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SESSIONAL PAPER NO.13 OF 1976

GOVERNMENT GUARANTEE OF LOAN TO MUMIAS SUGAR COMPANY LIMITED BY THE NATIONAL WESTMINSTER BANK OF THE UNITED KINGDOM OF GREAT BRITAIN

PARLIAMENT OF KENYA LIBRARY

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.

1. The Kenya Government proposes to guarantee a loan of British sterling £19,720,000 (equivalent to K£13,900,000 at the present rate of exchange) to be made available to Mumias Sugar Company Ltd. by the National Westminster Bank of Great Britain.

2. The loan is to be used for financing the expansion programme of the Mumias Sugar Company Ltd, whereby the out-growers sugar-cane plantations are to be expanded to 16,000 hectares and the existing sugar factory is to be modernised and expanded to a capacity of 300 tons of sugar-cane per hour.

3. The Mumias Sugar Company Limited was incorporated in Kenya in 1971. The issued equity capital of the Company is £2.9 million and it is proposed to increase this to £10 million. Kenya Government is the majority shareholder and will remain so after the share capital increase.

4. The Loan will bear interest at the rate of 7 1/2% per annum calculated on the amount of the loan drawn and outstanding from time to time and payable half-yearly. In addition the borrower pays a management fee of sterling £3000 per annum while any part of the loan is out-standing, and initial single-sum commitment and negotiation commissions of £216,920 sterling.

5. The loan principal will be repaid to the lender by equal half-yearly instalments over a period of eight (8) years commencing in 1979, no repayments being made in the first three years from drawdown.

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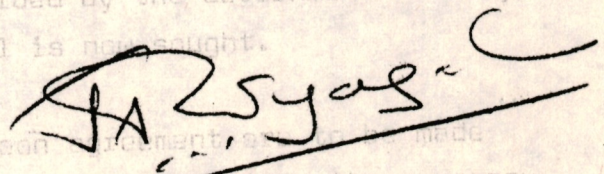


6. The Loan is conditional upon a guarantee of the borrower's payment obligations being provided by the Government of Kenya for which Parliament's approval is now sought.

7. All payments under the loan agreement are to be made by the borrower to National Westminster Bank in the currency in which the Loan is disbursed, namely British sterling.

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 Cap.461 (other than those specified in the Schedule to the Act) amounts to K£252,516,479.

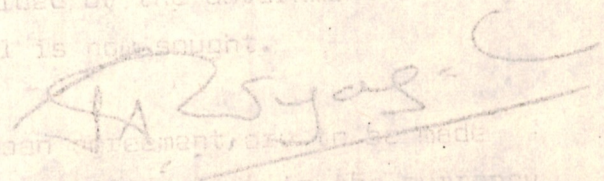
9. With the guarantee of £stg.19,720,000 (equivalent to K£13,900,000) proposed in this Sessional Paper (and with the guarantees of K£4,144,362 proposed in Sessional Paper No.12 of 1975), the aggregate will be increased to K£270,560,841, of which K£181,811,569 will fall under paragraph (a), and K£88,749,272 under paragraph (b), of section 3 (3) of the Act.



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

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 Cap.461 (other than those specified in the Schedule to the Act) amounts to K£252,516,479.  
Dated this 24th day of November, 1976.

9. With the guarantee of £stg.19,720,000 (equivalent to K£13,900,000) proposed in this Sessional Paper (and with the guarantees of K£4,144,362 proposed in Sessional Paper No.12 of 1975), the aggregate will be increased to K£270,560,841, of which K£181,811,569 will fall under paragraph (a), and K£88,749,272 under paragraph (b), of section 3 (3) of the Act.



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