

No. 12601

**INTERNATIONAL DEVELOPMENT ASSOCIATION,
KENYA and SWEDEN**

**Joint Financing Agreement—*Fourth Highway Project* (with
schedules). Signed at Washington on 5 January 1972**

Authentic text: English.

Registered by the International Development Association on 14 June 1973.

**ASSOCIATION INTERNATIONALE DE
DÉVELOPPEMENT, KENYA et SUÈDE**

**Contrat de financement conjoint — *Quatrième projet rela-*
tif au réseau routier (avec annexes). Signé à Wash-
ington le 5 janvier 1972**

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 14 juin 1973.

JOINT FINANCING AGREEMENT¹

AGREEMENT, dated January 5, 1972, between REPUBLIC OF KENYA (hereinafter called Kenya), the KINGDOM OF SWEDEN (hereinafter called Sweden), and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) By a development credit agreement with Kenya of even date herewith,² Sweden has agreed to make available to Kenya a credit in an aggregate principal amount of thirty-one million Swedish Kronor (SKr31,000,000) equivalent to about six million dollars (\$6,000,000) for the purpose of assisting in the financing of the Project described in Schedule 1 to this Agreement;

(B) By an agreement with Kenya of even date herewith,³ the Association has agreed to make available to Kenya a credit in an aggregate principal amount in various currencies equivalent to twenty-two million dollars (\$22,000,000) for the same purpose; and

(C) The parties hereto have agreed on the allocation, withdrawal and use of the proceeds of the Swedish Credit and the IDA Credit and the execution of the Project to be financed thereby, as well as on other matters, as hereinafter provided;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I. DEFINITIONS

Section 1.01. Unless the context otherwise requires, the following terms wherever used in this Agreement shall have the following meanings:

(a) The term "Swedish Credit Agreement" means the agreement between Sweden and Kenya referred to in Recital (A) to this Agreement, as from time to time amended.

(b) The term "IDA Credit Agreement" means the credit agreement between the Association and Kenya referred to in Recital (B) to this Agreement, as from time to time amended.

(c) The term "Swedish Credit" means the credit provided for in the Swedish Credit Agreement.

(d) The term "IDA Credit" means the credit provided for in the IDA Credit Agreement.

(e) The terms "Swedish Credit Account" and "IDA Credit Account" mean the respective accounts established under the Swedish Credit Agreement and the IDA Credit Agreement.

(f) The term "Project" means the Project described in Schedule 1 to this Agreement.

Article II. ALLOCATION AND WITHDRAWALS OF PROCEEDS OF THE SWEDISH CREDIT AND THE IDA CREDIT

Section 2.01. Subject to the rights of suspension and cancellation set forth in the Swedish Credit Agreement and the IDA Credit Agreement and subject to the provisions of Section 2.02 of the IDA Credit Agreement, the amount of the Swedish Credit and the IDA Credit may be withdrawn from the Swedish Credit Account and the IDA Credit

¹ Came into force on 22 March 1972, upon notification by the Association to the Parties concerned.

² See p. 131 of this volume.

³ See p. 99 of this volume.

Account, respectively, in accordance with the provisions of this Agreement and with the allocation of the proceeds of the Swedish Credit and the IDA Credit set forth in Schedule 2 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 Kenya, Sweden and the Association.

Section 2.02. Withdrawals from the Swedish Credit Account and the IDA Credit Account shall be apportioned by the Association between the Swedish Credit and the IDA Credit, as nearly as practicable in the circumstances and taking into account the limitations provided for in Article 1, Section 2, of the Swedish Credit Agreement, in the ratio of 21 and 79 or such other ratio as shall be agreed between Sweden and the Association.

Section 2.03. (a) Kenya may withdraw any amount of the Swedish Credit or the IDA Credit by delivering to the Association a written application in such form and containing such statements and agreements as the Association shall reasonably request. Applications for withdrawal, with the necessary documentation, as hereinafter provided shall, except as Kenya and the Association shall otherwise agree, be made promptly in relation to expenditures for the Project.

b) Kenya shall furnish to the Association such documents and other evidence in support of the application as the Association shall reasonably request, whether before or after the Association has approved any withdrawal requested in the application.

(c) Each application and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Association that Kenya is entitled to withdraw from the Swedish Credit Account or the IDA Credit Account the amount applied for and that such amount is to be used only for the purposes specified in this Agreement.

Section 2.05. (a) When the Association has approved an application by Kenya for withdrawal, the Association shall:

- (i) pay the amount, if any, which Kenya is entitled to withdraw from the IDA Credit Account to or on the order of Kenya in accordance with the provisions of the IDA Credit Agreement;
- (ii) promptly notify the Sveriges Riksbank, acting as agent for Sweden, in the manner and to the extent set forth in this Agreement, that it has received an application for withdrawal from either the Swedish Credit Account and/or the IDA Credit Account in the aggregate amount specified in such notice, that it has approved payment of the portion, if any, to be withdrawn from the IDA Credit Account in the amount set forth in such notice and that the portion, if any, to be withdrawn from the Swedish Credit Account in the amount set forth in such notice is eligible for payment by the Sveriges Riksbank to the payee indicated therein.

(b) Upon receipt of such notice of the Association, the Sveriges Riksbank shall, subject to the rights of suspension and cancellation of the Swedish Credit set forth in the Swedish Credit Agreement, pay the amount so to be withdrawn from the Swedish Credit Account in the currency and to the payee stated in the notice and immediately advise Kenya of each such payment.

Section 2.06. If at any time the amount of the Swedish Credit or of the IDA Credit should be fully withdrawn or cancelled, applications by Kenya for further withdrawals shall be deemed to be requests for withdrawal of the full amount applied for from the IDA Credit Account or the Swedish Credit Account only and the provisions of

this Article II shall continue to apply *mutatis mutandis* until the full amount credited or to be credited to such Account shall have been withdrawn or cancelled.

Section 2.07. Upon Kenya's request and upon such terms as shall be agreed between Kenya and the Association, the Association may enter into special commitments to pay amounts to Kenya or others in respect of the cost of goods or services required for the Project. Any such special commitment by the Association shall, once it has been notified to Sweden and the Sveriges Riksbank constitute an obligation also on the part of Sweden to pay, notwithstanding any subsequent suspension or cancellation of the Swedish Credit and in conformity with the foregoing Sections 2.05 and 2.06, such portion of the total amount to be disbursed, in fulfillment of such special commitment, as agreed pursuant to Section 2.02 of this Agreement.

Section 2.08. If for purposes of this Agreement any proceeds of the Swedish Credit are to be withdrawn in a currency other than Swedish Kronor, the Sveriges Riksbank shall remit the requested foreign currency amount and shall debit the Swedish Credit Account with the Swedish Kronor equivalent of such amount calculated on the basis of the current market selling rate or, if no such rate applies, the par values established by the International Monetary Fund or, if no such values have been established, such rate as shall be reasonably determined by the Sveriges Riksbank in consultation with the Central Bank of Kenya.

Article III. EXECUTION OF THE PROJECT; USE OF PROCEEDS
OF THE SWEDISH CREDIT AND THE IDA CREDIT

Section 3.01. Kenya shall carry out the Project with due diligence and efficiency and in conformity with sound technical, engineering, administrative and financial practices and shall provide, promptly as needed, the funds, facilities, staff, services and other resources required for the purpose.

Section 3.02. (a) Except as Kenya and the Association shall otherwise agree, Kenya shall employ engineering consultants acceptable to the Association upon terms and conditions satisfactory to the Association to supervise construction of the Project.

(b) In the event that Kenya or the Association considers further engineering of the Project necessary, Kenya shall (except as Kenya and the Association shall otherwise agree) employ consultants mutually acceptable to Kenya and the Association upon terms and conditions satisfactory to Kenya and the Association.

Section 3.03. (a) Except as Kenya and the Association shall otherwise agree, Kenya shall employ contractors acceptable to the Association upon terms and conditions satisfactory to the Association to carry out construction work included in the Project.

(b) Construction work on the settlement roads in Kinangop-Eldoret Areas may be carried out by units of Kenya's Ministry of Works specifically formed for the purpose.

(c) To the extent that the National Youth Service is utilized for assisting the units mentioned in paragraph (b) of this Section, Kenya shall take all action necessary to ensure that the work practices of the National Youth Service will be such as to permit the efficient execution of the Project roads to be constructed by such units.

Section 3.04. (a) Except as Sweden and the Association shall otherwise agree, the goods and services (other than consultants' services) required for the Project and to be financed out of the proceeds of the Swedish Credit and the IDA Credit shall be procured on the basis of international competition under procedures consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the

Bank in August 1969, as revised in May 1971, and in accordance with, and subject to, the provisions set forth in Schedule 3 to this Agreement.

(b) Kenya undertakes to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Swedish Credit and the IDA Credit against marine, transit and other hazards incident to acquisition, transportation and delivery thereof of the place of use or installation and for such insurance any indemnity shall be payable in a currency freely usable by Kenya to replace or repair such goods.

(c) Except as the Association shall otherwise agree, Kenya shall cause all goods and services financed out of the proceeds of the Swedish Credit and the IDA Credit to be used exclusively for the Project.

Section 3.05. (a) Kenya shall furnish to the Association, promptly upon their preparation, the plans, specifications, contract documents and construction schedules for the Project, and any material modification thereof or additions thereto, in such detail as the Association shall reasonably request.

(b) Kenya: (i) shall maintain records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Swedish Credit and the IDA Credit, and to disclose the use thereof in the Project; (ii) shall enable accredited representatives of Sweden and the Association to inspect the Project, the goods financed out of the proceeds of the Swedish Credit and the IDA Credit and any relevant records and documents; and (iii) shall furnish to Sweden and the Association all such information as Sweden and the Association shall reasonably request concerning the Project, the expenditure of the proceeds of the Swedish Credit and the IDA Credit and the goods and services financed out of such proceeds.

Article IV. OTHER COVENANTS OF KENYA

Section 4.01. Kenya shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition, in respect of the Project, of the departments or agencies of Kenya responsible for carrying out the Project or any part thereof.

Section 4.02. (a) Kenya shall cause its highway system to be adequately maintained in accordance with sound engineering practices, and shall provide, promptly as needed, the funds, facilities, staff, services and other resources required for the purpose.

(b) Kenya shall continue to collect, record and analyze, in accordance with appropriate statistical methods and procedures, such technical, economic and financial information, including traffic data, as shall be reasonably required for proper planning of highway maintenance, improvements and extensions.

Section 4.03. Kenya shall: (i) ensure that the dimension and axle loads of vehicles using its highways do not exceed the limits stipulated in the Traffic (Amendment) Rules, 1971 made under Kenya's Traffic Act (Cap. 403); (ii) within four months after the date of the IDA Credit Agreement forward to the Association a revision of Kenya's plan dated March 17, 1970 and entitled "Enforcement of the Kenya Traffic Act", Cap. 403 – Vehicle Limits, such revision being substantially similar in objectives and measures to those proposed in the aforementioned plan; and (iii) implement such revised plan according to a timetable to be agreed between Kenya and the Association.

Article V. CONSULTATION, INFORMATION AND INSPECTION

Section 5.01. Kenya, Sweden and the Association shall cooperate fully to ensure that the purposes of the Swedish Credit and the IDA Credit will be accomplished. To that end, Kenya, Sweden and the Association shall at the request of any party exchange views through their representatives with regard to the performance of their respective obligations under the Swedish Credit Agreement, the IDA Credit Agreement and this Agreement as well as the administration, operations and financial condition, in respect of the Project, of the departments or other agencies of the Borrower responsible for carrying out the Project or any part thereof and other matters relating to the purposes of the Swedish Credit and the IDA Credit.

Section 5.02. The parties hereto shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Swedish Credit and the IDA Credit, the maintenance of the service thereof or the performance by any party of its obligations under the Swedish Credit Agreement, the IDA Credit Agreement and this Agreement.

Article VI. MISCELLANEOUS

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall have been 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 such party's address specified below or at such other address as such party shall have designated by notice to the party giving such notice or making such request:

For Kenya:

The Treasury
P.O. Box 30007
Nairobi, Kenya

Cable address:

Finance
Nairobi

For Sweden:

(a) insofar as Sveriges Riksbank acts as agent for Sweden pursuant to Article II of this Agreement:

Sveriges Riksbank
Box 2119
Stockholm 2, Sweden

Cable address:

Riksbanken
Stockholm

(b) for all other purposes:

Swedish International Development Authority 10525 Stockholm 1
Sweden

Cable address:

Sida
Stockholm

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.

Section 6.02. Kenya shall furnish to the Association sufficient evidence of the authority of the person or persons who will sign the applications provided for under Article II of this Agreement or who will, on behalf of Kenya, take any other action or execute any other documents required or permitted to be taken or executed by Kenya under this Agreement, and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original. All such counterparts shall collectively be but one instrument.

Section 6.04. (a) Except as shall be otherwise agreed by the parties hereto, this Agreement shall become effective on the earliest date upon which the Swedish Credit Agreement and the IDA Credit Agreement shall both be in effect.

(b) If the IDA Credit Agreement terminates for failure to become effective in accordance with its terms, this Agreement shall forthwith terminate and the Association shall promptly notify the other parties of such termination.

Section 6.05. This Agreement and all obligations of the parties thereto thereunder shall terminate on the date upon which the IDA Credit Agreement shall have terminated.

Section 6.06. Upon termination of the Swedish Credit Agreement or the IDA Credit Agreement only, Sweden or the Association, as the case may be, shall promptly notify the other parties hereto and, upon such notification, this Agreement shall continue to remain in force and effect only for the purpose of implementation of the Swedish Credit Agreement or the IDA Credit Agreement and of orderly settlement of matters of mutual interest to the parties hereunder, subject to such modifications of this Agreement as shall be agreed among the parties thereto or as shall be reasonably requested by Sweden or the Association for such purposes.

Section 6.07. Unless Sweden otherwise notifies Kenya and the Association, the Association shall represent Sweden in all matters relating to the implementation of, including amendments to, this Agreement.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this 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 L. O. KIBINGE
Authorized Representative

Kingdom of Sweden:

By HUBERT DE BESCHE
Authorized Representative

International Development Association:

By J. BURKE KNAPP
Vice President

SCHEDULE 1

DESCRIPTION OF THE PROJECT

The Project consists of the following Parts:

- A. Construction, reconstruction or improvement of the following roads, the details of which are set out in the Annex attached hereto, as such Annex may be varied by agreement between the parties hereto:
 - (i) three trunk road sections totalling about 71 km;
 - (ii) five feeder roads totalling about 158 km;
 - (iii) about 995 km of tea collection roads; and
 - (iv) about 429 km of access roads in settlement areas.
- B. Installation of two vehicle weighing stations on the Mombasa-Nairobi road.
- C. Completion of engineering and supervision of construction of Parts A and B above by consultants.

The Project is expected to be completed by March 31, 1975.

ANNEX TO SCHEDULE 1

DETAILS OF ROADS

<i>No.</i>	<i>Section</i>	<i>Approximate Length (kilometers)</i>	<i>Standard (Mow Road Design Manual)</i>
<i>Trunk Roads</i>			
1.	Nairobi Airport Turn-off – Athi River	14	Bitumen I/A1
2.	Ulu – Sultan Hamud	25	Bitumen I/A1
3.	Waa – Msambweni	32	Bitumen I/A2

No.	Section	Approximate Length (kilometers)	Standard (Mow Road Design Manual)
<i>Feeder Roads</i>			
4.	Mazeras – Kaloleni	22	Bitumen II/A2
5.	Nanyuki – Timau	22	Bitumen II/A2
6.	Sotik – Kisii	43	Bitumen II/A2
7.	Kapsabet – Chevakali	48	Bitumen II/A2
8.	Teret – Church Hill	23	Bitumen III/A3
<i>Tea Roads^a</i>			
9.	Kisii-Kericho – Nandi – Kakamega Areas	478	Modified Gravel IV
10.	Meru – Mount Kenya South Areas	195	Modified Gravel IV
11.	Aberdares	322	Modified Gravel IV
<i>Settlement Roads^b</i>			
12.	Dundori Summit – Kabazi	15	Gravel III
13.	Kinangop – Eldoret Areas	414	Modified Gravel IV

^a The tea roads are further detailed in a report entitled "Tea Roads Phase III Report" dated April 26, 1971 and the drawing attached thereto.

^b The settlement roads in Kinangop–Eldoret Areas comprise "Phase II" of the program detailed in the "Report on Settlement Roads" dated October 1970.

SCHEDULE 2

ALLOCATION OF THE PROCEEDS OF THE SWEDISH CREDIT AND OF THE IDA CREDIT

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Swedish Credit and of the IDA Credit, the allocation of amounts of such proceeds to each Category and the percentage of eligible expenditures so to be financed in each Category:

Category	Allocation		% of Expenditures to be Financed
	IDA Credit (expressed in U.S. dollar equivalent)	Swedish Credit (expressed in Swedish Kronor)	
I. Road construction, improvement and installation of weighing stations:			
(a) By contractors	15,400,000	21,700,000	65% of total expenditures (representing the estimated foreign expenditure component)
(b) By Ministry of Works' units	400,000	600,000	
II. Equipment	300,000	400,000	100% of foreign expenditures
III. Consultant services	1,800,000	2,500,000	75% of total expenditures (representing the estimated foreign expenditure component)
IV. Unallocated	4,100,000	5,800,000	
TOTAL	<u>22,000,000</u>	<u>31,000,000</u>	

2. For the purposes of this Schedule:

(a) The term "foreign expenditures" means expenditures for goods produced in, or services supplied from, the territories, and in the currency, of any country other than Kenya;

(b) The term "local expenditures" means expenditures in the currency of Kenya, or for goods produced in, or services supplied from, the territories of Kenya; and

(c) The term "total expenditures" means the aggregate of foreign and local expenditures.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) expenditures prior to the date of this Agreement except that withdrawals may be made from the Swedish Credit and the IDA Credit in respect of Category I (the Wanjohi-Geta settlement road only) on account of expenditures incurred after September 30, 1971 in an aggregate amount not exceeding the equivalent of US\$170,000; and

(b) payments for taxes imposed under the laws of Kenya or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof. To the extent that the amount represented by the percentage set forth in the fourth column of the table in paragraph 1 above in respect of any Category would exceed the amount payable net of all such taxes, such percentage shall be reduced to ensure that no proceeds of the Swedish Credit or of the IDA Credit will be withdrawn on account of payments for such taxes.

4. Notwithstanding the allocation of an amount of the proceeds of the Swedish Credit and of the IDA Credit set forth in the second and third columns of the table in paragraph 1 above:

(a) if the estimate of the expenditures under any Category shall decrease, the amounts of the proceeds of the Swedish Credit and of the IDA Credit then allocated to such Category and no longer required therefor will be reallocated by the Association by increasing correspondingly the unallocated amounts of the proceeds of the Swedish Credit and of the IDA Credit; and

(b) if the estimate of the expenditures under any Category shall increase, the percentage set forth in the fourth column of the table in paragraph 1 above in respect of such expenditures shall be applied to the amount of such increase, and a corresponding amount will be allocated by Sweden and the Association at the request of Kenya, to such Category from the unallocated amounts of the proceeds of the Swedish Credit and of the IDA Credit, subject, however, to the requirements for contingencies, as determined by the Association in respect of any other expenditures.

5. Notwithstanding the percentages set forth in the fourth column of the table set out in paragraph 1 above, if the estimate of expenditures under Category I shall increase and no proceeds of the Swedish Credit and of the IDA Credit are available for reallocation to such Category, the Association may, by notice to Kenya, adjust the percentage then applicable to such expenditures in order that further withdrawals under any such Category may continue until all expenditures thereunder shall have been made.

SCHEDULE 3

PROCUREMENT

1. With respect to any contract for goods and services in Categories I and II of Schedule 2 to this Agreement estimated to cost the equivalent of \$20,000 or more:

(a) Bidders shall be required to prequalify unless already prequalified and included by Kenya in a list of prequalified bidders existing and in force at the date of this Agreement. The said list shall be revised by Kenya after an invitation to prequalify has been advertised to firms and other bodies not already on the list in the main local publications in Kenya and in foreign technical magazines of wide circulation. Notice of the invitation to prequalify shall be given to the representatives in Kenya of the member countries of the International Bank for Reconstruction and

Development (and Switzerland) not less than 45 days before the date set forth for such prequalification. A list of bidders prequalified after the advertisement of said invitation in the manner hereinbefore stipulated, together with a statement of their qualifications and of the reasons for the exclusion of any applicant and a list of any previously qualified bidders removed from the list of prequalified bidders shall be furnished by Kenya to the Association for its comments before such applicants and disqualified bidders are notified, and Kenya shall make such additions and deletions from any such list as the Association shall reasonably request.

(b) Before bids are invited, Kenya shall furnish to the Association, for its comments, the text of the invitations to bid and the specifications and other bidding documents, together with a description of the advertising procedures to be followed for the bidding, and shall make such modifications in the said documents or procedure as the Association shall reasonably request. Any further modification to the bidding documents shall require the Association's concurrence before it is issued to the prospective bidders.

(c) The firms invited to bid shall be allowed at least 60 days for the submission of their proposals. The bidding documents shall be accompanied by a bid bond or bank guarantee amounting to not less than 3% of the estimated contract value.

(d) After bids have been received and evaluated, Kenya shall, before a final decision on the award is made, inform the Association of the name of the bidder to whom it intends to award the contract and shall furnish to the Association, in sufficient time for its review, a detailed report on the evaluation and comparison of the bids received, together with the recommendations for award and the reasons for the intended award. The Association shall promptly inform Kenya whether it has any objection to the intended award on the ground that it would be inconsistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits* referred to in Section 3.04 of this Agreement or with the IDA Credit Agreement, and shall state the reasons for any objections it may have.

(e) The successful bidder in respect of civil works shall, at Kenya's option, furnish either a performance bond or a bank guarantee in an amount of not less than 10% of the contract price, which bond or guarantee shall remain in effect until one year after completion of the works provided for in the contract in the case of paved roads and six months after completion in the case of gravel roads. In addition, the contract shall provide for retention of not less than 10% of the cost of works on each monthly invoice. These retentions may cease to be made when the cumulative amount retained reaches about 5% of the total contract price. One-half of the retention moneys shall be released when all the work has been substantially completed, and the other half fourteen days after the termination of the contractor's responsibility in respect of defects. The period during which the contractor will remain responsible in respect of defects in the works (fair wear and tear excepted) will extend for one year after acceptance of the works in the case of paved roads and for six months after such acceptance in the case of gravel roads.

(f) If the contract shall be awarded over the Association's reasonable objection, or if its terms and conditions shall, without the Association's concurrence, materially differ from those on which bids were asked, no expenditure thereunder shall be financed out of the proceeds of the Swedish Credit and the IDA Credit.

(g) Two copies of the contract shall be furnished to the Association promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Swedish Credit Account and the IDA Credit Account in respect of any such contract.

2. With respect to any other contract for goods or services, Kenya shall furnish to the Association, promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Swedish Credit Account and the IDA Credit Account in respect of any such contract, two conformed copies of such contract. The Association shall promptly inform Kenya if it finds that the award of the contract is not consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits* referred to in Section 3.04 of this Agreement or with the IDA Credit Agreement and, in such event, no expenditure under such contract shall be financed out of the proceeds of the Swedish Credit and the IDA Credit.