

No. 5446

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

Guarantee Agreement—*Southern Rhodesia African Agricultural Project* (with annexed Loan Regulations No. 4, Loan Agreement between the Bank and the Federation of Rhodesia and Nyasaland and Project Agreement between the Bank and the Colony of Southern Rhodesia). Signed at Washington, on 1 April 1960

Official text : English.

Registered by the International Bank for Reconstruction and Development on 9 November 1960.

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

Contrat de garantie — *Projet relatif à l'agriculture africaine en Rhodésie du Sud* (avec, en annexe, le Règlement n° 4 sur les emprunts, le Contrat d'emprunt entre la Banque et la Fédération de la Rhodésie et du Nyasaland et le Contrat entre la Banque et la colonie de la Rhodésie du Sud relatif au Projet). Signé à Washington, le 1^{er} avril 1960

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement, le 9 novembre 1960.

No. 5446. GUARANTEE AGREEMENT¹ (*SOUTHERN RHODESIA AFRICAN AGRICULTURAL PROJECT*) BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 1 APRIL 1960

AGREEMENT, dated April 1 1960, 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 Federation of Rhodesia and Nyasaland (hereinafter called the Borrower) and the Bank, which agreement (including the schedules therein referred to) is 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 five million six hundred thousand dollars (\$5,600,000), the proceeds of which loan are to be re-lent by the Borrower to Southern Rhodesia, all 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 that Southern Rhodesia agree to undertake certain obligations to the Bank as provided in the Project Agreement,³ and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, 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 June 15, 1956,⁴ subject, however, to the modifications thereof set forth in Schedule 3,⁴ 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.

¹ Came into force on 12 July 1960, upon notification by the Bank to the Government of the United Kingdom of Great Britain and Northern Ireland.

² See p. 406 of this volume.

³ See p. 428 of this volume.

⁴ See p. 420 of this volume.

Section 1.02. Wherever used in this Guarantee Agreement the terms defined in Section 1.02 of the Loan Agreement shall have the respective meanings therein set forth.

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 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 cause the Project to be carried out in accordance with the Loan Agreement, the Guarantor will, in consultation with the Bank and the Borrower, take appropriate measures to assist the Borrower to obtain the additional funds necessary therefor.

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 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
- (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

Guarantor which has power to raise revenues by taxation and to charge such revenues or any of its assets as security for external debt ; and the term "external debt" means any debt payable in any medium other than currency of the Guarantor, whether such debt is or may become payable absolutely or at the option of the creditor in such other medium.

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully towards achievement of the purposes of the Loan. 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 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 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 Guarantor 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) Within the limits of its constitutional powers, the Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor (including those of the Borrower) for purposes related to the Loan.

Section 3.03. The principal of, and interest and other charges on, the Loan and Bonds shall be paid without deduction for, and free from, any taxes or fees imposed under the laws of the Guarantor ; 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 3.04. This Agreement, the Loan Agreement, the Project Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the Guarantor 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 Guarantor.

Article IV

Section 4.01. The Guarantor 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 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

Alternative address for cablegrams and radiograms :

Proflist
London

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

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 Harold CACCIA
Authorized Representative

International Bank for Reconstruction and Development :

By Eugene R. BLACK
President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 JUNE 1956

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

[Not published herein. See United Nations, Treaty Series, Vol. 260, p. 376.]

LOAN AGREEMENT

(SOUTHERN RHODESIA AFRICAN AGRICULTURAL PROJECT)

AGREEMENT, dated April 1, 1960, between THE FEDERATION OF RHODESIA AND NYASALAND (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS Southern Rhodesia is carrying out a program for the development of African agriculture and for that purpose requires certain financial assistance ;

WHEREAS the Borrower and Southern Rhodesia have requested the Bank to grant a loan to the Borrower, the proceeds of which are to be re-lent by the Borrower to Southern Rhodesia to assist Southern Rhodesia in financing its aforesaid program ;

WHEREAS the Bank has agreed to make a loan to the Borrower upon the terms and conditions hereinafter set forth, but only on condition that the United Kingdom agree to guarantee such loan as provided in the Guarantee Agreement¹ and that Southern Rhodesia agree to undertake certain obligations to the Bank as set forth in the Project Agreement ;²

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 June 15, 1956,³ subject, however, to the modifications thereof set forth in Schedule 3⁴ 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.

Section 1.02. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Loan Agreement :

The term "Southern Rhodesia" means the Colony of Southern Rhodesia.

¹ See p. 398 of this volume.

² See p. 428 of this volume.

³ See above.

⁴ See p. 420 of this volume.

The term "Project Agreement" means the Project Agreement of even date herewith between Southern Rhodesia and the Bank and shall include any amendments thereto made by agreement between Southern Rhodesia and the Bank.

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 five million six hundred thousand dollars (\$5,600,000).

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 Borrower shall be entitled, subject to the provisions of this Agreement and the Loan Regulations, to withdraw from the Loan Account in such convertible currencies as the Bank shall reasonably select, amounts equivalent (as reasonably determined by the Bank) to 18% of such amounts as shall have been expended for the reasonable cost of goods required to carry out the Project; provided, however, that except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (a) expenditures prior to July 1, 1959 or (b) expenditures in the territories of any country (other than Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

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. Such commitment charge shall accrue from a date sixty days after the date of this Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided herein and in Article IV of the Loan Regulations or shall be cancelled pursuant to Article V of the Loan Regulations.

Section 2.04. The Borrower shall pay interest at the rate of six per cent (6%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Interest and other charges shall be payable semi-annually on June 1 and December 1 in each year.

Section 2.06. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied in accordance with the provisions of this Agreement to expenditures for the reasonable cost of goods required to carry out the Project described in Schedule 2² to this Agreement.

¹ See p. 418 of this volume.

² See p. 420 of this volume.

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 Minister of Finance 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 enter into a subsidiary loan agreement with Southern Rhodesia, satisfactory to the Bank, providing for the re-lending of the proceeds of the Loan by the Borrower to Southern Rhodesia and containing appropriate provisions with respect to the financing and carrying out of the Project and of the other obligations of the Borrower and Southern Rhodesia under this Agreement and the Project Agreement. Such subsidiary loan agreement shall not be amended, assigned or abrogated, nor shall any material waiver of any provision thereof be given, without the consent of the Bank.

(b) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound agricultural, engineering and financial practices.

(c) The Borrower shall cause Southern Rhodesia punctually to perform all the covenants and agreements on its part to be performed as set forth in the Project Agreement, and shall take or cause to be taken all action which shall be necessary on the part of the Borrower to enable Southern Rhodesia so to perform such covenants and agreements.

(d) The Borrower shall maintain or cause to be maintained records adequate to show the expenditure of the proceeds of the Loan and to record the progress of the Project (including the cost thereof); shall enable the Bank's representatives to inspect the Project and any relevant records and documents; and shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan and concerning the Project.

(e) The Borrower shall cause Southern Rhodesia to keep or cause to be kept all records and accounts in respect of the Project separate and independent from any other records and accounts of Southern Rhodesia or of the agency or agencies responsible for the carrying out of the Project, or any part thereof.

Section 5.02. (a) The Borrower 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 Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower 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 main-

tenance 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.

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

Section 5.03. It is the mutual intention of the Borrower 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 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 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.

As used in this Section, the term "assets of the Borrower" includes assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision, including the Bank of Rhodesia and Nyasaland; and the term "external debt" means any debt payable in any medium other than currency of the Borrower, whether such debt is or may become payable absolutely or at the option of the creditor in such other medium.

Section 5.04. The Loan Agreement, Project Agreement, Guarantee 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 or cause to be paid 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 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 5.06. 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 5.07. Without limitation or restriction upon any other provision of this Agreement, the Borrower specifically undertakes that, whenever there is reasonable cause to believe that the funds available to Southern Rhodesia will be inadequate to meet the estimated expenditures required for carrying out the Project, the Borrower will make arrangements, satisfactory to the Bank, promptly to provide Southern Rhodesia or cause Southern Rhodesia to be provided with such funds as are needed to meet such expenditures.

Section 5.08. Unless otherwise agreed between the Borrower and the Bank, if Southern Rhodesia shall (whether voluntarily or otherwise) repay in advance of maturity all or any part of its indebtedness under the subsidiary loan agreement referred to in Section 5.01 (a) of this Agreement, the Borrower shall thereupon repay, in advance of maturity, all or an equivalent part, as the case may be, of the Loan; provided that this Section shall not apply to any prepayment by Southern Rhodesia to the extent that such prepayment is of indebtedness on account of amounts and maturities of the Loan theretofore prepaid by the Borrower. To any repayment by the Borrower in accordance with this Section, all the provisions of the Loan Regulations relating to repayment in advance of maturity shall be applicable.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) 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 (ii) if the event specified in Section 6.02 of this Agreement for the purposes of Section 5.02 (j) of the Loan Regulations shall occur and shall continue for a period of thirty days, or (iii) 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.

Section 6.02. For the purposes of Section 5.02 (j) of the Loan Regulations the following additional event is specified, namely: a default shall have occurred in the performance of any covenant or agreement to be performed by Southern Rhodesia pursuant to the Project Agreement.

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 (a) (ii) of the Loan Regulations, namely:

(a) That the subsidiary loan agreement referred to in Section 5.01 (a) of this Agreement, in form and substance satisfactory to the Bank, shall have been duly executed and delivered by the Borrower and Southern Rhodesia and shall have become effective in accordance with its terms.

(b) That the execution and delivery of the Project Agreement on behalf of Southern Rhodesia shall have been duly authorized or ratified by all necessary governmental action.

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, namely :

(a) That the subsidiary loan agreement referred to in Section 5.01 (a) of this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and Southern Rhodesia and has become effective and is a valid and binding obligation of the parties thereto in accordance with its terms.

(b) That the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, Southern Rhodesia and constitutes a valid and binding obligation of Southern Rhodesia in accordance with its terms.

Section 7.03. A date 100 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 June 30, 1963.

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

For the Borrower :

Federal Treasury
P.O. Box 8137, Causeway
Salisbury
Southern Rhodesia

Alternative address for cablegrams and radiograms :

Fedfinance
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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

Section 8.03. The Governor-General in Council of the Borrower 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 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.

The Federation of Rhodesia and Nyasaland :

By R. B. N. WETMORE
Authorized Representative

International Bank for Reconstruction and Development :

By Eugene R. BLACK
President

SCHEDULE 1
AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
December 1, 1962	\$301,000	December 1, 1966	\$381,000
June 1, 1963	310,000	June 1, 1967	393,000
December 1, 1963	319,000	December 1, 1967	405,000
June 1, 1964	329,000	June 1, 1968	417,000
December 1, 1964	339,000	December 1, 1968	429,000
June 1, 1965	349,000	June 1, 1969	442,000
December 1, 1965	360,000	December 1, 1969	456,000
June 1, 1966	370,000		

* 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 this column 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 2 years before maturity	½ %
More than 2 years but not more than 4 years before maturity	2 %
More than 4 years but not more than 6 years before maturity	3 ½ %
More than 6 years but not more than 8 years before maturity	5 %
More than 8 years before maturity	6 %

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project consists of the second half of the seven-year plan of Southern Rhodesia for the development of its African agriculture. The second half of the seven-year plan is to be carried out during the period from July 1, 1959 through December 31, 1962. This plan has as major objectives the arresting of soil deterioration, the establishment of settled communities of African farmers with individually allocated arable land holdings and grazing rights, and the use of improved farming methods.

The Project includes :

- (i) the surveying of about 7 million acres of land ; the assessment of the quality as arable or grazing land of about 10 million acres ; and the allocation of individual plots and settlement areas, and registration of land rights, in respect of about 24 million acres ;
- (ii) the development of water supplies ; construction and improvement of about 4,000 miles of simple farm-to-market roads, including building of bridges ; soil conservation measures ; and the rehabilitation of an area which has been cleared of the tsetse fly ;
- (iii) the improvement and expansion of auxiliary services, including agricultural credit and marketing facilities and livestock dipping services ;
- (iv) the improvement and expansion of agricultural research, demonstration and extension services, including recruiting, training and employing additional personnel and providing personnel with housing and with transportation required for field work.

It is expected that the total cost of the Project will be the equivalent of about \$32.7 million.

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 June 15, 1956, shall be deemed to be modified as follows :

(i) By the deletion of the following : Section 2.02 ; the first three sentences of Section 3.01 and the words "for the purposes of this Article" in the last sentence of such Section ; Sections 4.01 and 4.02 ; paragraphs (e) and (f) of Section 5.02 ; Section 5.04 ; and the second sentence of paragraph 8, and paragraph 14, of Section 10.01.

(ii) By the deletion of Section 4.03 and the substitution therefor of the following new Section :

"SECTION 4.03. *Applications for Withdrawal.* When the Borrower shall desire to withdraw any amount from the Loan Account, 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 expenditures for the Project."

(iii) By the deletion of paragraphs (b) and (d) of Section 5.02 and the substitution therefor respectively of the following new paragraphs :

"(b) A default shall have occurred in the payment of principal or interest or any other payment required under any other loan agreement or under any guarantee agreement between the Borrower and the Bank or under any loan agreement or under any guarantee agreement between the Guarantor and the Bank."

"(d) An extraordinary situation shall have arisen which shall make it improbable that the Borrower or Southern Rhodesia or the Guarantor will be able to perform its obligations under the Loan Agreement, the Project Agreement or the Guarantee Agreement, or there shall occur any such change in the nature and constitution of the Borrower or of Southern Rhodesia as shall make it improbable that the Borrower or Southern Rhodesia will be able to carry out its obligations under the Loan Agreement or the Project Agreement."

(iv) By the deletion of Section 5.03 and the substitution therefor of the following new Section :

"SECTION 5.03. *Cancellation by the Bank.* If the right of the Borrower to make withdrawals from the Loan Account shall have been suspended for a continuous period of thirty days, or if the Borrower shall not at the Closing Date have withdrawn from the Loan Account the full amount of the Loan, the Bank may by notice to the Borrower terminate the right of the Borrower to make withdrawals from the Loan Account. Upon the giving of such notice the unwithdrawn amount of the Loan shall be cancelled."

(v) By the insertion in Section 5.06, after the words "the Loan Agreement", of the words "the Project Agreement".

(vi) By the insertion in Section 6.17, after the words "the Loan Agreement", of the words ",or the Project Agreement".

(vii) By the deletion of Section 7.01 and Section 7.02 and the substitution therefor respectively of the following new Sections :

"SECTION 7.01. *Enforceability.* The rights and obligations of the Bank, the Borrower, Southern Rhodesia and the Guarantor under the Loan Agreement, the Project Agreement, the Guarantee Agreement and the Bonds shall be valid and enforceable in accordance with their terms notwithstanding the law of any state, or political subdivision thereof, to the contrary. Neither the Bank nor the Borrower nor the Guarantor shall be entitled in any proceeding under this Article to assert any claim that any provision of these Regulations, or of the Loan Agreement, the Project Agreement, the Guarantee Agreement or the Bonds is invalid or unenforceable because of any provision of the Articles of Agreement of the Bank or for any other reason."

“SECTION 7.02. *Obligations of Guarantor.* 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 Southern Rhodesia or to any prior notice to or demand upon the Guarantor with regard to any default by the Borrower or Southern Rhodesia, and shall not be impaired by any of the following : any extension of time, forbearance or concession given to the Borrower or Southern Rhodesia ; any assertion of, or failure to assert, or delay in asserting, any right, power or remedy against the Borrower or 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 Project Agreement contemplated by the terms thereof ; any failure of the Borrower or 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.”

(viii) By the insertion in Section 7.03, after the words “Guarantee Agreement”, of the words “or the Project Agreement”.

(ix) By the deletion of the last sentence of Section 7.04 (*b*) and the substitution therefor of the following sentence :

“Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against the Borrower or the Guarantor (as the case may be) except as such procedure may be available against the Borrower or the Guarantor (as the case may be) otherwise than by reason of the provisions of this Section.”

(x) By the deletion of the first sentence of Section 7.04 (*l*) and the substitution therefor of the following sentence :

“(l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made upon the Bank and (to the extent that such proceeding is available against the Borrower or the Guarantor) upon the Borrower or the Guarantor in the manner provided in Section 8.01.”

(xi) By the insertion, after Section 8.03, of the following new Section :

“SECTION 8.03 (A). *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 purposes 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 or

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.”

(xii) By the deletion of Section 9.03 and the substitution therefor of the following new Section :

“SECTION 9.03. *Effective Date.* Notwithstanding the provisions of Section 8.01, except as shall be otherwise agreed by the Borrower and the Bank, the Loan Agreement and Guarantee Agreement shall come into force and effect on the date upon which the Bank dispatches to the Borrower and to the Guarantor notice of its acceptance of the evidence required by Section 9.01.”

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

“6. The term ‘Borrower’ means The Federation of Rhodesia and Nyasaland, the party to the Loan Agreement to which the Loan is made ; the term ‘Guarantor’ means the United Kingdom of Great Britain and Northern Ireland ; and the terms ‘Southern Rhodesia’ and ‘Project Agreement’ shall have the respective meanings set forth in the Loan Agreement.”

(xiv) By the deletion, in paragraph 13 of Section 10.01, of the word “Guarantor” and the substitution therefor of the word “Borrower”.

(xv) 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 :

“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 [name of Guarantor], or of [the Borrower] or laws in effect in the territories of [the Borrower] ; *provided, however, that the provisions of this paragraph shall not apply to taxation imposed (a) under the laws of [name of Guarantor] on or in connection with 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 [name of Guarantor] or (b) under the laws of [the Borrower] or laws in effect in its territories on or in connection with 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].*”

PROJECT AGREEMENT

(SOUTHERN RHODESIA AFRICAN AGRICULTURAL PROJECT)

AGREEMENT, dated April 1, 1960, between COLONY OF SOUTHERN RHODESIA (hereinafter called Southern Rhodesia) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by a loan agreement of even date herewith between The Federation of Rhodesia and Nyasaland (hereinafter called the Borrower) and the Bank, which agreement and the schedules and loan regulations therein referred to and incorporated, together with any changes which may be made therein in accordance with the provisions thereof, are hereinafter called the Loan Agreement,¹ the Bank has agreed to make to the Borrower a loan in various currencies equivalent to five million six hundred thousand dollars (\$5,600,000) on the terms and conditions set forth in the Loan Agreement (including, in particular, a provision that the Borrower should enter into a subsidiary loan agreement with Southern Rhodesia, satisfactory to the Bank, providing for the re-lending of the proceeds of such loan to Southern Rhodesia), but only on condition that Southern Rhodesia agree to undertake certain obligations to the Bank as hereinafter in this Project Agreement set forth ; and

WHEREAS Southern Rhodesia, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth ;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

DEFINITIONS

Section 1.01. Wherever used in this Project Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement (as above defined) shall have the respective meanings therein set forth.

Article II

PARTICULAR COVENANTS OF SOUTHERN RHODESIA

Section 2.01. (a) Southern Rhodesia shall carry out the Project with due diligence and efficiency and in conformity with sound agricultural, engineering and financial practices.

(b) Southern Rhodesia shall maintain or cause to be maintained records adequate to show the expenditure of the proceeds of the Loan and to record the progress of the Project (including the cost thereof) ; shall enable the Bank's representatives to inspect the Project and any relevant records and documents ; and shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan and concerning the Project.

¹ See p. 406 of this volume.

(c) Southern Rhodesia shall keep or cause to be kept all records and accounts in respect of the Project separate and independent from any other records and accounts of Southern Rhodesia or of the agency or agencies responsible for the carrying out of the Project, or any part thereof.

Section 2.02. (a) Southern Rhodesia 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.

(b) Southern Rhodesia and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan. Southern Rhodesia shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the maintenance of the service of the loan provided for in the subsidiary loan agreement referred to in Section 5.01 (a) of the Loan Agreement, the accomplishment of the purposes of the Loan or the performance by Southern Rhodesia of its obligations under this Project Agreement or the obligations to be performed by it pursuant to the provisions of the Loan Agreement (including its obligations under such subsidiary loan agreement), or which shall increase or threaten to increase materially the estimated cost of the Project.

Article III

EFFECTIVE DATE ; TERMINATION

Section 3.01. This Project Agreement shall come into force and effect on the Effective Date. If, pursuant to Section 9.04 of the Loan Regulations, the Bank shall terminate the Loan Agreement, the Bank shall promptly notify Southern Rhodesia thereof and, upon the giving of such notice, this Project Agreement and all obligations of the parties hereunder shall forthwith terminate.

Section 3.02. If and when the entire principal amount of the Loan and the Bonds shall have been paid (or shall have been cancelled), together with all interest, premium (if any) and other charges which shall have accrued thereon, this Project Agreement and all obligations of Southern Rhodesia and of the Bank hereunder shall forthwith terminate.

Article IV

MISCELLANEOUS PROVISIONS

Section 4.01. No holder of any Bond other than the Bank shall by virtue of being the holder thereof be entitled to exercise any of the rights conferred, or be subject to any of the conditions or obligations imposed upon the Bank under this Project Agreement.

Section 4.02. Any notice, demand or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project 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 its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are :

(a) For Southern Rhodesia :

Secretary to the Southern Rhodesia Treasury
P.O. Box 8123, Causeway
Salisbury, Southern Rhodesia

Alternative address for cablegrams and radiograms :

Treasury
Salisbury, Southern Rhodesia

(b) For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

Section 4.03. Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement on behalf of Southern Rhodesia may be taken or executed by the Governor-in-Council of Southern Rhodesia or such other person or persons as the said Governor-in-Council shall designate in writing.

Section 4.04. Southern Rhodesia shall furnish to the Bank sufficient evidence of the authority of the person or persons who will, on behalf of Southern Rhodesia, take any action or execute any documents required or permitted to be taken or executed by Southern Rhodesia pursuant to any of the provisions of this Project Agreement and the authenticated specimen signature of each such person.

Section 4.05. This Project Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Project Agreement to be signed in their respective names by their representatives thereunto duly authorized 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 R. B. N. WETMORE
Authorized Representative

International Bank for Reconstruction and Development :

By Eugene R. BLACK
President