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SESSIONAL PAPER NO. 5 OF 1979.
GOVERNMENT GUARANTEE OF LOAN TO
AGRO-CHEMICAL AND FOOD COMPANY LIMITED
GIROZENTALE UND BANK DER OSTERREICHISCHEN
SPARKASSEN AKTIENGESELLSCHAFT, VIENNA,
AUSTRIA, FOR THE FINANCING OF THE MOLASSES
COMPLEX AT MUHORONI UNDER THE GUARANTEE
LOANS ACT (CAP. 461)

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1. In accordance with the provisions of section 5(1) of the Guarantee (Loans) Act, (Cap. 461) Laws of Kenya the following information is laid before the National Assembly for consideration and approval.
2. The Government proposes to guarantee a loan in Austrian Schillings Two Hundred Fifty Million Seven Hundred and Fifty Thousand (Austrian Schillings 250,750,000) equivalent to approximately Kenya Pounds Six Million Nine Hundred Thousand (K& 6,900,000) at the current rates of exchange to be made to Agro-Chemical and Food Company Limited (hereinafter referred to as "ACFC") by Girozentrale Und Bank Der Osterreichischen Sparkassen Aktiengesellschaft (hereinafter referred to as "GZ Bank").
3. ACFC, a limited liability Company, controlled jointly by two Government - owned Corporation VIZ. Agricultural Development Corporation and Industrial and Commercial Development Corporation, was established in December 1978, to set up facilities in Kenya for the manufacture of Power Alcohol and Active Dry Bakers Yeast utilising Molasses as the major raw material. The Project is due to be completed and commissioned in June, 1981.
4. The loan by GZ Bank will be made to ACFC on the following terms:-
 - (i) Amount of Loan : Austrian Schillings 250,750,000 Approximately equivalent, at current rates of exchange to K&. 6,900,000).
 - (ii) Interest : 7.15% per annum plus Guarantee charges amounting to 0.60% per annum, making a total of 7.75% per annum, payable quarterly.

TABLE 1
SUMMARY OF THE PROVISIONS OF THE
ACTS AND REGULATIONS
RELATIVE TO THE
FINANCING OF THE
INDUSTRIAL DEVELOPMENT
OF THE
COUNTRY

In accordance with the provisions of article 2(1) of the guarantee (loan) Act, (Cap. 281) law of 1952, the following information is laid before the National Assembly for consideration and approval.


The government proposes to guarantee a loan in Austrian Schilling. The amount of the loan is 200,000,000 Schilling (approximately 20,000,000) and will be used for the purchase of machinery and equipment for the industrial development of the country. The loan will be repaid in Austrian Schilling at the current rate of exchange to be fixed by the Government and the Industrial Development Corporation. The loan will be repaid in Austrian Schilling at the current rate of exchange to be fixed by the Government and the Industrial Development Corporation.

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- (iii) Other charges : Commitment fee at 0.10% per quarter on the undrawn balance and management fee at 0.10% of the Loan Amount.
- (iv) Repayment: Sixteen equal half-yearly instalments commencing from 1982 with the last instalment becoming due in 1990.
5. The Government has agreed and decided that ACFC should obtain the loan it requires for establishing the Molasses Complex at Muhoroni and the loan is subject upon the provision of the guarantee by the Government under the Guarantee (Loans) Act.
6. By this paper, the National Assembly is requested to approve and agree that the Kenya Government may guarantee the loan intimated in para. two of the paper.
7. The total current contingent liability of the Kenya Government in respect of guarantees given under section 3 of the Guarantee (Loans) Act (and excluding liability under collateral those specified in the Schedule to the Act) amount to K.£ 254,177,346. With the proposed guarantee of K.£6,900,000, the aggregate will be increased to K.£261,077,346 of which K.£6,296,853 will fall within para. (a) and K.£254,780,493 within para. (b) of clause 3(3) of the Act.


(J.J.M. NYAGAH)
MINISTER FOR AGRICULTURE

21st. March, 1979.

(iii) Other charges: Commission fee of 0.10% on the amount of the loan and 0.10% on the amount of the deposit.

(iv) Repayment: Sixteen equal half-yearly instalments commencing from 1981 with the first instalment payable on 15th July 1981.

5. The Government has agreed to provide a loan to the Government of Karnataka for the purpose of establishing the Karnataka Veterinary, Animal and Fisheries Sciences University. The loan is to be repaid by the Government of Karnataka in accordance with the provisions of the Government of Karnataka (Loans) Act, 1974.

6. In this paper, the National Assembly is requested to approve and pass the bill and to direct the Government to pay the loan included in paragraph 5 of this paper.

7. The cost of the bill is estimated to be Rs. 100,000. The Government is a party to the Government of Karnataka (Loans) Act, 1974. The bill is to be introduced in the National Assembly on 15th July 1981. The bill is to be introduced in the National Assembly on 15th July 1981. The bill is to be introduced in the National Assembly on 15th July 1981.

MINISTER FOR AGRICULTURE