



NAIROBI CITY COUNTY
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FINANCE AND ECONOMIC PLANNING AFFAIRS

Office of the County Chief Officer - Finance

APPROVED
03 MAR 2026
SIGN: [Signature]
HON. SPEAKER

NCC/FIN/DW/24/2026

Clerk County Assembly
Nairobi City County
NAIROBI

NAIROBI CITY COUNTY ASSEMBLY
CLERK
26 FEB 2026
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P. O. BOX 45844 - 00100, NAIROBI

25th February 2026

11th PCA (LSP)
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27/2/2026

RE: 2026 MEDIUM TERM DEBT MANAGEMENT STRATEGY

Forwarded herewith please find copies of the 2026 medium term Debt Management strategy. This is to request you to consider and approve the statement as approved by the County Executive Committee in accordance with the Public Finance Management Act, 2012 Section 123.

CHARLES KERICH
CECM: FINANCE & ECONOMIC PLANNING

LET'S MAKE **NAIROBI** WORK



NAIROBI CITY COUNTY

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FINANCE AND ECONOMIC PLANNING AFFAIRS

Office of the County Executive Committee Member

MEDIUM TERM DEBT MANAGEMENT STRATEGY PAPER (2026/2027-2028/2029)

FEBRUARY 2026

LET'S MAKE **NAIROBI** WORK

© 2026 Medium Term Debt Management Strategy (MTDS)

For comments and clarifications, please contact:

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LIST OF ABBREVIATIONS AND ACROYNMYS

H.E.	His Excellency
CECM	County Executive Committee Member
MTDMS	Medium-Term Debt Management Strategy
PFMA	Public Finance Management Act, 2012
OSR	Own-Source Revenue
LAPFUND	Local Authorities Provident Fund
LAPTRUST	Local Authorities Pension Trust
KPLC	Kenya Power and Lighting Company
NWSC	Nairobi Water and Sewerage Company
KCB	Kenya Commercial Bank
IFMIS	Integrated Financial Management Information System
CCN	City Council of Nairobi
NITA	National Industrial Training Authority
PSSF	Public Service Superannuation Scheme
CFSP	County Fiscal Strategy Paper
NCCG	Nairobi City County Government
NBK	National Bank of Kenya
DANIDA	Danish International Development Agency
FIFO	First in first Out
CFSP	County Fiscal Strategy Paper

FOREWORD

A Sound public debt management is a cornerstone of socio-economic development and improved service delivery to the residents. While the County continues to play its integral role as the capital city and economic hub of the Country, it is therefore important to ensure that prudent management of the debts remain essential to safeguard macro-fiscal stability and enable the County meet its development objectives in line with the Governor's manifesto towards creating opportunities for all to pursue shared prosperity and inclusive growth.

The historical liabilities from the defunct City Council of Nairobi coupled with high interests and penalties remain a major contributor to the current debt stock. As of 30th June, 2025 the County debt portfolio stood at **ksh.88.9 billion** a reduction from **ksh. 119.5 billion**, as of 30th June 2024. This was a milestone achievement on debt sustainability.

The Medium-Term Debt Management Strategy is an annual publication setting out a road map towards County's debt sustainability in a manner that is transparent, accountable, and consistent with the legal frameworks. The Strategy seeks to ensure that costs and risks are minimized to enhance debt sustainability for purposes of long-term economic growth as envisaged in Article 174 of the constitution of Kenya,2010.

The preparation of 2026 MTDMS was anchored in the Constitution of Kenya, the Public Finance Management Act, 2012, and other relevant policies, and has been developed within the context of other county planning documents in the Medium-Term period. In addition, the preparation and subsequent implementation of 2026-29 MTDMS reaffirms county's commitment towards responsible fiscal management.



CHARLES KERICH
CECM-FINANCE AND ECONOMIC PLANNING AFFAIRS

ACKNOWLEDGEMENT

The preparation of the Nairobi City County, 2026 Medium Term Debt Management Strategy was achieved through the collaboration and contributions from various County Sectors/Departments and individuals whose commitment and expertise are sincerely appreciated. The strategy has been developed to provide a firm foundation to enhance Nairobi City County debt management over the medium-term period. Additionally, the preparation of the Medium-Term Debt Management Strategy was within the legal frameworks.

Adherence to the implementation of the strategy shall be critical towards sustainable debt management to mitigate fiscal risks and secure long-term financial stability towards propelling Nairobi City County to a City of Order and Dignity as envisaged in the Governors Manifesto. The MTDMS aligns closely to both the Medium-Term Framework (MTEF) and the County Fiscal Strategy Paper (CFSP) to ensure fiscal sustainability and sound public finance management.

On behalf of the leadership of H.E the Governor of Nairobi City County, I wish to extend the County Executive gratitude to County Treasury officials for providing leadership and technical guidance during the preparation of 2026 MTDMS. Special appreciation to County Directorates of Debt Management, Budget and Expenditure, Economic Planning, Accounting Services, office of the County Attorney as well as the Revenue Administration for their input, provision of data and coordination during the process.

Further, the Nairobi City County appreciates the guidelines and support by the National Treasury and Economic Planning, whose guidance has always strengthened the credibility and compliance towards financial management. Finally, I wish to reiterate the County's commitment towards implementing the 2026 MTDMS in a prudent, and accountable manner to promote fiscal sustainability for purposes of improved service delivery to the residents of Nairobi County. Enhanced debt sustainability shall play a critical role towards writing the next chapter in Nairobi City County history in giving hope for better days ahead in line with H.E the Governor's Manifesto. The 2026 MTDMS and previous Year's publications are available at the Website: www.nairobi.go.ke



ASHA ABDI
COUNTY CHIEF OFFICER- FINANCE

EXECUTIVE SUMMARY

The 2026-2029 Medium-Term Debt Management Strategy provides county's approach towards managing its debt by minimizing costs and risks thus providing a firm foundation to enhance debt sustainability over the medium term.

The Public Finance Management Act 2012 Section 123 require that on or before the 28th February in each year, the County Treasury shall submit to the county assembly a statement setting out the debt management strategy of the county government over the medium term with regard to the actual liability and potential liability in respect of loans and its plans for dealing with the liabilities.

The 2026 Medium-Term Debt Management Strategy (MTDMS) shall in turn serve as a roadmap for responsible debt management over the medium term; year 2026-2029 as envisaged in the PFM Act. 2012 read together with the Constitution of Kenya 2010.

Further, pursuant to the Public Finance Management Act. 2012, Section 107, the County adhered to the following requirements while developing the Medium-Term Debt Strategy;

- 1) the county debt to be maintained at a sustainable level as approved by county assembly;
- 2) the fiscal risks shall be managed prudently.

Therefore, cognizant of the above-mentioned principles, the following requirements have been anchored in the 2026 Medium-Term Debt strategy pursuant to the PFM Act 2012 section 123 (2) that provide; the County Treasury shall include the following information in the statement: -

- (a) the total stock of debt as at the date of the statement;
- (b) the sources of loans made to the county government;
- (c) the principal risks associated with those loans;
- (d) the assumptions underlying the debt management strategy; and

(e) an analysis of the sustainability of the amount of debt, both actual and potential.

The County prepared the statement within the legal frameworks, while proposing key strategies to address the debt stock estimated at ksh. 88.9 billion as of 30th June, 2025. Adherence to the strategy shall be critical towards debt sustainability.

1.0 INTRODUCTION

1.1 LEGAL FRAMEWORK-MTDMS

The preparation and subsequent implementation of the MTDMS is underpinned within the framework of the Constitution of Kenya, 2010 and other public finance and debt management laws and regulations.

The following is a list of key legal regulations guiding the MTDMS operations.

1.2 Constitution of Kenya, 2010

The constitution of Kenya is the supreme law of Republic of Kenya that establishes the system of government, it defines the relationship between the state and its citizens, guarantees fundamental rights and freedoms. It provides the legal framework for governance, public finance, devolution and the rule of law.

- **Article 201:** Establishes principles and framework of public finance, including prudent and responsible use of public resources.
- **Article 211 & 212:** Provides that public debt shall be managed prudently and transparently. Further, it provides that a county government may borrow only –
 - (a) if the national government guarantees the loan and
 - (b) with the approval of the county government's assembly.

1.3 Public Finance Management Act, 2012

- **Section 107:** Requires fiscal responsibility principles, including sustainable levels of public debt. For the avoidance of doubt, subsection (2) (d), short term borrowing shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited county government revenue.
- **Section 123** Provides the framework for county government regarding the preparation of a statement setting out the debt management strategy of the county government over the medium term with regard to the actual liability and potential liability in respect of loans and plans for dealing with the liabilities.

- **Section 126(1) (b):** a description of how the county government is responding to changes in the financial and economic environment while preparing a development plan in accordance with Article 220(2) of the Constitution,

1.4 National Treasury Guidelines and Circulars

- In reference to guidelines on preparation of **Medium-Term Debt Management Strategies** by the National Treasury.
- Policy guidance on borrowing limits, risk management, and reporting standards applicable to county governments.

1.5 The Public Finance Management (County Government) Regulations

- Part XIV-Public Debt Management: provides guidelines on county debt management, county total public debt threshold, borrowing conditions, formulation of the medium-term debt management strategy, etc.

1.6 Review of the Existing Total Debt Stock

Table 1.1: Debt Stock as at 30th June, 2025

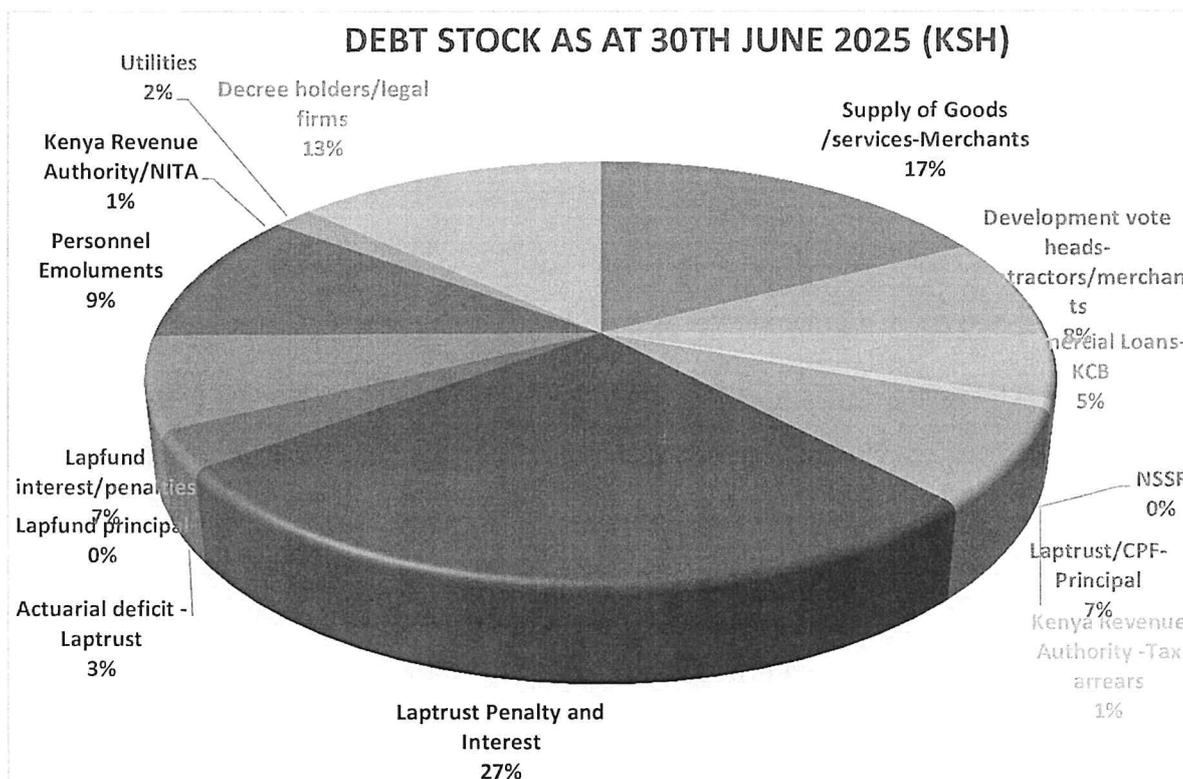
S/No.	Description of debt	Debt stock as at 30 th June 2024 (Ksh)	Debt stock as at 30 th June 2025 (Ksh)
1	Supply of Goods /services-Merchants	11,310,091,263	16,269,026,194
2	Development vote heads- Contractors/merchants	4,670,798,189	7,164,880,791
3	Commercial Loans-KCB	4,504,199,426	4,504,199,426
4	Kenya Revenue Authority -Tax arrears	898,957,328	642,923,479
5	NSSF	285,195,464	235,195,464
6	Laptrust/CPF-Principal	6,640,286,799	6,582,156,614
7	Laptrust Penalty and Interest	20,724,948,418	25,114,170,108
8	Actuarial deficit - Laptrust	2,685,886,356	2,685,886,356
9	Lapfund principal	-	31,033,465
10	Lapfund interest/penalties	25,869,303,943	6,565,048,262

11	Superannuation Scheme-Public service Fund	20,985,425	10,165,998
12	Kenya Revenue Authority/NITA	8,288,750	29,795,611
13	Wage bill	-	3,684,121,898
14	Retirees	357,275,999	350,142,994
15	Daily Sub. Allowances	880,803,186	1,165,829,352
16	Kenya Power & Lighting Co.	495,102,248	1,345,391,000
17	NWSC	234,997,059	234,997,059
18	Decree holders/legal firms	20,853,924,572	12,345,018,051
19	Government of Kenya guaranteed Loans (defunct CCN)	19,143,925,000	-
TOTAL		119,584,969,425	88,959,982,123

Source: County treasury, Directorate of debt management

1.7 Composition of debt stock as at 30th June 2025

Figure 1.1: Debt Stock as at 30th June 2025



2.0 PERFORMANCE REVIEW - 2025 MTDMS

During the period, the County treasury managed to implement key strategies geared towards addressing the accounts payables as proposed in the 2025 Medium-Term debt management strategy paper. The implementation of the strategies led to the reduction of the overall debt stock, although the total debt stock remains high.

The County shall over the medium-term period, continue to implement the previous year's strategies while at the same time implement other strategies to address the existing debt stock. The 2026 MTDMS was prepared in accordance with the PFM Act 2012 in tandem with the prevailing macro-economic factors.

2.1 Government of Kenya guaranteed loans (defunct City Council of Nairobi)

The Nairobi City County inherited unpaid loans from the defunct City Council of Nairobi which were guaranteed by the National government. The loans were acquired for purposes of Water and Housing infrastructure developments in 1970's and 1980's. At the time of inception of devolution, the Transition Authority records indicated the outstanding loans as highlighted here under;

Table 2.1: Government Guaranteed Loans

Description	Amount (Ksh)
Government guaranteed loans	3,815,641,000
On lent Water (Foreign Loans)	15,328,285,000
Total	19,143,926,000

The sustainability of the above external debt became inevitable. In turn, the County suspended the loans from the books of accounts. This was due to lack of all deed agreements and loan schedules from the National Treasury for reconciliation purposes. This was also coupled with high interest sums over a long period. The latest demand letter dated 2025 estimated the interest at approximately ksh. 285 B violating the principle of *in duplum rule*. The loan had increased the County debt portfolio by the same amount thereby impacting its overall leverage position adversely.

2.2 Lapfund interest/penalties

In a court case between the Local Authorities Provident Fund (LAPFUND) vs Nairobi City County, a consent was entered into which ordered the County to remit an aggregate sum of **Ksh. 8,225,085,262**, reducing the debt from **Ksh. 25,869,303,943** as reported as of 30th June 2024. Although the consent was entered in 2021, the implementation was completed in the F/Y 2024-2025.

As of 30th June 2025, the total debt owed to LAPFUND, stood at **Ksh. 6,565,048,262**. The full implementation of this consent has contributed significantly to the reduction of the County's legacy liabilities and strengthened fiscal space.

2.3 Kenya Revenue Authority (KRA)

In the 2025 medium-term debt management strategy paper (MTDMS), the County proposed to undertake a comprehensive debt reconciliation to verify the outstanding obligations and negotiate for waivers on interest and penalties.

The reconciliation exercises are still ongoing while the Nairobi County is complying towards remitting statutory obligations to KRA. In the period under review, the County treasury managed to remit **ksh. 255 million** to the Commissioner of domestic taxes through implementation of a payment plan amounting to **ksh 898.9 million** being the principal sum owed to the Commissioner as at June 2023. The County is geared towards ensuring pending matters as well as making good of the outstanding tax arrears. The County treasury in collaboration with Kenya Revenue Authority are currently engaged in a reconciliation regarding the compliance check assessment after the county objected the assessment due to material misstatement of facts. The matter is set to be resolved through the alternative dispute resolution (ADR) mechanism.

The County treasury is compliant with the legal provisions requiring statutory deductions: PAYE, WHVAT/Income Tax, are remitted on time to the Kenya Revenue Authority (KRA) and relevant statutory bodies.

2.4 fast tracked Payments to Retirees' Benefits

The County is set to continually implement payments of unpaid benefits to the **retired and deceased staff members** while at the same time continue to implement a policy requiring all retirement dues are processed and payments done alongside the employee's final salary. The County Treasury managed to reduce the outstanding benefits by **Kshs. 66, 205,540** in the F/Y 2024/2025. However, it has not been possible to settle all the dues in one financial year arising from additional amounts of benefits every year.

2.5 Structured Payment of Pending Bills (FIFO Method)

As way of reducing penalties, interest charges and legal claims to the decree holders arising from delayed payments, the County proposed to implement a First-In-First-Out (FIFO) payment framework towards settling pending bills in the medium term. This is a continuous process towards debt sustainability.

During the period, the county prioritized urgent payments of pending bill arising from needy cases such as; medicaments, court orders, key service delivery functions, emergencies, etc. It is projected that the targets will be achieved in the medium term.

2.6 Reduction of the overall debt stock

By 30th June,2025, the County treasury managed to reduce the existing debt stock by approximately 25%. This was achieved by exercising fiscal disciplines as envisaged in the 2025 MTDMS by applying;

Key aspects of the fiscal discipline included;

- Spending control: Setting limits on county spending.
- Revenue enhancement measures: mobilization of revenue collection.
- Deficit reduction: Avoided unsustainable budget deficits. This was achieved through development of budget estimates aligned to potential/realistic cash inflow. This was achieved through the revised budgetary allocations.
- Debt management: Limiting borrowing and controlling debt accumulation.

2.7 National Bank of Kenya, ksh. 336,199,820

The NBK was contracted by Nairobi City County on 10th June 2019, to collect revenue as per the agreement terms.

The County remitted agency fees to the Bank as per the contract terms. However, the Bank demanded non-payment of ksh 336,199,820 citing delayed outstanding amount. The County is currently engaged in a case at the High Court of Kenya. This was after carrying out the reconciliation regarding the amount remitted to NBK in relation to the total amount collected by the Bank. The matter is pending at the court and therefore the amount was struck off from the debt register.

2.8 Kenya Power & Lighting Company

The negotiations on power bills between Nairobi City County and KPLC led to the establishment of a committee jointly by the two entities to reconcile the outstanding power bills owed to KPLC. An agreement was signed by both entities on 16th September, 2024 setting the way forward on the outstanding amount owed to KPLC. The County agreed to remit a total of Kshs. 1,551,800,462.00 to KPLC. This was achieved through verification of meters across Nairobi County.

3.0 ANALYSIS OF COUNTY DEBT SUSTAINABILITY

It is a requirement of the PFM Act, 2012 Section 123 requiring the County Treasury to include an analysis of debt sustainability statement in reference to both actual and potential loans/debts.

- 1) As at 30th June, 2024 the County debt portfolio stood at **Ksh.119.5** billion, compared to **Ksh.88.9** billion as at 30th June 2025. This represents 25% decrease.
- 2) The reduction of the debt stock within a time frame of one year implies that the debt is sustainable but with high risks of distress, more so from unpaid invoices to suppliers, statutory obligations, utility bills, decree holders as well as other creditors. Some of the debts are historical.
- 3) The historical liabilities from the defunct City Council of Nairobi remain a major contributor to current debt portfolio. The Transition Authority reported a total of ksh. 36.0 billion as the liabilities inherited from the defunct local authority.
- 4) The Nairobi City County historically under-performed in own source revenue (OSR) relative to budget estimates every financial year, weakening its ability to meet obligations sustainably. The 2026 MTDMS provides strategies geared towards revenue mobilization on increased revenue collection.
- 5) The downward trajectory of the debt portfolio in one financial year represents one of the largest reductions seen in recent years, showing some progress towards debt sustainability over the medium term. This was achieved through fiscal disciplines in accordance with the Governors manifesto regarding reduction of pending bills.
- 6) Nairobi City County is the leading county in own source revenue (OSR) collection, a total of Ksh 13.52 billion in the F/Y 2024/2025. This was achieved Under the Governor's leadership which is a historic milestone in revenue collection. Large OSR Base helps in servicing debts and reducing reliance on borrowing.

7) Reduction of the debt portfolio: The significant reduction in pending bills in the F/Y 2024/2025 signals improved fiscal discipline and prioritization. The trajectory was achieved through settlements to creditors, negotiations, reconciliation of statutory debts, court consent, suspension of the government guaranteed loans.

8) Debt Sustainability Analysis-key metrics

Table 3.1: Debt Sustainability Ratios

Ratio	Formula	Ratio (Ksh. B)	What It Measures	Low	Moderate	High	Very High / Risky
Debt Ratio	Total Liabilities ÷ Total Assets	88.9/88.2=1.0	% of assets financed by debt	0.0-0.3 → Very conservative	0.3-0.6 → Healthy	0.6-0.8 → High leverage	0.8+ → Very risky
Debt-to-Revenue Ratio	Total Debt ÷ Annual Revenue	88.9/46.7=1.9	Debt compared to yearly revenue	<0.5 → Manageable	0.5-1.0 → Moderate	1.0-2.0 → Heavy debt load	>2.0 → Potential distress

NB: The valuation of assets omitted key infrastructure assets; roads, street lighting and traffic lights.

a. Debt ratio (also known as the debt-to-assets ratio)

The ratio shows the proportion of county resources (buildings, vehicles, infrastructure, cash, etc.) that are funded through borrowing instead of own source revenue or transfers from the national government.

- **Optimal Range:** A common, healthy range for many organizations is often considered to be between 0.3 and 0.6.
- The current debt liabilities to assets ratio (1.0) indicates a high risk.

b. Debt to revenue ratio

The County would require almost two full years of revenue to equal the total debt.

- The county owes almost twice what it collects in one year.

For every Ksh 1 collected, the County owes about Ksh 1.90

4.0 PRINCIPAL RISKS ON LOANS/DEBTS

Existence of high debt portfolio can adversely affect county operations as highlighted here under;

4.1 Fluctuation of the interest rates

- Debts can become much more expensive in case of increase in interest rates. For unpaid decretal sums, the interest sums increase in tandem with the period.

4.2 Low revenue performance risk

- Economic downturns can result to low revenue performance impacting adversely towards debt repayments.

4.3 Reduced Budgetary allocation on core functions

- High debt stock result to low budgetary estimates on core services such as public safety, health, infrastructure developments etc.

4.4 Liquidity risk

- Low performance on Own Source Revenue (OSR) often create cash-flow shortfalls.

4.5 Credit rating risk

- irregular loan repayments can trigger credit rating by potential lenders.

4.6 Legal/compliance risk

- Delayed debts to creditors can lead to litigation.

4.7 Personnel emoluments sustainability risk

- Personnel emoluments are high relative to revenue: projections for the FY 2025/26 shows wage bill consuming around 42.7 % of total revenue, above the statutory threshold of 35 %. This reduces the county's fiscal space towards debt sustainability.

4.8 Delays in disbursement of equitable share

- All Counties, including Nairobi, consistently face delays in equitable revenue transfers from the national government, forcing reliance on overdrafts and short-term bank facilities to meet recurrent obligations.
- 4.9 Litigation Risk: for the recovery of government guaranteed loan of ksh.19.143 B

5.0 KEY ASSUMPTIONS IN THE MEDIUM-TERM DEBT MANAGEMENT STRATEGY

5.1 Realizable own source revenue collection

The strategy assumes the county will over the medium term continue to generate sufficient and reliable revenue from various streams to meet debt service obligations as and when they fall due.

5.2 Constant interest rates

Debt plans assume interest rates will remain the same in the short run.

5.3 Sound financial management and governance

It presumes the county will continue to adhere to prudent budgeting practice while adopting internal controls.

5.4 Alignment of debt with capital planning

The strategy assumes borrowing if any is primarily used for development purposes and that projects will be completed on time, within the allocated budget estimates.

5.5 Non-occurrence of economic disruption

The strategy assumes that there will be no recession or fiscal shock.

5.6 Equitable share Allocation

Timely disbursement of equitable share allocations by the National treasury
Where applicable, it assumes that revenue-sharing programs remain broadly stable and timely disbursements will be adhered to.

6.0 DEBT MANAGEMENT STRATEGIES

In order to reduce Nairobi City County debt portfolio in the medium term, the County will strive to implement key strategies adopted in 2025 MTDMS while at the same time adopt additional strategies in line with 2026 MTDMS towards the management of the existing debt portfolio.

6.1 Long-term Development-Purpose Borrowing

In the medium term the county will result to borrowing for development projects (capital investments) that promote economic growth and service delivery. The County will treat loans as tools for capital growth, not a gap-filler for operational expenditures. The County plans to engage Kenya Commercial Bank (KCB) towards re-structuring/refinancing of the outstanding loan of 4,504,199,426.

6.2 Public-Private Partnerships (PPDPs)

Government agencies are increasingly adopting Public-Private Partnerships (PPPs) as a debt management strategy, in order to deliver infrastructure without necessarily increasing public debt. Under this arrangement, the private investor finances, builds, and may sometimes operates a public asset, while the government remits the costs over time or allows the private partner to recover costs through user charges.

The County may consider adopting the strategy if it's justified that it will impact positively towards debt sustainability and improvement of the infrastructures.

PPP Legal framework,

- Adherence to Public Private Partnerships Act, 2021

Must be pursuant to;

- PFM Act, 2012
- Medium Term Debt Management Strategy (MTDS)
- County Fiscal Strategy Papers (CFSPs)

6.3 Ensuring compliance to Annual Procurement plan and budgeting processes

In order to effectively maintain expenditures at sustainable levels, the County will enforce strict adherence to the Annual Procurement Plans, ensuring that all

procurement processes are anchored in the approved budget and backed by actual cash inflow. The process will be anchored to the Integrated Financial Management System (IFMIS) thereby making it easy to enforce fiscal discipline.

6.4 Reconciliation of unverified liabilities

The County Treasury will continue to prioritize reconciliation of the liabilities through;

- 1) Constitution of an **Internal Joint Technical Committee**-Public Service and County Treasury to verify the historical statutory contributions (LAPTRUST, PSSF, NSSF) to ascertain the true and fair position and agree on the way forward.
- 2) Negotiations with the creditors for waivers of accrued interests and penalties, particularly on tax arrears owed to Kenya Revenue Authority. This is an ongoing process

6.5 Averting Escalation of Decretals

The stock of decretal sums for Nairobi City County has recently skyrocketed despite payments to various decree holders every financial year. This has affected the County liquidity position impacting negatively towards Service delivery.

To avert the upward trajectory, the county is undertaking the following measures:

- a) Recruitment of in-house counsels.
- b) In the medium-term period, the County is set to provide sufficient budget estimates to avoid further accumulation of interest sums.
- c) Employment of Alternative Dispute Resolution (ADR) mechanisms to ensure speedy dispute resolution.

6.6 Source for Grants to compliment county funded developments

The County is geared towards sourcing funds mostly Governments (e.g. Sweden) or the international organizations such as Danida, KDSP II World Bank for particular purposes. Mostly to support counties in delivering public services and development projects.

County governments often receive grants to:

- Provide healthcare services
- Support early childhood and local education programs
- Support agriculture and rural development
- Deliver social services

The County is set to collaborate with potential governments/organizations towards service delivery improvements.

6.7 Revenue mobilization Measures

The following is a schedule of accounts receivables as of 30th June 2025. Various strategies have been incorporated for purposes of increasing revenue performance and in turn be utilized to settle some of the pending bills. High revenue performance will in turn reduce county debt portfolio.

Table 6.1: Accounts receivables as at 30th June, 2025

S/No	Revenue Streams	30/06/2020		30/06/2021		30/06/2022		30/06/2023		30/06/2024		30/06/2025	
		KSHS		KSHS		KSHS		KSHS		KSHS		KSHS	
1	Sundry Debtors	644,497,003	592,165,564	860,063,437	860,063,437	860,063,437	860,063,437	860,063,437	860,063,437	860,063,437	860,063,437	860,063,437	860,063,437
2	Rental Houses Eastland's, & EOTE Market Stalls/TPS	518,961,075	440,499,116	935,575,700	847,166,077	723,780,207	447,182,881						
3	Land Rates	825,474,177,521	1,157,787,656,964	1,479,708,989,415	1,367,601,363,158	1,505,829,973,824	54,528,491,651						
4	Loading Zones- Private	23,760,000	-	16,740,000	16,740,000	16,740,000	16,740,000						
5	Loading Zones- GOK	787,124,800	449,960,000	813,920,000	813,920,000	1,070,310,800	755,570,800						
6	OA & Billboards	268,054,967	333,667,701	341,765,306	378,782,982	392,911,280	371,735,204						
7	Single Business Permits	904,617,500	806,519,500	549,401,500	396,366,900	396,366,900							
8	Outstanding Imp- rests	38,612,748	33,247,428	8,374,380	22,871,865	6,612,700	16,036,700						
9	Wayleaves	115,048,003	226,893,711	89,869,277	55,972,130	293,726,170							
10	KPLC	856,345,290	856,345,290	856,345,290	856,345,290	724,967,163	5,644,800,00						
	TOTAL	829,631,198,907	1,161,526,955,274	1,484,181,044,305	1,371,793,619,709	1,510,077,698,441	57,140,667,575						

NB: The sudden decrease in the land rates resulted from data cleansing and reconciliation exercise by Lands in collaboration with Revenue Sector.

Table 6.2: Key Revenue Strategies

S/No.	Revenue stream	Strategies
1.	Rental House	<ol style="list-style-type: none"> 1) Expanding the tax base: Updating of tax payer register by on boarding of all tenants in Nairobi pay system. 2) Demand notices: issue demand notices on rent defaulters on monthly basis in conjunction with sub county coordinators. 3) Stakeholders’ engagement: Engage estate resident associations to assist in enforcing compliance in estates and markets. 4) Automation: Automate house rent module to optimize/improve billing of houses and stalls 5) Enforcement: enforce non-compliant tenants 6) Data cleansing: carry out data cleansing exercise on all areas on rental to have a clearer data on non-payments and defaulters
2.	Property Rates	<ol style="list-style-type: none"> 1) Expansion of tax base by introduction of Sectional title as a new ratable area. 2) Clients’ registration and updating of client’s data- massive registration on all non-registered property owners to enable compliance 3) Create Public awareness - use of social media and other medias to reach out on clients informing them on all charges including purchase of bulk SMS for constant reminders on dues. 4) Data cleansing- Continuous data cleansing exercise to enable the county to have cleaner data all the time 5) Allotted county schemes- issue title to all county schemes 6) Cllor -target collection from non-compliant Government agencies through negotiaion 7) Continue to adopt ADR (alternative dispute resolution) to solve issues disputed outside the court 8) Use of Geographic Information Services - link the GIS to current collection system Nairobi Pay to map out non-compliance 9) Flat rating/area rating review the current flat rating policy to remove some areas

		from this category
3.	Parking/loading bays	<ol style="list-style-type: none"> 1) Target Institution reserving loading zones with no authority, approval or payment this includes removal of illegally erected bollards. 2) Market parking bays - Digitize city market parking and all markets parking bays 3) Digital taxis and "boda boda's" to be on boarded using saccos. On boarding should be done through creation of saccos and coordination of stakeholders and registration. 15 saccos already on boarded 4) Introduction of smart enforcement using vehicles mounted with digital enforcement bars
4.	Unified Business Permits (UBP)	<ol style="list-style-type: none"> 1) Compliance and enforcement. Use of compliance app. Distribute gadgets with compliance app to all wards. 2) Imposters- issue smart IDs and finalize on staff verification. Develop efficient/effective licensing electronic system 3) Publicity and awareness- continuous training and advertisement in social media to disseminate information to all clients on payments information. 4) Register 300,000 new businesses - Data capture by registering new business around the sub counties, clean up current data. 5) Introduce a help desk to have a global biller in every sub county 6) Continuous improvement of electronic system for efficiency and effectiveness.
5.	Advertisements/Billboards	<ol style="list-style-type: none"> 1) Regularization- planning sector to regularize illegal structures/ adverts to enable collection of unpaid adverts 2) Capacity building - Conduct barazas to sensitize the public. 3) Target billboards on county properties like school and hospital as they don't pay directly to the county

7.0 CONCLUSION

The County Treasury play critical roles towards debt sustainability in relation to management of Public Finance for purposes of accountability and fiscal responsibility pursuant to *Article 201 of the constitution of Kenya* read together with *public Finance Management Act (PFMA) 2012 section 107* that require fiscal responsibility principles, including sustainable levels of public debt.

The County treasury in collaboration with other sectors/sub sectors shall in accordance to the legal framework adhere to the proposed strategies.

In order to achieve county debt sustainability in the horizon period, the County is committed to implementing debt management strategies, including:

- **Development-Purpose Borrowing;** borrowing for development projects to promote social and economic development as envisioned in Article 174 of the constitution.
- **Public-Private Partnerships (PPPs):** The County might adopt the strategy if it's justified that it will positively impact towards debt sustainability and improvement of the infrastructures.
- **Reconciliation of unverified liabilities:** debt management activities shall in involve negotiations and reconciliations of debts with creditors to ascertain the debt status. Specifically, KRA, and historical statutory obligations
- **Avoid escalation of decretal sums:** The use of internal counsels in the court process will address challenges related to high decretal sums by external counsels.
- **Ensuring Compliance to Annual Procurement plan and Budgeting Processes:** Alignment of procurement process with the approved budget estimates is necessary to avoid escalation of the debt stock
- Source for Grants to compliment county funded projects.

Additionally, the County shall explore other strategies in the subsequent medium-term horizon to curb further accumulation of pending bills and promote fiscal responsibility principles. The County treasury is geared towards carrying out regular monitoring and periodic reviews of the debt management strategy to assess effectiveness and in turn develop mechanisms to address challenges for purposes of achieving the set targets towards socio-economic development and improve service delivery to the residents.

APPENDIX I: IMPLEMENTATION AND MONITORING MATRIX

S/No	Output	Activity	Time Frame	Action By	Data/Information Source
1	2026 MTDS	Preparation and submission of 2026 MTDS to the County assembly	Dec 2025 - Feb 2026	Debt Mgmt. Directorate in collaboration with other directorates of Finance and Economic Planning, CECM-F&EP, County Executive Committee, and County Assembly	Previous years MTDS and directorates of Finance & Economic Planning. County Treasury, Nat. treasury circulars
2	Dissemination of the 2026 MTDS to County sectors	Circulation of printed copies to implementing sectors/ departments.	20th - 31st March 2026	County Treasury-DM	Review of 2025 MTDS, preparation, and submission of 2026 to the county assembly
3	Monthly MTDS monitoring and evaluation report	Receiving reports from implementing sectors on the extent of implementation, challenges, and proposals	Ongoing (Monthly)	Directorate of Debt Management	Implementing sectors
4	Quarterly sectoral Debt reports	Updating of sectoral debts (statutory & non-statutory)	First week of every quarter	Directorate of Debt Management	Sector Reports
5	MTDS 2026 half-year performance review	Review of MTDS performance, including effectiveness of strategies	July 2026 & January 2027	Implementation Committee	Sector Reports
6	Quarterly review of remittance of statutory payroll deductions (PAYE)	Reconciliation of bank statements against payroll deductions	1st April 2026	Debt Management Secretariat	HR and IB section

7	Reconciliation of Laptrust, PSSF and NSSF	Updating records on payments, fund records adjustments, and establishing actual balances	1st October 2026	Debt Management Secretariat	Debt Office in liaison with the fund's managers
8	(KRA) Debt Reconciliation	Finalize pending tax arrears through Alternative Dispute Resolution (ADR), and tax Appeal tribunal mechanisms	27th April 2026	Debt Management, & Office of the County Attorney	KRA and NCCG, IFMIS and Bank Statements
9	Formation of Internal tax Committee	Constitute a tax compliance Committee	30th June 2026	County Treasury-Debt Management	County Treasury, Human resource, Revenue,
10	Negotiate with KCB to explore available options on loan repayment	Legal review, proposal preparation & follow-up	30th June 2026	County Treasury & County Attorney	KCB, NCCG and Arbitrator
11	Retirees Payment	Establishing outstanding retiree arrears & payment plans	30th June 2026	County Treasury in Liaison with HR	HR and County Treasury
12	Writing-off of irrecoverable revenue	Identification and policy preparation for debts older than five years	Dec-26	Revenue Administration and office of County Attorney	Revenue Administration and office of County Attorney
13	Debt Swap				
(a)	KPLC bills with way leaves	Establish wayleave debts, electricity bills, and engage KPLC for swap	30th June 2026	Directorate of Debt Management & Mobility & Works Sector	Directorate of Debt Management and Mobility & Works Sector
14	Negotiation with National Govt. to settle outstanding cillor	Identify and notify ministries and parastatals of outstanding fees	30th June 2026	CECM-Finance & Economic Planning & Directorate of Debt Management	Directorate of Debt Management in Liaison with Revenue Administration.

