.

ii. **Strengthening the Secondary Market for Government Securities -** Kenya's move to introduce an over the counter (OTC) trading platform marks a transformative step in the development of government securities market. The OTC market structure is envisioned to promote greater market efficiency, improve price transparency, and strengthen the credibility of the domestic yield curve for Treasury instruments. Enhancing the DhowCSD to support electronic Over the Counter (OTC) trading and market making is ongoing; this will enhance pre-trade market transparency, price discovery and market liquidity and firm up the benchmark yied curve.

iii. **Integration of the DhowCSD with other Financial Markets Infrastructure -**Integration of DhowCSD and Broker Intermediated Nairobi Securities Exchange the Automated Trading System (ATS) has been completed and other players in the hybrid bond market will be integrated to provide OTC trading to close the missing infrastructure gap in Kenya's secondary market for government bonds. It is important to note that, DhowCSD is accessible not only to domestic investors but also to Kenyans living abroad, making it easier for the diaspora to invest in government securities without intermediaries.

    The DhowCSD supports post-trade transparency, efficient settlement of Government securities transactions via DVP both at the primary and secondary markets. DhowCSD has capabilities to integrate with other financial market infrastructures (FMIs). Plans are also underway to connect the DhowCSD with local settlement systems, a move that is envisioned to broaden the investor base.

iv. **Horizontal Repo Market and Securities Lending and Borrowing (SLB) -** The rollout of a full repurchase (repo) market and securities lending and borrowing (SLB) transactions within government securities depository to better liquidity distribution in Kenya's financial markets by improving horizontal (inter-bank) repo transactions.

Revised Bond Benchmark Programme - In the domestic debt market, a portfolio of a certain number of benchmark bonds will be used for the twin objectives of borrowing to meet the financing target and liability management

CHAPTER FOURTEEN

PUBLIC DEBT REPORTING AND DISSEMINATION

14.0 Introduction

The Constitution of Kenya and the PFMA, Cap 412A and its attendant Regulations mandates the National Treasury to prepare, publish and publicize reports on matters related to public debt. Further, the PFM Act, Cap 412A establishes the Public Debt Management Office and provides for its functions.

The PDMO ensures that information on public debt management and applicable policies is regularly published and publicized to ensure transparency and accountability in public debt management in the Country.

The reports prepared and publicized by the PDMO include the following:

a) Annual Public Debt Management Report;

b) The Medium-Term Debt Management Strategy consistent with the Budget Policy Statement;

c) The government borrowing plan for the approved Annual Budget;

d) Statistical and analytical reports on debt and borrowing; and

e) Annual performance reports of the Public Debt Management Office.

14.1 Annual Public Debt Management Reports (APDMR)

The PFM Act, Cap 412A requires PDMO to prepare and publicize APDMR. The report provides information on public debt management including: review of previous year's financing of budget deficit; composition of external debt; publicly guaranteed debt; on-lent loans and contingent liabilities; debt strategy and debt sustainability; outlook for the medium term; and any commitment fees and penalties paid on any undisbursed loans. The National Treasury has been preparing and publicizing the APDMRs annually in accordance to the law.

The Report highlights key aspects of debt including public debt reforms, the status of public and publicly guaranteed debt, non-guaranteed loans to SOEs, review of the implementation of MTDS, and Debt Sustainability Analysis. Annual public debt management reports can be accessed on the National Treasury website https://www.treasury.go.ke/annual-debt-management-reports.

14.2 Medium-Term Debt Management Strategies (MTDS)

The Medium-Term Debt Management Strategy is a policy framework that guides government borrowing and public debt management. It guides the Government in pursuing the desired structure of public debt portfolio taking into consideration cost and risk trade-offs in the medium-term. Further, the strategy reflects on the Government's commitment to develop and implement workable strategies designed to maintain public debt at sustainable levels.

In the FY 2024/25, the National Treasury prepared, published and publicized the 2024 MTDS in accordance with the provisions of Sections 33 (1) and 62 (2)(b) of the PFM Act Cap. 412A.

14.3 Statistical and analytical reports on debt and borrowing (Debt Bulletins)

During the period under review, twelve (12) public debt bulletins were prepared and published. The monthly debt bulletins show the public and publicly guaranteed debt movement, structure, debt service, and borrowing by the Government. The reports can be accessed in the National Treasury website through https://www.treasury.go.ke/monthly-bulletins/.

14.4 Annual Borrowing Plan

The National Treasury prepared and publicized its 2024 Annual Borrowing Plan (ABP) in accordance with Section 64(2)(b) of the PFM Act, Cap. 412A and the PFM Regulations, and the Public Debt and Borrowing Policy, 2020. The ABP is a tool used to implement the Medium-Term Debt Management Strategy for each fiscal year. The Plan can be accessed on the National Treasury website https://www.treasury.go.ke/annual-debt-management-reports.

14.5 External Resources Estimates Handbook

The External Resources Estimates Handbook provides a summary of all on-budget programmes and projects financed through external borrowing as sourced by the Government of Kenya to finance development agenda. It presents the details of the projects and programs as captured in development budget estimates for externally funded projects. The External Resources Estimates Handbook for FY 2024/25 was prepared and published by the National Treasury and posted on the website https://www.treasury.go.ke/kenya-external-resources-policy/.

14.6 Report on New loans contracted by Government

Section 33(3) of the PFM Act, Cap. 412 requires the National Treasury to report to Parliament every four months on new loans. During FY 2024/25, The National Treasury prepared quarterly reports on new borrowing and submitted to parliament.

14.7 Public Debt Register

In the FY 2024/25, the National Treasury prepared and published the public debt register. The register contains details of loans contracted by the Government and is prepared in line with the PFMA Cap. 412A and the Public Audit Act, Cap. 412B.

14.8 Annual Public Debt Management Performance Reports

During FY 2024/25 the National Treasury prepared Annual Public Debt Management Performance Report for FY 2023/24. The PDMO Annual Performance Report provided performance of PDMO assessed against its mandate in the context of the Country's legal and institutional responsibilities for public debt borrowing.

The National Treasury will continue to prepare, publish and publicize public debt management report to the public in conformity with provisions of the law and international best practice.