

No. 8945

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

Guarantee Agreement—*Power Project* (with annexed Loan Regulations No. 4, as amended, and Loan Agreement between the Bank and the Tanganyika Electric Supply Company, Limited). Signed at Washington, on 13 November 1967

Official text: English.

Registered by the International Bank for Reconstruction and Development on 29 January 1968.

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

Contrat de garantie — *Projet relatif à l'énergie électrique* (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 la Tanganyika Electric Supply Company, Limited). Signé à Washington, le 13 novembre 1967

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 29 janvier 1968.

No. 8945. GUARANTEE AGREEMENT¹ (*POWER PROJECT*)
BETWEEN THE UNITED REPUBLIC OF TANZANIA
AND THE INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT. SIGNED AT WASHINGTON,
ON 13 NOVEMBER 1967

AGREEMENT, dated November 13, 1967 between UNITED REPUBLIC OF TANZANIA (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 Tanganyika Electric Supply Company, Limited (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 five million two hundred thousand dollars (\$5,200,000), 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 1

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, 1967,² subject, however, to the modifications thereof set forth in Schedule 3 to the Loan 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. The terms defined in said Loan Agreement shall have the same meaning as if such definitions were fully set forth herein.

¹ Came into force on 27 December 1967, upon notification by the Bank to the Government of Tanzania.

² See p. 248 of this volume.

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 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; (ii) any pledge of commercial goods to secure debt maturing not more than one year after its date and to be paid out of the proceeds of sale of such commercial goods; and (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 Guarantor" as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision, including the Bank of Tanzania or any other institution performing the functions of a central Bank.

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 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, 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 Bonds and the Supplemental Indenture 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.

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 Guarantor or laws in effect in its territories.

Section 3.06. Except as the Bank shall otherwise agree, during the construction of the Project the Guarantor shall not enter into, and shall cause its agencies not to enter into, any commitment for the construction of any major installation for the generation of electricity not included in the Project.

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 of the Guarantor for the time being responsible for finance 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 :

Principal Secretary
The Treasury
P.O. Box 9111
Dar es Salaam
Tanzania

Alternative address for cables :

Treasury
Dar es Salaam

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 :

Intbafrad
Washington, D.C.

Section 5.02. The Minister of the Guarantor for the time being responsible for finance 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 Republic of Tanzania :

By M. M. J. S. LUKUMBUZYA
Authorized Representative

International Bank for Reconstruction and Development :

By Simon ALDEWERELD
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

AGREEMENT, dated November 13, 1967, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and TANGANYIKA ELECTRIC SUPPLY COMPANY, LIMITED, a corporation organized and existing under the laws of the United Republic of Tanzania (hereinafter called the Borrower).

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 February 15, 1961, as amended February 9, 1967,¹ with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 3 to this Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations).

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

(a) The term "subsidiary" means any corporation, company, firm, or association directly or indirectly controlled by the Borrower.

(b) The term "1962 Trust Deed" means the trust deed dated January 19, 1962, between the Borrower and Pearl Assurance Company Limited, as Trustee, securing, at the date of this Agreement, Debenture Stock in a principal amount of three million pounds in the currency of the United Kingdom of Great Britain and Northern Ireland and shall, except where the context otherwise requires, include any deeds or instruments supplemental thereto.

(c) The term "Supplemental Indenture" means the deed or deeds and other instruments which shall be executed by the Borrower in accordance with the provisions of Section 5.04 of this Agreement in order to modify the security of the 1962 Trust Deed as in said Section provided.

¹ See above.

(d) The term "Trust Deed" means the 1962 Trust Deed as modified by the Supplemental Indenture and shall, except where the context otherwise requires, include each deed and other instrument included in the Supplemental Indenture and any deed or deeds supplemental to the 1962 Trust Deed as so modified which shall be executed and delivered in accordance with the provisions thereof.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower an amount in various currencies equivalent to five million two hundred thousand dollars (\$5,200,000).

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; provided, however, that except as the Bank may otherwise agree, until the Borrower shall have complied with the provisions of Section 5.04 of this Agreement no more than an amount equivalent to one million dollars (\$1,000,000) shall be withdrawn from the Loan Account.

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 so withdrawn from time to time.

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 January 1 and July 1 in each year.

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 in accordance with the provisions of this Agreement to expenditures on the Project described in Schedule 2 to this Agreement. The specific allocation of the proceeds of the Loan, and the methods and procedures for procurement of the goods to be financed out of such

proceeds, shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

Section 3.02. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in carrying out 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 the Trust Deed and Article VI of the Loan Regulations.

Section 4.02. A Director and the Secretary of the Borrower, or such person or persons as may be authorized for the purpose by the Board of Directors of the Borrower, are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

Section 4.03. The Bank and the Borrower shall be at liberty to make such arrangements as they may from time to time agree as to the procedure for the issue, authentication and delivery of the Bonds and the form thereof and of the guarantees endorsed thereon, and such arrangements may be in addition to or in substitution for any of the provisions of this Loan Agreement.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound engineering, financial and public utility practices.

(b) The Borrower shall obtain the agreement of the Bank to any contractors employed in carrying out the Project.

Section 5.02. (a) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans and specifications (including construction schedules) for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(b) 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.

(c) The Borrower shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan, the sites, works, construction and operations included in the Project and all other plants, works, properties, equipment and operations of the Borrower and to examine any relevant records and documents.

(d) 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 use of the goods purchased therewith, the progress of the Project and the administration, operations and financial condition of the Borrower.

Section 5.03. (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 by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and other matters relating to the purposes of the Loan.

(b) 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 or the performance by the Borrower of its obligations under the Loan Agreement.

Section 5.04. (a) The Borrower shall as soon as practicable execute, deliver and register all such deeds and other instruments, in such form as the Bank may reasonably require, to cause the security constituted by the 1962 Trust Deed to be so modified and extended that as so modified and extended it will constitute by way of security for the principal of, interest on and premium on prepayment (if any) on, the Loan and the Bonds, *pari passu* with the Debenture Stock issued under the 1962 Trust Deed :

- (1) a first mortgage upon (i) all the properties of the Borrower expressed in the 1962 Trust Deed to be the specifically mortgaged premises thereunder or intended so to be and (ii) the properties of the Borrower listed in Schedule 4 to this Agreement and
- (2) a first floating charge upon all the property and assets expressed in the 1962 Trust Deed to be charged or intended so to be by the first floating charge created thereby.

(b) The Borrower shall as soon as practicable furnish to the Bank an opinion or opinions satisfactory to the Bank of legal counsel acceptable to the Bank showing that said deeds and instruments to be executed, delivered and registered by the Borrower pursuant to paragraph (a) of this Section have been validly and effectively issued, recorded, filed and registered, and have created valid and effective mortgages and charges in accordance with their terms.

Section 5.05. Except as the Bank and the Borrower shall otherwise agree, the Borrower will not create, incur, assume or suffer to exist any lien upon any of its properties or assets, whether now owned or hereafter acquired, unless such lien shall rank after the lien constituted by the Trust Deed; provided, however, that the foregoing provisions of this Section shall not apply to :

- (i) the mortgage and charge of the Trust Deed in respect of debenture stock or bonds issued in accordance with the provisions thereof and
- (ii) any lien, other than a lien on any of the properties listed in Schedule 4 to this Agreement, permitted by Clause 10 of the 1962 Trust Deed on the date of this Agreement.

Section 5.06. (a) The Borrower shall at all times maintain its corporate existence and right to carry on its operations, and take all steps necessary to acquire, maintain and renew all rights, powers, privileges, concessions and franchises which are necessary or useful in the conduct of its business.

(b) 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 and public utility practices.

(c) The Borrower shall at all times carry on its operations, manage its affairs, maintain its financial position, and plan the future expansion of its electric power system, all in accordance with sound business, financial and public utility principles and practices and under the supervision of experienced and competent management.

Section 5.07. The Borrower shall have its financial statements (balance sheet and related statement of earnings and expenses) certified annually by an independent accountant or accounting firm acceptable to the Bank and shall promptly after their preparation and not later than four months after the close of the calendar year transmit to the Bank certified copies of such statements and a signed copy of the accountant's or accounting firm's report.

Section 5.08. 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 Agreement,¹ the Supplemental Indenture or the Bonds or the payment of principal, interest or other charges thereunder; 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 5.09. 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, the Supplemental Indenture or the Bonds.

Section 5.10. (a) The Borrower shall take out and maintain with responsible insurers or make other provisions 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 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.

¹ See p. 240 of this volume.

Section 5.11. Except as the Bank shall otherwise agree, the Borrower shall not incur any debt unless the Borrower's net revenue for the fiscal year next preceding the date of such incurrence or for a later twelve-month period ended prior to the date of such incurrence, whichever is the greater, shall be not less than 1.5 times the maximum debt service requirement for any succeeding fiscal year on all the Borrower's debt, including the debt to be incurred. For the purposes of this Section :

- (i) the term "debt" means all debt except debt incurred in the ordinary course of business and maturing by its terms on demand or less than one year after its incurrence;
- (ii) the term "incur" with reference to any debt includes any modification of the terms of payment of such debt. Debt shall be deemed to be incurred (i) under a contract or loan agreement, on the date it is drawn down pursuant to such contract or loan agreement, and (ii) under a guarantee agreement, on the date the agreement providing for such guarantee shall have been entered into;
- (iii) the term "net revenue" means gross operating revenue, adjusted to take account of tariffs in effect at the time of the incurrence of debt even though they were not in effect during the fiscal year or twelve-month period to which such revenues relate, less all operating expenses, including adequate maintenance, taxes, if any, and administrative expenses, but before provision for depreciation and debt service requirements;
- (iv) the term "debt service requirement" means the aggregate amount of amortization (including sinking fund payments, if any), interest and other charges on debt;
- (v) 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.

Section 5.12. The Borrower shall not consent to any action taken at any meeting of bondholders or by written instrument pursuant to the provisions of the Trust Deed which would change the terms of the Bonds or adversely affect the holders thereof or the Bank unless the Bank shall have expressed in writing its approval of such action or such consent.

Section 5.13. The Borrower shall duly perform all obligations to be performed by it under the 1962 Trust Deed and the Trust Deed.

Section 5.14. The Borrower shall not amend its Memorandum or Articles of Association without the approval of the Bank.

Section 5.15. Except as the Bank shall otherwise agree, the Borrower shall have no subsidiaries.

Section 5.16. (a) The Borrower shall from time to time adjust its tariffs, or take all steps necessary or desirable to obtain such adjustments, so that revenues from its operations are sufficient to cover all operating and administrative expenses, including

taxes (if any), adequate maintenance and adequate depreciation, and to produce a reasonable return on net fixed assets in operation.

(b) Without limitation or restriction upon the provisions of paragraph (a) of this Section, the Borrower shall not reduce the general level of its tariffs as established on February 1, 1966 during the period of construction of the Project.

Section 5.17. Except as the Bank shall otherwise agree, during the period of construction of the Project the Borrower shall not enter into any commitment for the construction of any major installation for the generation of electricity not included in the Project.

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 Section 6.02 of this Agreement shall occur or (v) 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. Pursuant to Section 5.02 (I) of the Loan Regulations, the following are specified as additional events for the purposes of said Section :

(a) The security constituted by the 1962 Trust Deed or the Trust Deed shall have become enforceable.

(b) The Electricity (Tanganyika Electricity Supply Company Limited) License, 1957 or the Agreement, dated February 28, 1957, between the Governor of Tanganyika and the Borrower shall have been amended, abrogated, waived, assigned, suspended or revoked without the prior concurrence of the Bank.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be June 30, 1971, or such later date as may be agreed by the Bank.

Section 7.02. The date of January 1, 1968, 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 :

Tanganyika Electric Supply Company, Limited
P.O. Box 9024
Dar es Salaam
United Republic of Tanzania

Alternative address for cables :

Tanesco
Dar es Salaam

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 :

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 Simon ALDEWERELD
Vice President

Tanganyika Electric Supply Company, Limited :

By M. M. J. S. LUKUMBUZYA
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> |
|-----------------------------|--|-----------------------------|--|
| July 1, 1971 | \$90,000 | January 1, 1980 | \$150,000 |
| January 1, 1972 | 95,000 | July 1, 1980 | 155,000 |
| July 1, 1972 | 95,000 | January 1, 1981 | 160,000 |
| January 1, 1973 | 100,000 | July 1, 1981 | 165,000 |
| July 1, 1973 | 100,000 | January 1, 1982 | 165,000 |
| January 1, 1974 | 105,000 | July 1, 1982 | 170,000 |
| July 1, 1974 | 105,000 | January 1, 1983 | 180,000 |
| January 1, 1975 | 110,000 | July 1, 1983 | 185,000 |
| July 1, 1975 | 115,000 | January 1, 1984 | 190,000 |
| January 1, 1976 | 115,000 | July 1, 1984 | 195,000 |
| July 1, 1976 | 120,000 | January 1, 1985 | 200,000 |
| January 1, 1977 | 125,000 | July 1, 1985 | 205,000 |
| July 1, 1977 | 130,000 | January 1, 1986 | 210,000 |
| January 1, 1978 | 130,000 | July 1, 1986 | 220,000 |
| July 1, 1978 | 135,000 | January 1, 1987 | 225,000 |
| January 1, 1979 | 140,000 | July 1, 1987 | 230,000 |
| July 1, 1979 | 145,000 | January 1, 1988 | 240,000 |

* 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 | 1½% |
| More than six years but not more than eleven years before maturity | 2½% |
| More than eleven years but not more than sixteen years before maturity. | 3½% |
| 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

The Project consists of the following :

A. *Ubungo Power Station*

Installation at the existing power station at Ubungo of about 18 MW of diesel engine driven generating plant together with the necessary auxiliaries and extensions to the main switch and control boards, cooling water system, fuel system and buildings.

B. *Ubungo Substation*

Construction of an extension to the existing Ubungo outdoor substation, including provision of facilities for additional feeders.

C. *Mwanza Power Station*

Installation at the existing power station at Mwanza of about 3 MW of diesel engine driven generating plant together with the necessary auxiliaries.

D. *Minor Generating Stations*

Construction of additional minor generating stations and extensions to existing minor generating stations in isolated areas including provision of additional generating units, switchgear, cooling systems, buildings and auxiliaries.

E. *Transmission Lines and Substations*

Extension of 33 kv transmission networks by construction of about 100 miles of overhead lines and substations, mainly in the Moshi/Arusha and Coastal Areas.

F. *H.T. and L.T. Distribution*

Reinforcement, extension and reconstruction of H.T. and L.T. distribution lines and substations and consumers services throughout the supply areas.

It is expected that the Project will be completed by the end of 1970.

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 February 15, 1961, as amended February 9, 1967, shall be deemed to be modified as follows :

(1) By the deletion in the second sentence of Section 4.01 of the words " expenditures prior to the Effective Date " and the substitution therefor of the words " expenditures prior to August 1, 1967 ".

(2) By the deletion of Section 6.01.

(3) Section 6.07 is amended to read as follows :

“SECTION 6.07. *Form of Bonds.* The Bonds shall be fully registered bonds without coupons (hereinafter sometimes called registered Bonds) or bearer bonds with coupons for semi-annual interest attached (hereinafter sometimes called coupon Bonds). Bonds delivered to the Bank shall be registered Bonds or coupon Bonds in such temporary or definitive form (authorized by the Trust Deed) as the Bank shall request. Registered Bonds and coupon Bonds payable in dollars and the coupons attached thereto shall be substantially in the forms respectively set forth in the Trust Deed. Bonds payable in any currency other than dollars shall be substantially in the forms respectively set forth in the Trust Deed, as the case may be, except that they shall (a) provide for payment of principal, interest and premium on redemption, if any, in such other currency, (b) provide for such place of payment as the Bank shall specify, and (c) contain such other modifications as the Bank shall reasonably request in order to conform to the laws or to the financial usage of the place where they are payable. All Bonds shall have the guarantee of the Guarantor endorsed thereon substantially in the form set forth in Schedule 3 to these Regulations.”

(4) The following sentence is added at the beginning of Section 6.09, namely :

“Except as the Bank and the Borrower shall otherwise agree, Bonds shall be dated as hereinafter in this Section provided.”

(5) In Section 7.01, after the words “Guarantee Agreement” where those words occur, the words, “the Trust Deed” are added.

(6) In Section 7.02, after the words “any modification or amplification of the provisions of the Loan Agreement contemplated by the terms thereof;”, the words “any modification or amplification of any other document related to the Loan or related to any security therefor;” are added.

(7) By the deletion of subparagraph (j) of Section 7.04 and the substitution therefor of the following :

“(j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the determination of controversies between the parties to the Loan Agreement and Guarantee Agreement or any claim by any such party against any other such party arising thereunder; provided, however, that nothing herein shall be deemed to preclude any of the said parties from exercising, or instituting any legal or equitable action to enforce, any right or claim arising out of or pursuant to the Trust Deed or the Bonds, and submission to arbitration hereunder shall not be deemed to be a condition precedent or in any way to prejudice such exercise or other enforcement of any such right or claim.”

(8) By the deletion of paragraph 9 of Section 10.01 and the substitution thereof of the following new paragraph, namely :

“ The term ‘Bonds’ means bonds issued and authenticated pursuant to the Trust Deed, with the guarantee of the Guarantor endorsed thereon as provided in the Loan Agreement and the Guarantee Agreement. ”

SCHEDULE 4

LIST OF PROPERTIES TO BE MORTGAGED

Dar es Salaam

Plots Nos. 763/33 and 754/33, Independence Avenue (Head Office Block)
46, Kingsway Estate (Laibon Road House)
Plot No. 71, Msasani (Haile Selassie Road House)
Plot No. 32, Doyle Road (Msesse Road House)
Victoria Dairy Estate Substation
Ubungu Power Station : Plots Nos. 8, 9 and 10
Stores Depot, Port Industrial Area

Kigoma

New Power Station

Morogoro

Chalinze Camp
Access Road to Ruvu Pump House Substation
Kingolwira Sisal Estate Substation
Tungi Estate Substation
Access Road to Songa Substation
7,000 sq. ft. in Kilosa Township (Substation)

Moshi

33/11 kV Substation Site
Moshi Trade School Substation
Plots Nos. 69 and 70, Block ‘B’ Commercial Area (Office Premises)
Nyumba ya Mungu Power Station

Mpwapwa

Plot No. 8 (Office and Staff Quarters)

Musoma

Power Station

Mwanza

Plot No. 19, Block ‘X’ (Staff House)
New Power Station

Singida

Plot No. 1a, Block 2 (Power Station)

Tanga

Block 'KXB' Pangani Road (Substation)
170 sq. ft. Ngamiani Street (Substation)
Block KB IX, Jamhuri Road (Substation)
Plot No. 25, Block E, Korogwe (Office Premises)
Plot No. 14d, Nguvumali (Staff House)

Tukuyu

Plots Nos. 8 and 9 and unsurveyed area (Power Station)
