

No. 3 Laid on 7/3/79

SESSIONAL PAPER NO. 3 OF 1979

Clerk N.A.	1	Reporters
Clerk Asst. I	1	P.S.
Clerk Asst. II		Library
Clerk Asst. POWER	1	Binding

GOVERNMENT GUARANTEE OF A LOAN TO THE  
 COMPANY LTD. FROM THE WORLD BANK FOR OLKARIA  
 GEOTHERMAL ENGINEERING PROJECT UNDER THE GUARANTEE  
 LOANS ACT (CAP. 461).

1. 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.
2. The Government of Kenya proposes to guarantee a loan of US\$ 9 million, equivalent to approximately K£.3,375,000 at current rates of exchange to be made to the Kenya Power Company Ltd. by the International Bank for Reconstruction and Development (IBRD).
3. 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Bank a commitment charge of three fourths of one percent (¾ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.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 May 1 and November 1 in each year.
4. The Government has agreed that that Company should obtain the said Loan of US\$.9 million. The Loan is to be used for financing the cost of drilling production wells for geothermal steam at Olkaria sufficient to power an electricity generating plant or plants with the capacity of at least 30MW, and installing the necessary well-head equipment for controlling steam from such wells.
5. 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.
6. 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 specified in the Schedule to the Act) amount to K£.248,302,436. With the proposed guarantee of US \$.9 million equivalent to K£.3,375,000 the aggregate will be increased to K£.251,677,436 of which K£.6,296,853 will fall within paragraph (a) and K£.245,380,583 within paragraph (b) of Section 3(3) of the Act.

MWAI KIBAKI  
 VICE-PRESIDENT AND MINISTER FOR FINANCE