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

THE NATIONAL ASSEMBLY PAPER T-11/D	
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TABLED BY:	LDM
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# **REPORT TO PARLIAMENT ON ALL NEW LOANS CONTRACTED BY GOVERNMENT FROM 1<sup>ST</sup> JANUARY 2022 TO 30<sup>TH</sup> 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 1<sup>st</sup> January 2022 to 30<sup>th</sup> 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 18<sup>th</sup> 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.

#### **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 14<sup>th</sup> 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 1<sup>st</sup> June 2027 through to 1<sup>st</sup> December 2046 and 10 equal semi-annual instalments of EUR 4,253,400 from 1<sup>st</sup> June 2047 through to 1<sup>st</sup> 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 3<sup>rd</sup> March 2022 between the International Development Association (IDA) as the lender and Government of Kenya as the borrower.

**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 9<sup>th</sup> 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 15<sup>th</sup> June 2032 through to 15<sup>th</sup> December 2051 and 20 equal semi-annual instalments of EUR 284,000 from 15<sup>th</sup> June 2052 through to 15<sup>th</sup> 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 26<sup>th</sup> 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.

## **9. Additional Financing Emergency Locust Response Project**

### **i. The parties to the loan**

The loan was signed on 28<sup>th</sup> 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 1<sup>st</sup> May 2027 through to 1<sup>st</sup> November 2046 and 10 equal semi-annual instalments of EUR 1,067,600 from 1<sup>st</sup> May 2047 through to 1<sup>st</sup> 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.

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No.	Purpose of the Loan	Perceived benefits	Creditor	Borrower	Original loan amount (Ksh)	Exchange rate	Loan Currency	Currency of payment	Maturity Date	Disbursement during the period (Average currency)	Disbursement during the period in (Ksh)	Outstanding amount as at April, 2022	Grace period	Interest rate	Terms of repayment
<b>AGRICULTURE</b>															
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 public service performance; Electricity access and PPP reforms to meet the needs of the private sector; (KPLC) phase Kenya on an efficient, green energy path, and boost private infrastructure investment; - and Strengthen environmental and natural resource resilience; combat climate change, and improve healthcare including pandemic response.	International Development Association	GOKE	520,000,000.00	115.95	USD	USD	18th March 2022	520,000,000.00	60,291,868,000.00	60,291,868,000.00	3 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 15 <sup>th</sup> September 2027 through to 15 <sup>th</sup> March 2047 and 10 equal semi-annual installments of USD 1,600,000 from 15 <sup>th</sup> September 2047 through to 15 <sup>th</sup> 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 public service performance; Electricity access and PPP reforms to meet the needs of the private sector; (KPLC) phase Kenya on an efficient, green energy path, and boost private infrastructure investment; - and Strengthen environmental and natural resource resilience; combat climate change, and improve healthcare including pandemic response.	International Bank for Reconstruction and Development	GOKE	330,000,000.00	119.95	USD	USD	18th March 2022	330,000,000.00	26,667,557,000.00	26,667,557,000.00	3 Years	The interest rate of the loan is the variable spread or each rate as may apply following a conversion.	The loan will be repaid in 26 equal semi-annual repayments of USD 8,510,000 from 15 <sup>th</sup> September 2027 through to 15 <sup>th</sup> March 2046 and 10 equal semi-annual installments of USD 3,740,000 on 15 <sup>th</sup> September 2046.
<b>RE FINANCE</b>															
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	122.36	EUR	EUR	8th February 2021	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 1,417,350 from 15 <sup>th</sup> December 2026 through to 15 <sup>th</sup> June 2046 and 10 equal semi-annual installments of EUR 2,920,600 from 15 <sup>th</sup> December 2046 through to 15 <sup>th</sup> June 2051.
<b>AGRICULTURE</b>															
4	Additional Financing Emergency Locust Response Project	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.	International Development Association	GOKE	31,460,000.00	122.36	EUR	EUR	28th April 2021	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 518,100 from 1 <sup>st</sup> May 2027 through to 1 <sup>st</sup> November 2046 and 10 equal semi-annual installments of EUR 1,067,600 from 1 <sup>st</sup> May 2047 through to 1 <sup>st</sup> November 2051.
<b>DR. WATER</b>															
5	Additional Financing for Coastal Region Water Security and Climate Resilience Project	To increase bulk water supply to Mombasa County and Kwale County and increase access to water in Kwale County.	International Development Association	GOKE	128,800,000.00	122.36	EUR	EUR	3rd March 2022	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 2,125,300 from 1 <sup>st</sup> June 2027 through to 1 <sup>st</sup> December 2046 and 10 equal semi-annual installments of EUR 4,379,200 from 1 <sup>st</sup> June 2047 through to 1 <sup>st</sup> December 2051.
<b>INFRASTRUCTURE</b>															
6	Linking Farmers to Markets through Improvement of Rural Roads 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	122.36	EUR	EUR	9th February 2022	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 381,000 from 15 <sup>th</sup> June 2032 through to 15 <sup>th</sup> December 2051 and 20 equal semi-annual installments of EUR 1,948,000 from 15 <sup>th</sup> June 2052 through to 15 <sup>th</sup> December 2061.
<b>HEALTH</b>															
7	Malindi Integrated Social Health Development Program - MISHIDP Phase II	To improve the social and economic development of Malindi and Magarib Sub-Counties through the following specific objectives: To improve the Education and Health services in Malindi Sub-County; To improve health facilities and access in Malindi Sub-County; To improve infrastructure and access in Malindi and Magarib sub-counties in general; and To strengthen local, County and regional capacity for sustainable programme management.	Government of the Italian Republic	GOKE	6,395,171.00	122.36	EUR	EUR	26th January 2022	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 installments of EUR 319,769 from 26 <sup>th</sup> July 2032 through to 26 <sup>th</sup> January 2042.
<b>EDUCATION</b>															
8	Primary Education Equity in Learning Program	To reduce regional disparities in learning outcomes, improve the quality of learning environments, and strengthen systems for delivering equitable education outcomes.	International Development Association	GOKE	125,100,000.00	122.36	EUR	EUR	14th April 2022	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 <sup>st</sup> March 2027 through to 1 <sup>st</sup> December 2046 and 10 equal semi-annual installments of EUR 4,253,400 from 1 <sup>st</sup> June 2047 through to 1 <sup>st</sup> December 2051.
<b>RE ENVIRONMENT &amp; FORESTRY</b>															
9	Supply of Forest Fuelwood Equipment and Associated 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	122.36	EUR	EUR	13th March 2022	Not Disbursed	Not Disbursed	Nil	14 Years	The interest rate of the loan is 0.0161 percent per annum on the disbursed and repaid amount.	The loan will be repaid in 42 equal and successive half-yearly installments of EUR 323,810 from 30 <sup>th</sup> September 2036 through to 31 <sup>st</sup> March 2057.
<b>TOTAL</b>															
					137,574,697,333.34										
Exchange rate as at 9th May, 2022															