

No. 8928

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
SINGAPORE**

Guarantee Agreement—*Power and Water Project* (with annexed Loan Regulations No. 4, as amended, and Loan Agreement between the Bank and the Public Utilities Board, Singapore). Signed at Washington, on 5 July 1967

Official text: English.

Registered by the International Bank for Reconstruction and Development on 17 January 1968.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
SINGAPOUR**

Contrat de garantie—*Projet relatif à l'énergie électrique et à l'approvisionnement en eau* (avec, en annexe, le Règlement n° 4 sur les emprunts, tel qu'il a été modifié, et le Contrat d'emprunt entre la Banque et le Public Utilities Board de Singapour). Signé à Washington, le 5 juillet 1967

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 17 janvier 1968.

No. 8928. GUARANTEE AGREEMENT¹ (*POWER AND WATER PROJECT*) BETWEEN THE REPUBLIC OF SINGAPORE AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 5 JULY 1967

AGREEMENT, dated July 5, 1967, between REPUBLIC OF SINGAPORE (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 Bank and the Public Utilities Board, Singapore (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 equivalent to twenty-three million dollars (\$23,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agrees to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

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, 1961, as amended February 9, 1967,³ with the same force and effect as if they were fully set forth herein (said Loan Regulations No. 4 being hereinafter called the Loan Regulations).

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Guarantee Agreement contained, the Guarantor

¹ Came into force on 26 July 1967, upon notification by the Bank to the Government of Singapore.

² See p. 198 of this volume.

³ See p. 196 of this volume.

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 and the punctual performance of all 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 Guarantor 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 Guarantor 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 Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor 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; and (ii) 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 Guarantor ” as used in this Section includes assets of the Guarantor or of the Board of Commissioners of Currency, Singapore, of any statutory authority established by the Guarantor or of any agency of the foregoing, or of any central bank of the Guarantor which may be established and any right, interest or share which the Guarantor has or may have in the assets of the Board of Commissioners of Currency, Malaya and British Borneo.

Section 3.02. (a) The Guarantor 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 shall be reasonably requested 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 administration, operations and financial condition of the Borrower and other 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) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor 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, and free from all restrictions, imposed under the laws of the Guarantor or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of 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 and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

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 Minister for Finance 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 :

Minister for Finance
Ministry of Finance
Singapore

Alternative address for cables and radiograms :

Finance
Singapore

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for cables and radiograms :

Intbafrad
Washington, D.C.

Section 5.02. The Minister for Finance of the Guarantor 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.

Republic of Singapore :
By WONG Lin Ken
Authorized Representative

International Bank for Reconstruction and Development :
By George D. WOODS
President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961,
AS AMENDED 9 FEBRUARY 1967

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

[*Not published herein. See United Nations, Treaty Series, Vol. 598, p. 270.*]

LOAN AGREEMENT
(POWER AND WATER PROJECT)

AGREEMENT, dated July 5, 1967, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and PUBLIC UTILITIES BOARD, SINGAPORE, a statutory authority established pursuant to the Public Utilities Ordinance, 1963, of Singapore (hereinafter called the Borrower).

Article I

LOAN REGULATIONS

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961, as amended February 9, 1967,¹ with the same force and effect as if they were fully set forth herein (said Loan Regulations No. 4 being hereinafter called the Loan Regulations).

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower an amount in various currencies equivalent to twenty-three million dollars (\$23,000,000).

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, this Agreement and the Loan Regulations.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($\frac{3}{8}$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time from the Loan Account.

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. 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 commitment 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.

¹ See p. 196 of this volume.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 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 and the methods and procedures for procurement of such goods 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 used exclusively in the carrying out of the Project.

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VI of the Loan Regulations.

Section 4.02. The Chairman of the Borrower, signing jointly with such person as the Borrower shall authorize by resolution, is designated as authorized representative of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations. The Borrower may designate by resolution notified in writing to the Bank additional or other representatives for such purposes.

Article V

PARTICULAR COVENANTS

Section 5.01. The Borrower shall at all times conduct its business and operations in accordance with sound public utility practices and under the supervision of competent management satisfactory to the Bank.

Section 5.02. (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound engineering, public utility and financial practices.

(b) In the carrying out of the Project, the Borrower shall, to the extent agreed from time to time between the Bank and the Borrower, employ competent and experienced consultants and contractors acceptable to the Bank, upon terms and conditions satisfactory to the Borrower and the Bank.

(c) Upon request from time to time by the Bank, the Borrower shall furnish or cause to be furnished to the Bank, promptly upon their preparation, the plans and specifications

and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

Section 5.03. 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 operations and financial condition of the Borrower; shall submit annually to the Bank, not later than four months after the end of the fiscal year of the Borrower, the unaudited financial statements of the Borrower; and shall enable the Bank's representatives to inspect the Project, the goods and all other plants, sites, works, property and equipment of the Borrower and any relevant records and documents.

Section 5.04. (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the performance of its obligations under this Agreement, the administration, operations and financial condition of the Borrower and other matters relating to the purposes of the Loan.

(b) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the goods, the Project and the administration, operations and financial condition of the Borrower.

(c) 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, the maintenance of the service thereof or the performance by the Borrower of its obligations under this Agreement.

Section 5.05. 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: (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; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

Section 5.06. The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement¹ or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply

¹ See p. 190 of this volume.

to taxation of 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 5.07. The Borrower shall pay or cause to be paid all taxes, 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 the Loan Agreement, the Guarantee Agreement or the Bonds.

Section 5.08. (a) The Borrower shall take out and maintain with responsible insurers or make other provision satisfactory to the Bank for insurance against such risks and in such amount as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, the Borrower undertakes to insure the imported goods to be financed out of the proceeds of the Loan against marine, transit and other hazards incident to acquisition, transportation and delivery thereof to the place of use or installation and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

Section 5.09. 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 practical steps which may be reasonably 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 operate its plants and equipment in accordance with sound public utility practices.

Section 5.10. The Borrower shall have its accounts regularly audited, at least once a year, by independent auditors acceptable to the Bank and shall send to the Bank, not later than six months after the end of the fiscal year of the Borrower, certified copies of such accounts and the auditor's report thereon.

Section 5.11. The Borrower shall so exercise its powers and perform its functions that the tariffs for sale of electricity, water and gas and hire of apparatus it prescribes will provide sufficient revenue :

- (a)* to cover operating expenses, including taxes, if any, and to provide adequate maintenance and depreciation, and interest payments on borrowing;
- (b)* to meet periodic repayments on long-term indebtedness and sinking fund contributions to the extent that such repayments and contributions exceed the provisions for depreciation; and
- (c)* to create reasonable reserves.

Section 5.12. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall not incur any long-term indebtedness unless the Borrower's net revenues for any twelve consecutive months out of the fifteen-month period last preceding the date of such

incurrence shall be not less than 1.5 times the maximum debt service requirements on all the Borrower's long-term indebtedness (including the debt to be incurred) in any succeeding fiscal year. For the purposes of this Section :

- (a) the term " long-term indebtedness " shall mean any debt maturing by its terms more than one year after the date on which it is originally incurred ;
- (b) debt shall be deemed to be incurred on the date it is drawn down pursuant to the contract or loan agreement providing for such debt ;
- (c) the term " net revenues " shall mean gross revenues from all sources (excluding interest on sinking fund investments), adjusted to take account of tariffs in effect at the time of incurrence of debt even though they were not in effect during the twelve consecutive months to which such revenues related, less operating and administrative expenses, including provision for taxes, if any, but before provision for depreciation and debt service requirements ;
- (d) the term " debt service requirements " shall mean the aggregate amount of amortization (including sinking fund contributions), interest and other charges on debt ;
- (e) whenever it shall be necessary to value in the currency of the Guarantor debt payable in another currency, such valuation shall be made on the basis of the rate of exchange at which such other currency is obtainable by the Borrower, at the time such valuation is made, for the purposes of servicing such debt or, if such other currency is not so obtainable, at the rate of exchange that will be reasonably determined by the Bank.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if a default shall occur 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 bond delivered pursuant thereto or under any credit agreement between the Association and the Borrower and such default shall continue for a period of thirty days, or (iii) if a default shall occur in the payment of principal or interest or any other payment required under any loan agreement or under any guarantee agreement between the Guarantor and the Bank or under any bond delivered pursuant to any such agreement or under any credit agreement between the Association and the Guarantor under circumstances which would make it unlikely that the Guarantor would meet its obligations under the Guarantee Agreement and such default shall continue for a period of thirty days, or (iv) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations or in Section 6.02 of this Agreement 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. Pursuant to Section 5.02 (I) of the Loan Regulations, the following is specified as an additional event for the purpose of said Section :

any amendment or repeal of any of the provisions of Parts I, II, III, IV or VI or Sections 72 or 88 of the Public Utilities Ordinance, 1963, of Singapore as amended at the date of this Agreement, which materially affects the powers, duties, functions or responsibilities of the Borrower shall have been brought into operation without the agreement of the Bank.

Article VII

MISCELLANEOUS

Section 7.01. (a) If by December 31, 1969, or such later date as may be agreed by the Bank, the full amount of the Loan allocated by agreement between the Bank and the Borrower to the financing of goods required for Part I (Power Distribution) of the Project shall not have been withdrawn from the Loan Account, the Bank may by notice to the Borrower cancel the unwithdrawn part of such amount.

(b) The Closing Date shall be March 31, 1972 or such later date as may be agreed by the Bank.

Section 7.02. The date of August 31, 1967, is specified for the purposes of Section 9.04 of the Loan Regulations.

Section 7.03. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

General Manager
Public Utilities Board
City Hall
Singapore 6

Alternative address for cablegrams and radiograms :

Piyubi
Singapore

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

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.

International Bank for Reconstruction and Development :

By George D. Woods
President

Public Utilities Board, Singapore :

By WONG Lin Ken
Authorized Representative

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>
June 1, 1970	\$250,000	June 1, 1979	\$660,000
December 1, 1970	255,000	December 1, 1979	685,000
June 1, 1971	265,000	June 1, 1980	705,000
December 1, 1971	270,000	December 1, 1980	725,000
June 1, 1972	440,000	June 1, 1981	745,000
December 1, 1972	455,000	December 1, 1981	770,000
June 1, 1973	465,000	June 1, 1982	795,000
December 1, 1973	480,000	December 1, 1982	820,000
June 1, 1974	495,000	June 1, 1983	840,000
December 1, 1974	510,000	December 1, 1983	865,000
June 1, 1975	525,000	June 1, 1984	895,000
December 1, 1975	540,000	December 1, 1984	920,000
June 1, 1976	560,000	June 1, 1985	945,000
December 1, 1976	575,000	December 1, 1985	975,000
June 1, 1977	590,000	June 1, 1986	1,005,000
December 1, 1977	605,000	December 1, 1986	1,035,000
June 1, 1978	630,000	June 1, 1987	1,060,000
December 1, 1978	645,000		

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), 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 three years before maturity	½ %
More than three years but not more than six years before maturity	1 ½ %
More than six years but not more than eleven years before maturity	2 ½ %
More than eleven years but not more than sixteen years before maturity	3 ½ %
More than sixteen years but not more than eighteen years before maturity	5 %
More than eighteen years before maturity	6 %

SCHEDULE 2

DESCRIPTION OF PROJECT

PART I (Power Distribution)

Part I of the Project consists of the expansion of the electric power distribution system of the Borrower in Singapore for the years 1967-68. This Part I of the Project includes :

- (a) the expansion of the 66 kv system and the installation of associated substation equipment;
- (b) the expansion of the 22 kv and 6.6 kv primary distribution systems and the installation of associated primary distribution substation equipment;
- (c) the expansion of the 400/230 volt secondary distribution system and the installation of associated ancillary equipment and meters; and
- (d) a tariff study for the Electricity Department of the Borrower.

Part I of the Project is expected to be completed by June 30, 1969.

PART II (Water Supply)

Part II of the Project consists of the construction of a new Seletar dam and reservoir, expansion of the Woodleigh Water Treatment Plant and improvements and extensions to the system of water supply and primary distribution mains in Singapore. This Part II of the Project includes :

- (a) the construction of a new dam, a 4,500 million imperial gallon reservoir and ancillary buildings for Seletar, facilities to withdraw and pump water from several nearby streams to the reservoir and pumping stations and pipelines to transfer water from the Seletar Reservoir via the Pierce Reservoir to the Woodleigh Water Treatment Plant and to the MacRitchie Reservoir;
- (b) the construction of new filters and conduits, the installation of new water treatment and pumping equipment, the erection of ancillary buildings and other improvements to the existing Woodleigh Water Treatment Plant to provide plant capacity adequate for average flows of about 40 million imperial gallons per day and peak flows of about 54 million imperial gallons per day; and
- (c) extensions to the transmission and primary distribution system and the purchase of water meters required under the 1967-70 expansion program of the Water Department of the Borrower.

Part II of the Project is expected to be completed by December 31, 1970.