

No. 8097

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
KENYA**

Development Credit Agreement—*Tea Road Project* (with related letter and annexed Development Credit Regulations No. 1). Signed at Washington, on 30 June 1965

Official text: English.

Registered by the International Development Association on 9 February 1966.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
KENYA**

Contrat de crédit de développement — *Projet relatif aux routes desservant les théeries* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement). Signé à Washington, le 30 juin 1965

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 9 février 1966.

No. 8097. DEVELOPMENT CREDIT AGREEMENT¹ (*TEA ROAD PROJECT*) BETWEEN THE REPUBLIC OF KENYA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 30 JUNE 1965

AGREEMENT, dated June 30, 1965, between the REPUBLIC OF KENYA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Kenya Tea Development Authority, an agency of the Borrower, is carrying out a program of smallholder tea development ;

WHEREAS the Borrower has requested the Association to assist in financing a project for the design, construction and reconstruction of certain tea collection roads and tea factory access roads in connection with this program and the establishment of units for minor maintenance of these and other tea roads ; and

WHEREAS the Association has agreed to make a Credit to the Borrower upon the terms and conditions hereinafter set forth ;

NOW THEREFORE it is hereby agreed as follows :

Article I

CREDIT REGULATIONS

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961,² with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations) :

(a) The second sentence of Section 2.02 is amended by deleting the words "at the same rate" and substituting therefor the words "at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum".

¹ Came into force on 16 September 1965, upon notification by the Association to the Government of Kenya.

² See p. 90 of this volume.

(b) A new Section 3.04 is inserted after Section 3.03 as follows :

"SECTION 3.04. *Purchase of Currency of Withdrawal with Other Currency.* If withdrawal shall be made in any currency which the Association shall have purchased with another currency for the purpose of such withdrawal, the portion of the Credit so withdrawn shall be deemed to have been withdrawn from the Credit Account in such other currency for the purposes of Section 3.03."

(c) Section 3.04 is renumbered as Section 3.05.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to three million dollars (\$3,000,000).

Section 2.02. The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such Account the amount of the Credit. The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Regulations.

Section 2.03. The Borrower shall be entitled, subject to the provisions of this Agreement and the Regulations, to withdraw from the Credit Account (i) the equivalent of 70% (or such other percentage as may from time to time be agreed between the Borrower and the Association) of such amounts as shall have been paid for the reasonable cost of goods to be financed under this Agreement; and (ii) if the Association shall so agree, the equivalent of a like percentage of such amounts as shall be required to meet payments to be made for the reasonable cost of such goods; provided, however, that, except as the Borrower and the Association shall otherwise agree, no withdrawals shall be made on account of expenditures prior to September 1, 1964.

Section 2.04. Withdrawals from the Credit Account shall be in such freely convertible currency or currencies as the Association shall from time to time reasonably select.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Service charges shall be payable semi-annually on February 1 and August 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each February 1 and August 1 commencing August 1, 1975 and ending February 1, 2015,

each installment to and including the installment payable on February 1, 1985, to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ($1\frac{1}{2}\%$) of such principal amount.

Article III

USE OF PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied exclusively to financing the cost of goods required to carry out the Project described in the Schedule to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) Except as the Association shall otherwise agree, the roads included in the Project shall be constructed by contractors satisfactory to the Association and the Borrower, employed under contracts satisfactory to the Association and the Borrower.

(c) Except as the Association shall otherwise agree, the Borrower shall, in the carrying out of the Project, employ engineering consultants acceptable to, and to an extent and upon terms and conditions satisfactory to, the Association.

(d) The general design standards to be used for the roads included in the Project shall be as determined from time to time by agreement between the Association and the Borrower.

(e) The Borrower shall furnish or cause to be furnished to the Association, promptly upon their preparation, the plans, specifications, contract documents and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall reasonably request.

(f) The Borrower shall cause the roads included in the Project to be adequately maintained, and shall cause all necessary repairs thereof to be made promptly, all in accordance with sound engineering practices, and shall take all reasonable steps necessary to enforce weight and other regulations designed to preserve the condition of such roads.

(g) The Borrower shall at all times make available promptly as needed all funds and other resources which shall be required for the carrying out of the Project.