

No. 4156

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

**Guarantee Agreement—*Kariba Project* (with annexed Loan Regulations No. 4 and Loan Agreement—*Kariba Project*—between the Bank and the Federal Power Board).  
Signed at Washington, on 21 June 1956**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on  
21 January 1958.*

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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—*Projet de Kariba* (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt — *Projet de Kariba* — entre la Banque et le Federal Power Board). Signé à Washington, le 21 juin 1956**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement  
le 21 janvier 1958.*

No. 4156. GUARANTEE AGREEMENT<sup>1</sup> (*KARIBA PROJECT*) BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 21 JUNE 1956

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AGREEMENT, dated June 21, 1956, between UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (hereinafter called the United Kingdom) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS (A) by an agreement of even date herewith between the Bank and the Federal Power Board (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 to the Borrower a loan in various currencies in an aggregate principal amount equivalent to eighty million dollars (\$80,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the United Kingdom agree to guarantee such loan as hereinafter provided and that the Federation agree to guarantee such loan as provided in the Federation Guarantee Agreement ;<sup>3</sup> and

(B) The Federation, in consideration of the Bank's entering into the Loan Agreement with the Borrower and this Agreement with the United Kingdom, has agreed to guarantee such loan as provided in the Federation Guarantee Agreement ;

(C) The United Kingdom, in consideration of the Bank's entering into the Loan Agreement with the Borrower and the Federation Guarantee Agreement with the Federation, has agreed to guarantee such loan as hereinafter provided ;

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>4</sup> subject,

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<sup>1</sup> Came into force on 1 August 1956, upon notification by the Bank to the Government of the United Kingdom of Great Britain and Northern Ireland.

<sup>2</sup> See p. 326 of this volume.

<sup>3</sup> See p. 355 of this volume.

<sup>4</sup> See p. 326 of this volume.

however, to the qualifications and modifications thereof set forth in Schedule 3<sup>1</sup> to the Loan Agreement (such Loan Regulations No. 4 as so qualified and modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

*Section 1.02.* The terms defined in the Loan Agreement shall have the same meaning herein.

## *Article II*

*Section 2.01.* Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the United Kingdom 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 Borrower will not have sufficient funds to carry out the Project in accordance with the Loan Agreement, or that the Federation will not have sufficient funds to carry out its obligations in accordance with the Federation Guarantee Agreement, the United Kingdom will, in consultation with the Bank and the Borrower or with the Federation (as the case may be), take appropriate measures to assist the Borrower or the Federation (as the case may be) to obtain the additional funds necessary therefor.

## *Article III*

*Section 3.01.* It is the mutual understanding of the United Kingdom and the Bank that, except as otherwise herein provided, the United Kingdom will not grant in favor of any external debt any preference or priority over the Loan. To that end, the United Kingdom undertakes that, except as otherwise herein provided or as shall be otherwise agreed between the United Kingdom and the Bank, if any lien shall be created on any assets or revenues of the United Kingdom 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 ;

<sup>1</sup> See p. 342 of this volume.

- (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 by or on behalf of the United Kingdom 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 United Kingdom" 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 United Kingdom and the Bank 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. On the part of the United Kingdom, such information shall include information with respect to financial and economic conditions in the territories of the United Kingdom and the international balance of payments position of the United Kingdom.

(b) The United Kingdom 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 United Kingdom 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.

(c) The United Kingdom shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the United Kingdom (including the Federation) for purposes related to the Loan.

*Section 3.03.* 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 now or at any time hereafter imposed under the laws of the United Kingdom ; 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 United Kingdom.

*Section 3.04.* This Agreement, the Loan Agreement, the Federation Guarantee Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the United Kingdom on or in connection with the execution, issue, delivery or registration thereof.

*Section 3.05.* The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions now or at any time hereafter imposed under the laws of the United Kingdom.

*Article IV*

*Section 4.01.* The United Kingdom shall 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 United Kingdom and such person or persons as he shall designate in writing are designated as the authorized representatives of the United Kingdom 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 United Kingdom :

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 United Kingdom to the United States is designated for the purposes of Section 8.03 (a) 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 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. 160.*]

LOAN AGREEMENT (*KARIBA PROJECT*)

AGREEMENT, dated June 21, 1956, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and the FEDERAL POWER BOARD (hereinafter called the Borrower), a corporation established under the Electricity Act, 1956, of the Federation of Rhodesia and Nyasaland (hereinafter called the Federation).

WHEREAS (A) the Borrower was established with the general functions and duties set out in said Act and has been directed to undertake the Project ;

(B) the Project is at present estimated to cost approximately eighty million pounds sterling (£80,000,000), or the equivalent in other currencies, and the Borrower has entered, or is about to enter, into arrangements for borrowing sums as follows : from the Colonial Development Corporation, a corporation established under the Overseas Resources Development Act, 1948, of the United Kingdom of Great Britain and Northern Ireland (hereinafter called the United Kingdom), the sum of fifteen million pounds sterling (£15,000,000); from the Commonwealth Development Finance Company Limited, a company incorporated under the Companies Acts of the United Kingdom, the sum of three million pounds sterling (£3,000,000) ; and from the Federation the sum of thirty-four million Rhodesian pounds (Rh. £34,000,000) ;

(C) the Bank has been requested to grant a loan to the Borrower ;

(D) the said loan is to be guaranteed as to payment of principal, interest and other charges by the United Kingdom upon the terms of the United Kingdom Guarantee Agreement<sup>1</sup> and is to be guaranteed by the Federation upon the terms of the Federation Guarantee Agreement ;<sup>2</sup>

(E) the Bank has, on the basis of the foregoing, agreed to make a loan to the Borrower upon the terms and conditions hereinafter set forth ;

NOW THEREFORE it is hereby agreed as follows :

*Article I*

## LOAN REGULATIONS ; SPECIAL DEFINITIONS

*Section 1.01.* The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, <sup>3</sup> 1955, subject, however, to the quali-

<sup>1</sup> See p. 318 of this volume.

<sup>2</sup> See p. 355 of this volume.

<sup>3</sup> See above.

fications and modifications thereof set forth in Schedule 3<sup>1</sup> to this Agreement (said Loan Regulations No. 4 as so qualified and 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 in the Loan Regulations :

The term "the Program" means the program of the Borrower for the production of power by the installation of a hydro-electric plant, having a maximum capacity of 1,200,000 kW, in the Kariba Gorge of the Zambezi River, and the installation of related facilities for the supply of such power to major consuming centers in the Federation through an interconnected system of transmission.

The term "Project" means the first stage of the Program as described in Schedule 2<sup>1</sup> to this Agreement and as the description thereof shall be amended from time to time by agreement between the Bank and the Borrower.

The term "Stage 2" means the progressive carrying out of the Program by the construction of a second power house and the installation (as required) of seven additional 100,000 kW generating units, together with all necessary additional related substations and transmission lines.

The term "sterling" and the sign "£" mean pounds sterling in the currency of the United Kingdom.

The term "Rhodesian pounds" and the sign "Rh. £" mean pounds in the currency of the Federation.

## *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 eighty million dollars (\$80,000,000).

*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 five per cent (5 %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

<sup>1</sup> See p. 342 of this volume.

*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 June 1 and December 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 to this Agreement. The specific goods to be financed out of the proceeds of the Loan shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

*Section 3.02.* The Borrower shall cause all goods financed out of the proceeds of the Loan to be imported into the territories of the Federation and there 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 Chairman 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 upon their preparation, the plans and specifications for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

<sup>1</sup> See p. 340 of this volume.



(c) The Borrower shall maintain records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the 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 co-operate 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 any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property.

*Section 5.04.* The Borrower shall pay or cause to be paid all taxes or fees, if any, imposed under the laws of the United Kingdom or of the Federation or laws in effect in the territories of the Federation on or in connection with the execution, issue, delivery or registration of this Agreement, the United Kingdom Guarantee Agreement, the Federation 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 (a) under the laws of the United Kingdom, to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the United Kingdom or (b) under the laws of the Federation or laws in effect in its territories, to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Federation.

*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 United Kingdom Guarantee Agreement, the Federation Guarantee Agreement or the Bonds.

*Section 5.06.* Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall insure or cause to be insured the goods financed with the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Federation. Such insurance shall be consistent with sound commercial practice and shall be payable in dollars or in the currency in which the cost of the goods insured thereunder shall be payable.

*Section 5.07.* The Borrower shall operate and maintain its plants, equipment and property, and from time to time make all necessary renewals and repairs thereof, all in accordance with sound engineering standards; and shall, except as the Bank shall otherwise agree, take all steps necessary to maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business; and shall at all times carry on its operations and maintain its financial position in accordance with sound business and public utility practices.

*Section 5.08.* The Borrower shall, progressively and consistently with its financial capabilities, carry out Stage 2 in pace with the growth of power demand in the area to be supplied; and, prior to completion of the Program, shall undertake any other project for the generation or transmission of power, or enter into any financial commitment in respect thereof, only with the prior agreement of the Bank.

*Section 5.09.* The Borrower shall, before selling any electricity, establish, and thereafter maintain, prices for the sale of electricity at such levels as will provide revenues sufficient: (a) to cover operating expenses, including proper provision for maintenance and depreciation and interest; (b) to meet repayment of indebtedness to the extent that such repayments exceed provision for depreciation, and to meet increases in the cost of replacement of assets; and (c) to produce such surplus as shall be reasonable and proper in a well-ordered and self-sustaining public utility enterprise, sufficient (*inter alia*) to finance a substantial proportion of any development that may be undertaken within the scope of its responsibilities to satisfy future power demand in the area to be supplied by it.

*Section 5.10.* The Borrower undertakes with regard to Stage 2 that, except as the Bank and the Borrower shall otherwise agree, (a) prices for the sale of electricity will be established and maintained at such levels as are calculated to provide surplus sufficient (*inter alia*) to finance not less than one-half of the cost of Stage 2 prior to the completion thereof, (b) before completion of Stage 2, it will not borrow (otherwise than in pursuance of this Agreement, or of the arrangements made by it in accordance with the provisions of Section 7.01 of this Agreement, or in pursuance of other no less favorable arrangements substituted therefor) sums amounting in the aggregate to more than one-half of the cost of Stage 2.

*Section 5.11.* Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not, in any such manner as would or might adversely affect the interests of the Bank or the financial position or prospects of the Borrower, alter or abrogate, or grant any waiver in respect of, the terms and conditions of any of the arrangements made by the Borrower, pursuant to the provisions of Section 7.01 of this Agreement, for the acquisition of the monies referred to in that Section ; nor shall the Borrower repay prior to maturity all or any part of any loan (other than the Loan) if, as a result of so doing, the financial position or prospects of the Borrower would or might be impaired.

#### *Article VI*

##### REMEDIES OF THE BANK

*Section 6.01.* (i) If any event specified in paragraph (a), paragraph (b), paragraph (e), paragraph (f) or paragraph (j) 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*

##### EFFECTIVE DATE ; TERMINATION

*Section 7.01.* The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 9.01 (a) (ii) of the Loan Regulations, namely, that arrangements satisfactory to the Bank have been made for the acquisition by the Borrower of all the monies referred to in Recital (B) of this Agreement from the sources therein specified or from such other sources as may be agreed between the Borrower and the Bank.

*Section 7.02.* The following are specified as additional matters, within the meaning of Section 9.02 (e) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank :

(a) that the arrangements for the acquisition by the Borrower of all the monies referred to in Recital (B) of this Agreement have, in accordance with the terms of such arrangements and subject as therein stated, become validly effective and binding in all respects upon the parties thereto ;

(b) that the Borrower has full power and authority to construct and operate the Project and has all necessary rights and powers in connection therewith.

*Section 7.03.* A date 80 days after the date of this Agreement 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, 1962.

*Section 8.02.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Federal Power Board  
Salisbury  
Southern Rhodesia

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 R. L. GARNER  
Vice President

Federal Power Board :

By D. L. ANDERSON  
Authorized Representative

## SCHEDULE I

## AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment o Principa (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>
December 1, 1962 . . .	—	\$80,000,000	December 1, 1972 . . .	\$2,055,000	\$47,159,000
June 1, 1963 . . .	\$1,286,000	78,714,000	June 1, 1973 . . .	2,107,000	45,052,000
December 1, 1963 . . .	1,318,000	77,396,000	December 1, 1973 . . .	2,159,000	42,893,000
June 1, 1964 . . .	1,351,000	76,045,000	June 1, 1974 . . .	2,213,000	40,680,000
December 1, 1964 . . .	1,384,000	74,661,000	December 1, 1974 . . .	2,269,000	38,411,000
June 1, 1965 . . .	1,419,000	73,242,000	June 1, 1975 . . .	2,325,000	36,086,000
December 1, 1965 . . .	1,455,000	71,787,000	December 1, 1975 . . .	2,383,000	33,703,000
June 1, 1966 . . .	1,491,000	70,296,000	June 1, 1976 . . .	2,443,000	31,260,000
December 1, 1966 . . .	1,528,000	68,768,000	December 1, 1976 . . .	2,504,000	28,756,000
June 1, 1967 . . .	1,566,000	67,202,000	June 1, 1977 . . .	2,567,000	26,189,000
December 1, 1967 . . .	1,606,000	65,596,000	December 1, 1977 . . .	2,631,000	23,558,000
June 1, 1968 . . .	1,646,000	63,950,000	June 1, 1978 . . .	2,697,000	20,861,000
December 1, 1968 . . .	1,687,000	62,263,000	December 1, 1978 . . .	2,764,000	18,097,000
June 1, 1969 . . .	1,729,000	60,534,000	June 1, 1979 . . .	2,833,000	15,264,000
December 1, 1969 . . .	1,772,000	58,762,000	December 1, 1979 . . .	2,904,000	12,360,000
June 1, 1970 . . .	1,817,000	56,945,000	June 1, 1980 . . .	2,977,000	9,383,000
December 1, 1970 . . .	1,862,000	55,083,000	December 1, 1980 . . .	3,051,000	6,332,000
June 1, 1971 . . .	1,908,000	53,175,000	June 1, 1981 . . .	3,127,000	3,205,000
December 1, 1971 . . .	1,956,000	51,219,000	December 1, 1981 . . .	3,205,000	—
June 1, 1972 . . .	2,005,000	49,214,000			

\* 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 3 years before maturity . . . . .	$\frac{1}{4}$ of 1 %
More than 3 years but not more than 6 years before maturity . . . . .	$\frac{1}{2}$ of 1 %
More than 6 years but not more than 11 years before maturity . . . . .	1 %
More than 11 years but not more than 16 years before maturity . . . . .	2 %
More than 16 years but not more than 21 years before maturity . . . . .	3 %
More than 21 years but not more than 23 years before maturity . . . . .	4 %
More than 23 years before maturity . . . . .	5 %

## SCHEDULE 2

## DESCRIPTION OF PROJECT

The Project is part of the Program. The Program will be carried out in stages, the first of which is designed to produce 500,000 kW, together with the transmission facilities required to supply power to the copper belt in Northern Rhodesia and to Salisbury, Bulawayo and the Electricity Supply Commission in Southern Rhodesia. The Project is this first stage of development and comprises the following :

(1) The building of an arch dam in the Kariba Gorge capable of storing water up to a normal level which shall be not less than 1,570 nor more than 1,610 feet ASL.

(2) One underground power station on the south bank of the river equipped with five 100,000 kW generating sets.

(3) The 330 kV transmission network interconnecting the power station and main receiving substations at Kitwe, Salisbury, Norton, Umniati and Bulawayo.

It is expected that the Project will first come into operation in the year 1960 as regards supply to Northern Rhodesia and in the year 1961 as regards supply to Southern Rhodesia. It is expected that the Project will achieve its maximum generating capacity by the end of 1963.

## SCHEDULE 3

## MODIFICATIONS OF LOAN REGULATIONS No. 4

Nothing in Section 1.02 of Loan Regulations No. 4 of the Bank, dated February 15 1955, shall be deemed to preclude the application of such Regulations to the Federation Guarantee Agreement. The Loan Regulations shall be deemed to be modified as follows :

(a) By the deletion (except in Schedules 1 and 2) of the words "Guarantor" and "Guarantee Agreement" wherever the same shall occur and the substitution therefor respectively of the words "Guarantors" and "Guarantee Agreements". Wherever the context shall require there shall be made all such grammatical changes as shall be consequential upon the aforesaid deletions and substitutions.

(b) By the deletion of the last sentence of Section 4.01 and the substitution therefor of the following sentence, namely :

"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 the currency of the Federation or for goods produced in (including services supplied from) the territories of the Federation or (c) expenditures in the territories of any country which is not a member of the Bank or for goods produced in (including services supplied from) such territories."

(c) By the deletion of subparagraphs (b), (d), (e), (g), (h) and (j) of Section 5.02 and the substitution therefor of the following subparagraphs, namely :

“(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 United Kingdom and the Bank or under any loan agreement or under any guarantee agreement between the Federation and the Bank.

“(d) An extraordinary situation shall have arisen which shall make it improbable that the Borrower or the Guarantors will be able to perform their respective obligations under the Loan Agreement or the Guarantee Agreements, or there shall occur any such change in the nature and constitution of the Federation as shall make it improbable that the Federation will be able to carry out its obligations under the Federation 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 distributed among its creditors.

“(g) The United Kingdom shall have been suspended from membership in or ceased to be a member of the Bank.

“(h) The United Kingdom 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.<sup>1</sup>

“(j) Demand shall have been made, for repayment in advance of maturity, of any of the monies referred to in Recital (B) hereof, by reason of any default as specified in the relative arrangements.”

(d) By the deletion of Section 6.01 and the substitution therefor of the following new Section, namely :

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

(e) By the deletion of the fifth sentence of Section 6.07 and the substitution therefor of the following new sentence, namely :

“All Bonds shall have the separate guarantees of the Guarantors endorsed thereon substantially in the form set forth in Schedule 3 to these Regulations.”

(f) By the deletion of Section 6.12 (b) and the substitution therefor of the following new subsection, namely :

“(b) The guarantees on the Bonds shall be signed in the name and on behalf of the United Kingdom or of the Federation (as the case may be) by their respective authorized representative or representatives designated in the Guarantee Agreements

<sup>1</sup> United Nations, *Treaty Series*, Vol. 2, p. 40 ; Vol. 19, p. 280 ; Vol. 141, p. 355 ; Vol. 199, p. 308, and Vol. 260, p. 432.

for the purposes of this Section. The signature of any such representative may be a facsimile signature if such respective guarantees are also countersigned manually by an authorized representative of the United Kingdom or of the Federation (as the case may be). If any authorized representative of the United Kingdom or of the Federation (as the case may be) whose manual or facsimile signature shall be affixed to any such guarantee shall cease to be such authorized representative, the Bond on which such guarantee is endorsed may nevertheless be delivered under the Loan Agreement and such guarantee shall be valid and binding on the United Kingdom or on the Federation (as the case may be) as though the person whose manual or facsimile signature shall have been affixed to such guarantee had not ceased to be such authorized representative."

(g) By the deletion of Section 7.02 and the substitution therefor of the following new Section, namely :

"SECTION 7.02. *Obligations of Guarantors.* The obligations of the United Kingdom under the United Kingdom Guarantee Agreement and of the Federation under the Federation Guarantee Agreement shall be several obligations and shall not be discharged except by performance and then only to the extent of such performance. Such respective obligations shall not be subject to any prior notice to, demand upon or action against the Borrower or the United Kingdom or the Federation or to any prior notice to or demand upon the United Kingdom or the Federation with regard to any default by the other of them or by the Borrower, and shall not be impaired by any of the following : any extension of time, forbearance or concession given to the other of them or to the Borrower ; any assertion of, or failure to assert, any right or remedy against the other of them or the Borrower or in respect of any security for the Loan ; any modification or amplification of the provisions of the Loan Agreement or the United Kingdom Guarantee Agreement or the Federation Guarantee Agreement contemplated by the terms thereof respectively ; any failure of the Borrower to comply with any requirement of any law, regulation or order of the United Kingdom or of the Federation or of any political subdivision or agency of the United Kingdom or of the Federation."

(h) By the deletion of the first sentence of subsection (c) of Section 7.04 and the substitution therefor of the following new sentence, namely :

"The Arbitral Tribunal shall consist of three arbitrators appointed as follows : one arbitrator shall be appointed by the Bank ; a second arbitrator shall be appointed by the Borrower, the Federation and the United Kingdom or, if they shall not agree, by the United Kingdom ; and the third arbitrator (hereinafter sometimes called the Umpire) shall be appointed by agreement of the parties or, if they shall not agree, by the President of the International Court of Justice or, failing appointment by him, by the Secretary-General of the United Nations."

(i) By the deletion of Section 8.03 and the substitution therefor of the following new Section, namely :

"SECTION 8.03. *Action on Behalf of Guarantors.* (a) Any action required or permitted to be taken, and any documents required or permitted to be executed



under the United Kingdom Guarantee Agreement on behalf of the United Kingdom may be taken or executed by the representative of the United Kingdom designated in the United Kingdom Guarantee Agreement for the purposes of this Section or any person thereunto authorized in writing by him. Any modification or amplification of the provisions of the United Kingdom Guarantee Agreement may be agreed to on behalf of the United Kingdom by written instrument executed on behalf of the United Kingdom 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 United Kingdom under the United Kingdom Guarantee 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 United Kingdom Guarantee Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the United Kingdom thereunder.

“(b) Any action required or permitted to be taken, and any documents required or permitted to be executed, under the Federation Guarantee Agreement on behalf of the Federation may be taken or executed by the representative of the Federation designated in the Federation Guarantee Agreement for the purposes of this Section or any person thereunto authorized in writing by him. Any modification or amplification of the provisions of the Federation Guarantee Agreement may be agreed to on behalf of the Federation by written instrument executed on behalf of the Federation 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 Federation under the Federation Guarantee 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 Federation Guarantee Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Federation thereunder.”

(j) By the deletion of subparagraphs (c) and (d) of Section 9.02 and the substitution therefor of the following subparagraphs, namely :

“(c) that the Guarantee Agreements have been duly authorized or ratified by, and executed and delivered on behalf of, the Guarantors respectively and constitute valid and binding obligations of the Guarantors respectively in accordance with their terms ;

“(d) that the guarantees on the Bonds when executed and delivered in accordance with the Guarantee Agreements will constitute valid and binding obligations of the Guarantors respectively in accordance with the terms of the Guarantee Agreements and that, except as stated in such opinion, no signatures or formalities other than those provided for in the Guarantee Agreements are required for that purpose ; and”

(k) By the deletion of paragraph 5 of Section 10.01 and the substitution therefor of the following new paragraph, namely :

“5. The term ‘United Kingdom Guarantee Agreement’ means the agreement between the United Kingdom and the Bank providing for the guarantee of the Loan.

“The term ‘Federation Guarantee Agreement’ means the agreement between the Federation and the Bank providing for the guarantee of the Loan.

“The term ‘Guarantee Agreements’ means the United Kingdom Guarantee Agreement and the Federation Guarantee Agreement and includes either or both of such agreements as the context may require and includes all agreements supplemental, and all schedules, thereto respectively.

“The term ‘Guarantors’ means the United Kingdom and the Federation and includes either one or both of them as the context may require.”

(l) By the deletion of paragraph 6 of Section 10.01 and the substitution therefor of the following new paragraph, namely :

“6. The term ‘Borrower’ means the party to the Loan Agreement to which the Loan is made.”

(m) By the deletion of the second sentence in paragraph 8 of Section 10.01.

(n) By the deletion of paragraph 12 of Section 10.01.

(o) By the deletion, in paragraph 13 of Section 10.01, of the word ‘Guarantor’ and the substitution therefor of the word ‘Federation’.

(p) By the deletion of paragraph 14 of Section 10.01 and the substitution therefor of the following new paragraph, namely :

“14. Where used in Section 3.01 of the United Kingdom Guarantee Agreement the term ‘external debt’ means any debt payable in any medium other than currency of the United Kingdom, whether such debt is payable absolutely or at the option of the creditor in such other medium, and, where used in Section 3.01 of the Federation Guarantee Agreement, the term ‘external debt’ means any debt payable in any medium other than currency of the Federation, whether such debt is payable absolutely or at the option of the creditor in such other medium.”

(q) By the deletion of the first sentence of the second paragraph of each of the Forms of Bond set forth in Schedule 1 and Schedule 2, and the substitution therefor, in each such Schedule, of the sentence following, namely :

“This bond is one of an authorized issue of bonds of the aggregate principal amount of ..... (or the equivalent thereof payable in other currencies), known as the Guaranteed Serial Bonds (hereinafter called the Bonds) of [the Borrower] issued or to be issued under a Loan Agreement dated ..... between [the Borrower] and International Bank for Reconstruction and Development (hereinafter called the Bank) and guaranteed by the United Kingdom of Great Britain and Northern Ireland (hereinafter called the United Kingdom) in accordance with the terms of a Guarantee Agreement dated ..... between the United Kingdom and the Bank and guaranteed by the Federation of Rhodesia and Nyasaland (hereinafter called the Federation) in accordance with the terms of a Guarantee Agreement dated ..... between the Federation and the Bank.”

(r) By the deletion of the eighth paragraph of the Form of Bond set forth in Schedule 1 and the seventh paragraph of the Form of Bond set forth in Schedule 2 and the substitution therefor, in each such Schedule, of the following paragraph, namely :

“The principal of the Bonds, the interest accruing thereon and the premium, if any, on the redemption thereof shall be paid without deduction for and free from any taxes, imposts, levies or duties of any nature or any restrictions now or at any time hereafter imposed under the laws of the United Kingdom, or of the Federation, or laws in effect in its territories ; *provided, however, that the provisions of this paragraph shall not apply to the taxation of payments made under the provisions of any Bond (a) under the laws of the United Kingdom, to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the United Kingdom, or (b) under the laws of the Federation or laws in effect in its territories, to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Federation.*”

(s) By the deletion of the Form of Guarantee set forth in Schedule 3 and the substitution therefor of the following Form of Guarantee, namely :

“[Name of guarantor], for value received, as a primary obligor and not as surety merely, hereby absolutely and unconditionally guarantees, and pledges its full faith and credit for, the due and punctual payment of the principal and redemption price of the within Bond and the interest thereon, free from taxes and restrictions as therein provided, prior notice to, demand upon or action against the obligor on said Bond or any other guarantor or the undersigned being waived.

[Name of guarantor]

By .....  
Authorized Representative”

Dated .....