

No. 10949

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

Release Agreement. Signed at Washington on 29 July 1970

Authentic text: English.

*Registered by the International Bank for Reconstruction and Development
on 16 February 1971.*

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

Convention d'exonération. Signée à Washington le 29 juillet 1970

Texte authentique : anglais.

*Enregistrée par la Banque internationale pour la reconstruction et le développement
le 16 février 1971.*

RELEASE AGREEMENT¹

AGREEMENT, dated July 29, 1970, between REPUBLIC OF ZAMBIA (hereinafter called Zambia) of the first part, INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) of the second part, and the UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (hereinafter called the United Kingdom) of the third part.

Whereas (A) Pursuant to a Loan Agreement dated June 21, 1956² between the Bank and the Federal Power Board of the Federation of Rhodesia and Nyasaland (hereinafter called the Federation) the Bank made to the Federal Power Board a loan (hereinafter called the First Kariba Loan) for the Kariba project in various currencies in an aggregate principal amount equivalent to eighty million dollars (\$80,000,000) which was guaranteed by the Federation and the United Kingdom pursuant to separate Guarantee Agreements dated June 21, 1956;²

(B) On the dissolution of the Federation, the Central African Power Corporation (hereinafter called the Corporation) agreed to assume the liabilities of the Federal Power Board³ under the Loan Agreement dated June 21, 1956 and the Territory of Northern Rhodesia and the Colony of Southern Rhodesia each agreed to guarantee one-half of the payments under the First Kariba Loan pursuant to separate Guarantee Agreements dated December 30, 1963;⁴

(C) Pursuant to a Loan Agreement dated October 2, 1964 between the Bank and the Corporation the Bank made to the Corporation a loan (hereinafter called the Second Kariba Loan) for the Kariba project in various currencies in an aggregate principal amount equivalent to seven million seven hundred thousand dollars (\$7,700,000) payments under which were guaranteed in full by the United Kingdom, and as to one-half by Northern Rhodesia and as to one-half by Southern Rhodesia under separate Guarantee Agreements dated October 2, 1964;

(D) Zambia has succeeded to the obligations of the Territory of Northern Rhodesia under the Guarantee Agreement dated December 30, 1963 and to the obligations of Northern Rhodesia under the Guarantee Agreement dated October 2, 1964;

¹ Came into force on 7 January 1971, in accordance with section 4.

² United Nations, *Treaty Series*, vol. 285, pp. 317 and 355.

³ See "Loan Assumption Agreement (*Kariba Project*) between the International Bank for Reconstruction and Development, the Central African Power Corporation and the United Kingdom of Great Britain and Northern Ireland, signed at Salisbury on 30 December 1963" in United Nations, *Treaty Series*, vol. 551, p. 75.

⁴ United Nations, *Treaty Series*, vol. 551, pp. 105 and 119.

(E) By an agreement of even date herewith¹ between the Bank and the Kariba North Bank Company Limited (hereinafter called the Borrower), the Bank has agreed to make to the Borrower a loan (hereinafter called the New Loan) for the Kariba project in various currencies in an aggregate principal amount equivalent to forty million dollars (\$40,000,000) but only on condition that Zambia agree to guarantee such loan as provided in the Guarantee Agreement of even date herewith between Zambia and the Bank ;

(F) The Bank has agreed to release certain obligations of Zambia under the Guarantee Agreements dated December 30, 1963 and October 2, 1964, respectively, and referred to in Recital D hereof, as provided in this Agreement ;

(G) The United Kingdom concurs in the release of such obligations ;

Now therefore it is hereby agreed as follows :

Section 1. The Bank shall release Zambia from its guarantees under the Guarantee Agreements dated December 30, 1963 and October 2, 1964, respectively, in respect of payments of principal and interest under the First Kariba Loan and the Second Kariba Loan in an aggregate amount which when discounted at an annual rate of 7% compounded semi-annually to a given date shall be equivalent to one-half the aggregate payments of principal and interest (other than payments of interest made from the proceeds of the New Loan) under the New Loan discounted to the same date at the same rate, provided that no release shall be granted in respect of any payment due before July 1, 1973. For purposes of the Guarantee Agreements between the United Kingdom and the Bank dated June 21, 1956 and October 2, 1964, respectively, the United Kingdom concurs in such releases.

Section 2. The procedure for computing the amounts to be released pursuant to Section 1 of this Agreement and the timing of such releases shall be as determined jointly by Zambia, the Bank and the United Kingdom.

Section 3. This Agreement shall be free from any taxes or fees that shall be imposed under the laws of the United Kingdom or Zambia on or in connection with the execution, issue, delivery or registration thereof.

Section 4. This Agreement shall come into force and effect on the effective date of the Loan Agreement referred to in Recital E hereof.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Release Agreement to be signed in

¹ See p. 169 of this volume.

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 Zambia :

By M. MAINZA CHONA
Authorized Representative

International Bank for Reconstruction and Development :

By S. ALDEWERELD
Vice President

United Kingdom of Great Britain and Northern Ireland :

By GUY E. MILLARD
Authorized Representative
