

AFRICA RISK CONSULTING

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Kenya Summary 15 January 2026

The Independent Electoral and Boundaries Commission (IEBC) gazettes four by-elections for 26 February that will offer insight into the key Mount Kenya Region's swing dynamics. The IEBC also imposes tight compliance deadlines that will stress test party discipline ahead of the 2027 general election. National Treasury's draft 2026 Budget Policy Statement (BPS) raises Kenya's projected 2026/27 fiscal deficit to 5.3% of GDP, citing below-target revenue collection and persistent debt-service pressures. A high court decision to pause finalisation of United Kingdom-headquartered Diageo's sale of its stake in East African Breweries Limited (EABL) due to historical litigation facing EABL, while Parliament intensifies oversight of the proposed Safaricom stake divestiture and the South Lokichar oil field development plan (FDP), signal a compliance-heavy and politically sensitive deal environment where public participation and governance conditionalities increasingly drive timelines and terms.

IEBC schedules Mount Kenya Region by-elections

The **Independent Electoral and Boundaries Commission (IEBC)** on 19 December [gazetted](#) four by-elections for 26 February and set compliance deadlines for parties and candidates. The [polls](#) cover the **Isiolo South** member of parliament (MP) seat following the death of MP **Mohamed Tubi Bidu** on 12 November, two member of country assembly (MCA) seats in **Mbeere North (Embu County)** and one MCA seat in **Malava (Kakamega County)**. These contests arrive as Kenya's opposition ecosystem continues to fragment into competing power centres.

IEBC chairperson **Erastus Edung Etheke** outlined tight compliance [deadlines](#) that will test parties' organisational coherence and discipline ahead of the 2027 general election cycle. Etheke directed political parties to submit authorised signatories' specimen signatures by 13 January and file candidate lists by 16 January. The IEBC scheduled nominations for 22 and 23 January and set the official campaign period for the same dates, with daily campaign operations limited to 07:00 and 18:00 and a 24-hour window for disputes to be lodged from nominations. In a parallel integrity measure, the IEBC opened an online-only [accreditation](#) window for observers and media organisations ahead of the by-elections, setting a deadline of 6 February to facilitate "transparent, credible, and accountable" polls.

These February by-elections are not a government versus opposition test but rather rely on local personalities and patronage networks. The Isiolo South and Mbeere North polls will also provide [insight](#) into the crucial **Mount Kenya Region's** political leanings. Mbeere North has been historically fragmented at ward level but is positioned as a **Mount Kenya East** swing seat; President **William Ruto's** (2022–present) **United Democratic Alliance (UDA)** candidate **Leonard Wa Muthende** narrowly [won](#) in the 27 November MP by-election against former deputy president **Rigathi Gachagua's Democracy for Citizens Party (DCP)** candidate **Geoffrey Mbui**. In [Malava](#), the UDA holds the parliamentary seat after the November 2025 by-election, giving it momentum in an area where opposition parties are traditionally strong; the MCA race will test whether UDA can consolidate this. **While Isiolo South** is not historically UDA-leaning - the [late](#) MP was elected on former president **Uhuru Kenyatta's** (2013-2022) **Jubilee** party ticket in 2022 – and so the by-election is a test of whether the UDA can further expand in Mount Kenya.

While Gachagua [positioned](#) his party as the principal Mount Kenya vehicle within a 'United Opposition' framework, other opposition parties have not fully embraced his [divisive](#) messaging. In

his New Year [message](#), Gachagua described Ruto’s administration as a “*trustless regime*” and alleged abuses including “*killing of Gen Zs*” and “*sale of...national strategic assets.*” On 4 January Gachagua publicly [appealed](#) to **United States (US)** President **Donald Trump** (2025–present) to conduct a “*Venezuela-style*” intervention in Kenya and [alleged](#) government involvement in ongoing US-based fraud investigations.

Trade and investment cabinet secretary (CS) **Lee Kinyanjui** [called](#) the appeal “*retrogressive and dangerous*” fuelled by “*raw greed and naivety*” and warned it could damage Kenya’s investment standing. Ruto responded by publicly stressing his continued relationship with the Mount Kenya region, [stating](#) in an 11 January church service:

There are people who think they can create a rift between me and people of Mt Kenya... They cannot destroy what the region and I have built together.”

Treasury widens FY2026/27 deficit and raises domestic borrowing

Treasury CS **John Mbadi** [released](#) the draft 2026 **Budget Policy Statement (BPS)** on 19 December, [raising](#) the projected fiscal deficit the 2026/27 financial year (FY) (July to June) to 5.3% of GDP, marking an upwards revision from the **National Treasury** November [projection](#) of 4.9% of GDP, a reflection of below-target revenue collection and persistent debt service expenditure. Despite this, the Treasury expects the economy to remain broadly stable, with inflation anticipated to stay within the target range of between 2.5% and 7.5%, and the exchange rate to remain stable.

The National Treasury now expects the [deficit](#) to reach KSh 1.106 trillion (\$8.5 billion) versus the KSh 901 billion (\$6.9 billion) projected for the FY 2025/26. The draft BPS projects ordinary revenue at KSh 2.9 trillion (\$22.4 billion) in FY 2026/27, against total expenditure and net lending of KSh 4.64 trillion (\$35.7 billion). The expenditure includes recurrent spending of KSh 3.43 trillion (\$26.4 billion), development expenditure of KSh 759.1 billion (\$5.85 billion), and transfers to county governments of KSh 446.6 billion (\$3.44 billion).

In November, National Treasury officials [reported](#) that by end of October, ordinary revenue collection was below target by KSh 108 billion (\$832m). [Planned](#) government measures to increase revenue include simplifying tax laws, rationalising tax expenditures, expanding the tax base through digitalisation, improving compliance, and strengthening non-tax revenue collection by ministries, departments, and agencies. Treasury principal secretary (PS) **Chris Kiptoo** [positioned](#) trade-facilitation and investments in electronic systems to reduce leakages as partial offsets to collection and efficiency gaps, noting “*faster customs clearance... directly affects the prices of goods, the availability of supplies, and the cost of doing business in Kenya.*”

The wider deficit is accompanied by a reconfiguration of the borrowing mix, with the treasury’s revised FY2026/27 plan relying heavily on domestic financing, with net domestic financing of KSh 1 trillion (\$7.75 billion) and net external borrowing of KSh 99.5 billion (\$766.9m). This represents a sharp shift from the November [plan](#), when Kiptoo said the government “*really need[s] to focus on fiscal sustainability*” and outlined a larger external financing component for FY2026/27. The draft BPS [indicates](#) that external borrowing will focus on concessional and semi-concessional loans from multilateral and bilateral partners.

In July 2025, **United States**-headquartered **Moody’s** [warned](#) that Kenya spends approximately a third of government revenue on interest payments and noted that a high reliance on domestic borrowing would keep debt-servicing costs elevated. The **World Bank** similarly [flagged](#) that domestic borrowing pressures can squeeze private-sector credit and investment conditions, potentially weighing on growth-sensitive sectors.

Overall the draft BPS highlights how fiscal policy remains constrained not only by weakening collections and rising spending demands, but also by the political aftershocks of the deadly 2024 tax protests. That legacy has narrowed the government’s room to pursue overt tax hikes and has pushed the National Treasury toward alternative revenue options even as large foreign debt obligations and

elevated interest costs continue to drive recurrent expenditure higher. Treasury's [decision](#) to invite public participation on the draft from 19 December to 9 January is not only procedural but can be seen as a deliberate attempt to manage legitimacy and secure additional revenues without triggering another cycle of mass mobilisation.

Despite these issues, government officials see an optimistic macroeconomic outlook. Kiptoo [said](#) on 12 January that key indicators were improving across sectors such as mining, construction, and services, with GDP growth expected to be around 5.3%. He also pointed to strengthening private-sector activity, [describing](#) 2025 as the "best year since 2019 for private-sector recruitment" and noted falling inflation alongside improved lending conditions.

Courts and parliament tighten oversight on Kenya's major deals

The high court on 9 January [postponed](#) a hearing seeking to halt **United Kingdom (UK)**-headquartered multinational alcoholic beverage company **Diageo's** sale of its 65% controlling stake in Kenyan-based holding company **East African Breweries Limited (EABL)** to **Japan's Asahi Group Holdings**, highlighting a trend of the increased role of courts, parliamentary committees, and independent commissions in deal executions.

This court action sits alongside two other high-value transactions now facing heightened parliamentary and administrative scrutiny - legislators' public [hearings](#) into the proposed partial divestiture of the state's **Safaricom PLC** stake, and **Parliament's** ratification [process](#) for the **South Lokichar** onshore oil field development plan (FDP) in **Turkana County**. Together, the cases illustrate a compliance-heavy deal environment shaped by domestic politics about privatisation and procedural requirements embedded in Kenya's constitutional and sectoral laws. While increasing accountability and stakeholders adherence to due process, the growing role of courts, parliamentary committees, and independent commissions increases the timeline risk and adds governance conditionalities that international investors must consider.

In [December](#), Diageo agreed to sell its 65% stake in EABL to Asahi for \$2.3 billion, valuing EABL at approximately \$4.8 billion. However, on 7 January, Kenyan distributor **Bia Tosha** filed a [lawsuit](#) seeking to block the sale until its ongoing [litigation](#) over a 2016 competition dispute with Diageo, EABL, and Kenyan subsidiary **Kenya Breweries Limited (KBL)**, was resolved. The court ruled that preparatory steps may continue, but deferred the challenge filed by distributor Bia Tosha to 20 January. EABL publicly [welcomed](#) the ruling, stating, noting it considers Bia Tosha's concern a "legacy commercial dispute" that it does not expect to affect the transaction timeline. Although the court's interim order is limited in scope, it shows how unresolved historical commercial disputes can spill into deal execution, heightening due diligence demands, and highlighting the potential weight of judicial calendars on deal completion in Kenya's mergers and acquisitions market.

National Treasury announced on 3 December a proposed partial divestiture of the government's **Safaricom** stake under which **South Africa**-headquartered **Vodacom Group** would acquire 15% of **Safaricom** at KSh 34 (\$0.26) per share (\$1.85 billion). This would reduce the state's holding from 35% to 20% while increasing Vodacom's stake to 55%, including a planned additional 5% acquisition from UK-headquartered **Vodafone**. The proposal attracted immediate domestic criticism with **Kiharu MP Ndindi Nyoro** [arguing](#) the state was "underselling Safaricom", and framing the transaction as a shortcut to fund infrastructure rather than focus on growing the Kenyan economy.

Other [concerns](#) raised in public debate include the optics of increasing foreign majority control in a company central to mobile money and national communications infrastructure, and whether proceeds would be ring-fenced for infrastructure as outlined by the treasury. It has also reactivated broader concerns about transparency and public participation around strategic asset transactions following the 2024 protests and strike action over the [proposed](#) public-private partnership/lease of **Jomo Kenyatta International Airport (JKIA)** to **India's Adani Airport Holdings**, during which **Kenya Aviation Workers Union (KAWU)** publicly claimed legal public-participation requirements had not been met (see *ARC Briefing Kenya Aug 2024*).

Against this backdrop **National Assembly** speaker, **Moses Wetang'ula**, [authorised](#) two national committees to run public hearings until 21 January, with Safaricom and sector competitors scheduled to appear to ensure comprehensive input. The hearings are likely to keep the Safaricom sale under sustained public and parliamentary scrutiny, particularly regarding pricing, foreign control, and safeguards around communications and mobile-money infrastructure, raising the likelihood of delays and tighter conditions before any transfer of shares is approved.

In November, the government [approved](#) a \$6.1 billion two-phase FDP for the long-delayed South Lokichar onshore oil project, targeting first production by the end of 2026. The FDP and revised Production Sharing Contracts (PSCs) for Blocks T6 and T7 are, at the time of writing, [undergoing](#) public participation prior to ratification with the **Senate** inviting written memoranda ahead of a 16 January deadline. However, political contestation is already shaping perceptions. **Nairobi** Senator **Edwin Sifuna** publicly [alleged](#) “red flags” in the FDP/PSC amendments and described the process as “Ruto’s biggest scandal yet” including unverified claims about rapid ownership changes at Kenyan-registered **Gulf Energy Ltd** and concerns that raising the cost-recovery ceiling to 85% could reduce government and community revenue flows.

The energy and petroleum ministry [defended](#) the 85% ceiling as necessary to attract financing, with energy CS **Opiyo Wandayi** telling a joint sitting of National Assembly and Senate committees that the project complies with the **Petroleum Act** and that legislative timelines are “tight”, including a statutory window that could see the plan proceed if the review period lapses. Community scrutiny is intensifying in parallel; during 14 January public participation sessions in **Lokichar**, residents and elders [called](#) on lawmakers to ensure “transparency and accountability” and cited concerns that past negotiations were “secretive” and that local benefits have been limited. The **National Land Commission (NLC)** said it conducted a preliminary [inquiry](#) mission on 6 January to assess land tenure, acquisition and compensation, community land rights, and compliance with land and petroleum laws, with a fuller investigation planned for July 2026.

Collectively, the EABL litigation, the Safaricom hearings, and the South Lokichar processes highlight that Kenya’s recent transactions are increasingly being shaped by procedural legitimacy as much as by commercial terms. The government appears to be operating cautiously by seeking visible public participation and multifaceted oversight to reduce the risk of backlash. These safeguards may strengthen legitimacy, but they are also likely to extend timelines and create additional points at which approvals can be delayed or reshaped. The transactions could deliver significant (and much needed) capital inflows, foreign-exchange earnings, and a stronger investment signal for Kenya’s growth and fiscal plans, but the administration faces a narrowing margin for error on transparency and maintaining public confidence.

Planner

22 Jan 2026	Nairobi (Kenya)	United Kingdom–Kenya Business Forum
24 Feb 2026	Nairobi (Kenya)	World Financial Innovation Series (WFIS) Kenya 2026
25 Mar 2026	Nairobi (Kenya)	Kenya International Investment Conference (KIICO 2026)
27-29 Apr 2026	Nairobi (Kenya)	World Health Summit Regional Meeting 2026
11-12 May 2026	Nairobi (Kenya)	Africa-France Summit 2026
10 Aug 2027	(Kenya)	General election

Chronology

15 Jan 2026	Nairobi (Kenya)	<i>Reuters</i> . Trade cabinet secretary Lee Kinyanjui states that Kenya has secured a preliminary trade agreement with China that allows 98.2% of its export goods duty-free market access;
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15 Jan 2026 **Nairobi (Kenya)** *Kenyan Wall Street*. Kenyan startups reportedly raised close to \$1 billion in funding in 2025, the largest amount raised by any African market since 2022, with energy and fintech sectors accounting for most deals above \$100m;

14 Jan 2026 **Nairobi (Kenya)** *The Africa Report*. Economists estimate that **the United States' (US)** decision to withdraw from 31 **United Nations (UN)** bodies and 35 other multilateral institutions could cost Kenya up to KSh 45 billion (\$350m) annually;

13 Jan 2026 **Nairobi (Kenya)** *Business Daily*. **United States (US)**-based ride-hailing firm **Uber** stops accepting **Visa** cards as payment for users in Kenya, opting for cash or mobile-money methods;

12 Jan 2026 **Nairobi (Kenya)** *The East African*. Over 20 **Congolese** doctors sue cabinet secretary **Aden Duale** and the health ministry for refusing to renew their medical licences and work permits for practicing medicine in Kenya;

12 Jan 2026 **Nairobi (Kenya)** *Daily Nation*. Former ICT cabinet secretary **Eliud Owalo** resigns from his state position and is positioning himself for a 2027 presidential run, signalling plans to launch or align with a new political party;

11 Jan 2026 **Nairobi (Kenya)** *Bloomberg*. The signing of a landmark zero-tariff trade deal between **China** and **Kenya** is reportedly being stalled due to pressure from the **United States (US)**;

9 Jan 2026 **Emali (Kenya)** *The Star*. A multi-agency team led by the **National Authority for the Campaign Against Alcohol and Drug Abuse (NACADA)** raid a residential complex in Emali where authorities dismantle an unlicensed brewing site and seize over 5,000 litres of unregulated alcohol;

9 Jan 2025 **Nairobi (Kenya)** *Semafor*. Kenya authorises the licenses of 42 new digital lenders, raising the country's total number to 195, as the **Central Bank of Kenya** pushes to formalise the mobile money sector;

9 Jan 2026 **Nairobi (Kenya)** *Capital FM*. The Director of Public Prosecutions (DPP) formally closes the prosecution case against **Paul Nthenge Mackenzie**, the alleged mastermind of the **Shakahola** massacre, and 96 co-accused;

8 Jan 2026 **Nairobi (Kenya)** *Business Daily*. Savings and credit co-operative societies (saccos) with corporate group members seek a change in law to cushion them from higher taxation by the **Kenya revenue Authority (KRA)** amid rising liquidity pressure;

8 Jan 2026 **Nairobi (Kenya)** *The Satr*. **Kenya National Bureau of Statistics (KNBS)** data shows Kenya's position in the international market weakened sharply in the third quarter of 2025, with the current account deficit widening more than threefold to KSh135.3 billion (\$1.04 billion);

8 Jan 2026 **Nairobi (Kenya)** *Capital FM*. Nairobi police intercept and seize approximately 90 kilograms of unprocessed cannabis in a coordinated operation, part of a nationwide crackdown on narcotics and illicit drugs;

7 Jan 2026 **Toronto (Canada)** *People Daily*. Lawyer and former **Nairobi** governor, who holds dual Kenyan and Canadian citizenship, **Miguna Miguna** declares that he will run for presidency in 2027;

7 Jan 2026 **Nairobi (Kenya)** *The Star*. **Financial Times** lists 11 Kenyan firms on the organisation's annual ranking of **Africa's Fastest-Growing Companies**;

07 Jan 2026 **Nairobi (Kenya)** *Reuters*. **East African Breweries** asks a Kenyan court to block **Diageo** from selling its controlling stake;

6 Jan 2026 **Nairobi (Kenya)** *Reuters*. **Kenya National Bureau of Statistics (KNBS)** reports the economy grew 4.9% year-on-year in Q3 2025, up from 4.2% in the same quarter of 2024, driven primarily by a rebound in agriculture and construction, as well as a recovery in mining and quarrying;

5 Jan 2026 **Nairobi (Kenya)** *Daily Nation*. Government notes that it is prioritising 2026 as a pivotal year to boost its power generation capacity, focusing on expanding infrastructure like the **Olkaria** substation to meet rising electricity demand;

5 Jan 2025 **Nairobi (Kenya)** *Capital FM*. **National Irrigation Authority** signs a KSh 40 billion (\$310m) deal with the **China Communications Construction Company** to construct the **Galana Kulalu** dam in **Kilifi County**;

4 Jan 2026 **Kiambu (Kenya)** *Citizen Digital*. Former deputy president **Rigathi Gachagua** links President **William Ruto**'s administration to the ongoing **United States (US)** investigation into the **Minnesota (US)** fraud scheme and urges US President **Donald Trump** to conduct a "**Venezuela-style operation**" in Kenya;

4 Jan 2026 **Nairobi (Kenya)** *Daily Nation*. Kenya implements a new tax on remittances from Kenyans working in the **United States (US)**, marking a shift in how diaspora income flows are treated for revenue purposes;

4 Jan 2026 **Nairobi (Kenya)** *Daily Nation*. Controller of Budget **Margaret Nyakang'o** accuses **National Treasury** cabinet secretary (CS) **John Mbadi** of allegedly abusing the law on access to emergency funds to provide additional and unbudgeted cash to state agencies;

02 Jan 2026 **Nairobi (Kenya)** *Associated Press*. A multi-storey building collapses in Nairobi, killing at least one person and triggering rescue operations and renewed scrutiny of building safety;

22 Dec 2025 **Nairobi (Kenya)** *Daily Nation*. Government intensifies security operations against **North Rift** banditry amid renewed attacks, deploying additional forces and equipment;

19 Dec 2025 **Washington DC (United States)** *Reuters*. United States (US) Secretary of State **Marco Rubio** announces that the US has received pledges of up to 7,500 security personnel for the **Kenya-led Haiti Multinational Security Support Mission (MSS)** and that donor funding for the gang suppression project has also increased;

18 Dec 2025 **Nairobi (Kenya)** *Business Daily*. **National Treasury** pushes the **World Bank** to fast-track disbursement of a KSh96.7bn (\$750m) **Development Policy Operation** loan and races to meet pending reform conditions;

18 Dec 2025 **Nairobi (Kenya)** *Daily Nation*. **Luo Council of Elders** in **Migori County** install President **William Ruto** as an elder, acknowledging past governments' neglect of the **Nyanza Region**'s development;

17 Dec 2025 **Johannesburg (South Africa)** *Reuters*. **South African** authorities arrest and announce the deportation of seven Kenyan nationals illegally working on processing refugee applications for the **United States (US)** government;

16 Dec 2025 **Nairobi (Kenya)** *Daily Nation*. Kenya signs a KSh40 billion (\$308m) deal with **Morocco**-headquartered African fund, **Africa50**, and **Power Grid Corporation of India** to develop power lines, including the **Suswa Substation** in **Narok County**, aiming to boost the electricity transmission infrastructure;

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