

No. 8669

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**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
KENYA**

**Guarantee Agreement—*East African Telecommunications  
Project* (with annexed Loan Regulations No. 4). Signed at  
Washington, on 17 February 1967**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on  
26 June 1967.*

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**BANQUE INTERNATIONALE POUR  
LA RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
KENYA**

**Contrat de garantie — *Projet relatif aux télécommunications  
de l'Est africain* (avec, en annexe, le Règlement n° 4 sur  
les emprunts). Signé à Washington, le 17 février 1967**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement  
le 26 juin 1967.*

No. 8669. GUARANTEE AGREEMENT<sup>1</sup> (*EAST AFRICAN TELECOMMUNICATIONS PROJECT*) BETWEEN THE REPUBLIC OF KENYA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 17 FEBRUARY 1967

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AGREEMENT, dated February 17, 1967, between REPUBLIC OF KENYA (hereinafter called Kenya) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS (A) by an agreement of even date herewith between the Bank and the East African Common Services Authority (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,<sup>2</sup> the Bank has agreed to make to the Borrower a loan in various currencies equivalent to thirteen million dollars (\$13,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that Kenya, the United Republic of Tanzania and the State of Uganda agree to guarantee such loan as provided in the respective Guarantee Agreements<sup>3,4</sup> between such countries and the Bank;

(B) the United Republic of Tanzania and the State of Uganda have agreed to guarantee such loan as provided in the respective Guarantee Agreements between such countries and the Bank; and

(C) Kenya, in consideration of the Bank's entering into the Loan Agreement with the Borrower and the respective Guarantee Agreements with the United Republic of Tanzania and the State of Uganda, has agreed to guarantee such loan as hereinafter provided;

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,<sup>5</sup> subject, however, to the modifications thereof set forth in Schedule 3 to the Loan

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<sup>1</sup> Came into force on 12 May 1967, upon notification by the Bank to the Government of Kenya.

<sup>2</sup> See p. 335 of this volume.

<sup>3</sup> See p. 287 of this volume.

<sup>4</sup> See p. 321 of this volume.

<sup>5</sup> See p. 242 of this volume.

Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

## Article II

*Section 2.01.* Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, Kenya hereby unconditionally guarantees jointly and severally with the United Republic of Tanzania and the State of Uganda, 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, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, and the punctual performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

*Section 2.02.* Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, Kenya specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower or the East African Posts and Telecommunications Administration (hereinafter called the Administration) will be inadequate to meet the estimated expenditures required for carrying out the Project, to make arrangements, satisfactory to the Bank, with the United Republic of Tanzania, the State of Uganda, the Borrower and the Administration or any one or more of them, promptly to provide the Administration or cause the Administration to be provided with such funds as are needed to meet such expenditures.

## Article III

*Section 3.01.* It is the mutual intention of Kenya 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, Kenya undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of Kenya 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 or (ii) 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 Kenya ” includes assets of Kenya or of any of its political subdivisions or of any agency of Kenya or of any such political subdivision, including the Central Bank of Kenya, and includes its share of the assets of the East African Currency Board; and the term “ external debt ” means any debt payable in any medium other than currency of Kenya, whether such debt is or may become payable absolutely or at the option of the creditor in such other medium.

*Section 3.02.* (a) Kenya 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 Kenya, such information shall include information with respect to financial and economic conditions in the territories of Kenya and the international balance of payments position of Kenya.

(b) Kenya 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. Kenya 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) Kenya shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of Kenya 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 Kenya 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 Kenya.

*Section 3.04.* This Agreement, the Loan Agreement, the Tanzania Guarantee Agreement, the Uganda Guarantee Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of Kenya or laws in effect in its territories 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 imposed under the laws of Kenya or laws in effect in its territories.

*Article IV*

*Section 4.01.* Kenya 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 Minister of Kenya for the time being responsible for finance and such person or persons as he shall designate in writing are designated as the authorized representatives of Kenya 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 Kenya :

Permanent Secretary to 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, D.C. 20433  
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad  
Washington, D.C.

*Section 5.02.* The Minister of Kenya for the time being responsible for finance is designated for the purposes of Section 8.03 of the Loan Regulations.

*Section 5.03.* If the Loan Agreement terminates pursuant to Section 7.02 thereof, this Guarantee Agreement and all obligations of the parties hereunder shall terminate.

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.

Republic of Kenya :

By J. K. ILAKO

Authorized Representative

International Bank for Reconstruction and Development :

By J. Burke KNAPP

Vice President

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.*]