

No. 3478

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**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
FRANCE**

**Guarantee Agreement — *Algerian Power Project* (with a related letter, Loan Regulations No. 4 and Loan Agreement — *Algerian Power Project* — between the Bank and the *Électricité et Gaz d'Algérie* [E.G.A.]). Signed at Washington, on 26 August 1955**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 26 July 1957.*

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**BANQUE INTERNATIONALE POUR  
LA RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
FRANCE**

**Contrat de garantie — *Projet relatif à l'énergie électrique en Algérie* (avec, en annexe, une lettre y relative, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt — *Projet relatif à l'énergie électrique en Algérie* — entre la Banque et l'*Électricité et Gaz d'Algérie* [E.G.A.]). Signé à Washington, le 26 août 1955**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 26 juillet 1957.*

No. 3478. GUARANTEE AGREEMENT<sup>1</sup> (*ALGERIAN POWER PROJECT*) BETWEEN THE REPUBLIC OF FRANCE AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 26 AUGUST 1955

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AGREEMENT, dated August 26, 1955, between REPUBLIC OF FRANCE (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 Bank and *Électricité et Gaz d'Algérie* (E.G.A.) (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,<sup>2</sup> the Bank has agreed to make a loan in the aggregate principal amount of ten million dollars (\$10,000,000) or the equivalent thereof in other currencies, on the terms and conditions set forth in the Loan Agreement, but only on condition 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 ; and

WHEREAS, by a Decision of the Governor General, dated July 18, 1955, Algeria has agreed 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 of the Bank dated February 15, 1955,<sup>3</sup> subject, however, to the modifications thereof set forth in Schedule 3<sup>4</sup> to the Loan 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.

*Article II*

*Section 2.01.* Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby uncondi-

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<sup>1</sup> Came into force on 5 June 1956, upon notification by the Bank to the Government of the Republic of France.

<sup>2</sup> See p. 314 of this volume.

<sup>3</sup> See p. 314 of this volume.

<sup>4</sup> See p. 324 of this volume.

tionally 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, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, and the punctual performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

### 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 as security for any external debt of the Guarantor or if any lien shall be created by action 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
- (c) any pledge 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 "debt of the Guarantor" shall include debt as to which the Guarantor has guaranteed payment and the term "Guarantor" as used in such expression shall include any territorial subdivision of the Republic of France which has power to raise revenues by taxation and to charge 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.

(b) 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. 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 purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor will afford all reasonable opportunity for accredited representatives of the Bank to visit freely any part of the territories of the Guarantor for purposes related to the Loan.

*Section 3.03.* The Guarantor covenants that 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 Guarantor 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 an owner thereof (other than the Bank) when such Bond is owned by an individual or corporate resident of the Guarantor.

*Section 3.04.* The Guarantor covenants that this Agreement, the Loan Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

*Section 3.05.* The Guarantor covenants that 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 Guarantor or laws in effect in its territories.

#### *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 Minister of Finance 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 :

Ministère des Finances  
Paris 1<sup>er</sup>, France

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 Republic of France to the United States of America 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.

Republic of France :  
By Maurice COUVE DE MURVILLE  
Authorized Representative

International Bank for Reconstruction and Development :  
By Eugene R. BLACK  
President

LETTER, DATED 26 AUGUST 1955, FROM THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT TO THE GOVERNOR GENERAL OF ALGERIA

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
WASHINGTON 25, D. C.

Office of the President

August 26, 1955

His Excellency Jacques Soustelle  
Governor General of Algeria  
Algiers  
Excellency :

I am happy to receive your letter of July 18, 1955 informing me that you have decided to give the unconditional guarantee of Algeria to the proposed loan of \$10 million to be made by the Bank to Electricité et Gaz d'Algérie. I have noted your Decision bearing the same date and the Resolution No. 55-R-19 of the Algerian Assembly.

It is our understanding that in giving this guarantee your Administration had in mind that the Loan Agreement between the Bank and Électricité et Gaz d'Algé-

rie<sup>1</sup> will incorporate the Bank's Loan Regulations No. 4 dated February 15, 1955<sup>2</sup> modified where necessary so as to make them applicable to the Algerian guarantee. I should appreciate it if you would indicate your agreement that these Regulations do apply to the Algerian guarantee by signing the enclosed copy of this letter and returning it to me.

Since our records are kept in English, I should be grateful if you could also sign the enclosed English text of your Decision.

Yours very truly,

Eugene R. BLACK

Confirmed  
Jacques SOUSTELLE  
12 October 1955

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS NO. 4, DATED 15 FEBRUARY 1955

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

[*Not published herein. See United Nations, Treaty Series, Vol. 221, p. 153.*]

LOAN AGREEMENT (*ALGERIAN POWER PROJECT*)

AGREEMENT, dated August 26, 1955, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and ÉLECTRICITÉ ET GAZ D'ALGÉRIE (E.G.A.) (hereinafter called the Borrower).

*Article I*

LOAN REGULATIONS

*Section 1.01.* The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1955,<sup>3</sup> subject, however to the modifications thereof set forth in Schedule 3<sup>4</sup> to this Agreement (said 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.

<sup>1</sup> See p. 314 of this volume.

<sup>2</sup> See p. 314 of this volume.

<sup>3</sup> See above.

<sup>4</sup> See p. 324 of this volume.

*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, an amount in various currencies equivalent to ten million dollars (\$10,000,000).

*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 ( $\frac{3}{4}$  of 1 %) 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 ( $\frac{1}{2}$  of 1 %) per annum on the principal amount of any such special commitments outstanding from time to time.

*Section 2.06.* Interest and other charges shall be payable semi-annually on March 1 and September 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 financing the cost of goods required to carry out the Project described in Schedule 2<sup>2</sup> to this Agreement.

*Section 3.02.* The Borrower shall cause all goods financed out of 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.

<sup>1</sup> See p. 322 of this volume.

<sup>2</sup> See p. 324 of this volume.

*Section 4.02.* The Président du Conseil d'Administration (Chairman of the Board of Directors) of the Borrower 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.* (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) The Borrower shall furnish to the Bank, promptly and in such detail as the Bank may from time to time request, the plans and specifications for the Project and any material modifications subsequently made therein.

(c) The Borrower shall maintain records adequate to record the progress of the Project including the cost thereof and to reflect in accordance with consistently maintained sound accounting practices the financial condition and operations of the Borrower; shall enable the Bank's representatives to inspect 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 expenditure of the proceeds of the Loan, the Project, the goods, and the financial condition and operations of the Borrower.

*Section 5.02.* (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan.

(b) The Bank and the Borrower 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 Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

*Section 5.03.* The Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any 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 and securing a debt maturing not more than one year after its date.

*Section 5.04.* The Borrower shall pay or cause to be paid all taxes or fees, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor



on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder ; 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 Guarantor.

*Section 5.05.* The Borrower shall pay or cause to be paid all 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 on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds.

#### Article VI

##### REMEDIES OF THE BANK

*Section 6.01.* (i) If any event specified in paragraph (a), paragraph (b), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) 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 Agreement or in the Bonds to the contrary notwithstanding.

#### Article VII

##### MISCELLANEOUS

*Section 7.01.* The Closing Date shall be February 28, 1957.

*Section 7.02.* A date sixty days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

*Section 7.03.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Électricité et Gaz d'Algérie (E.G.A.)  
2, Boulevard du Télémy  
Algiers, Algeria

For the Bank :

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

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.

International Bank for Reconstruction and Development :

By Eugene R. BLACK  
President

Électricité et Gaz d'Algérie :

By M. WECKEL  
Authorized Representative

### 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>
September 1, 1956 . . .	—	\$10,000,000	September 1, 1966 . . .	258,000	5,839,000
March 1, 1957 . . .	\$165,000	9,835,000	March 1, 1967 . . .	264,000	5,575,000
September 1, 1957 . . .	169,000	9,666,000	September 1, 1967 . . .	270,000	5,305,000
March 1, 1958 . . .	173,000	9,493,000	March 1, 1968 . . .	276,000	5,029,000
September 1, 1958 . . .	177,000	9,316,000	September 1, 1968 . . .	283,000	4,746,000
March 1, 1959 . . .	181,000	9,135,000	March 1, 1969 . . .	290,000	4,456,000
September 1, 1959 . . .	185,000	8,950,000	September 1, 1969 . . .	297,000	4,159,000
March 1, 1960 . . .	190,000	8,760,000	March 1, 1970 . . .	304,000	3,855,000
September 1, 1960 . . .	194,000	8,566,000	September 1, 1970 . . .	311,000	3,544,000
March 1, 1961 . . .	199,000	8,367,000	March 1, 1971 . . .	318,000	3,226,000
September 1, 1961 . . .	204,000	8,163,000	September 1, 1971 . . .	326,000	2,900,000
March 1, 1962 . . .	208,000	7,955,000	March 1, 1972 . . .	333,000	2,567,000
September 1, 1962 . . .	214,000	7,741,000	September 1, 1972 . . .	341,000	2,226,000
March 1, 1963 . . .	219,000	7,522,000	March 1, 1973 . . .	350,000	1,876,000
September 1, 1963 . . .	224,000	7,298,000	September 1, 1973 . . .	358,000	1,518,000
March 1, 1964 . . .	229,000	7,069,000	March 1, 1974 . . .	366,000	1,152,000
September 1, 1964 . . .	234,000	6,835,000	September 1, 1974 . . .	375,000	777,000
March 1, 1965 . . .	240,000	6,595,000	March 1, 1975 . . .	384,000	393,000
September 1, 1965 . . .	246,000	6,349,000	September 1, 1975 . . .	393,000	—
March 1, 1966 . . .	252,000	6,097,000			

\* 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 dollars 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 . . . . .	½ %
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 . . . . .	1 ¾ %
More than 15 years before maturity . . . . .	2 ½ %

## SCHEDULE 2

### DESCRIPTION OF THE PROJECT

The Project is a part of the expansion program of Électricité et Gaz d'Algérie (Programme d'Intérêt National) scheduled to be carried out at an estimated cost of approximately 27 billion francs during 1955 through 1959. It covers electricity generating, transmission and distribution facilities and, in particular, the following :

#### (a) *Hydroelectric Plants*

The construction on the Oued Djen-Djen of a reservoir-controlled hydroelectric system having a 13,000 kw station at the foot of the dam and a 100,000 kw station at sea level ; the completion of several small hydroelectric stations connected with irrigation works and of ancillary works at existing plants ; and preliminary work in connection with future hydroelectric development.

#### (b) *Thermal Plants*

The construction of a 21,000 kw gas turbine plant in Oran ; and improvements in existing steam stations.

#### (c) *Transmission and Distribution Facilities*

The construction of a 150 kv line, about 210 km long, from Arba to Darguinah ; the construction of a 90 kv line from Duzerville to the Tunisian border and of sections of 60 kv line required to close gaps between major service areas ; the construction of a new sub-station at Kroub ; and the installation of additional equipment in existing transmission and distribution facilities.

## SCHEDULE 3

### MODIFICATIONS OF LOAN REGULATIONS No. 4

For the purposes of this Agreement the provisions of Loan Regulations No. 4 of the Bank, dated February 15, 1955, shall be deemed to be modified as follows :

(a) Nothing in Section 1.02 shall be deemed to preclude the application of these Regulations to the Decision of Guarantee ; and the words "or Decision of Guarantee" shall be deemed inserted after the words "guarantee agreement" in Section 1.04.

(b) Except in Sections 5.02 (e), (f), (g) and (h) and 7.04 (c), there shall be deemed added to any provision containing any reference to the Guarantee Agreement or the Guarantor a corresponding provision referring respectively to the Decision of Guarantee and to Algeria. For example :

Section 5.02 (c) and (d) shall be deemed to read as follows :

“(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower, the Guarantor or Algeria under the Loan Agreement, the Guarantee Agreement, the Decision of Guarantee or the Bonds.

“(d) An extraordinary situation shall have arisen which shall make it improbable that the Borrower, the Guarantor or Algeria will be able to perform their obligations under the Loan Agreement, the Guarantee Agreement or the Decision of Guarantee.”

and Section 6.01 shall be deemed to read as follows :

“SECTION 6.01. *Delivery of Bonds.* The Borrower shall execute and deliver Bonds representing the principal amount of the Loan and the Guarantor and Algeria shall endorse their guarantee thereon, all as hereinafter in this Article provided.”

(c) The last sentence of Section 4.01 shall be deemed to read as follows :

“Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of expenditures prior to the Effective Date.”

(d) The following new subparagraph shall be deemed added after subparagraph (20) of Section 10.01 :

“21. The term ‘Decision of Guarantee’ shall mean the Decision dated July 18, 1955 of the Governor General of Algeria providing for the guarantee of the Loan by Algeria ; and such term shall include all agreements supplemental to the Decision of Guarantee.”

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