

No. 8270

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**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT,  
TERRITORY OF NORTHERN RHODESIA,  
RHODESIA RAILWAYS**

**and**

**UNITED KINGDOM OF GREAT BRITAIN  
AND NORTHERN IRELAND**

**Loan Assumption Agreement—*Rhodesia Railways Project.*  
Signed at Salisbury, on 30 December 1963**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on  
21 July 1966.*

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**BANQUE INTERNATIONALE POUR  
LA RECONSTRUCTION ET LE DÉVELOPPEMENT,  
TERRITOIRE DE LA RHODÉSIE DU NORD,  
CHEMINS DE FER RHODÉSIENS**

**et**

**ROYAUME-UNI DE GRANDE-BRETAGNE  
ET D'IRLANDE DU NORD**

**Contrat de transfert d'emprunt — *Projet relatif aux che-  
mins de fer rhodésiens.* Signé à Salisbury, le 30 décembre  
1963**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement  
le 21 juillet 1966.*

No. 8270. LOAN ASSUMPTION AGREEMENT<sup>1</sup> (*RHODESIA RAILWAYS PROJECT*) BETWEEN THE TERRITORY OF NORTHERN RHODESIA, THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, THE RHODESIA RAILWAYS AND THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND. SIGNED AT SALISBURY, ON 30 DECEMBER 1963

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AGREEMENT, dated December 30, 1963, between the TERRITORY OF NORTHERN RHODESIA (hereinafter called Northern Rhodesia) of the first part, INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) of the second part, the RHODESIA RAILWAYS (hereinafter called the Railways), a corporation established by the Rhodesia Railways Act, 1949, as amended, of the Colony of Southern Rhodesia (hereinafter called Southern Rhodesia), of the third part and the UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (hereinafter called the United Kingdom) of the fourth part.

WHEREAS (A) Pursuant to a Loan Agreement dated June 16, 1958<sup>2</sup> between the Federation of Rhodesia and Nyasaland (hereinafter called the Federation) and the Bank, the Bank made to the Federation a loan (hereinafter called the Loan) in various currencies in an aggregate principal amount equivalent to nineteen million dollars (\$19,000,000) to be used for the development of the facilities of the Railways, on the terms and conditions set forth in the Loan Agreement;

(B) By an Agreement (hereinafter called the Guarantee Agreement) dated June 16, 1958<sup>2</sup> between the United Kingdom and the Bank the United Kingdom agreed to guarantee the Loan as therein provided;

(C) The Federation has repaid pursuant to the Loan Agreement the equivalent of \$2,216,000 of the principal of the Loan and has made all interest payments due on the Loan to and including the payment due on November 1, 1963;

(D) It is planned to dissolve the Federation;

(E) On the dissolution of the Federation Northern Rhodesia and Southern Rhodesia will own the Railways in equal shares and each of Northern Rhodesia and Southern Rhodesia has agreed to assume one-half of the financial obligations

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<sup>1</sup> Came into force as of the time of the dissolution of the Federation of Rhodesia and Nyasaland, which took place immediately before 1 January 1964, in accordance with article V.

<sup>2</sup> United Nations, *Treaty Series*, Vol. 309, p. 35.

of the Federation under the Loan Agreement and to assume the other obligations of the Federation under the Loan Agreement and the United Kingdom concurs in this assumption; and

(F) The Railways have agreed to enter into certain direct obligations with the Bank;

NOW THEREFORE it is hereby agreed as follows :

### *Article I*

#### DEFINITIONS

*Section 1.01.* Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement :

The term “ Loan Agreement ” means the Loan Agreement dated June 16, 1958 between the Federation and the Bank; and such term includes all schedules to such Loan Agreement and Loan Regulations No. 4 of the Bank dated June 15, 1956,<sup>1</sup> as made applicable to such Loan Agreement.

The term “ dollars ” and the sign “ \$ ” mean dollars in currency of the United States of America.

### *Article II*

#### ASSUMPTION OF PART OF OBLIGATIONS UNDER LOAN AGREEMENT

*Section 2.01.* Northern Rhodesia hereby assumes, and agrees to carry out, (i) the obligation of the Federation to repay principal and pay interest and other charges and premium, if any, in respect of one-half of the Loan and (ii) all the other obligations of the Federation under the Loan Agreement, and the Bank hereby recognizes the succession of Northern Rhodesia to the rights of the Federation under the Loan Agreement, with the same effect as though Northern Rhodesia were substituted for the Federation as a party to such Agreement and as though the words “ Northern Rhodesia ” were substituted for the word “ Borrower ” and the words “ the part of the Loan Northern Rhodesia has agreed to repay ” were substituted for the phrase “ the Loan ” wherever used therein, subject to the following modifications of the Loan Agreement :

(a) By the deletion of Section 1.01 and the substitution therefor of the following new Section, namely :

“ 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,<sup>1</sup> subject, however, to the modifications thereof set forth in Schedule 3<sup>2</sup> to the Loan Agreement and to the further modifications thereof set forth

<sup>1</sup> United Nations, *Treaty Series*, Vol. 260, p. 376.

<sup>2</sup> United Nations, *Treaty Series*, Vol. 309, p. 58.

in the Schedule<sup>1</sup> to the Loan Assumption Agreement dated December 30, 1963 between Northern Rhodesia, the Bank, the Rhodesia Railways and the United Kingdom of Great Britain and Northern Ireland (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. ”

(b) By the deletion of Section 4.02 and the substitution therefor of the following new Section, namely :

“ SECTION 4.02. The Permanent Secretary to the Ministry of Finance of Northern Rhodesia and such person or persons as he shall appoint in writing are designated as authorized representatives of Northern Rhodesia for the purposes of Section 6.12 (a) of the Loan Regulations. ”

(c) By the deletion in subsection (e) of Section 5.01 of the words “ shall enable the Bank’s representatives to inspect the Project and all facilities operated by the Rhodesia Railways, the goods and any relevant records and documents ” and the substitution therefor of the words “ shall enable the Bank’s representatives to inspect the part of the Project and all facilities operated by the Rhodesia Railways within its territories, the goods in its territories and any relevant records and documents in its territories ”.

(d) By the deletion in the second paragraph of Section 5.03 of the words “ the Bank of Rhodesia and Nyasaland ” and the substitution therefor of the words “ its share of the assets of the Bank of Rhodesia and Nyasaland or of any other agency fulfilling similar functions in Northern Rhodesia ”.

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

“ SECTION 8.03. The Permanent Secretary to the Ministry of Finance of Northern Rhodesia is designated for the purposes of Section 8.03 (A) of the Loan Regulations. ”

(f) By the deletion of the Amortization Schedule in Schedule 1 and the substitution therefor of the following new Amortization Schedule :

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<sup>1</sup> See p. 228 of this volume.

<i>" Date Payment Due</i>	<i>Payment of Principal of the Part of the Loan Northern Rhodesia has agreed to repay (expressed in dollars)*</i>	<i>Payment of Principal of the Part of the Loan Southern Rhodesia has agreed to repay (expressed in dollars)*</i>
May 1, 1964 . . . . .	\$240,000	\$240,000
November 1, 1964 . . . . .	246,000	246,000
May 1, 1965 . . . . .	253,000	253,000
November 1, 1965 . . . . .	259,500	259,500
May 1, 1966 . . . . .	266,500	266,500
November 1, 1966 . . . . .	274,000	274,000
May 1, 1967 . . . . .	281,000	281,000
November 1, 1967 . . . . .	288,500	288,500
May 1, 1968 . . . . .	296,500	296,500
November 1, 1968 . . . . .	304,500	304,500
May 1, 1969 . . . . .	312,500	312,500
November 1, 1969 . . . . .	321,000	321,000
May 1, 1970 . . . . .	329,500	329,500
November 1, 1970 . . . . .	338,500	338,500
May 1, 1971 . . . . .	347,500	347,500
November 1, 1971 . . . . .	357,000	357,000
May 1, 1972 . . . . .	366,500	366,500
November 1, 1972 . . . . .	376,500	376,500
May 1, 1973 . . . . .	386,500	386,500
November 1, 1973 . . . . .	397,000	397,000
May 1, 1974 . . . . .	407,500	407,500
November 1, 1974 . . . . .	418,500	418,500
May 1, 1975 . . . . .	429,500	429,500
November 1, 1975 . . . . .	441,500	441,500
May 1, 1976 . . . . .	453,000	453,000

" \* To the extent that any part of the Loan Northern Rhodesia or the Colony of Southern Rhodesia has agreed to repay 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. "

### *Article III*

#### PARTICULAR COVENANTS OF NORTHERN RHODESIA

*Section 3.01.* This Loan Assumption Agreement shall be free from any taxes or fees that shall be imposed under the laws of Northern Rhodesia or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof and Northern Rhodesia 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 part of the Loan Northern Rhodesia has agreed to repay and bonds representing the principal amount thereof are payable or laws in effect in the territories of such country or countries.

*Article IV*

## PARTICULAR COVENANTS OF THE RAILWAYS

*Section 4.01.* The Railways shall maintain its plant, equipment and other property and shall make all necessary renewals and repairs thereof, all in accordance with sound engineering practices; and shall at all times operate such plant, equipment and property in accordance with sound railway and business practices.

*Section 4.02.* The Railways shall maintain records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project (as defined in the Loan Agreement), to record the progress of such Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices its operations and financial condition; shall enable the Bank's representatives to inspect such Project and all facilities operated by it, the goods (as defined in the Loan Agreement) 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, such Project and all facilities operated by it, such goods, all financial transactions between it and Northern Rhodesia or Southern Rhodesia and its operations and financial condition.

*Article V*

## EFFECTIVE DATE; MISCELLANEOUS

*Section 5.01.* This Agreement shall take effect as of the time of the dissolution of the Federation.

*Section 5.02.* If and when the entire principal amount of the Loan (as defined in Recital A of this Loan Assumption Agreement) and of the loan made pursuant to the Loan Agreement dated March 11, 1953<sup>1</sup> between Northern Rhodesia and the Bank and of any bonds issued in respect thereof shall have been paid, together with all interest and other charges and premium (if any) which shall have accrued thereon, this Loan Assumption Agreement and all obligations of the parties hereunder shall forthwith terminate.

*Section 5.03.* The following address is designated to the Bank by Northern Rhodesia for the purposes of Section 8.01 of the Loan Regulations (as defined in the Loan Agreement) :

<sup>1</sup> United Nations, *Treaty Series*, Vol. 172, p. 134.

Ministry of Finance  
P.O Box RW.62  
Ridgeway  
Lusaka, Northern Rhodesia

Alternative address for cablegrams and radiograms :

Minfin  
Lusaka

### *Article VI*

#### GUARANTEE AGREEMENT

*Section 6.01.* For the purposes of the Guarantee Agreement, the United Kingdom concurs in the entry by Northern Rhodesia into this Loan Assumption Agreement and in the assumption as herein set forth by Northern Rhodesia of a part of the obligations of the Federation under the Loan Agreement.

*Section 6.02.* The United Kingdom and the Bank hereby agree that, for purposes of the Guarantee Agreement, Loan Regulations No. 4 of the Bank, dated June 15, 1956, as modified by Schedule 3 to the Loan Agreement shall be further modified as follows and that, at the time this Loan Assumption Agreement becomes effective as provided in Section 5.01 hereof, such Loan Regulations as so modified shall be applicable to the Guarantee Agreement and shall govern the rights and obligations under the Guarantee Agreement of the parties thereto with the same force and effect as if they were fully set forth therein :

(a) By the substitution in Section 7.02 of the words " Territory of Northern Rhodesia or the Colony of Southern Rhodesia " for the word " Borrower ".

(b) By the addition in Section 7.03 of the words ", the Loan Assumption Agreements dated December 30, 1963 between the Territory of Northern Rhodesia, the Bank, the Rhodesia Railways and the Guarantor and between the Colony of Southern Rhodesia, the Bank, the Rhodesia Railways and the Guarantor " after the words " Loan Agreement ".

(c) By the deletion of paragraph 10 of Section 10.01 and the substitution therefor of the following new paragraph :

" 10. The term ' Bonds ' means bonds executed and delivered by the Territory of Northern Rhodesia or the Colony of Southern Rhodesia pursuant to the terms of the Loan Agreement; and such term includes any such bonds issued in exchange for, or on transfer of, Bonds as herein defined. "

*Section 6.03.* This Loan Assumption Agreement 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.

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

Territory of Northern Rhodesia :

By T. C. GARDNER

Authorized Representative

International Bank  
for Reconstruction  
and Development :

By Hugh N. SCOTT

Authorized Representative

Rhodesia Railways :

By J. V. SAMUELS

Authorized Representative

United Kingdom  
of Great Britain  
and Northern Ireland :

By J. B. JOHNSTON

Authorized Representative

## SCHEDULE

### MODIFICATIONS OF LOAN REGULATIONS No. 4

Loan Regulations No. 4 of the Bank, dated June 15, 1956, as modified by Schedule 3 to the Loan Agreement, shall be deemed to be modified further as follows :

(a) By the addition in subsection (b) of Section 2.05 of the words " of the part of the Loan Northern Rhodesia has agreed to repay " after the words " any one or more maturities ".

(b) By the deletion of the first and second sentences of Section 3.02 and the substitution therefor of the following new sentences :

" The principal of the part of the Loan Northern Rhodesia has agreed to repay shall be repayable in the several currencies withdrawn from the Loan Account and the amount so repayable in each currency shall be one-half the amount withdrawn in that currency. The foregoing provision is subject to one exception, namely: if withdrawal shall be made in any currency which the Bank shall have purchased with another currency for the purpose of such withdrawal, one-half the portion so withdrawn shall be repayable by Northern Rhodesia in such other currency and the amount so repayable shall be one-half the amount paid by the Bank on such purchase. "

(c) By the deletion of subparagraph (c) of Section 5.02 and the substitution therefor of the following new sub-paragraph :

" (c) A default shall have occurred in the performance of any other covenant or agreement on the part of Northern Rhodesia, the Rhodesia Railways or the Guarantor under the Loan Agreement, the Loan Assumption Agreement, the Guarantee Agreement or the Bonds. "

(d) By the deletion of Section 9.05.



(e) By the addition of the following definition to paragraph 3 of Section 10.01 :

“ The term ‘ Loan Assumption Agreement ’ means the agreement between Northern Rhodesia, the Bank, the Rhodesia Railways and the Guarantor providing for the assumption by Northern Rhodesia of a part of the obligations of the Federation of Rhodesia and Nyasaland under the Loan Agreement, as such Loan Assumption shall be amended from time to time; and such term includes all agreements supplemental to the Loan Assumption Agreement and all schedules to the Loan Assumption Agreement. ”

(f) By the deletion of paragraph 4 of Section 10.01 and the substitution thereof of the following new paragraph :

“ 4. The term ‘ Loan ’ means the part of the loan provided for in the Loan Agreement which Northern Rhodesia has agreed to repay. ”

(g) By the deletion of paragraph 6 of Section 10.01 and the substitution thereof of the following new paragraph :

“ 6. The terms ‘ Borrower ’ and ‘ Northern Rhodesia ’ mean the Territory of Northern Rhodesia; and the term ‘ Guarantor ’ means the United Kingdom of Great Britain and Northern Ireland. ”

(h) 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 thereof, in each such Schedule, of the following sentence :

“ 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 June 16, 1958 between the Federation of Rhodesia and Nyasaland and International Bank for Reconstruction and Development (hereinafter called the Bank), a part of the obligations under which were assumed by [the Borrower] in a Loan Assumption Agreement dated . . . . . between [the Borrower], the Bank, the Rhodesia Railways and the United Kingdom of Great Britain and Northern Ireland (hereinafter called the United Kingdom), and guaranteed by the United Kingdom in accordance with the terms of a Guarantee Agreement dated June 16, 1958 between the United Kingdom and the Bank. ”

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