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REPORT TO PARLIAMENT ON ALL NEW LOANS CONTRACTED BY
GOVERNMENT OF KENYA FROM 1ST SEPTEMBER 2020 TO 31ST MARCH
2021

THE NATIONAL ASSEMBLY PAPERS LAD	
DATE: 14 9 2021	BY: [Signature]
TREASURER	[Signature]
SECRETARY	[Signature]

REPORT TO PARLIAMENT ON ALL NEW LOANS CONTRACTED BY GOVERNMENT FROM 1ST SEPTEMBER 2020 TO 31ST March 2021

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 1st September 2020 to 31st March 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 loan.

This section of the report contains ten (10) new loans contracted between Government of Kenya and, bilateral and multilateral creditors. Four of the loans are from a multilateral lender and six is from bilateral lenders. The total value of the 10 new loans signed is equivalent to Kshs. 132,376,087,111.43. One of the loans has disbursed by the time of submitting this report. The loans are as follows:

1. Establishment of Bus Rapid Transit Line 5 Project

i. The parties to the loan

The loan was signed on 29th January 2021 between the Export-Import Bank of Korea 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 59,000,000 approximately equivalent to Kshs. 6,461,196,200 and will be repaid in Korean Won.

iii. The terms and conditions of the loan

The loan will be repaid in 60 semi-annual instalments of KRW 1,092,592,593 from 20th July 2031 through to 20th January 2061. The interest rate of the loan is 0.1 per cent per annum on disbursed loan amount and the service charge of the loan is 0.1 per cent per annum on disbursed loan amount.

iv. The purpose for the loan

To finance the implementation of the project whose objective is to: Provide economically feasible Bus Rapid Transit (BRT); Secure the citizen's mobility, accessibility and safety and Reduce the environmental effects caused by traffic congestion.

2. Nairobi ITS Establishment and Junctions Improvement Project Phase II

i. The parties to the loan

The loan was signed on 29th January 2021 between the Export-Import Bank of Korea 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 100,000,000 approximately equivalent to Kshs. 10,951,180,000 and will be repaid in Korean Won.

iii. The terms and conditions of the loan

The loan will be repaid in 60 semi-annual instalments of KRW 1,851,851,851.85 from 20th July 2031 through to 20th January 2061. The interest rate of the loan is 0.1 per cent per annum on disbursed loan amount and the service charge of 0.1 per cent per annum on disbursed loan amount.

iv. The purpose for the loan

To finance the implementation of the project whose objective is to: Provide the structural improvement of junctions and expansion of ITS; Enhance urban mobility and safety in Nairobi and Reduce social cost caused by traffic congestion.

3. Nairobi ITS Establishment and Junctions Improvement Project

i. The parties to the loan

The loan was signed on 29th January 2021 between the Export-Import Bank of Korea 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 61,000,000 approximately equivalent to Kshs. 6,680,219,800 and will be repaid in Korean Won.

iii. The terms and conditions of the loan

The loan will be repaid in 60 semi-annual instalments of KRW 1,129,629,630 from 20th July 2031 through to 20th January 2061. The interest rate of the loan is 0.1 per cent per annum on disbursed loan amount and the service charge of 0.1 per cent per annum on disbursed loan amount.

iv. The purpose for the loan

To finance the implementation of the project whose objective is to: Reduce social losses due to traffic congestion and Enhance urban mobility in Nairobi through the development of ITS.

4. Lake Victoria Water and Sanitation Project Kisumu

i. The parties to the loan

The loan was signed on 2nd October, 2020 between the 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 20,000,000 approximately equivalent to Kshs. 2,572,070,000 and will be repaid in Euro.

iii. The terms and conditions of the loan

The loan will be repaid in 28 equal semi-annual instalments of EUR 714,286 from 31st March 2027 through to 30th September 2040. Interest rate applicable to each drawdown shall be the fixed reference rate increased or decreased by any fluctuation of the index rate for the period from the signing date until the relevant rate setting date. Commitment fees to be charged at 0.5% p.a. on undisbursed loan amount.

iv. The purpose for the loan

To finance the implementation of the project whose objectives are to improve drinking water and sanitation system in Kisumu County and provide capacity building for KIWASCO and the County Government of Kisumu.

5. Arid and Semi-Arid Land Rural Roads Project

i. The parties to the loan

The loan was signed on 2nd October 2020 between the 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 60,000,000 approximately equivalent to Kshs. 7,716,210,000 and will be repaid in Euros.

iii. The terms and conditions of the loan

The loan will be repaid in 26 equal semi-annual instalments of EUR 2,307,692 from 30th November 2027 through to 31st May 2040. Interest rate applicable to each drawdown shall be the fixed reference rate increased or decreased by any fluctuation of the index rate for the period from the signing date until the relevant rate setting date. Commitment fees to be charged at 0.25% p.a. on undisbursed loan amount.

iv. The purpose for the loan

To finance eligible expenses of the Project whose main objective is to: (i) Provide basic all-season road accessibility in the project are to facilitate the transportation of people and goods in 6 ASAL counties (Kenya) (ii) Build capacity of local contractors and consultants in labour based road construction methods (including improvement of roads) through training (iii) capacity building of the different persons/entities in charge in road maintenance. The specific objective of the project will be: (i) Building climate resistant infrastructure thus mitigating the impact of drought and floods; (ii) Improving livelihoods and reinforcing food security for an estimated population of 1.5 million.

6. Samatar-Wajir Road Project

i. The parties to the loan

The loan was signed on 30th December 2020 between the OPEC Fund for International 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 USD 20,000,000 approximately equivalent to Kshs. 2,190,236,000 and will be repaid in US Dollars.

iii. The terms and conditions of the loan

The loan will be repaid in 30 equal semi-annual instalments USD 666,667 from 15th November 2025 through to 15th May 2040. The interest rate of 1.75% percent per annum and a service charge of 1 percent per annum charged on the principal amount of the Loan withdrawn and outstanding.

iv. The purpose for the loan

To finance the project which consist of upgrading of the 90km section between Samatar and Wajir town to asphalt concrete standard with 7M wide carriageway and 2M wide shoulder on each.

7. Technical and Vocational Educational Training and Entrepreneurship (TVETE) Project

i. The parties to the loan

The loan was signed on 11th January, 2021 between 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 AUA 26,900,000 approximately equivalent to Kshs. 4,174,906,900 and will be repaid in Euros.

iii. The terms and conditions of the loan

The loan will be repaid in 50 equal and consecutive semi-annual instalments AUA 538,000 from 15th May 2025 through to 15th November 2049. The interest rate of the loan is 1 percent

per annum on the disbursed loan balance and service charge of 0.75 percent per annum on disbursed loan amount. Commitment fee is 0.5% p.a. on undisbursed loan amounts.

iv. The purpose for the loan

To finance the project whose main objective is to increase youth employment by improving the employability and competitiveness of Kenyan youth through improved access to, quality and relevant Technical Education and Entrepreneurship Training (TVET). The specific objectives of the project are to:

- i. Increase inclusive access to technical education and training through expansion of infrastructure and training equipment, including for students with special needs,
- ii. Improve the quality and relevance of technical education and training through a demand-driven Competency-Based Education and Training curriculum, capacity building of TVET actors, partnership with industry and entrepreneurship, and
- iii. Facilitate evidence-based decision making in TVET through training and research for sustainable development.

8. Horn of Africa Gateway Development Project

i. The parties to the loan

The loan was signed on 7th October, 2020 between 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 EUR 669,200,000 approximately equivalent to Kshs. 86,061,462,200 and will be repaid in Euro.

iii. The terms and conditions of the loan

40 principal payments of 11,041,800 EUR, to be paid semi-annually beginning from 1st November 2025 through to 1st May 2045 and 10 principal payments of 22,752,800 EUR to be paid semi-annually beginning from 1st November 2045 through to 1st May 2050. 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 percent per annum on the unwithdrawn financing balance.

iv. The purpose for the loan

To finance the project whose objectives are to enhance: (i) movement of people and goods and digital connectivity and access to social services to communities at designated locations along the targeted sections of the Isiolo-Mandera Regional Road Corridor; and (ii) capacity of selected transport related institutions in Kenya.

9. Ithanga Water Supply Project-Phase III

i. The parties to the loan

The loan was signed on 25th February 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 8,300,579 approximately equivalent to Kshs. 1,067,483,511 and will be repaid in Euros.

iii. The terms and conditions of the loan

The loan will be repaid in 30 equal semi-annual instalments of EURO 276,686 from 31st March 2024 through to 30th September 2038. A liquidity fee of 0.75 percent per annum calculated on the outstanding balance of the credit. Commitment fees to be charged at 0.5% p.a. on the unutilised balance of the credit and a non-refundable management fee of EUR 75,000.

iv. The purpose for the loan

To finance the Phase III component of the Project comprising of water distribution network and consumer last mile connectivity to the households.

10. LV WATSAN-KISUMU

i. The parties to the loan

The loan was signed on 2nd October 2020 between the European Investment Bank 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 35,000,000 approximately equivalent to Kshs. 4,501,122,500 and will be repaid in Euros.

iii. The terms and conditions of the loan

The loan will be repaid in 40 equal semi-annual instalments of EUR 875,000 from 1st April 2022 through to 1st October 2041. Interest shall be paid on the outstanding balance of each Fixed Rate Tranche at an annual rate of interest equal to the higher of (a) the Fixed rate less 3%, unless this value is less than zero, in which case it will be set at zero and (b) 50% of the Fixed rate. Commitment fees to be charged at 0.25% p.a. on undrawn uncanceled balance of the credit.

iv. The purpose for the loan

To finance the project which consist the expansion of the water supply and rehabilitation and expansion of the wastewater system in the city of Kisumu, as well as certain satellite towns around the city including the construction of a new wastewater treatment works.

REPORT ON NEW LOANS CONTRACTED BY THE NATIONAL GOVERNMENT FROM 1ST SEPTEMBER 2020 TO 31ST MARCH 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 March, 2021	Grace period	Interest rate	Terms of repayment
A: TRANSPORT																	
1	Establishment of Bus Rapid Transit Line 5 Project	To finance the implementation of the project whose objective is to: Provide economically feasible Bus Rapid Transit (BRT); Secure the citizen's mobility, accessibility and safety and Reduce the environmental effects caused by traffic congestion.	Export-Import Bank of Korea	GOKE	59,000,000.00	6,461,196,200.00	109.51	USD	Korean Won	29th January 2021	20th January 2061	Not Disbursed	Not Disbursed	Nil	10 Years	Interest rate of the loan is 0.1 per cent per annum and the service charge of the loan is 0.1 per cent per annum on disbursed loan amount	The loan will be repaid in 60 semi-annual instalments of KRW 1,092,592,593 from 30 th July 2031 through to 20 th January 2061
2	Nairobi ITS Establishment and Junctions Improvement Project Phase II	To finance the implementation of the project whose objective is to: Provide the structural improvement of junctions and expansion of ITS; Enhance urban mobility and safety in Nairobi and Reduce social cost caused by traffic congestion.	Export-Import Bank of Korea	GOKE	100,000,000.00	10,951,180,000.00	109.51	USD	Korean Won	29th January 2021	20th January 2061	Not Disbursed	Not Disbursed	Nil	10 Years	Interest rate of the loan is 0.1 per cent per annum and the service charge of 0.1 per cent per annum on disbursed loan amount	The loan will be repaid in 60 semi-annual instalments of KRW 1,851,851,851.85 from 20 th July 2031 through to 20 th January 2061
3	Nairobi ITS Establishment and Junctions Improvement Project	To finance the implementation of the project whose objective is to: Reduce social losses due to traffic congestion and Enhance urban mobility in Nairobi through the development of ITS	Export-Import Bank of Korea	GOKE	61,000,000.00	6,680,219,800.00	109.51	USD	Korean Won	29th January 2021	20th January 2061	Not Disbursed	Not Disbursed	Nil	10 Years	Interest rate of the loan is 0.1 per cent per annum and the service charge of 0.1 per cent per annum on disbursed loan amount	The loan will be repaid in 60 semi-annual instalments of KRW 1,129,629,630 from 21 st July 2031 through to 20 th January 2061
B: WATER																	
4	Lake Victoria Water and Sanitation Project Kisumu	To finance the implementation of the project whose objectives are to improve drinking water and sanitation system in Kisumu County and provide capacity building for KIWASCO and the County Government of Kisumu.	Agence Francaise De Developpement	GOKE	20,000,000.00	2,572,070,000.00	128.60	EUR	EUR	2nd October 2020	30th September 2040	Not Disbursed	Not Disbursed	Nil	6 Years	Interest rate applicable to each drawdown shall be the fixed reference rate increased or decreased by any fluctuation of the index rate for the period	The loan will be repaid in 28 equal semi-annual instalments of EUR 714,286 from 31 st March 2027 through to 30 th September 2040
5	Ithanga Water Supply Project-Phase III	To finance the Phase III component of the Project comprising of water distribution network and consumer last mile connectivity to the households.	KBC BANK NV	GOKE	8,300,579.00	1,067,483,511.43	128.60	EUR	EUR	25th February 2021	30th September 2038	Not Disbursed	Not Disbursed	Nil	3 Years	A liquidity fee of 0.75 percent per annum calculated on the outstanding balance of the credit	The loan will be repaid in 30 equal semi-annual instalments of EURO 376,686 from 31 st March 2024 through to 30 th September 2038
6	I.V WATSAN-KISUMU	To finance the project which consist the expansion of the water supply and rehabilitation and expansion of the wastewater system in the city of Kisumu, as well as certain satellite towns around the city including the construction of a new wastewater treatment works	European Investment Bank	GOKE	35,000,000.00	4,301,122,500.00	128.60	EUR	EUR	2nd October 2020	1st October 2041	Not Disbursed	Not Disbursed	Nil	1.5 Years	Interest shall be paid on the outstanding balance of each Fixed Rate Tranche at an annual rate of interest equal to the higher of (a) the Fixed rate less 3%, unless this value is less than zero, in which case it will be set at zero and (b) 50% of the Fixed rate.	The loan will be repaid in 40 equal semi-annual instalments of EUR 875,000 from 1 st April 2022 through to 1 st October 2041
C: INFRASTRUCTURE																	
7	Arid and Semi-Arid Land Rural Roads Project	To finance eligible expenses of the Project whose main objective is to: (i) Provide basic all-season road accessibility in the project area to facilitate the transportation of people and goods in 6 ASAL counties (Kenya) (ii) Build capacity of local contractors and consultants in labour based road construction methods (including improvement of roads) through training (iii) capacity building of the different persons/entities in charge in road maintenance. The specific objective of the project will be: (i) Building climate resistant infrastructure (thus mitigating the impact of drought and floods); (ii) improving livelihoods and reinforcing food security for an estimated population of 1.5 million.	Agence Francaise De Developpement	GOKE	60,000,000.00	7,716,210,000.00	128.60	EUR	EUR	2nd October 2020	31st May 2040	Not Disbursed	Not Disbursed	Nil	6 Years	Interest rate applicable to each drawdown shall be the fixed reference rate increased or decreased by any fluctuation of the index rate	The loan will be repaid in 26 equal semi-annual instalments of EUR 2,307,692 from 30 th November 2027 through to 31 st May 2040
8	Samatar-Wajir Road Project	To finance the project which consist of upgrading of the 20km section between Samatar and Wajir town to asphalt concrete standard with 7M wide carriageway and 2M wide shoulder on each	OPEC Fund for International Development	GOKE	20,000,000.00	2,190,236,000.00	109.51	USD	USD	30th December 2020	15th May 2040	Not Disbursed	Not Disbursed	Nil	5 Years	The interest rate of 1.75% + percent per annum and a service charge of 1 percent per annum charged on the principal amount of the Loan withdrawn and outstanding	The loan will be repaid in 30 equal semi-annual instalments USD 666,667 from 15 th November 2025 through to 15 th May 2040
9	Horn of Africa Gateway Development Project	To finance the project whose objectives are to enhance: (i) movement of people and goods and digital connectivity and access to social services to communities at designated locations along the targeted sections of the Isiolo-Mandera Regional Road Corridor; and (ii) capacity of selected transport related institutions in Kenya.	International Development Association	GOKE	669,200,000.00	86,061,462,200.00	128.60	EUR	EUR	7th October, 2020	1st May 2050	11,000,000.00	1,414,638,500.00	1,414,638,500.00	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.	40 principal payments of 11,041,800 EUR, to be paid semi-annually beginning from 1 st November 2025 through to 1 st May 2045 and 10 principal payments of 22,752,800 EUR to be paid semi-annually beginning from 1 st November 2045 through to 1 st May 2050
E: EDUCATION																	

10	Technical and Vocational Educational Training and Entrepreneurship (TVEET) Project	To finance the project whose main objective is to increase youth employment by improving the employability and competitiveness of Kenyan youth through improved access to quality and relevant technical education and training. The specific objectives of the project are to: Increase access to technical education and training through expansion of infrastructure and training equipment, including for students with special needs; Improve the quality and relevance of technical education and training through Government-based Education and Training centres; capacity building of TVEET sector partnership with industry and entrepreneurship; and Facilitate evidence-based decision making in TVEET through training and research for sustainable development.	African Development Fund	26,900,000.00	4,174,006,900.00	155.20	AUDA	EDR	11th January, 2021	15th November 2019	Not Disbursed	Not Disbursed	Nil	1 Year	The interest rate of the loan is 1 percent per annum and service charge of 75 percent per annum on disbursed loan amount.	The loan will be repaid in 50 equal and consecutive semi-annual instalments through to 15 th November 2019
	Total				132,576,087,111.43							1,414,638,500.00	1,414,638,500.00			
	Name: IDA 48 International Development Association															
	GAKEL: Government of Kenya															
	Exchange rate as at End March 2021															