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REPUBLIC OF KENYA

MINISTRY OF FINANCE

SESSIONAL PAPER NO. 9 OF 1989

KENYA GOVERNMENT GUARANTEE OF A LOAN TO KENYA POWER & LIGHTING COMPANY FROM INDOSUEZ BANK N.V. OF BELGIUM

1. In accordance with the provision of the Guarantee (Loan) Act Cap 461, the following information, relating to a guarantee by the Government of an obligation to Kenya Power and Lighting Company in respect of a loan described hereunder, is laid before the National Assembly for consideration and approval.
2. Kenya Power and Lighting Company is a Limited liability Company established by companies Act (Cap 486).
3. The Kenya Power & Lighting Company has entered into contract with Pauwels International N.V of Belgium for the supply of 10 Power transformers at a cost of BEF 100 million equivalent to Kshs.57,320,000 to be funded by Credit facility from Indosuez Bank Belgie N.V of Belgium for the reinforcement of Nairobi System.
4. The loan will carry a maturity of 14½ years i.e 13 years repayment period and 1½ years grace period. The loan will be a concessionary rate of interest of 2.6% per annum on the outstanding amount. The loan is conditional on Government guarantee.
5. As at 30th June 1988, the Kenya Power and Lighting Company had outstanding foreign Loan of K£12,713,400 (at the ruling exchange rate.)
6. The Government attaches great importance to both Urban and Rural Electrification Programme throughout the Country as a necessary infrastructural development. The National Assembly is therefore requested to approve the Government Guarantee of BEC 100 million equivalent to Ksh.57,320,000 from Indosuez Bank Belgie N.V.

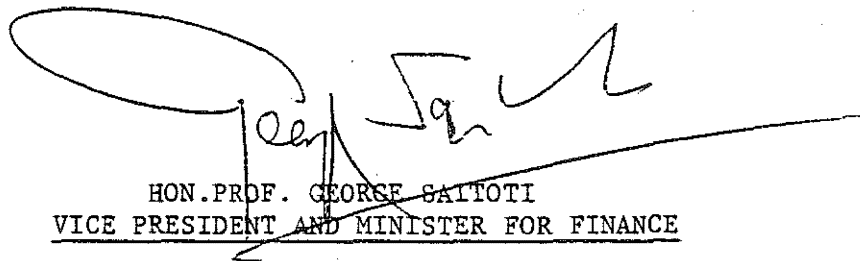


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7. The current total contingent liability of the Government of Kenya in respect of guarantee given under section 3(3) of the Guarantee (Loans) Act, (Other than those specified in the schedule of the Act) amount to Kf1,056,430,828 and with the guarantee of BEC 100 million) equivalent to Kf2,866,000 in this Sessional paper, the aggregate amount will be increased to Kf1,059,296,828 of which Kf83,489,499 falls within paragraph (a) and Kf975,807,349 within paragraph (b) of section 3(3) of the Act.



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