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**REPORT TO PARLIAMENT ON ALL NEW LOANS CONTRACTED BY
GOVERNMENT OF KENYA
FROM 1ST NOVEMBER 2017 TO 28TH FEBRUARY 2018**

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Section 1

1. Introduction

This report covers the period from 1st November 2017 to 28th February 2018. The report shows the loan balances brought forward, drawings, the names of the parties involved and the perceived benefits of the loans.

The brief is in accordance with Sec 31(1) (3) of Public Finance Management Act, 2012.

2. Number of loans signed and creditor composition

The report contains 9 new loans and an international sovereign bond contracted between Government of Kenya and bilateral, multilateral and commercial lenders. 7 of the loans are from commercial lenders, one from multilateral lender, one from bilateral lender and a sovereign bond.

3. Disbursed amounts

The total value of the 9 loans signed is Ksh. 67.4 billion and Kes 203.2 billion international sovereign bond. Disbursements from the loans are expected over the medium term. None of the loans have been disbursed; however the billion international sovereign bond is fully disbursed. This brings the total external debt disbursed to Ksh 2,524,530,791,430.68 as at end February, 2018

4. Use of the proceeds

The proceeds from the contracted loans and bond are expected to finance development projects to achieve the Governments development agenda. The proceeds of the loans will finance infrastructure projects in Education, Health, Transport and Security.

See the attached detailed list of the new loans.

Section 2: List of loans contracted during the period under 1st November 2017 to 28th February 2018

1. Establishment of Kenya Advanced Institute of Science Technology Credit

(a) the names of the parties to the loan;

Export Development Cooperation Fund Korea (EDCF) as the Lender and Government of Kenya as a Borrower. The loan was contracted on 28th December 2017 and matures on 20th August, 2057.

(b) the amount of the loan and the currency in which it is expressed and in which it is repayable;

The amount of the loan is US Dollars 94,697,000 and will be repaid in US Dollars

(c) the terms and conditions of the loan, including interest and other charges payable and the terms of repayment;

The loan will be repaid in 60 equal repayments each of USD 1,578,283.3 starting 20/08/2027. The interest rate of the loan is 0.1% p.a.

(d) the purpose for which the loan was used and the perceived benefits of the loan; and such other information as the Cabinet Secretary may consider appropriate.

The loan was advanced to help improve quality of advanced technical college education. The loans' perceived benefit is improved quality of technical education.

2. Mother and Child- our Future, Supply of Medical Equipment Inclusive of Training Credit

(a) the names of the parties to the loan;

Unicredit Bank Austria as the Lender and Government of Kenya as a Borrower. The loan was contracted on 23rd November 2017 and matures on 31st March, 2025.

(b) the amount of the loan and the currency in which it is expressed and in which it is repayable;

The amount of the loan is Euro 6,400,000.00 and will be repaid in Euros

(c) the terms and conditions of the loan, including interest and other charges payable and the terms of repayment;

The loan will be repaid in 28 equal repayments each of USD 228,571.42 starting 31/12/2024. The interest rate of the loan is 0.0% p.a. Management fee of Eur 58,400.00. Commitment fee of 0.75% p.a. on unutilized balance.

(d) the purpose for which the loan was used and the perceived benefits of the loan; and such other information as the Cabinet Secretary may consider appropriate.

The loan was advanced to help improve quality of medical service. The loans' perceived benefit is improved quality of medical service.

3. Upgrade of the Maternal New born Care Unti in Kapenguria District Hospital, Chepkorio Health Centre Makindu Sub County Hospital Credit

(a) the names of the parties to the loan;

Erste Group of Banks as the Lender and Government of Kenya as a Borrower. The loan was contracted on 7th December 2017 and matures on 31st December, 2039.

(b) the amount of the loan and the currency in which it is expressed and in which it is repayable;

The amount of the loan is Euro 5,000,000.00 and will be repaid in Euros

(c) the terms and conditions of the loan, including interest and other charges payable and the terms of repayment;

The loan will be repaid in 31 equal repayments each of Eur 161,290.32 starting 31/12/2024. The interest rate of the loan is 0.0% p.a. Commitment fee of 0.55% p.a. on unutilized balance.

(d) the purpose for which the loan was used and the perceived benefits of the loan; and such other information as the Cabinet Secretary may consider appropriate.

The loan was advanced to help improve quality of maternal health and medical services to infants. The loans' perceived benefit is improved maternal health.

4. Supply of Computer Tomography (ICT) Scanners to 37 Public Hospitals Credit

(a) the names of the parties to the loan;

China Development Bank as the Lender and Government of Kenya as a Borrower. The loan was contracted on 11th December 2017 and matures on 15th October, 2022.

(b) the amount of the loan and the currency in which it is expressed and in which it is repayable;

The amount of the loan is USD67,300,000.00 and will be repaid in USD.

(c) the terms and conditions of the loan, including interest and other charges payable and the terms of repayment;

1 repayment of USD 7,000,000 on 15/4/2019, thereafter 6 equal repayments each of USD 10,000,000 starting 15/5/2019 and one last payment of USD 300,000 on 5/10/2022. The interest rate of the loan is USD 6 months LIBOR plus a margin of 3.0%. Commitment fee of 0.5% p.a. on unutilized balance. Management fee of USD1,009,500.

(d) the purpose for which the loan was used and the perceived benefits of the loan; and such other information as the Cabinet Secretary may consider appropriate.

The loan was advanced to help improve quality of health and medical services. The loans' perceived benefit is improved health.

5. Jomo Kenyatta International Airport, Airfield Expansion Project -2nd Runway Credit

(a) the names of the parties to the loan;

African Development Bank as the Lender and Government of Kenya as a Borrower. The loan was contracted on 1st January 2018 and matures on 15th February, 2043.

(b) the amount of the loan and the currency in which it is expressed and in which it is repayable;

The amount of the loan is USD160,000,000.000 and will be repaid in USD.

(c) the terms and conditions of the loan, including interest and other charges payable and the terms of repayment;

The loan will be repaid in 34 equal repayments each of USD 4,705,882.35 starting 15/02/2026. The interest rate of the loan is USD 6 months plus a margin of 1.00% p.a. Commitment fee of 0.25% p.a. on unutilized balance.

- (d) the purpose for which the loan was used and the perceived benefits of the loan; and such other information as the Cabinet Secretary may consider appropriate.

The loan was advanced to construct a second runway at Jomo Kenyatta International Airport. The loans' perceived benefit is improved movement to enable Kenya meet growing demand of movement of goods and spur economic growth.

6. Commissioning of Damen 4000 tonne Slipway at the Kenya Navy Naval Base, Mtongwe Mombasa (Commercial loan) Credit

- (a) the names of the parties to the loan;

ING Bank as the Lender and Government of Kenya as a Borrower. The loan was contracted on 4th December 2017 and matures on 4th December, 2024.

- (b) the amount of the loan and the currency in which it is expressed and in which it is repayable;

The amount of the loan is Eur 8,783,120.00 and will be repaid in Eur.

- (c) the terms and conditions of the loan, including interest and other charges payable and the terms of repayment;

The loan will be repaid in 14 equal repayments each of Eur 627,365 starting 6/04/2018. The interest rate of the loan is Euribor 6 months plus a margin of 3.25% p.a. Commitment fee of 1.3% p.a. on unutilized balance. Management fee of Eur 43,915.60

- (d) the purpose for which the loan was used and the perceived benefits of the loan; and such other information as the Cabinet Secretary may consider appropriate.

The loan was advanced to help improve security surveillance along the Kenyan Coast. The loans' perceived benefit is improved security at the Kenyan Coast

7. Commissioning of Damen 4000 tonne Slipway at the Kenya Navy Naval Base, Mtongwe Mombasa Credit

- (a) the names of the parties to the loan;

ING Bank as the Lender and Government of Kenya as a Borrower. The loan was contracted on 4th December 2017 and matures on 4th June, 2030.

(b) the amount of the loan and the currency in which it is expressed and in which it is repayable;

The amount of the loan is Eur 45,917,680 and will be repaid in Eur.

(c) the terms and conditions of the loan, including interest and other charges payable and the terms of repayment;

The loan will be repaid in 20 equal repayments each of Eur 2,295,884 starting 12/04/2020. The interest rate of the loan is Euribor 6 months plus a margin of 1.4% p.a. Commitment fee of 0.56% p.a. on unutilized balance. Management fee of Eur 395,066.59

(d) the purpose for which the loan was used and the perceived benefits of the loan; and such other information as the Cabinet Secretary may consider appropriate.

The loan was advanced to help improve security surveillance along the Kenyan Coast. The loans' perceived benefit is improved security at the Kenyan Coast

8. AW 139 Helicopters Credit

(a) the names of the parties to the loan;

Unicredit Spa Bank as the Lender and Government of Kenya as a Borrower. The loan was contracted on 11th December 2017 and matures on 11th December, 2028.

(b) the amount of the loan and the currency in which it is expressed and in which it is repayable;

The amount of the loan is Eur 51,854,861 and will be repaid in Eur. The loan has two tranches of Eur 44,891,410.69 and Eur 6,963,450.00

(c) the terms and conditions of the loan, including interest and other charges payable and the terms of repayment;

The first tranche will be repaid in 20 equal repayments each of Eur 2,244,570.53 starting 11/06/2019. The interest rate of the tranche is Euribor 6 months plus a margin of 1.75% p.a. Commitment fee of 0.8% p.a. on unutilized balance.

The second tranche will be repaid in 8 equal repayments each of Eur 870,431.25 starting 11/12/2018. The interest rate of the tranche is Euribor 6 months plus a margin of 4.65% p.a. Commitment fee of 0.65% p.a. on unutilized balance.

Management fee is Eur 359,131.29 and annual agency fee of Eur 15,000.

- (d) the purpose for which the loan was used and the perceived benefits of the loan; and such other information as the Cabinet Secretary may consider appropriate.

The loan was advanced to help improve security surveillance. The loans' perceived benefit is improved security in Kenyan.

9. C-27J Spartan Aircraft Credit

- (a) the names of the parties to the loan;

Unicredit Spa Bank as the Lender and Government of Kenya as a Borrower. The loan was contracted on 11th December 2017 and matures on 11th June, 2029.

- (b) the amount of the loan and the currency in which it is expressed and in which it is repayable;

The amount of the loan is USD 198,448,276 and will be repaid in Eur. The loan has two tranches of USD 172,550,775.86 and USD 25,897,500.00

- (c) the terms and conditions of the loan, including interest and other charges payable and the terms of repayment;

The first tranche will be repaid in 20 equal repayments each of USD 8,627,538.8 starting 11/12/2019. The interest rate of the tranche is Euribor 6 months plus a margin of 2.15% p.a. Commitment fee of 0.65% p.a. on unutilized balance.

The second tranche will be repaid in 20 equal repayments each of USD 1,294,875 starting 11/12/2019. The interest rate of the tranche is Euribor 6 months plus a margin of 2.15% p.a. Commitment fee of 0.65% p.a. on unutilized balance.

Management fee is USD 1,380,406.21 and annual agency fee of USD 25,000.

- (d) the purpose for which the loan was used and the perceived benefits of the loan; and such other information as the Cabinet Secretary may consider appropriate.

The loan was advanced to help improve security surveillance. The loans' perceived benefit is improved security in Kenyan.

10. International Sovereign Bond Credit

- (a) the names of the parties to the loan;

International Bondholders as Lenders and Government of Kenya as a Borrower. The Bond was contracted on 28th February 2018 and has two tenors on matures on 28th February, 2048 and another one matures on 28th February 2028.

(b) the amount of the loan and the currency in which it is expressed and in which it is repayable;

The amount of the Bond is USD 2,000,000,000.00 and will be repaid in USD. The loan has two tranches of USD1,000,000,000.00 each

(c) the terms and conditions of the loan, including interest and other charges payable and the terms of repayment;

The first tranche will be repaid in 1 equal repayments of USD1,000,000,000 on 28th February 2028. The interest rate of the tranche is 7.25% p.a.

The second tranche will be repaid in 1 equal repayments of USD1,000,000,000 on 28th February 2048. The interest rate of the tranche is 8.25% p.a. .

(d) the purpose for which the loan was used and the perceived benefits of the loan; and such other information as the Cabinet Secretary may consider appropriate.

The loan was advanced to finance development expenditures and to refinance part of maturing obligations. The loans' perceived benefit is improved infrastructure in Kenyan.