

REPUBLIC OF KENYA

MINISTRY OF FINANCE

SESSIONAL PAPER NO.7 OF 1987

THE KENYA GOVERNMENT GUARANTEE OF
A LOAN TO THE KENYA PORTS AUTHORITY
THE GUARANTEE LOANS ACT (CAP.461)

1. In accordance with the provisions of the Guarantee (Loans) Act Cap. 461 the following information is laid before the National Assembly relating to a guarantee by the Government of an obligation of the Kenya Ports Authority in respect of the Loan described hereunder.
2. Kenya Ports Authority is a Kenya Government statutory Corporation established by the Kenya Ports Authority Act (Cap.311).
3. A loan has been secured from the European Investment Bank for financing the repair, rehabilitation and new constructions of Berths 11-14, Shimanzi Oil Terminal and Kipevu Terminal in the Port of Mombasa as more particularly described in the Appendix attached hereto.
4. This loan amounts to 6.0 million ECUS equivalent to Kshs.93 million which will carry interest at the low rate of 5% (five per cent per annum), if the loan is processed without delay, and is repayable within a period of 15 years with a moratorium of 3 years.
5. The total cost of the project is 12.2 million ECUS (equivalent to Kshs.188.9 million) of which 6.0 million ECUS will be loaned by the European Investment Bank under the Third Lomé Convention of ACP countries and the balance of Kshs.96.0 million (equivalent to 6.2 million ECUS) will be provided by Kenya Ports Authority from its own resources.
6. The loan is required to be guaranteed unconditionally and irrevocably by the Government.

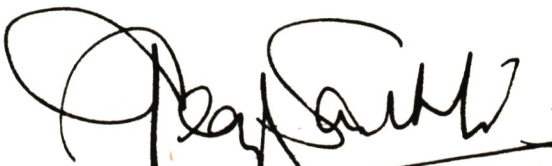


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7. The said facilities are in a dilapidated condition and it is urgent that they be repaired, rehabilitated or certain new facilities be installed thereon as soon as possible to facilitate their full use and, therefore, additional revenue to the Authority.
8. The National Assembly is required to approve that the Government may guarantee the loan of 6.0 million ECUS from the European Investment Bank to the Kenya Ports Authority.
9. The current contingent liabilities of the Government in respect of guarantees under Section 3 of the Guarantee (Loans) Act (other than those specified in the Schedule to the Act) amounts to K£.499,550,653 and with this guarantee of a sum equivalent to K£.4,650,000 the aggregate will be increased to K£.504,200,653 of which K£.457,286,156 will fall within paragraph (a) and K£.46,914,497 within paragraph (b) of section 3(3) of the Act.


PROF. GEORGE SAITOTI
MINISTER FOR FINANCE

