

No. 7782

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**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
KENYA**

**Development Credit Agreement—*Highway Project* (with related letter and annexed Development Credit Regulations. No. 1) Signed at Washington, on 29 December 1964**

*Official text: English.*

*Registered by the International Development Association on 18 May 1965.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
KENYA**

**Contrat de crédit de développement — *Projet relatif au réseau routier* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement). Signé à Washington, le 29 décembre 1964**

*Texte officiel anglais.*

*Enregistré par l'Association internationale de développement le 18 mai 1965.*

No. 7782. DEVELOPMENT CREDIT AGREEMENT<sup>1</sup> (*HIGHWAY PROJECT*) BETWEEN THE REPUBLIC OF KENYA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 29 DECEMBER 1964

AGREEMENT, dated December 29, 1964, between the REPUBLIC OF KENYA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower has requested the Association to assist in financing a project for the design, improvement, construction and reconstruction of certain roads of high economic priority in its territories and for the construction of certain bridges on these and other roads; and

WHEREAS the Association has agreed to make a Credit to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE it is hereby agreed as follows :

*Article I*

CREDIT REGULATIONS

*Section 1.01.* The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961,<sup>2</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) A new Section 3.04 is inserted after Section 3.03 as follows :

“SECTION 3.04. *Purchase of Currency of Withdrawal with Other Currency.* If withdrawal shall be made in any currency which the Association shall have purchased with another currency for the purpose of such withdrawal, the portion of the Credit so withdrawn shall be deemed to have been withdrawn from the Credit Account in such other currency for the purposes of Section 3.03.”

(b) Section 3.04 is renumbered as Section 3.05.

<sup>1</sup> Came into force on 30 March 1965, upon notification by the Association to the Government of Kenya.

<sup>2</sup> See p. 242 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 four million five hundred thousand dollars (\$4,500,000).

*Section 2.02.* The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such Account the amount of the Credit. The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Regulations.

*Section 2.03.* The Borrower shall be entitled, subject to the provisions of this Agreement and the Regulations, to withdraw from the Credit Account (i) the equivalent of 75% (or such other percentage as may from time to time be agreed between the Borrower and the Association) of such amounts as shall have been paid for the reasonable cost of goods to be financed under this Agreement; and (ii) if the Association shall so agree, the equivalent of a like percentage of such amounts as shall be required to meet payments to be made for the reasonable cost of such goods; provided, however, that, except as the Borrower and the Association shall otherwise agree, no withdrawals shall be made on account of expenditures prior to October 1, 1964.

*Section 2.04.* Withdrawals from the Credit Account shall be in such freely convertible currency or currencies as the Association shall from time to time reasonably select.

*Section 2.05.* 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 2.06.* Service charges shall be payable semi-annually on March 1 and September 1 in each year.

*Section 2.07.* The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each March 1 and September 1 commencing March 1, 1975 and ending September 1, 2014, each installment to and including the installment payable on September 1, 1984, 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 PROCEEDS OF THE CREDIT

*Section 3.01.* The Borrower shall cause the proceeds of the Credit to be applied exclusively to financing the cost of goods required to carry out the Project described in the Schedule<sup>1</sup> to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

*Article IV*

## PARTICULAR COVENANTS

*Section 4.01.* (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices.

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

(c) Except as the Association shall otherwise agree, the Borrower shall, in the carrying out of the Project, employ engineering consultants acceptable to, and to an extent and upon terms and conditions satisfactory to, the Association.

(d) The general design standards to be used for the roads and bridges included in the Project shall be as determined from time to time by agreement between the Association and the Borrower.

(e) The Borrower shall furnish or cause to be furnished to the Association, promptly upon their preparation, the plans, specifications, contract documents and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall reasonably request.

(f) The Borrower shall cause the roads and bridges included in the Project and other trunk roads in its territories and bridges on such roads to be adequately maintained, and shall cause all necessary repairs thereof to be made promptly, all in accordance with sound engineering practices, and shall take all reasonable steps necessary to enforce weight and other regulations designed to preserve the condition of such roads and bridges.

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<sup>1</sup> See p. 238 of this volume.

(g) The Borrower shall at all times make available promptly as needed all funds and other resources which shall be required for the carrying out of the Project.

(h) The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Credit, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof), to record the movement of traffic over the roads included in the Project and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the ministries or departments of the Borrower responsible for the carrying out of the Project or any part thereof; shall enable the Association's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, the movement of traffic over the roads included in the Project, the goods and the operations and financial condition with respect to the Project of the ministries or departments of the Borrower responsible for the carrying out of the Project or any part thereof.

*Section 4.02.* (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 4.03.* 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 4.04.* This 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.

#### *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 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 during the continuance thereof, 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.

#### *Article VI*

##### MISCELLANEOUS

*Section 6.01.* The Closing Date shall be December 31, 1967, or such other date as may from time to time be agreed between the Borrower and the Association.

*Section 6.02.* A date ninety days after the date of this Agreement is hereby specified for the purposes of Section 8.04 of the Regulations.

*Section 6.03.* 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 6.04.* The Minister of the Borrower for the time being responsible for finance is designated for the purposes of Section 7.03 of the Regulations.

*Section 6.05.* In subsections (a), (c), (d) and (e) of Section 5.02 of the Regulations the term "Borrower" shall be deemed to include Kenya and the Colony and Protectorate of Kenya.

*Section 6.06.* The Development Credit Agreement dated August 17, 1964 between Kenya and the Association is hereby amended as follows :

- (a) By the deletion of subsection (d) of Section 1.01; and
- (b) By the addition of the following new Section to Article VII :

" *Section 7.04.* In subsections (a), (c), (d) and (e) of Section 5.02 of the Regulations the term "Borrower" shall be deemed to include the Republic of Kenya and the Colony and Protectorate of Kenya. "

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.

Republic of Kenya :

By Burudi NABWERA  
Authorized Representative

International Development Association :

By J. Burke KNAPP  
Vice President

## SCHEDULE

## DESCRIPTION OF PROJECT

The Project consists of the following :

A. The design, improvement, construction and reconstruction of the following roads :

<i>Name of Road</i>	<i>Length (miles)</i>	<i>Description of Works</i>
1. Sagana-Embu . . . . .	22	Base and paving
2. Kiganjo-Nanyuki . . . . .	26	Reconstruction, base and paving
3. Thika-Gatanga . . . . .	8	Reconstruction, gravel surface
4. Kisumu-Busia		
Kisiani-Yala . . . . .	18	Reshaping, base and paving
Bomala-Busia . . . . .	15	Reconstruction, gravel surface
5. Kisumu-Kisii-Kericho		
Asawa Bridge-Kisii . . . . .	41	Reconstruction, gravel surface
Kijaur-Sotik . . . . .	13	Reconstruction, gravel surface
6. Chevakale-Kaimosi . . . . .	18	Reconstruction, gravel surface
7. Mombasa-Malindi		
Takaungu Turnoff-Kilifi . . . . .	7	Reconstruction, base and paving
Kilifi-Roka . . . . .	7	Reconstruction, gravel surface
Midi-Malindi . . . . .	19	Reconstruction, gravel surface
TOTAL		194

B. The design and construction of the following bridges :

8. Sio Bridge on Bomala-Busia road
9. 12 bridges on the Asawa-Kisii road
10. Kuja Bridge on Kijaur-Sotik road
11. Awach Kano Bridge on Ahero-Kisii road
12. Maragua Bridge on Thika-Fort Hall road
13. Kazita Bridge on Embu-Meru road
14. Morendat Bridge on the Nairobi-Nakuru road

The Project is scheduled to be completed by June 30, 1967.

## LETTER RELATING TO THE DEVELOPMENT CREDIT AGREEMENT

REPUBLIC OF KENYA

December 29, 1964

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

Re : *Currency of Repayment*

Gentlemen :

We refer to the Development Credit Agreement (*Highway Project*) of even date between us 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 other than one designated under clause (ii)) 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) Any designation or selection of a currency pursuant to the foregoing provisions shall be subject, in turn, to the provisions of this letter.
- (vi) 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,

Republic of 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.]*