



REPUBLIC OF KENYA

MINISTRY OF FINANCE

SESSIONAL PAPER NO 8..... OF 1990

GOVERNMENT GUARANTEE OF A LOAN TO NZOIA SUGAR COMPANY LIMITED AND EXIMBANK OF UNITED STATES

1. In accordance with the provisions of the Guarantee (Loans) Act (Cap 461) of Laws of Kenya the following information is laid before the National Assembly for consideration and approval.
2. The Nzoia Sugar Company Ltd has secured loans from Exim Bank, IDB and EADB for US\$ 66,759,900 equivalent to K£ 77,107,684 for Rehabilitation and Expansion of Nzoia Sugar Company Ltd.
3. The Government proposed to guarantee loans of US\$66,759,900 equivalent to K£77,107,684. 85% of the loan is to be made available to Nzoia Sugar Company Ltd by the Export - Import Bank of United States ("Eximbank"), an agency of the United States of America. The other 15% will be provided by Industrial Development Bank (IDB) and East African Development Bank respectively.
4. The loan of US\$56,745,915 equivalent to K£65,541,530 from Eximbank has a maturity period of 13 years. The loan has the following terms and conditions upon a government guarantee.
 - (i) The loan will carry an interest rate of 8.3%, payable semi-annually,
 - (ii) The loan will be payable in 20 equal, successive, semi-annual instalments (ie 10 years) with a grace period of 3 years,
 - (iii) The company will pay a commitment fee of 0.5% per annum on the uncanceled and undisbursed balance from time to time.



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4. The loan proceeds will finance the purchase and export to Kenya of equipment and related engineering services for the expansion of Nzoia Sugar Mills.
5. The Government therefore request the National Assembly to approve the government guarantee of a loan of US\$ 56,745,915 equivalent to K£65,541,530 from the Eximbank to Nzoia Sugar Company Limited.
6. The current total contingent liability of the Government of Kenya in respect of guarantees given under Section 3 of the Guarantee (Loans) Act (other than those specified in the schedule of the Act) amount to K£1,226,652,196 and with this guarantee of a sum US\$56,745,915 equivalent to K£65,541,530 the aggregate will be increased to K£1,292,193,726 of which K£83,489,499 fall within paragraph (a) and K£1,208,704,226 within paragraph (b) of Section 3(3) of the Act.

A large, stylized handwritten signature in dark ink, appearing to read 'George Saitoti'.

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