

No. 5367

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

Guarantee Agreement—Kenya — African Agriculture Project (with exchange of letters, annexed Loan Regulations No. 4 and Loan Agreement—African Agriculture Project—between the Bank and Colony and Protectorate of Kenya). Signed at Washington, on 27 May 1960

Official text: English.

Registered by the International Bank for Reconstruction and Development on 23 September 1960.

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

Contrat de garantie — Projet relatif à l'agriculture africaine — Kénya (avec échange de lettres et, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt—Projet relatif à l'agriculture africaine—entre la Banque et la colonie et le protectorat du Kénya). Signé à Washington, le 27 mai 1960

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 23 septembre 1960.

No. 5367. GUARANTEE AGREEMENT¹ (*KENYA—AFRICAN AGRICULTURE PROJECT*) BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 27 MAY 1960

AGREEMENT, dated May 27, 1960, 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 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 five million six hundred thousand dollars (\$5,600,000), 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 June 15, 1956,³ subject, however, to the modifications thereof set forth in Schedule 3⁴ to the Loan Agreement (such 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.

¹ Came into force on 30 June 1960, upon notification by the Bank to the Government of the United Kingdom of Great Britain and Northern Ireland.

² See p. 214 of this volume.

³ See p. 210 of this volume.

⁴ See p. 226 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 provided in the Loan Agreement and 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 cooperate 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 or fees imposed under the laws of the Guarantor; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, 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 or fees 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 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 Harold CACCIA
Authorized Representative

International Bank for Reconstruction and Development :

By W. A. B. ILIFF
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 JUNE 1956

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN
MEMBER GOVERNMENTS

[Not published herein. See *United Nations, Treaty Series, Vol. 260, p. 376.*]

EXCHANGE OF LETTERS

I

May 27, 1960

The Right Honorable The Earl of Cromer, M. B. E.
Economic Minister
British Embassy
Washington, D. C.

Dear Lord Cromer :

In connection with the Bank's proposed loan to the Colony and Protectorate of Kenya, consideration has been given to the form of negative pledge undertaking to be included in the loan agreement.

The Bank wishes to be sure that the negative pledge undertaking will cover the assets of the Government of the Colony and Protectorate of Kenya and of its agencies, including those assets which form the backing for the currency circulating in Kenya and which might broadly be termed Kenya's currency reserves. The purpose of this memorandum is to record the Bank's understanding as regards those assets.

The Bank's understanding is as follows :

- (a) that the currency presently circulating in Kenya is that issued by the East African Currency Board under regulations of the Secretary of State for the Colonies ; and that this currency is backed by assets which are held in the name of the Currency Board ;
- (b) that Kenya has no power of disposal in respect of such assets in the hands of the Board ;
- (c) that Her Majesty's Government regards the assets of the East African Currency Board as segregated for the purposes of the Board under the Regulations laid down by the Secretary of State for the Colonies and that the Board has, under those Regulations, an obligation to redeem on demand all of its currency in circulation out of such assets at a stated rate of exchange ;

(d) that Her Majesty's Government would not permit the pledging or encumbering of such part of the Board's assets as is needed to fulfil its obligations in (c) above.

In sum, the Bank understands that the position regarding the assets which may from time to time represent the amount needed to redeem that part of the currency which could be deemed to be the currency of Kenya is that so long as they are in the hands of the Board they are not capable of being pledged. In the event of the replacement of the Board by a currency authority established in and solely for the purposes of Kenya, to the extent that any share in the Board's assets was established and assumed by such a successor authority, the assets representing this share would fall to be treated as the currency reserve solely of Kenya in which case they would be covered specifically by the language of the negative pledge clause. In the event of the replacement of the Board by an authority serving a number of constituent territories, including Kenya, the assets taken over by the authority would fall to be dealt with in accordance with such regulations or laws as might be made for the establishment and functioning of that authority; and in such circumstances Her Majesty's Government would not, in so far as it might lie within its powers to do so, pledge or encumber such assets for its own purposes.

Yours sincerely,

(Signed) W. A. B. ILIFF
Vice President

II

BRITISH EMBASSY
WASHINGTON

May 27th, 1960

Gentlemen,

Thank you for your letter of today's date regarding Kenya's currency reserves. I confirm that your understanding as set forth in your letter is correct, and that there is no other course that might be open other than that set out in your letter.

Yours sincerely,

(Signed) CROMER

International Bank for Reconstruction and Development
1818 H Street, N. W.
Washington, D. C.

LOAN AGREEMENT
(AFRICAN AGRICULTURE PROJECT)

AGREEMENT, dated May 27, 1960, between COLONY AND PROTECTORATE OF KENYA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Borrower is presently carrying out a plan to intensify the development of African agriculture (hereinafter called the Swynnerton Plan) which includes the development of agriculture in areas, in the Native Lands, with more than 25 inches of average annual rainfall and an altitude of more than 4,000 feet above sea level (hereinafter called the areas of high potential) ;

WHEREAS the Borrower has requested a loan from the Bank for the purposes of continuing programs under the Swynnerton Plan in the areas of high potential and for the construction and reconstruction of roads serving the agricultural sections of these areas ; and

WHEREAS the Bank has agreed to grant a loan to the Borrower for such purposes on the terms and conditions hereinafter set forth, but only on condition that the United Kingdom agree to guarantee such loan as provided in the Guarantee Agreement ;¹

NOW THEREFORE it is hereby agreed as follows :

Article I

LOAN REGULATIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956,² subject, however, to the modifications thereof set forth in Schedule 3³ to this 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

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to five million six hundred thousand dollars (\$5,600,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The Borrower shall be entitled, subject to the provisions of this Agreement and the Loan Regulations, to withdraw from the Loan Account in such convertible currencies as the Bank shall reason-

¹ See p. 202 of this volume.

² See p. 210 of this volume.

³ See p. 226 of this volume.

ably select, amounts, up to the equivalent of \$3,080,000, equivalent to 25% (or such other percentage as shall be agreed between the Borrower and the Bank) of such amounts as shall have been expended on Part A of the Project and amounts, up to the equivalent of \$2,520,000, equivalent to 58% (or such other percentage as shall be agreed between the Borrower and the Bank) of such amounts as shall have been expended on Part B of the Project; provided, however, that except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (i) expenditures prior to July 1, 1960 or (ii) expenditures in the territories of any country (other than Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time. Such commitment charge shall accrue from a date sixty days after the date of this Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided herein and in Article IV of the Loan Regulations or shall be cancelled pursuant to Article V of the Loan Regulations.

Section 2.04. The Borrower shall pay interest at the rate of six per cent (6%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Interest and other charges shall be payable semi-annually on January 15 and July 15 in each year.

Section 2.06. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied in accordance with the provisions of this Agreement to expenditures, or to reimbursement of expenditures, on the Project described in Schedule 2¹ to this Agreement.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The Minister of the Borrower for the time being responsible for finance and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

¹ See p. 224 of this volume.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound agricultural, engineering and financial practices.

(b) The Borrower shall cause to be furnished to the Bank, promptly upon their preparation, the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request, and, in case the Borrower intends to employ contractors in the execution of any portion of the Project, the form of contract to be used.

(c) The Borrower shall maintain or cause to be maintained separate records for Parts A and B of the Project adequate to show the expenditure of the proceeds of the Loan and to record the progress of the parts of the Project (including the costs thereof); shall enable the Bank's representatives to inspect the Project and any relevant records and documents; and shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan and the Project.

Section 5.02. (a) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. 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 Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower 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 Borrower 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) The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

Section 5.03. It is the mutual intention of the Borrower 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, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower 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; (ii) 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 (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

As used in this Section, the term "assets of the Borrower" includes assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision ; and the term "external debt" means any debt payable in any medium other than currency of the Borrower, whether such debt is or may become payable absolutely or at the option of the creditor in such other medium.

Section 5.04. The Loan Agreement, the Guarantee Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof and the Borrower shall pay or cause to be paid all such taxes and fees, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

Section 5.05. 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 or fees imposed under the laws of the Borrower or laws in effect in its territories ; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, 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 Borrower.

Section 5.06. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

Section 5.07. The Borrower shall consult with the Bank before making any change in the general arrangements for providing and administering credit to African farmers which could materially affect the provision and administration of loans under the Project.

Section 5.08. The Borrower shall at all times cause all roads included in the Project and all roads connecting these roads to marketing or processing areas to be adequately maintained in accordance with sound engineering practices.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a) or paragraph (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance

thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be December 31, 1963.

Section 7.02. A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Section 7.03. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

The Treasury
P. O. Box 30,007
Nairobi
Kenya

Alternative address for cablegrams and radiograms :

Finance
Nairobi

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 7.04. The Minister of the Borrower for the time being responsible for finance is designated for the purposes of Section 8.03 (A) of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan 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.

Colony and Protectorate of Kenya :

By Harold CACCIA
Authorized Representative

International Bank for Reconstruction and Development :

By W. A. B. ILIFF
Vice President

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
January 15, 1964	\$328,000	July 15, 1967	\$403,000
July 15, 1964	337,000	January 15, 1968	415,000
January 15, 1965	348,000	July 15, 1968	428,000
July 15, 1965	358,000	January 15, 1969	441,000
January 15, 1966	369,000	July 15, 1969	454,000
July 15, 1966	380,000	January 15, 1970	467,000
January 15, 1967	391,000	July 15, 1970	481,000

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than 2 years before maturity	½ of 1 %
More than 2 years but not more than 4 years before maturity	2 ¼ %
More than 4 years but not more than 6 years before maturity	3 ½ %
More than 6 years but not more than 8 years before maturity	5 %
More than 8 years before maturity	6 %

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project is part of the Borrower's program planned for the three-year period ending June 30, 1963 for the development of agriculture in and roads serving the areas of high potential. The Project consists of two parts as follows :

A. Development of agriculture under the Swynnerton Plan in the areas of high potential including :

1. land consolidation and the establishment of individual land rights on about 5 million acres ;
2. the establishment and improvement of protective forests ;
3. the improvement and expansion of agricultural services, including experimentation, demonstration, extension and education, soil conservation and farm planning, to enable African farmers to develop their farms into viable units and to improve their standard of living through increased production of foodcrops, improved animal husbandry and production of cash crops ;

4. the improvement and expansion of supporting measures, including the provision of water supplies and the establishment of cooperatives for marketing and processing ; and
5. the provision of loans through the Ministry of Agriculture to African farmers and cooperatives for agricultural development.

The cost of this part of the Project is estimated at the equivalent of \$12.6 million.

B. The construction and reconstruction of twenty-three roads, of a total length of approximately 564 miles, serving agricultural sections of the areas of high potential. The general location of the roads and the design standards to be used shall be as agreed between the Borrower and the Bank, subject to modification by further agreement between them.

The cost of this part of the Project is estimated at the equivalent of \$4.4 million.

SCHEDULE 3

MODIFICATIONS OF LOAN REGULATIONS No. 4

The provisions of Loan Regulations No. 4 of the Bank, dated June 15, 1956, shall be deemed to be modified as follows :

(a) By the deletion of Section 2.02.

(b) By the deletion of Section 3.01 and the substitution therefor of the following new Section :

“SECTION 3.01. *Currency in Which Loan is Denominated.* The Loan shall be deemed to be denominated in dollars.”

(c) By the addition to Section 3.05, at the end thereof, of the following sentence :

“If a withdrawal is applied for on account of expenditures in the currency of the Borrower, the value of the currency of the Borrower in terms of the currency or currencies to be withdrawn shall be as reasonably determined by the Bank.”

(d) By the deletion of Sections 4.01 and 4.02.

(e) By the deletion of Section 4.03 and the substitution therefor of the following new Section :

“SECTION 4.03. *Applications for Withdrawal.* When the Borrower shall desire to withdraw any amount from the Loan Account, the Borrower shall deliver to the Bank a written application in such form, and containing such statements and agreements, as the Bank shall reasonably request. Since the rate at which Loan proceeds are withdrawn affects the cost to the Bank of holding funds at the Borrower's disposal, applications for withdrawal, with the necessary documentation as hereinafter in this Article provided, shall, except as the Bank and the Borrower shall otherwise agree, be made promptly in relation to expenditures for the Project.”

(f) By the deletion of paragraphs (b) and (d) of Section 5.02 and the substitution therefor respectively of the following new paragraphs :

“(b) A default shall have occurred in the payment of principal or interest or any other payment required under any other loan agreement or under any guarantee agreement between the Borrower and the Bank or under any letter of guarantee executed by the Governor of the Borrower in respect of any loan by the Bank to the East Africa High Commission or under any loan agreement or under any guarantee agreement between the Guarantor and the Bank.”

“(d) An extraordinary situation shall have arisen which shall make it improbable that the Borrower or the Guarantor will be able to perform its obligations under the Loan Agreement or the Guarantee Agreement, or there shall occur any such change in the nature and constitution of the Borrower as shall make it improbable that the Borrower will be able to carry out its obligations under the Loan Agreement.”

(g) By the deletion of paragraphs (e) and (f) of Section 5.02.

(h) By the deletion of the last paragraph of Section 5.02 and the substitution therefor of the following paragraph :

“The right of the Borrower to make withdrawals from the Loan Account shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to such suspension shall have ceased to exist or until the Bank shall have notified the Borrower that the right to make withdrawals has been restored, whichever is the earlier ; provided, however, that in the case of any such notice of restoration, the right to make withdrawals shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Bank in respect of any other or subsequent event described in this Section.”

(i) By the deletion of Section 5.03 and the substitution therefor of the following new Section :

“SECTION 5.03. *Cancellation by the Bank.* If the right of the Borrower to make withdrawals from the Loan Account shall have been suspended for a continuous period of thirty days, or if the Borrower shall not at the Closing Date have withdrawn from the Loan Account the full amount of the Loan, the Bank may by notice to the Borrower terminate the right of the Borrower to make withdrawals from the Loan Account. Upon the giving of such notice the unwithdrawn amount of the Loan shall be cancelled.”

(j) By the deletion of Section 5.04.

(k) By the deletion of the last sentence of Section 7.04 (k) and the substitution therefor of the following sentence :

“Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against the Borrower or the Guarantor (as the case may be) except as such procedure may be available against the Borrower or the Guarantor (as the case may be) otherwise than by reason of the provisions of this Section.”

(l) By the deletion of the first sentence of Section 7.04 (l) and the substitution therefor of the following sentence :

“(l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made upon the Bank and (to the extent that such proceeding is available against the Borrower or the Guarantor) upon the Borrower or the Guarantor in the manner provided in Section 8.01.”

(m) By the insertion, after Section 8.03, of the following new Section :

“SECTION 8.03 (A). *Action on behalf of Borrower.* Any action required or permitted to be taken, and any documents required or permitted to be executed, under the Loan Agreement on behalf of the Borrower may be taken or executed by the representative of the Borrower designated in the Loan Agreement for the purposes of this Section or any person thereunto authorized in writing by him. Any modification or amplification of the provisions of the Loan Agreement may be agreed to on behalf of the Borrower by written instrument executed on behalf of the Borrower by the representative so designated or any person thereunto authorized in writing by him ; provided that, in the opinion of such representative, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower under the Loan Agreement. The Bank may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative any modification or amplification of the provisions of the Loan Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Borrower thereunder.”

(n) By the deletion of Section 9.03 and the substitution therefor of the following new Section :

“SECTION 9.03. *Effective Date.* Notwithstanding the provisions of Section 8.01, except as shall be otherwise agreed by the Borrower and the Bank, the Loan Agreement and Guarantee Agreement shall come into force and effect on the date upon which the Bank dispatches to the Borrower and to the Guarantor notice of its acceptance of the evidence required by Section 9.01.”

(o) By the deletion of the second sentence in paragraph 8 of Section 10.01 and the substitution therefor of the following sentences :

“Whenever reference is made to the currency of the Guarantor, the term ‘currency’ means such coin or currency as at the time referred to is legal tender for the payment of public and private debts in the United Kingdom. Whenever reference is made to the currency of the Borrower, the term ‘currency’ means coin or currency issued by the East African Currency Board, or such other coin or currency as may hereafter become legal tender for the payment of public or private debts in the territories of the Borrower.”

(p) By the deletion, in paragraph 13 of Section 10.01, of the word “Guarantor” and the substitution therefor of the word “Borrower”.

(g) By the deletion of paragraph 14 of Section 10.01.

(r) By the deletion of the eighth paragraph of the Form of Bond set forth in Schedule 1 and the seventh paragraph of the Form of Bond set forth in Schedule 2 and the substitution therefor, in each such Schedule, of the following paragraph :

“The principal of the Bonds, the interest accruing thereon and the premium, if any, on the redemption thereof shall be paid without deduction for and free from any taxes, imposts, levies or duties of any nature or any restrictions now or at any time hereafter imposed under the laws of [name of Guarantor], or of [the Borrower] or laws in effect in the territories of [the Borrower] ; *provided, however, that the provisions of this paragraph shall not apply to taxation imposed (a) under the laws of [name of Guarantor] on or in connection with 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 [name of Guarantor] or (b) under the laws of [the Borrower] or laws in effect in its territories on or in connection with 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 Borrower].*”
