

No. 6130

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND**

Guarantee Agreement—*Kenya-Land Settlement and Development Project* (with exchange of letters, annexed Loan Regulations No. 4 and Loan Agreement between the Bank and the Colony and Protectorate of Kenya). Signed at Washington, on 29 November 1961

Official text: English.

Registered by the International Bank for Reconstruction and Development on 23 April 1962.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD**

Contrat de garantie—*Projet relatif au peuplement et à la mise en valeur de terres au Kenya* (avec échange de lettres et, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt entre la Banque et la Colonie et le Protectorat du Kenya). Signé à Washington, le 29 novembre 1961

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 23 avril 1962.

No. 6130. GUARANTEE AGREEMENT¹ (*KENYA-LAND SETTLEMENT AND DEVELOPMENT PROJECT*) BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 29 NOVEMBER 1961

AGREEMENT, dated November 29, 1961, between UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Colony and Protectorate of Kenya (hereinafter called the Borrower) and the Bank, which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrower a loan in various currencies equivalent to eight millions four hundred thousand dollars (\$8,400,000), on the terms and conditions set forth or referred to in the Loan Agreement, but only on condition that the Guarantor agree to guarantee such loan as hereinafter provided ; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such loan ;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961,² subject, however, to the modifications thereof set forth in Schedule 3³ to the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Guarantee Agreement, unless the context shall otherwise require, the respective terms which are defined in the Loan Agreement shall have the respective meanings therein set forth.

¹ Came into force on 29 March 1962, upon notification by the Bank to the Government of the United Kingdom of Great Britain and Northern Ireland.

² See p. 60 of this volume.

³ See p. 80 of this volume.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds, and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as set forth in the Loan Agreement and in the Bonds.

Section 2.02. Whenever there is reasonable cause to believe that the Borrower will not have sufficient funds to carry out or cause to be carried out the Project in accordance with the Loan Agreement, the Guarantor will, in consultation with the Bank and the Borrower, take appropriate measures to assist the Borrower to obtain the additional funds necessary therefor.

Article III

Section 3.01. It is the mutual understanding of the Guarantor and the Bank that, except as otherwise herein provided, the Guarantor will not grant in favor of any external debt any preference or priority over the Loan. To that end, the Guarantor undertakes that, except as otherwise herein provided or as shall be otherwise agreed between the Guarantor and the Bank, if any lien shall be created on any assets or revenues of the Guarantor as security for any external debt, such lien shall equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision shall be made to that effect. This Section shall not apply to the following :

- (a) the creation of any lien on any property purchased, at the time of the purchase, solely as security for the payment of the purchase price of such property ;
- (b) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods ; or
- (c) any pledge by or on behalf of the Guarantor of any of its assets in the ordinary course of banking business to secure any indebtedness maturing not more than one year after its date.

For the purposes of this Section, the expression "assets or revenues of the Guarantor" shall include assets or revenues of any territorial subdivision of the Guarantor which has power to raise revenues by taxation and to charge such revenues or any of its assets as security for external debt ; and the term "external debt" means any debt payable in any medium other than currency of the Guarantor, whether such debt is or may become payable absolutely or at the option of the creditor in such other medium.

Section 3.02. (a) The Guarantor and the Bank shall co-operate fully towards achievement of the purposes of the Loan. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) Within the limits of its constitutional powers, the Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor (including those of the Borrower) for purposes related to the Loan.

Section 3.03. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes imposed under the laws of the Guarantor ; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions now or at any time hereafter imposed under the laws of the Guarantor.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Secretary of the Treasury of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

H. M. Treasury
Treasury Chambers
Great George Street
London, S.W.1., United Kingdom

Alternative address for cablegrams and radiograms :

Profilist
London

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, D. C.
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

Section 5.02. The Ambassador of the Guarantor to the United States of America is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

United Kingdom of Great Britain and Northern Ireland :

By HOOD
Authorized Representative

International Bank for Reconstruction and Development :

By W. A. B. ILIFF
Vice President