

No. 12600

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
KENYA**

Development Credit Agreement—*Fourth Highway Project* (with General Conditions Applicable to Development Credit Agreements). Signed at Washington on 5 January 1972

Authentic text: English.

Registered by the International Development Association on 14 June 1973.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
KENYA**

Contrat de crédit de développement — *Quatrième projet relatif au réseau routier* (avec Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 5 janvier 1972

Texte authentique : anglais.

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

DEVELOPMENT CREDIT AGREEMENT¹

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

WHEREAS (A) The Borrower has requested the Association to assist in the financing of the Project described in Schedule 1 to the Joint Financing Agreement;²

(B) By an agreement of even date herewith³ (hereinafter called the Swedish Credit Agreement), the Kingdom of Sweden (hereinafter called Sweden) has agreed to make available to the Borrower for the Project 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) upon the terms and conditions therein set forth;

(C) By the Joint Financing Agreement of even date herewith the Borrower, Sweden and the Association have agreed on the allocation, withdrawal and use of the proceeds of the Swedish Credit and the Credit and the execution of the Project to be financed thereby, as well as other matters;

(D) The Association has agreed, on the basis *inter alia* of the foregoing, to extend the Credit to the Borrower upon terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I. GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969,⁴ with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions):

(a) the provisions of Article V (other than Sections 5.02 and 5.04) are deleted;

(b) Section 6.02 (h) is deleted and Section 6.02 (i) becomes 6.02 (h);

(c) the words "Development Credit Agreement" in paragraph 9 of Section 2.01 are deleted and the words "Joint Financing Agreement" are substituted therefor and the word "Sweden," is added before the words "the Association" in said paragraph;

(d) the words "and the Joint Financing Agreement" are added after the words "Development Credit Agreement" in line 3 of Section 8.01; and

(e) the words "or the Joint Financing Agreement" are added in line 9 of Section 8.01 and in Section 8.02 after the words "Development Credit Agreement".

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

¹ Came into force on 22 March 1972, upon notification by the Association to the Government of Kenya.

² See p. 109 of this volume.

³ See p. 131 of this volume.

⁴ See p. 103 of this volume.

(a) "Joint Financing Agreement" means the agreement, referred to in Recital C to this Agreement, between the Borrower, Sweden and the Association, as the same may be amended from time to time by agreement of the parties hereto; and

(b) "Swedish Credit" means the credit provided for in the Swedish Credit Agreement.

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 twenty-two million dollars (\$22,000,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 2 to the Joint Financing Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed under the Development Credit Agreement; provided, however, that, except as the Association shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. The Closing Date shall be March 31, 1976 or such other date as shall be agreed between the Borrower and the Association.

Section 2.04. 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 2.05. Service charges shall be payable semi-annually on January 1 and July 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 January 1 and July 1 commencing July 1, 1982 and ending January 1, 2022, each installment to and including the installment payable of January 1, 1992 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.

Section 2.07. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Article III. JOINT FINANCING AGREEMENT

Section 3.01. The Borrower shall duly perform all its obligations set forth in the Joint Financing Agreement.

Article IV. CONSULTATION, INFORMATION AND INSPECTION

Section 4.01. The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, the Borrower and the Association shall, at the request of either party:

(a) exchange views through their representatives with regard to the performance of their respective obligations under the Development Credit Agreement, the administration, operations, in respect of the Project, of the departments or agencies of the Borrower

responsible for carrying out the Project or any part thereof, and other matters relating to the purposes of the Credit; and

- (b) 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, including its balance of payments, and the external debt of the Borrower, of any of its political subdivisions and of any agency of the Borrower or of any such political subdivision.

Section 4.02. (a) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the operations of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower and the Association shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit, the maintenance of the service thereof, or the performance by either of them of its obligations under the Development Credit Agreement.

Section 4.03. 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.

Article V. TAXES AND RESTRICTIONS

Section 5.01. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories.

Section 5.02. The Development Credit Agreement and the Joint Financing Agreement shall be free from any taxes on or in connection with the execution, delivery or registration thereof, imposed under the laws of the Borrower or laws in effect in its territories.

Section 5.03. The payment of the principal of, and service charges on, the Credit shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

Article VI. REMEDIES OF THE ASSOCIATION

Section 6.01. If any event specified in Section 7.01 of the General Conditions or in Section 6.02 of this Agreement shall occur and shall continue for the period, if any, 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 and service charges shall become due and payable immediately, anything to the contrary in the Development Credit Agreement notwithstanding.

Section 6.02. For the purposes of Section 6.02 of the General Conditions, the following additional event is specified:

The right of Kenya to withdraw the proceeds of the Swedish Credit shall have been suspended, or, Kenya shall have been unable to withdraw such proceeds, in whole or in part, and Kenya shall have failed to obtain funds for the Project from

other sources in substitution therefor, on terms and conditions satisfactory to the Association, and such event shall have continued for a period of 120 days.

Article VII. TERMINATION

Section 7.01. The date March 15, 1972 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Article VIII. REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 8.01. The Minister of the Borrower for the time being responsible for Finance is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 8.02. 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 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

International Development Association:

By J. BURKE KNAPP
Vice President

INTERNATIONAL DEVELOPMENT ASSOCIATION

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENT

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