

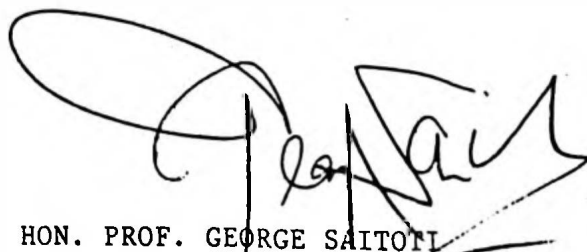
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SESSIONAL PAPER .....NO.2..... of 1999

KENYA GOVERNMENT GUARANTEE OF A LOAN TO THE KENYA POST AND TELECOMMUNICATIONS CORPORATION (KP&TC) BY DE NEDERLANDSE INVESTERINGSBANK FOR TELEPHONE CABLES

1. In accordance with the provision of the Guarantee (Loan) Act (Cap.461) the following information is laid before the National Assembly for consideration and approval.
2. The Kenya Posts and Telecommunications Corporation is a wholly-owned Government parastatal, which was established under the Kenya Post and Telecommunications Act, Chapter 411 of the Law of Kenya. The corporation will be the borrower and the executing agency for the project. KP&TC is accountable to the Ministry of Transport and Communications. Its duties include the following:
  - (a) establishment and operation of postal services and performance of incidental services relating to the receiving, collecting, sending, despatching, and delivery of postal articles;
  - (b) establishment and operation of money order services and performance of incidental services relating to the issuing, receiving and paying of money orders;
  - (c) establishment and operation of telephone services and performance of incidental services relating to providing, installing and maintaining of telephone apparatus;
  - (d) establishment and operation of telegraph services and performance of incidental services relating to the receiving, collecting, despatching and delivering of telegrams; and
  - (e) establish and operation of radio communications and provision, installation and maintenance of necessary equipment for any other person authorized to operate radio communication.

3. The Kenya Posts and Telecommunication Corporation intend to borrow thirteen million, eight hundred and seventy seven thousand Netherlands guilders (NLG 13,877,000) equivalent to Kenya shillings, one hundred and forty two million, nine hundred and thirty three thousand, one hundred, (Ksh.142,933,100) from the De Nederlandse Investeringsbank Voor Ontwikkelinglanden N.V. for the purpose of financing the purchase of telephone cables for NKF-Kabel B.V.
4. The loan will carry a maturity of 16 years i.e. 9 years repayment period and 7 years grace period. The loan will bear an interest rate of 2½ per annum on the outstanding amount.
5. As at 31st December 1988, the Kenya Posts and Telecommunications had outstanding foreign loans of K£180,169,529 (at the ruling exchange rate).
6. The Government attaches great importance to the development of telecommunications throughout the country as a necessary infrastructural development. The National Assembly is therefore requested to approve the Government guarantee of NLG 13,877,000 equivalent to Ksh.142,933,100 from De Nederlandse Investeringsbank Voor Ontwikkelingslanden N.V.
7. The current total contingent liability of the Government of Kenya in respect of guarantees given under section 3(3) of the Guarantee (Loans) Act, (other than those specified in the schedule of the Act) amounts to K£727,280,013 and with the guarantee of (NLG 13,877,000) equivalent to K£7,146,655 proposed in this sessional paper, the aggregate amount will be increased to K£734,426,668 of which K£83,489,479 fall within paragraph (a) and K£650,937,189 within paragraph (b) of section 3(3) of the Act.



HON. PROF. GEORGE SAITOTI

VICE PRESIDENT

AND

MINISTER FOR FINANCE