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SESSIONAL PAPER
NO.4 of 1973

GOVERNMENT LOAN GUARANTEE TO THE COMMONWEALTH
DEVELOPMENT CORPORATION AND THE STANDARD BANK
LTD FOR THE KENYA MEAT COMMISSION

THE GUARANTEES (LOANS) ACT, CAP.461

MINISTRY OF AGRICULTURE

NAIROBI

30-6-1973

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SESSIONAL PAPER
NO. 4 of 1973

GOVERNMENT LOAN GUARANTEE TO THE COMMONWEALTH
DEVELOPMENT CORPORATION AND THE STANDARD BANK LTD
FOR THE KENYA MEAT COMMISSION (THE GUARANTEE (LOANS)
ACT, CAP. 461

1. In accordance with the provisions of the Guarantee (Loans) Act, the following information is laid before the National Assembly for consideration and approval.

2. The Government proposes to guarantee moneys lent to the Kenya Meat Commission by the Commonwealth Development Corporation and the Standard Bank Ltd.

3. The Kenya Meat Commission (the KMC) is a statutory Board under the Kenya Meat Commission Act (Cap 363) "to purchase cattle and small stock, and to acquire, establish and operate abattoirs, meat works, cold storage concerns and refrigerating works for the purposes of slaughtering cattle and small stock, processing by-products, preparing hides and chilling, freezing, canning and storing beef, mutton, poultry and other meat foods for export or for consumption within Kenya, and to confer certain exclusive rights upon the said commission, and for other purposes incidental there-to and connected therewith."

4. The KMC, owns and operates an abattoir at Athi River, 17 miles outside Nairobi on the Nairobi/Mombasa Road, and another abattoir at Makupa, just outside Mombasa Island on the Mombasa/Nairobi Road, and also operates a slaughter house at Ngong on behalf of the Kajiado County Council and another at Nakuru on behalf of the Nakuru Municipal Council.

5. The KMC has a thriving export business besides supplying the bulk of the Meat for local consumption in Mombasa, Nairobi/Thika, and Nakuru. This export business earns for the KMC just under half its revenue and the country about £3,000,000 in foreign exchange (1971 £3,205,777 with 1972 figures expected to be higher).

6. The export consumers are very particular about the Hygiene and Sanitary status of the KMC plants, both at Mombasa and Athi River which supply the export meat. This concern is becoming more serious now that we are developing a fresh beef export surplus.

7. In order to satisfy the requirements of our export consumers the KMC is now modernising its plants at Mombasa and Athi River and the Commonwealth Development Corporation and the Standard Bank Ltd. have agreed to lend the KMC £500,000 and £250,000 respectively provided these loans are guaranteed by the Government. Both loans are to be on 8% interest p.a. and payable in ten years and five years respectively.

8. The amount for which a guarantee is now being sought is £750,000.

9. The current total contingent liability of Kenya Government in respect of all guarantees given to date under section three of the Guarantee (Loans) Act (other than those specified in the schedule to the Act) amounts to £K102,806,595.

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10. With the guarantee of £K750,000 proposed by this Sessional Paper, the aggregate will be increased to £K103,556,595 of which £K34,896,623 falls under paragraph (a) and £K68,659,972 in paragraph (b) of section 3 (3) of the Act.

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MINISTER FOR AGRICULTURE

27-6-1973

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