

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. 391).
3. A loan has been secured from J. Henry Schroder Wagg & Company Limited through the Export Credits Guarantee Department of the United Kingdom for the supply of plant and equipment in connection with the expansion, containerisation, re-development and modernisation programme for the Port of Mombasa and inland depots in Kenya. Already one inland container depot is under construction at Embakasi, Nairobi. This is a joint project of the Kenya Ports Authority and the Kenya Railways Corporation. Schroder Wagg is a merchant bank incorporated in the United Kingdom.
4. This loan amounts to £15.00 million pounds sterling and will carry interest at the low ECGD rate of 7¾% (seven and three quarters per cent per annum) and is repayable in seventeen semi annual instalments beginning 36 months after the effective date of this Agreement. The effective date of this Agreement is the date when Schrodgers in writing confirm to KPA that the latter has performed all conditions precedent to the effectiveness of the Loan Agreement between KPA and Schrodgers.
5. Under the Loan Agreement KPA shall in consultation with its parent Ministry identify the plant and equipment and/or services it desires and place orders with the Crown Agents for Overseas Governments and Administrators; KPA will, therefore, enter into supply contracts with the Crown Agents who will procure the equipment from manufactures or arrange for services on behalf of KPA. This shall be in consideration for a fee to be paid by identifying eligible projects.
6. Only United Kingdom goods and/or United Kingdom services will be eligible for financing under this Loan.
7. The National Assembly is required to approve that the Government may guarantee the loan of £15.00 million pounds sterling from Schroder Wagg through ECGD to Kenya Ports Authority.

8. The current total contingent liability of the Government in respect of guarantees issued under section 3 of the Guarantee (Loans) Act (excluding those specified in the schedule to the Act) amounts to K£ 331,904,780 of which K£ 311,319,198 is in respect of covenant expressed in foreign currency and K£ 20,585,582 in respect of covenant expressed in Kenya currency.

With the guarantee of £8.15.0 million equivalent to K£ 14,091,150 now proposed, the aggregate will be increased to K£ 345,995,930 of which K£ 20,585,582 will fall within paragraph (a) of which the ceiling is K£ 100 million and K£ 325,410,348 within paragraph (b) of which the ceiling is K£ 350 million as laid down under 3(3) of the Act.



(A MAGUGU)
MINISTER FOR FINANCE