

No. 12580

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

Guarantee Agreement—*Fourth Telecommunications Project* (with General Conditions Applicable to Loan and Guarantee Agreements). Signed at Washington on 3 June 1969

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
ÉTHIOPIE**

Contrat de garantie — *Quatrième projet relatif aux télécommunications* (avec Conditions générales applicables aux contrats d'emprunt et de garantie). Signé à Washington le 3 juin 1969

Texte authentique : anglais.

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

GUARANTEE AGREEMENT¹

AGREEMENT, dated June 3, 1969, between EMPIRE OF ETHIOPIA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

(A) WHEREAS by a development credit agreement of even date herewith,² the Kingdom of Sweden has agreed to make available to the Guarantor a credit in a principal amount of twenty-three million five hundred thousand Swedish Kronor (SKr 23,500,000) equivalent at present parity rate as nearly as possible to four million five hundred thousand dollars (\$4,500,000), on the terms and conditions set forth in said agreement;

(B) WHEREAS by an agreement of even date herewith³ between the Bank and Imperial Board of Telecommunications of Ethiopia (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement, the Bank has agreed to make to the Borrower a loan in various currencies equivalent to four million five hundred thousand dollars (\$4,500,000) 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;

(C) WHEREAS by an agreement of even date herewith,⁴ the Guarantor, the Kingdom of Sweden, the Bank and the Borrower deem it to be in their mutual interest that the allocation, withdrawal and use of the proceeds of such credit and loan and the execution of the project to be financed thereby, as well as other matters relating thereto, be regulated therein; and

(D) WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,⁵ with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in the Loan Agreement (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, 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 Loan Agreement shall have the respective meanings therein set forth.

¹ Came into force on 2 September 1969, upon notification by the Bank to the Government of Ethiopia.

² See p. 35 of this volume.

³ The said Agreement entered into force on 2 September 1969. 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 605 ET, 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. 11 of this volume.

⁵ See p. 6 of this volume.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, and the punctual performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreement, the Bonds and in the Joint Financing Agreement.

Article III

Section 3.01. The Guarantor shall duly perform its obligations set forth in the Joint Financing Agreement.

Section 3.02. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Guarantor" as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision, including the National Bank of Ethiopia or any other institution performing the functions of a central bank.

Section 3.03. The Guarantor and the Bank shall co-operate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as 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 and the international balance of payments position of the Guarantor.

Section 3.04. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Guarantor or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.05. 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 the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Article IV

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

Borrower. The Minister of Finance of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 8.10 (a) of the General Conditions.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Guarantor:

Ministry of Finance
Post Office Box 1905
Addis Ababa, Ethiopia

Alternative address for cables:

Ministry of Finance
Addis Ababa

For the Bank:

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

Alternative address for cables:

Intbafrad
Washington, D.C.

Section 5.02. The Minister of Finance of the Guarantor or such person or persons as he shall designate in writing are designated for the purposes of Section 10.03 of the General Conditions.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Empire of Ethiopia:

By MINASSE HAILE
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.]