

No. 12594

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
UNITED REPUBLIC OF TANZANIA**

**Guarantee Agreement—*Kidatu Hydroelectric Project* (with
General Conditions Applicable to Loan and Guarantee
Agreements). Signed at Washington on 14 December 1970**

Authentic text: English.

*Registered by the International Bank for Reconstruction and Development on
14 June 1973.*

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
RÉPUBLIQUE-UNIE DE TANZANIE**

**Contrat de garantie — *Projet hydro-électrique de Kidatu*
(avec Conditions générales applicables aux contrats
d'emprunt et de garantie). Signé à Washington le
14 décembre 1970**

Texte authentique : anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 14 juin 1973.

GUARANTEE AGREEMENT¹

AGREEMENT, dated December 14, 1970, between UNITED REPUBLIC OF TANZANIA (hereinafter called Tanzania) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS (A) by a development credit agreement of even date herewith,² the Kingdom of Sweden has agreed to make available to Tanzania a credit in a principal amount of sixty-three million Swedish Kronor (SKr63,000,000) equivalent at present parity rate as nearly as possible to twelve million dollars (\$12,000,000) on the terms and conditions set forth in the said agreement;

(B) by an agreement of even date herewith³ between the Bank and Tanzania Electric Supply Company Limited (hereinafter called the Company) which said agreement is hereinafter called the Loan Agreement, the Bank has agreed to make to the Company a Loan in various currencies equivalent to thirty million dollars (\$30,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that Tanzania agrees to guarantee the obligations of the Company in respect of such Loan as hereinafter provided;

(C) by an agreement of even date herewith⁴ between Tanzania, the Kingdom of Sweden, the Bank and the Company, which said agreement is hereinafter called the Joint Financing Agreement, the parties thereto have agreed on the allocation, withdrawals and use of the proceeds of the said credit and Loan and on the execution of the project to be financed thereby, as well as on other matters; and

(D) Tanzania, in consideration of the Bank's entering into the Loan Agreement with the Company, has agreed to guarantee the obligations of the Company;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I. GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,⁵ with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 2 to 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 Guarantee Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in Section 1.02 and Schedule 2 to the Loan Agreement 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, Tanzania hereby unconditionally guarantees, as pri-

¹ Came into force on 31 March 1971, upon notification by the Bank to the United Republic of Tanzania.

² See p. 37 of this volume.

³ The said Agreement entered into force on 31 March 1971. As it does not constitute an international agreement or a part of the present Agreement, it is not reproduced herein. However, it was published by the Bank as document LN 715 TA, a certified true copy of which was transmitted to the Secretariat together with the documentation submitted for registration of the present Guarantee Agreement.

⁴ See p. 13 of this volume.

⁵ See p. 7 of this volume.

mary 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, the Bonds and in the Joint Financing Agreement.

Section 2.02. Tanzania shall endorse, in accordance with the provisions of the General Conditions, its guarantee on the Bonds executed and delivered by the Company. The Minister of Tanzania for the time being responsible for finance and such other person or persons as he shall appoint in writing are designated as authorized representatives of Tanzania for the purposes of Section 8.10 of the General Conditions.

Article III. OTHER COVENANTS

Section 3.01. Tanzania shall duly perform all its obligations as set forth in the Joint Financing Agreement.

Section 3.02. (a) It is the mutual intention of Tanzania 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 Tanzania (i) represents that at the date of this Agreement no lien exists on any governmental assets as security for any external debt except as otherwise disclosed in writing by Tanzania to the Bank, 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. Tanzania 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 Tanzania, of any of its political subdivisions, of any agency of Tanzania or of any such political subdivision, and assets of the Bank of Tanzania or any institution performing the functions of a central bank for Tanzania.

Article IV. CONSULTATION AND INFORMATION

Section 4.01. Tanzania and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end Tanzania 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 Tanzania, such information shall include information with respect to financial and economic conditions in the territories of Tanzania, including its balance of payments, and the external debt of Tanzania, of any of its political subdivisions and of any agency of Tanzania or of any such political subdivision.

Section 4.02. (a) Tanzania 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) Tanzania shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of Tanzania 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 Tanzania 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 Tanzania.

Section 5.02. This Agreement, the Loan Agreement, the Joint Financing Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of Tanzania 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 Tanzania or laws in effect in its territories.

Article VI. REPRESENTATIVE OF TANZANIA; ADDRESSES

Section 6.01. The Minister of Tanzania for the time being responsible for finance is designated as representative of Tanzania 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 Tanzania:

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

Cable address:

Treasury
Dar es Salaam

For the Bank:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

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.

United Republic of Tanzania:

By G. M. RUTABANZIBWA
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.]
