



REPUBLIC OF KENYA

MINISTRY OF FINANCE

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SESSIONAL PAPER NO .....6.....OF 1986

KENYA GOVERNMENT GUARANTEE OF MONEYS LENT TO THE  
AGRICULTURAL DEVELOPMENT CORPORATION BY COMMONWEALTH  
DEVELOPMENT CORPORATION FOR ON-LENDING TO KULALU RANCHING  
COMPANY LIMITED TO FINANCE DEVELOPMENT OF KULALU RANCH

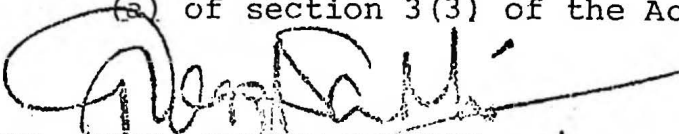
THE GUARANTEE (LOANS) ACT CAP. 461

1. In accordance with the 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 Sterling Pounds One Million Two Hundred Thousand (£1,200,000) which is equivalent to Kenya Shillings Twenty Eight Million Two Hundred Thousand (Ksh.28,200,000) to be made available to the Agricultural Development Corporation by Commonwealth Development Corporation of the United Kingdom for on-lending to Kulalu Ranching Company Limited.
3. The loan will bear interest at the rate of 8.5% per cent per annum and will be repayable over a period of 20 years with 5 years moratorium. The borrower (ADC) will also pay a commitment charge of 0.75% on the total amount of the loan.
4. This loan is required to finance further physical development of Kulalu Ranch, principally the water supply, firebreaks and housing, and the building up of the land to a maximum carrying capacity of the

Ranch at full development. Kulalu Ranch is a subsidiary of the Agricultural Development Corporation, a Kenya Government Parastatal. The project consists of the following parts:-

- Building up the present land to a maximum carrying capacity of the land available to the ranch estimated at some 13,530 head including some 3,600 steers held on a seasonal basis;
- Improvement to the water supply system presently in operation in the eastern half of the ranch and the development of a comprehensive water supply system throughout the western half of the ranch;
- The construction and installation of ancillary housing and associated facilities for staff attached to and employees of the company;
- The operation of the said ranch.

5. The Government of Kenya attaches great importance to Livestock Development to ensure that the country is self sufficient in beef. This project is an important step towards that objective.
6. The loan is conditional upon a guarantee being provided by the Government. The Government therefore requests the National Assembly to approve that the Government may guarantee the repayment of the loan referred to above.
7. The current total contingent liability of the Government of Kenya in respect of guarantees given under Section 3(3) of the Guarantee (loans) Act (other than those specified in the schedule to the Act) amount to K£478,072,497 of which K£431,158,000 is in respect of covenants expressed in foreign currency as per paragraph (b) and K£46,914,497 is in respect of covenants expressed in Kenya currency as per paragraph (a) of section 3(3) of the Act.

  
HON. PROF. GEORGE SAITOTI  
MINISTER FOR FINANCE