

**No. 10684**

---

**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
KENYA**

**Development Credit Agreement—*Second Education Project*  
(with annexed General Conditions Applicable to Development Credit Agreements). Signed at Washington on  
20 May 1970**

*Authentic text: English.*

*Registered by the International Development Association on 18 August 1970.*

---

**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
KENYA**

**Contrat de crédit de développement — *Deuxième projet relatif à l'enseignement* (avec, en annexe, les Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 20 mai 1970**

*Texte authentique : anglais.*

*Enregistré par l'Association internationale de développement le 18 août 1970.*

## DEVELOPMENT CREDIT AGREEMENT<sup>1</sup>

AGREEMENT, dated May 20, 1970, between REPUBLIC OF KENYA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

### *Article I*

#### GENERAL CONDITIONS; DEFINITIONS

*Section 1.01.* The parties to the Development Credit Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969,<sup>2</sup> with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Development Credit Agreements of the Association being hereinafter called the General Conditions).

*Section 1.02.* Wherever used in the Development Credit Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth.

### *Article II*

#### THE CREDIT

*Section 2.01.* The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to six million one hundred thousand dollars (\$6,100,000).

*Section 2.02. (a)* 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.

*(b)* The amount may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Development Credit Agreement and in accordance with the allocation of the proceeds of the Credit set forth in Schedule I to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Association.

<sup>1</sup> Came into force on 5 August 1970, upon notification by Association to the Government of Kenya.

<sup>2</sup> See p. 214 of this volume.

*Section 2.03.* The Borrower shall be entitled to withdraw from the Credit Account in respect of the reasonable cost of goods or services required for the Project and to be financed under the Development Credit Agreement:

- (a) such amounts as shall have been paid (or if the Association shall so agree, as shall be required to meet payments to be made) for goods or services included in Categories I and II of the allocation of the proceeds of the Credit referred to in Section 2.02 of this Agreement; and
- (b) the equivalent of fifty-nine per cent (59%) of such amounts as shall have been paid (or, if the Association shall so agree, of such amounts as shall be required to meet payments to be made) for goods or services included in Categories III, IV and V of the said allocation of the proceeds of the Credit; provided, however, that if there shall be an increase in the estimate of such payments for goods or services included in any of the Categories III, IV and V, the Association may by notice to the Borrower adjust the above percentage as required in order that withdrawals of the amount of the Credit then allocated to such Categories and not withdrawn may continue *pro rata* with the payments remaining to be made for goods or services included in such Categories.

*Section 2.04.* No withdrawals from the Credit Account shall be made under Categories I and II of the allocation of the proceeds of the Credit referred to in Section 2.02 of this Agreement on account of payments in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower.

*Section 2.05.* The currency of the United Kingdom of Great Britain and Northern Ireland is hereby specified for the purposes of Section 4.02 of the General Conditions.

*Section 2.06.* 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.

*Section 2.07.* Service charges shall be payable semi-annually on March 1 and September 1 in each year.

*Section 2.08.* 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, 1980 and ending March 1, 2020, each installment to and including the installment payable on March 1, 1990, 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 apply the proceeds of the Credit in accordance with the provisions of the Development Credit Agreement to expenditures on the Project described in Schedule 2 to this Agreement.

*Section 3.02.* Except as the Association shall otherwise agree, (i) the goods and services to be financed out of the proceeds of the Credit shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits* published by the Bank in August 1969 and in accordance with such other procedures supplementary thereto as are set forth in Schedule 3 to this Agreement and (ii) contracts for the procurement of such goods and services shall be subject to the prior approval of the Association.

*Section 3.03.* Except as the Association may otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively in carrying out the Project.

### Article IV

#### PARTICULAR COVENANTS

*Section 4.01.* The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound technical, financial and administrative standards and with due regard to economy, and shall provide promptly as needed, the funds, facilities, services and other resources required for the purpose.

*Section 4.02.* The Borrower shall promptly take all requisite steps for the acquisition and retention by the Borrower of all such lands, interests in land and properties and all rights, powers and privileges as may be necessary or proper for the construction and operation of the educational institutions included in the Project and shall ensure that such lands are available immediately as needed for the purposes of said construction.

*Section 4.03.* For the purposes of carrying out the Project,

(a) the Borrower shall within three months of the date of this Agreement, establish in the Ministry of Education a Project Unit on terms and conditions acceptable to the Association; such unit shall also be responsible for the completion of the project described in the Development Credit Agreement No. 93 KE dated August 19, 1966, between the Borrower and the Association;

(b) the Borrower shall appoint on a full time basis the following staff of the Project Unit acceptable to the Association:

- (i) a Project Director, an architect and an educator, within three months of the date of this Agreement; and
- (ii) an equipment specialist and an accountant within six months of the date of this Agreement.

(c) the Borrower shall provide the Project Unit with all supporting staff, facilities and other resources required for the purpose of the Project Unit.

*Section 4.04.* (a) Except as the Association shall otherwise agree, in the carrying out of Parts V, VI and VII of the Project the Borrower shall employ or cause to be employed qualified and experienced experts and consultants acceptable to the Borrower and the Association, upon terms and conditions (including terms of reference) satisfactory to the Borrower and the Association.

(b) Except as the Association shall otherwise agree, the Borrower shall cause the architectural services and the construction works included in the Project to be carried out by architects and contractors respectively, acceptable to the Borrower and the Association, and employed under contracts satisfactory to the Borrower and the Association.

(c) Except as the Association shall otherwise agree, the Borrower shall furnish or cause to be furnished to the Association for its approval, promptly upon their preparation, the plans, specifications, contracts and work schedules for the construction included in the Project and any material modifications subsequently made therein, in such detail as the Association shall request.

*Section 4.05.* The Borrower shall maintain or cause to be maintained records adequate to identify the goods and services 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) 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 goods and services, the operation of the educational system of the Borrower and programs for educational development in its territories and the administration, operations and financial condition of the ministries or departments of the Borrower responsible for the carrying out of the Project or any part thereof.

*Section 4.06.* The Borrower undertakes to insure or cause to be insured the imported goods to be financed out of the proceeds of the Credit against

marine, transit and other hazards incident to acquisition, transportation and delivery thereof to the place of use or installation and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

*Section 4.07. (a)* The Borrower shall cause the educational institutions included in the Project to be so operated as to promote the educational objectives of the Borrower and to be provided with qualified teachers and administrators in adequate numbers.

*(b)* The Borrower shall cause the buildings, furniture and equipment of the educational institutions included in the Project to be adequately maintained and shall cause all necessary repairs and renewals thereof to be made. The Borrower shall establish appropriate administrative and financial procedures for the purpose of such maintenance.

*Section 4.08. (a)* The Borrower shall, within six months after the date of the Development Credit Agreement, complete a staff development plan, acceptable to the Association, for the purpose of providing a Kenyan teaching staff for the Faculty of Agriculture, and shall promptly implement such staff development plan.

*(b)* The Borrower shall strengthen the Training Division in the Ministry of Agriculture. To that end, the Borrower shall appoint to the Training Division, within one year after the date of the Development Credit Agreement, adequate additional qualified staff in planning, curriculum development, teaching methods and supervision.

*(c)* Except as the Association shall otherwise agree, the Borrower shall cause the principals and teaching staff in the farmer training centers included in the Project to be released from the duties of managing and farming land in excess of the training requirements.

*Section 4.09. (a)* The Borrower and the Association shall cooperate fully to ensure 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 4.10.* 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 4.11.* The Development Credit 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.* If any event specified in Section 7.01 of the General Conditions shall occur and shall continue for the period therein set forth, then at any subsequent time during the continuance thereof, the Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such declaration such principal, together with such charges, shall become due and payable immediately, anything in the Development Credit Agreement to the contrary notwithstanding.

#### *Article VI*

##### MISCELLANEOUS; TERMINATION

*Section 6.01.* The Closing Date shall be December 31, 1975 or such other date as shall be agreed between the Borrower and the Association.

*Section 6.02.* The date of August 30, 1970 is hereby specified for the purposes of Section 10.04 of the General Conditions.

*Section 6.03.* The obligations of the Borrower under Section 4.05 of this Agreement shall terminate on the date on which the Development Credit Agreement shall terminate or on a date 20 years after the date of the Development Credit Agreement, whichever shall be the earlier.

*Section 6.04.* The Minister of the Borrower at the time responsible for Finance is designated as representative of the Borrower for the purposes of Section 9.02 of the General Conditions.

*Section 6.05.* The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

## For the Borrower:

The Treasury  
P.O. Box 30007  
Nairobi  
Kenya

## Cable address:

Finance  
Nairobi

## For the Association:

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

## Cable address:

Indevas  
Washington, D. C.

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

Republic of Kenya:

By LEONARD OLIVER KIBINGE  
Authorized Representative

International Development Association:

By J. BURKE KNAPP  
Vice President



SCHEDULE 1  
ALLOCATION OF THE PROCEEDS OF THE CREDIT

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. Technical Assistance .....	450,000
II. Equipment and books .....	1,430,000
III. Site Development and Construction .....	2,940,000
IV. Project Administration and Professional Services .....	460,000
V. Furniture and locally procured equipment and books .....	300,000
VI. Unallocated .....	520,000
TOTAL	6,100,000

REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the categories I to V shall decrease, the amount of the Credit then allocated to, and no longer required for, such Category will be reallocated by the Association to Category VI.

2. If the estimate of the cost of the items included in any of the Categories I to V shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Credit (or, in the case of the Categories III to V, an amount equal to 59% of such increase) will be allocated by the Association, at the request of the Borrower, to such Category from Category VI, subject, however, to the requirements for contingencies, as determined by the Association, in respect of the cost of the items in the other Categories.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

A. The Project consists of the following parts:

- I. The construction, furnishing and equipping of the following institutions: one university faculty of agriculture, one new agricultural institute, six farmer training centers (new or virtual replacement) and three new mobile extension training units.
- II. The expansion of the following existing institutions: two agricultural institutes, eleven primary teachers colleges and four secondary technical schools.
- III. The conversion of one primary school into one secondary technical school.
- IV. The equipping of the following existing institutions: three secondary technical schools, one technical institute and one secondary teacher college.
- V. The completion of a comprehensive education development plan.
- VI. The completion of a feasibility study of curriculum development.
- VII. The provision of technical services to assist the Ministry of Education in education planning and to undertake a feasibility study of curriculum development, and to assist University College, Nairobi, and the Ministries of Education and Agriculture, in the operation of the institutions included in the Project.

B. The specific institutions included in the Project, their planned capacities and the approximate areas to be constructed for each institution are set forth in the to this Schedule, as such Annex may be amended by agreement between the Borrower and the Association.

The Project is expected to be completed by December 31, 1974.

**ANNEX TO SCHEDULE 2**  
**LIST OF EDUCATIONAL INSTITUTIONS**

**1. Faculty of Agriculture**

<i>Name of Institution</i>	<i>Staff Houses</i>	<i>Total Enrollment</i>	<i>Approximate Construction Area Ft.<sup>2</sup></i>
University College of Nairobi .....	23	300 (300)	101,000

**2. Agricultural Institutes**

<i>Name of Institutions</i>	<i>Staff Houses</i>	<i>Total Enrollment</i>	<i>Additional Boarding Places</i>	<i>Approximate Construction Area Ft.<sup>2</sup></i>
Embu* .....	1	250 (90)	(90)	36200
Ahiti* .....	—	280 (60)	—	2900
West Kenya Institute of Agriculture .....	13	260 (260)	260	51000

**3. Farmer Training Centers and Mobile Extension Training Units**

<i>Name of Institutions</i>	<i>Staff Houses</i>	<i>Total Enrollment</i>	<i>Additional Boarding Places</i>	<i>Approximate Construction Area Ft.<sup>2</sup></i>
Oi Joro Orok .....	11	60 (60)	60	17200
Kianyaga .....	12	60 (60)	60	20300
Baringo .....	11	60 (60)	60	19000
Bungoma .....	12	60 (60)	60	20300
Busia .....	12	60 (60)	60	20300
Kwale .....	11	60 (60)	60	19000

**4. Primary Teachers Training Colleges**

<i>Name of Institutions</i>	<i>Staff Houses</i>	<i>Total Enrollment</i>	<i>Additional Boarding Places</i>	<i>Approximate Construction Area Ft.<sup>2</sup></i>
Kilimambogo .....	8	480 (256)	50	26500
Thogoto .....	7	480 (314)	140	24700
Machakos .....	14*	480 (328)	190	26100
Kigari .....	2	480 (281)	240	26100
Kagumo .....	—	660 (333)	140	24700

\* Expansion

<i>Name of Institutions</i>	<i>Staff Houses</i>	<i>Total Enrollment</i>	<i>Additional Boarding Places</i>	<i>Approximate Construction Area Ft.<sup>2</sup></i>
Egoji .....	2	480 (231)	135	20400
Mosoriot .....	1	480 (226)	—	8200
Kericho .....	1	480 (167)	200	24500
Asumbi .....	13	480 (292)	—	22200
Eregi .....	11	660 (309)	140	31200
Shanzu .....	2	480 (247)	—	16600

### 5. *Technical Schools and Technical Institutes*

<i>Name of Institutions</i>	<i>Staff Houses</i>	<i>Total Enrollment</i>	<i>Additional Boarding Places</i>	<i>Approximate Construction Area Ft.<sup>2</sup></i>
Nyeri** .....	—	480 (480)	—	—
Eldoret*** .....	—	315	—	—
Kabete*** .....	—	510	—	—
Kisumu* .....	9	330 (160)	140	22600
Machakos*** .....	—	350	—	—
Meru* .....	10	350 (160)	140	26600
Mombasa ITC* .....	—	315 (175)	140	15300
Nairobi ITC* .....	—	280 (130)	100	12900
Mombasa Tech. Inst.*** .....	—	624	—	—

### 6. *Equipping only of Kenyatta Teacher College, Nairobi*

## SCHEDULE 3

### PROCUREMENT

#### 1. *Contract for Civil Works*

(a) The several civil works included in the Project shall to the extent practicable, be grouped to form one or more economical bid package.

(b) Prior to inviting bids the Borrower shall submit to the Association for approval:

- (i) lists containing the types and groups of works proposed to be let and the estimated costs thereof, together with a description of the method to be used for obtaining bids in respect to each one;
- (ii) the description of the proposed international advertising coverage, and the draft bid notices; and
- (iii) the description of prequalification procedures together with the list of firms the Borrower proposes to invite to bid.

(c) After the bids have been received and evaluated, the Borrower shall, prior to the award of contract, send to the Association a summary analysis of the bids and, for its approval, a brief justification of the Borrower's decision on the award.

\* Expansion; \*\* Conversion; and \*\*\* Equipping.  
 Figures in ( ) represent additional enrollment.

(d) As soon as a contract has been awarded, two conformed copies thereof will be sent to the Association promptly after execution of such contract and prior to the submission to the Association of the first application for withdrawal in respect of such contract.

(e) The Borrower shall request the Association's approval for any proposed change in a contract involving a price increase of 5% of the original contract price or of more than the equivalent of US \$10,000, whichever is less, together with reasons for the proposed change.

## 2. *Contracts for Equipment, Books and Furniture*

(a) Prior to inviting bids, the Borrower shall submit to the Association for approval:

(i) lists of all items of equipment, books and furniture required for the Project, showing the specifications, the estimated unit and total prices of each item. Items shall be indexed, coded and numbered for identification with each of the project items and the spaces for which they are required, and shall be grouped so as to permit such bulk procurement as shall be consistent with sound technical and procurement practices. Amendments of such lists, which may be made from time to time, will also be submitted to the Association for approval;

(ii) draft standard bidding documents, the draft forms of contracts, the draft bid notices, and the proposed international advertising coverage.

(b) Procurement shall be limited to those items of equipment, books and furniture which are specified in the approved lists mentioned in sub-paragraph 2(a) (i) above and which shall be identified in contract documents by the same indexes, codes and numbers as in such lists.

(c) With respect to the procurement of equipment, books and furniture, and pursuant to paragraph 2.8 of the Guidelines for Procurement referred to in Section 3.02 of this Agreement, the Borrower and the Association agree that where bids are submitted by any manufacturer established in the territories of the Borrower of any such goods manufactured or processed in the territories of the Borrower to a substantial extent as determined by the Association (hereinafter called Local Bid), the following rules shall be observed for the purpose of comparing any Local Bid to any bid other than a Local Bid (hereinafter called Foreign Bid):

(i) all taxes on the importation of such goods into the territories of the Borrower shall first be deducted from the total of any Foreign Bid;

(ii) the portion of any such Foreign Bid resulting from subparagraph (i) above which represents the c.i.f. (Mombasa) price of such goods shall then be increased by 15% thereof or by the amount of such taxes as generally apply to such goods if imported into the territories of the Borrower by non-exempt purchasers, whichever is lower;

- (iii) the figure resulting from sub-paragraph (ii) above shall be deemed to be the price of any such Foreign Bid for comparison purposes;
- (iv) the price of any Local Bid shall be equal to the ex-factory price of the goods offered;
- (v) if the price of the goods offered under the lowest evaluated Local Bid is equal to or lower than the price of the lowest evaluated Foreign Bid resulting from sub-paragraph (iii) above, then the lowest evaluated Local Bid may be considered the lowest evaluated bid for the purposes of paragraph 3.9 of said Guidelines; and
- (vi) in cases where a Local Bid is considered, pursuant to sub-paragraph (v) above, to be the lowest evaluated bid, the bid analysis submitted to the Association shall state the amount of the taxes referred to under sub-paragraph (ii) above.

(d) In case of a contract to be awarded to a bidder other than the lowest bidder (within the meaning of the foregoing sub-paragraph 2 (c), or of a contract involving a price of 10% or more above the original estimate as submitted under sub-paragraph 2(a) (i) above, the Borrower shall send to the Association, after the bids have been evaluated, a summary and analysis thereof and a brief justification of the decision on the award, and request the Association's approval before making the award.

(e) Promptly after bids have been evaluated and the contract has been awarded, the Borrower shall furnish the Association with the following:

- (i) a certificate signed by the Project Director that the goods tendered for are in accordance with the quantities and specifications in the list approved by the Association under sub-paragraph 2(a) above;
- (ii) a summary of the tenders received, a brief analysis of the tenders and justification for the Borrower's decision in making the award; and
- (iii) two conformed copies of the contract awarded, promptly after its execution and prior to the submission to the Association of the first application for withdrawal in respect of such contract.

INTERNATIONAL DEVELOPMENT ASSOCIATION  
GENERAL CONDITIONS, DATED 31 JANUARY 1969  
GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS

*[Not published herein. See United Nations, Treaty Series,  
vol. 703, p. 244.]*