



The National Treasury and Planning

REPORT TO PARLIAMENT ON ALL NEW LOANS CONTRACTED BY
GOVERNMENT OF KENYA FROM 1ST JANUARY 2022 TO 30TH APRIL 2022

 THE NATIONAL ASSEMBLY PAPERS LAID	
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REPORT TO PARLIAMENT ON ALL NEW LOANS CONTRACTED BY GOVERNMENT FROM 1ST JANUARY 2022 TO 30TH APRIL 2022

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 January 2022 to 30th April 2022. 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 nine (9) new loans contracted between Government of Kenya and, bilateral and multilateral creditors. Six of the loans are from multilateral lenders and three are from bilateral lenders. The total value of the 9 new loans signed is equivalent to Kshs. 137,934,659,733. Two of the loans have disbursed by the time of submitting this report. The loans are as follows:

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

i. The parties to the loan

The loan was signed on 18th March 2022 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 520,000,000 approximately equivalent to Kshs. 60,291,868,000 and will be repaid in Dollar.

iii. The terms and conditions of the loan

The loan will be repaid in 40 equal semi-annual repayments of USD 8,580,000 from 15th September 2027 through to 15th March 2047 and 10 equal semi-annual instalments of USD 17,680,000 from 15th September 2047 through to 15th March 2052. 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 provide financing in support of the program whose actions include:

- a) Fiscal and debt reforms to make spending more transparent and efficient, and enhance domestic debt market performance
- b) Electricity sector and PPP reforms to strengthen the cornerstone utility (KPLC), place Kenya on an efficient, green energy path, and boost private infrastructure investment
- c) Strengthen environmental and natural resource governance, combat climate change, and improve healthcare including pandemic response

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

i. The parties to the loan

The loan was signed on 18th March 2022 between the International Bank for Reconstruction and Development (IBRD) 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 230,000,000 approximately equivalent to Kshs. 26,667,557,000 and will be repaid in Dollar.

iii. The terms and conditions of the loan

The loan will be repaid in 26 equal semi-annual repayments of USD 8,510,000 from 15th September 2027 through to 15th March 2040 and 1 instalment of USD 8,740,000 on 15th September 2040. The interest rate of the loan is the reference rate plus the variable spread or such rate as may apply following a conversion. The commitment charge rate is 0.25 per cent per annum on the unwithdrawn loan balance and a front-end fee of 0.25 per cent of the loan amount.

iv. The purpose for the loan

To provide financing in support of the program whose actions include:

- a) Fiscal and debt reforms to make spending more transparent and efficient, and enhance domestic debt market performance
- b) Electricity sector and PPP reforms to strengthen the cornerstone utility (KPLC), place Kenya on an efficient, green energy path, and boost private infrastructure investment
- c) Strengthen environmental and natural resource governance, combat climate change, and improve healthcare including pandemic response

3. Primary Education Equity in Learning Program

i. The parties to the loan

The loan was signed on 14th April 2022 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 125,100,000 approximately equivalent to Kshs. 15,307,423,650 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 2,064,150 from 1st June 2027 through to 1st December 2046 and 10 equal semi-annual instalments of EUR 4,253,400 from 1st June 2047 through to 1st December 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 reduce regional disparities in learning outcomes, improve the retention of girls in upper primary education, and strengthen systems for delivering equitable education outcomes.

4. Additional Financing for Coastal Region Water Security and Climate Resilience Project

i. The parties to the loan

The loan was signed on 3rd March 2022 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 128,800,000 approximately equivalent to Kshs. 15,760,161,200 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 2,125,200 from 1st June 2027 through to 1st December 2046 and 10 equal semi-annual instalments of EUR 4,379,200 from 1st June 2047 through to 1st December 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 increase bulk water supply to Mombasa County and Kwale County and increase access to water in Kwale County.

5. Supporting Access to Finance and Enterprise Recovery Project

i. The parties to the loan

The loan was signed on 8th February 2022 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 85,900,000 approximately equivalent to Kshs. 10,510,852,850 billion, 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 1,417,350 from 15th December 2026 through to 15th June 2046 and 10 equal semi-annual instalments of EUR 2,920,600 from 15th December 2046 through to 15th June 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 increase access to financial services and support COVID-19 recovery of Micro, Small and Medium Enterprises (MSMEs) in Kenya.

6. Linking Farmers to Markets through Improvement of Rural Roads in Western Kenya

i. The parties to the loan

The loan was signed on 9th February 2022 between Government of the Federal Republic of Germany 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 17,000,000 approximately equivalent to Kshs. 2,080,145,500 billion 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 283,000 from 15th June 2032 through to 15th December 2051 and 20 equal semi-annual instalments of EUR 284,000 from 15th June 2052 through to 15th December 2061. The interest rate of the loan is 0.75 percent per annum on the disbursed amount. The commitment charge rate is 0.25 per cent per annum on undisbursed loan amounts.

iv. The purpose for the loan

To finance the improvement of rural roads in Western Kenya.

7. Malindi Integrated Social Health Development Program – MISHDP Phase II

i. The parties to the loan

The loan was signed on 26th January 2022 between Government of the Italian Republic 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 6,395,373 approximately equivalent to Kshs. 782,547,433 million and will be repaid in Euro.

iii. The terms and conditions of the loan

The loan will be repaid in 20 consecutive equal semi-annual principal instalments of EUR 319,769 from 26th July 2032 through to 26th January 2042. The interest rate of the loan is 0.50 percent per annum on the disbursed amount.

iv. The purpose for the loan

To improve the social and economic development of Malindi and Magarini Sub-Counties through the following specific objectives:

- a) To improve the Education facilities and school enrolment in Magarini sub-county.
- b) To improve Health facilities and access in Magarini sub-county
- c) To improve infrastructure and access in Malindi and Magarini sub-counties in general
- d) To strengthen local, County and regional capacity for sustainable programme management

8. Supply of Forest Firefighting Equipment and Associated Services to the Kenya Forest Service in Kenya

i. The parties to the loan

The loan was signed on 17th March 2022 between Government of the French Republic 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 22,000,000 approximately equivalent to Kshs. 2,691,953,000 billion and will be repaid in Euro.

iii. The terms and conditions of the loan

The loan will be repaid in 42 equal and successive half-yearly instalments of EUR 523,810 from 30th September 2036 through to 31st March 2057. The interest rate of the loan is 0.0161 percent per annum on the disbursed and not yet repaid amounts.

iv. The purpose for the loan

To finance the purchase in France of French goods and services, relating to the implementation of the project.

9. Additional Financing Emergency Locust Response Project

i. The parties to the loan

The loan was signed on 28th April 2022 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 31,400,000 approximately equivalent to Kshs. 3,842,151,100 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 518,100 from 1st May 2027 through to 1st November 2046 and 10 equal semi-annual instalments of EUR 1,067,600 from 1st May 2047 through to 1st November 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 project whose objective is to prevent and respond to the threat to livelihoods posed by the desert locust outbreak and to strengthen the recipient's system for preparedness.

REPORT ON NEW LOANS CONTRACTED BY THE NATIONAL GOVERNMENT FROM 1 ST JANUARY 2022 TO 31 ST APRIL 2022																
No.	Purpose of the Loan	Prevented benefits	Creditor	Borrower	Grants/loan amount	Non-Expenditure	Exchange rate	Currency	Payment Date	Interest payment Date	Disbursement during the period (Foreign currency)	Disbursement during the period in (KSh)	Outstanding amount as at April, 2022	Grace period	Interest rate	Terms of repayment
A. ECONOMY																
1	Second Accelerating Reforms for an Inclusive and Resilient Recovery Development Policy Financing	To provide financing in support of the program whose actions include: Fiscal and debt reforms to make spending more transparent and efficient, and enhance domestic debt market performance; Electricity sector and private infrastructure investment; and Strengthen environmental and natural resource governance, combat climate change, and improve healthcare including pandemic response	International Development Association	GOKE	520,000,000.00	60,291,868,000.00	115.95	USD	18th March 2022	15th March 2022	520,000,000.00	60,291,868,000.00	60,291,868,000.00	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 8,500,000 from 1 st September 2022 through to 1 st March 2047 and 10 equal semi-annual instalments of USD 17,680,000 from 1 st September 2047 through to 1 st March 2052.
2	Second Accelerating Reforms for an Inclusive and Resilient Recovery Development Policy Financing	To provide financing in support of the program whose actions include: Fiscal and debt reforms to make spending more transparent and efficient, and enhance domestic debt market performance; Electricity sector and private infrastructure investment; and Strengthen environmental and natural resource governance, combat climate change, and improve healthcare including pandemic response	International Bank for Reconstruction and Development	GOKE	230,000,000.00	26,667,557,000.00	115.95	USD	18th March 2022	15th September 2040	230,000,000.00	26,667,557,000.00	26,667,557,000.00	5 Years	The interest rate of the loan is the reference rate plus the variable spread or conversion.	The loan will be repaid in 26 equal semi-annual repayments of USD 8,510,000 from 1 st September 2022 through to 1 st March 2040 and 1 instalment of USD 8,740,000 on 1 st September 2040.
B. FINANCE																
3	Supporting Access to Finance and Enterprise Recovery Project	To increase access to financial services and support COVID-19 recovery of Micro, Small and Medium Enterprises (MSMEs) in Kenya.	International Development Association	GOKE	85,900,000.00	10,510,853,800.00	122.36	EUR	8th February 2022	15th June 2051	Not Disbursed	Not Disbursed	Nil	4 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 4,417,350 from 1 st December 2026 through to 1 st June 2046 and 10 equal semi-annual instalments of EUR 2,920,600 from 1 st December 2046 through to 1 st June 2051.
C. AGRICULTURE																
4	Additional Financing Emergency Lending Response Project	To finance the project whose objective is to prevent and respond to the threat to livelihood posed by the severe locust outbreak, and to strengthen the recipient's system for preparedness.	International Development Association	GOKE	31,400,000.00	3,842,151,100.00	122.36	EUR	28th April 2022	1st November 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 818,000 from 1 st May 2027 through to 1 st November 2046 and 10 equal semi-annual instalments of EUR 1,067,600 from 1 st May 2047 through to 1 st November 2051.
D. WATER																
5	Additional Financing for Small Region Water Service Climate Resilience Project	To finance bank water supply to Mombasa County and Malindi County and increase access to water in Wajir County.	International Development Association	GOKE	128,800,000.00	15,760,101,200.00	122.36	EUR	24th March 2022	1st December 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 3,250,000 from 1 st June 2027 through to 1 st December 2046 and 10 equal semi-annual instalments of EUR 4,379,200 from 1 st June 2047 through to 1 st December 2051.
E. INFRASTRUCTURE																
6	Linking Farmers to Markets through Improvement of Rural Road in Western Kenya	To finance the improvement of rural roads in Western Kenya.	Government of the Federal Republic of Germany	GOKE	17,000,000.00	2,080,145,500.00	122.36	EUR	9th February 2022	15th December 2061	Not Disbursed	Not Disbursed	Nil	10 Years	The interest rate of the loan is 0.75 percent per annum on the disbursed amount.	The loan will be repaid in 40 equal semi-annual repayments of EUR 383,000 from 1 st June 2032 through to 1 st December 2051 and 20 equal semi-annual instalments of EUR 284,000 from 1 st June 2052 through to 1 st December 2061.
F. HEALTH																
7	Additional Financing for Social Health Insurance Program - MISIDDP Phase II	To improve the social and economic development of Malindi and Margaita Sub-Counties through the following specific objectives: To improve the Education facilities and school enrollment in Margaita sub-county; To improve health facilities and access in Margaita sub-county; To improve the health services in Margaita sub-county; and Margaita sub-counties in general; and To strengthen local, County and regional capacity for sustainable programme management.	Government of the Italian Republic	GOKE	6,395,371.00	782,574,213.34	122.36	EUR	26th January 2022	26th January 2042	Not Disbursed	Not Disbursed	Nil	10 Years	The interest rate of the loan is 0.50 percent per annum on the disbursed amount.	The loan will be repaid in 20 consecutive equal semi-annual principal instalments of EUR 319,709 from 26 th July 2032 through to 26 th January 2042.
G. EDUCATION																
8	Primary Education Equity in Learning Program	To reduce regional disparities in learning outcomes, improve the retention of girls in upper primary education, and strengthen systems for delivering equitable education outcomes.	International Development Association	GOKE	125,100,000.00	15,307,423,650.00	122.36	EUR	14th April 2022	1st December 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 2,064,150 from 1 st June 2027 through to 1 st December 2046 and 10 equal semi-annual instalments of EUR 4,235,400 from 1 st June 2047 through to 1 st December 2051.
H. ENVIRONMENT & FORESTRY																
9	Supply of Forest Franchising Services to the Kenya Forest Service in Kenya	To finance the purchase in France of French goods and services, relating to the implementation of the project.	Government of the French Republic	GOKE	22,000,000.00	2,691,953,000.00	122.36	EUR	15th March 2022	15th March 2057	Not Disbursed	Not Disbursed	Nil	14 Years	The interest rate of the loan is 0.051 percent per annum on the disbursed and 100 per cent repay amount.	The loan will be repaid in 41 equal and successive instalments of EUR 650,000 from 15 th September 2026 through to 11 th March 2057.
Note: IDA/1 International Development Association Financing: EUR 49,399,209,023																

