

1. Kenya has consulted with the Fund in accordance with paragraph 4(b) of the stand-by arrangement for Kenya (EBS/83/41, Sup. 1, 3/22/83) and paragraph 16 of the letter of the Minister of Finance and the Governor of the Central Bank of Kenya dated January 28, 1983 annexed thereto in order to review policies and to establish performance criteria subject to which purchases may be made by Kenya.

2. The letter dated September 13, 1983 from the Minister of Finance and the Governor of the Central Bank of Kenya setting forth certain policies and measures which the authorities will pursue shall be annexed to the stand-by arrangement for Kenya, and the letter of January 28, 1983 shall be read as supplemented by the letter of September 13, 1983.

3. Accordingly, Kenya will not make purchases under the stand-by arrangement that would increase the Fund's holdings of Kenya's currency in the credit tranches beyond 25 percent of quota or increase the Fund's holdings of that currency resulting from purchases of borrowed resources beyond 12.5 percent of quota during any period in which the data at the end of the preceding period indicate that the limit on total domestic credit of the banking system or the limit on net credit from the banking system to the Government, both described in paragraph 7 of the letter of September 13, 1983, is not observed, provided that the purchase of the equivalent of SDR 28.2 million can proceed on the basis of the observance of the credit ceilings for June 1983 and the conclusion of this review.

4. With respect to the fiscal, monetary, import, and exchange and interest rate policies, the Fund finds that no additional understandings are necessary.

Decision No. 7551-(83/150), adopted  
October 24, 1983