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# Should Investors Be Rethinking Government Bonds?

*Recent comments by investor Jimi Wanjigi have sparked a national debate. Here is what you need to know and what every smart investor should ask before committing capital.*

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> *Government bonds have long been considered one of the safest places for Kenyan investors to put their money. They are backed by the government, offer predictable returns, and are accessible to ordinary citizens through the Central Bank's DhowCSD platform. But a recent warning by Jimi Wanjigi has raised questions that every investor deserves to understand in a calmly, clearly, and without panic.*

WHAT HAPPENED

## Jimi Wanjigi's Warning: What He Actually Said

On 15 June 2026, Safina Party leader **Jimi Wanjigi** held a press conference in Nairobi where he issued a strong warning to the public.

WANJIGI'S KEY CLAIMS (IN SUMMARY)

⚠ He warned Kenyans against buying Treasury bills and bonds in the 2026/2027 financial year.

⚠ He claimed the government's planned domestic borrowing is not legally anchored in Parliament.

⚠ He called bonds issued under this framework "odious debt" and warned they may not be honoured by a future administration.

⚠ He also criticised the Finance Bill 2026, which seeks to raise an additional Sh120–220 billion in new taxes.

These are serious claims from a prominent political figure. But as investors, our job is not to react to it, it is to analyse.

THE CONTEXT

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# Understanding Kenya's Bond Market Today

Government bonds in Kenya are issued by the Central Bank of Kenya (CBK) on behalf of the government. Investors lend money to the government in exchange for regular interest payments (coupons) and the return of their principal at maturity.

| Kenya Government Bond Market — Key Facts (June 2026) | |
|---|---|
| 10-YEAR BOND YIELD | ~11.29% (lowest since 2012) |
| MINIMUM INVESTMENT (BONDS) | KES 50,000 |
| MINIMUM INVESTMENT (T-BILLS) | KES 50,000 |
| BOND MATURITIES | 1 to 30 years |
| T-BILL MATURITIES | 91, 182, or 364 days |
| PLATFORM | CBK DhowCSD portal and app |
| INTEREST PAYMENTS | Every 6 months (bonds) |
| INFRASTRUCTURE BOND INTEREST | Tax-exempt |

Kenya's 10-year bond yield has **fallen to its lowest level since 2012** — around 11.29%.

This means investors locking in now get lower guaranteed returns than those who invested at the peak rates of 14-15% in late 2024.

THE REAL RISKS

# What Investors Should Actually Be Concerned About

Wanjigi's political arguments aside, there are genuine, well-established investment risks with government bonds that every Kenyan investor should understand. These are not new — but the current environment makes them worth revisiting.

**RISK 1: INFLATION RISK**

A bond may look attractive at 11%, but if inflation rises above that rate, your real (purchasing-power-adjusted) return becomes negative.

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Always compare bond yields to the current inflation rate not just the headline return number.

**RISK 2: OPPORTUNITY COST & LOCK-IN RISK**

When you lock money into a long-term bond, you commit your capital for years, sometimes up to 30 years.

If better investment opportunities emerge, you may not be able to access your money without selling at a discount. The longer the bond maturity, the higher this risk.

**RISK 3: INTEREST RATE RISK**

Bond prices and interest rates move in opposite directions.

If you buy a bond at 11% and market rates later rise to 14%, your bond becomes less valuable on the secondary market. Selling before maturity could mean a capital loss.

**RISK 4: REINVESTMENT RISK**

Short-term T-Bills mature in 91, 182, or 364 days. When they mature, you must reinvest but rates may be lower by then.

This particularly affects investors who rely on consistent income.

**RISK 5: POLITICAL & FISCAL RISK (THE WANJIGI CONCERN)**

This is the newer concern raised by Wanjigi. His argument is that some of the government's domestic borrowing is not constitutionally backed, making it potentially contestable by a future government.

While Kenya has never defaulted on domestic debt, the political environment heading into the 2027 elections does create uncertainty that investors should factor in particularly for long-term bonds.

WHAT INVESTORS SHOULD DO

# Four Questions to Ask Before Investing in Any Bond

**1** 

### What is my investment horizon?

Are you investing for a short-term goal (1–2 years), medium-term (3–5 years), or long-term wealth creation (10+ years)?

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Your answer should determine whether you choose T-Bills, short bonds, or long-term bonds if at all.

2

### What is the real return after inflation?

A bond yielding 11% sounds good. But if inflation is running at 9%, your real return is only 2%. Always calculate your real return, not just the headline rate.

3

### Do I need liquidity before maturity?

Can you comfortably leave the money untouched for the full bond period? If there is any chance you may need the money sooner, consider T-Bills (91–364 days) instead, or keep a portion in a money market fund for flexibility.

4

### Is this one part of a diversified portfolio, or my only investment?

No single investment should carry your entire financial future. A well-balanced Kenyan investor's portfolio might include: cash savings, a money market fund, T-Bills or short bonds, equities, real estate or REITs, and business investments.
Government bonds are one tool not the whole toolbox.

THE ALTERNATIVE VIEW

# What About Liquid Investments?

This debate also raises an important question: what should investors consider if they want to stay liquid and flexible while waiting for clarity?

**LIQUID INVESTMENT OPTIONS TO CONSIDER**

Money Market Funds (MMFs): Easy access, competitive short-term returns, low minimums
91-Day T-Bills: Government-backed, short maturity, competitive yields
182-Day T-Bills: Slightly longer commitment, still relatively liquid
Fixed Deposits (short-term): Bank-backed, predictable, accessible
SACCO savings accounts: Competitive dividend rates, member-owned security

None of these are perfect. But they offer one thing long-term bonds do not: the ability to reassess and reallocate as the situation changes.

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*"Preserving flexibility can sometimes be just as important as maximising returns. The best investors are not just return-chasers they are risk managers."*

THE JAPESH VIEW

# Should You Avoid Government Bonds Completely?

No. That would be an overreaction.

Government bonds **remain an important investment tool in Kenya.** They are backed by the sovereign government, offer predictable income, and are accessible through the CBK DhowCSD platform. Infrastructure bonds, in particular, remain attractive because their interest is **completely tax-exempt.**

However, every investor should weigh the specific risks of the current environment:

→ Bond yields are at multi-year lows meaning you get less guaranteed return than investors did in 2024.

→ A 2027 election cycle introduces political uncertainty for long-duration bonds.

→ New investment products are emerging that may offer competitive risk-adjusted returns.

→ Inflation must always be compared to the headline yield to understand real returns.

*"The smartest investors do not chase returns blindly. They build diversified portfolios, stay informed, and make decisions based on strategy not emotion or political noise."*

FINAL THOUGHT

# In Investing, What You Don't Know Can Cost You More Than the Markets

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Jimi Wanjigi's warning has done one useful thing, regardless of whether his political argument is correct: it has reminded Kenyan investors that no investment should be made blindly, out of habit, or because "everyone is doing it."

Government bonds are not inherently bad. Neither are they inherently safe from every type of risk. The investor's job is to understand the product, assess the current environment, and make a decision aligned with their personal financial goals.

***Because in investing, preserving flexibility can sometimes be just as important as maximising returns.***

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