



REPUBLIC OF KENYA

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MINISTRY OF FINANCE

SESSIONAL PAPER NO.3OF 1992

KENYA GOVERNMENT GUARANTEE OF A LOAN OF US\$20 MILLION THROUGH THE U.S DEPARTMENT OF AGRICULTURE TO NATIONAL CEREALS AND PRODUCE BOARD

1. In accordance with the provision of the Guarantee (Loan) Act (Cap 461) the following information is laid before the National Assembly for consideration and approval.
2. The National Cereals and Produce Board (NCPB) with the full support of the Government has successfully negotiated a loan of US\$20 million for purchase of maize in connection with the United States Department of Agriculture's Commodity Credit Corporation Export Credit Guarantee Programme - GSM102.
3. The loan of US\$20 Million has the following financial terms.
 - i) Interest rate will be charged at US Libor plus a margin of 0.5% and usual bank charges.
 - ii) Repayment will be made in 3 years payable annually with interest on reducing balance, effective from the date of shipment of the maize.
 - iii) The repayment will be made through the Kenya Commercial Bank Ltd.
4. The National Assembly is therefore requested to approve the Government Guarantee of a loan of US\$20 million equivalent to Ksh.639,848,000/- to National Cereals and Produce Board in connection with the United States Department of Agriculture's Commodity Credit Corporation Export Credit Guarantee Programme GSM102. The repayments will be made through Kenya Commercial Bank Limited.



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5. The current contingent liabilities of the Government of Kenya in respect of guarantees given under Section 3(3) of the Guarantee (Loan) Act (Other than those specified in the schedule of the Act) amount to Kf1,430,447,162 and with this guarantee of US\$20 million equivalent to Kf31,992,400 proposed in this Sessional Paper, the aggregate amount will be increased to Kf1,462,439,562 of which Kf83,489,479 fall within paragraph (a) and Kf1,378,950,083 Within paragraph (b) of Section 3(3) of the Act.

HON. PROF. GEORGE SAITOTI
VICE PRESIDENT AND MINISTER FOR FINANCE