THE NATIONAL TREASURY

COMPARATIVE ANALYSIS NOTE BETWEEN

2025 MTDS (February 2025) vs Revised 2025 MTDS (June 2026)

Prepared by the Public Debt Management Office June 2026

1. PURPOSE

This note provides a structured, side-by-side comparison of the 2025 Medium-Term Debt Management Strategy (MTDS) published in February 2025 and its Revised edition published in June 2026. Both documents cover the same period — FY 2025/26 to FY 2027/28 — and share the same analytical baseline of the public debt stock as at end June 2024. The revision was necessitated by the Supplementary I Budget for FY 2025/26 and updated macroeconomic and debt sustainability assessments. The comparison highlights changes in strategy parameters, cost and risk indicators, borrowing targets, analytical structure, and institutional scope.

2. SUMMARY OF KEY FINDINGS

STRATEGY	Both strategies select Strategy 2 (S2) as optimal and retain the same 75% domestic / 25% external gross borrowing mix. The core strategic direction is unchanged.
KEY CHANGE	The net deficit financing mix shifts materially — from 65%/35% domestic/external in the original to 80%/20% in the Revised — reflecting reduced access to external concessional financing and greater reliance on domestic sources.
OUTCOMES	The Revised MTDS projects more conservative S2 outcomes than the original: nominal debt-to-GDP target rises from 57.8% to 63.3% (a 5.5 percentage point upward revision), and interest payments-to-GDP from 4.6% to 5.1% — reflecting a higher debt stock trajectory.
DSA UPDATE	The DSA is significantly more favourable on external indicators: the PV of PPG external debt to exports is projected below the 180% threshold from 2026 (vs. remaining above through 2029 in the original), and the debt service-to-revenue ratio is now expected to breach the 18% threshold only in 2024–2025, not through 2028.
STRUCTURE	The Revised MTDS drops three substantive chapters present in the original: the Review of 2023 MTDS Performance (Chapter IV), the dedicated Challenges chapter (Chapter VI), and the Strategy Implementation Work Plan with monitoring template (Chapter X). The Revised is thus analytically leaner.

3. DETAILED COMPARISON TABLE

Parameter	2025 MTDS (February 2025)	Revised 2025 MTDS (June 2026)
MTDS		
Issuing date	February 2025	June 2026
Coverage period	FY 2025/26 – FY 2027/28	FY 2025/26 – FY 2027/28 (same)
Legal basis	Section 33(2) & 63(c), PFM Act 2012	Supplementary I Budget FY2025/26 & Parliamentary resolutions
Costs & risks data as at	End June 2024	End June 2024
DSA reference date	October 2024 (IMF)	September 2025 (The National Treasury)
DEBT STOCK (End June 2024 — identical baseline)		
Total public & publicly guaranteed debt	Ksh 10,581.98 bn (65.7% of GDP) / USD 81.70 bn	Ksh 10,581.98 bn (65.7% of GDP) / USD 81.70 bn
Domestic debt	Ksh 5,410.28 bn	Ksh 5,410.28 bn
External debt	Ksh 5,171.70 bn	Ksh 5,171.70 bn
MTDS analytical base	Ksh 10,318.25 bn (excl. Ksh 263.74 bn)	Ksh 10,318.25 bn (excl. Ksh 263.74 bn — identical)
PV of debt to GDP (2024 baseline)	63.0% of GDP	58.1% of GDP
DEBT SUSTAINABILITY ANALYSIS		
Overall assessment		
PV external debt / GDP	Below 40% threshold throughout	Below 40% threshold throughout
PV PPG external debt / exports	Above 180% threshold through 2029	Below 180% limit from 2026 onwards
Debt service / revenue threshold (18%)	Breached 2024–2028 (peaks at 25.2% in 2024)	Breached only 2024–2025 (27.0% in 2024, 20.6% in 2025); below threshold from 2026
Debt service / exports threshold (15%)	Above 15% through 2029	Above 15% through 2030
PV total debt / GDP 55% benchmark	Above 55% through 2029; 63.0% in 2024	Above 55% through 2030; 65.7% in 2024, projected 62.1% by 2030

Parameter	2025 MTDS (February 2025)	Revised 2025 MTDS (June 2026)
SELECTED STRATEGY — KEY DIFFERENCES		
Strategy selected		
Gross borrowing mix	25% external / 75% domestic	25% external / 75% domestic (unchanged)
Net deficit financing mix	65% domestic / 35% external	80% domestic / 20% external
End-of-period debt composition	45% external / 55% domestic	43.4% external / 56.6% domestic
COST & RISK INDICATORS — S2 OUTCOMES (end FY 2027/28)		
Nominal debt / GDP	57.8%	63.3%
PV of debt / GDP	52.8%	58.0%
Interest payment / GDP	4.6%	5.1%
Implied interest rate	8.6%	8.7%
ATM – Total Portfolio (years)	9.0	9.0
ATM – Domestic Portfolio (years)	8.3	8.3
ATM – External Portfolio (years)	9.8	10.0
ATR (years)	8.6	8.7
Debt refixing in 1yr (% of total)	18.2%	17.9%
Fixed-rate debt incl. T-bills	92.5%	92.9%
T-bills (% of total)	3.7%	3.4%
FX debt (% of total)	44.6%	43.4%
ST FX debt (% of reserves)	29.1%	29.6%

4. CONCLUSION

The Revised 2025 MTDS represents an update of Kenya's debt management framework. The strategic preference for domestic- borrowing, medium-to-long-term bond issuance, and concessional financing optimisation is maintained. However, the revision reflects several important recalibrations:

(i) The net financing mix is now favor of domestic sources at (80/20 vs. 65/35), signalling reduced external financing availability;

(ii) The expected debt reduction by FY 2027/28 is more modest than originally projected, with the nominal debt-to-GDP outcome at 63.3% versus the original target of 57.8%;

(iii) The DSA presents improved external debt ratios, notably on the PPG external debt-to-exports indicator; and

(iv) The Revised MTDS also introduces a broader set of innovative financing instruments (Sukuk, Samurai, Panda bonds) and elevates the role of the Central Bank of Kenya as a co-author of the data underpinning the strategy.