

No. 4157

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
FEDERATION OF RHODESIA AND NYASALAND**

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.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
FÉDÉRATION DE LA RHODÉSIE ET DU NYASSALAND**

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. 4157. GUARANTEE AGREEMENT¹ (*KARIBA PROJECT*) BETWEEN THE FEDERATION OF RHODESIA AND NYASALAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 21 JUNE 1956

AGREEMENT, dated June 21, 1956, between the FEDERATION OF RHODESIA AND NYASALAND (hereinafter called the Federation) acting by its Minister of Finance 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,² 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 provided in the United Kingdom Guarantee Agreement³ and that the Federation agree to guarantee such loan as hereinafter provided ;

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

(C) the Federation, in consideration of the Bank's entering into the Loan Agreement with the Borrower and the United Kingdom Guarantee Agreement with the United Kingdom, 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, 1955,⁴ subject, however, to the qualifications and modifications thereof set forth in Schedule 3⁵ to the Loan Agreement (said Loan Regulations No. 4 as so qualified and modified

¹ Came into force on 1 August 1956, upon notification by the Bank to the Government of the Federation of Rhodesia and Nyasaland.

² See p. 364 of this volume.

³ See p. 317 of this volume.

⁴ See p. 364 of this volume.

⁵ See p. 342 of this volume.

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 Federation 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, 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.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Federation specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for carrying out the Project, to make arrangements, satisfactory to the Bank, promptly to provide the Borrower or cause the Borrower to be provided with such funds as are needed to meet such expenditures.

Article III

Section 3.01. It is the mutual intention of the Federation and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Federation undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Federation as security for any external 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.

The term "assets of the Federation" as used in this Section includes assets of the Federation or of any of its political subdivisions or of any agency of the Federation or of any such political subdivision, including the Bank of Rhodesia and Nyasaland.

Section 3.02. (a) The Federation 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 Federation, such information shall include information with respect to financial and economic conditions in the territories of the Federation and the international balance of payments position of the Federation.

(b) The Federation 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 Federation 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 Federation shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of 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 imposed under the laws of the Federation 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 Federation.

Section 3.04. This Agreement, the Loan Agreement, the United Kingdom Guarantee Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the Federation or laws in effect in its territories 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 imposed under the laws of the Federation or laws in effect in its territories.

Article IV

Section 4.01. The Federation 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 Minister of Finance of the Federation and such person or persons as he shall designate in writing are designated as the authorized representatives of the Federation 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 Federation :

Federal Treasury
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

Section 5.02. The Minister of Finance of the Federation is designated for the purposes of Section 8.03 (b) of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

The Federation of Rhodesia and Nyasaland :

By R. M. TAYLOR
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*)

[*Not published herein. See p. 326 of this volume.*]