

No. 10107

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

Guarantee Agreement—Volta Expansion Project (with annexed General Conditions applicable to Loan and Guarantee Agreements of the Bank and Loan Agreement between the Bank and the Volta River Authority). Signed at Washington on 23 June 1969

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 22 December 1969.

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

Contrat de garantie – Projet d'expansion de la Centrale électrique de la Volta (avec, en annexe, les Conditions générales applicables aux contrats d'emprunt et de garantie de la Banque et le Contrat d'emprunt entre la Banque et la Volta River Authority). Signé à Washington le 23 juin 1969

Texte authentique : anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 22 décembre 1969.

GUARANTEE AGREEMENT¹

AGREEMENT, dated June 23, 1969, between REPUBLIC OF GHANA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by the Loan Agreement of even date herewith² between the Bank and Volta River Authority (hereinafter called the Borrower) the Bank has agreed to make to the Borrower a loan in various currencies equivalent to six million dollars (\$6,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree 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 Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,³ with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in Section 1.02 of the Loan Agreement have the respective meanings therein set forth.

¹ Came into force on 1 October 1969 upon notification by the Bank to the Government of Ghana.

² See p. 266 of this volume.

³ See p. 266 of this volume.

Article II

Section 2.01. Without limitation or restriction upon any of its other obligations under this Guarantee Agreement, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest and other charges on, the Loan and the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds prior to their maturity, and the punctual performance of all the obligations 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 (including the funds specified in Section 23 (1) and (2) of the Volta River Development Act, 1961) 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 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 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, without limitation, the Bank of Ghana and the Ghana Commercial 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 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 Guarantee 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.

Section 3.05. (a) Except as the Bank shall otherwise agree, the Guarantor shall, to the extent that it has an interest therein and is obligated or entitled to do so, take all action necessary to maintain in full force and

effect, and secure the prompt and diligent performance by the parties thereto of, the Scheduled Documents.

(b) The Guarantor and the Bank shall exchange views as to any arbitration or any proceeding before the Referee contemplated or undertaken pursuant to any of the Scheduled Documents in which the Guarantor has an interest. The Guarantor shall promptly advise the Bank of any such arbitration or other proceeding contemplated or undertaken and shall give the Bank such information as the Bank shall reasonably request to enable the Bank if it so desires to make its views thereon known to the Guarantor and in any such arbitration or other proceeding.

Section 3.06. The Guarantor, except as the Bank shall otherwise agree: (a) shall not undertake or assist in the financing of an additional major power project in its territories unless (i) such project would not prevent or materially interfere with the successful construction and operation of the Project and the project described in the First Bank Loan Agreement and (ii) there is adequate economic justification for such additional project, taking into account not only the said project standing by itself but also the effect of such project on the obligations assumed by the Guarantor and the Borrower in connection with the Project and the project described in the First Bank Loan Agreement; and (b) shall consult with the Bank before it undertakes or assists in the financing of a major power project in its territories.

Section 3.07. The Guarantor shall not, without the prior approval of the Bank: (a) agree to any amendment of the agreement between the Guarantor and the Export-Import Bank of the United States relating to the guarantee under certain circumstances of the loans to be made pursuant to the Exim-Valco Loan Agreement and Second Exim-Valco Loan Agreement, or (b) take or permit any action to be taken which shall lead to the occurrence of an Event of Guarantee under such agreement between the Guarantor and the Export-Import Bank of the United States.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the General Conditions, its guarantee on the Bonds to be executed and delivered by the Borrower. The Commissioner responsible for

Finance of the Guarantor and such person or persons as he shall appoint in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 8.10 of the General Conditions.

Article V

Section 5.01. The Commissioner responsible for Finance of the Guarantor is designated as representative of the Guarantor for the purposes of Section 10.03 of the General Conditions.

Section 5.02. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Guarantor:

The Principal Secretary
Ministry of Finance
P. O. Box M40
Accra, Ghana

Alternative address for cables:
Prudence
Accra

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 Guarantee Agreement to be signed in their respective names and to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

Republic of Ghana:
By E. M. DEBRAH
Authorized Representative

International Bank for Reconstruction and Development:
By J. Burke KNAPP
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

[Not published herein. See *United Nations, Treaty Series, vol. 691, p. 300.*]

LOAN AGREEMENT

AGREEMENT, dated June 23, 1969, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and VOLTA RIVER AUTHORITY (hereinafter called the Borrower), a corporation established under the Volta River Development Act, 1961, of the Republic of Ghana (hereinafter called the Guarantor).

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,¹ with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "First Bank Loan Agreement" means the agreement dated February 8, 1962² between the Bank and the Borrower, providing for a loan to the Borrower in an amount in various currencies equivalent to \$47,000,000.

(b) The terms "AID Loan Agreement", "Exim-Authority Loan Agreement", "UK Loan Agreement", "Master Agreement", "Power Contract", "Subscription Agreement", "Long Term Tolling Contracts", "Exim-Valco Loan Agreement", "Voting Trust Arrangements", "Valco Current Accounts Trust" and "Scheduled Documents" mean the respective agreements and documents referred to in the meanings assigned to such terms in the First Bank Loan Agreement as such

¹ See p. 266 of this volume.

² United Nations, *Treaty Series*, vol. 449, p. 207.

agreements and documents have been, or shall be, amended with the agreement of the Bank.

(c) "Canadian Loan Agreements" means the agreement to be entered into between the Guarantor and the Government of Canada providing for a loan to the Guarantor in the amount of approximately \$5,400,000 equivalent for the generators and certain of the substation facilities at Akosombo referred to in paragraphs (1) and (2) of Schedule 3 to this Agreement, and the agreement or arrangements by which the proceeds of such loan to the Guarantor shall be relent by the Guarantor to the Borrower.

(d) "Valco" means Volta Aluminium Company Limited, a company organized and existing under the Companies Code of the Guarantor.

(e) "Smelter" means the aluminum smelter of Valco located adjacent to the port of Tema in Ghana.

(f) "Second Exim-Valco Loan Agreement" means the agreement to be entered into between Valco and the Export-Import Bank of the United States, an agency of the United States of America, providing for a loan in the amount of approximately \$10,500,000 for the expansion of the Smelter.

(g) "Barclays-Valco Loan Agreement" means the agreement to be entered into between Valco and Barclays Bank D.C.O. providing for a loan in the amount of approximately \$5,000,000 equivalent in currency of the Guarantor for the expansion of the Smelter.

(h) "Power operations" means the operations and activities of the Borrower which are related to the generation and transmission of electric power.

(i) "Non-power operations" means the operations and activities of the Borrower which are not related to the generation and transmission of electric power.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Loan Agreement set forth or referred to, an amount in various currencies equivalent to six million dollars (\$6,000,000).

Section 2.02. (a) 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.

(b) 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 Loan Agreement and in accordance with the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Bank and the Borrower.

Section 2.03. The Borrower shall be entitled to withdraw from the Loan Account such amounts as shall have been paid (or, if the Bank shall so agree, shall be required to meet payments to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed under this Loan Agreement.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($3/4$ of 1 %) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. The Borrower shall pay interest at the rate of six and one-half per cent (6.5 %) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on June 15 and December 15 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 2 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 Loan Agreement to expenditures on the Project, described in Schedule 3 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree : (i) the goods and services to be financed out of the proceeds of the Loan shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in February 1968, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Agreement, and (ii) contracts for the procurement of such goods and services shall be subject to the prior approval of the Bank.

Section 3.03. Except as the Bank shall otherwise agree, the Borrower shall cause all goods and services 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 Article VIII of the General Conditions.

Section 4.02. The Chief Executive of the Borrower and such other person or persons as he may appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

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) Except as the Bank shall otherwise agree, in the carrying out of the Project, the Borrower shall:

- (i) cause the study by consultants currently in progress of the Borrower's tariff structure, including their recommendations, to be completed by December 31, 1969;
- (ii) engage consultants acceptable to the Bank and on terms and conditions satisfactory to the Bank:
 - (A) to provide services for the preparation of specifications and tender documents, analysis of tenders, design, contract and construction supervision, and commissioning for the generating units referred to in paragraph (1) of Schedule 3 of this Agreement and the substations and related facilities at Akosombo, Volta (Tema) and the Smelter referred to in paragraph (2) of such Schedule 3; and
 - (B) to review future expansion plans and make recommendations by December 31, 1971 as to the most economic development of the Borrower's generation capacity after completion of the Project; and
- (iii) carry out a review, with the assistance of consultants if necessary, in a manner acceptable to the Bank and the Borrower:
 - (A) of the Borrower's operations, organizational structure and staffing policies by June 30, 1970; and

(B) of the Borrower's accounting system and practices by December 31, 1969,

and take such appropriate measures as may be indicated by the conclusions of such review.

(c) Except as the Bank shall otherwise agree, the Borrower shall, in the carrying out of the Project, employ competent and experienced contractors mutually acceptable to the Bank and the Borrower and on terms and conditions mutually satisfactory to the Bank and the Borrower.

Section 5.02. (a) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans and specifications and the construction and installation 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 and services 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 financial condition and operations 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, all other plants, works, properties and equipment of the Borrower and 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 Project, the goods and services financed out of the proceeds of the Loan, the administration, operations and financial condition of the Borrower, its relations with Valco and the carrying out of the Borrower's rights and obligations under the documents specified in Section 5.11 (a) of this Agreement and any other agreements related thereto.

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

Section 5.03. (a) The Bank and the Borrower shall co-operate 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, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

(c) The Borrower shall consult with the Bank regarding the naming of a Manager pursuant to the Voting Trust Arrangements and of a Referee pursuant to the Long Term Tolling Contracts.

Section 5.04. 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 5.05. 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 this 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 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 5.06. 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 this Loan Agreement, the Guarantee Agreement or the Bonds.

Section 5.07. (a) The Borrower shall take out and maintain with responsible insurers, or make other provision satisfactory to the Bank for, insurance against

¹ See p. 256 of this volume.

such risks and in such amounts as shall be consistent with sound business 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 5.08. The Borrower shall:

- (i) 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;
- (ii) except as the Bank shall otherwise agree, take all steps necessary to maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business; and
- (iii) at all times carry on its operations and maintain its financial position in accordance with sound business and public utility practices, and in that connection shall act in accordance with the requirements of the Volta River Development Act, 1961.

Section 5.09. (a) Except as the Bank and the Borrower shall otherwise agree, the Borrower shall take such reasonable action as may be required, including the adjustment from time to time of its rates for the supply of power, to provide revenues from the Borrower's power operations sufficient to produce, for the fiscal year of the Borrower ending December 31, 1974 and thereafter, an annual rate of return of not less than 8 % on the Guarantor's investment in the Borrower.

(b) For the purposes of this Section:

- (i) The annual rate of return shall be calculated by relating the net income for the Borrower's fiscal year in question to the average of the Guarantor's investment in the Borrower at the beginning and at the end of such fiscal year.
- (ii) The term "Guarantor's investment in the Borrower" shall mean the book value of:
 - (A) the Guarantor's capital contributions to the Borrower for the Borrower's electric power generation and transmission facilities and operations; and
 - (B) cumulative earnings generated by and retained in the Borrower's power

operations, increased by amounts corresponding to appropriate revaluations of the Borrower's electric power generation and transmission facilities, calculated in accordance with methods agreed with the Bank.

(iii) The term "net income" shall mean the difference between:

- (A) gross operating revenues accruing from the Borrower's power operations; and
- (B) the operating and administration expenses related to such gross operating revenues, including taxes (if any), adequate maintenance, straight line depreciation at rates satisfactory to the Bank and interest and other charges on debt.

Section 5.10. (a) The Borrower shall have at all times qualified and experienced management and staff.

(b) The Borrower shall obtain the approval of the Bank to any proposed appointment to the position of Chief Executive of the Borrower prior to the making of such appointment.

Section 5.11. (a) Except as the Bank and the Borrower shall otherwise agree, the Borrower shall, to the extent that it has an interest therein and is obligated or entitled to do so, take all such reasonable action as may be necessary to maintain in full force and effect, and to secure the prompt and diligent performance by the parties thereto of, the Scheduled Documents, the Subscription Agreement, the Long Term Tolling Contracts, the Valco Current Accounts Trust, the Voting Trust Arrangements and the managing agreement relating thereto, the AID Loan Agreement, the Exim-Authority Loan Agreement, the UK Loan Agreement and the Canadian Loan Arrangements.

(b) The Bank and the Borrower shall exchange views as to any arbitration or any proceeding before the Referee contemplated or undertaken pursuant to any of the documents specified in paragraph (a) of this Section. The Borrower shall promptly advise the Bank of any such arbitration or other proceeding contemplated or undertaken and shall give the Bank such information as the Bank shall reasonably request to enable the Bank if it so desires to make its views thereon known to the Borrower and in any such arbitration or other proceeding.

Section 5.12. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not: (a) rescind or terminate the Power Contract, or (b) enter into an agreement to sell power or energy from the Project so as to effect a reduction of the Contract Rate (as that term is defined in the Power Contract) under Article 25 of the Power Contract.

Section 5.13. Except as the Bank and the Borrower shall otherwise agree, if the Borrower shall repay in advance of maturity any part of its indebtedness under the AID Loan Agreement, the Exim-Authority Loan Agreement, the UK Loan Agreement or the Canadian Loan Arrangements, the Borrower shall simultaneously repay a proportionate amount of the Loan then outstanding. All the provisions of the General Conditions relating to repayment in advance of maturity shall be applicable to any repayment by the Borrower in accordance with this Section.

Section 5.14. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not incur debt unless its net revenues for the fiscal year next preceding such incurrence or for a later twelve-month period ended prior to 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 debt, including the debt to be incurred. For the purposes of this Section:

(a) The term "debt" shall mean all debt of the Borrower 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 of execution and delivery of a contract or agreement providing for such debt;

(c) The term "net revenues" shall mean gross revenues from all sources, adjusted to take account of power rates 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 and administrative expenses, including provision for taxes, if any, but before provision covering depreciation, interest and other charges on debt;

(d) The term "debt service requirement" shall mean the aggregate amount of amortization (including sinking fund payments, if any), interest and other charges on debt; and

(e) Debt service payable in a currency other than currency of the Guarantor shall be valued at the rate of exchange at which such other currency is obtainable, on the date the additional debt is incurred, for the purpose of servicing such debt, or, if such currency is not so obtainable, at the rate of exchange as reasonably determined by the Bank.

Section 5.15. In the carrying out or expansion of its non-power operations, the Borrower shall continue to ensure that:

- (i) the cost, both capital and recurrent, of the non-power operations is financed without resort to the revenues of the Borrower from its power operations;
- (ii) the organization and the staff of the Borrower are adequate to enable the Borrower to engage in its non-power operations without detriment to the efficient conduct of its power operations; and
- (iii) under the Borrower's accounting system the accounts for each of its non-power operations are maintained separately from those for its power operations and from each of its other non-power operations.

The Borrower shall consult the Bank about arrangements which it proposes from time to time with respect to the matters specified in clauses (ii) and (iii) of this Section sufficiently in advance of the execution of such proposed arrangements for the Bank to have reasonable opportunity to express its views thereon.

Article VI

REMEDIES OF THE BANK

Section 6.01. If any event specified in Section 7.01 of the General Conditions or in Section 6.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof the Bank, at its option, may by notice to the Borrower and the Guarantor declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, together with the interest and other charges thereon, and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in this Loan Agreement or in the Bonds notwithstanding.

Section 6.02. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified:

(a) Any other loan or credit to the Borrower for money borrowed shall have become due and payable pursuant to the terms thereof prior to its stated maturity.

(b) Any Event of Release as determined pursuant to the Subscription Agreement or the Long Term Tolling Contracts shall have occurred, or any other event shall have occurred which, due to the fault of the Borrower or the Guarantor, shall have operated to release any of the parties thereto from the said agreements or from the Voting Trust Arrangements or the Valco Current Accounts Trust or to modify substantially the obligations of the parties thereunder.

(c) The Volta River Development Act, 1961, of the Guarantor or any provision thereof shall have been amended, suspended, terminated or repealed without the prior approval of the Bank, and such event shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and the Guarantor.

(d) The AID Loan Agreement, the Exim-Authority Loan Agreement, the UK Loan Agreement, the Canadian Loan Arrangements, the Master Agreement, the Power Contract, the Subscription Agreement, the Long Term Tolling Contracts, the Voting Trust Arrangements or the managing agreement relating thereto or the Valco Current Accounts Trust shall have been, in any material respect, amended, terminated, assigned or waived without the agreement of the Bank, and such event shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and the Guarantor.

(e) The Guarantor shall have taken any action which would prevent, or materially interfere with, the performance by the Borrower of its obligations or the assertion of its rights under the AID Loan Agreement, the Exim-Authority Loan Agreement, the UK Loan Agreement, the Canadian Loan Arrangements, the Subscription Agreement, the Long Term Tolling Contracts, the Voting Trust Arrangements or the managing agreement relating thereto or the Valco Current Accounts Trust, and such event shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and the Guarantor.

(f) The Exim-Valco Loan Agreement, the Second Exim-Valco Loan Agreement or the Barclays-Valco Loan Agreement shall have been amended, terminated, assigned or waived or any of the loans provided for thereunder shall have been cancelled or prematured, in whole or in part, so as materially and adversely to affect the ability of the Borrower to carry out the Project or to pay amounts due under the Loan or the Bonds, and such event shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and the Guarantor.

Section 6.03. For the purposes of Section 6.02 of the General Conditions the following additional events are specified:

(a) Any Event of Suspension as defined in the Subscription Agreement or the Long Term Tolling Contracts shall have occurred, or any other event shall have occurred which, due to the fault of the Borrower or the Guarantor, shall have operated to suspend the rights or obligations of any of the parties thereto under any of the said agreements or under the Voting Trust Arrangements or the Valco Current Accounts Trust.

(b) Any event shall have occurred which shall have operated to suspend the

right of the Borrower to withdraw amounts under the AID Loan Agreement or the Canadian Loan Arrangements.

Section 6.04. Notwithstanding Section 6.03 of the General Conditions, the Bank may by notice to the Borrower cancel an amount of the Loan in respect of which the right of the Borrower to make withdrawals from the Loan Account shall have been suspended because of the occurrence of an event specified in paragraph (a) of Section 6.03 of this Agreement only after any such suspension shall have continued for one year.

Article VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following events are specified as additional conditions to the effectiveness of this Loan Agreement within the meaning of Section 11.01 (c) of the General Conditions:

(a) The Borrower shall have engaged, on terms and conditions satisfactory to the Bank, engineering consultants or experts acceptable to the Bank, as provided in Section 5.01 (b) (ii) (A) of this Agreement, and shall have made arrangements satisfactory to the Bank for the financing of the cost of such engineering consultants or experts.

(b) The Canadian Loan Arrangements shall have been entered into in form and substance satisfactory to the Bank and shall have come into force and effect.

(c) Valco shall have made arrangements satisfactory to the Bank for the financing of the expansion of the Smelter and the operation of such expanded Smelter so as to enable Valco to meet its obligations under the Power Contract, such arrangements to include, without limitation, amendments satisfactory to the Bank of the Long Term Tolling Contracts and the Valco Current Accounts Trust.

Section 7.02. The date of October 1, 1969, is specified for the purposes of Section 11.04 of the General Conditions.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be December 31, 1973, or such other date as shall be agreed between the Bank and the Borrower.

Section 8.02. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

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.

For the Borrower:

Volta River Authority
P. O. Box M 77
Accra, Ghana

Alternative address for cables:

Volta
Accra

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and to be 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 J. Burke KNAPP
Vice President

Volta River Authority:

By E. L. QUARTEY
Authorized Representative

The Common Seal of the Volta River Authority was hereunto affixed pursuant to a resolution of the Authority passed and dated the 18th day of April one thousand nine hundred and sixty-nine in the presence of:

[SEAL]

E. L. QUARTEY
Chief Executive

E. Y. M. DZEBLE
Secretary

SCHEDULE 1

ALLOCATION OF PROCEEDS OF LOAN

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
A. Turbines, governors, auxiliary equipment, and civil works connected with the power plant expansion	3,100,000
B. Substation equipment including switchgear, transformers, auxiliary equipment, a transmission line connecting the Volta and Smelter substations, and related civil works	1,550,000
C. Construction and service vehicles	150,000
D. Consulting and training services	350,000
E. Miscellaneous works as in paragraph (4) of Schedule 3 to this Agreement	300,000
F. Unallocated	550,000
	TOTAL 6,000,000

REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories A to E shall decrease, the amount of the Loan then allocated to, and no longer required for, such Category will be reallocated by the Bank to Category F.

2. If the estimate of the cost of the items included in any of the Categories A to E shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Loan will be allocated by the Bank, at the request of the Borrower, to such Category from Category F, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of the cost of the items in the other Categories.

SCHEDULE 2

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 15, 1979	115,000	June 15, 1987	190,000
December 15, 1979	120,000	December 15, 1987	200,000
June 15, 1980	125,000	June 15, 1988	205,000
December 15, 1980	125,000	December 15, 1988	210,000
June 15, 1981	130,000	June 15, 1989	220,000
December 15, 1981	135,000	December 15, 1989	225,000
June 15, 1982	140,000	June 15, 1990	230,000
December 15, 1982	145,000	December 15, 1990	240,000
June 15, 1983	150,000	June 15, 1991	250,000
December 15, 1983	155,000	December 15, 1991	255,000
June 15, 1984	160,000	June 15, 1992	265,000
December 15, 1984	165,000	December 15, 1992	275,000
June 15, 1985	170,000	June 15, 1993	280,000
December 15, 1985	175,000	December 15, 1993	290,000
June 15, 1986	180,000	June 15, 1994	290,000
December 15, 1986	185,000		

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions.

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	¾ %
More than three years but not more than six years before maturity . .	1¼ %
More than six years but not more than eleven years before maturity . .	2¼ %
More than eleven years but not more than sixteen years before maturity .	3¼ %
More than sixteen years but not more than twenty-one years before maturity	5 %
More than twenty-one years but not more than twenty-three years before maturity	6 %
More than twenty-three years before maturity	6¼ %

SCHEDULE 3

DESCRIPTION OF THE PROJECT

The Project forms the major part of the Borrower's program for 1968-1972 to expand its electric power and transmission facilities and includes:

- (1) The installation at the Akosombo power station of two additional generating units, each with a nominal rating of not less than 128 MW and a maximum continuous rating of not less than 147 MW, together with all auxiliary equipment;
- (2) The expansion of 165 kv substations and related facilities at Akosombo, Volta (Tema) and the Smelter and of other 165 kv substation facilities at Volta (Tema), Sekondi-Takoradi and Kumasi;
- (3) Acquisition of construction and service vehicles required for maintenance of the Borrower's 165 kv transmission system;
- (4) Miscellaneous works to improve the Borrower's generating and transmission facilities;
- (5) The improvement of the Borrower's operations and accounting system; and
- (6) The study of the Borrower's future expansion program.

The Project is expected to be completed during 1972.

SCHEDULE 4

SUPPLEMENTARY PROCEDURES FOR PROCUREMENT OF GOODS
TO BE FINANCED OUT OF THE PROCEEDS OF THE LOAN

1. With respect to contracts for procurement of such goods estimated to cost in excess of \$50,000 equivalent:

(a) Invitations to bid, specifications, conditions of contract, all other tender documents and the method and places of advertising will be submitted to the Bank for its review and approval prior to the issuance of invitations to bid.

(b) After bids have been received and analyzed, the analysis of the bids, and the proposals for awards, together with the reasons for such proposals, will be submitted to the Bank for its review and approval prior to the Borrower's making any award of contract or issuing any letter of intent.

(c) If the final contract is to differ substantially from the terms and conditions

contained in the respective documents approved by the Bank under paragraphs (a) and (b) above, the text of the proposed changes will be submitted to the Bank for its review and approval prior to the execution of such contract.

(d) As soon as a letter of intent has been issued or a contract has been executed, a copy thereof will be sent to the Bank.

2. Notwithstanding the provisions of Section 3.02 (ii) of this Agreement, with respect to contracts for procurement of such goods estimated to cost \$50,000 equivalent or less, copies of all documents, including the invitation to bid, the tender documents and the bid analysis and evaluation, shall be sent to the Bank promptly after the execution of any such contract and prior to the submission to the Bank of the first application for withdrawal from the Loan Account in respect of such contract.
