




The National Treasury and Planning

**REPORT TO PARLIAMENT ON ALL NEW LOANS CONTRACTED BY
GOVERNMENT OF KENYA FROM 1ST APRIL 2021 TO 31ST AUGUST 2021**

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CLERK-AT THE-TABLE:	Ingogu M.

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Section 1- Introduction

1. This report on new loans is prepared in accordance with section 31 (3) of the Public Finance Management Act, 2012 and covers the period from 1st April 2021 to 31st August 2021. Section 31(3) requires that. *“At the end of every four months, the Cabinet Secretary shall submit a report to Parliament stating the loan balances brought forward, carried down, drawings and amortizations on new loans obtained from outside Kenya or denominated in foreign currency, and such other information as may be prescribed by regulations, specifying—*

- (a) the names of the parties to the loan;*
- (b) the amount of the loan and the currency in which it is expressed and in which it is repayable;*
- (c) the terms and conditions of the loan, including interest and other charges payable and the terms of repayment;*
- (d) the amount of the loan advanced at the time the report is submitted;*
- (e) the purpose for which the loan was used and the perceived benefits of the loan.”*

Section 2 - Details of the new loans.

This section of the report contains ten (10) new loans contracted between Government of Kenya and, bilateral, commercial and multilateral creditors. Seven of the loans are from multilateral lenders, two are from bilateral lenders and one from International Sovereign Bond. The total value of the 10 new loans signed is equivalent to Kshs. 293,547,328,432. Four of the loans have disbursed by the time of submitting this report. The loans are as follows:

1. Second additional Financing for Kenya COVID-19 Health Emergency Response Project

i. The parties to the loan

The loan was signed on 13th July 2021 between the International Development Association (IDA) as the lender and Government of Kenya as the borrower.

ii. The amount of the loan and the currency

The amount of the loan is EUR 106,700,000 approximately equivalent to Kshs. 13,846,619,050 and will be repaid in Euro.

iii. The terms and conditions of the loan

The loan will be repaid in 40 equal semi-annual repayments of EUR 1,760,550 from 15th October 2026 through to 15th April 2046 and 10 equal semi-annual instalments of EUR 3,627,800 from 15th October 2046 through to 15th April 2051. The interest rate of the loan is 1.25 percent per annum and the service charge is 0.75 percent per annum on the withdrawn credit balance. The commitment charge rate is 0.5 per cent per annum on the unwithdrawn financing balance.

iv. The purpose for the loan

To acquire COVID-19 vaccines.

2. Extended Credit Facility

i. The parties to the loan

The loan was signed on 1st April 2021 between the International Monetary Fund as the lender and Government of Kenya as the borrower.

ii. The amount of the loan and the currency

The amount of the loan is SDR 162,840,000 approximately equivalent to Kshs. 25,451,724,647 and will be repaid in SDR.

iii. The terms and conditions of the loan

The 1st Tranche has 10 principal repayments of SDR 7,599,000, to be paid semi-annually from 8th October 2026 to 8th April 2031. The 2nd Tranche has 10 principal repayments of SDR 8,685,000, to be paid semi-annually from 25th December 2026 to 25th June 2031.

iv. The purpose for the loan

To provide direct budget financing.

3. Extended Fund Facility

i. The parties to the loan

The loan was signed on 2nd April 2021 between the International Monetary Fund as the lender and Government of Kenya as the borrower.

ii. The amount of the loan and the currency

The amount of the loan is SDR 339,250,000 approximately equivalent to Kshs. 53,024,426,347 and will be repaid in SDR.

iii. The terms and conditions of the loan

The 1st Tranche has 12 principal repayments of SDR 11,760,833.33, to be paid semi-annually from 6th October 2025 to 6th April 2031. The 2nd Tranche has 12 principal repayments of SDR 16,510,000, to be paid semi-annually from 25th December 2025 to 25th June 2031.

iv. The purpose for the loan

To provide direct budget financing.

4. Samatar-Wajir Road Project.

i. The parties to the loan

The loan was signed on 7th June 2021 between the Saudi Fund for Development as the lender and Government of Kenya as the borrower.

ii. The amount of the loan and the currency

The amount of the loan is 75,000,000 Saudi Riyals approximately equivalent to Kshs. 2,203,200,000 and will be repaid in Saudi Riyals.

iii. The terms and conditions of the loan

40 Principal Repayments of 1,875,000 Saudi Riyals, to be paid semi-annually on 31st May and 30th November, beginning from 30th November 2031 through to 31st May 2051. Interest rate of the loan is 1 per cent per annum on the principal amount of the loan withdrawn and outstanding.

iv. The purpose for the loan

To construct 90km road between Samatar to Wajir. The road will enhance movement of people and goods between the Counties of Isiolo, Wajir, Garissa and Mandera.

5. Phase II of the Medical Waste Management Project.

i. The parties to the loan

The loan was signed on 12th May 2021 between the Government of the Kingdom of Belgium as the lender and Government of Kenya as the borrower.

ii. The amount of the loan and the currency

The amount of the loan is EUR 10,000,000 approximately equivalent to Kshs. 1,297,715,000 and will be repaid in Euro.

iii. The terms and conditions of the loan

The loan will be repaid in 20 equal annual instalments of EUR 500,000 beginning 31st December 2041 to 31st December 2060. The interest rate of the loan is 0 per cent per annum.

iv. The purpose for the loan

To finance the production, delivery and installation of 15 AMB Series 250 EcoSteryL medical waste treatment plants.

6. Phase II of the Medical Waste Management Project.

i. The parties to the loan

The loan was signed on 25th June 2021 between the CBC BANQUE SA as the lender and Government of Kenya as the borrower.

ii. The amount of the loan and the currency

The amount of the loan is EUR 9,271,590.24 approximately equivalent to Kshs. 1,203,188,173 and will be repaid in Euro.

iii. The terms and conditions of the loan

The loan will be repaid in 24 equal and consecutive semi-annual instalments of EUR 386,316.26 beginning from 25th March 2022 to 25th September 2033. The relieved interest rate of the loan is 0 per cent per annum. Management fee of 1.5 per cent calculated on the Credit and a liquidity fee of 1.25 per cent, calculated on the outstanding balance of the Credit. A commitment fee of 1 per cent per annum calculated on the unutilised balance of the credit.

iv. The purpose for the loan

To finance materials/goods and services originating from Belgium. Non-Belgium materials/goods and services shall be eligible for financing under the Finance Documents within and pursuant to the limits and conditions accepted by the Belgium Authorities and the Regional Authorities.

7. Samatar-Wajir Road Project

i. The parties to the loan

The loan was signed on 7th June 2021 between the Arab Bank for Economic Development in Africa as the lender and Government of Kenya as the borrower.

ii. The amount of the loan and the currency

The amount of the loan is USD 15,000,000.00 approximately equivalent to Kshs. 1,652,488,500 and will be repaid in US Dollar.

iii. The terms and conditions of the loan

The loan will be repaid in 40 different semi-annual instalments starting from 1st September 2029 up to 1st March 2049. The interest rate of the loan is 2 per cent per annum on the principal amount of the loan withdrawn and outstanding.

iv. The purpose for the loan

To upgrade the existing “Samatar-Wajir” road (90 km) to a first-degree bitumen standard (Category A), that connects “Samatar” town to “Wajir” town, that is wholly situated in Wajir County in the North Eastern Region. Wajir town is the administrative headquarter of Wajir County, as well as a link to the northern-east regions of the country and borders of the neighboring countries of Ethiopia and Somalia.

8. Accelerating Reforms for an Inclusive and Resilient Recovery Development Policy Financing

i. The parties to the loan

The loan was signed on 14th June 2021 between the International Development Association as the lender and Government of Kenya as the borrower.

ii. The amount of the loan and the currency

The amount of the loan is USD 750,000,000 approximately equivalent to Kshs. 82,624,425,000 and will be repaid in USD.

iii. The terms and conditions of the loan

The loan will be repaid in 40 equal semi-annual repayments of USD 12,375,000 from 15th November 2026 through to 15th May 2046 and 10 equal semi-annual instalments of USD 25,500,000 from 15th November 2046 through to 15th May 2051. The interest rate of the loan is 1.25 percent per annum and the service charge is 0.75 percent per annum on the withdrawn credit balance. The commitment charge rate is 0.5 per cent per annum on the unwithdrawn financing balance.

iv. The purpose for the loan

To facilitate fiscal and debt reforms to make spending more transparent and efficient and enhance domestic debt market performance; To facilitate electricity sector reforms to strengthen the cornerstone utility (KPLC) and place Kenya on an efficient ,green path; To facilitate natural capital reforms to strengthen environmental governance ,combat climate change and make land and water -resource use more efficient ,equitable and sustainable; and to facilitate Human capital reforms to strengthen Kenya's health and education sectors and support an inclusive, resilient recovery.

9. Kenya Livestock Commercialization Project (KeLCoP)

i. The parties to the loan

The loan was signed on 5th March 2021 between the International Fund for Agricultural Development as the lender and Government of Kenya as the borrower.

ii. The amount of the loan and the currency

The amount of the loan is EUR 16,010,000 approximately equivalent to Kshs. 2,077,641,715 and will be repaid in Euro.

iii. The terms and conditions of the loan

The loan will be repaid in 40 equal semi-annual repayments of EUR 400,250 from 1st May 2026 through to 1st November 2045.

iv. The purpose for the loan

To increase incomes of 110,000 poor livestock and pastoralist households (HHs), especially youth and women, in an environmentally-friendly manner, in selected project areas of the ten participating counties. This is to be achieved through:

- Climate-smart production for small livestock; and
- Support to livestock market development.

10. International Sovereign Bond 2021

i. The parties to the loan

The loan was signed on 14th June 2021 between the Citi Group Global Markets Europe AG as the lender and Government of Kenya as the borrower.

ii. The amount of the loan and the currency

The amount of the loan is USD 1,000,000,000 approximately equivalent to Kshs. 110,165,900,000 and will be repaid in US Dollar.

iii. The terms and conditions of the loan

The loan will be repaid in 2 equal annual repayments of USD 500,000,000 on 23rd January 2033 and 23rd January 2034. The interest rate of the loan is 6.3 per cent per annum on the disbursed amount.

iv. The purpose for the loan

To finance the budget under the development expenditure.

REPORT ON NEW LOANS CONTRACTED BY THE NATIONAL GOVERNMENT FROM 1ST APRIL 2021 TO 31ST AUGUST 2021

No.	Purpose of the Loan	Perceived benefits	Creditor	Borrower	Original loan amount	KSh Equivalent	Exchange rate	Loan Currency	Agreement Date	Maturity Date	Disbursement during the period (Foreign currency)	Disbursement during the period in (KSh)	Outstanding amount as at August, 2021	Grace period	Interest rate	Terms of repayment
A. HEALTH																
1	Second additional Financing for Kenya COVID-19 Health Emergency Response Project	To acquire COVID-19 vaccines	International Development Association	GOKKE	106,700,000.00	13,846,619,050.00	129.77	EUR	13th July 2021	15th April 2051	Not Disbursed	Not Disbursed	NIL	5 Years	The interest rate of the loan is 1.25 percent per annum and the service charge is 0.75 percent per annum on the withdrawn credit balance.	The loan will be repaid in 40 equal semi-annual repayments of EUR 1,760,550 from 15 th October 2026 through to 15 th April 2046 and 10 equal semi-annual instalments of EUR 3,627,800 from 15 th October 2046 through to 15 th April 2051.
2	Phase II of the Medical Waste Management Project	To finance the production, delivery and installation of 15 AMB Series 250 Ecoserv medical waste treatment plants.	Government of the Kingdom of Belgium	GOKKE	10,000,000.00	1,297,715,000.00	129.77	EUR	12th May 2021	31st December 2060	Not Disbursed	Not Disbursed	NIL	20 Years	The interest rate of the loan is 0 per cent per annum.	The loan will be repaid in 20 equal annual instalments of EUR 500,000 beginning 31st December 2041 to 31st December 2060.
3	Phase II of the Medical Waste Management Project	To finance materials, goods and services originating from Belgium	CIBC BANQUE S/A	GOKKE	9,271,590.24	1,203,188,172.83	129.77	EUR	25th May 2021	25th September 2033	Not Disbursed	Not Disbursed	NIL	1 year	The interest rate of the loan is 0 per cent per annum.	The loan will be repaid in 24 equal and consecutive semi-annual instalments of EUR 386,316.26 beginning from 25 th March 2022 to 25 th September 2033.
B. ECONOMY																
4	Extended Credit Facility	To provide direct budget financing.	International Monetary Fund	GOKKE	162,840,000.00	25,451,724,646.73	156.30	SDR	1st April 2021	25th June 2031	162,840,000.00	25,451,724,646.73	25,451,724,646.73	4 Years	No interest payment	The 1 st Tranche has 10 principal repayments of SDR 7,599,000, to be paid semi-annually from 8 th October 2026 to 8 th April 2031. The 2 nd Tranche has 10 principal repayments of SDR 8,685,000, to be paid semi-annually from 25 th December 2026 to 25 th June 2031.
5	Extended Fund Facility	To provide direct budget financing.	International Monetary Fund	GOKKE	339,250,000.00	53,024,426,347.35	156.30	SDR	2nd April 2021	25th June 2031	339,250,000.00	53,024,426,347.35	53,024,426,347.35	4 Years	No interest payment	The 1 st Tranche has 12 principal repayments of SDR 11,760,833.33, to be paid semi-annually from 6 th October 2025 to 6 th April 2031. The 2 nd Tranche has 12 principal repayments of SDR 16,510,000, to be paid semi-annually from 25 th December 2025 to 25 th June 2031.
6	International Sovereign Bond 2021	To finance the budget under the development expenditure	Citi Group Global Markets Europe AG	GOKKE	1,000,000,000.00	110,165,900,000.00	110.17	USD	14th June 2021	23rd January 2034	1,000,000,000.00	110,165,900,000.00	110,165,900,000.00	12 Years	The interest rate of the loan is 6.3 per cent per annum on the disbursed amount	The loan will be repaid in 2 equal annual repayments of USD 500,000,000 on 23 rd January 2033 and 23 rd January 2034.
C. PROGRAM LOAN																
7	Accelerating Reforms for an Inclusive and Resilient Recovery Development Policy Financing	To facilitate fiscal and debt reforms to make spending more transparent and efficient and enhance domestic debt market performance. To facilitate electricity sector reforms to strengthen the corporate utility (KPPC) and place Kenya on an efficient green path. To facilitate natural capital reforms to strengthen environmental governance, combat climate change and make land and water resource use more efficient. To facilitate human capital reforms to strengthen Kenya's health and education sectors and support an inclusive resilient recovery.	International Development Association	GOKKE	750,000,000.00	82,624,423,000.00	110.17	USD	14th June 2021	15th May 2051	750,000,000.00	82,624,423,000.00	82,624,423,000.00	5 Years	The interest rate of the loan is 1.25 percent per annum and the service charge is 0.75 percent per annum on the withdrawn credit balance.	The loan will be repaid in 40 equal semi-annual repayments of USD 1,237,500 from 15 th May 2046 and 10 equal semi-annual instalments of USD 2,550,000 from 15 th November 2046 through to 15 th May 2051.

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