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REPORT TO PARLIAMENT ON ALL NEW LOANS CONTRACTED BY  
GOVERNMENT OF KENYA FROM 1<sup>ST</sup> APRIL 2021 TO 31<sup>ST</sup> AUGUST 2021

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# **REPORT TO PARLIAMENT ON ALL NEW LOANS CONTRACTED BY GOVERNMENT FROM 1<sup>ST</sup> APRIL 2021 TO 31<sup>ST</sup> AUGUST 2021**

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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 1<sup>st</sup> April 2021 to 31<sup>st</sup> 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 13<sup>th</sup> 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 15<sup>th</sup> October 2026 through to 15<sup>th</sup> April 2046 and 10 equal semi-annual instalments of EUR 3,627,800 from 15<sup>th</sup> October 2046 through to 15<sup>th</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> Tranche has 10 principal repayments of SDR 7,599,000, to be paid semi-annually from 8<sup>th</sup> October 2026 to 8<sup>th</sup> April 2031. The 2<sup>nd</sup> Tranche has 10 principal repayments of SDR 8,685,000, to be paid semi-annually from 25<sup>th</sup> December 2026 to 25<sup>th</sup> 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 2<sup>nd</sup> 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 1<sup>st</sup> Tranche has 12 principal repayments of SDR 11,760,833.33, to be paid semi-annually from 6<sup>th</sup> October 2025 to 6<sup>th</sup> April 2031. The 2<sup>nd</sup> Tranche has 12 principal repayments of SDR 16,510,000, to be paid semi-annually from 25<sup>th</sup> December 2025 to 25<sup>th</sup> 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 7<sup>th</sup> 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 31<sup>st</sup> May and 30<sup>th</sup> November, beginning from 30<sup>th</sup> November 2031 through to 31<sup>st</sup> 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 12<sup>th</sup> 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 25<sup>th</sup> 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 25<sup>th</sup> March 2022 to 25<sup>th</sup> 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 7<sup>th</sup> 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 1<sup>st</sup> September 2029 up to 1<sup>st</sup> 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 14<sup>th</sup> 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 15<sup>th</sup> November 2026 through to 15<sup>th</sup> May 2046 and 10 equal semi-annual instalments of USD 25,500,000 from 15<sup>th</sup> November 2046 through to 15<sup>th</sup> 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 5<sup>th</sup> 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 1<sup>st</sup> May 2026 through to 1<sup>st</sup> 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 14<sup>th</sup> 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 23<sup>rd</sup> January 2033 and 23<sup>rd</sup> 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	Currency of payment	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
<b>A. HEALTH</b>																	
1	Second additional financing for Kenya COVID-19 health Emergency Response Project	To acquire COVID-19 vaccines	International Development Association	GOKE	106,700,000.00	13,846,619,050.00	129.77	EUR	EUR	13th July 2021	15th 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 1,767,550 from 15 <sup>th</sup> October 2025 through to 15 <sup>th</sup> April 2046 and 10 equal semi-annual instalments of EUR 3,627,800 from 15 <sup>th</sup> October 2046 through to 15 <sup>th</sup> April 2051.
2	Phase II of the Medical Waste Management Project	To finance the production, delivery and installation of 13,2465 Series 250 (Series) medical waste treatment plants	Government of Belgium	GOKE	10,000,000.00	1,297,712,000.00	129.77	EUR	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 manufacturing of 600000 Series 250 (Series) medical waste treatment plants	CIBC BANQUE SA	GOKE	9,271,590.24	1,203,184,172.43	129.77	EUR	EUR	23th June 2021	23th September 2033	Not Disbursed	Not Disbursed	Nil	1 year	The relevant 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 <sup>th</sup> March 2022 to 25 <sup>th</sup> September 2033.
<b>B. ECONOMY</b>																	
4	Extended Credit Facility	To provide direct budget financing	International Monetary Fund	GOKE	162,840,000.00	25,451,724,646.73	156.30	SDR	SDR	1st April 2021	23th June 2031	62,840,000.00	25,451,724,646.73	25,451,724,646.73	4 Years	No interest payment	The 1 <sup>st</sup> Tranche has 10 principal repayments of SDR 7,599,000, to be paid semi-annually from 9 <sup>th</sup> October 2025 to 8 <sup>th</sup> April 2031. The 2 <sup>nd</sup> Tranche has 10 principal repayments of SDR 8,985,000, to be paid semi-annually from 25 <sup>th</sup> December 2025 to 25 <sup>th</sup> June 2031.
5	Extended Fund Facility	To provide direct budget financing	International Monetary Fund	GOKE	339,250,000.00	53,024,426,347.35	156.30	SDR	SDR	3rd April 2021	23th June 2031	339,250,000.00	53,024,426,347.35	53,024,426,347.35	4 Years	No interest payment	The 1 <sup>st</sup> Tranche has 12 principal repayments of SDR 11,760,333.33 to be paid semi-annually from 9 <sup>th</sup> October 2025 to 8 <sup>th</sup> April 2031. The 2 <sup>nd</sup> Tranche has 12 principal repayments of SDR 16,510,000, to be paid semi-annually from 25 <sup>th</sup> December 2025 to 25 <sup>th</sup> June 2031.
6	International Sovereign Bond 2021	To finance the budget under the development expenditure	Citi Group Global Markets Europe AG	GOKE	1,000,000,000.00	110,165,900,000.00	110.17	USD	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 <sup>rd</sup> January 2033 and 23 <sup>rd</sup> January 2034.
<b>C. PROGRAM LOAN</b>																	
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 competitiveness (KPT/C) and place Kenya on an efficient green path. To facilitate natural capital reforms to strengthen environmental governance. To combine climate change and make land and water resource use more efficient. To facilitate Human Capital Reforms to strengthen Kenya's health and education services and support an inclusive resilient recovery.	International Development Association	GOKE	750,000,000.00	82,624,425,000.00	110.17	USD	USD	14th June 2021	15th May 2051	750,000,000.00	82,624,425,000.00	82,624,425,000.00	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 <sup>th</sup> November 2025 through to 15 <sup>th</sup> May 2046 and 10 equal semi-annual instalments of USD 2,550,000 from 15 <sup>th</sup> November 2046 through to 15 <sup>th</sup> May 2051.

**D: INFRASTRUCTURE**

8	Samatar-Wajir Road Project	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.	The Arab Bank for Economic Development in Africa	GOKE	15,000,000.00	1,652,468,590.00	110.17	USD	7th June 2021	30th June 2025	Not Disbursed	Nil	The interest rate of the loan is 2 per cent per annum on the principal amount of the loan withdrawn and outstanding.	The loan will be repaid in 40 different semi-annual instalments starting from 1 <sup>st</sup> September 2029 up to 1 <sup>st</sup> March 2049.
9	Samatar-Wajir Road Project	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.	Saudi Fund for Development	GOKE	75,000,000.00	2,203,200,000.00	29.38	Saudi Riyals	7th June 2021	31st May 2031	Not Disbursed	Nil	Interest rate of the loan is 1 per cent per annum on the principal amount of the loan withdrawn and outstanding.	The loan will be repaid in 40 equal semi-annual instalments of 1,875,000 Saudi Riyals from 30th November 2031 through to 31st May 2051.

**E: AGRICULTURE**

10	Kenya Livestock Commercialization Project	To increase incomes of 110,000 poor livestock and pastoralist households (HHS), especially youth and women, in an environmentally-friendly manner, selected project areas in the counties of Isiolo, Mandera, Marsabit, Tana River, Turkana and West Pokot. This is to be achieved through: Climate-smart production for small livestock, and Support to livestock market development.	International Fund for Agricultural Development	GOKE	16,010,000.00	2,077,641,715.00	129.77	EUR	5th March 2021	1st November 2025	Not Disbursed	Nil	The loan will be repaid in 40 equal semi-annual repayments of EUR 400,250 from 1 <sup>st</sup> May 2026 through to 1 <sup>st</sup> November 2045.	
<b>Total</b>					295,547,228,481.90	271,266,475,994.07					271,266,475,994.07			

Note: IDA is International Development Association  
GOKE is Government of Kenya  
Exchange rate is at 20th September, 2021