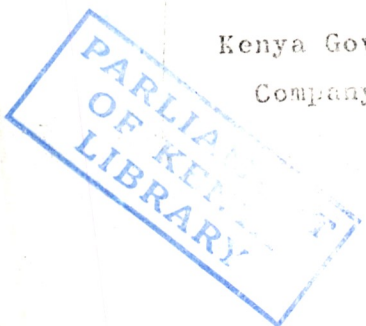


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Kenya Government Guarantee of a Loan to Kenya Pipeline Company Limited by Nissho-Iwai American Corporation.

THE GUARANTEE (LOANS) ACT
(Cap 461)

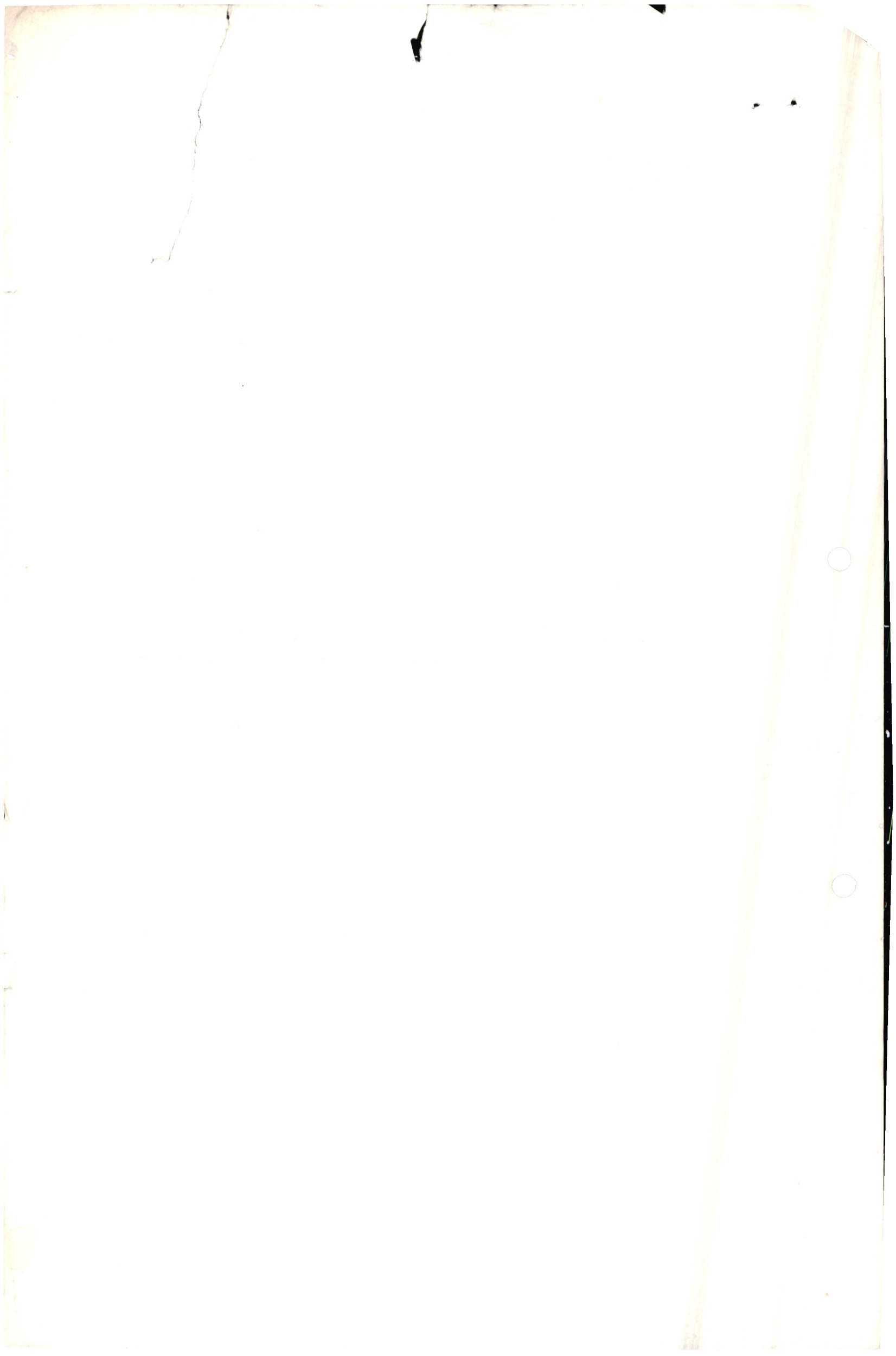
In accordance with the provisions of the Guarantee (Loans) Act (Cap 461) the following information is laid before the National Assembly relating to a guarantee by the Government of the obligations of the Kenya Pipeline Company Limited in respect of a loan granted to it by Nissho-Iwai American Corporation of the United States.

The loan to be guaranteed is for United States dollars seven million three hundred thousand (U.S. \$ 7,300,000) equivalent at the present rate of exchange to approximately K23,011,250.

The terms of the loan are -

- (a) Maturity - 7 years
- (b) Repayment - in 10 equal half yearly instalments commencing 2 years after the initial drawdown.
- (c) Interest - 2% over and above the rate at which deposits in dollars are offered to the Bank of Tokyo Limited by Prime Banks in the London Inter-Bank Market.

The guarantee to be provided by Government is in respect of both principal and interest and the loan is conditional on this guarantee. The Kenya Pipeline Company is a wholly owned Government company undertaking the construction of the oil products pipeline from Mombasa to Nairobi which is due to be completed by September 1977.



The National Assembly is also being asked in Sessional Paper No.20 of 1975 to approve guarantees to Nissho-Iwai Company Limited a Japanese company associated with the Nissho-Iwai American Corporation and the contracts to supply equipment and to construct the pipeline entered into by the Kenya Pipeline Company with Nissho-Iwai Company Limited were conditional on the latter company arranging this loan for the Kenya Pipeline Company. The purpose of this loan is to finance part of the local cost of constructing the pipeline in Kenya.

Parliament is requested to approve that the Government extend a guarantee of payments of principal and interest to the Nissho-Iwai American Corporation in respect of the loan of U.S.\$7,500,000.

The current total contingent liability of the Kenya Government in respect of guarantees given under clause 5 of the Guarantee (Loans) Act (other than those specified in the Schedule to the Act but including the amounts set out in Sessional Paper No.20 of 1975) amounts to K£235,297,305. With the guarantee of the K£3,011,250 proposed by this paper, the aggregate will be increased to K£238,308,555 of which K£149,559,285 will fall within paragraph (a) and K£88,749,272 within paragraph (b) of Clause 3(5) of the Act.

Minister for Finance and Planning.

The Treasury,
April.

