

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
UNITED KINGDOM OF GREAT BRITAIN  
AND NORTHERN IRELAND**

**Guarantee Agreement — Northern Rhodesia — Rhodesia Railways Project — (with annexed Loan Regulations No. 4, Loan Agreement — Rhodesia Railways Project — between the Territory of Northern Rhodesia and the Bank, and Subsidiary Agreement — Rhodesia Railways Project — between the Colony of Southern Rhodesia and Territory of Northern Rhodesia and the Bank). Signed at Washington, on 11 March 1953**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 22 August 1953.*

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**BANQUE INTERNATIONALE POUR LA  
RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
ROYAUME-UNI DE GRANDE-BRETAGNE  
ET D'IRLANDE DU NORD**

**Contrat de garantie — Rhodésie du Nord — Projet de chemins de fer en Rhodésie — (avec, en annexe, le Règlement n° 4 sur les emprunts, le Contrat d'emprunt — Projet de chemins de fer en Rhodésie — entre le Territoire de la Rhodésie du Nord et la Banque, et le Contrat complémentaire — Projet de chemins de fer en Rhodésie — entre la Colonie de la Rhodésie du Sud et le Territoire de la Rhodésie du Nord, d'une part, et la Banque, d'autre part). Signé à Washington, le 11 mars 1953**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 22 août 1953.*

No. 2243. GUARANTEE AGREEMENT<sup>1</sup> (*NORTHERN RHODESIA—RHODESIA RAILWAYS PROJECT*) BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 11 MARCH 1953

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AGREEMENT, dated March 11, 1953, between UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Territory of Northern Rhodesia (hereinafter called the Borrower) and the Bank, 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 the aggregate principal amount of fourteen million dollars (\$14,000,000), or the equivalent in other currencies, on the terms and conditions set forth in the Loan Agreement, but only on condition that the Borrower and the Colony of Southern Rhodesia (hereinafter collectively called the Rhodesias) agree to enter into a Subsidiary Agreement<sup>3</sup> with the Bank relating to the carrying out of a program for the development of the Rhodesia Railways and certain other matters connected with such loan and that the Guarantor agree to guarantee such loan as hereinafter provided; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, agrees so to guarantee such loan;

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<sup>4</sup> of the Bank dated October 15, 1952, subject, however, to the modifications thereof set forth in Schedule 3<sup>5</sup> to the Loan Agreement (such Loan Regulations No. 4 as so modified being hereinafter

<sup>1</sup> Came into force on 3 June 1953, upon notification by the Bank to the Government of the United Kingdom.

<sup>2</sup> See p. 134 of this volume.

<sup>3</sup> See p. 150 of this volume.

<sup>4</sup> See p. 124 of this volume.

<sup>5</sup> See p. 146 of this volume.

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 Guarantee Agreement contained, the Guarantor hereby unconditionally guarantees, 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, and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as provided in the Loan Agreement and the Bonds.

*Section 2.02.* Whenever there is reasonable cause to believe that the funds available to the Rhodesias will fall short of the funds required for the execution of the Project described in Schedule 2<sup>1</sup> to the Loan Agreement, the Guarantor will permit the Rhodesias or either of them to borrow in the markets of the Guarantor the amount of such shortfall, it being understood that in considering the precise timing of such borrowings the Guarantor will have regard to the importance of maintaining orderly market conditions.

### *Article III*

*Section 3.01.* It is the mutual understanding of the Guarantor and the Bank that, except as otherwise herein provided, the Guarantor will not grant in favor of any external debt any preference or priority over the Loan. To that end, the Guarantor undertakes that, except as otherwise herein provided or as shall be otherwise agreed between the Guarantor and the Bank, if any lien shall be created on any assets or revenues of the Guarantor as security for any external debt, such lien shall 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 shall be made to that effect. This Section shall not apply to the following :

- (a) the creation of any lien on any property purchased at the time of the purchase, solely as security for the payment of the purchase price of such property;
- (b) any pledge of commercial goods to secure external debt maturing not more than one year after its date and to be paid out of the proceeds of sale of such commercial goods; or

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<sup>1</sup> See p. 144 of this volume.

- (c) any pledge by or on behalf of the Guarantor of any of its assets in the ordinary course of banking business to secure any indebtedness maturing not more than one year after its date.

For the purposes of this Section the expression "assets or revenues of the Guarantor" shall include assets or revenues of any territorial subdivision of the United Kingdom which has power to raise revenues by taxation and to charge such revenues or any of its assets as security for external debt.

*Section 3.02 (a)* The Guarantor and the Bank will cooperate to the fullest possible extent in order to assure that the purposes of the Loan shall be accomplished. To that end, each of them shall from time to time 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 the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor. The Guarantor and the Bank will from time to time and as often as the circumstances shall require exchange views through their accredited representatives with regard to matters relating to the purposes of the Loan, the maintenance of the service thereof and the Bonds, and the Guarantor will afford all reasonable opportunity for accredited representatives of the Bank to visit freely any part of the metropolitan territory of the Guarantor or of the territories of the Rhodesias or of the territory of the Bechuanaland Protectorate.

(b) The Guarantor will promptly inform the Bank of any condition which shall arise that shall prevent, obstruct or interfere with, or threaten to prevent, obstruct or interfere with, the accomplishment of the purpose of the Loan or the maintenance of the service of the Loan.

*Section 3.03.* The Guarantor covenants that the principal of, and interest and other charges on, the Loan and the Bonds will be paid without deduction for and free of any taxes, imposts, fees or duties of any nature now or at any time hereafter imposed by the Guarantor or by any taxing authority thereof or therein and will be paid free from all restrictions of the Guarantor or its local authorities or its dependent overseas territories. This Section shall not apply to taxation of payments made under the provisions of any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

*Section 3.04.* The Guarantor covenants that this Guarantee Agreement, the Loan Agreement, the Subsidiary Agreement and the Bonds shall be free of any issue, stamp or other tax imposed by the Guarantor or any taxing authority thereof or therein.

*Article IV*

*Section 4.01.* The Guarantor agrees to endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Secretary of the Treasury of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor 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 the Guarantor :

H. M. Treasury  
Treasury Chambers  
Great George Street  
London S. W. 1, United Kingdom

For the Bank :

International Bank for Reconstruction and Development  
1818 H Street, N. W.  
Washington 25, D. C.  
United States of America

*Section 5.02.* The Ambassador of the Guarantor to the United States is designated for the purposes of Section 8.03 of the Loan Regulations.

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.

United Kingdom of Great Britain  
and Northern Ireland :

by Roger MAKINS  
Authorized Representative

International Bank for Reconstruction  
and Development :

by R. L. GARNER  
Vice President

## INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

## LOAN REGULATIONS No. 4, DATED 15 OCTOBER 1952

## REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN MEMBER GOVERNMENTS

[*Not published herein. The text of the above-mentioned Regulations is identical with the text of Loan Regulations No. 4, dated 15 August 1950 (see United Nations, Treaty Series, Vol. 157, p. 268) with the exception of the following modifications:*]

*Article II*

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SECTION 2.02. *Commitment Charge.* A commitment charge at the rate specified in the Loan Agreement shall be payable on the amount of the Loan standing to the credit of the Borrower from time to time in the Loan Account. Such commitment charge shall accrue from the date specified in the Loan Agreement for the purpose of this Section to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided in Article IV or shall be cancelled pursuant to Article V.

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*Article III*

SECTION 3.01. *Currencies in Which Proceeds of Loan are to be Withdrawn.* The Borrower shall use reasonable efforts to purchase goods with the currencies of the countries from which such goods are acquired. The proceeds of the Loan shall, to the extent that the Bank shall so elect, be withdrawn from the Loan Account in the several currencies in which goods are paid for. The Bank shall be under no obligation to permit the proceeds of the Loan to be withdrawn in any currency except the currency in which the Loan is denominated. Where the amount of the Loan is expressed in any one of the following manners :

- (a) In a specified currency (e.g. "                      dollars "),  
or
- (b) In a specified currency or the equivalent thereof in other currencies (e.g. " dollars or the equivalent thereof in currencies other than dollars "),  
or
- (c) In various currencies equivalent to an amount in a specified currency (e.g. " an amount in various currencies equivalent to                      dollars "),

then for the purposes of this Article, the Loan shall be deemed to be denominated in such specified currency (dollars in each of the above examples).

SECTION 3.02. *Currency in Which Principal is Repayable; Amount of Repayment; Maturities.* The principal of the Loan shall be repayable in the several currencies withdrawn from the Loan Account and the amount repayable in each currency shall be the amount withdrawn in that currency. The foregoing provision is subject to one exception, namely : if withdrawal shall be made in any currency which the Bank shall have

purchased with another currency for the purpose of such withdrawal, the part of the Loan so withdrawn shall be repayable in such other currency and the amount so repayable shall be the amount paid by the Bank on such purchase. Except as the Bank and the Borrower shall otherwise agree, the portion of the Loan to be repaid, under the provisions of this Section, in any particular currency shall be repayable in such instalments, not inconsistent with the instalments set forth in the amortization schedule to the Loan Agreement, as the Bank shall specify. Any premium payable under Section 2.05 on prepayment of any part of the Loan, or under Section 6.16 on redemption of any Bond, shall be payable in the currency in which the principal of such part of the Loan, or of such Bond, is repayable.

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#### Article IV

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SECTION 4.02. *Special Commitments by the Bank.* Upon the Borrower's request and upon such terms and conditions as shall be agreed upon between the Bank and the Borrower, the Bank may enter into special commitments in writing to pay amounts to the Borrower or others in respect of the cost of goods notwithstanding any subsequent suspension or cancellation of the Loan pursuant to Article V.

SECTION 4.03. *Applications for Withdrawal or for Special Commitment.* When the Borrower shall desire to withdraw any amount from the Loan Account or to request the Bank to enter into a special commitment pursuant to Section 4.02, the Borrower shall deliver to the Bank a written application in such form, and containing such statements and agreements, as the Bank shall reasonably request. Since the rate at which Loan proceeds are withdrawn affects the cost to the Bank of holding funds at the Borrower's disposal, applications for withdrawal, with the necessary documentation as hereinafter in this Article provided, shall, except as the Bank and the Borrower shall otherwise agree, be made promptly in relation to delivery of goods (or in the case of advance and progress payments to suppliers, in relation to such payments).

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#### Article V

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SECTION 5.02. *Suspension by the Bank.*

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- (a) A default shall have occurred in the payment of principal or interest or any other payment required under the Loan or the Bonds.
- (b) A default shall have occurred in the payment of principal or interest or any other payment required under any other loan agreement between the Bank and the Borrower or under any loan agreement or under any guarantee agreement between the Guarantor and the Bank.
- (c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds.

- (d) An extraordinary situation shall have arisen which shall make it improbable that the Borrower or the Guarantor will be able to perform its obligations under the Loan Agreement or the Guarantee Agreement.
- (e) If the Borrower shall take or permit to be taken any action or proceeding whereby any of its property shall or may be assigned or in any manner transferred or delivered to any receiver, assignee or other person, whether appointed by the Borrower or by a court or by the Guarantor or by authority of any law, whereby such property shall or may be distributed among the creditors of the Borrower.
- (f) If the Guarantor or any governmental authority having jurisdiction shall take any action for the dissolution or disestablishment of the Borrower or for the suspension of its operations.
- (g) The Guarantor shall have been suspended from membership in or ceased to be a member of the Bank.
- (h) The Guarantor shall have ceased to be a member of the International Monetary Fund or shall have become ineligible to use the resources of said Fund under Section 6 of Article IV of the Articles of Agreement of said Fund or shall have been declared ineligible to use said resources under Section 5 of Article V, Section 1 of Article VI or Section 2 (a) of Article XV of the Articles of Agreement of said Fund.
- (i) After the date of the Loan Agreement and prior to the Effective Date, the Borrower or the Guarantor shall have taken any action which would have constituted a violation of any covenant contained in the Loan Agreement or Guarantee Agreement relating to the creation of liens on assets as security for debt if the Loan Agreement had been effective on the date such action was taken.
- (j) Any other event specified in the Loan Agreement for the purposes of this Section shall have occurred.

The right ... is the earlier.

SECTION 5.05. *Application of Cancellation to Maturities of the Loan.* Except as otherwise agreed between the Bank and the Borrower, any cancellation pursuant to this Article shall be applied *pro rata* to the several maturities of the principal amount of the Loan as set forth in the amortization schedule to the Loan Agreement, except that no such cancellation shall be applied to Bonds theretofore delivered or requested pursuant to Article VI, or to portions of the Loan theretofore sold by the Bank.

## Article VI

SECTION 6.03. *Time of Delivery of Bonds.* If and as the Bank shall from time to time request, the Borrower shall, as soon as practicable and within sixty days after the date of the request, execute and deliver to or on the order of the Bank Bonds in the aggregate principal amount specified in such request, not exceeding, however, the aggregate principal amount of the Loan which shall have been withdrawn and shall be outstanding at the time of such request and for which Bonds shall not theretofore have been so delivered or requested.



SECTION 6.14. *Qualification and Listing of Bonds.* The Borrower and the Guarantor shall promptly furnish to the Bank such information and execute such applications and other documents as the Bank shall reasonably request in order to enable the Bank to sell any of the Bonds in any country, or to list any of the Bonds on any securities exchange, in compliance with applicable laws and regulations. To the extent necessary to comply with the requirements of any such exchange, the Borrower and the Guarantor shall, if the Bank shall so request, appoint and maintain an agency for authentication of such Bonds.

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SECTION 6.16. *Redemption of Bonds.*

(a) The Bonds shall be subject to redemption prior to their maturity by the Borrower in accordance with their terms, at a redemption price equal to the principal amount thereof plus the interest accrued and unpaid thereon to the date fixed for the redemption thereof plus as a premium the percentages of said principal amount specified in the amortization schedule to the Loan Agreement.

(b) If any Bond so to be redeemed shall bear interest at a rate less than the rate of interest on the Loan, the Borrower shall pay to the Bank on the date fixed for redemption the service charge provided for in Section 6.04 accrued and unpaid to such date on the principal amount of the Loan represented by such Bond.

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SECTION 6.18. *Delivery of Promissory Notes in Lieu of Bonds.* At the request of the Bank the Borrower shall execute and deliver to the Bank promissory notes in lieu of Bonds. Each note shall be payable to the order of such payee or payees, and at such place within the country in which the note is payable, as the Bank shall specify, and shall be dated the interest payment date next preceding the date of its delivery. Such note shall be in such customary form as the Bank and the Borrower shall mutually agree upon in order to conform to the laws or financial usage of the place where it is payable. Except as otherwise expressly provided in this Section or where the context otherwise requires, references in these Regulations and the Loan Agreement and Guarantee Agreement to Bonds shall include any promissory notes executed and delivered under this Section.

*Article VII*

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SECTION 7.04. *Arbitration.*

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(h) The Arbitral Tribunal shall afford to all parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of such Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the Loan Agreement and the Guarantee Agreement. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.

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### Article IX

SECTION 9.01. *Conditions Precedent to Effectiveness of Loan Agreement and Guarantee Agreement.* The Loan Agreement and Guarantee Agreement shall not become effective until (a) the execution and delivery of the Loan Agreement on behalf of the Borrower shall have been duly authorized or ratified by all necessary corporate and governmental action; (b) the execution and delivery of the Guarantee Agreement shall have been duly authorized or ratified by all necessary governmental action; (c) all other events specified in the Loan Agreement as conditions to its effectiveness shall have occurred; and (d) evidence thereof satisfactory to the Bank shall have been furnished to the Bank.

#### SECTION 9.02. *Legal Opinions.*

- (c) that the Bonds when executed and delivered in accordance with the Loan Agreement and Guarantee Agreement will constitute valid and binding obligations of the Borrower and the Guarantor in accordance with their terms and that, except as stated in such opinion, no further signatures or formalities are required for that purpose; and
- (d) . . . . .

SECTION 9.03. *Effective Date.* Except as shall be otherwise agreed by the Bank and the Borrower, the Loan Agreement and Guarantee Agreement shall come into force and effect on the date when the Bank notifies the Borrower and the Guarantor of its acceptance of such evidence.

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### Article X

#### SECTION 10.01. *Definitions.*

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3. The term "Loan Agreement" means the particular loan agreement to which these Regulations shall have been made applicable, as amended from time to time; and such term includes all agreements supplemental to the Loan Agreement and all schedules to the Loan Agreement.
  4. The term "Loan" means the loan provided for in the Loan Agreement.
  5. The term "Guarantee Agreement" means the agreement between a member and the Bank providing for the guarantee of the Loan; and such term includes all agreements supplemental to the Guarantee Agreement and all schedules to the Guarantee Agreement.
  6. The term "Borrower" means the party to the Loan Agreement to which the Loan is made; and the term "Guarantor" means the member of the Bank which is a party to the Guarantee Agreement.
  7. The term "United States" means the United States of America.
  8. The term "currency" means such coin or currency as at the time referred to is legal tender for the payment of public and private debts in the territories of the government referred to, whether or not such government is a member. Whenever

reference is made to the currency of the Guarantor, the term "currency" includes the currencies of all colonies and territories on whose behalf at the time referred to the Guarantor has accepted membership in the Bank.

9. The term "dollars" and the sign "\$" mean dollars in currency of the United States.

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12. The term "Project" means the project or projects or program or programs for which the Loan is granted, as described in the Loan Agreement and as the description thereof shall be amended from time to time by agreement between the Bank and the Borrower.

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16. The term "Effective Date" means the date on which the Loan Agreement and Guarantee Agreement shall come into force and effect as provided in Section 9.03.

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### LOAN AGREEMENT (*RHODESIA RAILWAYS PROJECT*)

AGREEMENT, dated March 11, 1953, between TERRITORY OF NORTHERN RHODESIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

#### *Article I*

##### LOAN REGULATIONS; SPECIAL DEFINITIONS

*Section 1.01.* The parties to this Agreement accept all the provisions of Loan Regulations No. 4<sup>1</sup> of the Bank dated October 15, 1952, subject, however, to the modifications thereof set forth in Schedule 3<sup>2</sup> to this Agreement (such 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.

*Section 1.02.* Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement or any Schedule hereto :

- (a) The term "Subsidiary Agreement"<sup>3</sup> means the agreement of even date herewith between the Borrower, the Colony of Southern Rhodesia and the Bank relating to the carrying out of the Project and certain other matters connected with the Loan.
- (b) The term "Rhodesia Railways" means the Rhodesia Railways, a body corporate established and incorporated under the Rhodesia Railways Act, 1949, as amended, of the Colony of Southern Rhodesia.

<sup>1</sup> See p. 124 of this volume.

<sup>2</sup> See p. 146 of this volume.

<sup>3</sup> See p. 150 of this volume.

- (c) The term "Southern Rhodesia currency" means currency issued by the Southern Rhodesia Currency Board pursuant to the Coinage and Currency Act, 1938, of the Colony of Southern Rhodesia, as amended, or such other coin and currency as at the time referred to shall be legal tender for the payment of public and private debts in the territory of the Borrower.

## Article II

### THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, the sum of Fourteen Million dollars (\$14,000,000), or the equivalent thereof in currencies other than dollars.

*Section 2.02.* The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

*Section 2.03.* The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ( $\frac{3}{4}\%$ ) per annum on the principal amount of the Loan not so withdrawn from time to time.

*Section 2.04.* The Borrower shall pay interest at the rate of four and three-fourths per cent ( $4\frac{3}{4}\%$ ) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

*Section 2.05.* Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ( $\frac{1}{2}\%$ ) per annum on the principal amount of such special commitments outstanding.

*Section 2.06.* Interest and other charges shall be payable semi-annually on February 1 and August 1 in each year.

*Section 2.07.* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1<sup>1</sup> to this Agreement.

## Article III

### USE OF PROCEEDS OF THE LOAN

*Section 3.01.* The Borrower shall apply the proceeds of the Loan exclusively to the cost of goods which will be required to carry out the Project described in Schedule 2<sup>1</sup> to this Agreement. The specific goods to be purchased out of the proceeds of the Loan shall be determined by agreement between the Borrower and the Bank, and the list of such goods may be modified from time to time by agreement between them.

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<sup>1</sup> See p. 144 of this volume.

*Section 3.02.* The Borrower shall cause all goods purchased in whole or in part with the proceeds of the Loan to be used exclusively in the carrying out of the Project.

#### Article IV

##### BONDS

*Section 4.01.* The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

*Section 4.02.* The Governor of the Borrower in office at the time in question and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

#### Article V

##### PARTICULAR COVENANTS

*Section 5.01.* The Borrower shall make the proceeds of the Loan available to the Rhodesia Railways on terms and conditions satisfactory to the Bank.

*Section 5.02.* It is the mutual intention of the Borrower and the Bank that no debt other than debt payable in Southern Rhodesia currency shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any of the assets of the Borrower as security for any such 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; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (iii) any lien arising in the ordinary course of banking transactions to secure a debt maturing not more than one year after the date on which it is originally incurred.

The word Borrower as used in this Section means the Borrower or any of its political subdivisions or any agency of any of the foregoing.

*Section 5.03.* 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 or fees imposed under the laws of the Borrower 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 the Borrower.

*Section 5.04.* The Loan Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof and the Borrower shall pay all such taxes and fees, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

*Section 5.05.* 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 the Borrower or laws in effect in its territories.

*Section 5.06.* The Borrower shall satisfy the Bank that adequate arrangements have been made to insure the goods financed with the proceeds of the Loan against risks incident to their purchase and delivery for use in the Project.

#### *Article VI*

##### REMEDIES OF THE BANK

*Section 6.01.* If any event specified in paragraph (a) or paragraph (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days or if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Loan Agreement or in the Bonds to the contrary notwithstanding.

#### *Article VII*

##### EFFECTIVE DATE; TERMINATION

*Section 7.01.* The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 (c) of the Loan Regulations :

- (a) Arrangements satisfactory to the Bank shall have been made for the exchange of information on work in progress in Southern Rhodesia and the Portuguese Province of Mozambique for the construction of the connecting railway lines described in paragraph (i) of Schedule 2 to this Agreement, and for mutual assistance where practicable and desirable between the bodies in Southern Rhodesia and the Province of Mozambique charged with the carrying out of such construction for the completion of such railway lines.
- (b) The execution and delivery of the Subsidiary Agreement on behalf of the Borrower and on behalf of the Colony of Southern Rhodesia shall have been duly authorized or ratified by all necessary governmental action.

*Section 7.02.* The following is specified as an additional matter within the meaning of Section 9.02 (d) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank : That the Subsidiary Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Borrower and the Colony of Southern Rhodesia and constitutes a valid and binding obligation of the Borrower and of the Colony of Southern Rhodesia in accordance with its terms.

*Section 7.03.* May 31, 1953, is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

### *Article VIII*

#### MISCELLANEOUS

*Section 8.01.* The Closing Date shall be December 31, 1954.

*Section 8.02.* May 1, 1953, or the Effective Date, whichever shall be the earlier, is hereby specified for the purpose of Section 2.02 of the Loan Regulations.

*Section 8.03.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

The Financial Secretary to the Government of Northern Rhodesia  
The Secretariat  
Lusaka, Northern Rhodesia

For the Bank :

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington 25, D. C.  
United States of America

*Section 8.04.* The Governor of the Borrower in office at the time in question is designated for the purposes of Section 8.03 (a) of the Loan Regulations, set forth in Schedule 3 to this Agreement.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan 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.

Territory of Northern Rhodesia :

by J. B. ROSS

Authorized Representative

International Bank for Reconstruction  
and Development :

by R. L. GARNER

Vice President

## SCHEDULE 1

## AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Principal amount outstanding after each payment (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Principal amount outstanding after each payment (expressed in dollars) *</i>
August 1, 1955 . . . \$		\$ 14,000,000	February 1, 1964 . . .	\$414,000	\$8,131,000
February 1, 1956 . . .	284,000	13,716,000	August 1, 1964 . . .	424,000	7,707,000
August 1, 1956 . . .	291,000	13,425,000	February 1, 1965 . . .	434,000	7,273,000
February 1, 1957 . . .	298,000	13,127,000	August 1, 1965 . . .	444,000	6,829,000
August 1, 1957 . . .	305,000	12,822,000	February 1, 1966 . . .	455,000	6,374,000
February 1, 1958 . . .	312,000	12,510,000	August 1, 1966 . . .	465,000	5,909,000
August 1, 1958 . . .	320,000	12,190,000	February 1, 1967 . . .	476,000	5,433,000
February 1, 1959 . . .	327,000	11,863,000	August 1, 1967 . . .	488,000	4,945,000
August 1, 1959 . . .	335,000	11,528,000	February 1, 1968 . . .	499,000	4,446,000
February 1, 1960 . . .	343,000	11,185,000	August 1, 1968 . . .	511,000	3,935,000
August 1, 1960 . . .	351,000	10,834,000	February 1, 1969 . . .	523,000	3,412,000
February 1, 1961 . . .	359,000	10,475,000	August 1, 1969 . . .	536,000	2,876,000
August 1, 1961 . . .	368,000	10,107,000	February 1, 1970 . . .	548,000	2,328,000
February 1, 1962 . . .	377,000	9,730,000	August 1, 1970 . . .	562,000	1,766,000
August 1, 1962 . . .	386,000	9,344,000	February 1, 1971 . . .	575,000	1,191,000
February 1, 1963 . . .	395,000	8,949,000	August 1, 1971 . . .	589,000	602,000
August 1, 1963 . . .	404,000	8,545,000	February 1, 1972 . . .	602,000	—

\* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02), the figures in these columns represent dollar equivalents determined as for purposes of withdrawal.

## PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than 5 years before maturity . . . . .	1½%
More than 5 years but not more than 10 years before maturity . . . . .	1 %
More than 10 years but not more than 15 years before maturity . . . . .	1¾%
More than 15 years before maturity . . . . .	2½%

## SCHEDULE 2

## DESCRIPTION OF PROJECT

The Project is the Development Program of the Rhodesia Railways as budgeted for the triennium ending the 31st March 1955 and estimated to cost approximately £28,000,000. The program is designed to increase the capacity of the railway and road transport facilities of the Rhodesia Railways by (a) the improvement and modernization of, and additions to, the existing facilities, and (b) the construction of a new railway line for the purpose of obtaining another outlet to the sea, all in accordance with sound



railway standards and practices, both as to extent and as to manner of performance. The Project consists of :

- (i) The construction of a new railway line in Southern Rhodesia, known as the South East Connection, from Bannockburn to the Mozambique border to connect with a line to be built in the Portuguese Province of Mozambique leading to the port of Lourenço Marques;
- (ii) The strengthening and improvement of existing permanent way and bridges by the replacement of rails and sleepers by heavier materials, the replacement of bridges by stronger bridges, and the construction of deviations and regradings;
- (iii) The improvement and expansion of rolling stock by the acquisition of steam and diesel-electric locomotives, wagons, carriages and other rolling stock items;
- (iv) The modernization and improvement of repair facilities by the construction and expansion of workshops and running sheds and the acquisition and installation of equipment therefor;
- (v) The rehabilitation, improvement, construction and acquisition of communications and train-control equipment, signalling equipment, construction and coal-handling equipment, goods depots, stations, warehouses, administrative buildings, water supplies, railway yards, sidings and crossing loops, and other railway facilities;
- (vi) The improvement and expansion of road motor services by the acquisition of lorries, trailers, buses, and other motor vehicle items;
- (vii) The improvement and expansion of housing for employees of the Rhodesia Railways by the construction of houses, apartments and related buildings; and auxiliary construction of roads, water and sewer networks, and other amenities.

### SCHEDULE 3

#### MODIFICATION OF LOAN REGULATIONS No. 4<sup>1</sup>

For the purposes of this Agreement, Loan Regulations No. 4 of the Bank, dated October 15, 1952, shall be deemed to be modified as follows :

- (a) Section 4.01 shall read as follows : “ The Borrower shall be entitled, subject to the provisions of these Regulations, to withdraw from the Loan Account (i) such amounts as shall be required by the Borrower to reimburse it for the reasonable cost of goods to be financed under the Loan Agreement, and (ii), if the Bank shall so agree, such amounts as shall be required by the Borrower to meet the reasonable cost of such goods. Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (a) expenditures prior to the Effective Date or (b) expenditures in Southern Rhodesia currency or (c) goods acquired from sources within the Borrower's territory or within the territory of Southern Rhodesia.”

<sup>1</sup> See p. 124 of this volume.

- (b) Section 5.02 (c) shall read as follows : “ A default shall have occurred in the performances of any other covenant or agreement on the part of the Borrower or the Guarantor or the Colony of Southern Rhodesia under the Loan Agreement, the Guarantee Agreement, the Bonds or the Subsidiary Agreement.”
- (c) Section 5.02 (d) shall read as follows : “ An extraordinary situation shall have arisen which shall make it improbable that the Borrower or the Guarantor or the Colony of Southern Rhodesia will be able to perform its obligations under the Loan Agreement, the Guarantee Agreement or the Subsidiary Agreement.”
- (d) Section 5.02 (e) and Section 5.02 (f) shall be deleted, and consequently Section 5.02 (g), (h), (i) and (j) shall become Section 5.02 (e), (f), (g) and (h).
- (e) Section 7.02 shall read as follows : “ The obligations of the Guarantor under the Guarantee Agreement shall not be discharged except by performance and then only to the extent of such performance. Such obligations shall not be subject to any prior notice to, demand upon or action against the Borrower or the Colony of Southern Rhodesia or to any prior notice to or demand upon the Guarantor with regard to any default by the Borrower under the Loan Agreement or by the Borrower or the Colony of Southern Rhodesia under the Subsidiary Agreement, and shall not be impaired by any of the following : any extension of time, forbearance or concession given to the Borrower or to the Colony of Southern Rhodesia; any assertion of, or failure to assert, any right or remedy against the Borrower or the Colony of Southern Rhodesia or in respect of any security for the Loan; any modification or amplification of the provisions of the Loan Agreement or of the Subsidiary Agreement contemplated by the terms thereof; any failure of the Borrower or the Colony of Southern Rhodesia to comply with any requirement of any law, regulation or order of the Guarantor or of any political subdivision or agency of the Guarantor.”
- (f) Section 7.03 shall read as follows : “ No delay in exercising or omission to exercise, any right or power accruing to any party under the Loan Agreement, the Guarantee Agreement, or the Subsidiary Agreement upon any default shall impair any such right or power or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default or any acquiescence in any default, affect or impair any right or power of such party in respect of any other or subsequent default.”
- (g) The term “ Guarantor ” as used in the last sentence of Section 7.04 (k) shall be deemed to mean the Guarantor or the Borrower.
- (h) A new Section 8.03 (a) shall be inserted : “ *Action on behalf of Borrower.* Any action required or permitted to be taken, and any documents required or permitted to be executed, under the Loan Agreement on behalf of the Borrower may be taken or executed by the representative of the Borrower designated in the Loan Agreement for the purpose of this Section or any person thereunto authorized in writing by him. Any modification or amplification of the provisions of the Loan Agreement may be agreed to on behalf of the Borrower by written instrument executed on behalf of the Borrower by the representative so designated or any person thereunto authorized in writing by him; provided that, in the opinion of such representative,

such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower under the Loan Agreement. The Bank may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative any modification or amplification of the provisions of the Loan Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Borrower thereunder."

- (i) Section 10.01 (12) shall read as follows: "The term 'Project' means the project or projects or program or programs for which the Loan is granted, as described in the Loan Agreement and as the description thereof shall be amended from time to time by agreement between the Bank, the Borrower, the Colony of Southern Rhodesia and the Guarantor."

### SUBSIDIARY AGREEMENT (*RHODESIA RAILWAYS PROJECT*)

AGREEMENT, dated March 11, 1953, between the COLONY OF SOUTHERN RHODESIA and the TERRITORY OF NORTHERN RHODESIA (hereinafter collectively called the Rhodesias) parties of the first part, and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) party of the second part.

WHEREAS by an agreement of even date herewith between the Territory of Northern Rhodesia and the Bank (hereinafter called the Loan Agreement<sup>1</sup>), the Bank has agreed to make to the Territory of Northern Rhodesia a loan in the aggregate principal amount of fourteen million dollars (\$14,000,000) or the equivalent thereof in other currencies to finance a program for the development of the Rhodesia Railways, all as set forth in the Loan Agreement; and

WHEREAS such program is to be carried out in the territories of Southern Rhodesia, Northern Rhodesia and Bechuanaland and the execution and the financing of such program are dependent on the joint efforts of the Rhodesias, the part to be played by each to be allocated between them as they may from time to time determine; and

WHEREAS the Bank has therefore agreed to make said loan only on the condition that the Rhodesias agree to enter into a subsidiary agreement with the Bank relating to the carrying out of such program and certain other matters connected with said loan; and

WHEREAS the Rhodesias, in consideration of the Bank's entering into said agreement with the Territory of Northern Rhodesia, have agreed to enter into such a subsidiary agreement;

NOW THEREFORE, the parties hereto hereby agree as follows :

#### *Article I*

#### LOAN REGULATIONS; DEFINITIONS

*Section 1.01.* Except where the context otherwise requires, any terms used in this Subsidiary Agreement shall have the meanings set forth or referred to in the Loan Agreement.

<sup>1</sup> See p. 134 of this volume.

*Section 1.02.* The parties to this Subsidiary Agreement accept the provisions of Sections 7.01 and 7.04 of the Loan Regulations with the same force and effect as if they were fully set forth herein provided that (i) the term "Loan Agreement" as used in said Sections shall be deemed to mean this Subsidiary Agreement, (ii) the term "Borrower" as used in said Sections shall be deemed to mean the Rhodesias and (iii) the term "Guarantor" as used in the last sentence of paragraph (k) of Section 7.04 shall be deemed to mean the Guarantor or either of the Rhodesias notwithstanding the modification of said paragraph set forth in Schedule 3<sup>1</sup> of the Loan Agreement.

## Article II

### PARTICULAR COVENANTS

*Section 2.01.* The Rhodesias shall provide for the financing of the Project and shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices.

*Section 2.02.* (a) The Rhodesias shall cause to be furnished to the Bank, in such detail as the Bank shall from time to time require and promptly upon their preparation, the plans and specifications for the Project, including plans for its financing, and any material modifications subsequently made therein.

(b) The Rhodesias shall cause to be maintained records showing the use made of the goods and the progress of the Project (including the cost thereof) and the financial condition and operations of the Rhodesia Railways; shall enable the Bank's representatives to examine the Project, the goods and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the goods, the Project, and the financial condition and operations of the Rhodesia Railways.

(c) The Rhodesias and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of the parties hereto shall furnish to any other such party all such information as such other party shall reasonably request with regard to the general status of the Loan. On the part of the Rhodesias, such information shall include information with respect to financial and economic conditions in their territories and their respective external balance of payments position, including their respective balance of payments position with the United Kingdom.

(d) The Rhodesias 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. The Rhodesias shall promptly inform the Bank of any condition which shall arise that shall interfere with, or threaten to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(e) The Rhodesias shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of their respective territories for purposes related to the Loan.

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<sup>1</sup>See p. 146 of this volume.

*Article III*

## MISCELLANEOUS

*Section 3.01.* Any notice or request required or permitted to be given or made under this Subsidiary Agreement and any agreement between the parties contemplated by this Subsidiary Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be 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 in this Subsidiary Agreement, or at such other address as such party shall have designated by notice to the party giving such notice or making such request.

*Section 3.02.* Each of the Rhodesias shall furnish to the Bank sufficient evidence of the authority of the person or persons who will on its behalf take any action or execute any documents required or permitted to be taken or executed by it under this Subsidiary Agreement, and the authenticated specimen signature of each such person.

*Section 3.03.* Any modification or amplification of the provisions of this Subsidiary Agreement may be agreed to (a) on behalf of Southern Rhodesia by written instrument executed on behalf of Southern Rhodesia by the Prime Minister of Southern Rhodesia in office at the time in question or any person thereunto authorized in writing by him, (b) on behalf of Northern Rhodesia by written instrument executed on behalf of Northern Rhodesia by the Governor of Northern Rhodesia in office at the time in question or by any person thereunto authorized in writing by him; provided that in the opinion of such Prime Minister or such Governor, as the case may be, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of Southern Rhodesia or Northern Rhodesia, as the case may be, under this Subsidiary Agreement. The Bank may accept the execution by such Prime Minister or such Governor, as the case may be, or any such other person, of any such instrument as conclusive evidence that in the opinion of such Prime Minister or such Governor, as the case may be, any modification or amplification of the provisions of this Subsidiary Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of Southern Rhodesia or Northern Rhodesia, as the case may be, thereunder.

*Section 3.04.* The following addresses are specified for the purposes of Section 3.01 of this subsidiary agreement :

For the Colony of Southern Rhodesia :

Minister of Finance  
Treasury  
Salisbury, Southern Rhodesia

For the Territory of Northern Rhodesia :

The Financial Secretary to the Government of Northern Rhodesia  
The Secretariat  
Lusaka, Northern Rhodesia

For the Bank :

International Bank for Reconstruction and Development  
1818 H Street, N. W.  
Washington 25, D. C.  
United States of America

*Section 3.05.* This Subsidiary Agreement shall come into force and effect on the Effective Date of the Loan Agreement.

*Section 3.06.* This Subsidiary Agreement and all obligations of the parties thereunder shall terminate on the date on which the Loan Agreement is terminated.

*Section 3.07.* All obligations of the Rhodesias under this Subsidiary Agreement shall be joint and several and the obligation of either of them to comply with any provision of this Subsidiary Agreement is not subject to any prior notice to, demand upon or action against the other.

*Section 3.08.* No delay in exercising or omission to exercise, any right or power accruing to any party under the Loan Agreement, the Guarantee Agreement,<sup>1</sup> or the Subsidiary Agreement upon any default shall impair any such right or power or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default or any acquiescence in any default, affect or impair any right or power of such party in respect of any other or subsequent default.

*Section 3.09.* This Subsidiary Agreement may be executed in several counterparts, each of which shall be an original. All such counterparts shall collectively be but one instrument.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Subsidiary 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.

Colony of Southern Rhodesia :

by J. B. Ross

Authorized Representative

Territory of Northern Rhodesia :

by J. B. Ross

Authorized Representative

International Bank for Reconstruction  
and Development :

by R. L. GARNER

Vice President

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<sup>1</sup>See p. 116 of this volume.