



REPUBLIC OF KENYA
THE NATIONAL TREASURY AND PLANNING

D.L.S.P
26/01

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P.O. Box 30007 - 00100
NAIROBI
KENYA

When replying please quote

Ref: DMD 4/264 'B'

20th January 2022

Mr. Michael Rotich Sialai, EBS
The Clerk
National Assembly
P.O. Box 41842-00100
NAIROBI

*Hand Take Mike
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cause tabling
pro cess. 27/1/2022*

Dear *Sialai,*

**REPORT TO PARLIAMENT ON ALL NEW LOANS CONTRACTED BY
GOVERNMENT FROM 1ST SEPTEMBER 2021 TO 31ST DECEMBER 2021**

The National Treasury has prepared the attached report in accordance with section 31(1) (3) and section 32(3) of the Public Finance Management Act, 2012. The Report contains details on all the new loans signed between the National Government and various creditors from 1st September 2021 to 31st December 2021. The last similar report covered the period 1st April 2021 to 31st August 2021.

The Report shows the loan balances brought forward, drawings, amortizations, the names of the parties to the loan, the purposes and the perceived benefits of the loan.

The purpose of this letter is to forward to you the report for tabling in Parliament.

Yours *Sincerely,*

NATIONAL ASSEMBLY
RECEIVED
26 JAN 2022
DEPUTY CLERK
J.W.N
P.O. Box 41842 - 00100, NAIROBI

HON. (AMB.) UKUR K. YATANI, EGH
CABINET SECRETARY/NATIONAL TREASURY AND PLANNING


Copy to: Principal Secretary/National Treasury

Encl: Report on new loans contracted by the National Government from 1st September 2021 to 31st December 2021.



The National Treasury and Planning

REPORT TO PARLIAMENT ON ALL NEW LOANS CONTRACTED BY
GOVERNMENT OF KENYA FROM 1ST SEPTEMBER 2021 TO 31ST
DECEMBER 2021

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 01 FEB 2022	DAY: <i>12/2022</i>
TABLED BY:	<i>Lom</i>
CLERK-AT THE-TABLE:	<i>G. Chebet</i>

REPORT TO PARLIAMENT ON ALL NEW LOANS CONTRACTED BY GOVERNMENT FROM 1ST SEPTEMBER 2021 TO 31ST DECEMBER 2021

Section 1- Introduction

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 September 2021 to 31st December 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 five (5) new loans contracted between Government of Kenya and, bilateral and multilateral creditors. Four of the loans are from multilateral lenders and one is from bilateral lender. The total value of the 5 new loans signed is equivalent to Kshs. 44,745,810,418. One of the loans have disbursed by the time of submitting this report. The loans are as follows:

1. Competitiveness and Economic recovery Support programme (CERSP)

i. The parties to the loan

The loan was signed on 25th June 2021 between the African Development Bank (ADB) 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 90,000,000 approximately equivalent to Kshs. 11,654,289,000 and will be repaid in Euro.

iii. The terms and conditions of the loan

The loan will be repaid in 34 equal and consecutive semi-annual installments of EUR 2,647,058.82 from 15th December 2029 through to 15th June 2046. The interest payable on the disbursed loan balance, for each interest period shall be at a percentage rate per annum equal to the sum of the: floating base rate; lending margin; funding cost margin; and maturity premium of twenty (20) basis points per annum, however if the interest payable is less than zero, the interest rate shall be deemed to be zero. The front end fee is 0.25 percent on the loan amount and the commitment charge is 0.25 per cent per annum on the undisbursed loan balance which shall begin to accrue sixty days after the loan agreement date.

iv. The purpose for the loan

To support the general budget. The objective being to strengthen resilience and support inclusive post-COVID-19 pandemic economic recovery through improved economic governance and enhanced industrial development and competitiveness. The programme will support Kenya's medium to long term development agenda by building on the achievements of the COVID-19 Crisis Emergency Response Support Program (COVID-19 ERSP) and places particular emphasis on enhancing fiscal performance, strengthening industrial development and competitiveness, and supporting the development of Micro, Small and Medium Enterprises (MSMEs), social protection and women's economic empowerment.

2. Additional Financing for the COVID-19 Health Emergency Response and Amendment to the Original Financing Agreement

i. The parties to the loan

The loan was signed on 9th February 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 41,800,000 approximately equivalent to Kshs. 5,412,769,780 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 689,700 from 15th July 2026 through to 15th January 2046 and 10 equal semi-annual instalments of EUR 1,421,200 from 15th July 2046 through to 15th January 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 prevent, detect and respond to the COVID-19 outbreak and strengthen national systems for public health emergency preparedness in the Republic of Kenya.

3. Engineering and Science Complex of the University of Nairobi

i. The parties to the loan

The loan was signed on 29th October 2021 between the Agence Francaise De 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 30,000,000 approximately equivalent to Kshs. 3,884,763,000 and will be repaid in EUR.

iii. The terms and conditions of the loan

The loan will be repaid in 26 equal semi-annual instalments of EUR 1,153,846 starting from 30th April 2029 up to 31st October 2041. The interest rate of the loan is 0.25 per cent per annum and a margin of 1.06 per cent and the commitment charge rate is 0.5 per cent per annum.

iv. The purpose for the loan

To build and operate an Engineering and Science Complex (ESC) at the University of Nairobi with the main goal being to increase the student capacity up to +20 per cent, to better the Faculty/student ratio and to curve down the dropout rate, to renew pedagogy, to strengthen links between academia and industry, and to favor international cooperation and research.

4. Financing locally-Led Climate Action Program

i. The parties to the loan

The loan was signed on 10th November 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 USD 150,000,000 approximately equivalent to Kshs. 17,009,115,000 billion, 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 2,475,000 from 15th April 2027 through to 15th October 2046 and 10 equal semi-annual instalments of USD 5,100,000 from 15th April 2047 through to 15th October 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 Finance the program whose objective is to deliver locally-led climate resilience actions and strengthen county and national governments' capacity to manage climate risks.

5. Private Nationwide Governmental Network with voice & data applications Phase IV and Phase V

i. The parties to the loan

The loan was signed on 29th October 2021 between KBC BANK NV 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 52,396,042.99 approximately equivalent to Kshs. 6,784,873,638 and will be repaid in EUR.

iii. The terms and conditions of the loan

The 1st Tranche will be repaid in 30 equal and consecutive semi-annual instalments of EUR 264,292 from 29th July 2023 to 29th January 2038. The 2nd Tranche will be repaid in 20 equal and consecutive semi-annual instalments of EUR 2,223,364 from 29th January 2027 to 29th July 2036. The interest rate for Credit Tranche II is 1 percent per annum. The commitment charge rate is 0.6 per cent per annum calculated on the unutilized balance of the credit. A non-refundable management fee of EUR 297,336.36 and a liquidity fee of 0.70 per cent per annum, calculated on the outstanding balance of the credit Tranche I.

iv. The purpose for the loan

To finance material/goods and services originating from Belgium.

REPORT ON NEW LOANS CONTRACTED BY THE NATIONAL GOVERNMENT FROM 1ST SEPTEMBER 2021 TO 31ST DECEMBER 2021

No.	Purpose of the Loan	Perceived benefits	Creditor	Donor's amount	Ksh Equivalent	Exchange rate	Loan Currency	Currency of Agreement	Agreement Maturity (Date)	Disbursement during the period (Foreign currency)	Disbursement during the period in (Ksh)	Outstanding amount as at December, 2021	Grace period	Interest rate	Term of repayment		
A. ECONOMIC																	
1	Competitiveness and Economic recovery Support programme	To support the general budget. The objective being to strengthen resilience and support inclusive post-COVID-19 pandemic economic recovery through improved economic governance and enhanced industrial development and competitiveness. The programme will support Kenya's medium to long term development agenda by building on the achievements of the COVID-19 Crisis Emergency Response Support Program (COVID-19 ERSF) and the Kenya Digital Transformation Strategy and performance, strengthening institutional segment and competitiveness, and supporting the development of Micro, Small and Medium Enterprises (MSMEs), social protection and women's economic empowerment.	African Development Bank (ADB)	GOKe	90,000,000.00	11,651,289,000.00	129.49	EUR	30th June 2021	15th June 2016	89,970,000.00	11,650,404,237.00	11,650,404,237.00	Nil	8 Years	The interest payable on the disbursed loan balance, for each interest period shall be at a percentage rate per annum equal to the sum of the: floating base rate, including margin, funding cost margin, and maturity premium of twenty (20) basis points payable; provided that the interest rate shall be deemed to be zero.	The loan will be repaid in 31 equal and consecutive semi-annual installments of EUR 2,647,038.82 from 15 th December 2020 through to 15 th June 2046.
B. HEALTH																	
2	Additional Financing for the COVID-19 Health Emergency Response and Amendment to the Original Financing Agreement	To prevent, detect and respond to the COVID-19 outbreak and strengthen national systems for public health emergency preparedness in the Republic of Kenya.	International Development Association	GOKe	-1,800,000.00	3,412,769,780.00	129.49	EUR	30th February 2021	15th January 2011	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 10 equal semi-annual repayments of EUR 689,700 from 15 th July 2026 through to 15 th January 2046 and 10 equal semi-annual installments of EUR 1,421,200 from 15 th July 2046 through to 15 th January 2051.	
C. INFRASTRUCTURE																	
3	Engineering and Science Complex of the University of Nairobi	To build and operate an Engineering and Science Complex (ESC) at the University of Nairobi with the main goal being to increase the student capacity up to 750 per cent, to better the Faculty/student ratio and to curtail the dropout rate; to renew pedagogy; to strengthen links between academia and industry; and to favor international cooperation and research.	Agence De Développement	GOKe	30,000,000.00	3,884,763,000.00	129.49	EUR	29th October 2021	31st October 2011	Not Disbursed	Not Disbursed	Nil	7 Years	The interest rate of the loan is 0.25 per cent per annum and a margin of 1.06 per cent.	The loan will be repaid in 76 equal semi-annual installments of EUR 1,131,846 starting from 30 th April 2029 up to 31 st October 2041.	
D. ICT																	
4	Private Widerwide Network with open access applications Phase IV and Phase V	To finance material goods and services organizing from Belgium.	KIDC Bank NV	GOKe	52,396,042.99	6,784,873,638.47	129.49	EUR	28th October 2021	29th January 2018	Not Disbursed	Not Disbursed	Nil	2 Years	The interest rate for Credit Tranche II is 1 percent per annum.	The 1 st Tranche will be repaid in 30 equal and consecutive semi-annual installments of EUR 264,202 from 29 th July 2023 to 29 th January 2038. The 2 nd Tranche will be repaid in 20 equal and consecutive semi-annual installments of EUR 2,223,364 from 29th January 2027 to 29 th July 2036.	
E. ENVIRONMENT																	
5	Financing for locally-led Climate Action Program	To finance the program whose objective is to deliver locally-led climate resilience actions and strengthen county and national governments' capacity to manage climate risks.	International Development Association	GOKe	150,000,000.00	17,009,115,000.00	113.39	USD	10th November 2021	15th October 2011	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 10 equal semi-annual repayments of USD 2,475,000 from 15 th April 2027 through to 15 th October 2046 and 10 equal semi-annual installments of USD 5,100,000 from 15 th April 2047 through to 15 th October 2051.	
	Total				44,765,810,418.47						11,650,404,237.00	11,650,404,237.00					
	Note: IDA is International Development Association																
	GOKe is Government of Kenya																
	Exchange rate is as at 7th January, 2022																

