



REPUBLIC OF KENYA

MINISTRY OF FINANCE

SESSIONAL PAPER NO.....<sup>4</sup>.....OF 1989.

GOVERNMENT GUARANTEE OF LOAN TO DEVELOPMENT FINANCE COMPANY  
OF KENYA FROM THE EUROPEAN INVESTMENT BANK.

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

2. The Development Finance Company of Kenya (DFCK) was founded in 1963 as a joint venture. The Company's authorised share capital is Ksh.120 million - of which Kshs.99 million is subscribed and fully paid in the following proportions:-

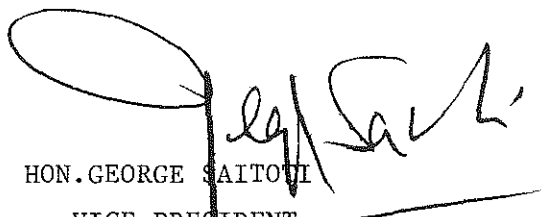
(i)	Industrial and Commercial Development Corporation (ICDC)	30.3%
(ii)	Commonwealth Development Corporation (CDC)	10.1%
(iii)	Deutsche Finanzierungs Gesellschaft Fur Beteiligugen in Entwicklungs Landern (DEG)	29.3%
(iv)	Netherlands Financerings - Maatshapis Voor ontwikke lingslanden N.V (FMO)	20.2%
(v)	International Finance Corporation (IFC)	10.1%

3. The DFCK has requested for a credit..of 10 million ECU equivalent to Kshs.220 million from the European Investment Bank. DFCK has a long association with European Investment Bank. There are already three lines of credit which DFCK is servicing promptly on schedule. The funds will be used to finance by way of loans, certain small and medium sized projects in the Industrial, Commercial, agricultural, Tourism and Mining Projects in Kenya.

4. This loan amount of 10 million ECUS equivalent to Kshs.220 million will be loaned to DFCK by the European Investment Bank under the Third LOME CONVENTION OF ACP Countries and will carry concessionary interest rate of

of 5% per annum, repayable within a period of 8 years and 2 years Grace period. The loan also carries a commitment fee of 1% per annum on the undisbursed portion of the loan.

5. The European Investment Bank has requested the line of Credit of 10 million ECU equivalent to Ksh.220 million to Development Finance Company of Kenya be guaranteed by the Kenya Government.
6. in considering to guarantee the DFCK, the Kenya Government will wish to note that the Company has over 20 years experience and service its existing loans on schedule. Moreover it should also be noted that the overseas shareholders have not only agreed to pump in new equity of Ksh.29 million but also intend to guarantee the local consortium borrowing of Ksh.200 million which the Company has planned to arrange in preference to foreign funds.
7. By this paper, the Nationa Assembly is requested to approve and agree that the Kenya Government may guarantee the loan of 10 million ECU equivalent to Kshs.220 million from the European Investment Bank Development Finance Company of Kenya.
8. The current total contingent liability of the Government of Kenya in respect of guarantee given under section 3(3) of the guarantee (Loan) Act (other than those specified in the schedule to the Act) amount to K£853,724,938 and with this guarantee of a sum equivalent to K£11,000,000 The aggregate will be increased to K£864,724,938 of which K£83,489,479 fall within paragraph (a) and K£781,235,459 within paragraph (b) of section 3(3) of the Act.



HON. GEORGE SAITOTI  
VICE PRESIDENT

AND

MINIATER FOR FINANCE



REPUBLIC OF KENYA

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SESSIONAL PAPER NO ..... 5 ..... OF 1989

KENYA GOVERNMENT GUARANTEE OF A LOAN TO KENYA PORTS AUTHORITY OF NEDERLANDS INVESTERINGS BANK FOR THE PROCUREMENT AND REHABILITATION OF KENYA PORTS AUTHORITY EQUIPMENT

1. In accordance with the provisions of the Guarantee (Loans) Act Cap 461, the following information, relating to a guarantee by the Government of an obligation of the Kenya Ports Authority in respect of a loan described hereunder, is laid before the National Assembly for consideration and approval.
2. Kenya Ports Authority is a Kenya Government Statutory Corporation establishment by the Kenya Ports Authority Act (Cap 391).
3. The Kenya Ports Authority intends to borrow seven million, two hundred and eighty seven thousand Netherlands Guilders (NLG 7,287,000) equivalent to Kenya shillings, seventy two million eight hundred and seventy thousand, (KSh.72,870,000) from the De Nederlandse Investeringsbank Voor Ontwikkelingslanden N.V. for the rehabilitation to forklift trucks and the procurement of new prime movers and shunting tractors.
4. The loan will carry a maturity of 16 years i.e. 9 years repayment period and 7 years grace period. The loan will bear a concessionary rate of interest of 2½ per annum on the outstanding amount. The loan is conditional on a government guarantee.
5. As at 30th June 1989, the Kenya Ports Authority had outstanding foreign loans of Kf69,575,249.7 at the ruling exchange rate.

<u>LOAN</u>	<u>BALANCES IN FOREIGN CURRENCY</u>	<u>BALANCES IN KSHS.</u>
IBRD LOAN 428-7 KE	US DOLLARS 970200	20,422,710
IBRD LOAN 638-7 KE	US DOLLARS 5588520	117,638,346

IBRD LOAN 865-1 KE	US DOLLARS 6688920	140,801,766
J.H. SCHRODER WAGG AND COMPANY I	£STG 7058.823	228,776,453
ZAMBIA LOAN	ZKW 148680	154,510
CIDA LOAN	C DOLLARS 13,843,786	248,778,148
UGANDA COMPENSATION	US DOLLARS 19,572,000	411,012,000
E.I.B. LOAN	6.5M ECUS	96,000,000

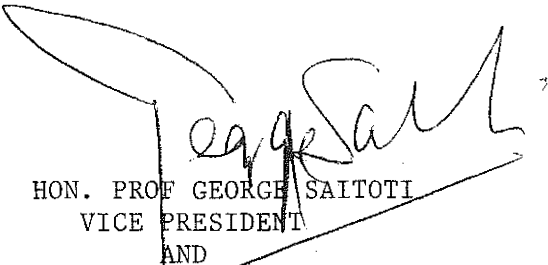
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KSh.1,391,495,994

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With this additional loan of KSh.72,870,000, the total external indebtedness of Kenya Ports Authority will be increased to KSh.1,464,365,994.

6. The National Assembly is required to approve the Government guarantee of a loan of NLG 7,287,000 equivalent to KSh.72,870,000 from De Nederlandse Investeringsbank Voor Eontwickelingslanden N.V. to Kenya Ports Authority.
7. The current total contingent liabilities of the Government of Kenya in respect of guarantees given under Section 3(3) of the Guarantee (Loans) Act, (Other than those specified in the schedule of the Act) amounts to K£864,724,938 and with this guarantee of NLG 7,287,000 equivalent to K£3,643,500 proposed in this Sessional Paper, the aggregate amount will increase to K£ 868,368,438 of which K£83,489,479 fall within paragraph (a) and 784,878,959 within paragraph (b) of Section 3(3) of the Act.



HON. PROF GEORGE SAITOTI  
VICE PRESIDENT  
AND  
MINISTER FOR FINANCE