



PAPERS	No.	
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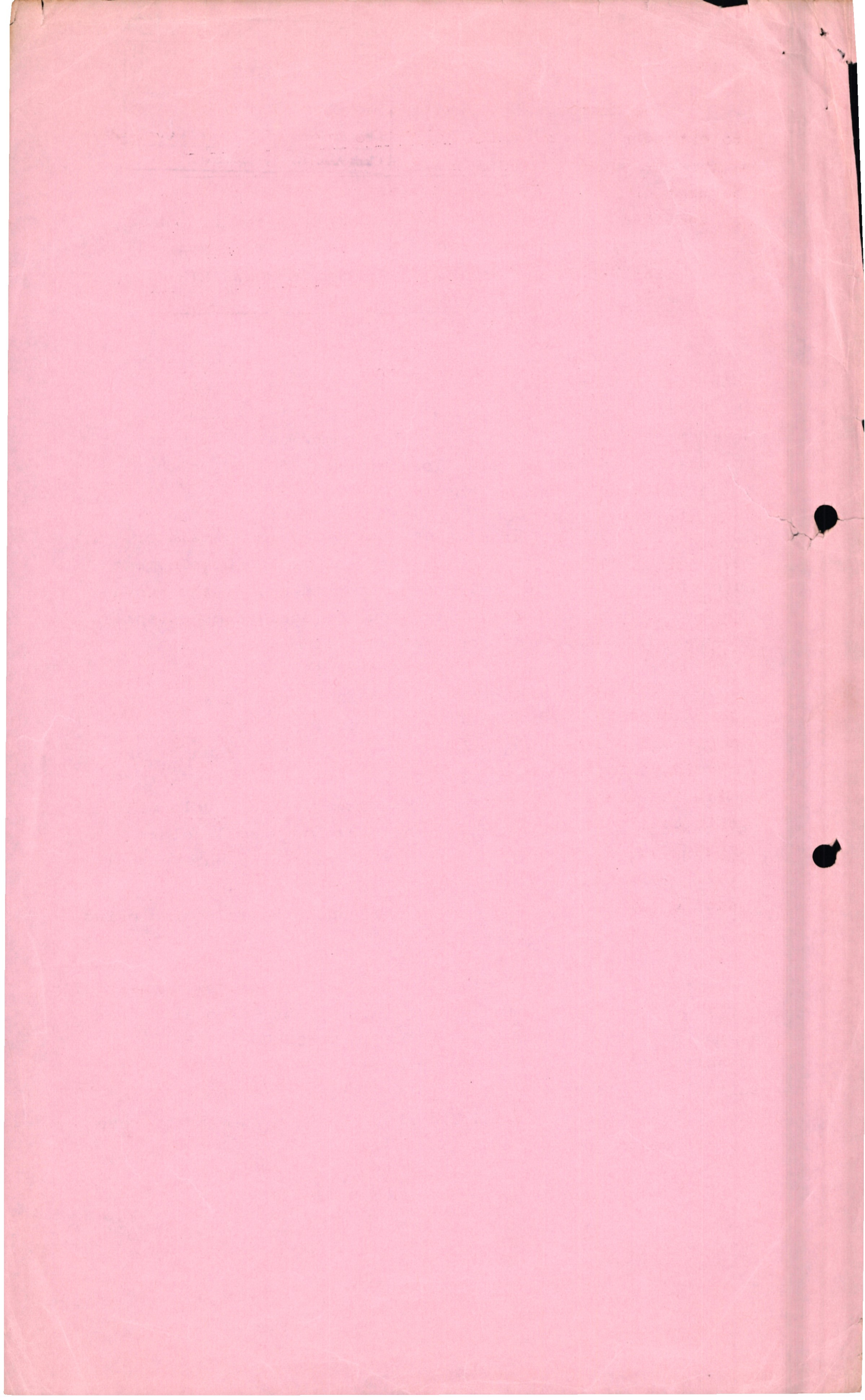
SESSIONAL PAPER NO. 14 OF 1976

GOVERNMENT GUARANTEE FOR A LOAN OF £stg.650,000 (EQUIVALENT TO K&500,000) BEING GIVEN TO KENYA TEA DEVELOPMENT AUTHORITY BY THE COMMONWEALTH DEVELOPMENT CORPORATION.

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 which the Government proposes to give to the Commonwealth Development Corporation in respect of a loan of £stg.650,000 to the Kenya Tea Development Authority.

The Kenya Tea Development Authority is a statutory body established by the Agriculture (Kenya Tea Development Authority) order, 1964. The order provides that the Kenya Tea Development Authority will acquire, operate or establish or enter into agreement for the establishment of tea processing factories; it will promote, finance and control the development of tea grown by smallholders and subscribe for shares in any Company incorporated in Kenya for the purpose of processing and marketing tea. In pursuance of this objective, the Kenya Tea Development Authority with the aid of loans from the World Bank, Commonwealth Development Corporation and other lenders, has developed smallholder tea industry in the Republic's districts of Kiambu, Murang'a Nyeri, Kirinyaga, Embu, Meru, Kisii, Kericho, Nandi, Kakamega and Kitale; and has established processing factories in nine of these districts.

The Kenya Tea Development Authority has now successfully negotiated with the Commonwealth Development Corporation for a loan of £stg.650,000 (equivalent to K&500,000) for the establishment of a revolving fund to finance the supply of suitable fertilisers on credit to smallholders growing tea in all the above-mentioned districts to increase and improve the yields of green tea leaf.




The Commonwealth Development Corporation has agreed to extend a loan of £stg.650,000 to the Kenya Tea Development Authority subject to the Kenya Government guaranteeing the payment of the principal of, and interest and other charges of the loan.

The Agreement provides for:-

- (a) an interest rate of six per cent per annum (6%p.a.),
- (b) a grace period of five (5) years for the repayment of the principal
- (c) repayment of the principal over a period of five (5) years reckoned from the date of expiry of the grace period, from 1982 to 1986 inclusive.

The National Assembly is now requested to give approval for the Kenya Government to extend to the Commonwealth Development Corporation the required guarantee regarding the repayment of the principal sum and interest and other charges thereon in respect of this loan of £stg.650,000 (equivalent of K&500,000) to the Kenya Tea Development Authority.

The current total government liability of the Kenya Government in respect of all guarantees given to date under section 3 of the Guarantee (Loans) Act - (other than those specified in the schedule to the Act) - amount to K&270,560,841. With the guarantee of K&500,000 equivalent proposed in this Sessional Paper, the aggregate will be increased to K&271,060,841 of which K&181,811,569 falls within paragraph (a), and K&88,749,272 falls within paragraph (b), of section 3(3) of the Act.


J.J.M. NYAGAH, EGH, MP,
MINISTER FOR AGRICULTURE

Dated this¹⁵ day of^{December} 1976

