

No. 9304

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
KENYA**

**Development Credit Agreement—*Second Highway Project*
(with annexed Credit Regulations No. 1, as amended).
Signed at Washington, on 17 June 1968**

Official text: English.

Registered by the International Development Association on 18 November 1968.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
KENYA**

**Contrat de crédit de développement — *Deuxième projet
relatif au réseau routier* (avec, en annexe, le Règlement
n° 1 sur les crédits de développement, tel qu'il a été
modifié). Signé à Washington, le 17 juin 1968**

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 18 novembre 1968.

No. 9304. DEVELOPMENT CREDIT AGREEMENT¹ (*SECOND HIGHWAY PROJECT*) BETWEEN THE REPUBLIC OF KENYA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 17 JUNE 1968

AGREEMENT, dated June 17, 1968, between the REPUBLIC OF KENYA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

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, as amended February 9, 1967² (said Development Credit Regulations No. 1 being hereinafter called the Regulations), with the same force and effect as if they were fully set forth herein.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to ten million seven hundred thousand dollars (\$10,700,000).

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 The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Development Credit Agreement.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, the Borrower shall be entitled to withdraw from the Credit Account :

¹ Came into force on 5 August 1968, upon notification by the Association to the Government of Kenya.

² See p. 94 of this volume.

(a) the equivalent of 66 % or of such other percentage or percentages as may be established from time to time by agreement between the Borrower and the Association of such amounts as shall have been expended for the reasonable cost of goods required for carrying out the Project ; and

(b) if the Association shall so agree, the equivalent of a like percentage or percentages of such amounts as shall be required to meet payments made for the reasonable cost of such goods ;

provided, however, that, except as the Association shall otherwise agree, no withdrawals shall be made on account of expenditures made prior to the date of this Agreement.

Section 2.04. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($3/4$ of 1 %) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

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

Section 2.06. 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 September 1, 1978 and ending March 1, 2018, each installment to and including the installment payable on March 1, 1988 to be one-half of one per cent ($1/2$ % of 1 %) of such principal amount, and each installment thereafter to be one and one-half per cent ($1 1/2$ %) of such principal amount.

Section 2.07. The currency of the United Kingdom of Great Britain and Northern Ireland is hereby specified for purposes of Section 3.02 of the Regulations.

Article III

USE OF THE PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall apply the proceeds of the Credit in accordance with the provisions of this Agreement to expenditures on the Project described in the Schedule to this Agreement. The specific allocation of the proceeds of the Credit, and the methods and procedures for procurement of the goods to be financed out of such proceeds, shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds

of the Credit to be used in the territories of the Borrower exclusively in the carrying out of the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound engineering, administrative and financial practices and shall make available, promptly as needed, all funds, facilities, services and other resources required for the purpose.

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

(c) Except as the Association shall otherwise agree, the Borrower shall, in carrying out the Project, employ 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 Borrower and the Association.

(e) The Borrower shall furnish or cause to be furnished to the Association, promptly upon their preparation, the reports, 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 employ specialists under Part E of the Project acceptable to, and on terms and conditions satisfactory to, the Association.

Section 4.02. The Borrower shall cause the roads and bridges included in the Project and other roads and bridges in its highway system to be adequately maintained, and shall cause all necessary repairs and renewals thereof to be made promptly, all in accordance with sound engineering practices and shall provide, promptly as needed, the funds, facilities, services and other resources required for the foregoing.

Section 4.03. The Borrower shall take all steps reasonably required to ensure at all times that the dimensions and axle-loads of vehicles using the roads included in the Project and the Borrower's public road system are appropriate to the structural and geometric design of such system.

Section 4.04. 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 and to record the progress of the Project (including the cost thereof) and 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 goods to be financed out of the proceeds of the Credit, and the operations with respect to the Project of the Ministries of the Borrower responsible for carrying out the Project.

Section 4.05. (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 4.06. 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 4.07. 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.

Section 4.08. The Borrower shall establish and maintain such sound accounting procedures and data collecting system as are required to assess the technical, economic and financial aspects of the Borrower's road system.

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 Development Credit Agreement to the contrary notwithstanding.

Article VI

MISCELLANEOUS ; TERMINATION

Section 6.01. The Closing Date shall be June 30, 1971, or such other date as may from time to time be agreed between the Borrower and the Association.

Section 6.02. If this Development Credit Agreement shall not have come into force and effect by September 1, 1968, this Development Credit Agreement and all the obligations of the parties hereunder shall terminate, unless the Association, after consideration of the reasons for the delay, establishes a later date for the purposes of this Section. The Association shall promptly notify the Borrower of such date.

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 cables :

Finance — Nairobi

For the Association :

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

Alternative address for cables :

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.

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 L. P. ODERO

Authorized Representative

International Development Association :

By J. Burke KNAPP

Vice President

SCHEDULE

DESCRIPTION OF PROJECT

The Project consists of the following parts :

A. The reconstruction of the following sections of trunk roads :

<i>Name of Road</i>	<i>Approximate Length (Miles)</i>	<i>Description of Works</i>	<i>Ministry of Works Design Standard</i>
1. Malindi – Kilifi	38	paving	II A
2. Kibaoni – Mtwapa	17	widening and paving	II A
3. Timau – Meru	41	reconstruction on a new alignment ; 36 miles of paving ; 5 miles to a gravel standard	II A
4. Embu – Ena	8	paving	II
5. Kutus – Kerugoya	6	paving	II A
6. Ahero – Nyakoe	50	paving	II
7. Wanjare – Kamagambo	10	paving on an improved alignment	II
8. Kamagambo – Suna	28	paving on an improved alignment	II
9. Eldoret – Kapsabet	26	paving	II A
10. Kakamega – Broderick Falls	26	paving on an improved alignment	II A
11. Msambweni – Lunga Lunga	35	20 miles of paving ; 15 miles to a gravel standard on an improved alignment	II A II

B. The replacement of 10 single-lane bridges by two-lane bridges at Sagana, Amboni, Chania, Hoey's Bridge, Sergoit, Nyangores, Kagawet, Itare, Kitho and Lagana ;

C. The detailed engineering and engineering supervision of the construction works under Parts A and B above ;

D. The detailed engineering of the following sections of secondary/feeder roads :

	<i>Approximate Length (Miles)</i>
(a) Sections of the Embu – Meru Road	17
(b) Njoro – Elburgon – Molo – Mau Summit	25
(c) Fort Hall – Kairini	22
(d) Mwingi Bridge Road	7
(e) Uplands – Kinare	14
(f) Gilgil – Ol Joro Orok	26
(g) Kakamega – Bungoma	43
(h) Luanda – Mumias	13
(i) Ngombeni – Kwale	15
(j) Homa Bay – Kendu Bay	19
(k) Kisii – Manga	9
(l) Sotik-Litein – Kericho	15
(m) Kerugoya – Kangaita	8
(n) Njoro – Enangipiri	33

E. The provision of specialist staff for a period of four years under a Staff Training Scheme designed to maintain the efficiency of the management in the Roads, Mechanical Engineering and Materials Branches of the Borrower's Ministry of Works.

The works under Parts A, B, C and D above are expected to be completed by December 31, 1970.

INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS WITH MEMBER
GOVERNMENTS

[Not published herein. See United Nations, Treaty Series, Vol. 617, p. 60.]