

No. 10948

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

Guarantee Agreement—*Kariba North Project* (with annexed General Conditions Applicable to Loan and Guarantee Agreements and Loan Agreement between the Bank and the Kariba North Bank Company Limited). 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
et
ZAMBIE**

Contrat de garantie — *Projet de Kariba Nord* (avec, en annexe, les Conditions générales applicables aux contrats d'emprunt et de garantie et le Contrat d'emprunt entre la Banque et la Kariba North Bank Company Limited). Signé à Washington le 29 juillet 1970

Texte authentique : anglais.

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

GUARANTEE AGREEMENT¹

AGREEMENT, dated July 29, 1970, between the REPUBLIC OF ZAMBIA (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 the Kariba North Bank Company Limited (hereinafter called the Borrower) the Bank has agreed to make the Borrower a loan in various currencies equivalent to forty million dollars (\$40,000,000), 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

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, 1969,³ with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Section 1.01 of the Loan Agreement (said General Conditions Applicable to Loan and Guarantee Agreements, as so modified, 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 and the term " Minister " means the member of the Cabinet responsible for finance under the Loans and Guarantees (Authorization) Act, 1969, as amended, of Zambia, or, if the President assumes such functions, the President.

¹ Came into force on 7 January 1971, upon notification by the Bank to the Government of Zambia.

² See p. 178 of this volume.

³ *Ibid.*

Article II

GUARANTEE; BONDS; PROVISION OF FUNDS

Section 2.01. Without limitation or restriction upon any of its other obligations under the 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 other obligations of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

Section 2.02. 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 Minister and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Guarantor for the purposes of Section 8.10 of the General Conditions.

Section 2.03. 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 the carrying out of 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

OTHER COVENANTS

Section 3.01. (a) It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan or the Bonds by way of a lien on governmental assets.

(b) To that end the Guarantor (i) represents that at the date of this Agreement no lien exists on any governmental assets as security for any external debt, and (ii) undertakes that if any such lien shall be created, it 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 in the creation of such lien express provision will be made to that effect.

(c) The foregoing representation and undertaking shall not apply to : (i) any lien created on property, at the time of purchase thereof, solely as security for 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.

(d) As used in this Section, the term “governmental assets” means assets of the Guarantor, of any of its political subdivisions, of any agency of the Guarantor or of any such political subdivision, and assets of the Bank of Zambia or any institution performing the functions of a central bank.

Section 3.02. The Guarantor covenants that it will not take, or cause or permit any of its political subdivisions or any of its agencies or any agency of any such political subdivisions to take, any action which would, unreasonably, prevent or interfere with the performance by the Borrower or by the Central African Power Corporation of any of their obligations, covenants or agreements under the Agency Agreement, the Lease Agreement and the CAPC Loan Agreement and will take or cause to be taken all reasonable action necessary or appropriate to enable the Borrower and the Central African Power Corporation to perform such obligations, covenants and agreements.

Section 3.03. Except as the Bank shall otherwise agree, the Guarantor shall not permit the Tariff Agreement to be amended, abrogated or waived.

Article IV

CONSULTATION AND INFORMATION

Section 4.01. The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end the Guarantor and the Bank shall from time to time, at the request of either party : (i) exchange views through their representatives with regard to the performance of the respective obligations under the Guarantee Agreement and other matters relating to the purposes of the Loan; and (ii) furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor, including its balance of payments, and the external debt of the Guarantor, of any of its political subdivisions and of any agency of the Guarantor or of any such political subdivision.

Section 4.02. (a) 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.

(b) 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.

Article V

TAXES AND RESTRICTIONS

Section 5.01. 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 foregoing 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 5.02. The 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 5.03. The payment of the principal of, and interest and other charges on, the Loan and the Bonds shall be free from all restrictions, regulations, controls or moratoria of any nature imposed under the laws of the Guarantor or laws in effect in its territories.

Article VI

REPRESENTATIVE OF THE GUARANTOR; ADDRESSES

Section 6.01. The Minister is designated as representative of the Guarantor for the purposes of Section 10.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 10.01 of the General Conditions :

For the Guarantor :

Ministry of Development and Finance

P. O. Box RW. 62

Ridgeway

Lusaka, Zambia

Cable address :

Finance, Ridgeway

Lusaka

For the Bank :

International Bank for Reconstruction and Development

1818 H Street, N.W.

Washington, D.C. 20433

United States of America

Cable address :

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.

Republic of Zambia :

By M. MAINZA CHONA

Authorized Representative

International Bank for Reconstruction and Development :

By S. ALDEWERELD

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 July 29, 1970, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and KARIBA NORTH BANK COMPANY LIMITED (hereinafter called the Borrower).

WHEREAS (A) The Borrower has been duly incorporated in accordance with the Companies Ordinance of the Republic of Zambia for the purpose of carrying out the Project described in Schedule 3 to this Agreement and is wholly owned by the Republic of Zambia;

(B) The Borrower plans to enter into an agreement with the Central African Power Corporation, a corporation established by the Federation of Rhodesia and Nyasaland (Dissolution) Order in Council 1963 of the United Kingdom of Great Britain and Northern Ireland (hereinafter called the Corporation), under which the Borrower will appoint the Corporation its agent for the construction of the Project;

(C) The Borrower plans to enter into an agreement with the Corporation under which the Borrower will agree to lease the generating station constructed under the Project to the Corporation, which will operate it as part of the Corporation's system for the generation and transmission of electricity;

(D) The Borrower plans to obtain a loan for the Project in an amount of up to K13,000,000 from the Corporation; and

(E) The Bank has been requested to grant a loan to the Borrower for the Project to be guaranteed by the Republic of Zambia upon the terms of a Guarantee Agreement of even date herewith;¹ and

¹ See p. 170 of this volume.

WHEREAS the Bank has agreed, on the basis *inter alia* of the foregoing, to make a loan to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows :

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, subject, however, to the following modifications thereof (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, as so modified, being hereinafter called the General Conditions):

(a) Section 5.01 is deleted;

(b) The words “ (i) for a continuous period of ninety days solely as a result of a default by the Central African Power Corporation as specified in Section 8.02 (a) of the Loan Agreement which the Borrower and Guarantor are unable to remedy or (ii) for a continuous period of thirty days for other reasons ” are substituted for the words “ for a continuous period of thirty days ” in Section 6.03.

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) “ Agency Agreement ” means the agreement referred to in Recital B hereof as such agreement may be amended from time to time with the approval of the Bank ;

(b) “ Lease Agreement ” means the agreement referred to in Recital C hereof as such agreement may be amended from time to time with the approval of the Bank and shall include any lease granted pursuant to such agreement as such lease may be amended from time to time with the approval of the Bank ;

(c) “ CAPC Loan Agreement ” means the agreement for the loan from the Corporation to the Borrower referred to in Recital D hereof as such agreement may be amended from time to time with the approval of the Bank ; and

(d) “ Tariff Agreement ” means the agreement to be entered into between the Corporation and the Guarantor or the Zambia Electricity Supply Corporation Limited, as the case may be, for the supply of power from Kafue as such agreement may be amended from time to time with the approval of the Bank.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to forty million dollars (\$40,000,000).

¹ See p. 178 of this volume.

Section 2.02. Except as the Bank and the Borrower shall otherwise agree, the amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed under the Loan Agreement; provided, however, that, except as the Bank and the Borrower shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. The Closing Date shall be July 1, 1976 or such other date as shall be agreed between the Bank and the Borrower.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ 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 seven per cent (7 %) 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 February 1 and August 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 2 to this Agreement.

Section 2.08. 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 2.09. The Chairman of the Board of Directors of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

Article III

EXECUTION OF THE PROJECT

Section 3.01. The Borrower shall carry out the Project, or cause the Project to be carried out, with due diligence and efficiency and in conformity with sound engineering, public utility, administrative and financial practices.

Section 3.02. In carrying out the Project, the Borrower shall employ, or cause to be employed, upon terms satisfactory to the Bank, consultants acceptable to the Bank to design and supervise construction of the Project.

Section 3.03. In carrying out the Project, the Borrower shall employ, or cause to be employed, contractors acceptable to the Bank upon terms and conditions satisfactory to the Bank.

Section 3.04. (a) Except as the Bank shall otherwise agree : (i) the goods and services (other than consultants' services) required for the Project and 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 August 1969, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Agreement or as shall be agreed between the Bank and the Borrower; and (ii) contracts for the procurement of all goods and services to be financed out of the proceeds of the Loan shall be subject (except as otherwise provided in such Schedule) to the prior approval of the Bank.

(b) The Borrower undertakes to insure or make adequate provision for the insurance of the imported goods to be financed out of the proceeds of the Loan against marine, transit and other hazards incident to the 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.

(c) 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 for the Project.

Section 3.05. (a) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans, specifications and construction schedules for the Project, and any material modifications or additions thereto, in such detail as the Bank shall reasonably request.

(b) The Borrower : (i) shall maintain, or cause to be maintained, records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Loan, and to disclose the use thereof in the Project; (ii) shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan and any relevant records and documents; and (iii) shall furnish to the Bank all such information as the Bank shall reasonably request concerning the Project, the expenditure of the proceeds of the Loan and the goods and services financed out of such proceeds.

Section 3.06. (a) The Borrower shall duly perform its obligations under the Agency Agreement and shall exercise its rights under the Agency Agreement in such manner as to protect the interests of the Borrower and the Bank.

(b) Except as the Bank shall otherwise agree, the Borrower shall not amend, assign, abrogate or waive any provision of the Agency Agreement.

Article IV

MANAGEMENT AND OPERATIONS OF THE BORROWER

Section 4.01. (a) The Borrower shall (i) at all times maintain its existence and right to carry on operations and shall, except as the Bank shall otherwise agree, take all steps necessary to acquire, maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business; (ii) operate and maintain, or cause to be operated and maintained, all its plants, equipment and property and from time to time make, or cause to be made, all necessary renewals and

repairs thereof, all in accordance with sound engineering, public utility, administrative and financial practices; and (iii) at all times manage its affairs, plan its future expansion and maintain its financial position in accordance with sound engineering, public utility, administrative and financial practices and under the supervision of experienced and competent management.

(b) Except as the Bank shall otherwise agree, the Borrower shall not sell, lease, transfer or assign any of its property or assets, except in the normal course of its business or pursuant to the Lease Agreement, and shall not engage in any business or activities unless such business or activities are necessary :

- (1) to enter into or perform or carry out its obligations under the Agency Agreement or any other agreement required in connection with or for the purposes of the construction of the Project or to carry on other functions, consistent with the Agency Agreement, in connection with or for the purposes of the construction of the Project;
- (2) to construct the Project in the event of any termination of the Agency Agreement except termination by the Borrower otherwise than (i) for a breach by the Corporation of the Agency Agreement or (ii) under and in accordance with the provisions relating to the termination of the Agency Agreement; and
- (3) to operate and maintain the facilities constructed under the Project in the event of any termination of the Lease Agreement except termination by the Borrower otherwise than (i) for a breach by the Corporation of the Lease Agreement or (ii) under and in accordance with the provisions relating to the termination of the Lease Agreement.

Section 4.02. (a) Any appointment of a General Manager or Managing Director of the Borrower shall be made only after consultation with the Bank.

(b) Except as the Bank shall otherwise agree, the Borrower shall not permit or cause its Memorandum or Articles of Association to be amended.

Section 4.03. The Borrower shall take out and maintain, or cause to be taken out and maintained, with responsible insurers, or make other provisions satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with sound public utility practices.

Section 4.04. (a) The Borrower shall duly perform its obligations under the Lease Agreement and shall exercise its rights under the Lease Agreement in such manner as to protect the interests of the Borrower and the Bank.

(b) Except as the Bank shall otherwise agree, the Borrower shall not amend, assign, abrogate or waive any provision of the Lease Agreement.

Article V

FINANCIAL COVENANTS

Section 5.01. The Borrower shall maintain, or cause to be maintained, records adequate to reflect its operations and financial condition in accordance with consistently maintained sound accounting practices.

Section 5.02. The Borrower shall : (i) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with sound auditing principles consistently applied, by independent auditors acceptable to the Bank; (ii) furnish to the Bank as soon as available, but in any case not later than four months after the end of each such year, (A) certified copies of its financial statements for such year as so audited and (B) the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and (iii) furnish to the Bank such other information concerning the accounts and financial statements of the Borrower and the audit thereof as the Bank shall from time to time reasonably request.

Section 5.03. Except as the Bank shall otherwise agree, the Borrower shall not create, incur, assume, guarantee or become liable with respect to any indebtedness except the Loan, the loan referred to in Recital D of this Agreement and any loan granted by the Guarantor, on terms and conditions satisfactory to the Bank, pursuant to Section 2.03 of the Guarantee Agreement.

Section 5.04. (a) The Borrower shall duly perform its obligations under the CAPC Loan Agreement and shall exercise its rights under the CAPC Loan Agreement in such manner as to protect the interests of the Borrower and the Bank.

(b) Except as the Bank shall otherwise agree, the Borrower shall not amend, assign, abrogate or waive any provision of the CAPC Loan Agreement and shall not repay prior to maturity all or any part of the loan under the CAPC Loan Agreement.

Article VI

CONSULTATION AND INFORMATION

Section 6.01. 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 their respective obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower, the performance of the obligations of the Borrower and the Corporation under the Agency Agreement, the Lease Agreement and the CAPC Loan Agreement and other matters relating to the purpose of the Loan.

Section 6.02. The Bank and the Borrower shall promptly inform each other 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 either of them of its obligations under the Loan Agreement.

Article VII

TAXES

Section 7.01. 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 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 7.02. 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.

Article VIII

REMEDIES OF THE BANK

Section 8.01. If any event specified in Section 7.01 of the General Conditions or in Section 8.02 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 the Loan Agreement or in the Bonds notwithstanding.

Section 8.02. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified :

- (a) A default materially affecting the Bank or the Project shall occur in the performance by the Borrower or the Corporation of any obligation, covenant or agreement under the Agency Agreement, the Lease Agreement or the CAPC Loan Agreement, and such default shall have continued, after notice thereof shall have been given by the Bank to the Borrower and the Guarantor, (i) for a period of ninety days in the case of a default by the Corporation which the Borrower and the Guarantor are unable to remedy or (ii) for a period of sixty days in the case of any other default;
- (b) The Corporation shall have suspended the right of the Borrower to obtain advances pursuant to the CAPC Loan Agreement and such suspension shall have remained in effect for a period of 60 days; and
- (c) Any other loan to the Borrower, including any securities issued in connection with any such loan, shall have become due and payable prior to the agreed maturity pursuant to the terms thereof.

Article IX

EFFECTIVE DATE; TERMINATION

Section 9.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 11.01 (c) of the General Conditions :

- (a) The Agency Agreement, the Lease Agreement, the CAPC Loan Agreement and the Tariff Agreement in form and substance satisfactory to the Bank have been duly executed and authorized or ratified by all necessary governmental and corporate action and are in full force and effect; and
- (b) Action has been taken so that any amounts required to be paid under Section 2.01 of the Guarantee Agreement are charged on the general revenues of the Guarantor.

Section 9.02. The following is specified as an additional matter, within the meaning of Section 11.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank :

The Agency Agreement, the Lease Agreement, the CAPC Loan Agreement and the Tariff Agreement have been duly executed and authorized by all necessary governmental and corporate action, constitute valid and binding obligations of the parties thereto in accordance with their terms and are in full force and effect.

Section 9.03. The date November 15, 1970 is hereby specified for the purposes of Section 11.04 of the General Conditions.

Article X

ADDRESSES

Section 10.01. 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

Cable address :

Intbafrad
Washington, D.C.

For the Borrower :

Kariba North Bank Company Limited
Box R.W. 194
Ridgeway, Lusaka
Zambia

Cable address :

Govelect
Lusaka

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 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 S. ALDEWERELD
Vice President

Kariba North Bank Company Limited :

By M. MAINZA CHONA
Authorized Representative

SCHEDULE 1

WITHDRAWAL OF THE PROCEEDS OF THE LOAN

1. The table below sets forth the categories of items to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan to each Category :

<i>Category</i>	<i>Amount of the Loan Allocated (Expressed in Dollar Equivalent)</i>
I. Civil works	12,500,000
II. Generating plant and equipment	15,800,000
III. Engineering and site supervision	2,400,000
IV. Interest and other charges on the Loan accrued on or before January 31, 1975	6,400,000
V. Unallocated	2,900,000
	<u>TOTAL 40,000,000</u>

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of :

- (a) Expenditures for goods produced in, or services supplied from, the territories of the Guarantor, or payments in the currency of the Guarantor;
- (b) Expenditures prior to the date of this Agreement; and
- (c) Payments for taxes imposed by the Guarantor or any of its political subdivisions on goods or services, or on the importation, manufacture, procurement or supply thereof.

3. Notwithstanding the allocation of an amount of the Loan set forth in the table in paragraph 1 above :

- (a) If the estimate of the expenditures under any Category shall decrease, the amount of the Loan then allocated to such Category and no longer required therefor will be reallocated by the Bank by increasing correspondingly the unallocated amount of the Loan;
- (b) If the estimate of the expenditures under any Category 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 the unallocated amount of the Loan, 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>
August 1, 1975	475,000	August 1, 1985	940,000
February 1, 1976	490,000	February 1, 1986	975,000
August 1, 1976	505,000	August 1, 1986	1,010,000
February 1, 1977	525,000	February 1, 1987	1,045,000
August 1, 1977	545,000	August 1, 1987	1,080,000
February 1, 1978	560,000	February 1, 1988	1,120,000
August 1, 1978	580,000	August 1, 1988	1,155,000
February 1, 1979	600,000	February 1, 1989	1,200,000
August 1, 1979	625,000	August 1, 1989	1,240,000
February 1, 1980	645,000	February 1, 1990	1,285,000
August 1, 1980	665,000	August 1, 1990	1,330,000
February 1, 1981	690,000	February 1, 1991	1,375,000
August 1, 1981	715,000	August 1, 1991	1,420,000
February 1, 1982	740,000	February 1, 1992	1,470,000
August 1, 1982	765,000	August 1, 1992	1,525,000
February 1, 1983	795,000	February 1, 1993	1,575,000
August 1, 1983	820,000	August 1, 1993	1,630,000
February 1, 1984	850,000	February 1, 1994	1,690,000
August 1, 1984	880,000	August 1, 1994	1,750,000
February 1, 1985	910,000	February 1, 1995	1,805,000

* 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 portion 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	3 ⁰ / ₁₀ %
More than three years but not more than six years before maturity	2 ⁰ / ₁₀ %
More than six years but not more than eleven years before maturity	2 ³ / ₁₀ %
More than eleven years but not more than sixteen years before maturity	4 ⁰ / ₁₀ %
More than sixteen years but not more than twenty-one years before maturity	5 ¹ / ₁₀ %
More than twenty-one years but not more than twenty-three years before maturity	6 ² / ₁₀ %
More than twenty-three years before maturity	7 ⁰ / ₁₀ %

SCHEDULE 3

DESCRIPTION OF THE PROJECT

The Project consists of the construction of an underground power station on the North Bank of the Zambezi River at Kariba, with an installed capacity of 600 MW. The station will be designed so that the capacity could be subsequently increased to 900 MW. The initial generating plant will consist of four 150 MW turbo-generator units. The turbines will be of the vertical-shaft Francis type and will utilize an average net operating head of about 305 feet.

The first generating unit is scheduled to be in service by July 1974, the second in October 1974, the third in February 1975, and the fourth in June 1975.

SCHEDULE 4

PROCUREMENT

1. With respect to goods and services (other than consultants' services) to be financed out of the proceeds of the Loan, identical or similar items shall be grouped together whenever practical in amounts sufficient to attract international competitive bidding. Whenever the estimated cost of such items or groups of items equals or exceeds the equivalent of \$10,000, they shall be procured on the basis of international competitive bidding pursuant to Section 3.04 (a) of this Agreement.

2. With respect to all contracts for goods and services (other than consultants' services) involving expenditures expected to equal or exceed \$100,000, the following procedures shall be followed :

(a) Invitations to bid, specifications, the proposed terms and conditions of contracts, and all other bidding documents, together with a description of the advertising procedures to be followed, will be submitted to the Bank for review and approval, which approval shall be obtained prior to the issuance of invitations to bid.

(b) After bids have been received and analyzed, the Borrower's proposals for awards, as well as the analyses of bids and the recommendations thereon of the Corporation and of the consultants, will be furnished to the Bank for review and approval, which approval shall be obtained prior to making any award of contract or issuing any letter of intent.

(c) If the contract or letter of intent 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 review and approval prior to the execution of such contract or issuance of such letter of intent.

(d) Two conformed copies of any letter of intent issued and of any contract executed under this paragraph 2 shall be sent to the Bank promptly upon their issuance or execution.

3. With respect to all contracts for goods and services (other than consultants' services) involving expenditures expected to amount to the equivalent of \$10,000 or more, but less than the equivalent of \$100,000, copies of the invitations to bid, bid

analyses and evaluations, as well as any other bid documents or relevant information requested by the Bank, and two conformed copies of the contract or letter of intent, shall be sent to the Bank promptly after the execution of any such contract or issuance of any such letter of intent and prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect of any such contract or letter of intent.

4. With respect to items or groups of items involving expenditures expected to be less than \$10,000, international competitive bidding may be dispensed with, provided that the Borrower shall send to the Bank for its approval details of the proposed procurement procedure as well as periodic lists of items so purchased indicating the price of such goods and the suppliers thereof.
