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GOVERNMENT GUARANTEE ON A LOAN TO THE EAST AFRICAN  
PORTLAND CEMENT COMPANY LIMITED BY THE EUROPEAN INVESTMENT  
BANK OF LUXEMBURG IN ACCORDANCE WITH THE E.E.C/A.C.P  
CONVENTION OF LOME

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THE GUARANTEE (LOANS) ACT, CAP. 461

1. In accordance with provisions of the Guarantee (Loans) Act Cap. (461), the following information is laid before the National Assembly for consideration and approval.
2. The Government proposes to guarantee a loan of 3,000,000 European Units of Account (equivalent to approximately 30,000,000 Kenya Shillings) to be made to the East African Portland Cement Company Limited by the European Investment Bank within the framework of the European Economic Community's Indicative Aid Programme for the Republic of Kenya.
3. The loan is to be used for the financing of a project for increasing the productive capacity of E.A. Portland Cement Company's existing factory at Athi River from 250,000 tons per annum to 375,000 tons of cement per annum.
4. The East African Portland Cement Company was incorporated in 1958. The authorised share capital is K.Shs.30 million, which has been fully subscribed. The Government has controlling interest in the Company to the extent of 52% of the share holdings with the balance being held by Associated Portland Cement Manufacturers of the United Kingdoms (14%), Cementia Holding A.G. of Zurich (14%) and local share holders (20%).
5. The loan will bear interest at the rate of 5½ per cent per annum calculated on the amount of the loan drawn and outstanding from time to time. Interest on the loan principal will be paid half-yearly in arrears.

6. The loan principal will be amortised by ten half-yearly instalments commencing 5th November, 1980.
7. The loan is conditional upon a guarantee being provided by the Government of Kenya for which Parliament's approval is sought.
8. The current total contingent liability of the Government in respect of all guarantees provided to date under Section 3 of the Guarantee (Loans) Act (other than those specified in the schedule to the Act) amounts to K.£276,236,341. With the guarantee of 3,000,000 European Units of Accounts (equivalent to K.£1,500,000) proposed in this Sessional Paper, the aggregate will be increased to K.£277,736,341 of which K£189,037,569 falls within para (a) and K.£88,749,272 within para (b) of Section 3(3) of the Act.

MWAI KIBAKI  
MINISTER FOR FINANCE AND PLANNING