



REPUBLIC OF KENYA

MINISTRY OF FINANCE

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SESSIONAL PAPER NO.1.....1.....OF 1990

KENYA GOVERNMENT GUARANTEE OF A LOAN OF JAPANESE YEN 6,031,000,000 EQUIVALENT TO KSH.876,344,000 FROM OVERSEAS ECONOMIC COOPERATION FUND, JAPAN, TO TANA & ATHI RIVERS DEVELOPMENT AUTHORITY FOR RICE IRRIGATION PROJECT AT TANA DELTA

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 Tana & Athi Rivers Development Authority is a wholly owned Government Parastatal which was established under the Tana & Athi Rivers Development Act (Cap 443 of the Laws of Kenya) of 1974. The Authority will be the borrower and the Executing Agency for the project. Tana & Athi Rivers Development Authority is accountable to the Ministry of Energy.
3. The functions of the Authority include:
 - (a) To advise the Government generally and the Ministries set out in the Schedule in particular on all matters affecting the development of the Area including the apportionment of water resources;
 - (b) to draw up, and keep up to date, a long-range development plan for the Area.
 - (c) To initiate such studies, and carry out such surveys, of the Area as it may consider necessary, and to assess alternative demands within the Area on the resources thereof, including electric power generation, irrigation, wildlife, land and other resources, and to recommend economic priorities;
 - (d) to co-ordinate the various studies of, and schemes within, the Area so that human, water, animal, land and other resources are utilized to the best advantage, and to monitor the design and execution of planned projects within the Area;
 - (e) to effect a programme of monitoring of the performance of projects within the Area so as to improve that performance and establish responsibility therefor, and to improve future planning;

- (f) to ensure co-operation between all agencies concerned with the abstraction and use of water within the Area in the setting up of effective monitoring of that abstraction and use;
- (g) to collect, assemble and correlate all such data related to the use of water and other resources within the Area as may be necessary for the efficient forward planning of the Area;
- (h) to maintain a liaison between the Government, the private sector and foreign agencies in the matter of the development of the Area with a view to limiting the duplication of effort and to assuring the best use of technical resources;
- (i) to render assistance to operating agencies in their applications for loan funds required;
- (j) to cause the construction of any works necessary for the projection and utilization of the water and soil of the Area.

4. With the full support of the Government, Tana & Athi Rivers Development Authority has successfully negotiated for a loan of Japanese Yen 6,031,000,000 equivalent to Ksh.876,344,000 from the Overseas Economic Cooperation Fund of Japan. The loan bears an interest rate of 2.5% per annum, payable semi annually on the Principal disbursed and outstanding. The loan carries 10 years Grace period and 20 years Repayment period.

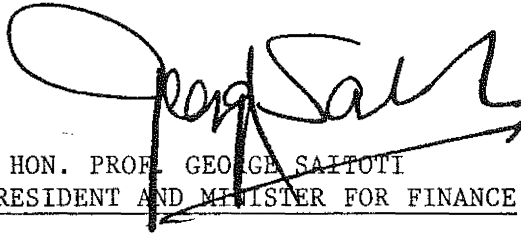
5. The proceeds of the loan shall be used for the purchase of eligible goods and services necessary for the implementation of the project from suppliers, contractors or consultants (hereinafter collectively referred to as "the supplier(s) of the eligible source countries described in schedule 4 of the contract.

The Scope of the work will involve:

- (a) Construction of irrigation facilities including work for administration buildings and afforestation;
- (b) Construction of Estate farms
- (c) Estate farm Management
- (d) Consulting services

6. The National Assembly is therefore requested to approve the Government Guarantee of a loan of Japanese Yen6,031,000,000 equivalent to Ksh.876,344,000 from the Overseas Economic Cooperation Fund of Japan to Tana and Athi Rivers Development Authority.

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 Kf914,477,047^{997,965,546} and with this guarantee of a sum equivalent to Kf43,817,200, the aggregate amount will be increased to Kf1,041,783,746 of which Kf83,489,499 will fall within paragraph (a) and Kf958,294,247 within paragraph (b) of section 3(3) of the Act.



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