



REPUBLIC OF KENYA

MINISTRY OF FINANCE

SESSIONAL PAPER ON 2..... OF 1991

CONVERSION OF A LOAN OF KSHS.50,000,000.00 FROM THE GOVERNMENT TO KENYA RAILWAYS TO A GOVERNMENT SUBVENTION

1. The following information is laid before the National Assembly for consideration and approval.

2. ~~The sum of Kshs.50,000,000/= was advanced to the now Defunct~~ East African Railways Corporation by the Government of Kenya as follows:

<u>DATE</u>	<u>AMOUNT IN KSHS</u>
1. 26th July, 1974	30,000,000.00
2. 10th December, 1975	10,000,000.00
3. 2nd January, 1976	10,000,000.00
	<u>50,000,000.00</u>

3. A similar sum was also advanced by each of the Government of Uganda and Tanzania. The total sum of Kshs.150.00 million for which the terms and conditions of repayment were determined was utilised to avert the Financial Crisis facing the East African Railways Corporation Headquarters at the time.

4. The sum of Kshs.50.00 million advanced by the Government of Kenya has been ~~tied~~ in the Kenya Railways Corporation accounts as Kenya Government subvention.

5. Following the appointment of a mediator by the World Bank and the former East African Partner States to look into and advise on the sharing of assets and liabilities of the defunct East African Community and its Corporations the mediation formular assigned Kenya Railways Corporation Kshs.63.00 million (42% of Kshs.150.00 million).

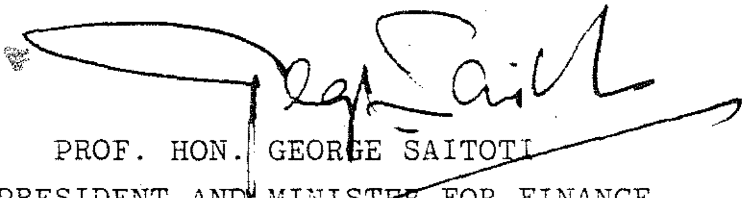


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6. The National Assembly is requested to note the amount assigned to Kenya Railways Corporation as liability of Kshs.63.00 million during the mediation exercise and to approve the treatment in the account of Kshs.50.00 million as Government subvention and not as a loan.



PROF. HON. GEORGE SAITOTI
VICE PRESIDENT AND MINISTER FOR FINANCE