

Library

SESSIONAL PAPER NO. 8 OF 1982

KENYA GOVERNMENT GUARANTEE OF A LOAN
TO THE KENYA PORTS AUTHORITY

PAPERS LAID		No.	69
Speaker N.A.	1	Clerk Asst. IV	1
Clerk N.A.	1	Reporters	1
Clerk Asst. I	1	Press	3
Clerk Asst. II		Library	2
Clerk Asst. III	1	Binding	2

PARLIAMENT
OF KENYA
LIBRARY

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 relating to a guarantee by the Government of an obligation of the Kenya Ports Authority in respect of the loan described hereunder.
2. Kenya Ports Authority is a Kenya Government statutory corporation established by the Kenya Ports Authority Act (Cap. 391).
3. A loan has been secured from J. Henry Schroder Wagg & Company Limited through the Export Credits Guarantee Department of the United Kingdom (ECGD) for the supply of 3 harbour tugs and one salvage tug. Schroder Wagg is a merchant bank incorporated in the United Kingdom.
4. This loan amounts to £9,584,805.00 pounds sterling and will carry interest at the low ECGD rate of 7½% p.a. (seven and one half per cent per annum) and is repayable in seventeen semi-annual instalments beginning on 18th December, 1984.
5. Under the Loan Agreement KPA shall enter into a supply contract with the Crown Agents for Overseas Governments and Administrations who are the executing agency of the British Government. The Crown Agents will in turn enter into sub-contracts with United Kingdom tug builders and will oversee the construction thereof. This shall be in consideration for a fee to be paid by KPA to the Crown Agents.
6. It is a condition of the Loan that these tugs must be built in the United Kingdom.

7. The National Assembly is required to approve that the Government may guarantee the loan of £9,584,805.00 pounds sterling from Schroder Wagg through ECGD to Kenya Ports Authority.
8. The total purchase price of the tugs is £14,234,805.00 pounds sterling and the balance of the price over the loan i.e. £4,450,000.00 pounds sterling is being provided by an aid grant from the Government of the United Kingdom.
9. The current contingent liabilities of the Government in respect of guarantees issued under section 3 of the Guarantee (Loans) Act (excluding those specified in the Schedule to the Act) amounts to K£ 345,995,930 of which K£ 325,410,548 in respect of the covenant expressed in foreign currency and K£ 20,585,582 in respect of the covenant expressed in Kenya currency.

With the guarantee of £89,584,805 equivalent to K£ 9,004,062 now proposed, the aggregate will be increased to K£ 354,999,992 of which K£ 20,585,582 will fall within paragraph (a) of which the ceiling is K£ 100 million and K£334,414,410 within paragraph (b) of which the ceiling is K£350 million as laid down under section 3(3) of the Act.



(A. MAGUGU)

MINISTER FOR FINANCE