

vol. 551

No. 8036

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT,
COLONY OF SOUTHERN RHODESIA
and
UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND**

**Guarantee Agreement—*Kariba Project* (with related letter
and annexed Loan Regulations No. 4). Signed at Salis-
bury, on 30 December 1963**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
10 January 1966.*

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

**Contrat de garantie — *Projet de Kariba* (avec lettre y
relative et, en annexe, le Règlement n° 4 sur les em-
prunts). Signé à Salisbury, le 30 décembre 1963**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 10 janvier 1966.*

No. 8036. GUARANTEE AGREEMENT¹ (*KARIBA PROJECT*)
BETWEEN THE COLONY OF SOUTHERN RHODESIA,
THE INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT AND THE UNITED KINGDOM
OF GREAT BRITAIN AND NORTHERN IRELAND.
SIGNED AT SALISBURY, ON 30 DECEMBER 1963

AGREEMENT, dated December 30, 1963, between the COLONY OF SOUTHERN RHODESIA (hereinafter called the Colony) of the first part, INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) of the second part, and the UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (hereinafter called the United Kingdom) of the third part.

WHEREAS (A) Pursuant to a Loan Agreement dated June 21, 1956 between the Bank and the Federal Power Board² (hereinafter called the Board), the Bank made to the Board 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, including provisions for the execution and delivery of bonds;

(B) By an Agreement dated June 21, 1956 between the Federation of Rhodesia and Nyasaland (hereinafter called the Federation) and the Bank³ the Federation agreed to guarantee the Loan as therein provided;

(C) By an Agreement dated June 21, 1956 between the United Kingdom and the Bank⁴ the United Kingdom agreed to guarantee the Loan as therein provided;

(D) It is planned to dissolve the Federation with the consequential distribution of assets and liabilities of the Federation;

(E) The Central African Power Corporation (hereinafter called the Corporation) has been established by the Federation of Rhodesia and Nyasaland (Dissolution) Order in Council 1963 of the United Kingdom to take over the assets and liabilities of the Board;

(F) By an Agreement of even date herewith between the Bank, the Corporation and the United Kingdom⁵ (which agreement, including the schedule

¹ 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.

² United Nations, *Treaty Series*, Vol. 285, p. 326.

³ United Nations, *Treaty Series*, Vol. 285, p. 355.

⁴ United Nations, *Treaty Series*, Vol. 285, p. 317.

⁵ See p. 76 of this volume.

therein referred to, is hereinafter called the Loan Assumption Agreement) the Corporation has agreed to assume the obligations of the Board under the Loan Agreement;

(G) The Territory of Northern Rhodesia, in consideration of the Bank's entering into the Loan Assumption Agreement with the Corporation and this Agreement with the Colony, has agreed to guarantee the Loan as provided in the Northern Rhodesia Guarantee Agreement;¹

(H) The Colony, in consideration of the Bank's entering into the Loan Assumption Agreement with the Corporation and a Guarantee Agreement with the Territory of Northern Rhodesia has agreed to guarantee the Loan as hereinafter provided; and

(I) The United Kingdom has concurred in the agreements referred to in Recitals (F), (G) and (H) above;

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, 1955,² subject, however, to the qualifications and modifications thereof set forth in Schedule 3 to the Loan Agreement and to the further qualifications and modifications thereof set forth in the Schedule to the Loan Assumption 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.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Colony hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of one-half of the principal of, and one-half of the interest and other charges on, the Loan, one-half of the principal of and one-half of the interest on the Bonds and one-half of the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as set forth in the Loan Agreement, in the Loan Assumption Agreement and in the Bonds. For the purposes of the guarantee in this Section 2.01, one-half of any such payments made by the Corporation shall be deemed to be made in respect of the part of such payments guaranteed by the Colony.

¹ See p. 120 of this volume.

² See p. 116 of this volume.

Section 2.02. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Colony hereby agrees to take all action on its part necessary or desirable to assure the punctual performance of all the other covenants and agreements of the Corporation as set forth in the Loan Agreement, in the Loan Assumption Agreement and in the Bonds and agrees to refrain from taking any action which will interfere with the punctual performance of any of such covenants and agreements.

Article III

Section 3.01. It is the mutual intention of the Colony 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 Colony undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Colony as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of one-half of the principal of, and one-half of the 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 Colony" as used in this Section includes assets of the Colony or of any of its political subdivisions or of any agency of the Colony or of any such political subdivision, including its share of the assets of the Bank of Rhodesia and Nyasaland or of any other agency fulfilling similar functions in the Colony.

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

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

Section 3.04. This Agreement, the Loan Agreement, the Loan Assumption Agreement, the Northern Rhodesia Guarantee 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 Colony 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 Colony or laws in effect in its territories.

Section 3.06. The Colony shall perform, observe and be bound by all the provisions of the Agreement dated November 25, 1963 between the Governments of the Territory and the Colony.

Article IV

Section 4.01. The Colony shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Corporation. The Secretary to the Treasury of the Colony and such person or persons as he shall designate in writing are designated as the authorized representatives of the Colony 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 Colony :

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

Alternative address for cablegrams and radiograms :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

Section 5.02. The Secretary to the Treasury of the Colony is designated for the purposes of Section 8.03 (c) of the Loan Regulations.

Section 5.03. This Agreement shall become effective at the time that the Loan Assumption Agreement becomes effective.

Article VI

Section 6.01. The United Kingdom concurs in the provisions of this Agreement.

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 as of the day and year first above written.

Colony of Southern Rhodesia :

By W. J. HARPER
Authorized Representative

International Bank for Reconstruction and Development :

By Hugh N. SCOTT
Authorized Representative

United Kingdom of Great Britain and Northern Ireland :

By J. B. JOHNSTON
Authorized Representative

RELATED LETTER

COLONY OF SOUTHERN RHODESIA
MINISTRY OF TRANSPORT AND POWER
SALISBURY, SOUTHERN RHODESIA

30th December 1963

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

Gentlemen :

In the course of our discussions relating to the Loan Assumption Agreement of even date between you and the Central African Power Corporation¹ (the " Corporation ") and the Guarantee Agreement² between us of even date, you have made it clear to us that you have relied upon the provisions of the Federation of Rhodesia and Nyasaland (Dissolution) Order in Council, 1963, of the United Kingdom, the Inter-Governmental Agreement dated 25th November 1963 between the Governments of Northern and Southern Rhodesia, the Central African Power Ordinance 1963 of Northern Rhodesia and the Central African Power Act 1963 of Southern Rhodesia, as forming a satisfactory basis for the establishment, organisation and future operations of the Corporation.

We understand the Bank's interest in assuring that the Corporation will remain financially and administratively autonomous to enable it to carry on its operations and maintain its financial position in accordance with sound business and public utility practices.

We, therefore, agree to obtain your approval before making any change in such Order in Council, such Agreement or such Act which would substantially alter the organisation, powers, responsibilities or immunities of the Corporation in Southern Rhodesia.

Sincerely yours,

Colony of Southern Rhodesia :

By W. J. HARPER
Authorized Representative

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.*]

¹ See p. 76 of this volume.

² See p. 106 of this volume.