


PARLIAMENT  
OF KENYA  
LIBRARY



The National Treasury and Planning

REPORT TO PARLIAMENT ON ALL NEW LOANS CONTRACTED BY  
GOVERNMENT OF KENYA FROM 1<sup>ST</sup> MAY 2022 TO 31<sup>ST</sup> AUGUST 2022

 THE NATIONAL ASSEMBLY PARLIAMENT BUILDING NAIROBI	
DATE: 16 NOV 2022	
DAY: Wednesday	
TABLED BY:	LOM
CLERK-AT THE TABLE:	Mannah Wanjiku

# REPORT TO PARLIAMENT ON ALL NEW LOANS CONTRACTED BY GOVERNMENT FROM 1<sup>ST</sup> MAY 2022 TO 31<sup>ST</sup> AUGUST 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> May 2022 to 31<sup>st</sup> August 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 six (6) new loans contracted between Government of Kenya and, bilateral, multilateral and commercial creditors. Four of the loans are from multilateral lenders, one from bilateral lender, and one commercial lender. The total value of the 6 new loans signed is equivalent to Kshs. 105,060,287,110. One of the loans has been partially disbursed by the time of submitting this report. The loans are as follows:

### **1. Eastern Africa Regional Statistics Program For Results**

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

The loan was signed on 27<sup>th</sup> July 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 107,200,000 approximately equivalent to Kshs. 12,672,015,520 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 1,768,800 from 1<sup>st</sup> October 2027 through to 1<sup>st</sup> April 2047 and 10 equal semi-annual instalments of EUR 3,644,800 from 1<sup>st</sup> October 2047 through to 1<sup>st</sup> April 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 strengthen the regional harmonization, dissemination, and use of core economic and social statistics for Kenya, Rwanda and Tanzania.

**2. De-Risking, Inclusion and Value Enhancement of Pastoral Economies in the Horn of Africa Project**

**i. The parties to the loan**

The loan was signed on 29<sup>th</sup> June 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 132,600,000 approximately equivalent to Kshs. 15,674,526,660 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 2,187,900 from 1<sup>st</sup> December 2027 through to 1<sup>st</sup> June 2047 and 10 equal semi-annual instalments of EUR 4,508,400 from 1<sup>st</sup> December 2047 through to 1<sup>st</sup> June 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 enhance pastoralists' access to financial services for drought risk mitigation, include them in the value chains, and facilitate the livestock trade in the Horn of Africa.

**3. National Agricultural Value Chain Development Project**

**i. The parties to the loan**

The loan was signed on 10<sup>th</sup> June 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 223,300,000 approximately equivalent to Kshs. 26,396,092,030 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 3,684,450 from 15<sup>th</sup> June 2027 through to 15<sup>th</sup> December 2046 and 10 equal semi-annual instalments of EUR 7,592,200 from 15<sup>th</sup> June 2047 through to 15<sup>th</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 increase market participation and value addition for targeted farmers in select value chains in Project areas.

**4. Syndicated Short Term Multicurrency Facility**

**i. The parties to the loan**

The loan was signed on 23<sup>rd</sup> August 2022 between the Eastern and Southern African Trade Development Bank (TDB) 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 300,000,000 approximately equivalent to Kshs. 36,179,130,000 and will be repaid in USD.

**iii. The terms and conditions of the loan**

The loan will be repaid in the form of a Bullet Repayment on 30<sup>th</sup> September 2025. The interest rate of the loan is a Reference Rate plus a margin per annum. The Reference Rate for USD and Euro is 6M Term SOFR and 6M Euribor respectively. The Margin for USD and Euro denominated tranche is 4.45 percent per annum and 4.30 percent per annum respectively. The interest on overdue amounts will be increased by 2 percent per annum above the applicable interest rate.



**iv. The purpose for the loan**

To fund the Government of Kenya's development budget including but not limited to trade related activities as approved by Parliament for the 2022/2023 fiscal year.

**5. Support to the Micro, Small or Medium Enterprises Sector Program**

**i. The parties to the loan**

The loan was signed on 5<sup>th</sup> August 2022 between Khalifa Fund for Enterprise Development United Arab Emirates (UAE) 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 30,000,000 approximately equivalent to Kshs. 3,617,913,000 and will be repaid in US Dollars.

**iii. The terms and conditions of the loan**

The loan will be repaid in forty-eight (48) equal and consecutive semi-annual instalments of USD 625,000 from 15<sup>th</sup> July 2027 through to 15<sup>th</sup> January 2051. The rate of interest on the loan shall be 1.5 percent per annum.

**iv. The purpose for the loan**

To fund the micro, small and medium enterprises projects whose objectives are:

(a) To develop the private sector initiatives, support entrepreneurship, alleviate poverty and promote economic development in the Republic of Kenya by providing financing to the eligible MSME Projects and by extension to the eligible parties.

(b) To focus on improving and nourishing the small and medium enterprise sector in Kenya and contributing to general economic development and job creation to support women and youth currently living in the Republic of Kenya.

(c) To support micro, small and medium enterprises in the different sectors of the Kenyan economy, with a special emphasis on certain sectors to be agreed on with the Fund and to be stated in the implementation plan.

**6. Competitiveness and Economic Recovery Support Programme (CESRP-II)**

**i. The parties to the loan**

The loan was signed on 22<sup>nd</sup> August, 2022 between the African Development Bank (ADB) 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 89,000,000 approximately equivalent to Kshs. 10,520,609,900 and will be repaid in Euro.

## **iii. The terms and conditions of the loan**

The loan will be repaid in 24 equal semi-annual repayments of EUR 3,708,333 from 1<sup>st</sup> April, 2030 through to 1st October, 2041. The interest rate of the loan shall be at a percentage rate per annum equal to the sum of the: Floating Base Rate, Funding Cost Margin, Lending Margin and Maturity premium of 10 basis points per annum and the Front-end fee is 0.25 percent per annum on the Loan amount. The commitment charge rate is 0.25 per cent per annum on the undisbursed loan balance.

## **iv. The purpose for the loan**

For General Budget Support Programme whose objective is to strengthen resilience and to support inclusive post-COVID-19 pandemic economic recovery through improved economic governance and enhanced industrial development and competitiveness. The programme aims to deepen the support to Kenya's medium-term development agenda by placing emphasis on:

- i. Enhancing fiscal performance
- ii. Strengthening industrial development and competitiveness; and
- iii. Promoting economic and social inclusion by supporting the development of Micro, Small & Medium Enterprises (MSME), social protection coverage, and women's empowerment.

REPORT ON NEW LOANS CONTRACTED BY THE NATIONAL GOVERNMENT FROM 1ST MAY 2022 TO 31ST AUGUST 2022

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 (Percentage currency)	Disbursement during the period in (Ksh)	Outstanding amount as at September, 2022	Grace period	Interest rate	Terms of repayment	
<b>A. ECONOMY</b>																		
1	Eastern African Regional Statistics Program For Results	To strengthen the regional harmonization, dissemination, and use of core economic and social statistics for Kenya, Rwanda and Tanzania.	International Development Association	GOKE	107,200,000.00	12,672,015,520.00	118.21	EUR	EUR	17th July 2022	1st April 2025	Not Disbursed	Nil	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 1,264,800 from 1 <sup>st</sup> October 2027 through to 1 <sup>st</sup> April 2047 and 10 equal semi-annual instalments of EUR 3,444,400 from 1 <sup>st</sup> October 2047 through to 1 <sup>st</sup> April 2052.	
2	Specialized Short Term Multicurrency Facility	To fund the Government of Kenya's development budget including but not limited to trade related activities as approved by Parliament for the 2022/2023 fiscal year.	Eastern and Southern African Trade Development Bank	GOKE	300,000,000.00	36,179,130,000.00	120.60	USD	USD	23rd August 2022	30th September 2025	200,000,000.00	24,119,420,000.00	24,119,420,000.00	3	The interest rate of the loan is a Reference Rate plus a margin per annum. The Reference Rate for USD and Euro is LIBOR plus 50 basis points for USD and Euro-denominated tranches is 4.45 percent per annum and 4.30 percent per annum respectively.	The loan will be repaid in the form of a Ballot Repayment on 30 <sup>th</sup> September 2025.	
3	Support to the MSME Sector Program	To fund the micro, small and medium enterprises development program whose objectives are: (a) To develop the private sector initiatives, support entrepreneurship and business development, economic development in the Republic of Kenya by providing financing to the eligible MSME Projects and by extension to the eligible parties; (b) To focus on improving and nourishing the small and medium enterprises in Kenya and contributing to general economic development and job creation for women and youth currently living in the Republic of Kenya; (c) To support micro, small and medium enterprises in the different sectors of the Kenyan economy; and (d) To provide support on certain sectors to be determined with the Bank and to be stated in the implementation plan.	Khalifa Fund for Enterprise Development Limited Arab Emirates	GOKE	30,000,000.00	3,617,911,000.00	120.60	USD	USD	5th August 2022	15th January 2051	Not Disbursed	Nil	Nil	5	The interest rate of the loan is 1.25 percent per annum.	The loan will be repaid as forty-eight (48) equal and consecutive semi-annual instalments of USD 625,000 from 15 <sup>th</sup> July 2027 through to 15 <sup>th</sup> January 2051.	
4	Competitiveness and Economic Recovery Support Programme (CESRP-II)	For General Budget Support Programme whose objective is to strengthen resilience and to support inclusive post-COVID-19 pandemic economic recovery through improved economic governance and enhanced industrial development and competitiveness.	African Development Bank	GOKE	80,000,000.00	10,520,609,900.00	131.51	EUR	EUR	2nd August 2022	1st October 2041	Not Disbursed	Nil	Nil	8 Years	The interest payable on the disbursed amount shall be at a percentage rate per annum equal to the sum of the Floating Home Rate, Funding Cost Margin, Lending Margin and Maturity premium of ten (10) basis point per annum.	The loan will be repaid in 24 equal semi-annual repayments of EUR 3,708,133 from 1 <sup>st</sup> April 2039 through to 1st October 2041.	
<b>B. AGRICULTURE</b>																		
5	De-Risking, Inclusion and Value Enhancement of Pastoral Economies in the Horn of Africa Project	To enhance pastoralists' access to financial services for drought risk mitigation, include them in the value chains and facilitate the livestock trade in the Horn of Africa.	International Development Association	GOKE	112,600,000.00	15,674,526,660.00	139.11	EUR	EUR	26th June 2022	1st June 2052	Not Disbursed	Nil	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 2,187,900 from 1 <sup>st</sup> December 2027 through to 1 <sup>st</sup> June 2047 and 10 equal semi-annual instalments of EUR 4,508,400 from 1 <sup>st</sup> December 2047 through to 1 <sup>st</sup> June 2052.	
6	National Agricultural Value Chain Development Project	To increase market participation and value addition for targeted farmers in select value chains in Project areas.	International Development Association	GOKE	223,300,000.00	28,396,092,030.00	127.14	EUR	EUR	10th June 2022	15th December 2051	Not Disbursed	Nil	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 5,684,450 from 1 <sup>st</sup> June 2027 through to 1 <sup>st</sup> December 2046 and 10 equal semi-annual instalments of EUR 7,592,300 from 1 <sup>st</sup> June 2047 through to 1 <sup>st</sup> December 2051.	
														<b>Total</b>			<b>24,119,420,000.00</b>	
GOKE to Government of Kenya Issued on 14th at 4th September, 2022.																		