

The Kenya Government Guarantee of a loan to Kenya Corporation
The Guarantee Loans Act (Cap.461)

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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 Railways Corporation in respect of the loan described hereunder.

2. Kenya Railways Corporation is a Kenya Government statutory corporation established by the Kenya Railways Corporation Act (Cap.397).

3. A loan has been secured from Lloyds Bank through the Export Credit Guarantee Department of the U.K. for the purchase of 74 passenger coaches and restaurant cars, more particularly:

- 25 First Class Coaches
- 40 Second Class Coaches
- 9 Restaurant Cars

4. This loan amounts to £18.79 million pounds sterling which has a two and one half years grace period and will carry interest at the low ECGD rate of 7¼% (seven and three quarters per cent per annum) and is repayable in twenty semi annual instalments beginning after the grace period.

5. The total purchase price of the coaches is £23.81 million pounds sterling and the balance of £5.02 million pounds sterling is a direct gift from the British Government.

6. The loan portion is required to be guaranteed unconditionally and irrevocably by the Government.

7. The manufacturer of the coaches is BRE-METRO of the United Kingdom a subsidiary of the nationalised British-Rail, with whom Kenya Railways have dealt satisfactorily before.

8. These coaches are necessary because the existing rolling stock, inherited from Kenya Railways predecessors in the defunct Community has now deteriorated so that by the year 1984 only 2 first class and 15 second class coaches will be in operation, the balance of existing stock having been written off.

9. The manufacture of new rolling stock takes at least two years hence the necessity of the present contract to enable the stock to be available by 1984.

10 Following the collapse of the East African Community rolling stock and equipment for the new Kenya Railways was purchased by the Government in a rehabilitation exercise.

11. It is now expected that a self financing policy will be adopted and thus the present contract represents a direct purchase by Kenya Railways with the soft financing being guaranteed by the shareholder, the Government.

12. KENYA RAILWAYS LOAN LIABILITIES AS AT 31.12.1981

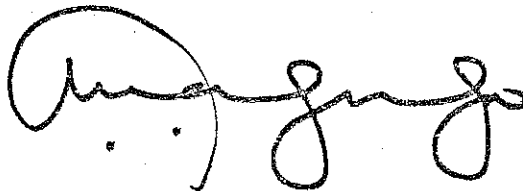
Loan Title	Total Loan K.Shs.	Interest Rate	Loan Re- payment Period Years	Amount Paid to date K Shs.	Outstand- ing Bala- nce as at 31.12.81 K Shs.
1954 E.A.H.C.(1973/76)	3,202,079	4%	-	-	3,202,079
1956 E.A.H.C.(1980/84)	21,685,392	5½%	-	18,160,357	3,525,035
1957 E.A.H.C. (1977/83)	53,944,175	5%	-	43,498,789	10,445,386
1975 E.A.R.C. (1977)	48,000,000	9%	-	9,118,656	38,881,344
1970 E.A.R.C. (1970)	9,600,000	6¾%	-	360,770	9,239,230
1971 E.A.R.C. (1986)	18,376,320	6¾%	-	434,947	17,941,373
1965 I.B.R.D. (1995)	160,963,200	5½%	30	78,012,761	82,950,439
1965 I.B.R.D. (1995)	210,643,200	7%	25	93,448,668	117,194,532
1970 C.I.D.A. (2020)	41,967,072	Int. Free	40	NIL	41,967,072
1970 British Government (1995)	9,384,000	Int. Free	25	4,527,678	4,856,322
1961 British Exchequer (1988)	52,550,400	6½%	25	39,609,093	12,941,307
1965 E.C.G.D. (1984)	29,559,600	7%	19	25,592,535	3,967,065
1970 Commercial Credits (1983)	9,384,000	5½%	13	9,092,235	291,765
1971 West Germany (1996)	18,782,400	3%	25	3,950,885	14,831,515
1978 Kenya Government (-)	533,000,000	11%	15	NIL	533,000,000
Total				K SHS	895,234,464

Total Current Loan liability for Kenya Railways is
K Shs. 895,234,464.00 broken down as above.

The proposed additional loan of Kshs.367,344,500.00 (£ Stg. 18.79 million) will raise the Loan Liability from K Shs.895,234,464.00 to K Shs.1,262,578,964.00

13. The National Assembly is required to approve that the Government may guarantee the loan of £18.79 million pounds sterling from Lloyds Bank through ECGD to Kenya Railways.

14. 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£ 309,537,555 and with this guarantee of a sum equivalent to K£ 18,367,225 the aggregate will be increased to K£ 327,904 of which K£ 20,585,582 will fall within paragraph (a) and K£ 307,319,198 within paragraph (b) of Section 3(3) of the Act.



ARTHUR KINYANJUI MAGUGU E.G.H., M.P.
MINISTER OF FINANCE
