No. 8669

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and KENYA

Guarantee Agreement—*East African Telecommunications Project* (with annexed Loan Regulations No. 4). Signed at Washington, on 17 February 1967

Official text: English.

Registered by the International Bank for Reconstruction and Development on 26 June 1967.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et KENYA

Contrat de garantie — *Projet relatif aux télécommunications de l'Est africain* (avec, en annexe, le Règlement n° 4 sur les emprunts). Signé à Washington, le 17 février 1967

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 26 juin 1967.

No. 8669. GUARANTEE AGREEMENT[1] (*EAST AFRICAN TELECOMMUNICATIONS PROJECT*) BETWEEN THE REPUBLIC OF KENYA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 17 FEBRUARY 1967

AGREEMENT, dated February 17, 1967, between REPUBLIC OF KENYA (hereinafter called Kenya) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS (A) by an agreement of even date herewith between the Bank and the East African Common Services Authority (hereinafter called the Borrower), 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 thirteen million dollars ($13,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that Kenya, the United Republic of Tanzania and the State of Uganda agree to guarantee such loan as provided in the respective Guarantee Agreements[3,4] between such countries and the Bank;

(B) the United Republic of Tanzania and the State of Uganda have agreed to guarantee such loan as provided in the respective Guarantee Agreements between such countries and the Bank; and

(C) Kenya, in consideration of the Bank's entering into the Loan Agreement with the Borrower and the respective Guarantee Agreements with the United Republic of Tanzania and the State of Uganda, has agreed to guarantee such loan as hereinafter provided;

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,[5] subject, however, to the modifications thereof set forth in Schedule 3 to the Loan

[1] Came into force on 12 May 1967, upon notification by the Bank to the Government of Kenya.
[2] See p. 335 of this volume.
[3] See p. 287 of this volume.
[4] See p. 321 of this volume.
[5] See p. 242 of this volume.

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.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, Kenya hereby unconditionally guarantees jointly and severally with the United Republic of Tanzania and the State of Uganda, 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, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, and the punctual performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, Kenya specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower or the East African Posts and Telecommunications Administration (hereinafter called the Administration) will be inadequate to meet the estimated expenditures required for carrying out the Project, to make arrangements, satisfactory to the Bank, with the United Republic of Tanzania, the State of Uganda, the Borrower and the Administration or any one or more of them, promptly to provide the Administration or cause the Administration to be provided with such funds as are needed to meet such expenditures.

Article III

Section 3.01. It is the mutual intention of Kenya and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, Kenya undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of Kenya as security for any external debt, such lien will *ipso facto* 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 will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to : (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.