



THE NATIONAL TREASURY

PRESS RELEASE

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STATEMENT BY THE CABINET SECRETARY FOR THE NATIONAL TREASURY ON THE NAIROBI–NAKURU–MAU SUMMIT HIGHWAY PUBLIC PRIVATE PARTNERSHIP PROJECT

The Government’s stewardship of public finances requires every long-term infrastructure commitment to uphold fiscal sustainability, prudent management of public resources, and sustainable economic development throughout the life of the investment. This responsibility guided the comprehensive review undertaken on the Nairobi–Nakuru–Mau Summit Highway Public Private Partnership Project following the significant macroeconomic developments experienced during the 2020–2022 period. Sustained global inflation, depreciation of the Kenya Shilling, tightening fiscal space, and rising public debt service obligations materially affected the assumptions upon which the original Project Agreement had been developed, necessitating a reassessment of its long-term affordability and fiscal sustainability.

The reassessment undertaken by Government established that the original Project Agreement no longer aligned with the fiscal objectives necessary to support sustainable infrastructure financing. The review examined the long-term financial obligations associated with the concession, the allocation of commercial risk, and the affordability of the financing structure under the prevailing macroeconomic environment. The principal findings that informed the Government’s decision are summarized below.

Assessment Area	Finding
Fiscal Environment	Sustained global inflation, depreciation of the Kenya Shilling, tightening fiscal space, and rising public debt service obligations materially affected the assumptions underpinning the original Project Agreement.
Annual Government Commitment	Approximately KES 23 billion in annual availability payments, subject to inflation and foreign exchange indexation.
Demand and Revenue Risk	Retained by Government throughout the concession period.
Long-Term Fiscal Exposure	Projected cumulative funding deficit of up to KES 200 billion during the first fifteen years of the concession period.

These findings informed Government’s decision to engage the Project Company in a structured commercial restructuring process directed at strengthening affordability and fiscal sustainability. The restructuring process did not produce a commercial framework capable of achieving these objectives, leading Government to terminate the original Project Agreement. During the same period, the Kenya National Highways Authority received an unsolicited proposal founded upon a revised commercial framework. The proposal proceeded through the statutory processes prescribed under the Public Private Partnerships Act and culminated in the current Project Agreements in May and June 2026.

The fiscal outcomes arising from the reassessment and the resulting commercial framework are summarized below.

Fiscal Consideration	Terminated Concession	Current Project Agreements
Commercial Model	Availability Payment PPP	User-Pay Toll PPP
Annual Government Availability Payments	Approx. KES 23 billion (subject to inflation and foreign exchange indexation)	None
Demand and Revenue Risk	Retained by Government	Transferred to the Private Sector
Comparable Investment Cost (June 2026 Price Basis)	USD 1.93 billion (KES 249.7 billion)	USD 1.342 billion (KES 173.5 billion)
Comparable Fiscal Outcome	—	USD 588 million (approximately KES 76.2 billion) reduction
Projected Funding Deficit (First 15 Years)	Up to KES 200 billion	Addressed through the revised commercial framework
Government Revenue Share	Not Applicable	60% of revenues above the agreed 16% Equity IRR threshold

The current Project Agreements strengthen the Government’s infrastructure financing policy through a commercial framework that transfers demand and revenue risk to the private sector, mobilizes private financing, reduces long-term fiscal exposure, and preserves fiscal space for continued investment in national development priorities. These outcomes strengthen public financial management and support the Government’s commitment to financing strategic infrastructure through fiscally sustainable investment structures.

The lessons learned from the terminated concession, together with the fiscal and macroeconomic considerations that informed its reassessment, have strengthened the Government’s approach to infrastructure financing. These lessons continue to inform the appraisal of strategic infrastructure investments through financing structures that uphold fiscal sustainability, protect the integrity of public finances, mobilize private capital, and secure enduring economic value for the Republic of Kenya. The National Treasury and Economic Planning will continue to apply these principles in the stewardship of long-term infrastructure investments that advance Kenya’s national development agenda.

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The National Treasury