

PARLIAMENT OF KENYA LIBRARY

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The National Treasury and Economic Planning

REPORT TO PARLIAMENT ON ALL NEW LOANS CONTRACTED BY GOVERNMENT OF KENYA FROM 1ST SEPTEMBER 2022 TO 31ST DECEMBER 2022

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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 2022 to 31st December 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 eight (8) new loans contracted between Government of Kenya and, bilateral, multilateral and commercial creditors. Three of the loans are from multilateral lenders, four from bilateral lender, and one from commercial lender. The total value of the 8 new loans signed is equivalent to Kshs. 43,381,450,293. Two of the loans have been partially disbursed by the time of submitting this report. The loans are as follows:

1. Horn of Africa – Groundwater for Resilience Project

i. The parties to the loan

The loan was signed on 1st September 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 121,700,000 approximately equivalent to Kshs. 16,665,305,920 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 2,008,050 from 15th November 2027 through to 15th May 2047 and 10 equal semi-annual instalments of EUR 4,137,800 from 15th November 2047 through to 15th May 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 increase the sustainable access and management of groundwater in the Horn of Africa's borderlands.

2. Turnkey Medical Equipment and Refurbishment Package Contract-Upgrading Maternal and New Born Care Units at 20 Sites

i. The parties to the loan

The loan was signed on 12th September 2022 between the Mizuho Bank Europe N.V. 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 19,369,227.25 approximately equivalent to Kshs. 2,652,375,493 and will be repaid in Euro.

iii. The terms and conditions of the loan

The loan will be repaid in 20 equal and consecutive semi-annual instalments of EUR 968,461.36 from 12th March 2025 through to 12th September 2034. The interest rate of the loan is 6 months Euribor plus a margin of 1.8 per cent per annum. The commitment charge rate is 0.6 per cent per annum on that lender's available commitment for the available period. An arrangement and agency fee are to be paid in the amount and at times agreed in a fee letter and both cannot be paid from the proceeds of any utilisation. In addition, an export credit agency handling fee is to be paid on or prior to the date of the agreement. Lastly, an ECA premium is to be paid by way of the premium loan.

iv. The purpose for the loan

To finance amounts payable to the exporter under the Export Contract in respect of eligible goods and services, up to an aggregate maximum amount equal to EUR 16,944,200. In addition, to make payment to the Export Credit Agency (through the Agent) of 100 per cent of the ECA Premium.

3. Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (Djibouti, Kenya, Somalia and South Sudan)

i. The parties to the loan

The loan was signed on 23rd February 2022 between the African Development 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 UA 30,000,000 approximately equivalent to Kshs. 5,056,830,000 and will be repaid in Euro.

iii. The terms and conditions of the loan

The loan shall be amortized over a period of thirty (30) years after the expiration of the grace period, at the rate of two per cent (2%) per annum from the eleventh (11th) year to the twentieth (20th) year and at the rate of four per cent (4%) per annum thereafter, in equal and consecutive semi-annual instalments payable on a payment date. The service charge payable on the disbursed loan balance shall be equal to 0.75% per annum. The commitment charge rate is 0.5 per cent per annum on the undisbursed loan balance.

iv. The purpose for the loan

To contribute to resilience-building including for women and youth, food and nutrition insecurity and climate change, and peace and security in the Horn of Africa. The specific objective of the project is to:

- Increase sustainable productivity and agropastoral production systems
- Increase incomes from agropastoral value chains; and
- Enhance adaptive capacity of the people to prepare for and manage climate change risks and variation.

4. Support to Waste Water Management at Lake Victoria South

i. The parties to the loan

The loan was signed on 28th November 2022 between the 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 18,000,000 approximately equivalent to Kshs. 2,464,876,800 and will be repaid in Euro.

iii. The terms and conditions of the loan

The loan will be repaid in 60 equal semi-annual instalments of EUR 300,000 from 15th May 2033 to 15th November 2062. The interest rate of the loan is 0.75 percent per annum on the disbursed loan amounts. The commitment charge rate is 0.25 per cent per annum on undisbursed loan amounts.

iv. The purpose for the loan

For financing of goods and services to improve waste water and water management in Kisii and Kericho.

5. Rural Kenya Financial Inclusion Facility

i. The parties to the loan

The loan was signed on 2nd June 2022 between International Fund for Agricultural Development (IFAD) 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 18,900,000 approximately equivalent to Kshs. 2,588,120,640 and will be repaid in Euro.

iii. The terms and conditions of the loan

The first tranche of the loan will be repaid in twenty (20) equal instalments of EUR 280,800 from 15th June 2032 through to 15th December 2041 and 10 equal instalments of EUR 62,400 from 15th June 2042 through to 15th December 2046. The service charge on the loan shall be 0.75 percent per annum. The second tranche of the loan will be repaid in forty (40) equal

instalments of EUR 316,500 from 15th June 2027 through to 15th December 2046. The service charge and interest rate on the loan shall be 1.08 percent per annum.

iv. The purpose for the loan

To increase rural financial inclusion and green investments by agriculture value chain stakeholders, leading to equitable employment opportunities, innovative and resilient production systems, and increased incomes for smallholders, poor and marginalised rural households, women and youth.

6. Programme for Promotion of Entrepreneurship and Employment (Centre for Entrepreneurship)

i. The parties to the loan

The loan was signed on 22nd December 2022 between the 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 25,900,000 approximately equivalent to Kshs. 3,546,683,840 and will be repaid in Euro.

iii. The terms and conditions of the loan

The loan will be repaid in 20 equal semi-annual instalments of EUR 404,000 from 15th May 2029 to 15th November 2038 and 44 equal semi-annual instalments of EUR 405,000 from 15th May 2039 to 15th November 2060. The interest rate of the loan is 0.75 percent per annum on the disbursed loan amounts. The commitment charge rate is 0.25 per cent per annum on undisbursed loan amounts.

iv. The purpose for the loan

To finance the establishment of a Centre for Entrepreneurship including satellites together with an integrated voucher system (the project), and primarily to pay the foreign exchange costs.

7. Food Security and Youth Employment in Western Kenya through Local Climate Resilience Projects

i. The parties to the loan

The loan was signed on 22nd December 2022 between the 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 31,000,000 approximately equivalent to Kshs. 4,245,065,600 and will be repaid in Euro.

iii. The terms and conditions of the loan

The first portion of the loan will be repaid in 48 equal semi-annual instalments of EUR 281,000 from 15th May 2029 through to 15th November 2052 and 16 equal semi-annual instalments of EUR 282,000 from 15th May 2053 through to 15th November 2060. The second portion of the loan will be repaid in 56 equal semi-annual instalments of EUR 203,000 from 15th May 2029 to 15th November 2056 and 8 equal semi-annual instalments of EUR 204,000 from 15th May 2057 to 15th November 2060. The interest rate of the loan is 0.75 percent per annum on the disbursed loan amounts. The commitment charge rate is 0.25 per cent per annum on undisbursed loan amounts.

iv. The purpose for the loan

To finance performance-based grants to counties in Western Kenya to plan, implement and monitor climate resilient investments with a focus on agriculture-related activities and youth (Program for Results (PforR)) as well as national-level activities that strengthen national governments capacities to manage climate risks (Investment Program Financing (IPF)).

8. Second Kenya Informal Settlements Improvement Project (KISIP 2)

i. The parties to the loan

The loan was signed on 15th December 2022 between Agence Francaise De Developpement 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 45,000,000 approximately equivalent to Kshs. 6,162,192,000 and will be repaid in Euro.

iii. The terms and conditions of the loan

The loan will be repaid in 26 equal semi-annual instalments of EUR 1,730,769.23 from 31st December 2029 through to 30th June 2042. The interest rate of the loan is 6 months Euribor plus a margin of 0.11 percent per annum. The commitment charge rate is 0.5 per cent per

annum on undisbursed loan amounts. In addition, an appraisal fee of 0.4 per cent calculated on the maximum amount of the facility.

iv. The purpose for the loan

To improve access to basic services and tenure security of residents in participating urban informal settlements and strengthen institutional capacity for slum upgrading in the country.

No.	Purpose of the Loan	Preferred Benefits	Creditor	Borrower	Original loan amount	Kah Equivalent	Exchange rate	Loan Currency	Terms of Agreement	Maturity Date	Disbursement during the period (KSh)	Disbursement during the period in KSh	Outstanding amount as at December, 2022	Grace period	Interest rate	Terms of repayment
A. THAIR																
1	Programme for Promotion of Entrepreneurship and Employment (Centre for Entrepreneurship)	To finance the establishment of a Centre for Entrepreneurship including salaries together with an integrated voucher system (the project), and primarily to pay the foreign exchange costs.	Government of the Republic of Germany	GOKE	23,900,000.00	3,346,683,840.00	136.94	EUR	23rd December 2022	15th November 2060	Not Disbursed	Not Disbursed	Nil	6	The interest rate of the loan is 0.75 percent per annum on the disbursed loan amounts.	The loan will be repaid in 20 equal semi-annual instalments of EUR 404,000 from 15 th May 2029 to 15 th November 2038 and 44 equal semi-annual instalments of EUR 405,000 from 15 th May 2039 to 15 th November 2060
B. WATER																
2	Item of Africa - Groundwater for Resilience Project	To increase the sustainable access and management of groundwater in the form of Africa's boreholes	International Development Association	GOKE	121,700,000.00	16,645,303,920.00	136.94	EUR	1st September 2022	15th May 2052	Not Disbursed	Not Disbursed	Nil	5	The interest rate of the loan is 1.25 percent per annum and the service charge is 0.75 percent per annum on the withdrawal credit balance.	The loan will be repaid in 40 equal semi-annual instalments of EUR 2,008,050 from 15 th November 2027 through to 15 th May 2047 and 10 equal semi-annual instalments of EUR 4,137,800 from 15 th November 2047 through to 15 th May 2052
3	Support to Waste Water Management at Lake Victoria South	For financing of goods and services to improve waste water and water management in Kisii and Kericho	Government of the Federal Republic of Germany	GOKE	18,000,000.00	2,464,376,800.00	136.94	EUR	28th November 2022	15th November 2062	Not Disbursed	Not Disbursed	Nil	6	The interest rate of the loan is 0.75 percent per annum on the disbursed loan amounts.	The loan will be repaid in 60 equal semi-annual instalments of EUR 300,000 from 15 th May 2033 to 15 th November 2062
C. AGRICULTURE																
4	Program to Build Resilience for Food and Nutrition Security in the form of Africa (Djibouti, Kenya, Somalia and South Sudan)	To contribute to resilience-building including for women and youth, food and nutrition insecurity and climate change, and peace and security in the Horn of Africa	African Development Fund	GOKE	30,000,000.00	5,056,430,000.00	168.56	AFD	23rd February 2022	15th December 2061	263,600.00	36,096,751.36	36,096,751.36	10	The service charge payable on the disbursed loan balance shall be equal to 0.75% per annum.	The loan shall be amortized over a period of thirty (30) years after the expiry of the grace period, at the rate of two per cent (2%) per annum from the date of (1 st) year to the twentieth (20 th) year and at the rate of four per cent (4%) per annum thereafter, in equal and semi-annual instalments payable on a per cent basis.
5	Food Security and Youth Employment in Western Kenya through a Local Climate Resilience Project	To finance performance-based grants to counties in Western Kenya to plan, implement and monitor climate resilient and inclusive agricultural and agribusiness-related activities with a focus on for Results (PforR) as well as national-led capacities to strengthen national government capacities to manage climate risks (Investment Program Financing (IPF))	Government of the Federal Republic of Germany	GOKE	31,000,000.00	4,245,065,600.00	136.94	EUR	22nd December 2022	15th November 2060	Not Disbursed	Not Disbursed	Nil	6	The interest rate of the loan is 0.75 percent per annum on the disbursed loan amounts.	The first portion of the loan will be repaid in 48 equal semi-annual instalments of EUR 281,000 from 15 th May 2029 through to 15 th November 2052 and 16 equal semi-annual instalments of EUR 282,000 from 15 th May 2053 through to 15 th November 2056. The second portion of the loan will be repaid in 56 equal semi-annual instalments of EUR 203,000 from 15 th May 2029 to 15 th November 2056 and 8 equal semi-annual instalments of EUR 204,000 from 15 th May 2057 to 15 th November 2060
6	Rural Kenya Financial Inclusion Facility	To increase rural financial inclusion and gross investments by agriculture value chain stakeholders, leading to equitable employment opportunities, innovative and resilient production systems, and increased incomes for smallholders, poor and marginalised rural households, women and youth.	International Development Association	GOKE	18,900,000.00	2,588,120,640.00	136.94	EUR	2nd June 2022	15th December 2046	280,000.00	38,542,528.00	38,442,528.00	9.5	The first tranche service charge on the loan shall be 0.75 percent per annum and the second tranche service charge and interest rate on the loan shall be 1.00 percent per annum.	The first tranche of the loan will be repaid in twenty (20) equal instalments of EUR 280,800 from 15 th June 2012 through to 15 th December 2041 and 10 equal instalments of EUR 62,400 from 15 th June 2042 through to 15 th December 2046. The second tranche of the loan will be repaid in forty (40) equal instalments of EUR 316,500 from 15th June 2027 through to 15th December 2046.
D. HOUSING																
7	Second Kenya Informal Settlements Improvement Project (KASIP 2)	To improve access to basic services and tenure security of residents in participating urban informal settlements and strengthen institutional capacity for slum upgrading in the country.	Agence Française de Développement	GOKE	45,000,000.00	6,162,102,000.00	136.94	EUR	15th December 2022	30th June 2042	Not Disbursed	Not Disbursed	Nil	6.5	The interest rate of the loan is 6 months Eurobor plus a margin of 0.11 percent per annum.	The loan will be repaid in 26 equal semi-annual instalments of EUR 1,730,609.23 from 1 st December 2020 through to 30 th June 2042
E. HEALTH																
8	Family Medical Equipment and Services Improvement Package - Picking Material and New Patient Care Units at 20 Sites	To finance amounts payable to the exporter under the Export Contract in respect of eligible goods and services, up to an aggregate maximum amount equal to EUR 10,524,200. In addition, to make provision for the Export Credit Agency (through the Agency) of 100 per cent of the ECFA Premium.	Mizuno Bank Europe N.V	GOKE	10,369,227.23	2,652,375,493.47	136.94	EUR	12th September 2022	12th September 2034	Not Disbursed	Not Disbursed	Nil	2.5	The interest rate of the loan is 6 months Eurobor plus a margin of 1.8 per cent per annum.	The loan will be repaid in 20 equal and consecutive semi-annual instalments of EUR 968,461.30 from 12 th March 2025 through to 12 th September 2034.
Total					43,811,480,293.47						74,439,279.36	74,439,279.36				
GOKE is Government of Kenya																
Exchange rate is as at 8th March, 2023																