

No. 7776

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**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
KENYA**

**Development Credit Agreement—*Kenya Tea Development Authority Project* (with related letter, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the Kenya Tea Development Authority). Signed at Washington, on 17 August 1964**

*Official text: English.*

*Registered by the International Development Association on 14 May 1965.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT**

**et  
KENYA**

**Contrat de crédit de développement — *Projet relatif à la Kenya Tea Development Authority* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement et le Contrat relatif au Projet entre l'Association et la Kenya Tea Development Authority). Signé à Washington, le 17 août 1964**

*Texte officiel anglais.*

*Enregistré par l'Association internationale de développement le 14 mai 1965.*

535

No. 7776. DEVELOPMENT CREDIT AGREEMENT<sup>1</sup> (*KENYA TEA DEVELOPMENT AUTHORITY PROJECT*) BETWEEN KENYA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 17 AUGUST 1964

AGREEMENT, dated August 17, 1964, between KENYA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) the Kenya Tea Development Authority (hereinafter called KTDA), a statutory body established by the Kenya Tea Development Authority Order, 1964 of the Borrower, is executing a program for the development of tea production by African smallholders which includes planting of approximately 25,500 acres of tea, the supervision of tea cultivation, the inspection and collection of the tea so cultivated, and the provision of 17 factories for the processing of such tea;

(B) KTDA has received loans and advances for the field sector of the first part of this program as follows :

1. From the Commonwealth Development Corporation (hereinafter called CDC), a corporation established under the Overseas Resources Act, 1948 of the United Kingdom, pursuant to an agreement dated May 5, 1961 between the Government of the Colony and Protectorate of Kenya, the Colonial Development Corporation and the Special Crops Development Authority, in an amount outstanding on the date of this Agreement of £550,000;
2. From the Government of the Borrower by way of long-term loans in an amount outstanding on the date of this Agreement of 4,640,000 shillings in the currency of the Borrower of which amount 4,240,000 shillings represent the relending of the proceeds of a loan from the Kreditanstalt für Wiederaufbau to the Borrower; and
3. From the Government of the Borrower by way of advances repayable on demand in an amount outstanding on the date of this Agreement of 3,000,000 shillings in the currency of the Borrower;

(C) CDC intends to enter into an agreement with the Government of the Borrower and KTDA superseding the agreement dated May 5, 1961 referred to in Recital (B) (1) above and providing, *inter alia*, for a loan of up to £350,000

<sup>1</sup> Came into force on 23 September 1964, upon notification by the Association to the Government of Kenya.

from CDC to KTDA (in addition to the loan of £550,000 referred to in Recital (B) (1) above) for the field sector of this program;

(D) CDC intends, provided certain conditions are fulfilled, to contribute towards the financing of the tea factories forming a part of this program and in connection with the financing of such factories KTDA may borrow additional amounts from commercial companies;

(E) The Government of the Borrower and KTDA have entered into an agreement dated July 2, 1964 providing, *inter alia*, for the supplying by the Government of the Borrower of the field staff required for the proper carrying out of this program and the necessary housing for such staff;

(F) The Borrower and KTDA have requested the Association to assist in the financing of this program; and

(G) The Association is willing to make a development credit available on the terms and conditions provided herein and in a project agreement of even date herewith<sup>1</sup> between the Association and KTDA;

NOW THEREFORE the parties hereto agree as follows :

### Article I

#### CREDIT REGULATIONS; SPECIAL DEFINITIONS

*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,<sup>1</sup> 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) 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 as provided in the Development Credit Agreement. ”

(b) A new Section 3.04 is inserted after Section 3.03 as follows :

<sup>1</sup> See p. 100 of this volume.

“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.”

(c) Section 3.04 is renumbered as Section 3.05.

(d) Subparagraph (b) of Section 5.02 is amended by deleting the words “, or any bonds or other obligations issued thereunder” and substituting therefor the words “or the Colony and Protectorate of Kenya or under any letter of guarantee executed by the Governor of the Colony and Protectorate of Kenya in respect of any loan by the Bank to the East Africa High Commission or under any bonds or other obligations issued under any such agreement.”

(e) Section 6.02 is amended by inserting the words “or the Project Agreement” after the words “the Development Credit Agreement.”

(f) The following subparagraph is added to Section 9.01 :

“13. The term ‘Project Agreement’ shall have the meaning set forth in the Development Credit Agreement.”

*Section 1.02.* Wherever used in this Agreement or in the Schedule<sup>1</sup> thereto, unless the context shall otherwise require, the following terms shall have the following meanings :

(a) The term “Program” means the program referred to in Recital (A) of this Agreement.

(b) The term “Project Agreement” means the agreement between the Association and KTDA of even date herewith, providing for the carrying out of the Project, as the same shall be amended from time to time by agreement between the Association and KTDA.

(c) The term “Supervision Agreement” means the agreement between the Government of the Borrower and KTDA referred to in Recital (E) of this Agreement, as the same shall be amended from time to time with the approval of the Association.

(d) The term “Subsidiary Loan Agreement” means the agreement referred to in Section 4.02 (a) of this Agreement to be entered into between the Government of the Borrower and KTDA, as the same shall be amended from time to time with the approval of the Association.

(e) The term “pounds” and sign “£” mean pounds sterling in the currency of the United Kingdom of Great Britain and Northern Ireland.

<sup>1</sup> See p. 96 of this volume.

*Article II*

## THE CREDIT

*Section 2.01.* The Association agrees to make available to the Borrower, on the terms and conditions in this Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to two million eight hundred thousand dollars (\$2,800,000).

*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 :

(a) the Borrower shall be entitled, subject to the provisions of the Development Credit Agreement, to withdraw from the Credit Account in such convertible currencies as the Association shall reasonably select, amounts equivalent to such amounts as shall have been expended on the field sector of the Project;

(b) such withdrawals shall be limited to the lesser of (i) that portion of the excess of KTDA's payments over its receipts in respect of the field sector of the Program which is not financed by CDC or (ii) the equivalent of \$678,000 through June 30, 1965, \$1,459,000 through June 30, 1966, \$2,234,000 through June 30, 1967 and \$2,696,000 through June 30, 1968;

(c) no withdrawals shall be made on account of expenditures incurred prior to July 1, 1964; and

(d) no withdrawal shall be made unless by the time of such withdrawal KTDA has drawn a total of £150,000 of the £350,000 loan from CDC referred to in Recital (C) of this Agreement plus £40,000 of such loan for each completed three-month period subsequent to June 30, 1964.

*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. The Borrower shall also pay to the Association a service charge at the same rate on the principal amount outstanding of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations.

*Section 2.05.* Service charges shall be payable semi-annually on June 1 and December 1 in each year.

*Section 2.06.* The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual installments payable on each

June 1 and December 1 commencing June 1, 1974 and ending December 1, 2013, each installment to and including the installment payable on December 1, 1983 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 in accordance with the provisions of the Development Credit Agreement to expenditures, or to reimbursement of expenditures, for the field sector of the Project described in the Schedule to this Agreement.

### *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 agricultural, engineering and financial standards and practices.

(b) The Borrower shall take all action which shall be necessary on its part to enable KTDA to perform all its obligations under the Project Agreement and shall not take any action that would interfere with the performance of such obligations by KTDA.

(c) The Borrower shall cause KTDA to have qualified and experienced management.

(d) The Borrower shall consult the Association about any proposed appointment of the Chairman of KTDA and other members of KTDA whose appointment is at the discretion of the Minister of Agriculture of the Borrower sufficiently in advance of such appointment for the Association to have adequate opportunity to comment on it.

*Section 4.02.* (a) The Borrower shall relend the proceeds of the Credit or the equivalent thereof to KTDA on terms and conditions satisfactory to the Association pursuant to a loan agreement satisfactory to the Association.

(b) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association, and, except as the Association shall otherwise agree, the Borrower shall not amend, assign, abrogate or waive any provision of the Subsidiary Loan Agreement.

(c) The Borrower shall at all times make or cause to be made available to KTDA, promptly as needed, all funds and other resources which shall be

required for the carrying out of the Program and in particular shall cause to be provided or provide processing facilities for tea and the necessary funds therefor as and when required.

(d) The Borrower shall perform all its obligations under the Supervision Agreement and, except with the approval of the Association, shall not amend or abrogate the Supervision Agreement.

*Section 4.03.* (a) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit 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 Credit. 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 Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and the maintenance of the service thereof. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

*Section 4.04.* The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Borrower or laws in effect in its territories.

*Section 4.05.* This Agreement and the Project Agreement 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, delivery or registration thereof.

*Section 4.06.* The Borrower shall construct, as required, and shall maintain all roads necessary to enable KTDA to collect leaf from growers producing tea under the Program and to deliver such leaf to the factories which are to process it. Such roads shall be constructed and maintained to standards adequate to permit the efficient collection and delivery of such leaf by four-wheel drive vehicles in all but very wet conditions.

*Section 4.07.* Except with the approval of the Association, the Borrower shall not amend or permit the amendment of the constitution of KTDA.

*Section 4.08.* Except as the Borrower and the Association shall otherwise agree, tea produced or processed under the Program shall be free from any taxes or cesses imposed by the Borrower or by any of its political subdivisions or agencies other than the levies referred to in Section 4.09 of this Agreement.

*Section 4.09.* Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause KTDA to collect revenue and capital levies on green leaf delivered for processing under the Program on the basis existing at the date of this Agreement.

### *Article V*

#### REMEDIES OF THE ASSOCIATION

*Section 5.01.* (i) If any event specified in paragraph (a) or paragraph (c) of Section 5.02 of the Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (b) of Section 5.02 of the Regulations or in Section 5.02 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower, then at any subsequent time the Association, at its option, may declare the principal of the Credit 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 to the contrary notwithstanding.

*Section 5.02.* For the purposes of Section 5.02 of the Regulations, the following additional events are specified :

(a) KTDA shall have failed to perform any covenant or agreement of KTDA under the Project Agreement.

(b) Before the Project Agreement shall have terminated in accordance with its terms, the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of KTDA or for the suspension of its operations.

### *Article VI*

#### EFFECTIVE DATE; TERMINATION

*Section 6.01.* The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 8.01 (b) of the Regulations :

(a) the execution and delivery of the Project Agreement on behalf of KTDA have been duly authorized or ratified by all necessary corporate and governmental action;

(b) the Subsidiary Loan Agreement has been duly executed in form satisfactory to the Association and has become fully effective and binding on the



parties thereto in accordance with its terms subject only to the effectiveness of this Agreement; and

(c) the Government of the Borrower, KTDA and CDC have entered into the agreement referred to in Recital (C) hereof (which agreement may be combined with the Subsidiary Loan Agreement) and such agreement has become fully effective and binding on the parties thereto in accordance with its terms subject only to the effectiveness of this Agreement.

*Section 6.02.* The following are specified as additional matters within the meaning of Section 8.02 (b) of the Regulations, to be included in the opinion or opinions to be furnished to the Association :

(a) that the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, KTDA and constitutes a valid and binding obligation of KTDA in accordance with its terms; and

(b) that the agreements referred to in paragraphs (b) and (c) of Section 6.01 of this Agreement have been duly authorized and ratified by, and executed and delivered on behalf of, the parties thereto and constitute valid and binding obligations of the parties thereto in accordance with their terms.

*Section 6.03.* A date ninety days after the date of this Agreement is hereby specified for the purposes of Section 8.04 of the Regulations.

*Section 6.04.* Upon termination of the Project Agreement in accordance with its terms, the obligations of the Borrower with respect to the Project, the Program, KTDA and tea produced or processed under the Program shall forthwith terminate.

## *Article VII*

### MISCELLANEOUS

*Section 7.01.* The Closing Date shall be December 31, 1970, or such other date as may from time to time be agreed between the Borrower and the Association.

*Section 7.02.* The following addresses are specified for the purposes of Section 7.01 of the Regulations :

For the Borrower :

The Treasury  
P.O. Box 30007  
Nairobi  
Kenya

Alternative address for cablegrams and radiograms :

Finance  
Nairobi

For the Association :

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Alternative address for cablegrams and radiograms :

Indevas  
Washington, D.C.

*Section 7.03.* The Minister of the Borrower for the time being responsible for finance is designated for the purposes of Section 7.03 of the Regulations.

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

Kenya :

By Burudi NABWERA  
Authorized Representative

International Development Association :

By J. Burke KNAPP  
Vice President

#### SCHEDULE

##### DESCRIPTION OF PROJECT

The Project is a part of the Program and will provide production and processing facilities for approximately 14,400 acres of tea.

The field sector of the Project includes the following :

- (a) the financing and establishment of nurseries and the sale of well-grown planting material to qualified smallholders;
- (b) the supervision of smallholder tea cultivation in the field as provided in the Supervision Agreement and the training of smallholders for such cultivation; and
- (c) the operation of buying centers, including collection, inspection, purchase and transport of green leaf to factories.

The planting program is as follows : 895 acres in the financial year ending June 30, 1964, 2,035 acres in the financial year ending June 30, 1965, 2,825 acres in the financial year ending June 30, 1966, 3,085 acres in the financial year ending June 30, 1967, 3,085 acres in the financial year ending June 30, 1968, 2,125 acres in the financial year ending June 30, 1969, and 350 acres in the financial year ending June 30, 1970.

The Project also includes the construction and operation of 10 factories, in addition to 7 factories presently existing or to be constructed under the first part of the Program, as needed for the processing of tea, each of such factories being designed to process green leaf from 1,200 to 1,500 acres and to produce from 1.2 to 1.5 million pounds of made tea per year.

## LETTER RELATING TO THE DEVELOPMENT CREDIT AGREEMENT

THE TREASURY  
NAIROBI, KENYA

August 17, 1964

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433

### Re : *Currency of Repayment*

Dear Sirs :

We refer to the Development Credit Agreement (*Kenya Tea Development Authority Project*) of even date between Kenya and the International Development Association and to Section 3.02 of the Regulations referred to therein. Pursuant to such Section, we hereby request your agreement as follows :

- (i) Except as hereinafter provided, the principal amount of, and service charges on, the Credit provided for in such Agreement shall be payable in the currency of the United Kingdom of Great Britain and Northern Ireland.
- (ii) If at any time we shall desire that, commencing with a given future payment date, such principal and service charges shall be payable in an eligible currency other than that specified in (i) or than one theretofore designated pursuant to this clause (ii) or selected pursuant to clause (iv) we shall deliver to the Association, not less than three nor more than five months prior to such payment date, a notice in writing to that effect and designating such other eligible currency, whereupon the currency so designated shall, commencing with such payment date, be the currency in which such principal and service charges shall be payable.
- (iii) If at any time the Association shall determine that a currency payable pursuant to the provisions of this letter is not an eligible currency, the Association shall so notify us in writing and furnish us with a list of eligible currencies.
- (iv) Within thirty days from the date of such notice, we shall notify the Association in writing of our selection of a currency from such list in which payment shall be made, failing which the Association shall select a currency for such purpose from such list, whereupon, in either case, such principal and service charges shall, commencing with the payment date next succeeding such thirty-day period, be payable in the currency so selected.

- (v) For the purposes of this letter, "eligible currency" means any currency of a member of the Association which the Association at the relevant time determines to be freely convertible or freely exchangeable by it for currencies of other members of the Association for the purposes of its operations.

Please indicate your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Sincerely yours,

Kenya :  
By Burudi NABWERA  
Authorized Representative

*Confirmed :*  
International Development  
Association :  
By P. MOUSSA

INTERNATIONAL DEVELOPMENT ASSOCIATION  
DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961

REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS  
WITH MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 415, p. 68.*]

PROJECT AGREEMENT

(KENYA TEA DEVELOPMENT AUTHORITY PROJECT)

AGREEMENT, dated August 17, 1964, between INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and KENYA TEA DEVELOPMENT AUTHORITY (hereinafter called KTDA), a statutory body established by the Kenya Tea Development Authority Order, 1964 of Kenya.

WHEREAS by an agreement of even date herewith<sup>1</sup> (hereinafter called the Development Credit Agreement) between Kenya (hereinafter called the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to two million eight hundred thousand dollars (\$2,800,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that KTDA agree to undertake certain obligations to the Association as hereinafter provided; and

WHEREAS KTDA, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows :

<sup>1</sup> See p. 80 of this volume.

*Article I*

## DEFINITIONS

*Section 1.01.* Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Development Credit Agreement and in the Regulations<sup>1</sup> (as so defined) shall have the respective meanings therein set forth.

*Article II*

## PARTICULAR COVENANTS OF KTDA

*Section 2.01. (a)* KTDA shall carry out and complete, or cause to be carried out and completed, the Project with due diligence and efficiency and in conformity with sound agricultural, engineering and financial standards and practices.

*(b)* KTDA shall furnish to the Association, promptly upon their preparation, the plans and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall from time to time request.

*(c)* KTDA shall maintain records adequate to show the expenditures of the proceeds of the Credit and to record the progress of the Project and the Program (including the costs thereof); shall maintain records adequate to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of KTDA; shall enable the Association's representatives to inspect the Project and the Program and any relevant records and documents; and shall furnish to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, the Program and the operations and financial condition of KTDA.

*(d)* KTDA shall have its financial statements (balance sheet and related statement of earnings and expenses) certified semi-annually by an independent accountant or accounting firm acceptable to the Association and shall promptly after their preparation and not later than three months after the close of the accounting period to which they apply transmit to the Association certified copies of such statements and a signed copy of the accountant's or accounting firm's report.

*Section 2.02. (a)* The Association and KTDA shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request.

*(b)* The Association and KTDA shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit. KTDA shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the performance by KTDA of its obligations under this Agreement, or the Subsidiary Loan Agreement, or which shall increase or threaten to increase materially the estimated cost of the Project.

<sup>1</sup> See p. 100 of this volume.

*Section 2.03.* KTDA shall operate and maintain its factories, equipment and property, and from time to time make all necessary renewals and repairs thereof, all in accordance with sound engineering standards; and shall at all times manage its affairs, field operations and factories and maintain its financial position in accordance with sound agricultural, commercial and financial practices.

*Section 2.04.* KTDA shall duly perform all its obligations under the Subsidiary Loan Agreement. Except as the Association and KTDA shall otherwise agree, KTDA shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of the Subsidiary Loan Agreement.

*Section 2.05.* Except as the Association shall otherwise agree, after the date of this Agreement KTDA shall incur no indebtedness maturing more than twelve months from the date originally incurred other than the indebtedness referred to in the Recitals of the Development Credit Agreement.

*Section 2.06.* Except as the Association shall otherwise agree, in scheduling or rescheduling the planting of the approximately 14,400 acres of tea to be planted under the Project KTDA shall not vary by more than ten per cent in any financial year of KTDA the number of acres of tea to be planted in that year as set out in the Schedule to the Development Credit Agreement.

*Section 2.07.* Except as the Association shall otherwise agree, KTDA shall not sell or approve the sale of shares in tea factories constructed as part of the Program to persons other than tea growers participating in the Program, CDC or private tea companies managing such factories.

*Section 2.08.* KTDA shall consult the Association on the uses of any surplus funds arising from the Program.

*Section 2.09.* KTDA shall consult the Association about any proposed appointment to any of KTDA's senior management positions sufficiently in advance of such appointment for the Association to have adequate opportunity to comment on it.

*Section 2.10.* Except as the Association shall otherwise agree, KTDA shall not, prior to the completion of the planting program set out in the Schedule to the Development Credit Agreement, undertake responsibilities for supervising, managing or financing the planting of any tea not included in the Program or undertake responsibilities for the recurrent provision of technical assistance with respect to such planting.

### *Article III*

#### EFFECTIVE DATE; TERMINATION

*Section 3.01.* This Agreement shall come into force and effect on the Effective Date. If, pursuant to Section 8.04 of the Regulations, the Association shall terminate the Development Credit Agreement, the Association shall promptly notify KTDA thereof and upon the giving of such notice, this Agreement and all obligations of the parties hereunder shall forthwith cease and determine.

*Section 3.02.* This Agreement and all obligations of KTDA and of the Association hereunder shall terminate on the later of

- (i) the date when the Subsidiary Loan Agreement shall terminate in accordance with its terms or
- (ii) June 30, 1980.

#### *Article IV*

##### MISCELLANEOUS PROVISIONS

*Section 4.01.* Any notice, demand or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable or radiogram to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such demand or request. The addresses so specified are :

For KTDA :

Kenya Tea Development Authority  
P.O. Box 30213  
Nairobi  
Kenya

Alternative address for cablegrams and radiograms :

Crops  
Nairobi

For the Association :

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Alternative address for cablegrams and radiograms :

Indevas  
Washington, D.C.

*Section 4.02.* Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Agreement on behalf of KTDA may be taken or executed by the Chairman of KTDA or such other person or persons as KTDA shall designate in writing.

*Section 4.03.* KTDA shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of KTDA, take any action or execute any documents required or permitted to be taken or executed by KTDA pursuant to any of the provisions of this Agreement and the authenticated specimen signature of each such person.

*Section 4.04.* This Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, have caused this Agreement to be executed in their respective names by their representatives thereunto duly authorized and delivered in the District of Columbia, United States of America, as of the day and year first above written.

International Development Association :

*By* J. Burke KNAPP

Vice President

Kenya Tea Development Authority :

*By* Burudi NABWERA

Authorized Representative

[SEAL]

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