

The National Treasury and Economic Planning

**REPORT TO PARLIAMENT ON ALL NEW LOANS CONTRACTED BY
GOVERNMENT OF KENYA FROM 1ST JANUARY 2023 TO 30TH APRIL 2023**

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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 January 2023 to 30th April 2023. 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 five (5) new loans contracted between Government of Kenya and, bilateral, multilateral and commercial creditors. Three of the loans are from multilateral lenders, one from bilateral lender and one from commercial lender. The total value of the 5 new loans signed is equivalent to Kshs. 64,802,565,292. One of the loans had disbursed by the time of submitting this report. The loans are as follows:

1. East Africa's Centers of Excellence for Skills and Tertiary Education in Biomedical Sciences – Phase 1 (Additional Financing)

i. The parties to the loan

The loan was signed on 5th April 2023 between the African Development Fund (ADF) 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 14,000,000 approximately equivalent to Kshs. 2,563,050,000 and will be repaid in Euro.

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DATE: 14 JUN 2023 DAY: WEDNESDAY AM

TABLED BY: Hon. Waemi M. M. Deputy Minister Party Whip

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ii. The amount of the loan and the currency

The amount of the loan is USD 100,000,000 for facility B and EUR 93,000,000 for facility C approximately equivalent to Kshs. 27,572,256,600 and will be repaid in US dollar and Euro for facility B and C respectively.

iii. The terms and conditions of the loan

The Facility B loan will be repaid in 6 equal six-monthly instalments of USD 16,666,666.67 from 15th April 2025 through to 15th October 2027. The Facility C loan will be repaid in 6 equal six-monthly instalments of EUR 15,500,000 from 15th April 2025 through to 15th October 2027. The interest rate for both facilities is a margin of 5.4 percent per annum plus a term reference rate on the disbursed loan balance. The borrower shall pay an up-front fee and an agency fee in the amount and the times agreed in a fee letter.

iv. The purpose for the loan

To fund development projects and any fees, costs and expenses incurred in connection with the finance documents.

4. Multinational Horn of Africa Isiolo – Manderu Corridor: El Wak – Rhamu Road Upgrading Project

i. The parties to the loan

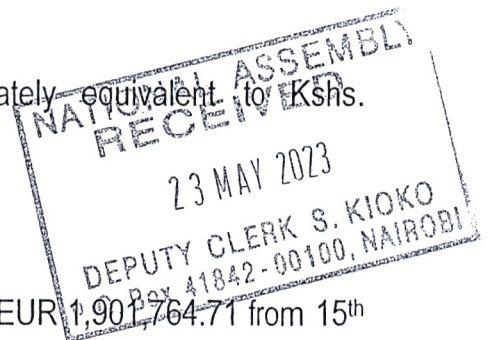
The loan was signed on 9th May 2022 between the African Development Bank as the lender and Government of Kenya as the borrower.

ii. The amount of the loan and the currency

The amount of the loan is EUR 64,660,000 approximately equivalent to Kshs. 9,646,379,692 and will be repaid in Euro.

iii. The terms and conditions of the loan

The loan will be repaid in 34 equal semi-annual instalments of EUR 1,901,764.71 from 15th May 2030 through to 15th November 2046. The interest payable on the disbursed loan balance shall be at a percentage rate per annum to the sum of the: Floating Base Rate; Lending Margin; Funding Cost Margin; and Maturity Premium twenty (20) basis points per annum. The commitment charge rate is 0.25 per cent per annum on the undisbursed loan balance. In addition, a front-End fee on the loan amount at a rate equal to 0.25 percent of the loan.



iii. The terms and conditions of the loan

The loan will be repaid in 50 equal semi-annual repayments of EUR 343,604.17 from 1st September 2029 through to 1st March 2054. The interest rate of the loan is 1 percent per annum and the service charge is 0.75 percent per annum on disbursed loan balance. 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 development of relevant and highly skilled workforce in biomedical sciences to meet the East African Community (EAC) immediate labour market needs and support implementation of EAC's "free" labour market protocols.

2. Olkaria I & IV Upgrading Geothermal Project

i. The parties to the loan

The loan was signed on 28th February 2023 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 45,000,000 approximately equivalent to Kshs. 6,713,379,000 and will be repaid in Euro.

iii. The terms and conditions of the loan

The loan will be repaid in 20 instalments of EUR 2,142,857.14 from 15th December 2027 through to 15th June 2037 and 1 instalment of EUR 2,142,857.20 on 15th December 2037. The interest rate of the loan is 6 months Euribor plus a margin of 0.25 per cent per annum. The commitment charge rate is 0.25 per cent per annum on undisbursed loan amounts. A one-time lump-sum management fee of 0.50 percent of the loan amount.

iv. The purpose for the loan

To finance the upgrading of the geo-thermal power plant Olkaria I & IV.

3. Syndicated Term Loan Facility

i. The parties to the loan

The loan was signed on 5th April 2023 between the Citibank, N.A., London Branch, Rand Merchant Bank, a Division of FirstRand Bank Limited (London Branch), The Standard Bank of South Africa Limited and Standard Chartered Bank as the lender and Government of Kenya as the borrower.

iv. The purpose for the loan

To improve road transport and trade along the corridor. The specific objective of the project is to improve road transport services along the Isiolo – Mandera corridor by reducing travel time and vehicle operating costs and to improve road traffic safety along the road.

5. Multinational Horn of Africa Isiolo – Mandera Corridor: EL WAK – Rhamu Road Upgrading Project

i. The parties to the loan

The loan was signed on 9th May 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 100,000,000 approximately equivalent to Kshs. 18,307,500,000 and will be repaid in Euro.

iii. The terms and conditions of the loan

The loan will be repaid in 50 equal semi-annual instalments of EUR 2,454,315.48 from 15th May 2027 to 15th November 2051. The interest rate of the loan is 1 percent per annum on the disbursed loan balance and a service charge of the loan is 0.75 percent per annum on the disbursed loan balance. The commitment charge rate is 0.5 per cent per annum on undisbursed loan balance.

iv. The purpose for the loan

To improve road transport and trade along the corridor. The specific objective of the project is to improve road transport services along the Isiolo – Mandera corridor by reducing travel time and vehicle operating costs and to improve road traffic safety along the road.