



**REPUBLIC OF KENYA**  
**MINISTRY OF FINANCE**

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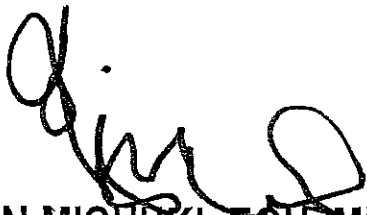
**SESSIONAL PAPER NO.1 OF 2009**

**KENYA GOVERNMENT GUARANTEE OF A LOAN OF USD 100 MILLION EQUIVALENT TO KSHS.7.9 BILLION THROUGH THE UNITED STATES OF AMERICA DEPARTMENT OF AGRICULTURE TO NATIONAL CEREALS AND PRODUCE BOARD**

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1. In accordance with the provision of the Guarantee (Loan) Act (Cap 461, Laws of Kenya) 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 is negotiating for a loan of USD 100 million, equivalent to Kshs.7.9 billion, for purchase of white maize and rice under the United States of America Department of Agriculture Commodity Credit Corporation Export Credit Guarantee Program – GSM102. The importation of maize and rice is urgently required to alleviate current shortage in the domestic market.
3. The USD 100 million loan will bear the following financial terms:
  - a. Interest rate will be charged at US Libor plus a margin of 0.5% p.a.

- b. Principal loan repayment will be made within one year from the date of shipment of the maize.
  - c. The loan will be repaid through the Kenya Commercial Bank Ltd.
4. The National Assembly is, therefore, requested to approve the Government Guarantee of a loan of USD 100 million or the equivalent to Kshs 7.9 billion to the National Cereals and Produce Board to be contracted under the United States of America Department of Agriculture's Commodity Credit Corporation Export Credit Guarantee Program – GSM102.
5. The current contingent liabilities of the Government of Kenya in respect of guarantees given under Section 3(3) of the Guarantee (Loan) Act (Cap 461, Laws of Kenya) ( other than those specified in the schedule of the Act) amount to Kshs.40.9 billion. This request for guarantee of a sum of USD 100million or the equivalent of Kshs.7.9 billion, will increase the aggregate amount to Kshs.48.8 billion, which is within the ceiling of the guaranteed debts of Kshs.80 billion set under sub-section 3 (3) of the Act.



HON. JOHN MICHUKI, EGH, MP  
ACTING MINISTER FOR FINANCE

DATE 16<sup>th</sup> January 2009