

No. 9304

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
KENYA**

**Development Credit Agreement—*Second Highway Project*
(with annexed Credit Regulations No. 1, as amended).
Signed at Washington, on 17 June 1968**

Official text: English.

Registered by the International Development Association on 18 November 1968.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
KENYA**

**Contrat de crédit de développement — *Deuxième projet
relatif au réseau routier* (avec, en annexe, le Règlement
n° 1 sur les crédits de développement, tel qu'il a été
modifié). Signé à Washington, le 17 juin 1968**

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 18 novembre 1968.

No. 9304. DEVELOPMENT CREDIT AGREEMENT¹ (*SECOND HIGHWAY PROJECT*) BETWEEN THE REPUBLIC OF KENYA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 17 JUNE 1968

AGREEMENT, dated June 17, 1968, 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, as amended February 9, 1967² (said Development Credit Regulations No. 1 being hereinafter called the Regulations), with the same force and effect as if they were fully set forth herein.

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 ten million seven hundred thousand dollars (\$ 10,700,000).

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 The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Development Credit Agreement.

Section 2.03. Except as the Borrower and the Association shall otherwise agree, the Borrower shall be entitled to withdraw from the Credit Account :

¹ Came into force on 5 August 1968, upon notification by the Association to the Government of Kenya.

² See p. 94 of this volume.

(a) the equivalent of 66 % or of such other percentage or percentages as may be established from time to time by agreement between the Borrower and the Association 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 or percentages of such amounts as shall be required to meet payments made for the reasonable cost of such goods ;

provided, however, that, except as the Association shall otherwise agree, no withdrawals shall be made on account of expenditures made prior to the date of this Agreement.

Section 2.04. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($3/4$ 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 withdrawn from the Credit Account in semi-annual installments payable on each March 1 and September 1 commencing September 1, 1978 and ending March 1, 2018, each installment to and including the installment payable on March 1, 1988 to be one-half of one per cent ($1/2$ % of 1 %) of such principal amount, and each installment thereafter to be one and one-half per cent ($1\ 1/2$ %) of such principal amount.

Section 2.07. The currency of the United Kingdom of Great Britain and Northern Ireland is hereby specified for purposes of Section 3.02 of the Regulations.

Article III

USE OF THE PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall apply the proceeds of the Credit in accordance with the provisions of this Agreement to expenditures on the Project described in the Schedule to this Agreement. The specific allocation of the proceeds of the Credit, and the methods and procedures for procurement of the goods to be financed out of such proceeds, 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 carry out the Project with due diligence and efficiency and in conformity with sound engineering, administrative and financial practices and shall make available, promptly as needed, all funds, facilities, services and other resources required for the purpose.

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

(c) Except as the Association shall otherwise agree, the Borrower shall, in carrying out the Project, employ 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 and bridges included in the Project shall be as determined from time to time by agreement between the Borrower and the Association.

(e) The Borrower shall furnish or cause to be furnished to the Association, promptly upon their preparation, the reports, 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 employ specialists under Part E of the Project acceptable to, and on terms and conditions satisfactory to, the Association.

Section 4.02. The Borrower shall cause the roads and bridges included in the Project and other roads and bridges in its highway system to be adequately maintained, and shall cause all necessary repairs and renewals thereof to be made promptly, all in accordance with sound engineering practices and shall provide, promptly as needed, the funds, facilities, services and other resources required for the foregoing.

Section 4.03. 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 are appropriate to the structural and geometric design of such system.