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Kenya Government Guarantee of a Loan to Kenya Pipeline Company
made by Citibank (Channel Islands) Limited

THE GUARANTEE (LOANS) ACT

(Cap. 461)

In accordance with the provisions of the Guarantee (Loans) Act (Cap. 461), the following information is laid before the National Assembly relating to a guarantee by the Government of the obligations of the Kenya Pipeline Company Limited in respect of a loan granted to it by Citibank (Channel Islands) Limited.

The loan to be guaranteed is a euro-dollar loan amounting to U.S. \$10 million which at the present rate of exchange is equivalent to approximately K24,170,000.

The terms of the loan are -

- a) Maturity 7 years
- b) Repayment - 9 half yearly installments commencing 3 years after the date of the agreement
- c) Interest - 1 3/4% over the prime inter-bank lending rate for dollars in London recalculated every six months
- d) Commitment fee - 3/4% on any undrawn balance of the loan

The guarantee to be provided by the Government is in respect of both principal and interest and the loan is conditional upon the provision of this guarantee. The purpose of the loan is to finance the remaining part of the Mombasa - Nairobi Oil Products Pipeline and the Nairobi Airport aviation fuel terminal. The project is due to be completed and commissioned by 1st January, 1978.

Other guarantees provided to the Kenya Pipeline Company Limited were set out in Sessional Paper No. 3 of 1976 and Sessional Paper No. 6 of 1976. Excluding the guarantee proposed in this paper, the total amount of loans guaranteed by Government on behalf of the Kenya Pipeline Company Limited is K236.03 million.

Parliament is now requested to approve that the Government extend a guarantee of payments of principal and interest in United States dollars in respect of this loan from Citibank (Channel Islands) Limited.

The current total contingent liability of the Kenya Government in respect of guarantees given under clause 3 of the Guarantee (Loans) Act (other than those specified in the Schedule to the Act) amounts to K2272,116,841. With the guarantee of U.S.\$10 million (equivalent to K24,170,000) proposed by this paper, the aggregate will be increased to K2276,286,041 of which K2187,537,569 will fall within paragraph (a) and K288,749,272 within paragraph (b) of Clause 3(3) of the Act.

MWAI KIBAKI
MINISTER FOR FINANCE AND PLANNING.

The Treasury,
April, 1977.