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OF 1984

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 KENYA GOVERNMENT GUARANTEE OF A LOAN TO THE TANA AND ATHI RIVERS DEVELOPMENT AUTHORITY BY GRINDLAYS BANK P.L.C. TO FINANCE PART OF THE CONSTRUCTION COST OF THE KIAMBERE HYDROELECTRIC PROJECT.

THE GUARANTEE (LOANS) ACT, CAP.461

1. In accordance with the Provisions of the Guarantee (Loans) Act (Cap 461) the following information is laid before the National Assembly for consideration and approval.
2. The Government proposes to guarantee a loan of Deutsche Mark Twenty five million (DM 25,000,000) equivalent to Kenya Shillings One hundred thirty one million seven hundred forty thousand (Kshs. 131,740,000) to be made available to the Tana and Athi Rivers Development Authority (TARDA) by the Grindlays Bank p.l.c. which has its Head Office in London, United Kingdom. The International Bank for Reconstruction and Development (IBRD) and the Yugoslav Bank for International Economic Cooperation are co-financiers of the Project. Other financiers for this Project are the African Development Bank (AfDB), the Saudi Fund for Development (SFD), the Swedish International Development Agency (SIDA), the Skandinavska Enskilda Banken (SEB), the Canadian International Development Agency (CIDA), the Kreditanstalt fuer Wiederaufbau (KfW) and the Government of the United Kingdom. The Government will on-lend the proceeds from these loans and grants to TARDA. A further Government contribution in the form of equity in the amount of Kshs. 603.8 million would be used to defray the cost of duties and taxes imposed on the Project.

Funds estimated at net Kshs. 585.5 million to cover the remaining unfunded components of the Project would be provided through a proportion of the development surcharge collected by the Kenya Power and Lighting Company Limited (KPL).

The total cost of the Project is estimated at Kshs. 4,392.0 million.

3. The loan will be paid within a period of six months (6) commencing 1984, and will bear interest on the principal amount of the loan withdrawn and outstanding from time to time at a rate per annum which is one and one quarter of one per cent (1 1/4%) above the rate at which Deutschmark deposits of an amount comparable to the sum outstanding for such interest period are offered to the lender by prime banks in the London Interbank Market. The interest for the last known interest period is 7 per cent per annum.
The borrower (TARDA) will pay a bank fee equivalent to Deutsche Mark One hundred and twenty five thousand (DM 125,000) and a further commitment charge at the rate of one half of one per cent per annum on the principal amount of the loan not withdrawn from time to time.
4. This loan is required to finance part of the construction cost of the Kiambere Hydroelectric Project which is being developed by the Tana and Athi Rivers Development Authority which is a Government owned parastatal.
5. The main objective of the Kiambere Hydroelectric Project is to assure a firm source of reliable electric generating capacity to meet the growth in demand which is expected to exceed the capabilities of the generating facilities in existence in 1987. The Project would develop indigenous renewable energy resources and create new job opportunities, particularly during its construction period.
A further objective would be to reduce the country's heavy dependence on imported oil.

The Project consists of the construction of hydroelectric generating facilities on the Tana River essentially as follows:

- a) a rock and earthfill dam, approximately 100 metres high with a crest length of about one kilometre, a saddle dam and a concrete-lined spillway and two diversion tunnels about 0.5 km long.
- b) an intake, a concrete and steel-lined shaft and a headrace tunnel 6.4 m in diameter and about 4.1 km long, to connect the reservoir to the underground powerhouse, and a reinforced concrete surge shaft near the downstream end of the tunnel.
- c) an underground powerhouse with two 70 MW vertical Francis turbines, and a tailrace tunnel of about 1.4 km long.
- d) one 220 kV switchyard.
- e) 80 km of 220 kV transmission lines to connect the generating station to the existing grid.

Upon completion of the Project a reservoir with a capacity of about 505 million cubic metres would be available to regulate the flow of the Tana River and carry stored water from a high flow year to the next year. The addition of 140 MW to the system would bring the total capacity, including the 50 MW supply of UEB to 302 MW, i.e. an 25% increase in installed capacity. It is expected to produce 910 GWh annually during an average water year which would increase the capacity of the system from 2,702 GWh to 3,602 GWh - a 33% increase in energy output.

A comprehensive environmental study was carried out by the Government prior to the construction of the Upper Reservoir, which is entitled "Upper Reservoir Pre-Construction Environmental Study", dated August 1976. The essential outcome of the study was that it was necessary to monitor closely the effect of the hydroelectric projects on the spread of vector-borne diseases likely to arise.

The second part of the project involved the construction of a new bridge across the river. This bridge was built using traditional methods and materials, such as wood and stone. The bridge was completed in 2010 and has since provided a safe and reliable crossing for the local community. The bridge has also helped to improve access to the area, which has led to increased trade and tourism.

The third part of the project involved the construction of a new school building. This building was completed in 2011 and now provides a safe and comfortable learning environment for the local children. The school has also helped to improve access to education for the local community, which has led to increased literacy rates and better opportunities for the future.

The fourth part of the project involved the construction of a new health center. This center was completed in 2012 and now provides medical services to the local community. The center has also helped to improve access to healthcare for the local population, which has led to improved health outcomes and better quality of life.

A summary of the main activities for the project can be found in Table 1, with a complete description being given in Appendix A.

	<u>1942</u>	<u>1943</u>	<u>1944</u>
Total Income	\$1,376.00	\$756.00	\$1,700.00
Interest Income	\$125.00	\$65.00	\$125.00
Bank Interest Income	\$125.00	\$65.00	\$125.00
Interest on Savings Account	\$220.70	\$220.70	\$220.70
Interest on Checking Account	\$72.00	\$72.00	\$72.00
Interest on Money Market Fund	\$25.00	\$1,500.00	\$1,700.00
Interest on Bond Fund	\$25.00	\$—	\$50.00
Interest on Mutual Fund	\$100.00	\$—	\$100.00
Interest on Stock Fund	\$100.00	\$100.00	\$100.00

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the Government for the Tana River Project which will affect the lives and living. These will be discussed in the present document. In respect to the content of the document, the objective is to have the Tana River Development Authority which would be the Governmental authority which would be responsible for the Tana River development, and the Tana River Development Project would be under the Tana River Development Authority.

The Tana River Development Project, a joint venture between the Government and the private sector, will be the effective instrument of the Tana River Project.

The Project will be the ultimate of hydro and hydropower development in a body corporate known as the Tana and Athi Rivers Development Authority (hereinafter referred to as Kenya). Its functions shall be the following:

- a) to advise the Government on all development possibilities within the Tana and Athi River Basins;
- b) to establish long range plans for the effective utilisation of the water resources of these basins;
- c) to coordinate and maintain all development projects in the catchment area and, in some cases undertake the execution of development projects including other partners;
- d) to act as liaison between the Government, the private sector and foreign agencies in development of the Tana and Athi Basins.

For the justification of the Project the trends in sales of oil refining over the last decade have been analysed.

The oil refining has increased rapidly during that period. The current annual growth was approximately 8%. The oil refining may be divided into two categories, namely;

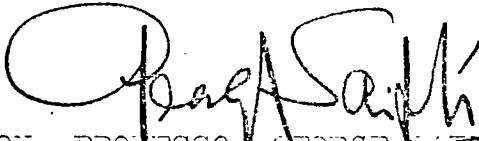
- 1) Industrial and commercial;

NOTICE OF DEBT CONTRACTS

The Government of Kenya wishes to inform the public that it has been decided to issue a notice of debt contracts for the period from 1st January 1971 to 31st December 1971, and that the same will be issued on 10th January 1972.

Under the provisions of the Public Works (Debt Contracts) Act, the notice will be completed by 31st January 1972.

5. The Government attaches great importance to the delivery of other utility services of energy and water which is equally important towards the objectives of a better and more efficient economy. The National Water Board is requested to forward to the Minister of Finance by 15th January 1972, the report of the Government on operations during the year referred to above.
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 to the Act) amount of Ksh 520,100,532 of which Ksh 327,424,000 is in respect of covenants expressed in foreign currency as per paragraph (b) and Ksh 33,072,532 is in respect of covenants expressed in Kenya currency as per paragraph (a) of section 3 (3) of the Act.


 PROFESSOR GEORGE SAITOJI, H.B.
MINISTER FOR FINANCE AND PLANNING

Note.

The purpose of this loan on short terms is to bridge the finance for the advance and progress payments due to the German contractors in anticipation of the loan provided by the Kreditanstalt fuer Wiederaufbau (KfW) the details of which are currently under negotiation between the Government and the Federal Republic of Germany.

It is expected that funds from the KfW - loan will become available before September 1984 and out of these proceeds all amounts due at that time under the loan agreement with Grindlays Bank p.l.c. shall be settled.