



C.D.F.  
 Secy. to the  
 C.D.C. Dep. to the  
 Dept.

1 Gov. Byrne - NO. 10

10.1.36

2

Accepts loan of £17,950 - recommended by C.D.F.  
 but has. Extract from Report of the Standing Finance  
 Ctn. regarding the terms of the loan & if the  
 C.D.A.C. could be approached with a view to an extension  
 of the period in which the loan will be repayable from  
 12 to 20 years.

It was pointed out to the Governor  
 in No 2 on 30/1/35 that the  
 S.Ct. would have difficulty in  
 supporting an application for a  
 loan of £17,950 on the terms  
 proposed by the Governor.

The Governor has informed that  
 it would be left to the  
 Committee to formulate their  
 own terms for the loan.

As a matter of fact, the  
 terms which the Committee  
~~recommended~~ ~~approved~~ the loan were  
 actually put forward by the  
 Dept. (See the President's minutes  
 of 6<sup>th</sup> Sept. on 30/1/35).

But ? we can write to the  
 Secy C.D.C., enclosing a copy  
 of No 1, & ask that he will  
 arrange for the matter to be  
 brought before the Committee with  
 a view to the extension of the  
 period in which the loan will be  
 repayable from 12 to 20 years.

C.D.F. 25/1/36

No attempt is made to reply to the argument  
 No 2 on 38176/35, or even to show  
 to what extent its force is diminished by  
 the decision that in place of a free grant  
 of £8,600 for Part A of the scheme, there  
 is only to be a loan of £4,050.

The total loan wd. be £13930 + £4050  
 = £17980  
 (say) £18,000.

Repayment of this amount + interest at 3 1/2%  
 of 10 equal annuities wd. wd. (approx) £2164 p.a.  
 If we assume the currency of the loan, Kenya  
 would be £2164 + £4050 (the 1/2 share of the  
 cost of repayment  
 = 1000)

£25,690

During the 12 years they wd. receive  
 new income not less than 12 x £1300 = £15,600

Their outgoings of £25,690 wd. be made  
 up of £22,000 capital, funds repaid;  
 so that in interest they wd. only have to pay £3690.

Moreover they wd. then be in possession  
 of an income producing asset with a  
 life still to run of some about 40 years.

Even, therefore, on the proposed  
 terms, Kenya wd. be substantially in  
 profit, & it wd. seem difficult to justify  
 an extension of the period of repayment to  
 20 years.

On the other hand, the loan would  
 pinch rather heavily during the first  
 5 years, during wh. the post wd. be  
 as follows:

Outgoings £4050 + (3 x £2164) = £10542.  
 Estimated Revenue 5 x £1300 = £6500  
 out of pocket £4042.

This post wd. be relieved by making  
 the loan free of interest for the first  
 4 years instead of the first 2, & there  
 wd. seem some justification for asking  
 the C.D.A.C. to agree to this alteration,  
 leaving the rest of the scheme as proposed  
 (i.e. repayment of loan + interest by equal  
 instalments spread over the following 10 years).

J.P. Pascoe  
 24/1

We can put this to the Committee, & send a  
 copy of the deed and ask whether they would be  
 prepared to agree to extend the term as suggested  
 or extend the free period to 4 years as Mr. Pascoe  
 suggests.

J.P. Pascoe  
 24/1

I submit the memo for the C.D.A.C.  
 If it is to be considered at the meeting  
 on the 19<sup>th</sup> Feb., the memo. shd. reach  
 the Secretary by the 5<sup>th</sup> Feb.

J.P. Pascoe  
 3/2

2 CO Memorandum.

COAC 1929

The Ctee have agreed

Wait  
 J.P. 24.2

4 C.D.A.C. 1937 — 22.2.36

Agrees to a modification in the terms of the loan  
totalling £15,980 to permit of repayment being reduced  
from 12 to 20 years on conditions indicated.

To Treasury as in  
Draft herewith.

C.P. Ross with  
2/3/36

5 S. Grease Cons. 9/4 - 9 MAR 1936

6 Treasury S 34609/0382 — 18.3.36  
Some London loans not exceeding £17,980 on  
terms recommended by the Ad. Div. Ad. Committee

? Tel a in Draft herewith

C.P. Ross with  
19.3.36

7 To Gov. Tel. 744 — 20<sup>th</sup> March. 36

Draft for. herewith

C.P. Ross with  
25/3/36

I have added a para to the aft.  
Before the Treasury letter was written  
they consulted Mr. A.S. Smith, who  
consulted me as to whether there  
was any objection to their  
sanctioning loans in respect of

the actual <sup>amount</sup> of the Govt. shares of the  
cost of these schemes, subject to the  
specified maxima.

J.J. Parnin  
26/3

Geo. Ault. Dept. to see  
J.L.W. Hunt  
26.3 above

To Kempster 219.

(Also 4+6 on 1935 file and 3,4+6 on file)  
1 forward

A/C to see & take  
copy of 8

Transferred to 1937 file  
9 To G.B. Hebden. - cons - 50  
10 To L.B. Freckton - (57c9) 5.0 } 68 5/1

9770  
1937 file (Ext)

38/16/36

C. O.

Mr. *W. Smith*  
Mr. *Daskin* 26  
Mr. *Flood* 26 *fr.*

27/3/36

See *11/10/36* *fr.*

*10/1*

APR 1936

Sir C. Parkinson.  
Sir G. Tomkinson.  
Sir C. Bottomley.  
Sir J. Shackburgh.  
Permt. U.S. of S.  
Parly. U.S. of S.  
Secretary of State.

*li.*

~~March 1936~~

I have etc to refer to your  
① Despatch No 10 of the 10<sup>th</sup> of  
January regarding an  
application for assistance  
from the Colonial Development  
Fund for the improvement  
and extension of the  
telegraph and trunk  
telephone system in the  
Colony, and to confirm  
my telegram No 74 of  
the 20<sup>th</sup> of March which  
read

**DRAFT.**

*Kenya*

*No 219*  
*for*

*CDAC. 1854 (No 1)*  
*CDAC. 1889 (No 2)*  
*CDAC. 1929 (No 3)*  
*CDAC. 1907 (No 4)*  
*CDAC. 1913 (No 5)*

**FURTHER ACTION**

*See report to go to  
M.C. Dept.  
with the file*

*read*

read as follows:-

"Your despatch No 10. On the  
Recommendation of the Colonial  
Development Advisory Committee  
loans up to £4050 and  
£13,930 sanctioned. In both  
cases each instalment of  
the loan to be free of interest  
for two years, thereafter to  
bear interest at 3½ per cent  
and to be repaid by equated  
annuities over a period from  
the third to the twentieth  
years from the date of the  
advance. Despatch follows"

2. I now enclose for your  
information a copy of the  
relevant correspondence with  
the Colonial Development  
Advisory Committee.

C. O.

Mr.

Mr.

Mr.

Mr. Parkinson.

Sir G. Tomlinson

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

DRAFT.

FURTHER ACTION.

3. I also enclose a  
copy of a letter from the  
Treasury from which it will  
be observed that the  
amounts of the loans  
sanctioned by the  
Secretary of State  
are ~~as follows~~  
to be ~~the actual amounts~~  
of the Government share  
of the cost of the two  
schemes subject to  
maximum of the  
amounts specified.

(Signed) J. H. THOMAS

C. O.

R 297

38176/26

CC 17  
21 MAR 1936  
2136

Mr. *Spencer* 9/3  
Mr. *Parkinson* 20 atmel  
Mr.

15  
Coded sent.  
10.30 pm  
20/3/36

- Sir C. Parkinson.
- Sir G. Tomlinson.
- Sir C. Bottomley.
- Sir J. Shuckburgh.
- Permt. U.S. of S.
- Parly. U.S. of S.
- Secretary of State.

No. 74

*WATER*  
*WATER*

①

*Yonderpatia No 10.*

**DRAFT.**

*Ref. Colle*  
*forwards*  
*transit*

On the recommendation of the Colonial Development Advisory Committee loans up to £4050 and £13,930 have been sanctioned. In both cases <sup>and</sup> instalment of the loan to be free of interest for 2 years thereafter to bear interest at 3½% and to be repaid by equated annuities over a period from the third to the twentieth years from the date of the advance. Details follows.

*See*

**FURTHER ACTION.**

*Review for Dept.*  
*acts Dept must say*  
*WATER*

68

Any reply to this letter should be addressed to—  
THE SECRETARY,



TREASURY,  
WHITEHALL, LONDON, S.W. 1.  
and the following number quoted

S.34609/0382.



TREASURY CHAMBERS.

RECEIVED  
1936  
C. O. DEPT.

March, 1936.

Sir,

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Flood's letter of the 9th instant, (5) 38176/36 signifying Mr. Thomas' concurrence in the recommendation of the Colonial Development Advisory Committee, conveyed in the Secretary's letters of the 8th November 1935 (C.D.A.C. 1889) and the 22nd February 1936 (C.D.A.C. 1937) that loans totalling £17,980 should be made from the Colonial Development Fund to the Government of Kenya for the improvement and extension of the telegraph and trunk telephone system in the Colony.

copy to Kenya

2. The Committee's recommendation, as now modified, is as follows:-

Telegraph system.

A loan, up to a maximum of £4,050, of one-half of the Government share of the cost of the scheme.

Trunk Telephone system.

A loan, not exceeding £13,930, of the Government

The Under Secretary of State,  
Colonial Office.

share



share of the cost of the scheme.

In both cases each instalment of the loan to be free of interest for two years, thereafter to bear interest at 3½% and to be repaid by equated annuities over a period from the third to the twentieth years from the date of the advance.

3. I am now to request you to inform the Secretary of State that My Lords sanction loans not exceeding £17,980 from the Colonial Development Fund in accordance with the recommendation of the Committee.

Copies of this letter have been sent to the Secretary of the Colonial Development Advisory Committee and to the Crown Agents for the Colonies.

I am,

Sir,

Your obedient Servant,

*R. V. Nield Hopkins*

C. O.

JP 17626.

9  
5

Mr. Hornwith 7/3/36  
Mr. Paskin 4/3/36  
Mr.

Sir C. Parkinson.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

Annex 6

9 March, 1936



288.

Sir,

I am able to refer to the  
letter from the Colonial Development  
Advisory Committee of the  
22nd of February regarding  
a scheme for the improvement  
and extension of the  
telegraph and trunk  
telephone system in Kenya,  
and to request that  
the Lords Commissioners of  
the Treasury may be desired  
to signify their approval  
of the grant of loans,  
totalling £17,950, from  
the Colonial Development  
Fund

(4)

DRAFT.  
The Secretary  
Treasury

COPY SENT TO ACCOUNTS DEPARTMENT.

FURTHER ACTION.

fund to the Government of  
Kenya, on the terms  
recommended by the Committee  
at their 86<sup>th</sup> Meeting.

Sameli.

Communications on this subject  
should be addressed to—

THE SECRETARY.

Telephone : WHITEHALL, 9191.



COLONIAL DEVELOPMENT ADVISORY COMMITTEE.

COLONIAL OFFICE,

DOWNING STREET,

S.W.1.

22nd February, 1936.

C.D.A.C.1937.

Sir,

3c

I am directed by the Colonial Development Advisory Committee to request you to inform Mr. Secretary Thomas that, at their 86th meeting on the 19th February, they had before them a Colonial Office memorandum (C.D.A.C.1929) seeking approval for a modification in the terms of the loans, totalling £17,980, recommended by the Committee in their letter of the 8th November, 1935 (C.D.A.C.1889) for the improvement and extension of the telegraph and trunk telephone system in Kenya.

2. The Committee agree to a modification in the terms of the loans to permit of the period of repayment being extended from twelve to twenty years, and they accordingly recommend that each instalment of the loans for the improvement and extension of the telegraph and trunk telephone system of the Colony, should be free of interest for two years, thereafter should

bear

THE UNDER SECRETARY OF STATE,

COLONIAL OFFICE.

*W.P. Kenya (8)*

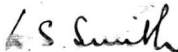
bear interest at  $3\frac{1}{2}$  per cent, and should be repaid by equated annuities over a period from the third to the twentieth years from the date of advance.

3. A similar letter is being sent to the Treasury.

I am,

Sir.

Your obedient servant,

A handwritten signature in dark ink, appearing to read "L. S. Smith". The signature is written in a cursive style with a large initial "L" and "S".

Secretary to the Committee.

Case 7

C.D.A.C.1929.

COLONIAL DEVELOPMENT ADVISORY COMMITTEE.

Kenya.

Telegraph and Trunk Telephone System.

With reference to C.D.A.C.1954 and to the  
circulate for the consideration of the Committee  
Colonial Office memorandum seeking approval of  
modification in the terms of the loan for  
the improvement and extension of the telegraph and  
trunk telephone system of Kenya.

L.S. SMITH.

Secretary to the Committee.

Copy to Kenya (S)

COLONIAL OFFICE, -

5th February, 1936.

COLONIAL OFFICE MEMORANDUM.

At their 83rd meeting on the 30th October, 1935, the Colonial Development Advisory Committee had before them an application from the Governor of Kenya for:-

(a) a free grant of £8,100, being the difference between the Colonial Government of the cost of replacing the existing wooden telegraph poles by iron poles along the line of the Railway system; and

(b) a loan of £13,930 for the extension of the Trunk Telephone system of the Colony, free of interest and repayment for the first 5 years, thereafter to bear interest at 3½% and to be repaid within a further period of 15 years by annuities covering principal and interest.

The Secretary of State considered that these schemes were suitable objects for assistance from the Fund, but was unable to find justification for the terms suggested by the Governor for the loan. It was accordingly suggested for the Committee's consideration that the loan of £13,930 should be free of interest for 2 years only, and should be repaid by equated annuities during the 3rd to the 12th years from the date of the loan.

The Committee recommended a loan of £13,930 for part (b) of the scheme on the terms suggested by the Secretary of State. They did not however feel justified in recommending a free grant of £8,100 for part (a) of the scheme, but instead recommended a loan of £4,050 on the same terms as the loan for part (b) of the scheme.

These

These recommendations were communicated to the Governor by telegram, and he was asked to state whether he was prepared to accept the proposed assistance on the terms indicated.

The Governor has now replied by despatch, of which a copy is annexed, gratefully accepting the offer of a loan of £17,980, but urging that the period in which the loan will be repayable should be extended from 12 to 20 years.

Having regard to the fact that, instead of receiving a free grant of £8,100 in respect of part (a) of the scheme, the Colony would receive a loan of £4,050, and would therefore not only have to provide a like amount from local funds, but would also have to pay interest on the remainder, the Secretary of State desires to recommend for the favourable consideration of the Committee, the Governor's recommendation that the period of the total loan should be extended to 20 years.

If the Committee does not feel justified in adopting this proposal, they are invited to consider the following:

On the basis of the terms which the Committee has recommended, the service of the loan would involve annual payments by the Government of Kenya, during the 3rd to the 12th years, of £2,164 a year. During the first five years of the loan therefore the Government of Kenya would have to provide, from its own funds a total of £10,542 (viz. £4,050 plus three instalments of £2,164), against which it would receive an estimated revenue



revenue of only £6,500. During these five years therefore the Government of Kenya would be out of pocket to the extent of £2,012. Having regard to the serious position of the finances of the Colony, the Secretary of State hopes that, if the Committee is unable to recommend an extension of the period of the loan as desired by the Governor, they will at least feel able to recommend that no payments in respect of interest and repayment should be made by the Government of Kenya during the first 4 years of the loan.

COLONIAL OFFICE, .

5th February, 1936.

GOVERNMENT HOUSE,

NAIROBI,

KENYA.

10 January 1936.

Sir,

With reference to your predecessor's telegram No. 321 of the 12th November, 1935, regarding an application for assistance from the Colonial Development Fund in reconstructing and extending the telegraph and telephone facilities of the colony, I have the honour to inform you that I gratefully accept the loan of £17,000 recommended by the Colonial Development Advisory Committee.

2. With regard, however, to the period of the loan, the Treasurer and the Postmaster-General are of the opinion that the period provided by the Committee for repayment appears to be unusually short. A similar question was referred in connection with the loan of £100,000 for 1936, and the following:-

"125. The Committee was informed since application had been made to the Colonial Development Fund:-

- (a) for a free grant of £9,100 for the reconstruction on a permanent basis of some 250 miles of wooden telegraph poles routes along certain sections of the Railway system by substituting iron for wooden poles.
- (b) for a loan of £13,930 on terms similar to those obtained in connection with the recent loan for roads in the same colony for the provision of telegraph and telephone facilities over the following period:-

(1)

THE RIGHT HONOURABLE,  
J. H. THOMAS, P.C., M.P.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON, S.W.1.

- (i) Kakamega-Kisumu.
- (ii) Kisumu-Nakurur.
- (iii) Kisii-Kisumu
- (iv) Kakamega-Eldoret
- (v) Thika-Nyeru-Nanyuki.

126. The Committee was informed that the Imperial Government had been unwilling to agree to these terms, but was prepared to agree to a loan of one-half of the sum required for (a), and for the total sum required for (b), each loan to be free of interest for two years, thereafter repayable by equated annuities from the third to the twelfth year. The Committee recommended that Government should agree to the terms in principle but should press for an extension of the time of repayment. The Committee noted that it would be necessary for the Colony to provide funds from its own resources under (a) above concurrently with moneys borrowed from the Colonial Development Fund, and therefore recommended insertion of the following additional items under this Head:-

- 12. Reconstruction of Wooden Telegraph Pole Routes ..... 23,000
- 13. Trunk Telephone Development ..... 46,350

with additional items under Revised Head VIII as under:-

- 12. Reconstruction of Wooden Telegraph Pole Routes ..... 21,500
- 13. Trunk Telephone Development ..... 26,700

3. I concur with the views expressed to me and I am advised that the assets to be provided out of the loan will be permanent in character and can be allotted an effective life of certainly not less than fifty or sixty years.

In the circumstances it would be appreciated, provided you see no objection, if the Colonial Development Advisory Committee could be approached with a view to an extension of the period in which the loan will be repayable from twelve to twenty years.

I have, etc.,

(sgd) J. BYRNE, BRIGADIER-GENERAL,  
GOVERNOR.

b) MEMORANDUM

At their 83rd meeting on the 30th October, 1935 the Colonial Development Advisory Committee had before them an application from the Governor of Kenya for:-

(a) a free grant of £8,100, being the share of the Colonial Government of the cost of replacing existing wooden telegraph poles by iron poles along certain sections of the Railway system; and

(b) a loan of £13,930 for the extension of the Trunk Telephone system of the Colony, free of interest and repayment for the first 5 years, thereafter to bear interest at 3% and to be repaid within a further period of 15 years by annuities covering principal and interest.

The Secretary of State considered that these schemes were suitable objects for assistance from the Fund, but was unable to find justification for the terms suggested by the Governor for the loan. It was accordingly suggested for the Committee's consideration that the loan of £13,930 should be free of interest for 2 years only, and should be repaid by equated annuities during the 3rd to the 12th years from the date of the loan.

The Committee recommended a loan of £13,930 for part (b) of the scheme on the terms suggested by the Secretary of State. They did not however feel justified in recommending a free grant of £8,100 for part (a) of the scheme, but instead recommended a loan of £4,050 on the same terms as the loan for part (b) of the scheme.

These recommendations were communicated to the Governor by telegram, and he was asked to state whether he was prepared to accept the proposed assistance on the terms indicated.

The Governor has now replied by despatch, of which a copy is annexed, gratefully accepting the offer of a loan of £17,980, but urging that the period in which the loan will be repayable should be extended from 12 to 20 years.

Having regard to the fact that, instead of receiving a free grant of £8,100 in respect of part (a) of the scheme, the Colony would receive a loan of £4,050, and would therefore not only have to provide a like amount from local funds, but would also have to pay interest on the remainder, the Secretary of State desires to recommend for the favourable consideration of the Committee, the Governor's recommendation that the period of the total loan should be extended to 20 years.

If the Committee does not feel justified in adopting this proposal, they are invited to consider the following:-

On the basis of the terms which the Committee has recommended, the service of the loan would involve annual payments by the Government of Kenya, during the 3rd to the 12th years, of £2,164 a year. During the first five years of the loan therefore the Government of Kenya would have to provide, from its own funds a total of £10,542 (viz. £4,050 plus three instalments of £2,164), against which it would receive an estimated

revenue

19

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On the basis of the terms which the Committee has recommended, the service of the loan would involve annual payments by the Government of Kenya, during the 3rd to the 12th years, of £2,164 a year. During the first five years of the loan therefore the Government of Kenya would have to provide, from its own funds a total of £10,542 (viz. £4,050 plus three instalments of £2,164), against which it would receive an estimated

revenue

revenue of only £6,500. During these five years therefore the Government of Kenya would be out of pocket to the extent of £4,042. Having regard to the serious position of the finances of the Colony, the Secretary of State hopes that, if the Committee is unable to recommend an extension of the period of the loan as desired by the Governor, they will at least feel able to recommend that no payments in respect of interest and repayment should be made by the Government of Kenya during the first 4 years of the loan.

COPY.GOVERNMENT HOUSE,  
NAIROBI,K E N Y A

KENYA.

NO. 10.

10th January, 1936.

Sir,

With reference to your predecessor's telegram No. 321 of the 12th November, 1935, regarding an application for assistance from the Colonial Development Fund in reconstructing and extending the telegraph and telephone facilities of the Colony. I have the honour to inform you that I gratefully accept the loan of £17,980 recommended by the Colonial Development Advisory Committee.

2. With regard, however, to the terms of the loan the Treasurer and the Postmaster General suggest that the period recommended by the Committee for repayment appears to be unduly short. An extract from the Report of the Standing Finance Committee, to whom the matter was referred in connection with the Draft Provisional Estimates for 1936, reads as follows:-

"185. The Committee was informed that application had been made to the Colonial Development Fund -

- (a) for a free grant of £8,100 for the reconstruction on a permanent basis of some 266 miles of wooden telegraph pole routes along certain sections of the Railway system by substituting iron for wooden poles;
- (b) for a loan of £13,930 on terms similar to those obtained in connection with the recent loan for roads in the mining area, for the provision of trunk telephone facilities over the following routes:-

(1)

THE RT. HON.  
J. H. THOMAS, P. C., M. P.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON, S.W.1.



- (i) Kakamega-Kisumu.
- (ii) Kisumu-Nakuru
- (iii) Kisii-Kisumu
- (iv) Kakamega-Eldoret
- (v) Thika-Nyeru-Nanyuki.

126. The Committee was informed that the Imperial Government had been unwilling to agree to these terms, but was prepared to agree to a loan of one-half of the sum required for (a), and for the total sum required for (b), each loan to be free of interest for two years, thereafter repayable by equated annuities from the third to the twelfth year. The Committee recommended that Government should agree to the terms in principle but should press for an extension of the time of repayment. The Committee noted that it would be necessary for the Colony to provide funds from its own resources under (a) ~~above~~ concurrently with moneys borrowed from the Colonial Development Fund, and therefore recommended insertion of the following additional items under this Head:-

- 12. Reconstruction of Wooden Telegraph Pole Routes .....£3,000
- 13. Trunk Telephone Development.....£6,350

with additional items under Revenue Head XIII as under:-

- 12. Reconstruction of Wooden Telegraph Pole Routes.....£1,500
- 13. Trunk Telephone Development.....£6,350."

3. I concur with the views expressed to me and I am advised that the assets to be provided out of the loan will be permanent in character and can be allotted an effective life of certainly not less than fifty or sixty years.

In the circumstances it would be appreciated, provided you see no objection, if the Colonial Development Advisory Committee could be approached with a view to an extension of the period in which the loan will be repayable from twelve years to twenty years.

I have the honour to be,  
 Sir,  
 Your most obedient, humble servant,

(SGD.) J. BYRNE.

BRIGADIER-GENERAL  
 GOVERNOR.

KENYA  
No. 10GOVERNMENT HOUSE  
NAIROBI  
KENYA38176/35  
36

10 January, 1936.

RECEIVED

20 JAN 1936

C. 1

Days to after receipt.

Sir,

With reference to your predecessor's telegram No. 321 of the 12th November, 1935, regarding an application for assistance from the Colonial Development Fund in reconstructing and extending the telegraph and telephone facilities of the Colony, I have the honour to inform you that I gratefully accept the loan of £17,980 recommended by the Colonial Development Advisory Committee.

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- (b) for a loan of £13,930 on terms similar to those obtained in connection with the recent loan for roads in the mining area, for the provision of trunk telephone facilities over the following routes:-

- (i) Kakamega-Kisumu.  
(ii) Kisumu-Makindu  
(iii) Kisii-Kisumu  
(iv) Kakamega-Eldoret  
(v) Thika-Nyeri-Nanyuki.

126. The Committee was informed that the Imperial Government had been unwilling to agree to these terms, but was prepared to agree to a loan of one-half of the sum required for (a), and for the total sum required for (b), each loan to be free of

THE RT. HON.

J. H. THOMAS, P.C., M.P.,

SECRETARY OF STATE FOR THE COLONIES,

DOING STREET, LONDON, S.W.1.

Answered

"of interest for two years, thereafter repayable by equated annuities from the third to the twelfth year. The Committee recommended that Government should agree to the terms in principle but should press for an extension of the time of repayment. The Committee noted that it would be necessary for the Colony to provide funds from its own resources under (a) above concurrently with moneys borrowed from the Colonial Development Fund, and therefore recommended insertion of the following additional items under this Head:-

- 12. Reconstruction of Wooden Telegraph Pole Routes ... .. £3,000
- 13. Trunk Telephone Development ... .. £6,350

with additional items under Revenue Head XIII as under:-

- 12. Reconstruction of Wooden Telegraph Pole Routes ... .. \$1,500
- 13. Trunk Telephone Development ... .. £6,350."

3. I concur with the views expressed to me and I am advised that the assets to be provided out of the loan will be permanent in character and can be allotted an effective life of certainly not less than fifty or sixty years.

In the circumstances it would be appreciated, provided you see no objection, if the Colonial Development Advisory Committee could be approached with a view to an extension of the period in which the loan will be repayable from twelve years to twenty years.

I have the honour to be,

Sir,

Your most obedient, humble servant,

BRIGADIER-GENERAL.  
GOVERNOR.