

REPUBLIC OF KENYA

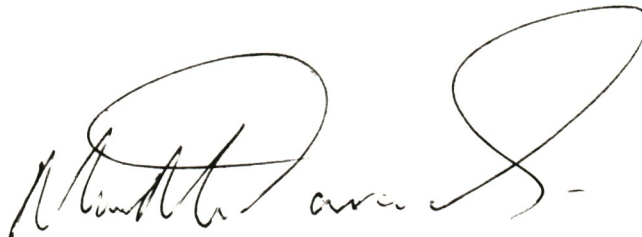
**MINISTRY OF FINANCE**

SESSIONAL PAPER NO 6 OF 1993

GOVERNMENT GUARANTEE OF LOAN BETWEEN MISUBISHI CORPORATION(UK)  
LIMITED AND KENYA MEAT COMMISSION

1. In accordance with provision of the Guarantee (Loans) Act (Cap 461 of the Laws of Kenya) the following information is laid before the National Assembly for consideration and approval.
2. The Kenya Meat Commission is a wholly owned Government Parastatal, which was established under the Kenya Meat Commission Act Cap 363 of 1950 of the laws of Kenya. The act of Parliament provided the establishment of a commission to purchase cattle and smallstock, and to acquire, establish and operate abattoirs, meat works, cold storage concerns and refrigerating works for the purpose of slaughtering cattle and smallstock. The act also enabled the KMC to process 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 thereto and connected therewith.
3. With the full support of the Government of Kenya, Kenya Meat Commission has entered into an agreement with Mitsubishi Corporation (UK) Ltd (MCUK) which has agreed to lend USDS 3,300,000 to Kenya Meat Commission. The Loan is to enable Kenya Meat Commission to purchase equipment and machinery from Hema Technologies S.A. The equipment and machinery will be installed at the Kenya Meat Commission Factory at Athi River.
4. The Government propose to guarantee a loan of USDS 3,300,000 equivalent to K£ 11,395,560 at the current exchange rate to be made to Kenya Meat Commission by Mitsubish Corporation (UK) Ltd (MCUK).

5. The Government has agreed and decided that Kenya Meat Commission should obtain the loan to purchase equipment and machinery necessary to rehabilitate the KMC's Athi River Facilities.
6. The loan will carry a maturity of 6 years i.e. 5 years repayment period and one year grace period. It will be paid by sixty(60) consecutive and substantially equal instalments and will carry an interest rate of three month LIBOR rate plus two percent (2%) per annum.
7. The Kenya Meat Commission has no foreign loan but as at 30th June. 1993. Kenya Meat Commission had irredeemable and redeemable local loans amounting to Kf 15,291,648.
8. The National Assembly is required to approve the guarantee of a loan of USD\$ 3,300,000 equivalent to Kf 11,395,560 from Mitsubishi Corporation (UK) Ltd at the prevailing exchange rate.
9. The current total contingent of the Government of Kenya in respect of guarantees given under Section 3(3) of the Guarantees Loans Act(other than those specified in the schedule of the Act) amounts to Kf 3,582,847,340 and with the guarantee of Kf 11,395,560 which is proposed in this Sessional Paper, the aggregate amount will increase to Kf. 3,590,789,700 of which Kf 40,163,044 for local guarantee will fall within paragraph (a) and Kf 3,594,242,900 for external guarantees within paragraph (b) of Section 3(3) of the Act.



~~HON. MUSALIA MUDAVADI~~  
~~MINISTER FOR FINANCE~~