HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

KENYA

Data Quality Assessment for Public Sector Debt Statistics (July 23–29, 2025)

April 2026

Prepared By

David Bailey and Naoto Osawa

PARTNERS:

JAPANGOV THE GOVERNMENT OF JAPAN

2026 International Monetary Fund HLS/26/20

High-Level Summary Technical Assistance Report

Statistics Department

Kenya – Data Quality Assessment for Public Sector Debt Statistics

Prepared by David Bailey and Naoto Osawa

The *High-Level Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

ABSTRACT: In July 2025, an assessment was undertaken of the data quality of the public sector debt statistics (PSDS) of Kenya against the IMF's Data Quality Assessment Framework (DQAF) for PSDS. The mission was undertaken as part of a project to strengthen the quality of public sector debt in select African countries, funded by the Government of Japan. The mission reviewed the PSDS compilation and dissemination practices against each element of the DQAF and presented a series of recommendations to improve the quality and transparency of the PSDS of Kenya.

JEL Classification Numbers: H63, H81, H83 (consult https://www.aeaweb.org/econlit/jelCodes.php)
Keywords: Data Quality Assessment Framework (DQAF), Debt Reporting, Debt Transparency, JSA, Public Debt, Public Sector Debt Statistics (PSDS), Kenya

Background

1. Kenya's public debt is considered sustainable but remains at high risk of debt distress, according to the IMF-World Bank debt sustainability analysis (DSA) of October 2024. The public debt-to-GDP ratio reached a peak of 72 percent at the end of the 2022/23 fiscal year. Since then, debt-to-GDP levels have dropped somewhat, with debt reported at 66 percent of GDP at the end of the 2023/24 fiscal year, according to national debt reports. Around half of the total debt stock is external, mainly provided on concessional terms, and the other half is domestic. Two key challenges facing the authorities are managing the exchange rate risk of external debt and the high-interest rate cost of domestic debt. Therefore, in order to further reduce the levels of debt the Kenyan Government has stated its commitment to a fiscal consolidation program, and the undertaking of reforms in its debt management to reduce the costs and minimize the risks of public debt. In addition, the government seeks to improve the transparency and quality of its public debt reporting.

2. Against this background, the main objective of the mission was to use the IMF's standardized Data Quality Assessment Framework (DQAF) to identify areas of improvement in public sector debt statistics (PSDS) compilation and dissemination processes and recommend priority actions to help Kenya enhance public debt data transparency. Discussions with various stakeholders as well as review of data received and published indicate that Kenya's public debt statistics are broadly accurate and timely, but improvements are needed to align the compilation and dissemination of debt with the international statistical standards as well as to broaden the scope of public sector debt reporting. The main findings and conclusions of the mission are summarized below in the order of the DQAF's dimensions.

Summary of Findings

3. Legal Environment: The responsibility of the National Treasury (NT)'s Public Debt Management Office (PDMO) for collecting, processing, and disseminating public debt statistics in Kenya is well established in the Public Finance Management (PFM) Act 2012. The structures and functions of the PDMO are further expanded upon within the PFM Regulations 2015. In addition, these legal frameworks specify clear oversight arrangements for debt reporting including the prescription in the Constitution of Kenya (article 229) that require annual audits of public debt. However, the Constitution of Kenya (article 214) also limits the scope of public debt reporting by defining public debt as loans[1] raised or guaranteed and securities issued or guaranteed by the national government which result in a charge on the Consolidated Fund. Given that debt liabilities take different forms, and not just as loans or debt securities, it is imperative that the Kenyan Government does not maintain only a narrow definition of public debt but establishes a clear mandate for the comprehensive reporting of all debt liabilities in line with the international statistical standards. These more comprehensive public debt statistics reports should be produced and disseminated alongside the existing established national debt measures, to provide full transparency and address any user concerns of there being "hidden debts". The existing Statistics Act may already be adequate for compilation and dissemination of these more comprehensive debt statistics; if not, amending the PFM Act or PFM Regulations may be considered.

[1] Loans are defined under article 260 of the Constitution of Kenya as "any form of borrowing, lending or deferred payment in respect of which money from a public fund may be used, or is required to be used, for payment or repayment".

4. Institutional Environment: The DMO is well structured with a back, middle and front office consistent with international best practices. It has sufficient staff resources commensurate with its functions, although relatively high staff turnover underlines the need for capacity development, maintenance of comprehensive procedural manuals, and appropriate succession planning. The PDMO management acknowledges the problem of elevated staff turnover and is actively working to address it. The Commonwealth Secretariat's CS Meridian system is the central repository for all public debt data and provides a good institutional foundation for efficient and accurate debt reporting. To optimize the CS Meridian, the PDMO are now working to integrate the system with the CBK's DhowCSD (Central Securities Depository) and the NT's Integrated Financial Management System (IFMIS). The integration has high potential benefits in terms of facilitating efficient and effective debt management and reporting, and the NT is therefore strongly encouraged to complete the integration process as swiftly as possible. Current data sharing arrangements between NT, Central Bank of Kenya (CBK), and Kenya National Bureau of Statistics (KNBS) are adequate but to drive effective collaboration on the quality assurance of debt data, as well as the development of expanded and improved compilation, it is important that the existing Technical Working Group (TWG) on Government Finance Statistics (GFS), including PSDS, is revitalized and that well-structured and organized meetings of the TWG take place on a quarterly basis.

5. Assurances of Integrity: The NT, CBK and KNBS are all professional and impartial in their compilation and dissemination of public debt statistics, with organizational understanding of the importance of ensuring professional independence for personnel compiling statistics. The Public Service Code of Conduct and Ethics 2016 clearly establishes the conduct expected of government officials as well as the penalties for misconduct. Further, the fundamental principles of official statistics defined in the Statistics Act set out a specific code of conduct for the compilation and dissemination of statistics. All civil servants are recruited by an independent Public Service Commission based on the qualifications and expertise of applicants, and promotions are based on merit, as determined by annual appraisals and other evaluations of performance. Once recruited, significant amounts of formal and on-the-job training is provided to staff for their development and upskilling. With respect to the data, all major releases specify the legal basis on which PSDS have been compiled and disseminated, as well as including appropriate details of the disseminating institution and contact details for further enquiries. However, the transparency of statistical releases should be further improved by disclosing to users those individuals who had access to the PSDS prior to their release and by providing advance notice to users of any changes in source data, and/or methodology.

6. Methodological Soundness: The NT, CBK and KNBS collectively produce a wide range of debt reports which provide both granular and aggregated data. The reports are generally in accordance with the international concepts of debt reporting described in the *Government Finance Statistics Manual 2014 (GFSM 2014)* and the *Public Sector Debt Statistics Guide for Compilers and Users 2013 (PSDSG 2013*). However, external and domestic debt are distinguished according to currency rather than following the residency principle required by the international standards. The CBK's DhowCSD includes the necessary residency information for holders of government debt securities and this data should be used to show those debt securities held by nonresident holders at the end of a reporting period as a component of external debt. Due to the national debt definition, the coverage of debt reports in Kenya are limited to loan and debt security liabilities of the budgetary central government (BCG) and any loan or debt security liabilities guaranteed by the BCG. It is imperative that this scope of debt reporting is expanded to include both a broader range of debt instruments and public entities. With respect to debt instruments, priority should be given initially to including other accounts payable (known in Kenya as pending bills), due to their materiality. Also, the recent securitization of the road maintenance levy, and similar securitizations of future revenue flows, should be recognized as a debt liability under the international statistical standards, *GFSM 2014* and *PSDSG 2013*. With respect to broadening sector coverage, priority should be given to including the non-guaranteed borrowing of extrabudgetary units and public corporations, again based on materiality. This sectoral expansion is something that PDMO has already begun, with Annex I of the 2023/24 annual debt report including some information on non-guaranteed borrowing of state corporations and agencies. With respect to valuation, the debt valuation used in Kenyan reports is that of face value, however, the preferred debt valuation in the international statistical standards is nominal value. It is therefore recommended to produce some debt tables based on a nominal valuation, which is a functionality supported by CS Meridian, as well as supplementary information on the value of debt securities at market price. Finally, tables and charts should be included in debt reports using the classifications and taxonomies of the *GFSM 2014* and *PSDSG 2013*.

7. Accuracy and Reliability: Data sources for the existing debt publications are comprehensive and robust with CBK providing administrative data on debt securities from its DhowCSD system and PDMO maintaining external loan data in its CS Meridian system. However, significant enhancements and new data sources are required to compile PSDS for the entire public sector. A rich potential data source identified are the timely quarterly and annual financial statements produced by all public sector entities. These are transmitted to the NT within 15 days of the end of the quarter and within two to three months of the year end, and as such provide a likely good data source for expanding PSDS, particularly as the annual financial statements are subject to audit. However, the national and county governments are currently transitioning to International Public Sector Accounting Standards (IPSAS) based accrual accounting which may make the data source somewhat less valuable in the short term until accrual accounting has been implemented. Alternative sources explored include self-reported data on outstanding pending bills collected by the Office of the Controller of Budget (OCOB), estimated at Ksh 684 billion for the public sector as at the end of March 2025. Source data assessments can be improved through the use of comprehensive and standardized tables to reconcile changes in debt over a period with all transactions and flows, and should be published at aggregate level to provide user confidence in the integrity of the data. It is also recommended that the TWG on GFS takes a role in assessing public-private partnerships (PPPs) and securitization operations against the statistical standards to identify whether any debts should be imputed related to these operations.

8. Serviceability: Kenya disseminates monthly, quarterly and annual public debt reports as well as some weekly aggregate reports. The timeliness of the quarterly and annual reports are prescribed in the legal mandate and are available two months and three months after the end of the reporting period, respectively. Monthly reports are less predictable in terms of when they will be published. Nevertheless, the overall periodicity and timeliness of PSDS reports is good and meets statistical dissemination standards. However, discrepancies in reported debt numbers between PSDS publications of PDMO, CBK, KNBS and OCOB are numerous. The differences are not large and are likely explainable by different data vintages or small differences in compilation practices. However, it is not good practice to have so many unexplained discrepancies as it undermines user confidence in the data. It is therefore recommended that careful and regular consistency checks are conducted under the auspices of the TWG on GFS. Immaterial differences should be removed prior to publication and the reasons for other differences explained to users. Similarly, the mission found apparent discrepancies between the published PSDS and that of Monetary and Financial Statistics (MFS) and statistics for the International Investment Position (IIP). On review with the technical staff of NT, CBK and KNBS it appeared that these discrepancies could be plausibly explained and resolved, but more work is required and the TWG on GFS should carefully investigate the discrepancies and prepare explanations for users on the reasons for the differences. Neither NT or CBK follow a formal revision policy or practice when disseminating PSDS. However, NT has drafted a revision policy and in line with statistical best practice this policy should be quickly finalized, published and put into action.

9. Accessibility: Kenyan PSDS is generally compiled and presented in a manner that facilitates proper interpretation and meaningful comparison. The quarterly and annual bulletins present data in range of detailed graphs, charts, and tables with commentary to support the narrative. However, this accessibility is hampered by the lack of adequate metadata meaning that it is difficult for users to understand the terms, concepts and definitions used or to understand the gaps in coverage, valuations applied, or strengths and weaknesses in data sources. Addressing the absence of metadata is essential to ensure that users receive sufficient information to independently comprehend the presented statistics and their methods of compilation, apart from the accompanying narrative. In addition, the PDMO should consider making PSDS available to users in machine-readable formats (such as Excel or .csv files) as is done by the CBK. The quarterly and annual PSDS reports provide users with contact information where they can ask questions and request more information. In line with the Citizens' Service Delivery Charter the mission understood this additional user support was provided, but more could be done to promote and raise awareness of this service where they can receive answers to their questions and requests.

Priority Recommendations

- Establish a clear mandate for the compilation and dissemination of public debt statistics in line with the debt definition of the international statistical standards.
- Revitalize the TWG on GFS by establishing regular structured quarterly meetings which address PSDS quality assurance and identified areas for PSDS development and improvement.
- Expand the sector coverage of the public debt reports to comprehensively cover the non-guaranteed borrowing of public units outside the BCG.
- Expand the instrument coverage of the public debt reports to cover other accounts payable (pending bills).
- Report external and domestic debt based on the residency of the creditor/investor, in addition to the current reporting based on currency.
- Review details of PPP projects, and securitization operations, and where applicable apply statistical techniques to calculate imputed debt in accordance with international statistical standards.
- Provide more comprehensive and accessible metadata in a structured format within, or alongside, the debt reports to explain the data sources, coverage, compilation methods, concepts and definitions, highlighting any divergencies from the international statistical standards.

Summary Ratings of the PSDS DQAF*

Dimensions/Elements	Rating	Dimensions/Elements	Rating
0. Prerequisites of quality		**3. Accuracy and reliability**	
0.1 Legal and institutional environment	LO	3.1 Source data	LO
0.2 Resources	O	3.2 Assessment of source data	LO
0.3 Relevance	LO	3.3 Statistical techniques	LNO
0.4 Other quality management	O	3.4 Assessment and Validation of Statistical Outputs	LO
1. Assurances of integrity		3.5 Revision studies	LNO
1.1 Professionalism	O	**4. Serviceability**	
1.2 Transparency	LO	4.1 Periodicity and timeliness	LO
1.3 Ethical standards	O	4.2 Consistency	LO
2. Methodological soundness		4.3 Revision policy and practice	LNO
2.1 Concepts and definitions	LO	**5. Accessibility**	
2.2 Scope	LNO	5.1 Data accessibility	LO
2.3 Classification / sectorization	LNO	5.2 Metadata accessibility	LNO
2.4 Time of debt recording, valuation, and consolidation	LO	5.3 Assistance to users	LO
Key: O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed			

*DQAF August 2024 Public Sector Debt Statistics
https://dsbb.imf.org/content/pdfs/dqrs_psds.pdf