



REPUBLIC OF KENYA  
THE NATIONAL TREASURY  
STATE DEPARTMENT FOR PUBLIC INVESTMENTS & ASSETS MANAGEMENT

**PRESS STATEMENT**

***FOR IMMEDIATE RELEASE***

Date: 26<sup>th</sup> October 2025

**STATEMENT ON THE IMPLEMENTATION AND GOVERNANCE OF THE RIRONI–NAKURU–MAU SUMMIT HIGHWAY PROJECT**

The Directorate of Public Private Partnerships (PPP) has noted the public interest in the Rironi–Nakuru–Mau Summit Highway and issues the following statement to provide context, clarity, and assurance on the structure, intent, and safeguards of the project.

**1. The Fiscal Reality: Why PPP Is Necessary**

Kenya, like most developing nations, finances public services and infrastructure through a combination of tax revenues, sovereign borrowing, and development assistance. Taxes provide the primary source of financing for public services while loans have historically been used to finance large capital projects, particularly in transport, energy, and water. Over the past two decades, this approach has enabled the country to deliver transformative projects such as the Nairobi–Thika Superhighway, Isiolo–Moyale road, Kenol–Sagana–Marua, Dongo Kundu Bypass and Nairobi Bypasses.

However, Kenya’s fiscal context has evolved. The national budget is under increasing pressure from competing social and economic priorities, rising recurrent expenditures, and growing debt-service obligations. In recent years, the public debt ratio had escalated to about 78 percent of GDP but has since declined to approximately 64 percent, reflecting the results of prudent macroeconomic management and fiscal consolidation efforts by the Government. The National Treasury’s Medium-Term Debt Strategy aims to sustain this trajectory and gradually bring the ratio down to the 55 percent debt anchor by 2028.

While these efforts have strengthened macroeconomic stability, fiscal space for new borrowing remains limited. This constraint is particularly evident in the road sector, which faces a severe funding shortfall. According to the Road Sector Investment Plan (RSIP III), Kenya requires KSh 4 trillion over the next decade; KSh. 1 trillion for maintenance and KSh. 3 trillion for new development. Yet funding for capital projects remain limited due to constrained borrowing capacity and annual maintenance needs of approximately KSh. 253 billion which far exceed the KSh. 100 billion collected through the Road Maintenance Levy Fund (RMLF) established primarily for maintenance of road assets rather than expansion/development.

Given these realities, relying solely on taxes and sovereign borrowing to finance large capital road projects like the Northern Corridor is no longer sustainable. The Public Private Partnerships (PPP) model offers a practical alternative that allows Kenya to leverage private capital for infrastructure development through a user pay model, while preserving fiscal and macroeconomic stability.

Under this model, the private partner finances, builds, and maintains the road for an agreed period, recouping its investment through tolls. The arrangement ensures that the asset remains under public ownership throughout, and that financing and construction risks rest with the private sector, not the taxpayer.

## **2. National Ownership and Oversight**

The Rironi–Nakuru–Mau Summit Highway remains a public asset wholly owned by the Government of Kenya. It is being developed through a Public Private Partnership framework anchored in the PPP Act, 2021, which enables the State to mobilise private investment and expertise for large-scale infrastructure while retaining full ownership, regulatory control, and policy authority. Under the PPP Act, 2021, the Government retains full regulatory control and step-in rights in the event of non-performance, ensuring uninterrupted service and protection of the public interest.

Under this arrangement, the private partner will design, finance, construct, operate, and maintain the road for an agreed concession period of Thirty years, after which the private operator’s contractual mandate will cease, and all operational and maintenance responsibilities will thereafter be carried out directly by the Government through its designated agencies, in continuation of its permanent ownership of the highway. The above Design-Build-Finance-Operate-Transfer model is internationally recognized and has been successfully implemented in countries such as South Africa, Zambia, Senegal Morocco and Egypt, without compromising national ownership or control with Gauteng - Maputo (Maputo Development Corridor) being a case study of a successfully delivered PPP toll road project that is currently under operations and maintenance.

The land, infrastructure, and related assets remain vested in the Republic of Kenya throughout the concession. Oversight is exercised jointly by the National Treasury, the State Department for Roads, and the Kenya National Highways Authority (KeNHA).

This framework ensures accountability, fiscal prudence, and continuous performance monitoring under clear contractual obligations.

## **3. Regional Balance and Development Equity**

The PPP Directorate manages a diversified portfolio of projects supporting this vision. Therefore, Rironi–Nakuru–Mau Summit Highway forms part of a nationally balanced PPP pipeline covering all regions, from Coast, Central, Eastern, Rift Valley, and Western, ensuring equitable access to modern infrastructure.

KeNHA is currently assessing the viability of the Great North Corridor, which spans Namanga–Isinya–Athi River–Nairobi–Thika–Kenol–Marua–Isiolo, enhancing cross-border connectivity between Tanzania and Ethiopia. In the coastal region, the Mombasa Port Area Road Development (MPARD), the Lunga Lunga–Mombasa, and Kilifi–Malindi corridors are being advanced to strengthen port logistics, tourism, and coastal trade. In the Rift Valley and Western regions, feasibility reviews are ongoing

for Mau Summit–Eldoret–Malaba, Mau Summit–Kericho–Kisumu, and Busia corridors, aimed at improving efficiency along the Northern Corridor and regional export routes.

This demonstrates that no region has been singled out for disadvantage. Project selection follows traffic demand, economic potential, and corridor connectivity, not regional or political considerations. The highway unites regions through commerce, tourism, and mobility, reaffirming that this is a national project serving national interests.

#### **4. Cost and Economic Logic**

The Rironi–Nakuru–Mau Summit Project follows a financing model that protects taxpayers from long-term fiscal exposure. It cannot be directly compared to the proposal considered in the recent past.

The previous proposal had been structured as a service-payment PPP, under which the Government would have made annual availability payments to the investor, regardless of traffic levels. That model would have tied the Treasury to decades of repayments even if the road generated little or no revenue. Government proposed a risk-sharing model that required the investor to assume traffic and commercial responsibility but was not accepted. This experience informed Government’s shift to a toll-based PPP framework that aligns with fiscal discipline and fairness, users contribute directly to road sustainability and taxpayers are shielded from repayment obligations.

Over time, factors such as inflation, exchange-rate movement, higher design standards and increased vehicle volumes have influenced project costing. These adjustments are rooted in engineering and market realities, not just price escalation. Further to the above, the current proposal will include an increased scope of dualling Rironi – Mai Mahiu section as opposed to the previous scope which only targeted improvement of geometrics for existing road without expansion.

Therefore, the current structure places financing and operational risk on the investor, ensuring value for money and consistent quality of service. The PPP model therefore fills this gap without expanding public debt.

#### **5. Tolling – this is to be guided by the draft National Tolling Policy 2025 to Sustain Kenya’s Strategic Corridors**

The draft National Tolling Policy 2025 provides a transparent, equitable framework for financing and maintaining high-capacity highways. It aligns user contributions directly with service delivery, guaranteeing that every toll shilling supports road quality, safety, and efficiency.

Tolling applies to new or substantially upgraded highways that carry high volumes of passenger and freight traffic, corridors vital to trade and connectivity.

Each project follows a structured process: feasibility appraisal, environmental and social assessment, public participation, competitive procurement, and final approval by the PPP Committee.

Under this framework, toll revenue is ring-fenced for the same corridor. Funds collected finance maintenance, safety patrols, lighting, and emergency response, ensuring the highway remains functional and safe throughout its life. This approach

ends the recurring cycle of road deterioration that has repeatedly consumed public funds through rehabilitation works.

Importantly, the PPP Agreement will include a revenue-sharing mechanism based on a reference traffic benchmark, ensuring that the private partner does not earn excessive returns. Any revenues above the agreed traffic thresholds will revert to the Government of Kenya for investment in other road infrastructure priorities across the country, maintaining a fair and balanced distribution of risk and reward between the contracting authority and the private party.

For road users, tolling offers;

- Reduced vehicle operating costs through durable pavements and smoother riding surface.
- Shorter and predictable travel times, achieved through controlled access and modern traffic management.
- Continuous safety assurance, with 24-hour patrols, lighting, and rescue services/paramedic services financed from toll proceeds.
- Guaranteed performance, as private operators are bound by measurable maintenance standards enforced by Government.

Toll rates are regulated, reviewed periodically and adjusted transparently in line with economic realities. Exemptions or preferential rates may apply to specific vehicle categories such as ambulances , military/police vehicles and local traffic for residents along tolled corridors.

Through the National Tolling Policy 2025, Kenya moves toward a sustainable model of infrastructure delivery, which means roads financed responsibly, managed efficiently, and preserved for generations. All evaluations, negotiations, and approvals are conducted under the procedures set out in the PPP Act 2021, ensuring transparency and accountability at every stage.

## **6. Project Status and Transparency**

The PPP Committee has not issued an approval for award of the Rironi–Nakuru–Mau Summit Project. Approval has been granted for KeNHA to negotiate with the preferred bidder. Detailed information on the agreed positions will be publicly disclosed in accordance with the PPP Act. The process remains anchored in transparency, due diligence and public accountability.

## **7. National Imperative for Safety and Growth**

The Rironi–Nakuru–Mau Summit corridor carries nearly 40 percent of Kenya’s trade traffic. Its modernisation is essential for economic competitiveness, road safety, and regional integration. Congestion and frequent accidents on this route have long caused loss of life and productivity.

The Directorate reaffirms that no national road, gateway, or public asset has been surrendered or transferred to any foreign entity. Every kilometre remains under the jurisdiction and ownership of the Republic of Kenya. This project exemplifies Kenya’s commitment to sustainable, transparent and fiscally disciplined development, partnerships that deliver modern infrastructure while protecting public resources.

For verified information, citizens are encouraged to visit the official PPP Portal at [www.pppkenya.go.ke](http://www.pppkenya.go.ke).

**ENG. KEFA SEDA**

**DIRECTOR GENERAL**

**PUBLIC PRIVATE PARTNERSHIPS**