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KENYA GOVERNMENT GUARANTEE OF A LOAN OF JAPANESE YEN
8,724,000,000 EQUIVALENT TO KSHS.4,591,580,000 FROM JAPAN
TO KENYA POSTS AND TELECOMMUNICATIONS CORPORATION FOR
TELECOMMUNICATION PROJECTS

1. In accordance with the provision of the Guarantee (Loan) Act (Cap 461) of the Laws of Kenya, the following information is laid before the National Assembly for consideration and approval.
2. The Kenya Posts and Telecommunications Corporation is a State Corporation established by an Act of Parliament (Cap 411 of the Laws of Kenya.)
3. The functions of Kenya Posts and Telecommunications Corporation include:-
 - (a) Provision)
 - (b) Maintenance) of Postal and Telecommunications services
 - (c) Development) both domestic and international
4. With the full support of the Government, the Kenya Posts and Telecommunications Corporation has successfully negotiated for a loan of Japanese Yen, 8,724,000,000 equivalent to Kshs.4,591,580,000 from the Government of Japan.

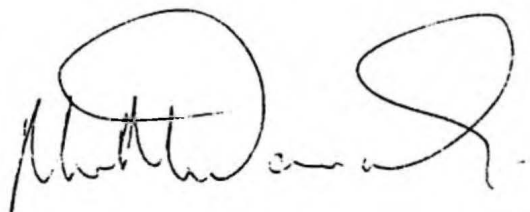
The loan bears an interest rate of 2.3% per annum and carries 10 years grace period and 20 years repayment period.
5. The proceeds of the loan shall be used to modernize and expand telecommunications network in both Nairobi and Mombasa and thereby accelerate commercial and industrial activity.

The Scope of the work will include

- (a) installation of Digital Switching equipments,
- (b) Installation of Transmission equipments,
- (c) Installation of outside plant,
- (d) Consultancy services,
- (e) Contingency.

6. The National Assembly is therefore requested to approve the Government Guarantee of a loan of Japanese Yen, 8,724,000,000 equivalent to Kshs.4,591,580,000 from the Overseas Economic Co-operation Fund (OECF) of Japan to Kenya Posts and Telecommunications Corporation.

7. The current total contingent liabilities of the Government of Kenya in respect of the Guarantee given under section (3) of the Guarantee (loans) Act other than those specified in the Schedule to the Act amount to K£1,880,335,367 and with this guarantee of a sum equivalent to K£229,579,000 the aggregate amount will be increased to K£2,109,914,367 of which K£46,510,367 fall within sub-section (a) and K£2,063,404,000 within sub-section (b) of section (3) of the Act.



~~HON. MUSALIA MUDAVADI EGH, MP~~
MINISTER FOR FINANCE