THE NATIONAL TREASURY
PUBLIC DEBT BULLETIN
SEPTEMBER 2026

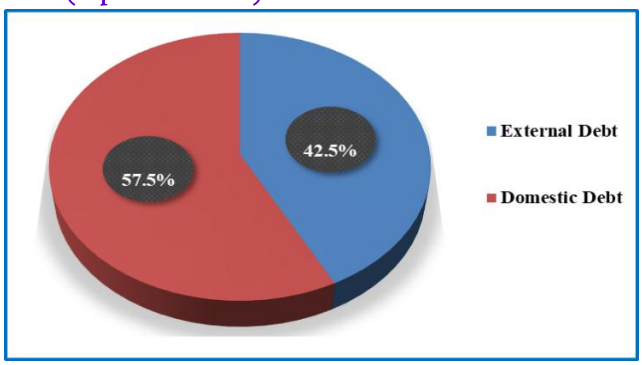
1. Introduction

The Public Debt Bulletin is a monthly National Treasury publication that provides information on public debt to inform the public and other stakeholders. This bulletin covers developments in September 2026, highlighting the debt stock, debt structure, and recent borrowing and repayments.

2. Public Debt Stock

As at the end of September 2026, total public debt stood at Ksh 13,532.78 billion up from Ksh 13,467.52 billion at end August 2026. This represented 72.7 percent of GDP[1] in nominal terms (equivalent to 66.9 per cent of GDP in Present Value terms). Domestic debt stock amounted to Ksh 7,784.63 billion (41.8 percent of GDP). External debt stock was Ksh 5,748.16 billion (30.9 percent of GDP). The composition of total debt was 57.5 percent domestic and 42.5 percent external debt (see Chart 1).

Chart 1: Composition of Public and Publicly Guaranteed Debt (September 2026)

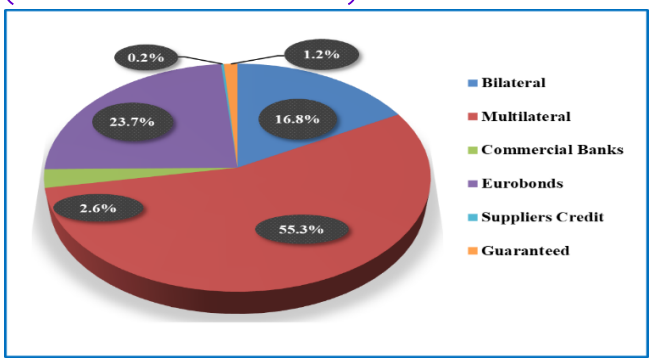


Source: National Treasury

3. External Debt

The total external debt stock decreased by Ksh 50.97 billion from Ksh 5,799.13 billion at the end of August 2026 to Ksh 5,748.16 billion at the end of September 2026 due to repayments. Bilateral external debt decreased by Ksh 17.27 billion from Ksh 985.69 billion to Ksh 968.42 billion, multilateral debt decreased by Ksh 25.65 billion from Ksh 3,205.84 billion to Ksh 3,180.19 billion, Commercial debt reduced by Ksh 7.98 billion from Ksh 1,537.02 billion to Ksh 1,529.04 billion and guaranteed debt decreased by Ksh 0.08 billion from Ksh 70.58 billion to Ksh 70.50 billion during the same period (see Annex II). **Chart 2** shows the composition of external debt at the end of September 2026.

Chart 2: External Debt Categories at end of September 2026 (Percent of Total External Debt)



Source: National Treasury

3.1 Movement in Exchange Rates

In September 2026, the Shilling depreciated against the USD, Japanese Yen and the Chinese Yuan and appreciated against the Euro and the Sterling Pound moving from Ksh 129.45, Ksh 81.04, Ksh 19.25, Ksh 150.35 and Ksh 175.40 in August 2026 to Ksh 129.79, Ksh 82.46, Ksh 19.36, Ksh 147.22 and Ksh 171.68 respectively in September 2026. This represented depreciations of 0.26 percent, 1.75 percent and 0.57 percent and appreciations of 2.08 percent and 2.12 percent, respectively.

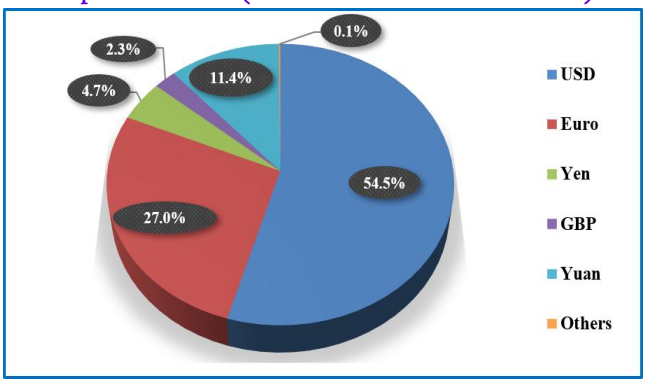
3.2 Currency Composition of External Debt

At the end of September 2026, external debt was predominantly denominated in US dollars, accounting for 54.5 percent. The Euro-denominated debt accounted for 27.0 percent, while the Chinese Yuan and the Japanese Yen constituted of 11.4 percent and 4.7 percent, respectively. The

[1] *Ksh 18,627.48 billion*

Sterling Pound accounted for 2.3 percent of the total external debt stock. Other currencies collectively accounted for 0.1 percent of the external public debt stock.

Chart 3: External Debt by Currency Composition as of the End-September 2026 (Percent of Total External Debt)



Source: National Treasury

3.3 External Debt Service

The actual cumulative external debt service at the end of September 2026 was Ksh 150.99 billion against the financial year budget of Ksh 680.38 billion. Debt service to bilateral creditors accounted for 39 percent of the total cumulative debt service, while debt service to commercial and multilateral creditors accounted for 42 percent and 19 percent, respectively, for the period ending September 2026. External debt service for September 2026 was Ksh 49.43 billion, comprising principal repayments of Ksh 30.28 billion and interest payments of Ksh 19.15 billion.

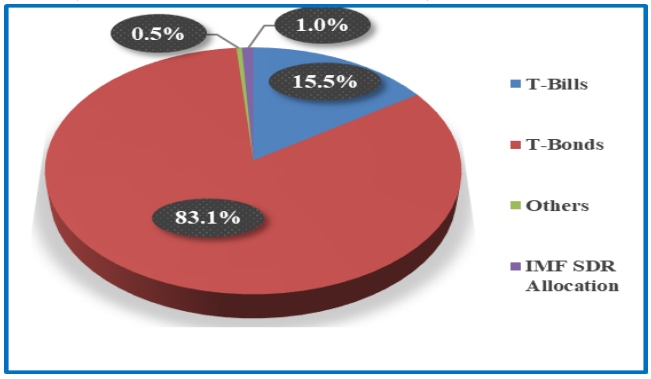
4. Domestic Debt

Domestic debt stock increased due to net borrowing of Ksh 116.24 billion, from Ksh 7,668.39 billion as at the end of August 2026 to Ksh 7,784.63 billion as at the end of September 2026. The stock of Treasury Bills increased by Ksh 3.92 billion from Ksh 1,202.59 billion as at the end of August 2026 to Ksh 1,206.51 billion as at the end of September 2026, while the stock of Treasury Bonds increased by Ksh 102.98 billion from Ksh 6,365.63 billion to Ksh 6,468.61 billion over the same period. Other debts, (including pre-1997 government debt, government overdraft at the Central Bank of Kenya, advances from commercial banks and IMF SDR allocation) increased by Ksh 9.33 billion from Ksh 100.17 billion to Ksh 109.50 billion during the same period (see Annex III).

4.1 Domestic Debt by Instruments

As at the end of September 2026, the ratio of Treasury Bonds to Treasury Bills was 84:16. Government overdraft at the Central Bank of Kenya, bank advances from commercial banks and the IMF SDR allocation together accounted for 1.3 percent of total domestic debt stock during the same period (**Chart 4**).

Chart 4: Composition of Domestic Debt as of End August 2026 (Percent of Total Domestic Debt).

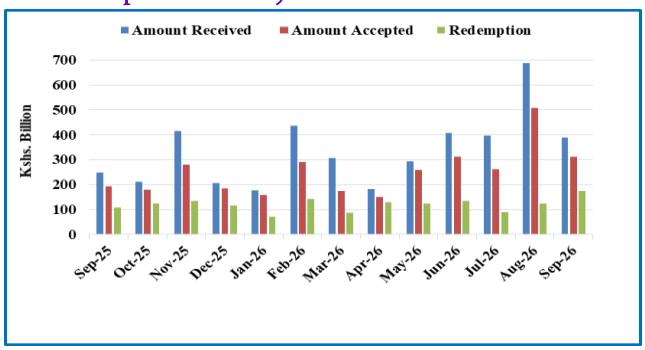


Source: National Treasury

4.2 Domestic Borrowing

In September 2026, government securities amounting to Ksh232.00 billion were advertised, comprising Ksh 112.00 billion Treasury Bills and Ksh 120.00 billion Treasury bonds. Bids worth Ksh 389.60 billion were received, comprising Ksh 196.20 billion and Ksh 193.40 billion in Treasury Bills and Treasury bonds, respectively. Bids worth Ksh 311.73 billion were accepted, of which Ksh 180.35 billion and Ksh 131.38 billion were Treasury Bills and Treasury bonds, respectively. Monthly redemption at cost amounted to Ksh 175.40 billion in Treasury Bills (**Chart 5**).

Chart 5: Government Securities Performance (September 2025 to September 2026) in Ksh billions



Source: National Treasury

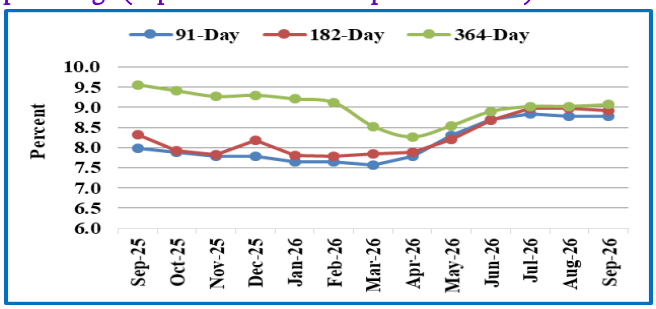
4.3 Net Domestic Financing

The net cumulative domestic financing at the end of September 2026 was Ksh 529.33 billion against an annual target of Ksh 897.96 billion for FY 2026/27.

4.4 Interest Rates on Government Securities

The average interest rates for the 91-day Treasury bill remained unchanged for the period under review at 8.78 percent. The average interest rate for 182-day Treasury bills decreased by 0.6 basis points, from 8.98 percent to 8.92 percent, while the average interest rate for 364-day Treasury bills increased by 0.4 basis points, from 9.03 percent to 9.07 percent, respectively, during the same period.

Chart 6: Average Interest Rates for Treasury Bills in percentage (September 2025 to September 2026)



Source: National Treasury

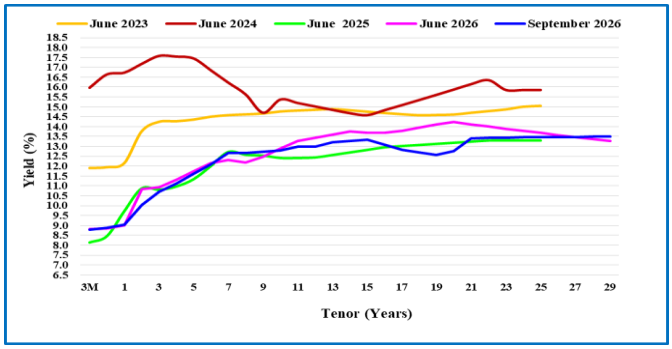
4.5 Domestic Interest Payments

At the end of September 2026, cumulative total domestic interest payments amounted to Ksh 243.85 billion against an annual budget of Ksh 986.73 billion for FY 2026/27. In September 2026, the actual domestic interest payments amounted to Ksh 64.75 billion. Interest payments for Treasury Bonds and Bills in September 2026 were Ksh 57.01 billion and Ksh 7.70 billion respectively, while total interest payments on the overdraft and interest on the Pre-1997 Government Overdraft amounted to Ksh 0.04 billion.

4.6 Government Securities Yields

Treasury Bonds' secondary market trading yields for 2026 remained above the 2025 yield curve. In September 2026, the Government securities yield curve remained generally upward sloping, with yields increasing as security maturities lengthened. This indicates that investors demanded higher returns for longer-term government securities, reflecting the additional risks associated with longer maturities. The positive slope indicates relatively stable short-term borrowing costs but a higher term premium at the medium- and long-term end.

Chart 7: Government Securities Yield Curve



Source: Nairobi Securities Exchange

4.7 Average Time to Maturity for Treasury Bonds

In September 2026, the Average Time to Maturity (ATM) for Treasury Bonds remained unchanged from the previous month at 8.3 years. This reflected a stable extended maturity profile of domestic debt, supported by liability management operations and a greater focus on issuing longer-term securities compared with short-term instruments.

5. Sovereign Credit Rating

On 17th July 2026, Fitch Ratings affirmed Kenya's B- long-term issuer default ratings and maintained the Stable Outlook while other ratings from Moody's and Standard and Poor's remained unchanged (see Table 1). The upgrade and affirmation reflected Kenya's improved external sector liquidity and sustained market access. External liquidity has strengthened, reflected in higher foreign exchange reserves, a narrower current account deficit, and a more stable exchange rate. These developments have eased balance of payments pressures. The recent Eurobond liability management operations contributed to smoother debt amortization and supported private sector credit growth, against the backdrop of improving macroeconomic and civil stability. These measures have helped to position the country more favorably with international lenders and investors.

Table 1: Kenya's Credit Rating

Agency	Rating	Outlook	Date
Standard and Poor	B	Stable	22 Aug 2025
	B-	Stable	22 Aug 2024
Fitch	B-	Stable	9 Feb 2024
	B-	Stable	17 July 2026
Moody's	B-	Stable	25 July 2025
	B3	Stable	27 Jan 2026

Source: National Treasury

Annex I: Stock of Domestic Debt by Holders as at the End of September 2026 in Ksh (Millions)

DOMESTIC DEBT BY HOLDER	Aug-26	Sep-26	Change
Banks	2,616,799.34	2,604,839.34	(11,960.00)
Non-Financial Corporations	113,710.14	116,978.19	3,268.05
Pensions	1,056,836.04	1,063,559.89	6,723.85
Insurance Companies	1,050,363.83	1,070,898.58	20,534.75
Households	471,782.12	475,295.90	3,513.78
Non- Residents	341,848.65	349,841.75	7,993.10
Other Financial Corporations	1,328,259.24	1,385,902.51	57,643.27
Non-Profit Institutions	68,745.19	70,030.64	1,285.45
General Government	519,880.43	537,777.68	17,897.25
Others	100,165.03	109,503.82	9,338.79
TOTALS	**7,668,390.01**	**7,784,628.30**	**116,238.29**

Source: Central Bank of Kenya

Annex II: Stock of Public and Publicly Guaranteed External Debt by Source as at the End of September 2026 in Ksh (Millions)

CREDITOR	Stock at the End August 2026	Stock at the End September 2026	CHANGE
BILATERAL			
BELGIUM	24,475.78	25,026.58	550.80
Hungary	596.69	647.21	50.52
AUSTRIA	1,426.22	1,396.53	(29.69)
DENMARK	30.65	30.01	(0.64)
FINLAND	-	-	-
FRANCE	103,136.25	100,084.61	(3,051.65)
GERMANY	55,769.36	53,098.40	(2,670.96)
ITALY	43,119.33	42,410.81	(708.52)
JAPAN	92,230.82	92,662.94	432.12
USA	8,048.89	170.16	(7,878.73)
SPAIN	16,883.78	16,441.92	(441.86)
Other PARIS CLUB	7,739.82	7,578.70	(161.13)
Other NON -PARIS CLUB	27,446.40	27,507.64	61.25
CHINA	604,785.44	601,367.47	(3,417.97)
Sub Total	**985,689.42**	**968,422.97**	**(17,266.45)**
MULTILATERAL			
ADB/ADF	567,889.48	563,329.71	(4,559.77)
EEC/EIB	30,111.88	28,631.01	(1,480.87)
IDA	1,793,656.73	1,777,401.18	(16,255.54)
IFAD	42,616.34	42,182.47	(433.87)
IMF	447,326.96	444,454.15	(2,872.81)
Others	324,239.54	324,188.28	(51.26)
Sub Total	**3,205,840.91**	**3,180,186.80**	**(25,654.11)**
COMMERCIAL			
Commercial Bank	161,779.22	150,436.57	(11,342.65)
International Sovereign Bond	1,360,904.87	1,364,479.28	3,574.41
Suppliers Credit	14,334.96	14,126.93	(208.03)
Sub Total	**1,537,019.05**	**1,529,042.78**	**(7,976.26)**
Total Central Government	5,728,549.38	5,677,652.56	(50,896.82)
GUARANTEED			
JAPAN	60,872.22	60,771.62	(100.60)
GERMANY	-	-	-
Kenya Airways (Commercial Debt)	9,705.79	9,731.28	25.49
Sub Total	**70,578.00**	**70,502.90**	**(75.11)**
CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT	**5,799,127.38**	**5,748,155.45**	**(50,971.93)**

Source: National Treasury

Annex III: Stock of Domestic Debt as at the End of September 2026 in Ksh (Millions)

	Aug-26	Sep-26	Difference
T-Bills	1,202,590.90	1,206,511.55	3,920.65
T-Bonds	6,365,634.08	6,468,612.93	102,978.85
Others	25,627.58	35,445.43	9,817.85
IMF SDR Allocation	74,537.45	74,058.39	(479.06)
TOTALS	**7,668,390.01**	**7,784,628.30**	**116,238.29**

Source: National Treasury

ANNEX IV: NEW LOANS CONTRACTED BY THE GOVERNMENT OF KENYA FROM 1ST JULY 2026 TO 31ST AUGUST 2026

During the period, the Government contracted new loans from the African Development Bank and the International Development Association as shown in the table below.

Loan Title / Description	Implementing Agency	Creditor	Signing Date	Amount	Key Terms	Status	Purpose / Benefits
Economic Inclusion and Green Recovery Support Programme Phase II(EIGRSP-II)	The National Treasury	African Development Bank	9th July, 2026	EUR 293,880,000	24-year maturity, 8-year grace period; Repayment will be in 34 equal installments of EUR 8,643,529; Front-end fee is (0.25 % p.a.) of the loan; commitment charge is (0.25% p.a).	Waiting disbursement	To provide general budget support
Additional Financing for Horn of Africa Gateway Development Project	Kenya National Highway Authority	International Development Association	11TH August 2026	EUR 245,800,000	34-year maturity;5-Year Grace period; Repayment in 40 equal installments of EUR 6,145,00; Interest charge is the greater of a) Sum of 1.5 percent per annum b) 0% p.a may apply following a currency conversion on withdrawn credit balance; Commitment fee is 0.25 percent per annum on the unwithdrawn financing Balance	Waiting disbursement	a) To Improve: The movement of people and goods and digital connectivity and access to social services to communities at designated locations along targeted sections of Isiolo-Mandera regional road corridor b) The Capacity of selected transport-related institutions in Kenya.
Second Horn of Africa Gateway Development Project	Kenya National Highway Authority	International Development Association	11TH August 2026	EUR 220,400,000	34-year maturity, 5-Year Grace Period; Repayment will be in 40 equal installments of EUR 5,510,000; Commitment fee is 0.5 percent per annum on unwithdrawn Financing Balance.	Waiting disbursement	To Improve: A) The movement of people and goods and digital connectivity and access to social services to communities at designated locations along targeted sections of Isiolo-Mandera regional road corridor B) The Capacity of selected transport-related institutions in Kenya.