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SESSIONAL PAPER NO. 3 OF 1979

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GOVERNMENT GUARANTEE OF A LOAN TO THE EAST AFRICAN  
POWER AND LIGHTING CO. LTD FROM THE WORLD BANK  
FOR OLKARIA GEOTHERMAL ENGINEERING PROJECT  
UNDER THE GUARANTEE LOANS ACT (CAP. 461).

In accordance with provision of Section 5 (1) of the Guarantee (Loans) Act, (Cap. 461) Laws of Kenya, the following information is laid before the National Assembly for consideration and approval.

The Government of Kenya proposes to guarantee a loan in U.S.\$ 53 million equivalent to approximately (K£.19,875,000) at current rates of exchange to be made to the East African Power and Lighting Company Ltd; by the IBRD (International Bank for Reconstruction and Development).

The loan bears interest of 7.35% per annum and will be repaid in 10 years period including a period of 3 years moratorium. In addition, the borrower shall pay to the Bank a commitment charge of three fourths of one percent ( $\frac{3}{4}$  of 1%) per annum on the principal amount of the Loan not withdrawn from time to time. The interest and other charges shall be payable semi annually on February 15 and August 15 in each year.

The Government has agreed that the company should obtain a loan US\$ 9 million it requires for financing drilling of geothermal which includes purchasing of three drilling equipment with a view to promoting development of thermal power. Following successful drilling, the Bank will give an additional loan to the company amounting to US\$ 44 million for construction of a 30 MW. power station at Olkaria, Naivasha.

By this paper, the National Assembly is requested to approve that the Government of Kenya may guarantee the Loan referred to in paragraph two above.

The current total contingent liability of the Government of Kenya in respect of guarantees given under section three (3) of the Guarantee Loans Act (excluding liability under collateral and those specific in the schedule to the Act) amount to K£.248,302,346. With the proposed guarantee of US\$ 53 million equivalent to K£.19,875,000 the aggregate will be increased to K£.268,177,346 of which K£.6,296,853 will fall within paragraph (a) and K£.261,880,583 within paragraph (b) of section 3 (3) of the Act.

MWAI KIBAKI  
VICE-PRESIDENT AND MINISTER FOR FINANCE

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SECTIONAL PAPER NO. 10 OF 1922

THE NATIONAL ASSOCIATION OF BANKERS AND MERCHANTS OF THE UNITED STATES OF AMERICA  
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In accordance with the provisions of section 7 (1) of the  
 Guarantee (Loans) Act, 1922, the following  
 information is laid before the National Assembly for  
 consideration and approval.

The Government of India proposes to guarantee a loan of  
 U.S. \$2 million equivalent to approximately Rs. 10,00,000  
 at interest rates of 6% to be made to the Bank of  
 India and the State Bank of India for the purpose of  
 providing for reconstruction and development.

The loan bears interest of 7.5% per annum and will be  
 repaid in 10 years commencing on the 1st day of January  
 1923. In addition, the borrower shall pay to the Bank  
 a commitment charge of three-fourths of one percent (3/4 of 1%)  
 per annum on the principal amount of the loan for the period  
 from time to time. The interest and other charges shall be  
 payable semi-annually on February 15 and August 15 in each  
 year.

The Government has agreed that the company should obtain  
 a loan of \$2 million in addition to the existing facilities of  
 the Bank of India and the State Bank of India for the purpose of  
 reconstruction and development of the country. The Government  
 will be pleased to provide the necessary facilities for the  
 reconstruction and development of the country. The Government  
 will be pleased to provide the necessary facilities for the  
 reconstruction and development of the country.

At this report, the National Assembly is requested to  
 approve that the Government of India may guarantee the loan  
 referred to in the above two sections.

The current total contingent liability of the Government  
 of India in respect of reconstruction loans under section 7 (1)  
 of the Guarantee (Loans) Act, 1922, is Rs. 10,00,000.  
 The Government proposes to increase this liability to Rs. 12,00,000.  
 The Government proposes to increase this liability to Rs. 12,00,000.  
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MINISTER FOR FINANCE AND MEMBER FOR TRADE