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MINISTRY OF FINANCE AND PLANNING

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The Treasury,
P.O. Box 30007,
Nairobi.

SESSIONAL PAPER NO. 2 OF 1978.
GOVERNMENT GUARANTEE OF LOANS TO
KENYA CHEMICAL AND FOOD CORPORATION
BY UNION BANK OF SWITZERLAND, ZURICH,
SWITZERLAND AND PROCESS ENGINEERING CO
COMPANY S.A., MANNEDORF, SWITZERLAND
FOR THE FINANCING OF THE MOLASSES
COMPLEX AT KISUMU UNDER THE GUARANTEE
LOANS ACT (CAP.461)

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 US dollars fifty six million five hundred and sixty five thousand (US\$56,565,000) equivalent to approximately Kenya pounds twenty two million and twenty two thousand (K22,022,000) at the current rates of exchange to be made to Kenya Chemical and Food Corporation Limited (hereinafter referred to as "KCFC") by the Union Bank of Switzerland, Zurich, Switzerland (hereinafter referred to as "UBS") (US\$52,540,000) and by the Process Engineering Company S.A., Mannedorf, Switzerland (hereinafter referred to as "PEC") (US\$4,025,000).

3. KCFC, a Government controlled limited liability company, was established in June, 1977 to set up facilities in Kenya for the manufacture of Power Alcohol, Citric Acid, Baker's Yeast and Vinegar utilizing Molasses as raw materials. The project is due to be completed and commissioned by October 1980.

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THE BOARD OF DIRECTORS OF THE COMPANY HAS APPROVED THE FOLLOWING RESOLUTIONS:

(1) THAT THE COMPANY SHOULD PURCHASE AN ADDITIONAL 100,000 SHARES OF ITS OWN COMMON STOCK AT A PRICE OF \$10 PER SHARE.

(2) THAT THE COMPANY SHOULD AUTHORIZE THE BOARD OF DIRECTORS TO EXECUTE SUCH INSTRUMENTS AS MAY BE NECESSARY TO CARRY OUT THE ABOVE.

(3) THAT THE COMPANY SHOULD REVOKE OR AMEND THE ABOVE RESOLUTIONS AT ANY TIME AT THE DISCRETION OF THE BOARD OF DIRECTORS.

(4) THAT THE COMPANY SHOULD PAY THE COSTS OF THE PURCHASE OF THE SHARES HEREIN REFERRED TO.

(5) THAT THE COMPANY SHOULD TAKE SUCH OTHER ACTION AS MAY BE NECESSARY TO GIVE EFFECT TO THE ABOVE.

11/1/55

4. The loan by UBS will be made to KCFC on the following terms:

(i) Amount of Loan: S.Fr. 97,325,000 (approximately equivalent to US\$52,540,000).

(ii) Interest: 7 3/8% per annum payable half-yearly.

(iii) Repayments: Fourteen equal half-yearly instalments commencing from 1984 with the last instalment becoming due in 1991.

5. The loan by PEC will be made to KCFC on the following terms:

(i) Amount of Loan: S.Fr. 7,500,000 (approximately equivalent to US\$4,025,000)

(ii) Interest: 8% per annum which could increase to 9% per annum under certain specified conditions but the Government guarantee is 7 3/8% per annum.

(iii) Repayment: Fourteen equal half-yearly instalments commencing from 1984 with the last instalment becoming due in 1991.

6. The Government has agreed and decided that KCFC should obtain the loans it requires for establishing the Molasses Complex in Kenya and these loans are subject upon the provision of the guarantee by the Government under the Guarantee Loans Act.

7. By this paper, the National Assembly is requested to approve and agree that the Kenya Government may guarantee the loan intimated in paragraph two of the paper.

The Government of India has decided to...

(i) Amount of Rs. 100 Crores...

The Government of India has decided to...

...

8. The Current total contingent liability of the Kenya Government in respect of guarantees given under Section 3 of the Guarantee (Loans) Act (other than those specified in the schedule to the Act) amount to K£315,635,291. With the proposed guarantee of K£22,022,000, the aggregate will be increased to K£337,657,291 of which K£248,908,019 will fall within paragraph (a) and K£88,749,272 within paragraph (b) of Clause 3(3) of the Act.

HON. MWAI KIBAKI, M.P.,
MINISTER FOR FINANCE AND PLANNING

The Department of the Interior
has received a report from the
Bureau of Land Management
regarding the proposed
acquisition of certain
lands in the State of
California. The report
states that the lands
are situated in the
County of Santa Clara
and are owned by the
State of California.
The Department is
currently reviewing
the report and will
report back to the
Bureau of Land
Management.

MINISTER FOR THE INTERIOR