



**THE NATIONAL TREASURY  
& ECONOMIC PLANNING**

**PUBLIC PRIVATE PARTNERSHIPS  
DIRECTORATE**

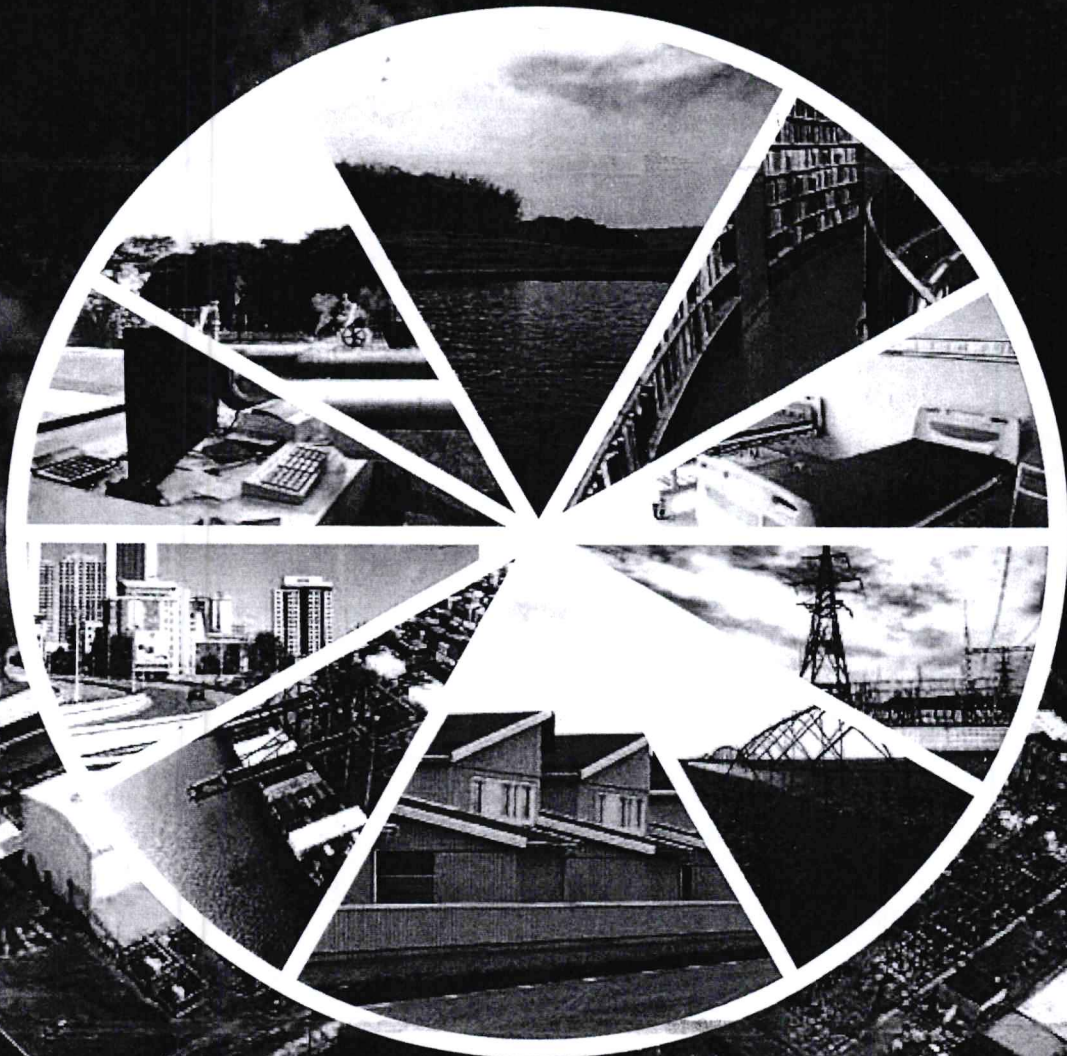


# THE 4<sup>TH</sup> ANNUAL REPORT ON THE STATE OF PUBLIC PRIVATE PARTNERSHIPS IN KENYA FOR THE FINANCIAL YEAR 2024/25

Prepared By:

**PUBLIC PRIVATE PARTNERSHIPS DIRECTORATE  
THE NATIONAL TREASURY & ECONOMIC PLANNING**

**JUNE 2025**



**PPP KENYA**

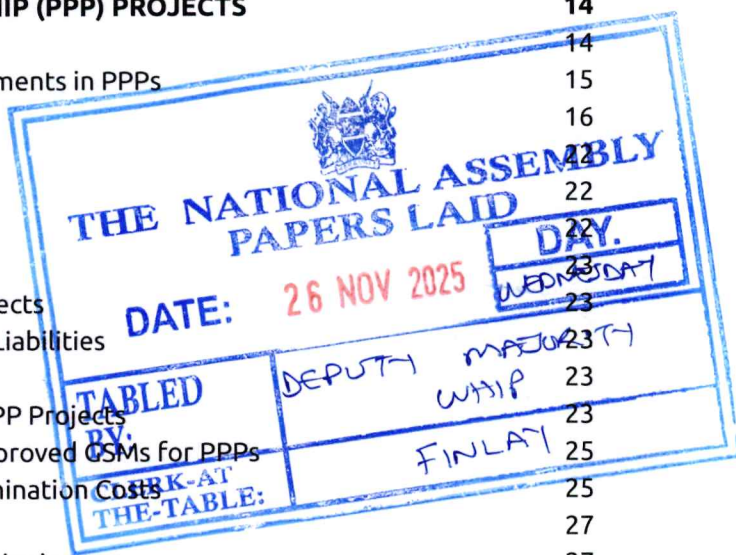
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# FORWARD



**“ The PPP projects under Operations and Maintenance continue to enhance service delivery across various sectors. ”**

This Fourth Annual Report on the State of Public Private Partnerships (PPPs) in Kenya for the Financial Year 2024/25 is prepared in compliance with Section 88 of the Public Private Partnerships Act, 2021. The Act mandates the PPP Directorate to prepare and submit an Annual Report to the PPP Committee, while the Cabinet Secretary for the National Treasury is required to submit a copy to Parliament.

Under the 4th Medium Term Plan (2023–2027), the Government of Kenya identified PPPs as a key strategy to address the country’s infrastructure gap and mitigate fiscal constraints. PPPs are expected to partly bridge the investment-financing gap. During the reporting year, the harmonization of the Public Investment Policy was finalized. This harmonized policy aligns the frameworks of PPPs and Public Investment Management, enhancing efficiency in isolating projects with commercial potential for PPP implementation from those financed directly through the budget. This approach creates fiscal space for the Government to channel resources toward social projects.

PPPs are uniquely structured to accelerate the delivery of public goods and services. In FY 2024/25, notable progress was achieved on four projects that commenced construction in FY 2023/24. These include the Kenya Defence Forces (KDF) Residential Accommodation Project (51% complete), the 35 MW Quantum Geothermal Power Plant (60% complete), the Galana Kulalu Food Security Project (Phase I under implementation), and the Orpower22 Geothermal Power Plant (57% complete, construction commenced in October 2024). These projects are expected to be completed in FY 2025/26, adding to the five PPP projects already in operation and maintenance: the Nairobi Expressway, Road Annuity Lots 33, 15, and 18, and the Sosian Menengai Geothermal Power Plant.

PPP projects under operation have already demonstrated value in improving service delivery. Road projects are enhancing transport efficiency, while energy projects are injecting sustainable, clean energy into the national grid to support Kenya’s economic growth.

The Galana Kulalu Project is expected to transform agriculture by significantly increasing maize and rice production, enhancing national food security, and reducing reliance on imports, thereby easing pressure on the country’s foreign exchange reserves. The KDF housing initiative will greatly improve the living standards of our disciplined forces.

In line with the local content requirements of the PPP Act, 2021, Project Companies integrated local participation by employing Kenyans, engaging local subcontractors, and sourcing construction materials predominantly from within the country. These measures promoted skills transfer, supported the local economy, and improved livelihoods.

During the year, a number of PPP projects advanced to negotiation stages, including Power Transmission Lines and Substations (sponsored by Africa50 and PowerGrid), the Sabaki Water Carrier Project, the Lamu Water Desalination Plant, and the Galana Kulalu Project. One project—the Stoni Athi Affordable Housing—progressed to tender, while three others were finalized and are expected to move to tender in the next financial year. These include:


- Moi Teaching and Referral Hospital (Expansion of Teaching and Student Accommodation Facilities at the College of Health Sciences)
- Pwani University Teaching and Referral Hospital
- University of Nairobi Purpose-Built Student Hostels

Priority sectors for PPPs remain Agriculture & Irrigation, Water, Energy, Environment, Health, Housing, Tourism, Transport and Logistics, Urban Development, Education, Industrial Parks, ICT, Aviation, and the Blue Economy.

Kenya's economy remains vulnerable to climate-related risks, which threaten infrastructure projects, including PPPs. Extreme climatic events have increasingly put natural and built assets, as well as infrastructure users, at risk. The Government has prioritized mainstreaming climate resilience in infrastructure projects, including PPPs, to safeguard investments and enhance project viability.

The PPP Directorate has taken the lead in mainstreaming climate resilience at the design and structuring stages of PPPs. This not only ensures PPPs are climate-adapted, but also strategically positions projects to attract climate and green financing, thereby reducing project costs and bridging viability gaps, particularly for social projects.

As more PPP projects advance into implementation, the Government continues to build the capacity of key technical agencies - contracting authorities, regulatory bodies, and the PPP Directorate, in contract management. During the year under review, the contract management guidelines and manual were finalized and will be rolled out in the next financial year to strengthen oversight of PPPs. This will enhance monitoring and supervision, ensure service delivery meets contractual thresholds, and guarantee compliance with environmental, social, and sustainability standards.



**HON. CPA JOHN MBADI, EGH**  
**CABINET SECRETARY/THE NATIONAL TREASURY & ECONOMIC PLANNING**

## REMARKS FROM THE CHAIRMAN OF THE PPP COMMITTEE



“ The PPP Committee has been instrumental in supporting the seamless functioning of the PPP program. ”

Over the last decade, Kenya has made substantial progress in institutionalizing a robust PPP framework. We have undertaken legislative reforms, streamlined our project preparation cycles, and built strong institutional capacity.

Through the work of the PPP Directorate and the support of our development partners, we have moved from policy to implementation. Today, several landmark projects across sectors-energy, transport, water, housing, and healthcare-stand as evidence that PPPs can and do work.

With competing pressures on the national budget, PPPs remain one of the most viable solutions to mobilize private capital for public good-delivering bankable, resilient, and transformative projects.

As the Chair of the PPP Committee, I am proud to say that we have redefined the Committee's role-not just as an approving authority, but as a strategic enabler.

### Our mission is clear and focused:


- To formulate policy for PPPs and provide oversight in the implementation of PPP projects;
- To accelerate the development and rollout of high-impact, bankable PPP projects;
- To enhance inter-agency coordination and eliminate bureaucratic bottlenecks;
- To ensure fiscal discipline and adopt sound risk mitigation frameworks;
- And most importantly, to align all PPP efforts with Kenya's national development goals-Vision 2030, the Bottom-Up Economic Transformation Agenda (BETA), and the Sustainable Development Goals (SDGs).

The PPP Committee has been instrumental in supporting the seamless functioning of the PPP program. The Committee has convened regularly throughout the year to ensure timely consideration and deliberation on projects to ensure the requisite approvals are furnished and appropriate directions and guidance is given.

The members of the PPP Committee are drawn from key institutions across government as well as from the private sector, and each brings valuable expertise and unwavering commitment to public service. While their backgrounds may differ, our collective mission remains one: to fast-track transformative infrastructure through accountable and effective partnerships.

As Chair of the Public Private Partnerships Committee, I wish to thank my fellow Committee members for their support and valuable contributions in steering the PPPs.

Finally, to all stakeholders, please accept our sincere appreciation for your role in the continued success of the PPPs.



DR. CHRIS KIPTOO, CBS  
PRINCIPAL SECRETARY/NATIONAL TREASURY

# ACKNOWLEDGEMENT

This Report reflects the collaborative contributions of multiple stakeholders within the PPP ecosystem, including government institutions, the private sector, and development partners.

We particularly acknowledge the support of Contracting Authorities at both national and county levels, whose commitment and participation have been invaluable in advancing PPP projects across various sectors.

We extend our gratitude to the private investors for providing financing and technical expertise for the 9 PPP projects under implementation. These investors are;

- INTEX RAF 1 Ltd-Lot 33 of Road Annuity Programme.
- Moja Expressway Company Ltd-Nairobi Expressway.
- Infraconnect 15 Ltd-Lot 15 of Road Annuity Programme.
- Infraconnect 18 Ltd-Lot 18 of Road Annuity Programme.
- Sosian Menengai Geothermal Power Ltd-35 MW Sosian Menengai Power Plant.
- QPEA GT Menengai Ltd-35 MW Quantum Menengai Power Plant.
- Orpower22 Ltd-35 MW Orpower Geothermal Power Plant.
- Linda Project Co. Ltd-Kenya Defence Forces Residential Accommodation Project.
- Selu Ltd-Galana Kulalu Food Security Project.

Their collaboration and flexibility have ensured the delivery of projects that are both bankable and affordable.

We also appreciate our development partners for their continued technical and financial support in the preparation of PPPs. This partners include:

International Finance Corporation (IFC), Private Infrastructure Development Group (PIDG), Asian Infrastructure Investment Bank (AIIB), and the Africa Legal Support Facility (ALSF), World Bank-PPIAF, among others.

Special appreciation goes to the PPP Directorate, under the leadership of the Director General, for spearheading the preparation of this Report and for their sustained efforts in working with contracting authorities and the private sector to structure sustainable PPPs.

We also thank the PPP Committee members for their oversight and guidance in steering PPPs.

Finally, we extend our sincere gratitude to all stakeholders not specifically mentioned here for their vital role in the continued success of the PPPs.

# ABOUT THE REPORT ON STATE OF PUBLIC PRIVATE PARTNERSHIPS IN KENYA

This *Fourth Annual Report on the State of Public Private Partnerships in Kenya* is a statutory report that sets out an overview of the performance the PPPs and the broad strategic PPP priorities to guide National and County Governments in the preparation of PPP priority projects.

The Report draws from Section 88 (1) of the PPP Act 2021, which requires the PPP Directorate, to prepare and submit to the PPP Committee, an Annual Report on the State of Public Private Partnerships in Kenya.

Further, sub-section 88 (3) provides that the Cabinet Secretary shall submit a copy of the Annual Report to Parliament.

The Annual Report on the State of Public Private Partnerships contains information on the following areas:

- Projects approved for preparation and implementation as PPPs, including the current status of these projects and the contracting authorities implementing them;
- Government support measures that have been approved for PPPs;
- Numbers, types and values of PPP tenders that have been cancelled;
- Private parties that have been debarred or blacklisted under the Act
- Value of contingent liabilities approved for PPP projects;
- Financial reports of PPP projects that are being operated by private party(ies);
- Additional achievements in the PPP program;

Information in this report was derived from internal PPP monitoring reports as well as PPP project status reports submitted by Contracting Authorities for projects that are in implementation, among other sources.



# ABBREVIATIONS AND ACRONYMS

<b>ALSF</b>	Africa Legal Support Facility
<b>AIFP</b>	Africa Infrastructure Fellowship Program
<b>APMG</b>	Association for Project Managers Group
<b>CA</b>	Contracting Authority
<b>CREST</b>	Climate Resilience & Environmental Sustainability Technical Advisory
<b>FCCL</b>	Fiscal Commitment and Contingent Liabilities
<b>GOK</b>	Government of the Republic of Kenya
<b>GSM</b>	Government Support Measures
<b>IFC</b>	International Finance Corporation
<b>JICA</b>	Japanese International Corporation Agency
<b>KES</b>	Kenya Shillings
<b>NEMA</b>	National Environment Management Authority
<b>PFF</b>	Project Facilitation Fund
<b>PIDG</b>	Private Infrastructure Development Group
<b>PPP</b>	Public Private Partnership
<b>PPPD</b>	Public Private Partnerships Directorate
<b>PPIAF</b>	Public – Private Infrastructure Advisory Facility
<b>USAID</b>	United States International Development Agency
<b>VGf</b>	Viability Gap Funding
<b>AIIB</b>	Asian Infrastructure Investment Bank

## EXECUTIVE SUMMARY

The Public-Private Partnership (PPP) in Kenya has evolved into a critical mechanism for mobilizing private sector resources, financing, and technical expertise to support the delivery of infrastructure and public services. The Fourth Annual Report on the State of PPPs in Kenya highlights the progress, achievements, and challenges of the PPP program during the reporting period.

Since the enactment of the PPP Act, 2021, Kenya has strengthened its institutional and legal framework for PPPs. These reforms have enhanced transparency, streamlined processes, and reinforced the role of the PPP Directorate as the technical arm of the National Government in guiding Contracting Authorities on the development and implementation of PPP projects.

During the reporting period, significant milestones were achieved, including:

- **Mobilization of private capital investments for PPPs:** Approximately **KES 145 billion** worth of private capital investments in PPPs has been mobilized to date, of which **KES 17.7 billion** was mobilized in FY 2024/25
- **Pipeline Development:** Expansion of the national PPP project pipeline across sectors such as transport, energy, housing, health, agriculture, among others. As at close of FY 2024/25, there were **36** PPP projects, **9** of which are under implementation and **27** are in the Pipeline and at various stages of development. The **27** projects were approved to be procured under three methods; Competitive Bidding process (**15**); Privately Initiated Proposals (**11**) and Direct Procurement (**1**). Of the **27** projects, **11** received first approvals during FY 2024/25 and they include **3** proposed to be procured as PIPs and **8** proposed to be procured competitively

The **3** projects proposed to be procured as PIPs are; Naivasha SEZ Bulk Water Supply & Sanitation, Maragua IV Dam Water Project and Mzima II Water Supply Project.

The **8** projects proposed to be procured competitively are the three projects in the Tana Delta (Tana Delta Irrigation, Tana Integrated Sugar Project & BETA Pastoralist Feedlot) Localization of Solar Panel Production, Development of Transmission Lines through solicited PPP, Kenya Prisons Housing, Commercial Space Port in Malindi, KNH Staff and Caregiver Accommodation Facility. The estimated combined total cost of these projects is KES 315 billion (USD 2.4 billion)

- **Projects Implementation:** Advancement of in implementation of the 9 projects; Nairobi Expressway, Road Annuity Programme projects (Lot 33, 15 & 18), Menengai Geothermal Power projects (35MW Sosian, 35MW Quantum and 35MW Orpower 22), Kenya Defence Forces Residential Accommodation Project and Galana Kulalu Food Security Project
- **County-Level Engagement:** Strengthened capacity of County Governments to identify, structure, and implement PPP projects under the devolved system.
- **Government Support Measures (GSMs):** Approval of targeted support to enhance the bankability of selected projects.
- **Private Sector Participation:** Increased collaboration with private partners, resulting in financing and innovations that continue to drive efficiency and sustainability.
- **Development Partner Support:** Continued technical and financial support from partners such as IFC, PIDG, AIIB, PPIAF and ALSF, which have been instrumental in supporting capacity-building for contracting authorities and preparation of PPPs.

The PPP program has also contributed significantly to Kenya's development agenda, particularly in supporting the Government's infrastructure priorities and the Bottom-Up Economic Transformation Agenda (BETA).

However, the program continues to face challenges, including lengthy project preparation timelines and limited technical capacity at some of the contracting authorities. Addressing these challenges remains a priority to ensure the sustained growth and success of PPPs in Kenya.

This Report, therefore, provides stakeholders with a comprehensive update on the status of PPP projects, lessons learned, and the future outlook for the program. It reaffirms the Government's commitment to fostering strong partnerships with the private sector to accelerate Kenya's socio-economic transformation.

**SPECIAL ISSUE**

*Kenya Gazette Supplement No. 230 (Acts No. 14)*



**REPUBLIC OF KENYA**

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***KENYA GAZETTE SUPPLEMENT***

**ACTS, 2021**

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**NAIROBI, 9th September, 2021**

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**CHAPTER**

LEGAL AND INSTITUTIONAL SET  
UP OF THE PPP DIRECTORATE

**1**

# CHAPTER 1: LEGAL AND INSTITUTIONAL SET UP OF THE PPP DIRECTORATE

## 1.1 Legal Framework

The Government of Kenya established a robust legal framework for Public-Private Partnership (PPP) through the enactment of the PPP Act (Cap 430) in 2021. This statute plays a pivotal role in promoting private sector participation and accelerating the delivery of public infrastructure projects.

The PPP Act of 2021 repealed and replaced the PPP Act, 2013, while simultaneously preserving the existing PPP Regulations, 2014, and the Project Facilitation Fund Regulations, 2017. This ensures continuity during the development of new updated Regulations.

The PPP Directorate, is established under section 15 of the PPP Act, and pursuant to Section 19(1) and (2), is the lead institution in the implementation of PPPs. The PPP Committee plays a central role in the oversight and approval of PPP transactions.

The legal framework is anchored on guiding principles that streamline the identification, selection, evaluation, procurement, and delivery of PPP projects. It clearly defines the roles and responsibilities of all parties, thereby strengthening credibility, institutional structures, compliance, and collaboration across Government in the development of PPPs.

During the reporting period, progress was made towards finalizing the draft PPP Regulations to ensure alignment with the provisions of the 2021 Act. The draft Regulations have been reviewed by Parliamentary Counsel and the Kenya Law Reform Commission, and now await concurrence from the Office of the Attorney General before public validation and submission to Parliament.

## 1.2 Institutional Framework of the PPP Directorate

The PPP Act 2021 establishes the office of the Director General as the head of the PPP Directorate and the Secretary to the PPP Committee.

At the institutional level, the PPP Directorate plays a dual role:

- Serving as the Secretariat and technical arm of the PPP Committee; and
- Providing technical, financial, and legal expertise to the PPP Committee and Contracting Authorities on PPP-related matters.



# CHAPTER

PUBLIC PRIVATE PARTNERSHIP  
(PPP) PROJECTS

# 2

# CHAPTER 2: PUBLIC PRIVATE PARTNERSHIP (PPP) PROJECTS

## 2.1 PPP Projects

This section of the report is based on Section 88 (2) (b) and (c) of the PPP Act 2021 and mandates the Directorate to prepare an Annual Report documenting *the number, types, and values of PPPs being implemented in Kenya and the contracting authorities implementing PPPs.*

Projects are approved for procurement through four methods outlined under Sections 37–63 of the PPP Act, 2021:

- (i) Direct Procurement,
- (ii) Privately Initiated Proposals (PIPs),
- (iii) Competitive Bidding, and
- (iv) Restricted Bidding.

As at the close of the 2024/25 Financial Year, there were **36** PPP projects, comprising:

- **9 under implementation**, and
- **27 in the pipeline** at various stages of development

The Government is committed to delivering sustainable infrastructure through the PPP framework across priority sectors including: Agriculture & Irrigation, Water and Irrigation, Energy, Environment, Health, Housing, Tourism, Transport, Urban Development, Education, Industrial parks, ICT, Aviation, and the Blue Economy. All the PPP projects align with the 4<sup>th</sup> Medium Term Plan (MTP IV) and the Bottom-Up Economic Transformation Agenda (BETA).

In the FY 2024/25 two projects reached commercial close; that is Galana-Kulalu Food Security Project estimated at **KES 12.5 billion** and 35MW Orpower 22 estimated at **KES 11.7 billion**. The 1st phase of Galana Kulalu project is ongoing while early works 35 MW Orpower 22 Menengai Geothermal Power Plant commenced in November 2024 Two projects progressed to negotiation that is Sabaki Water Carrier Project estimated at **KES 27.9 billion** and Londiani Dam estimated at **KES 33.4 billion**. The Private Party and the Contracting Authority are working on fulfilling Conditions Precedent (CPs) to Financial Close. In addition, the Power Transmission Lines and Substations sponsored by Africa 50 and Power Grid and the Supply of Smart Driving Licenses and Associated Services have been under negotiation since the FY 2023/24. The projects are estimated at **KES 41.6 billion** and **KES 45 billion** respectively.

The detailed list of the approved 36 projects is provided for under Annex 1.

Other projects that are being progressed through a competitive procurement process are:

- (i) University of Nairobi Purpose Built Student Accommodation Project,
- (ii) Moi Teaching and Referral Hospital (MTRH) Expansion of Teaching and Student Accommodation Facilities at the Ultra-Modern College of Health Sciences,
- (iii) Pwani Teaching and Referral Hospital,
- (iv) Cancer Centre at Meru Level Five Referral Hospital,
- (v) Nairobi Smart Street Lighting Project, and
- (vi) Njoro Kubwa Bulk Water Supply.
- (vii) Equipment, Operation, and Maintenance of Port Assets in Lamu and Mombasa

The PPP Directorate in the FY 2024/25 on-boarded the following projects as part of the National List of PPP projects to be procured through a competitive procurement process:

- (i) KNH Staff and Caregiver, Accommodation Facility,
- (ii) Development of a Commercial Space Port in Malindi,
- (iii) Kenya Prisons Staff Housing, and
- (iv) Development of Transmission Line Projects through solicited PPP
- (v) Localization of Solar Panel Production
- (vi) Tana Delta Irrigation Project (Rice)
- (vii) Tana Integrated Sugar Project (TISP)
- (viii) BETA Pastoralist Feedlot Project

Further, the following projects were on-boarded as part of the National List of PPP projects to be procured as Privately Initiated Proposals (PIPs)

- (i) Naivasha SEZ Bulk Water Supply & Sanitation
- (ii) Maragua IV Dam Water Project
- (iii) Mzima II Water Supply

The Directorate is processing a further 48 projects, which are at an early stage of development with various contracting authorities, both at the National level and county level. These projects are in the following sectors:

- (i) Agriculture
- (ii) Blue Economy
- (iii) Education
- (iv) Energy
- (v) Housing
- (vi) ICT
- (vii) Maritime
- (viii) Ports
- (ix) Roads, Rail and Mass Transit
- (x) Tourism and
- (xi) Trade

Makueni County has initiated a number of projects in the agricultural sector, including the leasing of brownfield agricultural value addition plants to private parties who will provide working capital, undertake operations and maintenance, and enhance operational efficiency in the county's fruit processing plant. These initiatives are designed to deliver competitive prices to mango farmers, reduce post-harvest losses, and promote a climate-resilient approach to agricultural production and processing.

In the tourism sector, early-stage projects include the construction of an International Convention Centre to strengthen business and conference tourism by providing facilities capable of hosting high-level local and international Meetings, Incentives, Conferences, and Exhibitions (MICE) activities.

Within the blue economy, proposed projects include the development of Phase II of the Liwatoni Ultra-modern Fish Hub, which will serve as a multi-processing unit, the establishment of a technical fisheries center at the Kabonyo Regional Fisheries and Aquaculture Centre of Excellence, and the development of the Lamu Fishing Port at Mokowe.

In the housing sector, notable proposals include the construction of 3,000 staff housing units for the Kenya Airports Authority at Embakasi, the provision of student accommodation at the Kenya School of Law, and the construction of a multi-purpose office building in Mawezi, Upper Hill, for the Kenya Revenue Authority.

The ports sector pipeline features the construction of five berths at Lamu Port, alongside the development of a railway line linking Lamu to Juba and commercial hubs along the LAPSSSET corridor.

In the ICT sector, the Kenya Bureau of Standards has proposed the establishment of a Motor Vehicle Inspection Centre, the equipping of new laboratories, and the training of key personnel to strengthen standards enforcement and compliance.

## 2.2 Mobilization of Private Capital Investments in PPPs

Since inception of the Public-Private Partnership in 2013, approximately **KES 145 billion** private capital investments in PPPs has been mobilized, **KES 17.7 billion** of which was mobilized in FY 2024/25

In the next Financial Year, the Government targets to mobilize at least KES 65 billion worth of private sector capital investments in PPP projects.

\*KES 11.7 billion was mobilized for Orpower 22 Menengai Geothermal Power Plant and 6 billion was mobilized for Galana Kulalu Food Security Project (the KES 6 billion is the difference between the now re-stated 12.5 billion cost of the project and the then estimated KES 6.5 billion at pilot phase- an amount that was part of the total amount mobilized and reported in the Annual PPP Report of FY 2022/23)

### 2.3 Projects in Implementation

The reporting on projects in implementation has been done in accordance with Section 88 (2) (b) of the PPP Act 2021, which requires that implementation reports on PPP projects should provide details on the number, types, and values of the projects. The projects in implementation are those currently under construction or in operation and maintenance.

As highlighted earlier, at end of FY 2024/25, Kenya had a total of **36 projects**, of which;

- **9** are under implementation (with 5 already in operation and maintenance), and
- **27** are in the pipeline at various stages of the PPP project cycle.

The Table 1 below provides more details on the the projects under implementation.

**Table 1: Status of PPP Projects under Implementation**

The following is an overview on the progress of the PPP projects in implementation during FY 2024/25

**Highlights on Performance of Projects in implementation .**

Name of Project	Contracting Authority	Date of Project Financial Close	PPP Arrange-ment (Type)	Project Cost (USD Million)	Project Term (Years)	Project Status as at June 2025
1. Road Annuity Program Lot 33	KERRA	February 2018	Design-Fi-nance-Build -Operate-Main-tain-Transfer (DFBOMT)	98.83	10	The project has been in the operations and maintenance phase since May 2020
2.Road Annuity Program Lot 15	KURA	February 2022		73.07	10	The project has been in operation since April 2024
3.Road Annuity Program Lot 18	KURA	February 2022		59.02	10	
4.Nairobi Express-way	KENHA	December 2021		667.80	30	The project has been in operations and maintenance since May 2022
5. 35 MW Sosian Menengai Geo-thermal Power Plant	Geothermal Development Company	November 2023	Build, Own and Operate	79	25	The project has been in operations and maintenance phase since November 2023
6. 35 MW Quantum Menengai Geothermal Power Plant Project	Geothermal Development Company	December 2023	Build, Own and Operate	117	25	The project is under construction phase is <b>60%</b> complete.
7. Kenya Defence Forces Residential Accommodation Project	Ministry of Defence	April 2024	Build, Lease, Transfer (BLT)	34	15	The project is in the construction phase, and is <b>51%</b> completion.
8. Galana Kulalu Food Security Project	National Irrigation Authority	Pending fulfilment of Conditions Precedent to Financial Close	Design Finance Develop Oper-ate Transfer	96	30	Phase 1 of the project is underway and the target is to plant seed maize in 3,200 acres by December 2025
9. Orpower 22 Menengai Geothermal Power Plan	Geothermal Development Company	Pending fulfilment of Conditions Precedent to Financial Close	Build, Own and Operate	90	25	Project construction is underway and is <b>57%</b> complete

## 1. Galana Kulalu Food Security Project

### Background

The project aims to enhance national food security by bringing 20,000 acres of land under production, targeting an estimated 720,000 bags of maize and 160,000 bags of soya beans annually. The project, estimated at KES 12.5 billion, is being implemented under a Design–Finance–Develop–Operate–Transfer (DFDOT) PPP model with a 30-year contract term. The National Irrigation Authority and Selu Limited signed the Project Agreement on 10<sup>th</sup> December 2024. The project is currently in Phase I of implementation.

### Performance in FY 2024/25

- Priority was given to seed maize production to address the national deficit in seed maize.
- Planting began on 19<sup>th</sup> May 2025 with 170 acres, expanding to 1,300 acres by June 2025.
- The target is to reach 3,200 acres under seed maize by December 2025 through progressive planting across Centre Pivots.
- Environmental and Social Management (ESM)
- Grievance Redress Mechanism (GRM) established.
- Health and Safety Committee and workplace registration pending.
- Emergency response for canal breaches not fully operationalized.
- Local Content Integration
- The project has 500 workers, of whom, 90% are casuals from the local community.
- Of the 100 skilled staff, 35% are local (administrative staff, operators, and technicians).

## 2. Nairobi Expressway

### Background

The project involved development, operation, and maintenance of a 27.1 km dual carriageway along the A8 National Road (Mlolongo–James Gichuru Road). The project cost is KES 86.8 billion. The Kenya National Highways Authority (KeNHA) and Moja Expressway Company signed the Project Agreement on 15<sup>th</sup> October 2019. Financial Close was achieved in November 2021, construction was completed in April 2022, and operations commenced in May 2022.

### Performance in FY 2024/25

#### (i) Toll Operations & Efficiency

- a. Manual Toll Collection (MTC): 15 seconds per entry transaction (target: 60s).
- b. Electronic Toll Collection (ETC): 3 seconds at both entry and exit (target: 20s).
- c. ETC adoption continued to rise, reducing queues and improving operational efficiency.

#### (ii) Traffic Volumes

- a. Q1: 5.83M vehicles | Q2: 6.17M | Q3: 6.14M | Q4: 6.42M.
- b. Annual average: 67,298 vehicles/day.

#### (iii) Mobility & Incident Handling

- a. Three daily patrol cycles conducted.
- b. Average obstruction response time: 20 minutes (target: 30 minutes).
- c. Broken-down vehicles towed to designated locations.

#### (iv) Safety & Incident Response

- a. Infrastructure upgrades included: 102 canopy signal sets, 99 fog lights, 7,747 reflective markers, 4,566 raised signs.
- b. Hotlines provided for emergency police and ambulance services.
- c. Rescue fleet deployed: 2 tow trucks, 3 pickups, 2 patrol pickups, and one police rider.

#### (v) Connectivity & Impact

- a. Improved mobility along the A8 corridor, reducing congestion on surface roads.
- b. Estimated KES 50 million per day saved in productivity, fuel, and operating costs.

### Environmental & Social Management

- Full compliance with NEMA-EIA/PSL/9163 requirements.
- Active grievance management through Customer Care and Road Asset Management Teams.

## Project Knowledge Sharing

During FY 2024/25, the project hosted a number of delegations and study tours as highlighted below:

**August 2024** - Delegation of 12 Officers from KeNHA and the Ministry of Works and Transport from Uganda, Delegation of 56 Ambassadors, High Commissioners, and officials from the Ministry of Foreign Affairs in the company of Mr. Mohamed Daghar, PS State Department of Transport, Delegation of 19 from KenHA and the Engineers Board of Kenya, 60 students from Mukuru Primary and JSS, 60 Civil Engineering students from the Technical University of Kenya (TUK).

**April 2025**- 60 students from Patmos Cottage School, Mathare Sector 4, Traffic Commandant, Nairobi and representatives from the National Police Service.

## Local Content Integration

- The project has a total of 544 skilled workers (310 Male, 234 Female), of whom, 18 are expatriates and 526 are Kenyans.

## 3. Lot 33 of Road Annuity Programme

### Background

The project involved the construction and maintenance of 90.55 km of roads (Ngong–Kiserian–Isinya and Kajiado–Imaroro). Project cost: KES 12.74 billion. The Kenya Rural Roads Authority (KeRRA) and Intex RAF 1 Ltd signed the Project Agreement, with Financial Close in February 2018. Construction was completed in April 2020, and operations commenced in May 2020.

### Performance in FY 2024/25

- The project has a total of twenty-two performance related Service Level Requirements (SLRs) in three areas;
  - 17 on Carriageway, 14 of which were consistently fulfilled throughout the year
  - 3 on Bridges and other structures, 2 of which were consistently fulfilled throughout the year
  - 2 on Post Construction Asset, 1 of which was consistently fulfilled throughout the year
  - Relevant Quarterly Annuity adjustments (Penalties) were made for the SLRs that were not fulfilled within the required rectification period
- The details on the performance at Annex 2 of this report.

### Environmental and Social Management

- Annual Environmental and Social Audit completed in 2025.
- Full compliance with ESMP and IFC standards.
- Functional GRM effectively addressing grievances.
- Local Content Integration
- 79 staff employed: 76 Kenyans and 3 expatriates.

## 4. Lot 15 of Road Annuity Programme

### Background

- 28 km urban roads across Nyeri, Kirinyaga, Murang'a, Embu, Tharaka Nithi, and Laikipia.
- Project cost: KES 8.09 billion.
- Implemented under DBFOMT PPP model.
- Agreement signed with Infraconnect 15 Ltd.
- Financial Close: February 2022. Construction completed: March 2024. Operations commenced: April 2024.

### Performance in FY 2024/25

Maintenance, traffic management, safety, and road asset management were undertaken

### Environmental & Social Management

- Annual Environmental and Social Audit pending (scheduled for FY 2025/26).
- ESMP and IFC Performance Standards fully complied with.
- GRM is operational: 14 grievances raised and resolved in time

### Local Content Integration

- There are a combined total of 110 skilled workers (64 Male, 46 Female) in Lot 15&18 projects. The expatriates are 4, all male.

## 5. Lot 18 of Road Annuity Programme

### Background

- 32 km urban roads across Kakamega, Vihiga, Bungoma, and Busia.
- Project cost: KES 6.4 billion.
- Implemented under DBFOMT PPP model.
- Agreement signed with Infraconnect 18 Ltd.
- Financial Close: February 2022. Construction completed: March 2024. Operations commenced: April 2024.

### Performance in FY 2024/25

Maintenance, traffic management, safety, and road asset management were undertaken

### Environmental & Social Management

- Annual Environmental and Social Audit pending (scheduled for FY 2025/26).
- ESMP and IFC Performance Standards fully complied with.
- GRM is operational: There were no grievances raised in the period under review.

## 6. 35MW Sosian Menengai Geothermal Power Plant Project

### Background

A greenfield geothermal project designed to generate 35MW under a Build–Own–Operate (BOO) PPP model for 25 years. Project cost: KES 11.7 billion. The Power Purchase Agreement (PPA) was signed between Kenya Power and Sosian Menengai Geothermal Power Ltd on 30<sup>th</sup> October 2014. Construction began in October 2021 and was completed in November 2023, with commercial operations starting on 6<sup>th</sup> November 2023.

### Performance in FY 2024/25

- Consistently generated 35MW daily, meeting contracted output under the PPA.
- Environmental and Social Management
- Functional GRM with 30-day grievance resolution cycle.
- Stakeholder engagement through GDC's community affairs department and joint IPP–CA EHSS committees.

### Local Content Integration

- Workforce: 50 skilled workers (20 Kenyans, 30 expatriates) and 40 semi-skilled employees (all Kenyan).

## 7. 35MW Quantum Menengai Geothermal Power Plant Project

### Background

A greenfield Geothermal project delivering 35MW under a BOO PPP model for 25 years. Project cost: KES 15.2 billion. The PPA was signed between Kenya Power and QPEA GT Menengai Ltd on 30<sup>th</sup> October 2014. Financial Close was achieved in December 2023, with construction commencing in February 2024.

### Performance in FY 2024/25

- Construction progress at **60%** complete:
  - Design & Engineering: **98%**
  - Equipment Procurement/Testing: **91%**
  - Construction & Installation: **52%**
  - Major milestones: turbine manufacturing completed (Oct 2024), major foundations completed (Apr 2025), major equipment delivered (May 2025).

### Environmental and Social Management

- Full compliance with ESMP and IFC Performance Standards (PS1, PS2, PS3, PS4, PS6).
- Ongoing stakeholder engagement via GDC's community affairs unit and EHSS joint committees.

### Corporate Social Responsibility (CSR)

- Support to local schools (furniture and water tanks).
- Tree planting initiatives with over 10,000 seedlings donated.

### Local Content Integration

The project has a total of 651 employees, 59% of whom are skilled, 11% semi-skilled and 30% unskilled. The distribution on employment is shown below:

Employee	Male	Female	Total	%
Employees from within the project community	165	31	196	30%
Employees from within Nakuru County	160	16	176	27%
Employees who are other Kenyans	225	13	238	37%
Employees who are expatriates	39	2	41	6%
<b>Total</b>	<b>589</b>	<b>62</b>	<b>651</b>	<b>100%</b>

## 8. 35MW Orpower 22 Menengai Geothermal Power Plant

### Background

The project is a greenfield geothermal electricity generation initiative aimed at increasing the installed national capacity by 35MW from geothermal resources under a Build-Own-Operate (BOO) PPP model for a term of 25 years. The project cost is estimated at KES 11.7 billion.

The Kenya Power and Orpower 22 Ltd signed the original Power Purchase Agreement (PPA) on 30<sup>th</sup> October 2014. A restructured PPA was subsequently signed in October 2024. Early works were commissioned in November 2024, and as at the close of FY 2024/25, overall construction progress stood at **57%**, with completion expected by 31<sup>st</sup> March 2026.

### Project Performance in FY 2024/25

- Overall Construction Progress: **57%**
- Design and Engineering: **98%** complete
- Equipment Procurement, Manufacturing & Testing: **85%** complete
- Power Plant Construction: **45%** complete, with installation of major equipment ongoing
- Environmental and Social Management
- The Geothermal Development Company (GDC) has in place a dedicated department responsible for managing community affairs.
- Stakeholder engagement is carried out in line with the established regulatory and legal framework.
- A joint Independent Power Producers (IPPs) and Contracting Authority (CA) committee has been established to deliberate on Environmental, Social, Health, and Safety (EHSS) issues.
- The project has fully complied with applicable IFC Performance Standards, specifically PS1, PS2, PS3, PS4, and PS6.

## 9. Kenya Defence Forces Residential Accommodation

### Background

The project entails the development of approximately 3,069 residential units for the Kenya Defence Forces (KDF) under a 15-year Build-Transfer (BT) PPP model. It will deliver an estimated 104,125 sq.m of built-up areas together with supporting infrastructure and amenities across five sites located in Nairobi, Laikipia, Mombasa, and Nakuru Counties. The project cost is KES 4.5 billion.

The Ministry of Defence and Linda Project Company signed the Project Agreement on 17<sup>th</sup> January 2024. Financial Close was achieved in May 2024, and construction commenced in June 2024.

### Project Performance in FY 2024/25

Overall project completion stands at **51%**, with progress varying across sites:

- Roysambu – **90%**
- Kwambuzi – **47%**
- Mariakani – **5%**

- Lanet – **45%**
- Gilgil – **10%**

### Environmental and Social Management

- The Environmental and Social Audit Report was submitted to NEMA in August 2024.
- Monthly environmental and social assessments are undertaken and shared with the Contractor and Contracting Authority.
- Compliance with the Environmental and Social Management Plan (ESMP) is estimated at 85%.
- High levels of compliance with IFC Performance Standards have been maintained, particularly regarding:
  - Labour and working conditions
  - Environmental and social risk management
  - Resource efficiency and pollution prevention
  - Community health, safety, and security
- Specific corrective action plans are in place for areas requiring improvement.
- The Grievance Redress Mechanism is yet to be fully operationalized.

### Local Content Integration

- The project employs about 1,100 workers, over 90% of whom are Kenyan nationals.
- An average of 220 casual employees per site are engaged across the five project sites.
- Workers are receiving training and exposure to modern construction technologies through the foreign contractor.
- Approximately 30% of goods and subcontracted works are sourced from local suppliers and contractors.
- Quarry materials are procured from surrounding communities

## 2.4 Monitoring and Reporting on PPPs

Under the PPP Act 2021, the Directorate, Contracting Authorities (CAs), and Private Parties (Service Providers) in PPPs are required to carry out various monitoring and evaluation (M&E) activities for PPP Projects in implementation. These activities include undertaking physical monitoring of PPPs, and preparation of periodical project performance reports. Highlights of the M&E activities done for these projects during the year include the following;

### 2.4.1 Reporting on Projects

- Annual PPP Report- pursuant to Section 88 of the PPP Act 2021, the Directorate finalized the 3rd Annual Report on the State of Public Private Partnerships in Kenya for the Financial Year 2023/24. The report was subsequently approved by the PPP Committee and submitted to Parliament by the Cabinet Secretary, National Treasury, and Economic Planning in compliance with the statutory requirements.
- Performance reports of PPPs in implementation were submitted to the Contracting Authorities by the respective Project Companies (Service Providers) in line with the requirement under Section 82 (6).
- In compliance with Section 22 (1) (h), the Contracting Authorities submitted to the Directorate, annual reports for the PPP projects in implementation.

### 2.4.2 Monitoring of Projects

Undertaking field monitoring of projects by the public sector is a requirement under Section 22 (h) and 73 (1) of the PPP Act 2021. The Contracting Authorities in collaboration with the Directorate undertook monitoring/site inspections for the following projects that are in implementation;

- Road Annuity Programme Lot 33
- Road Annuity Programme Lot 15
- Road Annuity programme Lot 18
- Nairobi Expressway
- 35 MW Sosian Menengai Geothermal Power Plant
- 35MW Quantum Menengai Geothermal Power Plant Project
- Kenya Defence Forces Residential Accommodation Project
- Galana Kulalu Food Security Project

### 2.4.3 Performance Review of Projects

The second PPP Projects Performance Review was done in June 2025. The participants included representatives from the Directorate, Contracting Authorities, Service Providers, and Independent Engineers. The focus of the review was to assess the results achieved by the projects, challenges, and lessons learned.

### 2.4.4 Parliamentary Oversight for PPP Projects

The National Treasury appeared before various Parliamentary Sub-Committees during the year under review where various PPP projects were discussed.

## 2.5 Fiscal Commitments and Contingent Liabilities

### 2.5.1 Introduction

Contributions from the public sector through fiscal commitments to the “partnership” arrangement for PPPs inevitably give rise to contingent liabilities to Government. The Concession Agreements for PPPs specify the types of risks/events that may trigger contingent liabilities. These agreements also list force majeure conditions as well as concessionaire and contracting authority events of default, which may lead to termination of the Concession Agreements and trigger termination payments from the Government to the concessionaire. Consequently, the Government provides various mechanisms for derisking public investments in respect of private capital mobilization for infrastructure development.

### 2.5.2 Government Support Measures for PPP Projects

Section 88 2(d) of the PPP Act 2021 requires that the annual PPP report should document – Government support measures that have been given by contracting authorities and to whom. PPP contracts in principle, have financial implications and pose risks that need to be allocated, monitored, and managed effectively. Government Support Measures (GSM) are often introduced to mitigate some of these risks which would otherwise be borne by the private party. The Government provides a range of support measures to PPPs through various mechanisms. This support is provided in the form of both direct measures such as capital subsidies, availability payments, and indirect measures such as guarantees. Additionally, financial intermediaries can be established to mobilize funding to enhance the project’s financial viability. Government support is critical in enhancing the bankability of PPP projects; however, it does affect Government’s fiscal position and therefore needs to be considered carefully. Currently, the most common forms of GSMs provided to PPP projects include Letters of Support (LOSs) and various forms of risk guarantees. These measures help mitigate risk and make projects more attractive to private investors, while balancing fiscal responsibility.

In 2018, the Government approved a GSM Policy outlining the Government’s practice and conditions under which various support instruments can be made available to implementers of public projects, to enhance the bankability of these projects. The Policy also outlines the specific rules that apply in the provision of GSMs. According to the policy, the available GSM instruments include Binding Undertakings, Letter of Support (LOS), Letters of Credit, Credit Guarantees, Partial Risk Guarantees and Political Risk Insurance.

Whereas the PPP Committee is responsible for the approval of PPP projects at every stage, there exists an exception with regard to projects in the energy sector, whereby most of the approvals for Independent Power Producers (IPPs) are processed by the sector under the Feed in Tariff (FIT) framework. The FIT Policy Committee approves the technical and other aspects of the FIT project feasibility report and grid connection studies. Thereafter the report and the grid connection studies are required to be submitted to the PPP Committee for approval of the fiscal risks and contingent liabilities and reconfirmation of the value for money, affordability, and risk transfer tests. Thus, this process is under an independent regime (the FIT Alignment Policy).

In line with the foregoing, since 2013, the Government has issued GSMs to six PPP projects and nine IPP projects approved by the PPP Committee. Table 2 provides details of the GSMs issued, including the type of GSM issued, and the beneficiaries of the same.

**Table 2: Government Support Measures Issued for PPP Projects under implementation**

	<b>Project Name</b>	<b>Contracting Authority</b>	<b>Type</b>	<b>Date</b>	<b>Beneficiary</b>
1	Road Annuity Programme Lot 33	KERRA	Letter of Support	04/08/2017	Service Provider: RAF 1 Limited AND Security Agent: KCB Bank Kenya Limited
2	Road Annuity Programme Lot 3	KENHA	Letter of Support	12/07/2021	Service Provider: Hass-Consortium-GVR Infra Limited AND Security Agent: Standard Bank of South Africa acting through its corporate and investment banking division
3	Road Annuity Programme Lot 15	KURA	Letter of Support	23/04/2021	Service Provider: Infraconnect Fifteen Kenya Limited AND Security Agent: Standard Bank of South Africa acting through its corporate and investment banking division
4	Road Annuity Programme Lot 18	KURA	Letter of Support	23/04/2021	Service Provider: Infraconnect Eighteen Kenya Limited AND Security Agent: Standard Bank of South Africa acting through its corporate and investment banking division
5	Road Annuity Programme Lot 32	KENHA	Letter of Support	07/03/2024	Service Provider: SKAR Lot 32 Development Corporation Limited, AND Security Agent: Deed of Adherence not yet issued
5	Kenya Defence Forces Residential Accommodation Project	Ministry of Defence	Letter of Support	07/03/2024	Service Provider: Linda Project Company AND Security Agent: Liaison Group
6	Nairobi Expressway	KENHA	Letter of Support	20/08/2020	Service Provider: MOJA Expressway Company Limited AND Security Agent: The Export Import Bank of China
<b>INDEPENDENT POWER PRODUCERS (IPPs)</b>					
1	300MW Lake Turkana Wind Power Project	Kenya Power	Letter of Support	28/02/2013	Service Provider: Lake Turkana Wind Power Limited
2	100 MW Kipeto Wind Project	Kenya Power	Letter of Support	04/08/2017	Service Provider: Kipeto Energy Limited AND Financing Party: Overseas Private Investment Corporation (OPIC)
3	35MW Sosian Menengai Geothermal Project	Kenya Power	Letter of Support	04/08/2017	Service Provider: Sosian Menengai Geothermal Power Limited
4	35MW Quantum Menengai Geothermal Project	Kenya Power	Letter of Support		Service Provider: QPEA GT Menengai Ltd

	<b>Project Name</b>	<b>Contracting Authority</b>	<b>Type</b>	<b>Date</b>	<b>Beneficiary</b>
5	40MW Cedate Solar Project	Kenya Power	Letter of Support	04/08/2017	Service Provider: Cedate Limited AND Financing Parties: European Investment Bank Nederlandse Financierings – Maatschappij voor Ontwikkeling- slanden N.V
6	40MW Selenkei Solar Project	Kenya Power	Letter of Support	04/08/2017	Service Provider: Selenkei Investment Limited AND Financing Parties: European Investment Bank Nederlandse Financierings – Maatschappij voor Ontwikkeling- slanden N.V
7	40MW Malindi Solar Project	Kenya Power	Letter of Support	01/11/2017	Service Provider: Malindi Solar Group Limited AND Financing Party: Standard Chartered Bank
8	40MW Alten Solar Project	Kenya Power	Letter of Support	14/12/2017	Service Provider: Alten Kenya Solar- farms B.V.
9	50MW Chania Green Wind Project	Kenya Power	Letter of Support	26/01/2018	Service Provider: Alten Kenya Solar- farms B.V. AND Financing Parties: Chania Green Generation Ltd

## 2.6 Contingent Liabilities arising from approved GSMs for PPPs

Subsection 88 2(g) of the PPP Act 2021 requires that this report documents the value of contingent liabilities, if any, approved for Public Private Partnerships.

The FCCL Framework of 2018, outlines the methodology for identification, valuation, and management of contingent liabilities arising from PPP projects at various stages of project preparation and implementation.

The main GSM instrument issued thus far is the Government Letter of Support (LOS). The LOS has been granted for 15 projects and provides for the early termination of a PPP contract, triggered by political events as defined in the respective LOS instruments.

### 2.6.1 Calculation of Estimated Project Termination Costs

The calculation of the termination costs is based on the worst-case scenario, which is, the maximum possible termination payment that the Government would incur due to contracting authority default including termination due to political events. The values of the termination payments for financially closed projects are presented in Table 3 below:

**Table 3: Value of Estimated Termination Payments for Projects in implementation**

Project Name	Contracting Authority	Project Stage	Project Cost KES (Million)	Estimated Termination Payment KES (Million)
<b>Roads</b>				
1. Lot 33 Roads Annuity Project	KeRRA	Operations and Maintenance	9,883	7,287
2. Nairobi Expressway	KeNHA	Operations and Maintenance	70,783	88,340
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
<b>Energy</b>				
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
11. 35MW Orpower 22 Geothermal Power Plant	Geothermal Development Company	Commercial Close	11,596	13,860
<b>Housing</b>				
12. Kenya Defence Residential Accommodation	Ministry of Defence	Construction	4,346	3,570
<b>Agriculture</b>				
13. Galana- Kulalu food security project	NIA and GDC	Construction	12,500	15,401
<b>TOTAL</b>			<b>188,487</b>	<b>217,732</b>

Therefore, the total estimated exposure related to termination sum payments amounts to KES 217.7 billion. However, it should be noted that the likelihood, value, and timing of such termination payments cannot be determined with certainty in advance. Furthermore, it is improbable that all projects would be terminated simultaneously, thereby triggering the aggregate termination sum of KES 217.7 billion at once. As such, based on the World Bank<sup>3</sup> recommended 6% probability of early termination by the Contracting Authorities, the maximum contingent liability for the PPP projects is hereby reported as **KES 13.06 billion**.

### 2.6.2 Project contracts terminated

During the period under review, contracts of 4 projects were terminated. The details on these projects are provided below in Table 4.

**Table 4: Project contracts terminated to date**

Sector/ Sub-Sector	Contracting Authority	Project Name	PPP Procurement Method	Stage of project at termination	Basis of contract for termination	Cost of Termination
Road	Kenya National Highways Authority (KENHA)	<sup>1</sup> Road Annuity Lot 3 of Annuity Programme	Competitive	Before Financial Close	The availability payments that were to be paid by the government lacked value for money.	Termination process is underway; thus, the termination costs are yet to be determined
Road	Kenya National Highways Authority (KENHA)	Nairobi – Nakuru- Mau Summit Highway	Competitive	Before Financial Close	The availability payments that were to be paid by the government were not affordable.	KES 7,315,850,620
Road	Kenya National Highways Authority (KENHA)	<sup>2</sup> Road Annuity Lot 32 of Annuity Programme	Competitive	Before Financial Close	Lack of value for money on the availability payments to have been paid by the government	USD 3,358,275.93 & KES 2,988,667.51
Energy	Kenya Electricity Transmission Company (KETRACO)	Adani sponsored Power Transmission Lines	Privately Initiated Proposal	Before Financial Close	Disqualification of the proponent due to new information on their credibility	Termination process is underway; thus, the termination costs are yet to be determined

### 2.6.3 Projects terminated before contract signing

A total of **5** projects were terminated at various stages of the PPP Project Cycle, but before contract signing. Details of these projects are provided in the table 5 below

**Table 5: Projects terminated before contract signing**

Sector/ Sub-Sector	CA	Project Name	Method	Stage of project at termination	Summary of reasons for termination
Housing	Kenya Industrial Research Development Institute (KIRDI)	Construction of the KIRDI Techno-Centre	Privately Initiated Proposal	Proposal Development Phase	The contracting authority was given the recommendation to consider developing the project on budget since the construction of the KIRDI techno-centre was almost complete
Immigration	Ministry of Interior and National Administration	Privately Initiated Proposal for the Next-Generation Integrated Border Management System	Privately Initiated Proposal	Project Development Phase	The contracting authority adopted an alternative, non-PPP procurement method

<sup>1</sup> LOT 3- Construction and rehabilitation of the roads to augment the existing roads from Wajir–Habaswein–Samatar (68Km) and Rhamu-Mandera (75Km)

<sup>2</sup> LOT 32- Construction and rehabilitation of 67 km road to augment the existing road network from Illasit to Taveta through Njukini

<sup>3</sup> Marcelo, Darwin, et al. Do countries learn from experience in infrastructure PPP? PPP practice and contract cancellation. PPP Practice and Contract Cancellation (May 9, 2017). World Bank Policy Research Working Paper 8054 (2017)

Sector/ Sub-Sector	CA	Project Name	Method	Stage of project at termination	Summary of reasons for termination
Irrigation	National Irrigation Authority (NIA)	Galana Dam	Privately Initiated Proposal	Project Development Phase	The availability payments to be paid by government were unaffordable. The contracting authority was given the recommendation to consider developing the project under the public procurement framework since the project ranked highly as a priority strategic food security project
Education	Ministry of Education	Privately Initiated Proposal on Printing and Supply of National Exam Papers	Privately Initiated Proposal	Project Development	The proponent did not meet PPP technical suitability criteria
Irrigation	Tana and Athi Rivers Development Authority (TARDA)	Tana Delta Integrated Project	Privately Initiated Proposal	Project development	The proponent withdrew its initial proposal and submitted to the contracting authority a proposal for a lease arrangement

## 2.7 Debarred or Blacklisted Private Parties

Subsection 88 2(e) of the PPP Act 2021 requires this report to document, private parties that have been debarred or blacklisted under the Act.

To date, no private party has been blacklisted under the Act. When undertaking due diligence on prospective private investors in PPPs, the Directorate and Contracting Authorities consider data on firms that have been blacklisted by the Public Procurement Regulatory Authority (PPRA) and multilateral institutions such as the World Bank and the African Development Bank (AfDB). This ensures that only credible and compliant firms participate in PPP projects, thereby safeguarding their integrity and success.

## 2.8 PPP Project Tenders Cancelled

Section 88 2(f) of the PPP Act, 2021 requires that the annual report documents the number, type and value of Public Private Partnership tenders that have been canceled. The Act permits the Contracting Authority (CA) to cancel a tender process if it is in the public interest under the circumstances detailed in Section 62(5).

**Table 6: PPP Tenders Cancelled**

	Project Name	Project Type	Project Value (KES billion)
1	Development and Expansion of JKIA	A Privately Initiated Proposal (PIP) on development and expansion of Jomo Kenyatta International Airport (JKIA) through a Build, Operate and Transfer (BOT) scheme over a 30 years' contract period.	296
2.	Nairobi Cancer Care Centre, Teaching and Research Hospital	A PIP on development of a modern and technologically advanced hospital that will provide specialist healthcare services. The facility is also expected to offer research and training opportunities.	29.4

## 2.9 Financial Reports of PPP Projects

Section 88 2(h) of the PPP Act 2021 requires that the annual report should document financial reports of projects which have been completed and are being operated by a private party.

As at the close of the 2024/25 Financial Year, there were **9** PPP projects under implementation: **4** under construction/development, and **5** in the operations and maintenance phase..

The projects in operations and maintenance are:

- Lot 33 of the Road Annuity Programme
- Lot 15 of the Road Annuity Programme

- Lot 18 of the Road Annuity Programme
- Nairobi Expressway
- 35MW Sosian Menengai Geothermal Power Plant

The projects under construction are:

- 35MW Orpower 22 Menengai Geothermal Power Plant
- 35MW Quantum Menengai Geothermal Power Plant
- Kenya Defence Forces Residential Accommodation Project
- Galana Kulalu Food Security Project

The Project companies of the 5 projects in operations and maintenance submitted the respective financial reports pursuant to Section 82 (5) of the PPP Act. The Table 7 below contains a summary on status of key financial performance indicators as recorded in the financial reports submitted.

**Table 7: Key Financial Performance Indicators for the PPP Projects in Operation and Maintenance**

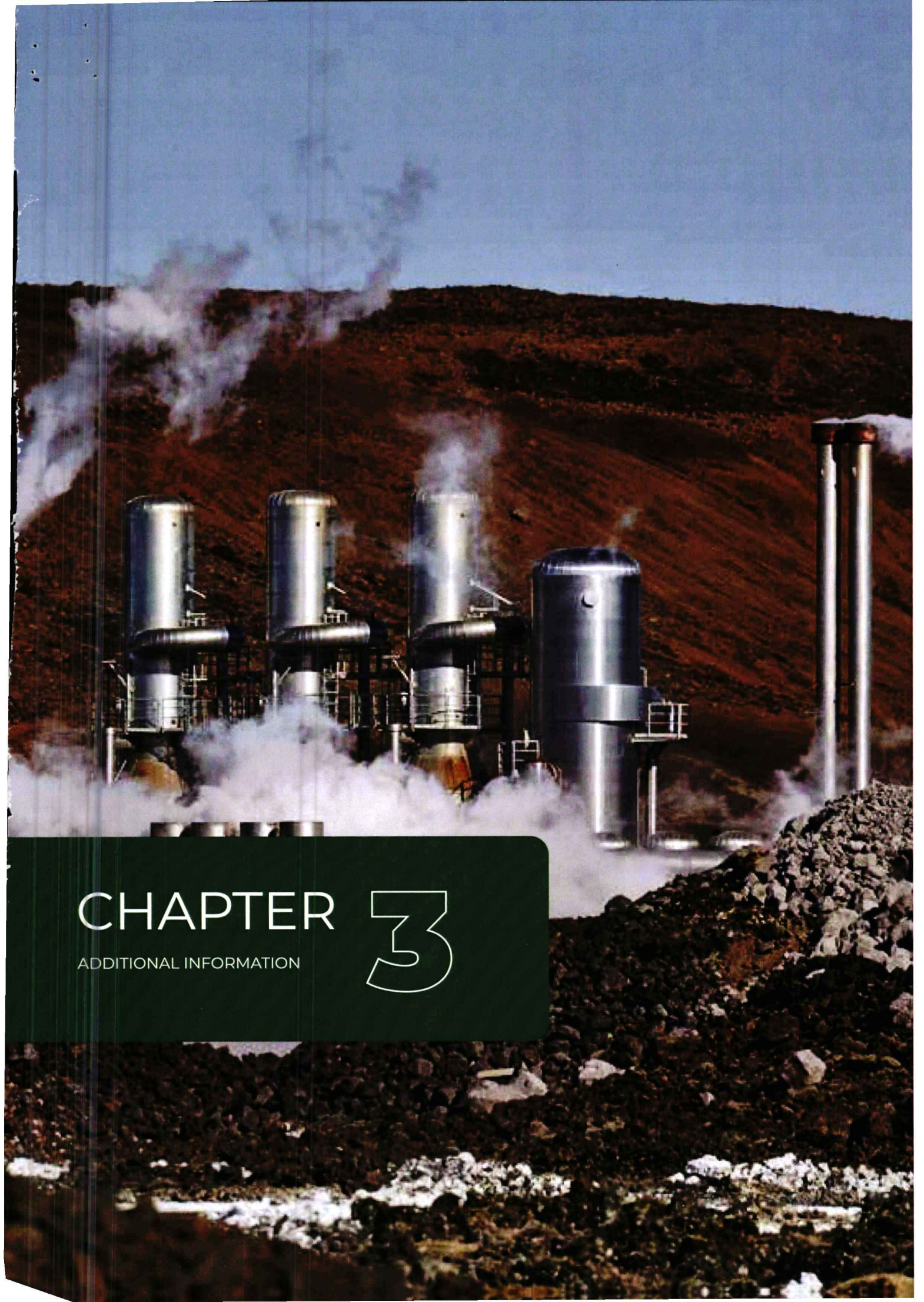
NO	PROJECT	PERIOD OF FINANCIAL STATEMENT	REVENUE REPORTED	DIRECT COSTS REPORTED	NET PROFIT/LOSS
1	Nairobi Expressway	1 <sup>st</sup> July 2024- 31 <sup>st</sup> December 2024	7,159,757,665	9,007,344,821	(1,847,587,156)
2	Road Annuity Lot 15	1 <sup>st</sup> January – 31 <sup>st</sup> December 2024	3,237,774,059	2,334,452,413	903,321,646
3	Road Annuity Lot 18	1 <sup>st</sup> January – 31 <sup>st</sup> December 2024	2,254,620,642	1,606,912,447	647,708,195
4	Road Annuity Lot 33	1 <sup>st</sup> June 2023 to 31 <sup>st</sup> May 2024	2,639,305,786	2,179,167,073	460,138,713
5	35MW Sosian Menengai Geothermal Power Plant Project	1 <sup>st</sup> January – 31 <sup>st</sup> December 2024	3,477,021,844	2,064,353,871	1,412,667,973

The Auditors for the respective five Project Companies (PCs) / Service Providers (SPs) were of the opinion that the financial statements submitted reflected a true and fair view of the financial position of the respective PCs/SPs. Further, based on the respective SP's financial performance and the directors for the seven projects are of the opinion that the companies will continue operations for the foreseeable future.

On the other hand during the 2024/25 fiscal year, the Government made annuity payments for the three projects, as detailed in Table 8 below

**Table 8: Annuity Payments Made To Date**

No.	Project	Project implementation start date	Project Cost (USD Million)	Direct Annuity Payment to the PC in the FY 2024/2025	Cumulative Annuity Payments since the commencement of the project to 30 <sup>th</sup> June 2025
1	Lot 33 of Road Annuity	21 <sup>st</sup> May 2018	USD 98.83	3,273,235,217.74	20,557,855,101.50
2	Lot 15 of Road Annuity	16 <sup>th</sup> February 2022	USD 73.07	3,559,477,374.66	5,941,730,859.21
3	Lot 18 of Road Annuity	16 <sup>th</sup> February 2022	USD 59.02	2,435,959,466.27	4,391,358,161.15



# CHAPTER

ADDITIONAL INFORMATION

# 3

## CHAPTER 3: ADDITIONAL INFORMATION

### 3.1 Challenges

#### Road Annuity Lot 15

**Compensation for outfalls** – Most of the Project Affected Persons (PAPs) where outfalls were constructed in the Project Network have been compensated and the outfalls successfully constructed. However, 18 outfalls have not yet been constructed as the PAPs have rejected the disclosed compensation amount as insufficient. A revaluation and renegotiation exercise are scheduled for August, 2025.

**Vandalism of road signs** – The wanton and continuous theft of road signs has left road users exposed to safety hazards and in the process the Service Provider has incurred significant costs related to their replacement. This is being addressed in conjunction with the local and respective county governments.

### 3.2 Lessons Learned

#### 3.2.1 Cross-cutting lessons

During the Financial Year 2024/2025, the PPP Directorate and contracting authorities gained important lessons with regard to project evaluation, negotiation, and contract management. The lessons are as follows:

- (i) Lengthy land acquisition processes significantly increase project timelines, reduce value for money outcomes, and slow overall project progress;
- (ii) Slow transaction turnaround, including delays in completing negotiations and approvals, reduces project momentum and can affect the timely delivery of public benefits;
- (iii) Limited capacity of a contracting authority in developing robust concept notes hinders the clear articulation of project objectives, alignment with strategic priorities, and effective project preparation;
- (iv) Inadequate or inaccurate budgeting in feasibility studies can cause cost overruns, and affect overall project timelines;
- (v) Delays or limited availability of Viability Gap Funding (VGF) can discourage private sector participation in socially important but less commercially viable projects and slow project implementation;
- (vi) The financial close process is often complex, requiring multiple approvals, permits, licenses, and legal documents from both public and private parties, which is time-consuming and can significantly delay project execution;
- (vii) Not meeting all Conditions Precedent (CPs) in a timely manner can substantially slow down project timelines and affect project delivery;

While these lessons affected various progress of PPPs, the points highlighted under lessons (vi) and (vii) in particular partly contributed to the challenge of project contract terminations reported under section 2.6.2 of this Report.

These lessons will inform the refinement of future projects and processes for greater efficiency and impact.

#### 3.2.2 Road Annuity Lot 15 & 18

- Relocation of utilities and Project Affected persons from the road reserves – The right of way should be fully secured before the project appointment date to avoid delays and associated relief events. Alternatively, this risk (relocation) can be transferred to the Project Company provided that the project still has Value for Money.
- Shorter negotiation periods – The long negotiation period affects the original models created

### 3.3 Enhancements for improved services delivery

#### 3.3.1 Nairobi Expressway

The Museum Hill Toll Expansion has moved forward as a priority project, with auxiliary works, utility relocations and site preparation progressing well. This expansion is expected to relieve bottlenecks at the Toll exit, further increasing throughput and reducing delays.

#### 3.3.2 Road Annuity Lot 15 & 18

The service provider is in the process of setting up barriers to prevent overloading on some of the roads. Through collaboration with the Contracting Authority, virtual weighbridges will also be set up on select roads periodically.

### 3.4 Innovation in service delivery

#### 3.4.1 Nairobi Expressway

The adoption of modular construction methods has been widely praised. Prefabrication and modular components have reduced on site labor hours, improved quality control and minimized traffic disruption during construction phases. Local engineers and contractors have gained exposure to these advanced construction methods.

### 3.5 PPP Program Sustainability Initiatives

As the PPP model is increasingly becoming central in infrastructure development for the country, the Government continues to enhance the sustainability of PPPs through various initiatives:

- Continued strengthening of the legal framework with interventions such as revision of the Government Support Measures (GSM) policy, development of PPP guidelines, including those on public participation in PPPs
- Mainstreaming climate resilience in PPPs at the design and structuring stages to strategically position PPPs to tap into opportunities for green and climate funds.
- Targeted capacity building of contracting authorities at both national and county levels on design and structuring of PPPs so as to enhance the quality of the PPP pipeline.
- Continuous capacity strengthening for contracting authorities and relevant sectoral regulatory agencies to effectively supervise and monitor implementation of PPPs to ensure so as to ensure that the intended projects outcomes are realized
- Continuous sensitization of the public other stakeholders to enhance understanding on PPPs and its role in the development of the Kenyan economy

### 3.6 Priorities of the Public Private Partnerships Directorate

The Directorate has identified a number of PPP priority areas in the next Financial Year and they include:

- Finalization of the development of PPP guidelines
- Supporting the Contracting Authorities in:
  - ▶ capacity building on origination of PPP projects and management of PPP contracts.
  - ▶ origination, preparation and structuring of new PPP projects
  - ▶ progressing the Pipeline current to the next stages in the PPP project cycle.
  - ▶ Availing transaction advisory support for approved projects, subject to the relevant considerations
  - ▶ Continued collaboration with the Contracting Authorities in the monitoring and supervision of PPP projects.
- Establishment of structures to sustain utilization of the PPP model



# CHAPTER

CONCLUSION AND  
RECOMMENDATIONS

# 4

# CHAPTER 4: CONCLUSION AND RECOMMENDATIONS

## 4.1. Conclusion

The PPP programme continues to play a pivotal role in Kenya's infrastructure development across multiple sectors, including Agriculture, Irrigation, Water, Energy, Environment, Health, Housing, Tourism, Transport, Urban Development, Education, ICT, Aviation, Industrial Parks, Agribusiness & Manufacturing, and the Blue Economy.

The Government's commitment to fostering sustainable private-sector partnerships is evident in the steady growth of the PPP pipeline, increased private sector investments, and successful implementation of flagship projects aligned with national development priorities.

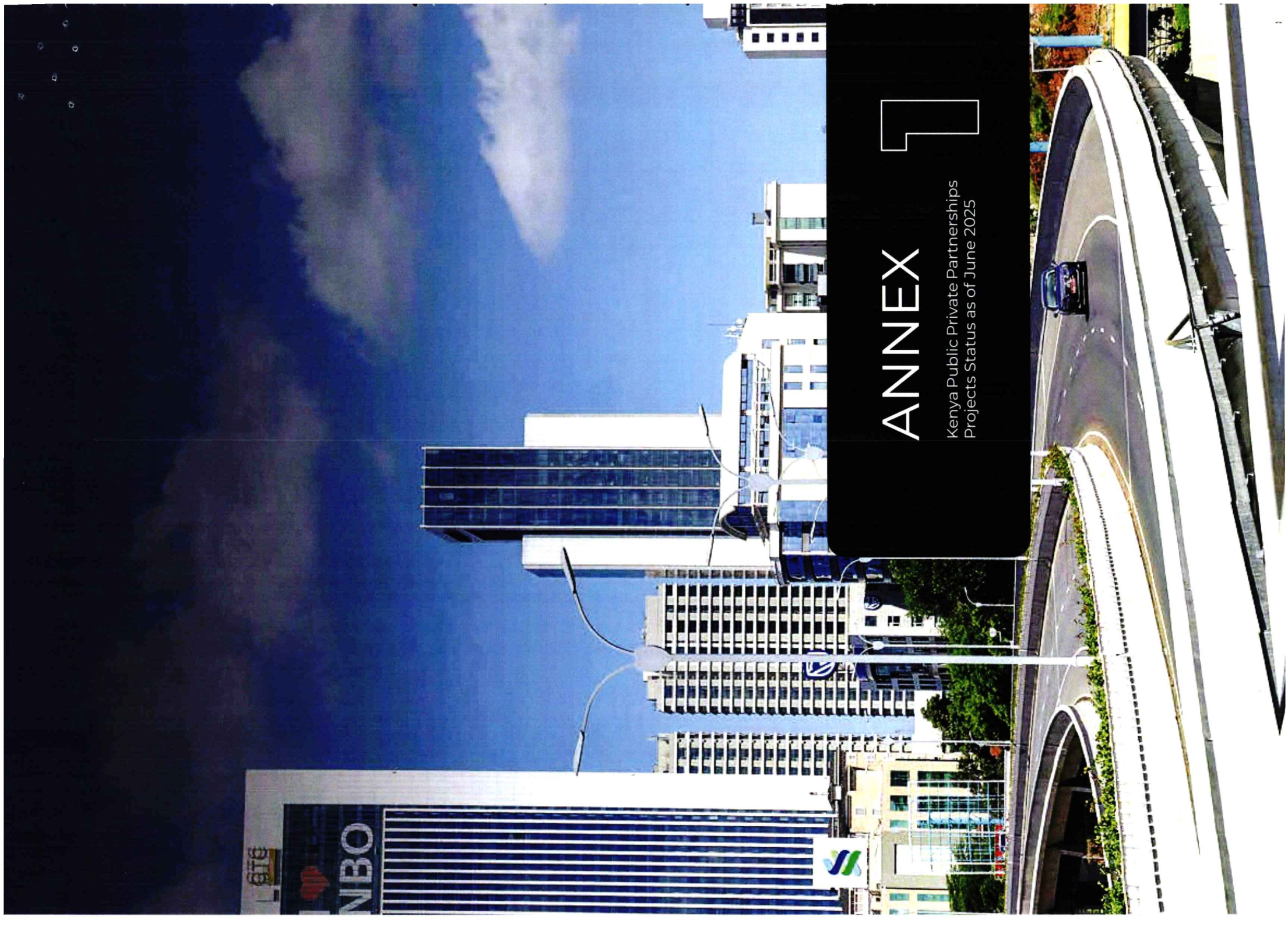
Key highlights for **FY 2024/25** include:

- **Total private capital investments mobilized under PPPs** increased to **KES 145 billion**, with **KES 17.7 billion** having been mobilized in FY 2024/25
- **Four projects under construction/ development** achieved significant progress:
  - KDF Residential Accommodation Project – 51% completion.
  - 35MW Quantum Menengai Geothermal Plant – 60% completion.
  - 35MW Orpower 22 Menengai Geothermal Plant – 51% completion.
  - Galana-Kulalu Food Security Project commenced seed maize production, with 170 acres planted in May 2025, 1,300 acres under seed maize by June 2025, and a target of 3,200 acres by December 2025.
- **Pipeline development advanced**, with three projects approved to progress to negotiations: Galana-Kulalu Food Security Project, Sabaki Water Carrier Project, and Lamu Water Desalination Plant.
- **New additional projects** received first approvals, enabling progression to feasibility studies.
- **Capacity building on PPPs**- Capacity building of over 300 governments officers on PPPs.
- The outlook for FY 2025/26 remains promising, with a number projects targeted to attain Financial Close which include;
  - ▶ Africa 50 & PowerGrid sponsored Power Transmission Lines
  - ▶ Galana Kulalu Food Security Project
  - ▶ Supply of Smart Driving Licenses and Associated Services
  - ▶ Sabaki Water Carrier Project
  - ▶ 35MW Orpower 22 Geothermal Menengai Power Plant and
  - ▶ Nairobi-Nakuru-Mau Summit Road.

## 4.2. Recommendations

Based on the Directorate's review of project reports and key findings, the following recommendations are made:

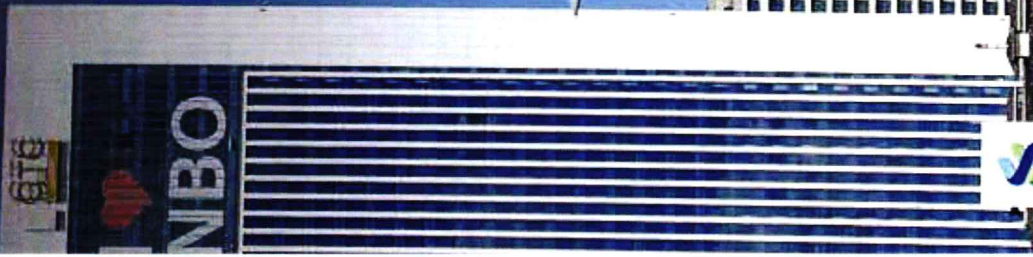
- (i) **Project Performance Reporting** – Contracting Authorities and Service Providers should strengthen collaboration in preparing project reports to address gaps in reporting areas, including KPIs and Environmental & Social Management.
- (ii) **Innovation** – Service Providers are encouraged to continuously pursue and integrate innovative approaches in the delivery of project services.
- (iii) **Stakeholder Engagement** – Both CAs and SPs should enhance collaboration with key stakeholders, including County Governments and community groups, to improve project outcomes and ensure inclusivity.



# ANNEX

1

Kenya Public Private Partnerships  
Projects Status as of June 2025



# ANNEX 1 – Kenya Public Private Partnerships Projects Progress and Status as of June 2025

1. This Report is prepared pursuant to Section 26 of the PPP Act 2021, which requires the PPP Directorate to publish the National List of PPP projects. The objective of this report is to update PPP stakeholders on the status and progress of the country's Public Private Partnership (PPP) projects. The report provides an updated status of the projects as of 30<sup>th</sup> June 2025, and it is available on the PPP Directorate Website: [www.pppunit.go.ke](http://www.pppunit.go.ke).

Kenya has a total of **36** PPP projects of **9** of which are under implementation and **27** are in the Pipeline and at various stages in the PPP Project Cycle;

- Part A - documents the number of projects by stage in the PPP Project Cycle,  
 Part B - documents the status of the **9** PPP projects under implementation, and  
 Part C - documents the progress status of the **27** projects in the PPP Pipeline  
 (24 under National Government agencies and 3 under County Governments).

## Part A: Kenya PPP Projects by stage in the PPP Project Cycle

	Stage of PPP Project	No. of National Government Projects	No. of County Government Projects	Total Number of Projects per Stage
1	Projects in operation and maintenance phase	5	0	5
2	Projects in construction/development phase	4	0	4
3	Projects at Contract Negotiations (Contracts Not Yet Signed)	4	0	4
4	Projects in Tender/Procurement of Private Party	1	0	1
5	Projects Ready for Tender	2	0	2
6	Projects at Feasibility Study/Project Development Phase Stage (Ongoing Studies)	8	2	10
7	Projects at Proposal Stage Awaiting Procurement of Transaction Advisor	9	1	10
	<b>TOTAL</b>	<b>33</b>	<b>3</b>	

## Part B: Kenya PPP Projects Under Implementation

	<b>Project Name and Contracting Authority</b>	<b>Project Description (Summary)</b>	<b>Status as at June 2025</b>
<b>PROJECTS IN OPERATION AND MAINTENANCE</b>			
<b>ROADS</b>			
1	<b>Lot 33 of Road Annuity Programme</b>  <b>Contracting Authority</b> -Kenya Rural Roads Authority (KERRA)  <b>Project Company</b> - IN-TEX RAF 1 Ltd	Construction and Maintenance of the 90.55km roads from Ngong to Isinya ("Ngong-Kiseri-an-Isinya") and from Kajiado to Imaroro ("Kajiado-Imaroro")  <b>Project Cost-</b> KES 12.74 Billion	Financial Close for the Project was attained in February 2018.  Construction of the Project was completed in April 2020.  The project has been in operation since May 2020.
2	<b>Nairobi Expressway</b>  <b>Contracting Authority</b> -Kenya National Highways Authority (KeNHA)  <b>Project Company</b> – Moja Expressway Company Ltd	Development, operation, and maintenance of a 27.1 kms dual carriageway with Class A standards, that connects Mlolongo with James Gichuru Road along the medium strip of the A8 National Road  <b>Project Cost-</b> KES 86.8 Billion	Financial Close for the Project was attained in November 2021. Construction of the Project was completed in April 2022.  The project has been in operation since May 2022.
3	<b>Lot 18 of Road Annuity Programme</b>  <b>Contracting Authority</b> – Kenya Urban Roads Authority (KURA)  <b>Project Company</b> – Infraconnect 18 Ltd	Construction/ rehabilitation of urban roads in select 4 Counties <sup>1</sup>  <b>Project Cost-</b> KES 6.4 Billion	Financial Close for the Project was attained in February 2022.  Construction of the Project was completed in March 2024.  The project has been in operation since April 2024.
4	<b>Lot 15 of Road Annuity Programme</b>  <b>Contracting Authority</b> -Kenya Urban Roads Authority (KURA)  <b>Project Company</b> - Infraconnect 15 Ltd  <b>EPC Contractor-</b> Mota Engil Engenharia e Construção Africa SA, Lee Construction Ltd and Cape Consult Ltd Consortium	Construction/ rehabilitation of urban roads in select 6 Counties <sup>2</sup>  <b>Project Cost-</b> KES 8.09 Billion	Financial Close for the Project was attained in February 2022.  Construction of the Project was completed in March 2024.  The project has been in operation since April 2024.

<sup>1</sup> km), Bungoma (12.5km) and Busia (4km) on a Design - Build - Finance - Operate - Maintain-Transfer (DBFOMT) PPP model funded through annuity payments for a period of 10 years.

<sup>2</sup> The Project involves the construction and rehabilitation of the 28km roads to augment select urban roads in 6 Counties: Nyeri (9.5km), Kirinyaga (2km), Murang'a (5.5km), Embu (4km), Tharaka Nithi (4km) and Laikipia (3km) on a Design - Build - Finance - Operate - Maintain-Transfer (DBFOMT) PPP model funded through annuity payments for a period of 10 years.

	<b>Project Name and Contracting Authority</b>	<b>Project Description (Summary)</b>	<b>Status as at June 2025</b>
	<b>ENERGY</b>		
5	<b>35MW Sosian Menengai Geothermal Power Plant Project</b>  <b>Contracting Authority-</b> Geothermal Development Company (GDC)  <b>Project Company-</b> Sosian Menengai Geothermal Power Ltd  <b>EPC Contractor-</b> Kaishan Group	<p>A green field geothermal electricity generation project whose objective is to increase the installed national capacity by 35MW from geothermal resources on a BOO (Build-Own-Operate) PPP model for 20 -25 years.</p> <p><b>Project Cost-</b> KES 11.7 Billion</p>	<p>The project is a priority PPP in MTP IV.</p> <p>Construction of the Project commenced in October 2021 and was completed in June 2023.</p> <p>Commercial Date of Operation was declared in November 2023.</p> <p>The Project attained Financial Close in December 2023.</p>
<b>PROJECTS UNDER CONSTRUCTION/ DEVELOPMENT</b>			
	<b>ENERGY</b>		
6	<b>35MW Quantum Menengai Geothermal Power Plant Project</b>  <b>Contracting Authority-</b> Geothermal Development Company (GDC)  <b>Project Company-</b> QPEA GT Menengai Ltd  <b>EPC Contractor-</b> Toyota Tsusho Corporation (TTC)	<p>A green field geothermal electricity generation project whose objective is to increase the installed national capacity by 35MW from geothermal resources on a BOO (Build-Own-Operate) PPP model for 20 -25 years.</p> <p><b>Project Cost-</b> KES 15.2 Billion</p>	<p>The project is a priority PPP in Kenya's Medium-Term Plan (MTP) IV.</p> <p>Financial close was achieved in December 2023.</p> <p>Construction of the Project commenced in February 2024 and is ongoing.</p>
7	<b>35MW Orpower 22 Menengai Geothermal Power Plant</b>  <i>Geothermal Development Company (GDC)</i>  <b>Project Company-</b> Orpower 22 Ltd  <b>EPC Contractor-</b> Kaishan Group	<p>A green field geothermal electricity generation project whose objective is to increase the installed national capacity by 35MW from geothermal resources on a BOO (Build-Own-Operate) PPP model for 25 years.</p> <p><b>Project Cost-</b> KES 11.7 Billion</p>	<p>The project is a priority PPP in Kenya's Medium-Term Plan (MTP) IV.</p> <p>The project attained Commercial Close in October 2024.</p> <p>Early works for the project were commissioned in November 2024 and are ongoing.</p> <p>The Private Party and the CA are working on fulfilling Conditions Precedent (CPs) to Financial Close.</p>

	<b>Project Name and Contracting Authority</b>	<b>Project Description (Summary)</b>	<b>Status as at June 2025</b>
	<b>HOUSING</b>		
8	<p><b>Kenya Defence Forces Residential Accommodation</b></p> <p><b>Contracting Authority</b> – Ministry of Defence</p> <p><b>Project Company</b>- Linda Project Co. Ltd</p> <p><b>EPC Contractor</b> - China Railway Engineering Group (CREG)</p>	<p>Development of approximately 3,069 residential units for the Kenya Defence Forces (KDF) under a 15-year Build, Transfer (BT) PPP model. The Project will deliver an estimated 104,125sq.m in built-up areas and associated infrastructure as well as amenities across 5 project sites in Nairobi, Laikipia, Mombasa, and Nakuru Counties.</p> <p><b>Project Cost</b>- KES 4.5 Billion</p>	<p>Financial close was achieved in May 2024.</p> <p>Construction of the Project commenced in June 2024 and is ongoing.</p>
	<b>AGRICULTURE</b>		
9	<p><b>Galana Kulalu Food Security Project</b></p> <p><i>National Irrigation Authority (NIA)</i></p>	<p>The proposed project seeks to enhance food security by bringing under production 20,000 acres of land to make available an estimated 720,000 bags of maize and 160,000 bags of soybeans per annum on a Design–Finance–Develop–Operate–Transfer (DFDOT) PPP model</p> <p><b>Project Cost</b> - KES 12.5 billion</p> <p><b>Contract Term</b>- 30 years</p> <p><b>Project Proponent</b>- Selu Limited</p>	<p><b>PPP Procurement Method</b>- <i>Privately Initiated Proposal (PIP)</i></p> <p>The project is a priority PPP in Kenya’s Medium-Term Plan (MTP) IV.</p> <p><b>1<sup>st</sup> approval</b>- The project proposal was approved in February 2023 to progress to Project Development/ Feasibility Study.</p> <p><b>2<sup>nd</sup> approval</b>- The Project Development/Feasibility Study Report was completed, submitted, and approved in February 2024, for the project to progress to contract negotiations.</p> <p><b>3<sup>rd</sup> approval</b>- The Financial and Risk Assessment Report of the project and the initiated Project Agreement were approved in August 2024, for the project to progress to the execution of the Agreement.</p> <p><b>Commercial Close</b> - project attained Commercial Close in December 2024.</p> <p><b>Financial Close</b>- The Private Party and the CA are working on fulfilling Conditions Precedent (CPs) to Financial Close.</p>

### Part C: Kenya PPP Pipeline - Progress and Status

	Project Name and Contracting Authority	Project Description (Summary)	Status as at June 2025
<b>PROJECTS IN CONTRACT NEGOTIATIONS</b>			
<b>TRANSPORT</b>			
1	<b>Supply of Smart Driving Licenses and Associated Services</b> <i>National Transport Services Authority (NTSA)</i>	The project entails the supply, delivery, and installation of a second-generation smart card-based driving license  <b>Est Project Cost</b> – KES 45 Billion  <b>Contract Term</b> - 21 years  <b>Project Proponent</b> - Pesa Print/National Bank	PPP Procurement Method- Direct Procurement  <b>1<sup>st</sup> approval</b> - The project proposal was approved in July 2023, for the project to progress to procurement of Private Party.  <b>2<sup>nd</sup> approval</b> - Procurement of the Private Party for the project was undertaken, and the project was approved to progress to contract negotiations in February 2024.  <b>3<sup>rd</sup> Approval</b> – The project and risk assessment report (also called negotiation report) were approved in June 2024, subject to the fulfilment of the specified conditions.
<b>ENERGY</b>			
2	<b>Power Transmission Lines and Substations sponsored by Africa 50 and PowerGrid</b>  <i>Kenya Electricity Transmission Company (KETRACO)</i>	Development of the following Power Transmission Lines and Substations: (i) 177km of 400 kV Loosuk – Lessos Transmission Line; (ii) 64 km of 220kV Kisumu-Musaga Transmission Line; Includes associated infrastructure such as substations, including a new 400kV switch station at Loosuk, new substations 220/33kV at Kakamega and substation extensions at Lessos, Musaga and Kibos.  <b>Contract Term</b> - 30 years  <b>Project Cost</b> - KES 41.6 Billion  <b>Project Proponent</b> - Africa50 & PowerGrid	PPP Procurement Method- Privately Initiated Proposal (PIP)  <b>1<sup>st</sup> approval</b> - The project proposal was approved in February 2023 to progress to Project Development/Feasibility Study.  <b>2<sup>nd</sup> approval</b> - The Project Development/Feasibility Study Report was completed, submitted, and approved in May 2024, for the Project to progress to contract negotiations.  The negotiations with the private party are underway, and the proposed terms shall be tabled to the PPP Committee for approval.
<b>WATER AND IRRIGATION</b>			
3	<b>Sabaki Water Carrier Project</b>  <i>Ministry of Water, Sanitation &amp; Irrigation</i>	The proposed project includes the abstraction of 80,000m <sup>3</sup> /day water from the Baricho aquifer, on the banks of Sabaki River in Kilifi County; the development of a water treatment and storage plant; sewerage treatment units and related sewer network within the Zones.  <b>Est Project Cost</b> - KES 27.9 Billion  <b>Project Proponent</b> - Utility Partners One LLP	<b>PPP Procurement Method</b> - Privately Initiated Proposal (PIP)  <b>1<sup>st</sup> approval</b> - The project proposal was approved in October 2023, for the project to progress to Project Development/Feasibility Study.  <b>2<sup>nd</sup> approval</b> – In February 2025, the project was granted approval to progress to contract negotiations.  The negotiations with the private party are underway, and the proposed terms shall be tabled to the PPP Committee for approval.

	Project Name and Contracting Authority	Project Description (Summary)	Status as at June 2025
4	<p><b>Lamu Water Desalination Plant</b></p> <p>Ministry of Water, Sanitation and Irrigation</p>	<p>The project has two components:</p> <p>a) Construction and installation of a water desalination plant to supply an initial 120,000m<sup>3</sup>/day of potable water to the residents of Lamu Town and environments including LAPSET Zone; and</p> <p>b) Sale of products produced from the mineral's recovery process.</p> <p><b>Est Project Cost-</b> KES 106.1 Billion</p> <p><b>Project Proponent-</b> Rasli Bahari Kenya Ltd</p>	<p>PPP Procurement Method- Privately Initiated Proposal (PIP)</p> <p><b>1<sup>st</sup> approval-</b> The project proposal was approved in December 2023, for the project to progress to Project Development/Feasibility Study.</p> <p><b>2<sup>nd</sup> approval</b> – In April 2025, the project was granted approval to progress to contract negotiations.</p>
<b>PROJECTS AT PROCUREMENT OF PRIVATE PARTY</b>			
<b>HOUSING</b>			
5	<p><b>Stoni Athi Affordable Housing Units</b></p> <p>National Housing Corporation</p>	<p>Develop and sell 2,820 Affordable Housing Units, cross-subsidized with 200 Market Rate Units in Athi River on NHC's land. The development is in two phases with a construction period of 2 years and an offtake period of 1 year for each phase.</p>	<p><b>PPP Procurement Method-</b> <i>Competitive Bidding</i></p> <p><b>1<sup>st</sup> approval-</b> The project proposal and Feasibility Study report were approved in May 2024.</p> <p><b>2<sup>nd</sup> Approval-</b> The Feasibility Study report was approved in May 2024, and the project was also granted approval to progress to the procurement of a private party.</p> <p><b>Procurement of a Private Party-</b> The Request for Qualification (RFQ) was issued on 26<sup>th</sup> November 2024, and the RFQ closed on 21<sup>st</sup> January 2025. However, the tender was nonresponsive, and plans are underway to re-issue the tender in Q4.</p>
6	<p><b>University of Nairobi Purpose Built Student Accommodation Project</b></p> <p>University of Nairobi</p>	<p>Development of 4,000-bed capacity student hostels through a Design, Build, Finance, Operate and Transfer (DBFOT) PPP model for 30 years</p>	<p><b>PPP Procurement Method-</b> <i>Competitive Bidding</i></p> <p>The Feasibility Study for the Project was completed in October 2024. The Feasibility Study report was approved in February 2025, and the project was granted approval to progress to procurement of private party. Preparations for issuance of the tender are being finalised.</p> <p><b>Transaction Advisor-</b> a consortium led by Crisil Ltd</p>

	Project Name and Contracting Authority	Project Description (Summary)	Status as at June 2025
7	<p><b>Moi Teaching and Referral Hospital (MTRH) Expansion of Teaching and Student Accommodation Facilities at the Ultra-Modern College of Health Sciences</b></p> <p><i>Moi University Teaching and Referral Hospital</i></p>	<p>Expansion of the teaching and student accommodation facilities for the current College of Health Sciences at the Moi Teaching and Referral Hospital. The teaching facility will host up to 3,000 students while the accommodation facility will house about 800 students. Other facilities include a library, skills-laboratories, conference halls, amphitheatres, ICT resource centres, and retail areas.</p>	<p><b>PPP Procurement Method- Competitive Bidding</b></p> <p>The Feasibility Study for the project commenced in May 2024 and was completed in March 2025.</p> <p><b>2<sup>nd</sup> Approval</b> - The Feasibility Study report was approved in April 2025. and the project was granted approval to progress to procurement of private party. Preparations for issuance of the tender are being finalised.</p> <p><b>Transaction Advisor for the project-</b> a consortium led by Crisil Ltd</p>
<b>PROJECTS AT FEASIBILITY STUDY</b>			
<b>ROADS</b>			
8	<p><b>Nairobi Mombasa Expressway (Usahihi Express)</b></p> <p><i>Ministry of Roads and Transport</i></p>	<p>The construction of a 419km, 4 lane Nairobi-Mombasa Expressway as a greenfield project.</p> <p><b>Est Project Cost-</b> KES 468 Billion</p> <p><b>Project Proponent-</b> Ever strong Capital</p>	<p><b>PPP Procurement Method- Privately Initiated Proposal (PIP)</b></p> <p>The project is a priority PPP in Kenya's Medium-Term Plan (MTP) IV.</p> <p><b>1<sup>st</sup> approval-</b> The project proposal was approved in December 2023 for the project to progress to Project Development/Feasibility Study.</p> <p>Project Development/Feasibility Study is ongoing.</p>
<b>WATER AND IRRIGATION</b>			
9	<p><b>Ndarugu 2 Dam Water Supply Project.</b></p> <p><i>Athi Water Works Development Agency</i></p>	<p>The proposed Ndarugu 2 Dam is a water supply project on the confluence of Ndarugu and Githobokoini rivers. The Dam will be 52 m high Roller-Compacted Concrete (RCC) gravity dam, crest length of 300 m with a storage capacity of 18 million cubic meters, a 50,000 m<sup>3</sup>/d Water Treatment Plant, 37km of raw and treated water pipelines.</p> <p><b>Est Project Cost-</b> KES 13 Billion</p> <p><b>Project Proponent-</b> China Road &amp; Bridge Corporation (CRBC)</p>	<p><b>PPP Procurement Method- Privately Initiated Proposal (PIP)</b></p> <p><b>1<sup>st</sup> approval-</b> The project proposal was approved in February 2023 for the project to progress to Project Development/Feasibility Study.</p> <p>The Project Development/ Feasibility Study has, however been put on hold, pending the resolution of issues raised by the Project Affected Persons.</p>

	<b>Project Name and Contracting Authority</b>	<b>Project Description (Summary)</b>	<b>Status as at June 2025</b>
10	<b>Mzima II Water Supply Project</b>  <i>Coast Water Works Development Authority</i>	<p>Development of a 220 Km water pipeline with a diameter of 1,200mm and attendant facilities to abstract and transmit 105,000m<sup>3</sup>/d of water per day from Mzima Springs to Mazeras Tanks and various towns along the pipeline at an estimated cost of US\$ 335.338 million. The proposed term of the project is 30 years with a construction period of 3 years and operation and maintenance period of 27 years.</p> <p>The project will serve consumers from Mombasa, Kilifi, Taita Taveta and Kwale Counties.</p> <p><b>Est Project Cost-</b> KES 50.6 Billion</p> <p><b>Project Proponent-</b> Sichuan Road and Bridge Group Company Limited Chengdu, China</p>	<p><b>PPP Procurement Method-</b> <i>Privately Initiated Proposal (PIP)</i></p> <p><b>1<sup>st</sup> approval-</b> The project proposal was approved in August 2024, for the project to progress to Project Development/Feasibility Study.</p> <p>The Project Development is ongoing.</p>
11	<b>Londiani Dam</b>  <i>Ministry of Water, Sanitation and Irrigation</i>	<p>The purpose of the project is to supply potable water to the residents of Kipkelion West and Londiani Sub Counties in Kericho County.</p> <p><b>Est Project Cost-</b> KES 33.4 Billion</p> <p><b>Project Proponent-</b> Gap Insaat Yatirim Ve Dis Ticaret A.S (GaP)</p>	<p>PPP Procurement Method- Privately Initiated Proposal (PIP)</p> <p><b>1<sup>st</sup> approval-</b> The project proposal was approved in December 2023, for the project to progress to Project Development/Feasibility Study.</p> <p>The Project Development/ Feasibility Study is ongoing.</p>
12	<b>Maragua IV Dam Water Supply Project</b>  <i>Athi Water Works Development Agency (AWWDA)</i>	<p>The project involves the development of a bulk Water Supply system to supply 120,000m<sup>3</sup>/day to Nairobi City County and 20,000m<sup>3</sup>/day to Muranga South (Sabasaba, Kabati, Maragua town, Makuyu, Kenol and Kaharati areas). The proposed scheme consists of the following components: dam structure, raw water pipeline, water treatment plant, and pipeline for treated water</p> <p><b>Est Project Cost-</b> KES 51.5 Billion</p> <p><b>Project Proponent-</b> China Energy International Group and BG Hill</p>	<p><b>PPP Procurement Method-</b> <i>Privately Initiated Proposal (PIP)</i></p> <p><b>1<sup>st</sup> approval-</b> The project proposal was approved in February 2025, for the project to progress to Project Development/Feasibility Study.</p> <p>The Project Development/ Feasibility Study is ongoing.</p>
13	<b>Naivasha SEZ Bulk Water Supply &amp; Sanitation</b>  <i>Ministry of Water and Sanitation</i>	<p>Development of boreholes for water supply in Naivasha and reticulation of wastewater for Naivasha Special Economic Zone. The proposed project will be built in Naivasha with the SPV contracting with MWSI and implemented by Water Service Providers: Naivawasco, Turasha Water and Central Rift Water Works Development Agency (CRWWDA)</p> <p><b>Est Project Cost-</b> KES 12.5 Billion</p> <p><b>Project Proponent-</b> Royal HaskoningDHV &amp; Rebel Group</p>	<p>PPP Procurement Method- Privately Initiated Proposal (PIP)</p> <p><b>1<sup>st</sup> approval-</b> The project proposal was approved in April 2025, for the project to progress to Project Development/ Feasibility Study.</p>

	Project Name and Contracting Authority	Project Description (Summary)	Status as at June 2025
	<b>AGRICULTURE</b>		
14	<b>High Grand Falls</b> <i>National Irrigation Authority (NIA)</i>	<p>The main components of the proposed project include:</p> <ul style="list-style-type: none"> <li>a) Main Dam and Reservoir covering an area of more than 165Km<sup>2</sup> and a reservoir of 5,600 million m<sup>3</sup> of water;</li> <li>b) Hydropower generation capacity of 500MW with capacity likely to be increased to 700MW and later 1,000 MW; and</li> <li>c) Irrigation Schemes covering 400,000 Acres</li> </ul> <p><b>Est Project Cost-</b> KES 337 Billion</p> <p><b>Project Proponent-</b> GBM Limited UK</p>	<p><b>PPP Procurement Method-</b> <i>Privately Initiated Proposal (PIP)</i></p> <p>The project is a priority PPP in MTP IV.</p> <p><b>1<sup>st</sup> approval-</b> The project proposal was approved in May 2023, for the project to progress to Project Development/Feasibility Study.</p> <p>The Project Development/ Feasibility Study Report was finalized, submitted and is under evaluation.</p>
	<b>HEALTH</b>		
15	<b>Pwani Teaching and Referral Hospital</b> <i>Pwani University</i>	<p>The project is envisaged to comprise of 2,000 bed capacity, to be constructed adjacent to the Pwani University. The envisaged project components include a Centre of Excellence in Health Management and Research; a Tropical Medicine Centre; a Centre for Telemedicine and Informatics Unit; Cafeteria and Eateries; Student hostels; Doctors' Plaza; Staff housing; Administrative block; Gymnasium and recreation court and Transport Centre</p>	<p><b>PPP Procurement Method-</b> <i>Competitive Bidding</i></p> <p>The Feasibility Study for the project was completed in September 2023. Consultations were concluded with regard to key policy recommendations of the study. The Feasibility Study Report is expected to be submitted for approval.</p> <p><b>Transaction Advisor for the project-</b> a consortium led by Rebel Group</p>
16	<b>Cancer Centre at Meru Level Five Referral Hospital</b> <i>Meru County</i>	<p>Development of a fifty (50) bed capacity facility at Meru Teaching and Referral Hospital, complete with anatomic pathology and medical imaging capacity. The facility will also be able to render chemotherapy, radiotherapy, and surgery as treatment options.</p>	<p><b>PPP Procurement Method-</b> <i>Competitive Bidding</i></p> <p>The Feasibility Study commenced in December 2024 and is ongoing.</p> <p><b>Transaction Advisor for the project-</b> a consortium led by Crisil Ltd</p>

	<b>URBAN DEVELOPMENT</b>		
17	<p><b>Nairobi Smart Street Lighting Project</b></p> <p><i>Nairobi County</i></p>	<p>Proposed development, modernization, expansion, operation, and maintenance of approximately 100,000 street lighting assets to pre-agreed standards for 10 years. The Project will establish a smart street lighting system that includes the installation of new lighting fixtures and LED lamps, retrofitting the existing lighting fixtures with LED lamps, and establishment of a Common Management System (CMS) underpinned by ultra-narrowband technology as the anchor of the smart street lighting system.</p>	<p><b>PPP Procurement Method- Competitive Bidding</b></p> <p>The Feasibility Study for the Project was completed in October 2024. The CA is expected to submit the Feasibility Study report for approval.</p> <p><b>Transaction Advisor for the project-</b> a consortium led by Castalia Ltd.</p>
<b>PROJECTS AT PROPOSAL STAGE AWAITING PROCUREMENT OF TRANSACTION ADVISOR</b>			
18	<p><b>Njoro Kubwa Bulk Water Supply</b></p> <p><i>County Government of Taita Taveta</i></p>	<p>Development of Water supply, Storm Water and Sanitation Works for Voi, Mwatate, Wundanyi and Taveta towns (Njoro Kubwa). The proposed project entails abstracting water from the spring and distributing the water to major towns in the County and will follow the existing infrastructure where water will be pumped from Njoro Kubwa Springs to the California Tank and then from the California Tank to the Hill tank. Water will be sourced from Njoro-Kubwa Springs located approximately 3km from Taveta town.</p>	<p>PPP Procurement Method- Competitive Bidding</p> <p><b>1<sup>st</sup> Approval-</b> The Project Concept Note was approved in August 2023.</p> <p>Procurement of Transaction Advisor (TA) – the TA procurement was published on 11<sup>th</sup> February 2025 and closed on 12<sup>th</sup> April 2025. The TA assignment is being supported by the Global Infrastructure Facility (GIF) and the African Legal Support Facility (ALSF).</p>
19	<p><b>KNH Staff and Caregiver Accommodation Facility</b></p> <p><i>Kenyatta National Hospital</i></p>	<p>The proposed project aims to develop 2,500 residential units at Kenyatta National Hospital (KNH) to meet the housing needs of critical staff, with accommodations ranging from studio to four-bedroom apartments. It also provides housing for families and patient caregivers at a fee.</p>	<p><b>PPP Procurement Method- Competitive Bidding</b></p> <p>Procurement of Transaction Advisor (TA)– the Request for Proposals was published on 25<sup>th</sup> March 2025 and closed on 18<sup>th</sup> April 2025. Evaluation of the bids is being finalised.</p>
20	<p><b>Development of a Commercial Space Port in Malindi</b></p> <p><i>Kenya Space Agency (KSA)</i></p>	<p>Development of national space capacities in space systems engineering, space-derived data analytics and processing, and development of ground infrastructure for acquisition of satellite data, as well as investing in commercial launch capability for revenue generation, employment creation, and catalysing light manufacturing of space systems.</p>	<p>PPP Procurement Method- Competitive Bidding</p> <p>The project is a priority PPP in Kenya's Medium-Term Plan (MTP) IV.</p> <p><b>1<sup>st</sup> Approval-</b> The Project Concept Note was approved in April 2025.</p> <p>Procurement of Transaction Advisor (TA) – preparations for the procurement of a TA are being finalized. The TA procurement shall be published shortly.</p>

21	<p><b>Equipment, Operation, and Maintenance of Port Assets in Lamu and Mombasa</b></p> <p><i>Kenya Ports Authority (KPA)</i></p>	<p>(i) Mombasa Port Berths 11-14 (ii) Mombasa Port Container Terminal 1 (iii) Lamu Container Terminal Berths 1-3 (iv) Lamu Special Economic Zone</p>	<p><b>PPP Procurement Method-</b> Competitive Bidding</p> <p><b>The project is a priority PPP in Kenya's Medium-Term Plan (MTP) IV.</b></p> <p>Procurement of Transaction Advisor (TA) – the Request for Proposals was published on 25<sup>th</sup> March 2025 and closed on 17<sup>th</sup> April 2025. Evaluation of the bids is underway.</p>
22	<p><b>Kenya Prisons Staff Housing</b></p> <p><i>State Department of Correctional Services</i></p>	<p>Development of 9,000 housing units in three phases. Phase I of the proposed project seeks to construct, operate and maintain 3,000 units composed of type 1, type 2 and type 3 houses. Type 1, having a total floor area of 40 m<sup>2</sup>, will comprise 900 units; Type 2, having a total floor area of 60 m<sup>2</sup>, will comprise 1800 units; and Type 3, having a total floor area of 80 m<sup>2</sup>, will comprise 300 units</p>	<p>PPP Procurement Method- Competitive Bidding</p> <p><b>1<sup>st</sup> Approval-</b> The Project Concept Note was approved in March 2025</p> <p>Procurement of Transaction Advisor (TA) – preparations for procurement of a TA are being finalised. The TA procurement shall be published shortly.</p>
23	<p><b>Development of Transmission Line Projects through solicited PPP;</b></p> <p>-80km Kwale-Shimoni (Kibuyuini) 220kV -7km Kipevu-Mbaraki 132kV -145km Kiambere-Maua-Isiolo 220kV -34km Meru—Maua 132kV</p> <p><i>Kenya Electricity Transmission Company (KET-RACO)</i></p>	<p>Development of the following power transmission lines;</p> <p>-80km Kwale-Shimoni (Kibuyuini) 220kV -7km Kipevu-Mbaraki 132kV -145km Kiambere-Maua-Isiolo 220kV -34km Meru—Maua 132kV</p>	<p><b>PPP Procurement Method-</b> Competitive Bidding</p> <p>Procurement of Transaction Advisor (TA) – the Request for Proposals was published on 15<sup>th</sup> April 2025 and closed on 13<sup>th</sup> June 2025. Evaluation of the bids is underway.</p>
24	<p><b>Localization of Solar Panel Production</b></p> <p><i>Contracting Authority- Kenya Electricity Generating Company (KenGen)</i></p>	<p>Development of Solar Panel manufacturing plant in Olkaria. The proposed scope includes the design, construction, and operation of a manufacturing facility that will produce solar PV modules, and potentially extend into the assembly or production of complementary components such as inverters and battery storage systems. The facility is expected to serve both domestic and regional markets, thus playing a role in increasing energy access and electrification across East and Central Africa.</p>	<p><b>PPP Procurement Method-</b> <i>Competitive Bidding</i></p> <p><b>1<sup>st</sup> Approval-</b> The Project Concept Note was approved in June 2025</p> <p>Procurement of Transaction Advisor (TA) – preparations for procurement of a TA are being finalised. The TA procurement shall be published in the first quarter of the FY 2025/26.</p>

25	<p><b>Tana Delta Irrigation Project (Rice)</b></p> <p><i>Contracting Authority- Tana and Athi Rivers Development Authority (TARDA)</i></p>	<p>The Tana Delta Irrigation Project (TDIP) involved leasing 10,000 hectares of undeveloped (green-field) land to private investors for large-scale irrigated rice production. This strategic initiative is designed to significantly contribute to national food security by boosting domestic rice output, thereby reducing reliance on imports. Furthermore, the project aims to stimulate economic growth through job creation, facilitate the transfer of modern agricultural technologies, and enhance community livelihoods within the Tana Delta region. This endeavour is in direct alignment with TARDA's broader objectives of fostering equitable development, ensuring environmental sustainability, and empowering local communities, and critically supports the government's BETA agenda on food security.</p> <p>Project Location: Tana River and Lamu Counties</p>	<p><b>PPP Procurement Method-</b> Competitive Bidding</p> <p><b>1<sup>st</sup> Approval-</b> The Project Concept Note was approved in June 2025</p> <p>Procurement of Transaction Advisor (TA) – preparations for procurement of a TA are being finalised. The TA procurement shall be published in the first quarter of the FY 2025/26.</p>
26	<p><b>Tana Integrated Sugar Project- (TISP)</b></p> <p><i>Contracting Authority- Tana and Athi Rivers Development Authority (TARDA)</i></p>	<p>The Tana Integrated Sugar Project (TISP), a key agribusiness initiative within the 31,000-hectare Tana Delta Integrated Irrigation Project, will dedicate 6,000 hectares to sugarcane farming. It also includes integrated facilities for biofuel, power, and livestock feed production. The project aims to boost Kenya's domestic sugar supply, reduce imports, and enhance agro-industrial value chains. TISP addresses critical issues like water shortages and infrastructure deficiencies, improving agricultural productivity, creating jobs, and benefiting the national economy. This initiative directly supports Kenya's food security and Vision 2030 goals.</p> <p>Project Location: Garsen, Tana River/Lamu Counties about 260km North of Mombasa</p>	<p><b>1<sup>st</sup> Approval-</b> The Project Concept Note was approved in June 2025</p> <p>Procurement of Transaction Advisor (TA) – preparations for procurement of a TA are being finalised. The TA procurement shall be published in the first quarter of the FY 2025/26</p>

<p>27</p>	<p><b>BETA Pastoralist Feedlot Project</b></p> <p>Contracting Authority- Tana and Athi Rivers Development Authority (TARDA)</p>	<p>The BETA Pastoralist Feedlot Project is a government-led initiative aimed at transforming Kenya's livestock sector, particularly in arid and semi-arid lands (ASALs). Spearheaded by TARDA and key stakeholders, the project establishes community-based feedlots to fatten underweight livestock for 60–90 days under controlled conditions, improving animal health, weight, and market value. It promotes private investment, modern meat processing, and access to premium markets, while addressing challenges like drought, poor breeding, and limited market access. Aligned with Kenya's Bottom-Up Economic Transformation Agenda (BETA), the project boosts food security, incomes, and climate resilience for pastoralist communities.</p> <p>Project Location: Tana River County, Gamba sub-location</p>	<p><b>1st Approval-</b> The Project Concept Note was approved in June 2025</p> <p>Procurement of Transaction Advisor (TA) – preparations for procurement of a TA are being finalised. The TA procurement shall be published in the first quarter of the FY 2025/26</p>
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# ANNEX

Performance Report for Lot 33 of  
Road Annuity Programme

# 2

# ANNEX 2 – Performance Report for Lot 33 of Road Annuity Programme

KENYA RURAL ROADS AUTHORITY (KeRRA)								
THE ANNUITY PROGRAMME: LOT 33								
PERFORMANCE STANDARD OBJECTIVES								
Defect	Service Level Requirements	Rectification Period	Moratoria	Performance Deduction	Fulfillment of Service Level Requirement in FY 2024/2025			
					Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>CARRIAGEWAY</b>								
1. Cleanliness	Road pavement surface and shoulders should be clean and free of soil, oil, debris, trash and other objects	7 days	Until the Completion Certificate or the Provisional Certificate is issued (as the case may be)	Documented in the Operation and Maintenance Service Delivery Outputs	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.
2. Potholes	Where four (4) or more potholes and localized surface damage in excess of 200mm diameter or depth > 100mm on any 200-meter length of road	24 hours	Until the Completion Certificate or the Provisional Certificate is issued (as the case may be)	Documented Operation and Maintenance Service Delivery Outputs	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.
3. Lane Availability	All traffic lanes (including shoulders) shall be available at all times	2 hours	Until the Completion Certificate or the Provisional Certificate is issued (as the case may be)	Documented Operation and Maintenance Service Delivery Outputs	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.

4. Standing Water	Road Pavement surface should be clear of standing water measuring over 20mm in depth and covering a road surface area greater than 50 square meters to ensure there are no road safety related issues	2 hours	Until the Completion Certificate or the Provisional Certificate is issued (as the case may be)	Documented Operation and Maintenance Service Delivery Outputs	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.
5. Traffic Calming Measures	All traffic calming measures should be complete, functional and free from defects at all times	7 days	Until the Completion Certificate or the Provisional Certificate is issued (as the case may be)	Documented Operation and Maintenance Service Delivery Outputs	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.
6. Traffic Signs and traffic signals	All traffic signs shall be correctly positioned, visible to road users, clean, true and plumb, no significant degradation of colours or retro reflective properties of the sign face material, resulting in the surface retaining less than 75% of its original brightness	7 days	Until the Completion Certificate or the Provisional Certificate is issued (as the case may be)	Documented Operation and Maintenance Service Delivery Outputs	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.
7. Edge Deterioration	Not more than 7.5% of an RSL has edge deterioration resulting in loss of functionality	1 month	Until the Completion Certificate or the Provisional Certificate is issued (as the case may be)	Documented Operation and Maintenance Service Delivery Outputs	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.

8. Road Markings	The Service Provider shall ensure that all Road Markings are in conformity to the Manual for Traffic signs in Kenya, June, 1975	1 month	Until the Completion Certificate or the Provisional Certificate is issued (as the case may be)	Documented Operation and Maintenance Service Delivery Outputs	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.
9. Riverbeds	The Service Provider must ensure free flow of water under bridge and up to 50 meters upstream and downstream. The Service Provider must maintain design clearance under bridge cleaning all debris deposited during floods. The Service Provider shall take all reasonable measures to control erosion around bridge abutments and piers	Causes for non-compliance must be eliminated within 14 days after flood water has sufficiently receded to allow safe working conditions.	Until the Completion Certificate or the Provisional Certificate is issued (as the case may be)	Documented in the Operation and Maintenance Service Delivery Outputs	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.
10. Safety Requirements/ Performance Standards	The Service Provider shall comply with the provisions of Clause 18.1.1 of the Project Agreement	None	None	Documented in the Operation and Maintenance Service Delivery Outputs	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.


11. Waste	The Service Provider shall be responsible for the collection and disposal of all categories of waste / obstacles arising as a consequence of the provision of the services each day and ensure that the Project Network and any facilities are left in a clean and tidy condition	1 day	Not applicable	Documented in the Operation and Maintenance Service Delivery Outputs	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.
12. Ironwork levels (difference in height between the cover or grating seated within frames and the surrounding ironwork)	Do not exceed + or - 10mm of the level of the adjacent surface. This applies to all ironworks and similar man-hole covers regardless of whether the Contracting Authority installed them or not	1 month	Until the Completion Certificate or the Provisional Certificate is issued (as the case may be)	Documented in the Operation and Maintenance Service Delivery Outputs	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.
13. 3m profile variance	Not greater than 17 mm and IRI not greater than 5	3 months	Until the Completion Certificate or the Provisional Certificate is issued (as the case may be)	Documented in the Operation and Maintenance Service Delivery Outputs	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.
14. Wheel Track Rutting	Not more than 5% of an RSL has Wheel Track Rutting of a depth exceeding 12 mm and no Wheel Path has Wheel Track Rutting of more than 20mm for a length exceeding 10 meters	1 month	Until the Completion Certificate or the Provisional Certificate is issued (as the case may be)	Documented in the Operation and Maintenance Service Delivery Outputs	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.

15. Retention Walls	The Service Provider must maintain in good working condition retaining walls and ensure their drainage systems are functional	Damage and defects must be repaired within 7 days	Until the Completion Certificate or the Provisional Certificate is issued (as the case may be)	Documented in the Operation and Maintenance Service Delivery Outputs	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.
<b>RAILWAY CROSSING</b>								
16. Inspection of Railway Crossing	All railway crossings should be inspected should be inspected weekly and immediately following the completion of any maintenance activity that has been carried out in close proximity to the crossing. Visual checks should be performed more frequently on those crossings that are known to be problematic	Weekly	Not applicable	Documented in the Operation and Maintenance Service Delivery Outputs	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.
17. Inspection of Railway Crossing	All crossings will be kept clear of all debris resulting from roadway maintenance activities	4 hours	Not applicable	Documented in the Operation and Maintenance Service Delivery Outputs	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.
<b>BRIDGES AND OTHER STRUCTURES</b>								
18. Steel or other metal structures	Guardrails must be present and not deformed. All metal parts of overall structure shall be painted every twelve months or otherwise protected and free of corrosion. Drainage system (eg. weep holes) to be kept in good condition and fully functional	Damage and defects must be repaired within 7 days.	Until the Completion Certificate or the Provisional Certificate is issued (as the case may be)	Documented in the Operation and Maintenance Service Delivery Outputs	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.

19. Minor Concrete Structures	Concrete structures shall be inspected for defects every six months or such frequency as may be required by the IE	Damage and defects must be repaired within 7 days.	Until the Completion Certificate or the Provisional Certificate is issued (as the case may be)	Documented in the Operation and Maintenance Service Delivery Outputs	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.
20. Expansion Joints	Clean and in good working condition	Damage and defects must be repaired within 7 days.	Until the Completion Certificate or the Provisional Certificate is issued (as the case may be)	Documented in the Operation and Maintenance Service Delivery Outputs	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.
<b>POST CONSTRUCTION ASSET CONDITION</b>								
21. Residual Life	No part of the Project Network should have a Residual Life of less than 8 years	90 days	Until the Completion Certificate or the Provisional Certificate is issued (as the case may be)	Documented in the Operation and Maintenance Service Delivery Outputs	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.	Service Level Requirement fulfilled.
22. International Roughness Index (IRI)	No part of the Project Network should have an IRI of greater than 5	90 days	Until the Completion Certificate or the Provisional Certificate is issued (as the case may be)	Documented in the Operation and Maintenance Service Delivery Outputs	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.	Service Level Requirement not fulfilled.  Annuity adjustments (Penalties) made for the delayed Rectification Period for the affected stretches.

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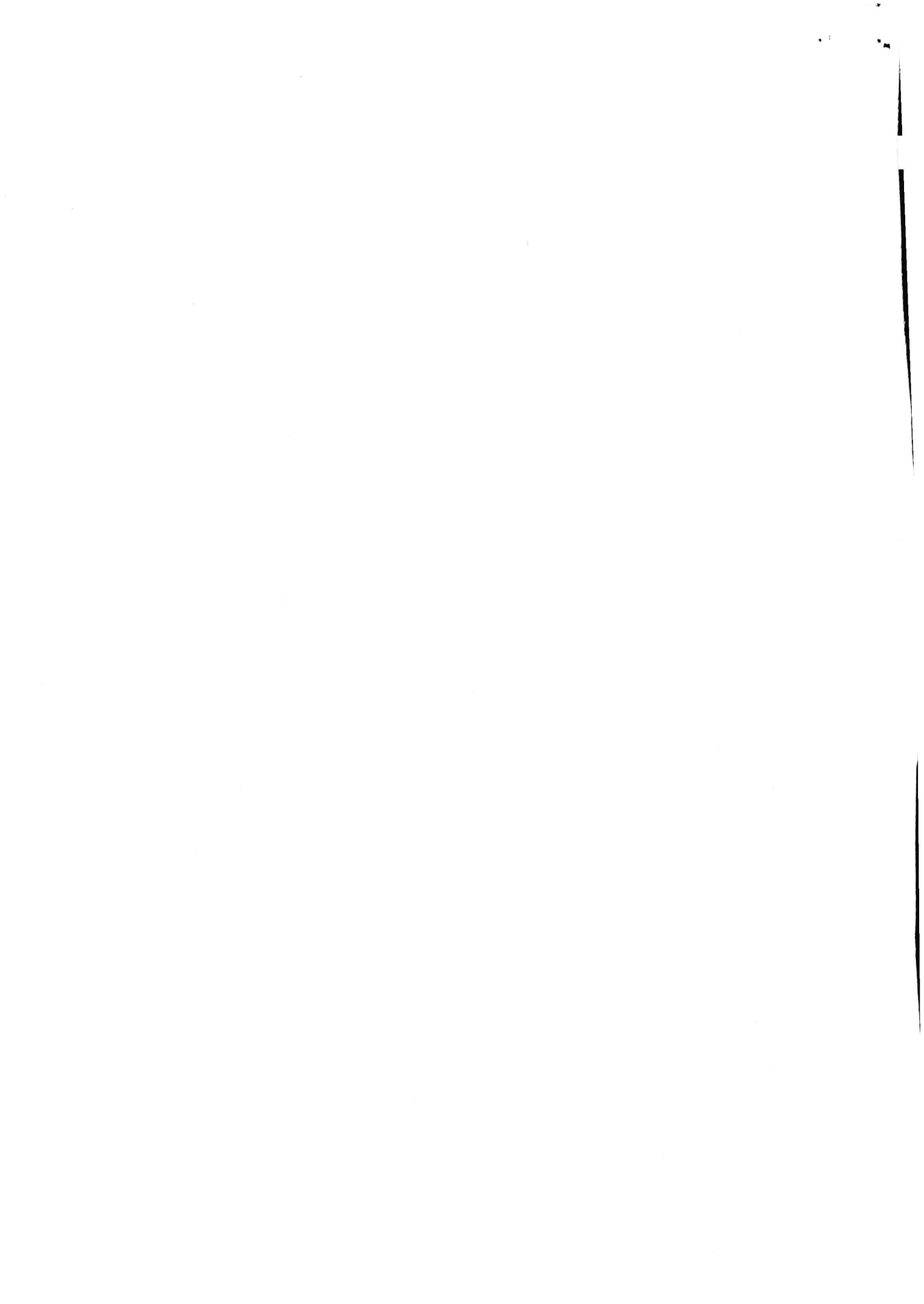
# Quarterly Economic and Budgetary Review

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 26 NOV 2025	DAY. WEDNESDAY
TABLED BY:	DEPUTY MAJORITY WHIP
CLERK-AT THE-TABLE:	FINLAY



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## ACKNOWLEDGEMENT

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## LIST OF ABBREVIATIONS AND ACRONYMS

<b>ADB</b>	African Development Bank
<b>ADF</b>	Asian Development Fund
<b>A-I-A</b>	Appropriation-in-Aid
<b>AMISOM</b>	African Union Mission in Somalia
<b>ARUD</b>	Agriculture, Rural and Urban Development
<b>BAEA</b>	Arab Bank for Economic Development of Africa
<b>CBK</b>	Central Bank of Kenya
<b>CBR</b>	Central Bank Rate
<b>CF</b>	Contingency Fund
<b>CFS</b>	Consolidated Fund Services
<b>EBUs</b>	Extra Budgetary Units
<b>EEC</b>	European Economic Community
<b>EIB</b>	European Investment Bank
<b>EI&amp;ICT</b>	Energy, Infrastructure and Information Communication Technology
<b>EPW&amp;NR</b>	Environment Protection, Water and Natural Resources
<b>ES</b>	Equitable Share
<b>DANIDA</b>	Danish International Development Agency
<b>FPE</b>	Free Primary Education
<b>FSE</b>	Free Secondary Education
<b>FY</b>	Financial Year
<b>GDP</b>	Gross Domestic Product
<b>GECA</b>	General Economic and Commercial Affairs
<b>GFSM</b>	Government Finance Statistics Manual
<b>GJLO</b>	Governance, Justice, Law and Order
<b>GOP</b>	Gross Operating Balance
<b>ICT</b>	Information, Communication and Technology
<b>IDA</b>	International Development Association
<b>IDF</b>	Import Declaration Fee
<b>IFAD</b>	International Fund for Agricultural Development
<b>IMF</b>	International Monetary Fund
<b>KESONIA</b>	Kenya Shilling Overnight Interbank Average

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<b>KNBS</b>	Kenya National Bureau of Statistics
<b>KSh.</b>	Kenya Shillings
<b>MDAs</b>	Ministries, Departments and Agencies
<b>Mn</b>	Million
<b>MPC</b>	Monetary Policy Committee
<b>NDA</b>	Net Domestic Assets
<b>NDF</b>	Nordic Development Fund
<b>NFA</b>	Net Foreign Assets/Non-Financial Assets
<b>NIS</b>	National Intelligence Service
<b>NLB</b>	Net Lending/ Borrowing
<b>NOB</b>	Net Operating Balance
<b>NSE</b>	Nairobi Securities Exchange
<b>O &amp; M</b>	Operation and Maintenance
<b>OPEC</b>	Oil Producing and Exporting Countries
<b>PAIR</b>	Public Administration and International Affairs
<b>PAYE</b>	Pay as You Earn
<b>PDL</b>	Petroleum Development Levy
<b>QEBR</b>	Quarterly Economic and Budgetary Review
<b>RDL</b>	Railway Development Levy
<b>RML</b>	Road Maintenance Levy
<b>SAGAS</b>	Semi-Autonomous Government Agencies
<b>SC</b>	State Corporations
<b>SGR</b>	Standard Gauge Railway
<b>SOEs</b>	State Owned Enterprises
<b>SPC&amp;R</b>	Social Protection, Culture and Recreation
<b>UK</b>	United Kingdom
<b>US\$</b>	United States Dollar
<b>VAT</b>	Value Added Tax
<b>O/W</b>	Of Which

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## LEGAL BASIS FOR THE QUARTERLY ECONOMIC AND BUDGETARY REVIEW REPORT

**The Quarterly Economic and Budgetary Review Report is Published in accordance with Section 83 of the Public Finance Management Act, 2012. It states as follows:**

**83.** (1) An accounting officer for a national government entity shall prepare a report for each quarter of the financial year in respect of the entity.

(2) In preparing a quarterly report for a national government entity, the accounting officer shall ensure that the report—

(a) Contains information on the financial and non-financial performance of the entity; and

(b) Is in a form that complies with the standards prescribed and published by the Accounting Standards Board from time to time.

(3) Not later than fifteen days after the end of each quarter, the accounting officer shall submit the quarterly report to the Cabinet Secretary responsible for the entity and the National Treasury.

(4) The Cabinet Secretary responsible for an entity shall forward a copy of the report to the Cabinet Secretary and Controller of Budget.

(5) **Not later than forty five days after the end of each quarter**, the National Treasury shall—

(a) consolidate the quarterly reports and submit them to the National Assembly and a copy of the reports to the Controller of Budget, Auditor General and the Commission on Revenue Allocation; and

(b) Publish and publicize the reports.

(6) In the case of an entity that is a state corporation, the accounting officer for the corporation shall submit the quarterly report to the Cabinet Secretary responsible for the corporation who shall, upon approving it, forward a copy to the Cabinet Secretary.

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## **HIGHLIGHTS OF THE FIRST QUARTERLY ECONOMIC AND BUDGETARY REVIEW REPORT IN THE 2025/26 FY**

### **1. Economic growth**

In the first and second quarters of 2025, the economy remained strong with a growth of 4.9 percent and 5.0 percent, respectively. This growth was primarily underpinned by strong performance in the agriculture sector, a recovery of the industry sector, and the resilience of services sector. All economic sectors recorded positive growth rates in the first half of 2025, with varied magnitudes across activities.

### **2. Inflation rate**

Overall year-on year inflation stood at 4.6 percent in September 2025 compared to 3.6 percent in September 2024, and remained below the mid-point of the target range of  $5 \pm 2.5$  percent. The stable inflation has been supported by abundant supply of food attributed to favorable weather conditions coupled with government interventions; lower fuel inflation attributed to the stability of the exchange rate and lower international oil prices

### **3. Interest Rates**

Interest rates have declined in line with the easing of the monetary policy. KESONIA (overnight interbank rate) declined to 9.5 percent in September 2025 compared to 12.7 percent in September 2024 while the 91-day Treasury Bills rate declined to 8.0 percent from 15.8 percent, over the same period. The average lending rate declined to 15.1 percent in September 2025 from 16.9 percent in September 2024 while the average deposit rate declined to 7.6 percent from 11.2 percent over the same period.

### **4. Money and Credit**

Broad money supply, M3, grew by 7.0 percent in the year to September 2025 compared to a growth of 1.6 percent in the year to September 2024. The improved growth of M3 was due to an increase in the growth of Net Domestic Assets (NDA) particularly credit to the private sector.

### **5. Current Account**

The current account deficit was US\$. 3,459.8 million (2.5 percent of GDP) in September 2025 compared to US\$ 1,819.3 million (1.4 percent of GDP) in September 2024. The current account balance was supported by resilient goods exports, an improvement in net receipts on the services account, net primary income and net secondary income balance.

### **6. Foreign Exchange Reserves**

The official foreign exchange reserves held by the Central Bank stood at US\$. 11,383.6 million in September 2025 compared to US\$ 8,602.6 million in September 2024. This represented 4.9 months of import cover as compared to the 3.8 months of import cover in September 2024 and therefore continue to provide adequate cover and buffer against any short-term shocks in the foreign exchange market.

### **7. Capital Markets**

Investor confidence has strengthened thereby improving activities in the Nairobi Securities Exchange (NSE). The NSE 20 Share Index improved to 2,973 points in September 2025, up from 1,776 points in September 2024. Similarly, market capitalization expanded to KSh. 2,784 billion, compared to KSh. 1,676 billion over the same period.

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## **8. Revenue Collection**

The National Government's cumulative revenue collection including A-I-A for the period between July– September 2025 amounted to KSh. 709.6 billion (3.7 percent of GDP) against a target of KSh. 793.2 billion. The revenue was below target by KSh. 83.6 billion on account of underperformance in ordinary revenue.

## **9. Expenditure and Net Lending**

The total expenditure and net lending inclusive of transfers to County Governments for the period ending 30<sup>th</sup> September, 2025 amounted to KSh. 993.0 billion, against a target of KSh. 987.2 billion.

## **10. Guaranteed Debt**

The government did not service guaranteed debt on behalf of any parastatal during the period ending on September, 2025.

## **11. Fiscal Balance**

The fiscal balance including grants (on a commitment basis) amounted to a deficit of KSh. 280.5 billion (1.6 percent of GDP), as at the end of September, 2025.

## **12. External Financing**

The Net Foreign Repayment amounted to KSh. 98.1 billion (0.5 percent of the GDP) during the period under review.

## **13. Net Domestic Borrowing**

Net domestic financing amounted to a net borrowing of KSh. 339.7 billion (1.8 percent of GDP) in the period ending 30<sup>th</sup> September, 2025.

## **14. Domestic Debt Stock**

The stock of gross domestic debt increased by KSh. 1,058.8 billion from KSh. 5,601.7 billion in September, 2024 to KSh. 6,660.5 billion in September, 2025.

## **15. External Debt Stock**

The total external debt stock, including the International Sovereign Bond, stood at KSh. 5,393.5 billion by the end of September, 2025. The debt stock comprised of multilateral debt (56.7 percent), commercial debt (23.3 percent), bilateral debt (19.8 percent) and suppliers' credit (0.3 percent).

## 1.0 RECENT ECONOMIC DEVELOPMENTS

### 1.1 Economic Growth

1. The Kenyan economy remained strong and resilient in the second quarter of 2025 with a growth of 5.0 percent, compared to a growth of 4.6 percent in the corresponding quarter of 2024 (**Chart 1**). This reflected a rebound in activities in the industrial sector; stable growth of the primary sector; and resilience of key service sub-sectors particularly transport and storage, finance and insurance, information and communication, and wholesale and retail trade. All economic sectors recorded positive growth rates in the second quarter of 2025, though the magnitudes varied across activities.

**Chart 1: Real GDP Growth Rates**



Source of Data: Kenya National Bureau of Statistics

2. In the second quarter of 2025, the primary sector grew by 4.9 percent compared to a growth of 4.0 percent in the corresponding quarter of 2024 (**Table 1**). This was as a result of the robust growth in the agriculture, forestry and fishing sub-sector and a recovery in the mining and quarrying sub-sector.

3. Activities in the agriculture, forestry and fishing sub-sector expanded by 4.4 percent in the second quarter of 2025 compared to 4.5 percent growth in the corresponding quarter of 2024. This growth was on account of increased production of coffee, vegetables, fruits, cut flowers and milk. However, the sub-sector's performance was somewhat curtailed by a decline in tea production and cane deliveries. The mining and quarrying sub-sector had a strong rebound of 15.3 percent in the second quarter of 2025 compared to a contraction of 5.5 percent over the same period in 2024. This reflects increased activities and renewed investments following a period of subdued performance in the previous year.

4. In the second quarter of 2025, the industry sector recorded a growth of 3.3 percent, an improvement from a growth of 0.5 percent in corresponding quarter of 2024. This growth was driven by improved performance in electricity and water supply and

## RECENT ECONOMIC DEVELOPMENTS

construction sub-sectors. Construction sub-sector activities grew by 5.7 percent in the second quarter of 2025 compared to a 3.7 percent contraction in the second quarter of 2024. The sub-sector's performance was manifest in cement consumption and import of construction materials.

5. The electricity and water supply sub-sector grew by 5.7 percent in the second quarter of 2025, compared to a growth of 1.2 percent in the corresponding quarter of 2024. The growth was driven by higher electricity generation with wind and geothermal contributing significantly. The sub-sector's growth was curtailed by decline in hydro and solar electricity generation.

6. The manufacturing sub-sector grew by 1.0 percent in the second quarter of 2025 compared to 3.2 percent in the second quarter of 2024. This growth was supported by both food and non-food manufacturing activities. In food manufacturing, the sub-sector benefitted from strong increases in milk deliveries despite a decline in the production of tea, sugar and soft drinks. Non-food manufacturing also performed well, with increased production in cement, galvanized sheets and assembly of motor vehicles.

**Table 1: Sectoral Real GDP Growth Rate (Percent)**

Sectors/Sub-sectors	Annual Growth Rates	Quarterly Growth Rates			
	2024	2024 Q1	2024 Q2	2025 Q1	2025 Q2
<b>1. Primary sector</b>	<b>3.9</b>	<b>4.5</b>	<b>4.0</b>	<b>6.2</b>	<b>4.9</b>
1.1. Agriculture, Forestry and Fishing	4.6	5.6	4.5	6.0	4.4
1.2 Mining and Quarrying	(9.2)	(16.1)	(5.5)	10.8	15.3
<b>2. Secondary Sector (Industry)</b>	<b>1.5</b>	<b>1.5</b>	<b>0.5</b>	<b>2.6</b>	<b>3.3</b>
2.1. Manufacturing	2.8	1.9	3.2	2.1	1.0
2.2. Electricity and Water supply	1.9	2.8	1.2	3.6	5.7
2.3. Construction	(0.7)	0.4	(3.7)	3.0	5.7
<b>3. Tertiary sector (Services)</b>	<b>6.1</b>	<b>6.8</b>	<b>6.2</b>	<b>4.8</b>	<b>5.5</b>
3.1. Wholesale and Retail trade	3.8	3.6	2.5	5.4	4.0
3.2. Accommodation and Restaurant	25.7	38.1	35.0	4.1	7.8
3.3. Transport and Storage	4.4	4.1	3.4	3.8	5.4
3.4. Information and Communication	7.0	9.2	6.7	5.8	6.0
3.5. Financial and Insurance	7.6	9.6	8.0	5.1	6.6
3.6. Public Administration	8.2	7.5	9.0	6.5	6.0
3.7. Others	5.2	5.8	5.6	4.4	5.2
of which: Professional, Admin & Support Services	9.4	9.4	6.7	4.6	8.5
Real Estate	5.3	6.9	5.9	5.3	5.5
Education	3.9	2.4	3.2	2.9	3.2
Health	6.3	5.4	8.1	4.8	6.8
Taxes less subsidies	4.4	2.9	3.8	5.7	3.3
<b>Real GDP</b>	<b>4.7</b>	<b>4.9</b>	<b>4.6</b>	<b>4.9</b>	<b>5.0</b>

Source of Data: Kenya National Bureau of Statistics

7. The services sector recorded a growth of 5.5 percent in the second quarter of 2025, a slowdown from the 6.2 percent growth posted in the corresponding quarter of 2024. The transportation and storage sub-sector expanded by 5.4 percent in the second quarter of 2025, compared to 3.4 percent in the corresponding quarter of 2024. The performance was supported by increased activities in land transport, railway operations, and port throughput.

## RECENT ECONOMIC DEVELOPMENTS

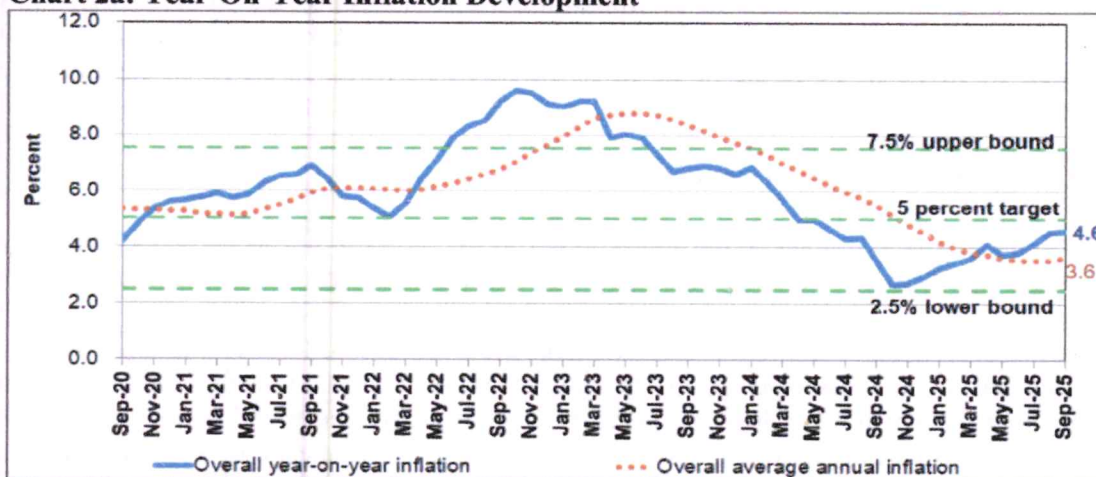
8. Accommodation and restaurant service sub-sector grew by 7.8 percent in the second quarter of 2025, a slowdown, compared to a growth of 35.0 percent in the corresponding quarter of 2024. The number of international visitor arrivals via the two major airports, the Jomo Kenyatta International Airport (JKIA) and Moi International Airport (MIA) rose by 3.5 percent in the second quarter of 2025 compared to a 15.4 percent increase recorded in the second quarter of 2024.

9. The information and communication sub-sector grew by 6.0 percent in the second quarter of 2025, compared to a growth of 6.7 percent in corresponding quarters of 2024. This performance was supported by an increase in both domestic and international mobile voice traffic and an increase in mobile broadband data consumption. This is an indication of not only an expanding subscriber base but also higher average data usage per user. The financial and insurance sub-sector recorded growth of 6.6 percent in the second quarter of 2025, compared to 8.0 percent in the corresponding quarter of 2024. The slower growth reflects the impact of the easing of the interest rates, which moderated earnings from financial intermediation, alongside relatively modest credit growth to the private sector.

### 1.2 Inflation

10. Overall year-on-year inflation has declined and remained below the mid-point of the policy target range of  $5.0 \pm 2.5$  percent since June 2024. The stable inflation has been supported by: abundant supply of food attributed to favorable weather conditions coupled with government interventions; lower fuel inflation attributed to the stability of the exchange rate; lower international oil prices; and the decline in non-core inflation due to the impact of previous monetary policy tightening. Inflation stood at 4.6 percent in September 2025 compared to 3.6 percent in September 2024 (**Chart 2a**). The slight increase reflects the easing of monetary policy.

**Chart 2a: Year-On-Year Inflation Development**



Source of Data: Kenya National Bureau of Statistics

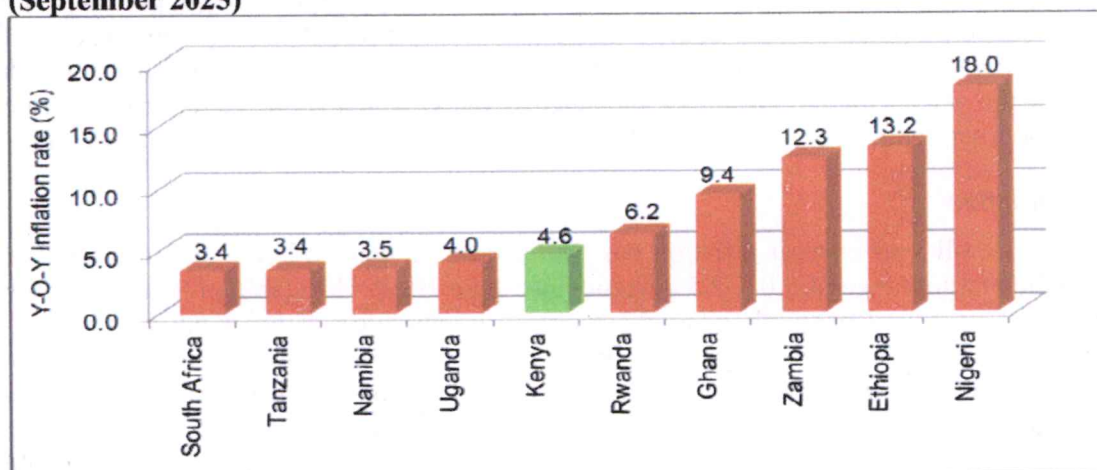
11. Core inflation increased to 2.9 percent in September 2025 from 2.0 percent in September 2024, largely driven by higher prices of processed food items. Non-core inflation rose to 9.6 percent in September 2025 from 7.7 percent in September 2024, driven primarily by sharper increases in food and transport costs, as well as higher prices

## RECENT ECONOMIC DEVELOPMENTS

of vegetables, particularly tomatoes, carrots, onions, and cabbages, alongside pressures from utilities and energy.

12. Inflation in many Sub-Saharan African countries has remained elevated, driven largely by currency depreciation, high food and fuel prices, and persistent supply chain constraints. Several economies, including Zambia, Ethiopia and Nigeria have recorded double-digit inflation. This is because of domestic production challenges and external shocks that continues to exert upward pressure on prices, despite efforts by central banks to tighten monetary policy and stabilize their currencies (**Chart 2b**).

**Chart 2b: Year on Year Inflation Rates of Selected Sub-Saharan Africa Countries (September 2025)**



Source of Data: National Central Banks

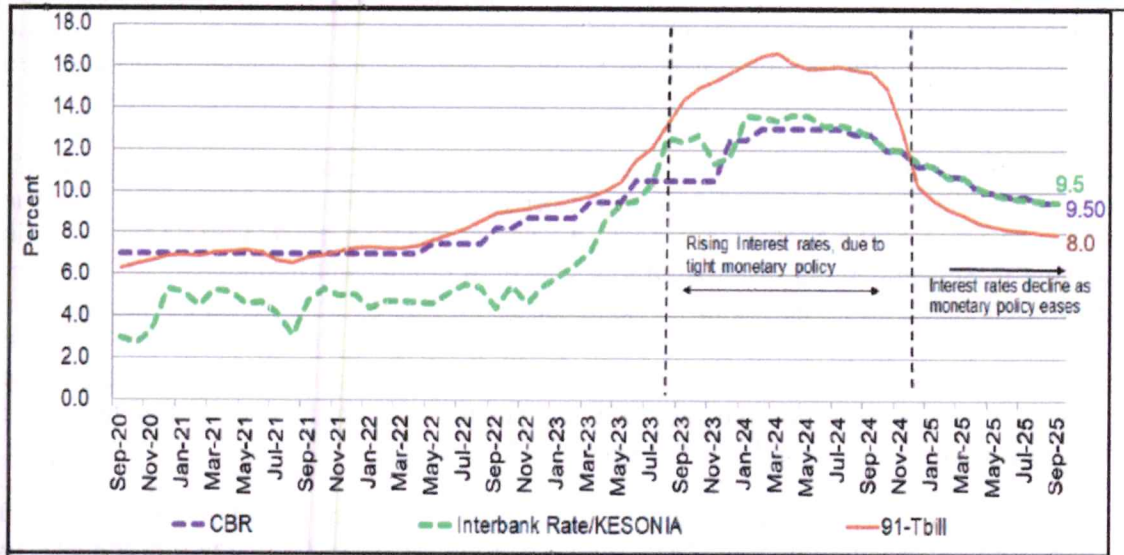
### 1.3 Interest Rates

13. The Central Bank of Kenya through the Monetary Policy Committee (MPC) has gradually eased monetary policy by lowering the Central Bank Rate (CBR) from 13.0 percent in August 2024 to 9.25 percent in October 2025. This is meant to augment the previous policy actions aimed at stimulating lending by banks to the private sector and supporting economic activities. It also seeks to ensure that inflationary expectations remain firmly anchored and the exchange rate also remain stable.

14. The short term interest rates have declined in line with the easing of the monetary policy. KESONIA (overnight interbank rate) declined to 9.5 percent in September 2025 compared to 12.7 percent in September 2024 while the 91-day Treasury Bills rate declined to 8.0 percent from 15.8 percent, over the same period (**Chart 3a**). The 182-day Treasury Bills rate declined to 8.0 percent in September 2025 from 16.6 percent in September 2024 while the 364-day Treasury Bills also declined to 9.5 percent from 16.8 percent over the same period. The decrease in government domestic borrowing rates has led to lower debt servicing costs.

RECENT ECONOMIC DEVELOPMENTS

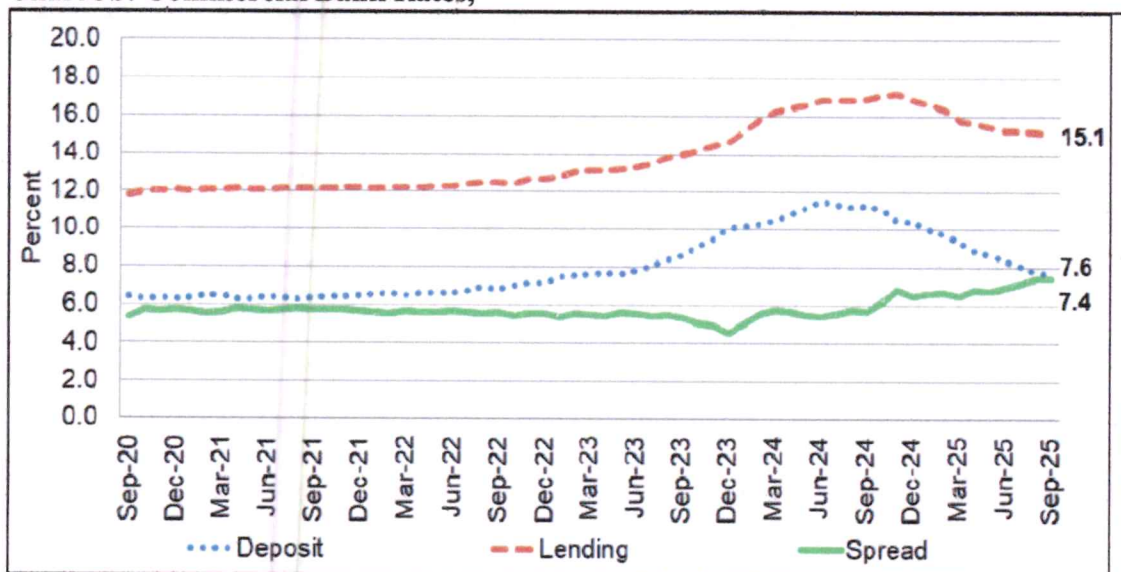
Chart 3a: Short-Term Interest Rates



Source of Data: Central Bank of Kenya

15. Commercial banks average lending and deposit rates decreased in the year to September 2025 in tandem with the easing of the monetary policy. The average lending rate decreased to 15.1 percent in September 2025 from 16.9 percent in September 2024 while the average deposit rate also decreased to 7.6 percent from 11.2 percent over the same period. Consequently, the average interest rate spread increased to 7.4 percent in September 2025 from 5.7 percent in September 2024 (Chart 3b).

Chart 3b: Commercial Bank Rates,



Source of Data: Central Bank of Kenya

1.4 Money and Credit

16. Broad money supply, M3, grew by 7.0 percent in the year to September 2025 compared to a growth of 1.6 percent in the year to September 2024 (Table 2). The improved growth of M3 was due to an increase in the growth of Net Domestic Assets (NDA) particularly credit to the private sector. The NFA of the banking system slowed

## RECENT ECONOMIC DEVELOPMENTS

down to a growth of 7.9 percent in the year to September 2025 compared to a growth of 26.1 percent in the year to September 2024. Growth in the NFA was mainly due to an increase in Central Bank's foreign assets while commercial banks' foreign assets declined during the period.

17. Net Domestic Assets (NDA) grew by 6.8 percent in the year to September 2025, compared to a contraction of 2.2 percent over a similar period in 2024. The domestic credit extended by the banking system to the Government contracted by 94.5 percent in the year to September 2025 compared to a growth of 6.5 percent in the year to September 2024 while lending to other public sectors also contracted by 38.5 percent compared to a contraction of 17.0 percent over the same period. The decline in domestic credit to government in September 2025 was largely attributed to increased uptake of credit by the private sector, as banks shifted their lending portfolios toward more profitable private investments amid lower yields on Treasury bills.

18. Growth in private sector credit from the banking system recorded a growth of 5.0 percent in the year to September 2025 compared to a growth of 0.4 percent in the year to September 2024. Growth in credit to key sectors of the economy, particularly manufacturing, building and construction, and consumer durables, improved in September. This mainly reflects improved demand for credit in line with the declining lending interest rates.

**Table 2: Money and Credit Developments (12 Months to September 2025 KSh. Billion)**

				Absolute Change		Percent Change	
	2023 September	2024 September	2025 September	2023-2024 September	2024-2025 September	2023-2024 September	2024-2025 September
<b>COMPONENTS OF M3</b>							
1. Money supply, M1 (1.1+1.2+1.3)	2,017.3	1,972.8	2,321.7	(44.5)	348.9	(2.2)	17.7
1.1 currency outside banks (M0)	267.5	268.2	292.5	0.7	24.3	0.3	9.1
1.2 Demand deposits	1,645.2	1,603.4	1,853.3	(41.8)	249.9	(2.5)	15.6
1.3 Other deposits at CBK	104.6	101.1	175.9	(3.5)	74.8	(3.3)	73.9
2. Money supply, M2 (1+2.1)	3,898.2	4,043.5	4,485.6	145.3	442.1	3.7	10.9
2.1 Time and savings deposits	1,881.0	2,070.8	2,163.9	189.8	93.2	10.1	4.5
<b>Money supply, M3 (2+3.1)</b>	<b>5,295.9</b>	<b>5,381.4</b>	<b>5,758.6</b>	<b>85.6</b>	<b>377.2</b>	<b>1.6</b>	<b>7.0</b>
3.1 Foreign currency deposits	1,397.6	1,337.9	1,273.0	(59.7)	(64.9)	(4.3)	(4.9)
<b>SOURCES OF M3</b>							
1. Net foreign assets (1.1+1.2)	708.5	893.3	963.9	184.8	70.6	26.1	7.9
1.1 Central Bank	516.2	472.1	767.1	(44.2)	295.0	(8.6)	62.5
1.2 Banking Institutions	192.3	421.2	196.8	228.9	(224.4)	119.1	(53.3)
2. Net domestic assets (2.1+2.2)	4,587.4	4,488.2	4,794.7	(99.2)	306.5	(2.2)	6.8
2.1 Domestic credit (2.1.1+2.1.2+2.1.3)	6,077.7	6,219.0	4,160.6	141.4	(2,058.4)	2.3	(33.1)
2.1.1 Government (net)	2,203.4	2,346.4	129.4	143.0	(2,217.0)	6.5	(94.5)
2.1.2 Other public sector	100.6	83.6	51.4	(17.1)	(32.2)	(17.0)	(38.5)
2.1.3 Private sector	3,773.6	3,789.1	3,979.8	15.4	190.8	0.4	5.0
2.2 Other assets net	(1,490.3)	(1,730.9)	634.1	(240.6)	2,364.9	(16.1)	136.6

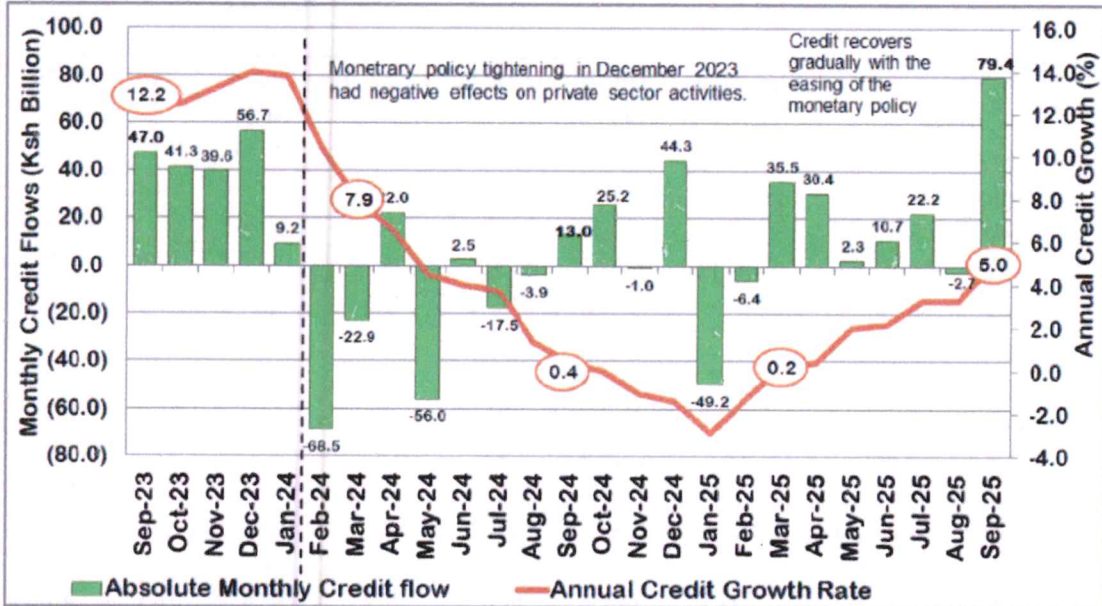
Source of Data: Central Bank of Kenya

19. The Monthly (month on month) credit flows to the private sector improved to KSh. 79.4 billion in September 2025 from KSh. 13.0 billion in September 2024. This is due to the easing of the monetary policy stance to lower the cost of funds for banks (Chart 4). Sustained demand particularly for working capital due to resilient economic

## RECENT ECONOMIC DEVELOPMENTS

activities and the implementation of the Credit Guarantee Scheme for the vulnerable MSMEs will continue to support private sector credit uptake.

**Chart 4: Private Sector Credit**



Source of Data: Central Bank of Kenya

### 1.5 Balance of Payments

20. The current account deficit was US\$. 3,459.8 million (2.5 percent of GDP) in September 2025 compared to US\$ 1,819.3 million (1.4 percent of GDP) in September 2024 (Table 3 and Chart 5). The current account balance was supported by resilient goods exports, an improvement in net receipts on the services account, net primary income and net secondary income balance. The current account deficit in the 12 months to September 2025 was more than fully financed by financial account inflows.

## RECENT ECONOMIC DEVELOPMENTS

**Table 3: Balance of Payments (US\$ Million)**

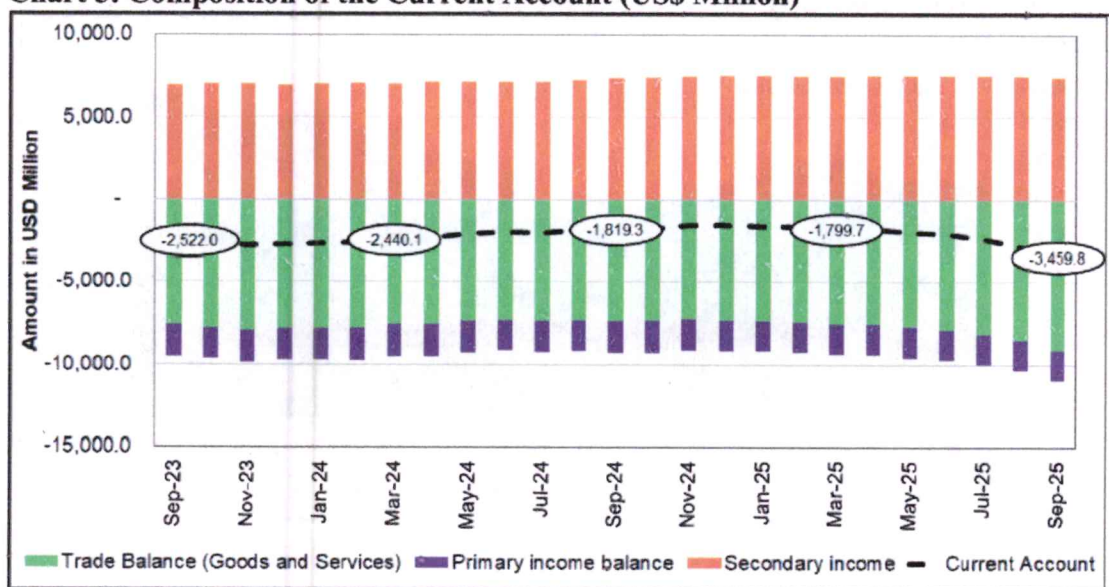
				Year to September 2025		Actuals as a Percent of GDP	
	Sep-23	Sep-24	Sep-25	Absolute Change	Percent Change	Sep-24	Sep-25
<b>Overall Balance</b>	<b>1,063.3</b>	<b>(392.7)</b>	<b>(2,172.9)</b>	<b>(1,780.2)</b>	<b>(453.3)</b>	<b>(0.3)</b>	<b>(1.6)</b>
<b>A) Current Account</b>	<b>(2,522.0)</b>	<b>(1,819.3)</b>	<b>(3,459.8)</b>	<b>(1,640.5)</b>	<b>(90.2)</b>	<b>(1.4)</b>	<b>(2.5)</b>
<i>Merchandise Account (a-b)</i>	(9,482.8)	(9,537.8)	(11,428.4)	(1,890.6)	(19.8)	(7.6)	(8.2)
a) Goods: exports	10,820.6	12,264.6	12,753.2	488.6	4.0	9.8	9.1
b) Goods: imports	20,303.4	21,802.4	24,181.5	2,379.1	10.9	17.4	17.3
<i>Net Services (c-d)</i>	1,874.6	2,178.3	2,324.6	146.3	6.7	1.7	1.7
c) Services: credit	7,590.9	7,611.8	8,188.4	576.6	7.6	6.1	5.8
d) Services: debit	5,716.3	5,433.5	5,863.8	430.3	7.9	4.3	4.2
<i>Net Primary Income (e-f)</i>	(1,899.2)	(1,883.8)	(1,841.9)	41.9	2.2	(1.5)	(1.3)
e) Primary income: credit	168.8	244.6	406.3	161.7	66.1	0.2	0.3
f) Primary income: debit	2,068.0	2,128.4	2,248.2	119.8	5.6	1.7	1.6
<i>Net Secondary Income</i>	6,985.4	7,424.0	7,485.8	61.9	0.8	5.9	5.3
g) Secondary income: credit	7,068.9	7,485.7	7,550.1	64.3	0.9	6.0	5.4
h) Secondary income: debit	83.5	61.8	64.2	2.4	3.9	0.0	0.0
<b>B) Capital Account</b>	<b>144.3</b>	<b>142.1</b>	<b>262.6</b>	<b>120.6</b>	<b>84.9</b>	<b>0.1</b>	<b>0.2</b>
<b>C) Financial Account</b>	<b>(2,023.9)</b>	<b>(1,130.9)</b>	<b>(4,738.3)</b>	<b>(3,607.4)</b>	<b>(319.0)</b>	<b>(0.9)</b>	<b>(3.4)</b>

Source of Data: Central Bank of Kenya

21. The balance in the merchandise account deteriorated by US\$ 1,890.6 million to a deficit of US\$ 11,428.4 million in September 2025 mainly due to an increase in import bill that more than offset the increase in exports. Goods exports increased by 4.0 percent, due to higher domestic exports particularly horticulture, coffee, manufactured goods, and apparel. Goods imports rose by 10.9 percent, reflecting increases in intermediate and capital goods imports. Net services receipts increased by 6.7 percent, mainly, supported by increased receipts from transport and travel services. The deficit on the primary account narrowed by US\$ 41.9 million to a deficit of US\$ 1,841.9 million in the year to September 2025, compared to the same period last year.

22. Net Secondary income remained resilient and increased by US\$ 61.9 million during the review period owing to an increase in remittances. Diaspora remittances increased by 7.6 percent to US\$ 5,080 million in the 12 months to September 2025 compared to US\$ 4,723 million in a similar period in 2024. Remittances increased forex inflows into the country, with some going to investment while others support household consumption of our people.

**Chart 5: Composition of the Current Account (US\$ Million)**



Source of Data: Central Bank of Kenya

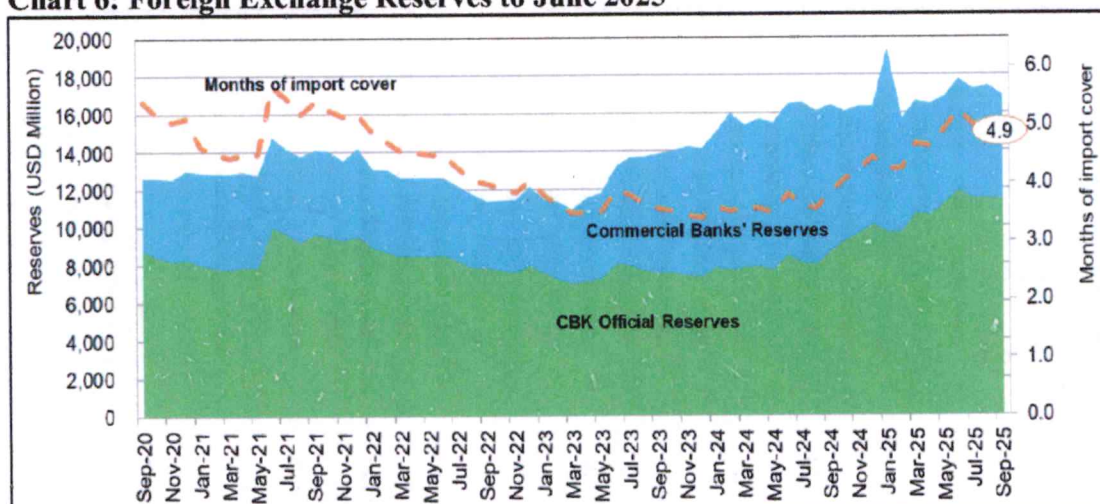
23. The capital account balance increased by US\$. 120.6 million to register a surplus of US\$ 262.6 million in September 2025 compared to a surplus of US\$. 142.1 million in the same period in 2024. Net financial inflows improved to US\$. 4,738.3 million in September 2025 compared to US\$. 1,130.9 million in September 2024. The net financial inflows were mainly in the form of direct investments, financial derivatives and other investments. However, portfolio investments registered a net outflow during the period partly due to global risk aversion, unattractive demand for high yields from investors amid fiscal strain, low investor appetite for sovereign credit, and political-financial instability.

### 1.6 Foreign Exchange Reserves

24. The banking system's foreign exchange holdings remained strong at US\$. 16,892.3 million in September 2025 from US\$. 16,391.4 million in September 2024. The official foreign exchange reserves held by the Central Bank stood at US\$. 11,383.6 million compared to US\$ 8,602.6 million over the same period in 2024 (**Chart 6**). Commercial banks foreign exchange holdings decreased to US\$. 5,508.7 million in September 2025 from US\$. 7,788.8 million in September 2024.

25. The official reserves held by the Central Bank in September 2025 represented 4.9 months of import cover as compared to the 3.8 months of import cover in September 2024. These reserves continue to provide adequate cover and buffer against any short-term shocks in the foreign exchange market. It surpasses the requirement of a minimum requirement of a 4 Months of import cover.

**Chart 6: Foreign Exchange Reserves to June 2025**

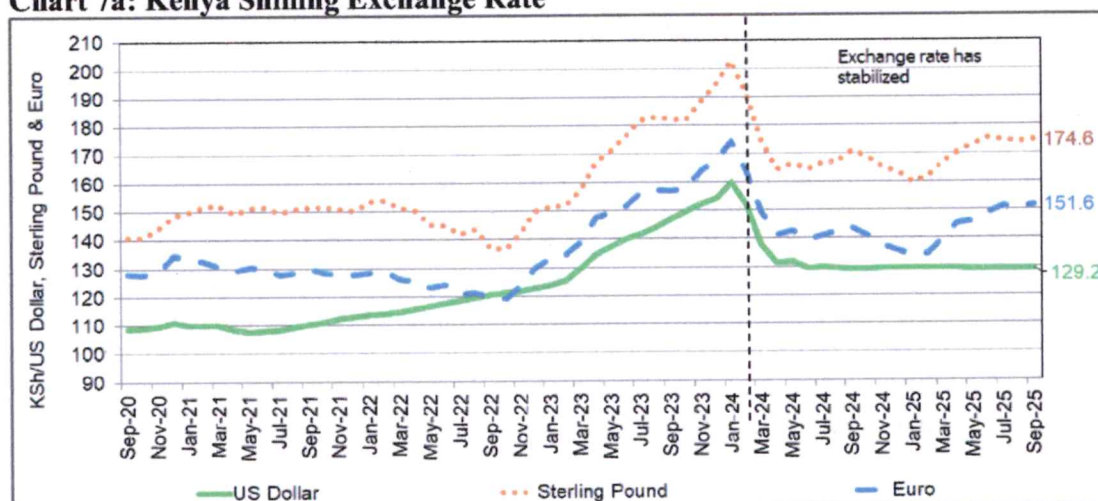


Source of Data: Central Bank of Kenya

**1.7 Exchange Rates**

26. The Kenya Shilling remained relatively stable against the US Dollar, exchanging at an average of KSh. 129.2 in September 2025, the same as in the corresponding period of the previous year. However, the Shilling depreciated against the Sterling Pound and the Euro by 2.2 percent and 5.6 percent, respectively. The Sterling Pound averaged KSh. 174.6 in September 2025, up from KSh. 170.7 in September 2024, while the Euro averaged KSh. 151.6 compared to KSh. 143.5 over the same period (Chart 7a). Overall, the foreign exchange market remained well-supported by steady inflows from agricultural exports and diaspora remittances, which helped cushion the Shilling against excessive volatility.

**Chart 7a: Kenya Shilling Exchange Rate**



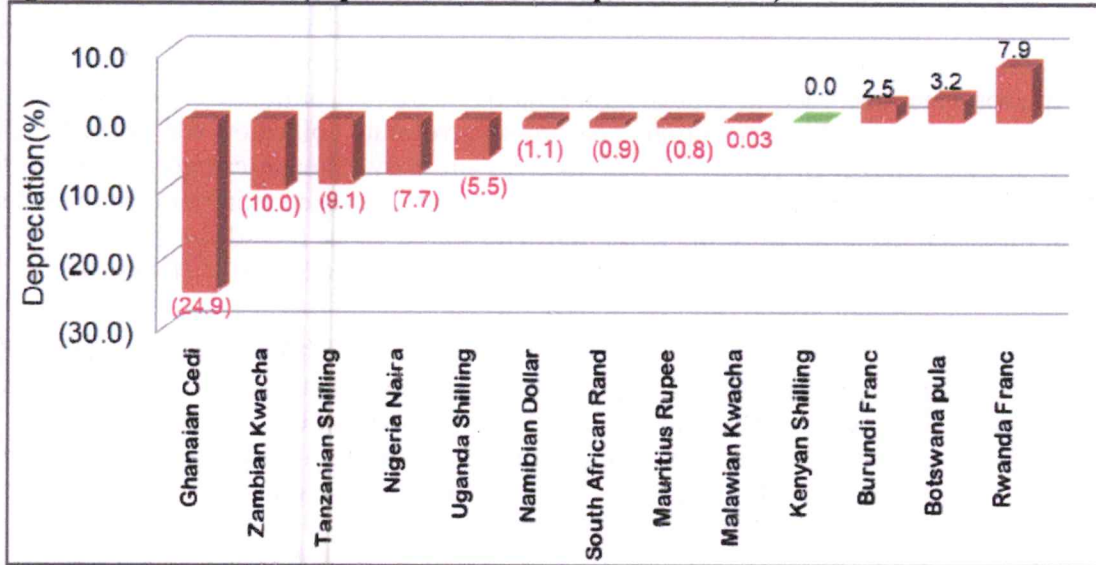
Source of Data: Central Bank of Kenya

27. Kenya's exchange rate against the US dollar has been relatively more stable compared to many Sub-Saharan African currencies, which have experienced depreciation reflecting persistent external pressures, lower foreign reserves, and weaker investor confidence (Chart 7b). The stability of the Kenyan Shilling reflects stronger monetary

## RECENT ECONOMIC DEVELOPMENTS

policy management, improved foreign exchange market reforms, and sustained remittance inflows.

**Chart 7b: Performance of Selected Sub-Saharan Africa Countries' Currencies against the US Dollar (September 2024 to September 2025)**

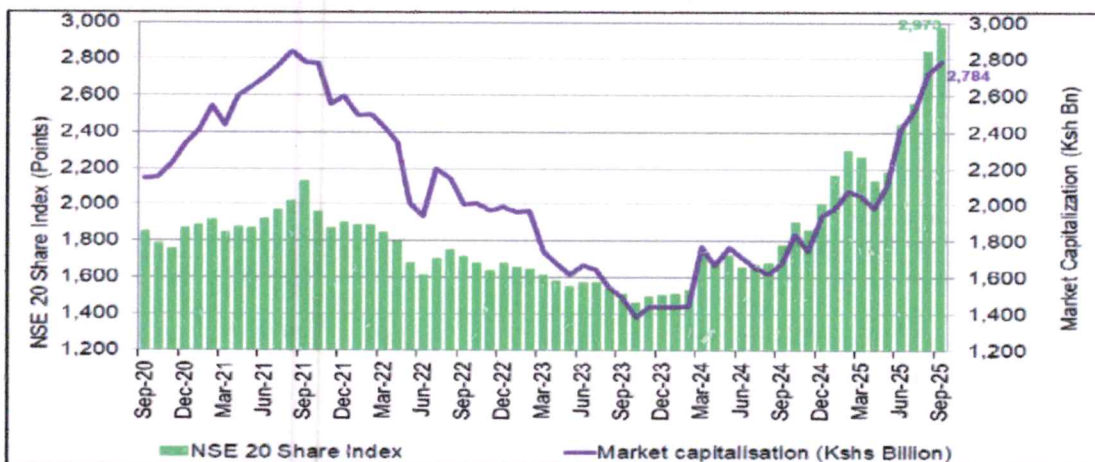


Source of Data: National Central Banks

### 1.8 Capital Markets

28. The stability of the Kenya Shilling against major international currencies, together with improved macroeconomic conditions, has boosted investor confidence. This has driven higher foreign direct investment inflows and increased participation in the Nairobi Securities Exchange (NSE). As a result, the NSE 20 Share Index rose by 67.4 percent to 2,973 points in September 2025, up from 1,776 points in September 2024. Similarly, market capitalization expanded by 66.1 percent to KSh. 2,784 billion, compared to KSh. 1,676 billion over the same period (**Chart 8**).

**Chart 8: Performance at the NSE to end September 2025.**



Source of Data: Nairobi Securities Exchange

## 2.0 FISCAL DEVELOPMENTS

### 2.1 Revenue

29. By the end of September, 2025, total revenue collected including A-I-A amounted to KSh. 709.6 billion against a target of KSh. 793.2 billion (**Table 4**). The revenue collection was below target by KSh. 83.6 billion. This performance is attributed to underperformance recorded in ordinary revenue of KSh. 90.0 billion. Ministerial A-I-A was above target by KSh. 6.4 billion. The ordinary revenue collection was KSh. 573.5 billion against a target of KSh. 663.5 billion. All ordinary revenue categories recorded below target performance during the period under review except investment income which surpassed the target by KSh. 3.7 billion. The total revenue recorded a growth of 1.7 percent compared to a growth of 10.8 percent recorded in September 2024 (**Chart 9**).

30. The ministerial A-I-A collected amounted to KSh. 136.1 billion against a target of KSh. 129.8 billion, KSh. 6.4 billion above the target. The performance of A-I-A translated to a growth of 27.7 percent. The Railway Development Levy collection amounted to KSh. 10.9 billion against a target of KSh. 9.4 billion, translating to a growth of 28.6 percent compared to a similar period in 2024. The revenue data in Government Finance Statistics Manual 2014 (GFSM 2014) format is shown in annex II.

**Table 4: Government Revenue and External Grants, Period Ending 30<sup>th</sup> September, 2025 (KSh. Millions)**

	2024/2025 Actual	2025/2026		Deviation KSh.	% Growth
		Actual*	Target		
<b>Total Revenue (a+b)</b>	<b>697,476</b>	<b>709,606</b>	<b>793,240</b>	<b>(83,634)</b>	<b>1.7</b>
<b>(a) Ordinary Revenue</b>	<b>590,875</b>	<b>573,463</b>	<b>663,474</b>	<b>(90,011)</b>	<b>(2.9)</b>
Import Duty	34,619	40,471	41,240	(768)	16.9
Excise Duty	68,133	73,875	81,769	(7,894)	8.4
PAYE	136,340	136,621	148,765	(12,144)	0.2
Other Income Tax	122,268	115,993	168,923	(52,930)	(5.1)
VAT Local	74,378	87,338	92,413	(5,075)	17.4
VAT Imports	76,955	86,034	94,217	(8,183)	11.8
Investment Revenue	44,428	10,484	6,796	3,688	(76.4)
Traffic Revenue	1,008	875	904	(29)	(13.2)
Taxes on Intl. Trade & Trans.(IDF Fee)	10,845	11,202	11,985	(783)	3.3
Others <sup>1</sup>	21,901	10,570	16,463	(5,893)	(51.7)
<b>(b) Appropriation In Aid <sup>2</sup></b>	<b>106,601</b>	<b>136,143</b>	<b>129,766</b>	<b>6,377</b>	<b>27.7</b>
o/w Railway Development Levy	8,438	10,851	9,414	1,436	28.6
<b>(c) External Grants</b>	<b>1,353</b>	<b>2,950</b>	<b>4,422</b>	<b>(1,472)</b>	
<b>Total Revenue and External Grants</b>	<b>698,829</b>	<b>712,556</b>	<b>797,662</b>	<b>(85,106)</b>	<b>2.0</b>
<b>Total Revenue and External Grants as a percentage of GDP</b>	<b>3.87</b>	<b>3.70</b>	<b>4.14</b>	<b>-</b>	<b>-</b>

1/ includes rent on land/buildings, fines and forfeitures, other taxes, loan interest receipts reimbursements and other fund contributions, fees, and miscellaneous revenue.

2/ includes receipts from Road Maintenance Levy Fund and A-I-A from Universities among others

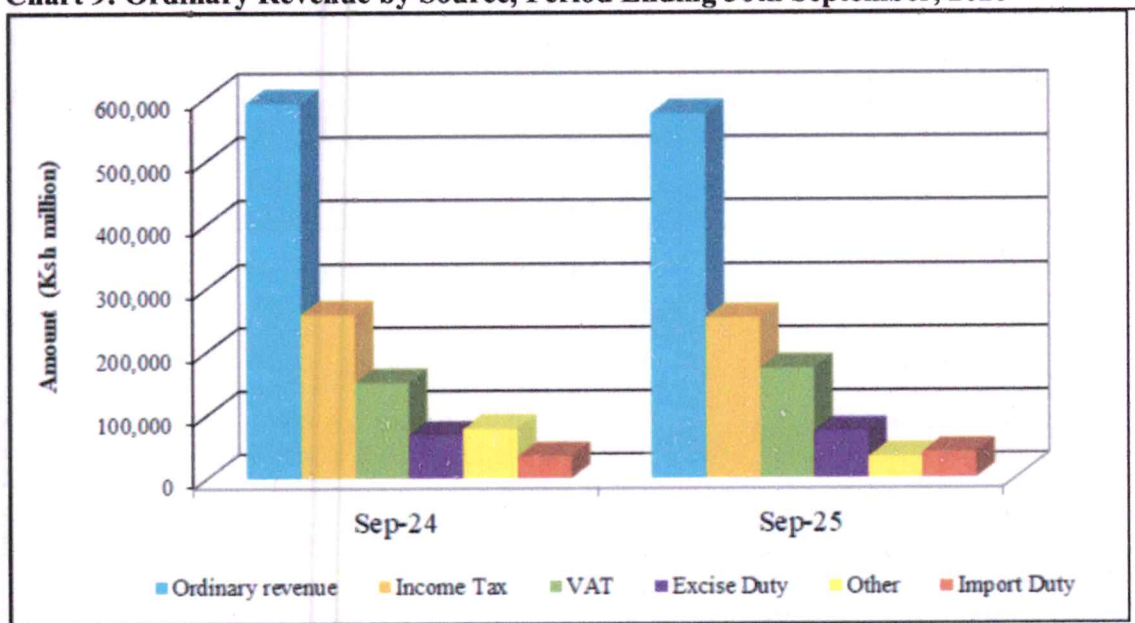
\*Provisional

Source of Data: National Treasury

## FISCAL DEVELOPMENTS

31. As a proportion of GDP, the total revenue and grants in the period under review was 3.7 percent compared to 3.9 percent recorded in the corresponding period in the FY 2024/25. Total external grants amounted to KSh. 2.9 billion against a target of KSh. 4.4 billion, translating to underperformance of KSh. 1.5 billion.

**Chart 9: Ordinary Revenue by Source, Period Ending 30th September, 2025**



Source of Data: National Treasury

### 2.2 Expenditure

32. The total expenditure and net lending for the period under review amounted to KSh. 993.0 billion, against a target of KSh. 987.2 billion. The resultant above target expenditure of KSh. 5.6 billion is attributed to an above target disbursement towards recurrent and development expenditure. The recurrent expenditure amounted to KSh. 785.7 billion (excluding KSh. 16.8 billion for Parliament and Judiciary), against a target of KSh. 760.5 billion which was KSh. 25.2 billion above the target. The above target expenditure in the recurrent category was mainly due to higher than targeted expenditures in operations & maintenance, and domestic interest (Table 5 and Chart 10). Development expenditure amounted to KSh. 141.2 billion, against a target of KSh. 113.1 billion which was KSh. 28.1 billion above the target.

## FISCAL DEVELOPMENTS

**Table 5: Expenditure and Net Lending, Period Ending 30<sup>th</sup> September, 2025 (KSh. Millions)**

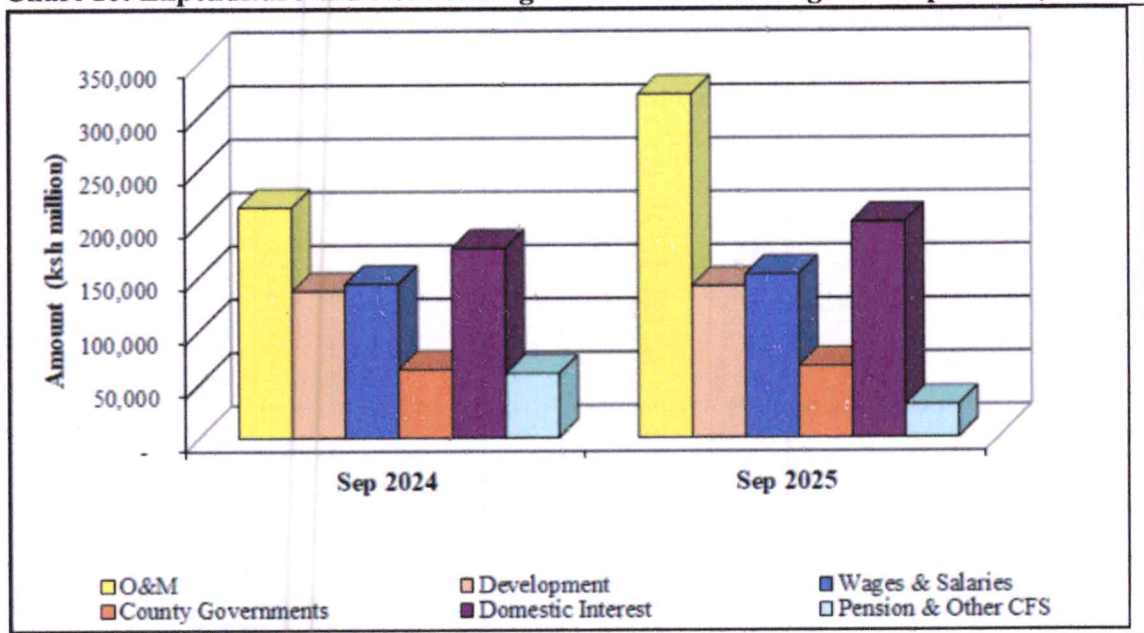
	2024/2025 Actual	2025/2026		Deviation	% Growth
		Actual*	Targets		
<b>1. RECURRENT</b>	<b>678,110</b>	<b>785,685</b>	<b>760,476</b>	<b>25,209</b>	<b>15.9</b>
Domestic Interest	176,834	201,010	196,235	4,775	13.7
Foreign Interest	72,269	71,990	80,034	(8,044)	(0.4)
Pensions & Other CFS	59,515	29,961	44,192	(14,231)	(49.7)
Contribution to Civil Servants' Pension	10,622	9,683	8,611	1,072	(8.8)
Wages and Salaries	143,459	152,138	164,321	(12,184)	6.0
Operation and Maintenance	215,411	320,904	267,083	53,820	49.0
O/W: Appropriation-in-Aid	71,843	82,012	81,835	177	14.2
<b>2. DEVELOPMENT</b>	<b>136,767</b>	<b>141,189</b>	<b>113,106</b>	<b>28,083</b>	<b>3.2</b>
Development Projects (Net)	98,559	76,994	52,010	24,984	(21.9)
Payment of Guaranteed Loans	-	-	-	-	-
Appropriation-in-Aid	38,207	64,196	61,096	3,100	68.0
3. County Governments	63,595	66,131	113,574	(47,443)	4.0
4. Parliamentary Service	7,420	10,287	47,967	(37,680)	38.6
5. Judicial Service	4,214	6,550	26,867	(20,316)	55.4
6. Equalization Fund	-	-	4,236	(4,236)	-
7. CF	-	-	-	-	-
<b>TOTAL EXPENDITURE</b>	<b>890,106</b>	<b>993,005</b>	<b>987,155</b>	<b>5,850</b>	<b>11.6</b>

\*Provisional

Source of Data: National Treasury

33. Foreign interest payments amounted to KSh. 72.0 billion, compared to KSh. 72.3 billion paid over the same period in the FY2024/25. The domestic interest payments totalled to KSh. 201.0 billion, which was higher than the KSh. 176.8 billion paid in the corresponding period in the previous financial year. The expenditure data in GFSM 2014 format is shown in annexes III and IV.

**Chart 10: Expenditure and Net Lending for the Period ending 30th September, 2025**



Source of Data: National Treasury

### 2.2.1 National Government Expenditures by Public Agencies

34. The total ministerial and other public agencies expenditure including A.I.A was KSh. 530.8 billion against a target of KSh. 633.8 billion. Recurrent expenditure was KSh. 402.7 billion against a target of KSh. 451.2 billion, while development expenditure amounted to KSh. 128.2 billion against a target of KSh. 186.2 billion. The percentage of total expenditures to the target was 83.8 percent while the percentage of total expenditures to the target for recurrent and development were 89.2 percent and 68.9 percent respectively, as at the end of the period under review.

35. As 30<sup>th</sup> September, 2025, recurrent expenditures by the State Department for Basic Education; State Department for Higher Education and Research; Teachers Service Commission; State Department for Vocational and Technical Training; the State Department for Public Health and Professional Standards; and the State Department for Medical Services (the Social Sector) accounted for 45.1 percent of total recurrent expenditure. The Ministry of Defence and the National Police Service accounted for 10.6 percent and 9.8 percent of total recurrent expenditure respectively.

36. Analysis of development outlay indicates that the State Department for Housing and Urban Development accounted for the largest share of the total development expenditure (23.4 percent); followed by the State Economic Planning (8.8 percent); State Department for Roads (7.9 percent); and State Department for Water & Sanitation (6.4 percent). **Table 6** below shows the recurrent and development expenditures by Ministries, State Departments and other government entities for the period under review.

## FISCAL DEVELOPMENTS

**Table 6: National Government Expenditures by Public Agencies, Period Ending 30<sup>th</sup> September, 2025 (KSh. Millions)**

MINISTRY/DEPARTMENT/COMMISSION	Sep-25									% of Total Exp. To Target
	Recurrent			Development			Total			
	Actual*	Target	Variance	Actual*	Target	Variance	Actual*	Target	Variance	
1011 Executive Office of the President	1,032	1,134	(102)	377	259	119	1,409	1,392	17	101.2
1012 Office of the Deputy President	1,113	743	370	7	25	(18)	1,120	768	352	145.8
1013 Office of the Prime Cabinet Secretary	81	89	(8)	-	-	-	81	89	(8)	90.8
1014 State Department for Parliamentary Affairs	81	91	(10)	-	-	-	81	91	(10)	89.2
1016 State Department for Cabinet Affairs	36	57	(21)	-	-	-	36	57	(21)	62.6
1017 State House	4,322	1,921	2,401	235	224	11	4,557	2,145	2,412	212.5
1018 State Department for National Government Coordination	97	256	(159)	-	6	(6)	97	261	(165)	37.0
1023 State Department for Correctional	7,234	9,461	(2,227)	-	77	(77)	7,234	9,538	(2,304)	75.8
1024 State Department for Immigration and Citizen Services	2,590	2,926	(336)	3,448	2,660	788	6,038	5,586	452	108.1
1025 National Police Service	36,935	31,345	5,591	61	428	(367)	36,996	31,773	5,223	116.4
1026 State Department for Internal Security & National Administration	13,994	7,966	6,028	3,656	991	2,665	17,650	8,958	8,693	197.0
1032 State Department for Devolution	299	333	(34)	163	3,979	(3,816)	461	4,312	(3,850)	10.7
1033 State Department for Special Programmes	14	122	(108)	-	41	(41)	14	163	(149)	8.6
1036 State Department for the ASALs and	1,833	1,768	65	337	951	(614)	2,170	2,720	(550)	79.8
1041 Ministry of Defence	42,843	49,347	(6,504)	-	1,234	(1,234)	42,843	50,581	(7,738)	84.7
1053 State Department for Foreign Affairs	2,034	5,754	(3,721)	-	587	(587)	2,034	6,341	(4,307)	32.1
1054 State Department for Diaspora Affairs	92	179	(88)	-	-	-	92	179	(88)	51.1
1064 State Department for Vocational and Technical Training	4,989	8,852	(3,864)	774	1,959	(1,185)	5,762	10,811	(5,049)	53.3
1065 State Department for Higher Education and Research	33,806	35,238	(1,433)	1,232	695	537	35,038	35,934	(896)	97.5
1066 State Department for Basic Education	29,211	27,355	1,856	5,524	4,623	901	34,735	31,978	2,757	108.6
1067 State Department for Science, Innovation and Research	166	248	(82)	-	-	-	166	248	(82)	66.8
1071 The National Treasury	15,092	16,095	(1,003)	6,095	10,625	(4,530)	21,887	26,720	(5,533)	79.3
1072 State Department for Economic Planning	747	920	(173)	11,260	14,840	(3,580)	12,007	15,760	(3,753)	76.2
1073 State Department for Public Investments and Assets Management	356	793	-	21	184	-	377	977	(600)	38.6
1082 State Department for Medical Services	13,588	21,004	(7,416)	2,695	5,484	(2,789)	16,283	26,488	(10,205)	61.5
1083 State Department for Public Health and Professional Standards	6,179	6,648	(469)	1,200	1,390	(190)	7,379	8,038	(659)	91.8
1091 State Department for Roads	6,945	17,885	(10,941)	10,089	37,563	(27,474)	17,034	55,449	(38,414)	30.7
1092 State Department for Transport	532	1,780	(1,249)	7,527	10,084	(2,557)	8,058	11,864	(3,806)	67.9
1093 State Department for Shipping and Maritime Affairs	69	865	(795)	83	556	(474)	152	1,421	(1,269)	10.7
1094 State Department for Housing & Urban Development	311	1,775	(1,464)	30,009	29,182	827	30,320	30,957	(637)	97.9
1095 State Department for Public Works	501	923	(422)	2	188	(186)	503	1,111	(608)	45.3
1097 State Department for Aviation and Aerospace Development	20	3,539	-	-	90	-	-	-	-	-
1104 State Department for Irrigation	160	239	(79)	1,886	1,648	238	2,046	1,887	159	108.4
1109 State Department for Water & Sanitation	725	1,694	(970)	8,196	11,794	(3,599)	8,920	13,489	(4,568)	66.1
1112 State Department for Lands and Physical	1,003	1,445	(442)	2,045	1,246	800	3,048	2,691	358	113.3
1122 State Department for Information Communication Technology & Digital Economy	705	888	(183)	2,021	3,159	(1,137)	2,726	4,047	(1,321)	67.4
1123 State Department for Broadcasting & Telecommunications	742	1,549	(807)	87	89	(2)	830	1,638	(809)	50.6
1132 State Department for Sports	349	407	(58)	3,776	3,959	(183)	4,125	4,365	(241)	94.5
1134 State Department for Culture and Heritage	469	693	(224)	-	203	(203)	469	896	(427)	52.3
1135 State Department for Youth Affairs and the Arts	566	557	9	73	668	(595)	639	1,225	(586)	52.1
1152 State Department for Energy	218	2,997	(2,779)	5,638	12,871	(7,233)	5,856	15,868	(10,012)	36.9
1162 State Department for Livestock	518	1,259	(741)	805	1,269	(464)	1,322	2,528	(1,205)	52.3
1166 State Department for the Blue Economy and Fisheries	615	750	(135)	2,144	1,308	836	2,759	2,057	701	134.1
1169 State Department for Crop Development	3,476	4,448	(972)	7,642	8,038	(396)	11,119	12,486	(1,368)	89.0
1173 State Department for Cooperatives	636	1,469	(833)	728	368	360	1,364	1,837	(473)	74.3
1174 State Department for Trade	591	996	(405)	68	92	(24)	659	1,088	(429)	60.5
1175 State Department for Industry	701	895	(194)	511	1,456	(944)	1,212	2,351	(1,138)	51.6
1176 State Department for Micro, Small and Medium Enterprises Development	319	508	(189)	178	765	(587)	497	1,273	(776)	39.1
1177 State Department for Investment	152	363	(211)	913	515	398	1,066	878	187	121.3
1184 State Department for Labour and Skills Development	335	1,074	(739)	202	192	10	537	1,266	(729)	42.4
1185 State Department for Social Protection and Senior Citizens Affairs	14,086	7,283	6,803	31	47	(16)	14,117	7,330	6,787	192.6
1186 State Department for Children Services	2,961	3,019	(57)	-	61	(61)	2,961	3,080	(118)	96.2
1192 State Department for Mining	207	341	(133)	3	67	(64)	210	408	(198)	51.5
1193 State Department for Petroleum	261	6,345	(6,084)	449	1,328	(879)	710	7,672	(6,962)	9.3
1202 State Department for Tourism	212	2,881	(2,669)	44	1,253	(1,209)	256	4,134	(3,878)	6.2
1203 State Department for Wildlife	621	2,989	(2,368)	392	601	(209)	1,023	3,590	(2,567)	28.5
1212 State Department for Gender and Affirmative Action	211	504	(293)	2,014	1,082	932	2,226	1,586	640	140.3
1213 State Department for Public Service	6,669	4,938	1,731	581	464	117	7,251	5,402	1,848	134.2
1221 State Department for East African	118	259	(140)	-	-	-	118	259	(140)	45.8
1252 State Law Office	859	1,272	(413)	25	75	(50)	884	1,347	(463)	65.6
1253 State Department for Justice Human Rights and Constitutional Affairs	165	255	(90)	-	-	-	165	255	(90)	64.6
1261 The Judiciary	6,218	6,309	(92)	180	425	(245)	6,398	6,734	(337)	95.0
1271 Ethics and Anti-Corruption Commission	993	1,080	(87)	-	45	(45)	993	1,125	(132)	88.3
1281 National Intelligence Service	17,962	12,862	5,100	-	-	-	17,962	12,862	5,100	139.7
1291 Office of the Director of Public	1,000	1,099	(99)	-	22	(22)	1,000	1,120	(120)	89.3
1311 Office of the Registrar of Political Parties	812	622	190	-	-	-	812	622	190	130.6
1321 Witness Protection Agency	48	210	(162)	-	-	-	48	210	(162)	22.8
1331 State Department for Environment &	532	974	(441)	349	484	(135)	881	1,457	(576)	60.5
1332 State Department for Forestry	985	2,233	(1,249)	1,026	903	123	2,010	3,136	(1,126)	64.1
2011 Kenya National Commission on Human	141	133	8	-	-	-	141	133	8	106.2
2021 National Land Commission	1,239	701	539	152	139	13	1,392	840	552	165.7
2031 Independent Electoral and Boundaries Commission	792	2,326	(1,533)	-	8	(8)	792	2,333	(1,541)	34.0
2041 Parliamentary Service Commission	344	710	(366)	-	-	-	344	710	(366)	48.4
2042 National Assembly	5,339	7,142	(1,803)	-	-	-	5,339	7,142	(1,803)	74.8
2043 Parliamentary Joint Services	1,563	1,705	(141)	1,251	391	860	2,815	2,096	719	134.3
2044 Senate	1,791	2,050	(259)	-	-	-	1,791	2,050	(259)	87.4
2051 Judicial Service Commission	153	211	(58)	-	-	-	153	211	(58)	72.5
2061 Commission on Revenue Allocation	64	93	(29)	-	-	-	64	93	(29)	68.9
2071 Public Service Commission	589	890	(301)	-	-	-	589	890	(301)	66.2
2081 Salaries and Remuneration Commission	123	188	(65)	-	-	-	123	188	(65)	65.4
2091 Teachers Service Commission	93,708	96,628	(2,920)	7	168	(161)	93,715	96,795	(3,081)	96.8
2101 National Police Service Commission	289	348	(58)	-	-	-	289	348	(58)	83.2
2111 Auditor General	1,436	2,090	(654)	-	83	(83)	1,436	2,172	(736)	66.1
2121 Controller of Budget	125	209	(84)	-	-	-	125	209	(84)	59.9
2131 Commission on Administrative of Justice	144	169	(24)	-	-	-	144	169	(24)	85.7
2141 National Gender and Equality Commission	147	139	8	-	-	-	147	139	8	105.8
2151 Independent Policing Oversight Authority	316	329	(13)	-	-	-	316	329	(13)	96.1
<b>Total</b>	<b>402,655</b>	<b>451,177</b>	<b>(48,522)</b>	<b>128,212</b>	<b>186,209</b>	<b>(57,945)</b>	<b>530,847</b>	<b>633,757</b>	<b>(102,910)</b>	<b>83.8</b>

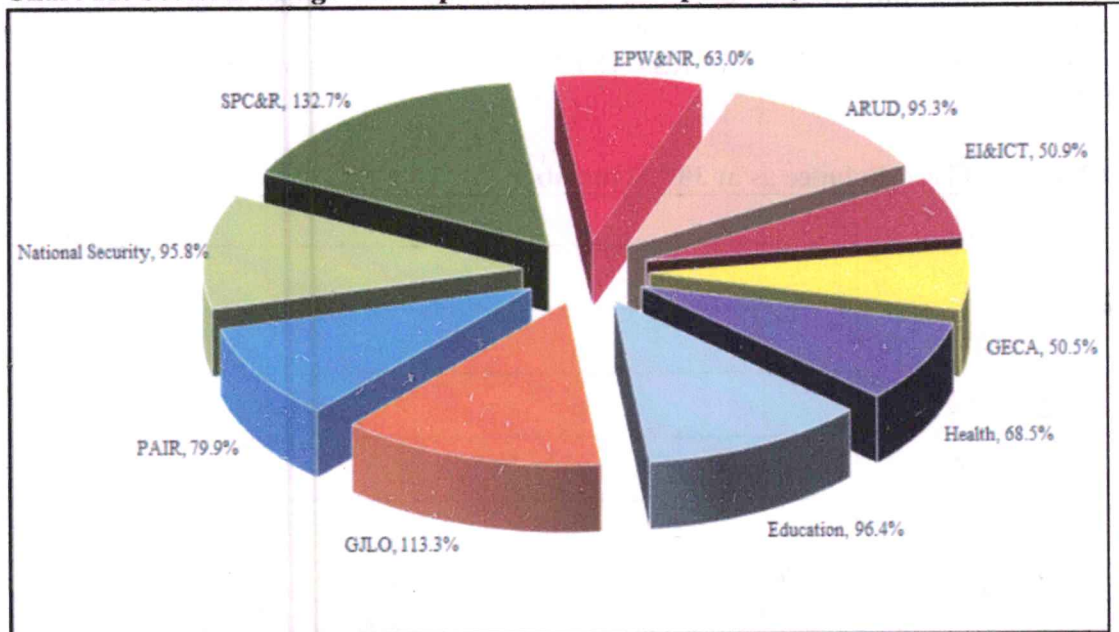
\*Provisional

Source of Data: National Treasury

## FISCAL DEVELOPMENTS

37. During the period under review, Social Protection, Culture and Recreation (SPC&R) sector recorded the highest absorption at 132.7 percent followed by Governance, Justice, Law and Order (GJLO) at 113.3 percent and Education at 96.4 percent. General, Economic and Commercial Affairs (GECA) sector recorded the lowest absorption of 50.5 percent (Chart 11).

**Chart 11: Sectoral Budget Absorption as at 30th September, 2025**



Source of Data: National Treasury

### 2.2.2 Pending Bills

38. The total outstanding national government pending bills as at 30<sup>th</sup> September, 2025 amounted to KSh. 525.4 billion. These comprise of KSh. 406.5 billion (77.4 percent) and KSh. 118.9 billion (22.6 percent) for the State Corporations (SC) and Ministries/State Departments/other government entities respectively. Out of the total pending bills, 54.6 percent are recurrent pending bills and only 45.4 per cent are development pending bills.

39. The SC pending bills include payment to contractors/projects, suppliers, unremitted statutory and other deductions, pension arrears and others. The highest percentage of the SCs pending bills (51.8 percent) are recurrent pending bills while 48.2 percent are owed to Contractor/Projects (development). Ministries/State Departments and other government Agencies (MDAs) pending bills constitutes mainly of historical pending bills. However, out of the total MDAs pending bills, 35.8 percent are development pending bills while the bulk, 64.2 percent are recurrent pending bills.

40. The National Government policy on pending bills is that MDAs including the State Corporations should prioritize their payment as contained in the Treasury Circular No. 10 dated June 16, 2020. All MDAs are therefore, expected to continue prioritizing settling them in line with the Treasury guidelines as contained in Treasury Circular No. 13/2023.

## FISCAL DEVELOPMENTS

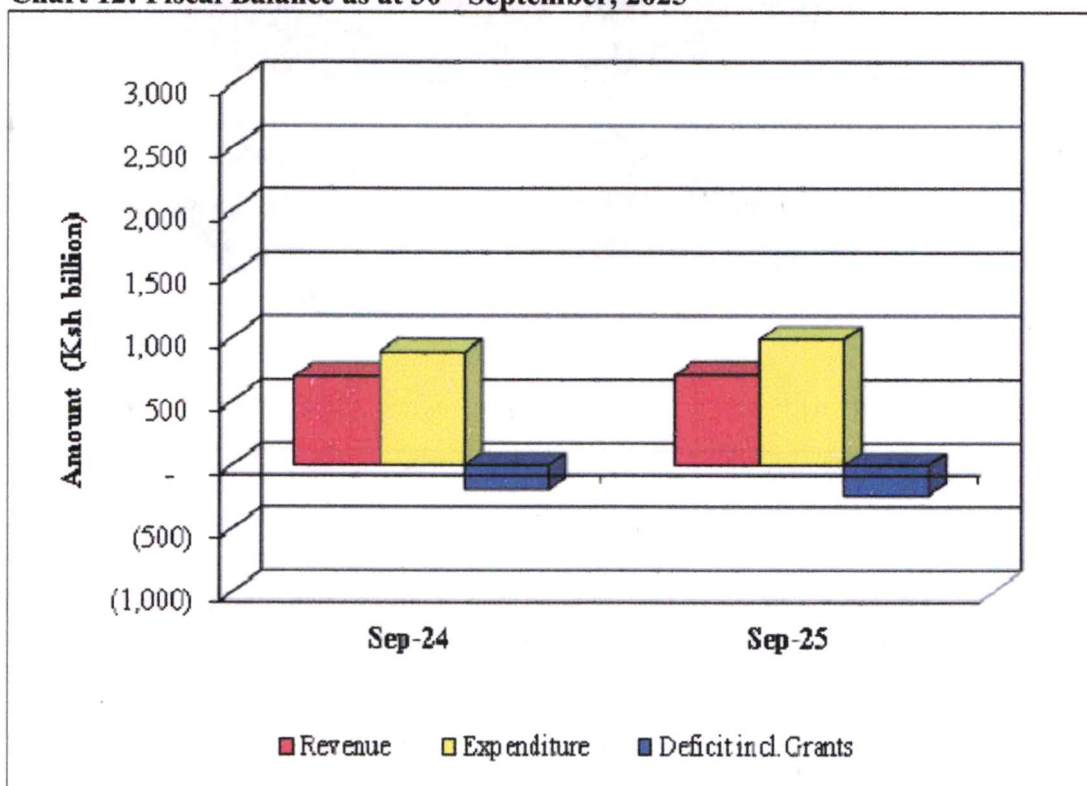
### 2.2.3 Guaranteed Debt Service

45 During the quarter ending September 2025, the National Government did not service any guaranteed debt on behalf of Government parastatals whether in terms of principal and/or interest payment.

### 2.3 Fiscal Outturn

41. During the period July 2025 to September 2025, the fiscal balance (on commitment basis and including grants) amounted to KSh. 280.5 billion (1.5 percent of GDP) against a targeted deficit of KSh. 189.5 billion (1.0 percent of GDP) (Chart 12 and Table 8).

Chart 12: Fiscal Balance as at 30<sup>th</sup> September, 2025



Source of Data: National Treasury

42. Over the same period in FY2024/25, the fiscal deficit including grants (on commitment basis) was KSh. 191.3 billion (1.1 percent of GDP). The fiscal outturn in the last six (6) FYs and the Printed Estimates for the FY 2025/26 are shown in Annex I. Further, GFSM 2014 Compliant Budgetary Central Government fiscal data for the FY 2025/26 are shown in annexes V and VI.

FISCAL DEVELOPMENTS

Table 8: Budget Outturn, Cumulative Ending 30<sup>th</sup> September, 2025 (KSh. Millions)

Description/Item	2024/2025	2025/2026			% growth	2025/2026 as a % of GDP		2024/2025
	Actual	Actual*	Targets	Deviation		Actual	Targets	Actual as a % of GDP
<b>A. TOTAL REVENUE AND GRANTS</b>	<b>698,829</b>	<b>712,556</b>	<b>797,662</b>	<b>(85,106)</b>	<b>2.0</b>	<b>3.7</b>	<b>4.1</b>	<b>3.9</b>
<b>1. Revenue</b>	<b>697,476</b>	<b>709,606</b>	<b>793,240</b>	<b>(83,634)</b>	<b>1.7</b>	<b>3.7</b>	<b>4.1</b>	<b>3.9</b>
Ordinary Revenue	590,875	573,463	663,474	(90,011)	(2.9)	3.0	3.4	3.3
Import Duty	34,619	40,471	41,240	(768)	16.9	0.2	0.2	0.2
Excise Duty	68,133	73,875	81,769	(7,894)	8.4	0.4	0.4	0.4
Income tax	258,608	252,615	317,688	(65,073)	(2.3)	1.3	1.6	1.4
VAT	151,332	173,371	186,630	(13,258)	14.6	0.9	1.0	0.8
Investment Revenue	44,428	10,484	6,796	3,688	(76.4)	0.1	0.0	0.2
Others	33,755	22,647	29,351	(6,704)	(32.9)	0.1	0.2	0.2
Appropriation-in-Aid	106,601	136,143	129,766	6,377	27.7	0.7	0.7	0.6
<b>2. Grants</b>	<b>1,353</b>	<b>2,950</b>	<b>4,422</b>	<b>(1,472)</b>	<b>-</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
AMISOM Receipts	0	0	0	(2,147)	-	-	0.0	-
Nairobi County to NMS	-	-	-	(2,275)	-	-	0.0	-
Revenue	515	2,458	2,147	2,458	-	0.0	-	0.0
Appropriation-in-Aid	838	492	2,275	(1,784)	-	0.0	0.0	0.0
<b>B. EXPENDITURE AND NET LENDING</b>	<b>890,106</b>	<b>993,005</b>	<b>987,155</b>	<b>5,850</b>	<b>11.6</b>	<b>5.2</b>	<b>5.1</b>	<b>4.9</b>
<b>1. Recurrent</b>	<b>689,744</b>	<b>785,685</b>	<b>760,476</b>	<b>25,209</b>	<b>13.9</b>	<b>4.1</b>	<b>3.9</b>	<b>3.8</b>
Domestic Interest	176,834	201,010	196,235	4,775	13.7	1.0	1.0	1.0
Foreign Interest	72,269	71,990	80,034	(8,044)	(0.4)	0.4	0.4	0.4
Pension & Other CFS	59,515	29,961	44,192	(14,231)	(49.7)	0.2	0.2	0.3
Contribution to Civil Servants' Pension	10,622	9,683	8,611	1,072	(8.8)	0.1	0.0	0.1
Wages and Salaries	143,459	152,138	164,321	(12,184)	6.0	0.8	0.9	0.8
O & M/Others	227,045	320,904	267,083	53,820	41.3	1.7	1.4	1.3
<b>2. Development and Net Lending</b>	<b>136,767</b>	<b>141,189</b>	<b>113,106</b>	<b>28,083</b>	<b>3.2</b>	<b>0.7</b>	<b>0.6</b>	<b>0.8</b>
O/W Domestically financed	99,254	97,854	69,165	28,689	(1.4)	0.5	0.4	0.5
Foreign financed	37,512	43,335	39,705	3,630	15.5	0.2	0.2	0.2
3. Net Lending	-	-	-	-	-	-	-	0.0
4. Equalization Fund	-	-	4,236.0	(4,236)	-	0.0	0.0	0.0
5. County Governments	63,595	66,131	113,574	(47,443)	4.0	0.3	0.6	0.4
5. CF	-	-	-	-	-	0.0	-	0.0
<b>C. DEFICIT EXCL. GRANT (Commitment basis)</b>	<b>(192,629)</b>	<b>(283,399)</b>	<b>(193,916)</b>	<b>(89,484)</b>	<b>47.1</b>	<b>(1.5)</b>	<b>(1.0)</b>	<b>(1.1)</b>
<b>D. DEFICIT INCL. GRANTS (Commitment basis)</b>	<b>(191,277)</b>	<b>(280,449)</b>	<b>(189,493)</b>	<b>(90,956)</b>	<b>46.6</b>	<b>(1.5)</b>	<b>(1.0)</b>	<b>(1.1)</b>
<b>E. ADJUSTMENT TO CASH BASIS</b>	<b>-</b>	<b>47,573</b>	<b>-</b>	<b>47,573</b>	<b>-</b>	<b>0.2</b>	<b>-</b>	<b>0.0</b>
<b>F. DEFICIT INCL. GRANTS (Cash basis)</b>	<b>(191,277)</b>	<b>(232,877)</b>	<b>(189,493)</b>	<b>(43,383)</b>	<b>21.7</b>	<b>(1.2)</b>	<b>(1.0)</b>	<b>(1.1)</b>
Discrepancy	(26,927)	8,751	-	8,751	-	0.0	-	(0.1)
<b>FINANCING</b>	<b>164,351</b>	<b>241,628</b>	<b>189,493</b>	<b>52,135</b>	<b>47.0</b>	<b>1.3</b>	<b>1.0</b>	<b>0.9</b>
<b>1. Net Foreign financing</b>	<b>(56,302)</b>	<b>(98,080)</b>	<b>(59,386)</b>	<b>(38,694)</b>	<b>74.2</b>	<b>(0.5)</b>	<b>(0.3)</b>	<b>(0.3)</b>
Disbursements	37,029	43,021	45,107	(2,086)	16.2	0.2	0.2	0.2
Programme Loans	870	2,636	0	2,636	202.9	0.0	-	0.0
Project Cash Loans	9,543	22,069	26,944	(4,874)	-	0.1	0.1	0.1
Project Loans AIA	26,616	18,316	18,163	153	(31.2)	0.1	0.1	0.1
Debt repayment - Principal	(93,331)	(141,101)	(104,493)	(36,608)	51.2	(0.7)	(0.5)	(0.5)
<b>2. Net Domestic Financing</b>	<b>220,653</b>	<b>339,708</b>	<b>248,879</b>	<b>90,829</b>	<b>54.0</b>	<b>1.8</b>	<b>1.3</b>	<b>1.2</b>
Government Securities	235,057	333,091	256,153	76,938	41.7	1.7	1.3	1.3
Government Overdraft & Others	(61,147)	(14,422)	-	(14,422)	-	-0.1	-	(0.3)
Movement in Government Deposits	64,889	28,094	-	28,094	(56.7)	0.1	-	0.4
Domestic Loan Repayments (Net Receipts)	-	1,781	-	1,781	-	0.0	-	0.0
Domestic Loan Repayment	(555)	-	-	-	-	0.0	-	(0.0)
Other Accounts Payable	(17,591)	(8,836)	(7,273)	-	-	(0.0)	(0.0)	(0.1)
<b>MEMO ITEM</b>								
<b>GDP ESTIMATE</b>	<b>18,054,333</b>	<b>19,272,810</b>	<b>19,272,810</b>	<b>19,272,810</b>	<b>6.7</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

\*Provisional

Source of Data: National Treasury

## FISCAL DEVELOPMENTS

### 2.4 Financing

#### 2.4.1 External Financing

43. During the period ending September, 2025, net external financing amounted to a net foreign repayment of KSh. 98.1 billion (**Table 9**). Total disbursements (inflows) including Appropriations-in-Aid amounted to KSh. 43.0 billion against a target of KSh. 45.1 billion. The actual total disbursement comprised of KSh. 22.1 billion Project Cash Loans; KSh. 18.3 billion Project Loans A.I.A; and KSh. 2.6 billion programme loans. The External repayments (outflows) of principal debt amounted to KSh. 141.1 billion. The amount comprised of principal repayments due to commercial institutions, bilateral sources, and multilateral sources amounting to KSh. 69.9 billion, KSh. 58.4 billion, and KSh. 12.8 billion, respectively.

**Table 9: External Financing, Period Ending September, 2025 (KSh. Millions)**

	FY2024/25	FY2025/26	
	Actual*	Actual*	Target
<b>DISBURSEMENTS:</b>	<b>37,029</b>	<b>43,021</b>	<b>45,108</b>
Project Cash loans	26,616	22,069	26,944
Project loans A-I-A	9,543	18,316	18,163
Commercial Financing	-	-	-
Use of IMF SDR Allocation	-	-	-
Programme Loans	870	2,636	-
<b>EXTERNAL REPAYMENTS:</b>	<b>93,331</b>	<b>141,101</b>	<b>104,493</b>
Bilateral(incl. Italy Debt SWAP)	64,554	58,409	63,068
Multilateral (excl. IMF)	12,818	12,789	13,733
Commercial	15,959	69,903	27,692
<b>NET FOREIGN FINANCING</b>	<b>(56,302)</b>	<b>(98,080)</b>	<b>(59,385)</b>

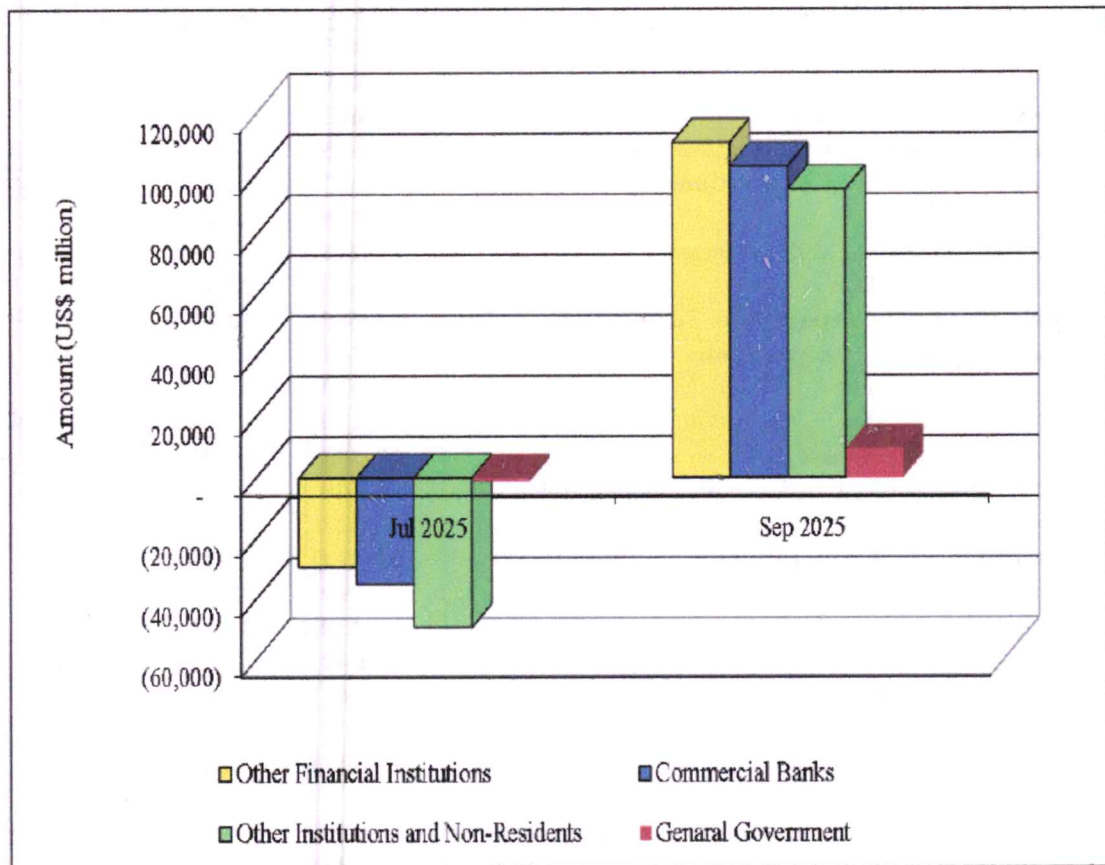
\*Provisional

Source of Data: National Treasury

#### 2.4.2 Domestic Financing

44. As at 30<sup>th</sup> September, 2025, net domestic borrowing amounted to KSh. 371.1 billion (**Table 10**) against a target of KSh. 248.9 billion (**Table 8**). The borrowing comprised of KSh. 262.5 billion from Financial Corporations, KSh. 26.0 billion from Households, KSh. 22.2 billion Non-Residents, KSh. 11.2 from Non-financial Corporations, KSh. 9.6 billion from General Government and KSh. 1.2 billion from Non-Profit institutions. During the same period in FY 2024/25, the net domestic borrowing amounted to KSh. 156.9 billion comprising of KSh. 133.8 billion from Non-Banking Financial Institutions, KSh. 137.3 billion from Commercial Banks, a net repayment of KSh. 114.3 billion to the Central Bank of Kenya and a net repayment KSh. 3 billion to Non-Residents (**Table 10 and Chart 13**).

Chart 13: Domestic Financing for the Period Ending 30th September, 2025



Source of Data: Central Bank of Kenya

45. The Government financing during the first three months recorded a consistent increase from KSh. 110.0 billion in July 2025 to KSh. 371.1 billion by end of September 2025. Consequently, the government securities holding by all the holders also recorded an increase during the period under review except for those held by Non-Profit Institutions. Non-Profit Institutions government Securities holding declined from KSh. 2.6 Billion in August 2025 to KSh. 1.6 billion in September 2025 (Table 10).

## FISCAL DEVELOPMENTS

**Table 10: Domestic Financing, Period Ending 30<sup>th</sup> September, 2025 (KSh. Millions)**

SECURITIES HOLDER	JUL 2025	AUG 2025	SEP 2025
<b>A. Government Securities</b>	(82,465)	255,690	333,091
Household	210	22,983	26,041
<b>Nonfinancial Corporations</b>	4,663	6,505	11,197
<b>Public Nonfinancial Corporations Sector</b>	4,615	(4,415)	(4,370)
<b>Other Nonfinancial Corporations</b>	47	10,920	15,566
Private Companies	138	10,827	15,474
Unincorporated Private Businesses	(91)	92	92
<b>Financial Corporations</b>	(86,540)	202,939	262,544
<b>Public Financial Corporations Sector</b>	(1,485)	32,573	12,055
<b>Other Depository Corporations</b>	(55,741)	93,166	139,859
Commercial Banks	(35,013)	61,976	102,832
FOSA SACCOs	(270)	743	1,167
Money Market Funds	(20,793)	30,976	37,034
Other Depository Corporations Under Liquidation	108	(111)	(259)
Microfinance Banks	227	(417)	(914)
<b>Other Financial Corporations</b>	(29,314)	77,200	110,630
Insurance	(16,199)	35,130	47,717
Pension	(11,230)	30,172	49,475
Financial auxiliaries	(1,040)	2,390	2,552
Non-Money Market Funds	(663)	1,667	1,543
BOSA SACCOs	(30)	235	241
Microfinance Institutions	(33)	252	112
Other Cooperative Societies	2	(2)	22
Other Financial Corporations Under Liquidation	430	13	(6)
Captive financial institutions and money lenders	(1)	23	2
Other financial intermediaries	(3,682)	7,449	11,501
Investment Banks	3,131	(131)	(2,527)
<b>Non-Profit Institutions</b>	(255)	2,596	1,574
<b>Non-Resident</b>	649	18,704	22,179
Non Resident Individuals	25	403	535
Other International Organisations	624	18,301	21,645
<b>General Government</b>	(1,191)	1,963	9,556
Budgetary Units	(83)	(434)	(744)
Extra-Budgetary Units	(905)	1,376	1,954
Social Security Funds	(203)	1,021	8,346
<b>B. Others:</b>	23,347	(34,576)	(14,912)
Overdraft	20,928	(32,769)	(12,606)
Uncleared Items awaiting transfer to PMG	19	(11)	(19)
IMF funds on-lent to Government	2,087	(1,626)	(1,629)
Bank Advances	313	(170)	(657)
<b>C. Central Government Deposits</b>	50,920	1,902	(52,882)
<b>D. Domestic Financing</b>	(110,037)	219,212	371,062
<b>Other Domestic Financing</b>			
<b>Domestic Loan Repayments (Net Receipt)</b>	-	-	31,354
<b>E. Net Domestic Financing</b>	(110,037)	219,212	339,708

Notes:

\*provisional

Treasury Bills as reflected here are given at cost value as opposed to Table 12 given at face value.

Source of Data: Central Bank of Kenya

## FISCAL DEVELOPMENTS

### 3.0 PUBLIC DEBT

#### 3.1 Overall Debt Position

46. The total public and publicly guaranteed debt stock as at end of 30<sup>th</sup> September, 2025, was KSh. 12,054.0 billion, up from KSh. 10,790.1 billion in September 2024. The increase is mainly attributed to domestic borrowing to finance the fiscal deficit during the period. The public and publicly guaranteed debt stock comprised KSh. 5,393.5 billion (44.7 per cent of total debt) in external debt and KSh. 6,660.5 billion (55.3 per cent of total debt) in domestic debt. The net public debt was KSh. 11,744.8 billion during the period under review (Table 11).

**Table 11: Kenya's Public and Publicly Guaranteed Debt, September, 2023 to September, 2025 (KSh. Millions)**

DEBT SOURCE	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
<b>EXTERNAL</b>									
BILATERAL	1,341,779	1,422,180	1,175,582	1,163,715	1,133,389	1,101,069	1,073,783	1,106,363	1,065,025
MULTILATERAL	2,827,123	3,061,108	2,654,283	2,786,948	2,847,166	2,777,571	2,876,953	3,045,391	3,057,763
COMMERCIAL BANKS	1,483,613	1,588,656	1,318,975	1,207,503	1,193,820	1,165,072	1,273,900	1,322,292	1,256,228
SUPPLIERS CREDIT	15,284	17,641	14,583	13,537	13,990	13,294	13,661	14,419	14,513
<b>SUB - TOTAL EXTERNAL</b>	<b>5,667,799</b>	<b>6,089,585</b>	<b>5,163,423</b>	<b>5,171,704</b>	<b>5,188,365</b>	<b>5,057,006</b>	<b>5,238,297</b>	<b>5,488,465</b>	<b>5,393,528</b>
<b>DOMESTIC</b>									
CENTRAL BANK	198,485	224,468	202,428	170,109	107,612	142,043	189,642	172,082	157,831
O/W IMF FUNDS ON-LENT TO GOVERNMENT	96,655	104,245	84,702	83,541	82,626	79,582	78,705	80,559	78,933
COMMERCIAL BANKS	2,081,576	2,109,720	2,190,148	2,278,836	2,386,381	2,509,146	2,601,298	2,179,356	2,296,926
<b>TOTAL BANKS</b>	<b>2,280,061</b>	<b>2,334,188</b>	<b>2,392,576</b>	<b>2,448,944</b>	<b>2,493,994</b>	<b>2,651,190</b>	<b>2,790,940</b>	<b>2,351,438</b>	<b>2,454,757</b>
NON BANKS & NON RESIDENTS	2,634,386	2,715,920	2,842,612	2,961,340	3,107,717	3,217,083	3,335,626	3,974,016	4,205,725
<b>SUB-TOTAL DOMESTIC</b>	<b>4,914,447</b>	<b>5,050,109</b>	<b>5,235,188</b>	<b>5,410,284</b>	<b>5,601,710</b>	<b>5,868,273</b>	<b>6,126,566</b>	<b>6,325,454</b>	<b>6,660,482</b>
<b>GRAND TOTAL GROSS</b>	<b>10,582,245</b>	<b>11,139,694</b>	<b>10,398,612</b>	<b>10,581,988</b>	<b>10,790,075</b>	<b>10,925,279</b>	<b>11,364,863</b>	<b>11,813,919</b>	<b>12,054,010</b>
LESS ON-LENDING	-	-	-	-	-	-	-	-	-
LESS GOVERNMENT DEPOSITS	(429,162)	(464,321)	(525,843)	(526,226)	(504,180)	(493,980)	(533,706)	(337,315)	(309,216)
<b>GRAND TOTAL NET</b>	<b>10,153,083</b>	<b>10,675,372</b>	<b>9,872,769</b>	<b>10,055,762</b>	<b>10,285,895</b>	<b>10,431,299</b>	<b>10,831,157</b>	<b>11,476,604</b>	<b>11,744,794</b>

Note:

\* Provisional

Source of Data: National Treasury

#### 3.2 Domestic Debt

47. The stock of gross domestic debt increased by KSh. 335.0 billion from KSh. 6,325.5 billion in July, 2025 to KSh. 6,660.4 billion in September, 2025. The net domestic debt was KSh. 6,409.0 billion by en0064 of the period under review (Table 11).

## FISCAL DEVELOPMENTS

**Table 12: Stock of Domestic Debt as at 30<sup>th</sup> September, 2025 (KSh. Millions)**

SECURITIES HOLDER	Jun-25	Jul-25	Aug-25	Sep-25
Financial Corporations	4,819,750	4,909,167	5,038,753	5,097,636
Central Bank	178,569	154,588	143,097	163,066
Commercial Banks	2,179,356	2,216,981	2,253,442	2,296,926
Pensions	894,493	905,588	925,424	943,325
Insurance	799,140	816,009	835,824	847,845
General Government	467,486	468,214	469,509	476,870
Households	397,774	397,471	422,322	425,199
Non-Residents	279,734	278,960	299,365	302,816
Nonfinancial corporations	128,345	123,752	135,146	139,707
Non-Profit Institutions	53,796	54,091	56,324	55,124
<b>Total Securities</b>	<b>6,146,885</b>	<b>6,231,655</b>	<b>6,421,419</b>	<b>6,497,352</b>
Overdraft	67,629	46,701	34,860	55,023
UnCleared items	21	2	9	2
Bank advances	14,792	13,845	13,725	13,543
Pre-1997 Frozen Debt	15,569	15,569	15,569	15,569
IMF funds on-lent to Government**	80,559	78,473	78,933	78,930
<b>Gross Domestic Debt</b>	<b>6,325,454</b>	<b>6,386,243</b>	<b>6,564,516</b>	<b>6,660,418</b>
Less On-lending	-	-	-	-
Less Government Deposits	304,255	253,336	306,157	251,373
<b>TOTAL NET DOMESTIC DEBT</b>	<b>6,021,199</b>	<b>6,132,908</b>	<b>6,258,359</b>	<b>6,409,045</b>

NOTE:

\* Provisional

Treasury Bills reflected here are at face value as opposed to Table 10, given at cost

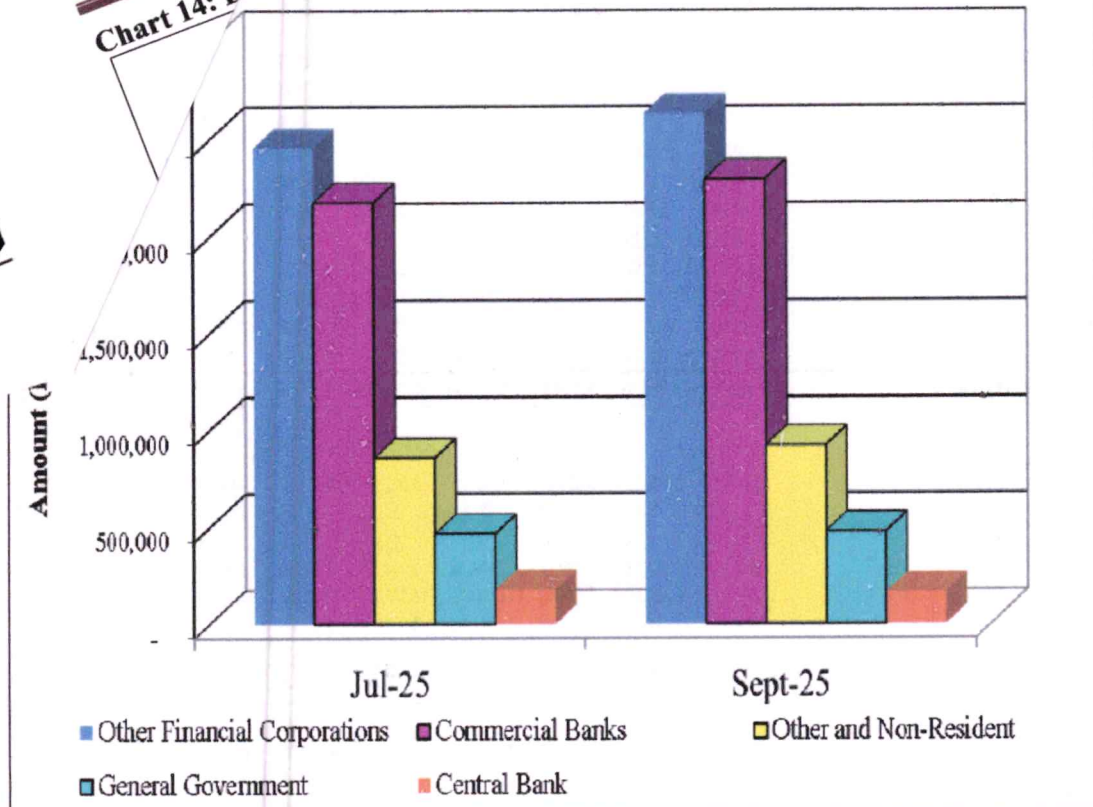
Source of Data: Central Bank of Kenya

48. The stock of Government Securities were mainly held by Commercial Banks and other Financial Institutions. Commercial Banks holding of government securities increased by KSh. 117.6 billion from KSh. 2,179.4 billion in July, 2025 to KSh. 2296.9 billion in September, 2025 while those held by Other Financial Institutions also increased by KSh. 175.8 billion from KSh. 2,461.8 billion in July, 2025 to KSh. 2637.6 billion in September, 2025. The stock of Treasury Bills held by central bank remained low between July 2025 and September 2025. (Chart 14).

FISCAL DEVELOPMENTS

Debt Stock by Instruments Holders as at End September, 2025

Chart 14: D



Source of Data: Central Bank of Kenya

### 3.3 External Public Debt

49. In US dollar terms, external public and publicly guaranteed debt stock increased to US\$. 41.7 billion as at end September 2025 from US\$. 40.2 billion in September 2024. This comprised debt owed to multilateral of 56.69 percent, commercial banks of 23.29 percent, bilateral of 19.75 percent, and Suppliers Credit of 0.27 percent. (Table 13). The increase is attributed increase in external loans disbursements and exchange rate fluctuations during the period.

## FISCAL DEVELOPMENTS

**Table 13: Kenya's External Public and Publicly Guaranteed Debt Stock, September, 2025 (US\$ Millions)**

CREDITOR	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	2023 -	
<b>BILATERAL</b>									
AUSTRIA	13.21	13.63	13.19	12.77	13.20	11.77	12.13	1.	
BELGIUM	173.00	179.21	178.92	177.87	187.72	171.85	175.11	196.8	
DENMARK	2.46	2.58	1.99	1.97	1.51	1.40	0.93	1.01	
FINLAND	3.75	3.96	2.57	2.55	1.33	1.23	-	-	
FRANCE	723.00	753.72	723.00	746.50	759.36	697.88	704.88	784.39	8.
GERMANY	341.34	349.60	350.44	343.08	362.54	393.56	401.07	439.64	433.
ITALY	332.56	212.13	195.64	254.10	229.60	211.75	327.41	345.92	345.90
JAPAN	1,229.02	1,269.92	1,187.69	1,158.65	1,283.89	1,137.10	1,175.59	1,250.72	1,187.17
USA	7.64	7.43	310.65	310.41	248.68	248.47	186.72	185.47	124.03
CHINA	5,943.60	6,006.71	5,674.35	5,696.97	5,394.35	5,356.85	5,039.21	5,053.67	4,800.65
OTHERS	291.37	290.73	280.34	277.46	290.47	284.24	280.43	290.61	343.37
<b>TOTAL BILATERAL</b>	<b>9,059.95</b>	<b>9,089.63</b>	<b>8,919.39</b>	<b>8,984.34</b>	<b>8,772.65</b>	<b>8,516.10</b>	<b>8,303.47</b>	<b>8,560.91</b>	<b>8,240.65</b>
<b>MULTILATERAL</b>									
ADB/ADF	3,695.82	3,792.02	3,800.87	3,923.83	4,001.98	3,918.64	4,001.09	4,257.66	4,396.29
BADEA	51.70	53.69	53.38	54.01	53.33	53.01	52.33	52.03	51.35
EEC/EIB	194.28	204.58	192.68	190.43	195.96	181.93	195.52	230.71	222.26
IBRD	1,079.71	1,085.13	1,089.11	1,938.74	1,944.34	1,940.45	1,948.47	2,024.99	2,020.16
IDA/IFAD	11,333.07	11,685.80	11,696.69	12,108.42	12,535.17	12,092.83	12,432.93	13,181.46	13,165.20
IMF	2,684.95	2,694.19	3,257.39	3,251.72	3,259.95	3,252.51	3,574.48	3,704.88	3,692.85
OTHERS	49.77	49.15	48.52	47.21	46.89	43.45	42.56	113.15	111.39
<b>TOTAL MULTILATERAL</b>	<b>19,089.28</b>	<b>19,564.57</b>	<b>20,138.64</b>	<b>21,516.35</b>	<b>22,037.62</b>	<b>21,482.81</b>	<b>22,247.38</b>	<b>23,564.88</b>	<b>23,659.49</b>
<b>COMMERCIAL<sup>1</sup></b>	<b>10,017.64</b>	<b>10,153.63</b>	<b>10,007.36</b>	<b>9,322.41</b>	<b>9,240.40</b>	<b>9,011.12</b>	<b>9,851.02</b>	<b>10,231.74</b>	<b>9,720.09</b>
O/W International Sovereign Bond	7,100.00	7,100.00	7,156.97	6,600.00	6,600.00	6,600.00	7,518.86	7,913.54	7,913.54
<b>EXPORT CREDIT</b>	<b>103.20</b>	<b>112.75</b>	<b>110.65</b>	<b>104.51</b>	<b>108.29</b>	<b>102.82</b>	<b>105.64</b>	<b>111.57</b>	<b>112.29</b>
<b>GRAND TOTAL</b>	<b>38,270.08</b>	<b>38,920.59</b>	<b>39,176.04</b>	<b>39,927.61</b>	<b>40,158.96</b>	<b>39,112.85</b>	<b>40,507.51</b>	<b>42,469.10</b>	<b>41,732.53</b>
In percentage of total									
BILATERAL	23.67	23.35	22.77	22.50	21.84	21.77	20.50	20.16	19.75
MULTILATERAL	49.88	50.27	51.41	53.89	54.88	54.93	54.92	55.49	56.69
COMMERCIAL BANKS <sup>1</sup>	26.18	26.09	25.54	23.35	23.01	23.04	24.32	24.09	23.29
EXPORT CREDIT	0.27	0.29	0.28	0.26	0.27	0.26	0.26	0.26	0.27
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

\*Provisional

\*\* include IMF item

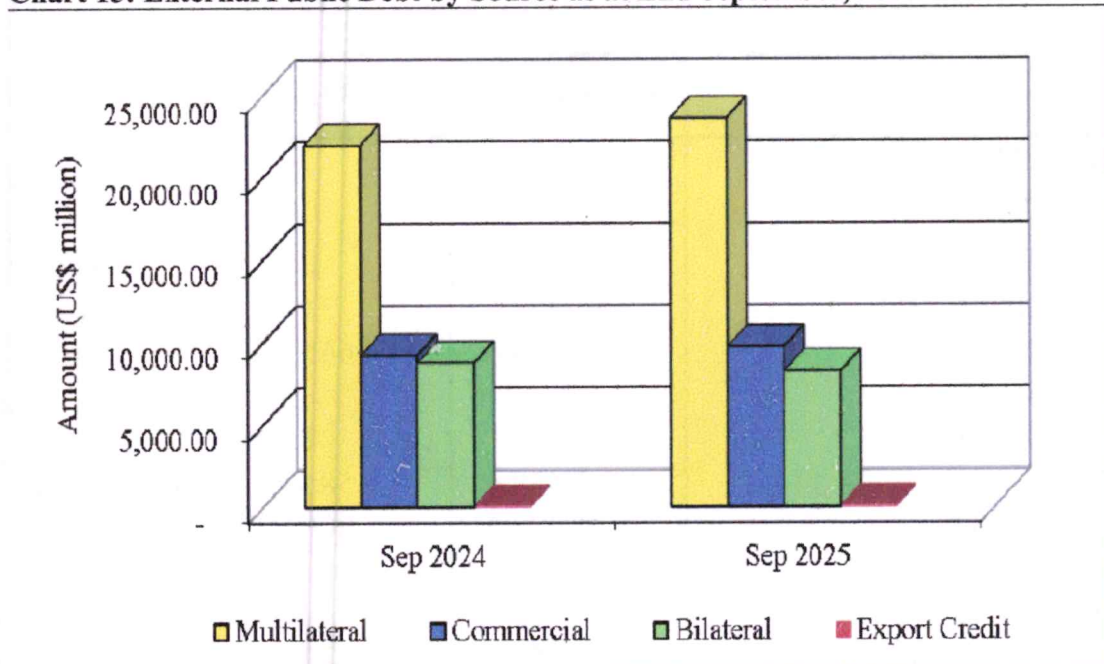
1/ incl. International Sovereign Bond

Note: The exchange rate as at end September, 2025 was KSh. 129.2 per dollar.

Source of Data: National Treasury

50. Compared to the same period in FY 2024/25, external public debt stock from bilateral sources recorded a decrease of US\$ 2.5 billion in the period ending September, 2025. However, external public debt stock from multilateral institutions, commercial banks, and suppliers recorded an increase of US\$ 1.6 billion, US\$ 0.5 billion and US\$ 4 million respectively in the period under review (**Chart 15**).

**Chart 15: External Public Debt by Source as at End September, 2025**



Source of Data: National Treasury

**3.3.1 External Debt Service**

51. As at end September 2025, the total cumulative debt service payments to external creditors was KSh. 213.1 billion. This comprised KSh. 141.1 billion (66.2 percent) principal payment and KSh. 72.0 billion (33.8 percent) interest payment (Table 14).

FISCAL DEVELOPMENTS

Table 14: External Debt Service, July 2025 – September, 2025 (KSh. Million)

CATEGORY	Sep-2025		
	PRINCIPAL*	INTEREST*	TOTAL*
<b>BILATERAL</b>			
ABU DHABI	-	-	-
AUSTRIA	38.19	5.52	43.70
BELGIUM	475.62	31.06	506.69
CHINA	44,249.60	16,665.06	60,914.65
DENMARK	-	-	-
FINLAND	-	1.59	1.59
FRANCE	3,458.41	585.78	4,044.19
GERMANY	1,488.51	200.50	1,689.01
INDIA	-	-	-
ISRAEL	-	-	-
ITALY	52.40	321.50	373.90
JAPAN	346.57	140.90	487.47
KOREA	-	3.43	3.43
KUWAIT	64.43	3.84	68.27
NETHERLANDS	-	-	-
SAUDI ARABIA	6.56	0.82	7.38
SPAIN	208.74	23.33	232.08
USA	8,019.72	633.66	8,653.38
<b>TOTAL BILATERAL</b>	<b>58,408.75</b>	<b>18,616.98</b>	<b>77,025.73</b>
<b>MULTILATERAL</b>			
ADB/ADF	1,998.42	3,396.67	5,395.09
BADEA	62.18	5.22	67.40
EIB/EEC	1,097.24	245.02	1,342.26
IDA	8,447.65	4,738.95	13,186.61
OPEC	149.72	33.95	183.67
NDF	79.90	11.69	91.59
IFAD	336.44	77.45	413.89
IMF	-	-	-
IBRD	617.33	3,008.53	3,625.87
<b>TOTAL MULTILATERAL</b>	<b>12,788.89</b>	<b>11,517.49</b>	<b>24,306.37</b>
<b>COMMERCIAL</b>	<b>69,903.30</b>	<b>41,855.06</b>	<b>111,758.36</b>
<b>GRAND TOTAL</b>	<b>141,100.94</b>	<b>71,989.53</b>	<b>213,090.47</b>

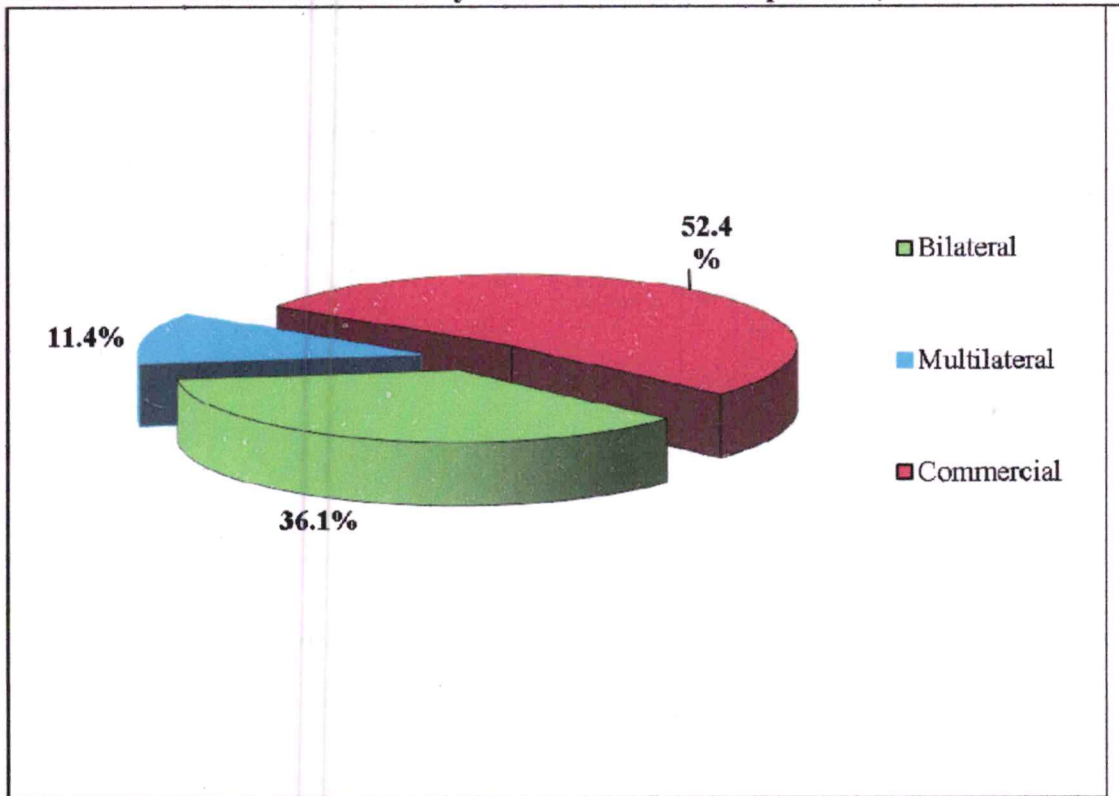
\* Provisional

Source of Data: National Treasury

## FISCAL DEVELOPMENTS

52. By the end of September 2025, debt service payments to commercial, bilateral and multilateral creditors comprised of 52.4 percent, 36.1 percent and 11.4 percent of the total payments respectively (Chart 16).

**Chart 16: External Debt Service by Creditors at end of September, 2025**



Source of Data: National Treasury

## 4.0. ANNEXES

## 4.1. Annex I: Fiscal Results, 2019/20 – 2025/2026 (KSh. Millions)

REVENUE/EXPENDITURE/FINANCING	2019/20	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Actual	Prel. Actual	Prel. Actual	Prel. Actual	Printed Estimates
<b>A.TOTAL REVENUE</b>	<b>1,797,666</b>	<b>2,199,808</b>	<b>2,360,510</b>	<b>2,702,662</b>	<b>2,918,610</b>	<b>3,321,651</b>
<b>1.Ordinary Revenue</b>	<b>1,573,418</b>	<b>1,917,911</b>	<b>2,041,119</b>	<b>2,288,921</b>	<b>2,420,174</b>	<b>2,754,709</b>
Income Tax	706,936	876,707	941,576	1,043,097	1,093,032	1,284,772
VAT	383,713	523,098	550,440	645,489	660,729	771,704
Import Duty	98,022	118,280	130,123	133,929	157,107	162,851
Excise Duty	195,270	252,094	264,509	276,722	292,468	335,531
Other Revenue	189,477	147,731	154,472	189,685	216,838	199,850
<b>2.Appropriation –in –Aid</b>	<b>224,247</b>	<b>281,897</b>	<b>319,391</b>	<b>413,740</b>	<b>498,436</b>	<b>566,942</b>
<b>B.EXPENDITURE &amp; NET LENDING</b>	<b>2,629,478</b>	<b>3,027,836</b>	<b>3,146,381</b>	<b>3,655,554</b>	<b>4,134,968</b>	<b>4,436,113</b>
<b>1.Recurrent</b>	<b>1,696,121</b>	<b>2,135,305</b>	<b>2,236,944</b>	<b>2,702,110</b>	<b>2,937,170</b>	<b>3,099,648</b>
Wages and Salaries	449,927	520,033	547,157	575,269	627,102	657,285
Interest Payments	437,202	577,978	687,322	840,732	995,120	1,097,690
Domestic Interest	315,362	456,849	533,098	622,544	784,117	851,421
Foreign Interest Due	121,840	121,130	154,223	218,188	211,002	246,268
Pensions, etc	89,605	122,432	120,425	178,116	174,090	205,193
Civil Service Reform	-	-	-	-	36,977	4,737
O & M/ Others	677,293	866,050	821,097	821,097	809,266	805,224
Of which Appropriation-in-Aid	157,858	197,524	286,896	286,896	294,616	334,256
<b>2.Development &amp; Net Lending</b>	<b>608,079</b>	<b>540,117</b>	<b>493,663</b>	<b>597,653</b>	<b>752,950</b>	<b>849,662</b>
Development Projects	389,571	346,355	319,289	453,373	558,945	638,386
Appropriation-in-Aid	217,847	193,762	162,048	126,844	171,821	200,686
4. Transfer to County Governments	325,278	352,414	415,774	354,591	444,848	484,803
5. Parliamentary Service	27,990	32,652	41,187	37,257	39,181	47,967
6. Judicial Service	14,103	16,160	19,755	21,027	22,459	26,867
7. Net Lending	661	-	12,327	17,436	19,685	-
8. Equalization Fund	-	-	-	-	2,500	10,590
9. Contingency Fund	-	-	-	1,200	0	2,000
<b>D.DEFICIT EXCL. GRANTS (Commitment Basis)</b>	<b>(831,812)</b>	<b>(828,028)</b>	<b>(785,871)</b>	<b>(952,892)</b>	<b>(1,216,359)</b>	<b>(1,114,462)</b>
<b>E.GRANTS</b>	<b>23,949</b>	<b>31,031</b>	<b>23,083</b>	<b>22,037</b>	<b>33,320</b>	<b>47,231</b>
<b>F.DEFICIT INCL.GRANTS (Commitment Basis)</b>	<b>(807,863)</b>	<b>(796,997)</b>	<b>(762,788)</b>	<b>(930,855)</b>	<b>(1,183,038)</b>	<b>(1,067,231)</b>
<b>G. ADJUSTMENT TO CASH BASIS</b>	<b>11,801</b>	<b>11,868</b>	<b>37,031</b>	<b>121,528</b>	<b>-</b>	<b>-</b>
<b>H.DEFICIT INCL.GRANTS (Cash Basis)</b>	<b>(796,062)</b>	<b>(785,129)</b>	<b>(725,757)</b>	<b>(809,326)</b>	<b>(1,183,038)</b>	<b>(1,067,231)</b>
Discrepancy	(5,258)	(37,304)	44,550	(63,737)	(162,035)	(166,244)
<b>FINANCING</b>	<b>790,804</b>	<b>747,825</b>	<b>770,307</b>	<b>745,590</b>	<b>1,021,004</b>	<b>900,987</b>
Net Foreign Financing	340,431	142,524	310,759	222,717	179,777	287,440
Net Domestic Financing	450,373	605,301	459,548	522,873	841,227	613,547
<b>In Percentage of GDP</b>						
<b>A.TOTAL REVENUE</b>	<b>16.9</b>	<b>17.3</b>	<b>16.5</b>	<b>14.6</b>	<b>15.0</b>	<b>17.2</b>
<b>1.Ordinary Revenue</b>	<b>14.8</b>	<b>15.1</b>	<b>14.3</b>	<b>12.7</b>	<b>12.7</b>	<b>14.3</b>
Income Tax	6.7	6.9	6.6	5.8	5.8	6.7
VAT	3.6	4.1	3.9	3.4	3.6	4.0
Import Duty	0.9	0.9	0.9	0.8	0.7	0.8
Excise Duty	1.8	2.0	1.9	1.6	1.5	1.7
Other Revenue	1.8	1.2	1.1	1.0	1.1	1.0
<b>2.Appropriation –in –Aid</b>	<b>2.1</b>	<b>2.2</b>	<b>2.2</b>	<b>2.0</b>	<b>2.3</b>	<b>2.9</b>
<b>B. EXPENDITURE &amp; NET LENDING</b>	<b>24.8</b>	<b>23.8</b>	<b>22.0</b>	<b>19.5</b>	<b>20.2</b>	<b>23.0</b>
<b>1.Recurrent</b>	<b>16.0</b>	<b>16.8</b>	<b>15.7</b>	<b>13.9</b>	<b>15.0</b>	<b>16.1</b>
Wages and Salaries	4.2	4.1	3.8	3.4	3.2	3.4
Interest Payments	4.1	4.6	4.8	4.3	4.7	5.7
Domestic Interest	3.0	3.6	3.7	3.3	3.4	4.4
Foreign Interest Due	1.1	1.0	1.1	1.0	1.2	1.3
Pensions, etc	0.8	1.0	0.8	0.7	1.0	1.1
O & M/ Others	6.4	6.8	5.8	5.1	4.5	4.2
of which Appropriation-in-Aid	1.5	1.6	2.0	1.8	1.6	1.7
<b>2.Development &amp; Net Lending</b>	<b>5.7</b>	<b>4.3</b>	<b>3.5</b>	<b>3.1</b>	<b>3.3</b>	<b>4.4</b>
Development Projects	3.7	2.7	2.2	2.0	2.5	3.3
Appropriation-in-Aid	2.1	1.5	1.1	1.0	0.7	1.0
Payment of guaranteed loans	-	-	-	-	-	-
3. Drought Expenditures	-	-	-	-	-	-
4. Transfer to County Governments	3.1	2.8	2.9	2.6	2.0	2.5
5. Parliamentary Service	0.3	0.3	0.3	0.3	0.2	0.2
6. Judicial Service	0.1	0.1	0.1	0.1	0.1	0.1
7. Equalization Fund	-	-	-	0.1	0.1	-
<b>D.DEFICIT EXCL. GRANTS (Commitment Basis)</b>	<b>(7.8)</b>	<b>(6.5)</b>	<b>(5.5)</b>	<b>-</b>	<b>-</b>	<b>0.1</b>
<b>E.GRANTS</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>-</b>	<b>0.0</b>	<b>0.0</b>
<b>F.DEFICIT INCL.GRANTS (Commitment Basis)</b>	<b>(7.6)</b>	<b>(6.3)</b>	<b>(5.3)</b>	<b>(4.9)</b>	<b>(5.3)</b>	<b>(5.8)</b>
<b>G.ADJUSTMENT TO CASH BASIS</b>	<b>0.1</b>	<b>0.1</b>	<b>0.3</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>
<b>H.DEFICIT INCL.GRANTS (Cash Basis)</b>	<b>(7.5)</b>	<b>(6.2)</b>	<b>(5.1)</b>	<b>(4.7)</b>	<b>(5.2)</b>	<b>(5.5)</b>
<b>FINANCING</b>	<b>7.4</b>	<b>5.9</b>	<b>5.4</b>	<b>0.2</b>	<b>0.7</b>	<b>-</b>
Foreign Financing	3.2	1.1	2.2	(4.5)	(4.5)	(5.5)
Net Domestic Financing	4.2	4.8	3.2	4.8	4.1	4.7
Memorandum Item:						
Nominal GDP at Market Prices (KSh. Millions)	10,620,841.4	12,698,001.0	14,274,419.5	16,131,502	18,054,333	19,272,810

Source: National Treasury

## 4.2. GFSM 2014 COMPLIANT TABLES FOR BUDGETARY CENTRAL GOVERNMENT

### 4.2.1 Annex II: Revenue (KSh. Millions)

GFSM Code	Description	Annual Budget Estimates FY2025/26	Prel. Actual FY2025/26 Q1
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>
<b>1</b>	<b>Revenue</b>	<b>3,368,882</b>	<b>712,556</b>
11	Taxes	2,918,497	626,995
111	<b>Taxes on income, profits, and capital gains</b>	<b>1,379,772</b>	<b>271,149</b>
1111	Payable by individuals	747,374	155,156
1112	Payable by corporations and other enterprises	632,398	115,993
114	<b>Taxes on goods and services</b>	<b>1,276,242</b>	<b>291,034</b>
1141	General taxes on goods and services	791,617	177,977
11411	Value-added taxes	771,704	173,371
11414	Taxes on financial and capital transactions <sup>1</sup>	19,913	4,605
1142	Excises <sup>2</sup>	484,625	113,057
115	<b>Taxes on international trade and transactions</b>	<b>262,483</b>	<b>64,812</b>
1151	Customs and other import duties <sup>3</sup>	261,018	64,376
1152	Taxes on exports	1,464	436
12	<b>Social contributions</b>	<b>337</b>	<b>278</b>
122	<b>Other social contributions</b>	<b>337</b>	<b>278</b>
1221	Employee contributions	337	278
13	<b>Grants</b>	<b>47,231</b>	<b>2,950</b>
131	From foreign governments	47,231	2,950
1311	Current	-	-
1312	Capital	47,231	2,950
132	From international organizations	-	-
1321	Current	-	-
1322	Capital	-	-
14	<b>Other revenue</b>	<b>402,817</b>	<b>82,333</b>
141	<b>Property income</b>	<b>94,731</b>	<b>11,699</b>
1411	Interest	2,409	483
1412	Dividends	89,639	10,484
1415	Rent	2,683	732
142	<b>Sales of goods and services</b>	<b>302,346</b>	<b>69,769</b>
1422	Administrative fees	302,346	69,769
143	<b>Fines, penalties, and forfeits</b>	<b>3,333</b>	<b>437</b>
144	<b>Miscellaneous and unidentified revenue</b>	<b>2,407</b>	<b>428</b>

1. Includes Capital Gains Tax and Stamp duty

2. Includes Ordinary excise, RML, PDL, Electricity levy

3. Includes Import duty, RDL, IDF

Source: National Treasury

## 4.2.2. Annex III: Expense (KSh. Millions)

GFSM Code	Description	Annual Budget Estimates FY2025/26	Prel. Actual FY 2025/26 Q1
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>
<b>2</b>	<b>Expense</b>	<b>4,107,128</b>	<b>952,496</b>
<b>21</b>	<b>Compensation of employees</b>	<b>696,464</b>	<b>162,746</b>
211	Wages and salaries	662,001	152,138
<b>212</b>	<b>Social contributions</b>	<b>34,463</b>	<b>10,608</b>
2121	Actual social contributions	34,463	10,608
<b>22</b>	<b>Use of goods and services</b>	<b>325,949</b>	<b>98,397</b>
	O/W Free Secondary Education (FSE)	10,977	10,417
	Free Primary Education (FPE)	6,184	1,748
<b>24</b>	<b>Interest</b>	<b>1,097,690</b>	<b>273,000</b>
241	To nonresidents	246,268	71,990
242	To residents other than general government	851,421	201,010
<b>25</b>	<b>Subsidies</b>	-	-
251	To public corporations	-	-
252	To private enterprises	-	-
<b>26</b>	<b>Grants</b>	<b>1,776,331</b>	<b>389,291</b>
<b>262</b>	<b>To international organizations</b>	<b>34,869</b>	-
2621	Current	34,869	-
2622	Capital	-	-
<b>263</b>	<b>To other general government units</b>	<b>1,741,462</b>	<b>389,291</b>
2631	Current	1,161,694	276,337
	O/W Transfer to County Governments (ES)	418,259	66,131
	Transfer to Other levels of Government (Includes transfers to SOEs)	743,435	210,206
2632	Capital	579,768	112,954
	O/W Transfer to County Governments (ES)	133,455	-
	Transfer to Other levels of Government (Includes transfers to SOEs)	446,314	112,954
<b>27</b>	<b>Social benefits</b>	<b>210,694</b>	<b>29,063</b>
272	Social Assistance Benefits	-	-
273	Employer social benefits	210,694	29,063
<b>28</b>	<b>Other expense</b>	-	-
282	Miscellaneous other expense	-	-

Source: National Treasury

## 4.2.3. Annex IV: Transaction in Assets and Liabilities (KSh. Millions)

GFSM Code	Description	Annual Budget Estimates FY 2025/26	Prel. Actual FY 2025/26 Q1
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>
<b>3</b>	<b>Change in Net Worth: Transactions</b>	<b>(503,314)</b>	<b>(210,563)</b>
<b>31</b>	<b>Net acquisition of nonfinancial assets</b>	<b>5,904</b>	<b>158</b>
<b>311</b>	<b>Fixed assets</b>	<b>5,904</b>	<b>158</b>
3111	Buildings and structures	-	-
3112	Machinery and equipment		
3113	Other fixed assets	5,904	158
<b>312</b>	<b>Inventories</b>		
<b>314</b>	<b>Nonproduced assets</b>		
<b>32</b>	<b>Net acquisition of financial assets</b>	<b>10,795</b>	<b>29,875</b>
3212	Currency and deposits (Domestic)	10,795	29,875
<b>33</b>	<b>Net incurrence of liabilities</b>	<b>520,014</b>	<b>240,596</b>
<b>331</b>	<b>Domestic</b>	<b>453,751</b>	<b>338,676</b>
3313	Securities other than shares	634,751	333,091
3314	Loans	-	14,422
3318	Other Accounts Payable	(181,000)	(8,836)
<b>332</b>	<b>Foreign</b>	<b>66,262</b>	<b>(98,080)</b>
<b>3321</b>	<b>Special Drawing Rights (SDRs)</b>		
3323	Securities other than shares		
3324	Loans	66,262	(98,080)

Source: National Treasury

## ANNEXES

## 4.2.4. Annex V: Statement of Sources and Uses of Cash (KSh. Millions)

GFSM Code	Description	Annual Budget Estimates FY2025/26	Prel. Actual FY 2025/26 Q1
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>
	<b>Cash Flows from Operating Activities:</b>		
<b>1</b>	<b>Cash receipts from operating activities</b>	<b>3,368,882</b>	<b>712,556</b>
11	Taxes	2,918,497	626,995
12	Social contributions	337	278
13	Grants	47,231	2,950
14	Other receipts	402,817	82,333
<b>2</b>	<b>Cash payments for operating activities</b>	<b>4,069,318</b>	<b>952,496</b>
21	Compensation of employees	696,464	162,746
22	Purchases of goods and services	325,949	98,397
24	Interest	1,097,690	273,000
25	Subsidies	-	-
26	Grants	1,776,331	389,291
27	Social benefits	172,884	29,063
28	Other payments	-	-
	<b>Net cash inflow from operating activities</b>	<b>(700,436)</b>	<b>(239,940)</b>
	<b>Cash Flows from Investments in Nonfinancial Assets (NFAs):</b>		
<b>31A</b>	<b>Purchases of nonfinancial assets</b>	<b>165,457</b>	<b>40,509</b>
311A	Fixed assets	165,457	40,509
<b>31</b>	<b>Net cash outflow: investments in NFAs (31=31.1-31.2)</b>	<b>165,457</b>	<b>40,509</b>
	<b>Cash surplus / deficit</b>	<b>(865,893)</b>	<b>(280,449)</b>
	<b>Cash Flows from Financing Activities:</b>		
32x	Net acquisition of financial assets other than cash	11,905	1,781
321x	Domestic	11,905	1,781
322x	Foreign		
<b>33</b>	<b>Net incurrence of liabilities</b>	<b>520,014</b>	<b>240,596</b>
331	Domestic	453,751	338,676
332	Foreign	66,262	(98,080)
<b>NFB</b>	<b>Net cash inflow from financing activities</b>	<b>531,919</b>	<b>242,378</b>
	<b>Net change in the stock of cash</b>	<b>(333,974)</b>	<b>(38,072)</b>
	<b>Statistical Discrepancy<sup>4</sup></b>		

<sup>4</sup>/Vertical check: Difference between cash surplus/deficit and total net cash inflow from financing activities

Source: National Treasury

## 4.2.5 Annex VI: Statement of Government Operations (KSh. Millions)

GFSM Code	Description	Annual Budget Estimates FY2025/26	Prel. Actual FY 2025/26 Q1
	<i>Accounting method:</i>	<i>Cash</i>	<i>Cash</i>
	<b>Transactions Affecting Net Worth:</b>		
<b>1</b>	<b>Revenue</b>	<b>3,368,882</b>	<b>712,556</b>
11	Taxes	2,918,497	626,995
12	Social contributions	337	278
13	Grants	47,231	2,950
14	Other revenue	402,817	82,333
<b>2</b>	<b>Expense</b>	<b>4,107,128</b>	<b>952,496</b>
21	Compensation of employees	696,464	162,746
22	Use of goods and services	325,949	98,397
24	Interest	1,097,690	273,000
25	Subsidies	...	...
26	Grants	1,776,331	389,291
27	Social benefits	210,694	29,063
28	Other expense		
<b>GOB</b>	<b>Gross operating balance</b>	<b>(738,246)</b>	<b>(239,940)</b>
<b>NOB</b>	<b>Net operating balance</b>	<b>(738,246)</b>	<b>(239,940)</b>
	<b>Transactions on Nonfinancial Assets:</b>		
<b>31</b>	<b>Net Acquisition of Nonfinancial Assets</b>	<b>165,457</b>	<b>40,509</b>
311	Fixed assets	165,457	40,509
312	Change in inventories	-	-
314	Nonproduced assets	-	-
<b>NLB</b>	<b>Net lending / borrowing</b>	<b>(903,703)</b>	<b>(280,449)</b>
	<b>Transactions on Financial Assets and Liabilities (Financing):</b>		
<b>32</b>	<b>Net acquisition of financial assets</b>	<b>530,809</b>	<b>270,472</b>
321	Domestic	10,795	29,875
322	Foreign		
<b>33</b>	<b>Net incurrence of liabilities</b>	<b>520,014</b>	<b>240,596</b>
331	Domestic	453,751	338,676
332	Foreign	66,262	(98,080)
	<b>Statistical Discrepancy<sup>5</sup></b>	<b>(372,894)</b>	<b>(9,978)</b>

<sup>5</sup>Vertical check: Difference between net lending/borrowing and financing

Source: National Treasury

