

# National News

## Loans Kenya served with default notice after failing to keep up with payments KQ debt to cost taxpayers Sh1.42bn more, MPs say

This will be in interest and principal payments on the refinanced guaranteed loan

BY EDWIN MUTAI

Taxpayers are set to pay Sh1.42 billion more in interest and principal payments on the refinanced Kenya Airways guaranteed loan, the Debt and Privatisation Committee has said in a report.

The committee says the payment for the KQ debt is expected to rise by Sh1.42 billion or 10 per cent from Sh14.68 billion to Sh16.10 billion.

"The increase is due to an increase of Sh186.43 million in interest payments and an increase of Sh12.24 billion in principal payments," Mr Abdi Shurie, who chairs the committee, said in a report on the audit of the Consolidated Fund Service (CFS).

"This is the second increase in repayment from an earlier increase of Sh12.41 billion in the Supplementary Estimates I for the financial year 2022/23."

In a report tabled in Parliament on June 29, 2023, the committee said this represents a rise of Sh3.84 billion or 611 per cent in a single year.

"Therefore, while the government must meet its obligations in respect of the guaranteed debt, these should be planned to avoid fiscal disruptions that may be caused by large increases in expenditure during the year," Mr Shurie said in the report.

In February, a US-backed lender



Kenya Airways Boeing 787-8 Dreamliner aircraft as seen on final approach landing at London Heathrow International Airport in England, UK, on October 20, 2019. PHOTO IAFP

er slapped the Treasury with a default notice for defaulting on a Sh57.8 billion loan guaranteed by the government to Kenya Airways.

Treasury Principal Secretary Chris Kipitoo told Parliament that the US Exim Bank had served a notice of default after Kenya failed to keep up with payments on the loan.

KQ has defaulted on part of its \$325 million (Sh64.6 billion) loan from the Private Export Funding Corporation (PEFCO) of the US, which was guaranteed by Exim Bank of the US, which in turn was guaranteed by the Kenyan government.

The Exim Bank, which is wholly owned by the US government,

provides direct loans, commercial loan guarantees, export credit insurance and working capital guarantees to American exporters.

Dr Kipitoo said the Treasury had guaranteed the loan to the airline at an exchange rate of Sh84 to the dollar. The exchange rate is currently at Sh140.6 to the dollar.

Treasury said Kenya has an outstanding balance of \$462 million (Sh57.77 billion).

"Now, to tell you the truth, we don't have enough headroom to pay, but what is important is that we pay," Dr Kipitoo told the Public Debt and Privatisation Committee in February.

Technically, a loan call means that the lender can demand full

repayment of the debt if it fears the borrower's future ability to pay.

The KQ loan was a 12-year facility originally provided by Citibank and JP Morgan before PEFCO took it over, with Exim and the Kenyan government joining as guarantors.

The airline stopped making payments when it ran into financial difficulties, exacerbated by the Covid-19 pandemic.

The airline stopped payments on both the guaranteed and non-guaranteed portions of the loan, the Treasury said in an earlier report.

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## Proposed law see death penalty for homosexual acts

BY DAVID MWERE

Individuals who engage in homosexual acts risk capital punishment upon conviction if a proposed Bill becomes law.

The draft Family Protection Bill, 2023 by Honnabay Town MP Peter Kaluma seeks the prohibition of aggravated same sex acts. The Bill proposes life imprisonment for anyone who changes his or her sex, or takes prescriptions or undergo procedures intended to change his or her sex.

To promote and protect the family institution, the Bill seeks to proscribe any form of carnal knowledge, whether consensual or otherwise, marriage or any other relationship involving people of the same sex.

If the proposal becomes law, it will be a big blow to members of the Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) grouping.

"A person who engages in sexual acts with a person of the same sex commits an offence and shall upon conviction be sentenced to death," reads clause 32 (1) of the Bill.

The Bill defines prohibited acts to include grooming of children and promotion of prohibited activities to a child, prohibited activities and gross indecency.

It also makes it mandatory that persons shall be referred to by the pronoun of their sex as it criminalises drag shows and obscene adult live performances.

Other than the death sentence, those who engage in the 'unnat

ural acts' face between two and five years in jail.

In a bid to impose capital punishment on persons of the same sex, the Bill proposes that an individual, domestic partner or other form of union between partners of the same sex shall be enforceable in Kenya.

Yesterday, Mr Kaluma said the Bill is protection of the family institution, furtherance of A Constitution.

"This Bill seeks to proscribe any form of carnal knowledge, whether consensual or otherwise, marriage or any other relationship involving people of the same sex."

"Its enactment will affect children, parents, older people and other persons from harm. It also makes it mandatory that persons shall be referred to by the pronoun of their sex as it criminalises drag shows and obscene adult live performances."

According to the Bill, a person who engages in the same sex sexual act with another person who is a minor shall be liable for a fine or imprisonment or both. A person who engages in the same sex sexual act with another person who is a minor shall be liable for a fine or imprisonment or both. A person who engages in the same sex sexual act with another person who is a minor shall be liable for a fine or imprisonment or both.

## ESSAY

Participate in the Daily Nation Essay Writing competition and win!!!

**Instructions**  
1. Write a compelling essay in line with the topic of the month.  
2. Your Essay must not be less than one and a half pages.  
3. It should be written in a legible handwriting

**CATEGORIES**  
Every month, we will award the best essay (both primary and secondary) from all regions in Kenya categorised as follows: Nairobi, Nyanza, Central, Eastern & North Eastern, Coast, Rift Valley and Western.

We will award the best pupil from each region for both primary and secondary, totalling to 14 winners each month.

Additionally, the subject teacher and the school that produces the winning essay will be awarded.

**Monthly prizes**  
The cash prizes are as follows:  
Winning essay (student's award) - \$25,000  
The subject teacher - \$15,000  
The School - \$15,000

**How to submit your essay**  
Once you have written your essay, cut out this coupon (See the marked area written 'cut here') and attach it to your essay.

Put your essay and attached coupon in a clearly labeled envelope addressing it as follows:  
To the Editor, Daily Nation Essay writing competition, P.O. Box 49010 - 00100.

NOTE: Photocopies of the coupon will not be accepted.

**THIS MONTH'S ESSAYS**  
Topic for Primary/Junior High: Start with... Shouts and screams were heard from outside interrupting the interesting....  
Topic for Secondary: Write a composition agreeing or disagreeing with the statement, Good health is better than wealth. All essays must be submitted before July 31, 2023. A new topic will be given for the month of August.

**DAILY NATION**  
Essay Writing Grand prize  
At the end of the academic year, SIX students (3 from primary and 3 from secondary) will each win a school fees voucher worth Sh50,000.

Where school fee voucher is not applicable, the winners will receive a gift worth the same amount.

Please note, KNEC regulations will be applied in marking essays and awarding points.

A school is free to submit as many essays as possible for the chance of producing the winning essay.

NAME OF THE STUDENT .....  
NAME OF THE SUBJECT TEACHER .....  
PRIMARY (tick) ..... SECONDARY (tick) .....  
REGION ..... ADDRESS .....  
PHONE NUMBER OF THE SUBJECT TEACHER .....  
NAME OF SCHOOL .....