Centre for Multiparty Democracy Kenya

Rethinking Debt in Economic, Social and Cultural Rights

Policy Brief Note

Centre for Multiparty Democracy Kenya

Economic and Social Rights Centre - Hakijamii "Putting People First"

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INTRODUCTION

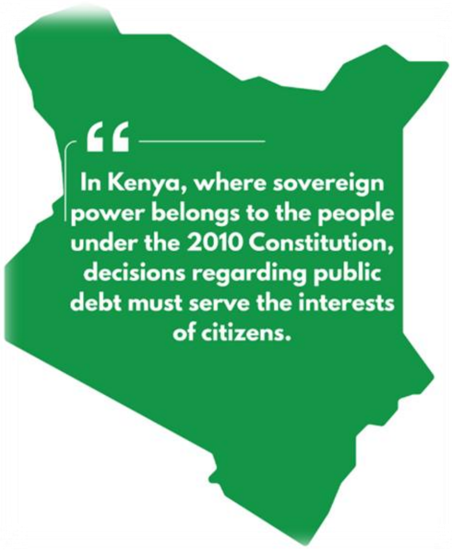
Kenya’s rising debt and current public spending patterns are limiting the government’s ability to fund essential services, creating a gap between constitutional promises and people’s daily realities. Approximately KES 1.4 trillion, which constitutes about 56% of the country’s revenue, is being spent on debt servicing, leaving less money for essential services.

Kenya is currently facing major challenges in managing public finances and providing essential services to its citizens. As a result, the realization of Economic, Social, and Cultural Rights (ESCRs) is becoming increasingly uneven and limited.

The ESCRs are crucial for understanding public debt because they focus on people's basic needs and dignity, which heavily rely on government resources. When the government prioritizes debt servicing, it reduces funding for essential services, impacting citizens' well-being[1]. This situation raises important questions about how debt is acquired, managed, and whether it aligns with constitutional principles.

If debt practices limit access to basic services or violate constitutional obligations, they risk undermining both the legitimacy of the debt and the rights of the people it is intended to benefit. To successfully shift from debt prioritization to human rights prioritization, the government must implement robust debt management strategies that promote transparency and accountability, ensuring that resources are redirected towards achieving Sustainable Development Goals (SDGs)[2].

Kenya’s public debt has surged to over 70% of GDP, which is beyond the approved 55% debt anchor, limiting the government’s capacity to provide essential services and jeopardizing the realization of Economic, Social, and Cultural Rights (ESCR) for millions of citizen.



Key Points

- Kenya's public debt has surged to 70.2%[3] of GDP Ksh (12.5 KES trillion), which is beyond the approved 55% debt anchor. The government allocates around 1.4 trillion Ksh of its 2.5 Ksh trillion annual revenue to servicing this debt.
- The government has established fiscal rules, borrowing controls, and institutional mechanisms under the Public Finance Management framework supported by instruments such as the Medium-Term Debt Management Strategy and recent reforms like the Treasury Single Account.
- New measures, including limiting non-concessional external borrowing to US$1.9 billion for FY 2025/26 and enhancing the publication of the Monthly Debt Bulletin, demonstrate efforts to strengthen debt management, transparency, and fiscal discipline.
- Kenya has a strong domestic and international policy framework on debt management; however, it encounters challenges due to capacity constraints, coordination issues, and insufficient technical expertise in crucial institutions such as the National Treasury, Parliament, and the Debt Management Office.

RECOMMENDATIONS

Fiscal Strategy & Debt Management: Renegotiating and Rationalizing Public Debt

The National Treasury should spearhead negotiations with international creditors to secure more favourable loan terms, including reduced interest rates and extended repayment periods, and present a debt renegotiation strategy to Parliament by the end of FY 2026/27. The National Treasury should also link borrowing, especially domestic borrowing, to measurable development outcomes as guided by the PFMA Section 54(4), Articles 214(2) and 228(2) of the Constitution of Kenya, 2010, ensuring that loans support growth-enhancing sectors such as health and education. Parliament should review and oversee the renegotiation framework, ensuring alignment with a comprehensive long-term fiscal strategy for sustainable development.

Strengthening Public Finance Transparency - Governance & Accountability

The National Treasury and Economic Planning should closely coordinate with independent committees and various stakeholders, such as the Kenya National Commission on Human Rights (KNCHR), civil society, advocacy groups, and researchers. This collaboration will facilitate the integration of independent data, analysis, and expertise into the process. The National Treasury must prioritize the clear, accessible, and timely disclosure of public debt, borrowing terms, and lender obligations, ensuring that these decisions align with national development priorities and the overarching goals of fiscal sustainability.

Strengthening Oversight Institutions-Improving Communication and Enforcement

The Executive and Parliament must allocate adequate funding to the Office of the Auditor General to support its functions. The Parliament must enforce a stricter compliance framework for audit findings, requiring ministries and agencies to submit detailed time-bound action plans to address any identified issues. The government should strengthen legal protections for these institutions against political interference and expand their enforcement powers, enabling the Auditor General to take decisive action against the misuse of public resources.

This briefing note was drafted from deliberations at the People Dialogue Forum Kenya 2026 and session notes from the Gumzo Discussion: *Closer to the People: Rethinking Debt, Devolution and Accountability in Economic, Social and Cultural Rights* convened by Hakijamii on the 6th of March 2026.

Notes

[1] Breton, Charles, et al. Fiscal federalism policy network, June 2023. The Road Ahead, June 2023. https://cwf.ca/wp-content/uploads/2023/06/2023-06-27-FFPN_RoadAhead_Report_ENG.pdf.

[2] International Monetary Fund Country Report 21/275, December 2021, (Washington DC, 2021)

[3] National Treasury, Public Debt Bulletin, https://www.treasury.go.ke/sites/default/files/Debt%20Monthly%20Bulletins/FINAL%20March%202026%20Monthly%20Bulletin%20Reviewed%20%26%20Updated%2025.05.26%20G.pdf March, 2026

About the author

William Paul Ngezi is a Senior Policy Specialist with over a decade of experience guiding public and private sector organizations. William has played a key role in significant public sector initiatives, including work with the Government of Alberta's Ministry of Health (Canada). He holds a Master of Public Policy from the University of Calgary and is dedicated to advancing health equity, inclusive policy, and community-driven solutions.

About AIRCE

AIRCE is a nonprofit organization dedicated to promoting innovation, research, and technology-driven solutions to address social and economic challenges across Africa.
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About Hakii Jamii

The Economic and Social Rights Centre (Hakijamii) is a national human rights organization that supports marginalized communities to claim and realize their Economic and Social Rights and live in dignity through Human Rights-Based Approaches (HRBA). Read more on:
https://hakijamii.com/

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