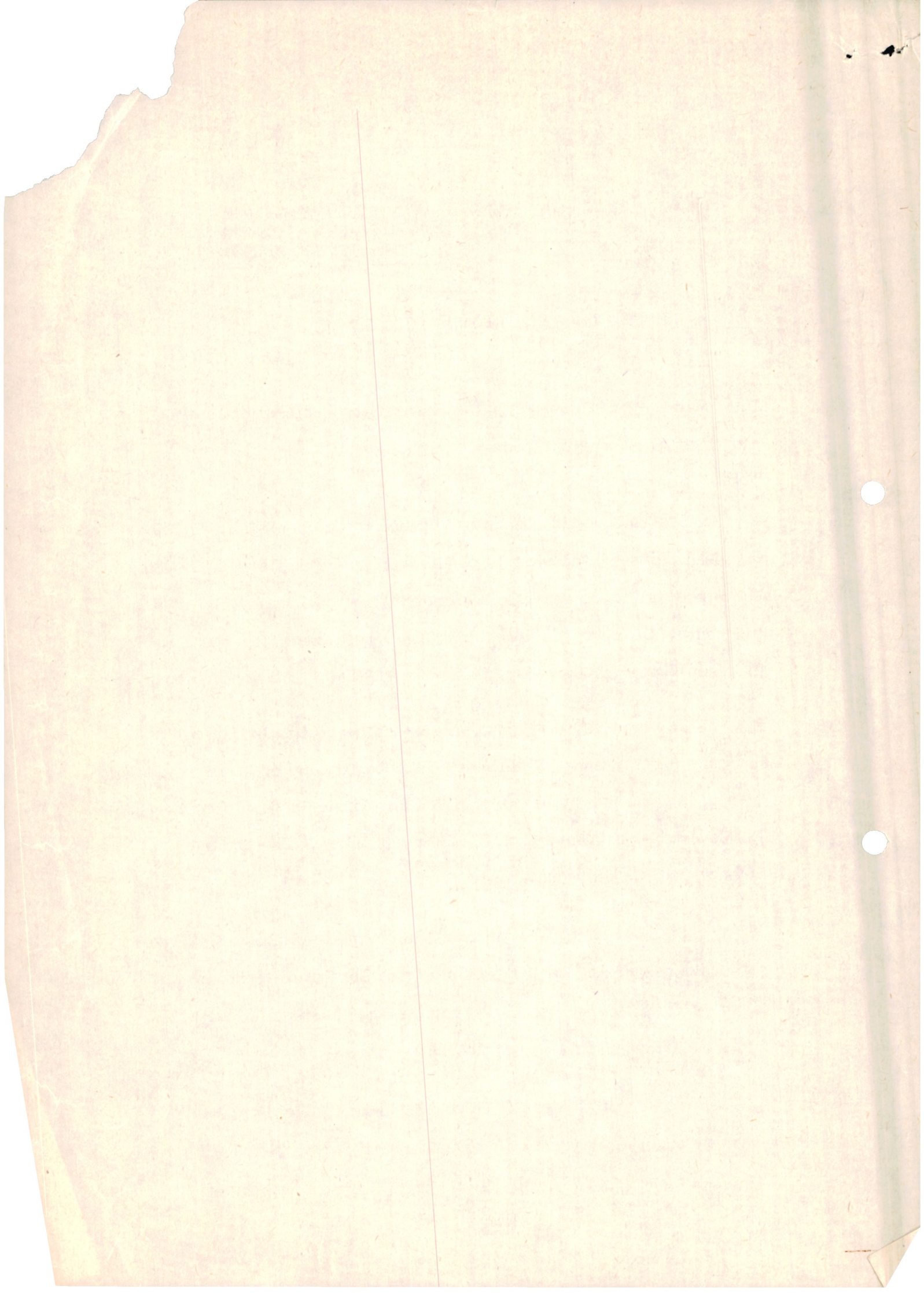


GOVERNMENT GUARANTEE OF MONEYS LENT TO DEVELOPMENT FINANCE  
COMPANY OF KENYA LIMITED BY EIB LUXEMBOURG OF THE EUROPEAN  
ECONOMIC COMMUNITY TO FINANCE THE VARIOUS DEVELOPMENT PROJECTS

THE GUARANTEE (LOANS) ACT, CAP 461

The following information is laid before the National Assembly  
for consideration and approval

1. The Government proposes to guarantee a loan of 2,000,000 European Units of Accounts (equivalent to approximately 1,000,000 Kenya pounds) to be made to Development Finance Company of Kenya Limited by the European Investment Bank, Luxembourg, of the European Economic Community, Under the ACP-EEC, Lomé Convention.
2. The loan is to be used for financing of the Industrial projects undertaken by Development Finance Company of Kenya Limited to supplement the Government's efforts in economic development. The Government of Kenya owns 25% of the shares of Development Finance Company of Kenya Ltd.
3. The loan will bear interest at the rate of about  $6\frac{3}{4}$  percent per annum calculated on the amount of the loan drawn and outstanding from time to time. Interest on the loan principal will be paid half-yearly in arrears.
4. The loan principal will be repaid to the lender over 7 years by equal half-yearly instalments starting on 31st March 1981.



5. The loan will be secured by the Government of Kenya Guarantee and a Finance contract will be signed by the lender, European Investment Bank and the borrower, Development Finance Company of Kenya Limited.

6. All payments under the loan agreement are to be made by the borrower to European Investment Bank in the currency in which the loan has been disbursed.

7. The current total contingent liability of the Government in respect of all guarantees provided to date under Section 3 of the Guarantee (Loans) Act (other than those specified in the schedule to the Act) amounts to K£..... With the guarantee of 2,000,000 European Units of Accounts (equivalent to K£ 1 million) proposed in this Sessional Paper, the aggregate will be increased to K£..... of which K£..... falls within para (a) and K£..... within para (b) of Section 3(3) of the Act.

MINISTER FOR COMMERCE & INDUSTRY

August 16, 1976

Sessional Paper No 8 of 1976

