

No. 11451

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

Guarantee Agreement—*Second Power Project* (with annexed General Conditions Applicable to Loan and Guarantee Agreements and Loan Agreement between the Bank and the Public Utilities Authority). Signed at Washington on 8 July 1971

Authentic text: English.

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

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

Contrat de garantie—*Deuxième projet relatif à l'énergie électrique* (avec, en annexe, les Conditions générales applicables aux contrats d'emprunt et de garantie et le Contrat d'emprunt entre la Banque et la Public Utilities Authority). Signé à Washington le 8 juillet 1971

Texte authentique: anglais.

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

GUARANTEE AGREEMENT¹

AGREEMENT, dated July 8, 1971, between REPUBLIC OF LIBERIA (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 Public Utilities Authority (hereinafter called the Borrower) the Bank has agreed to make to the Borrower a loan in various currencies equivalent to four million seven hundred thousand dollars (\$4,700,000), 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 have the respective meanings therein set forth.

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 Secretary of the Treasury of the

¹ Came into force on 30 September 1971, upon notification by the Bank to the Government of Liberia.

² See p. 257 of this volume.

³ *Ibid.*

Guarantor 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: (i) 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; and (ii) whenever funds available to any one of the Borrower's operation divisions, namely, power, water and sewer, are inadequate to meet cash operating costs and debt service, to provide the Borrower with such funds as are needed for that division.

Section 2.04. Except as the Bank shall otherwise agree, the Guarantor shall continue to provide annually funds necessary for renewal and expansion of those electrical undertakings operated on its behalf by the Borrower and offsetting any losses to the Borrower resulting from the operation thereof. The Guarantor shall not cause the Borrower to operate or establish any additional such undertakings unless the proposed additional undertakings shall not adversely affect the operations of the Borrower. For the purpose of this Section, "losses" shall mean any excess of operating expenses, excluding depreciation, over revenue from the sale of electricity.

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 any such lien express provision will be made to that effect. The Guarantor shall promptly inform the Bank of the creation of any such lien.

(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.

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 any institution performing the functions of a central bank for the Guarantor.

Section 3.02. Except as the Bank shall otherwise agree, the Guarantor shall give the Borrower priority in the use of the flow of the water of St. Paul River up to a natural flow of 18,300 cubic feet per second for power generation at Mt. Coffee.

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 their 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, any instrument made pursuant to Section 3.01 of this 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 and the Guarantor shall, in respect of any instrument made pursuant to such Section 3.01, pay all such taxes, if any, imposed under the laws of any other country or countries.

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 Secretary of the Treasury of the Guarantor 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:

Secretary of Treasury
Monrovia
Liberia

Cable address:

Sectreas
Monrovia

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 Liberia:

By S. EDWARD PEAL
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 July 8, 1971, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and PUBLIC UTILITIES AUTHORITY (hereinafter called the Borrower).

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 deletion of Section 5.01 thereof and to the amendment of Section 6.02 (i) thereof to read as follows: "Any event specified in paragraph (e) or (f)

¹ See above.

of Section 7.01 shall have occurred.” (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, as so modified, being hereinafter called the General Conditions).

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 four million seven hundred thousand dollars (\$4,700,000).

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable external cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed under the Loan Agreement; provided, however, that, except as the Bank 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. Except as the Bank shall otherwise agree, the goods and services (other than services of consultants) required for the Project and to be financed out of the proceeds of the Loan, shall be procured on the basis of international competition under procedures consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, as revised in May 1971, and in accordance with, and subject to, the provisions set forth in Schedule 4 to this Agreement.

Section 2.04. The Closing Date shall be December 31, 1974 or such other date as shall be agreed between the Bank and the Borrower.

Section 2.05. 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 2.06. The Borrower shall pay interest at the rate of seven and one-quarter per cent ($7\frac{1}{4}$ %) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on January 1 and July 1 in each year.

Section 2.08. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

Section 2.09. 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 2.10. The Chairman 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 with due diligence and efficiency and in conformity with sound administrative, financial, engineering and public utility practices.

Section 3.02. The Borrower shall, to an extent, and upon terms and conditions satisfactory to the Bank, employ competent and experienced engineering consultants acceptable to the Bank to assist in the carrying out of the Project.

Section 3.03. (a) 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 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.

(b) 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 3.04. (a) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans, specifications, reports, contract documents and work and procurement schedules, for the Project, and any material modifications thereof or additions thereto, in such detail as the Bank shall reasonably request.

(b) The Borrower: (i) shall maintain 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.

Article IV. MANAGEMENT AND OPERATIONS OF THE BORROWER

Section 4.01. (a) The Borrower shall at all times manage its affairs, plan its future expansion and carry on its operations, all in accordance with sound business, financial and public utility practices, under the supervision of experienced competent management, and with the assistance of adequate qualified and experienced staff.

(b) The Borrower shall at all times employ a qualified and experienced manager and assistant manager. The Borrower shall consult with the Bank about any proposed appointment to the position of manager sufficiently in advance of any such appointment for the Bank to have adequate opportunity to comment on the qualifications and experience of the person the Borrower is considering for the position and shall make any such appointment only after consideration of the views expressed by the Bank. The first such manager shall be appointed not later than December 1, 1972.

(c) The Borrower shall, to an extent, and upon terms and conditions satisfactory to the Bank, continue to employ competent and experienced management consultants acceptable to the Bank.

Section 4.02. (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 and franchises which are necessary or useful in the conduct of its business.

(b) The Borrower shall at all times operate and maintain its plant, machinery, equipment and other property, and make all necessary repairs and renewals thereof, in accordance with sound engineering and public utility practices.

Section 4.03. The Borrower shall take out and maintain with responsible insurers, or make other provision satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with sound practice. The Borrower shall review its insurance periodically to determine the adequacy of its coverage in view of expansions of the Borrower's assets and operations.

Article V. FINANCIAL COVENANTS

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

Section 5.02. The Borrower shall continue to have separate accounts and audits for power and for water and sewage operations.

Section 5.03. 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 5.04. (a) The Borrower represents that at the date of this Agreement no lien exists on any of its assets as security for any debt.

(b) 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 the date on which it is originally incurred.

Section 5.05. Except as the Bank shall otherwise agree, the Borrower shall not incur any debt, other than for money borrowed for financing the Project, unless its net revenues for the fiscal year immediately 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 requirements for any succeeding fiscal year on all debt, including the debt to be incurred. For the purposes of this Section:

(a) The term "debt" means all debt of the Borrower, including debt for the service of which the Borrower is responsible, 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, loan agreement or other instrument providing for such debt.

(c) The term "net revenues" means gross revenues from all sources, adjusted to take account of the Borrower's 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 expenses of operation and maintenance, administration, and taxes, if any, but before deduction of provision for depreciation and amortization of assets, interest and other charges on debt.

(d) The term "debt service requirements" means the aggregate amount of amortization (including sinking fund payments, if any) of, and interest and other charges on, debt.

Section 5.06. Except as the Bank shall otherwise agree, the Borrower shall finance the cost, both capital and recurrent, of its non-power operations without resort to the revenues of the Borrower from its power operations.

Section 5.07. Prior to the Closing Date, except as the Bank shall otherwise agree, the Borrower shall not declare or pay any dividend, or make any other distribution on its capital.

Section 5.08. (a) Except as the Bank shall otherwise agree, the Borrower shall:

- (i) not reduce electricity tariffs prior to the Closing Date;
- (ii) take all such action as may be necessary to ensure, starting from January 1, 1974, an annual return from the generation, transmission and distribution of electricity of not less than ten per cent of the current value of its electricity net fixed assets in service.

(b) For the purposes of this Section:

- (i) The annual return shall be calculated in respect of each fiscal year by relating net income before interest and other charges on debt for that year to the average of the current value of net fixed assets in service at the beginning and at the end of that year.
- (ii) The term "current value of net fixed assets" means the gross value of fixed assets connected with the generation, transmission and distribution of electricity, including the value of any intangible assets subject to amortization, as revalued from time to time, less the accumulated amounts similarly revalued in respect of depreciation and amortization of assets, based on appropriate methods of valuation acceptable to the Bank.
- (iii) The term "net income" means all revenues of the Borrower from sales of electricity, less all its power operating expenses.
- (iv) The term "operating expenses" means all expenses of operation, maintenance and administration in connection with the generation, transmission and distribution of electricity, including adequate provision for depreciation, and for taxes, if any, but excluding provision for interest and other charges on debt.
- (v) The term "debt" has the meaning set forth in Section 5.05 of this Agreement insofar as related to power operations only.

Section 5.09. (a) Except as the Bank shall otherwise agree, the Borrower shall:

- (i) carry out and complete a study by not later than December 31, 1972 in order to determine appropriate levels and structure of water and sewer tariffs; and
- (ii) take all such action as may be necessary to ensure, starting from January 1, 1974, that revenues from its water and sewer operations are sufficient to cover cash operating expenses, debt service requirements and an appropriate contribution to future development of said operations.

(b) For the purposes of this Section:

- (i) The term "cash operating expenses" means all expenses of operation, maintenance and administration in connection with water and sewer operations, including adequate provision for taxes, if any, but excluding provision for depreciation, interest and other charges on debt.
- (ii) The terms "debt" and "debt service requirements" have the meanings respectively set forth in Section 5.05 of this Agreement insofar as related to water and sewer operations only.

Section 5.10. (a) The Borrower shall obtain title to all goods financed in whole or in part with the proceeds of the Loan free and clear of all encumbrances.

(b) Except in the normal course of its business, the Borrower shall not, without the prior approval of the Bank, sell, lease, transfer or otherwise dispose of any of its

property or assets which shall be required for the efficient operation of its business and undertaking nor set up any subsidiary unless the Borrower shall first pay or redeem, or make adequate provision satisfactory to the Bank for repayment or redemption of, all of the Loan and the Bonds which shall then be outstanding and unpaid.

Section 5.11. The Borrower shall not engage in non-power activities, other than water and sewer, unless it shall have first satisfied the Bank that the extension of its present activities will not adversely affect the efficiency of power operations.

Article VI. CONSULTATION; INFORMATION AND INSPECTION

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:

- (a) 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 and other matters relating to the purpose of the Loan; and
- (b) furnish to the other all such information as it shall reasonably request with regard to the general status 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.

Section 6.03. The Borrower shall enable the Bank's representatives to inspect all plants, installations, sites, works, buildings, property and equipment of the Borrower and any relevant records and documents.

Article VII. TAXES

Section 7.01. The Borrower shall pay or cause to be paid all taxes, if any, imposed on or in connection with the execution, issue, delivery or registration of the Loan Agreement, any instrument made pursuant to Section 5.04 of this 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, under the laws of the Guarantor or laws in effect in its territories, 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.

Article VIII. REMEDIES OF THE BANK

Section 8.01. If any event specified in Section 7.01 of the General Conditions or in Section 8.03 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 6.02 of the General Conditions, the following additional events are specified:

- (a) The law of June 1, 1962 of the Guarantor establishing the Borrower, or any other legislation or regulation of the Guarantor governing the establishment, organization, powers, financial structure and operations of the Borrower shall have been

¹ See p. 254 of this volume.

materially amended, suspended, abrogated, repealed, or waived, or shall cease to be enforced, so as to materially affect the operations of the Borrower, without the prior approval of the Bank.

- (b) The Borrower shall have failed to perform any of its obligations under Loan Agreement No. 684 LBR, dated June, 4, 1970,¹ pertaining to the Power Expansion Project.
- (c) The Guarantor shall have failed to perform any of its obligations under Guarantee Agreement No. 684 LBR, dated June 4, 1970,¹ pertaining to the Power Expansion Project.

Section 8.03. For the purpose of Section 7.01 of the General Conditions, the following additional events are specified:

- (a) The event specified in Section 8.02 (a) of this Agreement shall occur.
- (b) Either event specified in Section 8.02 (b) or (c) of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and the Guarantor.

Article IX. AMENDMENT TO PRIOR LOAN AGREEMENT

Section 9.01. Article VI of Loan Agreement No. 684 LBR, dated June 4, 1970, is amended to read as follows:

“Article VI. Remedies of the Bank

Section 6.01. If any event specified in Section 7.01 of the General Conditions or in Section 6.03 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 6.02 of the General Conditions, the following additional events are specified:

- (a) The law of June 1, 1962 of the Guarantor establishing the Borrower, or any other legislation or regulation of the Guarantor governing the establishment, organization, powers, financial structure and operations of the Borrower shall have been materially amended, suspended, abrogated, repealed, or waived, or shall cease to be enforced, so as to materially affect the operations of the Borrower, without the prior approval of the Bank.
- (b) The Borrower shall have failed to perform any of its obligations under Loan Agreement No. 778 LBR, dated July 8, 1971, pertaining to the Second Power Project.
- (c) The Guarantor shall have failed to perform any of its obligations under Guarantee Agreement No. 778 LBR, dated July 8, 1971, pertaining to the Second Power Project.

Section 6.03. For the purposes of Section 7.01 of the General Conditions, the following events are specified:

¹ United Nations, *Treaty Series*, vol. 744, p. 217.

- (a) The event specified in Section 6.02 (a) of this Agreement shall occur.
- (b) Either event specified in Section 6.02 (b) or (c) of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and the Guarantor.”

Article X. EFFECTIVE DATE; TERMINATION

Section 10.01. The following event is specified as additional condition to the effectiveness of the Loan Agreement within the meaning of Section 11.01 (c) of the General Conditions:

That the Borrower shall have certified in writing to the Bank that, as of a date to be agreed between the Bank and the Borrower (which shall be prior to the date set forth in Section 10.02 of this Agreement), there has been no material adverse change in its condition since the date of the Loan Agreement.

Section 10.02. The date September 30, 1971 is hereby specified for the purposes of Section 11.04 of the General Conditions.

Article XI. ADDRESSES

Section 11.01. 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:

Public Utilities Authority
P. O. Box 165
Monrovia, Liberia
West Africa

Cable address:

Putua
Monrovia, Liberia

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 J.BURKE KNAPP
Vice President

Public Utilities Authority:

By S.EDWARD PEAL
Authorized Representative

SCHEDULE 1

WITHDRAWAL OF THE PROCEEDS OF THE LOAN

1. The table below sets forth the categories of imported 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. CIF cost of 17 MW turbine generator unit, and installation . . .	1,900,000
II. CIF cost of materials and equipment for substations, and of transmission line and underground cable, and installation	600,000
III. CIF cost of distribution line and other materials and equipment for Part D of the Project, and of tools and equipment, and installation	1,025,000
IV. CIF cost of service vehicles	175,000
V. Engineering consulting services	270,000
VI. Unallocated	730,000
	<hr/>
	TOTAL 4,700,000
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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;
- (b) expenditures prior to the date of this Agreement; and
- (c) payments for taxes imposed under the laws of the Guarantor or laws in effect in its territories 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 second column of 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, a corresponding amount 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 any other expenditures.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project consists of the following Parts:

Part A. The procurement and installation of the fourth 17 MW turbine-generator unit for the Mt. Coffee hydro-electric plant.

Part B. The construction and installation of the 69/12.5 kV Newport substation; the expansion of the Capitol substation; and the rehabilitation of the main substation at Bushrod.

Part C. The procurement and installation of a 69 kV transmission line; and of a 69 kV underground cable.

Part D. The procurement and installation of 12.5 kV overhead distribution lines in Monrovia and in the outlying areas; the conversion of the 2.4 kV system to 12.5 kV; the procurement and installation of pole-mounted 12.5 kV/120-240 V transformers with a total rated capacity of about 30 MVA; and 120-240 V service connections.

Part E. The procurement of service vehicles for use in the construction and maintenance of power facilities.

Part F. The procurement of tools and equipment for use in the construction and maintenance of power facilities.

Part G. Engineering consulting services to (i) assist in carrying out Parts B, C and D of the Project, (ii) carry out a study of an underground distribution system for downtown Monrovia, and (iii) review expansion plans beyond 1977.

The Project is expected to be completed by June 30, 1974.

SCHEDULE 3 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, 1975	157,000	January 1, 1983	157,000
January 1, 1976	157,000	July 1, 1983	157,000
July 1, 1976	157,000	January 1, 1984	157,000
January 1, 1977	157,000	July 1, 1984	157,000
July 1, 1977	157,000	January 1, 1985	157,000
January 1, 1978	157,000	July 1, 1985	157,000
July 1, 1978	157,000	January 1, 1986	157,000
January 1, 1979	157,000	July 1, 1986	157,000
July 1, 1979	157,000	January 1, 1987	157,000
January 1, 1980	157,000	July 1, 1987	157,000
July 1, 1980	157,000	January 1, 1988	157,000
January 1, 1981	157,000	July 1, 1988	157,000
July 1, 1981	157,000	January 1, 1989	157,000
January 1, 1982	157,000	July 1, 1989	157,000
July 1, 1982	157,000	January 1, 1990	147,000

* 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	1 ¹ / ₄ %
More than three years but not more than six years before maturity	2 %
More than six years but not more than eleven years before maturity	3 ¹ / ₂ %
More than eleven years but not more than fourteen years before maturity	5 ¹ / ₄ %

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
More than fourteen years but not more than seventeen years before maturity	6 ¹ / ₄ %
More than seventeen years before maturity	7 ¹ / ₄ %

SCHEDULE 4

PROCUREMENT

1. With respect to any contract for goods and services required for the Project (excepting contracts for consultants' services) estimated to cost the equivalent of \$50,000 or more:

(a) If bidders are required to prequalify, the Borrower shall, before qualification is invited, inform the Bank in detail of the procedure to be followed and shall introduce such modifications in said procedure as the Bank shall reasonably request. The list of prequalified bidders, together with a statement of their qualifications and of the reasons for the exclusion of any applicant for prequalification, shall be furnished by the Borrower to the Bank for its comments before the applicants are notified and the Borrower shall make such additions or deletions from the said list as the Bank shall reasonably request.

(b) Before bids are invited, the Borrower shall furnish to the Bank, for its comments, the text of the invitations to bid and the specifications and other bidding documents, together with a description of the advertising procedures to be followed for the bidding, and shall make such modifications in the said documents or procedure as the Bank shall reasonably request. Any further modification to the bidding documents shall require the Bank's concurrence before it is issued to the prospective bidders.

(c) After bids have been received and evaluated, the Borrower shall, before a final decision on the award is made, inform the Bank of the name of the bidder to whom it intends to award the contract and shall furnish to the Bank, in sufficient time for its review, a detailed report, by the Borrower and the consultants referred to in Section 3.02 of this Agreement, on the evaluation and comparison of the bids received, together with the recommendations for award of the Borrower and the said consultants, and the reasons for the intended award. The Bank shall promptly inform the Borrower whether it has any objection to the intended award on the ground that it would be inconsistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits* referred to in Section 2.03 of this Agreement or with the Loan Agreement, and shall state the reasons for any objections it may have.

(d) If the contract shall be awarded over the Bank's reasonable objection, or if its terms and conditions shall, without the Bank's concurrence, materially differ from those on which bids were asked, no expenditure thereunder shall be financed out of the proceeds of the Loan.

(e) Two copies of the contract shall be furnished to the Bank promptly after its execution 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.

2. With respect to any other contract for goods and services required for the Project (excepting contracts for consultants' services), the Borrower shall furnish to the Bank, promptly after its execution 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, two conformed copies of such contract, together with the analysis of bids, recommendations for award, invitations to bid and such other information as the Bank shall reasonably request. The Bank shall promptly inform the Borrower if it finds that the award of the contract is not consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits* referred to in Section 2.03 of this Agreement or with the Loan Agreement and, in such event, no expenditure under such contract shall be financed out of the proceeds of the Loan.