



REPUBLIC OF KENYA

MINISTRY OF FINANCE

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SESSIONAL PAPER NO.9..... OF 1990

GOVERNMENT GUARANTEE OF A LOAN TO ICDC FROM INDOSUEZ BANK N.V.

1. In accordance with the provision of the "guarantee (Loans) Act (Cap 461) the following information is laid before the National Assembly for consideration and approval.
2. The Industrial and Commercial Development Corporation (ICDC) is wholly owned by the Government of Kenya. The Corporation was initially started in 1954, when it was formally known as the Industrial Development Corporation (IDC) whose primary responsibility was to promote industrialization in Kenya. Soon after independence (1965) the Corporation underwent structural reorganization and its mandate expanded to engulf the aspiration of "Wananchi" in the Independent Country. Its name was changed to Industrial and Commercial Development Corporation (ICDC) thus acquiring the added responsibility of developing commercial enterprises as well. The Promotion of Commercial and Industrial activities of the Corporation are spelled out in Chapter 455 of the Laws of Kenya.

3. The Corporation's investment programmes can be divided mainly into two major areas:

(i) Equity Investments and Loans

In order to promote the industrial development of Kenya, the Corporation in association with other investors both local and foreign has made equity investments in over 60 Companies as at 30th June 1989 at a cost of KShs.725 million.

(ii) Loans to Small Scale Enterprises

Since 1965, the Corporation has been giving financial



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assistance to traders engaged in retail trade or wholesale trade throughout the country. By the end of 1987/88 financial year, the Corporations outstanding loans under the Commercial loans scheme amounted to KShs.179 million. During the 1988/89 financial year, Commercial loans worth Kshs.54.0 million were approved and KShs.38 million disbursed over the same year.

- 4.. The ICDC has secured a loan of BEF 494,500,000 equivalent to KShs.336,000,000 from Indosuez Bank Belgie NV conditional on a government guarantee. The loan bears a fixed interest rate of 3.73% per annum; 2½ years grace period; 13 years maturity period with repayments semi -annually. The loan carries a penalty interest at the rate of BIBOR plus 3% for amounts unpaid at maturity.
5. The current borrowing from Indosuez Bank to ICDC will be on-lent to SOYA OIL AND FOOD INDUSTRIES, P.O. BOX 45519, Nairobi, Kenya, for the establishment of Soya Bean Oil and Meal processing complex (integrated Edible Oil Project).
6. As at 30th September 1990, the ICDC had outstanding foreign loans of DEM 23.25 million equivalent to KShs.343,170,000 at the ruling exchange rate.
7. The National Assembly is required to approve that the Government Guarantee a loan of BEF 494,500,000 equivalent to KSh.336,000,000 from Indosuez Bank NV to Industrial and Commercial Development Corporation (ICDC).

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8. The current contingent liability of the Government in respect of Guarantee (Loans) Act (other than those in the schedule to the act) amounts K£ 1,292,193,725 and with the guarantee of BEF 494,500,000 equivalent to K£ 16,800,000 proposed in this Sessional Paper, the aggregate amount will be increased to K£ 1,308,993,725 of which K£ 83,489,497 falls within paragraph (a) of K£ 1,129,748,389 within paragraph (b) of Section 3(3) of the Act.

A handwritten signature in black ink, appearing to read 'George Saitoti', written over a horizontal line.

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