



LAWS OF KENYA

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## **THE EXTENAL LOANS AND CREDITS ACT**

CHAPTER 422

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## CHAPTER 422

### THE EXTERNAL LOANS AND CREDITS ACT

*Commencement: 16<sup>th</sup> June, 1967*

12 of 1967,  
38 of 1968,  
20 of 1971,  
11 of 1973,  
11 of 1974,  
8 of 1978.

**An Act of Parliament to authorize the Government to raise loans outside Kenya, to provide for the negotiation by the Government of credit facilities outside Kenya, and to provide for matters incidental thereto**

Short title.  
8 of 1978, s.7.

**1.** This Act may be cited as the External Loans and Credits Act.

Borrowing powers.  
8 of 1978, s. 7.

**2.** The Government may, under agreements or other written instruments, borrow or obtain credit for sums in currencies other than Kenya currency from any person or government, upon such terms and conditions as to interest, repayment or otherwise and in such manner as the Minister responsible for finance may think fit, and may, subject to section 3, expend moneys or purchase goods or services on credit in accordance with those agreements or instruments.

Use of moneys  
borrowed and credits  
obtained.  
20 of 1971, s. 3.

**3.** (1) All sums borrowed under this Act shall be expended only upon the purposes for which provision is made in the estimates of expenditure approved by Parliament.

(2) No goods or services shall be purchased on credit under this Act except such as are required for the purposes for which provision is made in the estimates of expenditure approved by Parliament.

Charge on  
consolidated fund.

**4.** The repayment of all sums of money borrowed under this Act, and the payment of all money payable by the Government for goods or services purchased on credit under this Act, and the payment of all interest and other charges payable in respect thereof, shall be charged on the consolidated fund and issued out of it without further appropriation than this Act.

National Assembly  
to be informed of  
transactions.

**5.** As soon as practicable after a loan has been arranged or credit obtained under this Act, the Minister shall lay before the National Assembly a report on the transaction specifying the parties, the circumstances giving rise to the transaction, the amount or value of the transaction, the currency in which the amount or value is expressed, the terms and conditions as to interest and repayment or payment and the aggregate of the capital sums borrowed and the credit obtained under this Act up to the date of the report, and any further information which he considers appropriate.

6. (1) The total indebtedness for the time being outstanding in respect of the principal amounts of moneys borrowed or credit obtained shall not exceed the equivalent of the sum of six hundred and fifty million pounds calculated at rates of exchange prevailing for the time being or such higher sum as the National Assembly may by resolution approve.

Limit of total indebtedness.  
8 of 1978, s. 7.

(2) The Minister shall report to the National Assembly in writing (by way of the annual appropriation accounts or otherwise) the amount of indebtedness mentioned in subsection (1) outstanding at the end of each financial year.

7. (1) The Minister, or any person specially authorized by him in writing in that behalf, may execute such instruments as may be required in connexion with this Act.

Execution of instruments.  
8 of 1978, s. 7.

(2) Subject to subsection (1), nothing contained in this Act shall vitiate any agreement or other instrument.

8. The Minister may make regulations providing for such matters as appear to him to be necessary or expedient for the purpose of facilitating the implementation of this Act.

Regulations.

9. Any moneys borrowed or credit obtained in currencies other than Kenya currency before 1st July, 1978 by or on behalf of the Government under any of the statutes repealed by Part XIII of the Finance Act, 1978 or under the Specific Loan (Commonwealth Development Corporation) Act and owing on or after that day, shall be deemed for the purposes of section 6 of this Act to have been borrowed or obtained under this Act.

Transitional and saving.  
8 of 1978, s. 7.  
No. 8 of 1978.  
Cap. 440.

