

No. 8908

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
KENYA**

Development Credit Agreement—*Agricultural Roads Project* (with related letter and annexed Development Credit Regulations No. 1). Signed at Washington, on 11 May 1967

Official text: English.

Registered by the International Development Association on 10 January 1968.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
KENYA**

Contrat de crédit de développement — *Projet de construction de routes dans l'intérêt de l'agriculture* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement). Signé à Washington, le 11 mai 1967

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 10 janvier 1968.

No. 8908. DEVELOPMENT CREDIT AGREEMENT¹ (*AGRICULTURAL ROADS PROJECT*) BETWEEN THE REPUBLIC OF KENYA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 11 MAY 1967

AGREEMENT, dated May 11, 1967, between the REPUBLIC OF KENYA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

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".

(b) Section 3.01 is deleted and the following new Section is substituted therefor :

"SECTION 3.01. *Currencies in which Cost of Goods is to be Paid and Proceeds of the Credit are to be Withdrawn.* (a) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the proceeds of the Credit shall be paid in the respective currencies of the countries from which such goods are acquired.

"(b) The proceeds of the Credit shall be withdrawn from the Credit Account :

(i) on account of expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower, in such currency or currencies as the Association shall from time to time reasonably select;

¹ Came into force on 19 June 1967, upon notification by the Association to the Government of Kenya.

² See p. 108 of this volume.

(ii) in all other cases, in the currency in which the cost of the goods financed out of such proceeds has been paid or is payable.

“(c) The Borrower and the Association may from time to time agree on any other currency in which withdrawals shall be made.”

(c) 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.”

(d) Section 3.04 is renumbered as Section 3.05.

(e) Paragraph (j) of Section 5.02 is deleted and the following new paragraph is substituted therefor :

“(j) Failure by the Borrower to fulfill an obligation to make payment of principal or interest or any other payment required under this Development Credit Agreement or under any other credit agreement between the Borrower and the Association or under any loan agreement or guarantee agreement between the Borrower and the Bank or under any bond delivered pursuant to any such agreement even though payment has been made by other persons.”

(f) Section 8.04 is deleted.

(g) Section 8.05 is renumbered as Section 8.04.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to five million three hundred thousand dollars (\$5,300,000).

Section 2.02. The Association shall open a Credit Account in the name of the Borrower and shall credit to such Credit 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 Development Credit Agreement.

Section 2.03. Except as the Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of the Development Credit Agreement, to withdraw from the Credit Account :

(a) the equivalent of a percentage or percentages to be established, from time to time, by agreement between the Association and the Borrower of such amounts as shall have been expended for the reasonable cost of goods required for carrying out the Project; and

(b) if the Association shall so agree, the equivalent of a like percentage of such amounts as shall be required to meet payments under (a) above; provided, however, that no withdrawals shall be made on account of expenditures made prior to June 1, 1966.

Section 2.04. 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 2.05. Service charges shall be payable semi-annually on March 1 and September 1 in each year.

Section 2.06. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each March 1 and September 1 commencing September 1, 1977 and ending March 1, 2017, each installment to and including the installment payable on March 1, 1987 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 THE 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.

Section 3.02. Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used in the territories of the Borrower exclusively in the carrying out of the Project.

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) 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.

(c) Except as the Association shall otherwise agree, the roads referred to in Part A of the Schedule to this Agreement shall be constructed by contractors satisfactory to the Association and the Borrower, employed under contracts satisfactory to the Association and the Borrower.

(d) 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.

(e) 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.

(f) 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.

(g) The Borrower shall cause the roads included in the Project and connecting roads to be adequately maintained, and shall cause all necessary repairs thereof to be made promptly, all in accordance with sound engineering practices.

(h) The Borrower shall take all steps reasonably required to ensure at all times that the dimensions and axle-loads of vehicles using the roads included in the Project and the Borrower's public road system shall not exceed the limits prescribed by the present legislation of the Borrower or such other limits as the Borrower may prescribe in the future after consultation with the Association.

(i) The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Credit, to disclose the use thereof in the Project and to record the progress of the Project (including the cost thereof) and shall enable the Association's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, the goods to be financed out of the proceeds of the Credit, and the operations with respect to the Project of the Ministries of the Borrower responsible for carrying out the Project.