

The Government Guarantee of a Loan to the Industrial Development Bank Limited.

THE GUARANTEE (LOANS) ACT (CAP. 461)

In accordance with the provisions of the Guarantee (Loans) Act, (Cap. 461) the following information is laid before the National Assembly relating to a guarantee by the Government of the obligations of the Industrial Development Bank Limited (hereinafter referred to as "IDB") in respect of a foreign currency loan equivalent to a maximum of Deutsche Marks six million to be granted to IDB by Deutsche Gesellschaft Fur Wirtschaftliche Zusammenarbeit (Entwicklungsgesellschaft) MbH (Germany Development Company) of Cologne, Federal Republic of Germany, (hereinafter referred to as the DEG)

The IDB, a Government owned Limited liability Company, was established in January, 1973, to facilitate Industrial Development in Kenya by assisting in the promotion, establishment, expansion and modernization of medium or large scale industrial enterprises in the country by way of subscription to share capital or medium and long term loans. IDB partly raises long term loans from foreign financial institutions and in this way, it assists in finding the foreign exchange needed in the country to finance the importation of capital goods for Industrial Development.

The DM6 million loan from DEG is repayable by 16 equal and consecutive half yearly instalments of DM375,000 each, commencing 5 years and finishing 12 years from now (the last instalment is thus due in December, 1988. The rate of interest will be 8.85% per annum payable half yearly on the principal amount drawn and owing by IDB for the time being. The funds can be used to finance direct foreign exchange costs as well as local costs of the projects to be financed. Proceeds of the loan will be used to finance procurement of goods and services from anywhere, excluding Rhodesia and the Republic of South Africa, which are found at competitive prices.

The current total contingent liability of the Kenya Government in respect of guarantee given clause 3 of the Guarantee (Loan) Act (other than those specified in the schedule to the Act) amounts to K£271,050,841 with the Guarantee of a sum equivalent to the K£1,056,000 now proposed, the guarantee will be increased to K£272,116,841 of which K£ 183,367,569 falls within paragraph (a) and K£88,749,272 within paragraph (b) of clause 3 (3) of the Act.

MINISTER FOR FINANCE & PLANNING

12th April, 1977.