

No. 6130

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

Guarantee Agreement—*Kenya-Land Settlement and Development Project* (with exchange of letters, annexed Loan Regulations No. 4 and Loan Agreement between the Bank and the Colony and Protectorate of Kenya). Signed at Washington, on 29 November 1961

Official text: English.

Registered by the International Bank for Reconstruction and Development on 23 April 1962.

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

Contrat de garantie— *Projet relatif au peuplement et à la mise en valeur de terres au Kenya* (avec échange de lettres et, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt entre la Banque et la Colonie et le Protectorat du Kenya). Signé à Washington, le 29 novembre 1961

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 23 avril 1962.

No. 6130. GUARANTEE AGREEMENT¹ (*KENYA-LAND SETTLEMENT AND DEVELOPMENT PROJECT*) BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 29 NOVEMBER 1961

AGREEMENT, dated November 29, 1961, 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 the 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 eight millions four hundred thousand dollars (\$8,400,000), 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 February 15, 1961,² subject, however, to the modifications thereof set forth in Schedule 3³ to the Loan 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.

Section 1.02. Wherever used in this Guarantee Agreement, unless the context shall otherwise require, the respective terms which are defined in the Loan Agreement shall have the respective meanings therein set forth.

¹ Came into force on 29 March 1962, upon notification by the Bank to the Government of the United Kingdom of Great Britain and Northern Ireland.

² See p. 60 of this volume.

³ See p. 80 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 set forth in the Loan Agreement and in 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 co-operate 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 imposed under the laws of the Guarantor; provided, however, that the provisions of this Section shall not apply to taxation of 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 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 of America 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 HOOD
Authorized Representative

International Bank for Reconstruction and Development :

By W. A. B. ILIFF
Vice President

EXCHANGE OF LETTERS

I

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
WASHINGTON 25, D. C.

November 29, 1961

Economic Minister
British Embassy
Washington, D. C.

Dear Sir :

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 purposes 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. Since the Bank would proceed with the loan on this basis, it would welcome confirmation that this understanding is correct and that there are no other courses that might be open.

Yours sincerely,

W. A. B. ILIFF
Vice President

II

BRITISH EMBASSY
WASHINGTON

November 29, 1961

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 are no other courses that might be open other than those set out in your letter.

Yours sincerely,

D. B. PITBLADO

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

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961

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

[*Not published herein. See United Nations, Treaty Series, Vol. 400, p. 212.*]

LOAN AGREEMENT
(KENYA-LAND SETTLEMENT AND DEVELOPMENT PROJECT)

AGREEMENT, dated November 29, 1961, between COLONY AND PROTECTORATE OF KENYA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS (A) the Borrower has, pursuant to the Agricultural Ordinance, 1955, as amended, established the Land Development and Settlement Board to formulate and administer schemes of agricultural settlement or land utilization for persons of all races ;

(B) the Borrower has charged the said Board with the principal responsibility for coordinating and executing a program of the Borrower for the purchase and subsequent subdivision, settlement and development of approximately 180,000 acres of land of high agricultural potential in the Scheduled Areas (as defined in the said Agricultural Ordinance) in such a manner as will ensure the economic use of the land for sound agricultural development ;

(C) the Borrower has requested the Bank to assist in the financing of the Program ;

(D) in order to obtain the funds required to cover a part of the cost of the purchase, subdivision, settlement and development of land under the Program the Borrower has made or is about to make arrangements :

(1) for obtaining from the United Kingdom of Great Britain and Northern Ireland (hereinafter called the United Kingdom) : (a) £2,321,000 by way of long-term loan to the Government of the Borrower, of which £2,201,000 are for the purchase of land and buildings ; and (b) £511,000 (for the same purpose) by way of grant from Colonial Development and Welfare funds to the Government of the Borrower ;

(2) for obtaining from the United Kingdom by way of grant from Colonial Development and Welfare funds to the Government of the Borrower (in addition to the grant referred to in paragraph (1) of this Recital) £900,000, to be used other than for the purchase of land and buildings ;

(3) for borrowing by the Government of the Borrower from the Colonial Development Corporation (hereinafter called CDC), a Corporation established under the Overseas Resources Development Act, 1948, of the United Kingdom, an amount not exceeding £1,500,000 ; and

(4) for the obtaining by the Board of overdraft facilities, to be guaranteed by the Government of the Borrower, not exceeding at any one time an amount in the currency of the Borrower equivalent to £180,000 ; and

(E) the Bank has agreed to make a loan to the Borrower for the settlement and development of land under the Program 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 :

¹ See p. 50 of this volume.

Article I

LOAN REGULATIONS ; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961¹ (hereinafter called Loan Regulations No. 4), subject, however, to the modifications thereof set forth in Schedule 3² 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.

Section 1.02. Whenever used in the Loan Agreement, the following terms shall have the following meanings unless the context otherwise requires :

- (a) the term "Loan" means the loan provided for in this Agreement ;
- (b) the term "part of the Loan" means the portion of the Loan credited to the Loan Account in respect of a sub-project ;
- (c) the term "Loan Account" means the account on the books of the Bank to which the amount of each part of the Loan is to be credited as provided in the Loan Agreement ;
- (d) the term "pounds" and the sign "£" means pounds sterling in the currency of the United Kingdom ;
- (e) the term "sub-project" means a part of the Project described in Schedule 2² to this Agreement ;
- (f) the term "Board" means the Land Development and Settlement Board, constituted by the Agricultural Ordinance, 1955 (as amended) of the Borrower ; and
- (g) the term "Program" means the program referred to in Recital B of this Agreement.

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 eight million four hundred thousand dollars (\$8,400,000).

Section 2.02. (a) The Bank shall open a Loan Account on its books in the name of the Borrower.

(b) When any sub-project shall be approved by the Bank as in Section 3.01 provided, there shall be credited to the Loan Account, in respect of the estimated cost of such sub-project, such portion of the Loan as the Bank shall approve.

¹ See p. 60 of this volume.

² See p. 80 of this volume.

Section 2.03. The Borrower shall be entitled, subject to the provisions of the Loan Agreement, to withdraw from the Loan Account in such convertible currencies as the Bank shall reasonably select, amounts equivalent to 50 % (or such other percentage as shall be agreed between the Borrower and the Bank) of such amounts as shall have been expended on the Project, provided that the Borrower and the Bank may make arrangements for advances on account of such withdrawals. Except as shall be otherwise agreed between the Borrower and the Bank, no withdrawals shall be made : (i) on account of expenditures in connection with a sub-project which has not been approved by the Bank and CDC ; (ii) on account of expenditures for the purchase of land, leaseholds or any other interest in land, including improvements on such land ; (iii) on account of expenditures prior to July 1, 1961 ; (iv) unless the Borrower shall certify in respect of each withdrawal that it has applied to CDC for a withdrawal in connection with the loan referred to in Recital (D) (3) of this Agreement in an amount equivalent to 50 % of the equivalent in the currency of the Borrower of the amount to be withdrawn from the Loan Account and that no circumstances exist which would justify the denial by CDC of such application ; or (v) on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in (including services supplied from) such territories. The parts of the Loan shall be deemed to be withdrawn from the Loan Account in the order in which they were credited.

Section 2.04. 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 amounts of the Loan standing to the credit of the Borrower from time to time in the Loan Account. Such commitment charge shall accrue from the several dates on which amounts shall be credited to the Loan Account to the respective dates on which they are withdrawn from the Loan Account or are cancelled pursuant to Article V of the Loan Regulations.

Section 2.05. The Borrower shall pay interest on the principal amount of each part of the Loan withdrawn from the Loan Account and outstanding from time to time at such rate as shall have been notified by the Bank to the Borrower at the time when such part of the Loan was credited to the Loan Account, or at such other time or times as shall have been agreed upon between the Borrower and the Bank, as being the rate then generally applicable to new Bank loans of the same maturity. Interest shall accrue from the respective dates on which amounts shall be so withdrawn.

Section 2.06. Interest and other charges shall be payable semi-annually on March 15 and September 15 in each year.

Section 2.07. (a) The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

(b) Each payment of principal shall be applied *pro rata* to the several parts of the Loan then outstanding.

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 the Loan Agreement to expenditures, or to reimburse-

¹ See p. 78 of this volume.

ment of expenditures, on such sub-projects as from time to time shall be approved in writing by the Bank. The Bank will not approve a sub-project unless it has received evidence satisfactory to it that the land included in the sub-project is suitable for the proposed development and has been acquired by or is available to the Board at a reasonable purchase price; that qualified technical staff are available to supervise the proposed development without interfering with the carrying out of previously approved sub-projects; that prospective settlers with adequate qualifications are available in sufficient numbers and that suitable arrangements have been made for establishing them on the land included in the sub-project; that, provided the sub-project is approved, funds will be available for the proper carrying out of the sub-project; and generally that the sub-project is consistent with the Project as a whole having regard to the estimates of costs, timetable and other factors disclosed in the application submitted under Section 3.02 (a).

Section 3.02. (a) When submitting a sub-project to the Bank for approval, the Borrower shall furnish to the Bank an application, in form satisfactory to the Bank, containing information as to the land included in such sub-project, the proposed development plan for this land, the number and categories of staff intended to supervise each phase of such development, the settlers involved in such sub-project and the time schedules, cost estimates and sources of finance for such sub-project and such other information as the Bank shall reasonably require.

(b) Except as the Borrower and the Bank shall otherwise agree, requests for approval of sub-projects shall be submitted in adequate detail not later than June 30, 1964.

(c) Except as the Bank shall otherwise agree, the Borrower shall not submit any request for approval of a sub-project involving costs (other than costs of the purchase of land, leaseholds or any other interest in land, including improvements on such land) of less than the equivalent of \$2,000,000.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of each part 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.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall make the proceeds of the Loan available to the Board for purposes of the Project on terms and conditions satisfactory to the Bank.

(b) 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.

(c) The Borrower shall cause the Board at all times to conduct its operations and to maintain its financial position in accordance with sound agricultural and business practices.

(d) The Borrower shall cause to be furnished to the Bank, promptly upon their preparation, the plans, specifications and work schedules for the Project and sub-projects and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(e) The Borrower shall maintain or cause to be maintained records adequate to show the expenditure of the proceeds of the Loan and to record the progress of the Project and sub-projects (including the costs thereof); shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Board; shall enable the Bank's representatives to inspect the Project and other projects administered by the Board and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the sub-projects, all financial transactions between the Borrower and the Board and the operations and financial condition of the Board.

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 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, 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 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. Whenever there is reasonable cause to believe that the funds available to the Board will be inadequate to meet the estimated expenditures required by it for carrying out the Project, the Borrower shall make arrangements, satisfactory to the Bank, promptly to provide the Board or cause the Board to be provided with such funds as are needed to meet such expenditures.

Section 5.08. The Borrower shall inform the Bank of any proposed action which would materially amend, waive or abrogate any provision of the Agriculture Ordinance, 1955, in regard to the constitution or functions of the Board and shall afford the Bank a reasonable opportunity, in advance of the taking of such action, to exchange views with the Borrower with respect thereto.

Section 5.09. The Borrower shall cause the Board to have such organization and management as shall be necessary for the efficient carrying out of the Project.

Section 5.10. Unless the Bank shall otherwise agree, the Borrower shall cause the number and qualifications of officers for the supervision of each sub-project to be as described in the application to the Bank pursuant to Section 3.02 (a).

Section 5.11. Unless the Bank shall otherwise agree, no repayment in advance of maturity shall be made in respect of all or part of either of the loans referred to in clauses (1) and (3) of Recital (D) of this Agreement unless the Borrower at the same time repays in advance of maturity all or a corresponding proportion of the Loan. To any repayment by the Borrower in accordance with this Section, all the provisions of the Loan Regulations relating to repayment in advance of maturity shall be applicable.

Section 5.12. Unless the Bank shall otherwise agree, the Borrower shall not permit the alteration or abrogation or granting of any waiver in respect of the loans referred to in Recital (D) of this Agreement in any such manner as would or might adversely affect the interests of the Bank.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e), paragraph (f) or paragraph (j) 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 the Loan Agreement or in the Bonds to the contrary notwithstanding.

Article VII

EFFECTIVE DATE ; TERMINATION

Section 7.01. The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 9.01 (c) of the Loan Regulations, namely, that arrangements satisfactory to the Bank shall have been made for the acquisition by the Borrower of all the monies referred to in Recital (D) of this Agreement from the sources therein specified or from such other sources as may be agreed between the Borrower and the Bank.

Section 7.02. The following is specified as an additional matter, within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinion or opinions

to be furnished to the Bank, namely, that the arrangements for the acquisition by the Borrower of all the monies referred to in clauses (3) and (4) of Recital (D) of this Agreement have, in accordance with the terms of such arrangements and subject as therein stated, become validly effective and binding in all respects upon the parties thereto.

Section 7.03. A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be June 30, 1965, or such other date as shall be agreed upon by the Borrower and the Bank.

Section 8.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

The Treasury
P.O. Box 30007
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 8.03. 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 HOOD

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>
Septembre 15, 1965 . . .	\$156,000	March 15, 1974	\$253,000
March 15, 1966	160,000	September 15, 1974 . . .	260,000
September 15, 1966 . . .	165,000	March 15, 1975	267,000
March 15, 1967	170,000	September 15, 1975 . . .	275,000
September 15, 1967 . . .	175,000	March 15, 1976	283,000
March 15, 1968	180,000	September 15, 1976 . . .	291,000
September 15, 1968 . . .	185,000	March 15, 1977	299,000
March 15, 1969	190,000	September 15, 1977 . . .	308,000
September 15, 1969 . . .	196,000	March 15, 1978	317,000
March 15, 1970	201,000	September 15, 1978 . . .	326,000
September 15, 1970 . . .	207,000	March 15, 1979	335,000
March 15, 1971	213,000	September 15, 1979 . . .	345,000
September 15, 1971 . . .	219,000	March 15, 1980	355,000
March 15, 1972	225,000	September 15, 1980 . . .	365,000
September 15, 1972 . . .	232,000	March 15, 1981	376,000
March 15, 1973	239,000	September 15, 1981 . . .	386,000
September 15, 1973 . . .	246,000		

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), 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 3 years before maturity	½ of 1 %
More than 3 years but not more than 6 years before maturity	1 ½ %
More than 6 years but not more than 11 years before maturity	2 ½ %
More than 11 years but not more than 16 years before maturity	3 ½ %
More than 16 years but not more than 18 years before maturity	4 ¾ %
More than 18 years before maturity	5 ¾ %

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project is a part of the Program. The Program includes the selection, training and supervision of settlers ; the provision of access roads, water supply systems, fencing and farm buildings ; the establishment of cash crops ; and the making of loans and the extension of credit for purposes of the Program to settlers, farm machinery contractors and agricultural processing and marketing co-operatives. The Board will have the principal responsibility for coordinating and executing the Program. The Project is the part of the Program connected with the subdivision, settlement and development of land purchased prior to June 30, 1964.

SCHEDULE 3

MODIFICATIONS OF LOAN REGULATIONS No. 4

For the purposes of this Agreement the provisions of Loan Regulations No. 4 of the Bank, dated February 15, 1961, shall be deemed to be modified as follows :

(a) By the deletion of Sections 2.01, 2.02, 2.03, 3.02 and 4.01.

(b) By the deletion of subparagraphs (b), (d), (e), (f) and (j) of Section 5.02 and the substitution therefor respectively of the following subparagraphs :

“(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 or under any bond delivered pursuant to any such agreement.”

“(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 the Bonds, 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.”

“(e) The Borrower shall have taken or permitted to be taken any action or proceeding whereby the undertaking of the Board, or any substantial part of such undertaking, shall or may be assigned or in any manner transferred or delivered to any other person, or whereby any property of the Board shall or may be distributed amongst the creditors of the Board.”

“(f) The Borrower or any governmental authority having jurisdiction shall have taken any action for the dissolution or disestablishment of the Board or for the suspension of its operations.”

“(g) Demand shall have been made, for repayment in advance of maturity, of any of the monies referred to in Recital (D) of the Loan Agreement, by reason of any default as specified in the relative arrangements.”

(c) By the insertion in Article V of the following new section :

“SECTION 5.07. *Application of Cancellation to Portions of the Loan.* Except as otherwise agreed between the Bank and the Borrower, any cancellation shall be applied first to the portion of the Loan not credited to the Loan Account and then to parts of the Loan in the inverse order to that in which they were credited to the Loan Account.”

(d) By the insertion in Section 6.01 of the words “of each part” after the word “amount”.

(e) By the deletion, in Section 6.02, of the words “the Loan”, wherever they occur, and the substitution therefor of the words “the part of the Loan represented by such Bonds”.

(f) By the deletion of Section 6.04 and the substitution therefor of the following new section :

“SECTION 6.04. *Interest on Bonds; Service Charge.* Each Bond shall bear interest at such rate as the Bank shall request, not in excess, however, of the rate of interest on the part of the Loan in respect of which such Bond has been issued. If the rate of interest on any Bond shall be less than the rate of interest on the part of the Loan in respect of which such Bond has been issued, the Borrower shall, in addition to the interest payable on such Bond, pay to the Bank a service charge on the principal amount of the part of the Loan represented by such Bond at a rate equal to the difference between the interest rate on such part of the Loan and the interest rate on such Bond. Such service charge shall be payable on the dates on which and in the currency in which such interest is payable.”

(g) By the deletion, in the last sentence of Section 6.09, of the words “of the Loan represented by such Bonds” and the substitution therefor of the words “of the part of the Loan in respect of which such Bonds have been issued”.

(h) By the deletion of paragraph (a) of Section 6.11 and the substitution therefor of the following paragraph :

“(a) Bonds issued in respect of a part of the Loan and bearing interest at one rate may be exchanged for Bonds bearing interest at any other rate not in excess of the rate of interest on such part of the Loan.”

(i) By the deletion of paragraph (b) of Section 6.16 and the substitution therefor of the following paragraph :

“(b) If any Bond so to be redeemed shall bear interest at a rate less than the rate of interest on the part of the Loan in respect of which it is issued, the Borrower shall pay to the Bank on the date fixed for redemption the service charge provided for in Section 6.04 accrued and unpaid to such date on the principal amount of the part of the Loan represented by such Bond.”

(j) 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 Guarantor (as the case may be) except as such procedure may be available against the Borrower or Guarantor (as the case may be) otherwise than by reason of the provisions of this Section.”

(k) 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 Guarantor) upon the Borrower or Guarantor in the manner provided in Section 8.01.”

(l) By the insertion 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.”

(m) By the deletion of paragraph 4 of Section 10.01.

(n) By the deletion of the second sentence in paragraph 7 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 and private debts in the territories of the Borrower.”

(o) By the deletion of paragraph 10 of Section 10.01.

(p) By the deletion in paragraph 12 of Section 10.01, of the word “Guarantor” and the substitution therefor of the word “Borrower”.

(q) By the deletion of paragraph 13 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, fees 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 its territories ; *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].*”
